

A woman with blonde hair, wearing a light pink sweater, is standing in a supermarket fruit aisle. She is holding two red apples in her left hand and reaching towards a display of yellow and green apples with her right hand. A shopping cart is in the foreground, containing a head of lettuce and a bag of broccoli. The background shows more fruit displays and warm overhead lighting. A yellow sign in the background reads "MILK & BUTTER 5 FOR €3".

# *Annual* Report & Review 2021

*Musgrave*





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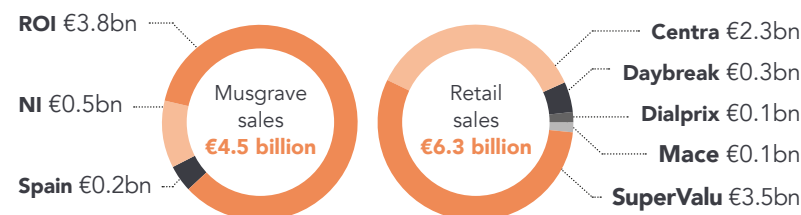
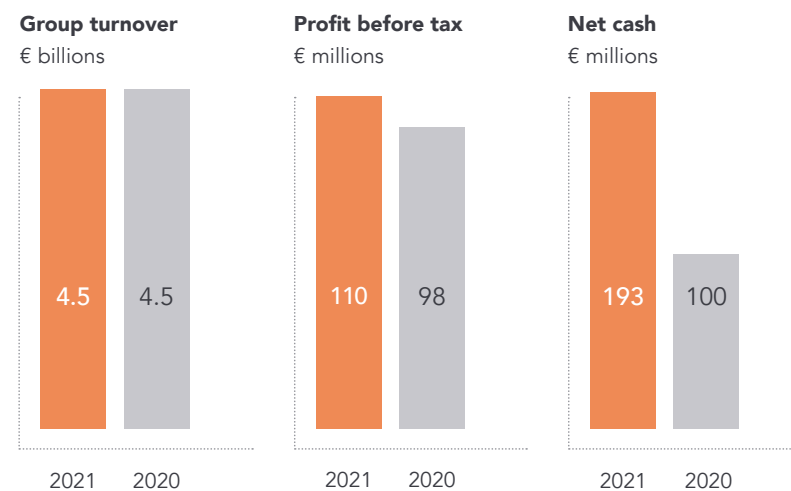
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Financial statements

*Musgrave*

# At a glance

## 2021 financial highlights



## Number of retail stores

as of 31 December 2021

	Republic of Ireland	Northern Ireland	Spain
SuperValu	223	37	–
Centra	485	102	–
Mace	–	75	–
Daybreak	273	–	–
Dialprix	–	–	88
Donnybrook Fair	6	–	–

## Our people



41,000+

people employed by Musgrave and its retail partners



**gradireland:**

Graduate Employer of the Year – graduate programme intake up to 40 in the current year



**Deloitte:**

Best Managed Company award



**Belfast Telegraph Business Awards:**

Excellence in Development of Management and Leadership award

## Our brands



**PLMA International Salute to Excellence Awards:**

10

awards for SuperValu and Centra combined



**National Grocery Retail Awards:**

Winner

Retailer of the Year for SuperValu



**Great Taste Awards:**

147

for SuperValu and Centra combined



**Blas na hÉireann Awards:**

102

awards for SuperValu and Centra combined



**National Parenting Product Awards:**

7

awards for SuperValu and Centra own brand products

**DRINKS INC.**

celebrates

20 years

in business

**SuperValu**

reaches

25 years

milestone in Northern Ireland

**Dialprix**

3 new stores

opened in Spain

## Investment

MUSGRAVE  
**MarketPlace**

€3.9 million

invested over the last two years across the Republic of Ireland and Northern Ireland

**Centra**

€17.2 million

invested in revamps and 17 new stores opened across the Republic of Ireland and Northern Ireland

**SuperValu**

€23 million

invested in revamps and three new stores opened across the Republic of Ireland and Northern Ireland

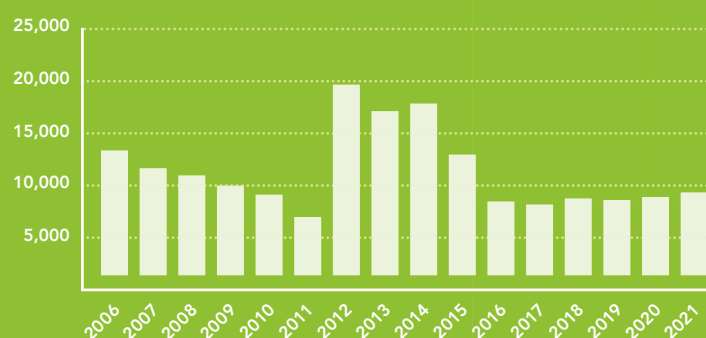


# Sustainability at a glance

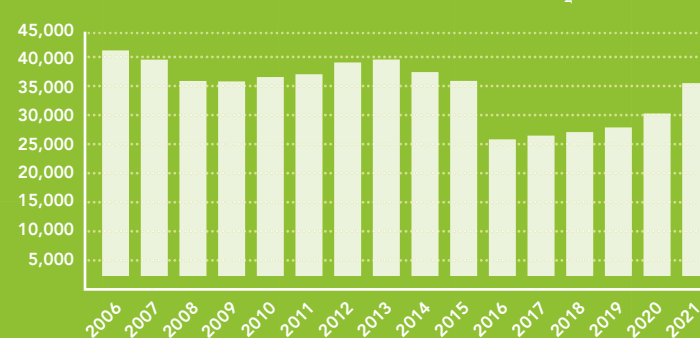
Each year we track our performance against our sustainability KPIs:

- ◆ Total waste generation remained relatively flat while we maintained our zero waste to landfill policy. We are actively assessing the opportunity to reduce our operational waste across our stores and sites.
- ◆ Our total fleet emissions grew slightly at an overall level in 2021, due to the growth of our retail estate and the opening of new stores, leading to increased volume through our operations.

Total waste generation (tonnes)



Total fleet emissions (tonnes CO<sub>2</sub>)



## Achievements



1,500

jobs supported by the Food Academy programme



300

food producers supported by the Food Academy programme



13,384

solar panels will have been fitted on SuperValu stores by the end of 2022



94% +

of own brand packaging in SuperValu and Centra is recyclable, reusable or compostable



8 million

plastic bags have been replaced with compostable material in SuperValu



5th year

of consecutively achieving Origin Green verification



30 years

supporting SuperValu Tidy Towns



3,241

primary schools engaged with the Save the Bees programme, including children, parents and teachers



## Community



In 2021 Musgrave Marketplace donated the equivalent of **263,050 meals** to local charities and community groups through FoodCloud



Centra raised **€150,000** in support of the Irish Cancer Society's Breast Cancer Awareness programme



SuperValu and Centra stores in Northern Ireland raised **£190,000** for Action Cancer



Musgrave joined the AsIAM IrishJobs Community of Employers as a **founding member**

Sustainability at a glance





## NICKY HARTERY

CHAIRMAN, MUSGRAVE

*“Our team of colleagues and network of partners have done an outstanding job, assisting us to be a world-class food and beverage business.”*



## A business with *purpose*

**G**rowing Good Business is the purpose at the heart of our business, guiding our decision-making. It is this purpose, and the strength of our partnerships, that have helped inspire us for more than 146 years.

Our purpose guided our approach and actions throughout the pandemic. In 2021, as we emerged from restrictions and life started to return to a new normal, we remained vigilant, prioritising the health and safety of colleagues and shoppers. We took action, where needed, to support our retail partners, wholesale customers and the communities we serve.

### *Business performance*

Our business performance in 2021 reflects a similar pattern to what we saw in the first year of the pandemic. With more people shopping locally, we saw continued growth in retail and online. Through the many challenges confronting the hospitality sector, we retained our focus on maintaining service and availability for foodservice and wholesale customers, responding and adapting to the openings and closings that the sector experienced. When the restrictions were finally lifted, we saw positive growth in our wholesale and foodservice division.

We maintained our support for local community initiatives such as Tidy Towns, charitable partnerships, and sporting bodies such as the GAA. This we will continue to do as we navigate our way through current and future challenges.

I am proud to say that our supply chain remained resilient during the Covid-19 pandemic and Brexit, and together with the local flexibility of our retail partners, the shelves remained fully stocked throughout.

### *Sustainability*

As I mentioned last year, our commitment to all aspects of environmental, social and governance (ESG) standards is a critical focus for us. The Board has implemented robust oversight, reporting and reviewing of all elements of ESG.

To accelerate our target of reaching Net Zero by 2040, the Board approved a €25 million sustainability fund for retail partners. This is a significant investment that provides practical support for retailers in relation to solar power, refrigeration and energy efficiency. It also reflects our commitment to being a leader in sustainability and leaving a positive and lasting legacy for future generations.

### *Looking to the future*

With commodity prices rising – particularly fuel, energy and raw materials – there are many challenges ahead. We will continue to do everything we can to mitigate costs for shoppers and our retail partners.

Even considering these near-term challenges, there are reasons to be positive – particularly as the main economies we work in are set to register positive growth again in 2023. Our CEO and the executive team will continue to carefully navigate the business through the challenges, building further resilience into the business and our supply chain.

Most importantly, our team of colleagues and network of partners have done an outstanding job, assisting us to be a world-class food and beverage business. On behalf of the Board, I would like to thank everyone for their effort.

I would also like to thank our shareholders for their continued support of our business strategy. *Growing Good Business* continues to inspire us to build a stronger and even more sustainable business into the future.





## NOEL KEELEY

CEO, MUSGRAVE

*“If I was to characterise what has made Musgrave successful over the past few years, and in fact across our 146-year history, it would be our commitment and ability to think and plan for the long term. Inspired by our values, we continue to make decisions that are in the long-term interests of the business and that lead to sustainable growth.”*



# Investing in the future

This time last year we were still immersed in the pandemic and the landscape was very different. Ireland and much of Europe have now emerged from what we all hope will be the worst of the crisis. People have been able to see friends and family again and enjoy a more normal way of life. However, I think it's important to reflect that this sense of relief at being on a long path back to normality is only part of the story.

We all know from personal experience that getting through the Covid years has come at a cost. For some who have lost people close to them, that impact has been immeasurable and our hearts go out to them.

For others the price has been economic – for example, anyone working or operating in arts, travel and hospitality. And for many, it has been the impact on their physical and mental health and well-being. This is especially true for frontline workers of every kind to whom we all owe a huge debt of gratitude.

For Musgrave, this means special recognition of all our colleagues in stores, our retail partners and our logistics teams who did so much to keep our supply chain open and clean throughout the crisis.

During the pandemic, food retail was considered an essential service and our stores remained open throughout. Consumers either shopped locally, with trusted brands for community reassurance and safety, or they switched to online, which record numbers of people did in the first few weeks of the lockdown.

These challenges led to us urgently streamlining supply chains to meet demand, pushing ahead with our digital transformation agenda and the continuing unification of operations and systems across business, brands and divisions.

From a personal perspective, I've been inspired by the extent to which colleagues have retained and built on the spirit of innovation, collaboration and agility, the can-do culture that enabled us to transform our business and operations at unprecedented pace. A post-Covid world means learning from the positives and building back better and 'greener', with the environment front of mind.

By building on strong foundations, we not only managed through the crisis, but have emerged stronger from it, and have taken forward new ways of working that are positively impacting our people and brands. This is reflected in our 2021 performance.

## Positive results

I am pleased to report that 2021 delivered positive results for Musgrave. Despite high levels of uncertainty associated with the pandemic and extremely competitive markets, all our brands in all our markets performed well throughout the year. Group turnover amounted to €4.5 billion, up 2.5 per cent on 2020 when adjusted for the impact of currency.

Profit before tax was €110 million, which is €12 million higher than 2020. The Group's net assets were €593 million, an increase of €96 million on 2020 and the business ended the year with net cash of €193 million.

What these figures tell us is that our underlying business remains strong and that shoppers will continue to respond to our offer if we continue to focus on brand innovation and leverage the food and beverage expertise that has been at the heart of our business for almost 150 years.



€4.5 billion  
Group  
turnover

This said, it's important to see our 2021 results through the lens of the extraordinary times we were living in. We've been in and out of lockdowns, office closures, travel restrictions and reduced footfall in towns and cities. Shopping behaviours have been very different, with more people shopping locally than would ordinarily be the case. This contributed to growth and enhanced performance in 2021.

Our financial performance in 2021 enables us to continue to invest in our people, our brands, and in price to support consumers. We are also supporting our independent retailers as they too emerge from the pandemic and begin to navigate new challenges. For example, our €25 million sustainability fund, launched earlier this year, will not only have a significant impact on carbon emissions, but it will also reduce the burden of energy costs on our retailers and enable them to run greener, more efficient stores.

Our positive performance in uncertain times is testament to the energy and hard work of colleagues and our retail partners who time and time again have found themselves rewriting the script in response to unprecedented challenges. At the same time, they have remained true to our values and commitment to a better way of doing business.

When I reported on our performance in 2020, the foodservice and hospitality side of the business was having an especially difficult time and the industry once again faced further disruption in 2021.

We have continued to work with customers and suppliers to support them in every way possible. The good news is that since the reopening of hospitality across all our markets in early 2022, we have seen a significant recovery, with restaurant sales up as people return to socialising and eating out. This recovery has been faster than projected.

Nevertheless, this industry is not without its challenges, including energy inflation, product availability and the biggest challenge of all – availability of labour. This latter problem has become so acute that some operators in hospitality are restricting their offer and opening hours due to staff shortages.

We will continue to support our hospitality partners as they work through these challenges.

## Facing challenges

Looking ahead, there are also significant new challenges to contend with. The political impact of Brexit on the Northern Ireland market remains of considerable concern. Britain is our closest neighbour and biggest trading partner, so it's to be expected that Brexit would be a very challenging and complex process for everyone on this island, and so it has proved. The ongoing discourse and commentary around the Northern Ireland protocol means there may be further challenges ahead but through dialogue and engagement between all parties I'm hopeful of a favourable outcome.

In addition, the war in Ukraine and its consequences have resonated with all of us. As a business we are deeply shocked by what has happened there, and we have sought to do what we can to help by donating more than €1 million to UNICEF and the Red Cross, made up of a €250,000 direct donation from Musgrave Group, €50,000 raised by our colleagues and a further €700,000 generated by our retail partners across the island of Ireland.

In addition to the appalling human cost of the war for the people of Ukraine and beyond, there are of course major commercial impacts for our sector. These include commodity shortages and associated price rises, along with the consequences of unprecedented rises in energy prices on suppliers, retailers and consumers.

*“We have invested heavily in our brands, because in such a competitive and fast-evolving landscape, we have to stay ahead of the curve.”*

## Long-term interests

It is worth reflecting on how our strategy and investments have supported the growth we have seen in the business in recent years, and how these might serve us as we forge plans to address a new set of challenges.

If I was to characterise what has made Musgrave successful over the past few years, and in fact across our 146-year history, it would be our commitment and ability to think and plan for the long term. Inspired by our values, we continue to make decisions that are in the long-term interests of the business and lead to sustainable growth.

We have invested heavily in our brands, because in such a competitive and fast-evolving landscape, we have to stay ahead of the curve. This has included investment of €35 million in SuperValu revamps this year, up from €23 million spent in 2021 across the Republic of Ireland. Knocklyon, one of 44 SuperValu stores now in the Dublin area, launched a new format which has brought together innovative in-store experiences including more locally-sourced, plant-based, delicatessen, bakery and fresh food offerings, alongside the latest sustainability improvements. The store operates on 100 per cent green electricity and runs on LED lighting made from recycled CDs. SuperValu in Portstewart in Northern Ireland also recently opened with a similar format and sustainable innovations.

We have continued to roll out our quality food retail brand Donnybrook Fair, with the opening of an outstanding two-floor food hall, restaurant and bar in Dundrum in Dublin. And a €25 million investment in Centra this year will result in 18 new stores in the Republic of Ireland.

We have continued to transform foodservice and wholesale through digital innovations, including the launch of our digital wholesale platform to make ordering easier and quicker for customers.

We have strengthened our presence in all our markets, including Spain and Northern Ireland and we have made significant moves into international markets, taking our world-class retail brands and products to new areas of Europe and the Middle East.

Supply chain and transport programmes have also been fortified with investment to reduce emissions and minimise mileage, which will help to temper the increasing energy costs in the coming months. We have launched a pilot programme to replace diesel with Hydrogenated Vegetable Oil (HVO) in our heavy goods fleet, which should reduce emissions by 90 per cent.

And we have remained committed to investing in our people, who are the beating heart of the business and are the people driving change and innovation. Fostering a more agile and joined-up approach to our company structure in the last 18 months, our colleagues have been able to roll out new schemes quickly and efficiently, and across different areas of the business. Evolving this approach into the next year and beyond will ensure we can be nimble and adapt to changing market conditions quickly, staying ahead of competitors and exceeding the expectations of consumers.

## Our agenda

We uphold our purpose of *Growing Good Business* – developing the company sustainably for the benefit of not just our shareholders, partners and colleagues but also communities, providing a positive legacy for future generations. This underpins our immediate commercial strategy, as well as our long-term vision for the business.

It's this long-term view, coupled with the need to address the more immediate pressures I have set out, that determine three key areas of investment and focus going forward – mitigating the impact of the energy and cost of living crisis;



## Our 2022 Sustainability Strategy is designed to protect the planet and benefit our communities



addressing the climate emergency at pace and with real intent; and delivering the ongoing digital transformation of our business and brands.

There's a mix of commercial and moral imperatives here, but we couldn't begin to address any of these issues without the solid foundations our recent commercial performance has delivered.

### Cost of living

Uncertainty in terms of food security and rising energy costs are already impacting our business and need to be taken into consideration in our budgets and operational plans, at least for the medium term.

The war in Ukraine is exacerbating the severe inflationary pressures that were already evident in late 2021. The level of inflation in Ireland has reached its highest level in 22 years, with 9.6 per cent inflation recorded in June 2022, food inflation running at 7.7 per cent in July and, perhaps more worryingly energy, fuel and electricity prices reaching record levels in recent months.

We are acutely aware that household budgets are being squeezed and it seems likely that inflationary pressures will intensify for both businesses and consumers in the year ahead. Our commercial and procurement teams are leveraging our scale and long-term relationships

with local suppliers to reduce impact at the tills, while at the same time we continue to challenge our cost base at every level to ensure we can continue to offer shoppers value for money.

We have significantly increased our own brand alternatives this year. SuperValu currently has more than 5,000 own brand products, with new products recently added to baby, bakery, biscuit, sauces and ice-cream ranges. Our advertising is focusing on ways shoppers can save money by switching to cheaper, own brand products, and with over 2,000 promotions and offers across the stores, our teams are constantly working to secure the best prices for shoppers. SuperValu continues to put value at the heart of its offering, with offers of up to 50 per cent off items such as quality cuts of meat, and weekly coupons and vouchers via the Real Rewards app, all aimed at helping shoppers reduce their weekly food bill.

At the same time, we'll continue to work with charities and our retail partners to support the most vulnerable in our communities in any way we can. For example, as part of an initiative launched nearly 20 years ago, we continue to donate surplus to local charities as part of our commitment to avoid wasting food.

Tackling the multiple implications of high inflation for shoppers, our retail partners, suppliers and our own business will undoubtedly be one of our most significant challenges in the year ahead.

*“We have continued to transform foodservice and wholesale through digital innovation.”*

## Our CEO's message

### Sustainable journey

As a business that's been around for more than 146 years, we know how important it is to look to the future; we have always had a strong sense of social, environmental and economic responsibility, and an understanding that our success depends on society's success. We have a responsibility to put in place real and substantive policies that make a difference. Sustainability is central to that responsibility.

Our 2022 Sustainability Strategy is designed to protect the planet and benefit our communities; we will work with retail partners, suppliers and customers to make every community a sustainable community; focus on shifting consumer behaviour by making it easier for shoppers to make sustainable choices; and reduce our carbon emissions to reach Net Zero carbon by 2040.

We will deliver on this strategy by taking real action in areas like packaging, so that 100 per cent of our fruit and veg, our own brand packaging, and in-store packaging will be recyclable, reusable or compostable by 2025 and by focusing on energy efficiencies so that by 2025 all SuperValu stores will be equipped with LED lighting and run on green electricity.

And we are already investing in this strategy to make change happen. In June 2022 we launched our Sustainability Fund, to help SuperValu and Centra stores both north and south of the border

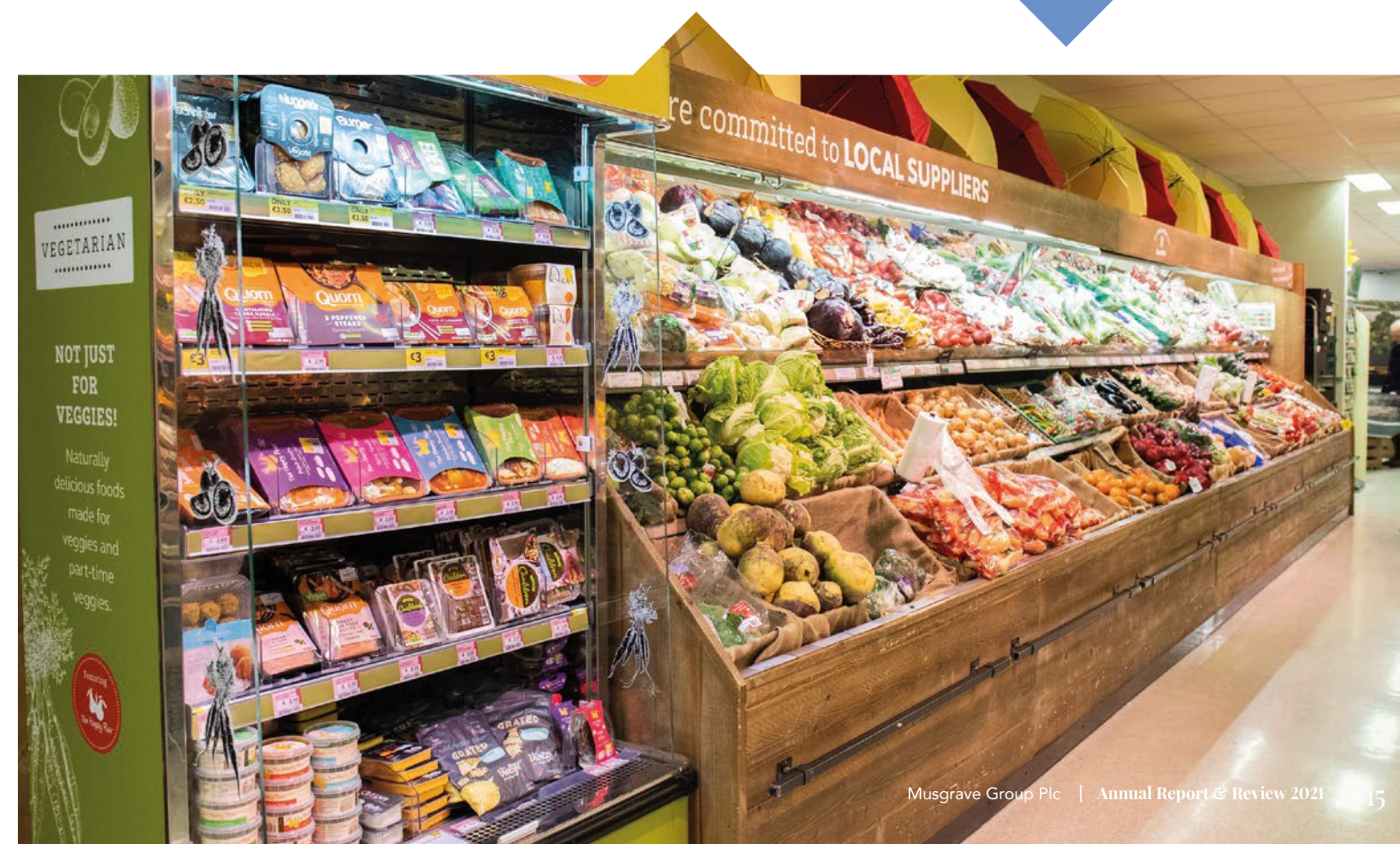
to accelerate their sustainability efforts and reduce their carbon footprint, as one part of the sustainability journey.

The €25 million fund for stores is aimed at empowering retailers to achieve Net Zero carbon by 2040. We estimate the fund will help achieve a 12 per cent reduction in carbon over the next two years. A 12 per cent carbon reduction is equivalent to the removal of over 10,000 tonnes of carbon or planting 400,000 trees or powering 5,000 homes.

Shareholders and the leadership team know that this commitment will come at a cost to the business. However, as a privately-owned family business, we are used to putting long-term stability ahead of short-term gains.

This culture of investing in the future couldn't be more important as we accelerate and intensify our response to the climate emergency, and as the cost of energy continues to rise and supply becomes an issue.

**€25m  
Sustainability  
Fund – supporting  
retailers to achieve  
Net Zero  
carbon**







## Digital transformation

The digital transformation of our business and brands is not a ‘nice to have’ – it is essential to ensure our business and partners remain competitive and successful, that our brands remain relevant, accessible and profitable. Technology also has a major role to play in meeting our Net Zero ambitions.

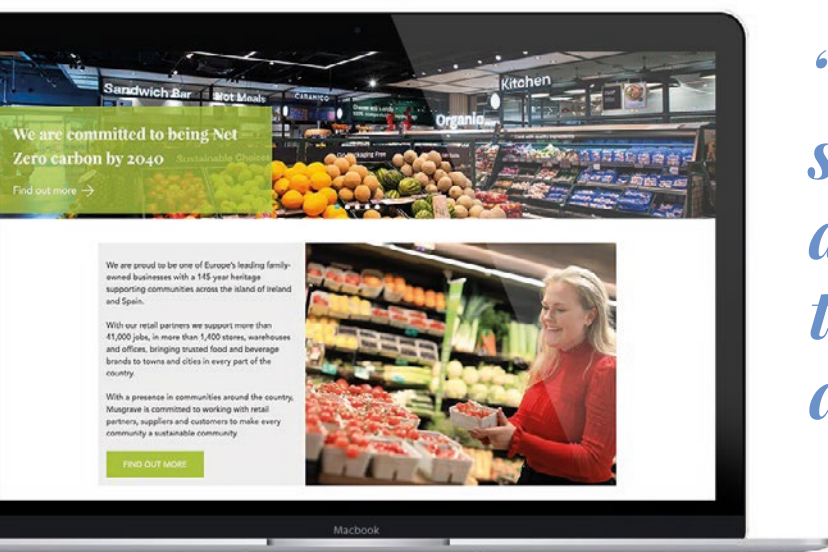
Technology supports the speed and convenience today’s shoppers demand, with personalised service, 24/7 access and complete flexibility. Data allows us to tailor experiences to individual customers, such as bespoke offers based on shopping preferences. However, consumer-facing applications are only a small part of a larger transformation of grocery retail, change that will likely prove as significant as the arrival of the first supermarkets back in the 1960s.

It’s a transformation that is already impacting every part of our business. It is helping us to adapt to the new world of hybrid working and underpins the systems that enabled us to unify operations and drive efficiencies in supply chain and logistics – something that played a crucial role keeping the shelves full during the pandemic. New technologies currently in trial will enable the further integration of warehouse, logistics and in-store systems, with smart sensors reporting availability data, as well as monitoring and adjusting chill temperatures to reduce food waste.

Advances in technology will also support more efficient energy use – for example refrigeration and fleet management – all of which are essential if we are to meet our Net Zero targets.

I’m excited by the extent to which we can leverage technology to support our growth agenda, and the ongoing digital transformation of our business and operations will be a key area of focus and investment in the medium term.

*“Technology supports the speed and convenience today’s shoppers demand.”*



## True to our values

It has been another extraordinary year for our business. The reality is that there will always be challenges to overcome but overcome them we will by doing what we have always done – staying true to our values, supporting our retail partners, our customers, and our people.

I would like to thank the executive team, our Board members and shareholders, who continue to support our long-term strategy and endorse the often difficult decisions we have to make to navigate the latest crises and challenges.

Our people were at the heart of our response to the pandemic, and today our people are playing a central role delivering our response to the cost-of-living crisis and the climate emergency, delivering value to shoppers, and through their passion, commitment and innovation driving the transformation of our business.

One of the big positives of recent months has been the steady return to the office and the face-to-face meetings and engagement that many of us have been missing. It’s been good to personally thank colleagues, retail partners and suppliers for their commitment and dedication over the past few years when it’s been so difficult to come together in the same room.

It has been gratifying to discover that these partnerships remain as strong as ever.

Our CEO’s message





# Brand innovation and digital evolution

For over 146 years, our business and brands have constantly evolved to stay ahead in competitive markets. Our 11 retail, wholesale and foodservice brands consistently come out on top in the Republic of Ireland, Northern Ireland and Spain. In addition, some of our leading retail brands are making waves internationally, while our own brand food and beverage ranges are now exported around the world.

The way people shop and businesses operate has changed radically in the years since the beginning of the pandemic, fuelled by the increase in online shopping, delivery services and contactless payments.

Shoppers want convenient solutions, personalised experiences and value for money. We aim to deliver a world-class shopping experience, making the shopping journey easier,

more engaging and frictionless – whether that is for our retail shoppers or our wholesale customers. One constant in the face of this evolution is our unconditional commitment to providing value, quality and an outstanding shopping experience to every town, city or village in which we operate, underpinned by the passion and expertise of our retail partners who care about and understand the communities they serve.



## Chef training

Musgrave MarketPlace Food Theatres are a platform to inspire and train the next generation of chefs.

## Transforming wholesale and foodservice

The past two years have presented new challenges to the foodservice sector. This in turn has impacted our wholesale and foodservice brands. The effective closure of the hospitality sector during the pandemic hit businesses hard. We acted quickly to help our foodservice customers confront the extraordinary difficulties they were facing, supporting them by freezing payment accounts, extending credit where possible, while investing in relevant promotions and service.

Pubs, restaurants, bars and cafés that survived Covid have returned to compete in a very different world. The pandemic drove the rapid growth of online food delivery services and convenience options. This trend is set to stay, and the hospitality sector has adapted by launching their own take-away offerings, refining their menus and diversifying the food they sell. We in turn have adapted our offer to meet the demands of a rapidly evolving market.

As Ireland's leading wholesale and foodservice business, we have diversified, expanding the range and produce we supply – including more vegan and healthy ingredients and a scaled alcohol business under the Musgrave MarketPlace brand. We've also launched Butchers Prime, a premium Irish Hereford meat range, and Brewdoo Coffee, a bean-to-cup and barista coffee proposition for the hospitality sector.

We will continue to innovate through our Food Emporiums, which act as a hub and meeting place for the hospitality sector. Our Food Theatres create a space for businesses to be inspired

and learn from our teams of development chefs. Going forward, our Food Emporiums will have an increased focus on sustainability, to include, for example, solar panels, e-car chargers and electronic shelf-edge labels. Our next generation Food Emporium will launch in 2023 in Ballymun.

Supporting Irish hospitality and the wider food industry is fundamental to the Musgrave MarketPlace ethos. We want to nurture the next generation of foodservice professionals and by 2025 we will have supported 48 student bursaries in partnership with TU Dublin, investing in up-and-coming chefs and future leaders of the food industry. This is in addition to supporting the development of a state-of-the-art training restaurant in TUD Grangegorman, creating an International Centre of Excellence for Food and Drink.

We continue to transform Musgrave MarketPlace into a seamless digital business-to-business, one-stop-shop, enabling our customers to access every product or service required to run a modern foodservice business, underpinned by our brand essence of first for service, choice and value.

Earlier this year we launched our new online wholesale platform – the largest online ordering service for the hospitality and foodservice sector on the island of Ireland, stocking more than 14,000 products available for delivery. It offers better convenience and speed to business customers, clear communication, enhanced value through product consolidation and better delivery scheduling. This is also a channel that consciously aims to encourage and support thousands of local producers to work with us to stock their products on our platform through our new Extended Range – providing access to over 50,000 foodservice, retail and SME customers. This is in keeping with our long-term commitment to support local and Irish.



## Plant-based boom

Vegan and plant-based eating has been a big trend in recent years and continues to grow. The Happy Pear is a leader in this space, and we are proud of our exclusive partnership with the brand, launching 25 new products into stores and extending the products into Northern Ireland.



## Brand innovation and digital evolution

Our winning store concepts are designed to provide the ultimate shopping experience. Last year we invested €23 million in SuperValu store upgrades and €17 million in Centra refurbishments across the Republic of Ireland. Our newly upgraded SuperValu stores, such as Knocklyon in Dublin and Portstewart in Northern Ireland, are not only more environmentally-friendly, they also include the latest food experience zones – from butchers, fishmongers, delicatessen, and fresh bakery counters, to more plant-based and locally-sourced products. They also showcase the new Donnybrook Fair range, which has been rolled out in a selection of SuperValu stores and gives consumers the opportunity to buy luxury pre-prepared products from the Donnybrook Fair range as part of their weekly shop.

We are also innovating in food-to-go and convenience, creating new eating experiences for shoppers. We have trialled a new food and shopping experience at Centra Clarina, Co. Limerick, testing a multi-brand foodcourt style offering and creating a new eat-in evening trade for the local businesses. This provides people with a one-stop-shop option to pick up a choice of hot meals to take-away or eat in whilst also being able to grab essential groceries to take home after a busy day. Across SuperValu and Centra, Frank and Honest coffee docks have been made simpler and sleeker, with new state-of-the-art automatic machines, and an extended range of drinks that tailor to changing consumer tastes, such as Chai Latte and extra-strong Americano.

Our brands are committed to supporting local producers through our Food Academy ranges and dedicated local producer zones. Meanwhile, we continue to focus on offering the best value

for money for our shoppers. Our own brand ranges – which achieved more than 140 Great Taste Awards and over 100 Blas na hÉireann Awards in 2021 – are developed to deliver quality and value without compromise. This year we are expanding those ranges to provide more value-focused own brand products, as well as running thousands of additional promotions and offers at a time when families are watching their budgets but don't want to compromise on quality.

Our products are increasingly popular with global consumers and we are exporting an expanding range of own brand and locally-sourced food and drink to the Middle East, Asia and Europe.

In the past two years we have signed significant supply agreements with a range of businesses and e-commerce platforms around the world, including an extension to the supply agreement with noon, the Middle East's largest online grocery marketplace. And we recently confirmed a new agreement to supply Choithrams, a leading retailer with over 40 stores in the UAE, with more than 500 products from the SuperValu own brand range, alongside other Irish brands and products from SuperValu's Food Academy programme.

Digital transformation is as important in-store as it is online. We are trialling some of the latest data driven technology to improve point-of-sales, such as digital product labelling to give real-time updates. We now have self-checkouts live in 157 SuperValu stores, electronic shelf-edge labels in 138 stores and Scan & Go in 20 stores.

We continue to evolve and innovate our plans, together with our retail partners, to redefine retail and deliver the best shopping experience in every community and store across the island of Ireland.

## Redefining retail

The retail landscape is evolving faster and more significantly than in any period in the past century. Many of the trends that grew in popularity during the pandemic are here to stay – including healthy eating, convenience food, delivered services, hybrid living and the rise of digital.

These changes present new opportunities for our brands to innovate, evolve and create new offerings for shoppers. Online shopping is now available across all our retail brands. While we're no longer experiencing the unprecedented levels of demand we saw during the pandemic, online retail is here to stay and there is a rich diversity of online consumer experiences available – from delivered food, to in-app purchases, contactless payments and click-and-collect.

Centra customers can not only order groceries online for delivery, they can also order take-away lunches and other meals via the Centra app for quick pick-up or delivery – putting convenience at everyone's fingertips and catering to busy lifestyles. Frank and Honest, our leading on-the-go coffee brand, has introduced a loyalty app, where customers are rewarded with free coffee after collecting stamps digitally on their phone. Not only is the change from cards more convenient for shoppers, it's more environmentally friendly.

We also recently re-launched the SuperValu Real Rewards Programme including a new app. This allows customers who scan their app when shopping in-store or online to benefit from weekly money-off vouchers and coupons, making it easy for them to save on a weekly basis, while still giving vouchers to non-digital shoppers. In addition, shoppers now benefit from exclusive weekly Real Rewards product offers and can scan their Real Rewards app or card to enter a monthly Scan to Win prize draw to win national and local prizes.

In Spain, where we continue to invest in our Dialprix retail stores and Dialsur cash and carry outlets, we have agreed a partnership with leading quick-commerce delivery service Glovo, to enable shoppers to have groceries delivered to their door, sometimes in a matter of minutes or hours.

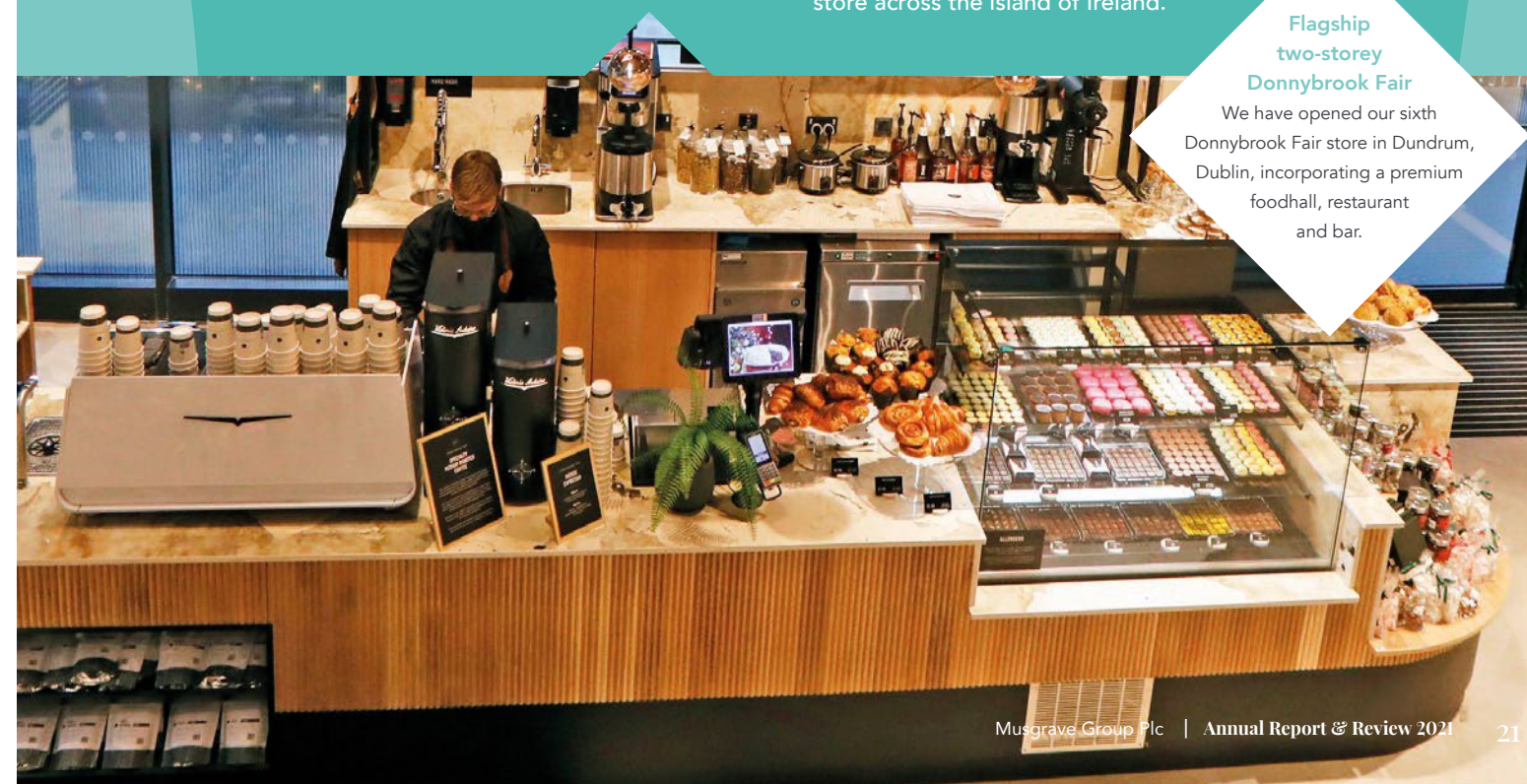
We know that online shopping will continue to grow in popularity and evolve, but we also know it hasn't replaced an in-person shopping experience for many customers. Our retail partners, who are rooted in the communities they serve, continue to offer an outstanding service that is valued and trusted, bringing our brands together online and in-store to ensure our shoppers enjoy a personalised and seamless experience at every interaction.

**Centra Clarina**  
A new multi-brand foodcourt in Limerick, offering choice and convenience for consumers.



**Flagship two-storey Donnybrook Fair**

We have opened our sixth Donnybrook Fair store in Dundrum, Dublin, incorporating a premium foodhall, restaurant and bar.





# Sustainability

**We have always taken the impact of our business on the environment seriously – as far back as 2004 we were the first Irish company to sign the UN Global Compact.**

But today we all face a different order of challenge. The climate emergency demands that we urgently redouble our efforts, change behaviour and take action before it is literally too late. There has never been a time in human history where our collective effort will matter more. As one of Europe's leading family-owned businesses, we know we have a responsibility to act and play a significant role in addressing these challenges.

An essential extension of our Growing Good Business purpose is our Sustainability Strategy, 'Protecting the planet and benefitting our communities'. Key stakeholders helped inform this new strategic development – we spent time gathering input and feedback from consumers, our business customers, suppliers and government on our approach to sustainability. We have a good track record of leading positive behaviour change and it was important to us that our strategy tackled how we could make sustainability easier for all of our stakeholders in the value chain. This strategy is about working with retail partners, suppliers and customers to make every community a sustainable community. It is also focused on shifting consumer behaviour by making it easier for shoppers to make sustainable choices; and, importantly, we have set a target of reducing our carbon emissions to reach Net Zero carbon by 2040. The first big step towards our ambition was to establish a €25 million Sustainability Fund aimed at empowering our retail partners to achieve this target.

In the Republic of Ireland, we have committed €50,000 (£42,500 in Northern Ireland) per SuperValu store and €28,000 (£21,500 in Northern Ireland) per Centra store. Retailers can select the most appropriate initiatives from a catalogue of options – for example, upgrading freezers and refrigeration units, LED lighting retrofit, or else installing solar panels and eSEL (electronic shelf-edge labels).

We estimate the fund will help achieve a 12 per cent reduction in our retailers' carbon footprint over the next two years. To put that into perspective, a 12 per cent carbon reduction is equivalent to the removal of over 10,000 tonnes of carbon or planting 400,000 trees or powering 5,000 homes.

The Fund is an early outcome of our new Sustainability Strategy, and we have already made progress in a range of other areas from packaging and recycling, to biodiversity and sourcing. Musgrave has been Origin Green verified for the fifth consecutive year and is the longest verified member of Ireland's national sustainability programme for the food and drink industry.



## Cutting carbon

SuperValu stores, such as this one in Midleton, are implementing a range of carbon-reducing initiatives such as installing doors on fridges and freezers to reduce energy loss.

## Biodiversity initiative

Our SuperValu 'Save the Bees' programme engages every primary school in the Republic of Ireland. This campaign was recognised by Chambers Ireland, winning the best sustainability campaign award.



Sustainability

In partnership with Bord Bia and the Local Enterprise Offices, we continue to run the Food Academy programme, which every year helps local food producers to get their foot on the grocery market ladder.

We are taking real action in areas like packaging so that 100 per cent of our own brand packaging, and in-store packaging will be recyclable, reusable or compostable by 2025. In fact, we are almost there already with 94 per cent of SuperValu and over 96 per cent of Centra own brand packaging recyclable, reusable or compostable.

We are also working in partnership with our retailers, designing and rolling out innovations such as LED lighting made from recycled CDs that use 60 per cent less energy. And we are developing and promoting products that make it easier for shoppers to make more sustainable choices when they shop – for example, with new dairy-free and plant-based options in both chilled and ambient; ECO range and Tru Eco laundry, including household refill stations and Ireland's largest organic range from local suppliers.

Covid has demonstrated the power of collective action in the face of life-changing issues. It's this spirit of collective action that we must replicate to combat the climate crisis. The scale of the climate emergency is such that none of us – no individual, firm or indeed nation – can do it alone. We need to work together in partnership and through collaboration.

We are fortunate to have an exceptional network of retail partners – 1,000 SMEs and businesses who are local entrepreneurs passionate about their communities, committed to sustainability and making a real difference to people's lives every day.

As a society we have faced many challenges that we have collectively overcome. Climate change will be the defining challenge of our generation and through this strategy we hope to inspire communities and other businesses to act now to tackle the climate crisis.



## Commitments

### Net Zero

carbon by 2040

### 100%

own brand packaging to be recyclable, reusable or compostable by 2025

### €25 million

to support retailers reduce carbon emissions by enabling the upgrade of freezers and fridges, doors for refrigeration, LED lighting throughout their stores, solar panels and more

## Supporting independent Irish producers

Food Academy celebrated its eighth year supporting local producers to get their products on SuperValu shelves and into the hands of consumers. Since its launch the programme has generated €200m in retail sales.





# Future of Work

**Our people in stores, operations, transport, and offices exhibited extraordinary flexibility and adaptability, responding to the pandemic with purpose and innovation. That nimbleness and flexibility points to a brighter future of work.**

We are extremely proud of how our teams responded to both the huge escalation in demand and significant supply chain challenges, all in the face of a global pandemic. Despite these difficulties, colleagues improved collaboration across teams and departments, developing new channels for communication, engagement and ways of working.

This experience demonstrated that our people can deliver extraordinary outcomes in a non-traditional way, enabled by technology and by leveraging their passion, innovation and collaborative power.

While many colleagues worked from home, and others went out to work on the frontline,

productivity remained high, innovation flourished, and teams reached out and supported each other. Quickly, it became apparent that the world of work would move on from five days a week in the office, to a model that would allow colleagues more flexibility and a better work/life balance, while also ensuring productivity, innovation and teamwork remained supported.

To respond to this, we introduced our hybrid work model: Work Smart @ Musgrave. This allows colleagues and teams the option to alternate their time between connecting and collaborating in the office and working remotely.



It's a model that retains the best of the remote working experience, while enabling colleagues to connect in person and work together on-site. It supports the delivery of our business growth strategy by enabling colleagues to work in a more productive and agile way.

It also enables us to attract and retain the best talent, including parents and people with caring responsibilities – anyone, in fact, who finds it easier to work flexibly but still has a huge amount to contribute to a business.

To protect and enhance team connections, personal development and social engagement, we expanded our colleague health and well-being programme, Be Well, Work Well. New initiatives included virtual online exercise classes, increased support from our well-being partners such as VHI, an intentional focus on mental health awareness – including the development of specific e-learning modules for people managers and colleagues – and monthly educational and inspirational webinars on diverse well-being topics including nutrition, physical, financial and mental health.

We also hold a number of appreciation events such as International Women's Day, Autism Awareness and Pride, with events running across Musgrave designed to raise awareness and educate colleagues about the importance of having an inclusive and diverse Musgrave.

Ensuring the voices of our colleagues are heard is a key part of embracing the lessons learned during Covid. We regularly run employee engagement surveys and hold focus groups to ensure we understand and take action to improve our colleagues' experience of working in the business.

To further enhance and support our Inclusion and Diversity Strategy, we have also established Employee Resource Groups (ERGs), inviting colleagues from across the business to join an ERG that interests them.

Each ERG has a sponsor from the Musgrave Board, and a commitment to bringing new perspectives to our strategic thinking through a focus on areas that include gender, LGBT+, disability; multi-generational engagement; culture & heritage; and sustainability.

In addition to the ERGs, in 2021 we launched GenRep, our shadow youth Board, comprising nine young colleagues aged between 22 and 27.

GenRep amplifies the voice and ideas of the next generation and has been tasked with bringing new ideas and positive disruption to the business. The group is already having an impact, contributing to key areas of strategy that include supporting shoppers to make more sustainable choices, digital innovation and the future of work post Covid.

Growing and developing our people remained a key priority for us throughout the pandemic, and is a key enabler to achieving our business strategy post Covid. Through our Leadership Development Pathways, functional development programmes and experiential learning, colleagues have opportunities to learn, grow and develop their skills and careers.

Our diverse programme of learning opportunities includes Leadership Development, Digital Transformation, Data Analytics, Design Thinking, Strategic Business Partnering and Commercial Food Leadership. These programmes are complemented by involvement in projects, on-the-job learning and external learning through various third-party institutes.

Harnessing the benefits of hybrid working, responding to what colleagues need for a balanced working life, and the positive benefits new ways of working can bring to business, are key focus areas for us into the future.



# 2021 financial results



## Consolidated profit & loss account

		2021	2020
	Notes	Total	Total
		€m	€m
<b>Turnover</b>		<b>4,532.5</b>	4,486.0
Cost of sales		(3,695.7)	(3,677.0)
<b>Gross profit</b>		<b>836.8</b>	809.0
Distribution costs		(590.8)	(543.2)
Administration expenses		(142.2)	(172.6)
Other operating income		8.0	5.9
<b>Operating profit</b>	2	<b>111.8</b>	99.1
Net interest expense		(1.4)	(1.1)
<b>Profit before taxation</b>		<b>110.4</b>	98.0
Tax charge on profit		(17.7)	(17.5)
<b>Profit for the financial year</b>		<b>92.7</b>	80.5



## Consolidated balance sheet

	2021 €m	2020 €m
<b>Fixed assets</b>		
Intangible assets	63.3	65.3
Tangible assets	437.0	423.0
Investment properties	33.8	33.1
	534.1	521.4
<b>Current assets</b>		
Stocks	168.3	167.5
Debtors – amounts falling due within one year	518.3	493.1
Debtors – amounts falling due after more than one year	19.0	38.3
Cash at bank and in hand	221.7	125.0
	927.3	823.9
<b>Debt and finance leases – amounts falling due within one year</b>	(4.4)	(0.6)
<b>Other creditors – amounts falling due within one year</b>	(731.8)	(712.1)
	(736.2)	(712.7)
<b>Net current assets</b>	191.1	111.2
<b>Total assets less current liabilities</b>	725.2	632.6
Bank and other loans – amounts falling due after more than one year	(24.3)	(24.1)
Other creditors – amounts falling due after more than one year	(3.3)	(2.0)
Provisions for liabilities	(66.0)	(48.2)
Pension liability	(38.9)	(61.9)
<b>Net assets</b>	592.7	496.4
<b>Capital and reserves</b>		
Share capital, share premium and capital reserves	34.0	34.0
Revaluation and other reserves	21.5	21.7
Profit and loss account	537.2	440.7
<b>Equity shareholders' funds</b>	592.7	496.4

### On behalf of the Board

**Noel Keeley**  
Group Chief Executive Officer

**Alan Cunningham**  
Acting Chief Financial Officer

## Consolidated statement of cashflows

	Notes	2021 €m	2020 €m
<b>Cash flows from operations</b>	4	208.3	214.0
Corporation tax paid		(21.2)	(13.0)
<b>Net cash generated from operating activities</b>		187.1	201.0
<b>Cash flows from investing activities</b>			
Purchase of tangible assets		(76.5)	(85.0)
Disposal of tangible assets		4.9	4.5
Interest received		1.6	2.2
<b>Net cash used in investing activities</b>		(70.0)	(78.3)
<b>Cash flows from financing activities</b>			
Dividends paid		(18.6)	(18.3)
Interest paid		(2.7)	(1.9)
Payments to acquire own shares		(4.0)	(9.2)
Other cash flows		0.9	(0.9)
<b>Net cash used in financing activities</b>		(24.4)	(30.3)
<b>Increase in net cash</b>		92.7	92.4
Opening net cash		100.3	7.9
<b>Closing net cash</b>		193.0	100.3



## 1 Statement of compliance

The Group's reporting period ends on the Saturday closest to 31 December, being 1 January 2022 for the current year and 2 January 2021 for the prior year. There are 364 days in the current year and 371 days in the prior years.

The financial statements have been prepared on a going concern basis and in accordance with Financial Reporting Standard 102 "The Financial Reporting Standard applicable in the UK and Ireland" ("FRS 102") and Irish law. They are presented in the currency units of the Republic of Ireland, the euro (€).

## 2 Operating profit

	2021	2020
	€m	€m
<b>Operating profit of the Group has been arrived at after charging/(crediting):</b>		
Staff costs	395.2	381.9
Amortisation and impairment of intangible assets	17.3	39.7
Depreciation and impairment of tangible assets	51.3	52.7
Operating lease expense	34.8	37.9
Operating lease income	(10.3)	(10.2)
(Surplus)/deficit on revaluation of investment properties	(1.2)	3.9
Defined benefit pension gains – net	(0.6)	(5.3)
Environmental sustainability fund cost	24.9	-

During the year further members of both the Superquinn Contributory defined benefit pension scheme and the Musgrave Limited defined benefit scheme exercised the option to transfer their accumulated benefits, plus an enhancement, to a personal defined contribution scheme. This resulted in €6.1 million (2020: €1.3 million) being paid in contributions to fund enhancements resulting in a €0.7 million (2020: €5.8 million) settlement gain. The costs associated with this programme were €0.1 million (2020: €0.5 million).

## 3 Dividends

	2021	2020
	€m	€m
Dividends paid on ordinary shares:		
Ordinary dividends of 33.4 cent (2020: 32.6 cent) per share	18.6	18.3

## 4 Cash flows from operations

	2021	2020
	€m	€m
<b>Group operating profit</b>	<b>111.8</b>	<b>99.1</b>
Depreciation and impairment of tangible assets	51.3	52.7
Amortisation and impairment of intangible assets	17.3	39.7
Profit arising on disposals	(1.8)	(1.0)
(Surplus)/deficit on revaluation of investment properties	(1.2)	3.9
Share-based payments charge	5.1	4.9
Net movement in working capital	25.6	15.0
Currency translation adjustment	0.2	(0.3)
<b>Cash flows from operations</b>	<b>208.3</b>	<b>214.0</b>





# *Our values*

- ◆ Honesty
- ◆ Working hard
- ◆ Achievement
- ◆ Long-term stable relationships
- ◆ Not being greedy

**SuperValu**

**Centra**

**DAYBREAK**

**MACE**

DONNYBROOK · FAIR

**Dialprix**

MUSGRAVE  
**MarketPlace**

**Dialsur**  
TU CASH & CARRY

**LA ROUSSE**  
FOODS

**FRANK AND HONEST**  
GOURMET COFFEE COMPANY

**DRINKS INC.**

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