ParsleyBox

Annual Report
2021

We promote, support and celebrate independent living and wellbeing by making mealtimes for the over 65s easier and more enjoyable.

About Us

Parsley Box promotes, supports and celebrates independent living and wellbeing by making mealtimes for the over 65s easier and more enjoyable. We combine fast, friendly service with convenient, long life, ready meals for all occasions.

Our Mission: Champion and empower the over 65s

Our Proposition:

- A direct to consumer ready meal provider
- Targeting the fast growing and underserved older demographic in the UK
- Delicious convenient meals delivered to the door
- Over 120 products: cupboard-stored meals, a premium chilled range, and a growing range of sides, drinks and gifts
- Made in the UK and championing British farmers
- On a journey to become a household name for the older generation with a growing loyal customer base

Introduction

Parsley Box was formed in 2017 specifically to target the fast-growing and underserviced older demographic, unlike meal-kit box delivery service companies that have typically focused on Millennials or Gen X demographics with less spending power. We combine fast, friendly service with convenient, long life, ready meals for all occasions and have grown to offer a 'one stop shop' providing a growing range of quick and simple ambient ready meals which require no refrigeration and have a shelf life of up to six months together with a more recently introduced premium chilled range with extended shelf life.

The range comprises over 120 products, of which over 50 are single portion sized meals spanning various popular cuisines. The range has been expanded and enhanced to include sides, puddings, bakery and drinks, as well as gifting options such as chocolates. The dishes are made in the UK using the highest quality ingredients and provided at a competitive price point with quick delivery times to the customer's door.

Parsley Box has embraced the DTC model allowing it to gather detailed insights from customers and building meaningful relationships and high brand loyalty from a strong and growing customer base, that will enable the introduction of other suitable products for customers on the platform.

Our products

Parsley Box continues to invest in food innovation and new product development to expand its ranges and deliver best in class products to the over 65s.

In June 2021, Cassandra Suddes joined as Head of Product. Cassandra is renowned in the food industry for her work in commercial strategy, predicting future trends, and leading and delivering product innovation launch programmes with a focus on food provenance.

The second half of the year saw Cassandra's team launch a new long-life chilled range and undertake an overhaul of the cupboard-stored meals updating 50% of the product range with improved recipes and adding new dishes, to extend the menu by 20%. They examined every aspect of our meals including ingredients, food values, packaging design and price point, handpicking the very best produce, to create beautiful meals, benchmarked against top competitors and supermarket chains.

Our Vision

Purpose	Surprise and delight the underserved over 65s market
What will we deliver?	Delicious ambient and chilled food which consistently exceeds customer expectations, great value for money and easy to shop

What will we deliver?	**Existing customers:** Our product will become more relevant, more often to customers	**New customers:** We will achieve greater repeat orders from first time buyers

What will we focus on?	Complete Meals	Meal components & sides	Sweet treats & puddings	Breakfast & lunch	New eating occasions	Gifting & events	Food & drink experiences

Enablers	Supply base partnerships	Culinary knowledge	Customer insight	Ingredients with integrity	Convenient packaging solutions	Minimal processing

What will we focus on?	Consistent quality	The right value	Breadth of range	Positive health messages	Improved sustainability	Appropriate portion sizes	Food stories

> **"When it comes to our menu, I aim to be always improving, always updating. Not tinkering for tinkering's sake – I am simply restless in my quest for good product."**
>
> **Cassandra Suddes, Head of Product**

Product range

127 Lines: 54 Meals • 3 Soups • 4 Sides
8 Puddings • 7 Sweet Treats • 6 Gifting
23 Drinks • 22 Gardening

Chilled	8	Mains
Classics	5	Mash Topped Pies
	7	Hotpots
	6	Stews & Casseroles
Everyday Favourites	8	Larger Portions
	6	Singles
	3	Soups
Global	4	Asian
	4 + 2	Indian
	4	Italian & Mediterranean
Sides	2	Potato
	2	Rice
Puddings	3	Crumbles
	4	Sponges
	1	Other
Sweet Treats	1	Biscuits
	4	Cakes
	2	Tiffin
Gifting	4	Chocolate Boxes
	2	Merchandise
Drinks	20	Beer, Wine & Spirits
	3	Soft Drinks
Gardening	22	Birdboxes, Birdbaths & Furniture

Making responsible choices

We are proud to support more responsible, thoughtful ingredient choices that reflect our values. Our fish is responsibly sourced and we have a longer term commitment to remove palm oil and move to free range eggs in all of our products.

Parsley Box Origins

Our customers want to know where their food is from and how it is made, so being transparent demonstrates we are a responsible brand that cares about the same issues that matter to them. As part of that desire to tell the individual stories of the people supplying the ingredients used in our recipes we launched Parsley Box Origins, a campaign to raise awareness of our food credentials. All our meals are made here in the UK, without exception. And we are committed to buying British and actively supporting local producers wherever possible. For example, our chicken, pork, milk and cream are all British. Our beef is British and Irish though this will move to being all British later in FY22.

From field to fork

Take our potato supplier in Malton, the food capital of Yorkshire; the potatoes travel just 15 miles from the farm to the factory to be added to various Parsley Box dishes, including all of our mash topped pies. We want to cut back on the distance our ingredients travel as much as we can by buying locally.

"We're always looking to buy British and support local farmers. We want to highlight our food provenance so we can increase customer interest in our meals and our business through storytelling. We want to showcase beautiful British produce, reduce food miles and put money back into the pockets of British farmers."

Cassandra Suddes, Head of Product

Key figures at a glance

Key performance indicators		FY21	FY20	YOY%
Order numbers ‘000s	Repeat customers	**488**	425	15%
	New customers	**204**	292	(30%)
Average order value (“AOV”) £	Repeat customers	**42.51**	41.28	3%
	New customers	**23.10**	23.46	(2%)
Active customers at period end ‘000s		**167**	154	8%
Marketing expenses as a % of revenue		**33%**	24%	9%
Results of operations				
Revenue £’000	Repeat customers	**20,738**	17,528	18%
	New customers	**4,718**	6,848	(31%)
	Total	**25,456**	24,376	4%
Product margin £’000		**12,472**	12,156	3%
Product margin %		**49%**	50%	(1%)
Adjusted EBITDA £’000 *		**(7,110)**	(2,166)	(228%)
Loss for the year £’000		**(9,732)**	(3,180)	(206%)
Financial position				
Closing inventory £’000		**1,179**	1,484	(21%)
Inventory days		**30**	33	(9%)
Closing cash £’000		**2,521**	914	176%

*Adjusted EBITDA is defined as earnings before interest, taxation, depreciation and amortisation, IPO costs and share based payments. See page 17 for reconciliation to reported IFRS measure.

Strategic report

Chairman's statement

Chris van der Kuyl
Chairman of the Board

This is the Group's first Annual Report and Accounts as a public company following the Company's admission to the London Stock Exchange's AIM in March 2021.

2021 was the start of our journey as a public company, having experienced significant growth in 2020 through a turbulent consumer market. There followed the well-publicised supply chain constraints and inflationary retail environment which significantly impacted the development of the business and the cessation of marketing spend to attract new customers. As a result, our first year as a listed company was very challenging and we reported revenue increased by 4% to £25.5m and adjusted EBITDA loss increased to £7.1m.

Despite these challenges, the Group built on the increasing loyalty to the brand by delivering 18% growth in repeat order revenue and growing active customer numbers by 8%, and as we stand today, most of the supply chain challenges are now within our control.

Other key successes which will support longer term business growth were the significant expansion of our product range; the increase in our brand awareness; and the strengthening of our management and operational team. The innovation the new team is bringing to both product development and marketing is leading to further engagement from our core market segments, which in turn will enable us to become more deeply embedded within our consumers' lives and to expand our offering beyond core food products to other areas of wellness and independent living.

The Parsley Box Vision

Parsley Box is one of the few brands solely focused on the over 65s. This gives the business the opportunity to offer an increasing range of products and services on its platform to promote, support and celebrate independent living and deliver significant social impact through the improvement in quality of life for our consumers.

The Group is developing its "Food – Food Plus – Beyond Food" strategy over the medium term. The food and drink range expansion continues at pace with new products for seasonal occasions, meals for two and more upsell items to increase basket sizes and increase consumption occasions in the pipeline for FY22. In the medium term, the product range will expand beyond food into complementary products for the over 65s to include gifting and high repeat purchase items like wellness, and potential service offerings are also under review. Furthermore, the Group plans to develop a membership programme to build a community of customers to increase brand loyalty, foster long-term relations and gain consumer insight to inform future product and technology roadmaps.

The seismic demographic shift of the over 65 consumer base, their affluence, aligned with the strong desire to remain independent within the comfort of their own home should enable the Group to grow in years to come. Our opportunity is to match our values with the social purpose that has been largely forgotten by an underfunded social care system, continued pressure on the NHS and a rapidly ageing demographic within the UK.

The Group is aiming to balance short term performance with its key position as a challenger brand for this demographic. Just as younger consumers align with brands that go beyond "selling" to brands with purpose we truly believe that our older demographic is looking for the same.

Outlook

Post the year end, gross proceeds of £6m were raised to facilitate the strategy above to be executed. After a challenging 2021, the Board anticipates that 2022 will be the beginning of a new chapter in the Group's development.

Stock levels have continued to increase since the year end with more than 95% of product lines now available, delivering good growth in basket size and high service levels. The Group is progressing well towards its FY22 target of 25% growth in repeat AOV through an increased pace of product innovation and good stock availability.

The Group is focused on implementing the fresh targeted marketing strategy which is already showing early positive signs of acquiring higher spending customers. Whilst marketing expense was reduced in the first quarter by circa 50% of the FY21 average to test the new strategy, higher levels of marketing spend has resumed from April to stimulate greater order numbers.

Costs are being well managed so that adjusted EBITDA losses have reduced in the period to date and are in line with management expectations for FY22.

We have made significant progress in broadening our team in 2021 and we believe we are well placed to grow the business and its relevance to our target customers throughout 2022.

Chris van der Kuyl
Chairman of the Board
11 April 2022

Chief Executive Officer's statement

Kevin Dorren
Chief Executive Officer

Since its foundation in 2017, Parsley Box has continued to be one of very few businesses entirely focused on the older consumer. The Group is a leading innovator in the DTC ready meal market, providing easy and nutritious meals for the over 65s, delivered fast to the customer's door.

In the year under review Parsley Box, along with many other UK food companies, faced and overcame a number of challenges and I am now pleased to report a strengthening business with many positive key markers for future success.

Operations

During a challenging year for DTC brands, Parsley Box focused on our core loyal repeat customers. This required us to reduce marketing spend in H2 2021 to ensure that limited product supply was focused on our core customers. This decision limited our growth in the second half but allowed the team to evaluate every part of our operation to ensure a solid platform for long term growth.

This focus allowed us to continue to grow repeat revenue in 2021 by 18% over 2020 despite lower stock availability in H2 2021, and to maintain product margins at circa 50%.

Growing demographic

Parsley Box currently targets customers in the 65+ age bracket, a demographic that is set to grow exponentially in future decades. Projections produced by the Office for National Statistics (ONS) show that through the latter half of the 20th Century, the UK population has been steadily getting older and this trend is projected to continue in the future.

In 2020, there were 16 million UK residents aged 60 years and over, representing 24% of the total population, and looking ahead 20 years to 2040, there will be a further 5 million projected UK residents aged 60 years and over, taking the total number in this group to 21 million, making up 30% of the total population. This is the only demographic in the UK that is growing at this rate.

This provides enormous potential for Parsley Box, allowing the focus to remain on the older customer buying our food predominantly for convenience.

The brand also aims to empower the over 65s, with a communications drive to capture the essence of the Baby Boomer + generation as one living a full, colourful, and inspirational life. By supporting a media culture that smashes the stereotypes of older people, we are aligning Parsley Box with a customer base that doesn't want to be patronised by the traditional and tired 'pensioner' marketing tactics.

Product range

The long-term growth of the brand has been at the forefront of the product development strategy. During 2021, 50% of the Group's product range was relaunched with new recipes, and a new premium chilled range was introduced. The new products have been integral to reactivating lapsed customers and also widened the offering to our growing active customer base.

Delivering new products every quarter to surprise and delight our loyal customers, launching products for seasonal occasions and expanding our range into meals for two are all part of our future product development plan.

The team

We are very fortunate to have a highly motivated and committed workforce, recently strengthened by top level appointments to the senior team.

Simon Russell (Managing Director), Holly McComb (CFO), Cassandra Suddes (Head of Product), and Chris Hodder (Head of Technology) have strengthened the leadership of Parsley Box, bringing experience, inspiration, and guidance to the business.

All have relevant growth experience, Cassandra from a similar food innovation role at Marks and Spencer, Simon from his many years at John Lewis and most recently Amazon, Holly from working with start-ups and AIM-listed companies, and Chris from his roles in high growth technology businesses, which has been quickly and efficiently integrated into propositions for the ongoing successful development of Parsley Box.

We are also delighted to welcome Emma Oberholzer as Head of People who joined in January 2022.

We are a Living Wage Employer and are entirely committed to investing in our people. We have a real opportunity to harness the culture through a carefully curated people value proposition that will attract and retain top talent. Our people experience will be co-created with our people, aligned to our mission and values and will build on our work/life balance offering with a family-first ethos.

Investors and suppliers

None of our successes would have been possible without the unwavering support of our key investors and suppliers, who have all worked with us tirelessly to meet targets, find solutions and deliver over and above the highest expectations.

I thank all for their continued contribution which has been at the heart of driving Parsley Box forward to its current position.

Sustainability

We continue to strive to shorten the supply chain, reduce waste and food miles and ensure we are fastidious in monitoring and policing all areas of provenance. Parsley Box has worked hard and continues to do so in reducing packaging waste and seeking efficient recycling processes.

Supporting British and local suppliers and manufacturers is essential to this continued process of sustainable and ethical business. We whole-heartedly welcome the continued support and partnership we have with suppliers and manufacturers. The open relationship we have with all those we work with is based on long term trust and a common goal to ensure the best possible outcomes for all within the food cycle. I thank all of those who continue to work with us in achieving these results.

Long term vision

Looking ahead our target customer base is projected to grow by around 30% between 2020 and 2040. This offers considerable opportunities for expansion and growth as many of these Baby Boomers will seek convenient, quality, provision of ready meals.

Our investment in enlarging and developing the product range together with innovation and research into further additions to our offer is already delivering promising results.

2021 was extremely challenging, but we have stabilised and improved the business significantly and following the fundraising in March 2022 we are funded to execute our growth strategy. We are confident and excited about the future. The team is determined to build an even stronger foundation from which to expand and grow.

Kevin Dorren
Chief Executive Officer
11 April 2022

Chief Financial Officer's statement

Holly McComb
Chief Financial Officer

FY21 provided good learnings for the Group that have prompted a focus on shoring up the supply chain, enhancing returns on marketing spend and increasing reorder frequency.

Financial Highlights

	FY21 £'000	FY20 £'000
Revenue	**25,456**	24,376
Product margin	**12,472**	12,156
Product margin %	**49%**	50%
Marketing expenses	**8,301**	5,843
Marketing expenses as % of revenue	**33%**	24%
Adjusted EBITDA [1]	**(7,110)**	(2,166)
Closing cash	**2,521**	914
Closing inventory	**1,179**	1,484
Statutory measures:		
Loss before tax	**(9,732)**	(3,180)
Loss before tax %	**(38%)**	(13%)

[1] Adjusted to exclude IPO costs and share based payments.

Reconciliation of statutory figures to alternative performance measures

	FY21 £'000	FY20 £'000
Revenue	25,456	24,376
Cost of goods sold	(12,984)	(12,220)
Product margin	12,472	12,156
Fulfilment costs	(5,921)	(5,365)
Gross margin	6,551	6,791
Marketing expenses	(8,301)	(5,843)
G&A expenses (excluding depreciation & amortisation)	(6,113)	(3,691)
IPO expenses	(1,064)	-
EBITDA	(8,927)	(2,743)
Add back exceptional items:		
IPO costs	1,064	-
Share based payments	753	577
Adjusted EBITDA	(7,110)	(2,166)
Depreciation & amortisation	(776)	(423)
Adjusted operating Loss	(7,886)	(2,589)
Finance costs	(29)	(14)
Adjusted loss before tax	(7,915)	(2,603)
Exceptional items	(1,817)	(577)
Loss before tax	(9,732)	(3,180)
Tax	-	-
Loss for the year	(9,732)	(3,180)

Revenue

Total revenue grew by 4% to £25.5m (FY20: £24.4m).

Notably, repeat customer revenue grew by 18% to £20.7m (FY20: £17.5m) and accounted for a higher proportion of total revenue of 81% (FY20: 72%). This growth was partially offset by a 31% decline in new customer revenue of £4.7m (FY20: £6.8m). In order to minimise service disruption to our loyal repeat customers caused by the supply chain issues felt across the sector in the second half of the year, the difficult decision was taken to reduce customer acquisition marketing. This resulted in a decline in new customer revenue but enabled repeat customer revenue to be maintained.

Key to the Group's revenue model is attracting and retaining customers with a frequent reorder cycle and expanding the Group's product range to increase AOV. The revenue drivers are repeat order numbers, AOV and the number of active customers, all of which delivered year on year growth.

Repeat customer order numbers grew 15% to 488k (FY20: 425k) showing an increasing loyalty to the brand. Repeat AOV grew by 3% to £42.51 (FY20: £41.28) and had been growing more strongly until the stock availability issues. Active customers also grew by 8% to 167k (FY20: 154k).

Product margin

Product margin grew by 3% to £12.5m (FY20: £12.2m). Product margin as a % of revenue decreased slightly to 49% (FY20: 50%) due to higher sales promotions as opposed to an increase in average product costs which were well managed during the year.

Marketing expenses

Marketing expenses grew by 42% to £8.3m (FY20: £5.8m), split circa 60% in H1 and 40% in H2. Investment was made in brand building through television campaigns and events to drive long term consumer awareness. However, as stock availability became an issue in the second half of FY21, marketing was cut back to maintain service levels.

Customer acquisition costs ("CAC") rose by circa 80% year on year and total marketing expenses rose from 24% of revenue in FY20 to 33% in FY21, prompting an in depth review of marketing strategy.

A number of corrective measures have been initiated to improve payback on marketing expenses. Customer acquisition is now focused on market segments with the greatest propensity for regular reordering. These are typically slightly older customers who value the convenience of the product range and the high touch offline service available should they require it. Tailored offline and online customer journeys are being developed to support a higher frequency reorder cycle and increase in average customer life time values ("LTV"). Improving the LTV:CAC ratio is a strategic priority for the Group.

Adjusted EBITDA
Adjusted EBITDA loss was £7.1m (FY20: £2.2m) and excludes IPO costs and share based payments. The higher loss was largely due to the £2.5m increase in marketing expenses. G&A expenses also rose by £2.4m driven by a 34% increase in employee numbers to an average of 117 (FY20: 87), to support the long term growth objectives of the Group, together with the additional costs associated with running a public company.

Cash
Cash closed at £2.5m (FY20: £0.9m). The Group also has a £0.5m unutilised overdraft facility.

The Group raised £10.7m from the issue of ordinary shares and the exercise of share options, £5.7m in January 2021 and £5.0m from the IPO in March 2021. Net cash outflow from operations was £8.3m (FY20: £1.0m) and £0.6m (FY20: £0.4m) was paid for office lease obligations.

Post year end the Group closed the equity funding round, raising gross proceeds of slightly over £6m.

Stock and supply chain
As reported in September 2021, the Group, together with the wider retail sector, experienced labour issues in its supply chain that significantly restricted stock availability in the second half of the year. As part of the product relaunch, the Group began the process of transitioning to a new lead supplier prior to the supply chain labour shortages, and as stock was consumed from old lines there was low availability of the new lines. This resulted in a prolonged period of low stock.

By year end, stock levels began recovering to £1.2m (FY20: £1.5m), up 47% from June, and providing an average of 30 days (FY20: 33 days) of cover.

Holly McComb

Holly McComb
Chief Financial Officer
11 April 2022

Principal Risks and Uncertainties

The Board

The overall responsibility for the Group's risk management resides with the Board.

Risks are assessed on the likelihood of occurrence, the potential impact on the business and the mitigations in place to minimise both. Assessments are revisited whenever there is a potential material change to the any principal risk and uncertainty. The Board has considered macroeconomic, market, strategic, financial and operational risks and uncertainties.

The Audit Committee

The Audit Committee is responsible for oversight and review of the Group's internal controls and risk management and regularly reviews the risk register and any management feedback.

As part of the risk management process an annual financial planning process is carried out and submitted for Board approval. The Group's results are compared with the annual financial plan and any reforecasts are reported to the Board monthly.

The Group has a documented and systematic authority and approval process covering purchase orders, invoices and bank transactions as well as administrative and operational commitments.

The Group has appropriate insurance in place to cover against material loss or claims.

The Senior Leadership team

The day to day operation of risk management is the responsibility of the Group's executive and senior managers with regular meetings to review current and potential changes to risk areas. A risk register is maintained for all principal activities of the Group and details the risk category, owner, mitigating factors and likelihood of occurrence, risk impact and severity as well as contingent actions and plans. Input is obtained where necessary from relevant technically qualified sources and employee input and feedback is sought on a regular basis. Findings and recommendations of risk committee meetings are fed back to the Audit Committee and Board if significant.

The Parsley Box team

Everyone at Parsley Box Group plc has a role to play in identifying key risks facing the Group, and in the day-to-day management and reporting of risk by applying the appropriate controls, policies and processes.

Details of financial risks are outlined in note 22 to the financial statements and the principal risks are shown in the following table:

Risk	Impact	Mitigation
Macroeconomic changes	An increase in the macroeconomic instability could result in lower consumer demand and/or inflationary cost increases.	Build in financial contingency for a higher inflationary environment. Maintain a high level of variable and discretionary spend that can be used to adapt to a changing economic environment.
Reliance on third party product suppliers	The Group relies on a small number of suppliers for the supply, storage and delivery to customers of its products, including a related party disclosed in note 21 to the financial statements. If the Group were to experience a significant disruption in fulfilment of its orders it could have a material adverse effect on the Group's business, prospects, financial condition and results of operations and inhibit the successful implementation of its business plan.	The Group maintains a close relationship with its warehousing and fulfilment partners, ensuring that any issues or concerns are communicated in real-time allowing mitigation where possible, or efficient and effective management.
Key individuals	If the Group is unable to retain its key personnel (or to attract suitable replacements), its ability to execute its business strategy successfully could be materially and adversely affected.	The business has made new hires to mitigate dependency on a few individuals, it also has more planned hires and is implementing a hiring and retention strategy across the Group.
Key system failure, disruption, or interruption	As an online business the Group relies heavily on its IT infrastructure, website, and ecommerce systems. Any malfunctioning of the Group's technology and systems, or those of key third parties, even for a short period of time, could result in a loss of revenue and damage to the Group's reputation with its customers.	The Group continues to invest in its technology to increase resilience. The technology team has been expanded and is more capable to deal with any issues or failures in a timely manner as a result. The Group is continuing to develop and improve disaster recovery plans.
Cyber security threat	Cyber attacks leading to denial of service attacks or unauthorised access to the Group's software or systems could result in a loss of revenue, financial cost, reputational damage and loss of investor confidence.	The Group maintains a range of security measures that are regularly reviewed and updated to prevent unauthorised access to systems. The business maintains cyber security insurance.

Section 172 (1) statement

Section 172 (1) of the Companies Act obliges the directors to promote the success of the Group for the benefit of the Company's members as a whole.

The section specifies that the directors must act in good faith when promoting the success of the Company and in doing so have regard (amongst other things) for:

- the likely consequences of any decision in the long-term;
- the interests of the Group's employees;
- the need to foster the Group's business relationships with suppliers, customers and others;
- the impact of the Group's operations on the community and environment;
- the desirability of the Group maintaining a reputation for high standards of business conduct; and
- the need to act fairly as between members of the Company.

The ways in which these duties are addressed is set out below.

Consequences of any decision in the long-term

The Board is responsible for the decisions made in support of the long-term success of the Group and how the business has implemented strategic, operational and risk management decisions.

For more information on the business strategy and developments during the year, refer to pages 13 to 15 of the Strategic Report.

Employees

The Group has a strong focus on maintaining a culture of employee engagement and wellbeing. Our employees play a key role in the success of our business' strategic goals and the Board recognises the importance of a positive and supportive working environment for our staff.

The senior leadership team hold regular company meetings to share feedback from customers, the product development pipeline and upcoming launches and business performance updates. The Group also has a culture committee made up of employees from across the business to meet and discuss business culture and values, and provide feedback to the senior leadership team and Board.

The Board actively recruited a Head of People, who joined in January 2022, to support and promote a positive business culture, and continue to deliver the Group's people promise of making Parsley Box a highly rewarding place to work.

The Group continues to enhance its pay and benefits. The Group wide share option and employee share incentive plans were launched during the year, and employees participated in the share options converted on admission to AIM. The Remuneration Committee has commissioned a full review of the pay and benefits to bring Parsley Box in line with the market. The results of which will be implemented in FY22.

Refer to pages 13 to 15 of the Strategic Report for further detail on our culture and employees.

Customers

The Group's business model and product range has been designed for the overs 65s. In order to continue to deliver exceptional service, and products which meet the needs of this growing and evolving customer base, feedback at every point of the customer's experience is vital to ensure the business reacts and adapts to maintain customer loyalty.

The Group operates a contact centre to facilitate customer orders by telephone. This provides direct two-way conversation with our customer base to build relationships, gain insight into our customers' lives and provide feedback on our products and service levels. The Group also actively seeks feedbacks through post call surveys and Trust Pilot reviews, and follows up with individual customers in both positive and negative circumstances. We take all feedback seriously, from how to make our website easier to navigate, to how we process and fulfil orders, and how our product looks and tastes, and treat all insight as valuable learnings on how to enhance our customer proposition and grow our business.

Refer to pages 13 to 15 of the Strategic Report for further detail on the Group's interaction with customers.

Suppliers

Trusted and constructive partnerships with suppliers are essential to the success and growth of the business. The Board and the executive management team ensure transparent and regular communication with suppliers and welcomes all feedback received.

This continual collaboration is critical to maintain stock availability and competitive prices; enables the Group to understand the market risks; and plan efficiently for an ever changing environment.

During the year the Group transitioned to a new lead supplier to strengthen our product offering and the senior team worked hard to manage this transition during a period of significant labour issues felt across the supply chain. The challenges of the supply chain constraints have strengthened the relationships with all key suppliers as the teams worked collaboratively to overcome each obstacle.

The product and supply chain team was strengthened in the second half of the year to help manage these challenges.

Refer to page 15 of the Strategic Report for further detail on the Group's relationship with suppliers.

Community and environment

Parsley Box's mission is to promote, support and celebrate independent living and wellbeing for the overs 65s, a mission we believe is integral to a thriving community. The business is working to deliver a positive social impact through the improvement in quality of life for our consumers.

The Group also holds its environmental responsibilities with utmost importance, trying whenever possible to recognise and adapt new working ways to reduce the amount of plastic, paper and cardboard used in our packaging of products and when shipping goods. The nature of the Group's business model means a high proportion of processes which address current environmental challenges are embedded into our supply chain – predominantly through our product manufacturers and our distributor network. The Board and management team are working to ensure that all the Group's key suppliers are incorporating the environment in their planning and strategic decisions.

Refer to page 15 of the Strategic Report for further detail on the Group's sustainability priorities.

The Group is looking at how it can engage with charities and be more involved in charitable work. During the year the Group donated to FareShare who specialise in distributing food to people who need it most, and will continue to develop this relationship.

Maintaining high standards of business conduct

The Company is incorporated in the UK, is governed by the Companies Act 2006 and the Board has stated that it intends to comply with the Quoted Companies Alliance Corporate Governance

Code 2018 (the "QCA Code"). The Board recognises the importance of maintaining high standards of corporate governance, and together with the requirements to comply with the AIM Rules, this ensures that the interests of the Company's stakeholders are protected.

The Group operates robust financial controls that are regularly reviewed and documented and maintains policies on data protection, health and safety, and anti-bribery and corruption.

The Board has reviewed all related party transitions as disclosed in note 21 of the financial statements, and maintains a register of Directors Interests.

Shareholders

The Board recognises the requirement to present fair, balanced and understandable information to all stakeholders and particularly our shareholders. The Group is committed to transparent and effective communications with all of its shareholders so that there is a clear understanding of the Group's strategic objectives and performance.

Regular trading updates have been made and investor meetings held during the year. Post year end a shareholder meeting for the fund raise was held and the AGM will take place in June 2022.

The Group's approach to investor relations is described in more detail in the Corporate Governance section at page 33.

Further details

For further details of how the Board operates and the way in which it makes decisions, including key activities during the financial year ended 31 December 2021 and Board governance, refer to the Corporate Governance section at page 30 and the Board Committee reports thereafter.

This Strategic Report was approved by the Board on 11 April 2022 and signed on its behalf by:

Holly McComb

Holly McComb
Chief Financial Officer
11 April 2022

Governance

Board of Directors

Chris van der Kuyl CBE, FRSE
Non-Executive Chairman

Chris van der Kuyl is one of Scotland's leading entrepreneurs working across the technology, media, gaming and entertainment sectors. Chris is most notably co-founder and chairman of multiple award-winning games developer 4J Studios, best known for developing Minecraft for Microsoft, Sony and Nintendo games consoles. He and fellow co-founder Paddy Burns launched Chroma Ventures, the investment arm of 4J Studios, in 2021.

Chris is chairman of; Puny Astronaut, Stormcloud Games and Broker Insights and sits on the boards of; Blippar, Ace Aquatec, Ant Workshop and ADV Holdings. He is also a non-executive director of the Ballie Gifford US Growth Trust.

Alongside his commercial roles, he was the founding chairman of Entrepreneurial Scotland and is currently a member of multiple advisory and local charity boards. Elected as one of the youngest Fellows of the Royal Society of Edinburgh in 2013, Chris was also formally recognised for his contribution to technology in the Queen's Birthday Honours List 2020, becoming a Commander of the Most Excellent Order of the British Empire (CBE).

Kevin Dorren
Chief Executive Officer

Kevin is a founding member of Parsley Box and has been a key influencer in the strategic direction of the business. He previously founded Move Fresh, an investment company for e-commerce FMCG brands and the holding company of Diet Chef.

Kevin has founded a number of start-up companies in the UK and US across various sectors, including technology, FMCG and advisory. In addition, he has been a board member on a number of these companies, including Chairman of Machine Labs and Bella and Duke. He is a Non-Executive Director of MoveFresh.

Prior to his focus on start-ups, Kevin was Chief Executive Officer of Orbital Software plc, a person-to-person knowledge management company. Kevin was actively involved in the funding and management of the company, which was listed on the London Stock Exchange during his tenure before merging with Sopheon plc in 2001.

Holly McComb
Chief Financial Officer

Holly is an experienced CFO of AIM-listed and private equity backed businesses. Prior to Parsley Box, Holly was CFO of TVSquared, a high growth private equity backed SAAS business for the TV advertising market, working predominantly in the US market. Holly was also CFO of IndigoVision, a global AIM-listed CCTV systems manufacturer where she was Company Secretary and Financial Controller before becoming CFO.

Holly trained with EY in London before transferring to their Sydney office and is a member of the ICAEW.

Adrienne MacAulay
Chief Product Officer

Adrienne co-founded Parsley Box and is now Chief Product Officer. During the initial phase she managed all design and product sourcing, marketing and the general business setup, as well as establishing the finance and HR functions. Adrienne then oversaw the development of product, UK supplier contract negotiations, general management and design oversight for expanding the product range.

Previously, Adrienne founded Ness Clothing Ltd in 1996 and worked for over 20 years on the Edinburgh based clothing brand before arranging the sale of a majority interest in the company to a private equity investor.

Christopher Britton
Senior Independent Non-Executive Officer

Chris is currently Chairman of; My Expert Midwife, an online platform developed for pregnancy and motherhood midwifery company, Oceansaver, a sustainable cleaning company, Amplify Life, a company offering a sports and wellbeing app, Dr Gerard and The Collective which are private equity-backed food companies, and is co-founder and Chairman of Green Park Brands, a consumer brand development company which includes Hippeas, Ugly, Buddy, Reel and Mavericks.

Chris was a Non-Executive Director of Alliance Boots for 6 years and until recently, was a Non-Executive Director at DS Smith, the FTSE 100 packaging company, for 7 years. Chris was also a director of Bounce Foods for 5 years until 2019.

Previously, Chris was a co-founder and partner at B&B Investment Partners, a specialist consumer fund where he was Director of PhD Nutrition, The Protein Works and Aromatherapy Associates. He has also been Chairman and Investor in Ella's Kitchen and Graze, and CEO of the Findus Group.

Earlier in his career, Chris was an Executive Board member and President of the baby food division of Royal Numico before the sale to Danone. He also worked for Diageo in several management positions including Global CEO of Malibu and Baileys, President of Diageo USA-SW and latterly as Global Marketing Director.

Hazel Cameron
Independent Non-Executive Officer

Hazel has non-executive director experience across a range of business sizes, stages and sectors including TMT, retail, housebuilding, facilities management, pharmaceutical and biotechnology. Hazel has investment exposure to companies in the UK, Europe, US and Asia. She currently holds roles as a Senior Adviser to Gresham House and Growth Capital Partners.

Primarily centred on venture capital and private equity, Hazel's career has focused on strengthening boards and board functionality, working on strategy, M&A and preparing and positioning companies for fundraising and partial or full exit. Hazel is a Chartered Accountant and qualified with Arthur Andersen & Co.

Ana Stewart
Independent Non-Executive Officer

Ana is a creative entrepreneur with quoted board experience as CEO of i-design Group plc and a 25 year record in start-ups, venture capital funding, IPOs and exits.

Ana founded i-design Group plc, which she floated onto AIM in July 2007 and subsequently led the sale to Cardtronics Inc.

Her career spans entrepreneurial and corporate business environments across fin-tech and digital media industries with particular focus on product and business development and delivery, marketing and innovation.

Ana is currently a Non-Executive Director for the Scottish Football Association, as well as Bella & Duke, an online-based pet wellness start-up. Ana is also an Investment Partner at Eos Advisory, a specialist in early stage funding of Scottish based science and engineering start-ups. She is also a public interest member on the main council of the Institute of Chartered Accountants in Scotland, she also sits on the Oversight Board, Qualifications Board and Equality and Diversity Group.

Corporate Governance report

Introduction from our Chairman

The Directors recognise the value and importance of good corporate governance and are fully aware of their responsibilities to the Group's stakeholders including shareholders, customers, suppliers and employees. In this section of our report we have set out our approach to governance and provided further information on how the Board and its Committees operate.

As Parsley Box's Non-Executive Chairman, I am dedicated to leading the Board and overseeing the firm's governance and performance, ultimately ensuring success for its shareholders. In my role, I provide advice, counsel and support to the Chief Executive Officer, also playing an active role in business growth activity where appropriate. With support from Chris Britton as our Senior Independent Non-Executive Director, I manage the Board agenda and ensure that all Directors have the capability, structure and support to effectively contribute their various talents and experience in the development and implementation of Parsley Box's strategy. I will ensure that the Board implements, maintains and communicates effective corporate governance processes and promotes a culture of openness and debate designed to foster a positive governance culture throughout Parsley Box.

How the Board operates

The Board is responsible to the shareholders and sets the Group's strategy for achieving long-term success. It is also ultimately responsible for the management, governance, controls, risk management, direction and performance of the Group. The Strategic Report on pages 10 to 24 summarises the Board's approach to promote sustainable long-term growth and value for shareholders. The operation of the Board is documented in a formal schedule of matters reserved for its approval, which is reviewed annually. These include matters relating to:

- Setting the Group strategy and long-term objectives
- Approving budgets and forecasts
- Changes to the Group's capital structure and dividend policy
- Extension of Group activities by geographical regions or acquisitions
- Approval of significant contracts, capital or operating expenditure
- Assessing the effectiveness of financial risks and control
- Effective communication with shareholders
- Approving interim and annual reporting and regulatory communications

The Board met nine times in 2021, since it was constituted in March 2021. The Board will normally meet twelve times in a full 12-month cycle. Board members are expected to attend all meetings. Outside formal Board meetings, Non-executive Directors communicate directly with the Executive Directors and senior management. Non-executive Directors are expected to attend committee meetings of which they are a member and devote sufficient time throughout the year to ensure they fulfil their role as Company Directors.

Meetings of the Board and its committees since the Group's admission to AIM on 31 March 2021 and the attendance of the directors are summarised below.

	Board	Audit Committee	Renumeration & Nomination Committee
Scheduled meetings in FY21	9	1	1
Kevin Dorren	9	-	-
Chris van der Kuyl	9	-	-
Adrienne MacAulay	9	-	-
Chris Britton	9	-	-
Hazel Cameron	9	1	1
Ana Stewart	8	1	1
Holly McComb	4	1	1
John Swan	6	1	1

Board and committee composition

The Board is comprised of seven Directors, three experienced Executive Directors with a deep knowledge of the inner workings of the business, and four Non-Executive Directors who bring a unique mix of experience across high growth environments, in DTC FMCG businesses, in listed business and in marketing to the BabyBoomer+ demographic. This Board make-up is designed to provide the right balance and effectiveness to function on behalf of all Parsley Box's shareholders and stakeholders. Further details and Board biographies can be found on pages 26 to 29.

The Board considers Hazel Cameron, Chris Britton and Ana Stewart to be independent non-executive directors, and as such, free of any relationship which could materially interfere with the exercise of their independent judgement. The Board does not consider Chris van der Kuyl to be independent by reason of his and 4J Studio Limited's (a company that he exercises significant control over) significant shareholding in Parsley Box.

The Board has delegated specific responsibilities to the Audit and Remuneration Committees. Each Committee has written terms of reference setting out its duties, authority and reporting responsibilities. These terms of reference are kept under review to ensure they remain appropriate and reflect any changes in legislation, regulation or best practice.

The Board committees were adopted part way through FY21 after the IPO and did not hold as many meetings as it would in a normal full year. Going forward the Audit Committee will meet at least 3 times a year and the Remuneration and Nomination Committee will meet at least 2 times a year.

Remuneration and Nomination Committee

The Remuneration and Nomination Committee is chaired by Ana Stewart with other members being Chris Britton and Hazel Cameron. The remuneration and nomination committee reviews the performance of the Executive Directors and makes recommendations to the Board on matters relating to their remuneration and terms of employment. The committee is responsible for ensuring remuneration policies and practices support the Group strategy and promote long term sustainable success, maintaining a formal and transparent process for developing policy on executive rewards, ensuring executive remuneration is aligned to the Group's purpose and is clearly linked to the successful delivery of long-term strategy.

The Remuneration Committee will also make recommendations to the Board for granting share options or other equity incentives, and ensure these are in line with share-based incentive plans operating within the Group.

The Remuneration Committee will normally meet at least twice every year.

Audit Committee

The Audit Committee is chaired by Hazel Cameron with other members being Chris Britton and Ana Stewart. The audit committee has primary responsibility for monitoring the quality of internal controls and ensuring that the financial performance of the Group is properly measured, reported and audited. It receives and reviews reports from the Group's management and auditor relating to the annual accounts and the accounting and internal control systems in use throughout the Group. It reviews the risk register to ensure that it is comprehensive and that appropriate mitigations are in place. It also advises the Board on the appointment of the auditor, reviews their fees and discusses the nature, scope and results of the audit with the auditor. The Audit Committee meets three times a year and has unrestricted access to the Group's auditor. The Chief Financial Officer attends the Committee meetings by invitation.

The QCA Code

Following admission to AIM, the focus was on fulfilling the Company's corporate governance transition from a private to a public company. This included the intention to comply with the recommendations set out in the QCA code as further described below and which can be found on the Group's website here **https://corporate.parsleybox.com/about-us/corporate-governance/**. The corporate governance framework which the Board has put in place, including Board leadership and effectiveness, Board remuneration, and internal control is based upon practices which the Board believes are proportional to the size, risks, complexity and operations of the business and reflective of the Group's values. We will continue to review our application of the principles and develop our governance structures and processes in ways that reflect the evolving needs of Parsley Box's shareholders, employees, customers, suppliers and wider stakeholders. The Board believes that it complies with all of the principles of QCA code.

1. Establish a strategy and business model to promote long-term value for shareholders.

Parsley Box's core products are ready meals (in addition to its other ancillary food and drink product offerings), designed to serve the Baby Boomer+ population within the UK. Parsley Box's business model is centred around providing products and services to an underserved, growing and wealthy age demographic whilst capitalising on the structural shift in consumer buying patterns towards DTC channels.

The strategy of the Group is decided by the Board and progress towards delivering objectives is actively tracked and debated by the Directors.

For more information on the Group's strategy and business model refer to the Strategic Report on pages 10 to 24.

2. Seek to understand and meet shareholder needs and expectations

The Chief Executive Officer and Chief Financial Officer will meet with representatives of most major institutional shareholders at least twice per year, with their feedback being shared with the wider Board.

The Board also recognises that the Annual General Meeting ("AGM") provides an opportunity to meet private shareholders and values the feedback of such shareholders. The Notice of the AGM will be sent to shareholders at least 21 days before the date of the meeting and it is the intention that all Directors will routinely attend the AGM and will be available to answer questions raised by shareholders.

Moreover, Parsley Box will continue to review opportunities to meet with retail investors. Members of the Board are available to discuss particular matters of concern as they arise, contactable via invest@parsleybox.com.

The Group also publishes lots of information relevant to shareholders on our website https://corporate.parsleybox.com/.

3. Take into account wider stakeholder and social responsibilities and their implications for long-term success

The Board has identified the main stakeholders in the business and regularly discusses how employees, suppliers, customers and others might be affected by decisions and developments in the business. We take our social responsibilities seriously and constantly strive to enhance our environmental and social credentials.

Engaging with stakeholders enables Parsley Box to understand their needs more effectively which in turn helps Parsley Box make more informed business decisions. These stakeholders include Parsley Box's employees, shareholders, customers, suppliers, communities and the environment.

Refer to page 13 to 15 of the Strategic Report for further detail on the Group's interaction with employees, customers and suppliers.

4. Embed effective risk management, considering both opportunities and threats, throughout the organisation

The Board will conduct a review of its system of internal control to ensure compliance with best practice annually, while also having regard to its size and the resources available. The review may cover all material controls, including financial, operational and compliance controls and risk management systems. Whilst the Board is responsible for risk, our culture seeks to empower all colleagues to manage risk effectively. We have summarised the principal risks faced by the business and how they are mitigated on pages 20 to 21.

The Board is responsible for ensuring the Company has effective and robust systems of internal controls and these controls are designed to manage, but not eliminate, the risk of failure to achieve business objectives and provide reasonable, but not absolute, assurance against material misstatements and loss.

The Board has established an Audit Committee, a summary of the terms of which is set out under principle nine below and in the corporate governance section of the website found here **https://corporate.parsleybox.com/investors/aim-rule-26/.**

Both the Board and Audit Committee meet regularly to review risks, including new threats, and the processes to mitigate and contain them. Further details about our approach to risk management and internal controls are provided in the Audit Committee report on pages 36 to 37.

The Company maintains appropriate insurance cover in respect of actions taken against the Board and/or the Group. The insurance cover in place will be reviewed on a periodic basis.

5. Ensure that between them the Directors have the necessary up-to-date experience, skills and capabilities

The Board composition is set out in detail on page 31. The Board has a wealth of knowledge and experience, as illustrated by the biography of each Board member, which can be found on pages 26 to 29. The Board believes that it has the appropriate mix of experience, expertise, personal qualities and skills in order to effectively implement its strategy.

The Board intends to hold meetings regularly throughout the year and as required, for example when a potential opportunity is presented which requires more immediate attention and Board input. In any event, Board meetings will be held twelve times each year and will be held in person where possible, or where this is not practically possible, via video conference.

During the course of the year, the Board will continue to receive updates from its nominated adviser and legal advisers in relation to corporate governance matters. Each Director takes responsibility for maintaining his or her own skill set, which includes roles and experience with other Boards and organisations as well as formal training and seminars. This will be reviewed by the Board periodically.

Each member of the Board can take independent professional advice in the continuance of their duties, if necessary, at the Company's expense. In addition, the Board has direct access to the advice and services of the Company's advisers, company secretary and Chief Financial Officer.

6. Maintain the Board as a well-functioning, balanced team led by the Chair

The Board composition is as detailed above giving a good variety of experience and expertise. The Board get on well as a team and everybody is an active participant in meetings. Management are rigorously challenged and held to account. More information on the Directors and their roles can be found on pages 26 to 29 and page 31.

7. Evaluate Board performance based on clear and relevant objectives, seeking continuous improvement

The Board intends to undertake a full review and evaluation of its own performance and effectiveness and that of the individual members of the Board and the Board Committees annually.

8. Promote a corporate culture that is based on ethical values and behaviours.

The Board is committed to the highest standards of ethical behaviour in the conduct of the Company's business. To that end it has established a number of written policies which have to be acknowledged and agreed to by all employees. The Board is establishing sound ethical values and behaviours across the business and intends to lead the way in promoting a family-first ethos across the business. More on the Company's people can be found on page 14 of the Strategic Report.

The Group's mission is to champion and empower the over 65s and to do this we need people who understand our customers and take time to build strong relationships with them.

Parsley Box consults regularly with its employees and encourages open and honest feedback as to how it can better benefit its customers and the wider community.

9. Maintain governance structures and processes that are fit for purpose and support good decision-making by the Board

The Board is responsible for the overall management and control of the Company. The Board intends to review its strategy regularly and is responsible for determining the strategic focus of the Company.

As detailed above, the Board has delegated specific responsibilities to the Audit Committee and the Remuneration and Nomination Committee, all of which have written terms of reference and formally delegated duties. Consideration will be given by the Board to future succession plans for members of the Board as well as consideration as to whether the Board has the skills required to manage the Company effectively.

The Board discusses and reviews all matters and issues which are important to the business. Certain decisions are reserved for the Board and they can be found on page 20.

10. Communicate how the Company is governed and is performing by maintaining a dialogue with shareholders and other relevant stakeholders

Parsley Box will communicate with shareholders in a number of ways, including:

- Parsley Box's Annual Report and Accounts;
- full year and half year announcements;
- other regulatory announcements;
- the Annual General Meeting; and
- update meetings with existing shareholders.

The Company will communicate principally by way of the release of regulatory and other announcements as and when information is available to disclose.

The Company's website will be regularly updated. Once available, the Company's Annual Report and Accounts will be located under the 'Documents' section of the website. Notices of the general meetings of the Company will be located under the 'Regulatory News' section of the website.

The results of voting on all resolutions at future general meetings will be posted to the website on a timely basis, including any actions to be taken as a result of resolutions of which votes against have been received by a significant proportion of votes.

Chris van der Kuyl
Chairman of the Board
11 April 2022

Audit Committee report

The Audit Committee is responsible for ensuring that the financial performance of the Group is properly reported and reviewed. Its role includes monitoring the integrity of the financial statements (including annual and interim accounts and results announcements), reviewing internal control and risk management systems, reviewing any changes to accounting policies, reviewing and monitoring the extent of the non-audit services undertaken by external auditors and advising on the appointment of external auditors.

Audit Committee Members
Hazel Cameron (Chair)
Ana Stewart
Chris Britton

The year to 31 December 2021 is treated as a partial year as the committee were not appointed until the Company was admitted AIM on 31 March 202, and 1 meeting was held in the period. During FY21, additional meetings were held as part of the audit tender, and the Committee Chair also met with the Group's auditor. Going forward the committee shall meet at least three times per year.

Holly McComb, Chief Financial Officer, attends Committee meetings by invitation, and other Executive Directors or members of the management team may also be invited as required.

The Board is satisfied that the Chair of the Committee has recent and relevant financial experience. Hazel is a Chartered Accountant and a Senior Advisor to Gresham House and Growth Capital Partners.

The Committee has unrestricted access to the Group's auditor, RSM UK Audit LLP.

Duties
The main duties of the Audit Committee are set out in its terms of reference, which are available on the Group's website **https://corporate.parsleybox.com/about-us/corporate-governance/**.

The key responsibilities for the Audit Committee in the period from admission were:
- the appointment of an auditor following a tender process;
- review and approval of the interim report;
- the review and approval of the audit plan presented by the Group's auditors;
- consideration of key audit matters and how they are addressed;
- consideration of the external audit report and management representation letter;
- going concern review;
- review of the risk management and internal control systems; and
- the review of the independence of the Group's external auditors.

The Audit Committee met after the year end to review the Group's Annual Report and Accounts for the year ended 31 December 2021. The Audit Committee reviewed and was satisfied that the judgements exercised by management on material items contained within the Group's Annual Report and Accounts are reasonable.

The ultimate responsibility for reviewing and approving the Annual Report and Accounts and Interim Report remains with the Board.

External Auditors
The Company engaged RSM UK Audit LLP ("RSM") to act as external auditors on 26 July 2021. RSM is invited to attend Committee meetings when appropriate. The Audit Committee has unrestricted access to the external auditors and will also meet with them without management in attendance if requested.

The external auditors prepare an audit plan which details the scope, materiality, key areas of focus and the timetable for audit. This plan is reviewed and agreed in advance by the Audit Committee. Following the completion of the audit, the external auditors present their findings to the Audit Committee for discussion.

Internal Audit
The Audit Committee has considered the Group's internal control and risk management policies and systems, their effectiveness, and the requirements for an internal audit function in the context of the Group's overall risk management system. The Audit Committee is satisfied that the Group does not currently require an internal audit function, however, it will continue to review the situation.

Risk Management and Internal Controls
As described throughout the Annual Report and corporate governance section of the Group's website, the Group has established a framework of risk management and internal control systems, policies and procedures. The Audit Committee is responsible for reviewing the risk management and internal control framework and ensuring that it operates effectively. During the period, the Committee has reviewed the framework and the Committee is satisfied that the internal control systems in place are currently operating effectively.

Whistleblowing
The Group has in place a whistleblowing policy that sets out the formal process for staff of the Group who may, in confidence, raise concerns about any possible improprieties in financial reporting or other matters. During the year there were no incidents for consideration.

Anti-bribery
The Group has in place an anti-bribery and anti-corruption policy which sets out its zero-tolerance position and provides information and guidance to those working for the Group on how to recognise and deal with bribery and corruption issues. The Committee is comfortable that the current policy is operating effectively.

Hazel Cameron

Hazel Cameron
Chairman of the Audit Committee
11 April 2022

Remuneration & Nomination Committee report

Members
Ana Stewart (Chair)
Hazel Cameron
Chris Britton

The year to 31 December 2021 is treated as a partial year as the committee were not appointed until the Company was admitted AIM on 31 March 202, and 1 meeting was held in the period. Going forward the committee shall meet at least twice per year.

Duties

The responsibilities of the committee include the following:

- to determine and agree with the Board the remuneration policy for the Company;
- to determine remuneration structures through which the policy is implemented;
- to conduct an annual salary review and determining the actual annual remuneration for the Executive Directors;
- to review and approve Group-wide salary increases;
- for all long term incentive plans, to determine each year the overall number of awards and the individual awards to executive directors and senior management;
- to review the remuneration of the Chairman of the Board and recommending any changes thereto;
- to review the structure, size and composition (including skills, knowledge and experience) of the Board together with Board and senior management succession planning;
- recommending to the Board any changes required;
- identifying and nominating candidates to fill Board vacancies; and
- reviewing the results of the Board performance evaluation process.

Our aim is to deliver a remuneration programme that rewards both achievement of short-term goals and fulfilment of our longer-term objectives. The remuneration policy is the responsibility of the Remuneration Committee, a sub-committee of the Board. The Executive Directors attend meetings by invitation but no Director is involved in discussions relating to their own remuneration.

We recognise the need to retain and motivate our Executive Directors and senior management team and the need to avoid making remuneration decisions solely based on shorter-term volatility. Accordingly, we offer a competitive base salary and a long-term equity-based programme of share options, vesting over varying time frames from one to three years subject to the achievement of substantial, longer-term strategic objectives.

Remuneration policy for Executive Directors

The Committee sets a remuneration policy that aims to align with the attraction and retention of the best talent for the benefit of the Group, and incentives that retain key employees by way of a longer-term element of reward aligned with shareholder interest.

The Committee intends to introduce a performance bonus scheme and review the Group's pension scheme and other benefits in line with market practice for the year to 31 December 2022 and beyond. Details of the new scheme will be communicated once known.

These plans are intended to maintain remuneration policy in line with market practice for an AIM listed company and ensure alignment between the reward strategy and business strategy. The Committee will continue to review the remuneration policy on a regular basis to ensure it remains fit for purpose for the Company, drives high levels of executive performance and remains competitive in the market. The remuneration of the Executive Directors during the year ended 31 December 2021 is set out below.

Director's Remuneration for the year ended 31 December 2021

The table below sets out the detailed emoluments of each director who served during the year, there is no comparative as all directors were appointed in the year:

	Salary/fees £'000	Pension contributions £'000	Total £'000
Kevin Dorren [1]	225	-	225
Chris van der Kuyl [2]	72	-	72
Adrienne MacAulay [2]	142	1	143
Chris Britton [3]	41	-	41
Hazel Cameron [3]	41	-	41
Ana Stewart [3]	41	-	41
Holly McComb [4]	49	-	49
John Swan [5]	110	1	111
Total	**721**	**2**	**723**

[1] Appointed 12 January 2021
[2] Appointed 22 January 2021
[3] Appointed 5 March 2021
[4] Appointed 20 September 2021
[5] Resigned 13 October 2021

The above table does not include the value of share options held by directors, details of which are set out below.

Pension contributions

Kevin Dorren and Holly McComb do not participate in the pension scheme.

Directors share options

On the Company's admission to AIM on 31 March 2021 share options previously awarded to existing directors vested and the following gains were made by those who held office during the year.

Director	Share options exercised No.	Exercise price £	Share price at exercise date £	Gain on exercise £'000
Kevin Dorren	730,000	0.22	2.00	1,296
Adrienne MacAulay	327,500	0.15	2.00	605
Adrienne MacAulay	57,205	0.22	2.00	102
John Swan	80,321	0.22	2.00	143

Furthermore, following admission to AIM, the Company introduced a long-term management incentive scheme ("MIP") designed to provide the Executive Directors in office at that time with share options vesting equally after one, two and three years based on performance criteria of the Group over these periods. The performance criteria on one third of the options for Executive Directors for the first year were not met and as such no shares options vested. The remaining two thirds of the share options are due to vest equally on second and third anniversary of admission subject to meeting performance criteria.

The Non-Executive Directors were granted share options following admission to AIM that vest two years from admission.

Details of options for directors who were in office at 31 December 2021 are as follows:

Executive Directors	Type	No. of shares sunder option	Exercise price	Date of grant
Kevin Dorren [1]	MIP	1,125,000	£0.01	31/03/2021
Adrienne MacAulay [1]	MIP	337,500	£0.01	31/03/2021
Adrienne MacAulay [2]	Replacement	54,352	£0.22	12/02/2020

[1] Post year end the year 1 performance criteria were assessed as not having been met and therefore the year 1 share options lapsed.
[2] Options vested but unexercised as at 31 December 2021.

Non-executive Directors	Type	No. of shares under option	Exercise price	Date of grant
Ana Stewart	Option	60,976	£1.64	31/03/2021
Chris Britton	Option	152,439	£1.64	31/03/2021
Hazel Cameron	Option	60,976	£1.64	31/03/2021

Executive director's service contracts

Each of the non-executive directors has a letter of appointment stating their annual fee. The level of fees for non-executive directors (other than the Chairman) is determined by the Chairman and the Executive Directors. The Chairman's fees are determined by the Committee members other than the Chairman. The non-executive directors do not participate in performance related bonus.

The appointment of non-executive directors may be terminated on one months' written notice at any time.

Share price information

The market price of the Parsley Box Group plc ordinary shares at 31 December 2021 was 33.32p and the range from the date of admission on 31 March 2021 was 168p.

Parsley Box Group plc Employee Share Incentive Plan (SIP)

The SIP, which was adopted by the Company on 5 March 2021 conditional on Admission, is an all-employee share ownership plan which has been designed to meet the requirements of Schedule 2 to the Income Tax (Earnings and Pensions) Act 2003 so that ordinary shares can be provided to UK employees under its terms in a tax-efficient manner.

Under the SIP, eligible employees may be:

i) awarded up to £3,600 worth of free Ordinary Shares each year;
ii) offered the opportunity to buy Ordinary Shares with a value of up to the lower of £1,800 and 10% of the employee's pre-tax salary each year;
iii) given up to two free Ordinary Shares for each Partnership Share purchased;
iv) allowed or required to purchase Ordinary Shares using any dividends received on Ordinary Shares held in the SIP.

The Remuneration and Nomination Committee may determine that different limits shall apply in the future should the relevant legislation be amended.

Free and Matching Shares have a holding period of between three and five years (with the precise duration being determined by the Remuneration and Nomination Committee) during which the participant cannot withdraw the Matching Shares from the SIP Trust unless the participant ceases employment.

Each time that the Remuneration and Nomination Committee decides to operate the SIP, all UK resident tax-paying employees of the Company (and those of its subsidiaries that participate in the arrangement) must be offered the opportunity to participate. Other employees may be invited to participate at the discretion of the Remuneration and Nomination Committee. Employees invited to participate may be required to have completed a minimum qualifying period of employment (of up to eighteen months) before they can participate in the SIP on any occasion.

Directors' share interests

The Directors' shareholdings in the Company is shown in the Directors' Report on page 43.

Ana Stewart
Chair of the Remuneration & Nomination Committee
11 April 2022

Director's report

The Directors present the Group's annual report and the audited consolidated financial statements for the year ended 31 December 2021.

Principal activity

The principal activity of the Group continues to be the sale of ready meals and other complimentary food and drink related products on a DTC basis.

Admission to AIM

On incorporation on 12 January 2021 the Company had one Ordinary Share of £0.01 and one A Ordinary Share of £0.01. Before its admission to the AIM market of the London Stock Exchange on 31 March 2021 the Company issued one redeemable preference share of £50,000 which was subsequently redeemed at par from the proceeds from the offers on admission to AIM.

Prior to admission the Company acquired Parsley Box Ltd in a share-for-share exchange agreement on 22 March 2021 requiring the issue of 24,237,326 Ordinary Shares of £0.01 and 13,720,974 A Ordinary Shares of £0.01 each. The total share capital was £379,583, the same as that of Parsley Box Ltd.

Following the share for share exchange agreement 1,456,066 Ordinary Shares of £0.01 were issued in relation to Replacement Options for employees. Each A Ordinary Share was then converted into an Ordinary Share and shares in issue immediately prior to admission were 39,414,368 with a nominal value totalling £394,414 accordingly.

2,500,000 new Ordinary Shares were issued and placed on admission, taking the total share capital in issue immediately following the placing to 41,914,368 Ordinary Shares of £0.01 each.

The placing price for the shares on admission was £2.00. The total proceeds raised from the placing undertaken alongside admission was £5.0m. Total IPO fees charged to the income statement was £1.1m.

Results and dividends

The Group has reported its consolidated financial statements and Company accounts in accordance with international accounting standards in conformity with the requirements of the Companies Act 2006.

The Group's revenue for the year was £25.5m (FY20: £24.4m) and loss after tax was £9.7m (FY20: £3.2m).

The Board do not recommend the payment of a dividend for the year ended 31 December 2021 (FY20: £nil).

Directors and their interests

The directors, who held office during the year ended 31 December 2021 and up to the date of approval of these financial statements, are as follows:

Director	Board title	Date of appointment
Executive		
Kevin Dorren	Chief executive officer	12 January 2021
Adrienne MacAulay	Chief product officer	22 January 2021
John Swan	Chief financial officer	22 January 2021; resigned 13 October 2021
Holly McComb	Chief financial officer	20 September 2021
Non-Executive		
Chris van der Kuyl	Chairman	22 January 2021
Christopher Britton	Non-executive director	5 March 2021
Hazel Cameron	Non-executive director	5 March 2021
Ana Stewart	Non-executive director	5 March 2021

Biographical details of persons currently serving as directors are set out on pages 26 to 29.

The directors who held office at 31 December 2021 had the following interests in the ordinary shares of the Company as at 11 April 2022:

Director	Ordinary shares No.	Ordinary share options No.
Chris van der Kuyl [1]	13,893,939	-
Kevin Dorren [2]	11,023,081	750,000
Adrienne MacAulay [3]	3,375,000	279,352
Chris Britton	277,439	152,439
Ana Stewart	160,976	60,976
Holly McComb	125,000	-
Hazel Cameron	60,976	60,976

[1] Chris van der Kuyl is a director and shareholder of, and exercises significant control over 4J Studios Limited. 4J Studios Limited's shareholding is included within the disclosure of Chris van der Kuyl's shareholding above. Chris van der Kuyl is married to Heather van der Kuyl who holds 10,526 Ordinary Shares. Those shares are not included within Chris van der Kuyl's shareholding in the table above.

[2] Kevin Dorren is a director and shareholder (60.65%) of, and exercises significant control over Move Fresh Limited, (the parent company of Diet Chef Limited). Move Fresh Limited's shareholding is included within Kevin Dorren's shareholding above.

[3] Adrienne MacAulay is married to James Gordon MacAulay who holds 359,570 Ordinary Shares. Those shares are not included within Adrienne MacAulay's shareholding in the table above.

Financial risk management objectives and policies

Details of the Group's financial risk management objectives and policies are set out in note 22 of the consolidated financial statements. The key non-financial risks that the directors consider could have a material impact on the business are set out on page 21 of the Strategic Report.

Post balance sheet events

Post year end the Group closed the equity funding round, raising gross proceeds of slightly over £6m.

Future developments

The Group's business activities, together with factors likely to affect its future development, performance and position are set out in the Strategic Report on pages 13 to 15.

Insurance for directors and officers

The Company has agreed to indemnify its directors against third party claims which may be brought against them and has put in place a Directors' and Officers' insurance policy.

Political donations

In accordance with Group policy, no political donations have been made during the year ended 31 December 2021 (FY20: £nil).

Substantial shareholdings

As at 11 April 2022 the following interests in 3% or more of the issued ordinary share capital in the Company had been notified to the Company:

Shareholder	Shares	%
Chris van der Kuyl [1]	13,893,939	19.1%
Kevin Dorren [2]	11,023,081	15.2%
Patrick Burns [3]	7,214,932	9.9%
Andrew Veitch [4]	4,616,980	6.4%
Schroders plc	3,951,158	5.4%
Adrienne MacAulay [5]	3,375,000	4.7%

[1] Chris van der Kuyl is a director and shareholder of, and exercises significant control over 4J Studios Limited. 4J Studios Limited's shareholding is included within the disclosure of Chris van der Kuyl's shareholding above. Chris van der Kuyl is married to Heather van der Kuyl who holds 10,526 Ordinary Shares. Those shares are not included within Chris van der Kuyl's shareholding in the table above.

[2] Kevin Dorren is a director and shareholder (60.65%) of, and exercises significant control over Move Fresh Limited, (the parent company of Diet Chef Limited). Move Fresh Limited's shareholding is included within Kevin Dorren's shareholding above.

[3] Patrick Burns is a director of and shareholder in, and exercises significant control over 4J Studios Limited which holds 6,689,533 Ordinary Shares. Those shares are not included within Patrick Burns' interests in the table above.

[4] Andrew Veitch is a director of and a significant shareholder (36.07%) in Move Fresh Limited (the parent company of Diet Chef Limited) which holds 1,662,827 Ordinary Shares. Those shares are not included within Andrew Veitch's interests in the table above.

[5] Adrienne MacAulay is married to James Gordon MacAulay who holds 359,570 Ordinary Shares. Those shares are not included within Adrienne MacAulay's shareholding in the table above.

Share capital

Details of the issued share capital, together with details of the movement in the Company's issued share capital during the year are shown in note 26 to the consolidated financial statements.

Independent Auditor and disclosure of information to auditor

The directors confirm that each of the persons who is a director at the date of approval of this Annual Report confirms that:

- so far as each director is aware, there is no relevant audit information of which the Group and Parent Company's auditor is unaware; and
- the directors have taken all the steps that they ought to have taken as directors in order to make themselves aware of any relevant audit information and to establish that the Company's auditor is aware of that information.

RSM UK Audit LLP were appointed as auditors on 26 July 2021 and have expressed their willingness to continue in office as auditors. A resolution to reappoint them will be proposed at the forthcoming Annual General Meeting.

Information incorporated by reference

The Company Overview, Strategic Report and the Corporate Governance Report are incorporated by reference into this Directors' Report and should be read as part of this report.

The Company Overview and Strategic Report can be found on pages 4 to 24 and contain details of the Group's business model and strategic priorities. The purpose of the Strategic Report is to enable shareholders to assess how the Directors have performed their duty under section 172 of the Companies Act 2006. An indication of the likely future developments in the business of the Group is also included in the Strategic Report, which satisfies the reporting requirements of section 414C (11) of the Companies Act 2006.

Going concern

The Directors have prepared a detailed financial forecast with a supporting business plan for the 12 months following the date of approving these financial statements. Further detail on the going concern review is contained in Note 2(e) of the financial statements. The forecast indicates that, following the recent fundraising, the Group has adequate resources to continue in operational existence for a period of at least 12 months from the date of approving these financial statements. Accordingly, they have adopted the going concern basis in preparing these financial statements.

Approved by the Board of Directors on 11 April 2022 and signed on its behalf below.

By order of the Board.

Holly McComb
Chief Financial Officer
11 April 2022

Statement of Director's resonsibilities

The directors are responsible for preparing the Strategic Report, the Directors' Report and the financial statements in accordance with applicable law and regulations.

Company law requires the directors to prepare group and company financial statements for each financial year. The directors have elected under company law and are required by the AIM Rules of the London Stock Exchange to prepare the group financial statements in accordance with UK-adopted International Accounting Standards and have elected under company law to prepare the company financial statements in accordance with UK-adopted International Accounting Standards and applicable law.

The group and company financial statements are required by law and UK-adopted International Accounting Standards to present fairly the financial position of the group and the company and the financial performance of the group and the company. The Companies Act 2006 provides in relation to such financial statements that references in the relevant part of that Act to financial statements giving a true and fair view are references to their achieving a fair presentation.

Under company law the directors must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of affairs of the group and the company and of the profit or loss of the group for that period.

In preparing each of the group and company financial statements, the directors are required to:

a. select suitable accounting policies and then apply them consistently;
b. make judgements and accounting estimates that are reasonable and prudent;
c. state whether they have been prepared in accordance with UK-adopted International Accounting Standards; and
d. prepare the financial statements on the going concern basis unless it is inappropriate to presume that the group and the company will continue in business.

The directors are responsible for keeping adequate accounting records that are sufficient to show and explain the group's and the company's transactions and disclose with reasonable accuracy at any time the financial position of the group and the company and enable them to ensure that the financial statements comply with the requirements of the Companies Act 2006. They are also responsible for safeguarding the assets of the group and the company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

The directors are responsible for the maintenance and integrity of the corporate and financial information included on the Parsley Box Group plc website.

Legislation in the United Kingdom governing the preparation and dissemination of financial statements may differ from legislation in other jurisdictions.

By order of the Board.

Holly McComb

Holly McComb
Chief Financial Officer
11 April 2022

Independent Auditors Report to the Members of Parsley Box Group plc

Opinion
We have audited the financial statements of Parsley Box Group plc (the 'parent company') and its subsidiaries (the 'group') for the year ended 31 December 2021 which comprise the consolidated statement of comprehensive income, consolidated and company statement of financial position, consolidated statement of changes in equity, company statement of changes in equity, consolidated and company statement of cash flows and notes to the financial statements, including significant accounting policies. The financial reporting framework that has been applied in their preparation is applicable law and UK-adopted International Accounting Standards and, as regards the parent company financial statements, as applied in accordance with the provisions of the Companies Act 2006.

In our opinion:
- the financial statements give a true and fair view of the state of the group's and of the parent company's affairs as at 31 December 2021 and of the group's loss for the year then ended;
- the group financial statements have been properly prepared in accordance with UK-adopted International Accounting Standards;
- the parent company financial statements have been properly prepared in accordance with UK-adopted International Accounting Standards and as applied in accordance with the Companies Act 2006; and
- the financial statements have been prepared in accordance with the requirements of the Companies Act 2006.

Basis for opinion
We conducted our audit in accordance with International Standards on Auditing (UK) (ISAs (UK)) and applicable law. Our responsibilities under those standards are further described in the Auditor's responsibilities for the audit of the financial statements section of our report. We are independent of the group and parent company in accordance with the ethical requirements that are relevant to our audit of the financial statements in the UK, including the FRC's Ethical Standard as applied to listed entities1 and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Summary of our audit approach

Key audit matters	**Group and parent company** • Going Concern
Materiality	**Group** • Overall materiality: £433,000 (2020: £247,000) • Performance materiality: £325,000 (2020: £185,250) **Parent company** • Overall materiality: £103,000 (2020: Not applicable - first year since incorporation) • Performance materiality: £78,000 (2020: Not applicable - first year since incorporation)
Scope	Our audit procedures covered 100% of revenue, 100% of total assets and 93% of loss before tax.

Key audit matters

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the group and parent company financial statements of the current period and include the most significant assessed risks of material misstatement (whether or not due to fraud) we identified, including those which had the greatest effect on the overall audit strategy, the allocation of resources in the audit and directing the efforts of the engagement team. These matters were addressed in the context of our audit of the group and parent company financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

We have determined the matters described below to be the key audit matters to be communicated in our report.

Going Concern

Key audit matter description	The Group's assessment of the appropriateness of the use of the Going Concern basis of accounting is disclosed in note 2(e). The Group incurred an Operating Loss of £9.7m in the year which was higher than anticipated and, in turn, expended cash resources faster than originally forecast. This gave rise to the need for a fundraise in early 2022, which has taken place successfully, and a change of strategy moving forward. The Board have approved forecasts to support the use of the Going Concern basis of accounting which, in light of the change of strategy and unforeseen losses in the current year, contain significant estimation uncertainty. In view of the above, we have identified our assessment of the use of the Going Concern basis of accounting as a key audit matter.
How the matter was addressed in the audit	Our evaluation of the directors' assessment of the group's and parent company's ability to continue to adopt the going concern basis of accounting included: • checking the integrity and accuracy of the cashflow forecasts prepared by management; • challenging management on the reasonableness of the assumptions made in the forecasts particularly in respect of trends in AOV and order volumes, assumptions around cost inflation, alignment of budgeted marketing spend with current strategy and contingencies available in order to remain within cash headroom; • assessing management's downside scenario and contingency plans; • assessing the reasonableness of assumptions and explanations provided by management and checking these to available evidence; • assessing post year end financial performance versus management's budget; • stress-testing management's cash flow forecasts to assess the impact of assumptions that deteriorate beyond those included in management's model; and • auditing the appropriateness and accuracy of disclosures made in the financial statements in respect of risks and going concern.

Our application of materiality
When establishing our overall audit strategy, we set certain thresholds which help us to determine the nature, timing and extent of our audit procedures. When evaluating whether the effects of misstatements, both individually and on the financial statements as a whole, could reasonably influence the economic decisions of the users we take into account the qualitative nature and the size of the misstatements. Based on our professional judgement, we determined materiality as follows:

	Group	Parent Company
Overall materiality	£433,000 (2020: £247,000)	£103,000 (2020: Not applicable – first year since incorporation)
Basis for determining overall materiality	5% of loss before tax (before exceptional items)	2.75% of total assets
Rationale for benchmark applied	Loss before tax (before exceptional items) was used as a benchmark, as it was assessed that the shareholders' will be primarily interested in the Group's ability to generate operating cashflows from which to pay future dividends.	Total assets was used as a benchmark as it was assessed that the purpose of the entity is that of a holding company to raise funds to support the operations of its subsidiary, Parsley Box Limited.
Performance materiality	£325,000 (2020: £210,000)	£78,000 (2020: Not applicable – first year since incorporation)
Basis for determining performance materiality	75% of overall materiality	75% of overall materiality
Reporting of misstatements to the Audit Committee	Misstatements in excess of £22,000 and misstatements below that threshold that, in our view, warranted reporting on qualitative grounds.	Misstatements in excess of £5,000 and misstatements below that threshold that, in our view, warranted reporting on qualitative grounds.

An overview of the scope of our audit
The group consists of 2 components, both of which are based in the UK.

The coverage achieved by our audit procedures was:

	Number of components	Revenue	Total assets	Loss before tax
Full scope audit	1	100%	100%	93%
Specific audit procedures	0	0%	0%	0%
Total	**1**	**100%**	**100%**	**93%**

Analytical procedures at group level were performed for the remaining component. There were no audit procedures undertaken by component auditors.

Conclusions relating to going concern
In auditing the financial statements, we have concluded that the directors' use of the going concern basis of accounting in the preparation of the financial statements is appropriate.

For an explanation of how we evaluated management's assessment of the group's and parent company's ability to continue to adopt the going concern basis of accounting and our key observations arising in respect to that evaluation, please see the going concern key audit matter.

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

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

Other information
The other information comprises the information included in the annual report, other than the financial statements and our auditor's report thereon. The directors are responsible for the other information contained within the annual report. Our opinion on the financial statements does not cover the other information and, except to the extent otherwise explicitly stated in our report, we do not express any form of assurance conclusion thereon.

Our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the course of the audit or otherwise appears to be materially misstated. If we identify such material inconsistencies or apparent material misstatements, we are required to determine whether this gives rise to a material misstatement in the financial statements themselves. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact.

We have nothing to report in this regard.

Opinions on other matters prescribed by the Companies Act 2006
In our opinion, based on the work undertaken in the course of the audit:

- the information given in the Strategic Report and the Directors' Report for the financial year for which the financial statements are prepared is consistent with the financial statements; and
- the Strategic Report and the Directors' Report have been prepared in accordance with applicable legal requirements.

Matters on which we are required to report by exception
In the light of the knowledge and understanding of the group and the parent company and their environment obtained in the course of the audit, we have not identified material misstatements in the Strategic Report or the Directors' Report.

We have nothing to report in respect of the following matters in relation to which the Companies Act 2006 requires us to report to you if, in our opinion:

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

Responsibilities of directors
As explained more fully in the directors' responsibilities statement set out on page 46, the directors are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view, and for such internal control as the directors determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

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

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

The extent to which the audit was considered capable of detecting irregularities, including fraud
Irregularities are instances of non-compliance with laws and regulations. The objectives of our audit are to obtain sufficient appropriate audit evidence regarding compliance with laws and regulations that have a direct effect on the determination of material amounts and disclosures in the financial statements, to perform audit procedures to help identify instances of non-compliance with other laws and regulations that may have a material effect on the financial statements, and to respond appropriately to identified or suspected non-compliance with laws and regulations identified during the audit.

In relation to fraud, the objectives of our audit are to identify and assess the risk of material misstatement of the financial statements due to fraud, to obtain sufficient appropriate audit evidence regarding the assessed risks of material misstatement due to fraud through designing and implementing appropriate responses and to respond appropriately to fraud or suspected fraud identified during the audit.

However, it is the primary responsibility of management, with the oversight of those charged with governance, to ensure that the entity's operations are conducted in accordance with the provisions of laws and regulations and for the prevention and detection of fraud.

In identifying and assessing risks of material misstatement in respect of irregularities, including fraud, the group audit engagement team:

- obtained an understanding of the nature of the industry and sector, including the legal and regulatory framework that the group and parent company operate in and how the group and parent company are complying with the legal and regulatory frameworks;
- inquired of management, and those charged with governance, about their own identification and assessment of the risks of irregularities, including any known actual, suspected or alleged instances of fraud;
- discussed matters about non-compliance with laws and regulations and how fraud might occur including assessment of how and where the financial statements may be susceptible to fraud.

The most significant laws and regulations were determined as follows:

Legislation / Regulation	Additional audit procedures performed by the Group audit engagement team included:
UK-adopted IAS; Companies Act 2006; and AIM listing rules	Review of the financial statement disclosures and testing to supporting documentation; and Completion of disclosure checklists to identify areas of non-compliance.
Food Safety; and GDPR	ISAs limit the required audit procedures to identify non-compliance with these laws and regulations to inquiry of management and where appropriate, those charged with governance (as noted above) and inspection of legal and regulatory correspondence, if any.

The areas that we identified as being susceptible to material misstatement due to fraud were:

Risk	Audit procedures performed by the audit engagement team:
Revenue recognition	Performing data analytics on all customer orders placed during the year and assessing whether the order reference is matched between the relevant sales system reports, revenue recognised and cash receipt on the bank statements to consider the occurrence and accuracy of revenue; Performing data analytics to identify orders not dispatched at the reporting date and checking whether the income received has been deferred in line with the requirements of IFRS 15; Considering the appropriateness of revenue recognition policies and assessing their compliance with IFRS 15.
Management override of controls	Testing the appropriateness of journal entries and other adjustments; Assessing whether the judgements made in making accounting estimates are indicative of a potential bias; and Evaluating the business rationale of any significant transactions that are unusual or outside the normal course of business.

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

Use of our report
This report is made solely to the company's members, as a body, in accordance with Chapter 3 of Part 16 of the Companies Act 2006. Our audit work has been undertaken so that we might state to the company's members those matters we are required to state to them in an auditor's report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the company and the company's members as a body, for our audit work, for this report, or for the opinions we have formed.

ALAN AITCHISON (Senior Statutory Auditor)

For and on behalf of RSM UK Audit LLP, Statutory Auditor
Chartered Accountants
Centenary House,
69 Wellington Street,
Glasgow,
G2 6HG

11 April 2022

Financial statements

Consolidated Statement of Comprehensive Income

For the period ended 31 December 2021

	Note	Year ended 31 December 2021 Audited £'000	Year ended 31 December 2020 Unaudited £'000
Revenue	5	25,456	24,376
Cost of sales		(12,984)	(12,220)
Product margin		12,472	12,156
Fulfilment expenses		(5,921)	(5,365)
Gross profit		6,551	6,791
Marketing expenses		(8,301)	(5,843)
G&A expenses		(6,889)	(4,114)
IPO expenses		(1,064)	-
Operating loss	6	(9,703)	(3,166)
Finance income		2	3
Finance costs	9	(31)	(17)
Loss before taxation		(9,732)	(3,180)
Taxation	10	-	-
Loss and total comprehensive expense for the year		(9,732)	(3,180)
Basic earnings per share (pence)	27	(23.8)	(9.3)
Diluted earnings per share (pence)	27	(23.8)	(9.3)

The results for the years shown above are derived entirely from continuing activities.

Consolidated and Company Statement of Financial Position

As at 31 December 2021

	Note	Group		Company
		31 December 2021 £'000	31 December 2020 £'000	31 December 2021 £'000
Non-current assets				
Investment in subsidiaries	11	-	-	528
Intangible assets	12	1	6	-
Plant and equipment	13	161	129	-
Right-of-use assets	19	210	820	-
		372	955	528
Current assets				
Inventory	14	1,179	1,484	-
Trade and other receivables	15	247	530	2,930
Cash and cash equivalents	16	2,521	914	-
		3,947	2,928	2,930
Total assets		4,319	3,883	3,458
Current liabilities				
Trade and other payables	18	2,989	3,685	-
Lease liabilities	19	213	607	-
		3,202	4,292	-
Non-current liabilities				
Lease liabilities	19	-	213	-
		-	213	-
Total liabilities		3,202	4,505	-
Net assets		1,117	(622)	3,458
Equity				
Share capital	26	422	342	422
Share premium		5,132	4,312	5,132
Share option reserve		283	600	146
Retained earnings		(4,720)	(5,876)	(2,242)
Total equity		1,117	(622)	3,458

The loss for the financial period of the parent company is £2,242k. As provided for by section 408 of the Companies Act 2006, no income statement is presented in respect of the parent company.

The financial statements of Parsley Box Group plc, registered number SC685656 were approved by the Board of Directors and authorised for issue on 11 April 2022. The accounts are signed on their behalf by:

Holly McComb

Holly McComb
Chief Financial Officer
11 April 2022

Consolidated Statement of Changes in Equity

As at 31 December 2021

	Share capital £'000	Share premium £'000	Share option reserve £'000	Retained earnings £'000	Total equity £'000
Balance at 31 December 2019	**342**	**4,312**	**23**	**(2,696)**	**1,981**
Total comprehensive expense for the year	-	-	-	(3,180)	(3,180)
Transactions with owners in their capacity as owners:					
Share based payments	-	-	577	-	577
Balance at 31 December 2020	**342**	**4,312**	**600**	**(5,876)**	**(622)**
Total comprehensive expense for the year	-	-	-	(9,732)	(9,732)
Transactions with owners in their capacity as owners:					
Issue of shares	61	10,289	(2)	-	10,348
Transfer to other reserves on IPO	-	(9,820)	-	9,820	-
Share options exercised	19	351	(1,037)	1,037	370
Share options forfeited	-	-	(31)	31	-
Share based payments	-	-	753	-	753
Balance at 31 December 2021	**422**	**5,132**	**283**	**(4,720)**	**1,117**

Company Statement of Changes in Equity

As at 31 December 2021

	Share capital £'000	Share premium £'000	Share option reserve £'000	Retained earnings £'000	Total equity £'000
On incorporation date – 12 January 2021	-	-	-	-	-
Total comprehensive expense for the period	-	-	-	(2,242)	(2,242)
Transactions with owners in their capacity as owners:					
Issue of shares	407	4,828	(2)	-	5,233
Share options exercised	15	304	-	-	319
Share based payments	-	-	148	-	148
Balance at 31 December 2021	**422**	**5,132**	**146**	**(2,242)**	**3,458**

Consolidated and Company Statement of Cashflows

For the year ended 31 December 2021

	Group		Company
	31 December 2021 £'000	31 December 2020 £'000	31 December 2021 £'000
Cashflows from operating activities			
Loss before tax from continuing operations	(9,732)	(3,180)	(2,242)
Adjusted for:			
Share based payment transactions	753	577	-
Finance income	(2)	(3)	-
Finance costs	31	17	-
Depreciation	771	411	-
Amortisation	5	12	-
Impairment of intercompany receivable	-	-	966
Decrease/(increase) in inventory	305	(553)	-
Decrease/(increase) in trade and other receivables	283	(140)	(3,896)
(Decrease)/increase in trade and other payables	(696)	1,825	-
Cash used in operations	(8,282)	(1,034)	(5,172)
Taxation paid	-	-	-
Net cashflow from operating activities	**(8,282)**	**(1,034)**	**(5,172)**
Investing activities			
Purchase of intangible assets	-	(8)	-
Purchase of property and equipment	(192)	(147)	-
Net cash outflow from investing activities	**(192)**	**(155)**	**-**
Financing activities			
Payment of lease obligations	(639)	(380)	-
Interest received	2	3	-
Share issue proceeds	10,348	-	4,853
Proceeds from exercise of share options	370	-	319
Net cash inflow/(outflow) from financing activities	**10,081**	**(377)**	**5,172**
Net increase/(decrease) in cash and cash equivalents	**1,607**	**(1,566)**	**-**
Cash and cash equivalents at beginning of the year	914	2,480	-
Cash and cash equivalents at end of the year	**2,521**	**914**	**-**

Notes to the Consolidated Financial Statements

1. General information

Parsley Box Group plc ("the Company") is a public limited company domiciled and incorporated in Scotland. The registered office is Level 6, Quartermile One, 15 Lauriston Place, Edinburgh. EH3 9EN.

The Company (together with its subsidiaries, the "Group") were under the control of the directors throughout the period covered in the financial information. The list of the subsidiaries consolidated in the financial information are shown in Note 11.

The principal activity of the Group is to deliver ready-made meals directly to customers through website, mail order and telephone order services.

The financial information was authorised for issue, in accordance with a resolution of directors, on 11 April 2022.

2. Basis of preparation

(a) Basis of accounting

These financial statements for the year ended 31 December 2021 have been prepared in accordance with applicable law and UK-adopted International Accounting Standards.

The financial information has been prepared under the historical cost convention, except for certain financial assets and liabilities including financial instruments, which are stated at their fair values.

The preparation of the financial information in conformity with IFRS requires the directors to make judgements, estimates and assumptions that affect the application of policies and reported amounts of assets and liabilities, income and expense. The estimates and judgements are based on historical experience and various other factors that are believed to be reasonable under the circumstances, the results of which form the basis of making judgements about carrying amounts of assets and liabilities that are not readily apparent from other sources. Actual results may differ from these estimates. The accounting policies set out below which cover the Group and parent company (where applicable) have, unless otherwise stated, been applied consistently to all periods presented.

(b) Functional and presentation currency

The financial information is presented in pounds Sterling, which is the functional and presentation currency of the Company. Results in this financial information have been prepared to the nearest thousand.

(c) Basis of consolidation

The consolidated financial statements incorporate the results of Parsley Box Group plc, and all of its subsidiaries. Subsidiaries results are consolidated in the financial statements from the earlier date that economic benefit is obtained or control commences until the date that control ceases.

On 31 March 2021, the whole share capital of Parsley Box Limited was acquired by the Company via a share for share exchange agreement. The Directors have considered the accounting policy that should be applied in respect of the consolidation of the Group formed in anticipation of Admission to AIM. They have concluded the transaction described above represented a combination of entities under common control and in the absence of specific guidance in IFRS the Group has selected an appropriate accounting policy using the hierarchy described in paragraphs 10 to 12 of IAS 8, which permits the consideration of other Financial

Reporting Standards. The Group has adopted the principles of merger accounting from FRS 102. Accordingly, the consolidated financial statements for the Group have been presented as if Parsley Box Limited has been owned by Parsley Box Group plc throughout the current and preceding periods. The comparative results include the results of the merged entity, the assets and liabilities at the previous balance sheet dates and the shares issued as if they had always been in issue.

A subsidiary is an entity controlled by the Group, i.e. the Group is exposed to, or has the rights, to variable returns from its involvement with the entity and has the ability to affect those returns through its current ability to direct the entity's relevant activities (power over the investee). All intra-Group transactions, balances, and unrealised gains on transactions between Group companies are eliminated on consolidation. Unrealised losses are also eliminated unless the transaction provides evidence of an impairment of the asset transferred. The total comprehensive income, assets and liabilities of the entities are amended, where necessary to align the accounting policies.

The Group applies the acquisition method to account for all acquired businesses, whereby the identifiable assets acquired and the liabilities assumed are measured at their acquisition date fair values (with a few exceptions as required by IFRS 3 Business Combinations).

The cost of a business combination is the fair value at the acquisition date of the assets given, equity instruments issued and liabilities incurred or assumed, plus costs directly attributable to the business combination. The excess of the cost of a business combination over the fair value of the identifiable assets, liabilities and contingent liabilities is recognised as goodwill.

The acquisition of assets that falls outside the scope of IFRS 3 are accounted for by bringing the assets and liabilities of the acquired entity into the financial information at their nominal value from the date of acquisition. Comparative information is not restated.

(d) Adoption of new and revised standards

New standards, amendments to standards and interpretations which came into effect for accounting periods starting on or after 1 January 2021 and have had an impact on the financial information are as follows:

Standard	Description	Issued date	Effective date
IFRS 16 Leases	Amendment by COVID-19-related Rent Concessions beyond 30 June 2021	Mar-21	Apr-21
IFRS 9, IAS 39, IFRS 7, IFRS 4 and IFRS 16	Interest Rate Benchmark Reform – Phase 2	Aug-20	Jan-21

Amendment to IFRS 16 'COVID-19-Related Rent Concessions' (effective 1 April 2021) – allows for lessees to simplify how they account for rent concessions required as a direct result of COVID-19 up to June 2022. This did not affect the Group in the year to December 2021.

'Interest rate Benchmark Reform – Phase 2' (effective 1 January 2021) relates to the impact of moving away from interbank offer rate (IBOR) benchmarks on lending and borrowing such as LIBOR, EURIBOR or TIBOR. Phase 2 addresses the issues that might affect financial reporting when an existing interest rate benchmark is replaced. This is not deemed applicable for the business as it has no such borrowing, but we will review terms of any borrowing that we may have in the future and consider the financial reporting impact at that time.

No early adoption of any amended standards with effective dates beyond 31 December 2021 have been made accordingly.

(e) Going concern

The Group recently completed an equity fundraise of £5.7m (net) to support a more focussed growth strategy following the reported loss before tax for the year ended 31 December 2021 of £9.7m. The new strategy, supported by recruitment in senior positions, is documented in the Fundraising Circular available on the Company's website at: **corporate.parsleybox.com/investors/documents/**.

The Board has approved forecasts for the 12 months following the date of approving these financial statements and have applied sensitivity analysis to these forecasts, overlaying what they consider to be reasonably possible scenarios that could arise in that period. These scenarios look at downside risks associated primarily with order volumes and achieved margin, and take account of anticipated inflationary pressures on all key input costs.

The forecasts were produced on the following bases:

- A base case scenario which assumes a steady reduction in operating losses within the forecast period. This scenario assumes improved marketing payback generating a return to top line growth, new product introductions driving modest margin improvement and allowing for inflationary offset, ongoing order fulfilment efficiencies in line with recent performance and good allowance for discretionary overhead spend to support the growth strategy.
- A downside scenario which assumes sales are circa 17% lower than the base case for the next 12 months, gross margins as a percentage of revenue are also circa 5% lower than the base forecast and less discretionary overhead spend.

The base case and downside scenarios both indicate that the Group will continue to operate within the available cash headroom throughout the forecast period.

Based on the assessment outlined above, the Directors have a reasonable expectation that the Group has access to adequate resources to enable it to continue in operational existence for a period of at least 12 months from the date of approving these financial statements. Accordingly, the financial statements of the Group have been prepared on a going concern basis in accordance with UK-adopted International Accounting Standards and the requirements of the Companies Act 2006.

3. Significant accounting policies

(a) Revenue recognition

Revenue is generated primarily from the sale of ready meals and complimentary products delivered direct to customers.

Revenue from contracts with customers is recognised when performance obligations are satisfied and control of the goods and services is transferred to the customer for an amount that reflects the consideration appropriate to those goods and services. The company is the principal in these arrangements as it controls the goods or services prior to sale, has pricing flexibility and is also exposed to inventory and credit risks. The Group acts as an agent in the sale of meat and certain products and consequently the revenue recognised is the net amount of commission received. Revenue is measured at the fair value of the consideration received or receivable, and represents amounts receivable for goods supplied, stated net of promotional discounts, rebates, and value added taxes.

Sale ready meals

Revenue from the sale of ready meals and complimentary products is recognised at the point in time when control is transferred to the customer, usually on dispatch. Customers pay on order and next working day delivery is arranged.

Loyalty Scheme
Loyalty points are issued by the Group when a customer purchases goods and are a separate performance obligation providing a material right to a future discount. The total transaction price (sale price of the goods purchased) is allocated to the points and the goods sold based on their relative standalone selling prices, with the points standalone price based on the value of the points to the customer, adjusted for expected redemption rates. The amount allocated to loyalty scheme points is deferred as a contract liability within trade and other payables. Revenue is recognised as the points are redeemed by the customer. Unused points are released to the income statement based on analysis of lifetime redemption rates.

Financing arrangements
Occasionally the Group receives short-term advances or deposits from its customers against contracts. No adjustment is made for the effect of this financing arrangement as delivery of the goods or services is expected to be completed within one year.

(b) Retirement benefit costs
Payments to defined contribution schemes are charged to the income statement as an expense as they fall due.

(c) Share based payments
A transaction is accounted for as a share-based payment where the Group receives services for employees, Directors or third parties and pays for these in shares or similar equity instruments.

The Group makes equity-settled share-based payments to certain employees and Directors. Equity settled share based schemes are measured at fair value (excluding the effect of non-market based vesting conditions) at the date of grant, measured by use of an appropriate valuation model. The expected life used in the model has been adjusted, based on management's best estimate, for the effects of non-transferability, exercise restrictions and behavioural considerations.

The fair value determined at the grant date of the equity settled share based payments is expensed on a straight-line basis over the period services are received, based on the Group's estimate of shares that will eventually vest.

Share options are forfeited when an employee ceases to be employed by the Group unless determined to be a 'Good Leaver'.

(d) Taxation
The tax expense represents the sum of the current tax and deferred tax charge for the year.

The tax currently payable is based on taxable profit/loss for the year. The Group's liability for current tax is calculated using the tax rates that have been enacted or substantively enacted by the balance sheet date.

Deferred tax is measured on differences between the carrying amounts of assets and liabilities in the financial information and the corresponding tax bases, as used in the computation of taxable profit/loss, and is accounted for using the balance sheet liability method. Deferred tax liabilities are generally recognised for all taxable temporary differences and deferred tax assets are recognised to the extent that it is probable that taxable profits will be available. Such assets and liabilities are not recognised if the temporary difference arises from goodwill or from the initial recognition (other than in a business combination) of financial assets and liabilities in a transaction that affects neither the taxable profit/loss nor the accounting profit/loss.

Deferred tax is calculated at the tax rates that are expected to apply in the period when the liability is settled, or the asset is realised. Deferred tax is charged or credited in the income statement, except when it relates to items charged or credited directly to equity, in which case the deferred tax is also dealt with in equity.

Deferred tax assets and liabilities are offset when the relevant requirements of IAS 12 are satisfied.

(e) Intangible assets

IIntangible assets comprise costs in respect of developing the brand, website design and computer software..

Amortisation

Amortisation is charged to the administrative expenses in the Statement of Comprehensive Income on a straight-line basis over the estimated useful lives of intangible assets unless such lives are indefinite.

The estimated useful lives are as follows:

Brand & Web design	33% straight line
Computer Software	50% straight line

(f) Financial assets

Financial assets comprise of trade and other receivables and cash balances.

Where there is no publicly quoted market value, other investments, including subsidiaries, are shown at cost less provisions for impairment.

(g) Right-of-use assets

A right-of-use asset is recognised at the commencement date of a lease. The right-of-use asset is measured at cost, which comprises the initial amount of the lease liability, adjusted for, as applicable, any lease payments made at or before the commencement date net of any lease incentives received, any initial direct costs incurred and an estimate of costs expected to be incurred for dismantling and removing the underlying asset, and restoring the site or asset.

Right-of-use assets are depreciated on a straight-line basis over the unexpired period of the lease or the estimated useful life of the asset, whichever is the shorter. Where the Group expects to obtain ownership of the leased asset at the end of the lease term, the depreciation is over its estimated useful life. Right-of use assets are subject to impairment or adjusted for any re-measurement of lease liabilities.

The Group has elected not to recognise a right-of-use asset and corresponding lease liability for short-term leases with terms of 12 months or less and leases of low-value assets. Lease payments on these assets are expensed to profit or loss as incurred.

(h) Plant and equipment

Plant and equipment are shown at cost, net of depreciation and any provision for impairment. Depreciation is provided on all property, plant and equipment at varying rates calculated to write off cost less residual value over the useful lives. Depreciation is charged to administrative expenses in the Statement of Comprehensive Income. The principal rates employed are:

Office equipment	33% straight line
Computer equipment	50% straight line
Right-of-use assets	Life of lease

The carrying values of property, plant and equipment are reviewed for impairment when events or changes in circumstances indicate these values may not be recoverable. If there is an indication that impairment does exist, the carrying values are compared to the estimated recoverable amounts of the assets concerned.

The recoverable amount is the greater of an asset's value in use and its fair value less the cost of selling it. Value in use is calculated by discounting the future cash flows expected to be derived from the asset. Where the carrying value of an asset exceeds its recoverable amount, the asset is considered impaired and is written down through the income statement to its recoverable amount.

An item of property, plant and equipment is written off either on disposal or when there is no expected future economic benefit from its continued use. Any gain or loss (calculated as the difference between the net disposal proceeds and the carrying value of the asset) is included in the income statement in the year.

(i) Inventory

Inventory comprises of ready meals and food and drink products, all packaged and ready to be delivered. Inventory is valued at the lower of cost and estimated selling price less costs to complete the sale. Inventory is assessed for indicators of impairment at each year end and where a provision is required the income statement is charged directly.

(j) Trade and other receivables

Trade and other receivables are initially stated at their fair value plus transaction costs, then subsequently at amortised cost using the effective interest method if applicable, less impairment losses. Provisions against trade and other receivables (including amounts owed by group undertakings) are made when there is objective evidence that the company will not be able to collect all amounts due to them in accordance with the original terms of those receivables. The provisions are calculated based on the credit loss associated with the trade receivables based on forward looking estimates that take account of current and forecast credit conditions. The amount of the write down is determined as the difference between the asset's carrying amount and the present value of estimated future cash flows.

(k) Recoverability of intercompany receivables

Amounts owed by subsidiary undertakings represent loans made to the Company's subsidiary on an interest free basis. No repayment terms have been mandated as at 31 December 2021.

In accordance with IFRS 9 Financial Instruments, as the subsidiary cannot repay the loan at the reporting date, the Company has made an assessment of expected credit losses. Having considered multiple scenarios on the manner, timing, quantum and probability of recovery of the receivables a lifetime expected credit loss (ECL) of £966,000 has been provided. There was no comparative provision as the balance arose within the year under review.

The calculation of the allowance for lifetime expected credit losses requires a significant degree of estimation and judgment, in particular determining the probability weighted likely outcome for each scenario considered. The Directors' assessment of ECL included repayment through future cash flows over time. The Directors' assessment of repayment through future cash flows contained several scenarios, including ones where the loan was not recovered in full.

The carrying value of amounts owed by subsidiary undertakings at 31 December 2021 was £2,930,000 and is disclosed in note 15 to the financial statements.

(l) Cash and cash equivalents

The Group manages short-term liquidity through the holding of cash and highly liquid interest bearing deposits. Only deposits that are readily convertible into cash with maturities of three months or less from inception, with no penalty of lost interest, are shown as cash and cash equivalents.

(m) Borrowings

Interest-bearing loans and bank overdrafts are initially recorded at the fair value of proceeds received and are subsequently stated at amortised cost. Finance charges, including premiums payable on settlement or redemption and direct issue costs, are accounted for on an accruals basis in the income statement using the effective interest method and are added to the carrying amount of the instrument to the extent that they are not settled in the period in which they arise.

(n) Trade and other payables

Financial liabilities are obligations to pay cash or other financial assets and are recognised when the Group becomes a party to the contractual provision of the instruments. All financial liabilities are recorded at amortised cost using the effective interest method, with interest-related charges recognised as an expense in finance cost in the statement of comprehensive income.

(o) Provisions

Provisions are recognised when the Group has a present legal or constructive obligation arising as a result of a past event, it is probable that an outflow of economic benefits will be required to settle the obligation and a reliable estimate can be made. Provisions are measured at the present value of the expenditure expected to be required to settle the obligation using a pre-tax rate that reflects current market assessments of the time value of money and the risks specific to the obligation. The increase in the provision due to the passage of time is recognised as an interest expense.

(p) Financial liabilities

Classification and measurement of financial liabilities

Financial liabilities comprise of trade and other payables and lease liabilities. Financial liabilities are recognised on the Group's balance sheet when the Group becomes a party to the contractual provisions of that instrument.

Financial liabilities are initially measured at fair value, and, where applicable, adjusted for transaction costs unless the company designated a financial liability at fair value through profit or loss.

Subsequently, financial liabilities are measured at amortised cost using the effective interest method except for derivatives and financial liabilities designated at FVTPL, which are carried subsequently at fair value with gains or losses recognised in profit or loss (other than derivative financial instruments that are designated and effective as hedging instruments).

All interest-related charges and, if applicable, changes in an instrument's fair value that are reported in profit or loss are included within finance costs or finance income.

Trade payables and other payables

Financial liabilities are obligations to pay cash or other financial assets and are recognised when Parsley Box becomes a party to the contractual provision of the instruments. All financial liabilities are recorded at amortised cost using the effective interest method, with interest-related charges recognised as an expense in finance cost in the statement of comprehensive income.

(q) Dividends

Dividends are recognised when declared during the financial year. The declaration of dividends is at the discretion of the Group's directors.

(r) Value Added Tax

Revenues, expenses and assets are recognised net of the amount of associated VAT, unless the VAT incurred is not recoverable from the tax authority. In this case it is recognised as part of the cost of the acquisition of the asset or as part of the expense.

Receivables and payables are stated inclusive of the amount of VAT receivable or payable. The net amount of VAT recoverable from, or payable to, the tax authority is included in other receivables or other payables in the statement of financial position.

Commitments and contingencies are disclosed net of the amount of VAT recoverable from, or payable to, the tax authority.

(s) Lease liabilities

A lease liability is recognised at the commencement date of a lease. The lease liability is initially recognised at the present value of the lease payments to be made over the term of the lease, discounted using the interest rate implicit in the lease or, if that rate cannot be readily determined, the Group's incremental borrowing rate. The lease term is the non-cancellable period of the lease plus extension periods that the Group is reasonably certain to exercise and termination periods that the Group is reasonably certain not to exercise. Lease payments comprise of fixed payments less any lease incentives receivable, variable lease payments that depend on an index or a rate, amounts expected to be paid under residual value guarantees, exercise price of a purchase option when the exercise of the option is reasonably certain to occur, and any anticipated termination penalties. The variable lease payments that do not depend on an index or a rate are expensed in the period in which they are incurred.

Lease liabilities are measured at amortised cost using the effective interest method. The carrying amounts are re-measured if there is a change in the following: future lease payments arising from a change in an index or a rate used; residual guarantee; lease term; certainty of a purchase option and termination penalties. When a lease liability is re-measured, an adjustment is made to the corresponding right-of use asset, or to profit or loss if the carrying amount of the right-of-use asset is fully written down.

(t) Critical judgements in applying the Group's accounting estimates

In the process of applying the Group's accounting policies, the directors have made the following judgements that have the most significant effect on the amounts recognised in the financial information.

Provision for impairment of inventory

The provision for impairment of inventory assessment requires a degree of estimation and judgement. The level of the provision is assessed by taking into account the recent sales experience, the ageing of inventory and other factors that affect inventory obsolescence.

Loyalty points

Loyalty points are treated as a separate component of sales, measured at fair value to the customer, and then deferred and recognised in revenue when the points are redeemed. The contract liability represents the value of total points expected to be redeemed in the future. At the 31 December 2021 management considered 44% (2020: 35%) of the points collected to date will be redeemed by customers in the future, based on current trends. If there were to be an absolute 10% increase or decrease applied to the 35% redemption rate, there would be an increase/decrease of £74k to the customer loyalty provision and a corresponding decrease/increase in revenue.

Estimation uncertainty

Receivables from the subsidiary represents interest free amounts advanced to group companies with no fixed repayment dates, being amounts due from Parsley Box Limited advanced to support the Group's operations. In accordance with IFRS 9 'Financial Instruments', where the counterparty would not be able to repay the loan if demanded at the reporting date, the Company has made an assessment of expected credit losses.

(u) New and revised IFRS in issue but not yet effective

A number of new standards, amendments to standards and interpretations are effective for periods beginning on or after 1 January 2022 and have not been applied in preparing this financial information. These are:

Amendments to IFRS 3 'Business Combinations'
(effective for periods beginning on or after 1 January 2022) - gives clarification on the recognition of contingent liabilities at acquisition and clarifies that contingent assets should not be recognised at the acquisition date. The amendments are not expected to have a significant impact on the preparation of the financial information.

Amendments to IFRS 17 'Insurance Contracts'
(effective from first application of IFRS 17). These amendments allow for comparative information to be better defined when applying IFRS 9 and IFRS 17. The Group does not believe this affects it now or in the future.

Amendments to IAS 1 'Presentation of Financial Statements'
(effective for periods beginning on or after 1 January 2023) - clarifies that liabilities are classified as either current or non-current, depending on the rights that exist at the end of the reporting period and not expectations of or actual events after the reporting date. The amendments also give clarification to the definition of settlement of a liability. The amendments are not expected to have a significant impact on the preparation of the financial information.

Amendments to IAS 37 'Onerous Contracts'
(effective 1 January 2022) – gives clarification on what costs should be included when fulfilling an contract when assessing whether a contract is onerous. The company does not deem this change to affect it now or in the future. The Group does not expect this to have an effect on it going forward.

4. Segmental reporting

The accounting policy for identifying segments is based on internal management reporting information which is reviewed by the chief operating decision maker. The Group is considered to have a single business segment, being the sale of ready meals.

5. Revenue

Throughout the year and prior year the Group operated in one business segment, being the sale of ready meals. The company's assets are held in the UK and all its income and expenditure arises in the UK. The company's operations and marketers are located in the UK and in years to 31 December 2021 and 31 December 2020 all revenue is from continuing operations. All revenue is recognised at a point in time for both 2021 and 2020.

6. Operating loss

	Year ended 31 December 2021 £'000	Year ended 31 December 2020 £'000
Operating loss for the year is stated after charging/(crediting):		
IPO related professional fees and commissions	1,064	-
Low value asset lease payments	7	-
Depreciation of right-of-use assets	610	351
Depreciation of tangible assets	161	60
Amortisation of intangible assets	5	12
Provision for inventory obsolescence	30	94
Share based payments	753	577
Fees payable to the Group's auditor and its associates for the audit of the Group's annual accounts	38	20
Fees payable to the Group's auditor and its associates for the audit of the Company's subsidiaries	20	-
Total fees payable for audit services	**58**	**20**
Fees payable to the Group's auditor and its associates for other services:		
Other services	138	1
Total fees payable to the Group's auditor and its associates	**196**	**21**

7. Employee benefits costs

The average number employees employed by Parsley Box Group plc for the period to 31 December 2021 was nil.

Average monthly number of employees for the Group:	Year ended 31 December 2021 £'000	Year ended 31 December 2020 £'000
Administrative staff	14	8
Management staff	4	4
Operations staff	99	75
	117	87

Employee costs during the year (including directors remuneration) amounted to:	Year ended 31 December 2021 £'000	Year ended 31 December 2020 £'000
Wages and salaries	3,562	2,162
Social security costs	322	167
Defined contribution pension	43	24
Equity-settled share based payment	753	577
	4,680	2,930

8. Directors' emoluments

Key management of the Group includes all directors and non-executive directors who held office during the year.

	Year ended 31 December 2021 £'000	Year ended 31 December 2020 £'000
Wages and salaries	721	322
Social security costs	90	37
Defined contribution pension	2	3
Equity-settled share based payment	523	412
	1,336	774
Gains made on share options converted by directors in the year	2,146	-
The number of directors who accrued benefits under the company pension plans		
Defined contribution plans	2	-
Remuneration of the highest paid director in respect of qualifying services:		
Aggregate remuneration	225	87

9. Finance costs

	Year ended 31 December 2021 £'000	Year ended 31 December 2020 £'000
Interest expense on lease liabilities	31	17
	31	17

10. Taxation

	Year ended 31 December 2021 £'000	Year ended 31 December 2020 £'000
Current taxation		
UK corporation tax on losses for the year	-	-
Total tax charge through statement of comprehensive income	-	-

	Year ended 31 December 2021 £'000	Year ended 31 December 2020 £'000
Loss before tax for the year	(9,732)	(3,180)
Tax thereon at 19%	(1,849)	(604)
Effects of:		
Expenses not deductible for tax purposes	254	97
Other permanent differences	(566)	-
Unused tax losses	2,160	507
Taxation charge	-	-

The weighted average applicable tax rate for the year ended 31 December 2021 was 19% (2020: 19%).

11. Investment in subsidiaries

	Investment in subsidiary undertakings £'000
Cost	
At 1 January 2021	-
Additions	380
Share based payment	148
At 31 December 2021	528
Impairment	
At 1 January 2021 and 31 December 2021	-
Net book value	
At 31 December 2021	**528**
At 1 January 2021	-

Parsley Box Group plc was incorporated in the year on 12 January 2021 and on 31 March 2021 it acquired the entire share capital of Parsley Box Ltd in a share for share transfer as detailed in note 26 below. Parsley Box Ltd is a limited company domiciled and incorporated in Scotland. The registered office is Level 6, Quartermile One, 15 Lauriston Place, Edinburgh. EH3 9EN.

12. Intangible assets

Included within intangible assets are the cost of brand development, website design and computer software. Amortisation is charged to administrative expenses in the statement of comprehensive income on a straight line basis over the estimated useful lives of intangible assets unless such lives are indefinite.

			Group	Company
	Brand & Web design £'000	Software £'000	Total £'000	Total £'000
Cost				
At 1 January 2020	25	-	25	-
Additions	-	8	8	-
At 31 December 2020	25	8	33	-
At 31 December 2021	25	8	33	-
Amortisation				
At 1 January 2020	18	-	18	-
Charge for the year	6	3	9	-
At 31 December 2020	24	3	27	-
Charge for the year	1	4	5	-
At 31 December 2021	25	7	32	-
Net book value				
31 December 2021	-	1	1	-
31 December 2020	1	5	6	-

13. Plant and equipment

The Group annually reviews the carrying value of tangible fixed assets taking account of the expected working lives of the plant and equipment available to the Group and known requirements. Depreciation is charged to administrative expenses.

	Group	Company
	Plant and Equipment Total £'000	Plant and Equipment Total £'000
Cost		
At 1 January 2020	49	-
Additions	147	-
At 31 December 2020	196	-
Additions	193	-
Disposals	(31)	-
At 31 December 2021	358	-
Depreciation		
At 1 January 2020	16	-
Charge for the year	51	-
At 31 December 2020	67	-
Charge for the year	161	-
Eliminated on disposal	(31)	-
At 31 December 2021	197	-
Net book value		
31 December 2021	161	-
31 December 2020	129	-

14. Inventory

	Group		Company
	Year ended 31 December 2021 £'000	Year ended 31 December 2020 £'000	Period ended 31 December 2021 £'000
Finished goods	1,209	1,578	-
Provision for obsolescence	(30)	(94)	-
	1,179	1,484	-
Group inventory reflects the following movement in provision for obsolescence:			
At start of the financial year	94	34	-
Utilised	(94)	(34)	-
Provided	30	94	-
At end of the financial year	30	94	-

Cost of inventories recognised as an expense during the year to 31 December 2021 is £13,228,000 (2020: £12,376,000).

15. Trade and other receivables

	Group		Company
	Year ended 31 December 2021 £'000	Year ended 31 December 2020 £'000	Period ended 31 December 2021 £'000
Amounts due within one year			
Trade receivables	27	86	-
Other receivables	40	99	-
Prepayments and accrued income	65	103	-
Other tax and social security	115	242	-
Amounts owed by group undertakings	-	-	2,930
	247	530	2,930

No interest is charged on the trade receivables. The Group has reviewed for estimated irrecoverable amounts in accordance with its accounting policy.

The nature of receipts is point of sale and as a result credit risk is not deemed significant by the directors. Where credit is extended for B2B customers it is done on a case by case basis and the exposure to credit risk is monitored on an ongoing basis. Credit evaluations are performed on customers as appropriate to the level of credit extended. In addition, credit insurance would be sought for major areas of exposure, although this has not been required in the year under review.

The Group reviews trade receivables past due but not impaired on a regular basis and considers, based on experience, that the credit quality of these amounts at the balance sheet date has not deteriorated since the date of the transaction.

There are no debtor amounts within trade receivables that the Group does not deem recoverable as at the reporting date and as such no provision for doubtful debts has been made (2020: £Nil).

Ageing of past due but not impaired trade receivables:	Group Year ended 31 December 2021 £'000	Group Year ended 31 December 2020 £'000	Company Period ended 31 December 2021 £'000
Overdue by:			
0-30 days	3	86	-
30-60 days	9	-	-
60+ days	15	-	-
	27	86	-

The Directors consider that the carrying amount of trade and other receivables approximates their fair value.

The amounts owed by subsidiary undertakings include a loan to Parsley Box Limited for £3,896k. There is no interest payable on this loan and no fixed repayment date. The parent Company has confirmed that it does not intend to seek repayment of the loan balance for at least twelve months from the date of these financial statements. The intercompany loan has been impaired by £966k under IFRS 9 as set out in note 3(k).

16. Cash and cash equivalents

Cash and cash equivalent amounts included in the Consolidated Statement of Cashflows comprise the following:

	Group Year ended 31 December 2021 £'000	Group Year ended 31 December 2020 £'000	Company Period ended 31 December 2021 £'000
Cash at bank	25	13	-
Cash on short term deposit	2,496	901	-
	2,521	914	-

17. Borrowings

The Group had a £500k bank overdraft facility available to it throughout the current year. The overdraft has not been used in the year to 31 December 2021 and up to the date of signing these financial statements. Under the terms of the overdraft facility any amount drawn is repayable on demand. The renewal date of the overdraft is 20 April 2022. The Royal Bank of Scotland hold a bond and floating charge over all of the undertaking and property of the Company's subsidiary, Parsley Box Ltd.

18. Trade and other payables

	Group		Company
	Year ended 31 December 2021 £'000	Year ended 31 December 2020 £'000	Period ended 31 December 2021 £'000
Amounts due within one year			
Trade payables	2,339	3,219	-
Other payables	52	34	-
Other taxes and social security	108	69	-
Accruals	163	199	-
Contract liabilities	327	164	-
Lease liability	213	607	-
	3,202	4,292	-
Amounts due after one year			
Lease liability	-	213	-
Total amounts due	3,202	4,505	-

Trade payables and accruals principally comprise amounts outstanding for trade purchases and ongoing costs. The Group has financial risk management policies in place to ensure all payables are paid within the agreed credit terms.

Contract liabilities represent consideration received for performance obligations not yet satisfied in relation to the Group's loyalty point scheme. A reconciliation of the contract labilities movement in the year is detailed below:

	Year ended 31 December 2021 £'000	Year ended 31 December 2020 £'000
Opening balance	164	18
Transfer to revenue – included in the opening balance	(164)	(18)
Transfer to revenue – generated in year	(294)	(182)
Payments received in advance	621	346
Closing balance	327	164

The directors consider that the carrying amount of trade and other payables and lease liabilities approximates their fair value.

19. Leases

The Group leases buildings for its head office in Edinburgh, Scotland. The current lease was agreed on 18 December 2020 and will run for the 22 month period to 11 October 2022. The Group has recognised a right-of-use asset and a lease liability applying a discount rate of 3.1% for this lease.

The carrying value of right-of-use assets, and lease obligations recognised with respect to these leases are shown below:

	Group		Company
Right-of-use assets	Building Lease £'000	Total £'000	Total £'000
Cost			
At 1 January 2020	401	401	-
Additions	1,099	1,099	-
Disposals	(401)	(401)	-
At 31 December 2020	1,099	1.099	-
Disposals	(585)	(585)	-
At 31 December 2021	514	514	-
Amortisation			
At 1 January 2020	50	50	-
Charge for the year	363	363	-
Eliminated on disposal	(134)	(134)	-
At 31 December 2020	279	279	-
At 1 January 2021	279	279	-
Charge for the year	610	610	-
Eliminated on disposal	(585)	(585)	-
At 31 December 2021	304	304	-
Net book value			
31 December 2021	**210**	**210**	**-**
31 December 2020	820	820	-

	Group		Company
	Year ended 31 December 2021 £'000	Year ended 31 December 2020 £'000	Period ended 31 December 2021 £'000
Balance at 1 January	820	351	-
Additions to right of use assets	-	1,099	-
Disposals to right of use assets	-	(267)	-
Depreciation charge for the year	(610)	(363)	-
Balance at 31 December	210	820	-

The Group has elected not to recognise a right-of-use asset and corresponding lease liability for short-term leases with terms of 12 months or less and leases of low-value assets. Lease payments on these assets are expensed to profit or loss as incurred.

	Group		Company
Lease liabilities	Year ended 31 December 2021 £'000	Year ended 31 December 2020 £'000	Period ended 31 December 2021 £'000
Balance at 1 January	821	352	-
Acquisition of new leases	-	1,099	-
Disposal of old leases	-	(268)	-
Payment of lease liabilities	(639)	(380)	-
Interest expense on lease liabilities	31	17	-
Balance at 31 December	213	820	-
Disclosed as			
Current	213	607	-
Non-current	-	213	-
	213	820	-

The Group also leases a flat in Edinburgh. This lease is low-value and cancellable with one month's notice, so has been expensed as incurred. The Group has elected not to recognise right of use assets and lease liabilities for this lease.

Amounts recognised in the profit and loss	Group		Company
	Year ended 31 December 2021 £'000	Year ended 31 December 2020 £'000	Period ended 31 December 2021 £'000
Depreciation charge - building lease	610	363	-
Interest on lease liabilities	31	17	-
Low value lease rental	7	-	-

Amounts recognised in statement of cashflows	Group		Company
	Year ended 31 December 2021 £'000	Year ended 31 December 2020 £'000	Period ended 31 December 2021 £'000
Total cash outflow for leases	(646)	(380)	-

20. Deferred tax

In the Spring Budget 2021, the Government announced that for the year from 1 April 2022 the corporation tax rate would remain at 19% but from 1 April 2023 the rate would increase to 25% applying to profits in excess of £250k. Furthermore, a small profits rate of 19% applying to profits up to £50k was announced and companies with profits between £50k and £250k will pay tax at the main rate of 25% reduced by a marginal relief providing a gradual increase in the effective corporation tax rate. This new law was substantively enacted on 3 March 2021.

A deferred tax asset of £4.3m (2020: £1.1m) arising primarily from losses within the Group has not been recognised. The directors believe it is prudent not to recognise the deferred tax asset within the financial statements. The asset has been calculated using the 2021 tax rate of 25% (2020: 19%).

21. Related party transactions

Key management personnel are considered to be the executive and non-executive directors of Parsley Box. The total remuneration of Directors is disclosed in note 8.

Transactions with related parties
During the year Parsley Box entered into the following trading transactions with related parties:

	Group		Company
Purchases of goods and services	Year ended 31 December 2021 £'000	Year ended 31 December 2020 £'000	Period ended 31 December 2021 £'000
Diet Chef Limited	5,535	5,192	-
Mobeus Equity Partners	37	30	-
Machine Labs Limited	5	9	-
Liquid Ecommerce Limited	3	7	-

Third party logistics and some IT services were provided by Diet Chef Limited ("Diet Chef") throughout the current and previous year.

During the year ended 31 December 2021 and 31 December 2020 Diet Chef were a related party as they were controlled by Kevin Dorren and Andrew Veitch (resigned 22 October 2021 from Parsley Box Ltd) who represented key management personnel of Parsley Box.

During the year ended 31 December 2021 and 31 December 2020 Parsley Box paid monitoring fees and expenses to Mobeus Equity Partners LLP, the manager of four VCT funds that are shareholders in Parsley Box, and together have significant influence. On 30 September 2021 Gresham House Asset Management Ltd acquired the four VCT funds. Hazel Cameron, a Non-Executive Officer of Parsley Box, is a Senior Adviser to Gresham House and Growth Capital Partners.

During the year ended 31 December 2020 temporary additional office space was rented from Machine Labs Limited, a company controlled by Parsley Box key management personnel, Kevin Dorren (resigned 19 February 2021 from Machine Labs Ltd) and Andrew Veitch. In the year ended 31 December 2021 advertising and marketing analytical work was provided by Machine Labs.

During the year ended 31 December 2021 and 31 December 2020 shipments were made through Liquid Ecommerce Limited, a company controlled by Parsley Box key management personnel, Kevin Dorren and Andrew Veitch. Kevin Dorren resigned on 19 February 2021 but retained his shareholding in the company. All related party transactions were performed on an arm's length basis.

Amounts owed to related parties	Group Year ended 31 December 2021 £'000	Group Year ended 31 December 2020 £'000	Company Period ended 31 December 2021 £'000
Diet Chef Limited	353	393	-
Mobeus Equity Partners	-	3	-
Machine Labs Limited	5	-	-
Liquid Ecommerce Limited	-	2	-

The amounts outstanding are unsecured and will be settled in cash. No guarantees have been given or received.

22. Financial instruments

The Group's principal financial instruments comprise cash and cash equivalents, trade and other receivables, trade and other payables, lease liabilities and bank accounts. The carrying value of these are all recorded at amortised cost. The fair values of these financial instruments are approximate to their carrying values due to either their short-term nature or being priced at market-based variable interest rates. The main purpose of these financial instruments is to finance the company's operations.

Capital risk management
The Boards objectives when managing capital are to safeguard the Group's ability to continue as a going concern in order to provide returns for shareholders and benefits for other stakeholders and to maintain an optimal capital structure to reduce the cost of capital. In order to maintain or adjust the capital structure, the company may, subject to shareholders' approval as appropriate, adjust the amount of dividends paid to shareholders, return capital to shareholders, issue new shares or sell assets to reduce debts.

(a) Categories of financial instruments

Amounts owed to related parties	Group Year ended 31 December 2021 £'000	Group Year ended 31 December 2020 £'000	Company Period ended 31 December 2021 £'000
Financial assets (current and non-current) at amortised cost			
Trade and other receivables	67	185	-
Cash and cash equivalents	2,521	914	-
Financial liabilities (current and non-current) at amortised cost			
Lease liabilities	213	820	-
Trade and other payables	2,391	3,253	-

Financial risk management objectives
Risk management is carried out by the finance department under policies approved by the Board of directors. The group finance department identifies, evaluates and manages financial risks. The Board provides guidance on overall risk management including foreign exchange risk, interest rate risk, credit risk, and investment of excess liquidity.

(b) Market risks

Foreign currency risk
The Group is not exposed to foreign exchange risk with GBP being the only currency used.

Interest rate risk
The group is not exposed to fixed interest rates as there is no debt instruments.

Other market price risk
The Group is not exposed to any other significant market price risks.

(c) Credit risk

The group's exposure to credit risk is limited to the carrying amounts of financial assets recognised at the statement of financial position date, as summarised below. Management considers that the Group is exposed to little credit risk arising on its receivables due to the value of those receivables. The credit risk on cash balances is limited because the third parties are banks with high credit ratings assigned by international credit rating agencies.

	Group		Company
	Year ended 31 December 2021 £'000	Year ended 31 December 2020 £'000	Period ended 31 December 2021 £'000
Cash and cash equivalents	2,521	914	-
Trade receivables	27	86	-
Other receivables	40	99	-
	2,588	1,099	-

Trade and other receivables
All of the trade receivables were non-interesting bearing, receivable under normal commercial terms, and the Directors expect the value of credit losses on the trade receivables to be nil as sales are made from the business direct to the customer with payment made in advance and prior to delivery. The Directors consider that the carrying value of trade and other receivables approximates to their fair value.

Parsley Box's trade and other receivables are actively monitored. Parsley Box does not believe it is exposed to any material concentrations of credit risk.

Due to the immaterial nature of the assessed credit risk, no provision has been recognised for 31 December 2021 or 31 December 2020.

Cash
Cash is held with banks in the UK with high credit ratings and no financial loss due to the banks failure to meet their contractual obligations is expected.

(d) Liquidity risk

Liquidity risk is the risk that the Group may encounter difficulty in meeting its obligations associated with the financial liabilities that are settled by delivering cash or other financial assets. The Group's approach to managing liquidity is to ensure, as far as possible, that it will have sufficient liquidity to meet its liabilities when they are due under both normal and stressed conditions, without incurring unacceptable losses or risking damage to the group's reputation. The Group closely monitors its access to bank and other credit facilities in comparison to its outstanding commitments on a regular basis to ensure that it has sufficient funds to meet obligations of the company as they fall due. The Group's financial liabilities have contractual maturities (including interest payments where applicable) which are summarised below:

31 December 2021	1 year or less £'000	1 to 2 years £'000	2 to 5 years £'000	Over 5 years £'000	Total liabilities £'000
Trade payables	2,339	-	-	-	2,339
Other payables	52	-	-	-	52
Lease liabilities	213	-	-	-	213
	2,604	-	-	-	2,604

31 December 2020	1 year or less £'000	1 to 2 years £'000	2 to 5 years £'000	Over 5 years £'000	Total liabilities £'000
Trade payables	3,219	-	-	-	3,219
Other payables	34	-	-	-	34
Lease liabilities	607	213	-	-	820
	3,860	213	-	-	4,073
	4,093	213	-	-	4,306

23. Retirement benefits

Contributions by Group companies are charged to income statement as an expense as they fall due. The amount recognised as an expense in relation to defined contributions plans was £42,506 (2020: £24,247).

24. Share based payments

Following admission to AIM options were granted to employees, director's and non-executive directors. These are detailed below.

Replacement Options
The Parsley Box Limited Share Scheme was established on 5 March 2019 and was subsequently used to grant rights to acquire shares in that company to selected employees of the Group.

As part of the IPO process the holders of all options that were outstanding under the Parsley Box Limited Share Scheme agreed to surrender those entitlements in exchange for the grant, by the Company, of Replacement Options that are on equivalent terms. No further awards will be granted under the rules of the Parsley Box Limited Share Scheme.

All Replacement Options vested on admission to AIM. Replacement Options will remain capable of being exercised at any time from admission to 10 years from the date of grant. However, in specified circumstances (including the cessation of the participant's employment and the occurrence of certain major corporate events), the lapse date may be varied or accelerated.

Grant date[1]	Number of Replacement Options unexercised at 31/12/2021	Exercise period	Exercise price (£)
12/02/2020	335,255	31/03/2021 to 12/02/2030	0.22
09/10/2020	66,656	31/03/2021 to 09/10/2030	0.22
15/10/2020	-	31/03/2021 to 15/10/2030	0.22
17/12/2020	10,000	31/03/2021 to 17/12/2030	0.22
18/12/2020	-	31/03/2021 to 18/12/2030	0.22

[1] For the purposes of the terms governing the Replacement Options, the date of grant will be deemed to be the date on which the corresponding option under the Parsley Box Limited Share Scheme was originally granted.

The MIP
The Company adopted the MIP on 5 March 2021 subject to its successful admission to AIM which was completed on 31 March 2021. The MIP allows selected individuals to be granted awards over Ordinary Shares in the form of:

- "Nil Cost/Nominal Value Options", being rights to acquire Ordinary Shares that have an exercise price that is set at either zero or an amount equal to the nominal value of an Ordinary Share; or
- "Market Value Options" being rights to acquire Ordinary Shares that have an exercise price not less than the prevailing market value of an Ordinary Share at the date of grant.

Awards granted under the MIP (whether as Nil Cost / Nominal Value Options or Market Value Options) are capable of being structured as either EMI Options (which qualify for favourable tax status) or unapproved options. Where possible, awards will be granted as EMI Options to increase tax efficiency for both the participating employees and the Group.

On 31 March 2021 358,231 EMI share options and 1,441,769 unapproved share options were granted to directors of the Company for nil consideration, subject to performance conditions.

The performance criteria applicable to these options include an Adjusted EBITDA threshold to be surpassed from which 30% of the options shall vest and a turnover range requirement that needs to be achieved. The adjusted EBITDA and turnover conditions are as follows for each year:

- Year 1: Adjusted EBITDA loss of no greater than £2.4m and turnover of £36.2m-£50.7m;
- Year 2: Adjusted EBITDA of £3.5m and turnover of £51.2m-£61.4m; and
- Year 3: Adjusted EBITDA of £3.5m and turnover of £65.8-£72.4m.

The valuation model inputs used to determine the fair value at the grant date are as follows:

Grant date	Vesting date	Options granted	Share price at grant date	Exercise price	Expected volatility	Dividend yield	Risk free interest rate	Fair value at grant date
31/03/2021	31/12/2021	600,000	£1.85	£0.01	76.8%	0.0%	0.02%	£1,104,001
31/03/2021	31/12/2022	600,000	£1.85	£0.01	70.7%	0.0%	0.10%	£1,104,012
31/03/2021	31/12/2023	600,000	£1.85	£0.01	62.3%	0.0%	0.20%	£1,104,037

No share based payment charge has been recognised for these options in the financial statements as the performance conditions were not considered achievable.

Retention Awards
On 31 March 22,375 options were granted to employees at an exercise price of £2.00 per Ordinary Share. These shares vested on the date of grant and, therefore, were exercisable from 31 March 2021. There were no performance conditions that needed to be satisfied in order for these options to vest and become exercisable. The options will lapse on the 10th anniversary from the date of grant being 31 March 2031.

Following the year end 18,000 Retention Awards lapsed as a result of an employee leaving the Group.

NED Options
On 31 March 2021, 274,391 share options were issued to non-executive directors for nil consideration. The valuation model inputs used to determine the fair value at the grant date are as follows.

Grant date	Vesting date	Options granted	Share price at grant date	Exercise price	Expected volatility	Dividend yield	Risk free interest rate	Fair value at grant date
31/03/2021	31/03/2023	274,391	£1.85	£1.64	62.3%	0.0%	0.2%	£254,147

The SIP
On 29 April 2021 the Company allotted 220,660 shares at a subscription price of 1p per share to the Parsley Box Group plc Share Incentive Plan ("SIP"). The SIP scheme is administered by the Yorkshire Building Society. At the balance sheet date 136,450 shares were allocated to current employees and 84,150 remain available to be allotted to current or new employees.

The valuation model inputs used to determine the fair value at the grant date are as follows:

Grant date	Vesting date	Options granted	Share price at grant date	Exercise price	Expected volatility	Dividend yield	Risk free interest rate	Fair value at grant date
29/04/2021	29/04/2024	220,660	£1.90	£0.01	62.3%	0.0%	0.19%	£422,462

Options summary

The number and weighted average exercise prices of unexercised share options are as follows:

	2021		2020	
	No of share options	Weighted average exercise price (£)	No of share options	Weighted average exercise price (£)
At start of financial year	2,357,713	£0.20	655,000	0.15
Exercised	(1,860,521)	£(0.20)	-	-
Granted	2,096,766	£0.24	1,814,270	0.22
Forfeited	(85,281)	£(0.22)	(111,557)	0.22
At end of the financial year	2,508,677	£0.24	2,357,713	0.20

Of the shares options granted in the current year 2,074,391 were granted to directors in office at the date of grant. All options held by directors have a weighted average exercise price of £0.23. Within the cost of the options recognised in the income statement £0.1m is attributable to executive directors (2020: £0.4m)

Share options vested at 31 December 2021 were 411,911 shares with an exercise price of £0.22 (2020: not applicable) and 22,375 shares with an exercise price of £2.00 (2020: not applicable). The share options all expire after 10 years from the date of issue.

Share options outstanding at the end of the year have the following expiry dates and exercise prices.

Grant date	Outstanding at 31 December 2020	Granted	Exercised	Forfeited	Outstanding at 31 December 2021	Expiry date	Exercise price (£)
05/03/2019	655,000	-	(655,000)	-	-	05/03/2029	0.15
12/02/2020	701,473	-	(319,364)	(46,854)	335,255	12/02/2030	0.22
09/10/2020	854,386	-	(787,730)	-	66,656	09/10/2030	0.22
15/10/2020	46,854	-	(23,427)	(23,427)	-	15/10/2030	0.22
17/12/2020	100,000	-	(75,000)	(15,000)	10,000	17/12/2030	0.22
25/03/2021	-	274,391	-	-	274,391	31/03/2031	1.64
31/03/2021	-	600,000	-	-	600,000	31/03/2031	0.01
31/03/2021	-	600,000	-	-	600,000	31/03/2031	0.01
31/03/2021	-	600,000	-	-	600,000	31/03/2031	0.01
31/03/2021	-	22,375	-	-	22,375	31/03/2031	2.00
	2,357,713	2,096,766	(1,860,521)	(85,281)	2,508,677		

The weighted average remaining contractual life of options outstanding at the end of the period was 9.1 years (2020: 9.2 years). The weighted average share price at the date of exercise of options during the period was £1.98 (2020: none exercised).

25. Group companies

Subsidiary undertakings	Country of registration of incorporation	Principal activity	Percentage of shares held 2021
Parsley Box Ltd	UK	Selling of ready meals	100%

26. Called up share capital

As at 31 December 2020, Parsley Box Group Plc was not incorporated and the share capital represents that of Parsley Box Ltd solely. Parsley Box Ltd had 21,833,332 Ordinary shares and 12,395,838 A Ordinary shares in issue as at 31 December 2020.

On 11 January 2021 Parsley Box Ltd allotted 1,863,079 Ordinary Shares of £0.01 each and 1,325,136 A Ordinary Shares of £0.01 each, both for consideration of £1.64 per share. On 12 February 2021 Parsley Box Ltd allotted a further 213,415 Ordinary Shares of £0.01 each for consideration of £1.64 per share. On 31 March 2021 Parsley Box Ltd allotted 327,500 Ordinary Shares for consideration of £0.15 for exercised share options.

Following the above allotments, the share capital of Parsley Box Ltd immediately following was £379,583.

On incorporation, 2 ordinary shares were allotted in Parsley Box Group plc.

Prior to admission Parsley Box Group Plc acquired Parsley Box Ltd in a share for share exchange agreement on 22 March 2021 requiring the issue of 24,237,326 Ordinary Shares of £0.01 and 13,720,974 A Ordinary Shares of £0.01 each. The total share capital was £379,583, the same as that of Parsley Box Ltd. At the date of the share for share exchange the acquired share premium of Parsley Box Ltd of £9,820,566 was transferred to retained earnings in the Group accounts.

Following the share for share exchange agreement 1,456,066 Ordinary Shares of £0.01 were issued in relation to Replacement Options for employees. Each A Ordinary Share was then converted into an Ordinary Share and shares in issue immediately prior to admission were 39,414,368 with a nominal value totalling £394,144 accordingly.

2,500,000 new Ordinary Shares were issued and placed on admission, taking the total share capital in issue immediately following the placing to 41,914,368 Ordinary Shares of £0.01 each.

As mentioned in note 24, on 29 April 2021 the Company allotted 220,660 shares at a subscription price of 1p per share to the Parsley Box Group plc SIP. This took the total share capital in issue immediately following the issue to 42,135,028 Ordinary Shares of £0.01 each.

	Group		Company
	Year ended 31 December 2021 £'000	Year ended 31 December 2020 £'000	Period ended 31 December 2021 £'000
Number of shares			
Ordinary shares of 0.01p each	42,211,983	21,833,330	42,211,983
A ordinary shares of 0.01p each	-	12,395,838	-

	Group		Company
	Year ended 31 December 2021 £'000	Year ended 31 December 2020 £'000	Period ended 31 December 2021 £'000
Share capital			
Ordinary shares of 0.01p each	422	218	422
A ordinary shares of 0.01p each	-	124	-
Total	422	342	422
In issue at the start of the financial year	342	342	-
Shares issued	61	-	407
Share options exercised	19	-	15
In issue at end of the financial year	422	342	422

27. Loss per share

Basic loss per share is calculated by dividing the losses attributable to ordinary shareholders by the weighted average number of Ordinary Shares in issue during the year.

Diluted loss per share is capped at the basic loss per share as the impact of dilution cannot result in a reduction in the loss per share as the Group is loss making.

The weighted average number of shares at 31 December 2021 was 40,934,754 (2020: 34,229,170) for basic and diluted loss per share.

Loss per share:	Year ended 31 December 2021	Year ended 31 December 2020
Loss after tax	**(9,732)**	**(3,180)**
Adjusted for:		
IPO exceptional costs	1,064	-
Share based payments	753	588
Total adjusted loss after tax	**(7,915)**	**(2,592)**
Weighted average number of ordinary shares:		
Basic loss per share	40,935	34,229
Diluted loss per share	40,935	34,229
Loss per share		
Basic loss per share (pence)	(23.8)	(9.3)
Diluted loss per share (pence)	(23.8)	(9.3)
Adjusted basic loss per share (pence)	(19.3)	(7.6)
Adjusted diluted loss per share (pence)	(19.3)	(7.6)

Adjusted loss per share excludes IPO costs and share based payments and the tax effect of these adjustments. The Group has adjusted for IPO costs as they are one-off in nature and are exceptional to normal trading expenses. Share based payments are considered to be exceptional in nature as well.

Post year end 30,326,619 ordinary shares of £0.01 were issued.

28. Notes to the Statement of Cashflow

Reconciliation of changes in liabilities to cashflows arising from financing activities

	Lease liabilities Premises £'000	Total £'000
Balance at 31 December 2020	821	821
Lease repayment	(639)	(639)
Total changed from financing cashflows	(639)	(639)
Unwinding of discount rate	31	31
Total other changes	31	31
Balance at 31 December 2021	213	213

29. Post balance sheet events

Post year end the Group closed the equity funding round, raising gross proceeds of slightly over £6m.

30. First year adoption of IFRS

This is the first year that the Group has presented its financial results under International Financial Reporting Standards. The last financial statements prepared under UK GAAP were for the year ended 31 December 2020. The date of transition to IFRS for the statutory accounts is 1 January 2021.

In preparation for flotation on the AIM market of the London Stock Exchange in March 2021, the Group prepared IFRS compliant historical financial information covering the periods from 31 March 2018 to 31 December 2020. This information was included within the Admission Documentation presented to the market, and was for analysis purposes only. The date of transition for these financials was the 1 April 2017.

In September 2021, the Group released interim financial statements for the period to 30 June 2021, which were prepared in compliance with IAS 34 Interim Financial Reporting. The financials and relevant comparatives were fully compliant with IFRS.

Company information and advisors

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Nominated Adviser & Broker finnCap Ltd One Bartholomew Close London EC1A 7BL	**Solicitors** Shepherd & Wedderburn LLP 5th Floor 1 Exchange Crescent Conference Square Edinburgh EH3 8UL	**Auditor** RSM UK Audit LLP Third Floor Centenary House 69 Wellington Street Glasgow G2 6HG	**Registrars** Equiniti Ltd Aspect House Spencer Road Lancing West Sussex BN99 6DA
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