

MOTO VENTURES LIMITED

QUARTERLY REPORT

SEPTEMBER 2021

UNAUDITED CONSOLIDATED PROFIT AND LOSS ACCOUNT

	13 weeks Ended 29 September 2021 £'000s	13 weeks Ended 23 September 2020 £'000s	39 weeks Ended 29 September 2021 £'000s	39 weeks Ended 23 September 2020 £'000s
Non-fuel turnover	119,850	78,456	244,968	177,910
Fuel turnover	135,378	81,644	318,339	210,492
Turnover	255,228	160,100	563,307	388,402
Change in stocks of non-fuel goods	585	929	236	(1,246)
Change in stocks of fuel	(698)	245	(16)	(282)
Change in stocks of finished goods	(114)	1,174	220	(1,528)
Staff costs	(23,994)	(17,625)	(57,585)	(48,250)
Depreciation and amortization	(11,161)	(11,271)	(33,758)	(34,073)
Non-fuel operating costs.....	(72,635)	(55,962)	(149,931)	(125,545)
Cost of fuel purchased.....	(122,006)	(75,222)	(289,592)	(190,211)
Other operating costs	(194,641)	(131,184)	(439,523)	(315,756)
Profit / (loss) on ordinary activities before interest being operating profit / (loss)	25,318	1,194	32,659	(11,205)
Interest receivable and similar income	-	-	-	31
Interest receivable from group undertakings	208	124	482	351
Interest payable on bank loans	(8,479)	(8,573)	(25,198)	(24,815)
Fair value movement on derivative financial instruments.....	6,433	754	23,345	(17,577)
Profit / (loss) on ordinary activities before taxation	23,481	(6,501)	31,289	(53,215)
Tax on profit / (loss) on ordinary activities	-	-	-	-
Profit / (loss) on ordinary activities after taxation being retained profit / (loss) for the financial period	23,481	(6,501)	31,289	(53,215)
 Note: Adjusted EBITDA	 36,365	 12,276	 65,955	 22,303
 Fuel margin	 12,674	 6,667	 28,731	 19,999

UNAUDITED CONDENSED CONSOLIDATED BALANCE SHEET

	As of 29 September 2021 £'000s	As of 23 September 2020 £'000s
Cash.....	70,298	20,146
Current assets (excluding cash).....	41,405	29,129
Net fixed assets	821,615	838,974
Total assets	933,318	888,249
Current liabilities.....	(86,239)	(59,278)
Long term borrowings (excluding derivatives).....	(685,161)	(667,034)
Retained Earnings	(637,901)	(662,846)

UNAUDITED CONDENSED CONSOLIDATED CASH FLOW STATEMENT

	13 weeks Ended 29 September 2021 £'000s	13 weeks Ended 23 September 2020 £'000s	39 weeks Ended 29 September 2021 £'000s	39 weeks Ended 23 September 2020 £'000s
Net cash inflow / (outflow) from operating activities	54,212	23,686	92,496	21,230
Cash outflow from servicing bank loans.....	(7,113)	(11,863)	(22,609)	(22,646)
Net cash outflow from returns on investments and servicing of finance	(7,220)	(11,942)	(22,767)	(22,797)
Taxation	(1,201)	(1,400)	(2,545)	(4,176)
Net cash outflow for capital expenditure and financial investment	(7,725)	(7,248)	(21,032)	(26,231)
Net cash outflow from financing	(353)	-	(5,801)	12,953
Equity dividends paid to shareholders	(353)	-	(4,742)	-
Increase / (decrease) in net cash	37,713	3,096	41,410	(19,021)

OPERATING AND FINANCIAL REVIEW

The following discussion contains trend information and forward-looking statements. Actual results could differ materially from those discussed in these forward-looking statements. Any forward-looking statements are only made as at the date of this report and we undertake no obligation to publicly update or publicly revise any forward-looking statement, whether as a result of new information, future events or otherwise.

Results of Operations

Results of operations for the 39 weeks ended 29 September 2021 compared to the 39 weeks ended 23 September 2020

The following table sets forth our main operating results for the 39 weeks ended 29 September 2021 compared to the 39 weeks ended 23 September 2020:

	39 weeks ended 29 September 2021 £'000s	39 weeks ended 23 September 2020 £'000s	Variance £'000s	Variance %
Non-fuel Turnover.....	244,968	177,910	67,058	37.7%
Fuel Turnover.....	318,339	210,492	107,847	51.2%
Turnover	563,307	388,402	174,905	45.0%
Change in stocks of non-fuel goods	236	(1,246)	1,482	118.9%
Change in stocks of fuel	(16)	(282)	266	94.3%
Change in stocks of finished goods.....	220	(1,528)	1,748	114.4%
Staff costs	(57,585)	(48,250)	(9,335)	(19.3)%
Depreciation and amortization	(33,758)	(34,073)	315	0.9%
Non-fuel operating costs.....	(149,931)	(125,545)	(24,386)	(19.4)%
Cost of fuel purchased.....	(289,592)	(190,211)	(99,381)	(52.5)%
Other operating costs	(439,523)	(315,756)	(123,767)	(39.2)%
Profit / (loss) on ordinary activities before interest being operating profit / (loss).....	32,659	(11,205)	43,864	391.5%
Interest receivable and similar income	-	31	(31)	(100.0)%
Interest receivable from group undertakings	482	351	131	37.4%
Interest payable on bank loans	(25,198)	(24,815)	(383)	(1.54)%
Fair value movement on derivative financial instruments	23,345	(17,577)	40,922	232.8%
Profit / (loss) on ordinary activities before taxation	31,289	(53,215)	84,504	158.8%
Tax on profit / (loss) on ordinary activities	-	-	-	-%
Profit / (loss) on ordinary activities after taxation being retained profit / (loss) for the financial period	31,289	(53,215)	84,504	158.8%
Note: EBITDA	66,418	22,868	43,550	190.4%
Loss on disposal of fixed assets.....	112	-	112	100%
Travelodge provision.....	(575)	(566)	(9)	(1.6)%
Adjusted EBITDA	65,955	22,302	43,653	195.7%

Turnover. Turnover increased by £174.9 million, or 45.0%, from £388.4 million in the 39 weeks ended 23 September 2020 to £563.3 million in the 39 weeks ended 29 September 2021. The change was attributable to increases in both fuel turnover and non-fuel turnover of £107.8 million and £67.1 million respectively. Both of these increases are attributable to the impact of the Covid-19 pandemic during 2020 and Q1 of 2021, with a more significant trading impact experienced as a result of the initial lockdown from March 2020 onwards. The pandemic and resultant travel disruption adversely impacted the number of motor vehicles travelling on UK roads and the number of customer transactions, impacting the majority of 2020, as well as Q1 of 2021. Non-essential areas of the business such as amusements areas were largely closed until Q2 2021 and other essential areas of the business have been open during this time for essential journeys, but operating at a reduced capacity. During Q3 2021, the business was positively impacted by the fuel crisis, due to our protected status on the strategic road network and active management we were able to maintain a supply of fuel, and as such attracted a significant increase in visitors.

The following table shows the breakdown of our non-fuel turnover for the 39 weeks ended 29 September 2021 and the 39 weeks ended 23 September 2020:

	39 weeks ended 29 September 2021 £'000s	39 weeks ended 23 September 2020 £'000s	Variance £'000s	Variance %
Catering.....	112,480	74,313	38,167	51.4%
Convenience Food.....	54,958	41,697	13,261	31.8%
Confectionary, Tobacco and News.....	31,199	24,851	6,348	25.5%
Amusements.....	6,777	7,400	(623)	(8.4)%
Other.....	16,383	12,400	3,983	32.1%
Amenity Building.....	221,797	160,661	61,136	38.1%
Forecourt.....	23,171	17,249	5,923	34.3%
Total non-fuel turnover.....	244,968	177,910	67,058	37.7%

The following table shows the like-for-like sales growth/ (decline) in 2021:

	13 weeks Ended 31 March 2021	13 weeks Ended 30 June 2021	13 weeks Ended 29 September 2021	39 weeks Ended 29 September 2021
Amenity Building (including amusements)..	(54.8)%	320.9%	52.0%	35.9%
Forecourt.....	1.6%	75.1%	29.7%	31.8%
LFL non-fuel turnover	(50.1)%	269.8%	49.8%	35.5%

The following table shows the like-for-like transaction growth/ (decline) in 2021:

	13 weeks Ended 31 March 2021	13 weeks Ended 30 June 2021	13 weeks Ended 29 September 2021	39 weeks Ended 29 September 2021
Amenity Building (excluding amusements) ..	(56.0)%	474.1%	47.1%	30.0%

The following table shows the average spend growth in 2021:

	13 weeks Ended 31 March 2021	13 weeks Ended 30 June 2021	13 weeks Ended 29 September 2021	39 weeks Ended 29 September 2021
Amenity Building (excluding amusements) ..	3.4%	(7.2)%	(40.8)%	(20.6)%

Change in stocks of finished goods. Change in stocks of finished goods was £0.2 million in the 39 weeks ended 29 September 2021 and was £(1.5) million in the 39 weeks ended 23 September 2020. The value of fuel stocks remained consistent at £3.8 million, and the value of non-fuel stocks increased by £0.2 million in the 39 weeks ended 29 September 2021.

Staff costs. Staff costs increased by £9.3 million, or 19.3%, from £48.3 million in the 39 weeks ended 23 September 2020 to £57.6 million in the 39 weeks ended 29 September 2021. The ratio of staff costs to non-fuel turnover decreased from 27.1% in the 39 weeks ended 23 September 2020 to 23.5% in the 39 weeks ended 29 September 2021 with improved productivity supported by the implementation of new workforce management software, coupled with increased volume efficiencies as a result of increased non-fuel revenue. In Q3 2021, the business has considerably reduced the use of the Coronavirus Job Retention Scheme, with staff returning from furlough, as trading improves and the scheme ended on 30 September 2021.

Depreciation and amortization. Depreciation and amortization decreased by £0.3 million, or 0.9%, from £34.1 million in the 39 weeks ended 23 September 2020 to £33.8 million in the 39 weeks ended 29 September 2021. Amortization charges were unchanged from 2020 to 2021.

Other operating costs. Other operating costs increased by £123.8 million, or 39.2%, from £315.8 million in the 39 weeks ended 23 September 2020 to £439.5 million in the 39 weeks ended 29 September 2021. The change was partly attributable to the cost of fuel purchased, which increased by £99.4 million. The increase in non-fuel operating costs of £24.4 million is attributable to a £27.6 million increase in the cost of non-fuel merchandise reflecting the increase in non-fuel turnover.

The following represents a breakdown of our non-fuel operating costs for the 39 weeks ended 29 September 2021 and the 39 weeks ended 23 September 2020:

	39 weeks ended 29 September 2021 £'000s	39 weeks ended 23 September 2020 £'000s	Variance £'000s	Variance %
Cost of non-fuel merchandise.....	102,180	74,551	27,629	37.1%
Property taxes.....	5,251	4,858	393	8.1%
Utilities.....	8,236	6,302	2,024	32.1%
Franchise fees.....	7,535	5,072	2,462	48.5%
Maintenance.....	4,280	4,501	(221)	(4.9)%
Distribution.....	743	662	81	12.3%
Cleaning, travel and admin.....	6,960	5,858	1,102	18.8%
Rent expense.....	7,443	7,134	310	4.3%
Central income.....	(778)	10,441	(11,219)	(107.5)%
Corporate and other.....	8,567	6,732	1,835	27.3%
Travelodge provision.....	(575)	(566)	(10)	(1.7)%
Total non-fuel operating costs.....	149,931	125,545	24,386	19.4%

Central income of £0.8 million relates to £1.6 million of backdated rates settlements and £0.8 million being the net of a number of other one-off costs (2020: £7.5 million of Covid-19 costs, £3.0 million of business restructure costs, offset by £0.1 million of other).

Operating profit. Operating profit increased by £43.9 million, or 391.5%, from a £11.2 million loss in the 39 weeks ended 23 September 2020 to a £32.7 million profit in the 39 weeks ended 29 September 2021. The reasons for the change in operating profit are outlined in the commentary above.

Interest receivable and similar income. Interest receivable and similar income decreased by £0.031 million, or 100.0%, from £0.031 million in the 39 weeks ended 23 September 2020 to £nil in the 39 weeks ended 29 September 2021.

Interest receivable from group undertakings. Interest receivable from group undertakings increased by £0.1 million, or 37.4%, from £0.4 million in the 39 weeks ended 23 September 2020 to £0.5 million in the 39 weeks ended 29 September 2021.

Interest payable on bank loans. Interest payable on bank loans increased by £0.4 million, or 1.5%, from £24.8 million in the 39 weeks ended 23 September 2020 to £25.2 million in the 39 weeks ended 29 September 2021. The increase was primarily attributable to an increase in interest accrued on the external debt arrangements due to a higher facility B and RCF loan balance compared with the prior period, but also due to an additional undrawn loan facility made available to the business at the start of the Covid-19 pandemic, on which commitment fees are payable.

Fair value movement on derivative financial instruments. Fair value movement on derivative financial instruments was a £23.3 million credit in the 39 weeks ended 29 September 2021 compared with £17.6 million debit in the 39 weeks ended 23 September 2020. This represents the movement of the fair value of interest rate derivatives held by the group. The mark-to-market (MTM) valuation of derivatives held by the group at 29 September 2021 was a £23.0 million credit compared with a £50.1 million credit at 23 September 2020.

Tax on profit / (loss) on ordinary activities. Tax on profit / (loss) on ordinary activities was £nil in both periods. The tax charge for 2021 will be posted in the statutory accounts as a final year-end adjustment, consistent with the treatment in previous periods.

Retained profit for the financial period. For the reasons set forth above, retained profit for the period increased by 158.8%, from a loss of £53.2 million in the 39 weeks ended 23 September 2020 to a profit of £31.3 million in the 39 weeks ended 29 September 2021.

Liquidity and Capital Resources

Net cash inflow from operating activities

The following table summarizes the principal components of our net cash inflow from operating activities for the 39 weeks ended 29 September 2021 compared to the 39 weeks ended 23 September 2020:

	39 weeks ended 29 September 2021 £'000s	39 weeks ended 23 September 2020 £'000s	Variance £'000s	Variance %
Operating profit / (loss)	32,659	(11,205)	43,864	391.5%
Depreciation charge.....	30,302	30,617	(315)	(1.0)%
Loss on disposal of tangible fixed assets.....	112	-	112	-%
Goodwill amortization.....	3,456	3,456	-	-%
(Increase) / decrease in stocks.....	(220)	1,528	(1,748)	(114.4)%
Increase in debtors.....	(7,504)	(1,560)	(5,944)	(381.0)%
Increase / (decrease) in creditors.....	33,690	(1,606)	35,296	2,197.8%
Net cash inflow / (outflow) from operating activities	92,496	21,230	71,266	335.7%

Cash inflow from operating activities increased by £71.3 million, or 335.7%, from £21.2 million in the 39 weeks ended 23 September 2020 to £92.5 million in the 39 weeks ended 29 September 2021. This is attributable to (1) an increase in operating profit of £43.9 million, from a loss of £11.2 million in the 39 weeks ended 23 September 2020 to a profit of £32.7 million in the 39 weeks ended 29 September 2021, (2) an increase in the cash flow from working capital of £27.6 million, from a £1.6 million outflow in the 39 weeks ended 23 September 2020 to a £26.0 million inflow in the 39 weeks ended 29 September 2021, and (3) a decrease in the depreciation charge and loss on disposal of tangible fixed assets of £0.2 million.

Net cash outflow from returns on investments and servicing of finance

The following table summarizes the principal components of our net cash outflow from returns on investments and servicing of our financing arrangements for the 39 weeks ended 29 September 2021 compared to the 39 weeks ended 23 September 2020:

	39 weeks ended 29 September 2021 £'000s	39 weeks ended 23 September 2020 £'000s	Variance £'000s	Variance %
Interest received.....	-	31	(31)	(100.0)%
Interest paid on bank loans	(22,609)	(22,646)	37	0.16%
Bank interest and similar	(158)	(182)	24	13.2%
Net cash outflow from returns on investments and servicing of finance	<u>(22,767)</u>	<u>(22,797)</u>	<u>(30)</u>	<u>(0.13)%</u>

Interest received. Interest received decreased by £0.031 million, or 100.0%, from £0.031 million in the 39 weeks ended 23 September 2020 to £nil in the 39 weeks ended 29 September 2021.

Interest paid on bank loans. Interest paid on bank loans decreased by £0.037 million, or 0.16%, from £22.65 million in the 39 weeks ended 23 September 2020 to £22.61 million in the 39 weeks ended 29 September 2021.

Bank interest and similar. Bank interest and similar charges remains materially unchanged in the 39 weeks ended 29 September 2021. This represents the banking costs of the group.

Capital expenditure

The following table shows our capital expenditures for the 39 weeks ended 29 September 2021 compared to the weeks ended 23 September 2020:

	39 weeks ended 29 September 2021 £'000s	39 weeks ended 23 September 2020 £'000s	Variance £'000s	Variance %
Capital Expenditure by Category:				
Maintenance spend.....	(4,848)	(3,073)	(1,775)	(57.8)%
Expansion spend	(5,439)	(7,734)	2,295	30.0%
Rugby new site spend	(5,321)	(14,573)	9,252	63.5%
IT One-off projects spend	(5,424)	(851)	(4,573)	(537.4)%
Cash outflow for capital expenditure	<u>(21,032)</u>	<u>(26,231)</u>	<u>5,199</u>	<u>19.8%</u>

For the 39 weeks ended 29 September 2021, our capital expenditure amounted to £21.0 million, which consisted of £4.8 million for maintenance spending, £10.8 million for expansion including the completion of the new site at Rugby which is now fully open, and ongoing spend on prior year projects and £5.4 million on IT projects.

For the 39 weeks ended 23 September 2020, our capital expenditure amounted to £26.2 million, which consisted of £3.1 million for maintenance spending, £22.3 million for expansion including 6 new Greggs units, WH Smith upgrades, new and existing site acquisition, and development, including the new site at Rugby, and ongoing spend on prior year projects and £0.9 million on IT projects.

Net debt

The following table shows our net debt position as at 29 September 2021 compared to 23 September 2020:

	29 September 2021 £'000s	23 September 2020 £'000s
Cash in hand and at bank.....	70,298	20,146
Debt due after one year	<u>(685,161)</u>	<u>(667,034)</u>
Net debt	<u>(614,863)</u>	<u>(646,888)</u>

At 29 September 2021, the debt due after one year includes £537.0 million of senior debt and £150.0 million of corporate bonds, less £1.8 million of capitalised debt costs.

At 23 September 2020, the debt due after one year includes £519.8 million of senior debt and £150.0 million of corporate bonds, less £2.8 million of capitalised debt costs.