

Signature Flatbreads (UK) Ltd

Strategic Report for the Period Ended 29 July 2023

The directors present their strategic report on the group and company for the period ended 29 July 2023.

Business review and key performance indicators

The business is a leading manufacturer of speciality breads. The group offers products in the category of naans, tortillas, crumpets, pancakes and flatbreads. The business serves customers primarily in the retail, quick service restaurant, food service and export sectors.

Export sales have continued to increase over the last 12 months, and the group has established customers in over 20 separate countries.

The major financial key performance indicators focused on by management are revenue and net profit, these are monitored by management against budget. In 12 months of trading the group achieved £284.7m of turnover versus £213.6m in the prior period. Revenues have grown on prior year due to additional sales to existing customers and the sale of breads to new customers in the UK and internationally. The group posts a net profit of £20.6m versus £11.6m in the prior period. The overall net asset position has increased by almost £18 million. The directors are satisfied with the performance of the group and the financial position.

The group also uses a number of non-financial performance indicators, including measures to monitor quality, waste and customer service levels.

Future developments

The group will focus capital expenditure on the core business to meet future demand. This will include continuing to innovate the product range to excite and delight consumers.

Principal risks and uncertainties

The directors consider the principal risks and uncertainties the group faces to be:

Raw material cost inflation/margin pressure

As the group is vulnerable to raw material inflation, we have invested in a procurement team to coordinate purchasing activities. In addition, we purchase some raw materials at agreed fixed future prices to mitigate the risks of inflation.

Data Security

The Company is reliant on integrated IT systems to support the business. We are susceptible to potential cyber risks and data security breaches. To mitigate this risk, we have a robust IT infrastructure with appropriate security-based restrictions. We have also invested in GDPR and cyber training for staff to help limit our exposure.

Disruption to Operations

There is a risk of disruption to operations should the Group suffer a manufacturing failure through key plant and equipment breakdown. The Group employs strong, capable management teams who are responsible for site risk management and mitigation. Where appropriate, contingency spares are held on site. Each facility maintains an operational disaster recovery plan.

Food safety and health & safety

The group and company must remain compliant with food safety and health & safety requirements in order to continue to operate. To that end we employ experienced specialist staff to monitor and ensure compliance and best practices. The group and company also operated mitigation strategies in case of failures, such as product recall insurance.

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Directors' Duties

The Directors of the Group, as those of all UK companies, must act in accordance with a set of general duties. These duties are detailed in section 172 of the UK Companies Act 2006 which is summarised as follows:

'A director of a company must act in the way they consider, in good faith, would be most likely to promote the success of the company for the benefit of its shareholders as a whole and in doing so have regard (amongst other matters) to:

- the likely consequences of any decisions in the long-term;
- the interests of the company's employees;
- the need to foster the company's business relationships with suppliers, customers and others;
- the impact of the company's operations on the community and environment;
- the desirability of the company maintaining a reputation for high standards of business conduct; and
- the need to act fairly as between shareholders of the company.'

The directors have been briefed on their duties and they can access professional advice on these, if they judge it necessary, from an independent adviser. It is important to recognise that in an organisation such as ours, the directors fulfil their duties partly through a governance framework that delegates day-to-day decision making to employees of the Group and details of this can be found below.

Risk Management

As we grow, our business and our risk environment become more complex. It is therefore vital that we effectively identify, evaluate, manage and mitigate the risks we face, and that we continue to evolve our approach to risk management. Details of principal risks and uncertainties are detailed elsewhere in this report.

Our intention is to behave responsibly and ensure that management operate the business in a responsible manner, operating within the high standards of business conduct and good governance expected for a business such as ours. Our intention is to behave responsibly toward all our stakeholders and treat them fairly and equally so they too may benefit from the expansion of the group.

Our People

The group is committed to being a responsible business. Our behaviour is aligned with the expectations of our people, clients, investors, communities and society as a whole. People are at the heart of our business. For our business to succeed we need to manage our people's performance and develop and bring through talent while ensuring we operate as efficiently as possible. We must also ensure we share common values that inform and guide our behaviour so we achieve our goals in the right way.

We pursue comprehensive safety management procedures, including policy manuals, verification of regulatory compliance, risk assessments, individual site action plans, safety audits, training programmes and formal accident investigations.

Business Relationships

Our strategy prioritises growth to existing clients and bringing in new clients. To achieve this we need to develop and maintain strong client relationships. We value all of our suppliers and have long term contracts with our key suppliers.

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Community and Environment

The group's approach is to use our position of strength to create positive change for the people and communities with which we interact. We want to leverage our expertise and enable colleagues to support the communities around us. We are constantly striving to improve our practices to ensure our production is as environmentally friendly as possible.

The group has established a venture, trading as Earth & Wheat, to 'rescue' and bring to market otherwise usable products which fell outside of our clients' strict specifications. During the period we have saved over 139 tonnes (2022 – 145 tonnes) of bread products through this venture. This would equate to approximately 192 tonnes of carbon emissions throughout the supply chain of these products, up to time of production.

Under Earth & Wheat, the group donated 127,945 meals of 'rescued' bread products to UK food banks during the period.

During the period the group also made several donations to local charities, community sports and activities clubs.

On behalf of the board



William Samir Eid
Director

Date: 19/10/23