

## Vibrant TopCo Limited

### Group Strategic Report for the Year Ended 31st December 2020

The directors present their strategic report of the company and the group for the year ended 31st December 2020.

#### **BUSINESS DEVELOPMENT**

The company was incorporated on 14 May 2019 and in November of that year acquired both the EEF and TRS Group of companies (Both acquisitions by acquiring 100% of shares as listed in the Business Combinations note).

On 16 June 2020, East End Foods Limited disposed of its cash & carry trade & assets.

On 29 June 2020, the Group acquired the Cofresh group of companies (Cofresh). This acquisition was an acquisition of 100% of the share capital of each company as listed in the Business Combinations note.

Events that took place subsequent to the period end are disclosed in the post balance sheet events note.

#### **REVIEW OF BUSINESS**

The Group comprises three main activities - a Wholesale/Retail division whose key markets are the UK and export, primarily to Europe, and a Cash & Carry division and a snack manufacturing division.

The Group has focussed on integrating the acquired businesses during the period since their acquisitions.

The loss for the period amounted to £45.1m (2019: £5.9m) after tax. The loss includes a tax charge of £3.2m (2019: £0.9m tax credit), the unwinding of the fair value adjustment on stock of £1.3m (2019: £3.7m), costs relating to the acquisitions of £0.1m (2019: £1.1m), loss on disposal of trade and assets of £21.7m (2019: £nil), exceptional costs within administrative expenses of £4.6m, depreciation and amortisation of £19.3m (2019: £1.5m) and interest of £25.7m (2019: £1.9m) giving and EBITDA of £31.3m (2019: £1.5m).

#### **KEY PERFORMANCE INDICATORS**

The main financial KPIs that management use to monitor performance of the business:

- EBITDA £31.1m (2019: £1.5m for one month period)
- Sales growth TRS Group YoY increase of 14.1%. East End Group YoY increase of 36.8% (excluding cash & carries)
- Order book
- Gross margin % 22% including fair value releases (2019: 1% including fair value releases)
- Operational expenses
- Free cash-flow

The main non-financial KPIs that management use to monitor performance of the business:

- Customer service
- Operational efficiency
- Health & safety
- Food safety
- Product quality
- Procurement performance

#### **STREAMLINE ENERGY & CARBON REPORTING (SECR)**

The Group has calculated its energy usage for the year ended 31 December 2020. The prior year comparative figures are for one month only. Energy consumption for this period has been calculated based on electricity, gas and fuel used in the normal course of business operations. On this basis and by applying the prescribed MWh and CO2e conversion factors where required, the Group's total energy consumption and carbon emissions over the period is 19,367,467 MWh and 4,136 tonnes (2019: 1,685 MWh and 372 tonnes) of CO2e respectively. The resulting carbon emissions per FTE for the period is 7.00 tonnes (2019: 0.69 tonnes) of CO2e. CO2e calculations are based on gross calorific value basis as per Government guidelines.

Electricity and gas usage in the year ended 31 December 2020 is based on data provided by independent energy consultancy firms. Fuel consumption for the year ended 31 December 2020 is based on fuel cards supplied by the appointed provider and accounting entries for fuel costs over the period. The resulting fuel consumption in litres is then converted to MWh using the relevant conversion factor set out in the UK Government guidelines for 2020.

During the year the head office was moved from an energy inefficient building to a modern energy efficient building. Further initiatives are planned for 2021 including using more energy efficient delivery vehicles.