

Annual Report & Review 2022



Musgrave

GROWING
GOOD
BUSINESS



DAYBREAK

DAYBREAK

MADE RIGHT HERE

MADE RIGHT HERE

MADE RIGHT HERE

BITE, MUNCH, GO
DAYBREAK
Egg Salad Sandwich

BITE, MUNCH, GO
DAYBREAK
Beef Stuffing & Relish Sambo

BITE, MUNCH, GO
DAYBREAK
Egg Salad Sandwich

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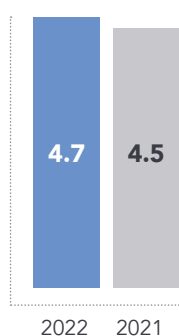
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Financial results

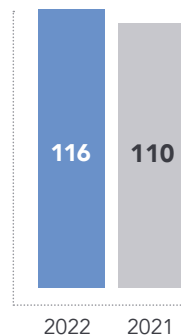
At a glance

Financials

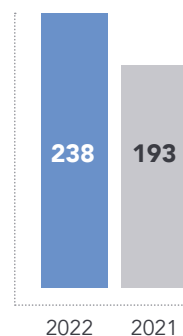
Group turnover
€ billions



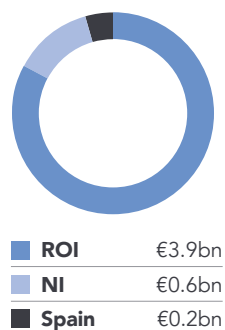
Profit before tax
€ millions



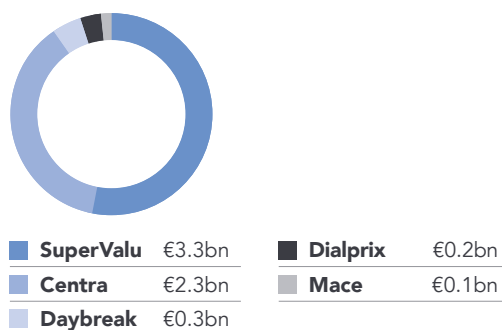
Net cash
€ millions



Musgrave sales
€4.7 billion



Retail sales
€6.2 billion



Number of retail stores

as of 31 December 2022

	Republic of Ireland	Northern Ireland	Spain
SuperValu	222	37	–
Centra	489	102	–
Mace	–	78	–
Daybreak	300	–	–
Dialprix	–	–	91
Donnybrook Fair	6	–	–

Our people

41,000+

People employed by Musgrave and its retail partners

gradireland

WINNER

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

Best Graduate Training and Development Programme – Business/Management

Deloitte

BEST MANAGED COMPANIES

Best Managed Company

ShelfLife Grocery Management Awards

11

SuperValu, Centra, Donnybrook Fair and Daybreak combined

Musgrave at a glance

Growth



New Italian brand

Authentic Italian food brand Italicatessen acquired



International expansion

500 SuperValu products stocked at leading UAE retailer Choithrams



New app launch

Frank and Honest loyalty app launch in SuperValu and Centra stores



€2.25 million invested

Our brands

Great Taste Awards



158

for SuperValu and Centra combined

Irish Quality Food and Drink Awards



15

for SuperValu and Centra combined

National Parenting Product Awards



Best Family Friendly Supermarket

for SuperValu

Creative Retail Awards



Best Food, Beverage and Supermarket Design

SuperValu Knocklyon

Blas na hÉireann Awards



141

SuperValu and Centra suppliers / producers combined

World Cheese Awards



6

for SuperValu and Centra combined

Sustainability at a glance

Growing sustainably every day

An essential extension of our Growing Good Business purpose is our sustainability strategy, 'Growing Sustainably Every Day', creating a positive and lasting legacy for future generations.

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 operational carbon emissions to reach Net Zero carbon by 2040.

Sustainability Fund

The Musgrave Sustainability Fund was launched in June 2022, providing €25 million to support retailers to make reductions in their carbon emissions. By December 2022 Musgrave had paid out more than 42% of the Sustainability Fund, €8,964,916. This has resulted in SuperValu and Centra stores reducing their carbon emissions by an estimated 3,809 tonnes of CO₂ representing 42% of the total carbon reduction target for the Sustainability Fund.

	Fund payments % Dec 2022	Carbon Reduction Dec 2022 (T CO ₂ e)
SuperValu	42%	2,094
Centra	42%	1,714
Total	42%	3,809

*Figures for Republic of Ireland

Planet



75%

of SuperValu stores will have doors on their refrigeration and all stores will be equipped with LED lighting by the end of 2025



8,373

solar panels installed across SuperValu and Centra stores and the Musgrave wholesale building in Cork in 2022



96%

of all our fruit and veg, own brand, and in-store packaging in SuperValu and Centra is now recyclable, reusable or compostable



100%

of all non-recyclable black plastic trays from fresh meat and fish ranges have been removed in SuperValu and Centra



840

tonnes of surplus food has been redistributed by Musgrave to a network of charities and community groups across the country since 2016 in partnership with FoodCloud



100%

of the electricity purchased by Musgrave Group is from renewable sources or is backed by renewable energy certificates

Sustainability at a glance

Partners and affiliations



Community



Musgrave was a proud supporter of the 2022 International Mixed Ability Rugby Tournament (IMART)



SuperValu launched #CommunityIncludesEveryone 2022 campaign



Musgrave Northern Ireland invested **€65,000** in installing Automated External Defibrillators (AED) at various sites across its locations in NI



SuperValu's Save the Bees campaign won a Chambers Ireland Sustainable Business Impact Award



SuperValu and Centra in Northern Ireland, in partnership with Trees on the Land, pledged to plant **50,000 trees** in Northern Ireland by 2032

Charity

€1 million

worth of funds and goods donated by Musgrave, together with its retail partners, colleagues and shoppers to support Ukrainian people

£200,000

raised by SuperValu and Centra NI for Action Cancer

€100,000

donated by Musgrave to Irish Red Cross and UNICEF to support the Syria and Turkey earthquake appeal

€65,000

raised by Musgrave MarketPlace for Women's Aid

€160,000

raised through 'Musgrave Gives Back' for Breakthrough Cancer Research, AsIAM, Cork University Hospital Charity and A Lust For Life



Our Chairman's message

The Irish grocery market has faced significant challenges post-Covid, marked by ongoing supply-chain issues and increased competition.

For our own business and those of our retail partners, margins have been under significant pressure due to high inflation, rising cost of goods and operational costs, and unpredictable energy prices. Moreover, global supply-chain disruptions caused by the war in Ukraine and the growing impact of climate change have presented persistent logistical challenges.



Nicky Hartery
Chairman, Musgrave

I am proud to say that despite these obstacles, we delivered a solid set of results in 2022 thanks to the innovation and hard work of our people, the passion and commitment of our retail partners and through our focus on a long-term strategy that includes steady and focused diversification and channel expansion.

I want to thank our shareholders for their support of our commitment to foodservice customers and suppliers during the tough years of the pandemic and its aftermath. In addition to this being the right thing to do, our ongoing investment in the sector is an increasingly important element of the targeted diversification of the business. This strategy is underlined by a number of acquisitions we have made in recent months and its benefits exemplified by the growth we have experienced in this part of the business as the hospitality sector has bounced back in the last 18 months. We are proud to be Ireland's largest foodservice wholesale business, with seven Musgrave MarketPlace branches and our growing portfolio of specialist foodservice brands.

We are acutely aware of the cost-of-living crisis affecting consumers, and across business and brands we are dedicated to exploring all avenues to provide assistance to those facing financial hardship. This includes continuing to invest in value through discounts on essential items and the continued expansion of own brand ranges, along with resources to help shoppers reduce food waste and menu planning to optimise the weekly shop.

Our Chairman's message



“We delivered a solid set of results in 2022 thanks to the hard work and innovation of our people, the passion and commitment of our retail partners and through our focus on a long-term strategy.”

Sustainability remains a top priority, baked into our development roadmap. As well as keeping our own house in order, our Sustainability Fund continues to support our retail partners on their journey towards Net Zero. As ever, so many of these innovative local businesses have exceeded expectations, working in collaboration with our specialist teams to lower emissions and waste through smarter technology, improved and more efficient operations, and helping to drive a range of community initiatives.

At the same time, a central component of our sustainability strategy is our continuing support of local Irish producers, not only to ensure quality and food security but also to reduce our collective carbon footprint and to support vibrant local economies. Our strategy details our roadmap to Net Zero carbon and an independent audit of progress to date.

Looking forward, our priorities remain clear. We will continue to put a strong emphasis on our One Musgrave approach to improve efficiency and make us easier to do business with; at the same time we will diversify our business and channels to ensure long-term stability. We anticipate that the challenges related to energy and supply chains will persist, requiring us to ramp up our support of outstanding local suppliers while adopting smarter approaches to energy use and more investment in technology to minimise impacts on our partners and vulnerable communities and support our ambition to be Ireland's most trusted brand.

In conclusion, I would like to reiterate my gratitude to our dedicated teams, visionary leadership, and steadfast shareholders, whose unwavering commitment and support have been instrumental in driving innovation, and enabled us to navigate a successful path through challenging times.

Our CEO's message

In 2022, just as the world was recovering from the pandemic, the devastating war in Ukraine – along with rising energy prices and disruptions to supply chains – had a significant impact on businesses and individuals.

These challenges escalated the cost-of-living crisis and further exacerbated inequalities already exposed during the Covid crisis. Such significant headwinds required us to balance our overarching goal of achieving sustainable growth with the need to tackle the pressing issues that our business, our partners and consumers continue to face.



Noel Keeley
CEO, Musgrave

With this in mind, we identified three key areas for investment and focus – mitigating the impact of the energy and cost-of-living crisis for consumers and our retail partners; addressing the climate emergency with urgency and determination; and driving the ongoing digital transformation of our business and brands.

Despite the rising costs of doing business affecting our margins, we have remained steadfast in fulfilling these commitments.

Market conditions

Post Covid, the grocery retail landscape is gradually recalibrating to a semblance of pre-pandemic norms. As footfall and sales levels stabilise, there's a noticeable shift in consumer behaviour marked by a return to customary shopping patterns, albeit tinged with caution. Shoppers are displaying a heightened sense of value-consciousness, a response to the escalating cost-of-living fuelled by rising food inflation linked to various global factors.

At the same time, our sector is currently facing the most substantial surge in operational costs in a generation. Some of these costs, such as labour expenses, were expected but others, like the scale of energy price rises and the cost of goods, rose far beyond what any of us could have predicted.

These changes have posed significant challenges for our business and those

Our CEO's message



“We remain committed to investing in our people, our brands, and providing support to our independent retail partners and customers.”

45,000

foodservice customers across the island of Ireland

of our retail partners, and we anticipate that they will continue to do so for the foreseeable future. However, we are committed to our ambitious plans and continue to invest in both our brands and value for consumers.

At the same time, the reopening of hospitality venues across Ireland's markets in early 2022 has brought about a remarkable revival. Unlike the grocery sector's gradual return to equilibrium, the foodservice and hospitality domains are flourishing, as patrons rekindle their affinity for shared moments and culinary indulgence.

As a result, our foodservices business has grown at pace, with sales to hotels and restaurants up 51% on last year. In fact, we are now Ireland's leading foodservice wholesale business, serving 45,000 customers across the island of Ireland.

Retail trading conditions remain challenging, and our 2022 retail figures illustrate the scale of that challenge. However, the overall Group

performance also validates the strength of our underlying business and the continued positive response from retailers and consumers. As long as we adapt our channels, anticipate demand through diversification, and uphold our commitment to brand innovation and value, we will continue to thrive. We believe this forward-thinking approach not only helped us sustain our overall business through 2022, but actually strengthened it, even during these challenging times.

The Group's resilient financial performance has allowed us to strike a balance in meeting the needs of all our stakeholders. We remain committed to investing in our people, our brands, and providing support to our independent retail partners and customers. Our dedicated colleagues and network of retail partners play a pivotal role in addressing the cost-of-living crisis and the climate emergency. Through their unwavering passion, commitment and innovative approaches, they consistently deliver value to our customers.

Our CEO's message

Difficult times, solid results

I am pleased to report that our business achieved solid results in 2022. Despite rising operational costs, ongoing supply chain challenges, and fiercely competitive market conditions, our brands performed well. Our Group turnover amounted to €4.7 billion, a 3% increase compared to 2021.

Our overall profitability saw some growth, with a profit before tax of €116 million, which is 6% higher than the previous year. The Group's net assets reached €688 million, reflecting an increase of €95 million from 2021, and we closed the year with net cash of €238 million.

Post-pandemic retail sales declined overall on the previous year reflecting the fact that shopping behaviours have returned to normal following the pandemic, coupled with tighter household budgets and intense market competition.

As described elsewhere in this report, we have continued to invest in value and enhance our retail offer to reverse this trend and meet the evolving needs of shoppers. At the same time, this decline in retail sales has been mitigated by growth in our foodservice revenue, validating our long-term strategic investment in the diversification of our overall business.

We will continue to grow our retail and foodservice businesses through investment and acquisition, as well as exploring further strategic diversification as opportunities arise.

€116 million

Profit before tax

Redefining retail

Despite the economic challenges, our retail brands continued to differentiate in competitive markets and during 2022 we focused on building on our winning propositions.

Our philosophy of continuous improvement is evident in the ongoing evolution of SuperValu and Centra as vibrant community hubs, with upgraded store formats to better meet the needs of today's shoppers. We are implementing an ambitious programme to further strengthen our SuperValu stores and brand, enhancing our fresh food offerings and undertaking additional store renovations, all with sustainability in mind. Moreover, expanding our presence in Dublin is a key area of focus, presenting ample opportunities for store growth.

We are attuned to the evolving needs and trends in the market. Specifically, in the past 12 months the demand for evening meals has shown remarkable growth of more than 20%. Concurrently, there is a rising consumer

preference for high-quality food-to-go options. To meet this demand, we are introducing new ranges in our SuperValu and Centra stores.

Centra's role is continuously evolving, adapting to changing work patterns in the post-Covid era, which often involve working from home. Ireland's leading convenience brand is exceptionally positioned to cater to these new customer habits.

Centra stores serve a substantial urban workforce. With the final lifting of Covid-19 restrictions in 2022, employees steadily returned to offices in urban locations nationwide, although work patterns have changed. This trend resulted in a significant increase in demand for Centra's convenience offerings, with on-the-go breakfast and lunch options experiencing a sales boost of almost 11% compared to 2021.

To better meet demand, we announced a €23 million investment in our Centra store expansion programme. This investment will enhance our nationwide presence, as we plan to open 18 new stores.



Our CEO's message



“At the core of our mission lies a promise to deliver value to our shoppers, which holds even greater significance in these challenging times.”

At the core of our mission lies a promise to deliver value to our shoppers, which holds even greater significance in these challenging times. We recognise the strain on household budgets and the mounting inflationary pressures that consumers face. As a business, we strive to not only achieve financial success but also meet the diverse needs of all our stakeholders.

Indeed, we have implemented robust plans to assist shoppers in managing the current economic challenges through value promotions, money-off vouchers, extensive own brand range of 6,000 products and absorbing cost price increases where and when we can. Simultaneously, we remain committed to supporting our retail partners and adapting our operations to ensure we become a stronger, more efficient and resilient business for the long haul.

Disrupting wholesale

Our relentless drive to improve our offer has had a tremendous impact on the Musgrave MarketPlace brand, services and operations. Over the course of nearly a decade, it has undergone an impressive transformation, backed by substantial investments and close collaboration with the hospitality sector, resulting in an exceptional growth of 18% in this part of the business year on year.

The positive response of hospitality professionals vindicates the significant support we maintained for them during tough times. Through the many challenges the sector faced during the pandemic, we kept a sharp focus on maintaining service and availability for our foodservice and wholesale customers, as they grappled with the cycle of openings, closings and

Our CEO's message

business uncertainties which went on into late 2021. We have continued to work with foodservice customers and suppliers to support them in every way possible.

Our customer base includes hotels, pubs, restaurants and more. In fact, we are the partner of choice to more than three-quarters of Ireland's hotels and have the broadest range of any foodservice supplier in the market. This means we can serve every type of foodservice customer – from value to high end. La Rousse Foods, for example, serves all 21 Michelin Star restaurants in Ireland.

Following the reopening of hospitality, the sector as a whole has experienced a remarkable and very welcome recovery, with restaurant sales on the rise as people eagerly return to socialising and dining out. Throughout this resurgence, Musgrave MarketPlace has played a pivotal role in facilitating this positive trend.

This is a diverse foodservice and wholesale offer. It encompasses high end and value items, healthy products and treats, multi-cultural options, food theatres, fresh, chilled, frozen and dried food solutions, utensils and more.

We are continuing to make significant investments in digitally transforming the business. Our new online digital platform now offers customers a one-stop-shop for all their business needs stocking more than 14,000 products available for delivery – the largest online ordering service for the hospitality and foodservice sector on the island of Ireland. In fact, the majority of foodservice sales are now made through the Musgrave MarketPlace app or online platform.

“We are the partner of choice to more than three-quarters of Ireland's hotels and have the broadest range of any foodservice supplier in the market.”



products available on our new foodservice digital platform



Our CEO's message



Driving growth

Growth is an essential part of our business, whether that is strengthening and expanding our existing offerings, or acquiring new brands to enhance and complement our existing ones. Despite the challenging economic climate, the ongoing evolution of a more diversified business model has strengthened our overall business. The success and exponential growth of Musgrave MarketPlace and our foodservices business – the result of more than a decade of sustained investment and innovation – is enabling us to continue to invest in and strengthen our retail brands to deliver even better value for consumers and support shoppers during the cost-of-living crisis.

We have continued to invest in our existing brands and innovate to increase our offerings, for example our range of Donnybrook Fair ready meals are on sale across our SuperValu

and Centra store networks and are performing well. They have filled a gap in the growing 'meal solutions' area, providing high quality, freshly prepared ready meals for people who are pressed for time, but still crave the flavour of a home-cooked meal.

At the same time, we are committed to growth through strategic acquisitions that are right for our business. We have a growing portfolio of specialist foodservice brands which now includes La Rousse Foods, Italicatessen, acquired in 2022, and Ritter Courivaud and Town and Country Fine Foods in Great Britain that we acquired this year. Furthermore, we continue to grow internationally, exporting our own brand ranges and Food Academy products to countries in Europe, the Middle East and Asia, where the demand for high quality Irish products is increasing. And we are expanding our retail partnership model for Centra and Frank and Honest – both award-winning convenience brands – outside of the island of Ireland.

“We continue to grow internationally, exporting our own brand ranges and Food Academy products to countries in Europe, the Middle East and Asia, where the demand for high quality Irish products is increasing.”

Our CEO's message

Trusted and sustainable business

We understand that concerns about the future of our planet have never been greater. As Ireland's largest private sector employer, and a company that feeds one in three people daily, we bear a responsibility to leave a positive legacy for future generations.

To further our sustainability goals, we are continuously advancing our efforts. In 2022, we announced a €25 million investment in SuperValu and Centra stores across the island of Ireland as part of a new Sustainability Fund. This initiative aims to empower retailers to achieve Net Zero carbon emissions. This fund has already helped reduce the carbon footprint of stores by 9% through tangible actions like switching to LED lighting, as well as installing

solar panels and more energy efficient refrigeration.

We have invested a further €8 million to support retailers in the installation of the new Deposit Return Scheme (DRS) machines across the country. The Scheme is aimed at encouraging more people to recycle plastic bottles and cans. This investment builds on our commitment to support a circular economy.

Our sustainability strategy, Growing Sustainably Every Day, outlines our ambition to achieve Net Zero carbon emissions by 2040 in our own operations and to collaborate with retail partners, suppliers and customers to achieve Net Zero across the supply chain by 2050. To accomplish this we will continue to focus on three key elements: caring for the planet, creating vibrant communities and sourcing for good.

“Our sustainability strategy, Growing Sustainably Every Day, outlines our ambition to achieve Net Zero carbon emissions by 2040.”



investment in SuperValu and Centra stores as part of our new Sustainability Fund



Our CEO's message



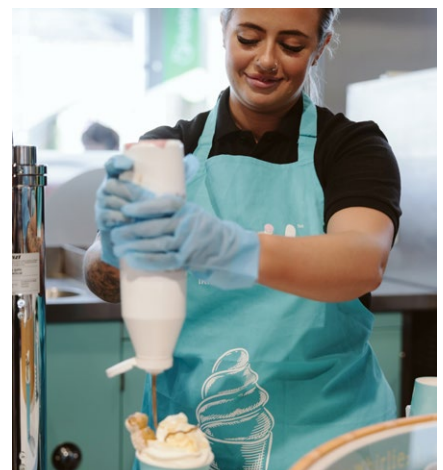
“Our people are our biggest asset, with deep understanding of food and beverage, retail and wholesale, from digital channels and new product development, to supply chain and operations.”

Our people

The success and evolution of our business and brands has only been possible thanks to our people and their commitment to work as ‘One Musgrave’ – sharing skills, knowledge and innovation without boundaries. Breaking down the barriers of siloed departments and allowing our teams to work across divisions and brands has transformed the company over the past few years. Our people are our biggest asset, with deep understanding of food and beverage, retail and wholesale, from digital channels and new product development, to supply chain and operations. I want to sincerely thank the entire Musgrave team for its hard work and commitment to our customers and to the business over the past 12 months. I also want to thank our retail partners and customers for their business and their resilience and adaptability in the face of unprecedented challenges.

Finally, I would like to thank our shareholders for their ongoing support of the business and confidence in those of us who have the privilege to lead it.

As we look to the future, we remain committed to innovation, meeting evolving customer demands and navigating the challenges ahead with passion and determination.



Retail

Food and drink retail is a dynamic, rapidly evolving sector driven by evolving consumer trends and new technologies. In 2022, we focused on three key areas across our brands. Firstly, we aimed to provide customers with the best value and quality, offering affordable own brand products and special discounts. Secondly, we relentlessly innovated to stay ahead of consumer trends, enhancing the in-store and online shopping experience through new apps and expanding our range of plant-based and eco-friendly products. Lastly, sustainability was embedded throughout our business and brands, empowering shoppers to make planet-friendly choices.

Our retail partners are at the heart of our operations, deeply rooted in the communities they serve and committed to supporting local initiatives. They provide unique experiences, differentiating themselves in a competitive environment through their deep understanding of the communities they serve.

Despite challenging trading conditions, our brands have thrived, delivering an exceptional experience to customers, whether it's a quick Frank and Honest coffee, artisan ingredients from Donnybrook Fair, or refreshments at a Daybreak forecourt shop.





Edel Russell

Driving innovations in our brands

Edel Russell is Insight and Innovation Director at Musgrave Group. Here she discusses some of the latest retail trends and how our brands are responding to them.

The development of our brands is underpinned by innovation in the service of meeting and exceeding consumer demand. But it's also about anticipating such demand and meeting our obligations to communities and to the planet.

Right now, we're investing heavily in technology and expertise, diversifying our business and channels to better serve all our stakeholders into the future. Tracking future trends is an important part of our work and drives our long-term planning. So, what are some of the trends coming down the tracks that are influencing our business and brands?

Demographics in Ireland tell us that our population is growing while households are getting smaller. We also know that a larger proportion than ever of the population is aged over 65. It's a more diverse population too and one that, more and more, works both at home and in offices. By 2030, around 70% of Ireland's population is likely to live in cities, fuelling a different way of life and going hand-in-hand with more social spaces and outdoor facilities in urban areas.

All of these trends will drive an increased demand for 'supercharged convenience' – an expectation from

consumers to access what they want, when and wherever they want it in a frictionless transaction either in-store or online. 'Centra Go' has been live and underway since October this year. This is an app in which consumers can order top up grocery items or their favourite Centra food-to-go options and have it delivered to their home in under 45 minutes.

The sustainability debate is changing habits too. It's not just about people choosing electric vehicles or embracing recycling. Our shoppers care about where their food comes from, how it's produced, its carbon footprint and the packaging it is supplied in, and here we are taking a leadership position.

Right now, we're supporting our partners to reduce their business impacts because it's here we can have most impact on protecting the planet, taking the technologies and best practice we've developed in our own business and incorporating them into their own stores and ways of working. And we're also helping to make it easier and more convenient for shoppers to make more sustainable choices.

Our own brand and in-store packaging across SuperValu and Centra will be 100% sustainable, reusable or compostable by 2025. We have also

introduced compostable shopping bags and reusable bags made from recycled materials.

We also know that technology is going to be part of our lives to a degree unimaginable only a decade ago. Consumers want fast, easy and frictionless experiences and already have more connected devices in their homes than ever. Retail will need to respond.

We have recently rolled out digital screens in part of our Centra store network, that deliver relevant and compelling services, offers and deals to our shoppers. These media solutions will create more engaging and dynamic shopper experiences, and provide new sustainable revenue streams for our retailers and for Musgrave.

Once upon a time value was synonymous with price, but what 'value' means isn't the same for everyone. In a few years' time brands, wholesalers and retailers will need to factor in a broader set of variables when trying to create value for customers and shoppers. That takes us back to data-driven personalisation, great service, a better consumer experience, appropriate and appealing reward schemes and doing what customers perceive as the right thing. Price is only part of the narrative in the retail world of the future.

Retail



Cormac Quish

Fresh, local, value for money and sustainable

Cormac Quish is the owner of three SuperValu stores in Cork, including one in Tramore that was bought 26 years ago by his father and recently completely refurbished, bringing in the latest sustainability features and upgraded food experience areas.

Our Tramore store underwent a massive revamp with sustainability a key priority. While the store was in decent condition, it had become dated and energy inefficient, resulting in soaring operational costs as energy prices rose. We took action by installing a fully insulated roof and solar panels, generating an average of 40% of our energy needs. Additionally, we replaced all refrigeration systems with efficient CO2-based closed door systems, consuming less than half the energy. New LED lighting illuminates the entire store.

Overall, for the year our energy bills are down about 36%, and we are expecting that saving to increase now all the measures are in place. The difference is incredible and has gone a long way to reducing the pressure we felt last year when energy prices spiked.

I think Musgrave's Sustainability Fund has been a good way of motivating retailers into making the necessary sustainability changes. The grants helped with the cost of our upgrades. Many retailers have used the grant towards digital Shelf Edge Labels (SELs) which have been a game changer, because you're not wasting a lot of paper and man hours on constantly changing the labels, just a click of a button and the prices are updated.

Our new store has very strong emphasis on fresh produce; a much larger and revamped fresh fruit and vegetable section; meat, poultry and fish has increased; and the deli has doubled in size and been brought up to the front of the store. We have a larger freshly prepared ready meal

section that we put into our new store, and that is growing at 60% every week. We also put in sections for the Donnybrook Fair and Happy Pear product ranges, which are different types of ready meal, and they have really taken off and surpassed our sales expectations. With cost-of-living a growing issue, we felt there might be challenges in the ready meal market but that hasn't proved to be the case. As long as the product is high quality shoppers are going for it.

We've always had a strong relationship with our local suppliers, but the Musgrave Taste of Local concept has really helped us tie that all together and deliver a strong message to our shoppers. So, we have a dedicated Taste of Local section as well as more generally using local suppliers across the store.

This last year own brand products have been hugely important for us and our shoppers, and the Musgrave own brands have continued to improve across all three tiers, from the taste to the packaging and the price. This has made it really easy for the customer to make the decision to choose own brand because obviously there is a good price difference, but also the quality and the taste is still there.

In terms of the future, online will be important but I don't see it taking over the physical stores, we're still seeing that people want to come into the store, to see and choose the products, so the store experience is really important – we compete and are successful because we have such a good range, more choice and different types of products in our stores which shoppers will continue to return for.



Retail



Ray Lee

Ultra convenience, but with community and the environment at its heart

Ray Lee and his brother Brendan own three Centra stores, one of which they purchased in 2022 in Pallasgreen, which they have revamped with the latest sustainability upgrades. Ray is also a member of the Centra National Retailers Council.

Since Covid, we've seen a surge in socialising and home entertainment, creating opportunities to cater to the growing demand for 'at home dining.' Simultaneously, as people return to work and daily life, there's a significant rise in on-the-go food solutions for breakfast, lunch and dinner, where we can offer a wide range of options.

We've invested in developing our Centra stores, aligning with the Live Every Day brand positioning. Our focus has been on delivering a 'fast foodie concept,' offering exceptional quality food that's fast, convenient, and accompanied by outstanding service. The success of Frank and Honest and Moo'd has greatly boosted Centra's appeal and set us apart from competitors. Leveraging these in-store brands, we recently introduced Frank and Honest iced coffees, a fantastic addition, especially during the warmer months.

One distinctive feature we offer is our scratch bakery, well-known locally for producing cakes, treats and occasion cakes. This showcases the positive aspects of our retail partnerships with Musgrave. We work with a renowned brand while creating a unique and familiar offering for our local customers, reflecting our own identity and the passion of individual retailers.

The community aspect of our brand is another strength my brother and I are truly passionate about. For years, we've actively supported local sports clubs, charities and schools, setting us apart from larger retailers. While Centra sponsors the GAA nationally, we believe it's our responsibility as retailers to bring this support to life at a local level by backing local GAA clubs.

In September 2022, we completely revamped our Pallasgreen store, making it more energy efficient. We installed closed-door refrigeration

systems, low-energy LED lighting, and digital Shelf Edge Labels (SELs), and upgraded the building's fabric. The Musgrave Sustainability Fund provided grants to support these initiatives. In just six months, we achieved a significant 47% reduction in carbon emissions, of which we're immensely proud.

These achievements enable us to share a compelling sustainability story locally, as consumers often doubt the actions of larger brands. Our tangible efforts and visible changes allow us to engage shoppers at a local level, explaining the impact of our actions. Musgrave has been at the forefront of sustainability, and we've already made substantial progress in areas such as packaging, with more initiatives in the pipeline. As retailers, we enthusiastically embrace these opportunities and will continue making localised improvements to support our communities and the environment.

Wholesale and foodservice

Irish food and drink have garnered a reputation for exceptional quality and taste, both domestically and internationally. In recent years, this reputation has gained momentum, leading to an increased demand at home and abroad. As a result, our wholesale and foodservice business has seen notable opportunities for growth.



Musgrave MarketPlace is Ireland's leading wholesale foodservice company, serving more than 45,000 customers, through seven Musgrave MarketPlace branches along with a nationwide online ordering platform, and specialist foodservice brands La Rousse Foods, Italicatessen, Drinks Inc and more recently Ritter Courivaud, Town & Country and Doyles Veg Prep.

We have a robust and resilient supply chain, bringing together thousands of products, from own brand ranges to local artisan products, reaching customers not only across Ireland, Northern Ireland, Great Britain and Spain, but also across the globe including Asia and the Middle East.

In the development of our foodservice business and brands, we remain committed to supporting local suppliers and sourcing top-notch, locally produced food. In collaboration with Bord Bia, we have initiated the 'Green Shoots' project, an exciting new initiative to invite pitches from local Irish businesses. Green Shoots enables products from local producers and suppliers to be featured and sold in Musgrave MarketPlace branches and on our online platforms.

The first five winning pitches have already made their mark via our Musgrave MarketPlace shelves, showcasing the talents of Vanilla Bean Patisserie in Cavan, the innovative Uneek Functional Cheese Company based in Limerick, and The Cultured Food Company in West Cork.



Clement Pavie

Hospitality trends: local, unique and agile

Clement Pavie is a former chef who has worked in some of the best kitchens in Ireland and the UK. His CV includes stints at Michelin-starred Patrick Guilbaud in Dublin and Claridge's in London. He has worked with Musgrave for 16 years and for the last 10 has been Customer and Innovation Manager at Musgrave MarketPlace.

Food hospitality and dining out are thriving again in Ireland, particularly in cities. Dublin's food scene is booming, and it's fantastic to see people enjoying going out, eating and seeing friends again.

Covid was very hard for the hospitality sector, but at Musgrave we did everything we could to support our customers during this difficult time. We offered many online sessions and webinars and, when possible, we opened the Food Theatres. We provided support in areas like developing takeaway concepts for restaurants and helping customers come up with innovative ideas, such as creating meal kit boxes that could be delivered. Some businesses fully embraced the concepts and did very well out of it, and I believe it helped them survive that difficult period.

Today, many of those restaurants have managed to go back to running normal sit-in dining services. The types of restaurants we are seeing are more quirky and unique offerings, places that specialise in one type of dish, like gourmet burgers, and at the other end of the scale, lots of fine dining but delivered in a more casual way.

There are some key trends going on in hospitality and foodservice at

the moment. Local is a big one. Our customers want quality, local produce. They want to be able to tell the story behind their dishes and know the provenance of the food. In Musgrave MarketPlace and through our partners in La Rousse Foods, we are delivering on this, with an expanding range of products from local artisan suppliers.

Sustainability is also quite rightly a huge preoccupation, and hand-in-hand with that has been the trend towards a more plant-based diet. I wouldn't identify that as specifically vegan because plant-based can be for everyone. Lots of people are giving it a go, reducing their meat intake but eating better quality meat when they do, which is more sustainable. Again, we can support this through more plant-based products in our range and supporting our customers to develop plant-based recipes.

People are definitely looking for more innovative and unique food experiences. For example, Korean food was very popular two years ago, and at the moment, Thai and Mexican cuisines are very popular. For us, it's about being able to offer our customers that choice and diversity in products and ranges to allow them to thrive in this diverse market.

We have many new and innovative products that help with the labour and skills shortage, for example, 'semi-made' fresh products that are of great quality but don't have to be made from scratch by the customer if they don't have the staff to do that.

Our Food Theatres are extremely important for our business because they bring our offer and range to life. They help us stay connected to our customer base, and they are a place where we can support businesses. I see they get a lot of value from it. For example, some businesses have come in wanting help with reducing costs because of inflation rises. I spend time with them in the Food Theatre kitchen looking at cheaper cuts of meat they can use, how they can cook them, and developing recipes to go on their menus.

I think this is a very exciting time for Musgrave because hospitality will continue to grow and thrive in Ireland. Through our foodservice brands, including La Rousse Foods and Italicatessen, we have a huge range of quality, local and specialist products that meet the needs of our customers and the constantly evolving trends within the food industry.

Wholesale and foodservice



Mark Anderson

Operating a responsible and sustainable food and drink business

Mark Anderson is Culinary Director of Gather and Gather in Ireland, the fastest growing catering company in Ireland, providing staff restaurants and food and drink solutions for blue chip businesses across Ireland.

At Gather and Gather, we have enjoyed a fruitful partnership with Musgrave for about five years. Every week, we receive essential items, such as dried and ambient products, from Musgrave MarketPlace, and more specialised products are sourced through La Rousse Foods.

Our decision to work with Musgrave was primarily driven by its excellent customer service and the cherished relationship we share. Its passion for what it does is evident in its outstanding service and efficient deliveries. Equally important to us was Musgrave's dedication to supporting local suppliers and producers – we share its commitment to using produce with provenance for the sustainability it offers.

Sustainability weaves through our entire business, and I firmly believe in being a driving force for positive change. We lead by example, focusing on sourcing better, supporting

local suppliers, sharing producers' stories, and managing food waste. Sustainability is not a marketing decision – it's our core business ethos, crucial to reversing the alarming climate trends we face.

The pandemic brought immense challenges, with 90% of our business coming to a standstill as offices closed during lockdowns. In response, we swiftly adapted by venturing into retail products. As we emerged from Covid, we diversified our business, expanding beyond offices to universities, public buildings and some iconic venues.

Despite the hurdles, we not only recovered but also experienced substantial growth, garnering a strong reputation for delivering top-notch services to our valued clients.

Looking ahead, we anticipate grappling with challenges such as food prices and costs. Quality food comes

with a price, and it's vital to educate people about the value of ethically-sourced and well-produced food.

Food sovereignty will also be a significant challenge as certain popular fish species are now over-fished, and some areas struggle with unsustainable cattle rearing. As a responsible food business, we view this as an opportunity to educate our customers and the public on the importance of consuming locally sourced, sustainable, and high quality produce.

The bottom line for me is that our partnership with Musgrave has been built on mutual trust, excellent service, and a shared commitment to sustainability. We have navigated through challenging times, emerged stronger, and will continue to focus on providing exceptional services while addressing vital global food challenges.



Wholesale and foodservice



Luke Hanlon

A resilient, extensive and sustainable supply chain

Luke Hanlon, Chief Supply Chain Officer at Musgrave, is passionate about building a sustainable supply chain. Here he talks about the unique nature of Musgrave's supply chain, its logistics capabilities and the future technology and trends that will shape the industry.

To provide some perspective on our supply chain, we make about 20,000 weekly deliveries to customers on the island of Ireland, totalling approximately a million deliveries a year, involving 170 million cases of food and beverage. With a workforce of 2,700 colleagues spread across 11 sites and 500 vehicles on the road daily, we serve around 9,000 customers in various locations.

The design of our supply chain offers resilience and agility, which has proven beneficial during various events like Covid, the war in Ukraine, Brexit and labour shortages. Regardless of the operating environment, we have consistently managed to deliver to all our customers and maintain service levels through these crises.

Our supply chain is versatile enough to cater to diverse customer types, including fast-food outlets, fine dining restaurants and retail stores. We are also agile and can rapidly introduce new ranges or products because of our reach and flexibility. At the same time, we optimise our fleet by collecting products from suppliers while making deliveries, reducing mileage, and maximising efficiency.

Reducing our environmental impact is a focal point across our business, particularly in the foodservice aspect, where our sustainability credentials play a significant role in attracting new partnerships.

Recently, I chaired the Energy Transformation Forum within Musgrave, a collaborative effort from across the

business that includes representatives from our retail stores and cash and carry network. This forum has successfully reduced electricity usage by about 10% compared to last year, offsetting some energy price inflation and lowering our buildings' carbon footprint by 800 tons annually.

We are also transitioning to alternative fuels, planning to use one million litres of Hydrotreated Vegetable Oil (HVO) instead of diesel in our distribution fleet this year. By 2025, we aim to reach 3 million litres and ultimately make it half of our total fuel usage by 2030. HVO offers a remarkable 90% reduction in carbon emissions per litre, contributing to significant progress in our Scope 1 and 2 emissions.

Technology plays a vital role in driving efficiency and improvements throughout our supply chain. Automation and AI are already being utilised to make smarter supply chain decisions, optimise the flow of goods to and from customers, and enhance warehouse productivity and accuracy; an example of this is the recent launch of automation in our distribution centre in Kilcock. Embracing technology will remain an ongoing process, continuously enhancing our operations.

In the future, skills and talent availability will be critical, as AI and data grow in importance, giving rise to new roles and careers within the supply chain. Sustainability will continue to be a key trend, vital to our customers and consumers. However, the value will also gain prominence, as we compete on price, quality, and value while maintaining superb service levels.



Our people

Our people are at the heart of our business, and we are committed to building a safe, inclusive work environment that empowers and inspires colleagues to live our purpose – Growing Good Business – and deliver on our strategy.



An inclusive culture

Our aim is to create a culture where our people can bring their whole selves to work. We are committed to fostering a more inclusive workforce that mirrors the societies and markets in which we operate, and a business in which we embrace and encourage difference to create an inclusive, high performing environment where people can grow, thrive and realise their desired potential.

We were the first Irish company to partner with the LEAD Network (Leading Executives Advancing Diversity) which aims to attract, retain and advance women in the retail and consumer goods industry in Europe through education, leadership and business development. As part of this partnership, we are working with LEAD to support and develop internal colleagues, leveraging its inclusive leadership and mentoring programmes.

We continue to make progress in advancing female participation at senior levels. Our executive team has 25% female participation, up by 11% versus 2018, with a target to increase this to more than 30% female participation by 2025. We currently have 32% female representation in leadership and senior management roles, and this will be over 40% in two years. And we have set a target to achieve a 50/50 gender split in our high-potential talent pool by 2025.

Learning and development

Developing talent in our business is a key priority and over the last few years we have been focused on the creation of more training and development opportunities for our people, including our new learning and development platform, Musgrave Institute, which launched earlier this year.

As our business evolves and grows, the need for upskilling and continuous reskilling has never been so critical to success. This digital learning platform will help us to identify and develop current and future skills quickly, efficiently and sustainably. It will also enable us to publish learning and career pathways in an impactful way addressing key feedback from colleagues.

Colleague wellbeing

We have continued to expand our wellbeing programme, Be Well, Work Well, to ensure all colleagues are supported both in work and at home. The programme includes a digital doctor service, onsite mental health first aiders, e-learning modules, a podcast series and a comprehensive monthly programme of initiatives to raise awareness, educate and encourage colleagues on topics such as mental health, physical wellbeing and nutrition.

To further embed a culture of positive mental health and wellbeing across our business, our Musgrave Leadership Development programmes now include a number of wellbeing modules. These educate the leaders of our business on the importance of this for themselves and their teams, how it can impact personal and business performance and what actions can be taken to improve or support our colleagues' health and wellbeing.



Financial results

2022 financial statements

Consolidated profit & loss account

	Notes	2022 Total €m	2021 Total €m
Turnover		4,693.1	4,532.5
Cost of sales		(3,818.0)	(3,695.7)
Gross profit		875.1	836.8
Distribution costs		(617.0)	(590.8)
Administration expenses		(149.0)	(142.2)
Other operating income		6.9	8.0
Operating profit	2	116.0	111.8
Net interest income/(expense)		0.1	(1.4)
Profit before taxation		116.1	110.4
Tax charge on profit		(17.1)	(17.7)
Profit for the financial year		99.0	92.7

2022 financial statements

Consolidated balance sheet

	2022	2021
	€m	€m
Fixed assets		
Intangible assets	74.9	63.3
Tangible assets	465.4	437.0
Investment properties	31.6	33.8
	571.9	534.1
Current assets		
Stocks	198.7	168.3
Debtors – amounts falling due within one year	565.5	518.3
Debtors – amounts falling due after more than one year	22.2	19.0
Cash at bank and in hand	275.5	221.7
	1,061.9	927.3
Debt and finance leases – amounts falling due within one year	(12.5)	(4.4)
Other creditors – amounts falling due within one year	(825.1)	(731.8)
	(837.6)	(736.2)
Net current assets	224.3	191.1
Total assets less current liabilities	796.2	725.2
Bank and other loans – amounts falling due after more than one year	(24.6)	(24.3)
Other creditors – amounts falling due after more than one year	(8.9)	(3.3)
Provisions for liabilities	(73.4)	(66.0)
Pension liability	(1.7)	(38.9)
Net assets	687.6	592.7
Capital and reserves		
Share capital, share premium and capital reserves	34.0	34.0
Revaluation and other reserves	22.0	21.5
Profit and loss account	631.6	537.2
Equity shareholders' funds	687.6	592.7

2022 financial statements

Consolidated statement of cashflows

	Notes	2022	2021
		€m	€m
Cash flows from operations	4	199.8	208.3
Corporation tax paid		(16.0)	(21.2)
Net cash generated from operating activities		183.8	187.1
Cash flows from investing activities			
Purchase of tangible assets		(95.4)	(76.5)
Disposal of tangible assets		8.9	4.9
Purchase of subsidiary		(15.8)	-
Interest received		2.6	1.6
Net cash used in investing activities		(99.7)	(70.0)
Cash flows from financing activities			
Dividends paid		(25.2)	(18.6)
Interest paid		(2.3)	(2.7)
Payments to acquire own shares		(8.5)	(4.0)
Other cash flows		(2.7)	0.9
Net cash used in financing activities		(38.7)	(24.4)
Increase in net cash		45.4	92.7
Opening net cash		193.0	100.3
Closing net cash		238.4	193.0

On behalf of the Board

Noel Keeley
Chief Executive Officer

Andrew Keating
Chief Financial Officer

2022 financial notes

1 Statement of compliance

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

	2022	2021
	€m	€m
Operating profit of the Group has been arrived at after charging/(crediting):		
Staff costs	418.0	395.2
Amortisation and impairment of intangible assets	17.4	17.3
Depreciation and impairment of tangible assets	54.7	51.3
Operating lease expense	38.0	34.8
Operating lease income	(11.4)	(10.3)
Deficit/(surplus) on revaluation of investment properties	2.6	(1.2)
Defined benefit pension gains – net	-	(0.6)
Environmental sustainability fund cost	8.1	24.9

3 Dividends

	2022	2021
	€m	€m
Dividends paid on ordinary shares:		
Ordinary dividends of 35.1 cent (2021: 33.4 cent) per share	19.6	18.6
Special dividends of 10.0 cent (2021: Nil cent) per share	5.6	-
	25.2	18.6

4 Cash flows from operations

	2022	2021
	€m	€m
Group operating profit	116.0	111.8
Depreciation and impairment of tangible assets	54.7	51.3
Amortisation and impairment of intangible assets	17.4	17.3
Profit arising on disposals	(5.9)	(1.8)
Deficit/(surplus) on revaluation of investment properties	2.6	(1.2)
Share-based payments charge	5.8	5.1
Net movement in working capital	9.2	25.6
Currency translation adjustment	-	0.2
Cash flows from operations	199.8	208.3

Our values

Honesty

Achievement

Not being greedy

Working hard

Long-term stable relationships

Musgrave

Our brands

SuperValu

Centra

MUSGRAVE
MarketPlace

LA ROUSSE
FOODS

DONNYBROOK · FAIR

Dialprix

Dialsur
TU CASH & CARRY



DAYBREAK

FRANK AND HONEST
GOURMET COFFEE COMPANY

dvp
DOYLES VEG PREP

TOWN & COUNTRY
FINE FOODS

MACE

DRINKS INC.

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