

Gousto slashes jobs and curbs hiring plans as it delivers falling valuation

Gousto, the meal-kit delivery service, has slashed its workforce and taken an axe to its ambitious hiring plans.

Sky News has learnt that the company, which is backed by the celebrity fitness instructor Joe Wicks, has cut 14% of its headcount in recent months.

A person close to Gousto said the redundancy round equated to fewer than 100 employees, implying that its announcement in 2020 that it would create 1,000 new jobs by the end of 2022 had failed to new fruit.

On Friday, a Gousto spokesman said the affected staff had all left the business by the end of last year.

The job cuts are reflective of the chill in investor and management sentiment towards technology-focused companies' growth prospects in 2023, even as economic data suggests that any UK recession may be shallower than feared.

Earlier this month, Sky News revealed that Gousto had sharply cut its valuation after raising £50m in additional funding to steer it through a volatile economic period.

The funding round has not yet been announced but took place at a "significant" discount to the \$1.7bn valuation at which the company raised funds just over a year ago, insiders said.



Image:

Joe Wicks is among the company's investors. Pic: Gousto
Founded in 2012, Gousto sells subscriptions to recipe boxes and markets itself as offering healthy meals at value-for-money prices.

It has drawn investment from the SoftBank Vision Fund 2, the world's largest technology company backer, Unilever's ventures arm, Fidelity International, the railways pension scheme Railpen and Grosvenor Food & AgTech, an arm of the Duke of Westminster's vast business portfolio.

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A \$100m primary fundraising in January 2022 was followed by a \$230m secondary share placing which allowed existing investors to reduce their holdings.

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SoftBank invested at a significant premium to the valuation

that saw Gousto become a “unicorn” – companies worth at least \$1bn (£739m) – in November 2020, meaning it is now likely to be sitting on a paper loss on its stake.

Gousto benefited from a surge in demand during the pandemic, and had said it aimed to double its workforce to 2,000 and open two further distribution warehouses.

The company was founded by Timo Boldt and James Carter, two former investment bankers, with the former winning the accountancy firm EY’s prestigious Entrepreneur of the Year award in 2022.

Mr Boldt quit his previous job at the age of 26 to set up Gousto.

In its 2020 financial year, Gousto saw revenue more than double to £189m, up from £83m during the prior 12 months.

It also reported underlying earnings before interest, tax, depreciation, and amortisation in 2020 of £18.2m, against a loss of £9m in 2019.

In 2021, the company named Katherine Garrett-Cox, a prominent City figure, as its chairman, an appointment that was interpreted as a clear sign that it was preparing to go public.

Bankers at Rothschild have been retained to work on a flotation, although that is unlikely to take place for some time.

“All four investors recognise the growth that Gousto has achieved and the opportunities ahead for the company as we embark on our next stage of growth and accelerate towards our goal to become the UK’s most-loved way to eat dinner,” Mr Boldt said last February.

Gousto declined to comment on the changes to its workforce.