

# Zoe Limited

## ANNUAL REPORT AND FINANCIAL STATEMENTS

for the year ended 31 August 2022

Registered Number: 10902884

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# Zoe Limited

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for the year ended 31 August 2022

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# Zoe Limited

## COMPANY INFORMATION

for the year ended 31 August 2022

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Directors	M A S Ekeland G Hadjigeorgiou A V I Newcombe-Ellis J T Wolf S A Downey
Company number	10902884
Registered office	164 Westminster Bridge Road London United Kingdom SE1 7RW
Independent Auditors	PricewaterhouseCoopers LLP 1 Embankment Place London WC2N 6RH



# Zoe Limited

## STRATEGIC REPORT

### for the year ended 31 August 2022

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The Directors present the strategic report and the audited consolidated financial statements of Zoe Limited and its group undertakings (together referred to as “the Group”) for the year ended 31 August 2022.

#### Review of the business

The Group’s financial performance for the year to 31st August 2022 can be summarised as follows:

- Revenue recognised in the year increased 234% versus prior year to £5.9m (2021: £1.8m).
- Total comprehensive expenditure increased by £2.1m versus prior year, predominantly due to increased investment in R&D and growth of our team.
- Total assets reduced from £29.3m to £25.8m in the period, predominantly due to cash expenditure on the year being partially offset by the final B round investment in September 2021 and changes in working capital.

The Group achieved significant financial and operational milestones during the year to 31st August 2022 including:

- the commercial launch of our nutrition product in the UK and significant growth in sales;
- continued delivery of our product to customers in the US;
- growth of the team from 72 to 109 average headcount during the year and from 95 to 131 employees at respective year-ends; and
- further research and development investment into science and technology via scientific studies and product development.

The Group continued to strengthen its Executive Team, with a senior appointment for VP Growth Marketing during the year.

The Group achieved two major funding events after the balance sheet date. In November 2022 the Group closed a B extension funding round with \$30,749,998 (£26,163,531) raised from existing and new investors and in February 2023 the Group closed a crowdfunding round which was the fourth biggest in Europe of all time, with £7,169,816 raised net of fees.

The Directors are confident the Group has sufficient cash reserves to draw on as required for the continued operations of the group, and as such, the financial statements have been prepared on a going concern basis.

#### Principal risks and uncertainties

The Directors place strong emphasis on a values based culture which influences the decisions and actions of the Group.

The principal risks of the Group are managed by the Executive Team and where appropriate, reported to the Board of Directors periodically. The key risks to the Group include:

- Going concern: Insufficient funds to meet operational requirements
- Credit risk: Failure of customers to pay outstanding amounts owed
- Treasury risk: Failure of banking institutions which hold the Group’s cash reserves
- Foreign exchange risk: The functional currency of the Company (Zoe Limited) is pounds sterling and the functional currency of its US wholly-owned subsidiary is US dollars. The majority of the funding round investment secured to date by the Group has been in US dollars.
- Market risk: Macroeconomic environment negatively impacting consumer spending
- Operational risk: Supply chain risk with specific critical suppliers, operational capacity to support sales, fulfilment risk both in-house and with external partners

The Group has mitigated these risks as follows:

- Going concern: The Directors are confident the Group has sufficient cash reserves to draw on as required and as such, the financial statements have been prepared on a going concern basis. Cash burn and runway are monitored periodically.

# Zoe Limited

## STRATEGIC REPORT

for the year ended 31 August 2022

### Principal risks and uncertainties (*continued*)

- Credit risk: Customers' principal method of payment is online payment by credit card, in advance of delivery of the product. Non-payment for renewal results in cancellation of service. For the fraction of customers that choose to pay in instalments for the initial product, cancellation and refund rates are monitored by the Group. This monitoring may influence product and/or process improvements to mitigate the risk where possible.
- Treasury risk: The Group held a US dollar value roughly equivalent to the Federal Deposit Insurance Corporation (FDIC) level of \$250,000 in Silicon Valley Bank (SVB) at the time of the SVB bank collapse in 2023. There has been no loss in funds to date and the Group does not expect any. The Group is in the process of changing its US banking partner and implementing a Treasury solution to both reduce counterparty risk and increase return on investment funds.
- Foreign exchange risk: The Group hedges its foreign exchange exposures via natural hedges and translates US dollars into other functional currencies according to both operational need and timing of favourable exchange rates.
- Market risk: The Group monitors sales levels and conducts periodic pricing testing to understand market risk.
- Operational risk: The Group has ensured all critical supplies have at least dual-source purchase options, operational capacity is considered in sales planning, and fulfilment delivery performance is monitored both internally in the US and with our external provider in the UK.

### Key Performance Indicators

#### *Sales and revenue growth*

	Year ending 31st August 2022 £	Year ending 31st August 2021 £	% change year-on-year
Sales (non-statutory)	7,406,162	2,428,988	205%
Statutory revenue recognised	5,880,096	1,758,253	234%

Please refer to note 1 of the Accounts for information on the Group's revenue recognition policy. Non statutory Sales refer to statutory revenue recognised plus deferred revenue relating to outstanding performance obligations at the year end.

#### *Headcount growth*

	Year ending 31st August 2022	Year ending 31st August 2021	% change year-on-year
Average headcount	109	72	51%

#### *Closing cash and cash equivalents*

	Year ending 31st August 2022 £	Year ending 31st August 2021 £	% change year-on-year
Cash and cash equivalents	19,380,248	25,565,588	-24%

Whilst cash and cash equivalents are down year-on-year, the Group achieved two major funding events after the balance sheet date which significantly increased the Group's cash reserves, as detailed in the Review of the business section above.

Approved by the Directors and signed on behalf of the Board by:

*Jonathan Wolf*

J T Wolf  
Director

Date: 30 May 2023

# Zoe Limited

## DIRECTORS' REPORT

### for the year ended 31 August 2022

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The Directors present their report together with the audited financial statements for Zoe Limited and its Group undertakings (together referred to as 'the Group') for the year ended 31 August 2022.

#### **Principal activities**

ZOE is a personalised nutrition company that runs the world's largest nutrition-science study. Our mission is to improve the health of millions and unravel the complex relationship between food, lifestyle and health. The ZOE programme starts with an at-home test and gives our members tailored insights into how to eat for their bodies and long-term health.

#### **Results and dividends**

The results for the year are set out on page 10.

No dividends were paid to the shareholders of Zoe Limited during the year and the Directors do not recommend payment of a further dividend (2021: £nil).

#### **Directors**

The Directors who have held office during the year and up to the date of signature of the financial statements were as follows:

M A S Ekeland

J L Fagnan

(Resigned 13 July 2022)

G Hadjigeorgiou

A V I Newcombe-Ellis

J T Wolf

S A Downey

(Appointed 13 July 2022)

#### **Qualifying third party indemnity provisions**

The Group has made qualifying third party indemnity provisions for the benefit of its Directors during the year. These provisions remain in force at the reporting date.

#### **Future developments**

The Group will continue to invest in; research and development; improving our current products and launching new complementary products; our team; and; sales growth

#### **Financial risk management objectives and policies**

The group's main financial instruments comprise cash and trading items such as trade receivables and payables.

There are limited risks arising to the Group as a result of these instruments and the directors agree policies for the management of these risks, which are summarised below:

##### *Liquidity risk*

The Group seeks to minimise financial risk by ensuring that appropriate liquidity is available to meet foreseeable requirements. The Group closely monitors its access to bank facilities in comparison to its outstanding commitments on a regular basis to ensure that it has sufficient funds to meet the obligations of the Group as they fall due and the Board receives regular cash flow forecasts which estimate the cash inflows and outflows so that management can ensure that sufficient funding is in place as it is required.

##### *Credit risk*

Credit risk predominantly arises from trade and other receivables and cash and cash equivalents. There is no material credit risk exposure as payment by customers is largely up front and trade receivables are collected when due with no significant ageing.

##### *Foreign currency risk*

Since the Group operates internationally, it is exposed to foreign currency risk as part of its normal business as the Group carries out research activities in both Europe and the United States. The Group holds bank accounts denominated in USD and Euros to mitigate any foreign currency risk exposure.

# Zoe Limited

## DIRECTORS' REPORT

### for the year ended 31 August 2022

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#### **Financial risk management objectives and policies (*continued*)**

##### *Cash flow risk*

To date the Group has been loss making as it invested in its research and development activities. The cash position is regularly monitored and the Group raised further financing post year end through two funding rounds. See note 32 for further details

#### **Research and development**

The Group invests in research and development for the purpose of developing its business and intellectual property. The total costs incurred on research and development in the year, including an allocation of staff costs, were £6,253,993 (2021: £4,443,906).

#### **Events after the reporting date**

In November 2022 the Group closed a B extension funding round with \$30,749,998 (£26,163,531) raised and in February 2023 the Group closed a crowdfunding round with £7,169,816 raised net of fees. See note 32.

#### **Prior year unaudited**

The comparative amounts presented in these financial statements are unaudited. These are the first set of consolidation financial statements prepared by the Group.

#### **Independent Auditors**

PricewaterhouseCoopers LLP were appointed as auditors to the Group during the year. The auditors, PricewaterhouseCoopers LLP, have indicated their willingness to continue in office, and a resolution that they be re-appointed will be proposed at the annual general meeting.

#### **Statement of disclosure to auditors**

So far as the Directors are aware, there is no relevant audit information of which the Company's auditors are unaware. Additionally, the Directors have taken all the necessary steps that they ought to have taken as Directors in order to make themselves aware of all relevant audit information and to establish that the Company's auditors are aware of that information.

Approved by the Directors and signed on behalf of the Board by:

J T Wolf  
Director  
Date:

*Jonathan Wolf*

30 May 2023

# Zoe Limited

## DIRECTORS' RESPONSIBILITIES STATEMENT

### for the year ended 31 August 2022

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

Company law requires the directors to prepare financial statements for each financial year. Under that law the directors have prepared the group financial statements in accordance with UK-adopted international accounting standards and the company financial statements in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards, comprising FRS 101 "Reduced Disclosure Framework", and applicable law).

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

- select suitable accounting policies and then apply them consistently;
- state whether applicable UK-adopted international accounting standards have been followed for the group financial statements and United Kingdom Accounting Standards, comprising FRS 101 have been followed for the company financial statements, subject to any material departures disclosed and explained in the financial statements;
- make judgements and accounting estimates that are reasonable and prudent; and
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the group and company will continue in business.

The directors are responsible for safeguarding the assets of the group and company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

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

#### **Directors' confirmations**

In the case of each director in office at the date the directors' report is approved:

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



## Report on the audit of the financial statements

### Opinion

In our opinion:

- Zoe Limited's group financial statements and company financial statements (the "financial statements") give a true and fair view of the state of the group's and of the company's affairs as at 31 August 2022 and of the group's loss and the group's cash flows for the year then ended;
- the group financial statements have been properly prepared in accordance with UK-adopted international accounting standards as applied in accordance with the provisions of the Companies Act 2006;
- the company financial statements have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards, including FRS 101 "Reduced Disclosure Framework", and applicable law); and
- the financial statements have been prepared in accordance with the requirements of the Companies Act 2006.

We have audited the financial statements, included within the Annual Report and Financial Statements (the "Annual Report"), which comprise: Consolidated statement of financial position and Company statement of financial position as at 31 August 2022; Consolidated statement of comprehensive income, Consolidated statement of changes in equity, Company statement of changes in equity and Consolidated statement of cash flows for the year then ended; and the notes to the financial statements, which include a description of the significant accounting policies.

### Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (UK) ("ISAs (UK)") and applicable law. Our responsibilities under ISAs (UK) are further described in the Auditors' responsibilities for the audit of the financial statements section of our report. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

### Independence

We remained independent of the group in accordance with the ethical requirements that are relevant to our audit of the financial statements in the UK, which includes the FRC's Ethical Standard, and we have fulfilled our other ethical responsibilities in accordance with these requirements.

### Conclusions relating to going concern

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

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

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

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

### Reporting on other information

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

# Zoe Limited

## INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF ZOE LIMITED (CONTINUED)

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In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit, or otherwise appears to be materially misstated. If we identify an apparent material inconsistency or material misstatement, we are required to perform procedures to conclude whether there is a material misstatement of the financial statements or a material misstatement of the other information. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report based on these responsibilities.

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

Based on our work undertaken in the course of the audit, the Companies Act 2006 requires us also to report certain opinions and matters as described below.

### **Strategic report and Directors' Report**

In our opinion, based on the work undertaken in the course of the audit, the information given in the Strategic report and Directors' Report for the year ended 31 August 2022 is consistent with the financial statements and has been prepared in accordance with applicable legal requirements.

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

### **Responsibilities for the financial statements and the audit**

#### **Responsibilities of the directors for the financial statements**

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

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

#### **Auditors' responsibilities for the audit of the financial statements**

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

Irregularities, including fraud, are instances of non-compliance with laws and regulations. We design procedures in line with our responsibilities, outlined above, to detect material misstatements in respect of irregularities, including fraud. The extent to which our procedures are capable of detecting irregularities, including fraud, is detailed below.

Based on our understanding of the group and industry, we identified that the principal risks of non-compliance with laws and regulations related to General Data Protection Regulation, and we considered the extent to which non-compliance might have a material effect on the financial statements. We also considered those laws and regulations that have a direct impact on the financial statements such as the Companies Act 2006, and relevant tax legislation. We evaluated management's incentives and opportunities for fraudulent manipulation of the financial statements (including the risk of override of controls), and determined that the principal risks were related to posting inappropriate journals to manipulate financial results and potential management bias in accounting estimates. Audit procedures performed by the engagement team included:

# Zoe Limited

## INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF ZOE LIMITED (CONTINUED)

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- identifying and testing journal entries, in particular journal entries posted with unusual account combinations;
- enquiring of management, including consideration of any known or suspected instances of non-compliance with laws and regulations and fraud;
- reading minutes of meetings of the board of directors; and
- assessing the financial statement disclosures, and testing to supporting documentation, for compliance with applicable laws and regulations.

There are inherent limitations in the audit procedures described above. We are less likely to become aware of instances of non-compliance with laws and regulations that are not closely related to events and transactions reflected in the financial statements. Also, the risk of not detecting a material misstatement due to fraud is higher than the risk of not detecting one resulting from error, as fraud may involve deliberate concealment by, for example, forgery or intentional misrepresentations, or through collusion.

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

### Use of this report

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

## Other required reporting

### Companies Act 2006 exception reporting

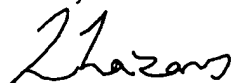
Under the Companies Act 2006 we are required to report to you if, in our opinion:

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

We have no exceptions to report arising from this responsibility.

## Other matter

The financial statements for the year ended 31 August 2021, forming the corresponding figures of the financial statements for the year ended 31 August 2022, are unaudited.



Louise Lazarus (Senior Statutory Auditor)  
for and on behalf of PricewaterhouseCoopers LLP  
Chartered Accountants and Statutory Auditors  
London  
31 May 2023

# Zoe Limited

## CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME for the year ended 31 August 2022

	Note	2022 £	2021 £
<b>Continuing operations</b>			
Revenue	3	5,880,096	1,758,253
Cost of sales	5	(5,093,569)	(990,820)
		<hr/>	<hr/>
<b>Gross profit</b>		786,527	767,433
Other operating income	4	1,974,336	2,835,824
Administrative expenses	5	(12,330,887)	(10,537,809)
Share based payment expense	18	(952,286)	(948,300)
		<hr/>	<hr/>
<b>Operating loss</b>		(10,522,310)	(7,882,852)
Finance income	8	9,273	2,830
Finance costs	9	(16,962)	(15,113)
		<hr/>	<hr/>
<b>Loss before income tax</b>		(10,529,999)	(7,895,135)
Income tax	10	1,434,511	734,666
		<hr/>	<hr/>
<b>Loss for the year</b>		(9,095,488)	(7,160,469)
Other comprehensive expense net of taxes subsequently reclassified to profit or loss:			
Exchange differences on translation of foreign operations		(185,047)	1,237
		<hr/>	<hr/>
<b>Total comprehensive expense for the year</b>		(9,280,535)	(7,159,232)
		<hr/>	<hr/>

# Zoe Limited

## CONSOLIDATED STATEMENT OF FINANCIAL POSITION

as at 31 August 2022

Registered number: 10902884

	Note	2022 £	2021 £
<b>Assets</b>			
<b>Non-current assets</b>			
Property, plant and equipment	11	33,243	37,637
Right of use assets	11	245,225	334,387
Intangible assets	12	356,670	279,543
		<u>635,138</u>	<u>651,567</u>
<b>Current assets</b>			
Inventories	14	935,915	244,708
Trade and other receivables	15	2,834,560	1,537,537
Corporation tax recoverable		1,435,667	705,426
Cash and cash equivalents	16	19,380,248	25,565,588
		<u>24,586,390</u>	<u>28,053,259</u>
<b>Total assets</b>		<u>25,221,528</u>	<u>28,704,826</u>
<b>Equity</b>			
Called up share capital	17	29	29
Share premium account	26	44,024,782	41,632,347
Accumulated losses	26	(24,143,468)	(16,000,266)
Translation reserve	26	(167,853)	17,194
		<u>19,713,490</u>	<u>25,649,304</u>
<b>Total equity</b>		<u>19,713,490</u>	<u>25,649,304</u>
<b>Liabilities</b>			
<b>Current liabilities</b>			
Trade and other payables	19	3,114,303	2,141,078
Corporation tax payable		21,465	-
Deferred revenue	22	2,219,147	693,081
		<u>5,354,915</u>	<u>2,834,159</u>
<b>Non-current liabilities</b>			
Other payables	20	153,123	221,363
		<u>5,508,038</u>	<u>3,055,522</u>
<b>Total liabilities</b>		<u>5,508,038</u>	<u>3,055,522</u>
<b>Total equity and liabilities</b>		<u>25,221,528</u>	<u>28,704,826</u>

The financial statements on pages 10 to 47 were approved by the Board of Directors and authorised for issue on 30th May 2023 and signed on their behalf by:

*Jonathan Wolf*

J T Wolf  
Director

# Zoe Limited

## COMPANY STATEMENT OF FINANCIAL POSITION as at 31 August 2022

Registered number: 10902884

	Note	2022 £	2021 £
<b>Assets</b>			
<b>Non-current assets</b>			
Property, plant and equipment	11	20,896	27,701
Right of use assets	11	14,596	58,381
Intangible assets	12	345,677	279,543
Investments	13	765,878	424,057
Trade and other receivables	15	1,715,540	2,167,526
		<u>2,862,587</u>	<u>2,957,208</u>
<b>Current assets</b>			
Inventories	14	654,764	-
Trade and other receivables	15	2,928,034	589,704
Corporation tax recoverable		1,435,667	705,426
Cash and cash equivalents	16	17,962,335	25,057,514
		<u>22,980,800</u>	<u>26,352,644</u>
<b>Total assets</b>		<u>25,843,387</u>	<u>29,309,852</u>
<b>Equity</b>			
Called up share capital	17	29	29
Share premium account	26	44,024,782	41,632,347
Accumulated losses	26	(22,328,227)	(14,234,822)
		<u>21,696,584</u>	<u>27,397,554</u>
<b>Total equity</b>		<u>21,696,584</u>	<u>27,397,554</u>
<b>Liabilities</b>			
<b>Current liabilities</b>			
Trade and other payables	19	2,791,708	1,894,468
Deferred revenue	22	1,355,095	7,200
		<u>4,146,803</u>	<u>1,901,668</u>
<b>Non-current liabilities</b>			
Other payables	20	-	10,630
		<u>4,146,803</u>	<u>1,912,298</u>
<b>Total liabilities</b>		<u>4,146,803</u>	<u>1,912,298</u>
<b>Total equity and liabilities</b>		<u>25,843,387</u>	<u>29,309,852</u>

Zoe Limited has elected to take exemption under Section 408 of the Companies Act 2006 to not present the Company Statement of Comprehensive Income and related notes as it prepares group financial statements. The company's loss for the year was £9,045,691 (2021: £5,818,501).

The financial statements on pages 10 to 47 were approved by the Board of Directors and authorised for issue on 30th May 2023 and signed on their behalf by:

J T Wolf  
Director

*Jonathan Wolf*

# Zoe Limited

## CONSOLIDATED STATEMENT OF CHANGES IN EQUITY for the year ended 31 August 2022

	Note	Called up share capital £	Share premium account £	Accumulated losses £	Translation reserve £	Total £
Balance at 1 September 2020		25	25,984,569	(9,788,097)	15,957	16,212,454
<b>Comprehensive expense</b>						
Loss for the financial year		-	-	(7,160,469)	-	(7,160,469)
Currency translation difference		-	-	-	1,237	1,237
<b>Total comprehensive expense</b>		-	-	(7,160,469)	1,237	(7,159,232)
<b>Transactions with owners</b>						
Share based payment transactions	18	-	-	948,300	-	948,300
Shares issued	17	4	15,647,778	-	-	15,647,782
<b>Total transactions with owners</b>		4	15,647,778	948,300	-	16,596,082
Balance at 31 August 2021		29	41,632,347	(16,000,266)	17,194	25,649,304
<b>Comprehensive expense</b>						
Loss for the financial year		-	-	(9,095,488)	-	(9,095,488)
Currency translation difference		-	-	-	(185,047)	(185,047)
<b>Total comprehensive expense</b>		-	-	(9,095,488)	(185,047)	(9,280,535)
<b>Transactions with owners</b>						
Share based payment transactions	18	-	-	952,286	-	952,286
Shares issued	17	-	2,392,435	-	-	2,392,435
<b>Total transactions with owners</b>		-	2,392,435	952,286	-	3,344,721
Balance at 31 August 2022		29	44,024,782	(24,143,468)	(167,853)	19,713,490

# Zoe Limited

## COMPANY STATEMENT OF CHANGES IN EQUITY for the year ended 31 August 2022

	Note	Called up share capital £	Share premium account £	Accumulated losses £	Total £
Balance at 1 September 2020		25	25,984,569	(9,364,621)	16,619,973
<b>Comprehensive expense</b>					
Loss for the financial year		-	-	(5,818,501)	(5,818,501)
<b>Total comprehensive expense</b>		-	-	(5,818,501)	(5,818,501)
<b>Transactions with owners</b>					
Share based payment transactions	18	-	-	948,300	948,300
Shares issued	17	4	15,647,778	-	15,647,782
<b>Total transactions with owners</b>		4	15,647,778	948,300	16,596,082
Balance at 31 August 2021		29	41,632,347	(14,234,822)	27,397,554
<b>Comprehensive expense</b>					
Loss for the financial year		-	-	(9,045,691)	(9,045,691)
<b>Total comprehensive expense</b>		-	-	(9,045,691)	(9,045,691)
<b>Transactions with owners</b>					
Share based payment transactions	18	-	-	952,286	952,286
Shares issued	17	-	2,392,435	-	2,392,435
<b>Total transactions with owners</b>		-	2,392,435	952,286	3,344,721
Balance at 31 August 2022		29	44,024,782	(22,328,227)	21,696,584



**Zoe Limited**  
**CONSOLIDATED STATEMENT OF CASH FLOWS**  
for the year ended 31 August 2022

	Note	2022 £	£	2021 £	£
<b>Cash flows from operating activities</b>					
Reconciliation of loss for the year to cash flows from operating activities:					
Loss for the year after taxation		(9,095,488)		(7,160,469)	
Depreciation of property, plant and equipment	11	150,423		117,013	
Amortisation of intangible assets	12	53,736		52,319	
Share based payment expense recognised in profit and loss	18	952,286		948,300	
Finance income	8	(9,273)		(2,830)	
Finance costs	9	16,962		15,113	
Loss on disposal of Property, plant and equipment		2,716		-	
Income tax		(1,434,511)		(734,666)	
<b>Operating cash flows before movements in working capital</b>		(9,363,149)		(6,765,220)	
Increase in inventories		(691,207)		(43,051)	
Increase in trade and other receivables		(1,297,023)		(979,082)	
Increase in trade and other payables		985,245		905,079	
Increase in deferred revenue		1,526,066		670,735	
Income tax received		725,735		1,014,479	
<b>Net cash used in operating activities</b>			(8,114,333)		(5,197,060)
<b>Cash flows from investing activities</b>					
Purchase of property, plant and equipment	11	(17,483)		(10,931)	
Purchase of intangible assets	12	(129,714)		-	
Interest received		9,273		2,830	
Interest paid		(16,962)		(8,677)	
Proceeds on disposals of investments		(160)		-	
<b>Net cash used in investing activities</b>			(155,046)		(16,778)
<b>Cash flows from financing activities</b>					
Issue of share capital		2,392,435		15,647,782	
Repayment of lease liabilities		(124,174)		(89,981)	
<b>Net cash generated from financing activities</b>			2,268,261		15,557,801
Net (decrease)/increase in cash and cash equivalents	29		(6,001,118)		10,343,963
Cash and cash equivalents at beginning of year	16		25,565,588		15,220,316
Effect of foreign exchange rates			(184,222)		1,309
<b>Cash and cash equivalents at end of year</b>	16		19,380,248		25,565,588

Cash and cash equivalents consist of cash on hand and balances with a range of financial institutions.

# Zoe Limited

## NOTES TO THE FINANCIAL STATEMENTS

### for the year ended 31 August 2022

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#### 1 ACCOUNTING POLICIES

##### **Basis of preparation**

Zoe Limited ('the Company') is a private company, limited by shares, incorporated and domiciled in the United Kingdom. The registered office of the Company is 164 Westminster Bridge Road, London, United Kingdom, SE1 7RW. The Group consists of Zoe Limited and its subsidiaries.

The principal activities of the Company and the Group and the nature of its operations are disclosed in the Directors' Report.

The consolidated financial statements of the Zoe Limited have been prepared in accordance with UK-adopted International Financial Reporting Standards ("IFRS") and International Financial Reporting Committee ("IFRC") interpretations that are applicable to the financial statements for the year ended 31 August 2022, and with those parts of the Companies Act 2006 applicable to companies reporting under UK-adopted IFRS. The financial statements have been prepared using the historical cost convention.

The financial statements are presented in Pound Sterling (£) which is the functional currency of the Company, and all values are rounded to the nearest £1, except when otherwise indicated.

The financial statements have been prepared under the historical cost convention. The principal accounting policies adopted in the preparation of the financial statements are set out below. These policies have been consistently applied to all the years presented, unless otherwise stated.

The preparation of the financial statements requires management to make estimates and assumptions that affect the reported amounts of revenues, expenses, assets and liabilities, and the disclosure of contingent liabilities at the date of the financial statements. If in the future such estimates and assumptions, which are based on management's best judgement at the date of the financial statements, deviate from the actual circumstances, the original estimates and assumptions will be modified as appropriate in the year in which circumstances change.

The financial statements of Zoe Limited have been prepared in accordance with Financial Reporting Standard 101, 'Reduced Disclosure Framework' (FRS 101). The following exemptions from the requirements of IFRS have been applied in the preparation of the individual financial statements of the Company and, where relevant, equivalent disclosures have been made in the Group financial statements, in accordance with FRS 101:

- Presentation of a Statement of Cash Flows and related notes;
- Disclosure of the future impact of new International Financial Reporting Standards in issue but not yet effective at the reporting date;
- Revenue disclosures, including:-
  - Disaggregated and total revenue from contracts with customers;
  - Description of when performance obligations are satisfied, significant payment terms, and the nature of goods and services to be transferred;
  - Significant judgements in determining the amount and timing of revenue recognition and the amount of capitalised costs to obtain or fulfil a contract;
  - Methods used to recognise revenue over time, determine transaction price and amounts allocated to performance obligations and determine amortisation of capitalised cost to obtain or fulfil a contract
  - Explanation of significant changes in contract assets and liabilities;
  - Aggregate transaction price allocated to unsatisfied performance obligations and when revenue is expected to be recognised;
- Financial instrument disclosures, including:-
  - Carrying amounts and fair values of financial instruments by category and information about the nature and extent of risks arising on financial instruments;
  - Income, expenses, gains and losses on financial instruments;
  - Details of credit losses, collateral, loan defaults or breaches;
  - Information about financial instruments that have been reclassified, derecognised, transferred or offset;

# Zoe Limited

## NOTES TO THE FINANCIAL STATEMENTS *(continued)* for the year ended 31 August 2022

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### 1 ACCOUNTING POLICIES *(continued)*

- Comparative narrative information that continues to be relevant to the current period;
- Comparative period reconciliations for the number of shares outstanding, the carrying amounts of property, plant and equipment, intangible assets and investments;
- Disclosure of key management personnel compensation;
- Related party disclosures for transactions with the parent or wholly owned members of the group; and
- Disclosure of the objectives, policies and processes for managing capital.

#### **New or amended Accounting Standards and Interpretations**

##### *New or amended standards in issue but not yet effective*

The following standards, amendments and interpretations to existing standards have been published but are not effective and have not been early adopted by the Group:

- Amendments to IFRS 3 Business Combinations (effective 1 January 2022);
- Amendments to IAS 16 Property, Plant and Equipment (effective 1 January 2022);
- Amendments to IAS 37 Provisions, Contingent Liabilities and Contingent Assets (effective 1 January 2022); and
- Annual Improvements 2018-2020 (All issued 14 May 2020) (effective 1 January 2022).

It is not anticipated that the adoption of the above standards, amendments and interpretations of existing standards will have a material impact on the Group financial statements in the period of initial application.

#### **Going concern**

In order to assess the going concern assumption, the Directors have considered detailed trading and cashflow projections for a period of at least twelve months from the date of approval of these financial statements. The Group has generated revenue of £5,880,096 (2021: £1,758,253) and made a loss after tax of £9,095,488 (2021: a loss after tax of £7,160,469) which is in line with the business plan. At the year-end, the Group had £19,380,248 of cash balances, which represents c1.5 times the administrative expenditure incurred in the current year, a significant element of which is discretionary spend on research and development. In November 2022 the Group closed a B extension funding round with \$30,749,998 (£26,163,531) raised and in February 2023 the Group closed a crowdfunding round with £7,169,816 raised net of fees. The Group therefore has sufficient cash reserves to draw on as required and meet its obligations as they fall due for a period of at least twelve months from the date of approval of these financial statements. As such, the financial statements have been prepared on a going concern basis.

#### **Basis of consolidation**

The consolidated financial statements of the Group incorporate the financial statements of Zoe Limited and entities controlled by Zoe Limited (its subsidiaries) made up to the year ending 31 August 2022. The consolidated financial statements of the Group have been prepared under the accounting principles of IFRS 10 Consolidated Financial Statements.

A subsidiary is an entity controlled by the Group, i.e. the Group is exposed, or has rights, to variable returns from its involvement with the entity and can affect those returns through its current ability to direct the entity's relevant activities (power over the investee).

The existence and effect of potential voting rights that the Group has the practical ability to exercise (i.e. substantive rights) are considered when assessing whether the Group controls another entity.

The Group's financial statements incorporate the results, cash flows, assets and liabilities of the Company and all its directly and indirectly controlled subsidiaries. All intra-group transactions, balances, income and expenses are eliminated in full on consolidation.

# Zoe Limited

## NOTES TO THE FINANCIAL STATEMENTS *(continued)* for the year ended 31 August 2022

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### 1 ACCOUNTING POLICIES *(continued)*

#### **Foreign currency**

Transactions in currencies other than the functional currency (foreign currency) are initially recorded at the exchange rate prevailing on the date of the transaction.

Monetary assets and liabilities denominated in foreign currencies are translated at the rate of exchange ruling at the reporting date. Non-monetary assets and liabilities denominated in foreign currencies are translated at the rate ruling at the date of the transaction.

All translation differences are taken to profit or loss.

Assets and liabilities of overseas subsidiaries are translated into the Group's presentation currency at the rate ruling at the reporting date. Income and expenses of overseas subsidiaries are translated at the average rate for the year as the Directors consider this to be a reasonable approximation to the rate at the date of the transaction. Translation differences are recognised in other comprehensive income and accumulated in a separate reserve in equity.

#### **Revenue recognition**

##### *Revenue from contracts with customers*

Revenue is recognised at an amount that reflects the consideration which the Group is expected to be entitled to, in exchange for transferring goods or services to a customer.

The Group provides advice to its customers on their diet, through the provision of an integrated service including individual testing, provision of results in the form of an insights report, and an action plan and access to the Group's nutrition app.

For each arrangement with a customer, the Group applies the 5-step model in IFRS 15 when recognising revenue:

##### 1. Identify the contract with the customer

A contract exists between the Group and its customer when the customer signs up to the terms of service which identify each party's rights in relation to the services to be transferred. The Group assesses the contract term as the period in which the parties to the contract have presently enforceable rights and obligations. Revenue is only recognised if it is probable that the consideration to which the Group is entitled under the contract will be collected.

##### 2. Identify the distinct performance obligations in the contract

The goods and services promised to customers in the contract are assessed to identify the 'distinct performance obligations'. Under IFRS 15, a good or service that is promised to a customer is distinct if both the following criteria are met:

(a) the customer can benefit from the good or service either on its own or together with other resources that are readily available to the customer (i.e. the good or service is capable of being distinct); and

(b) the entity's promise to transfer the good or service to the customer is separately identifiable from other promises in the contract (i.e. the good or service is distinct within the context of the contract).

The Group's nutrition product has two core elements, the first is the insights report, which is a digital report that contains the output of the Group's application of machine learning to communicate the customer's personalised blood sugar, blood fat and microbiome scores. The insights report is derived from the data compiled from use of the physical testing kit in which the customer conducts at home tests. The second core element is access to the Group's nutrition app in which customers receive personalised ZOE scores for thousands of foods they can enjoy freely, based on their personal results, discover 1000s of foods and meal suggestions that support their metabolic responses and improve their gut health.

# Zoe Limited

## NOTES TO THE FINANCIAL STATEMENTS *(continued)* for the year ended 31 August 2022

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### 1 ACCOUNTING POLICIES *(continued)*

#### **Revenue recognition *(continued)***

These core elements are two distinct performance obligations under IFRS 15:

- a) Provision of a testing kit and insight report; and
- b) Program access

#### 3. Determine the transaction price

The transaction price is the amount of consideration in the contract to which the Group expects to be entitled in exchange for the transfer of the services defined above.

#### 4. Allocate the transaction price to the distinct performance obligations in the contract

The total transaction price in the contract is allocated to each of the distinct performance obligations, using the relative fair value approach, which is based on each performance obligation's stand-alone selling price.

#### 5. Recognise revenue as performance obligations are completed:

Revenue for the provision of testing kit and insights report performance obligation is recognised at a point in time, on the date when control has transferred to the customer. This is the date on which the insights report is released to the customer, and the customer has access to the insights report on the Zoe app. At this point the customer can direct the use of and obtain substantially all the remaining benefits from their insights report.

Revenue for the program access performance obligation is recognised over time, because the customer simultaneously receives and consumes the benefits over the period of the program as the Group performs. Revenue is recognised based on time elapsed, an 'output' method under IFRS 15, because the customer benefits evenly over the period of the program access. As such, the Group considers that this method most faithfully measures progress towards complete satisfaction of the performance obligation over time.

The Group makes an estimate in respect of amounts invoiced for the testing kit and insights report, which will never be completed and for which the amounts invoiced will not be refunded, and releases these amounts to revenue, at the point management assess it is highly unlikely there will be a material reversal of revenue.

#### *Obligations for returns and refunds*

The Group does not have a contractual obligation to provide refunds per the Terms and Conditions of sale. However, the Group may provide refunds on a case-by-case basis at management's discretion. At the reporting date the potential value of refunds is estimated, based on the historic refund rate, and revenue is adjusted with a corresponding entry to a refund liability.

#### *Contract costs*

Cost incurred in fulfilling a contract with a customer, which are not in scope of another standard, including costs associated with testing kit inventories and assay testing costs, are recognised as an asset only if they meet all the following criteria:

- they relate directly to an existing contract or specific anticipated contract;
- they generate or enhance resources of the entity that will be used to satisfy performance obligations in the future, and;
- they are expected to be recovered

These costs are subsequently amortised to profit or loss on a systematic basis consistent with the manner of revenue recognition for the performance obligation to which they relate.

# Zoe Limited

## NOTES TO THE FINANCIAL STATEMENTS *(continued)* for the year ended 31 August 2022

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### 1 ACCOUNTING POLICIES *(continued)*

#### **Deferred revenue**

Deferred revenue is recognised if a payment is receivable from a customer before the Group transfers the related goods or services. Deferred revenue is released to revenue when the Group performs under the contract (i.e., transfers control of the related goods or services to the customer).

The fee for the testing kit and insights report is receivable from the customer either in full at the inception of the contract, or in 6 equal monthly instalments commencing at the inception of the contract. The Group recognises the full amount of the fee as a trade receivable when the fee has been invoiced to the customer, with a corresponding entry to deferred revenue. Subsequently, the deferred revenue is released to revenue on the date when the insights report is released to the customer, and the customer has access to the insights report on the Zoe app.

The fee for the program access is invoiced to the customer at the point at which the insights report is delivered to the customer and the membership period begins, with a corresponding entry to deferred revenue. Subsequently, the deferred revenue is released to revenue over time as the performance obligation is satisfied.

#### **Taxes**

The tax expense represents the sum of the current tax expense and deferred tax expense.

The tax currently payable is based on taxable profit for the period. Taxable profit differs from net profit as reported in the statement of comprehensive income because it excludes items of income or expense that are taxable or deductible in other years and it further excludes items that are never taxable or deductible. The Company's liability for current tax is calculated by using tax rates that apply at the reporting date.

Deferred tax is the tax expected to be payable or recoverable on differences between the carrying amount of assets and liabilities in the financial statements and the corresponding tax bases used in the computation of taxable profit and is accounted for using the balance sheet liability method. Deferred tax liabilities are 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 against which deductible temporary differences can be utilised. Such assets and liabilities are not recognised if the temporary difference arises from the initial recognition (other than in a business combination) of other assets and liabilities in a transaction which affects neither the tax profit nor the accounting profit.

Deferred tax is calculated at the tax rates that are expected to apply to the period when the asset is realised or the liability is settled based upon tax rates that have been enacted or substantively enacted by the reporting date. Deferred tax is charged or credited in the statement of comprehensive income, except when it relates to items credited or charged directly to equity, in which case the deferred tax is also dealt with in equity.

#### **Inventories**

Inventories are stated at the lower of cost and estimated selling price less costs to complete and sell on a weighted average cost basis. Cost comprises direct materials and, where applicable, direct labour costs and those overheads that have been incurred in bringing the inventories to their present location and condition.

At each reporting date, an assessment is made for impairment. Any excess of the carrying amount of inventories over its estimated selling price less costs to complete and sell is recognised as an impairment loss in profit or loss. Reversals of impairment losses are also recognised in profit or loss.

# Zoe Limited

## NOTES TO THE FINANCIAL STATEMENTS *(continued)* for the year ended 31 August 2022

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### 1 ACCOUNTING POLICIES *(continued)*

#### **Intangible assets other than goodwill**

Separately acquired trademarks, data licenses and intellectual property have a finite useful life and are stated at cost less accumulated amortisation and impairment losses.

Amortisation is provided to write off the cost, less residual value, on a straight line basis over the estimated useful life, as follows:

Trademarks	10 years
Intellectual property	5 years
Data licenses	10 years
Development costs	3 years

Research expenditure is recognised as an expense as incurred.

Development expenditure incurred on internally generated intangible assets is recognised as an intangible asset if all the following criteria are met:

- It is probable that the asset created will generate future economic benefits;
- The development cost of the asset can be measured reliably;
- Technical feasibility of completing the intangible asset can be demonstrated;
- There is the ability to use or sell the asset;
- Adequate technical, financial and other resources to complete the development and to use or sell the asset are available; and
- There is intention to complete, use or sell the intangible asset.

Prior to 1 July 2022, the Directors did not consider that all these criteria had been met for any of the Group's development activities and as such all development expenditure incurred since the Group was incorporated and up to this date has been expensed as incurred. From 1 July 2022, the Directors consider that all the criteria are met, and the costs that are directly attributable to the development activities have been capitalised as an intangible asset.

Costs related to the registration of patents and trademarks are considered part of the Group's development activities and, as such, are also considered against the criteria above.

Capitalised development costs are initially measured at cost and subsequently measured at cost less accumulated amortisation and accumulated impairment losses. Amortisation of the asset begins when development is complete, and the asset is available for use. It is amortised over the period of expected future benefit.

Amortisation is recognised so as to write off the cost of assets over their useful lives.

Residual values, remaining useful lives and amortisation methods are reviewed annually and adjusted if appropriate.

The Group assesses at each reporting date whether there are indicators that an asset may be impaired. If any such indicator exists, the Group tests for impairment by estimating the recoverable amount. If the recoverable amount is less than the carrying value of an asset, an impairment loss is required.

#### **Property, plant and equipment**

All plant and equipment assets are stated at cost less accumulated depreciation and impairment losses.

Depreciation of plant and equipment is provided to write off the cost, less residual value, on a straight line basis over the estimated useful life, as follows:

# Zoe Limited

## NOTES TO THE FINANCIAL STATEMENTS *(continued)* for the year ended 31 August 2022

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### 1 ACCOUNTING POLICIES *(continued)*

#### **Property, plant and equipment *(continued)***

Fixtures and fittings	5 years
Computer equipment	3 years

Residual values, remaining useful lives and depreciation methods are reviewed annually and adjusted if appropriate.

Gains or losses on disposal are included in the statement of comprehensive income.

The Group assesses at each reporting date whether an asset may be impaired. If any such indicator exists, the Group tests for impairment by estimating the recoverable amount. If the recoverable amount is less than the carrying value of an asset, an impairment loss is required.

#### **Right-of-use assets**

A right-of-use asset is recognised at commencement of the lease and initially measured at the amount of the lease liability, plus any incremental costs of obtaining the lease and any lease payments made at or before the leased asset is available for use by the Group.

The right-of-use asset is subsequently measured at cost less accumulated depreciation and any accumulated impairment losses. The depreciation method applied is as follows:

Leasehold property	- Over the lease term
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The right-of-use asset is adjusted for any re-measurement of the lease liability and lease modifications, as set out below in the lease accounting policy.

#### **Leases**

On commencement of a contract (or part of a contract) which gives the Group the right to use an asset for a period of time in exchange for consideration, the Group recognises a right-of-use asset and a lease liability unless the lease qualifies as a 'short-term' lease or a 'low-value' lease.

##### *Short-term leases*

Where the lease term is twelve months or less and the lease does not contain an option to purchase the leased asset, lease payments are recognised as an expense on a straight-line basis over the lease term.

##### *Leases of low-value assets*

Where the underlying asset in a lease is 'low-value' (below \$5,000), lease payments are recognised as an expense on a straight-line basis over the lease term.

##### *Initial measurement of the lease liability*

The lease liability is initially measured at the present value of the lease payments during the lease term discounted using the incremental borrowing rate because the interest rate implicit in the lease cannot be readily determined.

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 include fixed payments, less any lease incentives receivable, variable lease payments dependant on an index or a rate (such as those linked to LIBOR) and any residual value guarantees.



# Zoe Limited

## NOTES TO THE FINANCIAL STATEMENTS *(continued)* for the year ended 31 August 2022

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### 1 ACCOUNTING POLICIES *(continued)*

#### **Leases *(continued)***

Variable lease payments are initially measured using the index or rate when the leased asset is available for use.

#### *Subsequent measurement of the lease liability*

The lease liability is subsequently increased for a constant periodic rate of interest on the remaining balance of the lease liability and reduced for lease payments. Interest on the lease liability is recognised in profit or loss.

#### *Re-measurement of the lease liability*

The lease liability is adjusted for changes arising from the original terms and conditions of the lease that change the lease term, the Group's assessment of its option to purchase the leased asset, the amount expected to be payable under a residual value guarantee and/or changes in lease payments due to a change in an index or rate. The adjustment to the lease liability is recognised when the change takes effect and is adjusted against the right-of-use asset, unless the carrying amount of the right-of-use asset is reduced to nil, when any further adjustment is recognised in profit or loss.

Adjustments to the lease payments arising from a change in the lease term or the Group's assessment of its option to purchase the leased asset are discounted using a revised discount rate. The revised discount rate is calculated as the Group's incremental borrowing rate at the date of the reassessment because the interest rate implicit in the lease cannot be readily determined.

#### *Lease modifications*

A lease modification is a change that was not part of the original terms and conditions of the lease and is accounted for as a separate lease if it increases the scope of the lease by adding the right to use one or more additional assets with a commensurate adjustment to the payments under the lease.

For a lease modification not accounted for as a separate lease, the lease liability is adjusted for the revised lease payments, discounted using a revised discount rate. Where the lease modification decreases the scope of the lease, the carrying amount of the right-of-use asset is reduced to reflect the partial or full termination of the lease. Any difference between the adjustment to the lease liability and the adjustment to the right-of-use asset is recognised in profit or loss.

For all other lease modifications, the adjustment to the lease liability is recognised as an adjustment to the right-of-use asset.

#### **Investments and other financial assets**

Investments and other financial assets, are initially measured at fair value. Transaction costs are included as part of the initial measurement, except for financial assets at fair value through profit or loss. Such assets are subsequently measured at either amortised cost.

The Group have classified all investments in subsidiaries to be subsequently measured at amortised cost.

Financial assets are derecognised when the rights to receive cash flows have expired or have been transferred and the Group has transferred substantially all the risks and rewards of ownership. When there is no reasonable expectation of recovering part or all of a financial asset, its carrying value is written off.

#### **Financial instruments**

Financial assets and financial liabilities are recognised in the Group's statement of financial position when the Group becomes a party to the contractual provisions of the instrument.

# Zoe Limited

## NOTES TO THE FINANCIAL STATEMENTS *(continued)* for the year ended 31 August 2022

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### 1 ACCOUNTING POLICIES *(continued)*

#### **Financial instruments *(continued)***

##### *Trade and other receivables*

Trade and other receivables are recognised initially at their fair value, net of direct transaction costs, and subsequently measured at amortised cost using the effective interest rate method.

The Group has applied the simplified approach to measuring expected credit losses, which uses a lifetime expected loss allowance.

##### *Cash and cash equivalents*

For the purpose of presentation of statement of cash flows, cash and cash equivalents comprise cash on hand, short term deposits, other short-term highly liquid investments that are readily convertible to a known amount of cash and are subject to an insignificant risk of change in value.

##### *Financial liabilities and equity*

Financial liabilities and equity instruments are classified according to the substance of the contractual arrangements entered into. An equity instrument is any contract that evidences a residual interest in the assets of the Group after deducting all of its liabilities.

##### *Trade and other payables*

Trade and other payables represent liabilities for goods and services provided to the Group prior to the end of the financial period which are unpaid. Trade and other payables are presented as current liabilities unless payment is not due within 12 months after the reporting period. They are recognised initially at their fair value, net of direct transaction costs, and subsequently measured at amortised cost using the effective interest rate method.

##### *Equity instruments*

Equity instruments issued by the Group are recorded at fair value on initial recognition net of transaction costs.

#### **Employee benefits**

##### *Short-term employee benefits*

Liabilities for wages and salaries, including non-monetary benefits, annual leave and long service leave expected to be settled wholly within 12 months of the reporting date are measured at the amounts expected to be paid when the liabilities are settled.

##### *Defined contribution pension expense*

Contributions to defined contribution pension plans are expensed in the period in which they are incurred.

#### **Share based payments**

Share based payments of the Group are equity-settled share options granted to employees and advisors, for which an option pricing model is used to estimate the fair value at grant date. That fair value is charged on a graded vesting basis, with the expense for each tranche of options recognised as an expense in the statement of comprehensive income over the period that the employee becomes unconditionally entitled to the options (vesting period), with a corresponding increase in equity.

The number of such options is adjusted annually to reflect best estimates of those expected to vest (ignoring purely market-based conditions) with consequent changes to the expense. Equity is also increased by the proceeds received, as and when employees choose to exercise their options.

#### **Government grants**

Income from government grants is presented within other operating income.

# Zoe Limited

## NOTES TO THE FINANCIAL STATEMENTS *(continued)* for the year ended 31 August 2022

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### 1 ACCOUNTING POLICIES *(continued)*

#### **Government grants *(continued)***

Government grants relating to costs are deferred and recognised in profit or loss over the period necessary to match them with the costs that they are intended to compensate.

#### **Research and development credit**

Where research and development expenditure meets the required criteria specified by the local taxation authority to qualify as "qualifying research and development" expenditure, and therefore entitles the company to a credit ('RDEC'), then this amount is credited to other operating income in the Statement of Comprehensive Income.

#### **Current and non-current classification**

Assets and liabilities are presented in the statement of financial position based on current and non-current classification.

An asset is classified as current when: it is either expected to be realised or intended to be sold or consumed in the group's normal operating cycle; it is held primarily for the purpose of trading; it is

expected to be realised within 12 months after the reporting period; or the asset is cash or cash equivalent unless restricted from being exchanged or used to settle a liability for at least 12 months after the reporting period. All other assets are classified as non-current.

A liability is classified as current when: it is either expected to be settled in the group's normal operating cycle; it is held primarily for the purpose of trading; it is due to be settled within 12 months after the reporting period; or there is no unconditional right to defer the settlement of the liability for at least 12 months after the reporting period. All other liabilities are classified as non-current.

Deferred tax assets and liabilities are always classified as non-current.

### 2 CRITICAL ACCOUNTING ESTIMATES AND AREAS OF JUDGEMENT

Estimates and judgements are continually evaluated and are based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances. The Directors consider the critical accounting judgements and key sources of estimation uncertainty used in the financial statements to be:

#### ESTIMATES

##### *Share based payments*

The fair value of share based awards is measured using the Black-Scholes model which inherently makes use of significant estimates and assumptions concerning the future. Such estimates and assumptions include the expected life of the options and the number of employees that will achieve the vesting conditions. Further details of the share option scheme are given in note 18.

#### JUDGEMENTS

##### *Development expenditure*

The Group incurs a significant amount of expenditure on development activities related to its core intellectual property. Under IAS 38- 'Intangible assets', development costs incurred on internally generated intangible assets are required to be capitalised if certain criteria are met. Prior to 1 July 2022, the Directors did not consider that all these criteria had been met for any of the Group's development activities and as such all development expenditure incurred since the Group was incorporated and up to this date has been expensed as incurred.

# Zoe Limited

## NOTES TO THE FINANCIAL STATEMENTS (continued) for the year ended 31 August 2022

### 2 CRITICAL ACCOUNTING ESTIMATES AND AREAS OF JUDGEMENT (continued)

#### Revenue recognition

The Directors have exercised a critical judgement in determining the distinct performance obligations in its customers with customers under IFRS 15. The Group's nutrition product has two core elements- the first is the insights report, which is a digital report that contains the output of the Group's application of machine learning to communicate the customer's personalised blood sugar, blood fat and microbiome scores. The insights report is derived from the data compiled from use of the physical testing kit in which the customer conducts at home tests. The second core element is access to the Group's nutrition app in which customers receive personalised ZOE scores for thousands of foods they can enjoy freely, based on their personal results, discover thousands of foods and meal suggestions that support their metabolic responses and improve their gut health. Program membership also provides access to a team of nutritionists who provide individual coaching and support to customers.

The Directors have determined that these two core elements are two distinct performance obligations under IFRS 15. This is on the basis that the customers are able to benefit from the insights report on its own, without ongoing access to the Group's nutrition app, and customers can renew their subscription to the program without a new insights report.

The Directors have exercised a critical judgement in allocating the total transaction price in the contract to these two distinct performance obligations under IFRS 15. IFRS 15 requires the transaction price to be allocated using the relative fair value approach, which is based on each performance obligation's stand-alone selling price. Management have assessed that the stand-alone selling price of each performance obligation is equal to the amounts specified in the contract and billed in respect of the testing kit and insights report, and program access respectively (refer to Deferred revenue accounting policy).

### 3 REVENUE

An analysis of the Group's revenue from contracts with customers is as follows:

	Group	
	2022	2021
	£	£
<i>Revenue from contracts with customers</i>		
Provision of insights report	4,020,608	1,391,346
Program revenue	1,859,488	366,907
	<u>5,880,096</u>	<u>1,758,253</u>
<i>Disaggregation of revenue by geographical region:</i>		
United Kingdom	928,717	-
United States of America	4,951,379	1,758,253
	<u>5,880,096</u>	<u>1,758,253</u>
<i>Timing of revenue recognition</i>		
Over time	4,020,608	1,391,346
At a point in time	1,859,488	366,907
	<u>5,880,096</u>	<u>1,758,253</u>

Customers pay consideration up-front and in advance of the satisfaction of the performance obligation by the Group. Deferred revenue is recognised if a payment is received from a customer before the Group transfers the related goods or services. See note 22.

# Zoe Limited

## NOTES TO THE FINANCIAL STATEMENTS *(continued)* for the year ended 31 August 2022

### 3 REVENUE *(continued)*

The fee for the testing kit and insights report is receivable from the customer either in full at the inception of the contract, or in 6 equal monthly instalments commencing at the inception of the contract. The Group recognises the full amount of the fee as a trade receivable when the fee has been invoiced to the customer, with a corresponding entry to deferred revenue. Subsequently, the deferred revenue is released to revenue on the date when the insights report is released to the customer, and the customer has access to the insights report on the Zoe app.

The fee for the program access is invoiced to the customer at the point at which the insights report is delivered to the customer and the membership period begins, with a corresponding entry to deferred revenue. Subsequently, the deferred revenue is released to revenue over time as the performance obligation is satisfied.

At the reporting date the Group had approximately £2,219,147 (2021: £693,081) of revenue expected to be recognised from remaining performance obligations. The Group expects to recognise revenue on these remaining performance obligations within one year of the reporting date. The estimated revenues from the remaining performance obligations do not include uncommitted contract amounts, such as (i) amounts which are cancellable by the customer without any significant penalty; and (ii) amounts associated with optional renewal periods. Revenue recognised in the year that was included in the deferred revenue balance at the beginning of the period amounted to £513,905 (2021: £22,346).

### 4 OTHER OPERATING INCOME

	Group	
	2022	2021
	£	£
Grants received - DHSC	1,822,743	2,835,824
RDEC	151,593	-
	<u>1,974,336</u>	<u>2,835,824</u>

The DHSC grant income is in respect of a grant received from the Department of Health and Social Care (DHSC) in relation to the ZOE COVID Study (later renamed the ZOE Health Study). The original grant of £2m was extended by £250,000 for the period to March 2021, was further extended by an additional £3.1m for the year to March 2022 and is being claimed against expenditure incurred by the Group. The Group incurred expenditure of £5,102,969 against the total grant of £5,350,000 over the full grant period, July 2020 to March 2022. Any underspend was net from instalments owed and total cash received over the full period matches both the grant income recognised and expenditure incurred.

Included in other operating income is £151,593 (2021: £nil) in respect of Research and Development Credits. The Group is entitled to claim these credits under the UK Government's policy to encourage investment in Research and Development. Of the total amount claimed, 81% is received as a cash payment, and 19% is received against current or future corporation tax charges.

There are no unfulfilled conditions or other contingencies attaching to these grants. The group did not benefit directly from any other forms of government assistance.

# Zoe Limited

## NOTES TO THE FINANCIAL STATEMENTS *(continued)* for the year ended 31 August 2022

### 5 ANALYSIS OF EXPENSES BY NATURE

	Group	
	2022	2021
	£	£
Employee benefits expenses (note 6)	9,562,463	6,051,202
Depreciation – owned assets (note 11)	21,187	27,856
Depreciation – right-of-use-asset (note 11)	129,236	89,157
Amortisation (note 12)	53,736	52,319
Lease expense for ‘low value’ assets	67,016	19,956
Foreign exchange (gain)/ losses	(2,577,832)	65,854
Other operating expenses	6,045,953	4,231,465
Impairment of inventories	301,524	-
Cost of inventories recognised as an expense	3,821,173	990,820
Total administrative and cost of sales expenses	<u>17,424,456</u>	<u>11,528,629</u>

The Group invests in research and development for the purpose of developing its business and intellectual property. The total costs incurred on research and development in the year, including an allocation of staff costs, were £6,253,993 (2021: £4,443,906).

### 6 STAFF

The average monthly number of persons (including Directors) employed during the year was:

	Group		Company	
	2022	2021	2022	2021
	Number	Number	Number	Number
Research and development	51	41	49	41
Management	2	2	2	2
Administrative	4	4	4	4
Operations	40	20	21	8
Sales & Marketing	12	5	9	3
	<u>109</u>	<u>72</u>	<u>85</u>	<u>58</u>

The aggregate payroll costs for employees, including Directors, for the year were as follows:

	Group		Company	
	2022	2021	2022	2021
	£	£	£	£
Wages and salaries	8,742,737	5,527,724	7,262,243	4,831,295
Social security costs	735,684	466,825	615,039	398,791
Other pension costs	84,042	56,653	84,042	56,653
	<u>9,562,463</u>	<u>6,051,202</u>	<u>7,961,324</u>	<u>5,286,739</u>
Share based payments	952,286	948,300	610,464	584,170
	<u>10,514,749</u>	<u>6,999,502</u>	<u>8,571,788</u>	<u>5,870,909</u>

Included in staff costs above are £118,570 (2021: £nil) of staff costs capitalised in intangible assets in the year.

# Zoe Limited

## NOTES TO THE FINANCIAL STATEMENTS *(continued)* for the year ended 31 August 2022

### 6 STAFF *(continued)*

#### DIRECTORS' REMUNERATION

	Group 2022 £	2021 £
Emoluments	335,785	290,000
Pension contributions	2,642	2,577
	<u>338,427</u>	<u>292,577</u>

#### HIGHEST PAID DIRECTOR

	Group 2022 £	2021 £
Attributable to the highest paid Director:		
Emoluments	179,299	145,000
Pension contributions	1,321	1,289
	<u>180,620</u>	<u>146,289</u>

Two Directors are remunerated by the Group. The remaining Directors do not receive any remuneration. The number of Directors to whom retirement benefits are accruing under money purchase scheme was 2 (2021: 2). The number of Directors who exercised share options during the year was nil (2021: nil).

### 7 AUDITORS' REMUNERATION

Fees payable to the company's auditors and associates:

	Group 2022 £	2021 £
Audit of the financial statements of the group and company	100,000	-
Other services	22,800	-
	<u>122,800</u>	<u>-</u>

### 8 FINANCE INCOME

	Group 2022 £	2021 £
Interest on bank deposits	9,273	2,830
	<u>9,273</u>	<u>2,830</u>

### 9 FINANCE COSTS

	Group 2022 £	2021 £
Interest on lease liabilities	16,681	14,133
Other interest	281	980
	<u>16,962</u>	<u>15,113</u>

# Zoe Limited

## NOTES TO THE FINANCIAL STATEMENTS *(continued)* for the year ended 31 August 2022

### 10 INCOME TAX

	Group	
	2022	2021
	£	£
(a) Current tax		
UK Taxation credit	(1,455,976)	(734,831)
Foreign tax	21,465	165
	<u>(1,434,511)</u>	<u>(734,666)</u>

#### (b) Tax reconciliation

The tax credit assessed for the year differs from the applicable standard company rate of corporation tax in the UK. The differences are explained below:

	Group	
	2022	2021
	£	£
Loss on ordinary activities before tax	(10,529,999)	(7,895,135)
Corporation tax thereon at 19.0% (2021: 19.0%)	(2,000,700)	(1,500,076)
Effects of:		
Fixed asset differences	(709)	(351)
Expenses not deductible for tax purposes	198,348	110,992
Additional deduction for R&D expenditure	(972,355)	(522,460)
Surrender of tax losses for research and development tax credit refund	1,720,319	924,352
Research and development expenditure credit	28,803	40,323
Effect of changes in tax rate	(354,156)	(531,300)
Deferred tax not recognised	1,391,689	1,477,879
R&D tax credit receivable	(1,484,778)	(734,831)
Increase in taxable temporary differences	38,152	1,586
Other	876	(780)
Tax credit for the year	<u>(1,434,511)</u>	<u>(734,666)</u>

#### (c) Tax Losses

Unused tax losses for which no deferred tax asset has been recognised	15,949,884	10,383,874
Potential tax benefit at 25.0%	<u>3,987,471</u>	<u>2,595,969</u>

Deferred tax assets relate to tax losses which will be available to offset future taxable profits. No deferred tax asset was recognised in the current or prior year on the basis that future taxable profits are not certain. For US Tax purposes, net operating losses can be used indefinitely and up to 80% of current taxable income.

On 3 March 2021, the UK Government announced an increase in the main rate of corporation tax from 19% to 25% with effect from 1 April 2023. The change in rate was substantively enacted on 24 May 2021.



# Zoe Limited

## NOTES TO THE FINANCIAL STATEMENTS *(continued)* for the year ended 31 August 2022

### 11 PROPERTY, PLANT AND EQUIPMENT

Group	Property Right-of- use assets £	Fixtures and fittings £	Computer equipment £	Total £
<b>Cost</b>				
At 1 September 2020	95,148	16,892	78,283	190,323
Additions	325,208	5,452	5,479	336,139
Re-measurement under IFRS 16	45,540	-	-	45,540
Exchange difference	(2,079)	(148)	(276)	(2,503)
At 31 August 2021	463,817	22,196	83,486	569,499
Additions	-	-	17,483	17,483
Disposal	-	(438)	(23,850)	(24,288)
Exchange difference	58,602	1,509	2,270	62,381
At 31 August 2022	522,419	23,267	79,389	625,075
<b>Accumulated depreciation</b>				
At 1 September 2020	40,778	3,756	36,592	81,126
Charge for the year	89,157	3,670	24,186	117,013
Exchange difference	(505)	(28)	(131)	(664)
At 31 August 2021	129,430	7,398	60,647	197,475
Charge for the year	129,236	4,447	16,740	150,423
Disposal	-	(102)	(21,630)	(21,732)
Exchange difference	18,528	473	1,440	20,441
At 31 August 2022	277,194	12,216	57,197	346,607
<b>Net book value</b>				
At 31 August 2022	245,225	11,051	22,192	278,468
At 31 August 2021	334,387	14,798	22,839	372,024

The depreciation charge is included within administrative expenses in the statement of comprehensive income.

# Zoe Limited

## NOTES TO THE FINANCIAL STATEMENTS *(continued)* for the year ended 31 August 2022

### 11 PROPERTY, PLANT AND EQUIPMENT (CONTINUED)

Company	Property Right-of- use assets £	Fixtures and fittings £	Computer equipment £	Total £
Cost				
At 1 September 2020	95,148	13,880	69,201	178,229
Additions	-	-	5,016	5,016
Re-measurement under IFRS 16	45,540	-	-	45,540
At 31 August 2021	140,688	13,880	74,217	228,785
Additions	-	-	12,447	12,447
Disposal	-	(438)	(23,850)	(24,288)
At 31 August 2022	140,688	13,442	62,814	216,944
Accumulated depreciation				
At 1 September 2020	40,778	3,148	33,287	77,213
Charge for the year	41,529	2,776	21,185	65,490
At 31 August 2021	82,307	5,924	54,472	142,703
Charge for the year	43,785	2,688	14,008	60,481
Disposal	-	(102)	(21,630)	(21,732)
At 31 August 2022	126,092	8,510	46,850	181,452
Net book value				
At 31 August 2022	14,596	4,932	15,964	35,492
At 31 August 2021	58,381	7,956	19,745	86,082

# Zoe Limited

## NOTES TO THE FINANCIAL STATEMENTS (continued) for the year ended 31 August 2022

### 12 INTANGIBLE ASSETS

Group	Data Licenses	Trademarks	Intellectual property	Development costs	Total
	£	£	£	£	£
<b>Cost</b>					
At 1 September 2020	365,158	8,031	75,000	-	448,189
At 31 August 2021	365,158	8,031	75,000	-	448,189
Additions – Internally developed	-	-	-	118,570	118,570
Additions – Separately acquired	11,144	-	-	-	11,144
Exchange difference	1,301	-	-	-	1,301
At 31 August 2022	377,603	8,031	75,000	118,570	579,204
<b>Accumulated amortisation</b>					
At 1 September 2020	70,731	2,774	42,822	-	116,327
Charge for the year	36,516	803	15,000	-	52,319
At 31 August 2021	107,247	3,577	57,822	-	168,646
Charge for the year	37,933	803	15,000	-	53,736
Exchange difference	152	-	-	-	152
At 31 August 2022	145,332	4,380	72,822	-	222,534
<b>Net book value</b>					
At 31 August 2022	232,271	3,651	2,178	118,570	356,670
At 31 August 2021	257,911	4,454	17,178	-	279,543

The intellectual property relates to the acquisition of the assets of MapMyGut, an application which provides a personalised analysis and interpretation of a patient's gut bacteria, for a cost of £75,000, which is being amortised over a period of 5 years.

Trademarks relate to the acquisition of a recognisable sign, design or expression which identifies products or services of a particular source from those of others. Trademarks are capitalised and amortised over a period of 10 years.

# Zoe Limited

## NOTES TO THE FINANCIAL STATEMENTS *(continued)* for the year ended 31 August 2022

### 12 INTANGIBLE ASSETS (CONTINUED)

The data licence relates to a licence acquired to access data in relation to the development of the product and is amortised over a period of 10 years which is equal to the license period in the agreement.

The amortisation charge is included within administrative expenses in the statement of comprehensive income

Company	Data Licenses	Trademarks	Intellectual property	Development costs	Total
	£	£	£	£	£
Cost					
At 1 September 2020	365,158	8,031	75,000	-	448,189
At 31 August 2021	365,158	8,031	75,000	-	448,189
Additions – Internally developed	-	-	-	118,570	118,570
At 31 August 2022	365,158	8,031	75,000	118,570	566,759
Accumulated amortisation					
At 1 September 2020	70,731	2,774	42,822	-	116,327
Charge for the year	36,516	803	15,000	-	52,319
At 31 August 2021	107,247	3,577	57,822	-	168,646
Charge for the year	36,633	803	15,000	-	52,436
At 31 August 2022	143,880	4,380	72,822	-	221,082
Net book value					
At 31 August 2022	221,278	3,651	2,178	118,570	345,677
At 31 August 2021	257,911	4,454	17,178	-	279,543

# Zoe Limited

## NOTES TO THE FINANCIAL STATEMENTS *(continued)* for the year ended 31 August 2022

### 13 INVESTMENTS

Company	Investment in subsidiary £
Cost	
At 1 September 2020	59,927
Additions	364,130
	<hr/>
At 31 August 2021	424,057
	<hr/>
Additions	341,821
	<hr/>
At 31 August 2022	765,878
	<hr/>
Carrying amount	
At 31 August 2022	765,878
	<hr/>
At 31 August 2021	424,057
	<hr/>

The Company has one subsidiary undertaking, Zoe US Inc, which was incorporated in September 2018. The registered office is 1209 Orange Street, Wilmington, New Castle, DE 19801. The Company owns 100% of the subsidiary's share capital which comprises ordinary shares.

Additions reflect the allocation of the share based payment charge in relation to the employees of the subsidiary undertaking.

### 14 INVENTORIES

	2022 £	Group 2021 £	Company 2022 £	2021 £
Raw materials	517,447	156,651	319,321	-
Finished goods	418,468	88,057	335,443	-
	<hr/>	<hr/>	<hr/>	<hr/>
	935,915	244,708	654,764	-
	<hr/>	<hr/>	<hr/>	<hr/>

The difference between the carrying value of inventory and its replacement cost is not material.

The total write-down of inventories during the year amounted to £301,524 (2021: £nil), relating to food product inventories which have a short shelf life.

# Zoe Limited

## NOTES TO THE FINANCIAL STATEMENTS *(continued)* for the year ended 31 August 2022

### 15 TRADE AND OTHER RECEIVABLES

	Group		Company	
	2022	2021	2022	2021
	£	£	£	£
Current				
Trade receivables	1,051,275	651,754	1,017,383	-
Contract costs	1,323,103	279,843	1,095,441	-
Amounts owed by group undertakings	-	-	476,185	-
Prepayments and accrued income	238,788	462,444	204,380	458,315
Other receivables	221,394	143,496	134,645	131,389
	<u>2,834,560</u>	<u>1,537,537</u>	<u>2,928,034</u>	<u>589,704</u>
Non-current				
Amounts owed by group undertakings	-	-	1,715,540	2,167,526
	<u>2,834,560</u>	<u>1,537,537</u>	<u>4,643,574</u>	<u>2,757,230</u>

There is no material difference between the fair value of receivables and their carrying amount.

The Group recognised a loss in respect of impairment adjustments on its trade receivables of £21,827 (2021: £nil) in the year.

At 31 December 2022 the Group and Company recognised an allowance for expected credit losses against trade receivables of £61,354 (2021: £nil) and £18,818 (2021: £nil) respectively.

Amounts owed by group undertakings falling due within one year are unsecured, non-interest bearing and are repayable within 90 days of invoice.

Amounts owed by group undertakings falling due after more than one year are unsecured and are repayable on demand. As the Company has agreed not to demand repayment within 12 months of the reporting date the amount is classified within non-current assets. Interest is charged using the Applicable Federal Rate published by the IRS on a monthly basis.

### 16 CASH AND CASH EQUIVALENTS

Cash and cash equivalents consist of cash on hand and short term deposits held with banks.

	Group		Company	
	2022	2021	2022	2021
	£	£	£	£
Cash on hand and balances with banks	19,380,248	25,565,588	17,962,335	25,057,514
	<u>19,380,248</u>	<u>25,565,588</u>	<u>17,962,335</u>	<u>25,057,514</u>

The carrying amount of these assets approximates to their fair value.

# Zoe Limited

## NOTES TO THE FINANCIAL STATEMENTS *(continued)* for the year ended 31 August 2022

### 17 CALLED UP SHARE CAPITAL

	Group and Company	
	2022	2021
	£	£
Issued and fully paid		
5,570,893 (2021: 4,732,768) Ordinary shares of £0.0000001 each	-	-
56,793,911 (2021: 56,793,911) Seed shares of £0.0000001 each	6	6
100,000,000 (2021: 100,000,000) Founder shares of £0.0000001 each	10	10
89,095,417 (2021: 89,095,417) Series A shares of £0.0000001 each	9	9
45,465,613 (2021: 36,563,242) Series B shares of £0.0000001 each	4	4
	<hr/>	<hr/>
	29	29
	<hr/>	<hr/>

6,740,496 (2021: 39,866,117) shares were issued during the year. All shares issued in the current and prior year were issued for cash.

The Company's Ordinary, Seed, Series A, Series B and Founder shares, which carry no right to fixed income, each carry the right to one vote at general meetings of the Company. In the event of liquidation, the holders of Seed, Series A shares and Series B shares shall rank first in order of preference of the distribution of the surplus assets of the Company after paying off all liabilities followed by Series A and Seed shares and finally Founder and Ordinary shares.

The Founder shares have rights specific to them. The Company will not, without the prior written approval of the Founder shareholders holding not less than 75% in nominal value of the Founder shares, undertake a change in the Company structure, nature of business, appoint and remove Directors or dismiss any of the Founder shareholders as employees.

# Zoe Limited

## NOTES TO THE FINANCIAL STATEMENTS *(continued)* for the year ended 31 August 2022

### 18 SHARE BASED PAYMENTS

The following options have been granted over £0.0000001 Ordinary shares in the Group:

Grant date	As at 1 September 2021 Number	Granted Number	Forfeited Number	Exercised Number	As at 31 August 2022 Number	Exercise price
Employee scheme:						
From 1 September 2017 – 31 March 2018	9,483,530	-	(1,875)	(158,125)	9,323,530	0.0000001p
From 1 April 2018 – 31 August 2018	130,000	-	(25,000)	(75,000)	30,000	3.4p
From 11 September 2018 – 5 November 2018	950,000	-	(62,500)	(237,500)	650,000	3.4p
From 1 April 2019 – 12 July 2019	730,000	-	(113,125)	(146,875)	470,000	6.0p
On 1 April 2019	25,000	-	-	-	25,000	7.0p
From 3 October 2019 – 9 March 2020	3,678,974	-	(122,500)	(87,500)	3,468,974	6.0p
On 3 October 2019	45,000	-	-	-	45,000	7.0p
From 23 July 2020 – 25 August 2020	550,000	-	-	-	550,000	6.8p
From 3 July 2020 – 10 August 2020	3,698,616	-	(10,000)	-	3,688,616	8.0p
From 1 September 2020 – 9 December 2020	740,000	-	(45,625)	(19,375)	675,000	6.8p
On 15 September 2020	10,000	-	-	-	10,000	8.0p
On 11 January 2021	300,000	-	-	-	300,000	6.8p
From 12 February 2021 – 7 June 2021	3,079,702	-	(102,500)	(12,500)	2,964,702	13.0p
From 8 June 2021 – 16 August 2021	2,593,782	-	(474,750)	(101,250)	2,017,782	11.05p
From 12 July 2021 – 13 July 2021	60,000	-	-	-	60,000	13.0p
From 17 September 2021 – 28 March 2022	-	2,589,681	(175,000)	-	2,414,681	11.05p
From 11 August 2022 – 15 August 2022	-	1,287,300	-	-	1,287,300	8.5p



# Zoe Limited

## NOTES TO THE FINANCIAL STATEMENTS *(continued)* for the year ended 31 August 2022

### 18 SHARE BASED PAYMENTS *(continued)*

Grant date	As at 1 September 2021 Number	Granted Number	Forfeited Number	Exercised Number	As at 31 August 2022 Number	Exercise price
Advisor Scheme:						
From 1 September 2017 – 31 March 2018	1,015,000	-	-	-	1,015,000	0.0000001p
From 1 September 2017 – 31 March 2018	220,000	-	-	-	220,000	4.0p
From 1 April 2018 – 31 August 2018	210,000	-	-	-	210,000	0.0000001p
From 10 October 2018 – 5 November 2018	213,807	-	-	-	213,807	4.0p
From 9 May 2019 – 9 June 2019	138,000	-	-	-	138,000	7.0p
From 3 October 2019 – 28 January 2020	374,802	-	-	-	374,802	7.0p
From 15 September 2020 – 12 October 2020	300,000	-	-	-	300,000	8.0p
From 4 March 2021 – 13 August 2021	537,000	-	(93,750)	-	443,250	13.0p
From 17 September 2021 – 21 December 2021	-	261,250	(60,000)	-	201,250	13.0p
From 2 August 2022 – 2 August 2022	-	1,256,005	-	-	1,256,005	10.0p
MMS Scheme:						
From 1 September 2017 – 13 August 2018	767,135	-	-	-	767,135	£1
US-Sub plan:						
From 17 September 2021 – 2 February 2022	-	150,000	(100,000)	-	50,000	13.0p
From 2 August 2022 – 2 August 2022	-	1,947,009	-	-	1,947,009	10.0p
	<u>29,850,348</u>	<u>7,491,245</u>	<u>(1,386,625)</u>	<u>(838,125)</u>	<u>35,116,843</u>	

# Zoe Limited

## NOTES TO THE FINANCIAL STATEMENTS *(continued)* for the year ended 31 August 2022

### 18 SHARE BASED PAYMENTS *(continued)*

The total expense recognised by the Group in profit and loss in the year in respect of share options was £952,286 (2021: £948,300).

#### *Equity-settled share option plan*

The Company has a share option scheme with 4 distinct types of options.

Under the Enterprise Management Incentive plan, the participants are granted options which only vest if the employee remains in employment with the Company at the vesting date. 25% of the options vest after the first anniversary of the grant date and a subsequent 6.25% vest quarterly thereafter until the option is fully vested. (The options lapse 10 years at the end of the day before the tenth anniversary of the grant date).

Under the Advisory Option Plan, participants are granted options which only vest if certain service conditions are met. The options vest in equal instalments after each subsequent month during which the participant serves as an advisor to the Company after the vesting start date until the options are fully vested. The total vesting period varies and is between 1 month and 48 months. The options may only be exercised by the option holder following notification of an impending exit event, including business sale or reorganisation. The options lapse 10 years at the end of the day before the tenth anniversary of the grant date.

Under the MMS plan, participants are granted options which vest over a period of 4 years. The option may only be exercised by the option holder following notification of an impending exit event, including business sale or reorganisation. The options lapse 15 years at the end of the day before the fifteenth anniversary of the grant date.

Under the US-Sub plan, participants are granted options which vest over a period of 4 years. The option may only be exercised by the option holder following notification of an impending exit event, including business sale or reorganisation. The options lapse 10 years at the end of the day before the 10<sup>th</sup> anniversary of the grant date.

	2022		2021	
	Options	Weighted average exercise price	Options	Weighted average exercise price
Outstanding at 1 September	29,850,348	9.95p	25,171,710	7.69p
Granted during the year	7,491,245	10.27p	7,780,484	11.19p
Exercised	(838,125)	(4.63p)	(302,875)	(0.39p)
Forfeited during the year	(1,386,625)	(10.03p)	(2,798,971)	(5.60p)
	<hr/>	<hr/>	<hr/>	<hr/>
Outstanding at 31 August	35,116,843	10.24p	29,850,348	9.95p
	<hr/>	<hr/>	<hr/>	<hr/>
Exercisable at 31 August	16,909,138	3.42p	12,123,023	1.92p
	<hr/>	<hr/>	<hr/>	<hr/>

The options outstanding at 31 August 2022 had an exercise price between £0.0000001 and £1 (2021: between £0.0000001 and £1) and a weighted average remaining contractual life of 1.76 years (2021: 1.86 years). The weighted average fair value of each option granted during the year was 18p (2021: 18.0p).

# Zoe Limited

## NOTES TO THE FINANCIAL STATEMENTS *(continued)* for the year ended 31 August 2022

### 18 SHARE BASED PAYMENTS *(continued)*

The estimate of the grant date fair value of each option is based on the Black Scholes model. The inputs into the Black Scholes model are as follows:

	2022	2022	2022
	EMI	Advisor	US Sub
Weighted average share price	24.9p	24.9p	24.9p
Weighted average exercise price	£0.09	£0.09	£0.09
Expected volatility	71.7% - 77.5%	6.4% - 77.5	71.7% - 77.5%
Expected life	3 years	5 years	3 years
Risk free rate	0.4% - 1.8%	0.5% - 1.6%	0.4% - 1.6%
Expected dividends	£Nil	£Nil	£Nil
	2021	2021	
	EMI	Advisor	
Weighted average share price	26.3p	26.3p	
Weighted average exercise price	£0.11	£0.11	
Expected volatility	59.6% - 72.6%	73.8% - 75.7%	
Expected life	3 years	5 years	
Risk free rate	-0.2% - 0.2%	-0.1% - 0.3%	
Expected dividends	£Nil	£Nil	

Expected volatility was determined by calculating the historical volatility of similar companies' share prices over the previous years based on the expected life of each type of option. 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.

### 19 TRADE AND OTHER PAYABLES

	2022	Group	2022	Company
	£	2021	£	2021
		£		£
Trade payables	664,200	361,886	594,746	241,350
Other tax and social security	370,774	301,377	304,454	301,377
Other payables	81,757	70,177	81,341	66,575
Lease liabilities (note 21)	106,459	118,479	10,629	45,476
Accrued liabilities	1,891,113	1,289,159	1,800,538	1,239,690
	<u>3,114,303</u>	<u>2,141,078</u>	<u>2,791,708</u>	<u>1,894,468</u>
Other payables comprise:				
Pension payable	34,873	30,358	34,730	26,756
Miscellaneous minor items	46,884	39,819	46,611	39,819
	<u>81,757</u>	<u>70,177</u>	<u>81,341</u>	<u>66,575</u>

Trade payables are unsecured and are usually paid within 30 days of recognition.

The carrying amounts of trade and other payables are considered to be the same as their fair values, due to their short term nature.

# Zoe Limited

## NOTES TO THE FINANCIAL STATEMENTS *(continued)* for the year ended 31 August 2022

### 20 OTHER PAYABLES

	Group		Company	
	2022	2021	2022	2021
	£	£	£	£
Lease liabilities (note 21)	153,123	221,363	-	10,630
	<u>153,123</u>	<u>221,363</u>	<u>-</u>	<u>10,630</u>

### 21 LEASE LIABILITIES

	Group		Company	
	2022	2021	2022	2021
	£	£	£	£
At 1 September	339,842	54,406	56,106	54,406
Interest expense	16,681	14,133	223	1,860
Additions	-	325,208	-	-
Remeasurement	-	45,540	-	45,540
Lease payments	(140,856)	(97,788)	(45,700)	(45,700)
Exchange differences	43,915	(1,657)	-	-
At 31 August	<u>259,582</u>	<u>339,842</u>	<u>10,629</u>	<u>56,106</u>

	Group		Company	
	2022	2021	2022	2021
	£	£	£	£
Total cash outflow for leases	<u>190,885</u>	<u>113,026</u>	<u>95,729</u>	<u>60,938</u>

The total cash outflow for leases disclosed above includes lease payments on low-value leases, which are not recognised on the statement of financial position under IFRS 16, and are not included in the reconciliation of lease liabilities above.

#### *Maturity analysis of lease liabilities*

The maturity of the gross contractual undiscounted cash flows due on the Group's lease liability is set out below based on the period between 31 August 2022 and the end of the lease term as determined for IFRS 16.

	Group		Company	
	2022	2021	2022	2021
	£	£	£	£
Due in 1 year or less	120,161	135,657	10,628	45,700
Due after 1 year but not more than 5 years	160,358	239,086	-	10,628
Due after 5 years	-	-	-	-
	<u>280,519</u>	<u>374,743</u>	<u>10,628</u>	<u>56,328</u>

#### *Lease terms*

The Group has two leases that are not "low value". One of the leases relates to the ground floor of a property, used as its head office. The contractual end date of the lease is 5 January 2023 with tenant break clauses on the 18 December and 18 June of each year up to the contractual end date. The second lease relates to the property, used by the subsidiary. The contractual end date of the lease is 31 January 2025.

NOTES TO THE FINANCIAL STATEMENTS (continued)  
for the year ended 31 August 2022

	Group		Company	
	2022	2021	2022	2021
	£	£	£	£
Current liabilities	2,219,147	693,081	1,355,095	7,200
	<u>2,219,147</u>	<u>693,081</u>	<u>1,355,095</u>	<u>7,200</u>

# Zoe Limited

## NOTES TO THE FINANCIAL STATEMENTS (continued) for the year ended 31 August 2022

### 24 FINANCIAL RISK MANAGEMENT (continued)

#### *Credit risk exposure*

Credit risk predominantly arises from trade and other receivables and cash and cash equivalents.

Trade receivables at the year end totalled £821,814 (2021: £651,754) and other receivables is principally comprised of cash in transit due to a delay between the Group's payment platform processing and receipt of funds into the Group's bank accounts and a deposit for employer of record employees.

There is no material credit risk exposure as payment by customers is made at the point of sale and trade receivables are collected when due with no significant ageing.

The Group's maximum exposure to credit risk relating to its financial assets is equivalent to their carrying value, as disclosed in note 28. There is no material difference between the fair value of receivables and their carrying amount.

#### *Foreign currency exposure*

Since the Group operates internationally, it is exposed to foreign currency risk as part of its normal business as the Group carries out research activities in both Europe and the United States.

The Group is comprised of a UK parent company with functional currency Pound Sterling (£) and a US subsidiary company with functional currency US Dollars (\$).

The Group holds bank accounts denominated in USD and Euros to mitigate any foreign currency risk exposure.

The carrying amount of the Company's financial assets (including cash) and financial liabilities at the reporting date, held in a currency other than the functional currency, were as follows:

	Assets		Liabilities	
	2022	2021	2022	2021
	£	£	£	£
US Dollars	3,735,506	20,609,805	148,962	152,989
Euros	61,881	69,239	49,681	-
New Zealand Dollars	-	-	2,281	-
	<u>3,797,387</u>	<u>20,679,044</u>	<u>200,924</u>	<u>152,989</u>

The US subsidiary did not have any financial assets or financial liabilities held in a currency other than the functional currency at the reporting date in the current or prior year.

The Group had net assets denominated in foreign currencies of £3,596,462 (2021: net assets of £20,526,145). Based on this exposure, had the Pound Sterling strengthened by 10%/weakened by 10% against these foreign currencies with all other variables held constant the Group's loss before tax for the year would have been £326,951 higher/£399,607 lower and equity would have been £326,951 lower/£399,607 higher (2021: loss before tax for the year £1,866,013 higher/£2,280,683 lower and equity £1,866,013 lower/£2,280,683 higher).

# Zoe Limited

## NOTES TO THE FINANCIAL STATEMENTS *(continued)* for the year ended 31 August 2022

### 25 CAPITAL MANAGEMENT

The Group's objectives when managing capital are:

- to safeguard the Group's ability to continue as a going concern, so that it can continue to provide returns for shareholders and benefits for other stakeholders, and
- maintain an optimal capital structure to reduce the cost of capital.

The Group sets the amount of capital in proportion to risk. The Group manages the capital structure and makes adjustments to it in the light of changes in economic conditions and the risk characteristics of the underlying assets.

There is no external debt in the Group.

### 26 RESERVES

Share premium account

Represents amounts subscribed for share capital in excess of nominal value, net of directly attributable share issue costs.

Retained earnings

Retained earnings represent the accumulated retained profits and losses less payment of dividends.

Translation reserves

Translation reserves relates to translation differences arising from the translation of financial statements of the group's foreign subsidiaries into Sterling (£).

### 27 KEY MANAGEMENT PERSONNEL COMPENSATION

The total remuneration of the Directors and senior management, who are considered to be the key management personnel of the group, was as follows:

	Group	
	2022	2021
	£	£
Short-term employee benefits	1,638,659	1,176,214
Post-employment benefits	10,126	8,290
Share-based payments	504,419	566,416
	<u>2,153,204</u>	<u>1,750,920</u>

### 28 FINANCIAL INSTRUMENTS

	Group		Company	
	2022	2021	2022	2021
	£	£	£	£
Financial assets at amortised cost				
Trade receivables	1,051,275	651,754	1,017,383	-
Other receivables	221,394	143,496	134,645	131,389
Cash and cash equivalents	19,380,248	25,565,588	17,962,335	25,057,514
Amounts owed by group undertakings	-	-	1,715,540	2,167,526
	<u>20,652,917</u>	<u>26,360,838</u>	<u>20,829,903</u>	<u>27,356,429</u>

Other receivables excludes VAT recoverable as these are non-financial assets.

# Zoe Limited

## NOTES TO THE FINANCIAL STATEMENTS *(continued)* for the year ended 31 August 2022

### 28 FINANCIAL INSTRUMENTS *(continued)*

Financial liabilities at amortised cost	Group		Company	
	2022	2021	2022	2021
	£	£	£	£
Trade payables	664,200	361,886	594,746	241,350
Other payables	81,757	70,177	81,341	66,575
Accrued liabilities	1,891,113	1,289,159	1,800,538	1,239,690
	<u>2,637,070</u>	<u>1,721,222</u>	<u>2,476,625</u>	<u>1,547,615</u>

Other payables excludes pension payable, other tax and social security payable, and others advances as these are non-financial liabilities

### 29 ANALYSIS OF CHANGES IN NET DEBT – GROUP

	1 September 2021	Cash flows	Other movements	Exchange rate Movements	31 August 2022
	£	£	£	£	£
Cash at bank and in hand	25,565,588	(6,001,118)	-	(184,222)	19,380,248
Lease liabilities obligation	(339,842)	140,856	(16,681)	(43,915)	(259,582)
	<u>25,225,746</u>	<u>(5,860,262)</u>	<u>(16,681)</u>	<u>(228,137)</u>	<u>19,120,666</u>
	<u>25,225,746</u>	<u>(5,860,262)</u>	<u>(16,681)</u>	<u>(228,137)</u>	<u>19,120,666</u>

	1 September 2020	Cash flows	Other movements	Exchange rate Movements	31 August 2021
	£	£	£	£	£
Cash at bank and in hand	15,220,316	10,343,963	-	1,309	25,565,588
Lease liabilities obligation	(54,406)	97,788	(384,881)	1,657	(339,842)
	<u>15,165,910</u>	<u>10,441,751</u>	<u>(384,881)</u>	<u>2,966</u>	<u>25,225,746</u>
	<u>15,165,910</u>	<u>10,441,751</u>	<u>(384,881)</u>	<u>2,966</u>	<u>25,225,746</u>

Other movements relates to interest charged on lease liabilities of £16,681. In the year ended 31 August 2021, other movements were comprised of interest charged on lease liabilities of £14,133, new leases entered into of £325,208 and remeasurement of lease liabilities due to lease modifications of £45,540.

### 30 RELATED PARTY TRANSACTIONS

The company has taken the exemption available under the FRS 101 Reduced Disclosure Framework not to disclose related party transactions with its wholly owned subsidiary Zoe US Inc.

### 31 CONTROLLING PARTY

The company is the ultimate parent undertaking in the group. The group financial statements can be obtained from Companies House or the registered office of Zoe Limited at: 164 Westminster Bridge Road, London, SE1 7RW, United Kingdom.



# Zoe Limited

## NOTES TO THE FINANCIAL STATEMENTS *(continued)* for the year ended 31 August 2022

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### 32 EVENTS AFTER THE REPORTING DATE

The Group achieved two major funding events after the balance sheet date. In November 2022 the Group closed a B extension funding round with \$30,749,998 (£26,163,531) raised from existing and new investors and in February 2023 the Group closed a crowdfunding round which was the fourth biggest in Europe of all time, with £7,169,816 raised net of fees.