



VIVOBAREFOOT

**2016/2017
ANNUAL REPORT**

PRIMUS LUX





**EXECUTIVE
DIRECTORS**

G J D Clark (Chief Executive)
A M Clark
D Peat
P R Walker

**NON-EXECUTIVE
DIRECTORS**

N A Beart (Chairman)
L Chen Li Ming

COMPANY SECRETARY

Marc Arnold

REGISTERED NUMBER

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FULL YEAR RESULTS

REPORT FROM MD, GALAHAD CLARK

Dear Everyone

We want the world to VivoBarefoot but if we are to get everyone to Live Barefoot then we need to build a great shoe brand and company. A company that always strives to make the most sustainable and exciting Barefoot shoes in the world. Shoes and a message that will inspire everyone, young or old, big or small to wear Barefoot shoes. It's a big challenge but one we all feel worth devoting our lives to because only that way can we fulfil our dream of helping everyone to live and move in a healthier Barefoot world. We are building a fantastic team of people committed to building a wonderful, and we believe, truly important shoe company and we also know that we need to reward all those supporters who have trusted us with their money and invested in our dream of a Barefoot world. We started small in 2012 and we are really only just starting our journey but 2016/17 was an important step on our march and our first full year since Crowdfunding.

We have a June financial year end, for reasons we can't quite remember but we are used to it now, and in the year to 30 June 2017 we sold 320k pairs of Barefoot shoes across the world against 265k in the previous year and we are going global. We sold 59k pairs in the USA, 54k pairs in the UK and 206k pairs in Europe and the rest of the world. Better yet 50% of our sales now come from our internet site and our internet sales grew by 50%. Like a lot of plans, we planned our profits to start small as we built up the team but the profits are there. The team delivered sales of £13m against £8.8m for the previous year and excluding interest and depreciation a Profit after tax of £120k against our CrowdCube target of £150k. This year things pick up again in our plan and we are targeting sales of £18m and higher profits. We are only half way through the year but right now everything seems on track and we think the year to 30 June 2018 could be another big step forward - we are keeping our fingers crossed but our toes widely spread and touching the ground of course.



OFF ROAD

Out Tracker is a 'lightweight - heavyweight', a one-of-a-kind hiking boot in the minimalist shoe category and a wonderful gateway product to Vivobarefoot. They are so light, I use them to run the dog in the morning (and keep my toes toasty in the frosty dews of rural London!)

We were also very proud to launch the Ultra in collaboration with Bloom - a ground breaking innovation to replace the petro-chemical ubiquitous EVA foam material used in the shoe industry. Vivobarefoot were the first company to launch shoes made from the algae based material and this continued to raise the sustainability bar for the brand.

In 2016/17 we introduced a whole new Off Road collection with enhanced natural shape and two new and improved tread patterns (Soft Ground & Firm Ground). The Primus Trails are blazing new standards in the category and through our elite team are standing atop podiums all over the world.

Our first year as international sponsors of Otillo Swimrun, the fastest growing and most natural outdoor sport in the world, was very successful and we hope you can come and join us at one of the "unique races in unique places" in 2018.

The sprint is really accessible to all:
www.otilloswimrun.com/races



TRACKER



PRIMUS SWIMRUN



ULTRA BLOOM





EXERCISE

The Primus Lite was the out and out best selling style in the business this year and is an 'exercise' shoe that people are starting to wear 'everyday'. Modern styling and ultimate less-is-more design are turning this shoe and the entire Primus family, into a Vivobarefoot icon.



PRIMUS HI VIZ



STEALTH



PRIMUS LITE



EVERYDAY

Everyday shoes drive 50% of the volume at Vivobarefoot (Off Road and Exercise 40% and Kids 10%). The Gobi, Ra and Scott continue to be strong sellers, but we are very encouraged that the Primus Lux is a stand out best seller in SS17 along with the Ababa. We also had the exciting re-launch of the Handcut range with the heel rocker, setting a new standard for Barefoot Luxury feeling.

The original human running 'tool', the San-Dal (still made by the Bushmen of the Kalahari) has now sold over 1,000 pairs and the workshop is at full tilt, along with our support and development of the Future Footwear Foundation.



GOBI HI



GOBI SWIMRUN



ABABA CANVAS



KIDS

KIDS got a complete makeover in 2016 with an all new and improved barefoot shape and feel. All the new styles are selling faster than we predicted so, if anything, we have been troubled by out-of-stock issues too early in the season. Kids is now run as an independent business unit and is the fastest growing category with a particular emphasis on proactive merchandising in 2018.



PRIMUS KIDS



PRIMUS BOOTIE



MINI PRIMUS

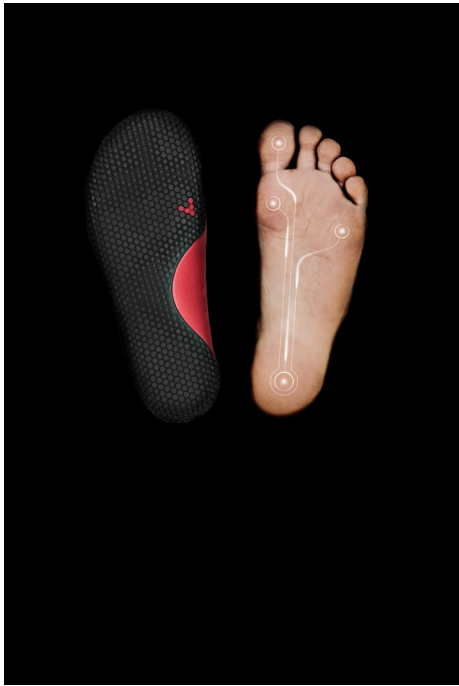


RETAIL CONCEPT

The website continues to be significantly updated and optimised and has traded over 50% up on the previous year with growth rates continuing to increase.

Our new 'retail therapy' store concept went live: "Bring Nature Inside". The first full concept store opened in Prague with follow ups in Brussels, Germany, Switzerland, Scotland and London bringing the total number of Vivo stores to over 20 with a host of new spaces planned in 2017.

Watch this space!



COLLABORATIONS

Behind the scenes we continue to collaborate and help partners who are equally enthusiastic about barefoot. We are working with Sensoria to help them make the smartest shoe in the world: the next version will be shown at CES in January 2018.

Collaborations abound: the new Soul of Africa shoe is coming off the new fair trade production line in Addis Ababa with Pittards. The hand stitched slip-on 'Ababa' is the most barefoot feeling shoe we've ever made and we are already planning some exciting new collaborations with the Ababa.

Future Footwear is a charity that promotes footwear that is sustainable for both the environment and the body. We have grown our partnership with Catherine Willems and the Future Footwear Foundation to help them investigate the potential benefits between indigenous shoe making and 3D printing.

On our continued quest to make the perfect shoe: perfect for your feet and zero impact on the environment... Mode Tracker has gone public and we are now pushing to be the first shoe brand to be awarded official pioneering status with this exciting online transparent supply chain and business tool.

VIVO PEOPLE

Our brilliant team continue to evolve and we can safely say the health of the company is better than ever. The US business is the fastest growing region and we are building sales and marketing partnerships out of San Diego.

Thank you all for your wonderful support and involvement in the brand and I'd always like us to remember the values by which Vivobarefoot lives:

THINK ON YOUR FEET
MOVE MORE
INNOVATE SUSTAINABLY

The team have worked hard to grow the values into the business and continue to develop the culture from Turn Around to Take Off!

Significant investments and learnings are being made as we adapt our operating model to the new pixelated world. Our business strategy of going direct to the consumer is allowing more flexibility in growing the business - we are working hard to flatten out the supply chain, increasing speed to market and ultimately ramp up digital marketing intelligence across the organisation. We realise we need to bring more of these skills in-house and so will be looking to make bigger investments up front in 2017/18 to deliver the longer-term growth.

Galalah Clark.





2017 SUMMARY RESULTS

SALES (PAIRS)	2017	2016	
Ecom	95,940	72,561	
Retail	11,003	10,042	
Distributor	212,590	182,030	
TOTAL	319,533	264,633	+ 54,900 21%
SALES (£)			
Ecom	6,470,904	4,299,625	
Retail	769,310	656,376	
Distributor	5,718,786	3,889,169	
TOTAL	12,958,999	8,845,170	+4,113,829 47%
NET MARGIN (£)	5,334,524	3,571,135	+ 1,763,389 49%
Total Overheads	(5,207,482)	(3,484,986)	(1,722,496) (49%)
Profit Before Interest and Depreciation	127,042	86,149	+ 40,893 47%
RETAINED PROFIT	73,056	11,237	+ 61,819 550%

COMMENTARY

1. Sales units have increased 21% in 2017 vs 2016
2. Sales £ have increased 47% in 2017 vs 2016
3. Net margin has increased 49% in 2017 vs 2016
4. Overheads have increased 49% in 2017 vs 2016*
5. Retained profit has increased 550% in 2017 vs 2016

*In the year the company received £126k in tax credits from HMRC in respect of R&D relief, which offsets costs in Overheads that would not otherwise have been incurred.

BALANCE SHEETS

FIXED ASSETS	2017	2016
Intangible Assets	6,741	7,679
Tangible Assets	103,265	19,985
	110,006	27,664
CURRENT ASSETS		
Stock	1,381,169	812,306
Trade Debtors	844,963	666,874
Other Debtors	302,755	325,420
Cash	1,003,221	1,276,006
	3,532,108	3,080,606
CURRENT LIABILITIES		
Trade Creditors	(1,622,174)	(1,281,487)
Other Creditors	(684,525)	(406,630)
Other Taxation & Social Security	(136,240)	(147,823)
Pou Chen	-	(129,235)
	(2,442,939)	(1,965,175)
Net Current Assets	1,089,169	1,115,431
Provisions for Liabilities	(35,000)	(45,000)
NET ASSETS	1,164,175	1,098,095
Capital & Reserves		
Shareholder Loans	2,000,000	2,000,000
Share Capital	4,595,795	4,595,795
Share Premium	6,892,644	6,899,620
Closing Reserves	(12,324,264)	(12,397,320)
SHAREHOLDER FUNDS	1,164,175	1,098,095

ACCOUNTING PRINCIPLES

1. TURNOVER

Turnover comprises revenue recognised by the company in respect of goods and services supplied during the 52 weeks, exclusive of Value Added Tax and trade discounts.

2. INTANGIBLE FIXED ASSETS AND AMORTISATION

Goodwill is the difference between amounts paid on the acquisition of a business and the fair value of the identifiable assets and liabilities. It is amortised to the Profit and Loss Account over its estimated economic life.

3. TANGIBLE FIXED ASSETS AND DEPRECIATION

Tangible fixed assets are stated at cost less depreciation. Depreciation is provided at rates calculated to write off the cost of fixed assets, less their estimated residual value, over their expected useful lives on the following basis:

- Plant and machinery
- Motor vehicles
- Fixtures and fittings
- Office equipment
- Computer equipment

4. INVESTMENTS

Investments held as fixed assets are shown at cost less provision for impairment.

5. OPERATING LEASES

Rentals under operating leases are charged to the Profit and Loss Account on a straight line basis over the lease term.

Benefits received and receivable as an incentive to sign an operating lease are recognised on a straight line basis over the period until the date the rent is expected to be adjusted to the prevailing market rate.

6. STOCKS

Stocks are valued at the lower of cost and net realisable value after making due allowance for obsolete and slow moving stocks. Cost includes all direct costs and an appropriate proportion of fixed and variable overheads.

7. FOREIGN CURRENCIES

Monetary assets and liabilities denominated in foreign currencies are translated into sterling at rates of exchange ruling at the balance sheet date. Transactions in foreign currencies are translated into sterling at the rate ruling on the date of the transaction. Exchange gains and losses are recognised in the Profit and Loss Account.



