

An aerial photograph of a forest clearing. In the center, a group of people are gathered on a dirt path. To the left, there are several small, simple structures with blue roofs. To the right, there is a larger, more complex structure with a blue roof and a small fire pit. The surrounding area is filled with lush green trees and vegetation. The text "REGENERATIVE BUSINESS" is overlaid in the center in a large, white, sans-serif font.

REGENERATIVE BUSINESS

METRICS

We compiled the metrics below to give us a holistic overview of the key issues we really care about.

METRIC	2021-2022	2020-2021	2019-2020
REGENERATIVE BUSINESSGenerate profit whilst having a net positive impact on societal and environmental health.			
B CORP	113.3	106	99
REVENUE	£49.4m	£36m	£34m
ECOMMERCE FREE CONTRIBUTION	29%	31%	30%
EBITDA	1.0%	1.5%	1.7%
LEAD TIME	232	183	211
REGENERATIVE PRODUCTBe regenerative to feet, human movement and planetary health.			
REVIVO REPAIRS	30.5k	20k	N/A
PRODUCT VMATRIX	47%	45%	N/A
TRANSPARENCY OF VALUE CHAIN (TIER 2)	60%	30%	10%
ENVIRONMENTAL IMPACT MONITORING	20%	10%	5%
VIVOHEALTH	£3.4k	N/A	N/A
REGENERATIVE COMMUNITYBring people closer to nature and their natural potential, through healthy connections.			
RETAINED CUSTOMER GROWTH	23%	-0.8%	N/A
CUSTOMER HAPPINESS	69	60	55
COMMUNITY SIZE	1.3m	0.9m	0.7m
WOMEN’S CONTRIBUTION MIX	36%	36%	35%
INTERNAL HAPPINESS	8.0	7.7	7.1

* There has been a change in measurement in our VMatrix tool and as such the comparative score is not reflective.

AGILE AMID TURMOIL



WILLEM HAITINK
CHAIRMAN

On average, our feet travel an impressive equivalent of four times around the planet.

Happy and free feet are critically important for the right posture and alignment. Vivo, as the leader in barefoot footwear, inspires millions of people to live a healthy and natural lifestyle.

After spending a career in sports, technology and footwear around the world it is a distinct pleasure to join Vivo as chair. Besides being a leader in barefoot footwear, I am thoroughly impressed by the unique ecosystem that is so special and inspiring. An ecosystem that starts with innovative product, combined with a distinct focus on people and planet, creating a special and emotional connection with our community. In summary, Vivo is a way of life as an innovator and a trailblazer for a better and regenerative future.

In 2021/2022, Vivo made impressive progress in growing our brand presence around the globe. As a result, we're well positioned for our next phase of expansion. An exciting new phase that will bring the benefits from the early barefoot pioneers to an increasingly growing group of Vivonistas.

It is no coincidence that next to the UK, we will focus on further investing in the key markets of USA and Germany. These are huge and fast-growing territories with unique characteristics and one thing in common: a tremendous and powerful community of people that aspire to live a healthy life connected to nature.

As a team and organisation, we're coming of age. Having recently celebrated our 10th anniversary, we are maturing and professionalising, setting ourselves up for many more decades of success. To fulfill our barefoot mission, we will prioritise financial strength and resilience, driving performance across the organisation. We will do this with youthful enthusiasm and irreverence, combining an entrepreneurial spirit with the conviction that we can and will change the world.

I'd like to thank everyone who is part of the Vivo community for your exceptional work and continuous dedication to our mission. It's an enormous privilege to be part of this extraordinary journey!

“The human foot is a masterpiece of engineering and a work of art .”

—LEONARDO DA VINCI



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WE ARE VIVOBAREFOOT

REGENERATIVE BUSINESS

REGENERATIVE COMMUNITY

REGENERATIVE PRODUCTS

APPENDIX

FINANCIAL UPDATE



MARC ARNOLD
FINANCE DIRECTOR

Yet again, I must open my statement by highlighting how trivial it seems to discuss the financial performance of one footwear company compared to what’s happening in the world.

The Russian invasion of Ukraine has led to death and suffering not seen in Europe in decades. This summer, as wildfires raged across Europe, the UK saw record-breaking heat waves, decades ahead of scientific predictions. Such temperatures will become ever more common. Meanwhile, developed nations are suffering from inflation rates not seen in generations.

In last year’s report I talked about a return to a version of ‘normality’. I was wrong - there is still so much uncertainty ahead. Vivobarefoot is tackling this through several measures, including the move to a less hierarchical, more responsive structure. This makes us more agile in reacting to changes and challenges as they arise.

Because we believe business must address these issues holistically, we present an integrated impact report, which includes an account of our financial performance.

Covid-19 continued to indirectly impact our business. We experienced production delays due to lockdowns in Vietnam and China, where our main suppliers are based.

This was compounded by global distribution challenges, due to pent up demand and staff shortages across the industry. Despite these headwinds, we had a strong year top line but did not see the profits we were hoping for.

BAREFOOT SALES

This year, we sold just over three quarters of a million pairs of barefoot shoes, up nearly 21% from last year. We saw sales of £49.4m this year, 36% more than last year’s record number (£36.2m). However, this year our EBITDA was £0.4m, quite a way short of our expected figure. This was in part due to Covid-19 impacts, which meant we air freighted stock to meet demand. Our performance marketing wasn’t as efficient as we’d hoped it to be.

Our business is split between Direct-to-Consumer (DTC) ecommerce, retail and marketplace platforms, and Business-to-Business (B2B) wholesale and distributor partners. This year, our ecommerce platforms grew 37% to £28.2M. ReVivo, our re-commerce platform, made £2.9m (£1.5M last year) while saving over 36k pairs of shoes from landfill. Our Neal Street store saw a return to pre-pandemic sales levels of £1.4M – up 216% on the previous year. Our distributors have grown equally rapidly, with sales up 38% to £13.6M. The remainder of our sales (£3.3m) came from other channels such as marketplace and wholesale.

As our barefootprint continues to spread, sales grew by 44% to £13.1M in the UK and by 21% to £14.8M in the rest of Europe and by 44% to £21.5M in the US and the rest of the world.

PROFIT WITH PURPOSE

We report a small profit before tax of £15k (last year £392k) and a profit after tax of £386k (£935k previous year). The profit after tax figure of £386k includes two factors:

1. We carried forward losses of £7.3M, which results in a total potential deferred tax asset of £1.3M to use against future profits. This year, we recognised £366k of the asset, a reduction of £113k on last year. Considering the continuing current global uncertainty, we only partially recognised this in 2021/22 against profits we expect to make in the next year’s trading.

2. We claimed research and development (R&D) tax credits of c. £492k. R&D tax credits are a government incentive designed to reward UK companies for investing in innovation. This allows us to accelerate our R&D, hire new staff and continue to grow.

We continued to invest in our people, with staff costs making up more than 30% of our admin expenses both this and last year. We also continue to invest in marketing and product development, which combined, accounted for 9% of admin expenses.

LONG-TERM GROWTH

Business growth is a delicate balance. While we must continue to invest in talent and innovation, we need to make sure our cash position remains healthy. Getting this balance right during this particular global economic environment is even more challenging. We remain grateful to HSBC, our banking partners, for their support over the years. They again extended our trade loan facility from \$5m to \$7m — which we used to facilitate stock purchases so that we aren’t bringing new people into our community only to search through ‘sold out’ signs.

We focused on managing short-term cash challenges, while maintaining adequate stock levels for our growth to ensure the long-term health of Vivo.

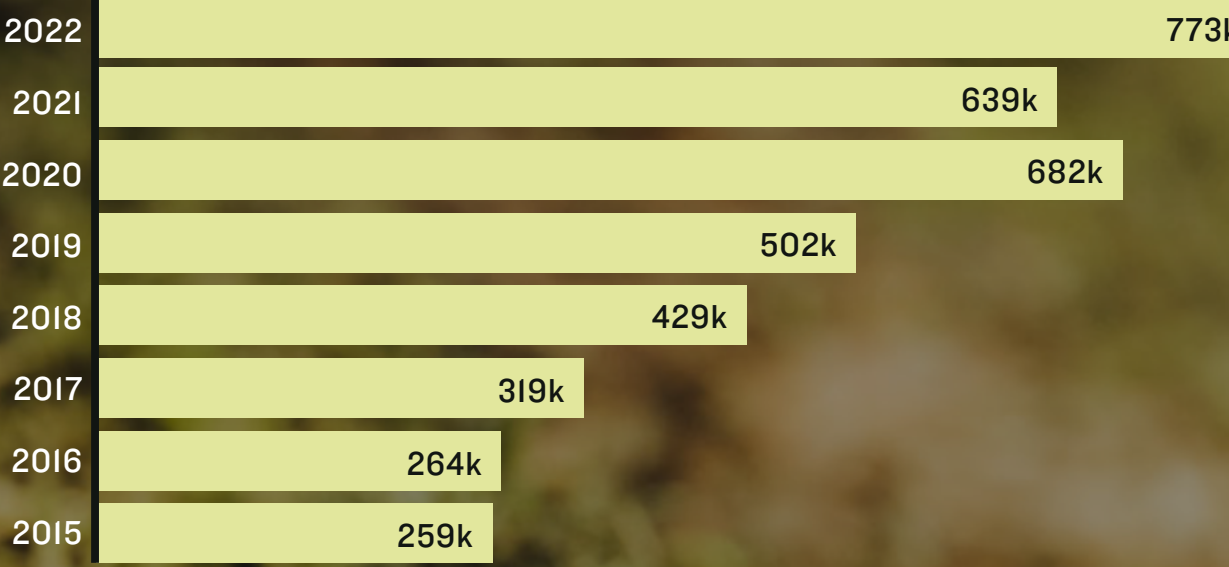
We had £1.3m more stock inbound at the period end than last year, contributing to stock levels of £8.8m - up some 60% on last year. However, this stock negatively impacted our working capital cycle, meaning that cash was £2.1m at the year end, down £1.3m on last year.

So, although we could have had stronger financial results, we remain in a strong financial position. We are the same independent, private and largely self-funded family business and remain committed to help more people reconnect with their feet, their bodies and the natural world.

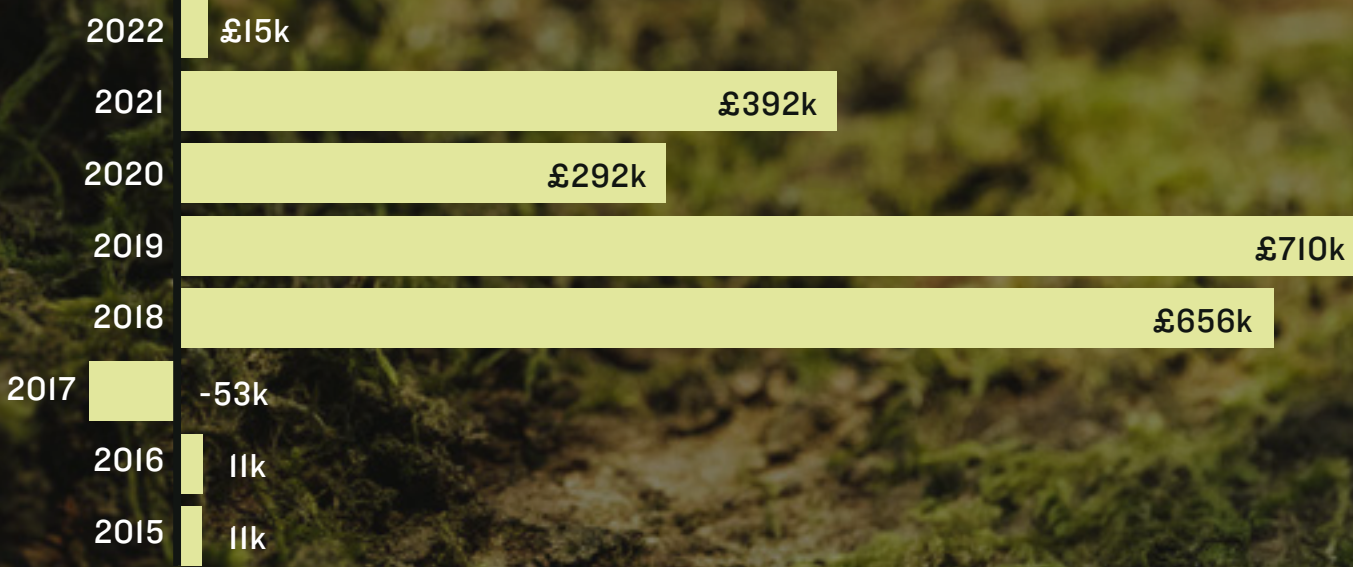
SALES VALUE



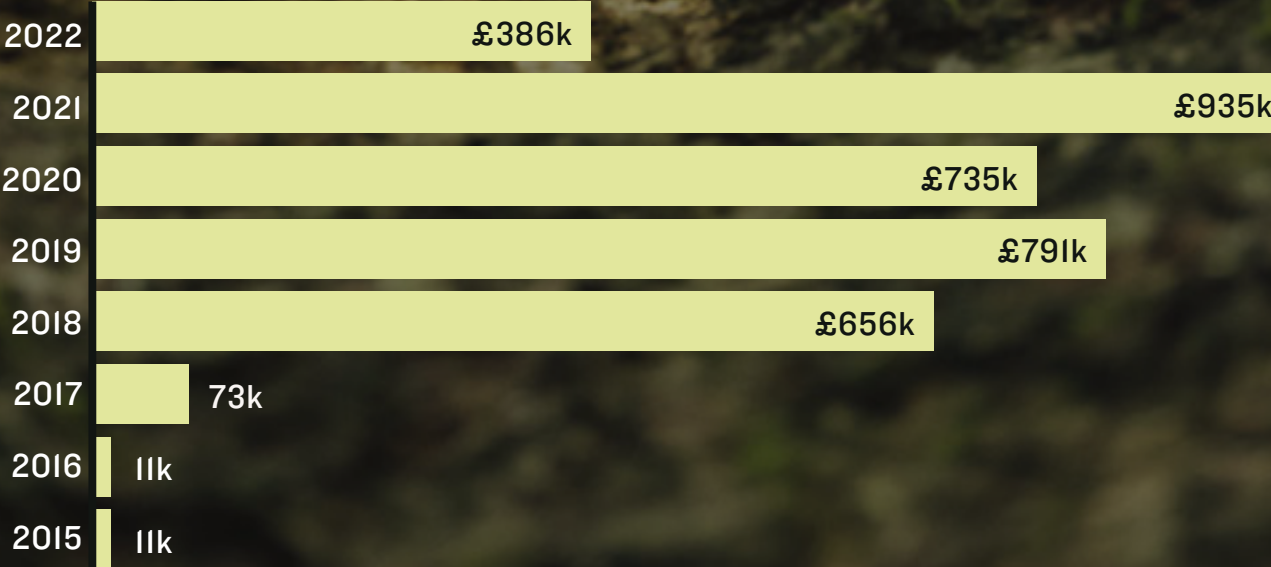
SALES UNITS



PROFIT BEFORE TAX



PROFIT AFTER TAX



FINANCIAL STATEMENTS

PROFIT AND LOSS ACCOUNT FOR THE 53 WEEKS ENDED 2 JULY 2022

		53 weeks 2 July 2022	52 weeks 26 June 2021
	Note	£	£
Turnover	4	49,364,488	36,209,560
Cost of sales		(25,991,034)	(19,948,114)
Gross Profit		23,373,454	16,261,446
Adminstrative expenses		(23,301,855)	(15,910,441)
Other operating income	5	36,531	101,054
Operating profit	6	108,130	452,059
Interest receivable and similar income	9	3	2
Interest payable and similar expenses	10	(93,126)	(59,652)
Profit before tax		15,007	392,409
Tax on profit	11	370,964	542,724
Profit for the financial 53 weeks/52 weeks		385,971	935,133

There are no items of other comprehensive income for either the 53 week period or the prior 52 week period other than the profit for the period. Accordingly, no statement of other comprehensive income has been presented.

The notes on pages 52 to 61 form part of these financial statements.

BALANCE SHEET AS OF 2 JULY 2022

	Note	2 July 2022 £	26 June 2021 £
Fixed assets			
Intangible assets	12	624,601	644,288
Tangible assets	13	484,575	341,674
Investments	14	101	101
		1,109,277	986,063
Current assets			
Stocks	15	8,797,350	5,279,776
Debtors: amounts falling due within one year	16	5,529,506	4,056,962
Cash at bank and in hand	17	2,077,351	3,438,581
		16,404,207	12,775,319
Total assets		17,513,484	13,761,382
Capital and reserves			
Called up share capital	21	4,595,795	4,595,795
Other reserves	22	421,327	416,435
Profit and loss account	22	(1,928,521)	(2,314,492)
Shareholders' funds		3,088,601	2,697,738
Creditors			
Amounts Falling Due Within One Year	18	13,625,876	9,779,346
Amounts Falling Due After More Than One Year	19	799,007	1,284,298
Total equity and liabilities		17,513,484	13,761,382

The financial statements were approved and authorised for issue by the board and were signed on its behalf by:



G J D Clark, Director
Date: 16th November 2022

The notes on pages 52 to 61 form part of these financial statements.



FINANCIAL STATEMENTS

STATEMENT OF CHANGES IN EQUITY FOR THE 53 WEEKS ENDED 2 JULY 2022

	Called up share capital	Share option reserve	Profit and loss account	Total equity
	£	£	£	£
At 28 June 2020	4,595,795	352,343	(3,249,625)	1,698,513
Profit for the 52 weeks	-	-	935,133	935,133
Share-based payment expense	-	64,092	-	64,092
At 26 June 2021	4,595,795	416,435	(2,314,492)	2,697,738
Profit for the 53 weeks	-	-	385,971	385,971
Share-based payment expense	-	4,892	-	4,892
At 2 July 2022	4,595,795	421,327	(1,928,521)	3,088,601

The notes on pages 52 to 61 form part of these financial statements.

STATEMENT OF CASH FLOWS FOR THE 53 WEEKS ENDED 2 JULY 2022

	2 July 2022 £	26 June 2021 £
Cash flows from operating activities		
Profit for the financial 53 weeks	£385,971	935,133
Adjustments for:		
Amortisation of intangible assets	173,330	145,072
Depreciation of tangible assets	166,218	138,734
Interest paid	93,126	59,652
Interest received	(3)	(2)
Taxation credit	(370,964)	(542,724)
(Increase) in stocks	(3,517,574)	(612,294)
(Increase) in debtors	(1,366,886)	(578,206)
Increase in creditors	3,750,530	2,629,159
Corporation tax received	265,306	242,139
Share based payments expense	4,892	64,092
Net cash generated from operating activities	(416,054)	2,480,755
Cash flows from investing activities		
Purchase of intangible fixed assets	(153,643)	(184,523)
Purchase of tangible fixed assets	(309,119)	(136,171)
Interest received	3	2
Net cash from investing activities	(462,759)	(320,692)
Cash flows from financing activities		
Repayment of other loans	(389,291)	(350,000)
Interest paid	(93,126)	(59,652)
Net cash used in financing activities	(482,417)	(409,652)
Net (decrease)/increase in cash and cash equivalents	(1,361,230)	1,750,411
Cash and cash equivalents at beginning of 53 weeks	3,438,581	1,688,170
Cash and cash equivalents at the end of 53 weeks	2,077,351	3,438,581
Cash and cash equivalents at the end of 53 weeks comprise:		
Cash at bank and in hand	2,077,351	3,438,581



STRATEGIC REPORT

FOR THE 53 WEEKS ENDED 2 JULY 2022

BUSINESS ENVIRONMENT

We run our business from the United Kingdom, source our footwear from Ethiopia, Portugal, China and Vietnam and sell internationally via ecommerce platforms and through a network of distributors. Details of our value chain and of our product manufacturing are included in the Manufacturing and Value Chain Transparency section starting on p39.

The footwear sector has continued to face challenges globally, with some elements fairing better than others; formal wear continue to struggle post pandemic as people’s working arrangements have evolved. The invasion of Ukraine by Russia has in part led to inflation at levels not seen in 40 years. We know that the economic environment is changing more rapidly and more significantly than it has in recent memory, making a return to relative stability unlikely, at least in the short-term.

KPIs

In case you missed them, our KPIs (Metrics) can be found on p12.

STRATEGIC MANAGEMENT & FUTURE DEVELOPMENTS

We continue to believe that the resale market could be bigger than fast fashion before too much longer, with younger consumers driving change. Details of ReVivo; our resale platform can be found on p34 (we’re very proud of it!).

Our long-term sustainability and innovation goals are to invest in healthy products and experiences sold through healthy digital ecommerce, which continues to set Vivobarefoot up for strong, sustained success. Further details about our plans to make our products healthier can be found in VIVOHEALTH (p25), VIVOBIOIME (p36) and Product goals (p38).

Vivobarefoot has invested in Regenerative Leadership training for all staff, equipping the business to sense and respond to threats and opportunities as they arise and ensure agility in its actions. Details of this can be found on p20.

RISKS

Our Strategic Risks are detailed on p17.

All policies are subject to Board approval and ongoing review by the Board and management. Compliance with regulation, legal and ethical standards is a high priority for Vivobarefoot and the Legal Board takes on an important oversight role in this regard, with input from expert third parties where necessary.

We maintain a formal risk schedule (see right), which details the key risks that could affect Vivobarefoot in the future. This register details the risks, the level of impact and likelihood of these risks, as well as potential mitigations.

In addition to the formal risk register we maintain, the Board and the Leadership Team regularly discuss and debate potential risks to Vivobarefoot. Most Board meetings do not have specific time dedicated to the discussion of risks; debates on risks often percolate to the surface naturally during meetings. These risks are not always added to the formal register as they may be deemed not relevant enough or too unlikely.

The expertise and varied backgrounds of the Board members and the Leadership Team means that a variety of perspectives and opinions are brought to the risk assessment process.

BUSINESS PERFORMANCE

The full details of this year’s performance can be found on p15-16 and if you’re really interested, detailed notes to the accounts are available from p52.


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G J D Clark
Director

Date: 16th November 2022

RISK REGISTER

RISK	MITIGATION	IMPACT	LIKELIHOOD
Global recession, consumer disposable income pressures, household inflationary pressures	Better customer understanding and premium brand positioning.	HIGH	HIGH
Transitioning Germany from B2B to DTC / Reliance on US growth / UK Economic pressures	Better forecasting, risk management and scenario planning.	HIGH	MEDIUM
Not having enough money to self-fund our business plans	Increased bank facility secured with HSBC.	HIGH	LOW
Barefoot shoe brand competition	Keeping an eye on key markets, ensuring we protect brand assets.	MEDIUM	HIGH
Lack of awareness of Livebarefoot experiences	Bringing VIVOHEALTH to life — emphasising education and experiences.	LOW	MEDIUM
Ordering too much or not enough stock	Investing in strengthening forecasting, better demand planning.	HIGH	MEDIUM
Supply Chain disruption resulting in airfreighting of stock	Improved sourcing arrangements.	HIGH	HIGH
Not looking after or growing loyal customer network	Tempering digital marketing, lifestyle not product advertisements.	MEDIUM	MEDIUM
Covid-19 lockdowns in Asia manufacturing value chain	Contingency planning, worst-case scenario planning.	MEDIUM	LOW
Human rights issues in factories	Strengthened value chain partnerships, contracts and technology.	HIGH	LOW
Environmental disasters	Materiality assessment, investment in innovation and activism.	HIGH	LOW
Unwittingly contributing to sustainability issue in factories	Uncompromising requirements for transparency.	HIGH	MEDIUM
Product compliance failures	Strengthened testing regime.	MEDIUM	MEDIUM
Not growing our community	Reframing our message, widening brand entry points.	HIGH	HIGH
Not preventing kids from getting in cushioned, narrow footwear	Providing education material for schools, increasing resourcing.	HIGH	MEDIUM
Having a data or security breach	Increasing IT spend, strengthening security processes.	HIGH	MEDIUM
Digital system failure	Digital integration, contingency planning.	MEDIUM	LOW
Not spending enough on digital innovation	Setting up democratised project council aligned to brand mission.	HIGH	LOW
Key person illness or injury	Assistant hire, succession and contingency planning.	HIGH	HIGH



THE LIVEBAREFOOT FUND

The Livebarefoot Fund is how we initiate, nurture and fund social and environmental impact programs aligned with our mission.

You will find these stories throughout the report – just look out for the LBF stamp.

OPENING OF COBBLERS’ WORKSHOP

The grand opening of the workshop for the Ju’/hoansi San people in Namibia will take place in October, providing a sustainable space for them to continue using their ancestral knowledge to produce the original barefoot shoes.

ONE EARTH

Our One Earth project partnership launched on Earth Day in April. Check out our blog to read more about how we’re supporting Ethiopian farming, an Amazon community and Navaho sheep farming.



OUR REWILDING PROJECTS



WE STARTED SUPPORTING SOMERSET WILDLANDS

The Somerset Levels used to be a wildlife haven, hosting pelicans, lynx, beavers and giant river sturgeons. It was a vast wetland teeming with wildlife, much of it now gone.

Somerset Wildlands is acquiring plots of land to create a distributed network of rewilded sites, boosting wildlife populations and providing opportunities for wildlife to spread and adapt naturally. Instead of focusing on protecting existing biodiverse areas, Somerset Wildlands buys ordinary farmland and gives nature free reign to turn it into something extraordinary.



AND WE CONTINUED SUPPORTING THE DEVON ENVIRONMENTAL FOUNDATION

We’re proud to continue supporting DEF in their work to protect and restore Devon’s environment by funding local nature regeneration.

Recent funding successes include a nursery producing native tree saplings, a breeding programme for wild release of native reptiles and amphibians, a regenerative agriculture training programme and a collaboration among local landowners to increase habitats for some of Britain’s rarest insects.



THE SPARK TO FIGHT BIG OIL

The Amazon’s ancestral guardians are the best protectors of its biodiversity. Here’s how Amazon Frontlines help them do it.

LEARN MORE



SAVING SEEDS, SOWING KNOWLEDGE

Ethiopia’s MELCA project works with communities to champion the value of traditional farming knowledge.

LEARN MORE



TRADITIONAL VALUES, 21ST CENTURY VISION

Times have been tough on the Navajo Nation. The Rainbow Co-op tell us why traditional shepherding skills are vital for cultural identity and earth-connection.

LEARN MORE

