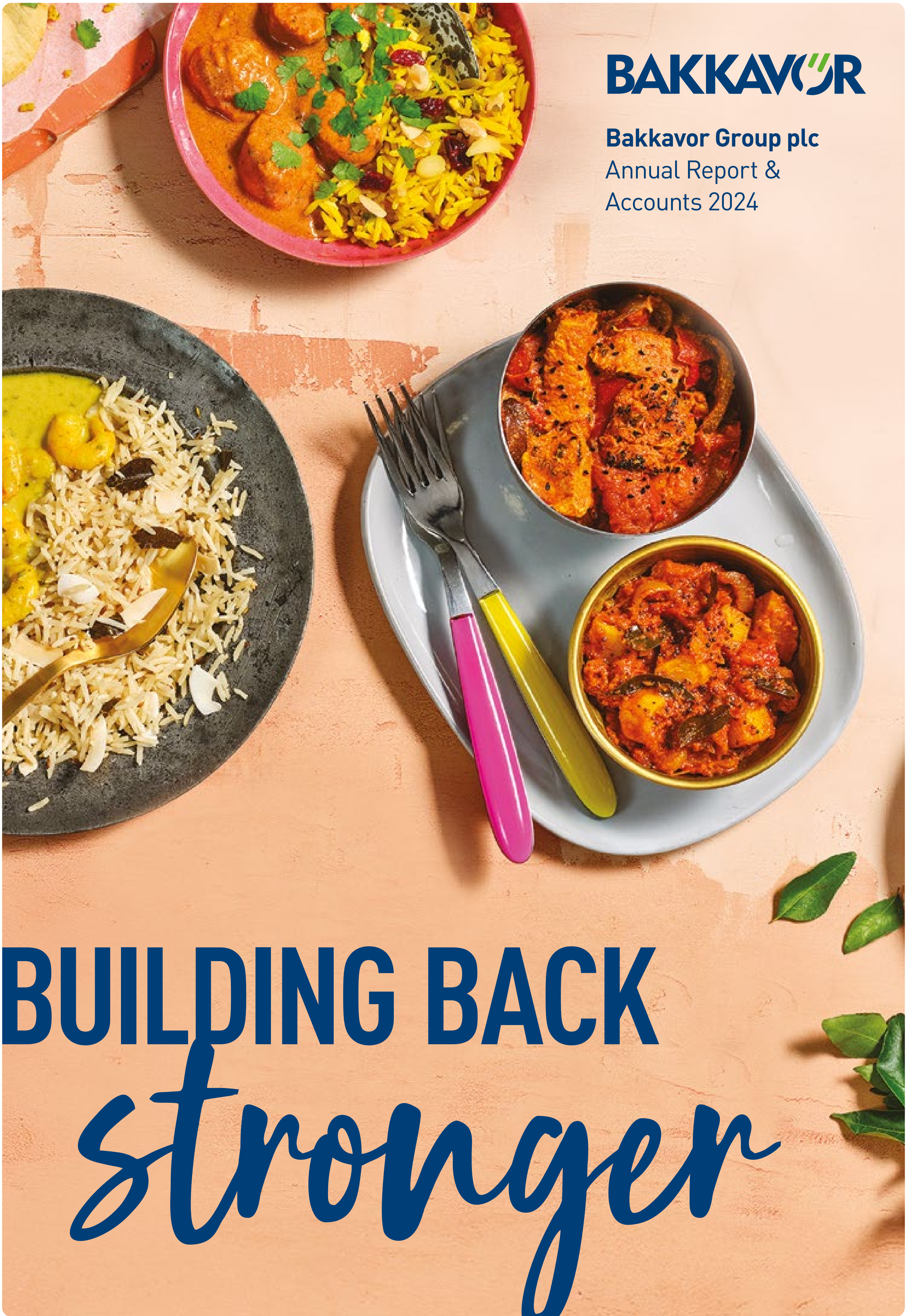


BAKKAVOR

**Bakkavor Group plc**
Annual Report &
Accounts 2024

# BUILDING BACK *stronger*

**Alternative Performance Measures ("APMs")**
APMs are applied consistently throughout the 2024 Annual Report and Accounts and are defined in full and reconciled to the reported statutory numbers in Note 37 of the Notes to the Consolidated Financial Statements.

**Disclaimer – forward-looking statements**
This Annual Report and Accounts, prepared by Bakkavor Group plc (the "Company"), may contain forward-looking statements about the Company and its subsidiaries (the "Group"). Forward-looking statements involve uncertainties because they relate to events, and depend on circumstances, that will, or may, occur in the future. If the assumptions on which the Company bases its forward-looking statements change, actual results may differ from those expressed in such statements. Forward-looking statements speak only as of the date they are made, and the Company undertakes no obligation to update these forward-looking statements other than as required by law. Nothing in this Annual Report and Accounts should be construed as a profit forecast. Where relevant, some numbers and period-on-period percentages have been rounded or adjusted to ensure consistency with the financial information for the latest financial reporting year unless otherwise stated.

See our website here:
**bakkavor.com**

## Financial KPIs

**+5.1%**
Like-for-like revenue growth
(2023: 4.9%)

**£113.6m**
Adjusted operating profit
(2023: £94.3m)

**+4.0%**
Reported revenue growth
(2023: 3.0%)

**£93.4m**
Operating profit
(2023: £97.1m)

**1.1x**
Leverage
(2023: 1.5x)

**10.1%**
Return on invested capital
(2023: 7.5%)

**9.6p**
Basic earnings per share
(2023: 9.4p)

**12.3p**
Adjusted earnings per share
(2023: 8.8p)

## Non-financial KPIs

**+2.9%**
Group net carbon emissions
(2023: -5.3%)

**6.0%**
UK food waste
(2023: 6.6%)

**18.9%**
UK employee turnover
(2023: 26.2%)

**249**
>7 day UK accident rate per 100k employees
(2023: 259)

READ MORE pg 64.

# Year in review

In 2024, we continued to lead the way in creating great-tasting fresh food whilst empowering our stakeholders, living our values and delivering profitable, sustainable growth.

## Excellent strategic progress

pg 12

## Strong financial performance

pg 58

## Clear strategy for sustainable growth

pg 22

## On track for delivery against our ESG targets

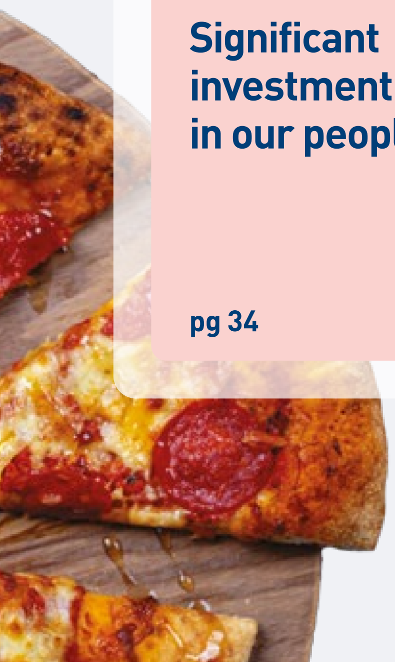
pg 38

## Significant investment in our people

pg 34

## Board proactively engaged with colleagues

pg 90



# STRATEGIC REPORT



## FRESH, CONVENIENT AND NUTRITIOUS SNACK POTS

In the UK, consumers are increasingly seeking nutritious snacks and we saw demand for healthier food-to-go alternatives surge in 2024.

As this trend emerged, we developed a range of snacking pots that pair fresh-cut fruit and vegetables with tasty yoghurt dips, becoming a staple of customers' food-to-go offering and delighting consumers across the country.

# We are Bakkavor

## ...the leading manufacturer of fresh prepared food

**c.18,000**
diverse and talented colleagues[1] from over 100 nationalities

**c.3,500**
fresh products[2] focused on meals, pizza & bread, salads and desserts

**43**
sites[2] across our three markets; UK, US and China

**£2.3bn**
Group reported revenue with c.85% generated in the UK

**PURPOSE**
To lead the way through flawless execution, delighting customers and consumers with fresh, convenient and great-tasting food that we create every day.

**STRATEGY**
To deliver profitable and sustainable growth through our four strategic pillars.

**UK**
Drive returns by leveraging scale and market leadership

**INTERNATIONAL**
Drive sustainable growth and Group accretive margin

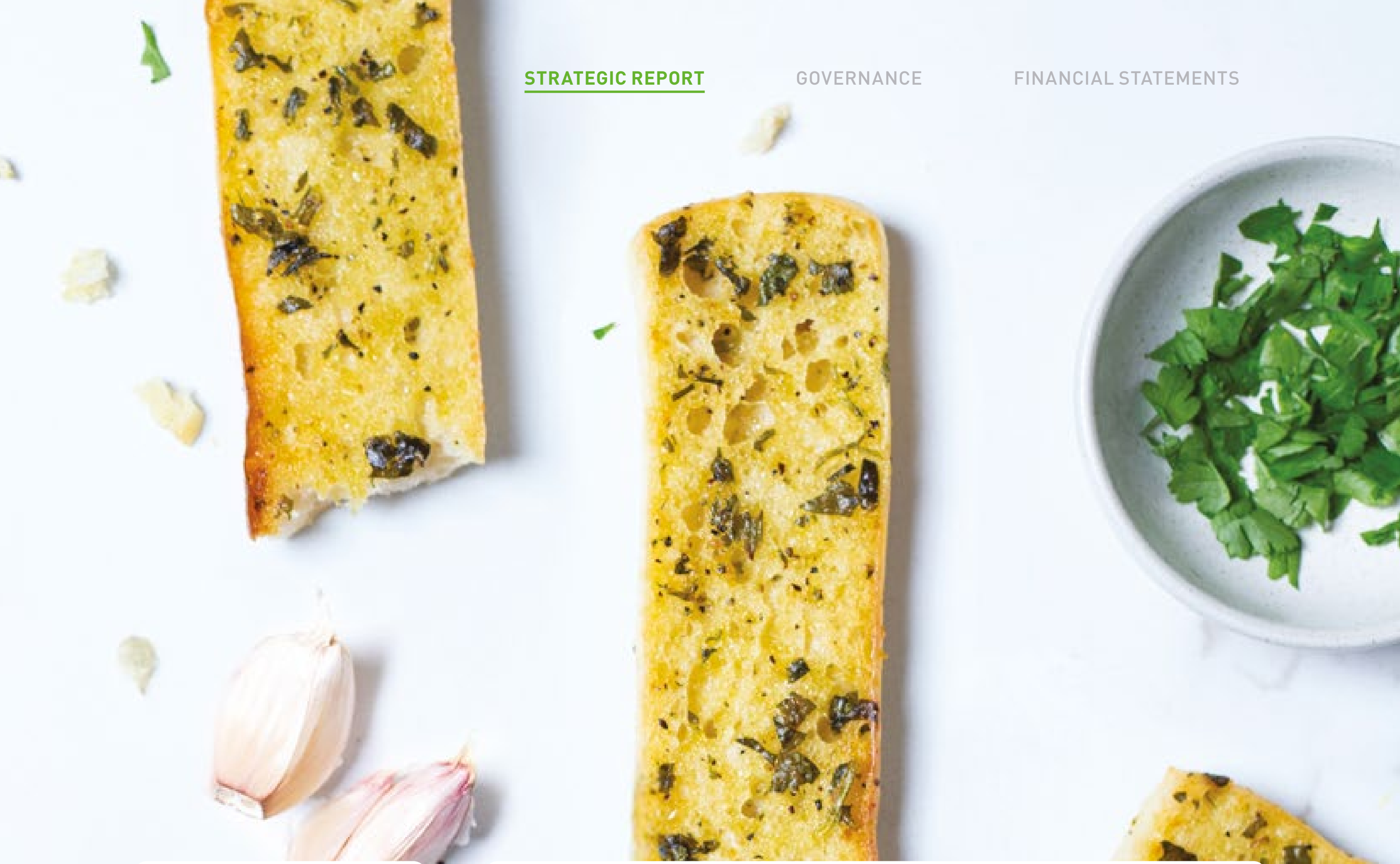
**EXCELLENCE**
Improve performance through operational excellence

**TRUST**
Be a positive force and a trusted partner for all our stakeholders

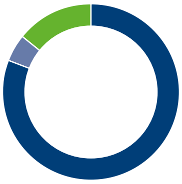
**CULTURE**
To empower and support all our stakeholders by living our values.

READ MORE pg 22.

1 Refers to the average throughout 2024.
2 As of December 2024.

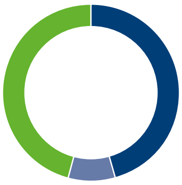


### Colleagues by region



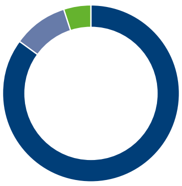
- UK: **81%**
- US: **5%**
- China: **14%**

### Products by region



- UK: **c.1,600**
- US: **c.300**
- China: **c.1,600**

### Revenue by region



- UK: **85%**
- US: **10%**
- China: **5%**

## UNITED KINGDOM

**Leading supplier of fresh prepared food ("FPF") to UK supermarkets with category breadth and unrivalled scale**

Focused on consolidating our market-leading position whilst improving margins through efficiency activities.

**£105.2m**
Adjusted operating profit

**5.4%**
Adjusted operating margin

**£83.7m**
Operating profit

## UNITED STATES

**Well-established national manufacturer of fresh meals to grocery retailers**

Focused on developing a sustainable growth pipeline whilst unlocking further efficiencies and delivering margin improvement.

**£9.9m**
Adjusted operating profit

**4.3%**
Adjusted operating margin

**£9.3m**
Operating profit

## CHINA

**China's largest FPF manufacturer, supplying foodservice and retail customers nationally**

Focused on remaining cash generative as we assess our strategic options in the region.

**£(1.5)m**
Adjusted operating loss

**(1.3)%**
Adjusted operating margin

**£0.4m**
Operating profit

# CREATING VALUE FOR ALL OUR STAKEHOLDERS

At Bakkavor, our focus is to empower all our stakeholders. We do this by living our values whilst leveraging our market insight, expertise, innovation and strong customer relationships to manufacture fresh prepared food ("FPF") to the highest standards every day.

## OUR RESOURCES

**c.18,000**
skilled, engaged and valued colleagues[1]

**c.3,500**
high-quality, fresh and convenient products[2]

**c.1,400**
suppliers in our well-established supply chain

**43**
sites[2] driving efficiency

**£55.5m**
FY24 capital invested to drive returns

**3 ESG priorities**
under our Trusted Partner strategy

## OUR BUSINESS MODEL


## OUR STAKEHOLDERS

- Our colleagues
- Our customers
- Our suppliers
- Our investors
- Our communities

## OUR CULTURE

To empower and support all our stakeholders by living our values.

- Respect and trust each other
- Keep the customer at the heart of what we do
- Get it right, keep it right
- Be proud of what we do

1 Refers to the average throughout 2024.
2 As of December 2024.

## COLLEAGUES

People are at the heart of our business, with c.18,000 diverse and talented colleagues belonging to over 100 nationalities.

### Why we engage

To understand what matters to our colleagues and incorporate their views into our Group Board decision-making. This enables us to make Bakkavor a great place to work where everyone feels supported and fulfilled.

### What matters most to them

A safe and inclusive workplace; a voice in the Group's decision-making process; the opportunity to realise their potential; support for their needs for fair pay and relevant benefits in the face of ongoing socioeconomic pressures.

### How the Group Board engages

The Group Board discusses company purpose, culture, talent and people developments. It designates a workforce engagement Non-executive Director, who holds sessions with the Site Employee Forums ("SEF") and Group Employee Forums ("GEF"), and also visits factory sites. Colleague feedback, views and outcomes are then relayed to the Group Board. It also reviews our Employee Engagement Survey ("EES") results and takes action to address employee feedback. In addition, it reviews food industry safety and health and safety data, updates on the wellbeing and I&D support Bakkavor offers, and any whistleblowing reports from the 'Speak Up' hotline, to ensure that protecting and supporting colleagues remains a priority.

### How the Company engages

We participate in SEF, GEF, Wellbeing Committee and I&D Forums. The workforce engagement Non-executive Director interacts with colleagues via the SEF and GEF. Business updates are relayed via internal communications including a weekly wrap up of news, the intranet and our colleague magazine. UK factory workers are messaged directly through a digital portal. The CEO holds quarterly business updates for senior leaders, providing opportunities to connect in-person and virtually.

### How we are responding

Our sites operate with standardised food safety, health and safety and risk management best practices. A review of annual EES results is used to inform our People Plan and drive improvement in the areas that matter most to our colleagues. We delivered progress under the four focus areas of our People Plan by investing in pay and benefits, embedding our ways of working, developing our people and supporting our leaders to reach their full potential.

**READ MORE** pg 34.

## CUSTOMERS

We have strategic relationships across our grocery retail, online, direct-to-consumer, brand and foodservice customers.

### Why we engage

To understand our customers' and consumers' needs so we can respond to new trends through innovation. To build long-term strategic relationships through ongoing engagement and investment, as we seek to create mutual value. To support our mutual business models by a fair and transparent approach to sharing information. To support our customers' sustainability goals and ambitions as part of our Trusted Partner ESG strategy.

### What matters most to them

Opportunities to leverage insights to develop innovative, great-tasting and high-quality products that meet required technical and food safety standards. High service levels with minimised disruption from industry-wide challenges across supply chain, inflation and labour. A collaborative approach to delivering progress on sustainability issues.

### How the Group Board engages

The Group Board receives updates from the CEO following his regular engagements with key customers and broader supply chain. It reviews updates on supply chain risk management, any potential impact on service levels, and opportunities to collaborate with customers to mitigate the impact. The Group Board also reviews updates on inflation impact and outlook, considering levers to offset pressure, including pass-through mechanisms, pricing discussions, productivity improvements and cost control. In addition, it reviews UK market insight updates to understand consumers' needs and how these are leveraged, to inform category plans and new product pipelines. The Group Board also reviews market updates on the latest developments and growth opportunities in the US and China.

### How the Company engages

We undertake daily engagement across Development, Marketing, Commercial and Technical functional teams, liaising closely with the CEO and Customer Directors, with outcomes reported to the Group Board. Bakkavor is part of the Institute of Grocery Distribution forum, which the CEO attends. Online surveys, focus groups and research are also used. Customers perform announced and unannounced audits of our sites. We work collaboratively with customers on shared ESG priorities.

### How we are responding

Customer-dedicated teams and category experts have driven the development of new products to meet consumer demands, with focus on value optimisation and efficiency initiatives, alongside delivering on key sustainability commitments. High service levels have been maintained despite supply chain disruption and labour pressures. KPIs across food safety and health and safety have remained strong. Customers have provided a good level of support on inflation recovery. We have continued to invest in automation and other improvements in factory performance.

## SUPPLIERS

Across our well-established global network of c.1,400 suppliers, we collaborate closely on supply chain management and responsible sourcing.

### Why we engage

Our products require us to source a breadth of high-quality raw materials that meet our standards of food safety and technical integrity, and support innovation. Engagement ensures we maintain continuity of supply and also ensures the integrity of our supply chain through our Responsible Sourcing strategy.

### What matters most to them

Clarity of forecast requirements to enable delivery on time and in full; opportunities to improve, innovate and grow their business; a partnership underpinned by trust and transparency; fair and open discussions on movements in input costs and pricing.

### How the Group Board engages

The Group Board reviews procurement updates on raw materials sourcing, inflation, potential issues and action taken to minimise disruption, our centralised category procurement structure and the Bakkavor Inbound Logistics ("BIL") centre of excellence. It reviews quarterly supply chain KPIs. Our Procurement Director presents to the Board annually on key supply chain developments. It receives financial updates with detail of inflation impact and recovery levers, with the CFO providing additional commentary in Board meetings. It engages with the CEO and CFO regarding plans to tackle supply chain issues, and receives updates on our 'Supply chain' principal risk developments via the Audit and Risk Committee. It has oversight of our Responsible Sourcing strategy, in addition to commitments and progress through our ESG Committee and Group Board ESG Sponsor.

### How the Company engages

We undertake daily engagements with suppliers via procurement colleagues, as well as workshops and conferences. Terms of supply are agreed, and performance and improvement plans are reviewed regularly, to ensure relationships are built on a foundation of contractual mutual agreement. Our Supplier Code of Conduct sets expectations of how our suppliers should operate and is the basis of our Responsible Sourcing strategy. This includes Human Rights, Environmental Sustainability and Technical Integrity. The Sedex online supply chain platform is used to monitor and assess labour practices in our supply chain.

### How we are responding

We continued to leverage our scale, experience and strong customer partnerships to enhance buying power, mitigate disruption and embed our processes on inflation management. We have further reviewed sourcing plans to build more resilience in our inbound supply chain, and worked with suppliers to identify potential issues and implement actions to minimise disruption, which included managing Brexit-related changes to imports and exports. We also worked with customers on supply performance, collaborative buying and cost models, and continued to embed our UK Supplier Code of Conduct, concluding a verification programme of higher-risk suppliers, and supported supply chain engagement on social issues within the US and China.

READ MORE pg 40.

## INVESTORS

Building and maintaining open and trustworthy relationships with our current and prospective shareholders is essential as we strive to deliver on the long-term success of our business.

### Why we engage

To effectively communicate our purpose, strategy and performance, whilst regularly capturing feedback so that we can respond appropriately, promote their interests and ultimately deliver value.

### What matters most to them

A strategy and business model that will drive long-term, sustainable and profitable growth to enhance returns. Understanding the business and its opportunities and challenges, including its exposure and plans in relation to ESG issues, including climate risks. Fair, balanced and understandable reporting of financial and non-financial results.

### How the Group Board engages

The Chairman actively seeks to engage with shareholders, with the Senior Independent Director and Committee Chairs available for direct meetings. The Group Board also attends the AGM. As part of the half- and full-year results, it receives: investor and analyst feedback (collated by third-party advisers); and updates from the CEO and CFO following investor roadshows. It reviews monthly updates on share price performance, shareholder register, broker updates on wider investor sentiment, how the market views Bakkavor and areas of focus. It approves all half- and full-year results, the Annual Report and Accounts and trading updates. It oversees the Group's capital allocation policy, including dividend payments and leverage targets. It reviews updates on our Trusted Partner ESG strategy, commitments and progress.

### How the Company engages

We hold and attend meetings, calls, conferences and events with investors, attended by the CEO, CFO and Head of Investor Relations. We welcome queries from shareholders via phone, post, email or brokers. Relevant shareholder communications are updated on bakkavor.com, (including Annual Report and Accounts, financial results, share price information, RNS). Bakkavor reports on the Task Force on Climate-related Financial Disclosures ("TCFD") in this report and the Carbon Disclosure Project in a separate annual ESG report.

### How we are responding

Financial results are published, including business performance and outlook, and followed by investor roadshows. We invited shareholders to attend the 2024 AGM, and held 78 meetings with investors and analysts, attended by the CEO, CFO and Head of Investor Relations. We regularly engaged analysts to discuss business performance, guidance and financial model review. Topics of discussion included consumer behaviours and volume, inflation and supply chain, efficiency initiatives, capital allocation, and international developments. Financially, profit delivered ahead of market expectations, with leverage at the bottom end of target range. We proposed a final 2024 dividend of 4.80 pence per Ordinary share, taking the total to 8.00 pence. We also reported under the TCFD requirements, with net zero targets were validated by the Science Based Targets initiative.

READ MORE pg 12.

## COMMUNITIES

We operate from 43 sites across the UK, US and China and recognise that we need to act responsibly and be a trusted partner to our local communities.

### Why we engage

Aim to be a trusted partner by upholding our high standards and capability to operate responsibly. Engaging with our communities helps us to support local economic development by creating jobs and supporting local services, whilst remaining an employer of choice, attracting and retaining the best talent.

### What matters most to them

Supporting a business that acts with integrity and operates in a safe, responsible and sustainable way, including: reduction in environmental impact (such as food waste, carbon emissions and packaging); support for local community initiatives; and provision of economic opportunities for local people. A business that looks after the health, safety and wellbeing of its colleagues.

### How the Group Board engages

The Group Board oversees our climate transition plan and Trusted Partner ESG strategy, commitments and progress through the ESG Committee, with updates provided to the Group Board and from the CFO (the Group Board Sponsor for ESG). It also considers climate-related issues alongside the long-term strategy of the Group, which informs investment decisions, and reviews and considers community initiatives, as well as how we are delivering on their progress, including our charity partnerships.

### How the Company engages

We support local communities across charities, schools, sports teams and projects through fundraising, donations, volunteering and educational activities. We also have well-established Group charity partnerships, with fundraising coordinated via a charity events programme. In addition, we undertake food redistribution via partners and colleague outreach to charities, and provide employment opportunities, including apprenticeships and graduate placements, via the use of agencies.

### How we are responding

We meaningfully reduced our environmental impact, with UK food waste down by 60bps to 6.0%, the equivalent of a 2,568 tonnes reduction year-on-year as we focused on maximising redistribution. Despite the increase in emissions on last year, we are on track to meet our climate target of reducing scope 1 and 2 emissions by 42% by 2030. Plastic usage has also dropped by 23.9% since 2021. We have provided job opportunities across the Group, and with our industry-leading early careers programmes we were voted the top FMCG company for apprentices and graduates by TheJobCrowd. Charitable donations of £144,000 were made in 2024, including to our Group charity partners GroceryAid and Natasha Allergy Research Foundation. We also conducted site fundraising events using a charity matched giving scheme, whereby each of our sites receives an annual budget of up to £2,500 to match funds raised by their site. We also continued efforts to support health, safety and wellbeing, outperforming the food industry benchmark for accidents at work and rolling out further initiatives to support physical, emotional and financial wellbeing.

READ MORE pg 44.

## SECTION 172(1) STATEMENT

The Group Board has a duty under Section 172(1) (a) to (f) of the Companies Act 2006 ("Section 172") to promote the success of Bakkavor.

The Directors confirm that, during the year, they have acted in good faith in a way that best promotes the success of Bakkavor for the benefit of its shareholders as a whole, and in doing so, they have had regard for the interests of all Bakkavor's stakeholders, while preserving Bakkavor's reputation and ensuring our long-term sustainability.

READ MORE pg 93.

## Engagement in action:

2024 GroceryAid AWARDS GOLD AWARD


### Going for gold with GroceryAid

As a responsible food producer, we're proud to work with our industry charity, GroceryAid, who provide emotional, practical and financial support to people across the grocery sector.

We promote awareness of their great work, both internally, with our colleagues, and externally across the industry. We also run fundraising initiatives and provide volunteer support.

This year, we donated over £88,000 to the charity, celebrated GroceryAid Day with stalls and events across our sites, and ran the 'Big Bakkavor Walk' event to promote awareness and our colleagues' wellbeing. We were delighted to be awarded a top tier Gold GroceryAid Award.

# Progressive

performance in all three of our markets, with our success underpinned by the hard work of our colleagues.

**Simon Burke**
Chairman

In my statement last year, I said that in 2024 we would aim for profitable growth rather than headline growth, and also that we hoped to make good progress in all three of our markets. I am pleased to report that we have delivered on both of these fronts.

Our sales increased by 4.0% to £2.3bn, whilst adjusted operating profit increased by 20.5% to £113.6m. This means that operating margins improved to 5.0%, recovering some of the margin dilution during the period of high inflation across our cost base. This is welcome progress, but we are aiming for further improvement having set out our medium-term margin target, by continuing to drive efficiencies along with further trading and profit improvements internationally.

We have also been able to record good progress in each of our regions.

In the UK, we saw volume growth return to the market, and thanks to our strong efficiency performance, we were able to offset the impact of increased minimum wages and deliver improvement in our margins. Innovation was an important driver of sales, and we were pleased to add the Moorish business, which specialises in houmous.

In the coming year, cost challenges remain and are almost entirely driven by labour, due to the rise in minimum wage and the intention to increase employers' national insurance as announced in the recent UK budget. There is no doubt that these will be inflationary across the food industry, as we all try to re-balance our books and maintain operating margins at economic levels. At Bakkavor, we also have further significant efficiency measures planned to ensure that we can continue to build on the progress made in 2024. I very much regret that we had to make another difficult decision to close a factory and lose some jobs as part of this process.

Our partnerships with our key customers remained strong throughout the year, and we were pleased to continue to deliver high service levels.

In the US, the team has been focused on building profitable business and meeting the needs of our strategic US customers. The effects of this are plain to see in an almost trebling of profit, on like-for-like sales that were up just 2.0%. We believe that we now have a sound base from which to grow our US business further, with improving profitability, and this is our plan for 2025.

Improving efficiency also featured strongly in our China business, where like-for-like sales and cash generation increased again and operating losses reduced. We have continued to reshape our business to a more profitable core, selling the bakery business during the year and agreeing the sale of our unprofitable operation in Hong Kong in December 2024.

All of this was done whilst further reducing debt and leverage, with the latter just 1.1 times EBITDA by the year-end. We also refinanced our debt facilities during the year on favourable terms. In line with our policy to deliver a progressive dividend, we are proposing a final dividend of 4.80 pence per share, giving a total dividend for the year of 8.00 pence, an increase of 10% on last year.

Away from financial matters, we made further progress on our strategic ESG targets, with food waste down significantly and on track to meet our 2030 commitment. The Group's net carbon emissions saw an unwelcome increase in the year, largely due to an issue with refrigeration at one of our US sites. Whilst UK emissions were stable, this follows several years of improvements and we remain on track to achieve our medium-term emissions targets, which are now validated by the Science Based Targets initiative ("SBTi").

We also had a new record level of response to our employee engagement process, with improved feedback on many of our priority topics. A large reduction in employee turnover is further evidence of improvements in our relationship with the great majority of our employees. The Board is always conscious that our success is achieved primarily by our colleagues across the business, and we continue to focus our efforts on ensuring that they are listened to, supported and thanked for all they do for us.

During the year Ben Waldron, our CFO, indicated that he wished to relocate to Australia for personal reasons, and so we carried out a search for a potential replacement, both inside and outside the company. I am very pleased to report that the best candidate was Lee Miley, previously the UK Finance Director of our UK business, and an identified potential successor to Ben. We were delighted to appoint Lee to the Board on 1 November 2024.

Meanwhile Ben will continue to work with us for a further period, providing oversight of our China operations. Ben has made an extraordinary contribution to Bakkavor during his 13 years with us: in my time as Chair, he has served as our Strategy Director, managed our US business during a particularly challenging time in 2019 and 2020, and, since becoming CFO, has also taken responsibility for our China business. In all of these roles, he has achieved remarkable success, for which we owe him much. We will miss him greatly, but wish him well down under.

Looking ahead, we have a plan to continue the improvements seen this year across all segments of our business. This takes full account of the challenges of labour inflation, and is based on a robust series of planned initiatives. The new financial year has started well and we are therefore looking on 2025 with confidence. We believe that the strong base we have consolidated in the past two years will bear fruit for Bakkavor over many years to come.

**Simon Burke**
Chairman
3 March 2025

# Strengthening

financial performance as the Group continues to deliver excellent progress against its strategy, and we remain focused on our 6% margin target.

**Mike Edwards**
Chief Executive Officer

The Group's financial performance in 2024 was up significantly year-on-year and ahead of market expectations.

**70bps**
improvement in adjusted operating margin

**1.1x**
leverage at lower end of target range

**Reported revenue increased 4.0% to £2,292.7m and adjusted operating profit increased 20.5% to £113.6m, ahead of the upper end of market expectations[1]. Adjusted operating margin also improved, up 70 basis points to 5.0%, as we have started to build back margin through our internal efficiency drive.**

On a reported basis, operating profit was £93.4m, down £3.7m on last year, due to the impact of exceptional costs associated with the closure of one of our UK sites and impairment of our Hong Kong business held for sale, partially offset by proceeds from the disposal of the China bakery business.

Our continued financial discipline and strong cash generation strengthened the balance sheet further, with a £35.8m reduction in debt year-on-year and an improvement in leverage by 0.4 times to 1.1 times, which is at the lower end of our target range (1.0 to 2.0 times).

Our profit improvement has driven a meaningful improvement in ROIC, up 260 basis points to 10.1%.

This performance is testament to the team's ongoing commitment, energy and drive. I would like to thank everyone at Bakkavor for their huge contribution to the significant progress made as we continue to deliver against our strategy.

### EXCELLENT PROGRESS ACROSS ALL FOUR PILLARS OF OUR STRATEGY

The four pillars of our strategy remain clear:

1. **UK:** Drive returns by leveraging scale and market leadership.
2. **INTERNATIONAL:** Drive sustainable growth and Group accretive margin.
3. **EXCELLENCE:** Improve performance through operational excellence.
4. **TRUST:** Be a positive force and a trusted partner for all our stakeholders.

We are delivering on this strategy through our well-embedded plan; a lean and efficient organisational structure; clear and focused regional priorities; and a well-defined capital allocation policy. This has driven a strong performance during the year and underpins our confidence in delivering on our medium-term adjusted operating profit margin target of 6% (in FY27).

#### OUR CLEAR STRATEGIC PILLARS

**UK**
Drive returns by leveraging scale and market leadership

**INTERNATIONAL**
Drive sustainable growth and Group accretive margin

**EXCELLENCE**
Improve performance through operational excellence

**TRUST**
Be a positive force and a trusted partner for all our stakeholders

#### OUR WELL-EMBEDDED PLAN

**LEAN & EFFICIENT**
organisational structure

**CLEAR & FOCUSED**
regional priorities

**WELL-DEFINED**
capital allocation policy

#### OUR MARGIN[2] TARGET

**Where we stand today**
**5.0%**
(FY24)

**Confident in driving margin to**
**6.0%**
(in FY27)

1 Based on company compiled consensus ("Consensus") which includes all covering analysts except for Goodbody. Adjusted operating profit Consensus for FY24 at £111.2m, with a range of £110.1m to £111.7m. Last updated on 28 February 2025.
2 Adjusted operating margin.

## UK

### STRONG PERFORMANCE AND MARGIN PROGRESSION, DRIVEN BY VOLUME GROWTH AND EFFICIENCY FOCUS

Our UK business delivered a strong performance, with like-for-like revenue up 5.2%, which, combined with our ongoing efficiency focus, drove a 30 basis point adjusted operating margin improvement.

**30bps**

↑ adjusted operating margin improvement

Improving consumer confidence drove good growth in the overall fresh prepared food ("FPF") market, with volume up 2.6% and almost back to pre-pandemic levels, and well ahead of the wider grocery market (up 0.2%). Shoppers are making more frequent trips to the supermarket which has supported growing demand for our fresh, convenient and high-quality meal solutions. Value remains important for consumers, supported through higher levels of promotional activity, and demand for more premium meal solutions continued as shoppers looked to eat at home instead of dining out.

At a FPF category level, salads recovered strongly as cost-of-living pressures eased, driving overall FPF growth. Meals grew steadily and only just behind the FPF market. Whilst lagging the wider FPF market, pizza and bread normalised following strong demand through FY23. Desserts continued to recover, however prices have remained elevated due to inflation, notably in dairy, which resulted in growth behind the overall market despite volume growth returning in Q4.

In terms of our own performance, we outperformed the market, with volumes up 2.8% (FPF volumes +2.6%), and cemented our leading position in all four FPF categories. Price contributed to revenue growth (up 2.4%) as we secured a good level of support from our customers on inflation recovery.

Our innovative new propositions have performed strongly. We onboarded new business wins and maintained excellent service levels, despite industrial action at one UK site in Q4 (this dispute ended on 3 March 2025). Our performance in desserts highlights our strength across these areas. We onboarded a range of over 35 desserts for a key customer while continuing to deliver market-leading service across our broader customer base and our new products have won multiple awards.

The Bakkavor Operating System has been fundamental in driving our ongoing efficiency improvements and margin progression, along with initiatives to support our sustainability targets.

As part of our focus on margin, we have taken the difficult decision to close our loss-making Wigan site, and the closure completed at the end of February 2025. We will exit a large proportion of the c.£80m of sales, with the balance to be transferred to other sites. Cash closure costs of £8.5m have been recognised as an exceptional item in FY24, along with £12.9m of asset impairments. We have supported our colleagues in securing alternative employment opportunities wherever possible.

We expect to continue to drive underlying growth in the UK and our ongoing focus on operational excellence through the Bakkavor Operating System will enable further margin improvement.

## INTERNATIONAL

### US RECOVERY COMPLETE, NOW FOCUSED ON LEVERAGING STABILITY TO OPTIMISE BUSINESS PERFORMANCE

The first half saw the business sustaining the much-improved operational performance that built through 2023 with our recovery phase now complete.

**280bps**

↑ adjusted operating margin improvement

Therefore, in the second half, our focus returned to delivering on our strategic priority for the region: to rebuild our growth pipeline and optimise our US business to deliver sustainable profitable growth.

As a result, H2 delivered a return to growth, up 9.1% year-on-year, resulting in full-year like-for-like revenue growth of 2.0%. This was driven by underlying growth with our strategic customers and new product launches, including ranges under our new 'Fresh & Simple' brand, whilst also benefitting from a weaker prior year comparative.

Profit continued to step on in the second half with our focus on driving operational efficiencies key to this, and we have now embedded the basics of our Bakkavor Operating System. Safety, quality and service KPIs also continued to show best-in-class delivery, including through our important Thanksgiving peak.

As we continue to drive profitable growth in a measured way in 2025 and beyond in this attractive market, margin is expected to recover further and be accretive to the Group, therefore supporting the delivery of the Group's 6% margin target.

### CHINA LOSSES HALVED AS SIMPLIFICATION AND LEAN INITIATIVES DELIVER

Like-for-like revenue growth of 13.8% in mainland China was ahead of the market (c.10%), with strong growth in retail customers, now comprising 23% of sales, and the addition of a new local quick service restaurant customer. Lean manufacturing initiatives are driving efficiencies at all sites and have supported a positive EBIT delivery in mainland China in the year.

**120bps**

↑ adjusted operating margin improvement

We have continued to make progress in simplifying our operations in China. We disposed of our bakery business in April 2024 and, agreed the sale of our Hong Kong operations in December 2024, which is anticipated to complete in April 2025. This brings proceeds from disposals in the region to c.£13m in the last two years.

This means our remaining business will be wholly based in mainland China. It is well-invested with significant headroom for growth, and cash generative. As previously highlighted, we continue to review our strategic options in the region.

## EXCELLENCE

### BAKKAVOR OPERATING SYSTEM FUELLING STRONG EFFICIENCY IMPROVEMENTS

The Bakkavor Operating System has been fundamental in delivering another strong year of efficiencies. All three regions made good progress, underpinned by our increasingly standardised ways of working and return enhancing investments informed by insights from our smart manufacturing system. Combined with the annualisation of our restructuring plan cost savings, this has made a significant positive impact across the business.

In the UK, we commenced the roll-out of our Operational Excellence Academy and delivered training to over 500 operational colleagues, and effectively managed peak volume during seasonal events by being agile in our approach to capacity across multiple sites. Labour has been a key area of focus, with activity around line balancing, managing changeovers and line automation. For example, in Newark, automation of sponge depositing has resulted in efficiency improvements and waste reduction, and our automated craft bread production line at our site in Crewe, which was installed last year, has reduced the cost to manufacture.

We also completed the first stage of our houmous investment at our London site in September 2024, with efficiencies coming through from an automated filling process and building capability to remove lids, and therefore reduce plastic packaging.

Our expertise has also been leveraged internationally, with our ways of working now well-embedded in the US. We have started to unlock further efficiency improvements in Texas following the implementation of our smart manufacturing system at this site in the summer. As this rolls out across our other sites we expect to not only drive efficiency, but to unlock additional capacity. In addition, our lean initiative has now been successfully rolled out at all our mainland China sites, supporting continued efficiency improvements.

Our approach to excellence also encompasses our supply chain, and once again we have demonstrated our resilience and agility in this area. Whilst significantly reduced compared to the levels experienced in the last two years, inflation was still meaningful at £59m in 2024, and adverse weather and geo-political events have continued to cause disruption. Our experience in recent years has meant that, despite this, we have continued to deliver excellent service for our customers.

Looking ahead, we remain confident in delivering further efficiency improvements which will underpin our continued margin progression. In the UK, we have a strong pipeline of initiatives centred on driving labour and waste improvements. In the US, we will continue the roll-out of our smart manufacturing system to our remaining sites over the next two years, and in China we will maintain our focus on lean initiatives.

## TRUST

### CONTINUED PROGRESS IN NON-FINANCIAL KPIS

The ongoing integration of ESG priorities across our business is driving increased ownership and oversight. This has supported the improvement seen in three of our four non-financial KPIs, alongside our strengthening financial performance.

**>22,000**

tonnes of UK food waste reduction since 2017

UK food waste reduced by 60bps to 6.0%, as our sites continue to address the root causes of waste and maximise surplus redistribution channels. Our target is to halve UK food waste by 2030 from a 2017 baseline (9.2%), and we remain on track to deliver on this, with a 320bps reduction to date.

Group net carbon emissions were up 2.9% year-on-year, driven primarily by a refrigeration leak at one of our US sites. The UK comprises over 50% of the Group's carbon footprint which delivered a small net reduction of 0.1% following consecutive years of strong reductions. Despite the uptick overall, we have ongoing investment plans in refrigeration upgrades and energy efficiency improvements, such as heat recovery, which will deliver improvements in the coming years. The China business reduced emissions by 6.9% driven by the sale of our bakery site.

Positively, we remain on track for our near-term target of reducing operational emissions by 42% by 2030, with operational emissions reduced by 20.9% and scope 3 emissions by 15.9% against our 2021 base. We remain committed to reaching net zero in our Group operations by 2040 and across the full value chain by 2050, and the Science Based Targets initiative ("SBTi") validated our targets in 2024.

**20.9%**

total operational emissions reduction since 2021

Our people are central to our business and we have continued to invest in pay, wider benefits, including our staff shops, and engagement initiatives. UK employee turnover is down significantly, by 730bps to 18.9%, and we have also seen a marked improvement in the US, down 2,630bps to 27.6%.

Rates of pay for UK weekly paid colleagues have increased significantly, up 22.6% over the last three years compared to a 21.0% increase in CPI over the same period. Despite this, disappointingly we faced industrial action at our Spalding site through Q4 2024 (this dispute ended on 3 March 2025), but disruption to customers was limited.

The results of our Group-wide Employee Engagement Survey also highlight the positive progress we have made, with the engagement score up 330 basis points to 75.1%, reflecting improvement in all three regions.

Looking ahead, we will continue to place Trust at the centre of everything we do, ensuring our strategy is well-embedded across the business in order to achieve our ambitions on carbon emissions and food waste, whilst maintaining an engaged and safe workforce.

### OUTLOOK: STRONG FOUNDATIONS TO DELIVER 6% MARGIN TARGET IN FY27

Trading in early 2025 has started well. As expected, volume growth has continued in all three regions and we remain focused on driving margin improvement. Consumer confidence has improved somewhat, but remains subdued in the UK. We are not wholly reliant on volume to deliver an improvement through the remainder of the year, with revenue expected to be broadly in line with 2024. We expect to deliver an improvement in 2025 adjusted operating profit in line with market expectations[1] as we continue to deliver on the four pillars of our strategy.

In the UK, we expect sales to be slightly down, due to the exit of lower margin business at Wigan largely offset by underlying growth, with cost savings and efficiencies expected to support margin improvement. The performance momentum combined with strategic actions taken in recent years means our business is now in good shape and we remain focused on delivering on our Group 6% margin target in FY27.

Our now stabilised platform in the US will allow us to drive sustainable mid-single-digit growth and margin improvement with our focus centred on our strategic categories of fresh meals, burritos and bread. Our recent focus on improving operational efficiency across our sites has provided us with further confidence that we can accommodate c.$500m of sales, meaning we have ample headroom for growth in the medium term.

> "Looking further ahead, we expect to deliver further strategic progress and this will drive an improvement to margin in FY25 and beyond as we continue on our trajectory to our 6% medium-term margin target.
>
> **Mike Edwards**
> Chief Executive Officer

In China, with the sale of our Hong Kong business due to complete in April 2025, we continue to review our strategic options for the remaining mainland China business which is expected to deliver steady growth and a low level of profitability, with the business remaining cash generative and self-sustaining.

Inflation is expected to remain broadly in line with FY24 (c.£50m) and heavily weighted to labour given the increases in National Insurance (c.£15m annualised impact) and the National Living Wage. We are positively engaged with customers on price recovery and, as in previous years, expect to secure a good level of support, which, along with our continued focus on cost and efficiency will mitigate the impact of inflation.

With debt and leverage at the lower end of our target range, the Group is well-positioned to make return-enhancing investments to drive efficiency. Recognising the importance of the dividend to our shareholders, we expect to continue to deliver a progressive policy. We also maintain the flexibility to assess acquisition opportunities where we see strategic fit and the potential to enhance Group margins and returns.

Looking further ahead, we expect to deliver further progress across our four strategic pillars, supported by the benefit from the above-mentioned actions. This will drive an improvement to margin in FY25 and beyond as part of our trajectory to achieve our 6% margin target in FY27.

Mike Edwards

**Mike Edwards**
Chief Executive Officer
3 March 2025

1 Based on company compiled consensus ("Consensus") which includes all covering analysts. Adjusted operating profit Consensus for FY25 at £118.6m with a range of £114.0m to £123.1m. Last updated on 28 February 2025.

# DEVELOPING INNOVATIVE PRODUCTS ACROSS OUR MARKETS

Our market-leading insights help create the great-tasting products that consumers desire.

## BY LEVERAGING OUR INSIGHT...

**MARKET INSIGHT**
Gathered from multiple sources: webinars, bespoke research, listening groups, consumer surveys and sales data

**INTERNAL EXPERTS**
Dedicated team collates, analyses and distils insights into actionable information

**INFORMING PLANS**
Actionable information shared with Customer, Category and Procurement teams to inform strategic planning and product/packaging development briefs

**PRODUCT DEVELOPMENT**
New recipes created by our development chefs, with continued investment in the highest standards of food safety and innovation

**OPERATIONAL DELIVERY**
Develop robust production plans to manufacture new products and deliver excellent service for our customers

**REVIEW & FEEDBACK**
Post-launch review of performance and consumer and customer feedback informs future development

Throughout this process, we work in partnership with our customers to provide category insight and innovation, whilst responding to requests for macro/food/consumer trends and category reviews

## WE HAVE A DEEP UNDERSTANDING OF WHAT CONSUMERS WANT...

1. **VALUE** for their time and money
2. **QUALITY** at home, replacing restaurants and takeaways
3. **INNOVATION** to elevate staples and explore new cuisines
4. **FRESH** and healthy indulgences
5. **SUSTAINABLE** products with reduced environmental impact

## ...AND DEVELOP EXCITING NEW PRODUCTS TO MEET THEIR NEEDS

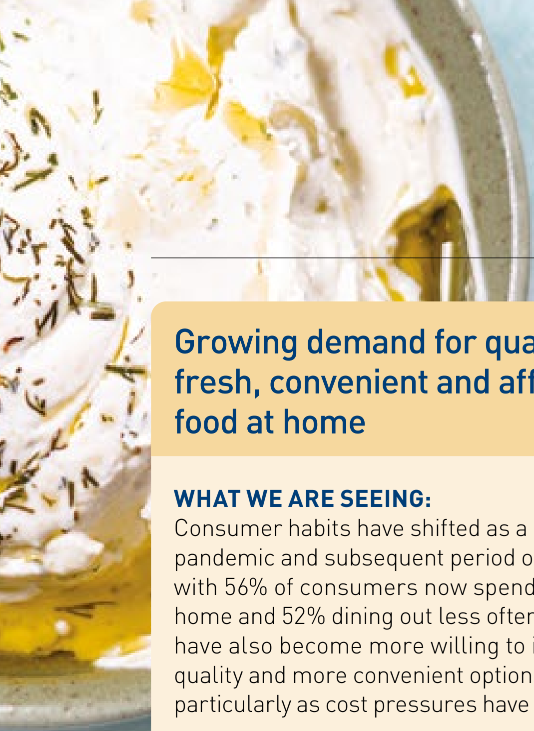
**MEAL DEAL SOLUTIONS**
Transformed a strategic customer's gastropub-inspired meals range

**PREMIUM RESTAURANT EQUIVALENTS**
Launched range of 12 ready meals inspired by modern Indian restaurants

**FIRST-TO-MARKET PRODUCTS**
Leveraged existing capability to develop new cheesecake propositions

**HEALTHIER SNACKS**
Introduced fruit and vegetable snacking pots with healthy yoghurt dips

**REDUCED PLASTIC PACKAGING**
Removed the lid on houmous pots, reducing plastic packaging by 317 tonnes



# UK

## Growing demand for quality, fresh, convenient and affordable food at home

**WHAT WE ARE SEEING:**
Consumer habits have shifted as a result of the Covid pandemic and subsequent period of rising living costs, with 56% of consumers now spending more time at home and 52% dining out less often[1]. These consumers have also become more willing to invest in higher-quality and more convenient options to enjoy at home, particularly as cost pressures have eased more recently.

This has materialised in three major trends that have driven growth in the FPF market. Firstly, shoppers traded up to fresher or more premium products to enhance their at-home dining experience, with volumes of premium tier products up 11.2% in 2024[2]. Secondly, growth amongst value-conscious shoppers was supported by an increase in promotional activity, with purchases on promotion up 270 basis points to 32.7%[3]. Thirdly, fresh side-of-plate options returned to the menu, with 53% of shoppers buying more products which help them create home-cooked meals[1].

**HOW WE ARE RESPONDING:**
To satisfy the desire for quality at-home experiences, we supported retail customers with the launch of takeaway-style pizza propositions, in-home dining meal deal promotions and supported pasta sauce promotional activity, providing consumers with great-tasting alternatives to restaurant visits and takeaway purchases.

We have continued to deliver on the fundamentals of our proposition with high-quality added-value products. As part of this we developed new and exciting premium tier ranges, including the launch of a new range of modern Indian meals under our own brand 'Pinch' exclusively for a strategic customer and a new gourmet pizza range which was 'highly commended' in The Pizza, Pasta & Italian Food Association's industry awards. We also delivered on the transformation of a premium range of pub equivalent starters, mains and sides as part of a deal.

## More frequent shopping and evolving health needs boost demand for fresh foods

**WHAT WE ARE SEEING:**
During 2024, we saw growing consumer demand for fresher food, with 59% stating freshness as a key influencer on perceptions of quality[1]. This, combined with a focus on reducing waste, flexible working patterns and more promotional activity, all contributed towards more frequent store visits. This has supported overall growth in the market (up 2.6% in 2024), and delivered strong outperformance against the total grocery market, which was only up 0.2%[3].

Shoppers made +1.8% more trips to stores compared to last year, with FPF shopping frequency surpassing pre-Covid levels[3] and often with specific occasions in mind. This supported volume growth across our categories, with dips and pizza particularly benefiting from more outdoor gatherings around the 'summer of sport'. This return to more frequent shopping also fuelled record volumes in our food-to-go ("FTG") market, with demand higher than ever for lunchtime deals and treats. Discretionary purchases have also started to return as consumers seek to round out their at-home meal experiences. Demand for side dishes has increased and shoppers are spending more on quality desserts, albeit volumes still remain challenged.

Health also rose back up the agenda as budget constraints eased and consumers sought nutritious, less processed foods, driving more activity across high protein, gut health and natural ingredients.

**HOW WE ARE RESPONDING:**
We refreshed and developed numerous products across our categories, with flavours and healthy options that have encouraged consumers to shop more frequently. We have expanded our FTG offering to meet demand, creating new high-protein and gut-friendly salad ranges for two of our customers and developing healthier fresh snacking options for another strategic customer.

To provide our consumers with desirable, healthy options to complete their meals, we also created tasty and inspiring side dishes which feature some of their favourite vegetables.

Our innovation in desserts, powered by our new state-of-the-art development kitchen, produced brand-new concepts for consumers to indulge in while also reducing food waste and plastic usage.

READ MORE pg 26.

1 Bakkavor State of the Nation Report, 2024.
2 Bakkavor Market Matrix, 2024.
3 Kantar WPO Category Gold, 2024.

# US


## Continued growing demand for fresh, nutritional options

**WHAT WE ARE SEEING:**

In the US, despite easing inflation[1], consumers have remained focused on prices which has contributed to a slowdown in the growth of fresh food categories compared to prior years. However, demand remains robust and almost half of retailers are still reporting increased FPF sales year-on-year[2]. The focus on value has also supported the growth of private label within grocery retail, which is expected to increase penetration from 19% in 2024 to c.25% by 2030[3].

Fresh and quality remain top of mind with consumers, with 90% saying that fresh food makes them happy and 68% willing to pay a premium for the best fresh food[4]. Retailers, therefore, continue to see fresh prepared foods as a strategic area to invest in for the future; two-thirds are planning to expand their ranges next year and one-third are planning to expand the store space devoted to the category.

This expansion will be carefully controlled, however, with retailers citing a reduction in food waste as their top goal[2].

US consumers are also becoming more aware and interested in the nutritional benefits of their food, with high protein content, clean ingredients and functional benefits ranked the highest among what consumers would like to see[1].

**HOW WE ARE RESPONDING:**

In 2024, we launched Fresh & Simple, a brand that delivers high-quality, affordable meal solutions spanning our entire capabilities. By reducing the average units per case, we also helped retailers optimise for both waste reduction and efficient shelf space utilisation, aligning with their focus on minimising food waste.

We are also supporting retailers with innovative, on-trend solutions. For example, for one customer we introduced a breakfast burrito featuring flexible packaging allowing for hot bar merchandising. For another customer, we developed a range of Mediterranean-inspired ready meals that were health-focused and shareable, responding to consumers' preferences for fresh, high-protein and functional foods that also meet their expectations for value and convenience.

1 84.51°, 2024, The Grocery Experience: Today & Tomorrow.
2 Supermarket News, 2024, 2024 Fresh Food Trends Survey.
3 The Food Institute, 2024, Private Label Retail Lever.
4 Deloitte, 2023, Fresh Food at the Intersection of Trust and Transparency.

# CHINA

## Consumer confidence impacted, but solid growth recorded in affordable dining-out channels

**WHAT WE ARE SEEING:**

In China, consumer confidence remains at all-time lows, driven by macro-economic challenges, although it is worth noting that Chinese consumers are still among the most confident in the world, well ahead of the UK and US[1].

Food retail sales have remained robust, up 9.9% on last year compared to total retail growth of 3.5% over the same period[2]. Positively, over the next 12 months, 87% of consumers are planning to maintain or increase their spending on food and beverages[3].

Our customers in the quick-service retail and café channels recorded solid growth by offering an affordable dining out or snacking experience. Local chains grew faster than international ones, on the back of aggressive roll-out plans and an offer that highlights value for money and local recipes[4]. Premium grocery chains pushed ahead with their expansion plans as well, taking share from traditional and mainstream retailers by offering convenient and high-quality fresh food.

**HOW WE ARE RESPONDING:**

Over 2024, we launched over 600 new products, with products tailored to local recipes and providing great value for money. For example, we developed a Xinjiang-style honey melon chicory salad and a bolete and beef tongue bibimbap cereal bowl for one core retail customer and relaunched our entire range of products, with a focus on value optimisation, for another retailer.

To strengthen our business and further improve the price competitiveness of our products, we also rolled out an extensive 'lean manufacturing' internal efficiency programme that led to both improved margins and new business gains through competitive pricing.

1 McKinsey, 2024, The Truth About Chinese Consumption.
2 National Bureau of Statistics of China, 2024.
3 McKinsey, 2024, Getting Granular: In Search of Pockets of Growth in China.
4 The Economist, 2024, Chinese Fast Food Insurgents.

# Achieving
## excellent progress on our strategy

The strategy of the Group remains clear: to deliver profitable and sustainable growth.

We are focused on driving returns in the UK by leveraging our scale and market leadership, whilst internationally driving sustainable growth that is accretive to the Group's margin. These priorities are underpinned by our relentless focus on operational excellence and by being a positive force and trusted by our stakeholders.

We have made excellent progress across all four pillars of our strategy, underpinned by our lean and efficient organisational structure, clear focus on regional priorities and well-defined capital allocation policy. Our ongoing delivery on each of our four strategic pillars will underpin our trajectory to reach our medium-term margin target of 6%.

**PURPOSE**

To lead the way through flawless execution, delighting customers and consumers with fresh, convenient and great-tasting food that we create every day.

**STRATEGY**

To deliver profitable and sustainable growth through our four strategic pillars.

**UK**

Drive returns by leveraging scale and market leadership

**INTERNATIONAL**

Drive sustainable growth and Group accretive margin

**EXCELLENCE**

Improve performance through operational excellence

**TRUST**

Be a positive force and a trusted partner for all our stakeholders

## CULTURE

To empower and support all our stakeholders by living our values.

**Respect and trust each other**

**Keep the customer at the heart of what we do**

**Get it right, keep it right**

**Be proud of what we do**

**READ MORE** pg 34.

## KEY STAKEHOLDERS

A strong understanding of our stakeholders is crucial to our value creation, long-term growth and success.

**Colleagues**

**Customers**

**Suppliers**

**Investors**

**Communities**

**READ MORE** pg 7.

# OUR CLEAR AND CONSISTENT STRATEGY

## UK

Drive returns by leveraging scale and market leadership

### OUR KEY DRIVERS

- Leverage our market insights, development expertise and breadth of manufacturing capabilities to create attractive propositions that delight our customers and consumers.
- Utilise our scale to develop, prepare and distribute our products in a cost-efficient way and with a sustainable use of resources.
- Pursue organic and inorganic growth opportunities across our categories and beyond, leaning on our strong customer relationships, deep market understanding and strong financial position.
- Attract and develop talent to retain and further strengthen our leading position in the market.

### WHAT WE HAVE ACHIEVED IN 2024

- Maintained our market-leading position in each of our four categories: meals, pizza and bread, salads and desserts.
- Led the way among the supply base of our strategic customers' suppliers to deliver high-impact, award-winning innovation across our categories.
- Made net business gains across multiple categories and retailers by leveraging our innovation, quality and price competitiveness.
- Strengthened our dips offer with the acquisition of Moorish, the UK's award-winning houmous brand, with plans to extend the brand to a broader range of Mediterranean-inspired products.
- Invested in our talent pipeline by scaling up our award-winning Early Careers programme, recruiting over 100 apprentices, graduates and placement students.

### OUR FOCUS FOR 2025 AND BEYOND

- Target new business wins with competitive pricing and product innovation, leveraging economies of scale.
- Collaborate with our customers to manage input cost inflation, in particular labour cost, through efficiency initiatives and product value optimisation.
- Invest in automation and targeted capacity enhancements to continue offering great value for money products at market-leading service levels.
- Continue exploring inorganic growth opportunities to broaden our capabilities, generate scale efficiencies and bolster our proposition to customers.

## INTERNATIONAL

Drive sustainable growth and Group accretive margin

### OUR KEY DRIVERS

- Combine deep local knowledge with Group expertise to develop innovative products that evolve with changing consumer preferences and meet the highest food safety standards.
- Broaden and strengthen existing customer partnerships across product categories whilst building a pipeline of new customers who are committed to expanding their fresh food offerings.
- Ensure growth is sustainable and translates into higher profits through robust capacity and productivity plans and training local talent on best-in-class fresh food manufacturing.
- Leverage existing capacity and capability, along with new investment, to respond to growing demand and provide best-in-class service.

### WHAT WE HAVE ACHIEVED IN 2024

**US**

- Completed business recovery, with best-in-class non-financial metrics across safety, quality and service, and a meaningful step-up in profitability.
- Entered the next phase of our strategy to rebuild our growth pipeline and optimise our US business to deliver sustainable profitable growth.
- Launched Fresh & Simple, a new fresh prepared food ("FPF") brand comprising 25 best-selling cross-category products.
- Reintroduced our fresh meals range with a key customer following a temporary delisting in late 2022.

**China**

- Delivered a step-change in profitability in mainland China after implementing a lean manufacturing programme and driving operating leverage from higher sales.
- Commenced supply of a leading QSR chain with a range of produce products and continued to build our retail presence which is now 23% of mainland China sales (FY23: 18%).
- Further simplified our operations by disposing of our bakery business, now focusing wholly on the supply of FPF.

### OUR FOCUS FOR 2025 AND BEYOND

**US**

- Rebuild our growth pipeline with current customers and generate new business through our Fresh & Simple brand.
- Deliver further profit improvement through volume consolidation, tight cost control and targeted productivity investments.
- Improving margins in the region to become accretive to the Group's medium-term target of reaching 6% adjusted operating profit margin.

**China**

- Maintain momentum in profit delivery through factory performance improvements and overhead cost control.
- Continue to review our strategic options in the region to maximise value creation for the Group.

## EXCELLENCE

Improve performance through operational excellence

### OUR KEY DRIVERS

- Identify and deliver efficiency improvements and develop the Bakkavor Operating System ("BOS"), which produces standardised best practices, toolkits, and training packages. We have Operational Excellence managers at every site to complement the centralised team, helping to drive best practice at a local level and disseminate training effectively.
- Enhance productivity in our operations through a culture of continuous improvement.
- Maintain our resilient and efficient global sourcing platform, supported by our dedicated teams in the UK, Spain and China, managing demand volatility and effectively sourcing high-risk materials to deliver excellent service levels across the Group.
- Continue to uphold the highest technical standards of food and health and safety for colleagues, customers and consumers.
- Sustain market-leading service levels through agile manufacturing, contingency plans and a flexible supply chain.

### WHAT WE HAVE ACHIEVED IN 2024

- BOS supported further efficiency improvements by streamlining our UK footprint, optimising manufacturing processes, automating manual processes, improving material yields and rationalising overheads.
- Rolled out a smart manufacturing system in Texas, generating a 6% efficiency gain through better visibility and control.
- Completed phase 1 of our houmous investment plan at one of our London sites with new production lines, increased automation to deliver efficiency savings, and reduced product and packaging waste, including 69 million fewer pieces of plastic per year.
- Established the Operational Excellence Academy to train our colleagues on the BOS principles and toolkit, with over 500 colleagues instructed in 2024.

### OUR FOCUS FOR 2025 AND BEYOND

- Support the delivery of the Group's medium-term margin target of 6% by implementing further efficiencies across the Group, under the guidance of the Operational Excellence team and by leveraging our BOS toolkit.
- Identify further opportunities for investments in productivity, with a focus on waste reduction and energy-efficient solutions that also contribute to lowering our carbon emissions.
- Roll out our smart manufacturing system to our sites in California and North Carolina, whilst maintaining our focus on continuous improvement and lean manufacturing practices in China.
- Ensure our food safety and health and safety standards remain market leading through relentless focus on training and processes.

## TRUST

Be a positive force and a trusted partner for all our stakeholders

### OUR KEY DRIVERS

- Live our values, generating a positive impact for our colleagues, customers, suppliers, investors and communities.
- Provide our people with a great place to work where they feel valued, included and inspired.
- Be a responsible global business by supporting the transition to environmentally sustainable economies and maintaining the highest ethical standards across our supply chain, in collaboration with our customers and suppliers.
- Support our communities through charity partnerships and local grassroots initiatives.

### WHAT WE HAVE ACHIEVED IN 2024

- Cemented our commitment to reach net zero, with our near- and long-term targets for scopes 1, 2 and 3 validated by the Science Based Targets initiative ("SBTi"). Despite a 2.9% increase in the year, we are on track to meet our commitments, with scope 1 and 2 emissions reduced by 20.9% since 2021.
- Reduced UK food waste by 60bps to 6.0% (FY23: 6.6%) of total input, through operational excellence-led projects tackling both the root causes of waste and increasing focus on surplus redistribution to people through charities and our staff shops, along with animal feed.
- Supported this redistribution with our Staff Shop Transformation Project, providing colleagues at every UK site with access to great-quality products at discounted prices.
- Ranked in the top 20% of companies globally in WWF's Palm Oil Buyers Scorecard and classified as 'Well on the way' to a responsible palm oil future, recognising our efforts on sustainable palm oil.
- Improved employee engagement and reduced employee turnover in both the UK and US, supported by investments across pay, wider benefits and engagement activities.

READ MORE pg 38.

### OUR FOCUS FOR 2025 AND BEYOND

- Continue progress towards our carbon targets through investments in priority carbon action areas; our targets being a 42% reduction in net operational emissions by 2030, net zero by 2040 and net zero across the value chain by 2050.
- Continue working towards our target of halving UK food waste by 2030 through better material yield, increased redistribution and improved usage of surplus.
- Uphold our commitment to responsible sourcing, with a refreshed, strategically designed supplier engagement programme. This will allow us to engage critical suppliers with purpose to deliver tangible results on social and environmental topics.
- Ensure our work environment is safe and welcoming for all our colleagues, offering opportunities for personal development.

# Strengthening

## our leadership in the chilled desserts market

During 2024, we capitalised on our state-of-the-art manufacturing capabilities, unrivalled innovation ability and superior product quality to launch market-leading products and win new business in the UK chilled desserts market.

As the number one player in the UK chilled desserts market, we continue to invest and innovate to drive the category forward.

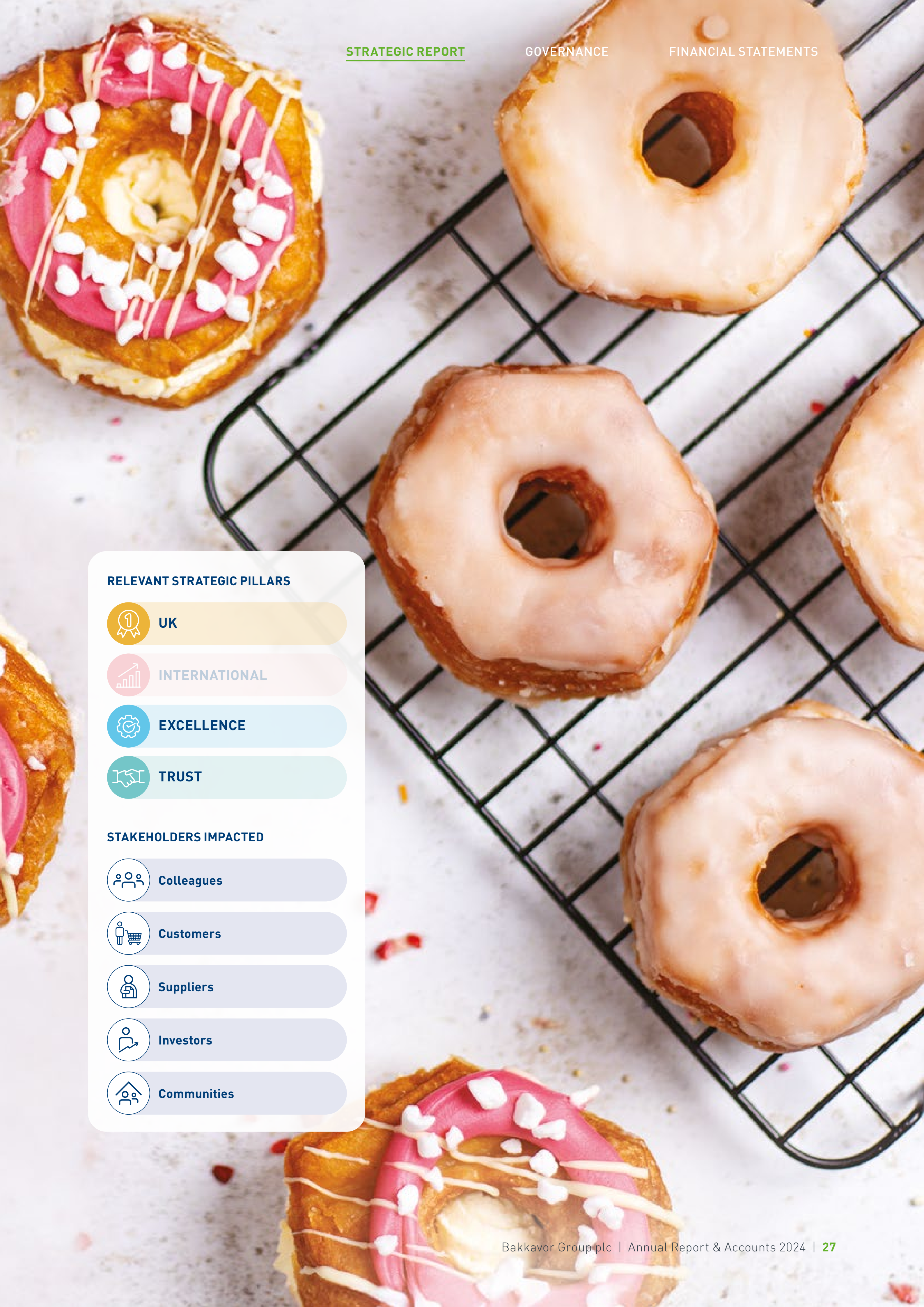
In 2024, we invested in a new development kitchen at our Newark site and, by leveraging our capabilities across multiple desserts categories, launched first-to-market products, such as the award-winning cream-filled yum nuts that bring together ambient bakery with chilled cream processing. Consumers love to indulge at Christmas and our development team also showcased their skills by launching several new innovative desserts, including the popular 'Christmas Carol-Mel' and brownie cheesecake.

This year, we onboarded c.60 SKUs across cream cakes, hot desserts and custard, including a major business win with a key customer on the back of our strong innovation capabilities and price competitiveness. We also retained our leading position in trifles and cheesecakes, while continuing to deliver market-leading service across our broader customer base. Our innovation is not only centred on the product, but also on our broader responsibilities, designing processes to minimise food waste and reduce plastic usage wherever possible. For example, we cut 40 tonnes of virgin plastic across cream cakes by moving to partly recycled packaging.

Our investments and innovations create a positive loop that leaves us well-positioned to continue leading the way in this category with great-tasting products that delight consumers.

**>190**

new products launched across desserts in 2024



**RELEVANT STRATEGIC PILLARS**

- UK
- INTERNATIONAL
- EXCELLENCE
- TRUST

**STAKEHOLDERS IMPACTED**

- Colleagues
- Customers
- Suppliers
- Investors
- Communities

# Powering

## performance and efficiency through the Bakkavor Operating System

Our Bakkavor Operating System ("BOS") is driving performance improvement in our operations by introducing standardised practice across the business.

Over the years, our Operational Excellence team has developed a set of tools and processes to improve the efficiency and effectiveness of our operations. This approach is defined as the BOS and sits at the core of how we operate, integrated into our culture and ways of working across sites and functions.

The BOS creates a standard and repeatable process for identifying opportunities and removing inefficiencies. It includes a standardised performance review process across sites and a state-of-the-art smart manufacturing system which provides live performance data.

We developed the BOS toolkit and established the Operational Excellence Academy, which trained over 500 colleagues in 2024, to support development whilst encouraging autonomy and ownership at all levels of the business.

The BOS and the work of our Operational Excellence team have been major contributors in supporting the Group to deliver further efficiency improvements this year, on top of the gains already delivered over the past few years. This has been paramount in protecting the business from the past three years' high levels of inflation. The knowledge gained in the UK is shared across our markets, with 2024 seeing the first roll-out of our smart manufacturing system in the US, as well as the implementation of a lean manufacturing programme across our sites in China.

**>500**

colleagues participated in our Operational Excellence Academy

**OUR BAKKAVOR OPERATING SYSTEM MODEL**

**RELEVANT STRATEGIC PILLARS**

- UK
- INTERNATIONAL
- EXCELLENCE
- TRUST

**STAKEHOLDERS IMPACTED**

- Colleagues
- Customers
- Suppliers
- Investors
- Communities

# Launching

## our new 'Fresh & Simple' brand in the US

'Fresh & Simple' brings together the best-selling recipes across meals, burritos and breads.

In May 2024, we launched our new Fresh & Simple range of fresh prepared food across the stores of a major US retailer. This marked the culmination of a strong collaboration between our Product Development and Commercial teams to build a new proposition, bringing together a suite of delicious recipes that leverage the breadth of our capability across food categories.

A 25-strong range of meals, burritos and artisan breads is now available across c.450 stores in the east of the country, with vibrant and enticing packaging highlighting the freshness of the products.

The brand provides a turn-key and proven solution for retailers who are looking to enter what is a high-growth emerging segment of the fresh department. Our next step is to broaden distribution to new retailers, providing them with best-selling, on-trend products that families across the country love.

**25**

products in the range


RELEVANT STRATEGIC PILLARS

- UK
- INTERNATIONAL
- EXCELLENCE
- TRUST

STAKEHOLDERS IMPACTED

- Colleagues
- Customers
- Suppliers
- Investors
- Communities

# Delivering

## on our target to halve UK food waste by 2030

A heightened focus on food waste across our sites has delivered another progressive year towards our 2030 target.

In 2018, we made a commitment to halve the net food waste produced in our UK business by 2030, recognising the need to make better use of resources, reduce emissions and increase food availability.

Over time our approach has evolved, starting with site-level partnerships with external organisations. For example, we partnered with FareShare on the King's Coronation Food Project to help tackle food insecurity by delivering 500,000 meals to vulnerable communities. Now, as part of the Bakkavor Operating System, we have rolled out real-time tracking tools and standardised processes across our estate which allows us to focus on systematically identifying root causes of waste and implementing corrective actions.

Our project to transform our staff shops has also contributed to redistribution, as more of our colleagues can now access discounted products.

In 2024, UK food waste reduction was included as a KPI in our bonus scheme, demonstrating the importance we as a business have placed on driving positive change in this area.

In 2024, we generated 2,568 fewer tonnes of net food waste, lowering our net food waste by 60bps to 6.0%, another positive step towards building a better future for our communities. This brings our total reduction since making our commitment to 320bps or 22,039 tonnes, which leaves us on track to meet our target.

**>22,000**

tonnes of UK food waste reduction since 2017


### RELEVANT STRATEGIC PILLARS

- UK
- INTERNATIONAL
- EXCELLENCE
- TRUST

### STAKEHOLDERS IMPACTED

- Colleagues
- Customers
- Suppliers
- Investors
- Communities

# We are proud

## to invest in our people

"Our people are our greatest asset. Their continued hard work, commitment and agility have been fundamental in delivering the Group's strong performance this year.

**Donna-Maria Lee**
Chief People Officer

Through our People Plan, we continue striving to make Bakkavor a great place to work. Investment in 2024 has been significant as we have increased rates of pay, improved access to wider benefits and enhanced our engagement initiatives. The impact of this has been evident across our people metrics. In particular, we saw a marked improvement in colleague engagement and turnover in both the UK and US.

**7.3%**
improvement in UK employee turnover, down to 18.9%

**26.3%**
improvement in US employee turnover, down to 27.6%

# OUR PEOPLE PLAN

Our People Plan is focused on maintaining our key strengths whilst driving improvement across four focus areas:


**1**
**Pay and benefits**

**2**
**Responding to change effectively and ways of working**

**3**
**Providing opportunities for personal growth and development**

**4**
**Proud to lead**

Our values are at the heart of our People Plan as we strive to make progress and support our colleagues as effectively as possible:

**Respect and trust each other**

**Keep the customer at the heart of what we do**

**Get it right, keep it right**

**Be proud of what we do**

We recognise the importance of listening and acting on the feedback of our colleagues, and this is informed by the Group-wide annual Employee Engagement Survey ("EES"), alongside our Site Engagement Forums ("SEF") and Group Engagement Forums ("GEF"), regular subject-specific pulse surveys, and at a Board level our designated workforce engagement Non-executive Director.

We have made good progress, but we know there is still more to do. This fuels our commitment to driving sustainable improvements for our colleagues and increasing their engagement. We also continue to strengthen our culture, which we define by our ability to empower and support all our stakeholders by putting our values at the heart of everything we do.

**89%**
survey response rate (2023: 88%)

**3.3%**
improvement in engagement results, up to 75.1%

## You said, we did: embedding a culture of effective action

Progress in our UK bakery division is an excellent example of how our actions are supporting a stronger culture of listening and responding to colleague feedback.

Our suite of leadership training programmes has facilitated better communication within our teams and enabled leaders and SEFs to gather more site-specific feedback, particularly from more junior factory colleagues.

Our regular pulse surveys and briefing sessions have helped provide clear accountability, whilst celebrating and recognising colleagues' contributions. These actions drove a significant year-on-year increase (+7.6%) in overall engagement for the division, demonstrating we have effectively listened and taken action to respond to our colleagues' feedback.

## 1 Pay and benefits

Offering competitive pay and relevant benefits remains vital in our efforts to support, recruit and retain our colleagues.

### FAIR PAY

We have made a significant investment in pay, with a 21% increase in rates for hourly-paid UK colleagues over the last three years. This is above inflation, and has helped support colleagues through cost-of-living pressures. Following a challenging period for the US business, with performance now stabilised, we were able to award pay increases across our sites in FY24. Our investment has been recognised by colleagues Group-wide, with 6.5% more colleagues feeling they are paid fairly, and a further 12.1% in the US alone.

### BENEFIT AWARENESS

We provide a wide range of benefits, including life and personal accident insurance, upgraded healthcare and multiple retailer discounts. We also deliver regular benefits awareness sessions and held a 'Benefits Week' dedicated to helping colleagues understand and make the most of the opportunities available.

### STAFF SHOPS

Following significant progress in 2023, every UK site now has a staff shop which provides colleagues with access to our great-quality products at discounted prices. Through our Staff Shop Transformation Project implemented in 2024, we expanded the range of products on offer and are also in the process of improving our staff shop facilities, with a full rebrand due to complete in early 2025.


### HEALTH AND WELLBEING

We support three core pillars of physical, emotional and financial wellbeing. In 2024, we appointed a UK Head of Occupational Health & Wellbeing to provide clear leadership and focus in this area. Our 120 Wellbeing Champions drive our wellbeing and mental health initiatives and they all receive bespoke training to enhance support across our sites.

Building on our Mental Health at Work Policy launched in 2023 (available at: bakkavor.com/esg), we rolled out Mental Health Awareness training to over 7,000 UK colleagues in 2024, with a commitment to reach all UK colleagues by the end of 2025.

We conducted a benefits and wellbeing pulse survey in 2024, which helped shape future actions and informed activities for our Corporate Wellbeing Month, which focused on mental, physical, and financial health.

We have also enhanced our wellbeing services, provided to all UK colleagues, and are planning to introduce wellbeing services for our teams in the US.

Our efforts have been recognised by our colleagues, with +4.6% feeling that Bakkavor cares for their health and wellbeing.

**READ MORE** pg 44.

## 2 Responding to change effectively and ways of working

Our leadership team is well-embedded, following the renewed organisational structure implemented in FY23, which has strengthened our ability to drive change from the top.

We continue to evolve how we work together, gather feedback and lead by example, to deliver effective change for all our colleagues. As a result, 86.4% of survey respondents told us that they have a clear understanding of site and functional goals.

**READ MORE** pg 93.

Our SEFs continue to play a vital role in communication and collaboration across our teams and functions. This year, we further embedded SEF-led activities through refreshed skills and best practice training. 62.6% of colleagues agree that SEFs are "working on things that matter", a year-on-year increase of 9.8%.

We and our colleagues have also had to respond to change, following the difficult decision to close our Wigan site. We have worked hard to support affected colleagues in securing alternative roles. This included holding job fairs with local employers and providing resources to support colleagues with interview skills and CV writing.

To further strengthen two-way communication and formalise idea generation, we launched our 'Proud to Make it Better' company suggestion scheme in early 2025 as another avenue to hear from colleagues.

## 3 Providing opportunities for personal growth and development

We are always striving to provide our current and future workforce with more opportunities to learn and grow.

We recognise that delivering engaging, inclusive training and mentoring is crucial to developing career readiness, skills confidence and leadership potential.

### EARLY CAREERS

We have united with a wider network of leading food and drink companies to build 'Mmmake Your Mark': a showcase of why our industry is a vibrant and rewarding place to work. As part of our work to raise awareness of careers in manufacturing, we welcomed over 100 apprentices, graduates and placement students across our sites in 2024.

Our Early Careers programme is industry-leading, and we were named TheJobCrowd's top company for graduates and apprentices for the fourth year running.

We also continue to build links with local schools, communities and networks to help students, teachers, parents and supporting bodies understand the many career opportunities available in manufacturing.

### ONBOARDING

Feedback from our refreshed, interactive onboarding programme for new joiners has been very positive, with Bakkavor shortlisted for two prizes in the 2024 British Training Awards and winning a 'highly commended' award.

### MENTORING

Our female mentoring programme continues to play an important role in our efforts to empower more women to seek fulfilling careers in manufacturing. It offers opportunities and support for colleagues to become a mentee or mentor, and we were proud to double the number of mentees in 2024. This has seen engagement improve, with those on the programme reporting 6% higher levels of engagement compared to UK salaried colleagues.

In May, we broadened the programme to the wider business to develop inclusivity across our personal development offering.

## 4 Proud to lead

Our goal in 2024 was to build leadership not only into our organisational structure and ways of working, but also our culture.

We leveraged insights and colleague feedback from our 'Better Behaviours, Better Bakkavor' workshops to introduce three new leadership programmes in 2024. This supports teams to reach their full potential whilst also emphasising the importance of creating an inclusive workplace.

### FOUNDATION LEADERSHIP PROGRAMME

Our Foundation Leadership programme aims to empower newly appointed team leaders and managers in developing their confidence and skills such as effective communication, change management and decision-making.

### GENERAL OPERATIONAL MANAGEMENT DEVELOPMENT PROGRAMME

This immersive programme provides both individual and team development over 12 months through Executive coaching, face-to-face development and digital learning.

### LUMINA SPARK LEADERSHIP TEAM JOURNEY

This programme supports teams to work better together, improve self-awareness, create better results, improve working relationships and increase productivity.

### EXISTING AND FUTURE PROGRAMMES

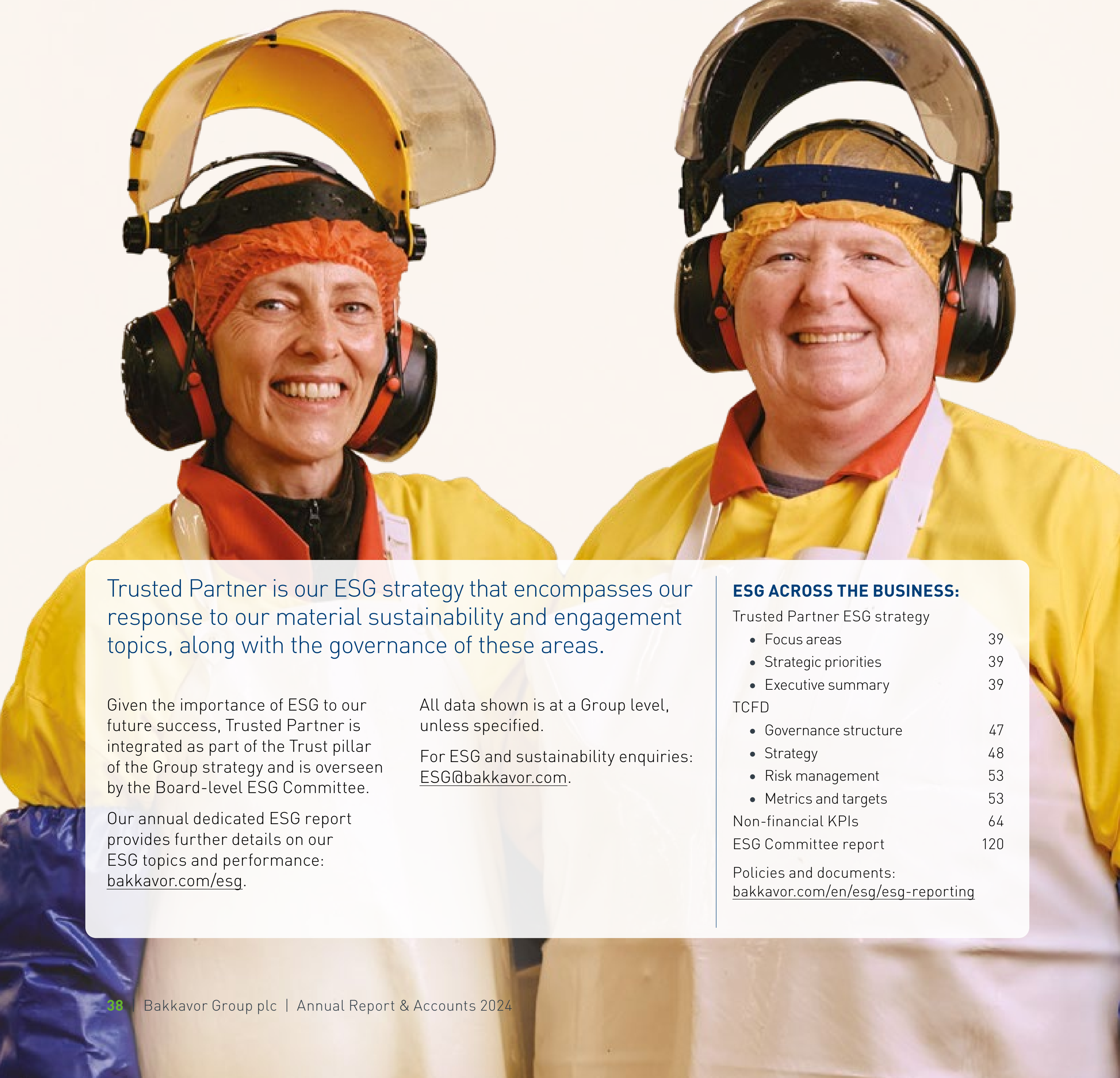
We also continued to invest in our existing Front-line Leadership and Effective Leadership programmes. In 2025, we will add a Senior Leadership programme, thereby providing leaders at all levels with effective and ongoing development.

### LEVERAGING OUR UK MODEL IN THE US

Building on the success we have seen in the UK, we rolled out our 'Better Behaviours, Better Bakkavor' workshops in the US to inform future programmes, and development sessions for the senior leadership team.

# Trusted Partner

## Building a better business for all our stakeholders



Trusted Partner is our ESG strategy that encompasses our response to our material sustainability and engagement topics, along with the governance of these areas.

Given the importance of ESG to our future success, Trusted Partner is integrated as part of the Trust pillar of the Group strategy and is overseen by the Board-level ESG Committee.

Our annual dedicated ESG report provides further details on our ESG topics and performance: bakkavor.com/esg.

All data shown is at a Group level, unless specified.

For ESG and sustainability enquiries: ESG@bakkavor.com.

### ESG ACROSS THE BUSINESS:



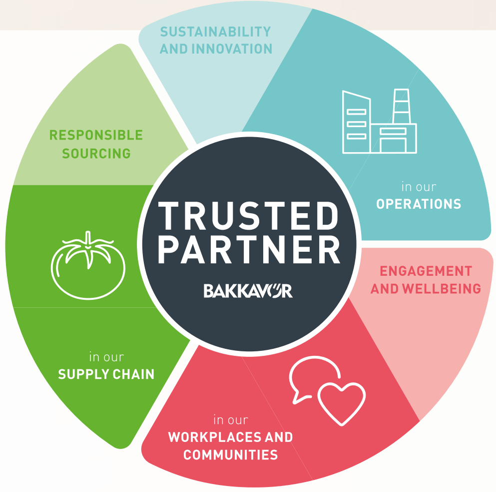
Policies and documents: bakkavor.com/en/esg/esg-reporting

## TRUSTED PARTNER IS CENTRED ON THREE BROAD FOCUS AREAS:

- **Responsible Sourcing** in our Supply Chain
- **Sustainability and Innovation** in our Operations
- **Engagement and Wellbeing** in our Workplaces and Communities

Within this framework, we have three strategic priorities recognising that these areas require most intervention to safeguard the resilience of our business.

Based on a double materiality assessment, most recently updated in 2022, these reflect the needs of our stakeholders and the environment, as well as our considerations for our business's long-term resilience.




## PROGRESS ON OUR THREE STRATEGIC PRIORITIES

### CLIMATE AND NET ZERO

Net zero across our Group operations by 2040 and across all scopes by 2050.

Reduce absolute scope 1, 2 and 3[1] emissions by 42% by 2030 (2021 baseline).

**2.9%** increase in Group net operational (scope 1 and 2) carbon emissions in the year

**(20.9)%** reduction achieved since 2021 (scopes 1 and 2) – on track for our near-term science-based target

**(15.9)%** reduction in scope 3 emissions from purchased goods and services since 2021 – on track for target

### FOOD WASTE

Halve food waste by 2030 (2017 baseline, UK).

**320bps** reduction in UK food waste since 2017

**6.0%** UK food waste in 2024, a reduction of 2,568 tonnes since 2023

### ENVIRONMENTALLY SUSTAINABLE SOURCING

100% deforestation- and conversion-free sourcing of palm oil, soy, beef and wood pulp by the end of 2025 (UK, 2020 cut-off date[2]).

**5.4%** 2023[3] volume of verified Deforestation and Conversion Free (vDCF) soy plus 94.6% in transition towards vDCF soy (UK)

**99.7%** 2023[3] volume of RSPO segregated palm oil (UK)

**Wood pulp:** 100% certified sustainable sourcing for primary and secondary packaging

**Beef:** 100% from low-risk origin

## EXECUTIVE SUMMARY

In 2024, our clear focus has supported a strong financial performance, as well as progress in three of our four non-financial KPIs and ESG commitments.

This has been driven by the continued integration of ESG principles into our operational practices and routine business reporting, ongoing investment in both people and capital, along with external validation of targets.

Our action on health and safety and employee turnover has been well-embedded across the business for some years, including robust monthly reporting of KPIs for clear oversight and to identify and respond quickly to trends. Turnover has also been part of management bonus metrics since 2018.

In 2024, we focused particularly on driving an increased reduction in UK food waste by further embedding our approach into our day-to-day factory operations. This has delivered another strong reduction in 2024, keeping us ahead of our target, although the remaining reductions will be the most challenging to achieve.

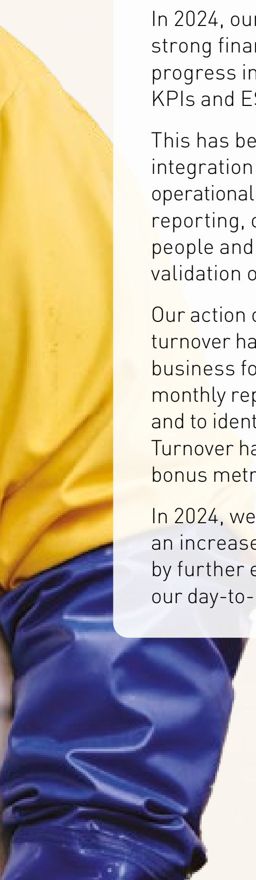
Communicating our ESG ambitions and plans resulted in increased employee engagement amongst our colleagues in our annual survey, with ESG topics showing the largest annual increase overall.

Delivering a reduction in Group carbon emissions also remains a priority. The validation of our net zero aligned climate targets by the Science Based Targets initiative ("SBTi") was a significant milestone in 2024. Whilst the Group's emissions increased by 2.9% in 2024, we remain on track for our first target – a 42% reduction by 2030 for scopes 1 and 2 and for scope 3 purchased goods and services. We continue to develop our climate transition plan and are progressing how we address supply chain emissions, the most significant climate challenge for our industry.

We remain committed to driving progress in this area and recognise the importance of working collaboratively with the wider food sector to share information and help drive positive change across customers, suppliers, NGOs, the public sector and multi-stakeholder forums.

READ MORE pg 46.

The landscape of ESG disclosure is rapidly evolving and Bakkavor is committed to continually improving our own reporting. Bakkavor is not in scope of the EU's Corporate Sustainability Reporting Directive ("CSRD") however we acknowledge the influence that it will have. We are preparing to align to other new requirements as they are rolled out, including those of the International Sustainability Standards Board ("ISSB") and the Transition Plan Taskforce ("TPT"), by upskilling our business and reviewing where we currently have gaps.



1 From purchased goods and services.
2 The cut-off date is based on the Accountability Framework Initiative definition. This means that clearance of natural forest after this date renders the affected area or production unit, and the commodity produced there, non-compliant with no-deforestation or no-conversion commitments.
3 Bakkavor submits sustainable commodities purchasing data to independent advisers 3Keel for verification. Due to their timelines, final 2024 data was not available at time of publication, but will be published in our Deforestation Commitment Progress Report later in 2025.

# **Responsible Sourcing** in our Supply Chain

The social and environmental sustainability of our supply chain is directly linked to its resilience. Our business relies on supplier partnerships that minimise environmental harm and support the rights and livelihoods of the millions employed in food production worldwide.

Bakkavor's Supplier Code of Conduct is at the heart of our Responsible Sourcing strategy and supply chain engagement. It outlines the standards that we expect to be met and forms part of our supplier selection process. The Code, along with our Deforestation Commitment Progress Report, Human Rights Policy and Animal Welfare Policy, can be found at bakkavor.com/en/esg/esg-reporting.

Industry collaboration in this area is essential to address system-wide issues. Bakkavor is active in multi-stakeholder initiatives including the UK Soy Manifesto, the Ethical Trading Initiative ("ETI"), the Food Network for Ethical Trade ("FNET") and the Spanish Ethical Trade Forum.

Our Responsible Sourcing strategy is overseen by a governance group that includes senior representation from the Procurement, Finance, ESG and Technical functions, who oversee the day-to-day implementation of our strategy via the Responsible Sourcing action team.

## Progress against our targets and commitments

Strategic priority | NF Non-financial KPI | Achieved | On track | Work to do | Ongoing

### ENVIRONMENTALLY SUSTAINABLE SOURCING

**100% deforestation- and conversion-free sourcing of palm oil, soy, beef and wood pulp by the end of 2025 (UK, 2020 cut-off date[2]).**

As members of the Roundtable on Sustainable Palm Oil ("RSPO") since 2012, we report our progress to the RSPO annually and also through CDP's Forest questionnaires[4]. In addition, palm oil, soy and cocoa volumes are reported to independent advisers 3Keel for verification of sustainable sourcing volumes. Due to their reporting timelines, 2024 data was not available at the time of publication. 2024 data and progress will be disclosed in our updated Deforestation Commitment Progress Report, available on our website.

As of 2023, 99.7% of UK-sourced palm oil was RSPO Segregated, meaning that it was sourced from RSPO Certified mills and therefore traceable as deforestation and conversion free. WWF's Palm Oil Buyers Scorecard classes Bakkavor as 'well on path' and rated the company in the top 20% of buyers globally (44/285).

As signatories to the UK Soy Manifesto, we work with industry partners to ensure all shipments of soy and imports of embedded soy to the UK are verified deforestation and conversion free (vDCF) by 2025. Our Deforestation and Conversion Free Soy Policy makes our expectations clear with suppliers, and all UK suppliers are made aware of this as a condition of supply. As of 2023, 5.4% of soy is certified or verified as deforestation- and conversion-free with the remainder to transition towards verified deforestation and conversion free. 84.8% of this transitional volume is covered by RTRS[5] credits that support the production of sustainable soy and the remainder with mass balance or regional certificates.

All cardboard used for primary and secondary packaging is sourced from sustainable wood pulp PEFC/FSC (Programme for the Endorsement of Forest Certification and/Forest Stewardship Council respectively) chain of custody certification.

All beef used in the UK business comes from retailer-approved European farms which are low-risk for deforestation.

**READ MORE** bakkavor.com/en/esg/esg-reporting.

4 CDP (formerly Carbon Disclosure Project) questionnaires, responses available at: bakkavor.com/en/esg/esg-reporting.
5 Round Table on Responsible Soy.

## ENVIRONMENTALLY SUSTAINABLE SOURCING CONTINUED

**100% eggs from cage-free sources by 2025 (UK, and Group-wide by 2027).**

In 2024 we achieved our goal to source only eggs and egg products in the UK from cage-free sources, a year ahead of schedule. In China cage-free sources are less in demand or available, however plans are in place that will increase this volume in 2025.

| UK: | CHINA: | US: |
|---|---|---|
| 100% | 6% | 92% |
| (2023: 80%) | (2023: 6%) | (2023: 90%) |

**SBTi-verified targets (Forest, Land and Agriculture, 'FLAG' emissions):**

**Near-term:** Reduce absolute scope 1 and 3 FLAG GHG emissions[6] by 30.3% by 2030 (2021 base year).

**Long-term:** Reduce scope 1 and 3 FLAG GHG emissions[6] 72% by 2050 (2021 base year).

Scope 3 FLAG emissions increased by 8.5% in 2024, an increase of 6.8% since 2021. However, the current nature of scope 3 calculations and reliance on secondary sources means that making interventions such as progress towards zero deforestation are not directly accounted for in our footprint results.

**READ MORE** Deforestation Commitment Progress Report 2024, Deforestation and Conversion Free Soy Policy.

## SUPPLY CHAIN HUMAN RIGHTS

**Work collaboratively with suppliers on any breaches of our Code of Conduct to develop and implement a clear and appropriate corrective action plan (UK, ongoing).**

We continued to embed our Supplier Code of Conduct through ongoing supplier engagement. In 2024, we concluded a verification programme of identified strategic suppliers, that represented 33% of procurement spend, using an independent third-party human rights expert. The outcomes indicated a range of maturity levels and risk, and supported the development of tailored risk mitigation programmes, which we continued to follow up on throughout the year.

**READ MORE** bakkavor.com/en/esg/esg-reporting.

6 Target includes FLAG emissions and removals.

# **Sustainability and Innovation** in our Operations

Ensuring efficiency and sustainability across our operations directly supports resilient manufacturing operations. Our ESG objectives have become increasingly embedded into our day-to-day operations and how we deliver for our customers, as part of the Excellence pillar of our strategy.

Climate and Net Zero, and Food Waste are two of our strategic ESG priorities and are also the Group's non-financial KPIs. Progress against these areas is integrated into the Group's bonus metrics; UK food waste performance is part of the STIP and Group net carbon emissions form part of the LTIP.

In 2024, the Science Based Targets initiative ("SBTi") validated our net zero-aligned climate targets, forming the framework for our climate transition plan and roadmap for the years to come.

Also fundamental to sustainable operations is our focus on Impact of Packaging, Sustainable and Healthier Products, and Water Use and Management.

**READ MORE:**
KPIs pg 64.
ESG: TCFD pg 53.
Directors' remuneration report pg 140.

## Progress against our targets and commitments

Strategic priority | NF Non-financial KPI | Achieved | On track | Work to do | Ongoing

### CLIMATE AND NET ZERO

**SBTi-verified targets (energy and industry):**
**Near-term:**

Reduce absolute scope 1 and 2 emissions by 42% by 2030 (2021 base year).

Reduce absolute scope 3 emissions from purchased goods and services 42% by 2030 (2021 base year).

**Long-term:**

Reduce absolute scope 1 and 2 and 3 emissions by 90% by 2050 (2021 base year).

For FLAG targets, see page 41.

Scope 1 and 2 Group net carbon emissions increased by 2.9% in 2024, due to engineering challenges in the US, where refrigeration upgrades resulted in a significant increase in F-gas emissions primarily at one site, as well as a flat performance in the UK versus 2023. Other sources of emissions in the US decreased, and net emissions from our operations in the UK and China decreased by 0.1% and 6.9% respectively In China this was largely a result of the disposal of a bakery site. For detail on our decarbonisation progress and actions in 2024 to reduce emissions and increase energy efficiency, see page 54.

Since our baseline year of 2021, Bakkavor has reduced scope 1 and 2 emissions by 20.9%, meaning we remain on track for our near-term target reduction of 42% by 2030. This has been driven by reducing emissions from refrigeration gases, as well as steady reductions in other utilities arising from implementing energy efficiency improvements such as heat recovery technologies.

Scope 3 emissions comprise 88.9% of our overall footprint and are therefore a significant focus area for the Group. The vast majority (82.5%) of our scope 3 footprint comes from purchased goods and services and as such our near-term target is to reduce these emissions by 42% by 2030. Since 2021 they have reduced by 15.9%, meaning we are just on track for the target.

**READ MORE** pg 53.

## FOOD WASTE

**Halve food waste by 2030 (UK, 2017 baseline).**

In 2024, food waste reduced to 6.0% of total input, down from 6.6% in 2023, which equates to a reduction of 2,568 tonnes. This was driven by our UK sites continuing to both address the root cause of waste at each facility as well as working to maximise surplus redistribution channels. This included expanding partnerships with food redistribution organisations such as FareShare, diverting more surplus food to animal feed where possible and also distributing products across our staff shops, providing discounted food for our colleagues.

Since 2017, net food waste has reduced by 320bps to 6.0% (2017: 9.2%), meaning that we are on track to meet our 2030 goal.

## IMPACT OF PACKAGING

**Support the UK Plastics Pact's 2025 industry goals of eliminating problematic plastics, 100% recyclable plastic packaging and >30% average recycled content.**

98.7% of our UK business's packaging is recyclable. This is a small reduction on 2023's proportion (98.8%).

Since 2021, our use of plastic in the UK has fallen by 4,868 tonnes, a 23.9% reduction.

We do not use any items on the UK Plastic Pact's 'Problematic and Unnecessary' Roadmap list.

The average recycled content of our UK plastic volume is 50.7% (52.9% in 2023).

**Remove 125m pieces of plastic from our packaging formats by end 2024 (UK).**

Between 2021 and 2023 we removed 160m pieces of plastic, achieving this goal a year early. We stretched this goal for 2024, aiming to remove a further 25m pieces. In 2024, our investment in a new houmous production line helped to remove 69m pieces of plastic, equivalent to 317 tonnes. We therefore surpassed our target, removing over 229m pieces between 2021 and 2024.

READ MORE pg 32.

**Source both primary and secondary cardboard from certified sustainable sources such as FSC and PEFC (UK, by 2025).**

We have maintained this commitment of sourcing FSC/PEFC (Forest Stewardship Council/Programme for the Endorsement of Forest Certification) in primary and secondary packaging.

## SUSTAINABLE AND HEALTHIER PRODUCTS

**Meet customers' nutrition targets on salt, sugar, saturated fat and overall calories through reformulation (ongoing).**

In 2024, 62% of our products are considered healthier options[6] (2023: 58%). This is up due to new product ranges. 90% of our products (2023: 90%) are compliant with the Food Standard Agency's salt reduction targets. 71% are vegetarian (2023: 73%) and 14% are plant-based (2023: 15%).

## WATER USE AND MANAGEMENT

**Optimise operational water intensity whilst maintaining product quality and integrity.**

We report our water consumption and management through CDP's water questionnaire (www.cdp.net). Our 2024 submission received a C disclosure score.

This is based on 2023 data, which showed a fractional (<1%) reduction in water withdrawals and a 15.4% decrease in overall consumption, mirroring process changes in the business.

6 As defined by the UK Department of Health's Nutrient Profiling Model.

# **Engagement and Wellbeing** in our Workplaces and Communities

Ensuring that we provide a safe and inclusive environment for our colleagues where they can thrive and develop is fundamental to our business.

We measure our performance on this through our non-financial KPIs (UK accidents resulting in lost time and UK employee turnover), as well as the results of our annual Employee Engagement Survey ("EES"), feedback gathered from our Site and Group Engagement Forums (SEF, GEF) and more informally from colleagues through line managers to help us understand their view on the support they are offered and their ability to be themselves at work.

Our People Plan, underpinned by our values, provides clear focus and direction as we strive to make Bakkavor an even better place to work, with four key areas of focus in 2024.

**READ MORE** pg 35.

As well as Colleague Wellbeing, Health and Safety, this focus area covers Inclusive and Diverse Workplaces, Engagement, Development and Retention, Responsible Recruitment and Employment and Local Causes and Community Engagement.

We have several working groups which lead our approach across these areas:

- Inclusion and Diversity (I&D) Forum; Chair – Group General Counsel and Company Secretary;
- Wellbeing Steering Committee; Chair – CPO
- Human Rights and Ethical Trade programme; Chair – CPO.

## Progress against our targets and commitments

Strategic priority | NF Non-financial KPI | Achieved | On track | Work to do | Ongoing

### NF COLLEAGUE WELLBEING, HEALTH AND SAFETY

**Continue to outperform UK industry averages on numbers of major accidents and >7 days lost-time accidents.** (On track)

We will always strive for zero harm and continuously look to improve on our approach. Our Global Health and Safety Management Principles, based on ISO 14001, standardise our learnings and best practices across all our sites. We report on this KPI monthly to the Board. In October, our innovative approach led us to be recognised for excellence at the Institute of Occupational Safety and Health (IOSH) Awards.

In 2024, UK >7 day lost-time accidents decreased by 3.9% to 249 per 100k employees (2023: 259) which continues to significantly outperform the food industry benchmark[7] reported by the Health and Safety Executive of 886.

Major accidents in the UK decreased by 56.3% to 21 per 100k employees[8]. There were no majors in the US or China and there were no fatalities in 2024 across the Group.

**READ MORE** pg 64.

**Be recognised by our colleagues as supporting them to achieve positive wellbeing.** (On track)

We aim to support our colleagues' physical, emotional and financial wellbeing. Our cross-functional Wellbeing Steering Committee is formed of colleagues from across the business, subject matter experts, and a dedicated Head of Occupational Health and Wellbeing. It is responsible for delivering our wellbeing strategy, which is based on various wellbeing KPIs, training progress and regular colleague feedback and, with direct access to the Group Board, ensures wellbeing priorities are considered in the Group's decision-making process.

In 2024, we aligned our Occupational Health & Wellbeing team and continued to promote a range of wellbeing support, including rolling out mental health awareness training to 7,038 colleagues, installing health check machines across UK sites as part of Wellbeing Month, and establishing on-site physiotherapy services across all our UK sites to support colleagues' physical health. Our site-based Wellbeing Champions continue to drive positive change, acting as a point of contact and signposting to internal and external resources and support such as our Occupational Health teams. Wellbeing Toolkit, GroceryAid, Employee Assistance Programme and Aviva DigiCare.

**READ MORE** pg 36.

7 UK HSE industry averages: hse.gov.uk/statistics/tables/index.htm#riddor.
8 Number of 'major' accidents and specified injuries as defined by the UK Health and Safety Executive.

## INCLUSIVE AND DIVERSE WORKPLACES

**Promote an inclusive working environment, where differences are valued and individuals feel they can be themselves, without judgement.**

In 2024, the I&D Forum focused on three objectives: achieving better gender balance, completing the groundwork to understand our ethnicity position, and focusing on inclusive leadership behaviours.

Our female mentoring programme doubled in size, with 39 colleagues now on the programme. In October we celebrated Culture Month, a celebration of the diversity across the Group where everyone is encouraged to share stories from their heritage.

Our EES showed a 1.5% increase in colleagues responding that "I can be myself at work" – up from 75.7% in 2023 to 77.2%.

**READ MORE** bakkavor.com/en/esg/esg-reporting.

## ENGAGEMENT, DEVELOPMENT AND RETENTION

**Conduct an annual Group-wide Employee Engagement Survey ("EES"), aiming for an overall employee engagement score above industry average.**

Our 2024 EES response rate was 89.3%, a 1.2% increase on the previous year (88.1% in 2023).

**Reduce our UK employee turnover and maintain below industry average.**

UK employee turnover decreased 730 basis points to 18.9% (2023: 26.2%), with the benefit of our investment across pay, benefits and engagement taking effect. We believe this remains lower than industry averages, albeit comparable data is not widely available.

**READ MORE** pg 34.

## RESPONSIBLE RECRUITMENT AND EMPLOYMENT

**Drive awareness and action on the issue of modern slavery with our colleagues and industry partners (ongoing).**

Bakkavor's Human Rights and Ethical Trade programme is based on the UN Guiding Principles framework as well as the ETI Base Code. Each year it delivers a programme of work designed to tackle the issue of modern slavery and human rights risks.

We use tools such as Sedex and Stronger Together's Progress Monitoring Tools (a multi-stakeholder initiative working on the issue of modern slavery) to assess our modern slavery risk and implement actions as a result. Risk assessment scores have steadily improved and we are the only large business to hold Stronger Together's 'Advanced Verified' Business Partners status.

Progress is reviewed twice yearly and reported at Board level where overall responsibility for ethical trade and human rights lies. In June, the ESG Committee was provided with an in-depth Human Rights and Ethical Trade programme update.

**READ MORE** bakkavor.com/en/esg/esg-reporting.

## LOCAL CAUSES AND COMMUNITY ENGAGEMENT

**Fundraise and support our key Group charities through donations and colleague engagement fundraising activities.**

Bakkavor has strategic charity partnerships with GroceryAid and the Natasha Allergy Research Foundation. In 2024, we donated over £130,000 to these organisations.

Furthermore, each of our sites have their own local charity partnerships run by our Site Employee Forum ("SEF") representatives. Sites have held fundraising events such as cricket tournaments, raffles and sponsored events. Through our matched giving scheme, local fundraising is matched by up to £2,500 per year.

In 2024, the Group donated over £144,000 to charities, not including in-kind food donations.

# BAKKAVOR AND CLIMATE CHANGE

Report against the recommendations of the Task Force on Climate-related Financial Disclosures ("TCFD").

## EXECUTIVE SUMMARY

Global food production and climate change are directly linked. The sector both relies on the stability of food supply chains and contributes to climate impacts at each stage from agriculture, manufacturing, retailing and consumer use. At Bakkavor, we see the climate emergency as the most pressing challenge facing us. We have a responsibility to not just manage our direct impact by reducing our carbon emissions, but to also support a wider sector transition to net zero.

This will require innovation and continuous improvement in measuring and managing our own direct impacts, whilst collaborating and supporting change up and down our value chain to support the decarbonisation of our industry.

Along with our customers, we support the need to increase understanding of climate impacts associated with raw materials, and are supporting collaboration to gather more accurate data, which is critical to making appropriate changes to our products.

## OUR CLIMATE AND NET ZERO TARGETS

Bakkavor is committed to reaching net zero greenhouse gas emissions across the full value chain (all scopes) by 2050 and has set interim targets along the way.

In 2024, we saw our decarbonisation progress slow, however we are still on track towards our 2030 targets, as we have reduced our net scope 1 and 2 emissions by 20.9% since 2021, meaning we are approximately halfway to our 42% reduction target, and scope 3 emissions from purchased goods and services have reduced by 15.9% in the same timeframe.

Our operations have a clear mandate and detailed plans to work towards reducing our scope 1 and 2 footprint. Scope 3 emissions comprise 88.9% of our overall footprint and in 2024 we continued to increase our focus on these by incorporating value chain emissions within a revised Responsible Sourcing and Supplier Engagement strategy.

Bakkavor recognises the importance of our climate strategy in mitigating future material impacts and its interconnectivity with other risks. Therefore, our risk management framework identifies 'Climate change and sustainability' as a principal risk.

**READ MORE** pg 73.

## CONSISTENCY WITH THE TCFD RECOMMENDATIONS

This section comprises our response to the TCFD recommendations and our compliance with the Financial Conduct Authority's ("FCA") Listing Rule 6.6.6(8). The disclosures contained within the report are fully consistent with these recommendations.

In preparation, Bakkavor considered the TCFD Annex including the supplemental guidance for non-financial groups and specifically the Agriculture, Food, and Forest products group. This is reflected in our approach to scenario analysis, use of historical trend data, our consideration of physical risk exposure and use of appropriate metrics. We also considered the guidance on metrics, targets and transition plans in developing appropriate metrics and targets for each of our stated climate risks and opportunities.

| Recommended disclosures | Page |
|---|---|
| **Governance** | |
| **a.** Board oversight of climate risks and opportunities | 47 |
| **b.** Management's role in assessing and managing climate risks and opportunities | 47 |
| **Strategy** | |
| **a.** Identified climate-related risks and opportunities | 48-52 |
| **b.** Impact of climate risks and opportunities on the business, strategy and planning | 52-53 |
| **c.** Climate-related scenario analysis | 48, 52 |
| **Risk Management** | |
| **a.** Process for identifying climate-related risks | 48 |
| **b.** Managing climate-related risks | 49-51, 53 |
| **c.** Integrating climate-related risks into risk management | 53 |
| **Metrics and Targets** | |
| **a.** Metrics used to assess and manage climate-related risks and opportunities | 49-51 |
| **b.** Scope 1, 2 and 3 emissions | 56-57 |
| **c.** Climate-related targets | 53 |

# Governance of climate and ESG

## GROUP BOARD

- Considers the impact of ESG and climate-related issues on the Group's long-term strategy, meeting eight times a year. Climate and ESG topics form part of the Board agenda when required.
- Reviews Group policies and commitments, including our ESG and climate targets, KPIs, progress and approach.

**In 2024:** received regular updates from the ESG Committee on the execution of the Trusted Partner ESG strategy and performance against non-financial KPIs, including quarterly carbon emission results. This was via the designated Non-executive Director for ESG matters and the Group Board ESG Sponsor.

**READ MORE:**
Board training pg 103.
Incentives pg 127.

**ESG Sponsor:** until November 2024: Ben Waldron, CFO and Asia CEO. November 2024 onwards: Lee Miley, CFO.

## ESG COMMITTEE

- Dedicated committee for ESG and climate matters, meeting three times a year. Manages climate change risks and opportunities, including net zero targets.
- Debates ESG and climate issues and provides guidance and recommendations to the Group Board and Senior Executive Team ("SET").
- Reviews and approves ESG-related reporting, including Gender Pay Gap and Modern Slavery reports.

**In 2024:** met three times. Received in-year performance updates including quarterly carbon emissions data and ESG KPIs including food waste, accident data and turnover. Received a detailed update on our Human Rights and Ethical Trade programme.

**READ MORE** pg 120.

**Chair:** Umran Beba, Independent Non-executive Director.

## AUDIT AND RISK COMMITTEE

- Reviews principal risk 'Climate change and sustainability' as part of the Group's risk management framework as well as reporting under TCFD, meeting quarterly.
- Ensures climate- and ESG-related risks are considered in the Group's viability assessment and impairment reviews.
- Ensures financial reporting disclosures of these risks are fair and balanced, and considers broader impact across assets, liabilities and future profitability.

**In 2024:** met four times, reviewed and approved the outcomes of an internal audit on carbon reporting.

**READ MORE** pg 110.

**Chair:** Jane Lodge, Independent Non-executive Director.

## SENIOR EXECUTIVE TEAM

- Oversees ESG and climate-related issues and performance against targets.
- Receives updates from the ESG function including on risks and opportunities.
- Oversees direct strategic implementation of, and capital allocation for, energy efficiency and low-carbon projects. Considers major plans of action, annual budgets, business plans and overseeing major capital expenditures, acquisitions and divestitures.

**In 2024:** twice-yearly agenda included climate and ESG matters with updates on developing climate targets, and quarterly carbon emissions progress by region.

**Sponsor:** until November: Ben Waldron, CFO and Asia CEO. November onwards: Lee Miley, CFO.

## ESG FUNCTION

- Reviews performance on all ESG and climate matters.
- Provides overall direction of the Group's Trusted Partner ESG strategy.
- Identifies resources required to meet climate targets.
- Identifies ESG and climate-related risks and opportunities as required.
- Advises SET on climate considerations of major strategic plans, major capital expenditures, acquisitions and divestitures.

**In 2024:** met monthly and as required. Convened twice-yearly regional ESG meetings with UK Operations, US Senior Leadership and the China ESG Committee.

**Lead:** Lee Miley, UK Finance Director (until November) and CFO (November onwards).

# STRATEGY: CLIMATE RISKS, OPPORTUNITIES AND STRATEGIC IMPACT

### ASSUMPTIONS AND PARAMETERS USED IN SCENARIO ANALYSIS TO IDENTIFY CLIMATE-RELATED RISKS

Bakkavor has undertaken a scenario analysis and climate risk assessment of our operations and supply chain.

This involved:

1. Building scenarios against which the business could be stress-tested, following the TCFD Guidance on Scenario Analysis for Non-Financial Companies.
2. Running catastrophe and climate modelling for physical risks.
3. Identifying and evaluating transition risks and quantifying risks where possible.

The transition risk assessment used scenarios aligned with projections to keep global warming 'well below' 2°c by 2030, in line with the ambitions of the Paris Agreement, and considered impacts on different geographies and sectors.

Assumptions take into account the implications of transitioning to a low-carbon economy on environmental, social, economic, political and technological dimensions. Sources informing the scenarios included projections used in Shared Socioeconomic Pathways ("SSP"), the IEA (Sustainable Development), IPCC (RCP 2.6) and Network for Greening the Financial System ("NGFS") Below 2°c Orderly Scenario.

The physical risk assessment looked at the acute and chronic impacts of climate change. For example: damage to our sites or sourcing locations caused by increased frequency and/or severity of extreme weather events (acute risks); increased heat; and/or drought stress (chronic risks).

Sources included the Representative Concentration Pathways ("RCP") as defined by the Intergovernmental Panel on Climate Change ("IPCC")'s Fifth Assessment Report ("AR5"), specifically the 'best possible' scenario of 'well below 2°c' (at +1.5°c) RCP 2.6 and 'worst case' or 'hothouse world' scenario of RCP 8.5 (4°c). The impact of acute physical risks increase with the 'hothouse world' scenario of RCP 8.5 (4°c) as well as over time (2050 and beyond). Chronic physical risks emerge under the 'hothouse world' scenario from 2050. For both types, risks may be more pronounced in some regions than others.

To quantify risks, we have used the rating criteria from Bakkavor's risk management framework. Each risk was assessed on its likelihood and impact, and the potential financial impact classified based on these criteria. To further align, we interpreted the timelines used in the RCPs to our own risk framework. Other metrics, such as carbon price forecasts, were used where relevant. This exercise was first conducted in 2021 and updated in 2023 and 2024 as described above.

The outcomes of the scenario analysis have been used to identify the following climate-related risks and opportunities and evaluate our business's strategic resilience, as described in the Strategy section above. The process and outcomes were reviewed by both the Group Board and Senior Executive Team ("SET").

**KEY**

**Risk type**

- Technology
- Market
- Policy and legal
- Physical

**Likelihood**

1. Rare
2. Unlikely
3. Possible
4. Likely
5. Almost certain

**Impact**

1. Negligible
2. Minor
3. Moderate
4. Major
5. Catastrophic

**Link to our strategy**

- UK
- INTERNATIONAL
- EXCELLENCE
- TRUST

READ MORE pg 22.

## Costs of implementing low-emissions technology

Time horizon (years):

1–5 (short-term) | 5–10 (medium-term) | 10–50 (long-term)

**Scenarios**

| | Likelihood | Impact |
|---|---|---|
| 'Well below' 2°c | 4 | 2 |
| 'Hothouse world' | 4 | 2 |

**Risk update vs 2023**
No change.

**Potential impact**
Additional operational costs to deliver our climate targets through investments in lower-emission technologies.

**Associated opportunity**
Utility savings from increased resource efficiency.

**Risk update and mitigations**
Continued utility plans to reduce our carbon emissions across our operational footprint. These plans are medium-term and regional in nature due to the differing emissions profiles of our Group's businesses. They include:

- Decarbonising UK heat and fuel.
- Transitioning refrigeration to lower-carbon alternatives (UK, US).
- Minimising emissions from refrigeration systems (all markets) and where some alternatives are not possible (China).
- Planning for on-site renewables projects.
- Expanding use of renewables in our international markets.

**Risk reviewed and managed by:** ESG function.

**Related metrics and targets**
- Reduce scope 1 and 2 emissions by 42% by 2030 from a 2021 base year and scope 3 emissions from purchased goods and services also by 42% baseline within the same timeframe.
- Net zero operational (scopes 1 and 2) emissions, Group-wide by 2040.
- Net zero across the full value chain by 2050.

**Progress**: pg 56.

**Non-financial KPI:** Group net carbon emissions.

**Link to our strategy**

## Increased cost of raw materials

Time horizon (years):

1–5 (short-term) | 5–10 (medium-term) | 10–50 (long-term)

**Scenarios**

| | Likelihood | Impact |
|---|---|---|
| 'Well below' 2°c | 4 | 2 |
| 'Hothouse world' | 4 | 3 |

**Risk update vs 2023**
No change.

**Potential impact**
Increased spend on raw materials due to price fluctuations and instability caused by transition and physical climate risks.

**Associated opportunity**
Opportunity for ongoing rebase of costings as our business evolves our product offering to reflect trends and seasonality.

**Risk update and mitigations**
Our diverse product portfolio means we source an extensive range of raw materials and packaging items from a diverse and global supply chain. Our Procurement function includes product- and supplier-specific category managers and in-bound supply chain experts, based in the UK, Continental Europe and China.

As part of our Responsible Sourcing strategy, plans are developed for key raw materials that incorporate social and environmental risk management and align to customer specifications.

We assess compliance against sustainability topics through our Supplier Code of Conduct and will continue to engage our suppliers on climate matters in years to come.

**Risk reviewed and managed by:** Responsible Sourcing Governance group.

**Related metrics and targets**
- Reduce absolute scope 1 and 3 FLAG GHG emissions 30.3% by 2030 from a 2021 baseline.
- Reduce scope 1 and 3 FLAG GHG emissions 72% by 2050.
- No deforestation across our primary deforestation-linked commodities by the end of 2025.

**Progress**: pg 56 and 38.

**Link to our strategy**

## Changing consumer preferences

**Time horizon** (years):

1–5 (short-term) | 5–10 (medium-term) | 10–50 (long-term)

**Scenarios**

| | Likelihood | Impact |
|---|---|---|
| **'Well below' 2°c** | 5 | 2 |
| **'Hothouse world'** | 5 | 2 |

**Risk update vs 2023**
No change.

**Potential impact**
Decreased revenues due to failure to respond to retailer and consumer demand for lower climate impact products.

Additional costs for potential carbon or eco labelling.

**Associated opportunity**
Increased market share, by responding to market demands for lower-carbon products.

Improved reputation by demonstrating reduction in scope 3 footprint.

**Risk update and mitigations**
Bakkavor's Packaging and Development teams consider sustainability throughout the product development process and work towards time-bound ESG packaging targets (below).

We have actively participated in industry discussions around eco-labelling and lifecycle analysis, enabling us to shape and adopt practices as they evolve. In 2024 we worked with the BRC Mondra Coalition to continue shaping our product-level lifecycle analysis.

Our market research is regularly presented at Board level and supports strategic decision-making in new and existing product development.

**Risk reviewed and managed by:** ESG function and Packaging teams.

**Related metrics and targets**
- % of products that are plant-based (20%, up from 15% in 2023).
- Support progress towards achieving the UK Plastics Pact's 2025 industry goals: eliminating unnecessary plastic packaging; 100% reusable or recyclable plastic packaging; at least 30% average recycled content in plastic packaging.

**Progress**: pg 42.

**Link to our strategy**

## Pricing of GHG emissions

**Time horizon** (years):

1–5 (short-term) | 5–10 (medium-term) | 10–50 (long-term)

**Scenarios**

| | Likelihood | Impact |
|---|---|---|
| **'Well below' 2°c** | 4 | 3 |
| **'Hothouse world'** | 4 | 3 |

**Risk update vs 2023**
No change.

**Potential impact**
Increased operating costs due to forecasted carbon pricing, introduced through possible mechanisms including emissions trading schemes, tax or carbon border adjustment mechanism.

**Associated opportunity**
Informing decision-making in support of our targets where investment is otherwise financially unviable.

**Risk update and mitigations**
Bakkavor mitigates this risk by delivering our Climate and Net Zero targets through our operational workstreams.

**Risk reviewed and managed by:** Finance and ESG functions.

**Related metrics and targets**
- Net zero, Group-wide for operational emissions by 2040.
- Reduce absolute scope 1 and 2 GHG emissions by 42% by 2030 from a 2021 baseline.
- Net zero across the full value chain by 2050.

**Progress**: pg 56.

**Non-financial KPI:** Group net carbon emissions.

**Link to our strategy**

## Actual physical risks to our operations

**Time horizon** (years):

1–5 (short-term) | 5–10 (medium-term) | 10–50 (long-term)

**Scenarios**

| | Likelihood | Impact |
|---|---|---|
| **'Well below' 2°c** | 4 | 2 |
| **'Hothouse world'** | 4 | 3 |

**Risk update vs 2023**
No change.

**Potential impact**
Increased energy consumption due to higher cooling demand, increased stress on water resources, reduced productivity and increased logistics disruption (chronic climate impacts).

Site damages, disruption, increased maintenance, repair and insurance costs from acute events such as floods.

**Associated opportunity**
Opportunities for innovation and upgrades in our sites through our response to risk mitigation.

**Risk update and mitigations**
Successful delivery of our net zero aligned climate strategy supports industry-wide decarbonisation to mitigate the physical impacts of climate change.

We also work to optimise water intensity and monitor its use through site-level environmental trackers.

Currently, two of our China sites, Haimen and Guangzhou, are deemed high-risk for river flooding although we have not seen any impacts to date. If experience worsens due to rising sea levels and/or increased frequency/severity of weather events, we will consider investment in flood walls.

Future capital projects and acquisitions take account of flood risk.

**Risk reviewed and managed by:** Property Insurance team.

**Related metrics and targets**
- Net zero, Group-wide for operational emissions by 2040.
- Reduce absolute scope 1 and 2 GHG emissions by 42% by 2030 from a 2021 baseline.

**Progress**: pg 56.

**Non-financial KPI:** Group net carbon emissions.

**Link to our strategy**

## Actual physical risks to our supply chain

**Time horizon** (years):

1–5 (short-term) | 5–10 (medium-term) | 10–50 (long-term)

**Scenarios**

| | Likelihood | Impact |
|---|---|---|
| **'Well below' 2°c** | 4 | 3 |
| **'Hothouse world'** | 4 | 4 |

**Risk update vs 2023**
No change.

**Potential impact**
Disruption and higher costs due to decline in agricultural yield, increased heat stress and drought (chronic impacts).

Bottlenecks, shortages and sourcing disruption from increased exposure to acute climate impacts such as floods and storm events.

**Associated opportunity**
Supply chain engagement to mitigate risks could increase resilience and strengthen supplier relationships, increasing competitive advantage.

**Risk update and mitigations**
Bakkavor's Responsible Sourcing strategy is designed to safeguard supply chain resilience by sourcing raw materials as sustainably as possible.

Our Supplier Code of Conduct and environmental questionnaire ensure that suppliers manage environmental issues in line with our sourcing standards for key raw materials.

Our supply chain risk assessment system analyses hot spots based on product(s), location, capabilities and exposures to environmental risks as determined by global intelligence sources. Through this, we work with suppliers to reduce their risk.

Suppliers are engaged as required to ensure we have an up-to-date understanding of our supply chain risk.

**Risk reviewed and managed by:** Responsible Sourcing Governance group.

**Related metrics and targets**
- No deforestation across our primary deforestation-linked commodities by the end of 2025.

Supplier risk is assessed by responses to our Code of Conduct questionnaires and tracked on our supply chain risk management platform.

**Progress**: pg 38.

**Link to our strategy**

## Strategic impact and resilience

Bakkavor first undertook scenario analysis and a climate risk assessment in 2021 and has reviewed the outputs annually, updating when required. In 2023 this update included a scenario analysis of our strategic supply chain resilience. The review looked at the likelihood of supply chain disruption as well as the impact on pricing and/or availability of raw materials due to physical climate impacts. In 2024, we reviewed and updated our modelling of carbon pricing impacts to align with the timelines and decarbonisation pathway required to meet our science-based targets.

Based on the risk analysis performed and mitigations in progress, our risk exposure overall is deemed to be low. Of the identified risks and opportunities, 'Pricing of GHG emissions' is the sole financially material risk.

This is based on the impact of increased operating costs required to meet our voluntary commitment to eliminate residual scope 1 and 2 emissions to reach operational net zero in 2040 using forecasted carbon pricing as a proxy for carbon credits. We do not anticipate a risk of direct carbon pricing affecting our sector before 2040, albeit we acknowledge that the regulatory landscape may change.

Whilst there is considerable uncertainty around medium- to long-term carbon pricing, based on our updated modelling, the estimated potential financial impact to the Group is £14m p.a. by 2040. In reference to the Group's risk assessment matrix, given it is expected to be less than 10% of future profits it is therefore considered 'moderate'.

Beyond 2040, we will continue to reduce operational emissions further, aiming for a maximum of 10% of our baseline (2021) emissions by 2050, which aligns to our long-term science-based target and will mitigate the long-term impact of carbon pricing. GHG emissions pricing is taken into account in the impairment reviews.

**READ MORE** pg 182.

Our mitigation against this price risk is directly linked to successful delivery of our science-based, net zero aligned targets. We are on track to reach our near-term targets and are aligning these costs to our financial planning as part of refining our climate transition plan.

Our business continues to incorporate climate risks into our overall strategy on an ongoing basis, such as through some of the examples shown below.

## Our strategy: to deliver profitable and sustainable growth

### UK

- Refrigeration: Accelerate refrigeration system replacement with low- or zero-carbon alternatives.
- Product: Collaborate with our customers on product-level carbon footprint modelling.
- Asset replacement: Implement energy-efficient solutions as part of the normal end-of-life asset replacement cycle.

### INTERNATIONAL

- Refrigeration: Capital spend for improved monitoring and asset upgrades to reduce risk.
- Asset replacement: Implement energy-efficient solutions as part of the normal end-of-life asset replacement cycle.
- Solar: Install solar panels at our Beijing site, and International Renewable Energy Certificates (I-RECs) purchased for a proportion of our electricity in China.
- Green growth: Ensure site development has low-carbon design built in, with clear renewables-focused energy sourcing.

### EXCELLENCE

- Efficiency: Prioritise efficiency initiatives that combine cost saving with lower carbon emissions.
- Maximising energy and process efficiency and implementing heat recovery systems.
- Food waste: Leverage our operational excellence model to drive food waste reduction.

**READ MORE:**
Our strategy pg 28.
ESG: Trusted Partner pg 38.

### TRUST

- KPIs: Deliver against our science-based 2030 target, achieve net zero operational emissions by 2040 and across the value chain by 2050.
- Value chain: Engage with our customers and suppliers towards the climate transition in our value chains through increasing transparency and understanding of climate impacts.
- Supplier engagement: Sourcing policies for higher impact ingredients, data collection, training, integration into procurement practices and supplier accountability.

# Risk management: assessing and managing our exposure to climate risks

The Group recognises the importance of maintaining a robust and regular assessment of Bakkavor's climate risk exposure as well as climate change's impacts on other sustainability topics. Furthermore, Climate and Net Zero are a strategic priority within our Trusted Partner ESG strategy, which uses a double materiality lens in prioritisation.

The output of the analysis of our operations and supply chain indicates our overall climate risk exposure is deemed to be low. Mitigation factors include risk-sharing mechanisms for raw material price fluctuations, energy projects and low- or zero-carbon equipment upgrades aligned to planned asset replacement.

We have integrated ESG issues into our Group risk management framework through the principal risk 'Climate change and sustainability', which incorporates climate and delivery of our ESG strategy as a whole. This requires principal risk owners to consider relevant environmental, social or governance issues when conducting reviews and assessments of each risk.

Whilst a number of transition risks are deemed highly likely, we are well-placed to mitigate the impacts on the business, and their financial impact is considered low to moderate, as described above. We have also identified a number of related opportunities; for example, increased market share through aligning our product portfolio to support market trends for more climate-friendly diets.

Recognising the importance of climate change in the wider societal agenda, our risk management framework identifies 'Climate change and sustainability' as a principal risk.

Achieving carbon emissions reductions in line with our science-based targets and decarbonisation trajectory is a metric within our Long-Term Incentive Plan ("LTIP").

# Our metrics and targets

### SCIENCE-BASED, NET ZERO ALIGNED TARGETS

In 2024, the Science Based Targets initiative ("SBTi") validated our suite of net zero science-based targets. The SBTi is the leading body in validating corporate climate change commitments. Their assessment confirmed that Bakkavor's targets are aligned to scientific consensus and the objective of minimising planetary warming to 1.5°c, supporting the Paris Climate Agreement, and therefore among the most ambitious in the sector.

These targets are:

### Overall net zero target

- Bakkavor commits to reach net zero GHG emissions across the full value chain by 2050.

### Near-term energy and industrial

- Bakkavor commits to reduce absolute scope 1 and 2 GHG emissions by 42% by 2030 from a 2021 baseline year[1] and scope 3 emissions from purchased goods and services by 42% within the same timeframe.

### Long-term energy and industrial

- Bakkavor also commits to reduce absolute scope 1, 2 and 3 GHG emissions by 90% by 2050 (from a 2021 base year).

### Forest, Land and Agriculture (FLAG)

- Bakkavor commits to reduce absolute scope 1 and 3 FLAG GHG emissions by 30.3% by 2030 (from a 2021 base year)[2].
- Bakkavor also commits to reduce scope 1 and 3 FLAG GHG emissions by 72% by 2050[2] (from a 2021 base year).
- Finally, Bakkavor commits to no deforestation across its primary deforestation-linked commodities by the end of 2025.

Bakkavor will review these targets and update as necessary in line with SBTi recommendations and every five years as a minimum.

SCIENCE BASED TARGETS
DRIVING AMBITIOUS CORPORATE CLIMATE ACTION

**READ MORE:**
ESG: Trusted Partner pg 38.
Risks and risk management pg 66.
Directors' remuneration report pg 123.

1 The target boundary includes land-related emissions and removals from bioenergy feedstocks.
2 The target includes FLAG emissions and removals.

## DECARBONISATION PROGRESS

### Operational (scope 1 and 2) emissions

As a Group, Bakkavor saw emissions increase in 2024 by 3.0% (location-based) and 2.9% (market-based). This has been driven by engineering challenges in the US, where refrigeration upgrades resulted in a significant increase in F-gas emissions, primarily at one site, following several years of low or no emissions as well as flat performance in the UK. All other sources of emissions in the US reduced during the year.

UK operations decreased market-based emissions by 0.1% and in China they reduced by 6.9%, driven by the sale of a bakery site at the end of Q1. This business contributed approximately 4% of Group emissions, and as such does not meet the 5% threshold for recalculation in our restatement policy.

Since our SBT baseline year of 2021 we have reduced scope 1 and 2 emissions by 20.9%, meaning that we are nearly halfway to our target of 42% by 2030.

Despite the overall increase in 2024, the carbon efficiency of our business has improved as our intensity ratio (gross emissions per £m reported revenue) reduced by 1.0% to 62.4 $tCO_2e$/£m reported revenue.

During 2024, we discovered a supplier error that overstated our natural gas measurement at our San Antonio site. The correction would reduce 2023's US scope 1 and 2 emissions by 11% and our Group scope 1 and 2 by a further 1%. Whilst significant, this correction does not trigger the threshold for error correction in our emissions restatement policy. The correction has been applied from 2024.

### Value chain (scope 3) emissions

Scope 3 emissions comprise 88.9% of our overall footprint and are therefore a significant focus area for the Group. The vast majority (82.5%) of our scope 3 footprint comes from purchased goods and services. These are predominantly raw materials and ingredients such as dairy and meat and also plastic packaging. Tackling these emissions in our value chain will form a major component of our Responsible Sourcing and supplier engagement strategy, steered by a cross-functional working group, as we must work with our suppliers and customers to capture more representative data and support efforts to reduce supply chain emissions through our ability to influence wherever possible.

In 2021 we conducted a baseline assessment of our scope 3 footprint for our UK business that helped to determine the material areas of our scope 3 footprint. As a result, of the 15 scope 3 categories, six have been excluded, due to immateriality. The materially relevant categories are shown on page 57.

As a food manufacturer, our scope 3 value chain emissions include both those from energy and industry sources, and those from Forest, Land and Agriculture (FLAG). Bakkavor can influence scope 3 FLAG emissions associated with deforestation and land use change in an indirect way through our sustainable sourcing approaches for the forest-risk raw materials we use: soy, palm oil, beef and timber used for card packaging.

## OUR NET ZERO JOURNEY SO FAR

### 2020

- Launched Trusted Partner ESG strategy.
- Reviewed internal structures to help monitor climate-related issues.


### 2021

- Announced commitment to reach net zero in Group operations (scopes 1 and 2) by 2040.
- Undertook a climate risk assessment and a baseline analysis of our UK scope 3 footprint.


### 2022

- Quarterly carbon footprint measurement for improved reporting and trend analysis.
- First TCFD report published.
- Formalised ESG Committee to oversee objectives. Began developing transition plan.


### 2023

- Extended scope 3 reporting to global businesses, committed to reaching net zero across value chain (all scopes).
- Submitted targets to the SBTi.
- Introduced incentives as part of LTIP.

For example, for soy, used as feed for animal and dairy products, we require evidence from suppliers that the soy used comes from an origin with low risk of deforestation or conversion. We are also sourcing through appropriate third-party, company or regional schemes. However the current nature of scope 3 calculations and reliance on secondary sources means that these direct interventions are not always accounted for or reflected in our footprint results.

We can directly address FLAG and energy and industry scope 3 emissions associated with packaging by:

- Reducing and removing plastics in our packaging where possible.
- Increasing use of recycled content and widespread recyclability.
- Using certified sustainable sources for card-based packaging.

**Energy Efficiency Statement**
Energy use (that is, excluding emissions from refrigeration) has decreased 1.8% Group-wide compared to 2023. This is split as a 0.1% decrease in the UK, a 16.0% decrease in the US and a decrease of 3.0% in China.

This is principally driven by a reduction in natural gas usage in the US and electricity in China.

Data, including an intensity ratio metric, is shown on the following pages. Scope 1 FLAG emissions (originating from our China farm) have been restated to correct an overstatement.

**Principal energy efficiency actions**
The year-on-year improvement is driven by a combination of increased energy efficiency measures such as refrigeration upgrades which include implementation of heat recovery systems and measures of continuous improvements as part of our ongoing operational efficiency engineering programme, such as adding insulation, monitoring and maintenance to avoid compressed air leaks.

All eligible UK manufacturing sites operate under Climate Change Agreements and we employ an Environmental Management System which includes risk management standards, guidance and tools.

In China, as well as the solar installation at our Beijing site, we purchased a proportion of our electricity through I-RECs (International Renewable Energy Certificate). In China (8.3% of Group energy demand), solar panels at our site in Beijing produced almost 592 MWh of clean energy for the site. In the US (8.0% of Group energy consumption), we focused on opportunities to reduce refrigeration demand.

**2024**

- Science-based targets validated by the SBTi.
- Established utility-based and regional decarbonisation plans.

SCIENCE BASED TARGETS
DRIVING AMBITIOUS CORPORATE CLIMATE ACTION

## OUR TARGETS

2021 baseline, not to scale.

**2030** → **2040** → **2050**

**42%** REDUCTION ALL SCOPES | **NET ZERO** OWN OPERATIONS | **NET ZERO** ALL SCOPES

Energy & industry

**SCOPES 1 & 2** (OWN OPERATIONS)[1]

**42%** REDUCTION → **>90%** REDUCTION

**SCOPE 3** (VALUE CHAIN EMISSIONS)[2]

**42%** REDUCTION[1] → **>90%** REDUCTION

FLAG

**FLAG**
**30.3%** REDUCTION[3] → **>90%** REDUCTION

1 The target boundary includes land-related emissions and removals from bioenergy feedstocks.
2 Scope 3 from purchased goods and services.
3 The target includes FLAG emissions and removals.

## OUR CARBON EMISSIONS MEASUREMENT

This is our seventh year reporting carbon emissions for the Group, which includes our three businesses: the UK, US and China.

GHG emissions for 2024 have been measured and reported as required under the Companies Act 2006 (Strategic and Directors' report) Regulations, the Companies (Directors' report) and Limited Liability Partnerships (Energy and Carbon report) Regulations 2018.

The total gross GHG emissions reported include all scope 1 and 2 emissions for the Group. This covers all sites where Bakkavor has full operational control. Data has not been collected for sites owned by Bakkavor but leased to tenants as Bakkavor does not have oversight or control of this energy usage and emissions data. These properties are immaterial within the context of our overall property footprint.

The Group's Environmental Management System is based on ISO 14001.

Scope 1 emissions: those that directly release GHGs including fuel consumed by our manufacturing facilities, offices, warehouses and our vehicle fleet, and releases of fluorinated gases from our refrigeration facilities.

Scope 2 emissions: released indirectly from our consumption of energy sources (electricity and cooling streams).

Scope 3 emissions: indirect emissions that are associated with the operation of the business that are not under our direct control. Scope 3 categories deemed not applicable or 'de minimis' following our baseline assessment are not shown.

The methodology applied to the calculation of GHG emissions is the GHG Protocol Corporate Accounting and Reporting Standard and the Corporate Value Chain (scope 3) Standard. An 'operational control' boundary has been applied. Carbon factors from Defra's UK Government GHG Conversion Factors for Company Reporting and the International Energy Agency ("IEA") database are used to calculate the GHG emissions, where they are not separately provided by a supplier. Emissions are reported as tonnes of carbon dioxide equivalent ($tCO_2e$).

Bakkavor also discloses to CDP's climate change questionnaire. The most recent questionnaire is based on the 2023 reporting year and received a disclosure score of B. See: cdp.net.

The tables below show GHG emissions and total annual energy for both the Group (Bakkavor's global footprint) and Bakkavor Foods Limited (UK) and include the data for our Streamlined Energy and Carbon Reporting ("SECR"). For the previous year's actions, see the 2023 report.

**Operational (scope 1 and 2) greenhouse gas emissions – Group –** $tCO_2e$, for the period 1 January 2024 – 31 December 2024

| | 2024 | Change | 2023 | 2022 | 2021 | 2020 |
|---|---|---|---|---|---|---|
| Scope 1: emissions from combustion of fuel and operation of facilities | | | | | | |
| UK | **58,576** | 0.5% | 58,293 | 59,855 | 70,336 | 83,926 |
| US | **12,388** | 72.8% | 7,168 | 8,386 | 11,264 | 14,515 |
| China | **5,108** | -3.9% | 5,315 | 9,029 | 17,754 | 8,418 |
| **Total scope 1 emissions** | **76,072** | 7.5% | 70,776 | 77,270 | 99,354 | 106,858 |
| Scope 2: emissions from purchased electricity and cooling | | | | | | |
| UK | **39,200** | 0.7% | 38,915 | 39,121 | 44,012 | 49,396 |
| US | **5,655** | -3.3% | 5,848 | 6,052 | 6,495 | 7,583 |
| China | **22,201** | -5.2% | 23,417 | 21,592 | 23,375 | 20,708 |
| **Total scope 2 emissions (location-based)** | **67,056** | -1.6% | 68,180 | 66,765 | 73,881 | 77,687 |
| Green tariff and on-site renewable generated | **35,852** | 3.4% | 34,687 | 33,928 | 37,544 | 43,007 |
| **Total scope 2 emissions (market-based)** | **31,204** | -6.8% | 33,492 | 32,836 | 36,337 | 34,680 |
| **Total gross emissions (location-based)** | **143,128** | 3.0% | 138,956 | 144,035 | 173,235 | 184,545 |
| **Total net (market-based) emissions** | **107,276** | 2.9% | 104,269 | 110,106 | 135,691 | 141,538 |
| **Intensity ratio (gross $tCO_2e$/£m reported revenue)** | **62.4** | -1.0% | 63.1 | 67.3 | 92.6 | 102.9 |

**Annual energy consumption – Group –** kWh

| | 2024 | Change | 2023 | 2022 | 2021 | 2020 |
|---|---|---|---|---|---|---|
| Scope 1: energy from combustion of fuel and operation of facilities including transport (kWh) | **311,742,393** | -3.4% | 322,710,333 | 338,883,129 | 352,728,213 | 391,680,450 |
| Scope 2: energy from purchased electricity and cooling (kWh) | **246,585,752** | 0.3% | 245,785,716 | 257,698,953 | 265,077,689 | 269,787,168 |
| (Of which, on-site generated renewable consumption) | **631,323** | 1.2% | 623,987 | – | – | – |
| Total energy (kWh) | **558,328,145** | -1.8% | 568,496,048 | 596,582,083 | 617,805,902 | 661,467,618 |

### Greenhouse gas emissions – UK – $tCO_2e$

| | 2024 | Change | 2023 | 2022 | 2021 | 2020 |
|---|---|---|---|---|---|---|
| Scope 1 emissions from combustion of fuel and operation of facilities | **58,576** | 0.5% | 58,293 | 59,855 | 70,336 | 83,926 |
| Location-based scope 2 emissions from purchased electricity and cooling | **39,200** | 0.7% | 38,915 | 39,121 | 44,012 | 49,396 |
| Green tariff | **35,289** | 1.7% | 34,687 | 33,928 | 37,544 | 43,007 |
| Market-based scope 2 emissions | **3,911** | -7.5% | 4,227 | 5,193 | 6,468 | 6,389 |
| **Total gross emissions (location-based)** | **97,776** | 0.6% | 97,208 | 98,976 | 114,348 | 133,322 |
| **Total net (market-based) emissions** | **62,487** | -0.1% | 62,521 | 65,048 | 76,804 | 90,315 |
| Intensity ratio (gross $tCO_2e$/£m reported revenue) | **50.2** | -4.4% | 52.5 | 55.5 | 71.8 | 85.1 |

### Annual energy consumption – UK – kWh

| | 2024 | Change | 2023 | 2022 | 2021 | 2020 |
|---|---|---|---|---|---|---|
| Total non-renewable energy consumption (kWh) | **467,687,712** | -0.1% | 468,018,080 | 501,953,056 | 521,885,147 | 573,288,445 |
| Total renewable energy consumption (kWh) | **0** | – | | | | |
| Total renewable energy consumption: on-site generated, (kWh) | **0** | – | – | – | – | – |
| Total energy consumption (kWh) | **467,687,712** | -0.1% | 468,018,080 | 501,953,056 | 521,885,147 | 573,288,445 |

Totals may not reflect sum of values shown due to rounding.

### Greenhouse gas emissions – scope 3 (energy and industry) – Group – $tCO_2e$, for the period 1 January 2024 – 31 December 2024

| | | | Emissions ($tCO_2e$) | | |
|---|---|---|---|---|---|
| **Scope 3 category** | **2024** | **Change** | **2023** | **2022** | **2021** |
| 1. Purchased goods and services | **707,224** | -0.1% | 707,662 | 873,932 | 840,486 |
| 2. Capital goods | **9,265** | -34.2% | 14,078 | 13,896 | 18,025 |
| 3. Other fuel-and-energy-related activities | **27,539** | -12.1% | 31,167 | 32,136 | 35,764 |
| 4. Upstream transportation and distribution | **6,017** | 2.6% | 5,867 | 5,945 | 4,682 |
| 5. Waste generated in operations | **5,871** | 19.3% | 4,922 | 5,177 | 5,240 |
| 6. Business travel | **405** | -44.7% | 733 | 266 | 160 |
| 7. Employee commuting | **20,920** | -6.8% | 22,449 | 22,329 | 22,240 |
| 9. Downstream transportation and distribution | **9,599** | 23.1% | 7,801 | 7,980 | 6,200 |
| 12. End-of-life treatment of sold products | **70,453** | -1.2% | 71,303 | 64,748 | 57,682 |
| **Total scope 3 energy and industry emissions** | **857,294** | -1.0% | 865,981 | 1,026,409 | 990,481 |

### Greenhouse gas emissions – Forest, Land and Agriculture (FLAG) – Group – $tCO_2e$, for the period 1 January 2024 – 31 December 2024

| | | | Emissions ($tCO_2e$) | | |
|---|---|---|---|---|---|
| **Scope 3 category** | **2024** | **Change** | **2023** | **2022** | **2021** |
| 1. Purchased goods and services | **1,497,393** | 8.5% | 1,379,749 | 1,463,947 | 1,401,968 |
| Scope 1 FLAG emissions from our farm in China | **280** | -1.5% | 284 | 345 | 406 |
| **Total scope 3 FLAG emissions** | **1,497,673** | 8.5% | 1,380,033 | 1,464,292 | 1,402,374 |

# Strong

financial performance in 2024 and we remain confident in delivering on our medium-term margin target.

**Lee Miley**
Chief Financial Officer

## FINANCIAL HIGHLIGHTS

**+5.1%**
Like-for-like revenue growth[1]
(2023: 4.9%)

**£113.6m**
Adjusted operating profit[1]
(2023: £94.3m)

**+4.0%**
Reported revenue growth
(2023: 3.0%)

**£93.4m**
Operating profit
(2023: £97.1m)

**£88.7m**
Free cash flow[1]
(2023: £103.2m)

**1.1x**
Leverage
(2023: 1.5x)

**12.3p**
Adjusted earnings per share[1]
(2023: 8.8p)

**10.1%**
Return on invested capital[1]
(2023: 7.5%)

1 Alternative Performance Measures are referred to as 'like-for-like', 'adjusted' and 'underlying' and are applied consistently throughout this document. These are defined in full and reconciled to the reported statutory measures in Note 37.

# Q&A

## Lee Miley
Chief Financial Officer

### Q What's been your path to CFO?

Over the years, I've always found that opportunities to grow will present themselves if you work hard, and that's certainly been the case for me. My career started at Coopers & Lybrand, now PwC, where I qualified as a Chartered Accountant and spent four years working in audit. I then joined Bakkavor in 1998 as an Internal Auditor, now over 26 years ago, where I've had a huge variety of roles that has provided me with a breadth of experience across the business.

In the early part of my career in Bakkavor, I held various finance roles but also gained valuable experience outside of my comfort zone by, completing a secondment as Section Manager at our Spalding site, and working as the Business Improvement Manager of our Bread and Pasta business.

Following this I led our M&A activity in Continental Europe as Group Investment Manager, and spent five years as Head of Finance for the Pizza division. In 2014, I was appointed Finance Director of our UK business, which comprises c.85% of the Group's revenue. I led the UK Finance Function of 250 colleagues and my role also broadened as I set up what is now Operational Excellence, and for the last two years oversaw our ESG agenda, an increasingly important area to all our stakeholders.

My experience to date has provided great foundations for my new role, with hands on experience across the business, but it's the people I've worked with and learnt from along the way that has been the real journey!

### Q What excited you about the CFO role?

As someone who has spent almost their entire career at Bakkavor, I'm excited to be joining the Group Board, and to play a more significant role in supporting Mike in driving our business forward as we deliver on our strategic priorities. We have continued to build a track record of delivery and 2024 saw another strong performance. We have a great team in place that is laser focused on executing our strategy and delivering against our target of 6% adjusted operating profit margin by 2027.

My career at Bakkavor has been primarily UK focused, and therefore I'm looking forward to having a more holistic view of the entire group, working alongside more of our colleagues and enhancing the depth of my understanding of our international operations. Since I've been in role as CFO, I've already made two trips to the US to meet the teams and see our factories, along with visiting our customers stores to better understand the customer and consumer dynamics. I left feeling energised at how the US team has turned the business around and confident in the clarity of the plan they are delivering on to continue to drive progress going forward.

### Q Now you're established in the CFO role, what are your priorities?

I talked above on the momentum the business has created and the clarity of our medium-term target. My main priority is to work in partnership with Mike and the wider leadership teams to drive intensity through the business to ensure we continue the positive trajectory in all areas of the business. Of course there are some challenges, such as increases in labour costs announced in the UK budget, but the business is in excellent shape and I am confident we will successfully navigate through them and deliver, not only our financial targets, but also continuing our investment in our business and our people.

Another of my priorities is Project Vision, the implementation of our new UK Enterprise Resource Planning (ERP) system, where I am the senior sponsor for the project. This is a multi-year project that will see us invest significantly in improving our UK systems and processes, and I'm pleased with the progress we have made since the project started in 2024.

As CFO, I'm really enjoying the investor relations part of the role, working alongside our Group Financial Controller & Head of Investor Relations, Emily Daw, as I build my relationships with our existing shareholders and prospective investors, along with our sell-side analysts, ahead of my maiden set of financial results in March 2025.

### Q What's the best thing about working for Bakkavor?

Anyone who works with me will know this – our people. I truly believe we have some of the best people in our industry here at Bakkavor, and I have the privilege of working alongside hugely talented and driven colleagues. It's one of the main reasons why I have spent almost thirty years with the business.

Every year, we host our 'Proud to Be Awards', where we celebrate our colleagues' achievements, big and small, and some of the stories that emerge from the business are amazing – it's always a real high point in the calendar for me!

### Q What's your favourite Bakkavor product?

Asking me to choose my favourite Bakkavor product is like asking "what's your favourite song?"; it just depends on the situation I am in. I'm a huge fan of our salsiccia picante pizza, New York vanilla cheesecake, crayfish and mango salad, and basically any of our houmous!

### Q Outside work, what do you enjoy doing in your spare time?

I have three boys aged between nine and fourteen, so I am not sure I have much 'spare time' these days! Having said that, I do love both rugby and cricket, and my boys are passionate players of the sports. I completed my England Rugby Coaching Award last year, and coach my youngest son's rugby team.

## GROUP TRADING PERFORMANCE

| £m | FY24 | FY23 | Change |
|---|---|---|---|
| Reported revenue | **2,292.7** | 2,203.8 | 4.0% |
| Like-for-like revenue[1] | **2,300.9** | 2,188.5 | 5.1% |
| Adjusted operating profit[1] | **113.6** | 94.3 | 20.5% |
| Adjusted operating margin[1] | **5.0%** | 4.3% | 70bps |
| Operating profit | **93.4** | 97.1 | (3.7) |
| Operating margin | **4.1%** | 4.4% | (30bps) |

Reported revenue increased by 4.0% to £2,292.7m (FY23: £2,203.8m). Like-for-like revenue grew by 5.1% to £2,300.9m (FY23: £2,188.5m). Of this 3.0% was volume, as UK demand returned and internationally we delivered good growth. As inflation has moderated, the contribution from price has reduced year-on-year (+2.1% in FY24). Like-for-like revenue growth adjusts for the impact of the disposal of the bakery business in China and the impact of currency movements.

Adjusted operating profit increased by £19.3m to £113.6m (FY23: £94.3m), with volume growth and our focus on efficiency improvements driving a 70 basis point improvement to adjusted operating profit margin of 5.0% (FY23: 4.3%).

Operating profit of £93.4m was down £3.7m (FY23: £97.1m) and margin of 4.1% was down 30 basis points (FY23: 4.4%). This is due to the impact of £20.2m of net exceptional costs (FY23: £2.8m net income), excluded from adjusted operating profit, which primarily relate to the costs of closure of our UK Wigan site and impairment of our Hong Kong business held for sale, partially offset by proceeds from the China bakery disposal.

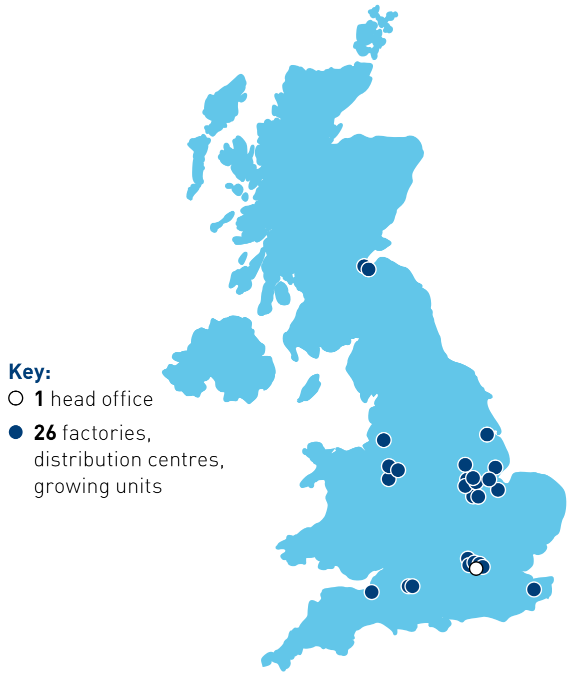
## UK TRADING PERFORMANCE

| £m | FY24 | FY23 | Change |
|---|---|---|---|
| Reported revenue | **1,948.5** | 1,852.7 | 5.2% |
| Like-for-like revenue[1] | **1,948.5** | 1,852.7 | 5.2% |
| Adjusted operating profit[1] | **105.2** | 93.9 | 12.0% |
| Adjusted operating margin[1] | **5.4%** | 5.1% | 30bps |
| Operating profit | **83.7** | 96.7 | (13.0) |
| Operating margin | **4.3%** | 5.2% | (90bps) |

Like-for-like and reported revenue increased by 5.2% to £1,948.5m (FY23: £1,852.7m). Volume growth was strong, up 2.8%, and ahead of the FPF market (up 2.6%), as we delivered new innovative products, net business wins and excellent customer service. Price contributed 2.4% of like-for-like revenue growth, and reflects the good level of support we have received from our customers, with inflation now at a more normal level.

Adjusted operating profit increased by 12.0% to £105.2m (FY23: £93.9m), with margin up 30 basis points to 5.4% (FY23: 5.1%), underpinned by our efficiency initiatives.

Operating profit of £83.7m (FY23: £96.7m) is after £21.5m of net exceptional costs (FY23: £2.8m net income).




1 Alternative Performance Measures are referred to as 'like-for-like', 'adjusted' and 'underlying' and are applied consistently throughout this document. These are defined in full and reconciled to the reported statutory measures in Note 37.

# US TRADING PERFORMANCE

| £m | FY24 | FY23 | Change |
|---|---|---|---|
| Reported revenue | **227.7** | 229.4 | (0.7%) |
| Like-for-like revenue[1] | **234.0** | 229.4 | 2.0% |
| Adjusted operating profit[1] | **9.9** | 3.4 | 191.2% |
| Adjusted operating margin[1] | **4.3%** | 1.5% | 280bps |
| Operating profit | **9.3** | 0.5 | 8.8 |
| Operating margin | **4.1%** | 0.2% | 390bps |

**Key:**
○ **1** head office
● **5** factories

Like-for-like revenue increased by 2.0% to £234.0m (FY23: £229.4m), all driven by volume. In line with our plan, H2 returned to growth, up 9.1%, driven by good underlying growth with strategic customers and new product launches. Due to the impact of currency, reported revenue was down 0.7% to £227.7m (FY23: £229.4m).

Adjusted operating profit increased by 191.2% or £6.5m to £9.9m (FY23: £3.4m) and adjusted operating profit margin was up 280 basis points to 4.3% (FY23: 1.5%), underpinned by our focus on driving operational efficiencies.

Operating profit of £9.3m (FY23: £0.5m) is net of £0.6m of exceptional costs (FY23: £2.9m).

# CHINA TRADING PERFORMANCE

| £m | FY24 | FY23 | Change |
|---|---|---|---|
| Reported revenue | **116.5** | 121.7 | (4.3%) |
| Like-for-like revenue[1] | **118.4** | 106.4 | 11.3% |
| Adjusted operating loss[1] | **(1.5)** | (3.0) | 50.0% |
| Adjusted operating margin[1] | **(1.3%)** | (2.5%) | 120bps |
| Operating profit/(loss) | **0.4** | (0.1) | 0.5 |
| Operating margin | **0.3%** | (0.1%) | 400bps |

**Key:**
○ **1** head office
● **9** factories, farms

Like-for-like revenue was up 11.3% to £118.4m (FY23: £106.4m), driven by volume in retail and adding new foodservice customers. Reported revenue was down 4.3% to £116.5m (FY23: £121.7m), which includes the bakery business up to its disposal at the end of March 2024 and the impact of currency movements.

Adjusted operating loss of £1.5m improved by 50% (FY23: £3.0m), with momentum building through the year as our lean manufacturing initiatives have delivered efficiencies, partially offset by challenges in the Hong Kong market.

Operating profit of £0.4m (FY23: £0.1m loss) includes £1.9m of net exceptional income (FY23: £2.9m), reflecting proceeds from the bakery disposal partially offset by impairment of assets in Hong Kong with the business held for sale at December 2024. The sale is anticipated to complete in April 2025.

## EXCEPTIONAL ITEMS

Exceptional items excluded from adjusted operating profit comprise:

| £m | FY24 | FY23 |
|---|---|---|
| China: net profit on disposal or impairment | **1.9** | 2.9 |
| UK: restructuring and site closures | **(20.8)** | 2.8 |
| UK ERP transformation costs | **(0.7)** | – |
| US: impairments | **(0.6)** | (2.9) |
| **Total exceptional items included in operating profit** | **(20.2)** | 2.8 |
| Exceptional finance costs | **(0.6)** | – |
| **Total exceptional items (before tax)** | **(20.8)** | 2.8 |
| Tax on exceptional items | **5.4** | – |
| **Total exceptional items (after tax)** | **(15.4)** | 2.8 |

In 2024, the Group incurred a net exceptional charge of £20.8m (before tax). Of this, the net profit on disposal and impairment arising from our China operations of £1.9m includes: £4.0m profit on disposal from the 100% owned subsidiary Bakkavor (Taicang) Baking Company Limited on 28 March 2024, £3.2m of costs resulting from our Hong Kong site being held for sale, and a further £1.1m of net profit arising from the sale of our Hong Kong associate in 2023 (FY23: £1.4m net profit).

Of the UK restructuring and site closure charge of £20.8m, £8.5m relates to the cash costs of closure of our UK Wigan site (by the end of Q1 2025), with the majority of the cash cost to be incurred in 2025. There is a non-cash impairment charge of £12.9m which relates primarily to the fixed assets at the site due to close.

In 2024, the Group commenced a multi-year project to replace the UK's legacy ERP system, with £3.7m of spend in the year, of which £0.7m was expensed and £3.0m capitalised. The total project costs remain at c.£40m, with the balance to be incurred over the next three years.

There is a small (£0.6m) impairment charge relating to US equipment that was partially written down in 2023 that is no longer in use (FY23: £3.5m).

An additional £0.6m charge is excluded from adjusted profit before tax, relating to accelerated amortisation of fees following the Group's refinancing of its core debt facilities in July 2024 (see Note 37).

## FINANCE COSTS

Group profit before tax of £68.6m (FY23: £70.3m) is after finance costs (net) of £26.5m (FY23: £26.8m), which includes £0.6m of exceptional fees associated with the refinancing (as outlined above). Removing the impact of this, finance costs reduced by £0.9m on last year, driven by lower average debt levels, management of customer financing drawdowns and the lower base interest rate from August 2024. The Group's fixed interest rate swaps totalling £150m at an average rate of 0.37% expired at the end of March 2024 and were replaced by swaps totalling £130m at an average rate of 3.73%, which will remain in place until March 2026. For FY25, we expect finance costs to reduce slightly as we maintain lower debt levels and expect UK base rates to decrease marginally.

## TAX

The Group tax charge for FY24 was £12.9m (FY23: £16.4m), representing an effective tax rate of 18.8% (FY23: 23.4%). Excluding the impact of net exceptional costs (including financing costs) of £20.8m, the effective tax rate was 20.5% (FY23: 24.4%). This is 4.5% lower than the UK corporation tax rate and mainly due to the benefit of additional losses brought forward following a review of the Group's taxable loss position and the release of uncertain tax positions where ambiguity on EU tax law has been resolved through a legal case. For FY25, we expect the effective tax rate to return to being marginally above the UK corporation tax rate at c.26%.

## EARNINGS PER SHARE ("EPS")

Adjusted EPS increased by 3.5 pence to 12.3 pence (FY23: 8.8 pence), driven by the strong improvement in trading performance and decrease in finance and tax costs.

Basic EPS increased by 0.2 pence to 9.6 pence (FY23: 9.4 pence), as the improvement in trading performance was largely offset by exceptional costs, which are excluded from adjusted earnings per share.

## CASH FLOW

Strong free cash generation of £88.7m (FY23: £103.2m) reflects an improvement in trading performance offset by an increase in capital expenditure, as it returned to more normal levels following a year of restricted spend in FY23, and consolidation of the strong improvement in working capital delivered last year with a further inflow in FY24.

| £m | FY24 | FY23 |
|---|---|---|
| Operating profit | **93.4** | 97.1 |
| Exceptional items (before tax) | **20.2** | (2.8) |
| Adjusted operating profit | **113.6** | 94.3 |
| Depreciation, amortisation & other | **71.2** | 73.8 |
| Net working capital (excl. exceptional items) | **9.3** | 28.4 |
| Purchases of property, plant and equipment (net) & intangible assets | **(55.5)** | (43.8) |
| Net interest and tax paid | **(36.0)** | (35.4) |
| Net retirement benefits charge less contributions | **(1.9)** | (2.1) |
| IFRS 16 lease payments | **(12.0)** | (12.0) |
| Free cash flow | **88.7** | 103.2 |

### DEBT AND LEVERAGE

Continued strong cash generation has enabled a further £35.8m reduction in operational net debt to £193.8m (FY23: £229.6m). Leverage, the ratio of operational net debt to adjusted EBITDA, improved by 0.4 times to 1.1 times and is now at the lower end of the Group's target range of 1.0 to 2.0 times.

### REFINANCING

On 25 July 2024, the Group refinanced its debt facilities with £350m of new facilities, comprising a £200m revolving credit facility ("RCF") and a £150m Term Loan, maturing in July 2028 with the option of two additional one-year extensions. Our new facilities include a 25 basis point improvement in margin at 1.85%, along with the addition of an acquisition spike to take leverage to 3.5 times, which provides flexibility to support our medium-term strategic ambitions. The remaining covenants under the new facilities are in line with our existing facilities, with the exception of the sustainability-linked targets which no longer apply. Delivering on our sustainability targets, however, remains a key priority and these targets are already incorporated in the Group's bonus schemes. The Group's liquidity position has remained strong, with liquidity headroom of c.£185m.

### INVESTMENT AND RETURNS

FY24 capital spend of £55.5m was up £11.7m (FY23: £43.8m) compared to last year as we increased investment in a controlled manner following reduced spend in FY23. We have continued to see returns from our investment in productivity and capacity materialise, as evidenced in the strong efficiencies that have supported the step-up in profitability in the year. Our spend in the year included £3.0m related to the replacement of our legacy UK ERP system.

We expect to return to more normal levels of spend in FY25 of c.£70m. This includes c.£7m of capital spend in relation to the UK ERP replacement, with a further c.£8m to be expensed in FY25 and treated as an exceptional cost.

ROIC improved significantly, up 260 basis points to 10.1% (FY23: 7.5%), reflecting the Group's improved profitability and lower average invested capital, following two years of controlled capital spend, along with rationalising our UK footprint.

Our medium-term target to deliver adjusted operating profit margin of 6%, combined with our previous investments delivering an increase in returns, mean we expect to deliver further improvement in ROIC in the medium term.

### DIVIDEND

During the period, the Group paid £25.3m in respect of the final dividend for FY23 and £18.5m for the FY24 interim dividend declared in September 2024.

The improved strength of the Group's financial position and continued good cash generation support our long-term growth aspirations and commitment to increasing returns to shareholders. In combination with the Group's strong trading performance, the Board has proposed a final FY24 dividend of 4.80 pence per Ordinary share.

This results in a total FY24 dividend of 8.00 pence per Ordinary share, up 10% on last year. The final divided record date will be 25 April 2025 and subject to approval by shareholders at the Annual General Meeting (AGM) on 22 May 2025, the dividend will be paid on 28 May 2025.

Going forward, the Board expects to maintain a progressive dividend policy and for the level of increase to be more closely aligned to historical levels at c.5% per annum.

### PENSIONS

Under the IAS 19 valuation principles, as at 28 December 2024 the Group recognised a surplus of £18.8m for the UK defined benefit scheme (30 December 2023: £12.0m surplus). This increase is mainly due to an increase in discount rates over the year, primarily linked to bond yields, which has led to a decrease in the defined benefit obligation, partially offset by a small increase in market expectations for inflation.

The Group and the Trustees agreed the triennial valuation of the UK defined benefit pension scheme as at 31 March 2022 in May 2023, resulting in the Group agreeing to make recovery payments of £2.5m per annum through to 31 March 2025, with an extension through to 31 August 2025 if the scheme is in deficit at the end of December 2024 and the end of January 2025. As the scheme was in surplus at December 2024 and January 2025, final deficit contributions are expected to be £0.6m, paid over a recovery period ending on 31 March 2025.

### CAPITAL ALLOCATION

We maintain a disciplined approach to capital allocation, with the overriding objective to enhance shareholder value. In delivering against this objective, we have simplified our operations in China resulting in proceeds of c.£13m over the last two years, and we will continue to seek opportunities to redeploy our capital in the most effective way. Our allocation of capital is primarily split across capital investment, driving further debt reduction to decrease financing costs given base rates remain elevated, and maintaining a progressive dividend policy. With the strength of the Group's balance sheet, we are well-positioned to explore potential acquisition opportunities as we seek to stimulate non-organic growth.

In the medium term, we remain committed to investing to enhance returns and are focused on maintaining leverage within our target range whilst continuing with a progressive dividend policy.

**Lee Miley**
Chief Financial Officer
3 March 2025

# MEASURING SUCCESS

Our key performance indicators ("KPIs") help us to measure the progress of both our Group strategy and Trusted Partner ESG strategy whilst managing our risk framework.

**READ MORE:**
Our strategy pg 22.
Trusted Partner pg 38.
Risks and risk management pg 66.

**Link to our strategy**

- UK
- INTERNATIONAL
- EXCELLENCE
- TRUST

**Performance incentives**

△ STIP ◯ LTIP

READ MORE pg 123.

## NON-FINANCIAL PERFORMANCE

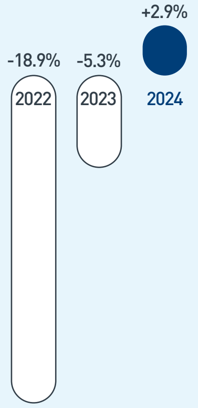
READ MORE pg 76.

### PROGRESS ON OUR SUSTAINABILITY AND PEOPLE TARGETS

#### Group net carbon emissions (%) ◯ +2.9%

**What are we measuring?**
Year-on-year change in scope 1 and 2 net (market-based) emissions across the Group.

**Why is it important?**
Climate change is the single biggest sustainability challenge facing the world and Bakkavor has a part to play in supporting a low-carbon economy.

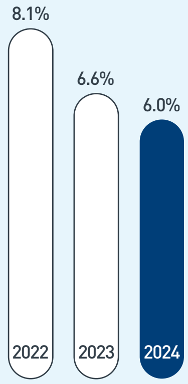



**Link to our strategy**

#### UK food waste (%) △ 6.0%

**What are we measuring?**
UK food waste as per the Food Loss and Waste Accounting and Reporting Standard.

**Why is it important?**
Addressing food waste is part of what we and our industry must do to address climate change, support communities and become a more efficient business.

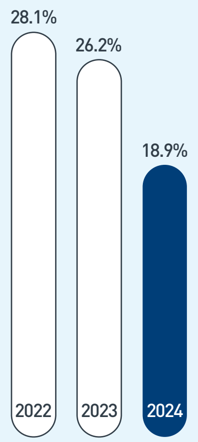



**Link to our strategy**

#### UK employee turnover (%) ◯ 18.9%

**What are we measuring?**
The number of colleagues leaving the business (excluding fixed-term contracts and redundancies) divided by total headcount.

**Why is it important?**
Our colleagues are our priority and we must remain focused on being the local employer of choice for both existing and new talent to attract and retain a skilled and diverse workforce. Driving improvements also creates efficiency through reduced recruitment and onboarding.

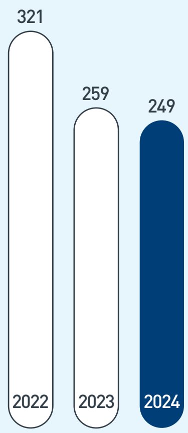



**Link to our strategy**

#### UK accidents 249

**What are we measuring?**
The rate of accidents across our sites that resulted in affected colleagues taking more than seven days off work, calculated based on 100k colleagues in line with the UK Health and Safety Executive ("HSE").

**Why is it important?**
We have a duty of care to colleagues in ensuring their health, safety and wellbeing. Our health and safety culture is based on a governance process driven by the Group Board, with Health and Safety teams in place to set standards and monitor compliance.




**Link to our strategy**

1 Alternative Performance Measures ("APMs"), including 'like-for-like', 'adjusted' and 'underlying', are applied consistently throughout the 2024 Annual Report and Accounts and are defined in full and reconciled to the reported statutory numbers in Note 37 of the Notes to the Consolidated Financial Statements. The Group's financial reporting period is typically 52 weeks, however, every six years an additional week is included to ensure that its year-end date remains near the end of December. Throughout the 2024 Annual Report and Accounts, the Group's FY23 results are based on a 53 week period. FY23 reported revenue is for the 53 weeks ended 31 December 2023 and FY23 like-for-like revenue excludes the 53rd week.

## FINANCIAL PERFORMANCE

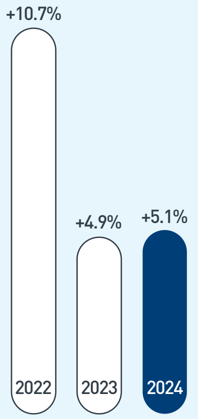
READ MORE pg 58.

### CONTINUED GROWTH & IMPROVED PROFIT

#### Like-for-like revenue growth (%)[1] +5.1%

**What are we measuring?**
Revenue growth at a constant currency excluding acquisitions and closed and sold businesses. In FY23 this also excludes the 53rd week of trading.

**Why is it important?**
The Group uses like-for-like revenue because it allows for a more meaningful comparison of revenue trends from period to period.

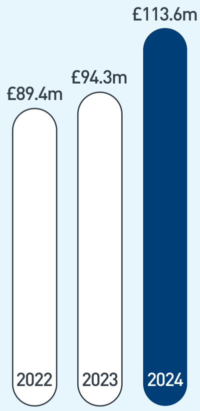



Link to our strategy

#### Adjusted operating profit[1] (£m) △ £113.6m

**What are we measuring?**
Adjusted operating profit measures the underlying profitability of the business, excluding restructuring costs, asset impairments and additional charges or credits that are considered significant or one-off in nature.

**Why is it important?**
The Group uses adjusted operating profit as it excludes the impact of items that hinder comparison of profitability between periods.



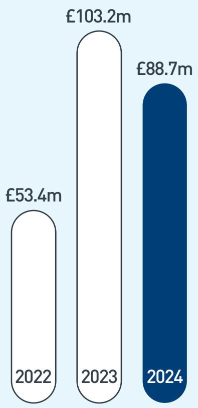

Link to our strategy

### SIGNIFICANTLY STRONGER BALANCE SHEET

#### Free cash flow[1] (£m) £88.7m

**What are we measuring?**
Cash generated by the Group after meeting all of its obligations for interest, tax and pensions, after purchases of property, plant and equipment, and after IFRS 16 capital lease payments, but before payments of refinancing fees and other exceptional or significant non-recurring cash flows.

**Why is it important?**
This is a key liquidity measure as it indicates the underlying cash available to repay debt, make further investments in the Group or pay dividends.

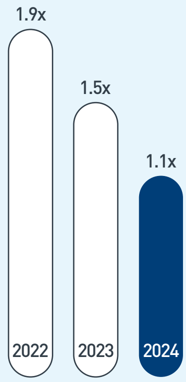



Link to our strategy

#### Leverage (times) 1.1x

**What are we measuring?**
The level of debt held by the Group calculated by dividing operational net debt[1] by adjusted EBITDA pre IFRS 16[1].

**Why is it important?**
Ensuring bank facilities remain available by keeping the ratio below the agreed maximum level, determining the interest margin payable on debt drawn and ensuring the Group has capacity for future investments.



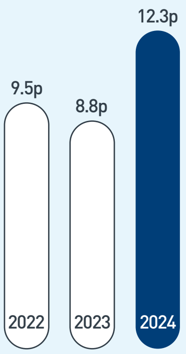

Link to our strategy

### ENHANCED SHAREHOLDER RETURN

#### Adjusted earnings per share[1] (pence) ○ 12.3p

**What are we measuring?**
Profit per share of the Group, calculated by dividing adjusted earnings[1] by the weighted average number of Ordinary shares in issue during the year.

**Why is it important?**
It tracks the underlying profitability of the Group and enables the comparison of performance with the Group's peer companies.

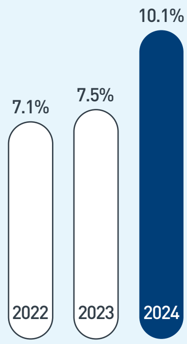



Link to our strategy

#### Return on invested capital[1] (%) 10.1%

**What are we measuring?**
How effectively the Group generates returns from its assets, calculated as adjusted operating profit after tax divided by the average invested capital.

**Why is it important?**
Indicates returns generated for shareholders and is used by investors and other stakeholders to evaluate the efficiency of the Group's capital allocation, including evaluating the quality of investments.




Link to our strategy

# OUR APPROACH TO RISK

## A process that underpins the sustainable delivery of our strategic objectives.

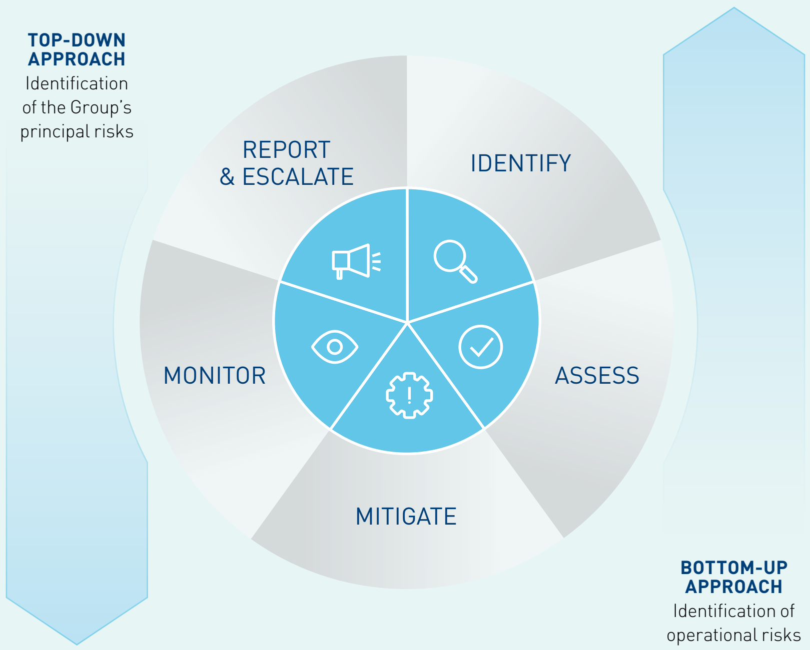
Our risk management process is designed to support the Group as we set out to deliver long-term sustainable value, whilst protecting the interests of our stakeholders and safeguarding our assets, finances and reputation.

We have an established risk management framework which has proven successful and has allowed us to strike the right balance between risk and opportunity through significant macro-headwinds, and helped support the delivery of our strategic objectives.

The risk management framework is supported by a system of internal controls designed to embed the effective management of the key business risks throughout the Group.

Furthermore, the risk management framework underpins our preparation for the revised UK Corporate Governance Code 2024. This particularly supports: the amendment of Principle O which ensures the Group Board has established and maintains procedures to manage risk and oversee the internal control; and Provision 29 which focuses on monitoring Bakkavor's risk management and internal controls framework. As part of our response, we have strengthened our Internal Risk and Control team in H2 2024. We appointed a Head of Risk and Control – Finance Transformation (supporting the implementation of our new ERP system), as well as a Head of Internal Controls and Risk (focusing on internal controls and risk management across the business), with both individuals reporting to the Group Finance Director who has responsibility for risk.

### RISK MANAGEMENT FRAMEWORK




### OUR APPROACH

The Group Board is responsible for effective risk management and has embedded a strong culture of risk awareness across the Group. The Group Board has achieved this by:

- Identifying and monitoring key strategic and emerging risks to deliver its strategic objectives.
- Performing risk management workshops, facilitated by our Internal Auditors, with the Senior Executive Team ("SET") and Group Board to identify and challenge the appropriateness of the Group's principal risks and associated risk appetite.
- Reviewing and approving the ongoing risk management process, including the internal control system, risk management framework, and policies and procedures that outline what can be considered an acceptable level of risk for an appropriate level of return.
- Reviewing our formal Risk Register. This identifies the principal risks faced by the Group, the key risk indicators which determine the likelihood of their occurrence, the potential impact on the Group, and the key mitigating actions used to address them.

Ownership of each principal risk included in our Risk Register is assigned to a SET member. The Risk Register also outlines how we plan to minimise future probable risks through Bakkavor's policies and procedures, Code of Conduct and business ethics. It is updated on a quarterly basis with input from the Senior Management Team ("SMT"), reviewed and discussed at the regional and corporate risk committees ("Risk Committees"), reviewed by the Audit and Risk Committee ("A&RC"), and subsequently the Group Board as part of half- and full-year reporting.

# Risk management process and assurance

We have an established risk management framework to identify, assess, mitigate, monitor, report and escalate the risks our business faces.

## GROUP BOARD

Ensures the effective identification and management of key strategic and emerging risks.

Chairman, Non-executive Directors | Chief Executive Officer | Chief Financial Officer

## AUDIT AND RISK COMMITTEE

- Reports to the Group Board on the effectiveness of the risk management process and internal control system.
- Informed by regular reports from the Risk Committees and Internal and External Auditors.

## SET AND OTHER MANAGEMENT

- Maintain the Risk Register with assignment of individual principal risks.
- Manage and monitor their own risks and corresponding action plans in line with risk appetite through timely review.
- Escalate additional risks and evolutions in existing or emerging risks to their respective Risk Committees for review.
- Provide regular reports to the Risk Committees, A&RC and Group Board from key functions such as Technical (including health and safety, food safety), HR, Finance, Legal and IT.

## RISK COMMITTEE

Outputs from the individual regional and Corporate Risk Committees are summarised and presented to the A&RC on a quarterly basis.

Corporate Risk Committee | UK Risk Committee | US Risk Committee | China Risk Committee

- Perform a quarterly review of the principal risks, emerging risks and actions plans outlined in the Risk Register.
- Provide a summary of the changes to the SET.
- Each chaired by the Group Finance Director with SET representation.

## RISK ASSURANCE

Risk assurance is delivered using the 'four lines of defence', which comprises:

Audit and Risk Committee/Senior Executives/other management

| 1ST LINE | 2ND LINE | 3RD LINE | 4TH LINE |
|---|---|---|---|
| Management controls<br>• Governing day-to-day activities<br>• Bi-annual self-assessments<br>• Policies and procedures | Central Functional teams<br>• Board Committee and Sub-Committee structure<br>• Monitor and report against KPIs | Internal Audit and other assurance providers<br>• Internal Audits<br>• Independent audits<br>• Customer audits<br>• Insurance audits | Regulatory audits<br>• External Audit<br>• Other regulatory including BRC and food safety |

READ MORE pg 110.

The A&RC reviews and reports to the Group Board on the effectiveness of the Group's risk management process and internal control system. This is delivered through a regular review of:

- Reports received from the SET and Risk Committees.
- The output of internal audit work performed by our external adviser, KPMG.
- The output of external audit work performed by our External Independent Auditors, PricewaterhouseCoopers LLP ("PwC").
- Advice from other experts and advisers.

These reports provide detail on current and emerging risks related to business activity, as well as looking at how effectively the internal controls deal with these risks, and an update on how approved mitigating actions are being implemented.

## RISK APPETITE

The Group Board annually reviews and sets our risk appetite for each of the principal risks. This helps us to provide clear boundaries on the acceptable level of risk, and influences our decision-making to support the delivery of our strategic objectives.

Our approach is to minimise exposure to reputational, financial and operational risk, whilst accepting a risk/reward trade-off in supporting the delivery of our strategic growth and change objectives. As a producer of fresh food, food safety and integrity are of paramount importance. We therefore have a low appetite for risks which may impact this area, and take all practical precautions to mitigate them. A low-risk appetite is also applied to health and safety and we take all practical precautions in compliance with laws and regulations to ensure the health and safety of our colleagues.

## EMERGING RISKS

We recognise the importance of future-proofing our business, and therefore we not only assess risks that are affecting us today, but also what has the potential to adversely impact us in the future. As part of our top-down and bottom-up risk assessment process, we seek to capture and monitor emerging risks. Their potential effects on the delivery of our strategy are considered at our regular risk reviews, using horizon scanning inputs from both internal and external sources. Emerging risks are highlighted during each Risk Committee meeting and discussed with the A&RC on a quarterly basis.

Emerging risks of particular note:

- In 2024, the Group Board approved a project to replace our UK ERP system and, since then, work has primarily focused on the design of the new system. This project increases our inherent 'Strategic growth and change programmes' and 'IT systems and cyber' risks. The risk level is likely to increase as we move into the build and deployment phases of the project. However, we have established strong programme management, governance and assigned adequate resource, subject to independent programme assurance.
- In recent years, macro-headwinds have impacted our business, such as elevated energy costs and rising geo-political tensions (Russia/Ukraine, Middle East, China/Taiwan). These events also have the potential to impact overall inflation, availability of ingredients, consumer demand and financing costs.
- The change in UK Government and changes in legislation could have an impact on several of our principal risks by potentially increasing our cost base and making labour relations more challenging. The US election results could also lead to changes to legislation that may impact our US and China business.
- Climate change continues to cause risk to the supply chain both in terms of availability and quality of raw materials. This could result in pressure on existing suppliers and could require us to engage with new suppliers and/or new countries of origin. There are also increasing and evolving legal and reporting requirements in relation to sustainability, which may impact how we operate and the disclosure requirements.

These emerging risks are kept under review during Risk Committee meetings and mitigating actions are discussed and documented. This ensures that we can react ahead of any risk materialising, therefore minimising our risk exposure.

## INTERNAL CONTROL SYSTEM

Our internal control system provides a structure and an ongoing process for risk management. This helps assure our Senior Executives and Senior Management that processes have been implemented effectively to manage operational risk. The system is designed to manage rather than eliminate all risks in line with the risk appetite set out by the Group Board, therefore it can only provide reasonable, and not absolute, assurance. This is combined with a central governance framework which supports the business through Group-wide policies, procedures and training. Our SMT is responsible for implementing procedures and monitoring controls.

Work is currently ongoing as we look to enhance our internal controls system in readiness for the effective date of Provision 29 of the revised UK Corporate Governance Code. The focus for 2024 has been on enhancing our assurance mapping across our principal risks to identify material controls, carrying out a Fraud Risk Management Assessment to develop an action plan to comply with the expected new legislation in this area, and ensuring that the design of the new UK ERP system is underpinned by a strong control environment.

## OUR PRINCIPAL RISKS

The Group Board and A&RC have reviewed the business's risk environment and considered that no changes were required to our principal risks. They therefore remain in line with the prior year.

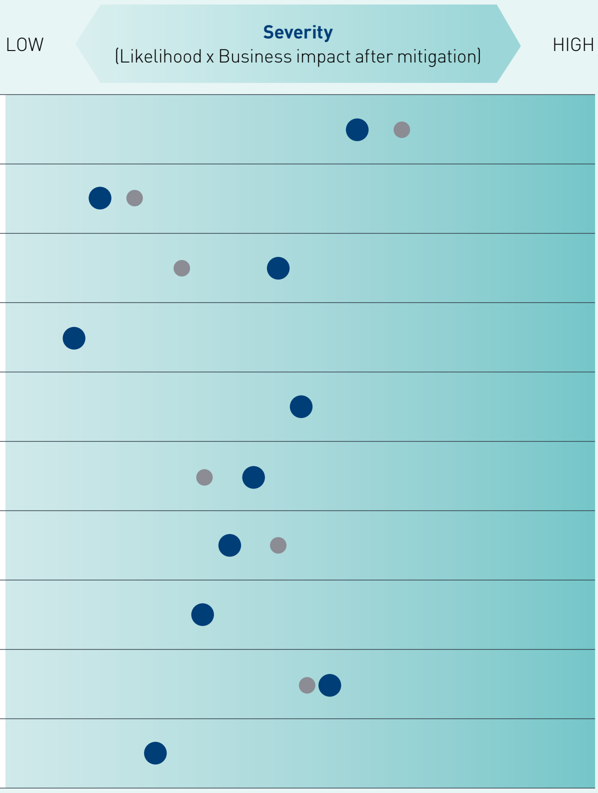
Our principal risks, their corresponding risk score and movement throughout the year are reflected within the risk assessment scale below:

## RISK ASSESSMENT MAP

- The risk heat map shows the position of each principal risk as at December 2024 compared to the position in December 2023.
- The commentary on the following pages gives updates on each of our principal risks.

**Principal risk trends 2024**

| Risk | Risk trend |
|---|---|
| **1.** Consumer and retailer dynamics[1] | Decreased |
| **2.** Food safety and integrity | Decreased |
| **3.** Strategic growth and change programmes | Increased |
| **4.** Health and safety | Unchanged |
| **5.** Supply chain | Unchanged |
| **6.** Availability, recruitment and retention of colleagues | Increased |
| **7.** IT systems and cyber risk | Decreased |
| **8.** Climate change and sustainability | Unchanged |
| **9.** Disruption to operations | Increased |
| **10.** Corporate and regulatory | Unchanged |




**Key**

**Risk trend**
Increased Decreased Unchanged

**Risk severity**
2024 2023

1 Risk previously titled 'Consumer demand and retailer landscape'.

# PRINCIPAL RISKS AND UNCERTAINTIES

**Risk trend**

▲ Increased ▼ Decreased ◀▶ Unchanged

## 1. CONSUMER AND RETAILER DYNAMICS

The loss of business as a result of competitor activity, significant changes in commercial terms, and/or reputational damage could result in a loss of market share, leading to a significant impact on the Group's results. This may be driven by a significant change to the economy and changes in consumer attitudes such as changes in household budgets, sustainability and health.

**CONTROLS**

- Work closely with customers to adapt to changing consumer trends such as dietary changes, sustainability concerns and the impact of changes in household budgets.
- Leverage insight from market data analysis, consumer surveys/feedback, industry reports and operational performance to inform new and existing product development to meet consumers' needs.
- Draw on a well-established global supply chain to source a wide range of ingredients to help drive innovation.
- Maintain well-established, multi-level relationships with key customers to deliver high levels of service.

**RISK TREND**

▼

Due to an improvement in consumer sentiment, UK volumes returning to growth and our continued success in mitigating cost inflation through multiple levers.

**LINK TO OUR STRATEGY**

## 2. FOOD SAFETY AND INTEGRITY

Whilst we must ensure food is safe and clearly/correctly labelled, there are still risks of product contamination. This could affect consumer confidence and customer trust, potentially leading to product withdrawal or recall, financial and/or reputational impact, and loss of/reduction in business.

**CONTROLS**

- Maintain industry-leading standards of food safety. Includes traceability procedures and processes, overseen by our experienced Central Technical function, and a clear approach to Responsible Sourcing under our Trusted Partner ESG strategy.
- Use Hazard Analysis Control Point principles at all sites to identify and control food safety risks, with colleagues trained in these procedures.
- Monitor and report to the Group Board performance against established food safety metrics, managed via a team of technical/food safety experts at each site.
- Conduct regular audits against recognised global food safety standards by our internal Central Technical team, and independent bodies on an announced and unannounced basis.
- Perform regular industry-leading allergen testing to monitor our controls and raw materials.
- Continue to monitor emerging issues, in conjunction with other industry players, to ensure increasing compliance requirements are met.
- Maintain and review Food Safety and Integrity policies to ensure alignment with expectations of legislation, regulatory bodies and retail customer requirements.

**RISK TREND**

▼

Due to a combination of strong audit results across customer, BRC and internal compliance for each region. In addition, the FDA removed their warning letter in respect of one of our US sites following the corrective actions we had taken.

**LINK TO OUR STRATEGY**

**Link to our strategy**

UK | INTERNATIONAL | EXCELLENCE | TRUST

### 3. STRATEGIC GROWTH AND CHANGE PROGRAMMES

Capital investments, corporate transactions and organisation change programmes based on forecasted financial returns are, by their nature, uncertain. Climate change (in terms of physical and transitional risks) also has the ability to impact future returns.

**CONTROLS**

- Leverage the Group's capital allocation policy to balance spend across capital expenditure, acquisitions and disposals, debt reduction and dividends.
- Maintain robust and standardised processes for evaluation and approval of capital expenditure.
- Implement governance processes for key projects to ensure individual project risks are documented and action plans are implemented to mitigate risks.
- Track and report regularly to the Group Board on performance of significant projects against forecast metrics.
- Due diligence on potential M&A activity to identify key risks, with mitigations taken to reduce exposures to an acceptable level.
- UK ERP implementation project is governed by a cross-functional programme board with regular reporting and independent third-party programme assurance to the A&RC.

**RISK TREND**

▲

Due to the Group Board approving a project to replace our UK ERP system, this is likely to lead to significant change across the UK business in future years.

**LINK TO OUR STRATEGY**

### 4. HEALTH AND SAFETY

We have a duty to secure and protect the health and safety of our colleagues, contractors and visitors. Failure to maintain appropriate health and safety across the Group could result in a significant reputational, regulatory and/or financial impact on our business.

**CONTROLS**

- Maintain strong health and safety policies, processes and controls across all sites, supported by an established culture of engagement around accident prevention.
- Health and safety managed locally by colleagues at a site level on a digital platform to monitor performance, supported by in-house health and safety experts.
- Review and share standards and best practice, and support implementation of new processes and controls.
- Undertake risk control and risk reduction activities across health and safety projects including: ammonia risk assessment; boiler reviews; factory transport vehicles; fire suppression; and machinery.
- Report metrics to the Group Board, with any significant issues reported immediately.

**RISK TREND**

◀▶

**LINK TO OUR STRATEGY**

### Risk trend

Increased | Decreased | Unchanged

## 5. SUPPLY CHAIN

An impact to the business due to disruption affecting continuity of supply of goods or services and/or an adverse material movement in cost versus forecast.

**CONTROLS**

- Maintain a sophisticated, agile supply chain and robust supplier selection with monitoring and management processes.
- Leverage scale, experienced central and regional procurement teams and strong customer partnerships to enhance buying power, with spend governed by a clear delegation of authority and process for approving contracts and/or annual source plans.
- Balance price, quality, availability and service levels to meet demand and supply forecast.
- Seek protection on forward-purchasing and price variations through agreements with customers, including cost pass-through mechanisms.
- Monthly Energy Hedging Committee held to ensure utility pricing for future periods is compliant with the Group Energy Hedging Policy to reduce the risk of volatility in the cost base.
- Utilise internal levers to mitigate the impact of input cost price increases, drive productivity improvements, and focus on value optimisation across product portfolios.
- Increase end-to-end control of our supply chains through our Bakkavor Inbound Logistics ("BIL") team.
- Ensure integrity of supply chain and the quality of raw materials through our Responsible Sourcing approach.

**RISK TREND**

**LINK TO OUR STRATEGY**

## 6. AVAILABILITY, RECRUITMENT AND RETENTION OF COLLEAGUES

Labour availability and cost could be affected by political, economic, legislative and regulatory developments. Increasing competition from competitors and/or local employers could reduce the availability of labour and increase cost pressure.

**CONTROLS**

- Manage recruitment through our Central Talent team, supported by regional heads of HR, to drive campaigns and initiatives tailored to the local market and the offer of competitive remuneration and benefits packages.
- Invest in training and development to upskill colleagues and support career progression.
- Enhance and upgrade site facilities to make Bakkavor a better place to work.
- Conduct an annual Employee Engagement Survey ("EES") to gather feedback from colleagues, which informs our People Plan.
- Seek to fill vacancies through direct recruitment with improved timescales following the introduction of new software within the year and utilise agency labour to provide short-term solutions.
- Ongoing engagement with employee representatives, including unions, to build relationships and understanding of key issues.
- Designated workforce engagement Non-executive Director engages with colleagues and provides feedback to the Group Board.

**RISK TREND**

Due to the current macro-UK employee relations landscape, industrial action may impact the availability of employees, along with increased cost pressure.

**LINK TO OUR STRATEGY**

### Link to our strategy

UK | INTERNATIONAL | EXCELLENCE | TRUST

## 7. IT SYSTEMS AND CYBER RISK

Group infrastructure becomes out-dated, inefficient and/or vulnerable to third-party cyber-attacks or malfunction. Unauthorised access or unplanned outages to the Group's IT systems could lead to data breaches and the release of market-sensitive information as well as business disruption with potential reputational, financial and operational impact.

### CONTROLS

- Actively identify risks and threats, design and implement layers of control that allow for an appropriate balance between preventive and detective controls, including business continuity planning and testing.
- Evaluate independently against leading industry standards published by the US Department of Commerce (National Institute of Standards and Technology Cyber Security Framework), and partner with external expert advisers to actively reduce risks posed.
- Mitigate information security risks through a Group-wide security programme with reporting to the A&RC.
- Invest further in IT system modernisation, including external advice on the use of Artificial Intelligence in our sector.

### RISK TREND

▼

Due to the completion of our Cyber Security Programme rollout in the USA, whilst also driving major success in operational and people projects focused on improving IT service availability, partner performance, continuity and user experience.

### LINK TO OUR STRATEGY

## 8. CLIMATE CHANGE AND SUSTAINABILITY

A scenario-driven climate risk assessment of our business has identified four transition risks: costs of implementing low-emissions technology; increased cost of raw materials; changing consumer preferences; and pricing of GHG emissions. We have also identified two physical risks: operations and supply chain. There is also a potential reputational impact of failing to meet our ESG commitments.

### CONTROLS

- Mitigating risks against the identified climate risks is detailed in the TCFD section.
- Addressing our wider material ESG activities through Trusted Partner, our ESG strategy.
- Regularly monitor and report on non-financial KPIs to senior management and Group Board, including net carbon emissions, UK food waste, voluntary employee turnover, packaging use and health and safety.
- Seek to integrate ESG factors into investment decisions and wider financial forecasts.

**READ MORE:**
ESG: Trusted Partner pg 38.
ESG: TCFD pg 46.

### RISK TREND

◀▶

### LINK TO OUR STRATEGY

### Risk trend

Increased | Decreased | Unchanged

### Link to our strategy

UK | INTERNATIONAL | EXCELLENCE | TRUST

## 9. DISRUPTION TO GROUP OPERATIONS

Damage to our sites by fire, flood, mechanical breakdown and natural disaster, or disruption from industrial action, could present a serious risk to our business operations and performance. Significant capital investment projects could also impact our ability to maintain production at required levels, negatively impacting our financial performance.

**CONTROLS**

- Apply building and property management protocols in conjunction with our property insurers, with regular progress reporting on recommended site improvements.
- Implement continuity and disaster recovery plans at each site to identify and assess key risks, key controls, improvement actions and preparedness for an event. Audit plans bi-annually with insurance brokers. Ensure that plans are communicated to relevant business teams.
- Report regularly and proactively on progress of any identified site improvements or issues to encourage timely resolution.
- Support employee engagement in our factories through site representatives, employee forums and trade union engagement.
- Implement governance processes for key capital investments to ensure project risks are documented and action plans are implemented to reduce and mitigate risks.
- Maintain adequate levels of insurance in line with legal requirements and agreed risk appetite.

**RISK TREND**

Due to the potential financial and operational impact of industrial action.

**LINK TO OUR STRATEGY**

## 10. CORPORATE AND REGULATORY

Failure to comply with local laws, regulations, codes of practice, or breach of internal policies and standards could impact our reputation and result in financial penalties and/or operational disruption. External financial risks include interest rate risk on borrowings, availability of liquidity, compliance with our financial covenants, changes in exchange rates and the funding of the defined benefit pension scheme.

**CONTROLS**

- Regularly review the Group's investment strategy and its potential impact on liquidity and leverage.
- Overarching framework of approved policies and procedures for internal controls and financial risk management; including funding, liquidity, currency, interest rate and counterparty credit overseen by our Treasury function.
- Key external reporting including full-year results, RNS and the going concern and viability statements are subject to independent external audit and internal approval prior to publication.
- Monitor financial results and projections through weekly, monthly and quarterly reporting and forecasting.
- Meet quarterly with the Group Hedging Committee to review and ensure compliance with the hedging policy for foreign currency.
- Regularly review defined benefit pension scheme's investment and liability hedging strategy.
- Review and update key Group policies on standards and procedures including legal, financial, tax, HR, food safety, health and safety and environmental on an annual basis, and engage with Internal Auditors to provide assurance on principal and financial risks.

**RISK TREND**

**LINK TO OUR STRATEGY**

# VIABILITY STATEMENT

In line with Provision 31 of the 2018 UK Corporate Governance Code, the Directors have carried out a thorough review of the prospects of the Group and its ability to meet its liabilities as they fall due through to the end of December 2027.

In undertaking this review, the Directors have concluded that a three-year timeframe is an appropriate period for this assessment, on the basis this is the period over which the Directors set the strategic plan for the Group, and also recognises the fast-paced sector in which we operate continually adapting to meet the changing needs of customers and consumers.

The Directors have assessed the principal risks to the business, as described on pages 70 to 74, and the key mitigating actions used to address them within this three-year timeframe. For each of the principal risks, action plans have been developed to mitigate the risk with a clear allocation of responsibilities for mitigation and the timescales for completion.

Whilst all of the principal risks identified could have an impact on the Group's performance, the specific risks which could potentially impact the Group's level of sales, profitability and cash generation include the impact of a weakening in consumer demand on volume due to the impact of ongoing inflationary pressures on household budgets. Further inflation across the Group's input costs (raw materials, people and utilities) following macro-economic or geo-political events could also impact the Group's profitability if not recovered through price. Specifically on labour, due to the current macro-employee relations landscape, this could increase cost pressure and may result in disruption to operations.

On 25 July 2024, the Group refinanced its debt facilities with £350m of new facilities, comprising a £200m Revolving Credit Facility and a £150m Term Loan, maturing in July 2028 with the option of two additional one-year extensions. The new facilities include a 25 basis point improvement in margin at 1.85%, along with the addition of an acquisition spike to take leverage to 3.5 times. The remaining terms are in line with our previous financing structure, with the exception of the sustainability-linked targets which no longer apply. At the end of 2024, the Group also had £29m of other debt facilities that will be repaid on an amortising basis by August 2028.

As part of our annual strategic planning, the Group prepares a detailed financial model which forecasts the Consolidated income statement, balance sheet, cash flow, covenant performance and liquidity requirements of the Group for a three-year period. A downside scenario that is severe but plausible has been modelled taking account of the potential financial impact of the specific risks outlined above. The downside scenario model showed that even without taking any mitigating actions that would be available to the Group if such a scenario occurred, the Group would not breach the financial covenants in its bank facilities agreement and would have significant liquidity headroom available.

Beyond the three-year timeframe of this viability statement, the Group would face transition and physical risks as a result of climate change, as set out on pages 48 to 51. The Group has a relatively low exposure from the transition to a low-carbon economy and at this stage we do not expect the transition and physical risks to have a material impact on the business.

Based on the results of this analysis, the Directors consider that the Group will be able to continue in operation and meet its liabilities as they fall due over the three-year period to the end of December 2027.

# NON-FINANCIAL AND SUSTAINABILITY INFORMATION STATEMENT

The following detail sets out where stakeholders can find further non-financial information on each of the key areas of disclosure as required under the UK Companies Act 2006 (sections 414CA and 414CB).

Data for our Streamlined Energy and Carbon Reporting ("SECR") can be found on pages 56 and 57, along with narrative on the principal measures taken to improve our energy efficiency on page 55.

| Reporting requirement | Outcomes and further information in this report | Page reference | Relevant policies |
|---|---|---|---|
| **Climate-related Financial Disclosures** | See consistency statement, TCFD report. | 46 | |
| | ESG: TCFD | 46 | Requirement s414CB(2A) |
| | Governance | 47 | (a) |
| | Our strategy | 22 | (b), (d) (i) and (ii), (e), (f), (g) |
| | Risks and risk management | 66 | (c) |
| | Metrics and targets | 53 | (g), (h) |
| **Environment** | Sustainability and Innovation<br>Environmentally Sustainable Sourcing<br>Related principal risk: climate change and sustainability | 42<br>40<br>73 | Deforestation Statement[1]<br>Deforestation and Conversion Free Soy Policy[1]<br>Supplier Code of Conduct[1]<br>Environment Policy[1]<br>Supplier Code of Conduct[1]<br>Animal Welfare Policy[1] |
| **Employees** | Engagement and Wellbeing<br>Our people<br>Related principal risk: health and safety, availability, recruitment and retention of colleagues | 44<br>34<br>71 | Code of Conduct[2]<br>Inclusion and Diversity Policy[1]<br>Group Supplier Code of Conduct[1]<br>Ethical Trade and Human Rights Policy[1]<br>Mental Health at Work Policy[1] |
| **Human Rights** | Responsible Recruitment and Employment<br>Supply Chain Human Rights<br>Related principal risks: supply chain, climate change and sustainability | 45<br>41<br>72 | Modern Slavery Statement[1]<br>Freedom of Association Policy[1]<br>Responsible Operations Policy[2]<br>Ethical Trade and Human Rights Policy[1]<br>Supplier Code of Conduct[1] |
| **Social Matters** | Engagement and Wellbeing<br>Our people<br>Related principal risk: health and safety, supply chain, availability, recruitment and retention of colleagues | 44<br>34<br>71 | Code of Conduct[2]<br>Modern Slavery Statement[1]<br>Supplier Code of Conduct[1]<br>Freedom of Association Policy[1]<br>Animal Welfare Policy[1] |

| Reporting requirement | Outcomes and further information in this report | Page reference | Relevant policies |
|---|---|---|---|
| **Anti-bribery and Corruption** | Anti-bribery and Business Ethics Policy<br>Whistleblowing Policy<br>Charity and Political Donations Policy<br>Related principal risk: corporate and regulatory | 77<br>77<br>77<br>74 | Anti-bribery and Business Ethics Statement[1]<br>Anti-bribery and Business Ethics Policy[2]<br>Whistleblowing Policy[2]<br>Charity and Political Donations Policy[2]<br>Supplier Code of Conduct[1] |
| **Business Model** | How we create value | 6 | |
| **Principal Risks Related to Non-financial and Sustainability Matters** | Relevant principal risks include 'Climate change and sustainability', 'Health and safety' and 'Availability, recruitment and retention of colleagues'. See: Risks and risk management | 73 | |
| **Non-financial KPIs** | Key performance indicators | 64 | |

1 Available at bakkavor.com and to all colleagues through the Bakkavor intranet.
2 Available to all colleagues through the Bakkavor intranet. Not published externally.

## WHISTLEBLOWING POLICY

The Whistleblowing Policy applies to the whole Group and provides a mechanism through which individuals can raise concerns on illegal, unsafe or inappropriate activities including discrimination or harassment in the workplace. This policy represents Bakkavor's internal procedure and enables us to effectively address any wrongdoing within the business. The Bakkavor service, 'Speak Up', is available Group-wide by Freephone or online 24 hours a day/365 days a year and in 15 languages. Cases logged in 2024 were investigated thoroughly through local HR contacts, General Managers and/or Business Directors, as well as the CPO, Technical Director, General Counsel or the CFO when relevant. Whistleblowing is also regularly monitored by the Board.

## CHARITY AND POLITICAL DONATIONS POLICY

Bakkavor believes in giving back to the communities in which we operate. Our Charity and Political Donations Policy sets out the ways charitable giving may be channelled: through monetary and product donations; supporting our colleagues in their fundraising efforts; and advocating skills and volunteering events, where appropriate. We never use charitable donations as a means to gain improper influence and all monies given to charity in Bakkavor's name are subject to due process. Our Matched Giving Scheme allows sites to raise funds for local causes that receive a matched donation from the company. As per our policy, Bakkavor does not give financial donations or support to political individuals, representatives, parties or causes in any country in which we operate.

READ MORE pg 45.

## ANTI-BRIBERY AND BUSINESS ETHICS POLICY

This policy, which also includes an embedded Gifts and Hospitality Policy, sets out the highest standards of business and ethical conduct expected of those who work for, and on behalf of, Bakkavor in all its business dealings, whether with customers, suppliers, competitors or other business partners in all the countries in which Bakkavor does business. We take a zero-tolerance approach to bribery and corruption and are committed to acting professionally, fairly and with integrity in all business dealings and relationships wherever Bakkavor operates, implementing and enforcing effective systems to counter bribery and corruption. In 2024, the policy was reviewed and updated to reflect latest best practices, and all salaried staff completed mandatory refresher training.

Bakkavor requires all employees and third parties to be familiar with the basic principles of anti-bribery law in order to avoid any actions or omissions which might infringe those laws.

Our Procurement team assesses our supply chain partners for corruption and bribery risk through compliance with our Supplier Code of Conduct. Implementing these policies, with the support of Bakkavor's e-learning platform, has enabled the business to re-state the importance of vigilance in identifying any bribery and corruption issues within the business and across the supply chain, together with greater awareness of reporting procedures.

READ MORE pg 118.

## EMPLOYEE DATA

Employee numbers in the tables below are based on the average monthly number of employees.

| By location | 2024 | % of total | 2023 | 2022 | 2021 | 2020 |
|---|---|---|---|---|---|---|
| UK | **14,473** | **81%** | 14,689 | 15,567 | 15,863 | 16,356 |
| US | **899** | **5%** | 925 | 973 | 875 | 808 |
| China | **2,492** | **14%** | 2,497 | 2,009 | 2,205 | 2,125 |
| Continental Europe (Spain, Italy) | **25** | **<1%** | 25 | 31 | 29 | 29 |
| **Total** | **17,889** | | **18,136** | **18,580** | **18,972** | **19,318** |

| By function | 2024 | % of total | 2023 | 2022 | 2021 | 2020 |
|---|---|---|---|---|---|---|
| Production | **14,675** | **82%** | 14,906 | 15,283 | 15,578 | 15,938 |
| Management and administration | **2,321** | **13%** | 2,345 | 2,378 | 2,521 | 2,488 |
| Sales and distribution | **893** | **5%** | 885 | 919 | 873 | 892 |
| **Total** | **17,889** | | **18,136** | **18,580** | **18,972** | **19,318** |

| | Group | | | | | |
|---|---|---|---|---|---|---|
| **By gender** | **2024** | **% of total** | **2023** | **2022** | **2021** | **2020** |
| Female | **7,953** | **44%** | 8,247 | 8,420 | 8,450 | 8,654 |
| Male | **9,936** | **56%** | 9,889 | 10,160 | 10,522 | 10,664 |
| **Total** | **17,889** | | **18,136** | **18,580** | **18,972** | **19,318** |

| | UK | | | | | |
|---|---|---|---|---|---|---|
| **By gender** | **2024** | **% of total** | **2023** | **2022** | **2021** | **2020** |
| Female | **5,932** | **41%** | 6,184 | 6,670 | 6,612 | 6,888 |
| Male | **8,541** | **59%** | 8,505 | 8,897 | 9,251 | 9,468 |
| **Total** | **14,473** | | **14,689** | **15,567** | **15,863** | **16,356** |

| | International[1] | | | | | |
|---|---|---|---|---|---|---|
| **By gender** | **2024** | **% of total** | **2023** | **2022** | **2021** | **2020** |
| Female | **2,021** | **59%** | 2,063 | 1,750 | 1,838 | 1,766 |
| Male | **1,395** | **41%** | 1,384 | 1,263 | 1,271 | 1,196 |
| **Total** | **3,416** | | **3,447** | **3,013** | **3,109** | **2,962** |

1 Includes US, mainland China, Hong Kong, Spain and Italy.

### Gender pay (UK)

| | 2024 | 2023 | 2022 | 2021 | 2020 |
|---|---|---|---|---|---|
| Median gender pay gap | **4.9%** | 6.4% | 9.3% | 7.3% | 2.1% |
| Mean gender pay gap | **10.2%** | 9.3% | 9.6% | 9.3% | 8.2% |

| | 2024 | | 2023 | | 2022 | | 2021 | | 2020 | |
|---|---|---|---|---|---|---|---|---|---|---|
| | M | F | M | F | M | F | M | F | M | F |
| 1st quartile (lower paid) | **49.8%** | **50.2%** | 47.1% | 52.9% | 40.9% | 59.1% | 49.3% | 50.7% | 58.8% | 41.2% |
| 2nd quartile | **58.9%** | **41.1%** | 56.9% | 43.1% | 62.0% | 38.0% | 58.6% | 41.4% | 59.6% | 40.4% |
| 3rd quartile | **62.1%** | **37.9%** | 65.4% | 34.6% | 66.1% | 33.9% | 63.0% | 37.0% | 58.1% | 41.9% |
| 4th quartile (highest paid) | **67.0%** | **33.0%** | 67.8% | 32.2% | 67.8% | 32.2% | 67.4% | 32.6% | 67.6% | 32.4% |
| Median gender bonus gap | **10.4%** | | 18.2% | | 12.1% | | 15.2% | | 14.5% | |
| Mean gender bonus gap | **33.4%** | | 31.9% | | 20.9.% | | 17.0% | | 28.1% | |
| Proportion of males and females receiving a bonus | **9.0%** | **7.9%** | 9.2% | 8.0% | 9.3% | 7.6% | 9.9% | 7.8% | 9.3% | 7.8% |

### Senior leadership by gender, 2024

| | Group Board | | Senior Management[1] | | Senior Executive Team | | Senior Leadership[2] | |
|---|---|---|---|---|---|---|---|---|
| | Number | % | Number | % | Number | % | Number | % |
| Female | 3 | 27% | 5 | 33% | 2 | 33% | 14 | 26% |
| Male | 8 | 73% | 10 | 67% | 4 | 67% | 40 | 74% |
| **Total** | **11** | | **15** | | **6** | | **54** | |

### Senior leadership by ethnicity[3], 2024

| | Group Board | | Senior Management[1] | | Senior Executive Team | | Senior Leadership[2] | |
|---|---|---|---|---|---|---|---|---|
| | Number | % | Number | % | Number | % | Number | % |
| Of white European heritage | 10 | 91% | 12 | 88% | 4 | 67% | 46 | 85% |
| Of Black, Asian, minority and/or mixed ethnic heritage | 1 | 9% | 3 | 13% | 2 | 33% | 8 | 15% |
| **Total** | **11** | | **15** | | **6** | | **54** | |

1 Refers to the definition within the Companies Act 2006 s414C (8)-(10).
2 Refers to the Senior Executive Team's direct reports as per the FRC's 2018 UK Corporate Governance Code Provision 23. Data is for the financial year.
3 Reflects the Parker Review methodology. Totals may not sum to 100 due to rounding.

The Strategic Report was approved by the Group Board and signed on its behalf by:

**Mike Edwards**
Chief Executive Officer
3 March 2025

**Lee Miley**
Chief Financial Officer
3 March 2025

# GOVERNANCE



# BRINGING THE GASTROPUB EXPERIENCE TO PEOPLE'S HOMES

Consumers are dining out less often but still crave the experience of quality food to celebrate events and treat themselves. Our fresh, convenient and high-quality products naturally fulfil that need.

Working closely with one of our strategic UK customers, we developed an innovative new range of mouth-watering starters, mains and sides to bring the gastropub experience to people's homes, with products such as a mushroom, leek and butterbean cobbler.

# CHAIRMAN'S LETTER ON CORPORATE GOVERNANCE

## Dear fellow shareholders,

On behalf of the Group Board, I present our corporate governance report for the year ended 28 December 2024. The UK Corporate Governance Code 2018 (the "Code"), which is available on the Financial Reporting Council ("FRC")'s website (frc.org.uk), continues to be the standard against which we measure ourselves. I am pleased to confirm that the Group has fully complied with the provisions of the Code for FY24, and this report sets out how we have applied the principles as set out in the Code. Our strong governance structures underpin our strategic priorities which the Group Board continued to have oversight of during the year.

### CORPORATE GOVERNANCE REFORM

In January 2024, the FRC published the UK Corporate Governance Code 2024 (the "2024 Code"). As it applies to financial years beginning on 1 January 2025, we will be reporting against it in our FY25 Annual Report. The 2024 Code includes several changes in relation to Board leadership, company purpose, succession, evaluation and remuneration, much of which Bakkavor has, in practice, already adopted or is soon to implement. More substantive changes have also been introduced relating to audit, risk and internal controls which enhance the Group Board's obligation to monitor and report on the effectiveness of such controls. In anticipation of the proposed changes, the Audit and Risk Committee has commenced work to ensure that appropriate plans are in place to enhance internal controls documentation and testing in light of the requirements under Provision 29 of the 2024 Code, effective from 1 January 2026.

**READ MORE:**
Strategy pg 22.
Key activities in 2024 pg 94.

### CHANGES TO OUR GROUP BOARD

**Shareholder structure:** Following Baupost's sale of its entire stake in Bakkavor to LongRange Capital in January 2024 (as reported in the 2023 Annual Report and Accounts), on 16 January 2024 Patrick Cook, representative of Baupost, stepped down and Robert Berlin was appointed as the representative Director for LongRange Capital.

**Executive Directors:** The Group Board focused on Executive succession planning during the year, with Ben Waldron stepping down as Chief Financial Officer ("CFO") on 31 October 2024 to relocate to Australia. In his 14 years at Bakkavor, Ben has contributed significantly to the Group; leading our IPO work in 2017, then as CEO of our US business through the Covid pandemic, and more recently as CFO he has brought increased clarity to our financial processes. Ben has been a most excellent CFO and a pleasure to work with, and we wish him well in Australia.

Ben is succeeded by Lee Miley, formerly our UK Finance Director. He took up the role as CFO and Executive Director, effective 1 November 2024.

Lee joined Bakkavor in 1998 and has held many roles both within the finance function and across the broader business, having been responsible for the Group's approach to M&A, Operational Excellence and ESG at various times. Lee's transition to CFO has gone smoothly and the Group Board looks forward to continuing to work with him.

**READ MORE:**
Report of the Nomination Committee pg 105.
Q&A with Lee Miley pg 59.

### GROUP BOARD AND COMMITTEES' PERFORMANCE REVIEW

Our 2023 Group Board and Committee performance review was externally facilitated by Clare Chalmers Ltd ("Clare Chalmers"), who also undertook the last independent review of the Group Board three years ago. Clare Chalmers' evaluation report was robust and informative and provided a valuable perspective on the Group's governance.

This year, our performance review was internally facilitated by our Company Secretarial team and consisted of a questionnaire that was completed by each of Bakkavor's Group Board and Committee members. Throughout 2024, we have taken significant steps to address the recommendations from the externally facilitated performance review, and we are pleased to see these reflected in the outcomes and actions in our 2024 internal performance review.

**READ MORE** pg 104.

### REFRESHING OUR BOARD SKILLS MATRIX

We recognise that our Directors have a broad range of skills, experience and knowledge. During the year, the Directors completed a self-capability assessment to inform our Group Board skills matrix, to support our succession planning and to enable us to identify any potential gaps that may arise when Directors retire from the Group Board.

**READ MORE** pg 101.

### OUR STAKEHOLDERS

The Group Board is responsible for leading stakeholder engagement in line with Section 172 of the Companies Act 2006 ("Section 172"). I have sought to engage with our investors, with the opportunity to meet up and discuss the performance of the business with major shareholders of the Company, including a major institutional shareholder.

The Group Board received updates from the Procurement Director during the year. This included an update on supply chain challenges and a deep-dive on Bakkavor's suppliers and engagement with them through Bakkavor's Supplier Code of Conduct. It also received updates on engagement and collaboration with our key customers on product development to meet consumer demands, with focus on value optimisation and efficiency initiatives, alongside delivering on key sustainability commitments.

At Bakkavor, we are proud to be supporters of the Coronation Food Project – a visionary initiative working to reduce food waste across the UK, inspired by His Majesty King Charles III. In November, our CEO, Mike Edwards, and some of our colleagues had the pleasure of having a stall at the opening of the Coronation Food Hub in Deptford in celebration of the first anniversary of the Coronation Food Project. Bakkavor was one of four chosen suppliers to participate, and showcased our Tesco Hearty Chicken Tikka, and our team of chefs prepared a Roasted Vegetable Pasta with a Tomato and Basil sauce for the 150 guests to enjoy!

From a colleague engagement perspective, Sanjeevan Bala, our designated workforce engagement Non-executive Director, provided feedback to the Group Board following his meeting with the Group Engagement Forum ("GEF"), where he explained Executive compensation framework to the GEF. Sanjeevan also visited six sites to talk to production line colleagues and the senior leadership team on areas of improvement within the workforce and the ongoing work to ensure all voices are heard by the Site Engagement Forum ("SEF") community.

Umran Beba, Non-executive Director, also visited the US Carson site to gather feedback from colleagues and feed back their views to the Group Board. The Group Board attended a site visit to our London sites when, as part of our tour, we had the opportunity to meet both members of local management and production line colleagues.

I was pleased to see that these initiatives are helping to improve the relationship with the vast majority of our colleagues; with the large reduction in employee turnover and improvement in scores from our annual employee engagement survey helping evidence this.

**READ MORE:**
Stakeholder engagement pg 7.
Governance in action pg 97.

### AGM

I am pleased to confirm that this year's AGM will be held on 22 May 2025. The Group Board considers the AGM to be an important opportunity to engage with our shareholders.

**READ MORE** pg 146.

### LOOKING AHEAD

The governance priorities for 2025 include continued stakeholder engagement and steps to implement the UK Corporate Governance Code 2024. Work has commenced on enhancing our assurance mapping across our principal risks to identify material controls and we have carried out a Fraud Risk Assessment to develop an action plan to comply with the new legislation in this area which becomes effective in September.

**Simon Burke**
Chairman
3 March 2025

## THE UK CORPORATE GOVERNANCE CODE: COMPLIANCE STATEMENT

The Group Board is pleased to report that the Company has applied the principles and complied with the provisions of the UK Corporate Governance Code 2018 (the "Code") for the period ended 28 December 2024. A copy of the Code, issued by the Financial Reporting Council, can be found at frc.org.uk.

## THIS REPORT'S KEY FEATURES

Disclosures required under DTR 7.2.6 and the Large and Medium-sized Companies and Groups (Accounts and Reports) Regulations 2008 (SI 2008/410), providing information on major interests in shares, the Company's Articles of Association, share capital and capital structure, and restrictions attaching to shares and the powers of the Company issuing or buying back shares, can be found in the Directors' report on page 144.

This governance statement explains how we have applied the principles and complied with the provisions of the Code, and includes the reports of the Nomination, ESG, Audit and Risk, and Remuneration Committees.

# SECTION 1: BOARD LEADERSHIP AND COMPANY PURPOSE

## Our governance framework

**BOARD OF DIRECTORS ("GROUP BOARD")**
**NON-EXECUTIVE DIRECTORS AND EXECUTIVE DIRECTORS**

- Collectively responsible for promoting the long-term sustainable success of the Group for the benefit of our stakeholders.
- Lead and direct the Group by setting the purpose and strategy, overseeing management, monitoring and assessing culture.

**Nomination Committee** | **Remuneration Committee** | **ESG Committee** | **Audit and Risk Committee**

- Assist the Group Board in the fulfilment of its duties and responsibilities.
- Oversee activities within each Committee's Terms of Reference.
- Report to the Group Board via the Committee Chairs on the matters discussed at Committee meetings.

**SENIOR EXECUTIVE TEAM ("SET")**

- Comprises the Group CEO and CFO (the Executive Directors), CPO, UK MD – Meals, UK MD – Bakery, and US COO. Note that, until November 2024, the UK Finance Director (now CFO) was part of the SET.
- The Executive Directors share feedback from the SET meetings with the Group Board.
- Meets on a regular basis throughout the year (on a schedule aligned to the Group Board meetings) to focus on strategic, operational, commercial, financial (including capital allocation), regulatory and risk matters.
- Other senior leaders in the business (across risk, regulatory, finance and strategy) are invited to the meetings of the SET from time to time.

**REGIONAL BOARDS**

**UK operations** | **UK customers** | **US** | **China**

- Undertake monthly structured reviews of the business on a regional basis which supports strategic decision-making and operational activity in each region.
- Meet regularly to discuss operational, commercial, regulatory and risk matters affecting the business.
- The Executive Directors share feedback from the Regional Boards with the Group Board.

# MEET OUR GROUP BOARD

## SIMON BURKE
Non-executive Chairman

NC

**Skills and experience:** Simon is a Chartered Accountant with extensive experience within the retail and food sectors. Following multiple high-profile CEO positions, Simon completed the successful restructure and sale of Hamleys plc between 1999 and 2003, as its Chairman and Chief Executive. Since then, he has specialised in value creation roles for both quoted and private equity-backed businesses, acting as Chair for many consumer businesses, including Majestic Wine, Mitchells & Butlers, Bathstore.com and Superquinn.

**Appointment:** Non-executive Director of Bakkavor since February 2017, appointed as Chairman in October 2017.

**External appointments:** Chairman of Blue Diamond Limited, Independent Non-executive Director of Allwyn UK.

## MIKE EDWARDS
Chief Executive Officer

**Skills and experience:** Mike started working in fresh prepared food in 1989 as a graduate at United Biscuits (subsequently acquired by Heinz) before joining Bakkavor in 2001. Mike started his career in HR before quickly moving onto operations and then general management.

**Appointment:** joined Bakkavor in 2001, appointed Chief Operating Officer in 2014, joined the Board in 2020, became Chief Executive Officer in 2022.

**External appointments:** none.

## LEE MILEY
Chief Financial Officer

Group Board ESG Sponsor

**Skills and experience:** Since joining Bakkavor, Lee has held several finance, business improvement, M&A and investment management roles. In his previous role as Investment Manager, Lee identified and led acquisition opportunities in the UK (New Primebake), France (4G), Italy (Italpizza) and Czech Republic (Heli Foods). Since his appointment as UK Finance Director, he has overseen various functions and projects, including site closures, new business development, and starting up what is now Operational Excellence. Lee studied Finance & Law at De Montfort University in Leicester, then trained as a Chartered Accountant during his four years with Coopers & Lybrand.

**Appointment:** joined Bakkavor in 1998, appointed UK Finance Director in 2014, Chief Financial Officer and Executive Director since November 2024.

**External appointments:** none.

**Group Board Committees**

NC Nomination Committee pg 105
AC Audit and Risk Committee pg 110
ESG ESG Committee pg 120
RC Remuneration Committee pg 123
Committee Chair

## SANJEEVAN BALA

Independent, Non-executive Director

Designated workforce engagement Non-executive Director

ESG AC RC

**Skills and experience:** Sanjeevan is a multi-award-winning data and analytics professional who has operated across a range of sectors and brings expertise in digital transformation, data and AI science, innovation and culture. He has a proven track record of driving customer-centric business transformations through the strategic use of data, resulting in EBIT and revenue growth. Sanjeevan has had exposure to the food and beverage sector through his time consulting with PwC to Bestfoods, and through his time with Dunnhumby working with Tesco.

**Appointment:** Non-executive Director of Bakkavor since August 2021.

**External appointments:** Independent Non-executive Director and member of the Audit and Risk, Nomination and Remuneration Committees of SThree plc. Co-Chair of the Chief Data and AI Office Board at Evanta and on the Advisory Board of DataIQ.

## UMRAN BEBA

Independent, Non-executive Director

Designated Non-executive Director for ESG matters

ESG NC AC RC

**Skills and experience:** Umran is an experienced senior business executive with a general management background and significant expertise in talent and diversity. She spent 25 years at PepsiCo Inc in commercial and functional roles, also serving as Senior Vice President, Chief Global Diversity and Engagement Officer. From 2010 to 2015, she served as an Independent Non-executive Director on the board of Calbee, Inc, a major Japanese snack foods manufacturer, and from 2012 to 2020 was a Future Council Member of the World Economic Forum. She holds an MBA and a Bachelor of Science degree in Industrial Engineering from Bogazici University in Istanbul.

**Appointment:** Non-executive Director of Bakkavor since September 2020.

**External appointments:** partner at August Leadership, and serves on the board of the International Youth Foundation, Baltimore and BIS Çözüm.

## JILL CASEBERRY

Independent, Non-executive Director

Senior Independent Director

RC NC

**Skills and experience:** Jill has extensive sales, marketing and general management experience across multiple blue-chip food and beverage companies including Mars, PepsiCo and Premier Foods. Jill brings deep understanding of the food industry, and has been involved in turnaround and growth situations for a range of branded and own-label businesses.

**Appointment:** Non-executive Director of Bakkavor since March 2021.

**External appointments:** Non-executive Director, Remuneration Committee Chair, and Audit/ Nomination/ESG Committee member of Bellway plc and Halfords Group plc. Senior Independent Director of Halfords Group plc, and Non-executive Director, Remuneration and Audit Committee member of C&C Group plc. Senior Independent Director, Remuneration Committee Chair and a member of the Audit/ Nomination Committees of St. Austell Brewery Company Limited.

## ROBERT (BOB) BERLIN

Non-independent, Non-executive Director

**Skills and experience:** Bob is a senior investment professional with strategic operating experience across the consumer goods, food, manufacturing, technology and services sectors. From 2008 to 2018, Bob was principally responsible for private equity investments at the Baupost Group, aggregating more than $5bn in total enterprise value. Bob received a Bachelor of Science degree with Honors from Washington and Lee University.

**Appointment:** Non-executive Director of Bakkavor since January 2024.

**External appointments:** Founder and Managing Partner of LongRange Capital L.P. and Director of BL Memorial Holdings, L.L.C.

## AGUST GUDMUNDSSON

Non-independent, Non-executive Director

**Skills and experience:** Agust received his education from the College of Ármúli in Reykjavik, Iceland. As one of the founders of Bakkavor, Agust's deep business know-how and understanding of the fresh prepared food market has been an essential building block for the company's direction and values.

**Appointment:** one of the founders and a Non-executive Director of Bakkavor since November 2022, Executive Chairman from 1986 through to May 2006, and Chief Executive Officer from 2006 to November 2022.

**External appointments:** none.

## LYDUR GUDMUNDSSON

Non-independent, Non-executive Director

NC

**Skills and experience:** Lydur has unique expertise and insight into the Company's business as a founder of Bakkavor. He received his education from the Commercial College of Iceland.

**Appointment:** one of the founders and a Non-executive Director since January 2017, Chief Executive Officer from 1986 to 2006 and Non-executive Chairman from 2006 to 2017, Chairman of Exista from 2006 to 2010.

**External appointments:** none.

**Group Board Committees**

NC Nomination Committee pg 105
AC Audit and Risk Committee pg 110
ESG ESG Committee pg 120
RC Remuneration Committee pg 123
Committee Chair

## DENIS HENNEQUIN

Independent, Non-executive Director

NC ESG

**Skills and experience:** Denis has extensive leadership experience within the retail sector, spending the majority of his career with the McDonald's Corporation in a variety of senior financial and operational roles before becoming President and Chief Executive Officer of McDonald's Europe, where he was responsible for changing the image and concept, securing its market-leading position. In 2011 Denis was appointed Chairman and CEO of Accor, where he was responsible for an estate spread across 90+ countries, leaving in 2013 to pursue an advisory and portfolio career.

**Appointment:** Non-executive Director of Bakkavor since February 2017.

**External appointments:** Non-executive Director of JDE Peet's, Elior and Expresso House. Vice-Chairman of Pret A Manger, Chairman of Kellydeli, and a founding partner of investment fund French Food Capital.

## JANE LODGE

Independent, Non-executive Director

AC ESG

**Skills and experience:** Jane spent 25 years with Deloitte where she advised multinational companies, including businesses in the transport, leisure, consumer and technology sectors. Since 2012 she has served as a Non-executive Director and Audit Committee Chair at several UK public companies in a range of sectors. In addition to broad international experience in a range of sectors, Jane brings substantial audit, risk and audit committee expertise to the Board.

**Appointment:** Non-executive Director of Bakkavor since April 2018.

**External appointments:** Non-executive Director and Chair of the Audit Committees of FirstGroup plc and TI Fluid Systems plc, and Non-executive Director and Chair of the Remuneration Committee of Glanbia plc. On 28 February 2025 it was announced that Jane would be appointed as an independent Non-executive Director of Morgan Advanced Materials plc, effective 1 June 2025.

## ANNABEL TAGOE-BANNERMAN

Group General Counsel and Company Secretary

**Skills and experience:** Annabel has held senior legal positions in several companies, including Britvic plc and Ladbrokes plc. She was the Group General Counsel and an Executive Committee member at Ladbrokes plc. Annabel began her career in private practice, at the multinational law firm SJ Berwin LLP, in London. Annabel obtained her post-graduate law degree at The University of Law, UK and qualified as a solicitor (England and Wales) in March 2005. She is also a Chartered Company Secretary (ACIS) and an alumna of London Business School.

**Appointment:** joined Bakkavor as Group General Counsel and Company Secretary in June 2019.

**External appointments:** Non-executive Director of Edinburgh Investment Trust plc.

# BOARD LEADERSHIP AND COMPANY PURPOSE

The Group Board challenges strategy, performance and the responsibility of management. This serves to align our purpose, strategy and culture, promote the long-term success of the Group, and create value for all our stakeholders.

### THE ROLE AND RESPONSIBILITIES OF THE GROUP BOARD

The Group Board provides effective and entrepreneurial leadership by setting the long-term strategic direction of the Group. It oversees and monitors the internal controls, principal risks and the risk management of the Group. In addition, The Group Board challenges management's performance against, and implementation of, our strategy, whilst aligning it to the purpose and values which underpin the culture of the business.

It is collectively responsible for promoting the long-term success of the Group through the creation and delivery of sustainable stakeholder value. In exercising this responsibility, the Group Board considers the needs of all relevant stakeholders and its contribution to wider society. The Group Board endeavours to ensure that workforce policies and practices are in line with our values and support long-term sustainable success.

It is accountable for ensuring that, as a collective body, it has the appropriate skills, knowledge, experience and resources in place to meet its objectives and perform its role effectively. The Group Board is provided with timely and comprehensive information to enable it to discharge its responsibilities, to encourage strategic debate and to facilitate robust, informed and timely decision-making. The Group Board also receives regular presentations from key heads of functions and updates from the Chair of each Committee.

**PURPOSE**

To lead the way through flawless execution, delighting customers and consumers with fresh, convenient and great-tasting food that we create every day.

**CULTURE**

To empower and support all our stakeholders by living our values.

**RESPECT AND TRUST EACH OTHER**

We have a culture of collaboration, openness and honesty, ensuring that we treat all colleagues with equal respect. Our values are people-focused and the foundation of our culture. They guide our behaviours, reflecting who we are today and aspire to be tomorrow.

**KEEP THE CUSTOMER AT THE HEART OF WHAT WE DO**

Our customers and suppliers remain at the core of how we operate. We value and protect our partnerships, maintain our commitment to the highest standards of food safety, integrity and quality, innovate to help customers stay ahead, and work together to anticipate future needs.

**GET IT RIGHT, KEEP IT RIGHT**

It is important that we establish and maintain correct standards, stay safe and look after ourselves and each other. We take responsibility for the impact of our actions on the environment and in our communities.

**BE PROUD OF WHAT WE DO**

We take pride in our work, inspire others to act with passion and enthusiasm, and look for ways to improve the way we work.

### RISK MANAGEMENT AND INTERNAL CONTROL

The Group Board ensures the effective identification and management of key strategic and emerging risks, and the review and approval of the ongoing risk management process, including clear policies that outline what can be considered an acceptable level of risk.

The Group Board has established procedures to:

- Manage risk, oversee the internal control framework and determine the nature and extent of the principal risks that Bakkavor is willing to take in order to achieve its long-term strategic objectives.
- Ensure the maintenance of the Group's risk management and internal control systems, reviewing them annually.

The Directors confirm that the Group Board has carried out a robust assessment of the principal and emerging risks facing the Group, including those that would threaten its business model, future performance, solvency and liquidity. No significant failings or weaknesses were identified in the Group Board's assessment of the Group's systems of risk management or internal control.

### INTERNAL CONTROLS OVER FINANCIAL REPORTING

The Group's financial reporting process has been designed to provide assurance regarding the reliability of the financial reporting and preparation of its Financial Statements, including Consolidated Financial Statements, for external purposes, in accordance with UK-adopted International Financial Reporting Standards ("IFRS").

The annual review of the effectiveness of the Group's system of internal controls included reviews of systems and controls relating to the financial reporting process.

Internal controls over financial reporting include procedures and policies that:

- Pertain to the maintenance of records that, in reasonable detail, accurately and fairly reflect the transactions of the Group.
- Provide reasonable assurance that:
  - Transactions are recorded as necessary to allow the preparation of Financial Statements.
  - Receipts and expenditures are being made only in accordance with authorisations of management and Directors.
- Provide reasonable assurance regarding prevention or timely detection of unauthorised acquisition, use or disposal of Group assets that could have a material effect on the Group's financial and operational controls, and compliance with laws and regulations.

### PURPOSE AND CULTURE

The Group Board sets the Group's purpose and assesses its culture. Both are key to strengthening the Group's impact among its stakeholders and are supported by the Group's values and strategy.

### ASSESSING OUR CULTURE

All Directors act with integrity and lead by example to promote the desired culture, with the Group Board responsible for assessing and ensuring it is closely aligned with our strategic priorities. The latter are underpinned by our focus on operational excellence and being a responsible, caring and trusted partner for all our stakeholders.

The Group Board receives updates from the CPO on colleague engagement through the annual Employee Engagement Survey ("EES") and updates from the designated workforce engagement Non-executive Director on colleague engagement during site visits and attendance at the Group Employee Forums ("GEF"). Under the Group's People Plan, four areas of focus were identified following the 2023 EES: responding to change effectively and embracing new ways of doing things; providing opportunities for personal growth and development; embedding our values; and providing relevant colleague benefits. Our 2024 EES showed a 330 basis point increase in engagement to 75.1%. Responses showed a significant improvement in the proportion of people willing to recommend Bakkavor as a great place to work. We also saw significant improvements in colleagues' understanding of our values, our ESG (Environmental, Social and Governance) strategy, what our Site Employee Forums ("SEF") do and how they can help. Management responded to feedback from the 2024 EES which was completed in September 2024 and have identified the key areas of focus through 2025.

**READ MORE:**
Our people pg 34.
Key activities in 2024 pg 94.

### MONITORING OUR CULTURE

Throughout the year, the Group Board monitored the Group's culture and how our colleagues' feedback was being implemented. It received regular updates from the CPO and designated workforce engagement Non-executive Director on the role of the SEF and feedback sessions with the GEF. The Group Board reviewed the suggestions made during the feedback sessions on the involvement of the SEF in staff pay negotiations, site conditions and extending the variety of products available for colleagues at our staff shops. The Group Board recognises that the role of the SEF at sites is vital by providing an open and transparent communication forum, where employees can share their views and contribute to the wider Group operational decision-making process.

**READ MORE** pg 101.

### EMBEDDING OUR CULTURE

We define our culture as being able to empower and support all our stakeholders by putting our values at the heart of everything we do. Progress in our UK bakery division is an excellent example of how our actions are supporting a stronger culture of listening and responding to colleague feedback.

**READ MORE** pg 34.

### SCHEDULE OF MATTERS RESERVED FOR THE BOARD

Subject to company law and the Articles of Association, the Directors may exercise all of the powers of Bakkavor Group plc ("the Company") and delegate their power and discretion to Committees. Decisions reserved for the Group Board include approval of strategic plans and annual budgets, acquisitions and disposals, audited Financial Statements, and appointment of additional Directors. Its work also includes engagement with key stakeholders, including our shareholders. The powers of the Directors are set out in the Schedule of Matters Reserved for the Group Board which was updated in November 2024. This is available for review on our website www.bakkavor.com/en/governance.

### GROUP BOARD COMMITTEES

The Group Board has four Committees: the Audit and Risk Committee ("A&RC"), the ESG Committee, the Nomination Committee and the Remuneration Committee. All four Committees comprise only Non-executive Directors and each Committee has agreed Terms of Reference which are available on our website www.bakkavor.com/en/governance.

The Group Board also has a Disclosure Committee which comprises the Chairman, CEO, CFO, and Group General Counsel and Company Secretary. The Disclosure Committee has oversight of the Company's regulatory compliance with its disclosure obligations under the Market Abuse Regulation.

These Committees assist with: detailed oversight of Bakkavor's financial reporting; disclosure obligations; risk management; Internal and External Audit work; ESG matters; establishing the Remuneration Policy and overseeing its implementation; building appropriate succession and contingency plans for the Directors and Senior Executives, including overseeing workforce engagement; and establishing a diverse pipeline of talent for the Group Board, SET and senior leadership positions.

### SENIOR EXECUTIVE TEAM

The SET meets on a regular basis throughout the year (on a schedule aligned to the Group Board meetings) and the Executive Directors share feedback from the SET meetings with the Group Board.

**READ MORE** pg 85.

### CONFLICTS OF INTEREST

Directors have a duty to avoid situations in which they have, or may have, direct or indirect interests that conflict or may potentially conflict with those of the Company, unless that conflict is first disclosed and authorised by the Group Board. At each Group Board meeting, Directors declare any conflicts of interest in respect of the agenda items for the meeting and the Group Board is permitted to authorise potential conflicts that may arise and to impose such conditions or limitations as it deems fit. The Group Board confirms that the procedures in place to deal with conflicts of interest are operating effectively.

# Section 172 statement

During the year ended 28 December 2024, the Group Board has acted in accordance with Section 172(1) (a) to (f) of the Companies Act 2006 ("Section 172"), with each Director acting in the way they consider, in good faith, to most effectively promote the success of Bakkavor Group plc ("the Company") for the benefit of its members as a whole.

In doing so, the Directors considered: (a) the likely consequences of any decision in the long term; (b) the interests of the Company's employees; (c) the need to foster the Company's business relationships with suppliers, customers and others; (d) the impact of the Company's operations on the community and the environment; (e)the desirability of the Company maintaining a reputation for high standards of business conduct; and (f) the need to act fairly as between shareholders of the Company.

How the Directors fulfil their Section 172 duties:

### SKILLS, KNOWLEDGE AND EXPERIENCE

- The Group Board has a diverse set of skills, knowledge and experience which assists it in making informed decisions to promote our long-term success whilst considering the needs of our colleagues, customers, suppliers, investors and communities ("our stakeholders").

READ MORE pg 101.

### BOARD INFORMATION AND MONITORING

- A tailored agenda is agreed before each Group Board and Committee meeting by the Chairman, Committee Chair, CFO (as appropriate), and Group General Counsel and Company Secretary.
- The Group Board receives detailed papers and in-person updates from management which it queries, challenges and debates. A typical meeting will comprise: reports from the CEO and the CFO; regional reports on current trading and financial performance; and a report from the CPO on the colleague engagement plan, values and culture, and employer brand. There are also two or three deep-dives into areas of strategic importance.
- Updates are provided on the progress of agreed actions to allow the Group Board to review and adjust as situations (and stakeholder priorities) evolve.

### BOARD DISCUSSION

- All Directors constructively challenge and contribute to discussions whilst offering their perspectives, advice and strategic guidance.
- The Group Board considers stakeholder views and interests in business decisions.
- The Group Board is mindful of having substantial shareholders, but any decisions it makes are in the interests of all shareholders and the need to act fairly between them.

### STRATEGIC DIRECTION AND CULTURE

- The Group Board sets the strategic direction, values and culture of the Company.
- Our strategic priorities are underpinned by our relentless focus on operational excellence and by being a positive force and trusted partner for all our stakeholders, ensuring we maintain a reputation for high standards of business conduct.
- Bakkavor sets the expectation that stakeholder considerations are central to decision-making at all levels of the organisation.

READ MORE pg 90.

### STAKEHOLDER ENGAGEMENT

- The Group Board considers how we continually engage and foster business relationships with our customers and suppliers, and the impact of our operations on the community and environment.
- We understand that there can be different and sometimes conflicting views across our stakeholders and we seek to balance competing interests/ respond in a way that maximises value for all.

READ MORE pg 7.

## Firmly embedding Section 172(1) through the Group Board's decision-making process:

**INFORMATION GATHERING** →

- Group Board papers include table of Section 172 factors and relevant information.
- Stakeholder engagement activities are recorded, and detail included in papers where applicable.

**STRATEGIC DISCUSSIONS** →

- Section 172 factors considered in strategy discussions and decision-making, including how they underpin long-term value creation.
- Group's culture fully considers the potential impacts of decisions.
- Group Board receives updates on a timely basis and assurance where appropriate.

**DECISION-MAKING**

- Group Board updated and informed on the outcomes of its decisions.
- Actions taken as a result of engagement and dialogue with stakeholders.

# Key activities in 2024

Board meetings are an important mechanism through which the Directors fulfil their Section 172 duties. Over the following pages, we describe the Group Board's activities during 2024 and the factors affecting our stakeholders, which we consider in Board discussions.

**Our key stakeholders**

COLLEAGUES | CUSTOMERS | SUPPLIERS | INVESTORS | COMMUNITIES

## STRATEGY AND COMPANY PERFORMANCE

### GROUP

- Oversight and challenge of management's implementation of the Group strategy, embedding new tactics alongside our established strategy to continue driving positive momentum across the business.

### UK

- Attended a dedicated UK strategy session.
- Received updates on UK trading performance.
- Discussed commercial landscape and competitor environment across the UK business.
- Approved the acquisition of Moorish, the award-winning houmous brand.
- Approved capital investment projects across Meals London sites.
- Approved the potential closure of our Wigan facility, which has subsequently been confirmed.
- Discussed new business opportunities across desserts and other categories by leveraging our innovation capabilities, product quality and price competitiveness.

### US

- Attended a dedicated US strategy session.
- Approved the launch of Fresh & Simple, a new fresh prepared food ("FPF") brand bringing together the best-selling lines across our categories.
- Approved the reintroduction of our meals range with a key customer following a temporary delist in late 2022.
- Approved the roll-out of our smart manufacturing system to our site in Texas, generating a 6% efficiency gain through better visibility and control.

### CHINA

- Received regular China business and strategy updates at meetings.
- Approved the business transfer agreement for the trade and assets of our Hong Kong business.
- Approved the disposal of the China bakery business as we further simplified our operations in this region, with our remaining sites wholly focused on the supply of FPF.
- Oversaw a step up in profitability following the roll-out of a lean manufacturing initiative and on the back of improved operating leverage from volume growth.
- Approved the commencement of supply to a leading Chinese foodservice chain with a range of produce and continued to build our presence in the retail channel.

## FINANCIAL UPDATES

- Reviewed financial and non-financial KPIs, along with the Group's wider financial performance and that of the three regions, UK, US and China.
- Received updates on performance against the prior year and against the budget.
- Approved the 2025 budget, including material capital expenditure projects.
- Considered and approved the Group Tax Strategy.
- Approved an interim dividend of 3.20 pence per Ordinary share on 11 October 2024 to shareholders and agreed to propose a final dividend of 4.80 pence per Ordinary share at the AGM on 22 May 2025.
- Discussed the Group's capital allocation strategy including capital efficiency and the leverage position of the Group.
- Oversaw a disciplined approach to, and the implementation of, the capital allocation framework to enhance shareholder value.
- Received updates from the Audit and Risk Committee Chair on the Committee's oversight of financial performance.
- Approved the viability and going concern statements.
- Approved the reappointment of PriceWaterhouseCoopers LLP ("PwC") as the Company's External Auditors subject to shareholder approval at the 2025 AGM.

## GOVERNANCE AND LEGAL

- Undertook an internal performance review of the Group Board and Committees (including a performance review of the Chairman, led by the Senior Independent Director) and considered the output and recommendations.
- Approved the appointment of Lee Miley as CFO.
- Approved the termination of the relationship agreement with the Baupost Group, which resulted in Patrick Cook, Baupost's representative to the Group Board, stepping down.
- Approved the entry into the relationship agreement with LongRange Capital and the appointment of Robert Berlin as a Non-independent Non-executive Director of the Group Board, as LongRange Capital's representative.
- Approved the Annual Report and Accounts and the half-year results, going concern and longer-term viability statement, Notice of AGM and the Modern Slavery Statement which can be viewed on the Bakkavor website (bakkavor.com/en/esg/policies-and-documents).
- Reviewed and approved the Schedule of Matters Reserved for the Board.
- Received regular updates on whistleblowing and approved the Group's Whistleblowing Policy.
- Approved the Group's AI Policy.
- Oversight of governance of the implementation of our UK ERP system, including approval of scope and budget.
- Received regular updates from the Audit and Risk Committee, ESG Committee, Nomination Committee and Remuneration Committee Chairs on the activities of the Committees throughout the year.
- Received governance updates on relevant matters throughout the year and governance training was provided by our external advisers.

## RISK

- Reviewed the Group's principal risks to determine the nature and extent of the principal risks that Bakkavor is willing to take in order to achieve its long-term strategic objectives.
- Received presentations on Group risk twice in the year. These consisted of a comprehensive review and consideration of changes to both existing and emerging risks, including attention to risk appetite across principal risks and risk and control reviews conducted for each of the principal risks.
- Attended a Board Risk workshop, hosted by the Company's Internal Auditors, to identify and challenge the appropriateness of the Group's principal risks and associated risk appetite.
- Received technical updates at each meeting from the UK, US and China across health and safety, food safety and whistleblowing.
- Received an in-depth presentation from the Group Technical Director covering health and safety and food safety.
- Received risk updates from the Group IT Director to assess the impact of cyber risk, covering cyber security and AI risks and opportunities.
- Considered risk appetite in connection with major capital proposals and transformation projects (supported by detailed analysis to ensure the risks associated with each project are fully understood).
- Discussed the impact of climate change and sustainability risk on the Group.
- Received regular updates on the design, implementation and change management of our UK ERP system, including reviewing independent third-party programme assurance work.
- Received updates from the Audit and Risk Committee Chair after each Audit and Risk Committee meeting to enable the Group Board to evaluate how the Group can continue to improve the effectiveness of its approach to risk management.

## STAKEHOLDER ENGAGEMENT

### COLLEAGUES

- Reviewed feedback from our 2024 Employee Engagement Survey ("EES") and approved the areas of focus for 2025.
- Received updates from Sanjeevan Bala, designated workforce engagement Non-executive Director, and the CPO on feedback sessions with the SEF and GEF.
- Received updates on our Wellbeing strategy and our Mental Health Awareness Policy.
- Received updates on building leadership into our culture and embedding our values through our 'Better Behaviours, Better Bakkavor' workshops.
- Received updates on our Inclusion & Diversity objectives.
- Received updates on workforce remuneration and related policies, taking into account the alignment of incentives and rewards with wider Company pay policy when setting the policy for Executive Director remuneration.

### CUSTOMERS AND SUPPLIERS

- Received updates on discussions with customers and suppliers to enable price increases, helping to mitigate inflation impact, and share deflation in raw materials and other input costs.
- Received updates on business opportunities with new and existing customers.
- Oversaw engagement with suppliers on sourcing raw materials and the early identification of potential issues.
- Oversaw our Responsible Sourcing strategy, commitments and progress.

### COMMUNITIES

- Received updates on the execution of the Trusted Partner ESG strategy covering our key ESG strategic priorities of Climate and Net Zero, UK Food Waste, and Environmentally Sustainable Sourcing.
- Oversight of performance against non-financial KPIs: UK food waste, UK accidents, Group net carbon emissions and UK employee turnover.
- Reviewed and considered the Group's community initiatives, how we are delivering these and our progress in doing so.

### INVESTORS

- Held an AGM on 23 May 2024, meeting shareholders in person.
- Received updates on Bakkavor's share price performance, analyst consensus, ratings and target prices, and summary of listed peer results and investor feedback post roadshows and meetings.
- Chairman actively sought to engage with shareholders. Senior Independent Director and Committee Chairs were available for direct meetings where required.

## KEY PRIORITIES FOR THE GROUP BOARD IN 2025

- Continuing to foster relationships and engage with stakeholders, including colleagues, customers, suppliers, investors and communities.
- Engaging with capital markets to drive share price performance.
- Reviewing strategy and plan to target new business wins with competitive pricing and product innovation.
- Further strengthening our talent pipeline and leadership development offer.
- Focusing on the UK ERP implementation.
- Reviewing the UK/US long-term strategy and ensuing five-year financial plan, ensuring we consider market risks and opportunities whilst contributing to the Group's long-term success.
- Focusing on the ESG framework and its implementation, including of our science-based targets in the near term.

# GOVERNANCE IN ACTION: BOARD VISIT TO OUR LONDON SITES

Between December 2023 and June 2024, the Group Board approved capital investment projects totalling £12m. This enabled us to enhance our operations, facilities, productivity and capacity, with opportunities for innovation and packaging reduction to underpin our Group strategy across three of our sites:

- Abbeydale: new in-line steaming and boxing capability which supported incremental new business and improved quality of existing products with strategic customers, as well as a move from plastic to cardboard packaging.
- Elveden: investment in additional headroom and greater seasonal contingency across the Group, as well as a transformation of site facilities.
- Cumberland: investment in our houmous operation to remove plastic lids across most products.

During the implementation of these investments, the Group Board visited the sites for tours and presentations from the MD, General Manager and Head of Development, which focused on the projects' implementation progress and extensive benefits.

## SECTION 172 FACTORS CONSIDERED

Prior to approval, the Group Board considered how the investment would promote strategic long-term success through the creation and delivery of sustainable value for all relevant stakeholders, including customers, suppliers and colleagues.

## LONG-TERM CONSEQUENCES OF THE DECISION

With most elements of the capital projects now live, the financial and non-financial benefits are being realised for all relevant stakeholders, ensuring sites are well-placed to capitalise on future opportunities, with headroom for growth.

## FOSTERING RELATIONSHIPS WITH CUSTOMERS AND SUPPLIERS

For our customers, it is imperative we maintain our high levels of service and continue to deliver quality products. The projects at Cumberland and Abbeydale have delivered product quality improvements and unlocked innovation, resulting in improved customer category metrics. We also worked collaboratively with our suppliers to deliver these projects.

## INTERESTS OF OUR COLLEAGUES

The significant transformation at Elveden will drastically improve the experience of on-site colleagues thanks to a state-of-the-art canteen, changing room and office facilities.

The Site Leadership team has worked with the Site Employee Forums ("SEF") to share details of all the projects, from concept stage through to launch. Their feedback has helped to ensure that the projects were positively received and the benefits understood.

## IMPACT ON THE COMMUNITY AND ENVIRONMENT

The Cumberland investment enabled us to remove excess plastic from houmous dips, resulting in a plastic reduction of 137m pieces of plastic. This has been recognised y customers as a significant step towards their own corporate ESG initiatives. Lower carbon and energy efficiency have also been a key consideration for decision-making in the other projects.

## ACTING FAIRLY BETWEEN SHAREHOLDERS

The Group Board is confident that these investments are in the interests of all shareholders, as they were return-enhancing, delivered in line with the plan, created more opportunities for business wins, and improved financial performance.

## MAINTAINING OUR REPUTATION FOR HIGH STANDARDS OF BUSINESS CONDUCT

The customers of our London product offering have trust and confidence in our capability and capacity for future delivery, making us ideally placed for longer-term growth opportunities.

Overall, the investment has positively impacted the business and enhanced our stakeholder relationships. It has supported our ability to deliver fresh, convenient and great-tasting food for our customers and consumers, whilst empowering our colleagues, suppliers and communities.

READ MORE pg 91.

# GOVERNANCE IN ACTION

## Update from Sanjeevan Bala, workforce engagement Non-executive Director

Engagement with our colleagues is vitally important, as is ensuring that the voices across our diverse workforce are heard. I really enjoy engaging with our on-site colleagues whilst making sure their interests are considered in the Group Board's decision-making.

During the year, I visited six sites to meet with the leadership teams, observe operations, and discuss key site challenges and achievements. I was provided with an overview of the site background, workforce composition, and financial metrics. Each site tour allowed me to meet with our production line colleagues, discuss achievements and hear people's views on areas for improvement.

It was evident during my visits that Bakkavor has a strong, unified culture, with notable progress made in reducing employee turnover at many sites. I also saw clear efforts to ensure inclusivity and amplify diverse voices, for example: targeted workshops to better understand the wellbeing needs of different communities and evolve the benefits available; the introduction of cultural events to understand and celebrate different traditions across a wide range of ethnicities; and multi-faith prayer rooms at all the sites to support colleagues who observe religious ceremonies and prayer times.

Each location has a Site Employee Forum ("SEF"). The SEFs strive to help colleagues express their views to the senior leadership teams, contributing to wider operational decision-making. This helps to support the execution of our strategy, with SEF discussions covering topics such as business unit performance, opportunities to improve efficiency, or supporting our communities through charity partnership and local grassroots initiatives.

We discussed areas for improvement, such as evolving the SEF model to focus on specific roles (e.g. communications to our product line colleagues, organising cultural events, local community outreach), improving site conditions, and the involvement of the SEFs in staff pay negotiations. We have started to make progress against these priorities, including a £7m investment in the refurbishment of our staff shops and the expansion of their product offering, with further improvements in progress. It struck me that our sites are critical to the redistribution of food, which supports local food banks and our Group strategy's focus to reduce food waste.

This is also a key part of our ESG Trusted Partner strategy, and increasingly important as cost-of-living challenges persist for both our colleagues and wider communities.

In April, I had the opportunity to present to the Group Employee Forum ("GEF") on Bakkavor's Executive compensation and framework. The GEF comprises SEF representatives at Group level, providing an open and regular channel of communication between colleagues and management.

The GEF provided valuable feedback on areas such as our transparency around Executive pay and our long-term view to ensure ongoing business success and sustainability. I discussed this feedback with the Group Board and updated the GEF in November. The GEF suggested we provide materials to explain Executive pay to the wider workforce as they were pleased to hear how a wide range of metrics were used to drive reward. In fact, it was an earlier GEF conference that suggested the inclusion of carbon emissions, which led to a comprehensive discussion at the Remuneration Committee and Group Board. The feedback was then actioned and has been incorporated into LTIP rewards.

By engaging with our workforce, we continue to strengthen our connection with colleagues, driving long-term sustainable growth. I plan to attend further GEF sessions and visit other sites throughout the year to hear how the 2024 EES is shaping our focus for 2025, so that colleagues' views, concerns and ideas remain a feature of our Group Board discussions.

# SECTION 2: DIVISION OF RESPONSIBILITIES

## The Group Board is satisfied that there is a clear division of responsibility between the leadership of the Group Board and the Executive leadership of the business.

Through the leadership of the Chairman, a culture of debate and open dialogue is promoted with the effective contribution of all Non-executive Directors who provide constructive challenge and hold management to account.

### KEY ROLES AND RESPONSIBILITIES

| | |
|---|---|
| Non-executive Chairman<br>**Simon Burke** | There is a clear division of responsibilities between the roles of the Group Board Chairman ("the Chairman") and the CEO. It is the role of the Chairman to lead the Board. His leadership style fosters a culture of openness, active participation, dialogue and debate at Group Board level. He facilitates the right conditions for effectiveness across the Group Board and its Committees.<br><br>The Chairman promotes effective communication between the Group Board, Senior Executives, shareholders and other key stakeholders. Through regular investor relations updates and investor engagement feedback, the Chairman ensures that the Group Board, as a whole, has a clear understanding of investors' views, and how those views have influenced its decisions. |
| CEO<br>**Mike Edwards** | Reporting to the Chairman, the CEO has specific responsibility for recommending the Group's strategy to the Group Board, executing the strategy once approved, and overseeing the day-to-day running of the business, driving shareholder value and developing strong relationships with stakeholders.<br><br>In undertaking such responsibilities, the CEO is supported by the Senior Executive Team ("SET"). The CEO is also responsible for the recruitment and development of the Group's SET below Group Board level. |
| CFO<br>**Lee Miley**[1] | The CFO is primarily responsible for managing the financial affairs of the Group and optimising its financial performance. The CFO supports the CEO in implementing the Group's strategy and is also responsible for Internal Audit and risk management, the Group Treasury, Tax, Investor Relations, and Information Systems functions. |
| Non-executive Directors<br>**Sanjeevan Bala**<br>**Umran Beba**<br>**Robert Berlin**[2]<br>**Simon Burke**<br>**Jill Caseberry**<br>**Agust Gudmundsson**<br>**Lydur Gudmundsson**<br>**Denis Hennequin**<br>**Jane Lodge** | The role of the Non-executive Directors is to offer guidance and advice to the Group Board as a whole and the Executive Directors in particular, drawing on their wide experience across many industries. They also provide scrutiny, constructive challenge and oversight of the Executive Directors and Senior Executives. The roles and responsibilities of each Non-executive Director are approved by the Group Board and set out in their letters of appointment.<br><br>Of the nine Non-executive Directors, six are Independent and three are Non-independent. Independent and Non-independent Non-executive Directors assess, challenge and monitor the Executive Directors' delivery of strategy within the risk appetite and governance structures agreed by the Group Board.<br><br>As Group Board Committee members, they also review the integrity of the Group's Financial Statements, recommend appropriate succession plans, monitor Group Board diversity, oversee the execution of the Group's ESG strategy and set the Directors' remuneration. |
| Senior Independent Director<br>**Jill Caseberry** | The Senior Independent Director ("SID") acts as a sounding board for the Chairman and serves as a trusted intermediary for the other Directors when necessary. The SID is also available to shareholders if they are unable to resolve any concerns through communication with the Chairman, the CEO or other Executive Directors, or when shareholders prefer to speak to the SID directly.<br><br>The SID is responsible for evaluating the performance of the Chairman on behalf of the other Directors. Led by the SID, the Non-executive Directors meet without the Chairman at least annually to appraise the Chairman's performance, and on other occasions as necessary. |

1 Lee Miley was appointed to the Group Board on 1 November 2024 and Ben Waldron stepped down from the Group Board on 31 October 2024.
2 Robert Berlin was appointed to the Group Board on 16 January 2024 and Patrick Cook stepped down from the Group Board on 16 January 2024.

| | |
|---|---|
| Designated workforce engagement Non-executive Director **Sanjeevan Bala** | The Group Board has designated a Non-executive Director with the role of ensuring that the Group Board is kept informed of the views, interests and wellbeing needs of the Group's workforce. He ensures that the views, interests and wellbeing of the workforce are considered in Group Board discussions where relevant and provides regular updates to the Group Board on the learnings in relation to colleague engagement, culture and/or development initiatives. |
| Group General Counsel and Company Secretary **Annabel Tagoe-Bannerman** | The Group General Counsel and Company Secretary, whose appointment and removal is a matter for the Group Board as a whole, is responsible for advising the Group Board on all governance matters and ensuring that Board policies and procedures are followed. The Group General Counsel and Company Secretary is available to each of the Directors for any advice or additional support they may require. She leads the Legal function and the Group Company Secretariat and is responsible for administering Bakkavor's Share Dealing Code and organising the AGM. |

## NON-EXECUTIVE DIRECTOR TIME COMMITMENT

Each Director commits to dedicating an appropriate amount of time to their duties during the financial year and it is expected that each Non-executive Director will meet this time commitment, pursuant to their letters of appointment. Where Directors are unable to attend meetings, they are encouraged to give the Chairman their views in advance on the agenda items. They also have the option to join meetings virtually.

## EXTERNAL APPOINTMENTS

In advance of any new Group Board appointments, each potential new Non-executive Director is asked to disclose details of all other directorships and significant commitments, together with a broad indication of the time commitment associated with such other directorship(s) or significant commitment(s).

Prior to undertaking any additional external appointments, Directors must seek prior approval of the Group Board. Before approving any additional external appointments, the Group Board considers the time commitment required for the role, as well as the experience, skills and other commitments of the Director.

Each proposed external appointment is reviewed independently. The Company recognises that external appointments enable Directors to broaden their knowledge and experience. However, they must not interfere or conflict with their roles on the Group Board.

In respect of Sanjeevan Bala's appointment to the role of Independent Non-executive Director of SThree plc in April 2024, the Group Board approved the appointment following a review of Sanjeevan's time commitment required for the role, as well as his experience, skills and other commitments.

Jane Lodge has been appointed as an independent Non-executive Director of Morgan Advanced Materials plc, effective 1 June 2025. On 5 February 2025, the shareholders of TI Fluid Systems plc ("TI Fluid Systems") approved the terms of the recommended offer from ABC Technologies Acquisitions Limited to acquire the entire issued, and to be issued, ordinary share capital of TI Fluid Systems by way of a court-sanctions scheme of arrangement under Part 26 of the Companies Act 2006 (the "Acquisition").

This Acquisition is expected to become effective in the first half of 2025. Jane Lodge will then step down from the board of TI Fluid Systems.

When approving Jane's appointment to the board of Morgan Advanced Materials plc, the Group Board considered the timing of Jane's appointment and the potential effective date of the TI Fluid Systems Acquisition and consequently Jane stepping down from the board, and agreed that, in line with guidelines as to the number of external directorships considered acceptable, this new appointment will not adversely impact the time commitment required for her role as a Non-executive Director.

## MONITORING NON-EXECUTIVE DIRECTOR INDEPENDENCE

During the Group Board and Committees' annual effectiveness review, the Nomination Committee and the Group Board review the independence of the Non-executive Directors, giving consideration to the circumstances which are likely to impair, or could appear to impair, a Non-executive Director's independence, as set out in Provision 10 of the UK Corporate Governance Code 2018 ("the Code"). With the exception of Agust Gudmundsson, Lydur Gudmundsson and Robert Berlin (Group Board representative of LongRange Capital since 16 January 2024), the Group Board considers the remaining Non-executive Directors to be independent and the Chairman was considered to be independent on appointment.

## TENURE

The Company maintains clear records of the terms of service of the Chairman and Non-executive Directors to ensure that they continue to meet the requirements of the Code. Neither the Chairman nor any of the Non-executive Directors have exceeded the maximum nine-year recommended term of service set out in the Code.

| | |
|---|---|
| **Simon Burke** | Oct 2017 |
| **Mike Edwards** | Dec 2020 |
| **Lee Miley** | Nov 2024 |
| **Sanjeevan Bala** | Aug 2021 |
| **Umran Beba** | Sep 2020 |
| **Robert Berlin** | Jan 2024 |
| **Jill Caseberry** | Mar 2021 |
| **Agust Gudmundsson** | Nov 2022 |
| **Lydur Gudmundsson** | Oct 2017 |
| **Denis Hennequin** | Oct 2017 |
| **Jane Lodge** | Apr 2018 |

## TENURE (%)

# SECTION 3: COMPOSITION, SUCCESSION AND EVALUATION

The Group Board continuously evaluates the balance of skills, experience, diversity, knowledge and independence among the Directors.

### GROUP BOARD COMPOSITION

The Group Board consists of a total of 11 Directors – two Executive Directors and nine Non-executive Directors – and collectively is well-resourced, with a combination of skills, experience and knowledge. Within this report, we have set out biographical details of each of the Directors, along with each of their individual dates of appointment.

READ MORE pg 76.

### MEETING ATTENDANCE

The Group Board held eight scheduled meetings during the year and the meeting attendance is set out below.

Sufficient time is provided, periodically, for the Chairman to meet privately with the Senior Independent Director and the Non-executive Directors to discuss any matters arising.

#### CURRENT DIRECTORS EXCEPT AS NOTED

| | Group Board | AGM |
|---|---|---|
| Total number of meetings in 2024 | 8 | 1 |
| | Meetings attended/scheduled meetings eligible to attend | |
| **Executive Directors** | | |
| Mike Edwards | ●●●●●●●● 8/8 | ● 1/1 |
| Lee Miley[1] | ● 1/1 | n/a |
| Ben Waldron[2] | ●●●●●●● 7/7 | ● 1/1 |
| **Non-executive Directors** | | |
| Simon Burke (Chairman) | ●●●●●●●● 8/8 | ● 1/1 |
| Sanjeevan Bala | ●●●●●●●● 8/8 | ● 1/1 |
| Umran Beba | ●●●●●●●● 8/8 | ● 1/1 |
| Robert Berlin[3] | ●●●●●●●● 8/8 | ● 1/1 |
| Jill Caseberry | ●●●●●●●● 8/8 | ● 1/1 |
| Agust Gudmundsson | ○●●●●●●● 7/8 | ● 1/1 |
| Lydur Gudmundsson | ●●●●●●●● 8/8 | ● 1/1 |
| Denis Hennequin | ○●●●●●●● 7/8 | ● 1/1 |
| Jane Lodge | ●●●●●●●● 8/8 | ● 1/1 |

1 Lee Miley was appointed to the Group Board on 1 November 2024.
2 Ben Waldron stepped down from the Group Board on 31 October 2024.
3 Robert Berlin was appointed to the Group Board on 16 January 2024 and Patrick Cook stepped down from the Group Board on 16 January 2024.

## GROUP BOARD COMMITTEE COMPOSITION

| Director | Audit and Risk Committee | Remuneration Committee | Nomination Committee | ESG Committee | Other |
|---|---|---|---|---|---|
| Sanjeevan Bala | 🔵 | 🔵 | | 🔵 | Designated workforce engagement NED |
| Umran Beba | 🔵 | 🔵 | 🔵 | 🔴 | Designated NED for ESG matters |
| Robert Berlin | | | | | |
| Simon Burke | | | 🔴 | | |
| Jill Caseberry | | 🔴 | 🔵 | | Senior Independent Director |
| Lydur Gudmundsson | | | 🔵 | | |
| Agust Gudmundsson | | | | | |
| Denis Hennequin | | | 🔵 | 🔵 | |
| Jane Lodge | 🔴 | | | 🔵 | |

🔴 Committee Chair 🔵 Committee member

## GROUP BOARD SKILLS AND EXPERTISE

In light of the current and future needs of the Group Board, part of the role of the Chairman and the Nomination Committee is to maintain a balance of skills and expertise on the Group Board, and to recommend changes, where required, to maintain that balance. For this, they take account of the Group Board knowledge and skills matrix, which identifies key areas of diversity, skill or experience that add to the effectiveness and reach of the Group Board.

During the year, the Directors completed a self-capability assessment to inform our Group Board skills matrix, to support our succession planning and enable us to identify any potential gaps that may arise when Directors retire from the Group Board. Collectively and individually, the Directors are highly experienced with a wide range of skills, understanding and expertise which facilitates effective and entrepreneurial leadership.

### GROUP BOARD SKILLS AND EXPERIENCE

| | |
|---|---|
| **Executive experience**<br>●●●●●●●●●●○ | **Financial acumen**<br>●●●●●●●●●●● |
| **PLC board experience**<br>●●●●●●●●●●○ | **Corporate transactions (M&A/capital management)**<br>●●●●●●●●●●● |
| **Strategy**<br>●●●●●●●●●●● | **Food retail**<br>●●●●●●○○○○○ |
| **International**<br>●●●●●●●●●●● | **General retail**<br>●●●●●○○○○○○ |
| **Climate/ESG**<br>●●●●●●●●●○○ | **Digital, data and technology**<br>●●●●●○○○○○○ |
| **People/culture**<br>●●●●●●●●●○○ | **Risk management**<br>●●●●●●●●●●● |

● Dark circles represent the number of Directors with relevant skills, knowledge or experience.

Further information about the skills and experience of each Director and appointments to the Group Board can be found on page 86.

## GROUP BOARD SUCCESSION

More information on Group Board succession is available in our Nomination Committee's report.

READ MORE pg 105.

## GROUP BOARD INDUCTIONS

Following appointment, each Director receives a comprehensive and formal induction to understand their duties, as well as Bakkavor's business operations and risk and governance arrangements. The induction programme, co-ordinated by the CPO and the Group General Counsel and Company Secretary, includes briefings on industry and regulatory matters relating to Bakkavor, site visits, and face-to-face meetings with the SET, senior leaders and different teams within the business.

## ONGOING PROFESSIONAL DEVELOPMENT AND SKILLS TRAINING

To facilitate greater awareness and understanding of Bakkavor and the environment in which it operates, all Directors are given regular updates on changes and developments in the business. Directors continually update and refresh their skills and knowledge and seek independent professional advice when required. Throughout the year, the Directors received training on governance-related matters and external advisers were invited to attend Board meetings as appropriate. In FY24, this included, for example, training on corporate governance, corporate reform and internal controls, sustainability and climate transition planning. Directors also received presentations throughout the year from various departments within the business. These covered key topics including financial performance, human resources, legal, audit, risk and compliance, food safety, health and safety, sustainability, investor relations, corporate governance and corporate finance.

## ANNUAL RE-ELECTION OF THE GROUP BOARD

The rules governing the appointment and replacement of Directors can be found in the Articles of Association, the Code, the Companies Act 2006 and related legislation. Under the Terms of Reference of the Nomination Committee, any appointment must be recommended by the Nomination Committee for approval by the Group Board.

In compliance with the Code, all Directors will retire and offer themselves for election or re-election, as appropriate, on an annual basis. At our seventh AGM, held on 23 May 2024, each Director offered himself or herself for election or re-election as a Director. All Directors will retire at the 2025 AGM to be held on 22 May 2025 and offer themselves for election or re-election, as appropriate.

# Group Board and Committees' performance review

### INTERNAL GROUP BOARD AND COMMITTEES' PERFORMANCE REVIEW

In accordance with the Code, there should be formal and rigorous annual evaluation of the performance of the Board, its Committees, the Chair and individual Directors and an externally facilitated Board evaluation at least every three years.

The Group Board operates a three-year cycle of performance reviews, and our 2023 Group Board and Committee performance review was externally facilitated by Clare Chalmers Ltd, an independent provider of Board performance reviews, with no connections to the Group or any individual Directors.

This year's Group Board and Committees' performance review was an internal review, undertaken in November 2024 and facilitated by the Group General Counsel and Company Secretary ("the 2024 internal performance review").

### PROCESS

The 2024 internal performance review was based on a questionnaire which covered the topics and themes from the 2023 externally facilitated performance review.

The initial conclusions from the 2024 internal performance review were discussed with the Chairman and a report was prepared by the Group General Counsel and Company Secretary, which was circulated to all members of the Group Board and Committees, then presented to the Group Board and discussed at its January 2025 meeting.

### FINDINGS

The report concluded from the feedback to the questionnaire that Bakkavor operated an efficient and effective Group Board which continues to be able to draw on some considerable strengths including:

- Skilled and committed Non-executive Directors.
- Positive, collaborative relationships, based on openness, trust and a strong sense of common purpose.
- A dynamic new Senior Management Team bringing new ideas and energy to the business.
- Clear values and purpose, which are well-socialised throughout the organisation.
- Good relationships with stakeholders, including shareholders, employees and customers.
- Progress on the ESG agenda resulting in ongoing reductions in UK food waste, accidents and turnover.

### 2024 INTERNAL PERFORMANCE REVIEW RECOMMENDATIONS

- Oversee Group Board succession planning and the recruitment of new Independent Non-executive Directors, as some of the more experienced Board members prepare to stand down in the next two years.
- The Group Board to receive a deeper dive into ESG objectives, in addition to ESG training on the UK Transition Plan Taskforce framework.
- Continue to oversee the Company's adoption of the newly introduced UK Corporate Governance Code 2024 ("the 2024 Code").

As well as considering the results of the 2024 internal performance review, the Group Board also reviewed performance against the recommendations identified in the 2023 externally facilitated performance review, with the following actions taken during 2024:

- Continued to drive the Group Board's work on the strategy and provide opportunities to widen some of the Group Board's discussions on key strategic issues.
- The Group Board oversaw and monitored Executive succession planning and received updates on the plan for fostering talent and preparing Executives for leading roles.
- The Group Board received regular updates on the work of the designated workforce engagement Non-executive Director and engagement with the workforce.
- The Group Board received an in-depth risk workshop facilitated by Bakkavor's Internal Auditors, to identify and challenge the appropriateness of the Group's principal risks and associated risk appetite.

# NOMINATION COMMITTEE REPORT

> During the year, the Committee oversaw the selection and appointment of our new CFO, as well as multiple initiatives in response to feedback from our Employee Engagement Survey.

**Simon Burke**
Chair of the Nomination Committee

## Committee purpose

To review the structure, size and composition of the Group Board, and make recommendations on new appointments of Executive and Non-executive Directors.

### COMMITTEE MEETINGS AND MEMBERSHIP

The Committee consists of three Independent Non-executive Directors, one Non-independent Non-executive Director, and the Chair of the Committee who is also the Group Board Chair.

READ MORE pg 86.

**4**

meetings were held during the year.

### MAIN DUTIES OF THE COMMITTEE

To review and report on the leadership and succession needs of the Group. The Committee also ensures that appropriate procedures are in place for nominating, training, evaluating and succession planning for the Group Board and the senior leadership team. In performing its role, the Committee considers the benefits of diversity in terms of gender, social and ethnic backgrounds, and cognitive/personal strengths. The Committee is vital to maintaining a strong, progressive and effective Group Board and Senior Executive Team ("SET") that deliver our long-term strategic objectives.

Details of members' attendance at the meetings are set out below:

| Member | Meetings attended/ Total meetings held | % of meetings attended |
|---|---|---|
| Simon Burke (Chair) | 4/4 | 100% |
| Umran Beba | 4/4 | 100% |
| Jill Caseberry | 4/4 | 100% |
| Lydur Gudmundsson | 4/4 | 100% |
| Denis Hennequin | 3/4 | 75% |

The Committee discharges its responsibilities appropriately through a series of scheduled meetings during the year, linked to the Committee's Terms of Reference, which are available on the Bakkavor website (bakkavor.com/en/governance) and were last updated in January 2025. After each meeting, the Committee Chair reports activities and recommendations to the Group Board as appropriate.

The Group General Counsel and Company Secretary attends all Committee meetings to record minutes and provide advice to the Directors. The CPO is invited to update on succession planning, talent acquisition, learning and development, and colleague engagement. No Director attends discussions relating to their own appointment.

## The Committee's 2024 activities

### 1 Group Board appointments

In January 2024, the Committee recommended the appointment of Robert Berlin as a Non-executive Director to the Group Board for approval.

On 5 September 2024, we announced that Ben Waldron, the CFO and Asia CEO, was stepping down from the Group Board. The Committee undertook a rigorous appointment process, which included internal and external candidates, leading to the appointment of Lee Miley as CFO, the details of which are outlined further below.

### 2 Board and Senior Leadership succession planning

A key 2024 focus was on clear succession planning for the Group Board, SET and their direct reports.

### 3 Workforce engagement

The Committee received updates from Sanjeevan Bala, the designated workforce engagement Non-executive Director.

### 4 Group Board and Committees' performance review

The 2024 Group Board and Committees' performance review was internally facilitated during the year. The internal performance review concluded that the Group Board and its Committees continue to provide effective leadership and the required levels of governance and control.

#### NOMINATION COMMITTEE ACTIONS

The Committee will continue to oversee and monitor a long-term view of Senior Leadership succession and a plan for fostering talent and preparing Executives for leading roles.

The Committee will also play a key role in the recruitment of new Independent Non-executive Directors, as some of the more experienced Group Board members prepare to stand down in the next two years.

### 5 Employee Engagement Survey ("EES")

The Committee oversaw actions taken in response to the 2023 EES feedback which informed our 2024 People Plan. It also discussed the results and recommended actions arising from the 2024 EES which will be carried out in 2025.

## DETAILS OF KEY ACTIVITIES

### GROUP BOARD APPOINTMENTS

**Robert Berlin, Non-independent Non-executive Director**

Following the transition of share ownership from Baupost to LongRange Capital, the Committee put recommendations to the Group Board regarding: the termination of the Baupost relationship agreement; Patrick Cook stepping down from the Group Board; the entry into a relationship agreement with LongRange Capital; and the appointment of Robert Berlin as a Non-independent Non-executive Director to the Group Board on 16 January 2024.

**Lee Miley, CFO**

On 5 September 2024, it was announced that Ben Waldron would be stepping down from the Board and leaving the business and would be replaced by Lee Miley, effective 1 November 2024. The search process for a new CFO was led by the Group Board Chairman and the CEO and supported by the Committee. Odgers Berndtson (an independent search consultant, which has no affiliation with the Group or any individual Director) supported the process, which was completed in accordance with the Committee's Terms of Reference.

The Committee is responsible for ensuring that the Company has a formal, rigorous and transparent process in place for Board appointments. At the start of the process, the Committee evaluated the experience, skills, knowledge and profile required for the CFO role. A role profile, including the candidate job specification, was prepared on the basis of the requirements stipulated by the CEO and the Committee. This was then shared with Odgers Berndtson, who undertook a comprehensive search and rigorous assessment of potential candidates suitable for the role. Their search resulted in an international longlist of potential candidates, which following assessment and calibration, was reduced to a shortlist of both external and internal candidates. The shortlisted candidates were interviewed by the Group Board Chairman, CEO, CPO and Chair of the Audit and Risk Committee.

Following the interviews, the Committee unanimously favoured Lee Miley as the potential successor to Ben Waldron and made a recommendation accordingly to the Group Board, which unanimously approved his appointment. Lee had joined Bakkavor in 1998 and had held many roles within both the Finance function and the broader business, with responsibilities that included the Group's approach to M&A, Operational Excellence and ESG strategy. Lee has a wealth of experience both of our industry and our business which made him the standout candidate. His appointment will ensure we maintain the momentum we have recently established.

READ MORE pg 58.

**Process for Non-executive Director appointments to the Group Board**

Prior to making new Non-executive Director appointments to the Group Board, the profile for proposed new Directors is prepared using the criteria laid down by the Committee. This considers the Group Board's knowledge and skills matrix which identifies key areas of diversity, skill or experience that would add to the effectiveness and reach of the Group Board. In all Director recruitment activity, a formal and rigorous selection process is followed, and the Committee employs the services of an experienced independent search consultant (who has no affiliation with the Group nor any individual Director, and who has adopted the Voluntary Code of Conduct for Executive Search Firms on gender diversity and best practice). A longlist of candidates is reviewed by the Committee and reduced to a credible shortlist of candidates who are then interviewed by members of the Committee. The most suitable candidate is then recommended to the Group Board for formal approval.

| Board division | Committee action |
|---|---|
| **Group Board** | Group Board knowledge and skills matrix used to inform recruitment criteria.<br>During the year, the Directors completed a self-capability assessment to inform our Group Board knowledge and skills matrix, to support our succession planning and enable us to identify any potential gaps that may arise when Directors retire from the Group Board. The Group Board knowledge and skills matrix was updated and reviewed by the Committee.<br>Collectively and individually, the Directors are highly experienced with a wide range of skills, understanding and expertise which facilitates effective and entrepreneurial leadership. |
| **Senior Executive Team** | Looked at succession planning for the SET, identifying future successors using our performance and potential framework. This aligns with our talent principles to develop leaders at all levels, invest in high potential, develop capabilities required for the next three years, and consider those who are 80% ready for a new role to be ready for promotion. |
| **Senior leaders** | Considered longer-term planning for two levels below the SET, focused on identifying potential candidates within the Group for progression, as well as areas where external recruitment may be required. |

## GROUP BOARD INDUCTIONS

Following their appointment, Robert Berlin and Lee Miley received a formal induction to become familiar with their duties, as well as Bakkavor's business operations and risk and governance arrangements. The Committee had oversight of the induction programme, which included training on regulatory and governance-related matters from our external advisers (covering topics such as corporate governance, market abuse, directors' duties), internal briefings on industry matters relating to Bakkavor and face-to-face meetings with senior leaders and different teams within the business.

## BOARD AND SENIOR LEADERSHIP SUCCESSION PLANNING

During the year, the Committee reviewed succession planning for the Group Board, SET and senior leaders to ensure a diverse pipeline of required skills and expertise.

The review included: contingency arrangements for sudden and unforeseen exits to ensure orderly replacement; medium- to long-term planning for identifying candidates within the Group; and potential areas for external recruitment. This highlighted robust plans for key roles across the business, supported by our Leadership Development programme. High-performing senior colleagues are sometimes invited to attend Group Board or Committee meetings to present on specific matters, projects or their divisions' performance, serving as good exposure for our colleagues and an opportunity for the Group Board to assess our talent pool. The Group Board is also updated on our Inclusion and Diversity plans to prioritise the development of under-represented groups through the organisation.

## BOARD COMPOSITION – NON-EXECUTIVE DIRECTORS

### Renewal of terms of appointment

The Committee recommended the reappointment of Jill Caseberry, Jane Lodge and Sanjeevan Bala to the Group Board for a further term of three years, based on their independence, performance, skills and experience which continue to contribute to the Group Board.

### Time commitment

The Committee reviewed the responsibilities of the Non-executive Directors to ensure they are sufficiently balanced, considering: time commitment; number of Group Board and Committee meetings held during the year; and preparation and attendance at those meetings. The Committee is pleased to report that there are no over-boarding concerns at the current time, and believes that the Non-executive Directors have devoted sufficient time to be effective representatives of stakeholders' interests.

In respect of Sanjeevan Bala's appointment to the role of Independent Non-executive Director of SThree plc in April 2024, the Committee reviewed Sanjeevan's time commitment required for the role, as well as his experience, skills and other commitments and recommended the appointment for approval by the Group Board.

### Independence

The Committee considered the continued independence of the Non-executive Directors and the circumstances which are likely to impair this independence, as set out in Provision 10 of the Code.

The Committee concluded that all Non-executive Directors remained independent, with the exception of Agust Gudmundsson, Lydur Gudmundsson and Robert Berlin (Group Board representative of LongRange Capital), who are all significant shareholders of the Company.

## WORKFORCE ENGAGEMENT

The Committee received updates from the CPO on engagement with Bakkavor's Site Engagement Forums ("SEF") and Group Engagement Forums ("GEF"). It reviewed feedback from the sessions on the involvement of the SEF in staff pay negotiations, site conditions and extending the variety of products available for colleagues at our staff shops. Additionally, the designated workforce engagement Non-executive Director provided updates to the Group Board.

**READ MORE** pg 98.

### Feedback from our 2024 EES

The Committee reviewed the 2024 EES results, which showed a significant improvement in the overall employee engagement scores (+3.3% since 2023). The Committee discussed the recommended action areas which it will continue to oversee in 2025.

**READ MORE** pg 34.

## INCLUSION AND DIVERSITY

Bakkavor's success relies on the skills, experience and commitment of a diverse workforce. Therefore, all appointments, including recruitments and internal promotions, are based on merit, qualification and ability, encouraging greater diversity in social and ethnic background and cognitive and personal strengths.

Beyond this, we strive to create an equal and inclusive workplace where colleagues feel valued, included and inspired to perform their best. Our Inclusion and Diversity Policy supports the delivery of the 'Trust' element of our Group strategy and can be found at: bakkavor.com/en/esg/esg-reporting.

**READ MORE** pg 44.

The Committee received regular updates on the work of the Inclusion and Diversity Forum chaired by the Group General Counsel and Company Secretary, including a programme of events to promote inclusive behaviours and focusing on the following 2024 objectives: achieving better gender balance; completing the groundwork to understand our ethnicity position; and focusing on inclusive leadership behaviours.

The Committee reviewed and agreed the Inclusion and Diversity focus areas for 2025, which are:

- Continue to focus on specific workforce groups that are less well-represented in our industry.
- Maintain the focus and effort on gender balance.
- Prepare for ethnicity pay gap reporting in 2026 (in addition to gender reporting).
- Maintain a wide focus on policy areas, practices and activities that may emotionally impact our colleagues.
- Acknowledge and celebrate the breadth of our cultural diversity.
- Understand and optimise a multi-generational workforce, improving how we mitigate the associated risks and realise the benefits.
- Newly appointed I&D Manager to focus on I&D objectives and support the above agenda.

### Local causes and community engagement

The Committee received updates on the Local Causes and Community Engagement workstream, and Bakkavor's corporate charity programme with partners GroceryAid and the Natasha Allergy Research Foundation.

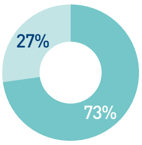
**READ MORE** pg 44.

### Group Board and Committee diversity

The Committee recognises the importance and benefits of having a diverse Group Board and Committees. It therefore considers diversity at succession discussions for the Group Board and its Committees, in line with our Group-wide I&D Policy. The Committee is proud of its progress in this area, with Bakkavor compliant with the recommendations of the Parker Review. The Group Board will continue to appoint based on merit, skills and experience, being mindful of the Hampton-Alexander and Parker Reviews, and considering all forms of diversity when the Committee reviews the Group Board and Committees' composition.

## Reporting table on sex and gender representation

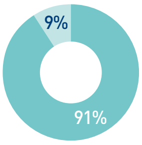
Percentage of the Group Board




| | Number of Group Board members | Percentage of the Group Board | Number of senior positions on the Board (CEO, CFO, SID and Chair) | Number in executive management | Percentage of executive management |
|---|---|---|---|---|---|
| Male | 8 | 73% | 3 | 4 | 57% |
| Female | 3 | 27% | 1 | 3 | 43% |
| Not specified/prefer not to say | – | – | – | – | – |

## Reporting table on ethnicity

Percentage of the Group Board




| | Number of Group Board members | Percentage of the Group Board | Number of senior positions on the Board (CEO, CFO, SID and Chair) | Number in executive management | Percentage of executive management |
|---|---|---|---|---|---|
| White British or Other White (including minority White groups) | 10 | 91% | 4 | 4 | 57% |
| Mixed Multiple Ethnic Groups | – | – | – | 1 | 14.3% |
| Asian/Asian British | 1 | 9% | – | 1 | 14.3% |
| Black African/Caribbean/Black British | – | – | – | 1 | 14.3% |
| Other Ethnic Group including Arab | – | – | – | | – |

The Company ensures that potential candidates for Non-executive Directors reflect the Group Board's diversity commitments in respect of gender and ethnicity. All lists of potential appointments include at least 50% female candidates, and the Company is committed to ensuring that candidates from all ethnicities are considered. For Group Board appointments, we use Executive Search Consultants signed up to the Voluntary Code of Conduct for executive search firms, setting out the key principles of best practice which include the consideration of gender diversity.

The Financial Conduct Authority's UK Listing Rule 6.6.6R(9) ("the Rule") on diversity and inclusion disclosures requires companies to explain where they do not meet the following targets: at least 40% of the Board are women; at least one senior Board position (Chair, CEO, Senior Independent Director, CFO) is held by a woman; and at least one Board member is from a minority ethnic background.

Bakkavor does not meet the target with respect to the requirement that at least 40% of the Board are women, (currently, there are three women out of the 11 members on the Group Board). It is our aim to meet this requirement when there is suitable opportunity to do so. We are pleased to report that one of Bakkavor's senior Board positions is held by a woman, following the appointment of Jill Caseberry as Senior Independent Director, effective 1 January 2023, and one Board member is from a minority ethnic background, following the appointment of Sanjeevan Bala to the Group Board in August 2021. These targets were met on 28 December 2024 and no changes have occurred since then which affect the Company's ability to meet the targets.

### Diversity representation as at 3 March 2025

The above tables set out the information required to be disclosed under the Rule as at 3 March 2025. For the purposes of these tables, executive management is as defined in the Listing Rules, being the Executive Committee or the most senior executive or managerial management body below the Board (or where there is no such formal Committee or body, the most senior level of managers reporting to the CEO), including the Company Secretary but excluding administrative and support staff. For Bakkavor, this is the SET including the Group General Counsel and Company Secretary. Collection of data was carried out on the basis of self-reporting.

### CORPORATE GOVERNANCE

The Committee received regular updates on corporate governance developments from the Group General Counsel and Company Secretary and our external legal advisers.

Overall, there has been good progress made this year. I would like to express my thanks to my colleagues on the Committee for their ongoing support.

**Simon Burke**
Chair, Nomination Committee
3 March 2025

# AUDIT AND RISK COMMITTEE REPORT

"The Committee continues to support the Group Board and protect the interests of shareholders by monitoring the integrity of financial reporting and reviewing risk management and internal control.

**Jane Lodge**
Chair of the Audit and Risk Committee

## Committee purpose

The Committee's remit covers accounting and financial reporting, the effectiveness of internal controls, identification and management of risks, and the External and Internal Audit processes.

### COMMITTEE MEETINGS AND MEMBERSHIP

The Committee currently comprises three Independent Non-executive Directors. Jane Lodge has relevant financial experience, having spent 25 years at Deloitte, and recent financial experience in the UK listed environment. The Committee as a whole has competence relevant to the sector in which Bakkavor operates.

READ MORE pg 86.

**4**

meetings were held during the year.

Details of members' attendance at the meetings are set out below:

| Member | Meetings attended/ Total meetings held | % of meetings attended |
|---|---|---|
| Jane Lodge (Chair) | 4/4 | 100% |
| Sanjeevan Bala | 4/4 | 100% |
| Umran Beba | 4/4 | 100% |

### MAIN DUTIES OF THE COMMITTEE

To monitor the integrity of the Group's Financial Statements and announcements, review internal financial controls and risk management systems, monitor and review the Internal Audit function, recommend the appointment of the External Auditors, review the effectiveness of their work and develop and implement policy on the use of the External Auditors for non-audit services.

The Committee discharges its responsibilities appropriately through a series of scheduled meetings during the year, linked to the Committee's Terms of Reference, which are available on the Bakkavor website: bakkavor.com/en/governance.

The Terms of Reference were last updated in February 2025.

Following each Committee meeting, the Committee Chair reports to the Group Board on the activities of the Committee, including how it has undertaken its responsibilities in relation to the External Audit, Internal Audit reviews and risk updates and makes recommendations to the Group Board as appropriate.

Only Committee members have the right to attend meetings, but the CFO, Group Finance Director, Group Financial Controller and Head of Investor Relations and the Internal Auditors KPMG LLP ("KPMG") and the External Auditors PricewaterhouseCoopers LLP ("PwC") are invited to attend meetings of the Committee as the Committee feels appropriate.

The Committee also meets privately without management present and the Committee Chair meets with the External and Internal Auditors, without management present, on a regular basis in order to discuss any issues which may have arisen.

# SECTION 4: AUDIT, RISK AND INTERNAL CONTROLS

## Key activities in 2024

### 1 Risk management and internal control

Ensured that the Group can manage its risks and has the processes needed to make going concern and viability statements. This was through a robust and consolidated risk management process, incorporating an analysis of emerging risks and an effective internal control framework.

Conducted in-depth reviews of our risk management and mitigation in IT systems, tax compliance and treasury and pensions.

### 2 Oversight of UK ERP system implementation

Provided oversight and challenge of the project to replace the UK ERP system.

### 3 Corporate reform and implementation of UK Corporate Governance Code 2024

Considered the potential impact of any changes needed to the Group's risk management framework and its internal control processes in response to the proposed changes arising from UK corporate reform and developed a plan to ensure compliance by the effective date.

Oversaw and applied the Financial Reporting Council's Minimum Standard: Audit Committees and External Audit.

### 4 Integrity of financial reporting

Continued to focus on ensuring the integrity, quality and compliance of the Group's external financial reporting.

### 5 TCFD – Group's financial reporting approach

Continued to oversee, in conjunction with the ESG Committee, the alignment of ESG focus areas within the Group's principal risks and reviewed the Group's financial reporting approach to the TCFD recommendations.

### 6 Group Board and Committees' performance review

The 2024 Group Board and Committees' performance review was internally facilitated during the year, the details of which are outlined further on this page.

## AUDIT AND RISK COMMITTEE ACTIONS

The performance review indicated that the Committee continues on an upward trajectory, under the strong leadership of its Chair. Described as experienced and inclusive, the Chair takes care to ensure all the Committee members can put forward their views.

The Committee's focus over the next year will be on the implementation of the newly introduced 2024 UK Corporate Governance Code (the "2024 Code") as we look to enhance our readiness for the effective date of Provision 29 of the 2024 Code. The Committee will have oversight of the enhancement of our assurance mapping across our principal risks to identify material controls and our Fraud Risk Management Assessment to develop an action plan to comply with the expected legislation on the failure to prevent fraud. The Committee will continue to provide oversight and challenge of the UK ERP system implementation project as we move into the build phase of the project during 2025.

The Group Board is satisfied that the Chair, Jane Lodge, has significant financial experience in the UK listed environment, and the necessary qualifications, skills and experience to fulfil the role as the Committee Chair.

READ MORE pg 104.

# DETAILS OF KEY ACTIVITIES DURING THE YEAR

### HOW THE COMMITTEE HAS DISCHARGED ITS RESPONSIBILITIES DURING 2024

**Key areas of focus**

The Committee has an extensive agenda which focuses on the audit, assurance and risk management processes within the business. During 2024, the work of the Committee principally fell under the following key areas:

## KEY AREAS OF FOCUS AND MATTERS CONSIDERED

### FINANCIAL REPORTING

The Committee reviewed the form and content of the Annual Report and Accounts as well as the half-year and full-year results statements, including the key estimates and judgements made by management in the preparation of the Financial Statements.

In order to fulfil these duties, during the year under review, the Committee:

- Considered the FY23 full-year results statements, 2024 half-year results and FY24 Annual Report and Accounts.
- Considered the ongoing elevated inflationary environment and the impact on consumer demand, and additionally the impact of closure costs associated with the Wigan site on the full-year Financial Statements.
- Reviewed and challenged management on the appropriateness of estimates and judgements made in the preparation of the Financial Statements, including financial reporting and disclosure considerations in respect of climate change.
- Reviewed papers on the Group's significant accounting estimates and judgements.
- Reviewed the judgements made with respect to which items should be disclosed separately as exceptional items in the Financial Statements to confirm these were in line with the Group's accounting policies.
- Reviewed the critical judgements (presentation of exceptional items) and key sources of estimation uncertainty (pension obligations and impairment of goodwill) disclosed in the Financial Statements to ensure they fairly reflected the potential financial impact on the business.

### MONITORING THE INTEGRITY OF THE 2024 FINANCIAL STATEMENTS INCLUDING SIGNIFICANT JUDGEMENTS

The Committee:

- Reviewed the appropriateness of Group accounting principles, practices and policies and monitored changes to, and compliance with, accounting standards on an ongoing basis.
- Reviewed the half-year and full-year results statements for 2024. Before recommending their release to the Group Board, it compared the results to management financial statements and budgets, focusing on key areas of judgement and also discussed the statements with the External Auditors.
- Reviewed, prior to making recommendations to the Group Board, the Annual Report and Accounts for the period ended 28 December 2024.

In undertaking the review, the Committee discussed with management and the External Auditors the critical accounting policies and issues considered most significant in preparing the Annual Report and Accounts.

### GOING CONCERN

- The Committee reviewed the Group's assessment of going concern which is for a period of 12 months from the date of approval of the Financial Statements. Management presented a number of stress scenarios to the Committee which considered historical forecasting inaccuracy and the implications of weaker consumer demand on revenue volumes and the associated impact on factory performance, along with the potential impact of further cost inflation on the Group's performance. In assessing going concern, the Committee also reviewed the steps taken by management to ensure adequate liquidity is available to the Group. The Committee concluded that, under the scenarios presented, the Group would have sufficient financial resources available to continue to operate through to at least March 2026 and it was therefore appropriate to recommend the adoption of the going concern basis in preparing the Financial Statements.

## KEY AREAS OF FOCUS AND MATTERS CONSIDERED

### IMPAIRMENT OF GOODWILL AND NON-CURRENT ASSETS

As at 28 December 2024, the Group had significant amounts of goodwill and intangible assets that are subject to an annual impairment review under IFRS.

The Committee:

- Reviewed a paper prepared by management that set out the basis and assumptions for the annual impairment review of goodwill and intangible assets. The paper set out the determination of cash-generating units ("CGUs"), the cash flow forecasts used and the discount rate to be applied for the purpose of the value-in-use calculation. The impairment review allowed for the forecasted costs and expenditure required from 2040 for the Group to meet its net zero carbon commitment. The paper also considered downside scenarios if financial performance was below the forecasted amounts. The Committee challenged management on the key assumptions used in the impairment review. The impairment review indicated that no impairment provisions were required for the period ended 28 December 2024.
- Reviewed and approved the associated disclosure in the Financial Statements including the sensitivity analysis in respect of the US CGU and the estimation uncertainty of the future costs of carbon credits in the China CGU.

### FAIR, BALANCED AND UNDERSTANDABLE REPORTING

Each year, in line with Provision 25 of the Code and the Committee's Terms of Reference, the Committee is asked by the Group Board to assess, through discussion with, and the challenge of, the CFO whether disclosures in the Group's published Financial Statements are fair, balanced and understandable, and whether or not the disclosures provide the information necessary for shareholders to assess the Group's position and performance, business model and strategy.

The Committee:

- Received papers on key judgement areas that set out management's accounting treatment, and also sought and obtained confirmation from the CFO and his team that they considered the disclosures to be fair, balanced and understandable.
- Discussed this evaluation with the External Auditors, which took this into account when conducting their audit. It also established through reports from management that there were no indications of fraud relating to financial reporting matters.
- Received a detailed paper covering key points and areas of consideration in the preparation of the Group's published Financial Statements for the period ended 28 December 2024, to assist the Committee with its assessment that the disclosures were considered to be fair, balanced and understandable. The key points and areas for consideration included ensuring that:
  - The overall message of the narrative reporting is consistent with the Financial Statements, and is appropriate, in the context of the industry and the wider economic environment.
  - The Annual Report and Accounts provide a description of the business model, strategy and risks and the links between these is clear.
  - The Annual Report and Accounts are consistent with messages already communicated to investors, analysts and other stakeholders.
  - Taken as a whole, the Annual Report and Accounts are internally consistent and understandable.
  - The Chair's statement and CEO's review include a balanced review of the Group's operational performance and prospects, and of the industry and market as a whole.
  - Any summaries or highlights are balanced and reflect the position of the Group appropriately.
  - Examples are of strategic importance and do not over-emphasise immaterial matters.

Having assessed the available information and the assurances provided by management, concluded that the processes underlying the preparation of the Group's published Financial Statements were appropriate in ensuring that those statements were fair, balanced and understandable.

## KEY AREAS OF FOCUS AND MATTERS CONSIDERED

### RISK MANAGEMENT AND INTERNAL CONTROL

As delegated by the Group Board, the Committee is responsible for establishing procedures to oversee the internal control framework and it is required to assist the Group Board in the annual review of the effectiveness of the Company's risk management process and internal control systems.

In order to fulfil these duties, during the year under review, the Committee:

- Received regular reports and assessments of the current and emerging risks that might threaten the Group's business model, future performance, liquidity or reputation.
- Received regular reports from management and both the Internal and External Auditors. These include: the risks that are relevant to business activity; the effectiveness of internal controls in dealing with these risks; and an update on any necessary corrective actions.
- Received reports on the risk management and mitigation for the Group's principal risks (refer to risk section for more detail on page 66). As part of this, it included the approval of the Group Tax Strategy and Policy.
- Considered and challenged management on the overall effectiveness of the risk management and internal control systems in accordance with the Group Board's risk appetite.
- Reviewed relevant disclosures within the 'Audit, risk and internal control' section of the corporate governance report of the Annual Report and Accounts.
- Received updates on the impact to the business of the proposed changes to the UK Corporate Governance Code 2024 and developed a plan to ensure compliance by the effective date. Work commenced on enhancing our assurance mapping across our principal risks to identify material controls, as well as enhancing process and controls documentation for our US business.
- Undertook a Fraud Risk Assessment to develop an action plan to comply with the new legislation on the failure to prevent fraud which becomes effective on 1 September 2025.
- Reviewed and approved the risk-based IA Plan for 2025, which sets out the planned activities for the year ahead.

In light of the above, the Committee continues to be satisfied that the Group control environment remains appropriate and effective and that the risk management and internal control procedures comply with the requirements of the FRC's Guidance on Risk Management, Internal Control and Related Financial and Business Reporting. The Committee has reported this opinion to the Group Board and regularly monitors compliance throughout the year.

### PRINCIPAL RISKS AND VIABILITY

The Committee:

- Evaluated a paper from management that set out the view of the Group's longer-term viability and the forecasts over the Group's three-year planning horizon, taking account of the potential risks faced by the business over that period.
- Reviewed and challenged the principal risks update at each Committee meeting and approved the principal risks disclosures and the viability statement in the Annual Report and Accounts.

Taking the management assessment into account and having considered other relevant information in terms of the risk profile of the Group, the Committee agreed to recommend the viability statement to the Group Board for approval.

### GROUP IT RISKS

The Group IT Director provides the Committee with regular updates on cyber security and, during the year, the Committee received an in-depth report on Group IT risks.

The Company has rapidly scaled technology, driven change and delivered some major successes at an operational, people and security level, with a major step forward in risk mitigation through our Group-wide security programme. With AI becoming widespread, we have assessed this risk and continue to invest in further IT system modernisation, including external advice on the use of AI in our sector.

During the year, the Committee had oversight of the UK ERP system implementation project, receiving regular updates on the programme management and governance of the project and reviewing independent third-party programme assurance work in relation to the UK ERP system implementation. Work in 2024 primarily focused on the design of the new system and we will move into the build phase of the project during 2025.

## KEY AREAS OF FOCUS AND MATTERS CONSIDERED

### TCFD

The Group has reported under the TCFD framework for 2024. The Committee, in conjunction with the ESG Committee, reviewed the Group's financial reporting approach to TCFD.

The Committee:

- Challenged management's approach to reporting under the TCFD framework for 2024.
- Reviewed the TCFD report prepared by management, including carbon emissions data for 2024, to ensure it was prepared and disclosed on a consistent basis.
- Considered the impact of future carbon tax on the Group's impairment review assumptions.
- Reviewed the principal risk 'Climate change and sustainability' and ensured climate-related risks were considered in the Group's viability assessment and impairment reviews.

The Committee was satisfied that the TCFD report prepared by management adequately summarised progress made by the Group under the TCFD framework and that the impact of TCFD had been considered in the Group's annual impairment review.

### EXTERNAL AUDIT

Following a competitive tender carried out in 2018, PwC have been the Group's External Auditors since their appointment in 2019. The current External Audit partner, Sarah Phillips, took on the role in 2024, replacing Sandeep Dhillon, who stepped down having held this role since 2021. The next External Audit tender will be undertaken in 2028 for the FY29 year-end audit, in line with mandatory retendering requirements. The Company has commenced work on a replacement to the UK ERP system and therefore stability and consistency of the External Auditors is important during this transition phase. The tender in 2028 is therefore considered to be in the best interests of our stakeholders.

During the year, the Committee considered the approach, scope and risk assessments of External Audit.

The Committee:

- Met with the key members of the PwC Audit team to discuss the 2024 Audit Plan and agree areas of focus.
- Assessed regular reports from PwC on the progress of the 2024 Audit and any material issues identified, including management override of controls and fraud in revenue recognition.
- Reviewed and debated the draft audit opinion for the 2024 year-end and was briefed by PwC on their approach to the audit of critical accounting estimates and areas where significant judgement is needed.
- Reviewed and approved the Audit Plan which included PwC's approach to risk, including the following significant risks: Fraud in revenue recognition, Management override of controls and Recoverable amount of goodwill (US cash-generating unit).
- Reviewed and discussed with PwC its Audit and Risk Committee report on the 2024 Financial Statements which highlighted any matters arising from the audit work undertaken by the External Auditors and no significant issues were identified.

#### Audit and audit-related fees

The Committee:

- Reviewed and approved a recommendation from management on the Company's audit and audit-related fees payable to the Company's External Auditors, PwC.
- Considered the 2024 audit fees to be in line with those expected for a listed company of this type given the complexities of the business, the external reporting requirements and recent regulatory developments that require External Auditors to exercise greater independence and rigour in the provision of their services and in the setting of their fees.
- Total audit fees of £1.49m were paid to the External Auditors in 2024.

## KEY AREAS OF FOCUS AND MATTERS CONSIDERED

### Non-audit fees

To prevent the objectivity and independence of the External Auditors becoming compromised, the Committee has a formal policy governing the engagement of the External Auditors to provide non-audit services which is reviewed on an annual basis.

The Committee reviews and updates the Group's policy for the provision of non-audit services to be provided by the External Auditors to ensure that it is in line with regulatory guidance for public-interest entities. The Committee ensures that there are no exceptions to the policy. All non-audit services to the Group provided by the External Auditors will be put to the Committee for prior consideration and approval.

The External Auditors do not provide any non-audit services to the Group other than:

- Subscription to PwC's online technical portal (Viewpoint) which is a generic accounting subscription service. Management confirmed this platform met their requirements.
- The half-year review of the Financial Statements. The Committee provided prior approval for this, having noted that the External Auditors' knowledge of the business made them the preferred choice.

Non-audit fees of £59k were paid to the External Auditors for these services.

Further information on the audit and non-audit fees can be found in Note 6 of the Notes to the Consolidated Financial Statements on page 176.

The Committee confirms that it has complied with the requirements of the CMA Order 2014 regarding audit tendering, Auditors' appointment, negotiation and agreement of audit fees and approval of non-audit services.

### EXTERNAL AUDIT EFFECTIVENESS

Under its Terms of Reference, the Committee assesses annually the qualifications, expertise, resources and independence of the External Auditors as well as the quality and effectiveness of the audit process.

The Committee assessed the External Auditors' performance and effectiveness through a questionnaire completed by the Committee members and other relevant internal parties. The Committee reviewed the FRC's practice aid on assessing audit quality and the FRC's Audit Committees: Minimum Standard and considered the following factors in assessing the effectiveness of the External Audit process:

- The experience and expertise of the Audit partner and team.
- The internal quality-control processes in place.
- Any risks to audit quality identified by the External Auditors and how they were addressed.
- The findings from external inspections, including the FRC's July 2024 Audit Quality Inspection and Supervision report.
- The level of professional scepticism displayed throughout the audit process.
- The extent to which the Audit Plan was met and the quality of its delivery and execution.
- The robustness and perceptiveness of work performed on key accounting and audit judgements.
- The content of reports on audit findings and other communications.
- The External Auditors' own assessments of the quality of the audit and its quality assurance systems.

The assessment highlighted that PwC had provided a detailed review of the Annual Report and Accounts 2023 and best-practice approaches on disclosures, as well as demonstrating strong technical knowledge. The assessment also highlighted proposed actions for further consideration to ensure the smooth running of the FY24 External Audit and these were reflected in the approach presented to the Audit and Risk Committee for the FY24 audit.

In assessing the External Auditors' professional scepticism, the Committee noted in the current year that PwC had robustly challenged management's assumptions and judgements made in carrying out the impairment review of goodwill and intangible assets including the sensitivity analysis in respect of the US CGU. In addition, PwC challenged management's assumptions around downside scenarios including the implications of weaker volumes and the associated impact on factory performance, and the potential impact of further cost inflation on the Group's performance.

## KEY AREAS OF FOCUS AND MATTERS CONSIDERED

### EXTERNAL AUDITORS' INDEPENDENCE

In assessing the independence of the External Auditors, the Committee takes into account the information and assurances provided by the External Auditors confirming that its engagement team and its network firms involved in the audit are independent of any links with the Company.

During the year, the Committee reviewed and considered the following factors to assess the objectivity and independence of PwC:

- PwC's procedures for maintaining and monitoring independence, including those to ensure that the partners and staff have no personal or business relationships with the Group, other than those in the normal course of business permitted by UK ethical guidance.
- The degree of challenge to management and the level of professional scepticism shown by the Audit partner and team throughout the process.
- PwC's policies for rotation of the Audit partner every five years, and regular rotation of key audit personnel. Sandeep Dhillon held this role since 2021 and was replaced by the current Audit partner, Sarah Phillips, in 2024.

Following consideration of the performance and independence of the External Auditors, the Committee recommended to the Group Board that the reappointment of PwC as the Company's External Auditors should be proposed to shareholders at the 2025 AGM.

### INTERNAL AUDIT

The Committee oversees the performance, resourcing and effectiveness of the Internal Audit ("IA")'s activity.

IA services have been outsourced to KPMG, who were appointed with effect from the beginning of the FY19. Overall responsibility and direction for the Group's IA activity is retained by the Group Finance Director, who reports to the Committee. The IA provides assurance over the effectiveness of key internal controls, as identified as part of the risk assessment process. KPMG reports to the Group Finance Director throughout the year and to the Committee at least four times a year.

The Committee:

- Reviewed and assessed the IA Plan for 2024. The proposed plan represents the assurance plan that KPMG put in place on its appointment as the Company's Internal Auditors and will be a mixture of full systems audits, in-flight reviews and high-level limited-scope reviews, as agreed with the Committee. The IA Plan responds to certain factors across the Group's operations such as: i) the requirement to continue providing assurance over financial controls across the UK, US and China in support of 'Operational Excellence'; ii) maintaining a strong system of internal controls across the Group, including Human Resources, ESG and Inflation Recovery; and iii) coverage of information security/cyber controls and the continued importance of infrastructure, network and data security to the Group.
- Reviewed and approved the IA Charter.
- Assessed the IA quality.
- Reviewed and monitored management's responsiveness to the findings and recommendations of the IA's activity.
- Received all reports from the IA and, in addition, received summary reports on the results of the work of the IA on a periodic basis.
- Reviewed independent programme assurance reports in relation to the UK ERP implementation project.

The Committee is actively engaged in strengthening the IA's activity and extending its scope during 2025.

## KEY AREAS OF FOCUS AND MATTERS CONSIDERED

### INTERNAL AUDIT'S EFFECTIVENESS

The Committee has a duty to carry out an annual assessment of the effectiveness of the IA function, and as part of this assessment:

- Determine whether it is satisfied that the quality, experience and expertise of the IA is appropriate for the business.
- Review and monitor management's responsiveness to the Internal Auditors' findings and recommendations.

The assessment highlighted that the Committee considered that the IA function was highly effective and noted that, going forward, the IA function should continue to cultivate relationships within the business to have more impact and influence across the Group.

### ANTI-BRIBERY AND BUSINESS ETHICS POLICY

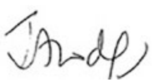
The Committee considered the adequacy of the Group's arrangements with regard to its anti-bribery and corruption and business ethics processes, noting that as part of our annual legal and governance compliance programme, UK colleagues undertook their mandatory refresher training module on anti-bribery and corruption during 2024.

The Committee reviewed the Anti-bribery and Business Ethics Policy which applies across the Group and concluded that the policy remains adequate.

### PRIORITIES FOR 2025

The Committee's key priorities for 2025 include the following:

- Continue to focus on the integrity, quality and compliance of the Group's external reporting.
- Provide challenge in respect of significant judgements and critical estimates that impact financial reporting.
- Provide oversight and challenge of the UK ERP system implementation project as we move into the build phase of the project during 2025.
- Ensure that the required actions have been taken so that the Company is in compliance with the elements of the 2024 UK Corporate Governance Code that are effective from 1 January 2025 and ensure that appropriate plans are in place to enhance internal controls documentation and testing in light of the requirements under Provision 29 which will apply to Bakkavor for reporting at the end of FY26.
- Undertake detailed monitoring and challenge of the Group's principal risks, including reviewing emerging risks.
- Review the Group's financial reporting relating to TCFD including the climate transition plan.



**Jane Lodge**
Chair, Audit and Risk Committee
3 March 2025

# Audit Committees and External Audit: Minimum Standard

The Audit Committees and the External Audit: Minimum Standard ("the Standard") was published by the FRC in May 2023. The Company and the Committee have applied the Standard during the year and our application of the Standard is described within this report.

## RESPONSIBILITIES

- The Committee's responsibilities are set out on page 110 and an overview of the Committee's activities during the year is set out in this report on page 111.
- The Committee reports to the Board and members of the Company on how it has discharged its responsibilities with respect to External Audit.
- Bakkavor has a non-audit policy under which it manages non-audit relationships with audit firms, as summarised on page 116. In addition to the robust governance arrangements for non-audit services provided by the incumbent External Auditors, non-audit relationships with other audit firms are managed to ensure a fair choice of suitable External Auditors at the next tender.
- The Committee Chair and members are available to meet with major shareholders on request. There were no requests from shareholders in 2024 for any specific matters to be covered in the audit.
- Bakkavor ensures that the External Auditors have full access to company staff and records.
- The Committee invites challenge by the External Auditors, see page 116.
- The Committee reviews and monitors the External Auditors' independence and objectivity, see page 117.
- The Committee reviews the effectiveness of the External Audit process, see page 116.

The Committee's Terms of Reference can be found on our website: bakkavor.com/en/governance.

## TENDERING

- Following a competitive tender carried out in 2018, PwC have been the Group's External Auditors since the appointment in 2019. The next External Audit tender will be undertaken by the end of 2028 in line with mandatory retendering requirements.
- During the year, the Committee approved an External Audit Tendering Policy which sets out the External Audit tendering process, which will be led by the Committee and is aligned with the requirements of the Standard.

## OVERSIGHT OF AUDITORS AND AUDIT

- The Committee is responsible for overseeing and assessing the External Audit and the External Auditors.
- The Committee's approach to reviewing the effectiveness of the External Audit process and the External Auditors' independence and objectivity, as discussed on page 116 and 117.
- The Committee assessed the level of professional scepticism and challenge provided by the External Auditors on management's assumptions and judgements, see page 116.
- There is open communication between the Committee and the External Auditors, see page 115.
- The Committee's oversight of the External Auditors is clearly documented in minutes of its meetings throughout the year and set out in this report.

## REPORTING

- The work of the Committee is set out in this report, including significant issues the Committee considered in relation to the Financial Statements.
- An explanation of the application of the Group's accounting policies is provided in the Notes to the Financial Statements on Note 2 of the Financial Statements.

# ESG COMMITTEE REPORT

"The Committee has continued to oversee Bakkavor's progress against its ESG objectives, particularly with regard to food waste, emissions reduction and sustainable sourcing.

**Umran Beba**
Chair of the ESG Committee

## Committee purpose

The Committee recognises that our Group-wide commitment to reach net zero by 2040 across our operations and science-based targets are a significant challenge that requires a multi-faceted approach across our functions and operations, supported by financial investment. The Committee oversees the work already underway to get a full and detailed understanding of where we stand, as well as what we need to do in the years ahead to set and achieve our climate transition plan.

### COMMITTEE MEETINGS AND MEMBERSHIP

The Committee consists of four Independent Non-executive Directors.

READ MORE pg 86.

**4**

meetings were held during the year.

Details of members' attendance at the meetings are set out below:

| Member | Meetings attended/ Total meetings held |
|---|---|
| Umran Beba (Chair) | 4/4 |
| Sanjeevan Bala | 4/4 |
| Denis Hennequin | 3/4 |
| Jane Lodge | 4/4 |

### MAIN DUTIES OF THE COMMITTEE

To have oversight of the Group's ESG strategy, Trusted Partner, and its execution.

It also oversees the communication of the Group's ESG activities with its stakeholders, and provides input and advice to the Group Board and its Committees on the Group's performance against ESG metrics, as well as on the setting of ESG targets linked to Executive remuneration and other ESG matters, as required.

The Committee discharges its responsibilities through scheduled meetings during the year. These are linked to its Terms of Reference, which are available on the Bakkavor website (bakkavor.com/en/governance) and last updated in February 2025. Following each meeting, the Committee Chair, who is also the designated Non-executive Director for ESG matters, reports to the Group Board on the Committee's activities and makes recommendations as appropriate.

The Group General Counsel and Company Secretary attends all Committee meetings to record minutes and provide advice to the Directors. The CFO, who is the ESG Group Board Sponsor, the Chief People Officer ("CPO") and the Head of Group ESG Strategy are standing attendees at the Committee meetings.

## The Committee's 2024 activities

1. **ESG report**

   Reviewed and signed off the Group's 2023 ESG report for publication on the Bakkavor website (bakkavor.com/en/esg/esg-reporting).

   Our dedicated ESG report contains a detailed overview of our Trusted Partner strategy and progress against our ESG objectives and activities throughout 2023.

2. **TCFD report**

   The Committee reviewed the approved disclosures contained within the TCFD report in response to the TCFD recommendations and compliance with the FCA's Listing Rule 9.8.6R (8).

3. **Human Rights and Ethical Trade programme**

   Received an in-depth update and training on work to tackle the issue of modern slavery and human rights risks, and recommended Bakkavor's Modern Slavery Statement to the Group Board for approval.

4. **ESG targets for the STIP and LTIP schemes**

   Approved the UK food waste and employee turnover targets for the STIP, and carbon emissions targets which form part of our LTIP.

5. **Science Based Targets initiative ("SBTi")**

   Provided oversight of the steps taken to prepare our net zero delivery roadmap and validation of targets by the SBTi; net zero across all scopes by 2050, including an interim target to reduce net scope 1 and 2 emissions (Group-wide) and scope 3 emissions by 42% by 2030 (2021 baseline).

6. **Climate transition planning**

   Received a dedicated training session on climate transition plans and oversaw the steps taken to develop the Group's plan.

7. **Group Board and Committees' performance review**

   The 2024 Group Board and Committees' performance review was internally facilitated during the year.

### ESG COMMITTEE ACTIONS

The resulting report noted that the Committee should continue the good work to further progress ESG objectives, particularly with regard to UK food waste and carbon reduction. Further training will be provided throughout the year focusing on developing ESG regulation and climate transition planning.

## DETAILS OF KEY ACTIVITIES

### OVERSIGHT OF TRUSTED PARTNER ESG STRATEGY

The Committee reviewed the Trusted Partner ESG strategy and its three focus areas of Responsible Sourcing, Sustainability and Innovation, and Engagement and Wellbeing. In addition, progress on Bakkavor's three ESG strategic priority issues: Climate and Net Zero, Food Waste and Environmentally Sustainable Sourcing were standing agenda items for each Committee meeting.

#### Non-financial KPIs

The Committee received updates from management on the performance against each of the following non-financial KPIs: UK food waste; UK accidents; Group net carbon emissions; and UK employee turnover.

UK food waste and UK accidents reduced in 2024. Group carbon emissions were, however, up year-on-year driven by an operational challenge at one of our US sites. Net emissions in the UK were stable (0.1% decrease) and in China the salee of a bakery site contributed to a emissions decrease of 6.9%. Operational emissions have decreased 20.9% against our baseline year of 2021 and as such we are approximately halfway to achieving our near-term science-based target.

READ MORE pg 64.

### ENVIRONMENTAL

#### Science Based Targets initiative ("SBTi")

During the year, the Committee had oversight of the steps taken to prepare our business for net zero by developing our delivery roadmap and embedding net zero into our governance structures.

In 2024, we reached a significant milestone with the validation of our net zero aligned targets by the SBTi which confirmed our commitment to achieve net zero across all scopes by 2050. This includes an interim target to reduce net scope 1 and 2 emissions (Group-wide) and scope 3 emissions (from purchased goods and services) by 42%, both by 2030 from a 2021 baseline.

### Climate transition plan

The Committee continued to oversee the development of the climate transition plan.

The Committee also received a dedicated training session, including a benchmarking exercise and review of the UK Transition Plan Taskforce ("TPT") framework. This informed the Committee of the steps required to develop a climate transition plan and what we need to do in the years ahead to set and achieve it, including the key drivers and challenges to be considered.

### Responsible Sourcing and Sustainability and Innovation

The Committee received regular updates on our progress in this area including. This covered supply chain human rights and environmentally sustainable sourcing, including deforestation and biodiversity topics.

Bakkavor has committed to achieving 100% deforestation- and conversion-free sourcing of palm oil, soy, beef and wood pulp by the end of 2025 (UK, 2020 cut-off date[1]). This focuses on food waste, resource efficiency and emissions, impact of packaging and product innovation.

We are pleased to report that in 2024, food waste reduced to 6.0% of total input, down from 6.6% in 2023.

We have also continued to make progress towards achieving the UK Plastics Pact's 2025 industry goals and in 2024 we removed 125m pieces of plastic from our packaging formats.

**READ MORE:**
ESG: Trusted Partner pg 38.
ESG: TCFD pg 46.

## SOCIAL

### Engagement and Wellbeing

The Committee received updates from the CPO and the Head of Group ESG Strategy on the ESG impacts on our Communities and Colleagues stakeholder groups, including:

- Updates on colleague safety, wellbeing and engagement, development and retention.
- Succession planning.
- Inclusion and Diversity initiatives and activities undertaken at local sites.

### Internal Human Rights and Ethical Trade programme

During the year, the Committee received an in-depth update on Bakkavor's Human Rights and Ethical Trade programme which is built around the UN's Guiding Principles on Business and Human Rights framework.

The Committee reviewed and discussed Bakkavor's programme of work designed to tackle the issue of modern slavery and human rights risks and received training on the progress monitoring tools used to assess modern slavery risk in the business and within Bakkavor's supply chain. This included Sedex and Stronger Together's (a multi-stakeholder initiative working on the issue of modern slavery) Progress Monitoring Tools. The Committee is pleased to report that Bakkavor's risk assessment scores have steadily improved and we are the only large business to hold Stronger Together's 'Advanced Verified' Business Partners status.

The Committee discussed the focus areas of Bakkavor's Modern Slavery Action Plan and recommended the Modern Slavery Statement for approval by the Group Board.

The Modern Slavery Statement is available on the Bakkavor website (bakkavor.com/en/esg/esg-reporting).

### Gender Pay Gap reporting

The Committee reviewed and discussed initiatives and the work of the I&D Committee to improve Gender Pay Gap reporting.

Our gender pay gap report can be found on page 79.

### Ethnicity Pay Gap reporting

During the year, the Committee had oversight of our ethnicity data collection. As a result of initiatives at site and Group level, ethnicity data reporting has significantly improved since last year, up to 82% (2023: 54%). We will then turn our attention to analysing the data to determine if there are any pay gaps. As a responsible employer, Bakkavor is committed to taking action to close any ethnicity pay gap evidenced by the data analysis. Based on our timeline, our current critical path means we plan to publish our ethnicity pay gap data in our FY25 Annual Report and Accounts. Our EES results showcased further improvement in I&D amongst our colleagues, up 1.5%.

**READ MORE** pg 109.

### Governance

Throughout the year, the Committee provided regular updates to the Group Board on the execution of the Trusted Partner ESG strategy and performance against non-financial KPIs.

Looking ahead, the Committee remains confident that our ESG agenda strengthens and complements Bakkavor's business strategy, supporting the Company to fulfil its purpose and to grow in a positive and sustainable way.

**READ MORE:**
ESG: TCFD pg 46.
ESG: Governance framework pg 47.

**Umran Beba**
Chair, ESG Committee
3 March 2025

1 The cut-off date is based on the Accountability Framework Initiative definition. This means that clearance of natural forest after this date renders the affected area or production unit, and the commodity produced there, non-compliant with no-deforestation or no-conversion commitments.

# DIRECTORS' REMUNERATION REPORT

"The Committee's focus this year was on implementing our new Directors' Remuneration Policy and ensuring senior executive pay was aligned with performance. We also received and considered feedback from colleagues on remuneration via our workforce engagement Non-executive Director.

**Jill Caseberry**
Chair of the Remuneration Committee

## Committee purpose

The Remuneration Committee ("the Committee") designs and implements the Directors' Remuneration Policy ("the Remuneration Policy" or "the Policy"), setting the framework and parameters within which Directors are paid, and ensures payments are consistent with the Policy and that outcomes are in line with the Group's performance and aligned with the stakeholder experience.

**4**
scheduled meetings were held during the year.

**100%**
meeting attendance by all Committee members.

### MAIN DUTIES OF THE COMMITTEE

The role of the Committee is to set remuneration for the Executive Directors, Chairman and key management personnel, ensuring that decisions are taken with a clear understanding of the Company's wider remuneration principles and practices. The Committee is key in ensuring that the Group's approach to remuneration attracts and motivates our Executives and aligns with the long-term interests of shareholders.

The Committee discharges its responsibilities appropriately through a series of scheduled meetings during the year, linked to the Committee's Terms of Reference and Remuneration Policy, which are available on the Bakkavor website at bakkavor.com/en/investors/annual-reports. The Terms of Reference were last reviewed in November 2024. The Remuneration Policy in place during 2024 was approved by shareholders at the 23 May 2024 AGM. Following each Committee meeting, the Committee Chair reports to the Group Board on the activities of the Committee as appropriate.

The Committee comprised three Independent Non-executive Directors ("NEDs").

| Member | Member since | Meetings attended/ Total meetings held | % of meetings attended |
|---|---|---|---|
| Jill Caseberry (Chair) | 1 March 2021 | 4/4 | 100% |
| Umran Beba | 1 September 2020 | 4/4 | 100% |
| Sanjeevan Bala | 1 January 2023 | 4/4 | 100% |

# SECTION 5: REMUNERATION

## Key activities in 2024

1. Determined the CEO and CFO & Asia CEO's base salary increases, effective 1 January 2024, in the context of performance and increases across the wider Bakkavor workforce.
2. Reviewed performance against the FY23 STIP and FY21 LTIP targets and determined the respective payout and vesting levels.
3. Determined the measures and performance targets for the FY24 STIP and LTIP awards.
4. Agreed the terms of the new CFO's remuneration, upon his promotion from UK Finance Director on 1 November 2024, in line with the Remuneration Policy.
5. Agreed the terms of the outgoing CFO & Asia CEO's remuneration in line with the Remuneration Policy.
6. Consideration of developments in market trends, good practice and updated investor and proxy agency guidance.
7. Received updates from the Chief People Officer ("CPO") on pay and benefits across the wider workforce and how they align with Bakkavor's culture and those applying to senior colleagues.
8. Received an update from Sanjeevan Bala (our NED tasked with workforce engagement and bringing colleague views to the Group Board) following a Q&A session at our Group Employee Forum 'workforce engagement session' in April 2024 on how Executive remuneration aligns with Bakkavor's wider pay policies.

**THIS REPORT COMPRISES:**

**Annual Statement:** a summary of the work of the Committee during the year and our approach to remuneration.

**The Directors' Remuneration Policy:** a summary of the 2024 Policy which details the framework and parameters within which Directors are paid.

**READ MORE** pg 127.

**Annual Report on Remuneration:** sets out the pay and incentive outcomes for the year under review and how the Remuneration Committee intends to implement the Remuneration Policy in 2025.

**READ MORE** pg 132.

There will be an advisory vote at the AGM on 22 May 2025 on this Directors' Annual Remuneration Report, excluding the Remuneration Policy.

## Annual Statement

### FY24 BUSINESS PERFORMANCE

Bakkavor delivered a strong performance in FY24, with like-for-like revenue up 5.1% and adjusted operating profit up 20.5% to £113.6m, ahead of market expectations. Margin also improved, up 70 basis points to 5.0% underpinned by our focus on efficiency.

The Group's continued focus on financial discipline and strong cash generation resulted in a £35.8m reduction in debt year-on-year and leverage reduced from 1.5x to 1.1x, at the bottom end of our target range. We continue to operate with significant liquidity headroom against our debt facilities.

The Group has also made progress on its ESG priorities. UK food waste reduced from 6.6% to 6.0%, with our continued focus on redistribution of surplus. Group net carbon emissions were up 2.9% year-on-year, impacted by engineering challenges related to refrigeration issues at one of our US sites, only partially offset by emissions reducing in the UK by 0.1% and in China by 6.9%. We remain committed to reaching net zero in our Group operations by 2040 and are almost halfway to our near-term science-based target of a 42% reduction by 2030. We have continued to invest in pay, wider benefits and engagement initiatives, which has helped support a 730bps reduction in UK employee turnover to 18.9%.

**READ MORE:**
Chairman's statement pg 10.
Chief Executive's overview pg 12.

## REMUNERATION OUTCOMES FOR FY24

### STIP

The STIP for FY24 was based on three measures which were all met in full:

| Element | Weighting | Metric | Outcome |
|---|---|---|---|
| Financial | 75% | Group adjusted EBIT, also referred to as Group adjusted operating profit | Met in full: FY24 Group adjusted EBIT of £113.6m versus maximum of £108m |
| Non-financial | 12.5% | Colleague engagement measured through UK employee turnover | Met in full: FY24 UK employee turnover of 18.9%, versus threshold of 26.8% and maximum of 25.5% |
| Non-financial | 12.5% | ESG measured through food waste | Met in full: FY24 UK food waste of 6.0%, versus threshold of 6.6% and maximum of 6.3% |

Reflecting the very strong profit delivery and performance against both the employee turnover and food waste measures, the Executive Directors' STIP outcome for FY24 was 100% of the maximum opportunity.

The Committee carefully considered whether the level of payment was appropriate or whether any adjustment or use of negative discretion was required to reflect the overall performance of the business and the impact on broader stakeholders. On balance, the Committee felt that an STIP outcome of 100% of the maximum was appropriate given the strong financial and non-financial performance. In arriving at this decision, the Committee took into account the following factors:

- The Group delivered a very strong financial performance, achieving a 4% increase in reported revenue, a 2.6% improvement in ROIC and margin progression despite ongoing inflationary pressures.
- The balance sheet remains robust, with leverage at its lowest level since IPO and significant liquidity headroom on debt facilities.
- Total FY24 dividend of 8.00 pence per Ordinary share, an increase of 10% on FY23.
- Improvement in all KPIs for ESG, with the exception of carbon emissions due to a localised issue in the US, as well as a significant increase of 3.3% in employee engagement from our 2024 Employee Engagement Survey.
- The Bakkavor STIP applies to c.1,300 employees who will all receive a maximum bonus for 2024 performance.

### LTIP – performance share awards

Mike Edwards and Ben Waldron were granted performance share awards on 13 April 2022. These awards were subject to a relative total shareholder return ("TSR") measure and an adjusted earnings per share ("EPS") condition, each with a 50% weighting. Lee Miley was also granted performance shares on 13 April 2022 in his prior role as UK Finance Director before joining the Group Board.

An adjusted EPS of 12.3p reflects excellent year-on-year progression, driven by the Group's improved profitability, and will result in this part of the award vesting at 37.5% of the maximum. The continued strong relative performance of the business meant that the TSR measure was just below the upper quartile and this part will vest at 98.7% of the maximum, reflecting the Group's strengthened share price and sustained progressive dividend policy. Overall, this will result in 67.7% of the April 2022 award vesting.

The Committee believes the vesting outcome is reflective of company and individual performance over the period and therefore no discretion has been used to amend the vesting outcome.

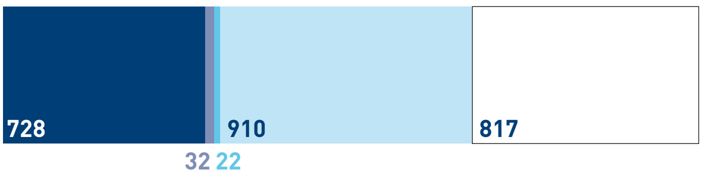
## EXECUTIVE DIRECTOR TOTAL REMUNERATION IN FY24

£000s

**Mike Edwards**

Total remuneration

**2,509**



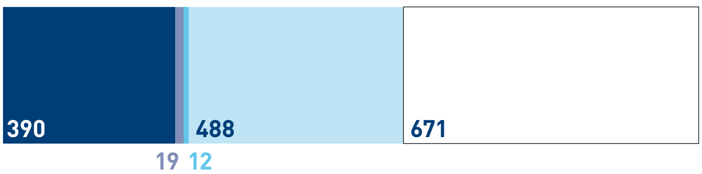

| £000s | 2024 | 2023 |
|---|---|---|
| Base salary | 728 | 700 |
| Benefits | 32 | 31 |
| Pension entitlements | 22 | 21 |
| STIP | 910 | 875 |
| LTIP[1] | 817 | 883 |
| Total | 2,509 | 2,510 |

£000s

**Ben Waldron**

Total remuneration

**1,580**



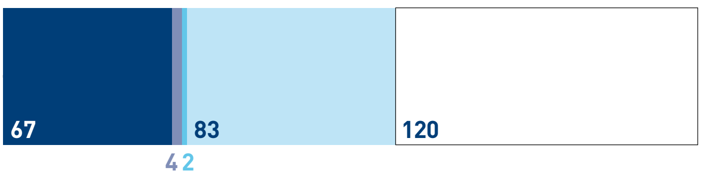

| £000s | 2024[2] | 2023 |
|---|---|---|
| Base salary | 390 | 450 |
| Benefits | 19 | 23 |
| Pension entitlements | 12 | 14 |
| STIP | 488 | 562 |
| LTIP[1] | 671 | 519 |
| Total | 1,580 | 1,568 |

£000s

**Lee Miley**

Total remuneration

**276**




| £000s | 2024[2] | 2023 |
|---|---|---|
| Base salary | 67 | n/a |
| Benefits | 4 | n/a |
| Pension entitlements | 2 | n/a |
| STIP | 83 | n/a |
| LTIP | 120 | n/a |
| Total | 276 | n/a |

1 Mike Edwards' and Ben Waldron's FY23 remuneration total includes values for both the Covid-delayed 2020 LTIP and the 2021 LTIP. The FY23 values have been updated from those shown in last year's report to reflect the actual share price on the relevant vesting dates and the full value of dividends that accrued over the vesting period.
2 Ben Waldron's FY24 remuneration is pro-rated (excluding LTIP) to 31 October 2024 (10/12ths) being the date he stepped down from the Group Board as CFO & Asia CEO. Lee Miley's FY24 salary, benefits, pension and STIP are pro-rated from his appointment to CFO on 1 November 2024 (2/12ths). The value of his LTIP is shown in full.

## EXECUTIVE DIRECTOR CHANGES

On 5 September 2024, the Group announced that Ben Waldron would be stepping down from the Board on 31 October 2024, but will remain with Bakkavor for a further six months meaning he will leave the business at the end of April 2025. Lee Miley, who previously held the role of UK Finance Director and has been with Bakkavor for over 26 years, took up the role of CFO and Executive Director, effective 1 November 2024.

Reflecting Ben's long service with the Company, his role in the development of the Group, and his decision to relocate to Australia and not join a competing business, in accordance with our Policy and the LTIP rules, the Committee has used its discretion to treat Ben as a good leaver. Accordingly, he is eligible to receive a pro-rated bonus in respect of FY24 and will retain an interest in outstanding LTIP share awards which will vest on their normal vesting dates subject to performance and a time pro-rata reduction for service in employment.

In his role as CFO and Executive Director, Lee Miley has joined on a base salary of £400,000 per annum and this will next be reviewed in January 2026. He participated in the Executive Director bonus scheme for the final two months of the financial year and will receive his first LTIP award as an Executive Director in FY25.

Further details are set out in the Annual Report on Remuneration later in this section.

## HOW THE COMMITTEE WILL APPLY THE REMUNERATION POLICY IN FY25

The Committee intends to operate the Remuneration Policy for Executive Directors for FY25 as follows:

- The CEO's salary will increase by 3% to £749,840 which is below the broader workforce rate average of 4.2%, effective 1 January 2025. As set out above, the CFO's salary was set at £400,000 on appointment and will next be reviewed in January 2026.
- Executive Director employer pension contributions continue to be aligned with the broader workforce rate at 3%.
- STIP opportunities will remain at 125% of salary for the CEO and CFO, which is below the overall Policy limit of 150% of salary. The STIP measures and weightings will continue to be: Group adjusted EBIT (75%), UK employee turnover (12.5%) and UK food waste (12.5%). These criteria also apply to the broader workforce in the UK who are eligible for the STIP, covering c.1,300 colleagues. Regional profit performance is assessed where relevant in the US and China.
- It is expected that LTIP awards will be granted in FY25 at 150% of salary to the CEO and CFO, which is below the overall Policy limit of 200% of salary. The measures will be in line with the LTIP awards granted in FY24: 45% on relative TSR, 40% on EPS targets and 15% on Group net carbon emissions.

## SUMMARY

The Remuneration Committee was pleased to note the very high level of shareholder support for the 2024 Remuneration Policy and the 2023 remuneration report at the 2024 AGM, with 99.99% of votes in favour.

The Committee is confident that the Remuneration Policy has operated in FY24 as intended and remuneration and company performance have been appropriately aligned. As a result, the Committee has not made any discretionary amendments to any remuneration outcomes.

The Committee is keen to take the views of employees on pay into account when making decisions on the Directors' Remuneration Policy and recognises this as an important input into discussions. The Group Board operates with a NED tasked with workforce engagement and for bringing colleague views to the Group Board. Sanjeevan Bala, NED, undertakes this role alongside his role as a member of the Remuneration Committee. In FY24, an update and Q&A session with Sanjeevan was convened at our Group Employee Forum 'workforce engagement session'. This included a segment on how Executive remuneration aligns with Bakkavor's wider pay policies. Sanjeevan updated the Committee on the discussions from the session and this has helped inform our review of the Directors' Remuneration Policy.

The Committee was also pleased to note significant positive progression in all Employee Engagement Survey questions relating to pay and benefits. As one of the People Priorities, this reflects the step on in pay in 2024 alongside the investment in improving benefits such as the enhancement of the staff shop provision and the roll-out of a free healthcare benefit to all employees in the UK.

The 2024 remuneration report will be subject to the usual advisory shareholder vote at the 2025 AGM and I hope you will be supportive of this resolution.

**Jill Caseberry**
Chair, Remuneration Committee
3 March 2025

# The 2024 Directors' Remuneration Policy

The Directors' Remuneration Policy ("the Remuneration Policy" or "the Policy") was approved by shareholders at the AGM on 23 May 2024. The Committee will continue to operate the Policy in 2025. In this year's remuneration report, we have set out a summary of the 2024 Policy. A copy of the full Policy is available in the 2023 Annual Report and Accounts which can be found on our website at: bakkavor.com/en/investors/annual-reports.

## REMUNERATION POLICY TABLE SUMMARY

The table below sets out, for each element of compensation, a summary of how remuneration is structured and how it supports the Company's strategy.

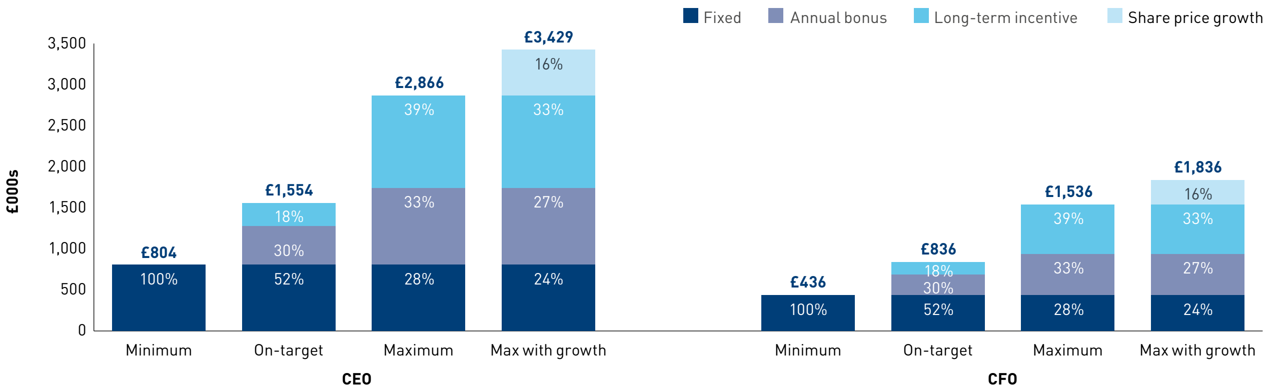
### Executive Directors

| Purpose and link to strategy | Operation | Maximum opportunity | Performance metrics |
|---|---|---|---|
| **Base salary** | | | |
| To recruit and retain Executives of the highest calibre. | Normally reviewed annually. Changes are generally effective from the start of the financial year. | No prescribed maximum. Increases will take into account prevailing market and economic conditions and the approach to colleague pay throughout the organisation. | Executive Directors' performance is a factor considered when determining salaries. |
| **Benefits** | | | |
| Provided to assist with retention and recruitment. | The main benefits currently provided include family private medical insurance, life assurance, income protection, health screening, company car/car allowance and travel insurance. | No maximum cap on the value of benefits. | Not performance-related. |
| **Pension** | | | |
| To provide a contribution towards life in retirement. | In the form of employer contributions to the Company's pension plan and/or a salary supplement in lieu of pension. | Pension contributions in line with the workforce rate (which is currently 3% of base salary). | Not performance-related. |
| **Short-Term Incentive Plan ("STIP")** | | | |
| Rewards achievement of stretching objectives that support the Group's corporate goals and delivery of the business strategy. | Based on measures and targets that are agreed by the Remuneration Committee.<br>Two-thirds of the STIP is payable in cash and one-third is deferred in shares for three years.<br>Recovery and withholding provisions apply. | Maximum opportunity is 150% of salary.<br>FY25 opportunity is 125% of salary. | Performance measures may vary from year to year to ensure that they promote business strategy and shareholder value.<br>The majority will be based on financial measures. |
| **Long-Term Incentive Plan ("LTIP")** | | | |
| Incentivises successful execution of business strategy over the longer term and provides long-term retention. | Awards granted annually in the form of nil or nominal cost options that vest according to performance conditions, normally measured over three financial years.<br>A two-year post-vesting holding period applies and dividends may accrue on vested awards.<br>Recovery and withholding provisions apply. | Maximum opportunity is 200% of base salary.<br>FY25 award level is 150% of salary. | Vesting subject to achievement of stretching targets which may include relative TSR and EPS, or other relevant measures aligned with delivering Group strategy. |

| Purpose and link to strategy | Operation | Maximum opportunity | Performance metrics |
|---|---|---|---|
| **All-colleague share schemes** | | | |
| Encourages colleague share ownership and alignment with shareholders. | Tax-approved share plans may be operated. | Subject to the limits set by HMRC from time to time. | Not performance-related. |
| **Share ownership guidelines** | | | |
| To build a meaningful shareholding in the Group to further align their interests with those of shareholders. | Requirement to retain at least half of any share awards vesting (net of tax) until required level of holding reached.<br>Shares owned, unvested deferred STIP awards and vested LTIP awards may count on a net of tax basis. | During employment: 200% of base salary.<br>Post-employment: Lower of shareholding at cessation and 200% of salary for two years. | Not performance-related. |
| **Chairman and Non-executive Directors' ("NEDs") fees** | | | |
| To attract a Chairman and NEDs who have a broad range of experience and skills. | NEDs may receive an annual basic fee and additional fees for additional responsibilities. | Fee levels take account of market movements, responsibilities and ongoing time commitments. | Not performance-related. |

## Remuneration scenarios for Executive Directors

The charts below show an estimate of the FY25 remuneration package for each Executive Director under four performance scenarios, which are based on the Remuneration Policy set out above.




Assumptions:

| | Performance scenario | | | |
|---|---|---|---|---|
| | Minimum | Target | Maximum | Maximum with share price growth |
| Base salary | As at 1 January 2025 | | | |
| Benefits | Estimated value for 2025 based on 2024 actual value | | | |
| Pension | 3% of salary | | | |
| STIP | 0% of maximum | 50% of maximum | 100% of maximum (being 125% of salary) | |
| LTIP | 0% of maximum | 25% of maximum | 100% of maximum (being 150% of salary) | As per the maximum, plus a 50% share price increase over three years is assumed |

## RECRUITMENT POLICY

Where it is necessary to appoint or replace an Executive Director, the Committee's approach when considering the overall remuneration arrangements in the recruitment of a new Executive Director is to take account of the calibre, expertise and responsibilities of the individual, his or her remuneration package in their prior role, and market rates. Remuneration will be in line with our Policy and the Committee will not pay more than is necessary to facilitate recruitment. The remuneration package for a new Executive Director will be set in accordance with the terms of the Company's approved Remuneration Policy in force at the time of appointment. Further details are provided below:

### Base salary

The Committee will set a base salary appropriate to the calibre, experience and responsibilities of the new appointee. In arriving at a salary, the Committee may take into account, amongst other things, the market rate for the role, internal relativities and his or her salary level prior to joining the Group Board.

The Committee has the flexibility to set the salary of a new Executive Director at a lower level initially, with a series of planned increases implemented over the following few years to bring the salary to the desired positioning, subject to individual performance.

In exceptional circumstances, the Committee has the ability to set the salary of a new Executive Director at a rate higher than the market level to reflect the criticality of the role and the experience and performance of the individual.

### Benefits

Benefits will normally be consistent with the principles of the Policy set out in the Policy table. The Company may award certain additional benefits and other allowances including, but not limited to, those to assist with relocation support, temporary living and transportation expenses, educational costs for children and tax equalisation to allow flexibility in employing an overseas national.

### STIP

The maximum STIP opportunity is 150% of base salary.

### LTIP

The maximum opportunity is 200% of base salary. This may be used on recruitment and on an ongoing basis, if appropriate.

### Replacement awards

In addition to the above, the Committee may offer additional cash and/or share-based elements in order to 'buy out' remuneration relinquished on leaving a former employer. In the event of Bakkavor acquiring or merging with a business, awards held at the former employer may be rolled over into awards over Bakkavor shares.

In the event that such a buyout is necessary to secure the services of an Executive Director, the structure of any award or payment will mirror, as far as is possible, the arrangements in place at the incoming Executive Director's previous employer.

Any share awards made in this regard may have no performance conditions, or different performance conditions, or a shorter vesting period compared with the Company's existing plans, as appropriate.

Shareholders will be informed of any buyout arrangements at the time of the Executive Director's appointment.

### Notice periods

Notice periods shall be up to 12 months.

Depending on the timing and responsibilities of the appointment, it may be necessary to set different STIP and/or LTIP performance measures and targets from those applicable to other Executive Directors.

Any incentive awards granted to employees prior to their promotion to the Group Board will be permitted to vest on their original terms. The terms of appointment for a NED would be in accordance with the Remuneration Policy for NEDs, as set out in the Policy table.

## TERMINATION AND LOSS-OF-OFFICE PAYMENTS

The Group's policy on remuneration for Executive Directors who leave the Group is consistent with general market practice. The Committee will exercise its discretion when determining amounts that should be paid to leavers, taking into account the facts and circumstances of each case.

It is the Company's policy that the period of notice for Executive Directors will not normally exceed 12 months. In the event of an Executive Director's departure, a payment in lieu of notice may be payable. The Company may pay the value of the Executive Director's base salary together with accrued holiday entitlement.

The Company is unequivocally against rewards for failure; the circumstances of any departure, including the individual's performance, would be taken into account in every case. Statutory redundancy payments may be made, as appropriate. Service agreements may be terminated without notice and without payment in lieu of notice in certain circumstances, such as gross misconduct. The Company may require the Executive Director to work during their notice period or may choose to place the individual on garden leave; for example, to ensure the protection of the Company's and shareholders' interests where the Executive Director has access to commercially sensitive information.

The Committee may agree payments it considers reasonable in settlement of potential legal claims. This may include an entitlement to compensation in respect of leavers' statutory rights under employment protection legislation in the UK or in other jurisdictions.

Except in the case of gross misconduct or resignation, the Company may, at its absolute discretion, reimburse for reasonable professional fees relating to the termination of employment and, where an Executive Director has been required to relocate, to pay reasonable repatriation costs, including possible tax exposure costs.

Ordinarily, Executive Directors have no entitlement to a STIP payment in the event they cease to be employed by the Group or are under notice of termination of employment at the date that their STIP would otherwise be paid. However, they may be considered for a STIP payment by the Committee in 'good leaver' circumstances (i.e. death, injury, disability, retirement, their employing company or the business for which they work being sold out of the Group or in other circumstances at the discretion of the Remuneration Committee). Any such STIP payment would ordinarily be subject to a pro-rata reduction based on the period worked in the relevant year, and there would be no requirement for any portion of such STIP payment to be deferred into an award over shares under the Deferred STIP. In the event of an Executive Director's departure, any outstanding share awards will be treated in accordance with the plan rules as follows:

### Deferred STIP ("DSTIP")

As a general rule, a DSTIP award will lapse upon a participant ceasing to hold employment or ceasing to be a Director within the Group (where relevant).

In the event of a participant's death, injury, disability, retirement, their employing company or the business for which they work being sold out of the Group or in other circumstances at the discretion of the Remuneration Committee, awards will not be forfeited but will instead normally vest in full on the original vesting date (or on the date of cessation if the Remuneration Committee so determines) to such extent (which may include the full extent of the award) as the Remuneration Committee determines appropriate.

In exceptional circumstances, the Remuneration Committee may allow the awards to vest on cessation of the participant's employment.

### LTIP

As a general rule, an LTIP award will lapse upon a participant ceasing to hold employment or ceasing to be a Director within the Group (where relevant).

However, if the participant ceases to be an employee or a Director within the Group because of their death, injury, disability, retirement, their employing company or the business for which they work being sold out of the Group or in other circumstances at the discretion of the Remuneration Committee, then their award will vest on the date when it would have vested if they had not so ceased. The extent to which an award will vest in these situations will depend upon two factors:

- The extent to which the performance conditions (if any) have been satisfied at that time.
- The pro-rating of the award by reference to the period of time served in employment during the normal vesting period, although the Remuneration Committee can decide to reduce or eliminate the pro-rating of an award if it regards it as appropriate to do so in the particular circumstances.

Alternatively, if a participant ceases to be an employee or Director in the Group for one of the 'good leaver' reasons specified above (or in other circumstances at the discretion of the Remuneration Committee), the Remuneration Committee can decide that their award will vest on cessation, subject to:

- The performance conditions measured at that time.
- Pro-rating by reference to the time of cessation, as described above.
- Such treatment shall also apply in the case of death.

In the event of a change of control, in accordance with the relevant scheme rules:

- Unvested DSTIP awards will vest on the date of a change of control; and
- Unvested LTIP awards will vest on the date of a change of control, to the extent to which performance conditions have been satisfied and after a pro-rata reduction for time elapsed during the three-year vesting period although the Remuneration Committee can decide to reduce or eliminate the pro-rating of an award if it regards it as appropriate to do so in the particular circumstances.

## EXECUTIVE DIRECTORS' SERVICE CONTRACTS

The Company does not have agreements with any Director that would provide compensation for loss of office or employment resulting from a takeover except that provisions of the Company's share schemes and plans may cause options and awards granted to colleagues under such schemes and plans to vest on a takeover (see above). In accordance with long-established policy, all Executive Directors have rolling service agreements which may be terminated in accordance with the terms of these agreements. Directors' service agreements are kept for inspection by shareholders at the Company's registered office.

| Name | Date of joining Bakkavor | Date of service contract | Notice period |
|---|---|---|---|
| Mike Edwards | 4 September 2001 | 28 September 2022 | 12 months either party |
| Ben Waldron[1] | 1 June 2011 | 12 October 2020 | 12 months either party |
| Lee Miley | 1 July 1998 | 4 September 2024 | 12 months either party |

1 Ben Waldron stepped down from the Group Board and as CFO on 31 October 2024.

## POLICY ON EXTERNAL APPOINTMENTS

The Group Board believes that it may be beneficial to the Group for Executives to hold non-executive directorships outside the Group. Any such appointments are subject to approval by the Board and the Director may retain any fees received at the discretion of the Board. No Executive Director currently holds any external non-executive directorships.

## NED TERMS OF ENGAGEMENT

Each of the NEDs are engaged under a market-standard NED appointment letter, which states that the appointment will continue for a renewable three-year term provided that the appointment must not continue for more than nine years in total, unless exceptional circumstances apply. In any event, each appointment is terminable by either party on one month's written notice with no other right to compensation for loss of office. All NEDs are subject to annual re-election at each AGM. The dates of appointment of each of the NEDs holding office at the FY24 year-end are summarised in the table below.

| Non-executive Director | Date of joining Bakkavor | Date of contract or date of first appointment |
|---|---|---|
| Simon Burke (Chairman) | 1 December 2016 | 20 October 2017 |
| Sanjeevan Bala | 1 August 2021 | 5 July 2021 |
| Umran Beba | 1 September 2020 | 1 September 2020 |
| Robert Berlin | 16 January 2024 | 16 January 2024 |
| Jill Caseberry | 1 March 2021 | 24 February 2021 |
| Agust Gudmundsson | 1 August 1986 (founder) | 28 September 2022[2] |
| Lydur Gudmundsson | 1 August 1986 (founder) | 20 October 2017 |
| Denis Hennequin | 20 October 2016 | 20 October 2017 |
| Jane Lodge | 3 April 2018 | 3 April 2018 |

2 NED appointment effective from 1 November 2022.

# Annual Report on Remuneration

This section of the report has been prepared in accordance with Part 3 of The Large and Medium-sized Companies and Groups (Accounts and Reports) Regulations 2008 (as amended) and Rule 6.6.6 of the Listing Rules. The Annual Statement and this Annual Report on Remuneration will be put to a single advisory shareholder vote at the AGM on 22 May 2025.

This part of the report comprises five sections:

A. Remuneration for FY24
B. Directors' share ownership and share interests
C. Pay comparison
D. Remuneration Committee membership, governance and voting
E. Implementation of Remuneration Policy in 2025

## A. Remuneration for FY24

### SINGLE TOTAL FIGURE OF DIRECTORS' REMUNERATION (AUDITED)

The total remuneration of the individual Directors who served during the financial year is shown below.

| £000s | | Base salary/fee | Benefits[4] | Pension[5] | Total fixed remuneration | STIP | LTIP[6] | Total variable remuneration | Total remuneration |
|---|---|---|---|---|---|---|---|---|---|
| **Executive Directors** | | | | | | | | | |
| Mike Edwards | **2024** | **728** | **32** | **22** | **782** | **910** | **817** | **1,727** | **2,509** |
| | 2023 | 700 | 31 | 21 | 752 | 875 | 883 | 1,758 | 2,510 |
| Ben Waldron[1] | **2024** | **390** | **19** | **12** | **421** | **488** | **671** | **1,159** | **1,580** |
| | 2023 | 450 | 23 | 14 | 487 | 562 | 519 | 1,081 | 1,568 |
| Lee Miley[1] | **2024** | **67** | **4** | **2** | **73** | **83** | **120** | **203** | **276** |
| | 2023 | – | – | – | – | – | – | – | – |
| **Non-executive Directors** | | | | | | | | | |
| Simon Burke (Chairman) | **2024** | **220** | **–** | **–** | **220** | **–** | **–** | **–** | **220** |
| | 2023 | 211 | – | – | 211 | – | – | – | 211 |
| Sanjeevan Bala | **2024** | **77** | **1** | **–** | **78** | **–** | **–** | **–** | **78** |
| | 2023 | 74 | 1 | – | 75 | – | – | – | 75 |
| Umran Beba | **2024** | **77** | **4** | **–** | **81** | **–** | **–** | **–** | **81** |
| | 2023 | 74 | 6 | – | 80 | – | – | – | 80 |
| Robert Berlin[1] | **2024** | **–** | **–** | **–** | **–** | **–** | **–** | **–** | **–** |
| | 2023 | – | – | – | – | – | – | – | – |
| Jill Caseberry | **2024** | **77** | **1** | **–** | **78** | **–** | **–** | **–** | **78** |
| | 2023 | 74 | 1 | – | 75 | – | – | – | 75 |
| Patrick Cook[3] | **2024** | **–** | **–** | **–** | **–** | **–** | **–** | **–** | **–** |
| | 2023 | – | – | – | – | – | – | – | – |
| Agust Gudmundsson | **2024** | **77** | **–** | **–** | **77** | **–** | **–** | **–** | **77** |
| | 2023 | 74 | 3 | – | 77 | – | – | – | 77 |
| Lydur Gudmundsson | **2024** | **77** | **–** | **–** | **77** | **–** | **–** | **–** | **77** |
| | 2023 | 74 | – | – | 74 | – | – | – | 74 |
| Denis Hennequin | **2024** | **77** | **–** | **–** | **77** | **–** | **–** | **–** | **77** |
| | 2023 | 74 | – | – | 74 | – | – | – | 74 |
| Jane Lodge | **2024** | **77** | **4** | **–** | **81** | **–** | **–** | **–** | **81** |
| | 2023 | 74 | 2 | – | 76 | – | – | – | 76 |
| Total | **2024** | **1,944** | **65** | **36** | **2,045** | **1,481** | **1,608** | **3,089** | **5,134** |
| | 2023 | 1,879 | 67 | 35 | 1,981 | 1,437 | 1,402 | 2,839 | 4,820 |

**Notes to the remuneration table:**

1 For Ben Waldron and Lee Miley, values for 2024 for salary, benefits, pension and STIP are pro-rated to their respective time as CFO. LTIP (2022 award) values are shown in full.
2 Robert Berlin joined the Group Board on 16 January 2024 and does not receive a fee for his services.
3 Patrick Cook stepped off the Group Board on 16 January 2024 and did not receive a fee for his services.
4 Relates to taxable benefits. For Executive Directors, benefits comprised car allowance, fuel, benefit allowance and family private medical cover. For NEDs, benefits values (including those grossed up for tax purposes) are for reasonable expenses related to business-related travel and accommodation only.
5 The amounts in the table above relate solely to pension contributions/pension cash allowance. In addition, Mike Edwards and Lee Miley are members of the Group's UK defined benefit scheme but no longer accrue any pension benefits under the scheme. The values of their legacy benefits are shown on page 134.
6 The April 2022 awards are included in the LTIP column for 2024. These awards will vest at 67.7% on 13 April 2025 and for Mike Edwards and Ben Waldron will be subject to a two-year holding period. The total value of the award included in the LTIP column for Mike Edwards is £817,363 (of which £143,084 relates to dividend equivalent payments and of which £174,598 is attributable to share price growth over the period from the date of grant to the vesting date) and for Ben Waldron is £671,317 (of which £117,517 relates to dividend equivalent payments and of which £143,401 is attributable to share price growth over the period from the date of grant to the vesting date) and for Lee Miley is £119,504 (of which £20,919 relates to dividend equivalent payments and of which £25,528 is attributable to share price growth over the period from the date of grant to the vesting date). For the purpose of this table the values of the award have been calculated using an average share price over the three-month period from 29 September 2024 to 28 December 2024 of 146.28 pence. 21.3% of the values are attributable to share price growth. No discretion was applied by the Committee in determining the vesting outcomes. The 2023 values have been updated from those shown in last year's report to reflect the actual share price on the relevant vesting dates and the full value of dividends that accrued over the vesting period. No discretion was applied by the Committee in determining the 2023 vesting outcomes.

## 2024 STIP OUTCOME (AUDITED)

In FY24, c.1,300 colleagues were eligible for the STIP, subject to meeting the same performance objectives, established at the beginning of the financial year by reference to suitably challenging corporate goals over the 12-month period. In FY24, the STIP targets and performance-related outcomes were as follows:

| Metrics | Weighting | Threshold (20%) | Maximum (100%) | Actual performance | % outcome |
|---|---|---|---|---|---|
| Group adjusted EBIT | 75% | £98m | £108m | £113.6m | 100% |
| UK employee turnover | 12.5% | 26.8% | 25.5% | 18.9% | 100% |
| UK food waste | 12.5% | 6.6% | 6.3% | 6.0% | 100% |
| Total (% of max) | | | | | 100% |

As set out in the Annual Statement, the Committee considered carefully whether the level of payment was appropriate or whether any adjustment or use of negative discretion was required, but felt that a STIP outcome of 100% of the maximum was appropriate. On balance, the Committee is confident that the 100% payout fairly reflects the strong performance across all measures in what was a challenging FY24 and took into account the following factors in making its decision on the 2024 STIP:

- The Group delivered an excellent financial performance, achieving a 4% increase in revenue, a 2.6% improvement in ROIC and margin progression despite a challenging backdrop.
- The balance sheet remains robust, with leverage at the bottom end of the target range and significant liquidity headroom on debt facilities.
- Total FY24 dividend of 8.00 pence per Ordinary share, an increase of 10% on FY23.
- Improvement in our Group engagement score by 3.3% to 75.1% through our 2024 Employee Engagement Survey.
- The plan measures apply to all c.1,300 eligible employees.

| | Maximum STIP opportunity (% of salary) | STIP payout (% of maximum) | STIP earned (£000s) |
|---|---|---|---|
| Mike Edwards | 125% | 100% | 910 |
| Ben Waldron[1] | 125% | 100% | 488 |
| Lee Miley[1] | 125% | 100% | 83 |

1 Ben Waldron's STIP is pro-rated to 31 October 2024 (10/12ths) when he stepped down from the Group Board. Lee Miley's STIP is pro-rated from 1 November 2024 (2/12ths) from when he joined the Group Board.

For Mike Edwards and Lee Miley, two-thirds of the STIP earned will be paid in cash and the remaining one-third will be deferred in shares under the DSTIP for three years. Ben Waldron's STIP will be paid in cash in line with the Policy. There are no performance conditions attached to the vesting of deferred shares and these awards vest subject to continued employment.

## LTIP VESTING – 2022 AWARD (AUDITED)

On 13 April 2022, Mike Edwards was granted awards over 680,889 shares and Ben Waldron was granted awards over 559,228 shares which will vest on 13 April 2025. The performance shares were based on adjusted EPS and TSR performance conditions, each with an equal weighting. The performance period for both measures ended in December 2024 and the awards will ordinarily become exercisable on the third anniversary of grant, subject to continued service. These awards are subject to a two-year holding period. Prior to his joining the Group Board, Lee Miley was granted awards over 99,552 performance shares with the same performance conditions. However, this award is not subject to any holding period.

| | Threshold (25% vesting) | Maximum (100% vesting) | Actual performance | Vesting (% of maximum) |
|---|---|---|---|---|
| Relative TSR[1] (50%) | Median rank | Upper quartile rank or higher | 41.8% TSR, ranked just below upper quartile | 97.9% |
| EPS (50%) | 12.0p | 13.8p or higher | 12.3p | 37.5% |

1 TSR is measured over the three-year period commencing from the start of FY22 against the following companies: Associated British Foods, A.G. Barr, Britvic, Coca-Cola HBC, Compass Group, Cranswick, Diageo, Domino's Pizza Group, Fuller Smith & Turner, Greencore Group, Greggs, Hilton Food Group, JD Wetherspoon, J Sainsbury, Marston's, Mitchells & Butlers, Ocado Group, Premier Foods, SSP Group, Tate & Lyle, Tesco, Unilever and Whitbread.

In FY24, the Group delivered a strong performance with profit up significantly year-on-year, which in turn saw an improvement in adjusted EPS, resulting in a vesting of 37.5% for this part. The Company's TSR of 41.8% ranked it just below the upper quartile of the comparator group and 97.9% will vest for this part. Overall, 67.7% of the total award will vest. As such, for Mike Edwards the number of shares vesting will be 460,961 with an additional 97,817 dividend equivalents; for Ben Waldron it will be 378,597 with an additional 80,339 dividend equivalents; and for Lee Miley it will be 67,396 with an additional 14,301 dividend equivalents. Awards for Mike Edwards and Ben Waldron are subject to a post-vesting holding period and shareholding guidelines as per the Remuneration Policy. The vesting values shown in the single figure table are based on an average three-month share price to 28 December 2024 of 146.28 pence.

### LOSS OF OFFICE PAYMENTS (AUDITED)

Ben Waldron stepped down from the Group Board and as CFO on 31 October 2024 and he will remain an employee of the Group until 30 April 2025. Until he ceases employment, he will receive his base salary, benefits and pension. He will not receive and has waived his entitlement to a payment in lieu of notice for the remaining unexpired period of his 12-month notice and no other payments for loss of office will be payable.

Given Ben's tenure at Bakkavor, the business performance and share price growth during his time as both CFO and CFO & Asia CEO, and his decision to relocate abroad and not join a competing business, the Remuneration Committee decided to treat Ben as a 'good leaver' in respect of his incentives. For annual bonus, in line with the policy for good leavers, the 2024 bonus will be paid in cash and no part of the bonus will be deferred. His bonus in respect of qualifying services as a Director is shown in the single figure table. In line with the LTIP rules, as a good leaver, he will retain unvested awards which will vest on their normal vesting dates (being the third anniversary of their respective grant dates) subject to performance and a reduction for time pro-rating and a two-year holding period will apply. This treatment is within the scope of the Remuneration Policy, his service contract and the relevant incentive scheme rules. Ben will not receive a LTIP award in 2025.

### PAYMENTS TO FORMER DIRECTORS (AUDITED)

Since stepping down from the Board on 31 October 2024 Ben Waldron has worked on a number of projects and has played an important role in ensuring a smooth handover to the new CFO. In respect of the period from his stepping down from the Group Board on 31 October 2024 to 28 December 2024, he continued to receive his salary, taxable benefits and pension cash allowance. For the same period, in respect of the FY24 performance year, Ben will also receive a cash bonus payment which will be paid to him in March 2025. All these payments are in addition to those in respect of qualifying services as a Director as shown in the single figure table.

### PENSIONS DISCLOSURE (AUDITED)

During FY24, Mike Edwards received a non-pensionable salary supplement equal to 3% of salary, in line with the broader workforce rate. Ben Waldron and Lee Miley received a pension allowance equal to 3% of salary paid in part into a money purchase pension plan with the balance as a pension cash allowance. Mike Edwards and Lee Miley are, in addition, deferred members of the Bakkavor Pension Scheme ("the Scheme") but no longer accrue a pension benefit under the Scheme. The values of their legacy benefits are shown below:

| Executive Director | Defined benefit pension accrued at 28 December 2024 | Defined benefit pension accrued at 30 December 2023 |
|---|---|---|
| Mike Edwards | £45,566 | £43,183 |
| Lee Miley | £26,800 | £n/a |

Accrued pensions ceased to be linked to salary from 31 March 2011 and now increase in line with the standard provisions that apply to all deferred members in the Scheme. No additional amount is due in the event of early retirement. The normal retirement age under the Scheme is 65.

## B. Directors' share ownership and share interests

### LTIP AND DEFERRED STIP AWARDS GRANTED IN 2024 (AUDITED)

On 11 April 2024, the following awards, structured as nil-cost options, were made under the LTIP to Executive Directors:

| | Date of grant | Basis of award (% of salary) | Face value of awards at grant[1] | Number of shares under award | Date of vesting |
|---|---|---|---|---|---|
| Mike Edwards | 11 April 2024 | 150% | £1,091,999 | 972,135 | 11 April 2027 |
| Ben Waldron | 11 April 2024 | 150% | £702,000 | 624,944 | 11 April 2027 |
| Lee Miley[2] | 11 April 2024 | 50% PSA<br>25% RSA | £130,000<br>£65,000 | 115,730<br>57,865 | 11 April 2027 |

1 Based on the three-day average share price of £1.1233 to 10 April 2024. 25% vests for delivering threshold performance.
2 Lee Miley was made both a performance share award (PSA) and a restricted share award (RSA) prior to his joining the Group Board.

The awards will ordinarily become exercisable on the third anniversary of grant subject to continued service and the extent to which (for PSAs only) adjusted EPS, TSR and carbon emissions performance conditions are satisfied. The weightings and measures are 40% adjusted EPS, 45% TSR and 15% carbon emissions. The performance period for all measures ends on 27 December 2026.

| Relative TSR[1] | Earnings per share (for FY26) | Group net carbon emissions | Portion of award vesting |
|---|---|---|---|
| Below median | Less than 10.0p | Less than 11,100 tonnes | 0% |
| Median | 10.0p | 11,100 tonnes | 25% |
| Between median and upper quartile | Between 10.0p and 11.5p | Between 11,100 and 12,210 tonnes | Pro-rata on straight-line basis between 25% and 100% |
| Upper quartile | 11.5p | 12,210 tonnes or more | 100% |

1 TSR is measured over the three-year period commencing from the start of FY24 against the following companies: Associated British Foods, A.G. Barr, Britvic, Coca-Cola HBC, Compass Group, Cranswick, Diageo, Domino's Pizza Group, Fuller Smith & Turner, Greencore Group, Greggs, Hilton Food Group, JD Wetherspoon, J Sainsbury, Marston's, Mitchells & Butlers, Ocado Group, Premier Foods, SSP Group, Tate & Lyle, Tesco, Unilever and Whitbread.

Awards for Mike Edwards and Ben Waldron will be subject to a two-year post-vesting holding period following vesting as well as malus and clawback provisions.

On 11 April 2024, awards were granted under the Deferred STIP calculated as one-third of the FY23 STIP as follows:

| | Date of grant | Form of award | Face value of awards at grant[1] | Number of shares under award | Date of vesting |
|---|---|---|---|---|---|
| Mike Edwards | 11 April 2024 | Nil cost option | £291,667 | 259,651 | 11 April 2027 |
| Ben Waldron | 11 April 2024 | Nil cost option | £187,500 | 166,918 | 11 April 2027 |

1 Based on the three-day average share price of £1.1233 to 10 April 2024.

Lee Miley was not an Executive Director during FY23 and, therefore, none of his FY23 bonus was deferred in shares.

### OUTSTANDING LTIP AND DEFERRED STIP AWARDS (AUDITED)

Details of all outstanding performance share awards ("PSAs"), restricted share awards ("RSAs") and Deferred STIP ("DSTIP") awards held by Executive Directors:

| | Award type[1] | Ex. price | Grant date | Interest at 31 Dec 2023 | Awards granted in year | Awards vested in year | Awards exercised in year | Awards lapsed in year | Dividend equivalents | Interest at 28 Dec 2024[2] | Date of vesting |
|---|---|---|---|---|---|---|---|---|---|---|---|
| Mike Edwards | LTIP 2017 | £0 | 1 July 2017 | 600,000 | – | – | 600,000 | – | – | – | 1 April 2020 |
| | LTIP 2017 | £0 | 1 July 2017 | 400,000 | – | – | 400,000 | – | – | – | 1 April 2022 |
| | LTIP 2018 RSA | £0 | 9 April 2018 | 81,385 | – | – | 86,533 | – | 5,148 | – | 9 April 2021 |
| | LTIP 2019 RSA | £0 | 9 April 2019 | 118,094 | – | – | 130,521 | – | 12,427 | – | 9 April 2022 |
| | LTIP 2020 PSA | £0 | 14 Oct 2020 | 460,121 | – | - | 554,314 | – | 94,193 | – | 14 Oct 2023 |
| | LTIP 2020 RSA | £0 | 14 Oct 2020 | 230,060 | – | – | 277,156 | – | 47,096 | – | 14 Oct 2023 |
| | LTIP 2021 PSA | £0 | 26 Apr 2021 | 545,872 | – | 272,936 | – | 272,936 | 55,874 | **328,810** | 26 Apr 2024 |
| | LTIP 2022 PSA | £0 | 13 Apr 2022 | 680,889 | – | – | – | – | – | **680,889** | 13 Apr 2025 |
| | DSTIP 2022 | £0 | 13 Apr 2022 | 138,055 | – | – | – | – | – | **138,055** | 13 Apr 2025 |
| | LTIP 2023 PSA | £0 | 12 Apr 2023 | 1,034,482 | – | – | – | – | – | **1,034,482** | 12 Apr 2026 |
| | DSTIP 2023 | £0 | 12 Apr 2023 | 54,249 | – | – | – | – | – | **54,249** | 12 Apr 2026 |
| | LTIP 2024 PSA | £0 | 11 Apr 2024 | – | 972,135 | – | – | – | – | **972,135** | 11 Apr 2027 |
| | DSTIP 2024 | £0 | 11 Apr 2024 | – | 259,651 | – | – | – | – | **259,651** | 11 Apr 2027 |
| Ben Waldron | LTIP 2017 | £0.764 | 1 July 2017 | 134,162 | – | – | 134,162 | – | – | – | 1 April 2020 |
| | LTIP 2020 PSA | £0 | 14 Oct 2020 | 208,333 | – | – | 250,981 | – | 42,648 | – | 14 Oct 2023 |
| | LTIP 2020 RSA | £0 | 14 Oct 2020 | 104,166 | – | – | 125,490 | – | 21,324 | – | 14 Oct 2023 |
| | LTIP 2021 PSA | £0 | 26 Apr 2021 | 419,818 | – | 209,909 | – | 209,909 | 42,971 | **252,880** | 26 Apr 2024 |
| | LTIP 2022 PSA | £0 | 13 Apr 2022 | 559,228 | – | – | – | – | – | **559,228** | 13 Apr 2025 |
| | DSTIP 2022 | £0 | 13 Apr 2022 | 106,175 | – | – | – | – | – | **106,175** | 13 Apr 2025 |
| | LTIP 2023 PSA | £0 | 12 Apr 2023 | 665,024 | – | – | – | – | – | **665,024** | 12 Apr 2026 |
| | DSTIP 2023 | £0 | 12 Apr 2023 | 42,042 | – | – | – | – | – | **42,042** | 12 Apr 2026 |
| | LTIP 2024 PSA | £0 | 11 Apr 2024 | – | 624,944 | – | – | – | – | **624,944** | 11 Apr 2027 |
| | DSTIP 2024 | £0 | 11 Apr 2024 | – | 166,918 | – | – | – | – | **166,918** | 11 Apr 2027 |
| Lee Miley | LTIP 2017 | £0.764 | 1 July 2017 | 114,530 | – | – | - | – | – | **114,530** | 1 April 2020 |
| | LTIP 2020 PSA | £0 | 14 Oct 2020 | 152,712 | – | – | 183,974 | – | 31,262 | – | 14 Oct 2023 |
| | LTIP 2021 PSA | £0 | 26 Apr 2021 | 75,488 | – | 37,744 | – | 37,744 | 7,726 | **45,470** | 26 Apr 2024 |
| | LTIP 2022 PSA | £0 | 13 Apr 2022 | 99,552 | – | – | – | – | – | **99,552** | 13 Apr 2025 |
| | LTIP 2023 PSA | £0 | 12 Apr 2023 | 119,743 | – | – | – | – | – | **119,743** | 12 Apr 2026 |
| | LTIP 2023 RSA | £0 | 22 May 2023 | 61,576 | – | – | – | – | – | **61,576** | 22 May 2026 |
| | LTIP 2024 PSA | £0 | 11 Apr 2024 | – | 115,730 | – | – | – | – | **115,730** | 11 Apr 2027 |
| | LTIP 2024 RSA | £0 | 11 Apr 2024 | – | 57,865 | – | – | – | – | **57,865** | 11 Apr 2027 |

1 Ben Waldron and Mike Edwards received restricted share awards in their roles as Senior Executives prior to joining the Group Board.
2 Dividend equivalents added for all vested but unexercised LTIP awards (excluding 2017 pre-IPO LTIP) in 'Interest at 28 December 2024' column.
3 Mike Edwards exercised 2,048,524 nil cost options on 10 April 2024 at a share price of £1.135 and a market value of £2,325,075, retaining 1,085,717 shares net of tax and NICs. Ben Waldron exercised 510,633 shares on 10 April 2024 at a share price of £1.135 and a market value gain of £477,103, retaining 222,772 shares net of tax and NICs. Of these, 134,162 had an exercise price of 76.4p and the gain on exercise for these shares was £49,774. Lee Miley exercised 183,974 nil cost options on 10 April 2024 at a share price of £1.135 and a market value of £208,810, retaining 97,506 shares net of tax and NICs.

## STATEMENT OF DIRECTORS' SHAREHOLDINGS AND SHARE INTERESTS (AUDITED)

The share interests of each Director as at 28 December 2024 (together with interests held by connected persons) are set out in the table below. To align Executives with the interests of shareholders, the Remuneration Committee has implemented shareholding guidelines for Executive Directors and key senior colleagues. The guidelines require that Executive Directors build up and maintain an interest in the Ordinary shares of the Company that is 200% of their annual base salary and retain half of any vested deferred STIP and post-IPO LTIP awards (net of any taxes due) until this guideline is met. A two-year post-vesting holding period applies to LTIPs granted to Executive Directors. LTIPs granted to Executive Directors prior to their appointment to the Board do not have a post-vesting holding requirement.

Shareholdings for Directors who have held office during the year ended 28 December 2024 are set out as a percentage of salary or fees in the table below. During the period from 28 December 2024 to the publication of this report, there have been no changes in the Directors' share interests and none of the Directors hold any loans against their shares or otherwise use their shares as collateral.

| | **Beneficially owned shares 28 December 2024** | Beneficially owned shares 30 December 2023 | Vested but unexercised share awards | Unvested share awards – LTIP | Unvested share awards – DABP | **Total interests held at 28 December 2024** | Shareholding as a % of salary[2] |
|---|---|---|---|---|---|---|---|
| **Executive Directors** | | | | | | | |
| Mike Edwards | **1,085,717** | – | 328,810 | 2,687,506 | 451,955 | **4,553,988** | 193.1%[1] |
| Ben Waldron | **282,674** | 59,902 | 252,880 | 1,849,196 | 315,135 | **2,699,885** | 158.8%[1] |
| Lee Miley | **97,506** | – | 45,470 | 454,466 | – | **597,442** | 35.4% |
| **Non-executive Directors** | | | | | | | |
| Simon Burke (Chairman) | **65,000** | 65,000 | – | – | – | **65,000** | n/a |
| Sanjeevan Bala | **–** | – | – | – | – | **–** | – |
| Umran Beba | **–** | – | – | – | – | **–** | – |
| Jill Caseberry | **–** | – | – | – | – | **–** | – |
| Patrick Cook | **–** | – | – | – | – | **–** | – |
| Agust Gudmundsson | **142,103,505** | 142,103,505 | – | – | – | **142,103,505** | n/a |
| Lydur Gudmundsson | **142,303,505** | 142,303,505 | – | – | – | **142,303,505** | n/a |
| Denis Hennequin | **–** | – | – | – | – | **–** | – |
| Jane Lodge | **50,000** | 50,000 | – | – | – | **50,000** | n/a |

1 Calculation based on share price of £1.45 as at 28 December 2024.
2 Shares owned outright by the Executive Director or a connected person are included. Unvested restricted share awards are excluded. Unvested shares or share options which are subject to a performance condition do not count towards the in-employment guideline. Unvested deferred STIP shares and vested LTIP awards (excluding pre-IPO awards) which remain unexercised are included on a net of tax basis and count towards the in-employment guideline. Post employment share ownership guidelines will apply to Ben Waldron.

## C. Pay comparison

### PERCENTAGE CHANGE IN DIRECTORS' REMUNERATION VERSUS EMPLOYEE PAY

The table below shows the percentage change in salary, benefits and STIP earned between FY24 and the prior year for the Group Board compared to the average earnings of all of the Group's other UK colleagues. The change in remuneration is also shown for the previous four years. Whilst the regulations require comparison against employees of the Company (being Bakkavor Group plc), the Remuneration Committee chose the Group's UK salaried colleagues for pay comparison with the CEO as the most meaningful comparator group as the Company itself does not have any employees.

| | 2024 | | | 2023 | | | 2022 | | | 2021 | | | 2020 | | |
|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|
| | Salary/ fees | Benefits | STIP | Salary/ fees | Benefits | STIP | Salary/ fees | Benefits | STIP | Salary/ fees | Benefits | STIP | Salary/ fees | Benefits | STIP |
| Mike Edwards | 4% | 3.2% | 4% | 32.3% | 19.2% | 430% | 10.0% | -16.1% | -63.4% | n/a | n/a | n/a | n/a | n/a | n/a |
| Ben Waldron | -13.3% | -21.7% | -13.2% | 9.8% | 0% | 340% | 10.8% | 91.7% | -63.1% | n/a | n/a | n/a | n/a | n/a | n/a |
| Lee Miley | n/a | n/a | n/a | n/a | n/a | n/a | n/a | n/a | n/a | n/a | n/a | n/a | n/a | n/a | n/a |
| Simon Burke (Chairman) | 4% | n/a | n/a | 0% | -100% | n/a | 2.75% | n/a | n/a | 2.75% | -100% | n/a | 0% | n/a | n/a |
| Sanjeevan Bala[1] | 4% | 0% | n/a | 0% | 100% | n/a | 146.3% | 0% | n/a | n/a | n/a | n/a | – | – | – |
| Umran Beba[1] | 4% | -66.7% | n/a | 0% | 20% | n/a | 2.75% | 400% | n/a | 2.75% | n/a | n/a | 0% | n/a | n/a |
| Robert Berlin | n/a | n/a | n/a | n/a | n/a | n/a | n/a | n/a | n/a | n/a | n/a | n/a | n/a | n/a | n/a |
| Jill Caseberry[1] | 4% | 0% | n/a | 0% | 0% | n/a | 23.2% | n/a | n/a | n/a | n/a | n/a | – | – | – |
| Agust Gudmundsson | 4% | -100% | n/a | 0% | 100% | n/a | -12.7% | 18.2% | -71.4% | 0% | 1000% | n/a | 0% | -75% | -100% |
| Lydur Gudmundsson | 4% | n/a | n/a | 0% | -100% | n/a | -72.3% | 0% | n/a | 2.75% | -50% | n/a | 0% | -50% | n/a |
| Denis Hennequin | 4% | n/a | n/a | 0% | n/a | n/a | 2.75% | n/a | n/a | 2.75% | n/a | n/a | 0% | n/a | n/a |
| Jane Lodge | 4% | 100% | n/a | 0% | 0% | n/a | 2.75% | 100% | n/a | 2.75% | -66.7% | n/a | 0% | 100% | n/a |
| Colleague average | 5.3% | n/a | 4.0% | 3.9% | n/a | 300% | 2.9% | 0% | -66.7% | 2.75% | 0% | 200% | 0% | n/a | 61.3 |

1 NED fees in FY22 comparison are the standard NED fees however the year-on-year numbers vary due to pro-rata calculations using part-year figures from prior year.

### CEO PAY RATIO

In line with the reporting regulations, set out below is the ratio of CEO pay compared to the pay of UK full-time equivalent colleagues of the Group for the financial year ended 28 December 2024. We expect the pay ratio to vary from year to year, driven largely by variability in incentive outcomes for the CEO, which will significantly outweigh any other general employee pay changes at Bakkavor. Taking this into account, the Remuneration Committee is satisfied that the pay ratio is reasonable and consistent with the Company's wider policies on colleague pay, reward and progression.

| | Method | 25th percentile pay ratio | Median pay ratio | 75th percentile pay ratio |
|---|---|---|---|---|
| 2024 | Option B | 90:1 | 81:1 | 74:1 |
| 2023[1] | Option B | 10:21 | 86:1 | 73:1 |
| 2022 | Option B | 49:1 | 40:1 | 40:1 |
| 2021 | Option B | 69:1 | 59:1 | 46:1 |
| 2020 | Option B | 41:1 | 34:1 | 28:1 |
| 2019 | Option B | 56:1 | 39:1 | 36:1 |

1 The CEO pay ratio for 2023 was elevated due to it including values for both the delayed 2020 and 2021 LTIPs.

The small decrease in pay ratio in 2024 is driven by 2023 including the value of two sets of LTIP awards, the delayed 2020 LTIP as well as the 2021 LTIP. In contrast the 2024 CEO figure includes only the 2022 LTIP. Bakkavor has calculated the pay ratio using Option B alongside its gender pay data, as it involved the simplest method of calculation, given our large number of colleagues.

The gender pay gap data from the pay date of 5 April 2024 was used to identify full-time colleagues at the 25th, 50th and 75th percentiles ("P25", "P50" and "P75" respectively). Data was analysed for a number of colleagues around each quartile figure to ensure that there were no anomalies and to ensure an appropriate representation of P25, P50 and P75. Remuneration for each of these individuals was then re-calculated for FY24, as at 28 December 2024, in line with the methodology for calculating the CEO's remuneration.

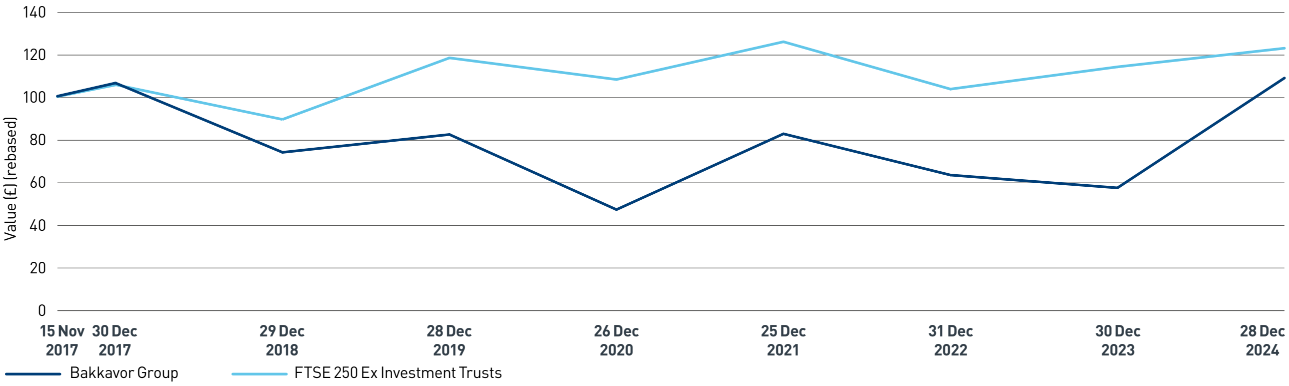
The Remuneration Committee is satisfied that the resulting figures are reasonable and are appropriately representative for the purposes of the CEO pay ratio calculations. Set out in the table below is the base salary and total pay and benefits for each of the percentiles.

| | 25th percentile | Median | 75th percentile |
|---|---|---|---|
| Salary | £27,026 | £29,961 | £33,080 |
| Total pay and benefits | £27,898 | £30,856 | £34,072 |

## TSR AND CEO SINGLE FIGURE HISTORY

The chart below shows the Company's TSR performance compared with that of the FTSE 250 Index (excluding investment trusts) over the period from the date of the Company's Admission to the London Stock Exchange to 28 December 2024. The FTSE 250 Index is considered by the Group Board to be the most appropriate broad equity comparator index for Bakkavor.

TSR is defined as the return on investment obtained from holding a company's shares over a period. It includes dividends paid, the change in the capital value of the shares and any other payments made to or by shareholders within the period.




Source: Datastream (an LSEG product).

## CEO SINGLE FIGURE HISTORY

| | CEO | CEO single figure of total remuneration £'000 | Annual STIP payout as a proportion of maximum | LTIP vesting as a proportion of maximum |
|---|---|---|---|---|
| 2024 | Mike Edwards | 2,509 | 100% | 67.7% |
| 2023[1] | Mike Edwards | 2,418 | 100% | 100/50% |
| 2022[2] | Mike Edwards | 161 | 25% | n/a |
| 2022[2] | Agust Gudmundsson | 837 | 25% | n/a |
| 2021 | Agust Gudmundsson | 1,278 | 75% | n/a |
| 2020 | Agust Gudmundsson | 694 | 0% | n/a |
| 2019 | Agust Gudmundsson | 987 | 12.4% | n/a |
| 2018 | Agust Gudmundsson | 864 | 0% | n/a |

1 The 2023 figure includes both the delayed 2020 and 2021 LTIPs for Mike Edwards which vested at 100% and 50% respectively.
2 The 2022 figures for Mike Edwards and Agust Gudmundsson are based on their respective periods in post as CEO during FY22. Agust Gudmundsson did not participate in the LTIP.

## RELATIVE IMPORTANCE OF THE SPEND ON PAY

The following table shows the Company's actual spend on pay for all Group colleagues relative to dividends:

| | 2024 | 2023 | % change |
|---|---|---|---|
| Staff costs[1] | £623.6m | £591.9m | 5.4% |
| Dividends | £43.8m | £40.8m | 7.4% |

1 Note 8 of the Consolidated Financial Statements.

## D. Remuneration Committee membership, governance and voting

### REMUNERATION COMMITTEE MEMBERSHIP

The Remuneration Committee in 2024 comprised Jill Caseberry as Chair of the Committee, Umran Beba and Sanjeevan Bala, all independent NEDs. The Committee met four times during the year and all Committee members were present. The biographies of the Remuneration Committee members are set out on page 87.

Members of management, including the CEO, CFO, CPO, Group Head of Reward and the independent adviser to the Remuneration Committee, are invited to attend meetings where appropriate. The Group Company Secretary and General Counsel is the secretary to the Remuneration Committee. Attendees are not involved in any decisions and are not present for any discussions regarding their own remuneration. The Company Chairman may attend meetings but is not present when his own remuneration arrangements are being decided.

### INDEPENDENT ADVISERS

The Remuneration Committee takes account of information from both internal and independent sources, including FIT Remuneration Consultants LLP ("FIT") who act as the Remuneration Committee's independent adviser. FIT was appointed by the Remuneration Committee as a result of a tender process and advised the Remuneration Committee on all aspects of Senior Executive remuneration, including remuneration trends and corporate governance best practice.

FIT is a founder member of the Remuneration Consultants' Group and complies with its Code of Conduct, which sets out guidelines to ensure that its advice is independent and free of undue influence. The Remuneration Committee reviews the performance and independence of its advisers on an annual basis. The Remuneration Committee was satisfied that FIT's advice was independent and objective. Bakkavor incurred fees of £40,390 excluding VAT in FY24 relating to Remuneration Committee advice. FIT billed on a time and materials basis and did not provide any other services other than share plan implementation advice to Bakkavor during FY24.

### SHAREHOLDER VOTING

The Company is committed to ongoing shareholder dialogue and takes an active interest in voting outcomes. Where there are substantial votes against resolutions in relation to Directors' remuneration, the Company seeks to understand the reasons for any such vote and will report any actions in response to it. The following table sets out actual voting at the AGM on 23 May 2024 in respect of the Directors' remuneration report for the year ended 26 December 2023 and at the AGM on 23 May 2024 in respect of the current Remuneration Policy:

| | Remuneration report | |
|---|---|---|
| At AGM 23 May 2024 | Total number of votes | % of votes cast |
| For and Discretionary[1] | 556,747,334 | 99.92% |
| Against | 440,095 | 0.08% |
| **Total votes cast (excluding withheld votes)** | **557,187,429** | **100.0%** |
| Total votes withheld | 14,069 | 0.0% |
| **Total votes cast (including withheld votes)** | **557,201,498** | **100.0%** |

1 There were no discretionary votes.

| | Remuneration Policy | |
|---|---|---|
| At AGM 23 May 2024 | Total number of votes | % of votes cast |
| For and Discretionary[1] | 557,116,484 | 99.99% |
| Against | 70,788 | 0.01% |
| **Total votes cast (excluding withheld votes)** | **557,187,272** | **100.0%** |
| Total votes withheld | 14,226 | 0.0% |
| **Total votes cast (including withheld votes)** | **557,201,498** | **100.0%** |

1 There were no discretionary votes.

## E. Implementation of Remuneration Policy in 2025

| | Mike Edwards | Lee Miley |
|---|---|---|
| Annual base salary | • £749,840 (an increase of 3%). | • £400,000 (on appointment from 1 November 2024). |
| | • The average 2025 increase for the UK salaried workforce is c.4.2% with typical increases ranging from 3% to 5%. | |
| Benefits and pension | • Pension contribution is workforce aligned at 3% of salary.<br>• Benefits are provided in line with the approved Remuneration Policy. | |
| STIP | 2025 STIP maximum is 125% of salary.<br>• For 2025, the STIP for the Executive Directors will comprise three measures, namely Group adjusted EBIT (75%), colleague engagement measured through employee turnover (12.5%) and UK food waste (12.5%).<br>• Specific targets have not been disclosed in advance as this would give a clear indication of the Group's business objectives, which are commercially sensitive. Full details of the targets and performance against them will be disclosed in the 2025 Annual Report and Accounts.<br>• The bonus is subject to an underlying performance override. Malus and clawback provisions apply.<br>• In line with the Remuneration Policy, one-third of any STIP earned will be deferred for three years, conditional upon continued employment. | |
| LTIP | • The Remuneration Committee intends to grant awards of nil-cost options under the LTIP in April 2025 to the CEO and CFO in line with the Remuneration Policy.<br>• Awards will have a face value of up to 150% of salary, with the exact number of shares to be granted to be determined with reference to the prevailing share price around the date of grant.<br>• The awards will be subject to EPS (40%), relative TSR (measured against a bespoke group of food and drink companies) (45%) and carbon emissions (15%).<br>• The adjusted EPS target requires a minimum performance in 2027 of 14.5p to trigger threshold vesting (25% of that element) with performance of 16.0p to achieve maximum. For performance outcomes between threshold and maximum, the vesting percentage will be determined on the basis of a straight-line sliding scale. In setting these targets, the Committee took into account the Group's strategic plan and market expectations based on analyst forecasts and is confident that the targets are stretching for the three-year performance period.<br>• The relative TSR performance is assessed over the period FY25 to FY27, relative to the following bespoke group of sector peers: Associated British Foods, A.G. Barr, Britvic, Coca-Cola HBC, Compass, Cranswick, Diageo, Domino's Pizza, Fuller Smith & Turner, Greencore, Greggs, Hilton Food Group, JD Wetherspoon, J Sainsbury, Marks & Spencer, Marston's, Mitchells & Butlers, Premier Foods, SSP, Tate & Lyle, Tesco, Unilever (UK) and Whitbread. Performance will need to be median to trigger threshold vesting (25% of that element) and at least upper quartile to trigger full vesting of that element. For performance outcomes between threshold and maximum, the vesting percentage will be determined on the basis of a straight-line sliding scale.<br>• The Group net carbon emissions element of our LTIP requires a reduction of 14,250 tonnes to trigger threshold vesting (25% of that element) with performance of a reduction of 15,675 tonnes to achieve maximum. For performance outcomes between threshold and maximum, the vesting percentage will be determined on the basis of a straight-line sliding scale. In setting these targets, the Committee took into account the Group's strategic plan for reductions in scope 1 and 2 emissions by the end of 2027 which is aligned with the annual decrease required to meet our 2030 target which has been prepared in line with recommendations from the Science Based Targets initiative ("SBTi") and is confident that the targets are stretching for the three-year performance period.<br>• Before an award vests the Remuneration Committee must be satisfied that the underlying performance of the Group is satisfactory. The Remuneration Committee believes that having a performance override is an important feature of the plan as it mitigates the risk of unwarranted vesting outcomes.<br>• Awards will be subject to a two-year holding period following vesting as well as malus and clawback. | |

### NEDS' FEES FOR 2024

Fees for the NEDs and Chairman have been increased for FY25 by 3% effective as of 1 January 2025 and are as follows:

| | Fee |
|---|---|
| Chairman | £226,185 |
| Base Non-executive Director fee | £79,165 |

**Notes:**
Patrick Cook and Robert Berlin did not receive any fees for their roles as NED.

No additional fee is payable to any NEDs for additional responsibilities such as serving on a Committee of the Group Board. Each NED is also entitled to reimbursement of reasonable expenses, including international travel expenses.

On behalf of the Group Board:

**Jill Caseberry**
Chair, Remuneration Committee
3 March 2025

# OUR DIRECTORS' REPORT

The Directors present their report, together with the audited Group Financial Statements, for the year ended 28 December 2024.

## PRINCIPAL ACTIVITIES AND BUSINESS REVIEW

Bakkavor Group plc produces fresh prepared food in its three markets; UK, US and China. The Company employs c.18,000 colleagues[1] worldwide and is headquartered in London, UK.

## DIRECTORS' REPORT CONTENT

For the purposes of the Companies Act 2006, the Strategic Report, the corporate governance report and the Directors' remuneration report are all incorporated by reference into, and should be read as part of, this report.

## REGISTERED OFFICE

Bakkavor Group plc is incorporated as a public limited company and is registered in England with the number 10986940. Bakkavor Group plc's registered office is Fitzroy Place, 5th Floor, 8 Mortimer Street, London, England, W1T 3JJ.

Our registrars are Equiniti Limited, located at Aspect House, Spencer Road, Lancing, West Sussex, BN99 6DA.

## CORPORATE GOVERNANCE STATEMENT

In compliance with the Financial Conduct Authority's ("FCA") Disclosure Guidance and Transparency Rules ("DTRs") Rule 7, the corporate governance statement, Board Committees' reports and Directors' remuneration report are included in this Directors' report.

Our corporate governance statement sets out how the Group complies with the 2018 UK Corporate Governance Code ("the Code"). It also explains the composition and operation of the Group Board and its Committees.

**READ MORE:**
Corporate governance compliance statement pg 84.
Group Board pg 86.

All required disclosures have been made and the Group has complied with the Code throughout the accounting period.

## ENGAGEMENT WITH SUPPLIERS, CUSTOMERS AND OTHERS

In accordance with the Large and Medium-sized Companies and Groups (Accounts and Report) Regulations 2008 (as amended by the Companies (Miscellaneous Reporting) Regulations 2018), the Company's statement on engagement with, and having due regard to, the interests of colleagues and key stakeholders is contained within the Section 172 statement in the Strategic Report.

**READ MORE** pg 7.

## STRATEGIC REPORT

Section 414A of the Companies Act 2006 ("the Act") requires the Directors to present a Strategic Report in the Annual Report and Accounts. The Directors are satisfied with the Group's net asset position as at 28 December 2024.

## MANAGEMENT REPORT

For the purposes of DTR Rules 4.1.5R (2) and 4.1.8, the Directors' report and the Strategic Report comprise the management report.

## DISCLOSURES

This Directors' corporate governance report fulfils the requirements of the Directors' report for the purposes of the Act. The Strategic Report encompasses our ESG strategy, Trusted Partner.

**READ MORE** pg 2.

In line with the Regulations which implement the European Union Accounting Directive (SI 2015/980), a complete list of the Group's subsidiaries has been included on page 210 to comply with Section 409 of the Act.

We have chosen, in accordance with the Act, to include certain information in our Strategic Report or Financial Statements that would otherwise be required in the Directors' report. The table below outlines where further information on these topics can be found:

| | Page |
|---|---|
| Important events since the financial year end | 204 |
| Likely future developments in the business | 24 |
| Research and development | 146 |
| Use of financial instruments | 191 |
| Colleague engagement | 7 |
| Greenhouse gas emissions | 56 |
| Risks and risk management | 66 |
| Details of subsidiaries | 210 |

1 Refers to the average throughout 2024.

## UK LISTING RULE 6.6.1 DISCLOSURES

In accordance with UK Listing Rule 6.6.1 of the FCA's UK Listing Rules, the table below sets out the location of the following sections/information within the Annual Report and Accounts:

| Listing Rule 6.6.1 | Required disclosure | Page reference |
|---|---|---|
| (1) | Interest capitalised and tax relief | Note 11 to the Financial Statements |
| (2) | Publication of unaudited financial information | n/a |
| (3) | Details of long-term incentive schemes | Note 32 to the Financial Statements and pg 127 of Directors' remuneration report |
| (4) | Waiver of emoluments by a Director | Pg 129 of Directors' remuneration report |
| (5) | Waiver of future emoluments by a Director | Pg 129 of Directors' remuneration report |
| (6) | Non pre-emptive issues of equity for cash | n/a |
| (7) | Non pre-emptive issues of equity for cash by major subsidiary undertakings | n/a |
| (8) | Parent participation in a placing by a listed subsidiary | n/a |
| (9) | Contracts of significance involving a Director | Pg 145 of Directors' report |
| (10) | Provision of services by a controlling shareholder | Pg 145 of Directors' report |
| (11) | Shareholder waivers of dividends | Pg 145 of Directors' report |
| (12) | Shareholder waivers of future dividends | Pg 145 of Directors' report |
| (13) | Compliance with UK Listing Rule 6.2.3 | Pg 145 of Directors' report |

## RESULTS

**READ MORE:**
Financial review pg 58.
Consolidated income statement pg 160.

## DIVIDEND

An interim dividend of 3.20p per Ordinary share was paid on 11 October 2024 to shareholders whose names were on the register of members as at 13 September 2024. The Group Board will propose a final dividend of 4.80 pence per Ordinary share at the Company's AGM on 22 May 2025. This will result in a total dividend for the FY24 of 8.00 pence per Ordinary share. Subject to shareholder approval, the final dividend declared at the AGM will be paid on 28 May 2025 to shareholders on the register of members as at close of business on 25 April 2025.

The Group's profit after tax for the financial year amounts to £55.7m.

## BOARD OF DIRECTORS

The profiles of the Directors of the Company, who were in office during the year and up to the date of signing the Financial Statements, are set out in this report.

**READ MORE** pg 86.

An agreed list of matters for the Directors' consideration is set out in the Schedule of Matters Reserved to the Group Board, which is reviewed and updated annually and is available on the Bakkavor website at bakkavor.com/en/governance.

## APPOINTMENT AND RETIREMENT OF DIRECTORS

The rules governing the appointment and replacement of Directors can be found in the Articles, the Code, the Act and related legislation. Under the Terms of Reference of the Nomination Committee, the appointment of Directors must be recommended by the Nomination Committee for approval by the Group Board. The process for appointment and removal of Directors is captured in the Terms of Reference of the Nomination Committee. Pursuant to the provisions of the Code, at each AGM, all Directors will retire and stand for election or re-election to the Group Board.

**READ MORE** pg 86.

| Name | Role | Effective date of first appointment |
|---|---|---|
| Sanjeevan Bala | Independent Non-executive Director | 1 August 2021 |
| Simon Burke | Chairman | 20 October 2017 |
| Robert Berlin | Non-independent Non-executive Director | 16 January 2024 |
| Umran Beba | Independent Non-executive Director | 1 September 2020 |
| Jill Caseberry | Independent Non-executive Director | 1 March 2021 |
| Patrick Cook[1] | Non-independent Non-executive Director | 12 July 2018 |
| Mike Edwards | Chief Executive Officer | 27 December 2020 |
| Agust Gudmundsson[2] | Non-independent Non-executive Director | 1 November 2022 |
| Lydur Gudmundsson | Non-independent Non-executive Director | 20 October 2017 |
| Denis Hennequin | Independent Non-executive Director | 20 October 2017 |
| Jane Lodge | Independent Non-executive Officer | 3 April 2018 |
| Lee Miley | Chief Financial Officer | 1 November 2024 |
| Ben Waldron[3] | Chief Financial Officer and Asia CEO | 27 December 2020 |

1 Patrick Cook stepped down from the Group Board on 16 January 2024.
2 Agust Gudmundsson was an Executive Director from 28 September 2017 to 1 November 2022.
3 Ben Waldron stepped down from the Group Board on 31 October 2024.

Subject to applicable law, the Articles and any directions given by special resolution, the business of the Company will be managed by the Group Board, which may exercise all powers of the Company.

### DIRECTORS' INSURANCE AND INDEMNITIES

Bakkavor has made qualifying third-party indemnity provisions (as defined in the Act) for the benefit of its Directors. These provisions were in force throughout the year and remain at the date of approval of this Annual Report and Accounts. In accordance with the Articles, and to the extent permitted by law, Bakkavor may indemnify its Directors out of its own funds to cover liabilities arising as a result of their office.

Bakkavor holds Directors' and Officers' liability insurance cover for any claim brought against Directors or Officers for wrongful acts in connection with their positions, but the cover does not extend to claims arising from dishonesty or fraud.

### SERVICE CONTRACTS

The Company's policy regarding Directors' service contracts and appointment terms takes account of market practice and their notice periods are not excessive. No Director has a service contract with a notice period in excess of one year.

### DIRECTORS' INTERESTS IN COMPANY SHARES AT 3 MARCH 2025

The Directors' interests in the shares of the Company are set out on page 134 of Directors' remuneration report. The Directors have no beneficial interests in any of the Group's subsidiary or associated undertakings.

### ARTICLES OF ASSOCIATION

The Company's Articles of Association set out the objects and powers of the Company. The Company's Articles of Association may be amended by a special resolution passed by the shareholders at an AGM or EGM of the Company. A copy of the Articles of Association can be obtained from the Company's website: bakkavor.com/en/governance.

### SHARE CAPITAL AND CAPITAL STRUCTURE

The Company's issued share capital as at 28 December 2024 comprised a single class of shares divided into Ordinary shares of 2 pence each. At the date of publication, the Company's issued share capital comprised 579,425,585 Ordinary shares. Details of the Company's issued share capital are also shown in Note 27 to the Group Financial Statements.

Details of colleague share schemes are set out in Note 27 to the Group Financial Statements.

### RESTRICTIONS ATTACHING TO SHARES

In line with the Articles of Association of the Company, the Company has a single class of share which carries no right to fixed income. Each share is non-redeemable, carries equal voting rights and ranks equally for dividends and capital distributions, whether on a winding up or otherwise.

There are no specific restrictions on the size of a holding nor on the transfer of Ordinary shares, which are both governed by the general provisions of the Articles and prevailing legislation. The Company is not aware of any agreements between holders of securities that may result in restrictions on the transfer of securities or that may result in restrictions on voting rights.

There are no persons who hold securities carrying special rights regarding the control of the Company.

### POWERS FOR THE COMPANY ISSUING OR BUYING BACK SHARES

Under the Articles, the Group Board has general and unconditional authority for each prescribed period to exercise all the powers of the Company to allot shares in the Company or to grant rights to subscribe for or to convert any security into shares in the Company in accordance with Section 551 of the Act.

The Company was given authority at the 2024 AGM to make market purchases of up to 10% of its issued share capital as permitted under the Articles. This standard authority is renewable annually; the Directors will seek to renew this authority at the AGM on 22 May 2025.

During the period ending 31 December 2022, the Company began purchasing shares through an Employee Benefit Trust called The Bakkavor Group plc Employee Benefit Trust ("the Trust"). These shares are held to satisfy share awards under the Group's share scheme plans. Own shares purchased are recorded at cost and deducted from equity. The number of Ordinary shares of £0.02 each held by the Trust at 28 December 2024 was 4,237,328 (30 December 2023: 4,567,073) and the aggregate amount of the consideration paid by the Company was £14.2m and as at the date of publication of this report is £6.3m. This represents 0.7% of total called up share capital at 28 December 2024 (31 December 2023: 0.8%). Total cash purchases made through the Trust during the year amounted to £8.6m (2023: £2.4m). No own shares held by the Company were cancelled during the periods presented.

A special resolution will be proposed to renew the Directors' authority to repurchase the Company's shares within certain limits and as permitted by the Articles at the AGM on 22 May 2025.

### SIGNIFICANT AGREEMENTS AND RELATIONSHIPS CHANGE OF CONTROL

There are a number of agreements that take effect, alter or terminate upon a change of control of the Company, such as commercial contracts, property lease arrangements and colleague share plans. During the year under review, there were no contracts of significance impacting on the business of the Group as a whole involving a Director (except as explained below).

The agreement that governs the Company's Term Loan and Revolving Credit Facility ("Facilities Agreement") provides that, on a change of control, any lender may on notice cancel its commitments under the Facilities Agreement. In the event of a takeover, the exercise by the lenders under the Facilities Agreement of the right to cancel could have a significant impact on the business of the Group, as the outstanding amounts thereunder would become immediately due and payable.

The Directors are not aware of any agreements between the Company and its Directors or colleagues that provide for compensation for loss of office or employment that occurs because of a takeover bid.

There are no colleague share scheme rights with regard to control of the Company.

### SHAREHOLDER RELATIONSHIP AGREEMENTS

On 12 January 2024, BP-PE5 L.L.C. (an affiliate of the Baupost Group, "Baupost") sold its entire shareholding, representing 20.1% of the share capital in the Company, to LongRange Capital Fund I, L.P. and its affiliates ("LongRange Capital"). Pursuant to this, the Company's relationship agreement with Baupost terminated. The Company entered into a relationship agreement with LongRange Capital on 16 January 2024 ("the relationship agreement") to regulate the ongoing relationship between the Company and LongRange Capital. The key terms of the relationship agreement are available on the Company's website at: bakkavor.com/en/investors/shareholder-information – 'Other information'.

### CONTROLLING SHAREHOLDERS

The aggregate shareholding in the Company of Carrion Enterprises Ltd (the corporate holding structure of Agust Gudmundsson), Umbriel Ventures Ltd (the corporate holding structure of Lydur Gudmundsson) and their concert party group (the "controlling shareholders") is 50.19%. The Company is party to a relationship agreement with Carrion Enterprises Ltd, Umbriel Ventures Ltd, the trustee(s) of The A.G. Trust (which owns 100% of Carrion Enterprises Ltd) and the trustee(s) of The L.G. Trust (which owns 100% of Umbriel Ventures Ltd).

Lixaner Co Ltd (an entity which is a concert party of Carrion Enterprises Ltd and Umbriel Ventures Ltd following its acquisition of shares in the Company on 23 May 2019) executed a Deed of Adherence to the relationship agreement on 15 April 2020 and is duly bound by its terms.

In accordance with the requirements of UK Listing Rule 6.2.3, the Group Board confirms that the Company has carried on the business independently from the controlling shareholders at all times.

There were no contracts for the provision of services to the Group by a controlling shareholder, other than under their service contract or letter of appointment.

READ MORE pg 123.

### SHAREHOLDER WAIVER OF DIVIDENDS

Dividend rights are waived in relation to Ordinary shares held in the Bakkavor Group plc Employee Benefit Trust. The total number of dividend rights waived for the reporting period ended 28 December 2024 was 1,917,903 Ordinary shares, relating to the interim dividend. Please refer to Note 27 to the Group Financial Statements.

### SUBSTANTIAL SHAREHOLDING

The Group has been notified in accordance with the Financial Conduct Authority's ("FCA") Disclosure Guidance and Transparency Rules ("DTRs"), or was otherwise aware, that the following held, or were beneficially interested in, 20% or more of Bakkavor's issued Ordinary shares.

| | | 28 December 2024 | | Date of publication | |
|---|---|---|---|---|---|
| Name | Nature of holding | Number of Ordinary shares | % of voting rights | Number of Ordinary shares | % of voting rights |
| Carrion Enterprises Ltd (corporate holding structure of Agust Gudmundsson) | Indirect | 142,103,505 | 24.52 | 142,103,505 | 24.52 |
| Umbriel Ventures Ltd (corporate holding structure of Lydur Gudmundsson) | Indirect | 142,303,505 | 24.56 | 142,303,505 | 24.56 |
| LongRange Capital Fund I, L.P. | Indirect | 116,468,928 | 20.10 | 116,468,928 | 20.10 |
| FIL Limited[1] | Indirect | 56,617,750 | 9.77 | 56,884,885 | 9.82 |
| Aberforth Partners LLP | Indirect | 40,102,516 | 6.92 | 40,261,516 | 6.95 |

1 FIL Limited is the ultimate controlling entity for shares held by FIL Investment Advisors (UK) Limited and FIL Pensions Management.

### ENGAGEMENT WITH SHAREHOLDERS

In accordance with the Code and the UK Stewardship Code, the Group Board promotes engagement and interaction between the Group and its major shareholders.

Opportunities are created for investors and shareholders to engage directly with the Chairman, Senior Independent Director, Audit and Risk and Remuneration Committee Chairs, CEO and CFO; including meetings following the publication of full-year and half-year financial results, and attending investor relations conferences and events.

### AGM

Bakkavor's AGM provides the Group Board with the opportunity to communicate with private and institutional investors, with time set aside at the meeting for shareholders to ask questions.

At the AGM, the Chairman provides a brief summary of the Company's activities during the previous year. All resolutions at the last AGM were duly passed. As recommended by the Code, all resolutions were voted on separately and the final voting results, which included all votes cast for, against and withheld, were released to the London Stock Exchange as soon as practicable after the meeting.

This year's AGM will be held on 22 May 2025. Full details of the 22 May 2025 AGM will be set out in the Notice of AGM and will be available on the Company's website in advance of the meeting at: bakkavor.com/en/investors/shareholder-information.

### RESEARCH AND DEVELOPMENT

Developing innovative new products remains core to our business. The Group uses insights gained through analysis of consumer research and data, as well as knowledge of food trends sourced from around the world, to build an understanding of what consumers desire. Teams of chefs and product development experts continuously create and test recipes, and work collaboratively with the Group's commercial and marketing teams to ensure products taste great, are commercially viable and reinforce the Group's market-leading position. We also leverage our operational expertise to help inform new and innovative manufacturing processes and, when applicable, look to take advantage of tax benefits associated with our research and development activities.

### COLLEAGUES WITH DISABILITIES

Applications by candidates with disabilities are given full and fair consideration with regard to their aptitudes and abilities. Where existing colleagues develop a disability, every effort is made to ensure that their employment with Bakkavor continues, and any reasonable adjustments are made to accommodate them. All adjustments are considered on an individual basis, supported by medical opinion, and include, but are not limited to: physical changes to the workplace; phased return to work; providing specific equipment to support their daily work routine; allocating some duties to a co-worker; and allowing paid time off work for rehabilitation, assessment or treatment. Appropriate training is also provided.

It is the policy of the Group that the training, career development and promotion of colleagues with disabilities should, as far as possible, be the same as that of our other colleagues.

### COLLEAGUE ENGAGEMENT

Open and constructive communication allows us to hear views from all levels of the business, keeping our over c.18,000 colleagues informed and updated on economic and financial factors. Regular updates are posted on the intranet and engagement events are hosted with members of the Senior Executive Team. Colleagues are provided with information on matters of concern to them in their work through regular briefing meetings and internal publications.

Colleagues have regular performance reviews, with their goals aligned to supporting business performance and their individual career development. Certain colleagues are eligible to receive a bonus, which is typically linked to Group or regional financial and non-financial metrics.

We perform a Group-wide Employee Engagement Survey ("EES") annually and our latest EES, completed in September 2024, had a response rate of 89%. The 2024 EES provided valuable insights that were analysed at local, site, business, function and Group level and have fed into localised action plans and informed our colleague priorities.

Additionally, our UK Group Employee Forums ("GEF") and Site Employee Forums ("SEF") create an open and regular channel of communication between colleagues and management. SEF representatives are elected by peers and play a vital role in sharing best practices across sites, supporting local causes and charities, providing support and seeking advice. The GEF comprises SEF representatives at Group level.

This year, Sanjeevan Bala, the Company's designated workforce engagement Non-executive Director, visited six sites and presented to the GEF on Bakkavor's Executive compensation and framework. Colleagues provided valuable feedback on areas such as transparency around Executive pay and our long-term view to ensure ongoing business success and sustainability. The feedback was discussed with the Group Board and Sanjeevan provided the GEF with an update at its November meeting.

The Directors engage with our colleagues regarding their interests and the principal decisions taken by the Company during the financial year can be found in the Section 172 statement.

**READ MORE:**
Key activities in 2024 pg 94.
ESG: Trusted Partner pg 38.

### GREENHOUSE GAS EMISSIONS, ENERGY CONSUMPTION AND ENERGY EFFICIENCY ACTION

We report our emissions, energy consumption and energy efficiency action planning in accordance with the Task Force on Climate-related Financial Disclosures ("TCFD") within our Strategic Report. All data shown is for the calendar year and at a Group level, unless specified.

**READ MORE** pg 46.

### STREAMLINED ENERGY AND CARBON REPORTING ("SECR")

Bakkavor reports SECR data in the Strategic Report as permitted under S.414(C) of the Companies Act 2006 including (i) emissions (pages 56 to 57), (ii) energy consumption (pages 56 to 57) and (iii) energy efficiency actions (page 55).

### CHARITABLE DONATIONS

Bakkavor believes in giving back to the communities in which we operate. Our Charity and Political Donations Policy sets out ways to channel charitable giving through monetary and product donations, supporting our colleagues in their fundraising efforts and advocating skills and volunteering events. We never use charitable donations as a means to gain improper influence and all monies given to charity in Bakkavor's name are subject to due process.

As part of our corporate charity partnerships, in 2024, Bakkavor Group donated over £130,000 to GroceryAid and the Natasha Allergy Research Foundation.

**READ MORE** pg 45.

### POLITICAL DONATIONS

Bakkavor does not give financial donations nor support to political individuals, representatives, parties or causes in any country in which we operate. No political donations were made during the financial year.

### FINANCIAL INSTRUMENTS

Please refer to Note 26 to the Group Financial Statements.

### FINANCIAL RISK MANAGEMENT

Please refer to Note 26 to the Group Financial Statements.

### GOING CONCERN

The Directors have reviewed the historical trading performance of the Group and the forecasts through to March 2026.

The Directors, in their detailed consideration of going concern, have reviewed the Group's future revenue projections and cash requirements, which they believe are based on prudent interpretations of market data and past experience.

The Directors have also considered the Group's level of available liquidity under its financing facilities. The Directors have carried out a robust assessment of the significant risks currently facing the Group. This has included scenario planning on the implications of further inflation and the potential impact of lower sales volumes from reduced consumer demand in response to increasing retail prices.

Having taken these factors into account under the scenario, which is considered to be severe but plausible, the Directors consider that adequate headroom is available based on the forecasted cash requirements of the business. At the date of this report, the Group has complied in all respects with the terms of its borrowing agreements, including its financial covenants, and forecasts to continue to do so in the future.

Consequently, the Directors consider that the Company and the Group have adequate resources to meet their liabilities as they fall due for the foreseeable future. For this reason, they continue to adopt the going concern basis in preparing the Financial Statements.

**READ MORE:**
Risks and risk management pg 66.
Note 2 to the Group Financial Statements.

### VIABILITY STATEMENT

In line with Provision 31 of the Code, the Group Board has carried out a thorough review of the prospects of the Group and its ability to meet its liabilities through to, at least, the end of December 2027 and considers that the Group will be able to continue in operation over the three-year period to the end of December 2027.

**READ MORE** pg 75.

### DIRECTORS' STATEMENT AS TO THE DISCLOSURE OF INFORMATION TO THE AUDITORS

So far as each person who was a Director at the date of approving this report is aware, there is no relevant audit information, being information needed by the Auditors in connection with preparing their report, of which the Auditors are unaware. Each Director has taken all the steps that he or she is obliged to take as a Director in order to make himself or herself aware of any relevant audit information, and to establish that the Company's Auditors are aware of that information. This confirmation is given pursuant to S.418 of the Act and should be interpreted in accordance with and subject to these provisions.

### SUBSEQUENT EVENTS

On 24 December 2024, a business transfer agreement was signed for the sale of the trade and assets of the Hong Kong business. The sale is anticipated to complete in April 2025.

Please refer to Note 35 to the Group Financial Statements for full details.

The Directors' report was approved by the Group Board on 3 March 2025.

By order of the Group Board

**ANNABEL TAGOE-BANNERMAN**

Group General Counsel and Company Secretary
3 March 2025

# STATEMENT OF DIRECTORS' RESPONSIBILITIES IN RESPECT OF THE FINANCIAL STATEMENTS

The Directors are responsible for preparing the Annual Report and the Financial Statements in accordance with applicable law and regulation.

Company law requires the Directors to prepare Financial Statements for each financial year. Under that law the Directors have prepared the Group Financial Statements in accordance with UK-adopted International Accounting Standards and the Company Financial Statements in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards, comprising FRS 101 "Reduced Disclosure Framework", and applicable law).

Under company law, Directors must not approve the Financial Statements unless they are satisfied that they give a true and fair view of the state of affairs of the Group and Company and of the profit or loss of the Group for that period. In preparing the Financial Statements, the Directors are required to:

- Select suitable accounting policies and then apply them consistently.
- State whether applicable UK-adopted International Accounting Standards have been followed for the Group Financial Statements and United Kingdom Accounting Standards, comprising FRS 101, have been followed for the Company Financial Statements, subject to any material departures disclosed and explained in the Financial Statements.
- Make judgements and accounting estimates that are reasonable and prudent.
- Prepare the Financial Statements on the going concern basis unless it is inappropriate to presume that the Group and Company will continue in business.

The Directors are responsible for safeguarding the assets of the Group and Company and, hence, for taking reasonable steps for the prevention and detection of fraud and other irregularities.

The Directors are also responsible for keeping adequate accounting records that are sufficient to show and explain the Group's and Company's transactions and disclose with reasonable accuracy, at any time, the financial position of the Group and Company and enable them to ensure that the Financial Statements and the Directors' remuneration report comply with the Companies Act 2006.

The Directors are responsible for the maintenance and integrity of the Company's website. Legislation in the United Kingdom governing the preparation and dissemination of Financial Statements may differ from legislation in other jurisdictions.

## DIRECTORS' CONFIRMATIONS

The Directors consider that the Annual Report and Financial Statements, taken as a whole, is fair, balanced and understandable, and provides the information necessary for shareholders to assess the Group's and Company's position and performance, business model and strategy.

Each of the Directors, whose names and functions are listed in the Annual Report and Financial Statements, confirm that, to the best of their knowledge:

- The Group Financial Statements, which have been prepared in accordance with UK-adopted International Accounting Standards, give a true and fair view of the assets, liabilities, financial position and profit of the Group.
- The Company Financial Statements, which have been prepared in accordance with United Kingdom Accounting Standards, comprising FRS 101, give a true and fair view of the assets, liabilities and financial position of the Company.
- The Strategic Report and Directors' report include a fair review of the development and performance of the business and the position of the Group and Company, together with a description of the principal risks and uncertainties that it faces.

In the case of each Director in office at the date the Directors' report is approved:

- So far as the Director is aware, there is no relevant audit information of which the Group's and Company's Auditors are unaware.
- They have taken all the steps that they ought to have taken as a Director in order to make themselves aware of any relevant audit information and to establish that the Group's and Company's Auditors are aware of that information.

**MIKE EDWARDS**
Chief Executive Officer
3 March 2025

**LEE MILEY**
Chief Financial Officer
3 March 2025

# FINANCIAL STATEMENTS



# AWARD-WINNING HOUMOUS BRAND ACQUIRED

In May 2024, we were excited to announce the acquisition of Moorish, one of the UK's most recognisable houmous brands. Today, Moorish products are distributed across a number of major supermarket outlets. This has broadened and complemented our existing range of dips and gives us an attractive opportunity to extend the Moorish brand into a wider range of Mediterranean-style products.

# INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF BAKKAVOR GROUP PLC

## REPORT ON THE AUDIT OF THE FINANCIAL STATEMENTS

### Opinion

In our opinion:

- Bakkavor Group plc's Group Financial Statements and Company Financial Statements ("the Financial Statements") give a true and fair view of the state of the Group's and of the Company's affairs as at 28 December 2024 and of the Group's profit and the Group's cash flows for the 52-week period then ended.
- The Group Financial Statements have been properly prepared in accordance with UK-adopted International Accounting Standards as applied in accordance with the provisions of the Companies Act 2006.
- The Company Financial Statements have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards, including FRS 101 "Reduced Disclosure Framework", and applicable law).
- The Financial Statements have been prepared in accordance with the requirements of the Companies Act 2006.

We have audited the Financial Statements, included within the 2024 Annual Report and Accounts ("the Annual Report"), which comprise: the Consolidated statement of financial position and the Company statement of financial position as at 28 December 2024; the Consolidated income statement, the Consolidated statement of comprehensive income, the Consolidated statement of cash flows, the Consolidated statement of changes in equity and the Company statement of changes in equity for the period then ended; and the notes to the Financial Statements, comprising material accounting policy information and other explanatory information.

Our opinion is consistent with our reporting to the Audit and Risk Committee.

### Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (UK) ("ISAs (UK)") and applicable law. Our responsibilities under ISAs (UK) are further described in the Auditors' responsibilities for the audit of the Financial Statements section of our report. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

#### INDEPENDENCE

We remained independent of the Group in accordance with the ethical requirements that are relevant to our audit of the Financial Statements in the UK, which includes the FRC's Ethical Standard, as applicable to listed public interest entities, and we have fulfilled our other ethical responsibilities in accordance with these requirements.

To the best of our knowledge and belief, we declare that non-audit services prohibited by the FRC's Ethical Standard were not provided.

Other than those disclosed in the Audit and Risk Committee report, we have provided no non-audit services to the Company or its controlled undertakings in the period under audit.

### Our audit approach

#### OVERVIEW

Audit scope

- Full-scope audit procedures were performed over the complete financial information of two components and audit of specific financial statement line items over a further eleven components.
- Central audit procedures were performed by the Group Audit team which included the audit of recoverability of goodwill, shares in Group undertaking and loans to Group undertakings, the audit of current and deferred income taxes, the presentation of exceptional items, UK payroll, and the defined benefit pension scheme.
- Full-scope audit procedures were also performed over the Company financial information.

Key audit matters

- Recoverability of goodwill in the US Cash Generating Unit ("CGU") (Group).
- Recoverability of shares in Group undertakings and loans to Group undertakings (Company).

Materiality

- Overall Group materiality: £11,500,000 (2023: £6,700,000) based on 0.5% of revenue.
- Overall Company materiality: £4,000,000 (2023: £4,000,000) based on 1% of total assets.
- Performance materiality: £8,600,000 (2023: £5,000,000) (Group) and £3,000,000 (2023: 3,000,000) (Company).

#### THE SCOPE OF OUR AUDIT

As part of designing our audit, we determined materiality and assessed the risks of material misstatement in the Financial Statements.

#### KEY AUDIT MATTERS

Key audit matters are those matters that, in the Auditors' professional judgement, were of most significance in the audit of the Financial Statements of the current period and include the most significant assessed risks of material misstatement (whether or not due to fraud) identified by the Auditors, including those which had the greatest effect on: the overall audit strategy; the allocation of resources in the audit; and directing the efforts of the Engagement team. These matters, and any comments we make on the results of our procedures thereon, were addressed in the context of our audit of the Financial Statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

This is not a complete list of all risks identified by our audit.

The key audit matters below are consistent with last year.

| Key audit matter | How our audit addressed the key audit matter |
|---|---|
| **Recoverability of goodwill in the US CGU (Group)** | |
| Refer to the accounting policies in Note 2, the key sources of estimation uncertainty in Note 3 and Note 13 of the Group Financial Statements. | At the planning stage of the audit, we assessed the design and implementation of controls over the impairment review process. |
| Goodwill must be tested for impairment on at least an annual basis. The determination of recoverable amount, being the higher of value-in-use ("VIU") and fair value less costs of disposal ("FVLCD"), requires estimation by the Directors in both identifying and then valuing the relevant Group's CGUs.<br>We focused on the goodwill allocated to the US as this was determined to be a significant risk in the current year.<br><br>Judgement and estimation is required to establish the recoverable amount using a VIU model. This includes judgement in the selection of assumptions used to forecast future cash flows such as revenue growth, earnings before interest, tax, depreciation and amortisation ("EBITDA") margin, climate change impacts and capital expenditure, and in the selection of appropriate discount rates and long-term growth rates ("LTGRs").<br><br>We focused on the goodwill allocated to the US CGU as the key assumptions within the models are subjective and susceptible to management bias. Refer to the Audit and Risk Committee report for discussion of this key audit matter. | As part of our audit of management's impairment assessment we performed the following procedures.<br>• We tested the technical and arithmetic accuracy to ensure that this had been prepared in line with IAS 36.<br>• We reviewed the climate-related estimates in the model, to confirm if they were consistent with the Group's net zero commitments.<br>• We used internal valuations experts to determine whether the discount rate and LTGR for the CGU were reasonable.<br>• We identified significant cash flow forecast assumptions to which the US model was sensitive and focused our efforts on these assumptions. We reviewed and challenged these key assumptions and forecasts used in the model, focusing on revenue growth and EBITDA margin assumptions. Procedures performed included, but were not limited to:<br>– Agreeing forecasts to Board approved budgets and three year plan.<br>– Reviewing management's historical accuracy of forecasting.<br>– Obtaining a revenue and EBITDA bridge from FY24 to FY25 forecast and assessing key elements of this bridge, obtaining supporting evidence where applicable and comparing to historic performance.<br>– Reviewing actual performance of the US CGU in 2024 and 2025 to the end of January and weekly performance of February 2025.<br>• We reviewed other less significant assumptions in the model including forecast capital expenditure and allocation of central costs.<br>• We reperformed management's sensitivity analysis by reducing operational cash flows estimated by EBITDA to simulate downside scenarios and failure to achieve forecast growth, and separately sensitised the discount rate and long-term growth rates to understand the impact that possible changes could have. We confirmed these are mathematically accurate. We challenged management on the disclosures in order to appropriately reflect the risk surrounding estimation and concluded that the current disclosures are acceptable.<br>• We performed independent sensitivities on the US CGU in the form of stress tests to assess the deviation from budget that the CGU could withstand before an impairment would be necessary. These were focused on adjusting those assumptions which involve greater estimation such as sales growth and EBITDA margin improvement. We also compared the downsides in management's going concern model for consistency.<br><br>Based on the procedures performed, we concluded that no impairment charge is required. We concur with the disclosures included in the Group Financial Statements. |

| Key audit matter | How our audit addressed the key audit matter |
|---|---|
| **Recoverability of shares in Group undertakings and loans to Group undertakings (Company)**<br><br>Refer to the accounting policies in Note 2, Note 4 and Note 8 of the Company Financial Statements.<br><br>The carrying value of the shares in Group undertakings and loans to Group undertakings is significant to the Company-only balance sheet. | To address the risk identified:<br>• We obtained a schedule of shares in Group undertakings and ensured this reconciled to the Financial Statements.<br>• We challenged management's assertion that no impairment triggers were identified that would necessitate a full impairment review to be performed.<br>• We performed a review of net assets of the subsidiary entity against the carrying value, considered the external market and economic factors and, with respect to the US and UK, also considered our review of the discounted cash flow models prepared for the purpose of testing goodwill for impairment. Based on these procedures, we concluded that there were no triggers that would indicate the Directors were required to perform a full impairment test of the shares in Group undertakings carrying value.<br>• We performed a reconciliation of the loans to Group undertakings amount and ensured this agrees with the counterparty.<br>• We reviewed the application of management's impairment methodology in assessing the recoverability of intercompany receivables and the level of related expected credit loss provisions. We have reviewed the terms for the loans to Group undertakings and assessed the nature of the counterparty's liquid assets and have concluded that there is no indication of material impairment to the receivable balances.<br><br>We also assessed the adequacy of the disclosure provided in Note 2, Note 4 and Note 8 of the Company Financial Statements.<br><br>We found no exceptions as a result of our testing and consider the recoverability of shares in Group undertakings and loans to Group undertakings to be appropriate. |

## HOW WE TAILORED THE AUDIT SCOPE

We tailored the scope of our audit to ensure that we performed enough work to be able to give an opinion on the Financial Statements as a whole, taking into account the structure of the Group and the Company, the accounting processes and controls, and the industry in which they operate.

The Group is structured according to manufacturing sites, each of which is a component and which maintains separate accounting records and controls. The Group Financial Statements are a consolidation of reporting units, comprising the manufacturing sites and centralised functions.

In establishing the overall approach to the Group Audit, we determined the type of work that needed to be performed at each component. Five reporting components were determined to be significant due to size as a result of their relative contribution to revenue. Full-scope audit procedures were performed on two of these components due to either holding a significantly larger proportion of revenue relative to other components or due to holding a larger concentration of balance sheet items. Audit procedures over specific Financial Statement line items were performed for the remaining three components. One reporting component was determined to be significant due to risk. Audit procedures over specific financial line items were performed for this component.

The Company was also subject to a full-scope audit by the Group Audit team and identified as a non-significant component.

In addition, we identified a further seven non-significant components which, in our view, required audit procedures over specific Financial Statement line items in order to ensure that we had sufficient audit coverage. We selected line items for testing based on their relative size and proportion of the total Group Financial Statement line item, in order to obtain sufficient appropriate audit evidence.

The consolidation, Financial Statement disclosures and a number of centralised areas were audited by the Group Audit team. These included the audit of the recoverability of goodwill, shares in Group undertakings and loans to Group undertakings, the audit of current and deferred income taxes, presentation of exceptional items, UK payroll and the defined benefit pension scheme.

We supplemented our Group-wide audit evidence and coverage through performing analytical procedures over all components other than those where we performed a full-scope audit or those that were deemed inconsequential, to identify whether any further audit evidence was needed. Analytical procedures resulted in no additional substantive testing.

### THE IMPACT OF CLIMATE RISK ON OUR AUDIT

As part of our audit we made enquiries of management to understand the process management adopted to assess the extent of the potential impact of climate risk on the Group Financial Statements and support the disclosures made within the Strategic Report.

We challenged the completeness of management's climate risk assessment by:

- Reading external reporting made by management to the Carbon Disclosure Project.
- Reviewing internal climate plans and board minutes.
- Reading the Company's website for details of climate related commitments and impacts.

Management have made a commitment to reach net zero emissions across Group operations by 2040. Management have submitted a Carbon Reduction Commitments Plan that has been externally validated by the Science Based Targets initiative ("SBTi") and have modelled their current best view of the impact, which we have reviewed.

The key area of the Group Financial Statements where management evaluated that climate risk has a potentially significant impact is in determining the VIU of its CGUs for the assessment of the recoverability of goodwill in relation to the UK and US and non-current assets, where decarbonisation costs relating to climate credits is an assumption.

Our audit response in respect of the US CGU is included in the key audit matter above. We also considered the consistency of the disclosures in relation to climate change (including the disclosures in the Task Force on Climate-related Financial Disclosures ("TCFD") section) within the Annual Report with the Financial Statements and our knowledge obtained from our audit. We have no matters to report as a result of these procedures.

### MATERIALITY

The scope of our audit was influenced by our application of materiality. We set certain quantitative thresholds for materiality. These, together with qualitative considerations, helped us to determine the scope of our audit and the nature, timing and extent of our audit procedures on the individual Financial Statement line items and disclosures and in evaluating the effect of misstatements, both individually and in aggregate on the Financial Statements as a whole.

Based on our professional judgement, we determined materiality for the Financial Statements as a whole as follows:

| | Financial Statements – Group | Financial Statements – Company |
|---|---|---|
| **Overall materiality** | £11,500,000 (2023: £6,700,000). | £4,000,000 (2023: £4,000,000). |
| **How we determined it** | 0.5% of Revenue | 1% of total assets |
| **Rationale for benchmark applied** | We consider this is the most relevant measure of the ongoing performance of the Group as used by key stakeholders. In the prior year, materiality was calculated using 1% of revenue and was capped at 10% of profit before tax of underlying activities, however we have re-assessed this in the current year and have reduced the percentage, but not applied this cap in order to reduce volatility in materiality. | We believe that total assets are an appropriate benchmark for a holding Company |

For each component in the scope of our Group Audit, we allocated a materiality that is less than our overall Group materiality. The range of materiality allocated across components was between £1,500,000 and £10,300,000.

We use performance materiality to reduce to an appropriately low level the probability that the aggregate of uncorrected and undetected misstatements exceeds overall materiality. Specifically, we use performance materiality in determining the scope of our audit and the nature and extent of our testing of account balances, classes of transactions and disclosures, for example in determining sample sizes. Our performance materiality was 75% (2023: 75%) of overall materiality, amounting to £8,600,000 (2023: £5,000,000) for the Group Financial Statements and £3,000,000 (2023: 3,000,000) for the Company Financial Statements.

In determining the performance materiality, we considered a number of factors – the history of misstatements, risk assessment and aggregation risk and the effectiveness of controls – and concluded that an amount at the upper end of our normal range was appropriate.

We agreed with the Audit and Risk Committee that we would report to them misstatements identified during our audit above £573,000 (Group Audit) (2023: £337,335) and £200,000 (Company Audit) (2023: £202,486) as well as misstatements below those amounts that, in our view, warranted reporting for qualitative reasons.

## Conclusions relating to going concern

Our evaluation of the Directors' assessment of the Group's and the Company's ability to continue to adopt the going concern basis of accounting included:

- Reviewing management's paper that supports the Group Board's assessment and conclusions with respect to the disclosures provided around going concern and viability.
- Understanding the assumptions applied in the going concern assessment so we could understand and challenge the rationale for those assumptions, using our knowledge of the business and the sector. We verified key assumptions to supporting documentation and wider market trends wherever applicable.
- Reviewing monthly trading results to January 2025 and weekly trading results thereafter, comparing to budget, and considering the impact of these actual results on the future forecast period.
- Reviewing management's severe but plausible downside sensitivity scenario. We assessed the availability of liquid resources under the base case and downside scenarios modelled by management, and the associated covenant tests applied. We reviewed management's identified mitigating actions, albeit we note that no significant mitigations are required.

Based on the work we have performed, we have not identified any material uncertainties relating to events or conditions that, individually or collectively, may cast significant doubt on the Group's and the Company's ability to continue as a going concern for a period of at least twelve months from when the Financial Statements are authorised for issue.

In auditing the Financial Statements, we have concluded that the Directors' use of the going concern basis of accounting in the preparation of the Financial Statements is appropriate.

However, because not all future events or conditions can be predicted, this conclusion is not a guarantee as to the Group's and the Company's ability to continue as a going concern.

In relation to the Directors' reporting on how they have applied the UK Corporate Governance Code, we have nothing material to add or draw attention to in relation to the Directors' statement in the Financial Statements about whether the Directors considered it appropriate to adopt the going concern basis of accounting.

Our responsibilities and the responsibilities of the Directors with respect to going concern are described in the relevant sections of this report.

## Reporting on other information

The other information comprises all of the information in the Annual Report other than the Financial Statements and our Auditors' Report thereon. The Directors are responsible for the other information. Our opinion on the Financial Statements does not cover the other information and, accordingly, we do not express an audit opinion or, except to the extent otherwise explicitly stated in this report, any form of assurance thereon.

In connection with our audit of the Financial Statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit, or otherwise appears to be materially misstated. If we identify an apparent material inconsistency or material misstatement, we are required to perform procedures to conclude whether there is a material misstatement of the Financial Statements or a material misstatement of the other information. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report based on these responsibilities.

With respect to the Strategic Report and Directors' Report, we also considered whether the disclosures required by the UK Companies Act 2006 have been included.

Based on our work undertaken in the course of the audit, the Companies Act 2006 requires us also to report certain opinions and matters as described below.

### STRATEGIC REPORT AND DIRECTORS' REPORT

In our opinion, based on the work undertaken in the course of the audit, the information given in the Strategic Report and Directors' report for the period ended 28 December 2024 is consistent with the Financial Statements and has been prepared in accordance with applicable legal requirements.

In light of the knowledge and understanding of the Group and Company and their environment obtained in the course of the audit, we did not identify any material misstatements in the Strategic Report and Directors' report.

### DIRECTORS' REMUNERATION

In our opinion, the part of the Directors' remuneration report to be audited has been properly prepared in accordance with the Companies Act 2006.

## Corporate governance statement

The Listing Rules require us to review the Directors' statements in relation to going concern, longer-term viability and that part of the corporate governance statement relating to the Company's compliance with the provisions of the UK Corporate Governance Code ("the Code") specified for our review. Our additional responsibilities with respect to the corporate governance statement as other information are described in the reporting on other information sections of this report.

Based on the work undertaken as part of our audit, we have concluded that each of the following elements of the corporate governance statement, included within the Governance section, is materially consistent with the Financial Statements and our knowledge obtained during the audit, and we have nothing material to add or draw attention to in relation to:

- The Directors' confirmation that they have carried out a robust assessment of the emerging and principal risks.
- The disclosures in the Annual Report that describe those principal risks, what procedures are in place to identify emerging risks and an explanation of how these are being managed or mitigated.
- The Directors' statement in the Financial Statements about whether they considered it appropriate to adopt the going concern basis of accounting in preparing them, and their identification of any material uncertainties to the Group's and Company's ability to continue to do so over a period of at least twelve months from the date of approval of the Financial Statements;
- The Directors' explanation as to their assessment of the Group's and Company's prospects, the period this assessment covers and why the period is appropriate.
- The Directors' statement as to whether they have a reasonable expectation that the Company will be able to continue in operation and meet its liabilities as they fall due over the period of its assessment, including any related disclosures drawing attention to any necessary qualifications or assumptions.

Our review of the Directors' statement regarding the longer-term viability of the Group and Company was substantially less in scope than an audit and only consisted of making enquiries and considering the Directors' process supporting their statement; checking that the statement is in alignment with the relevant provisions of the UK Corporate Governance Code; and considering whether the statement is consistent with the Financial statements and our knowledge and understanding of the Group and Company and their environment obtained in the course of the audit.

In addition, based on the work undertaken as part of our audit, we have concluded that each of the following elements of the corporate governance statement is materially consistent with the Financial Statements and our knowledge obtained during the audit:

- The Directors' statement that they consider the Annual Report, taken as a whole, is fair, balanced and understandable, and provides the information necessary for the members to assess the Group's and Company's position, performance, business model and strategy.
- The section of the Annual Report that describes the review of effectiveness of risk management and internal control systems.
- The section of the Annual Report describing the work of the Audit and Risk Committee.

We have nothing to report in respect of our responsibility to report when the Directors' statement relating to the Company's compliance with the Code does not properly disclose a departure from a relevant provision of the Code specified under the Listing Rules for review by the Auditors.

## Responsibilities for the Financial Statements and the audit

### RESPONSIBILITIES OF THE DIRECTORS FOR THE FINANCIAL STATEMENTS

As explained more fully in the Statement of Directors' Responsibilities in respect of the Financial Statements, the Directors are responsible for the preparation of the Financial Statements in accordance with the applicable framework and for being satisfied that they give a true and fair view. The Directors are also responsible for such internal control as they determine is necessary to enable the preparation of Financial Statements that are free from material misstatement, whether due to fraud or error.

In preparing the Financial Statements, the Directors are responsible for assessing the Group's and the Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the Directors either intend to liquidate the Group or the Company or to cease operations, or have no realistic alternative but to do so.

## AUDITORS' RESPONSIBILITIES FOR THE AUDIT OF THE FINANCIAL STATEMENTS

Our objectives are to obtain reasonable assurance about whether the Financial Statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an Auditors' report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs (UK) will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these Financial Statements.

Irregularities, including fraud, are instances of non-compliance with laws and regulations. We design procedures in line with our responsibilities, outlined above, to detect material misstatements in respect of irregularities, including fraud. The extent to which our procedures are capable of detecting irregularities, including fraud, is detailed below.

Based on our understanding of the Group and industry, we identified that the principal risks of non-compliance with laws and regulations related to pensions legislation, employment regulation, health and safety legislation and other legislation specific to the industry in which the Group operates (including food safety legislation), and we considered the extent to which non-compliance might have a material effect on the Financial Statements. We also considered those laws and regulations that have a direct impact on the Financial Statements such as tax legislation and the Companies Act 2006. We evaluated management's incentives and opportunities for fraudulent manipulation of the Financial Statements (including the risk of override of controls), and determined that the principal risks were related to posting inappropriate journal entries to increase financial performance and management bias in accounting estimates. Audit procedures performed by the engagement team included:

- Discussions with management, Internal Audit and the Group's legal counsel, including consideration of known or suspected instances of non-compliance with laws and regulation and fraud.
- Evaluation of management's controls designed to prevent and detect irregularities.
- Assessment of matters reported on the Group's whistleblowing helpline, and the results of management's investigation of such matters.
- Review of minutes of meetings of those charged with governance.
- Review of Internal Audit reports.
- Review of key correspondence with regulatory authorities.
- Challenging assumptions and judgements made by management in their significant accounting estimates, in particular in relation to recoverability assessment for US goodwill (see related key audit matters).
- Identifying and testing journal entries, in particular any journal entries posted with unusual account combinations which impact revenue, expenses or EBIT, which could manipulate the financial performance of the business.

There are inherent limitations in the audit procedures described above. We are less likely to become aware of instances of non-compliance with laws and regulations that are not closely related to events and transactions reflected in the Financial Statements. Also, the risk of not detecting a material misstatement due to fraud is higher than the risk of not detecting one resulting from error, as fraud may involve deliberate concealment by, for example, forgery or intentional misrepresentations, or through collusion.

Our audit testing might include testing complete populations of certain transactions and balances, possibly using data auditing techniques. However, it typically involves selecting a limited number of items for testing, rather than testing complete populations. We will often seek to target particular items for testing based on their size or risk characteristics. In other cases, we will use audit sampling to enable us to draw a conclusion about the population from which the sample is selected.

A further description of our responsibilities for the audit of the Financial Statements is located on the FRC's website at: www.frc.org.uk/auditorsresponsibilities. This description forms part of our Auditors' report.

## USE OF THIS REPORT

This report, including the opinions, has been prepared for and only for the Company's members as a body in accordance with Chapter 3 of Part 16 of the Companies Act 2006 and for no other purpose. We do not, in giving these opinions, accept or assume responsibility for any other purpose or to any other person to whom this report is shown or into whose hands it may come save where expressly agreed by our prior consent in writing.

## Other required reporting

### COMPANIES ACT 2006 EXCEPTION REPORTING

Under the Companies Act 2006 we are required to report to you if, in our opinion:

- We have not obtained all the information and explanations we require for our audit.
- Adequate accounting records have not been kept by the Company, or returns adequate for our audit have not been received from branches not visited by us.
- Certain disclosures of Directors' remuneration specified by law are not made.
- The Company Financial Statements and the part of the Directors' remuneration report to be audited are not in agreement with the accounting records and returns.

We have no exceptions to report arising from this responsibility.

### APPOINTMENT

Following the recommendation of the Audit and Risk Committee, we were appointed by the members on 23 May 2019 to audit the Financial Statements for the year ended 28 December 2019 and subsequent financial periods. The period of total uninterrupted engagement is six years, covering the years ended 28 December 2019 to 28 December 2024.

## Other matter

The Company is required by the Financial Conduct Authority Disclosure Guidance and Transparency Rules to include these Financial Statements in an Annual Financial Report prepared under the structured digital format required by DTR 4.1.15R – 4.1.18R and filed on the National Storage Mechanism of the Financial Conduct Authority. This Auditors' report provides no assurance over whether the structured digital format Annual Financial Report has been prepared in accordance with those requirements.

Sarah Phillips

**Sarah Phillips (Senior Statutory Auditor)**
for and on behalf of PricewaterhouseCoopers LLP
Chartered Accountants and Statutory Auditors
Birmingham

3 March 2025

## CONSOLIDATED INCOME STATEMENT
52 WEEKS ENDED 28 DECEMBER 2024

| £m | Note | 52 weeks ended 28 December 2024 Underlying activities | Exceptional items[1] | Total | 52 weeks ended 30 December 2023 Underlying activities | Exceptional items[1] | Total |
|---|---|---|---|---|---|---|---|
| **Continuing operations** | | | | | | | |
| Revenue | 4,5 | **2,292.7** | **–** | **2,292.7** | 2,203.8 | – | 2,203.8 |
| Cost of sales | | **(1,657.4)** | **–** | **(1,657.4)** | (1,614.4) | – | (1,614.4) |
| **Gross profit** | | **635.3** | **–** | **635.3** | 589.4 | – | 589.4 |
| Distribution costs | | **(87.1)** | **–** | **(87.1)** | (85.1) | – | (85.1) |
| Other administrative (costs)/income | | **(434.6)** | **(20.2)** | **(454.8)** | (409.9) | 1.3 | (408.6) |
| (Loss)/profit on disposal of property, plant and equipment | | **–** | **–** | **–** | (0.1) | 1.5 | 1.4 |
| **Operating profit** | | **113.6** | **(20.2)** | **93.4** | 94.3 | 2.8 | 97.1 |
| Finance costs | 9 | **(26.4)** | **(0.6)** | **(27.0)** | (27.4) | – | (27.4) |
| Finance income | 9 | **0.5** | **–** | **0.5** | 0.6 | – | 0.6 |
| Other gains | 10 | **1.7** | **–** | **1.7** | – | – | – |
| **Profit before tax** | 6 | **89.4** | **(20.8)** | **68.6** | 67.5 | 2.8 | 70.3 |
| Tax (charge)/credit | 11 | **(18.3)** | **5.4** | **(12.9)** | (16.4) | – | (16.4) |
| **Profit for the period** | | **71.1** | **(15.4)** | **55.7** | 51.1 | 2.8 | 53.9 |
| | | | | | | | |
| **Earnings per share** | | | | | | | |
| Basic | 12 | | | **9.6p** | | | 9.4p |
| Diluted | 12 | | | **9.5p** | | | 9.2p |

1 The Group presents its income statement with three columns. The Directors consider that the underlying activities are more representative of the ongoing operations and key metrics of the Group. Details of exceptional items can be found in Note 7 and include material items that are non-recurring or significant in nature, and are important to users in understanding the business. This may include, but is not limited to, restructuring costs, impairment of assets, profits or losses on sale of operations and associated transaction costs, and transformation projects. In addition, the Group uses further Alternative Performance Measures which can be found in Note 37.

The Notes to the Consolidated Financial Statements form an integral part of the Consolidated Financial Statements.

# CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME
52 WEEKS ENDED 28 DECEMBER 2024

| £m | Note | 52 weeks ended 28 December 2024 | 52 weeks ended 30 December 2023 |
|---|---|---|---|
| **Profit for the period** | | **55.7** | 53.9 |
| **Other comprehensive income/(expense)** | | | |
| **Items that will not be reclassified subsequently to profit or loss:** | | | |
| Actuarial gain/(loss) on defined benefit pension schemes | 33 | **4.9** | (2.9) |
| Tax relating to components of other comprehensive income | 11 | **(1.2)** | 0.7 |
| | | **3.7** | (2.2) |
| **Items that may be reclassified subsequently to profit or loss:** | | | |
| Exchange differences on translation of foreign operations | | **0.9** | (11.7) |
| (Loss)/gain on cash flow hedges | | **(3.0)** | (4.4) |
| Hedging (gains) reclassified to profit or loss | | **(2.8)** | (6.8) |
| Tax relating to components of other comprehensive income | 11 | **0.6** | 2.8 |
| | | **(4.3)** | (20.1) |
| **Total other comprehensive (expense) net of tax** | | **(0.6)** | (22.3) |
| **Total comprehensive income** | | **55.1** | 31.6 |

The Notes to the Consolidated Financial statements form an integral part of the Consolidated Financial Statements.

# CONSOLIDATED STATEMENT OF FINANCIAL POSITION
AS AT 28 DECEMBER 2024

| £m | Note | 28 December 2024 | 30 December 2023 |
|---|---|---|---|
| **Non-current assets** | | | |
| Goodwill | 13 | **653.1** | 652.5 |
| Other intangible assets | 14 | **16.1** | 10.5 |
| Property, plant and equipment | 15 | **483.0** | 507.9 |
| Other investments | | **0.1** | 0.1 |
| Deferred tax asset | 22 | **16.2** | 14.7 |
| Retirement benefit asset | 33 | **18.8** | 12.0 |
| Derivative financial instruments | 21 | **–** | 0.9 |
| | | **1,187.3** | 1,198.6 |
| **Current assets** | | | |
| Assets held for sale | 15 | **2.3** | – |
| Inventories | 17 | **82.5** | 71.3 |
| Trade and other receivables | 18 | **195.4** | 171.7 |
| Cash and cash equivalents | 19 | **29.9** | 36.6 |
| Derivative financial instruments | 21 | **1.2** | 2.1 |
| | | **311.3** | 281.7 |
| **Total assets** | | **1,498.6** | 1,480.3 |
| **Current liabilities** | | | |
| Liabilities held for sale | 15 | **(3.0)** | – |
| Trade and other payables | 24 | **(492.7)** | (447.6) |
| Current tax liabilities | | **(1.7)** | (3.4) |
| Borrowings | 20 | **(6.9)** | (25.4) |
| Lease liabilities | 23 | **(12.1)** | (11.6) |
| Provisions | 25 | **(15.9)** | (10.4) |
| Derivative financial instruments | 21 | **(2.1)** | (0.5) |
| | | **(534.4)** | (498.9) |
| **Non-current liabilities** | | | |
| Borrowings | 20 | **(215.4)** | (240.0) |
| Lease liabilities | 23 | **(72.2)** | (78.9) |
| Provisions | 25 | **(18.3)** | (15.7) |
| Derivative financial instruments | 21 | **–** | (0.8) |
| Deferred tax liabilities | 22 | **(42.2)** | (38.4) |
| | | **(348.1)** | (373.8) |
| **Total liabilities** | | **(882.5)** | (872.7) |
| **Net assets** | | **616.1** | 607.6 |
| **Equity** | | | |
| Called up share capital | 27 | **11.6** | 11.6 |
| Own shares held | 27 | **(6.3)** | (4.4) |
| Merger reserve | 27 | **(130.9)** | (130.9) |
| Hedging reserve | 27 | **(0.5)** | 1.1 |
| Translation reserve | 27 | **33.7** | 32.8 |
| Retained earnings | | **708.5** | 697.4 |
| **Total equity** | | **616.1** | 607.6 |

The Financial Statements of Bakkavor Group plc and the accompanying Notes, which form an integral part of the Consolidated Financial Statements, were approved by the Board of Directors on 3 March 2025. They were signed on behalf of the Board of Directors by:

Mike Edwards

**Mike Edwards**
Chief Executive Officer

**Lee Miley**
Chief Financial Officer

# CONSOLIDATED STATEMENT OF CHANGES IN EQUITY
52 WEEKS ENDED 28 DECEMBER 2024

| £m | Note | Called up share capital | Own shares held | Merger reserve | Hedging reserve | Translation reserve | Retained earnings | Total equity |
|---|---|---|---|---|---|---|---|---|
| **Balance at 1 January 2023** | | 11.6 | (3.1) | (130.9) | 9.5 | 44.5 | 686.2 | **617.8** |
| Profit for the period | | – | – | – | – | – | 53.9 | **53.9** |
| Other comprehensive expense for the period | | – | – | – | (8.4) | (11.7) | (2.2) | **(22.3)** |
| Total comprehensive (expense)/income for the period | | – | – | – | (8.4) | (11.7) | 51.7 | **31.6** |
| Purchase of own shares | 27 | – | (2.4) | – | – | – | – | **(2.4)** |
| Dividends | 27 | – | – | – | – | – | (40.8) | **(40.8)** |
| Credit for share-based payments | | – | – | – | – | – | 2.0 | **2.0** |
| Proceeds from exercise of share options | 27 | – | – | – | – | – | 0.2 | **0.2** |
| Equity-settlement of share-based payments | 32 | – | 1.1 | – | – | – | (1.1) | **–** |
| Deferred tax | 11,22 | – | – | – | – | – | (0.8) | **(0.8)** |
| **Balance at 30 December 2023** | | **11.6** | **(4.4)** | **(130.9)** | **1.1** | **32.8** | **697.4** | **607.6** |
| Profit for the period | | – | – | – | – | – | 55.7 | **55.7** |
| Other comprehensive (expense)/income for the period | | – | – | – | (5.2) | 0.9 | 3.7 | **(0.6)** |
| Total comprehensive (expense)/income for the period | | – | – | – | (5.2) | 0.9 | 59.4 | **55.1** |
| Reclassification to inventory | | – | – | – | 3.6 | – | – | **3.6** |
| Purchase of own shares | 27 | – | (8.6) | – | – | – | – | **(8.6)** |
| Dividends | 27 | – | – | – | – | – | (43.8) | **(43.8)** |
| Credit for share-based payments | | – | – | – | – | – | 2.4 | **2.4** |
| Proceeds from exercise of share options | 27 | – | – | – | – | – | 0.4 | **0.4** |
| Equity-settlement of share-based payments | 27 | – | 6.7 | – | – | – | (6.7) | **–** |
| Deferred tax | 11,22 | – | – | – | – | – | (0.6) | **(0.6)** |
| **Balance at 28 December 2024** | | **11.6** | **(6.3)** | **(130.9)** | **(0.5)** | **33.7** | **708.5** | **616.1** |

The Notes to the Consolidated Financial Statements form an integral part of the Consolidated Financial Statements.

## CONSOLIDATED STATEMENT OF CASH FLOWS
52 WEEKS ENDED 28 DECEMBER 2024

| £m | Note | 52 weeks ended 28 December 2024 | 52 weeks ended 30 December 2023 |
|---|---|---|---|
| **Net cash generated from operating activities** | 30 | **150.3** | 147.7 |
| **Investing activities:** | | | |
| Interest received | | **0.5** | 0.6 |
| Dividends received from associates | | **–** | 1.6 |
| Purchases of property, plant and equipment | | **(49.3)** | (40.4) |
| Proceeds on disposal of property, plant and equipment | | **0.5** | 1.6 |
| Purchase of intangibles | | **(7.0)** | (3.5) |
| Acquisition of subsidiary | 29 | **(1.8)** | – |
| Proceeds on disposal of subsidiary | 28 | **6.6** | – |
| Proceeds on disposal of associate | | **–** | 3.2 |
| **Net cash used in investing activities** | | **(50.5)** | (36.9) |
| **Financing activities:** | | | |
| Dividends paid | 27 | **(43.8)** | (40.8) |
| Own shares purchased | 27 | **(8.6)** | (2.4) |
| Proceeds from exercise of share options | | **0.4** | 0.2 |
| Increase in borrowings | | **195.0** | 11.1 |
| Repayment of borrowings | | **(237.4)** | (69.1) |
| Principal elements of lease payments | 23 | **(12.1)** | (12.3) |
| **Net cash used in financing activities** | | **(106.5)** | (113.3) |
| **Net decrease in cash and cash equivalents** | | **(6.7)** | (2.5) |
| Cash and cash equivalents at beginning of period | | **36.6** | 40.2 |
| Effect of foreign exchange rate changes | | **–** | (1.1) |
| **Cash and cash equivalents at end of period** | | **29.9** | 36.6 |

The Notes to the Consolidated Financial Statements form an integral part of the Consolidated Financial Statements.

**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS**
52 WEEKS ENDED 28 DECEMBER 2024

## 1. General information

Bakkavor Group plc is a public company, limited by shares, incorporated and domiciled in England, United Kingdom (Company number: 10986940, registered office: Fitzroy Place, 5th Floor, 8 Mortimer Street, London, England, W1T 3JJ). The Company's Ordinary shares are traded on the London Stock Exchange.

The principal activities of the Company and its subsidiaries (the "Group") comprise the manufacture of fresh prepared food and fresh produce. These activities are undertaken in the UK and US where products are primarily sold through high-street supermarkets and China where products are primarily sold through foodservice operators.

## 2. Significant accounting policies

### BASIS OF ACCOUNTING

The Consolidated Financial Statements of the Bakkavor Group plc group have been prepared in accordance with UK-adopted International Accounting Standards in conformity with the requirements of the Companies Act 2006 and the Disclosure Guidance and Transparency rules sourcebook of the United Kingdom's Financial Conduct Authority.

The Consolidated Financial Statements comprise the Financial Statements of the parent undertaking and its subsidiary undertakings (the "Group"), comprising a 52- or 53-week period ending on the Saturday of or immediately before 31 December. Where the fiscal year 2024 is quoted in these Financial Statements this relates to the 52-week period ended 28 December 2024. The fiscal year 2023 relates to the 52-week period ended 30 December 2023.

These Financial Statements are presented in Pounds Sterling because that is the currency of the primary economic environment in which the Group operates. Foreign operations are included in accordance with the foreign currency policy set out below.

The Group considers the impact of climate-related factors in the preparation of the Financial Statements and discloses any material impact in the relevant Notes.

The Financial Statements have been prepared on the historical cost basis, except for the revaluation of financial instruments and retirement benefit plan assets (which are stated at fair value).

### AMENDMENTS TO IAS 12 'INCOME TAXES' – PILLAR TWO INCOME TAXES

The Organisation for Economic Co-operation & Development ("OECD") has published proposals for a global corporate minimum tax rate of 15% ("Pillar Two"). On 20 June 2023, legislation in respect of Pillar Two was substantively enacted in the UK, Finance (No.2) Act 2023, for financial years beginning on or after 31 December 2023. Taxation balances are adjusted for a change in tax law if the change has been substantively enacted by the balance sheet date. However, the IASB issued narrow-scope amendments to IAS 12 'Income Taxes' Pillar Two which provide a temporary exemption, which can be applied immediately, from the requirement to recognise and disclose deferred taxes arising from enacted or substantively enacted tax law that implements Pillar Two model rules. These amendments were approved for adoption by the UK Endorsement Board and adopted on 19 July 2023. The Group has applied this exception.

The Group has not applied any standards, interpretations and amendments that have been issued but are not yet effective.

The impact of the following is still to be assessed:

- IFRS 18, 'Presentation and disclosure in Financial Statements' which will become effective in the Consolidated Group Financial Statements for the financial year ended 30 December 2028.

The impact of the following is not expected to have a material impact on the Consolidated Group Financial Statements.

- Amendments to IAS 1, 'Presentation of Financial Statements' – Classifications of liabilities as current or non-current and non-current liabilities with covenants.
- Amendments to IFRS 16, 'Leases' – Lease liability in a sale and leaseback.
- Amendments to IAS 7, 'Statement of cashflows' and IFRS 7, 'Financial instruments: disclosures' – Supplier finance arrangements.
- IFRS S1, 'General requirements for disclosure of sustainability-related financial information'.
- IFRS S2, 'Climate-related disclosures'.
- Annual Improvements to IFRS Accounting Standards – Amendments to IFRS 7, IFRS 9, IFRS 10 and IAS 7.
- Amendments to IAS 21, 'The effects of changes in foreign exchange rates' – Lack of exchangeability.
- Amendments to IFRS 9, 'Financial instruments' and IFRS 7, 'Financial instruments: disclosures' – Financial assets with ESG-linked features.

All principal accounting policies adopted have been applied consistently and are set out below.

## 2. Significant accounting policies continued

### GOING CONCERN

The Directors have reviewed the historical trading performance of the Group and the forecasts through to March 2026.

The Directors, in their detailed consideration of going concern, have reviewed the Group's future revenue projections and cash requirements, which they believe are based on prudent interpretations of market data and past experience.

The Directors have also considered the Group's level of available liquidity under its financing facilities. On 25 July 2024, the Group completed a refinancing of its debt facilities with a new £350m corporate loan facility. The initial maturity is four years from the signing date (July 2028), with options to request two one year extensions. The agreement comprised revolving credit facilities of £200m and a Term Loan of £150m. In addition, at the end of 2024 the Group had £29 million of other debt facilities that will be repaid on an amortising basis by March 2028.

The Directors have carried out a robust assessment of the significant risks currently facing the Group. This has included scenario planning on the implications of the potential impact of lower sales volumes and the associated impact on factory performance, along with the potential impact of further cost inflation on the Group's performance.

Having taken these factors into account under the scenario, which is considered to be severe but plausible, the Directors consider that adequate headroom is available based on the forecasted cash requirements of the business. At the date of this report, the Group has complied in all respects with the terms of its borrowing agreements, including its financial covenants, and forecasts to continue to do so in the future.

Consequently, the Directors consider that the Group has adequate resources to meet its liabilities as they fall due for the foreseeable future. For this reason, they continue to adopt the going concern basis in preparing the Financial Statements.

### SUBSIDIARIES

Subsidiary undertakings are included in the Consolidated Financial Statements from the date on which control is achieved and cease to be consolidated from the date on which control is transferred out of the Group. Control is achieved when the Group is exposed, or has rights, to variable returns from its involvement with the investee and has the ability to affect those returns through its power over the investee. The Group reassesses whether or not it controls an investee when facts and circumstances indicate that there are changes to one or more of the elements of control.

When the Group has less than a majority of the voting rights of an investee, it considers all relevant facts and circumstances in assessing whether or not it has power over the investee to direct the relevant activities of the investee unilaterally.

Non-controlling interests in subsidiaries are identified separately from the Group's equity therein. The interests of non-controlling shareholders are measured at the non-controlling interests' proportionate share of the fair value of the acquiree's identifiable net assets. Subsequent to acquisition, the carrying amount of non-controlling interests is the amount of those interests at initial recognition plus the non-controlling interests' share of subsequent changes in equity. Total comprehensive income is attributed to non-controlling interests, even if this results in the non-controlling interests having a deficit balance.

Changes in the Group's interests in subsidiaries that do not result in a loss of control are accounted for as equity transactions. The carrying amount of the Group's interests and the non-controlling interests are adjusted to reflect the changes in their relative interests in the subsidiaries.

Any difference between the amount by which the non-controlling interests are adjusted and the fair value of the consideration paid or received is recognised directly in equity and attributed to the owners of the Group.

### BUSINESS COMBINATIONS

Business acquisitions from third parties are accounted for using the acquisition method. The cost of the acquisition is measured at the aggregate of the fair values, at the date of exchange, of assets given, liabilities incurred or assumed, and equity instruments issued by the Group in exchange for control of the acquiree. The acquiree's identifiable assets, liabilities and contingent liabilities that meet the conditions for recognition under IFRS 3 are recognised at their fair value at the acquisition date.

Goodwill arising on business combinations is recognised as an asset and initially measured at cost, being the excess of the cost of the business combination over the Group's interest in the net fair value of the identifiable assets, liabilities and contingent liabilities recognised. If, after the reassessment, the Group's interest in the net fair value of the acquiree's identifiable assets, liabilities and contingent liabilities exceeds the cost of the business combination, the excess is recognised immediately in the income statement.

When the consideration in a business combination includes an asset or liability resulting from a contingent consideration arrangement, the contingent consideration is measured at its acquisition date fair value and included as part of the consideration transferred. Changes in the fair value of the contingent consideration that qualify as measurement period adjustments are adjusted retrospectively, with corresponding adjustments against goodwill. The subsequent accounting for changes in fair value of the contingent consideration that do not qualify as measurement period adjustments depends on how the contingent consideration is classified. Contingent consideration that is classified as equity is not remeasured at subsequent reporting dates. Contingent consideration that is classified as an asset or a liability is remeasured at subsequent reporting dates in accordance with IAS 39 or IAS 37, as appropriate.

Where a business combination is achieved in stages, the Group's previously held interests in the acquired entity are remeasured to fair value at the acquisition date (i.e. the date the Group attains control) and the resulting gain or loss, if any, is recognised in the income statement.

### GOODWILL

Goodwill is initially recognised and measured as set out above in 'Business combinations'.

Goodwill is assumed to have an indefinite life as the acquired business is expected to trade for the foreseeable future and therefore goodwill is not amortised but is reviewed for impairment at least annually. For the purpose of impairment testing, goodwill is allocated to each of the cash-generating units ("CGUs") or groups of CGUs expected to benefit from the synergies of the combination. The CGUs identified by the Group are the three operating regions: the UK, the US and China. This is the lowest level at which goodwill is monitored. CGUs or groups of CGUs to which goodwill has been allocated are tested for impairment annually, or more frequently when there is an indication that the unit may be impaired.

If the recoverable amount of the CGU is less than the carrying amount of the unit, the impairment loss is allocated first to reduce the carrying amount of any goodwill allocated to the unit and then to the other assets of the unit pro-rata on the basis of the carrying amount of each asset in the unit. An impairment loss recognised for goodwill is not reversed in a subsequent period. Please refer to Note 13 for details of the goodwill impairment assessment.

On disposal of a subsidiary or associate, the attributable amount of goodwill is included in the determination of the profit or loss on disposal.

### REVENUE RECOGNITION

The Group sells fresh prepared foods and fresh produce, and revenue is recognised as the performance obligation to deliver goods to customers is satisfied and is recorded based on the amount of consideration expected to be received in exchange for satisfying the performance obligation. Revenue on the sale of goods is recognised when control of the goods has passed to the buyer upon delivery to the customer and represents the value of sales to customers net of customer deductions and discounts, VAT and other sales-related taxes. The Group recognises revenue net of customer deductions and discounts in the period in which the arrangement applies only when it is highly probable a significant reversal in the cumulative amount of revenue will not occur. The Group does not expect to have any contracts where the period between transfer of the promised goods to the customer and payment by the customer exceeds one year. As a consequence, the Group does not adjust any of the transaction price for the time value of money. For goods returned, the Group will recognise an obligation and reduce revenue accordingly.

### CUSTOMER DEDUCTIONS

Consistent with standard industry practice, the Group has arrangements with its customers providing volume-related rebates, marketing and promotional funding contributions, discounts or lump sum incentives. These costs are recognised as a reduction to revenue, as they are considered to be an adjustment to the selling price for the Group's products. Sometimes the payment of this support is subject to the Group's customers performing specified actions or satisfying certain performance conditions associated with the purchase of products from the Group. These include achieving agreed purchase volume targets and providing promotional marketing materials/activities. Whilst there is no standard definition, these amounts payable to customers are generally termed 'customer deductions'.

Volume-based rebates, which are calculated on the Group's estimate of rebates, are expected to be paid to customers using the 'most likely amount' in line with IFRS 15 requirements, whereas fixed rebates are accounted for as a reduction in revenue over the life of the contract. When the Group has satisfied its performance obligations, the customer will make payment in line with agreed payment terms.

The Group recognises these costs as a deduction from revenue based upon the terms of the relevant arrangement in place. Amounts payable relating to customer deduction arrangements are recognised within accruals except in cases where the Group has a legal right of set-off and intends to offset against amounts due from that customer.

### LEASES

IFRS 16 determines whether a contract contains a lease on the basis of whether the customer has the right to control the use of an identified asset for a period of time in exchange for consideration. The Group has applied the definition of a lease and related guidance set out in IFRS 16 to all lease contracts entered into or modified on or after 30 December 2018.

Under IFRS 16, all leases (except as noted below) are accounted for as follows:

- Recognise the right-of-use assets and lease liabilities in the Consolidated statement of financial position, initially measured at the present value of future lease payments. Future lease payments are discounted at the Group's weighted average incremental borrowing rate;
- Use the lease term specified in the contract. Where there are termination options in the contract it is assumed that these will not be exercised; and
- Recognise depreciation of right-of-use assets and interest on lease liabilities in the Consolidated income statement.

Lease incentives (e.g. rent-free period) are recognised as part of the measurement of the right-of-use assets and lease liabilities, whereas under IAS 17 they resulted in the recognition of a lease incentive liability, amortised as a reduction of rental expense on a straight-line basis.

**2. Significant accounting policies** continued

Under IFRS 16, right-of-use assets are tested for impairment in accordance with IAS 36 'Impairment of Assets' and any impairment is provided for by writing down the asset value.

For short-term leases (lease term of 12 months or less) and leases of low-value assets (such as personal computers and office furniture), the Group has opted to recognise a lease expense on a straight-line basis over the lease term as permitted by IFRS 16 paragraph 6. This expense is presented within other expenses in the Consolidated income statement.

In the statement of cash flows, the Group as a lessee will classify:

- Cash payments for the principal portion of the lease liability within financing activities;
- Cash payments for the interest portion of the lease liability within interest paid, in line with the policy for other types of interest; and
- Short-term lease payments, payments for leases of low-value assets and variable lease payments not included in the measurement of the lease liability within operating activities.

## FOREIGN CURRENCY

The individual Financial Statements of each Group company are presented in the currency of the primary economic environment in which it operates (its functional currency). For the purpose of the Consolidated Financial Statements, the results and financial position of each Group company are expressed in Pounds Sterling, being the functional currency of the Company and the presentation currency for the Consolidated Financial Statements.

In preparing the Financial Statements of the individual companies, transactions in currencies other than the entity's functional currency (foreign currencies) are recorded at the rates of exchange prevailing on the dates of the transactions. At each statement of financial position date, monetary assets and liabilities that are denominated in foreign currencies are retranslated at the rates prevailing on the statement of financial position date. Non-monetary items carried at fair value that are denominated in foreign currencies are translated at the rates prevailing on the date when the fair value was determined. Non-monetary items that are measured in terms of historical cost in a foreign currency are not retranslated.

Exchange differences arising on the settlement of monetary items, and on the retranslation of monetary items, are included in the income statement for the period. Exchange differences arising on the retranslation of non-monetary items carried at fair value are included in the income statement for the period.

For the purpose of presenting Consolidated Financial Statements, the assets and liabilities of the Group's foreign operations are translated at exchange rates prevailing on the statement of financial position date. Income and expense items are translated at the annual average rate, unless exchange rates fluctuate significantly during that period, in which case the exchange rates at the dates of transactions are used. Exchange differences arising, if any, are recognised in other comprehensive income and accumulated in the Group's translation reserve.

On the disposal of a foreign operation, all of the accumulated exchange differences in respect of that operation attributable to the Group are reclassified to the income statement. However, a partial disposal of a foreign operation where the Group does not lose control results in the proportionate share of accumulated exchange differences being re-attributed to non-controlling interests and is not recognised in the income statement.

Goodwill and fair value adjustments arising on the acquisition of a foreign entity are treated as assets and liabilities of the foreign entity and translated at the closing rate. Exchange differences arising are recognised in other comprehensive income.

## RESEARCH AND DEVELOPMENT

Research and development costs comprise all directly attributable costs necessary to create and produce new and updated products. Expenditure on research and development, where development costs do not meet the recognition criteria of IAS 38, is recognised as an expense in the period in which it is incurred.

## EXCEPTIONAL ITEMS

Exceptional items are those that, in management's judgement, should be disclosed by virtue of their nature or amount. Exceptional items include material items that are non-recurring or significant in nature and are important to users in understanding the business. This may include, but is not limited to, restructuring costs, impairment of assets, profits or losses on sale of operations and associated transaction costs, and the costs of transformation programmes.

## RETIREMENT BENEFIT OBLIGATIONS

### Defined contribution pension plans

A defined contribution plan is a pension plan under which the Group pays fixed contributions into a separate entity, which then invests the contributions to buy annuities for the pension liabilities as they become due based on the value of the fund, and hence the Group has no legal or constructive obligations to pay further contributions. Obligations for contributions to defined contribution pension plans are recognised as an expense in the income statement as employee service is received. Prepaid contributions are recognised as an asset to the extent that a cash refund or a reduction in future payments is available. Payments made to state-managed retirement benefit schemes are dealt with as payments to defined contribution schemes where the Group's obligations under the schemes are equivalent to those arising in a defined contribution retirement benefit scheme.

### Defined benefit pension plans

A defined benefit plan is a pension plan that defines the amount of pension benefit that an employee will receive on retirement, usually dependent on factors such as age, years of service and compensation.

For defined benefit schemes, the cost of providing benefits is determined using the Projected Unit Credit Method, with actuarial valuations being carried out at each statement of financial position date. Remeasurement, comprising actuarial gains and losses, the effect of changes to the asset ceiling (if applicable) and the return on plan assets (excluding interest), are recognised outside of the income statement and presented in the statement of comprehensive income.

Defined benefit costs are categorised as follows:

- Service cost (including current service cost, past service cost, as well as gains and losses on curtailments and settlements);
- Net interest expense or income; and
- Remeasurement.

Past service costs are recognised in the income statement on the earlier of:

- The date of the plan amendment or curtailment; and
- The date that the Group recognises restructuring-related costs or termination benefits.

The Group recognises the first two components of defined benefit costs in the income statement.

The retirement benefit recognised in the statement of financial position represents the present value of the defined benefit obligation as reduced by the fair value of scheme assets. Any asset resulting from this calculation is limited to the present value of available refunds and reductions in future contributions to the scheme.

## SHARE-BASED PAYMENTS

An expense is recognised for goods or services acquired in a share-based transaction when the goods are obtained or the service received. The credit is booked as either a liability or in equity, depending on the type of share-based payment.

Equity-settled share-based payment transactions are transactions where Group shares are issued as consideration for goods or services. They are measured in the income statement at the fair value of the equity instrument granted at the date of grant with the corresponding amount booked to equity. The fair value determined at the grant date of equity-settled share-based payments is expensed on a straight-line basis over the vesting period, based on the Group's estimate of shares that will eventually vest. The fair value calculation should reflect market-based performance conditions. The total expense will be reduced by estimates of options that will not vest (due to leavers or not meeting non-market-based performance criteria). Estimates of non-vesting are to be recalculated at each measurement date. For grants of equity instruments with market conditions, the entity shall recognise the goods and services from a counterparty who satisfies other vesting conditions, regardless of whether that market condition is satisfied.

During 2022, the Company began purchasing its own Ordinary shares from the market through an Employee Benefit Trust called the Bakkavor Group plc Employee Benefit Trust. These shares are held to satisfy share awards under the Group's share scheme plans. Own shares are recorded at cost and are deducted from equity.

## TAXATION

The tax expense represents the sum of the tax currently payable and deferred tax.

The tax currently payable is based on taxable profit for the period. Taxable profit differs from net profit as reported in the income statement because it excludes items of income or expense that are taxable or deductible in other periods, and it further excludes items that are never taxable or deductible. The Group's liability for current tax is calculated using tax rates that have been enacted or substantively enacted by the statement of financial position date.

Tax returns are prepared to adhere to tax rules and regulations and with all transactions being fully disclosed to the tax authorities. However, the complex nature of tax sometimes means that the legislation is open to interpretation. In such cases, judgement is required to quantify the tax liability to be reflected in the Financial Statements. If there is a reasonable possibility that tax authorities may take a different view from the position taken in the filed returns, then this will be reflected in the Financial Statements in the form of a tax provision. In such cases, this provision will represent the full amount of any potential liability until the matter is agreed with the tax authorities.

Deferred tax is the tax expected to be payable or recoverable on differences between the carrying amounts of assets and liabilities in the Financial Statements and the corresponding tax bases used in the computation of taxable profit and is accounted for using the liability method. Deferred tax liabilities are generally recognised for all taxable temporary differences, and deferred tax assets are recognised to the extent that it is probable that taxable profits will be available against which deductible temporary differences can be utilised. Such assets and liabilities are not recognised if the temporary difference arises from the initial recognition of goodwill, or from the initial recognition (other than in a business combination) of other assets and liabilities in a transaction that affects neither the tax profit nor the accounting profit.

**2. Significant accounting policies** continued

Deferred tax liabilities are recognised for taxable temporary differences arising on investments in subsidiaries and associates, except where the Group is able to control the reversal of the temporary difference, and it is probable that the temporary difference will not reverse in the foreseeable future. The carrying amount of deferred tax assets is reviewed at each statement of financial position date and reduced to the extent that it is no longer probable that sufficient taxable profits will be available to allow all or part of the asset to be recovered.

Deferred tax is calculated at the tax rates that are expected to apply in the period when the liability is settled or the asset is realised. Deferred tax is charged or credited in the income statement, except when it relates to items charged or credited directly to other comprehensive income, in which case the deferred tax is also dealt with in other comprehensive income.

Deferred tax assets and liabilities are offset when there is a legally enforceable right to set off current tax assets against current tax liabilities, and when they relate to income taxes levied by the same taxation authority and the Group intends to settle its current tax assets and liabilities on a net basis.

Where current and deferred tax arises from the initial accounting for a business combination, the tax effect is included in the accounting for the business combination.

### PROPERTY, PLANT AND EQUIPMENT

All property, plant and equipment is stated in the statement of financial position at cost less any subsequent accumulated depreciation and impairment losses.

The useful economic lives are determined based on a review of a combination of factors, including the asset ownership rights and the nature of the overall product lifecycle.

Depreciation is charged so as to write off the cost or valuation of assets, other than land or assets under construction, over their estimated useful lives, using the straight-line method, on the following bases:

- Buildings – maximum period of 50 years
- Plant and machinery – 1 to 20 years
- Fixtures and equipment – 3 to 5 years

Depreciation is charged to 'Other administrative costs' in the income statement.

Assets purchased through a lease agreement are recognised in property, plant and equipment and depreciated over their expected useful lives on the same basis as owned assets or, where shorter, over the term of the relevant lease.

Right-of-use assets are depreciated over the term of the relevant lease.

Some fixtures and equipment, that comprise improvements or additions to an existing building, may be depreciated over the same period as the related building, which could be longer than five years.

Reviews of the estimated remaining useful lives and residual values of individual productive assets are performed annually, taking account of commercial and technological obsolescence as well as normal wear and tear. All items of property, plant and equipment are reviewed for impairment when there are indications that the carrying value may not be recoverable. If any impairment is required, this will be recognised in 'Other administrative costs' within the Consolidated income statement.

The gain or loss arising on the disposal or retirement of an asset is determined as the difference between the sale proceeds and the carrying amount of the asset and is recognised in the income statement.

### CAPITALISED BORROWING COSTS

Borrowing costs incurred in financing the construction of qualifying assets such as property, plant and equipment are capitalised up to the date at which the relevant asset is substantially complete. Borrowing costs are calculated using the Group's weighted average cost of borrowing during the period of capitalisation. All other borrowing costs are recognised in the income statement in the period in which they are incurred.

### OTHER INTANGIBLE ASSETS

Other intangible assets which include brands, customer relationships and software have finite useful lives which are determined based on a review of a combination of factors, including the asset ownership rights and the nature of the overall product lifecycle. The assets are amortised on a straight-line basis over their determined useful life.

The amortisation charge for brands, customer relationships and customer contracts is recognised as an expense over ten years and is charged to 'Other administrative costs' in the income statement.

Software-as-a-Service ("SaaS") arrangements are service contracts providing the Group with the right to access the cloud provider's application software over the contract period.

Costs incurred to configure or customise, and the ongoing fees to obtain access to the cloud provider's application software, are recognised as operating expenses when the services are received, unless the configuration and customisation activities significantly modify or customise the cloud software, in which case the costs are expensed over the SaaS contract term.

When they meet the definition of and recognition criteria for an intangible asset, cost incurred relating to the development of software code that enhance or modify existing on-premise systems are recognised as intangible assets.

The amortisation charge for software, source code, licences and development is recognised as an expense over the term of the software contract up to a maximum of ten years and is charged to 'Other administrative costs' in the Consolidated income statement.

### IMPAIRMENT

Intangible assets and property, plant and equipment are tested for impairment when an event that might affect asset values has occurred. Examples of such triggering events include: significant planned restructuring, a major change in market conditions or technology, expectations of future operating losses, or a significant reduction in cash flows.

An impairment loss is recognised, in the income statement, to the extent that the carrying amount cannot be recovered either by selling the asset or by the discounted future earnings from operating the assets in accordance with IAS 36 'Impairment of Assets'. Any such impairment will be recognised in 'Other administrative costs' within the Consolidated income statement.

### INVENTORIES

Inventories are stated at the lower of cost and net realisable value. Cost comprises direct materials and, where applicable, direct labour costs and those overheads that have been incurred in bringing the inventories to their present location and condition. Cost is calculated using the weighted average method. Net realisable value represents the estimated selling price less all estimated costs of completion and costs to be incurred in marketing, selling and distribution.

### FINANCIAL ASSETS

#### Classification

The Group classifies its financial assets in the following measurement categories:

- Those to be measured subsequently at fair value (either through other comprehensive income ("OCI") or through profit or loss); and
- Those to be measured at amortised cost.

For assets measured at fair value, gains and losses are recorded either in profit or loss or in OCI.

#### Measurement

At initial recognition, the Group measures a financial asset at its fair value plus, in the case of a financial asset not at fair value through profit or loss ("FVPL"), transaction costs that are directly attributable to the acquisition of the financial asset.

Transaction costs of financial assets carried at FVPL are expensed in profit or loss.

Subsequent measurement depends on the cash flow characteristics of the asset. There are three measurement categories into which the Group classifies its debt instruments:

- Amortised cost: Assets that are held for collection of contractual cash flows, where those cash flows represent solely payments of principal and interest, are measured at amortised cost. Impairment losses are presented as a separate line item in the income statement.
- FVOCI: Assets that are held for collection of contractual cash flows and for selling the financial assets, where the assets' cash flows represent solely payments of principal and interest, are measured at FVOCI. Movements in the carrying amount are taken through OCI, except for the recognition of impairment gains or losses, interest income and foreign exchange gains and losses, which are recognised in the income statement.
- FVPL: Assets that do not meet the criteria for amortised cost or FVOCI are measured at FVPL. Any fair value movement is recognised in the income statement and presented net within other gains and (losses) in the period in which it arises.

Trade receivables are amounts due from customers for goods sold or services performed in the ordinary course of business. The Group classifies its trade receivable balances dependent on its objectives with respect to the collection of contractual cash flows. The Group operates non-recourse debtor factoring arrangements with four of its significant customers. Receivables generated from goods sold to these customers are subsequently measured at fair value through the income statement, as the objective of management is to sell the receivables (Held to sell business model). All other trade receivables are held with the objective of collecting the contractual cash flows, and so these are measured subsequently at amortised cost using the effective interest method (Held to collect business model).

Other receivables that have fixed or determinable payments that are not quoted in an active market are classified as financial assets and are measured at amortised cost using the effective interest method, less any impairment. Interest income is recognised by applying the effective interest rate, except for short-term receivables when the recognition of interest would be immaterial.

**2. Significant accounting policies** continued

**Impairment**

The Group assesses, on a forward-looking basis, the expected credit losses associated with its debt instruments carried at amortised cost and FVOCI. The impairment methodology applied depends on whether there has been a significant increase in credit risk.

For trade receivables, the Group applies the simplified approach permitted by IFRS 9, which requires expected lifetime losses to be recognised from initial recognition of the receivables. The expected loss rates are based on the payment profiles of sales before 28 December 2024 or 30 December 2023 respectively and the corresponding historical credit losses experienced within this period. The historical loss rates are adjusted to reflect current and forward-looking information on macro-economic factors affecting the ability of the customers to settle the receivables.

Trade receivables and contract assets are written off where there is no reasonable expectation of recovery. Indicators that there is no reasonable expectation of recovery include, amongst others, the failure of a debtor to engage in a repayment plan with the Group, and a failure to make contractual payments for a period of greater than 90 days past due.

Impairment losses on trade receivables and contract assets are presented in 'Other administrative costs' within operating profit. Subsequent recoveries of amounts previously written off are credited against the same line item.

### FINANCIAL LIABILITIES

Financial liabilities held by the Group are classified as other financial liabilities at amortised cost and derivatives at FVPL.

**Other financial liabilities**

Other financial liabilities, including borrowings, are initially measured at fair value, net of transaction costs. Other financial liabilities are subsequently measured at amortised cost using the effective interest method, with interest expense recognised on an effective yield basis.

**Effective interest method**

Finance costs are recognised on an effective interest basis for debt instruments other than those financial liabilities designated as at FVPL. The effective interest method is a method of both calculating the amortised cost of a debt instrument and allocating finance costs over the relevant period.

The effective interest rate is the rate that exactly discounts estimated future cash payments through the expected life of the debt instrument, or, where appropriate, a shorter period, to the net carrying amount on initial recognition.

**Fair value measurement**

Financial instruments that are measured subsequent to initial recognition at fair value are grouped into levels 1 to 3 based on the degree to which fair value is observable:

- Level 1 fair value measurements are those derived from quoted prices (unadjusted) in active markets for identical assets or liabilities;
- Level 2 fair value measurements are those derived from inputs other than quoted prices included within level 1 that are observable for the asset or liability, either directly (i.e. as prices) or indirectly (i.e. derived from prices); and
- Level 3 fair value measurements are those derived from valuation techniques that include inputs for the asset or liability that are not based on observable market data (unobservable inputs).

**Derecognition of financial assets and financial liabilities**

The Group derecognises a financial asset only when the contractual rights to the cash flows from the asset expire; or it transfers the financial asset, and substantially all the risks and rewards of ownership of the asset, to another entity. Financial liabilities are derecognised when and only when the Group's obligations are discharged, cancelled or expire.

### DERIVATIVE FINANCIAL INSTRUMENTS

The Group's activities expose it primarily to the financial risks of changes in foreign currency exchange rates and interest rates. The Group enters into a variety of derivative financial instruments to manage its exposure to interest rate and foreign exchange rate risks, including foreign exchange forward contracts and interest rate swaps. Further details of derivative financial instruments are disclosed in Notes 21 and 26. The Group does not use derivative financial instruments for speculative purposes. The use of financial derivatives is governed by the Group's policies, approved by the Board of Directors, which provide written principles on the use of financial derivatives.

Derivatives are recognised initially at fair value at the date a derivative contract is entered into and are subsequently remeasured to their fair value at each reporting date. The resulting gain or loss is recognised in profit or loss immediately unless the derivative is designated and effective as a hedging instrument, in which event the timing of the recognition in profit or loss depends on the nature of the hedge relationship.

A derivative with a positive fair value is recognised as a financial asset whereas a derivative with a negative fair value is recognised as a financial liability. Derivatives are not offset in the financial statements unless the Group has both a legally enforceable right and intention to offset. A derivative is presented as a non-current asset or a non-current liability if the remaining maturity of the instrument is more than 12 months and it is not due to be realised or settled within 12 months. Other derivatives are presented as current assets or current liabilities.

The Group designates interest rate swap derivatives as hedging instruments in respect of interest rate risk in cash flow hedges. The Group has designated all new forward foreign exchange contracts as cash flow hedges and hedge accounting is applied to these instruments.

The hedging relationship is documented at inception. This documentation identifies the hedging instrument, the hedged item or transaction, the nature of the risk being hedged and how hedge effectiveness will be measured throughout their duration. These hedges have been designated as cash flow hedges and are expected, at inception and on an ongoing basis, to be highly effective in offsetting changes in the cash flows of hedged items.

The effective portion of changes in the fair value of derivatives and other qualifying hedging instruments that are designated and qualify as cash flow hedges is recognised in other comprehensive income and accumulated under the heading of 'hedging reserve', limited to the cumulative change in fair value of the hedged item from inception of the hedge. The gain or loss relating to the ineffective portion is recognised immediately in profit or loss and is included in the 'Other gains and losses' line item.

Amounts previously recognised in other comprehensive income and accumulated in equity are reclassified to profit or loss in the periods when the hedged item affects profit or loss, in the same line as the recognised hedged item.

The Group discontinues hedge accounting only when the hedging relationship (or a part thereof) ceases to meet the qualifying criteria. This includes instances when the hedging instrument expires or is sold, terminated or exercised. The discontinuation is accounted for prospectively. Any gain or loss recognised in other comprehensive income and accumulated in the hedging reserve at that time remains in equity and is reclassified to profit or loss when the forecast transaction occurs. When a forecast transaction is no longer expected to occur, the gain or loss accumulated in the cash flow hedge reserve is reclassified immediately to profit or loss.

### PROVISIONS

Provisions are recognised when the Group has a present obligation (legal or constructive) as a result of a past event, it is probable that the Group will be required to settle that obligation and a reliable estimate can be made of the amount of the obligation.

The amount recognised as a provision is the best estimate of the consideration required to settle the present obligation at the statement of financial position date, taking into account the risks and uncertainties surrounding the obligation. Where a provision is measured using the cash flows estimated to settle the present obligation, its carrying amount is the present value of those cash flows. When some or all of the economic benefits required to settle a provision are expected to be recovered from a third party, a receivable is recognised as an asset if it is virtually certain that reimbursement will be received and the amount of the receivable can be measured reliably.

A restructuring provision is recognised when the Group has developed a detailed formal plan for the restructuring and has raised a valid expectation in those affected that it will carry out the restructuring by starting to implement the plan or announcing its main features to those affected by it. The measurement of a restructuring provision includes only the direct expenditures arising from the restructuring, which are those amounts that are both necessarily entailed by the restructuring and not associated with the ongoing activities of the entity. Charges/credits in relation to restructuring provisions are recognised in 'Other administrative costs' within the Consolidated income statement.

Present obligations arising from onerous contracts are recognised and measured as provisions. An onerous contract is considered to exist where the Group has a contract under which the unavoidable costs of meeting the obligations under the contract exceed the economic benefits expected to be received under it. Where a lease contract is onerous, the onerous provision is calculated as the costs of meeting the obligations under the contract excluding lease rentals that are included as part of the lease liability.

### CONTINGENT LIABILITIES

A contingent liability is a possible obligation that arises from past events and the existence of which will only be confirmed by the occurrence or non-occurrence of one or more uncertain future events not wholly within the control of the Group or the amount of the obligation cannot be measured reliably. A contingent liability is disclosed in the Notes to the Financial Statements and is not recognised when the possibility of an outflow is more than remote. When an outflow becomes probable, it is recognised as a provision.

## 3. Critical accounting judgements and key sources of estimation uncertainty

The following are areas of particular significance to the Group's Financial Statements and include the application of judgement, which is fundamental to the compilation of a set of Financial Statements:

### CRITICAL JUDGEMENTS IN APPLYING THE GROUP'S ACCOUNTING POLICIES

#### Presentation of exceptional items

The Group's financial performance is analysed in two ways: underlying performance (which does not include exceptional items) and exceptional items that are material and not expected to reoccur. Judgement is required as to whether items should be presented as exceptional or underlying. Exceptional items include material items that are significant in nature or non-recurring and are important to users in understanding the business. Where disclosed, items have been considered by management to meet this definition. For further details please see Note 7.

### KEY SOURCES OF ESTIMATION UNCERTAINTY

#### Pension obligations

The Group maintains a defined benefit pension plan for which it has recorded a pension asset. The obligations included within the overall pension asset are based on an actuarial valuation that requires a number of assumptions including discount rate, inflation rate, mortality rates and actual return on plan assets that may necessitate material adjustments to this asset/liability in the future. The assumptions used by the Group are the best estimates based on historical trends and the composition of the workforce. Details of the principal actuarial assumptions used in calculating the recognised asset/liability for the defined benefit plan, and the sensitivity of reported amounts to changes in those assumptions, are given in Note 33.

### IMPAIRMENT OF GOODWILL

The recoverable amount of the US CGU is determined based on the higher of fair value less costs to sell and value-in-use calculations. The carrying amount of the US CGU is £49.3m (2023: £48.7m). The assumptions used to calculate the recoverable amount are considered to be a key source of estimation uncertainty. The key assumptions that can impact the value-in-use calculation are changes to the growth rates and operating margins applied to derive a three-year forecast. The Group has considered the impact of the assumptions used in the US CGU calculation and has conducted sensitivity analysis on the impairment tests of the CGU's carrying value. See Note 13 for further details.

## 4. Segmental information

The chief operating decision-maker ("CODM") has been defined as the Senior Executive Team headed by the Chief Executive Officer. They review the Group's internal reporting to assess performance and allocate resources. Management has determined the segments based on these reports.

As at the statement of financial position date, the Group is organised into three regions, the UK, the US and China, and manufactures fresh prepared foods and produce in each region.

The Group manages the performance of its businesses through the use of 'adjusted operating profit', as defined in Note 37.

Measures of total assets are provided to the Senior Executive Team; however, cash and cash equivalents, short-term deposits and some other central assets are not allocated to individual segments. Measures of segment liabilities are not provided to the Senior Executive Team.

The following table provides an analysis of the Group's segmental information for the period to 28 December 2024:

| £m | Note | UK | US | China | Un-allocated | Total |
|---|---|---|---|---|---|---|
| **Revenue** | | **1,948.5** | **227.7** | **116.5** | **–** | **2,292.7** |
| **Adjusted EBITDA** | 37 | **160.7** | **21.6** | **4.3** | **–** | **186.6** |
| Depreciation | | **(48.8)** | **(11.3)** | **(5.8)** | **–** | **(65.9)** |
| Amortisation | | **(2.7)** | **(0.2)** | **–** | **–** | **(2.9)** |
| Share scheme charges | | **(4.0)** | **(0.2)** | **–** | **–** | **(4.2)** |
| **Adjusted operating profit/(loss)** | 37 | **105.2** | **9.9** | **(1.5)** | **–** | **113.6** |
| Exceptional items | 7 | **(21.5)** | **(0.6)** | **1.9** | **–** | **(20.2)** |
| **Operating profit** | | **83.7** | **9.3** | **0.4** | **–** | **93.4** |
| Finance costs | 9 | | | | | **(27.0)** |
| Finance income | | | | | | **0.5** |
| Other gains | | | | | | **1.7** |
| **Profit before tax** | | | | | | **68.6** |
| Tax | | | | | | **(12.9)** |
| **Profit for the period** | | | | | | **55.7** |
| **Other segment information** | | | | | | |
| Capital additions[1] | | **54.6** | **6.4** | **4.3** | **–** | **65.3** |
| Total assets | | **1,225.5** | **185.1** | **56.9** | **31.1** | **1,498.6** |
| Non-current assets | | **994.4** | **156.6** | **36.3** | **–** | **1,187.3** |

1 In 2024, Capital additions include additions for 'Property, plant and equipment' (£58.3m) and 'Other intangible assets' (£7.0m).

The following table provides an analysis of the Group's segmental information for the period to 30 December 2023:

| £m | Note | UK | US | China | Un-allocated | Total |
|---|---|---|---|---|---|---|
| **Revenue** | | 1,852.7 | 229.4 | 121.7 | – | 2,203.8 |
| **Adjusted EBITDA** | 37 | 149.2 | 15.0 | 3.9 | – | 168.1 |
| Depreciation | | (51.4) | (10.6) | (6.7) | – | (68.7) |
| Amortisation | | (2.0) | (1.0) | – | – | (3.0) |
| Share scheme charges | | (2.0) | – | – | – | (2.0) |
| Profit on disposal of property, plant and equipment | | 0.1 | – | (0.2) | – | (0.1) |
| **Adjusted operating profit/(loss)** | 37 | 93.9 | 3.4 | (3.0) | – | 94.3 |
| Exceptional items | 7 | 2.8 | (2.9) | 2.9 | – | 2.8 |
| **Operating profit/(loss)** | | 96.7 | 0.5 | (0.1) | – | 97.1 |
| Finance costs | | | | | | (27.4) |
| Finance income | | | | | | 0.6 |
| Other gains and (losses), net | | | | | | – |
| **Profit before tax** | | | | | | 70.3 |
| Tax | | | | | | (16.4) |
| **Profit for the period** | | | | | | 53.9 |
| **Other segment information** | | | | | | |
| Capital additions[1] | | 31.3 | 14.2 | 1.7 | – | 47.2 |
| Total assets | | 1,190.7 | 185.0 | 65.9 | 38.7 | 1,480.3 |
| Non-current assets | | 995.6 | 159.2 | 42.9 | 0.9 | 1,198.6 |

1 In 2023 Capital additions include comprise Property, Plant and Equipment additions only. There was £3.4m of 'Other intangible asset additions' (UK £3.0m, US £0.4m, China £nil).

All of the Group's revenue is derived from the sale of goods in 2024 and 2023. There were no inter-segment revenues. The un-allocated assets of £31.1m (2023: £38.7m) relate to cash and cash equivalents and derivative financial instruments which cannot be readily allocated because of the Group cash-pooling arrangements that are in place to provide funds to businesses across the Group.

### 4. Segmental information continued

#### MAJOR CUSTOMERS

In 2024, the Group's four largest customers accounted for 74.5% (2023: 73.9%) of the Group's total revenue from continuing operations. These customers accounted for 87.7% (2023: 88.0%) of total UK revenue from continuing operations. The Group does not enter into long-term contracts with its retail customers.

Each of these four customers accounts for a significant amount of the Group's revenue and are all in the UK segment. The percentage of Group revenue from these customers is as follows:

| | 2024 | 2023 |
|---|---|---|
| Customer A | **31.5%** | 32.4% |
| Customer B | **22.0%** | 21.5% |
| Customer C | **14.4%** | 13.1% |
| Customer D | **6.6%** | 6.9% |

## 5. Revenue

| £m | 2024 | 2023 |
|---|---|---|
| Continuing operations | | |
| UK | **1,948.5** | 1,852.7 |
| US | **227.7** | 229.4 |
| China | **116.5** | 121.7 |
| | **2,292.7** | 2,203.8 |

Upon completion of delivery (the performance obligation), the terms of the order allow 30 to 75 days (2023: 30 to 75 days) for payment, dependent on the relevant customers' payment terms. The Group has in place trade receivable factoring arrangements. These are non-recourse arrangements which were applicable to 70.3% (2023: 69.4%) of the Group's total sales. These arrangements allow the Group to choose to factor the receivable for approved invoices and receive payment ahead of the agreed terms on a non-recourse basis.

## 6. Profit before tax

Profit before tax for the period has been arrived at after charging/(crediting):

| £m | Note | 2024 | 2023 |
|---|---|---|---|
| Depreciation of property, plant and equipment: | | | |
| – Owned | | **54.3** | 56.4 |
| – Leased | | **11.6** | 12.3 |
| Research and development costs | | **10.8** | 9.1 |
| Cost of inventory recognised as an expense | | **1,032.4** | 1,029.1 |
| Amortisation of intangible assets | 14 | **2.9** | 3.0 |
| Exceptional items | 7 | **20.8** | (2.8) |
| Loss on disposal of property, plant and equipment | | **–** | 0.1 |
| Share scheme charges | 32 | **4.2** | 2.0 |
| Foreign exchange gains | 10 | **(1.7)** | – |
| Staff costs | 8 | **623.6** | 591.9 |

The analysis of the Auditors' remuneration is as follows:

| £m | 2024 | 2023 |
|---|---|---|
| The audit of the Company's Consolidated Financial Statements | **0.5** | 0.4 |
| The audit of the Company's subsidiaries pursuant to legislation | **1.0** | 0.8 |
| **Total audit fees** | **1.5** | 1.2 |

Non-audit fees of £59,000 (2023: £45,000) were paid to the Group's Auditors for permitted audit-related assurance and other services.

## 7. Exceptional items

The Group's financial performance is analysed in two ways: review of underlying performance (which does not include exceptional items) and separate review of exceptional items that are material and not expected to reoccur. The Directors consider that the underlying performance, which is reported as our 'Adjusted' measures, is more representative of the ongoing operations and key metrics of the Group.

Exceptional items are those that, in management's judgement, should be disclosed by virtue of their nature or amount. Exceptional items include material items that are non-recurring or significant in nature, and are important to users in understanding the business. This may include, but is not limited to, restructuring costs, impairment of assets, profits or losses on sale of operations and associated transaction costs, and transformation projects:

| £m | Note | 2024 | 2023 |
|---|---|---|---|
| China: Net profit on disposal or impairment arising from operations | | **1.9** | 2.9 |
| UK: Restructuring and site closures (accruals)/releases | | | |
| – Closure costs | | **(7.9)** | 2.2 |
| – Impairment charge | | **(12.9)** | 0.6 |
| UK: ERP transformation costs | | **(0.7)** | – |
| US: Asset impairment charge | | **(0.6)** | (3.5) |
| US: Customer contractual dispute impairment | | **–** | 0.6 |
| **Total exceptional items included in operating profit** | | **(20.2)** | 2.8 |
| Exceptional finance costs | 9 | **(0.6)** | – |
| **Total exceptional items before tax** | | **(20.8)** | 2.8 |
| Tax on exceptional items | | **5.4** | – |
| **Total exceptional items after tax** | | **(15.4)** | 2.8 |

### 2024

The Group recognised £20.8m of net exceptional expense for the year (before tax). This includes the following:

- £1.9m of profit on disposal or impairment arising from our China operations. This includes £4.0m profit on disposal from the 100% owned subsidiary Bakkavor (Taicang) Baking Company Limited on 28 March 2024 and a further £1.1m of net profit arising from the sale of our Hong Kong associate in 2023 due to a provision no longer being required (with £1.4m of exceptional income recognised in 2023). Offsetting this is a £3.2m charge relating to our Hong Kong operations which are held for sale at 28 December 2024 (of which £2.2m impairment and £1.0m costs to sell);
- £20.8m net charge of which £21.4m relates to the closure of one of our UK sites by the end of Q1 2025 (announced in September 2024). Of this, £12.9m relates to an impairment of assets (£12.4m fixed assets and £0.5m inventory), and £8.5m cash costs of closure, which includes redundancy payments. The majority of the cash impact will be recognised in 2025. There is £0.6m release of provisions which are no longer required in relation to the UK restructuring implemented in 2022.
- £0.7m related to our UK ERP transformation. In 2024, the Group commenced a multi-year project to replace its legacy UK ERP systems with a new ERP system which is a cloud-based solution. The total project cost is expected to be c.£40m and be incurred over four years, with c.£20m to be expensed and recognised within exceptional items and the balance to be capital spend. The Group recognised a charge of £0.7m in respect of work carried out in 2024, along with £3.0m of capital spend;
- £0.6m additional impairment charge in the US relating to equipment that was partially written down in 2023 that is no longer in use (see below); and
- £0.6m charge relating to accelerated amortisation of refinancing fees. See Note 9 for further details.

A tax credit of £5.4m has been recognised in relation to these exceptional charges.

### 2023

The Group recognised £2.8m of exceptional income for the year (before tax). This included the following:

- £2.9m of profit on disposal arising from our China operations. This includes £1.5m profit on disposal of property, plant and equipment following the sale and leaseback of one of the properties the Group operates from within the China segment, and £1.4m profit on disposal of associates, following the sale of its 45% share in two associate companies, La Rose Noire Limited and Patisserie et Chocolat Limited, on 8 May 2023.
- £2.8m release of 2022 UK closure cost provisions following the sites closing earlier in 2023 than originally planned and the release of an impairment associated with these sites that is no longer required.
- £3.5m impairment charge for fixed assets that will now no longer have any value to the US business.
- £0.6m release of impairment charge on assets for the US business that are no longer required.

The total net cash inflow during the financial year in respect of exceptional charges was £3.5m (2023: outflow £4.4m). This included £6.6m cash receipts from the disposal of our China subsidiary less £0.3m tax deducted at source, and £2.8m cash payments in respect of other exceptional costs, of which £2.4m related to prior year exceptional charges.

## 8. Staff costs

The average monthly number of employees (including Executive Directors) during the period was:

| | 2024 number | 2023 number |
|---|---|---|
| Production | **14,675** | 14,906 |
| Management and administration | **2,321** | 2,345 |
| Sales and distribution | **893** | 885 |
| | **17,889** | 18,136 |

Their aggregate remuneration comprised:

| £m | Note | 2024 | 2023 |
|---|---|---|---|
| Wages and salaries | | **544.4** | 515.7 |
| Social security and other costs | | **66.4** | 63.1 |
| Other pension costs | 33 | **12.8** | 13.1 |
| | | **623.6** | 591.9 |

Details of the emoluments paid to Directors are included from page 132 in the Directors' remuneration report and in Note 34.

## 9. Finance costs and finance income

### FINANCE COSTS

| £m | Note | 2024 | 2023 |
|---|---|---|---|
| Interest on borrowings | | **(15.7)** | (16.4) |
| Interest on non-recourse receivables financing | | **(6.7)** | (7.1) |
| Interest on lease liabilities | | **(2.7)** | (3.0) |
| Unwinding of discount on provisions | 25 | **(1.3)** | (0.9) |
| Total finance costs pre exceptionals | | **(26.4)** | (27.4) |
| Exceptional finance costs | 7 | **(0.6)** | – |
| Total finance costs | | **(27.0)** | (27.4) |

### FINANCE INCOME

| £m | 2024 | 2023 |
|---|---|---|
| Interest received on bank deposits | **0.5** | 0.6 |

Exceptional finance costs of £0.6m wholly relate to the accelerated amortisation of refinancing fees relating to the Group's refinancing of its core debt facilities, with the process having launched on 7 June 2024 and completed on 25 July 2024. The amortisation of these refinancing fees prior to the launch of the refinancing were included in 'interest on borrowings'.

## 10. Other gains

| £m | Note | 2024 | 2023 |
|---|---|---|---|
| Foreign exchange gains | 26 | **1.7** | – |
| | | **1.7** | – |

## 11. Tax charge

| £m | Note | 2024 | 2023 |
|---|---|---|---|
| **Current tax:** | | | |
| Current period | | **13.6** | 14.3 |
| Prior period adjustment | | **0.4** | (1.2) |
| Total current tax charge (pre-exceptional items) | | **14.0** | 13.1 |
| **Deferred tax:** | | | |
| Deferred tax relating to the origination and reversal of temporary differences in the period | | **7.0** | 0.9 |
| Deferred tax relating to changes in tax rates | | **–** | 0.2 |
| Prior period adjustment | | **(2.7)** | 2.2 |
| Total deferred tax charge (pre-exceptional items) | 22 | **4.3** | 3.3 |
| **Tax on exceptional items:** | | | |
| Current tax | | **(2.2)** | 0.6 |
| Deferred tax | | **(3.2)** | (0.6) |
| Total tax credit on exceptional items | | **(5.4)** | 0.0 |
| Total tax charge for the period | | **12.9** | 16.4 |

The Group tax charge for the period was £12.9m (2023: £16.4m) which represents an effective tax rate of 18.8% (2023: 23.4%) on profit before tax of £68.6m (2023: £70.3m). Tax is calculated using prevailing statutory rates in the territories in which we operate, however, most of the Group's profits are earned in the UK, where the statutory rate is 25% for FY24. The effective tax rate is 6.2% lower (2023: 0.1% lower) than the UK statutory tax rate as detailed in the table below.

Excluding exceptional items and other adjusting items the adjusted tax rate on underlying activities was 20.5% (2023: 24.4%) (see Note 37).

The charge for the period can be reconciled to the profit per the Consolidated income statement as follows:

| | 2024 £m | 2024 % | 2023 £m | 2023 % |
|---|---|---|---|---|
| Profit before tax: | **68.6** | **100.0** | 70.3 | 100.0 |
| Tax charge at the UK corporation tax rate of 25% (2023: 23.5%) | **17.2** | **25.0** | 16.5 | 23.5 |
| Net non-deductible expenses/(non-taxable income) | **(2.1)** | **(3.0)** | (1.5) | (2.1) |
| Prior period adjustment | **(2.3)** | **(3.3)** | 1.0 | 1.4 |
| Tax effect of losses carried forward not recognised | **0.1** | **0.1** | 1.0 | 1.4 |
| Unprovided deferred tax assets now recognised | **–** | **–** | (0.4) | (0.5) |
| Overseas taxes at different rates | **0.2** | **0.3** | 0.3 | 0.4 |
| Deferred tax rate differential | **–** | **–** | 0.2 | 0.3 |
| Exceptional non-taxable income/expense | **(0.2)** | **(0.3)** | (0.7) | (1.0) |
| Tax charge and effective tax rate for the period | **12.9** | **18.8** | 16.4 | 23.4 |

In addition to amounts charged to the Consolidated income statement, the following amounts in respect of tax were charged/(credited) to the Consolidated statement of comprehensive income and equity:

| £m | 2024 | 2023 |
|---|---|---|
| Tax relating to components of other comprehensive income/(expense): | | |
| Deferred tax: | | |
| Remeasurements on defined benefit pension scheme actuarial gain/(loss) | **1.2** | (0.7) |
| Deferred tax rate change on defined benefit pension scheme actuarial gain/(loss) | **–** | – |
| Cash flow hedges and cost of hedging | **(0.6)** | (2.8) |
| Deferred tax on share schemes | **0.6** | 0.8 |
| | **1.2** | (2.7) |
| Tax relating to components of other comprehensive income/(expense): | **0.6** | (3.5) |
| Tax relating to share-based payments recognised directly in equity: | **0.6** | 0.8 |
| | **1.2** | (2.7) |

HMRC had previously raised an enquiry into the structure used to fund our overseas investment in the US business. Although a number of earlier years have been agreed, there is uncertainty for some years in connection with the applicability of the UK tax rules to the structure which could lead to additional UK tax payable. This was a complex area with a range of possible outcomes and judgement was used in calculating the provision. During 2024 the Group reviewed its assumptions in this regard and following a European Court of Justice case in September 2024 concluded that the most likely outcome was the position filed with the tax authorities and accordingly the uncertain tax provision, which is immaterial, has been released to reflect this.

In addition, at the end of 2024, the Group holds a tax risk provision of £1.1m (2023: £1.0m) because it is considered likely that additional liabilities will become due to the tax authorities.

### OTHER FACTORS AFFECTING FUTURE TAX CHARGES

The Organisation for Economic Cooperation & Development ("OECD") has published proposals for a global corporate minimum tax rate of 15%. The UK implementation of these rules ("Pillar Two") will be effective for accounting periods commencing on or after 31 December 2023 and will therefore impact the Group in the accounting period ending December 2024. During 2023 the Group undertook an initial impact assessment of the UK rules based on FY 2022 Country by Country Reporting ("CbCR") data. This assessment concluded that, provided that the CbCR report is prepared in accordance with OECD guidelines, all jurisdictions in which the Group operates are expected to meet at least one of the transitional CbCR safe harbour tests (which potentially apply up to the year ended December 2026) which results in no top-up taxes being due. In addition, the Group updated this initial impact assessment to take account of 2024 CbCR data, and the Group continues to meet the transitional CbCR safe harbour tests. The rules are complex and the Group will continue to evaluate the impact of Pillar Two on the group tax charge.

## 12. Earnings per share

The calculation of earnings per Ordinary share is based on earnings after tax and the weighted average number of Ordinary shares in issue during the period, excluding own shares held.

For diluted earnings per share, the weighted average number of Ordinary shares in issue is adjusted to assume conversion of all potentially dilutive Ordinary shares.

The calculation of the basic and diluted earnings per share is based on the following data:

| £m | 2024 | 2023 |
|---|---|---|
| Profit for the period | **55.7** | 53.9 |

| Number of shares '000 | 2024 | 2023 |
|---|---|---|
| Weighted average number of Ordinary shares | **578,881** | 576,129 |
| Effect of potentially dilutive Ordinary shares | **9,057** | 12,576 |
| Weighted average number of Ordinary shares including dilution | **587,938** | 588,705 |

| | 2024 | 2023 |
|---|---|---|
| Basic earnings per share | **9.6p** | 9.4p |
| Diluted earnings per share | **9.5p** | 9.2p |

The Group calculates adjusted basic earnings per Ordinary share and details of this can be found in Note 37.

## 13. Goodwill

| £m | |
|---|---|
| **Cost** | |
| At 1 January 2023 | 708.6 |
| Exchange differences | (4.0) |
| At 30 December 2023 | 704.6 |
| Exchange differences | 0.5 |
| **At 28 December 2024** | **705.1** |
| **Accumulated impairment losses** | |
| At 1 January 2023 | (53.5) |
| Exchange differences | 1.4 |
| At 30 December 2023 | (52.1) |
| Exchange differences | 0.1 |
| **At 28 December 2024** | **(52.0)** |
| **Carrying amount** | |
| **At 28 December 2024** | **653.1** |
| At 30 December 2023 | 652.5 |

Goodwill acquired in a business combination is allocated, at acquisition, to the CGUs or group of CGUs that are expected to benefit from that business combination. The carrying value of goodwill has been allocated to CGU groupings as follows:

| £m | 28 December 2024 | 30 December 2023 |
|---|---|---|
| UK | **603.8** | 603.8 |
| US | **49.3** | 48.7 |
| China | **–** | – |
| | **653.1** | 652.5 |

The recoverable amounts of the CGUs or groups of CGUs are determined based on value-in-use calculations. There was no impairment recognised during the period (2023: £nil).

The key assumptions used in the impairment reviews for the CGUs that held goodwill at 28 December 2024 and 30 December 2023 were as follows:

- Cash flow forecasts: Cash flow forecasts are based on the most recent financial budget approved by the Group Board; the FY25 budget and a three-year plan (2023: three years). Revenue growth rates are based on management growth forecasts based on industry experience, and changes in selling prices. Direct costs are based on past practices and expectations of future changes in the market. The forecasts also take account of the current risks faced by the business including cost inflation and associated price recovery leading to a potential impact on consumer demand. The cash flows also include an assumption on maintenance capital expenditure required by the business over the forecast period.

As the Group is committed to achieving net zero carbon emissions across our Group operations by 2040, an estimate of the future costs and capital expenditure required to meet this commitment has been included in the forecast value-in-use calculations and sensitivity analysis. The Group defines operating cash flows for the value-in-use calculations as adjusted EBITDA, after deducting maintenance capital expenditure for the relevant CGUs.

- Long-term growth rates: For periods beyond the three-year plan, the cash flows are extrapolated using a perpetuity growth rate of 2.0% (2023: 2.0%) for the UK and 2.1% for the US (2023: 2.1%). The terminal values include an estimate of carbon costs from 2040.
- Discount rates: Management uses pre-tax rates that reflect current market assessments of the time value of money and the risks specific to the CGUs. The present value of the future cash flows is calculated using a pre-tax discount rate of 10.7% (2023: 9.3%) for the UK and 10.5% for the US (2023: 9.2%). The pre-tax discount rates are based on the Group's weighted average cost of capital.

The headroom for each CGU based on the impairment review as at 28 December 2024 is as follows:

| £m | UK | US |
|---|---|---|
| Headroom of impairment test based on management assumptions | 434.8 | 117.9 |

The Group has conducted a sensitivity analysis on the impairment test of each CGU's carrying value using the following assumptions under three scenarios, none of which indicate an impairment is likely: (i) a 10% reduction in EBITDA, (ii) nil sales growth from 2025 and EBITDA margin flat, and (iii) a combination of reduction in sales, unrecovered inflation and reduced factory performance.

Specifically in the US CGU, which has lower levels of headroom, the US operating cash flows are primarily driven by adjusted EBITDA. This could be negatively impacted by loss of revenue or from lower operating margins. If operating cash flows were 35% lower and no mitigating actions were taken, this would result in no headroom.

There were no CGU impairments identified as a result of the applied sensitivity analysis in 2024.

## 14. Other intangible assets

| £m | Note | Brands | Customer relationships | Software | Total |
|---|---|---|---|---|---|
| **Cost** | | | | | |
| At 1 January 2023 | | – | 89.6 | 16.4 | 106.0 |
| Reclassified from property, plant and equipment | 15 | – | – | 2.2 | 2.2 |
| Additions | | – | – | 3.4 | 3.4 |
| Exchange differences | | – | (0.4) | – | (0.4) |
| At 30 December 2023 | | – | 89.2 | 22.0 | 111.2 |
| Reclassified to property, plant and equipment | 15 | – | – | (0.8) | (0.8) |
| Acquired on acquisition of subsidiary | 29 | 1.9 | – | – | 1.9 |
| Additions | | – | – | 7.0 | 7.0 |
| Exchange differences | | – | 0.1 | – | 0.1 |
| **At 28 December 2024** | | **1.9** | **89.3** | **28.2** | **119.4** |
| **Accumulated amortisation and impairment** | | | | | |
| At 1 January 2023 | | – | (88.4) | (8.8) | (97.2) |
| Charge for the period | | – | (0.9) | (2.1) | (3.0) |
| Reclassified from property, plant and equipment | 15 | – | – | (0.8) | (0.8) |
| Exchange differences | | – | 0.3 | – | 0.3 |
| At 30 December 2023 | | – | (89.0) | (11.7) | (100.7) |
| Charge for the period | | (0.1) | (0.1) | (2.7) | (2.9) |
| Reclassified to property, plant and equipment | 15 | – | – | 0.3 | 0.3 |
| **At 28 December 2024** | | **(0.1)** | **(89.1)** | **(14.1)** | **(103.3)** |
| **Carrying amount** | | | | | |
| **At 28 December 2024** | | **1.8** | **0.2** | **14.1** | **16.1** |
| At 30 December 2023 | | – | 0.2 | 10.3 | 10.5 |

Software in the table above includes internally generated costs of £9.1m and accumulated amortisation of £5.6m, with a net book value of £3.5m.

## 15. Property, plant and equipment

| £m | Note | Land and buildings | Plant and machinery | Fixtures and equipment | Total |
|---|---|---|---|---|---|
| **Cost** | | | | | |
| At 1 January 2023 | | 390.8 | 703.2 | 113.7 | 1,207.7 |
| Additions | | 11.0 | 31.1 | 5.1 | 47.2 |
| Disposals | | (5.5) | (17.3) | (1.8) | (24.6) |
| Reclassified to intangible assets | 14 | – | (1.9) | (0.3) | (2.2) |
| Exchange differences | | (7.3) | (6.2) | (1.1) | (14.6) |
| At 30 December 2023 | | 389.0 | 708.9 | 115.6 | 1,213.5 |
| Additions | | 6.9 | 39.7 | 11.7 | 58.3 |
| Disposals | | (0.2) | (25.6) | (2.9) | (28.7) |
| Disposals related to sale of business | | – | (3.4) | (0.7) | (4.1) |
| Reclassified from intangible assets | 14 | – | – | 0.8 | 0.8 |
| Reclassified as held for sale | | (3.5) | (2.1) | (4.3) | (9.9) |
| Exchange differences | | 0.6 | 0.4 | (0.1) | 0.9 |
| **At 28 December 2024** | | **392.8** | **717.9** | **120.1** | **1,230.8** |
| **Accumulated depreciation and impairment** | | | | | |
| At 1 January 2023 | | (155.4) | (438.6) | (65.6) | (659.6) |
| Charge for the period | | (20.9) | (35.5) | (12.3) | (68.7) |
| Impairment | | – | (2.9) | – | (2.9) |
| Disposals | | 0.6 | 16.7 | 1.8 | 19.1 |
| Reclassified to intangible assets | 14 | – | 0.6 | 0.2 | 0.8 |
| Exchange differences | | 2.5 | 2.5 | 0.7 | 5.7 |
| At 30 December 2023 | | (173.2) | (457.2) | (75.2) | (705.6) |
| Charge for the period | | (20.3) | (34.1) | (11.5) | (65.9) |
| Impairment | | (1.5) | (12.2) | (1.8) | (15.5) |
| Disposals | | 0.1 | 25.2 | 2.9 | 28.2 |
| Disposals related to sale of business | | – | 1.6 | 0.3 | 1.9 |
| Reclassified from intangible assets | 14 | – | – | (0.3) | (0.3) |
| Reclassified as held for sale | | 3.5 | 2.1 | 4.3 | 9.9 |
| Exchange differences | | (0.3) | (0.2) | – | (0.5) |
| **At 28 December 2024** | | **(191.7)** | **(474.8)** | **(81.3)** | **(747.8)** |
| **Carrying amount** | | | | | |
| **At 28 December 2024** | | **201.1** | **243.1** | **38.8** | **483.0** |
| At 30 December 2023 | | 215.8 | 251.7 | 40.4 | 507.9 |

Included within land and buildings is freehold land held at historic cost of £11.5m (2023: £11.5m). Freehold land is not depreciated.

The carrying value of the Group's plant and machinery includes an amount of £nil (2023: £0.1m) in respect of assets held under leases previously recognised as finance leases before the introduction of IFRS 16.

The carrying value of the Group's land and buildings and plant and machinery includes an amount of £73.8m (2023: £79.5m) in respect of assets held under IFRS 16 Leases. Further details of these leases are disclosed in Note 23.

The carrying value of the Group's plant and machinery includes an amount of £31.2m (2023: £35.9m) in respect of assets held as security under Asset Finance Facilities. Further details of these facilities are disclosed in Note 20. At 28 December 2024, the Group had entered into contractual commitments for the acquisition of property, plant and equipment amounting to £10.4m (2023: £4.2m).

Assets are not depreciated until they are brought into use. At 28 December 2024, a total of £44.1m (2023: £31.7m) of other assets were in progress and had not been brought into use.

During 2024 there was a net book value £0.5m of 'Intangible assets' that was reclassified to 'Property, plant and equipment'. In 2023, there was a net book value £1.4m of 'Intangible assets' that was reclassified from 'Property, plant and equipment'.

In 2024, the Group incurred an impairment charge of £15.5m which is included in 'Other administrative costs' within the income statement. Of this, £15.2m is recognised as an exceptional cost (see Note 7) comprising: £12.4m impairment of assets at a UK site planned to close, £2.2m impairment of Hong Kong assets (see detail below) and £0.6m related to the impairment of a US asset.

On 24 December 2024, a business transfer agreement was signed for the sale of the trade and assets of the Hong Kong business, the 'disposal group'. The assets and liabilities of the disposal group were consequently presented as held for sale at 28 December 2024 and measured at the lower of the carrying amount and fair value less costs to sell, resulting in the recognition of a £2.2m impairment (see Note 7). This results in £2.3m of assets held for sale and £3.0m of liabilities held for sale.

When reviewing for impairment, the Group has assessed the current and forecast profit and cash flows for each CGU which includes an assessment of an estimate of the potential impact of the Group's net zero commitment in terms of capital costs of decarbonisation or purchasing carbon credits. In the Asia CGU, headroom exists when reviewing for impairment, but the estimation of the future costs of carbon credits is subject to uncertainty and is a material cost input to the model.

During 2023, an impairment charge of £2.9m was recognised on plant and machinery. This related to an impairment charge of £3.5m in the US sector relating to 2023, net of the reversal of a £0.6m impairment that was recognised in the UK sector in 2022. These were included within 'Other administrative costs' as exceptional items (Note 7).

## 16. Subsidiaries

The Group consists of a Parent Company, Bakkavor Group plc, incorporated in the UK, and a number of subsidiaries held directly and indirectly by Bakkavor Group plc. Note 5 to the Company's separate Financial Statements provides details of the interests in subsidiaries.

## 17. Inventories

| £m | **28 December 2024** | 30 December 2023 |
|---|---|---|
| Raw materials, packaging and consumables | **68.3** | 60.1 |
| Work-in-progress | **3.6** | 2.6 |
| Finished goods | **10.6** | 8.6 |
| | **82.5** | 71.3 |

There is no material difference between the book value and replacement cost of inventories.

## 18. Trade and other receivables

| £m | **28 December 2024** | 30 December 2023 |
|---|---|---|
| Amounts receivable from trade customers | **159.5** | 142.6 |
| Expected credit loss | **(2.5)** | (1.3) |
| Net amounts receivable from trade customers | **157.0** | 141.3 |
| Other receivables | **22.8** | 17.0 |
| Prepayments | **15.6** | 13.4 |
| | **195.4** | 171.7 |

During the period, the Group has continued to operate trade receivable factoring arrangements. These are non-recourse arrangements and therefore amounts are de-recognised from trade receivables. At 28 December 2024, £138.3m was drawn under factoring facilities (2023: £145.2m) representing cash collected before it was contractually due from the customer.

As at 28 December 2024, the Group's 'Amounts receivable from trade customers' includes £83.7m (2023: £72.8m) which could be factored under the non-recourse trade receivable factoring arrangement.

The average credit period taken on sales of goods is 25 days (2023: 23 days). An expected credit loss allowance has been made for estimated irrecoverable amounts from the sale of goods of £2.5m (2023: £1.3m). Expected credit loss allowances against receivables are made on a specific basis based on objective evidence and previous default experience as well as with reference to assumptions about the risk of default and expected future loss rates. Receivables are therefore deemed past due but not impaired when the contractual obligation to pay has been exceeded, but as yet no objective evidence or previous default experience indicates this debt will be irrecoverable, while assumptions about the risk of default remain unchanged.

The Directors consider that the carrying amount of trade and other receivables from customers approximates to their fair value due to their short-term nature.

The 'Other receivables' amount mainly relates to non-specific amounts, the largest of which is recoverable VAT.

### 18. Trade and other receivables continued

The following table is an ageing analysis of net trade receivables from customers:

| £m | 28 December 2024 | 30 December 2023 |
|---|---|---|
| Not past due | **149.0** | 133.8 |
| Past due by 1 – 30 days | **6.0** | 6.2 |
| Past due by 31 – 60 days | **1.2** | 0.9 |
| Past due by 61 – 90 days | **0.8** | 0.4 |
| Past due by more than 90 days | **–** | – |
| | **157.0** | 141.3 |

There was no impact from trade receivables renegotiated in 2024 that would have otherwise been past due or impaired (2023: no impact).

The four major customers of the Group, representing 74.5% (2023: 73.9%) of the Group's revenue from continuing operations, hold favourable credit ratings. On this basis, the Group does not see any need to charge interest or seek collateral or credit enhancements to secure any of its trade receivables due to their short-term nature. The Group does not consider that it is exposed to any significant credit risk other than that provided against and therefore the carrying amount of trade receivables represents the expected recoverable amount and there is no further credit risk exposure.

The following table is an analysis of the movement of the expected credit loss for the Group's trade receivables:

| £m | 2024 | 2023 |
|---|---|---|
| Balance at beginning of the period | **(1.3)** | (3.6) |
| Allowances recognised against receivables | **(3.4)** | (1.7) |
| Amounts written off as uncollectible during the period | **1.8** | 2.8 |
| Amounts recovered during the period | **0.4** | 0.7 |
| Allowance reversed | **–** | 0.5 |
| Balance at end of the period | **(2.5)** | (1.3) |

## 19. Cash and cash equivalents

| £m | 28 December 2024 | 30 December 2023 |
|---|---|---|
| Cash and cash equivalents | **29.9** | 36.6 |

Cash and cash equivalents comprise cash held by the Group and short-term bank deposits with an original maturity of three months or less, which are readily convertible to a known amount of cash and are subject to an insignificant risk of change in value.

The carrying amount of these assets approximates their fair value.

## 20. Borrowings

The interest rates and currency profile of the Group's borrowings at 28 December 2024 were as follows:

| | Currency | Facility amount £m | Amount drawn down at year end £m | Interest rate | Maturity date |
|---|---|---|---|---|---|
| Term Loan | GBP | 150.0 | 150.0 | SONIA plus a margin of 1.85% | Jul 2028 |
| Revolving Credit Facility ("RCF") | GBP | 200.0 | 45.0 | SONIA plus a margin of 1.85% | Jul 2028 |
| Asset Finance Facility | GBP | 14.3 | 14.3 | Fixed interest rate | Aug 2027 |
| Asset Finance Facility | GBP | 14.3 | 14.3 | Fixed interest rate | Aug 2028 |
| **Total** | | **378.6** | **223.6**[1] | | |

1 £223.6m represents the committed facilities of the Group. The Group's Consolidated Statement of financial position discloses £222.3m which includes local overdraft facilities, unamortised fees and interest accrued.

On 25 July 2024, the Group completed a refinancing of its core debt facilities through a new Term Loan and Revolving Credit Facility totalling £350.0m. These new facilities will mature in July 2028 with the option of two one-year extensions.

The Group's total banking facilities amount to £350.0m (2023: £455.0m), comprising:

- £150.0m Term Loan (2023: £225.0m Term Loan) maturing in July 2028; and
- £200.0m Revolving Credit Facility ("RCF") (2023: £230.0m RCF), which includes an overdraft and money market facility of £12.0m (2023: £20.0m) and further ancillary facilities of £3.0m (2023: £13.3m). The RCF matures in July 2028. The bank facilities are unsecured and are subject to covenant agreements including the Group maintaining a minimum interest cover of 4.0x and not exceeding an adjusted leverage of 3.0x.

The Asset Finance Facility is made up of two separate facilities which are secured against specific items of plant and machinery as follows:

- £25.0m facility, which could be drawn against up to August 2020, of which the Group initially drew down £24.9m with £14.3m outstanding at the end of 2024. No further draw down can be made against this facility. The facility has been drawn in tranches, with each tranche being repaid on a quarterly basis over a period of seven years, and the weighted average interest rate for the facility as at 28 December 2024 was 2.41% (2023: 2.41%). The interest rate is fixed at the prevailing rate on commencement of the loan tranche.
- £13.1m drawn down during 2021 and £9.9m during 2023 under separate asset financing facilities with £14.3m outstanding at the end of 2024. No further draw down can be made against these facilities. The facilities have been drawn in tranches, with each tranche being repaid on a monthly basis over a period of five or seven years, and the weighted average interest rate for the facility at 28 December 2024 is 4.63% (2023: 4.61%). The interest rate is fixed at the prevailing rate on commencement of the loan tranche.

In addition, the Group has access to £10.7m (2023: £10.7m) of local overdraft facilities in the US and China which are uncommitted and unsecured. One of the Group's UK subsidiary companies, Bakkavor Finance (2) Limited, has provided Corporate Guarantees totalling $8m for the US local overdraft facility and RMB 40m for the China local overdraft facility.

| £m | 28 December 2024 | 30 December 2023 |
|---|---|---|
| Bank overdrafts | – | 3.4 |
| Bank loans | 222.3 | 262.0 |
| | 222.3 | 265.4 |
| Borrowings repayable as follows: | | |
| On demand or within one year | 6.9 | 25.4 |
| In the second year | 6.2 | 5.7 |
| In the third to fifth years inclusive | 209.2 | 234.3 |
| Over five years | – | – |
| | 222.3 | 265.4 |
| Analysed as: | | |
| Amount due for settlement within 12 months (shown within current liabilities) | 6.9 | 25.4 |
| Amount due for settlement after 12 months | 215.4 | 240.0 |
| | 222.3 | 265.4 |

| | 2024 % | 2023 % |
|---|---|---|
| The weighted average interest rates paid excluding interest swap benefits were as follows: | | |
| Bank loans and overdrafts | 6.59 | 6.38 |

Apart from the Asset Finance Facilities, interest on the Group's Term Loan and other borrowings are at floating rates, thus exposing the Group to cash flow interest rate risk. This risk is mitigated using interest rate swaps as set out in Note 26. The fair value of the Group's borrowings is as follows:

| £m | 28 December 2024 | 30 December 2023 |
|---|---|---|
| Fair value of the Group's borrowings | 223.6 | 266.1 |

Net debt is the net of cash and cash equivalents, prepaid fees to be amortised over the term of outstanding borrowings, interest accrued on borrowings and lease liabilities and is as follows:

| £m | 28 December 2024 | 30 December 2023 |
|---|---|---|
| **Analysis of net debt** | | |
| Cash and cash equivalents | 29.9 | 36.6 |
| Borrowings | (6.4) | (25.5) |
| Interest accrual | (1.2) | (0.5) |
| Unamortised fees | 0.7 | 0.6 |
| Lease liabilities | (12.1) | (11.6) |
| Debt due within one year | (19.0) | (37.0) |
| Borrowings | (217.2) | (240.5) |
| Unamortised fees | 1.8 | 0.5 |
| Lease liabilities | (72.2) | (78.9) |
| Debt due after one year | (287.6) | (318.9) |
| Group net debt | (276.7) | (319.3) |

## 21. Derivative financial instruments

| £m | 28 December 2024 | 30 December 2023 |
|---|---|---|
| **Designated in a hedging relationship:** | | |
| Foreign currency contracts | – | 0.1 |
| Interest rate contracts | – | 0.8 |
| **Included in non-current assets** | – | 0.9 |
| Foreign currency contracts | **0.2** | 0.3 |
| Interest rate contracts | **1.0** | 1.8 |
| **Included in current assets** | **1.2** | 2.1 |
| Foreign currency contracts | **(2.1)** | (0.5) |
| Interest rate contracts | – | – |
| **Included in current liabilities** | **(2.1)** | (0.5) |
| Foreign currency contracts | – | (0.1) |
| Interest rate contracts | – | (0.7) |
| **Included in non-current liabilities** | – | (0.8) |
| **Total** | **(0.9)** | 1.7 |

Derivative financial instruments are subject to enforceable master netting agreements. However, they are not set off on the balance sheet. Under the terms of these arrangements, only where certain credit events occur (such as default), will the net position owing/receivable to a single counterparty in the same currency be taken as owing and all the relevant arrangements terminated.

Further details of derivative financial instruments are provided in Note 26.

## 22. Deferred tax

The following are the major deferred tax liabilities and assets recognised by the Group and movements thereon during the current and prior reporting period.

| £m | Accelerated tax depreciation[1] | Fair value gains | Provisions | Retirement benefit obligations and share schemes | Overseas tax losses and accrued interest | US goodwill | Total |
|---|---|---|---|---|---|---|---|
| At 1 January 2023 | (42.3) | (3.1) | 0.9 | (1.7) | 33.6 | (10.2) | (22.8) |
| (Charge)/credit to income | (4.8) | – | – | (0.3) | 2.4 | (0.6) | (3.3) |
| Credit to income on exceptional items | 0.6 | – | – | – | – | – | 0.6 |
| Exchange differences | 0.2 | – | – | – | (1.8) | 0.6 | (1.0) |
| Credit/(charge) to equity and other comprehensive income | – | 2.8 | – | – | – | – | 2.8 |
| **At 30 December 2023** | (46.3) | (0.3) | 0.9 | (2.0) | 34.2 | (10.2) | (23.7) |
| (Charge)/credit to income | (6.3) | – | 0.6 | 0.3 | 1.5 | (0.4) | (4.3) |
| Credit to income on exceptional items | 3.1 | – | – | – | 0.1 | – | 3.2 |
| Exchange differences | (0.1) | – | – | – | 0.2 | (0.1) | – |
| Credit/(charge) to equity and other comprehensive income | – | 0.6 | – | (1.8) | – | – | (1.2) |
| **At 28 December 2024** | **(49.6)** | **0.3** | **1.5** | **(3.5)** | **36.0** | **(10.7)** | **(26.0)** |

1 IAS 23 'Capitalised interest' and 'Intangibles deferred tax balances' are shown within the Accelerated tax depreciation values above.

Certain deferred tax assets and liabilities have been offset where the Group has a legally enforceable right to do so. The following is the analysis of the deferred tax balances (after offset) for financial reporting purposes:

| £m | 28 December 2024 | 30 December 2023 |
|---|---|---|
| Deferred tax asset | **16.2** | 14.7 |
| Deferred tax liability | **(42.2)** | (38.4) |
| | **(26.0)** | (23.7) |

Within the deferred tax asset above, £3.2m (2023: £3.7m) is expected to reverse no more than 12 months after the reporting period and £13.0m (2023: £11.0m) more than 12 months after the reporting period.

Included in the above are deferred tax assets of £35.4m (2023: £33.6m) in connection with US tax losses and accrued interest amounts which will be deductible in future accounting periods. These deferred tax assets are offset by liabilities for which there is a legally enforceable right to do so. The US tax losses and accrued interest amounts can be carried forward indefinitely and used against future US taxable profits.

The carrying amount of deferred tax assets is reviewed at each statement of financial position date and reduced to the extent that it is no longer probable that sufficient taxable profits will be available to allow all or part of the asset to be recovered.

In evaluating whether it is probable that sufficient taxable profits will be earned in future accounting periods, all available evidence has been considered by management including forecasts and business plans. These forecasts are consistent with those prepared and used internally for business planning and impairment testing purposes. Following this evaluation, management determined there would be sufficient taxable profits generated to continue to recognise these deferred tax assets in full.

Deferred tax assets in respect of some capital losses as well as trading losses have not been recognised as their future recovery is uncertain or not currently anticipated. The total gross deferred tax assets not recognised are as follows:

| £m | **28 December 2024** | 30 December 2023 |
| --- | --- | --- |
| Capital losses | **5.0** | 5.0 |
| Trading losses | **15.8** | 19.3 |
| | **20.8** | 24.3 |

The capital losses arose in the UK and are available to carry forward indefinitely but can only be offset against future capital gains. The trading losses are non-UK losses and are available to offset against future taxable profits. These losses are timebound and £14.4m (2023: £17.8m) will expire after five years if unused.

There are no deferred tax liabilities associated with undistributed earnings of subsidiaries due to the availability of tax credits against such liabilities or the exemption from UK tax on such dividends.

Temporary differences arising in connection with interests in associates are insignificant.

## 23. Lease liabilities

The Group leases assets including land and buildings and plant and machinery that are held within property, plant and equipment. Information about leases for which the Group is a lessee is presented below.

### ANALYSIS OF PROPERTY, PLANT AND EQUIPMENT RELATING TO LEASES

The Group has split the net book value of property, plant and equipment relating to leases between amounts previously recognised as finance leases under IAS 17 and amounts recognised as right-of-use assets under IFRS 16. This allows management to review performance excluding IFRS 16, as set out in Note 37, Alternative performance measures.

| £m | **28 December 2024** | 30 December 2023 |
| --- | --- | --- |
| Net book value of leased property, plant and equipment excluding right-of-use assets | **0.1** | 0.2 |
| Net book value of right-of-use assets | **73.8** | 79.5 |
| | **73.9** | 79.7 |

### NET BOOK VALUE OF RIGHT-OF-USE ASSETS

| £m | Land and buildings | Plant and machinery | Total |
| --- | --- | --- | --- |
| At 1 January 2023 | 85.0 | 1.7 | 86.7 |
| Additions | 10.6 | 0.4 | 11.0 |
| Disposals | (4.8) | – | (4.8) |
| Depreciation charge | (11.2) | (0.9) | (12.1) |
| Exchange differences | (1.3) | – | (1.3) |
| At 30 December 2023 | 78.3 | 1.2 | 79.5 |
| Additions | 4.1 | 2.2 | 6.3 |
| Depreciation charge | (10.9) | (0.7) | (11.6) |
| Impairment | (0.7) | – | (0.7) |
| Exchange differences | 0.2 | 0.1 | 0.3 |
| **At 28 December 2024** | **71.0** | **2.8** | **73.8** |

### 23. Lease liabilities continued

#### LEASE LIABILITIES

| £m | Present value of minimum lease payments 28 December 2024 | 30 December 2023 |
|---|---|---|
| Amounts payable under leases: | | |
| Within one year | **12.1** | 11.6 |
| In the second to fifth years inclusive | **27.9** | 32.1 |
| Over five years | **44.3** | 46.8 |
| Present value of lease obligations | **84.3** | 90.5 |
| Analysed as: | | |
| Amount due for settlement within 12 months | **12.1** | 11.6 |
| Amount due for settlement after 12 months | **72.2** | 78.9 |
| | **84.3** | 90.5 |

The Group has split the lease liabilities between liabilities previously recognised as finance leases under IAS 17 and liabilities recognised under IFRS 16. This allows management to review both the Group net debt, as set out in Note 20, Borrowings, and the Group operational net debt as set out in Note 37, Alternative performance measures.

| £m | 28 December 2024 | 30 December 2023 |
|---|---|---|
| Lease liabilities relating to leases previously recognised under IAS 17 | **0.1** | 0.2 |
| Lease liabilities relating to leases recognised under IFRS 16 | **84.2** | 90.3 |
| | **84.3** | 90.5 |

The weighted average lease term outstanding is 13.7 years (2023: 13.0 years). For 2024, the weighted average incremental borrowing rate was 3.5% (2023: 3.2%). Interest rates are fixed at the contract date. All leases are on a fixed repayment basis and no arrangements have been entered into for contingent rental payments.

The Group's lease obligations are secured by the lessors' rights over the leased assets.

The Group utilises the exemption from capitalising short-term and low-value leases where the relevant criteria are met. The expenses relating to these lease types are disclosed below.

#### AMOUNTS RECOGNISED IN THE CONSOLIDATED INCOME STATEMENT

| £m | 2024 | 2023 |
|---|---|---|
| Interest on lease liabilities recognised under IFRS 16 | **2.7** | 3.0 |
| Expenses relating to low-value leases | **2.2** | 3.3 |
| Expenses relating to short-term leases | **1.4** | 1.6 |
| | **6.3** | 7.9 |

#### AMOUNTS RECOGNISED IN THE STATEMENT OF CASH FLOWS

| £m | 2024 | 2023 |
|---|---|---|
| Cash outflow for lease principal payments | **12.1** | 12.3 |
| Cash outflow for lease interest payments | **2.7** | 3.0 |
| Total cash outflow for leases | **14.8** | 15.3 |

## 24. Trade and other payables

| £m | 28 December 2024 | 30 December 2023 |
|---|---|---|
| Trade payables | **297.9** | 262.4 |
| Other taxation | **2.3** | 2.2 |
| Other payables | **28.0** | 26.7 |
| Accruals and deferred income | **164.5** | 156.3 |
| Trade and other payables due within one year | **492.7** | 447.6 |

Trade payables and accruals principally comprise amounts outstanding for trade purchases and ongoing costs. The average credit period taken for trade purchases is 65 days (2023: 64 days). No interest is incurred against trade payables.

The Directors consider that the carrying amount of trade payables approximates to their fair value.

During the year, the Group has continued to operate an arrangement which provides financing for the Group's suppliers. This is a voluntary programme that potentially gives suppliers earlier access to cash. At 28 December 2024, trade payables amounting to £51.2m (2023: £42.7m) were subject to these arrangements. These balances are classified as trade payables, and the related payments as cash flows from operating activities, since the original obligation to the supplier remains and has not been replaced with a new obligation to the bank.

Other payables include the Group's liabilities in respect of payroll taxes.

## 25. Provisions

| £m | Onerous contracts | Dilapidation provisions | Legal and other provisions | Restructuring provisions | Total |
|---|---|---|---|---|---|
| At 1 January 2023 | 1.7 | 19.3 | 1.2 | 14.8 | 37.0 |
| Utilisation of provision | – | – | – | (9.7) | (9.7) |
| Additional provision in the year | – | 0.4 | 1.0 | – | 1.4 |
| Release of provision | – | (0.3) | (1.0) | (2.2) | (3.5) |
| Unwinding of discount | 0.2 | 0.7 | – | – | 0.9 |
| Exchange differences | – | – | – | – | – |
| At 30 December 2023 | 1.9 | 20.1 | 1.2 | 2.9 | 26.1 |
| Included in current liabilities | 0.4 | 5.9 | 1.2 | 2.9 | 10.4 |
| Included in non-current liabilities | 1.5 | 14.2 | – | – | 15.7 |
| At 31 December 2023 | 1.9 | 20.1 | 1.2 | 2.9 | 26.1 |
| Utilisation of provision | – | – | (0.2) | (2.1) | (2.3) |
| Additional provision in the year | – | – | 2.4 | 8.5 | 10.9 |
| Release of provision | – | – | (1.2) | (0.6) | (1.8) |
| Unwinding of discount | 0.3 | 1.0 | – | – | 1.3 |
| Exchange differences | – | – | – | – | – |
| **At 28 December 2024** | **2.2** | **21.1** | **2.2** | **8.7** | **34.2** |
| Included in current liabilities | **0.4** | **4.6** | **2.2** | **8.7** | **15.9** |
| Included in non-current liabilities | **1.8** | **16.5** | **–** | **–** | **18.3** |

Onerous contracts provisions relate to the Group's leased vacant properties. The onerous contract provision has been calculated as the discounted total expected costs for occupying the properties (including service charges but excluding lease rentals and rates) through to the break clause. The provisions will be utilised over the term of the individual leases to which they relate. These leases expire within 15 years.

Dilapidation provisions relate to estimated obligations under various property leases to ensure that, at the end of the leases, the buildings are in the condition agreed with the landlords. The provisions will be utilised at the end of the individual lease terms to which they relate, which range from 1 to 26 years.

The legal and other provisions, which are expected to be settled within 12 months, are assessed by utilising Group experience, legal and professional advice and other commercial factors to reasonably estimate present obligations across the Group. These obligations are varied and depend on future events which are by their nature uncertain. The Group has taken this uncertainty into account and considers the provision to be reasonable in the circumstances.

During 2024, a restructuring provision was recognised for the closure of one of our UK sites; £8.5m of closure costs were provided (see Note 7), with the cash outflow expected in 2025.

During 2022, a restructuring provision was recognised for the closure of two of our UK sites and the costs of a corporate restructuring. At 30 December 2023, £2.9m of these provisions remained and all but £0.2m of these provisions have been utilised or released during 2024.

## 26. Financial instruments

### CAPITAL RISK MANAGEMENT

The Group manages its capital to ensure that entities in the Group will be able to continue as a going concern, while maximising the return to stakeholders through the optimisation of the debt and equity balance. The capital structure of the Group consists of borrowings, as disclosed in Note 20, and cash equivalents and equity attributable to owners of the parent, comprising issued capital, reserves and retained earnings.

The Group manages its capital by collating timely and reliable information to produce various internal reports such as capital expenditure and weekly net debt reports, which enable the Board of Directors to assess the Group's capital and manage that capital effectively and in line with the Group's objectives. The gearing of the Group is constantly monitored and managed to ensure that the ratio between debt and equity is at an acceptable level of less than 50%. This enables the Group to operate as a going concern and maximise stakeholders' return.

### GEARING RATIO

The gearing ratio at the period end was as follows:

| £m | **28 December 2024** | 30 December 2023 |
|---|---|---|
| Debt (excluding IFRS 16 lease liabilities) | **222.4** | 265.6 |
| Cash and cash equivalents | **(29.9)** | (36.6) |
| Net debt | **192.5** | 229.0 |
| Equity | **616.1** | 607.6 |
| Net debt to net debt plus equity | **23.8%** | 27.4% |

Debt is defined as long- and short-term borrowings, as disclosed in Note 20, and lease liabilities payable in Note 23 (excluding IFRS 16 lease liabilities: £84.2m at 28 December 2024, £90.3m at 30 December 2023).

### CATEGORIES OF FINANCIAL INSTRUMENTS

| £m | **28 December 2024** | 30 December 2023 |
|---|---|---|
| **Financial assets** | | |
| Fair value through profit and loss: | | |
| Trade receivables | **83.7** | 72.8 |
| Derivative financial instruments | **1.2** | 3.0 |
| Measured at amortised cost: | | |
| Trade receivables | **73.3** | 68.5 |
| Other receivables | **8.7** | 5.4 |
| Cash and cash equivalents | **29.9** | 36.6 |
| | **196.8** | 186.3 |

| £m | **28 December 2024** | 30 December 2023 |
|---|---|---|
| **Financial liabilities** | | |
| Fair value through profit and loss: | | |
| Derivative financial instruments | **2.1** | 1.3 |
| Other financial liabilities at amortised cost: | | |
| Trade payables | **297.9** | 262.4 |
| Other payables | **13.3** | 15.0 |
| Accruals | **163.7** | 155.3 |
| Borrowings | **222.3** | 265.4 |
| Lease liabilities | **84.3** | 90.5 |
| | **783.6** | 789.9 |

The fair value of financial assets approximates to their carrying value due to the short-term nature of the receivables. Fair values for the derivative financial instruments have been determined as level 2 under IFRS 7 Financial Instruments: Disclosures. Quoted prices are not available for the derivative financial instruments and so valuation models are used to estimate fair value. The models calculate the expected cash flows under the terms of each specific contract and then discount these values back to a present value. These models use as their basis independently sourced market parameters including, for example, interest rate yield curves and currency rates.

The fair value of other financial liabilities at amortised cost approximates to their carrying value. The trade and other payables approximate to their fair value due to the short-term nature of the payables. The lease liabilities' fair value approximates to the carrying value based on discounted future cash flows.

There have been no changes to fair values as a result of a change in credit risk of the Group or the Group's customers.

## FINANCIAL RISK MANAGEMENT

The Group is exposed to a number of financial risks such as access to and cost of funding, interest rate exposure, currency exposure and working capital management. The Group seeks to minimise and mitigate against these risks where possible, and does this by constantly monitoring and using a range of measures including derivative financial instruments. Use of financial instruments is governed by Group policies which are approved by the Board. The Treasury function does not operate as a profit centre, makes no speculative transactions and only enters into or trades financial instruments to manage specific exposures.

## MARKET RISK

The Group's activities expose it primarily to the financial risks of changes in foreign currency exchange rates and interest rates. The Group enters into a variety of derivative financial instruments to manage its exposure to interest rate and foreign currency risk, including:

- Interest rate swaps to mitigate the risk of rising interest rates; and
- Forward foreign exchange contracts to hedge the exchange rate risk arising on purchases in foreign currencies.

Market risk exposures are supplemented by sensitivity analysis. There has been no change in the Group's exposure to market risks or the manner in which it manages and measures the risk.

## FOREIGN CURRENCY RISK MANAGEMENT

Foreign currency risk management occurs at a transactional level on purchases in foreign currencies and at a translational level in relation to the translation of overseas operations. All transactional risks, cash flow forecasts and related hedges are reviewed by the Group Hedging Committee and Group Treasury, at least quarterly, to monitor foreign exchange rates and confirm the appropriateness of the Group's hedged cover.

The Group's main foreign exchange risk is to the Euro and US dollar.

During the 52-week period to 28 December 2024, the Euro weakened against Sterling by 4.7% (2023: 52-week period weakened by 2.0%), with the closing rate at €1.2060 compared with €1.1518 at the prior period end. The average rate for the 52-week period to 28 December 2024 was €1.1814 (2023: 52-week period at €1.1503), a 2.7% weakening (2023: 1.9% strengthening) of the Euro versus the prior period.

In the same period, the US dollar strengthened against Sterling by 1.3% (2023: weakened by 5.5%), with the closing rate at $1.2571 compared with $1.2739 at the prior period end. The average rate for the 52-week period to 28 December 2024 was $1.2778 (2023: $1.2441), a 2.7% weakening (2023: 0.5% weakening) of the US dollar versus the prior period.

The net foreign exchange impact on profit from transactions was a £1.7m gain (2023: £nil) – see Note 10.

## FOREIGN CURRENCY SENSITIVITY ANALYSIS

A sensitivity analysis has been performed on the financial assets and liabilities to a sensitivity of 10% increase/decrease in the exchange rates. A 10% increase/decrease has been used as it represents management's assessment of the reasonably possible change in foreign exchange rates. The sensitivity analysis includes only outstanding foreign currency denominated monetary items and adjusts their translation at the period end for a 10% change in foreign currency rates. The sensitivity analysis includes external loans as well as loans to foreign operations within the Group where the denomination of the loan is in a currency other than the currency of the lender or the borrower. A positive number below indicates an increase in profit/equity where Sterling strengthens 10% against the relevant currency.

| | Profit or (loss) 10% strengthening in currency | | Profit or (loss) 10% weakening in currency | |
|---|---|---|---|---|
| £m | **2024** | 2023 | **2024** | 2023 |
| Euro | **2.6** | 2.6 | **(3.2)** | (3.1) |
| USD | **1.8** | 2.9 | **(2.2)** | (3.6) |
| HKD | **(0.1)** | (0.2) | **0.1** | 0.2 |
| RMB | **(0.7)** | (0.8) | **0.8** | 1.0 |

## FOREIGN EXCHANGE CONTRACTS

It is the policy of the Group to enter into foreign exchange contracts to cover specific foreign currency payments and receipts. The Group also enters into foreign exchange contracts to manage the risk and cash flow exposures associated with anticipated purchase transactions.

The Group has applied hedge accounting to its forward contracts that were put in place on or after 27 December 2020. The transactions and forward contracts are designated with a hedge ratio of 1:1. The fair value of forward contracts at the reporting date is determined by the difference between foreign currency spot rate and strike rate of the contract, discounted to present value. Sources of hedge ineffectiveness are a reduction or modification in the hedged item or a material change in the credit risk of contract counterparties.

## 26. Financial instruments continued

The following table details Sterling foreign currency contracts outstanding as at 28 December 2024, which were entered into on or after 27 December 2020, for which hedge accounting is applied:

| | Foreign currency (m) | | Average exchange rate | | Contract value (£m) | | Fair value movement (£m) | |
|---|---|---|---|---|---|---|---|---|
| Outstanding contracts | **2024** | 2023 | **2024** | 2023 | **2024** | 2023 | **2024** | 2023 |
| **Net Euros:** | | | | | | | | |
| 3 months or less | **34.1** | 33.5 | **1.18** | 1.14 | **29.3** | 29.2 | **(0.9)** | (0.1) |
| 3 to 6 months | **39.3** | 37.4 | **1.18** | 1.14 | **33.5** | 32.7 | **(0.8)** | (0.1) |
| 6 to 12 months | **32.2** | 43.3 | **1.18** | 1.14 | **27.4** | 37.9 | **(0.3)** | 0.1 |
| Over 12 months | **–** | 5.0 | **–** | 1.15 | **–** | 4.4 | **–** | – |
| **Net US dollars:** | | | | | | | | |
| 3 months or less | **15.6** | 6.2 | **1.27** | 1.25 | **12.3** | 5.0 | **0.1** | (0.1) |
| 3 to 6 months | **0.7** | 4.3 | **1.29** | 1.27 | **0.5** | 3.4 | **–** | – |
| 6 to 12 months | **0.9** | 4.4 | **1.30** | 1.26 | **0.7** | 3.5 | **–** | (0.1) |
| Over 12 months | **–** | 0.4 | **–** | 1.28 | **–** | 0.3 | **–** | – |
| | | | | | **103.7** | 116.4 | **(1.9)** | (0.3) |

The following tables detail various information regarding forward contracts, for which hedge accounting is applied, outstanding at the end of the reporting period and their related hedged items.

| | Average contracted exchange rate | | Contract value (£m) | | Carrying amount of the hedging instrument assets/(liabilities) (£m) | | Change in fair value used for calculating hedge ineffectiveness (£m) | |
|---|---|---|---|---|---|---|---|---|
| Hedging instruments | **2024** | 2023 | **2024** | 2023 | **2024** | 2023 | **2024** | 2023 |
| Forward contracts – EUR | **1.18** | 1.14 | **90.2** | 104.2 | **(2.0)** | (0.1) | **(5.4)** | (4.1) |
| Forward contracts – USD | **1.27** | 1.26 | **13.5** | 12.2 | **0.1** | (0.1) | **0.1** | (0.1) |

| | Nominal amount of the hedge item (liabilities) (Foreign currency m) | | Change in value used for calculating hedge ineffectiveness (£m) | | Balance in cash flow hedge reserve for continuing hedges (£m) | | Balance in cash flow hedge reserve arising from hedging relationships for which hedge accounting is no longer applied (£m) | |
|---|---|---|---|---|---|---|---|---|
| Hedging items | **2024** | 2023 | **2024** | 2023 | **2024** | 2023 | **2024** | 2023 |
| Foreign currency purchases – EUR | **105.6** | 119.2 | **2.0** | 0.1 | **(2.0)** | (0.1) | **–** | – |
| Foreign currency purchases – USD | **17.2** | 15.3 | **(0.1)** | 0.1 | **0.1** | (0.1) | **–** | – |

The following table details the effectiveness of the hedging relationship and the amounts reclassified from hedging reserve:

| | Current period hedging losses recognised in OCI (£m) | | Amount of hedge ineffectiveness recognised in profit or loss (£m) | | Line item in the income statement in which hedge ineffectiveness is included | Due to hedged future cash flows being no longer expected to occur (£m) | | Line item in which adjustment is included |
|---|---|---|---|---|---|---|---|---|
| Hedged items | **2024** | 2023 | **2024** | 2023 | | **2024** | 2023 | |
| Foreign currency purchases | **(5.3)** | (4.2) | **–** | – | Other gains and losses | **–** | – | Inventory |

### INTEREST RATE RISK MANAGEMENT

The Group is exposed to interest rate risk on borrowings. The risk is managed by maintaining an appropriate mix between fixed and floating rate borrowings, and by the use of derivative financial instruments such as interest rate swaps and caps to minimise the risk associated with variable interest rates. Hedging activities are evaluated regularly to align with interest rate views and defined risk appetite, ensuring the most cost-effective hedging strategies are applied. Use of interest rate derivatives is governed by Group policies which are approved by the Board.

### INTEREST RATE SENSITIVITY ANALYSIS

Interest rate sensitivity analysis has been performed on borrowings as set out in Note 20, net of existing interest rate swaps, to illustrate the impact on Group profits and equity if interest rates increased/decreased. This analysis assumes the liabilities outstanding at the period end were outstanding for the whole period. A 100 basis points increase or decrease has been used as this is management's assessment of reasonably possible changes in interest rates.

| £m | **(Loss)/profit 2024** | (Loss)/profit 2023 |
|---|---|---|
| Effects of 100 basis points increase in interest rate | **(0.7)** | (0.8) |
| Effects of 100 basis points decrease in interest rate | **0.7** | 0.8 |

It is assumed that all other variables remain the same when preparing the interest rate sensitivity analysis. In addition, interest rate sensitivity analysis has been performed on amounts owed under the Group's trade receivables factoring arrangement. A 100 basis points increase or decrease has been used as this is management's assessment of reasonably possible changes in interest rates.

| £m | (Loss)/profit 2024 | (Loss)/profit 2023 |
|---|---|---|
| Effects of 100 basis points increase in interest rate | **(1.4)** | (1.4) |
| Effects of 100 basis points decrease in interest rate | **1.4** | 1.4 |

### CREDIT RISK MANAGEMENT

Credit risk refers to the risk of financial loss to the Group if a counterparty defaults on its contractual obligations of the financial assets measured at amortised cost held in the statement of financial position.

The Group's main credit risk is attributable to its trade receivables. The Group's top four customers, all leading UK retailers, represent more than 74.5% (2023: 73.9%) of the Group's revenue from continuing operations. These customers have favourable credit ratings and consequently reduce the credit risk for the Group's overall trade receivables.

Processes are in place to manage receivables and overdue debt and to ensure that appropriate action is taken to resolve issues on a timely basis. Credit control operating procedures are in place to review all new customers. Existing customers are reviewed as management become aware of changes of circumstances for specific customers. The amounts presented in the statement of financial position are net of appropriate allowance for doubtful trade receivables, specific customer risk and assessment of the current economic environment. The carrying amount of financial assets recorded in the Financial Statements, which is net of impairment losses, represents the Group's maximum exposure to credit risk.

The credit risk on liquid funds and derivative financial instruments is limited because the counterparties are banks with good credit ratings assigned by international credit rating agencies. Group policy dictates that Group deposits are shared between banks that are counterparties in the Group's committed bank facilities to spread the risk. The Group's current bank facilities comprise a £150m Term Loan (2023: £225.0m) and a £200m RCF facility (2023: £230.0m), through a bank syndicate. Coöperatieve Rabobank U.A. is the syndicate agent of this facility and it manages the syndicate and participation with other counterparties.

The maximum exposure to credit risk for trade and other receivables at the reporting date by geographic region of origin was:

| £m | 28 December 2024 | 30 December 2023 |
|---|---|---|
| UK | **149.9** | 126.6 |
| US | **15.1** | 14.1 |
| China | **15.7** | 17.6 |
| | **180.7** | 158.3 |

The expected credit losses on trade receivables are calculated locally by financial teams. These allowances are based on assumptions about the risk of default (when it is reasonably probable that no future economic benefit will arise from the financial asset) and expected loss rates. The Group uses judgement in making these assumptions with regards to customer credit ratings, credit risk characteristics and the days past due based on the Group's history and existing market conditions. Generally, the expected credit loss becomes 100% of the trade receivable once it is past due by 91 days; as at 28 December 2024 there were £2.2m (2023: £0.9m) of trade receivables past due by 91 days. This figure has been included in the expected credit loss of £2.5m (2023: £1.3m). The Group will generally write-off any trade receivables relating to customers that are in administration.

### INTEREST RATE SWAP CONTRACTS

Under interest rate swap contracts, the Group agrees to exchange the difference between fixed- and floating-rate interest amounts calculated on agreed notional principal amounts. Such contracts enable the Group to mitigate the cash flow exposures on the issued variable rate debt held. The fair value of interest rate swaps at the reporting date is determined by discounting the future cash flows using the curves at the reporting date and the credit risk inherent in the contract is disclosed below. The average interest rate is based on the outstanding balances at the end of the financial year. £150m of the floating debt is designated with quarterly interest payment dates and is offset by an interest rate swap with the same critical terms, with a designated hedge ratio of 1:1. Sources of hedge ineffectiveness are a reduction or modification in the hedged item or a material change in the credit risk of swap counterparties.

As the critical terms of the interest rate swap contracts and their corresponding hedged items are the same, the Group performs a qualitative assessment of effectiveness and it is expected that the value of the interest rate swap contracts and the value of the corresponding hedged items will systematically change in the opposite direction in response to movements in the underlying interest rates.

**26. Financial instruments** continued

The following tables detail various information regarding interest rate swap contracts outstanding at the end of the reporting period and their related hedged items.

| Hedging instruments | Average contracted fixed interest rate (%) 2024 | 2023 | Notional principal value (£m) 2024 | 2023 | Carrying amount of the hedging instrument assets (£m) 2024 | 2023 | Change in fair value used for calculating hedge ineffectiveness (£m) 2024 | 2023 |
|---|---|---|---|---|---|---|---|---|
| Interest rate swaps maturing 13 March 2024 | **–** | 0.4 | **–** | 150.0 | **–** | 1.8 | **(1.8)** | (5.6) |
| Interest rate swaps commencing 13 March 2024 maturing 13 March 2026 | **3.7** | 3.7 | **130.0** | 130.0 | **1.0** | 0.1 | **0.9** | (0.9) |

| Hedging items | Nominal amount of the hedged item (liabilities) (£m) 2024 | 2023 | Change in value used for calculating hedge ineffectiveness (£m) 2024 | 2023 | Balance in cash flow hedge reserve for continuing hedges (£m) 2024 | 2023 | Balance in cash flow hedge reserve arising from hedging relationships for which hedge accounting is no longer applied (£m) 2024 | 2023 |
|---|---|---|---|---|---|---|---|---|
| Variable rate borrowings | **(130.0)** | (280.0) | **(0.9)** | (6.5) | **1.0** | 1.9 | **–** | – |

The following table details the effectiveness of the hedging relationship and the amounts reclassified from hedging reserve to income statement:

| Hedged items | Current period hedging (losses) recognised in OCI (£m) 2024 | 2023 | Amount of hedge ineffectiveness recognised in profit or loss (£m) 2024 | 2023 | Line item in the income statement in which hedge ineffectiveness is included | Amount reclassified to income statement due to hedged future cash flows being no longer expected to occur (£m) 2024 | 2023 | Line item in income statement in which reclassification adjustment is included |
|---|---|---|---|---|---|---|---|---|
| Variable rate borrowings | **(0.9)** | (6.5) | **–** | – | Other gains and losses | **–** | – | Finance costs |

When interest amounts are paid or received on its interest rate swap contracts, the Group recognises the expenses or income in the income statement. During 2024, the net amount received and recognised against expenses in finance costs was £3.2m (2023: £6.8m). After payment or receipt the hedge is revalued and movements are recognised as a movement in the hedging reserve.

### COMMODITY RISK MANAGEMENT

The Group acquires substantial quantities of raw materials for its operations. The Group is therefore exposed to commodity price and supply risks for these raw materials. The Group takes action to reduce overall material costs and exposure to price fluctuations by sourcing raw materials from suppliers all over the world, thereby decreasing geographic risk. It also frequently tenders to benchmark market prices. In general, requirements are managed using contracts for periods of between 3-12 months forward. The Group also manages any local currency exposure in line with agreed contracts. As at 28 December 2024, the Group had purchase commitments for the next 12 months to guarantee supply and price of raw materials of £180.4m (2023: £200.0m).

### LIQUIDITY RISK MANAGEMENT

Liquidity risk refers to the risk that the Group may not be able to fund the day-to-day running of the Group. The Group manages liquidity risk by monitoring actual and forecast cash flows to ensure that adequate liquidity is available to meet the maturity profiles of financial liabilities. The Group also monitors the drawdown of borrowings against the available banking facilities and reviews the level of reserves. Liquidity risk management ensures sufficient funding is available for the Group's day-to-day needs. The Group maintains reasonable headroom of unused committed bank facilities in a range of maturities at least 12 months beyond the period end. As at 28 December 2024, the Group has undrawn borrowing facilities, including cash, available totalling £185m (2023: £263.0m). Please see Note 20 for further information regarding the Group's borrowings. The Group also has access to a trade factoring arrangement which provides additional liquidity to the business.

### MATURITY PROFILE OF FINANCIAL LIABILITIES

The following table illustrates the Group's undiscounted contractual maturity for its undiscounted financial liabilities when they fall due.

| £m | 28 December 2024 | 30 December 2023 |
|---|---|---|
| Non-derivatives due within one year: | | |
| Trade payables | **297.9** | 262.4 |
| Other payables | **13.3** | 15.0 |
| Accruals | **163.7** | 155.3 |
| Borrowings[1] | **21.1** | 32.2 |
| Lease liabilities | **14.9** | 14.2 |
| Total non-derivatives due within one year | **510.9** | 479.1 |
| Non-derivatives due in the second to fifth years inclusive: | | |
| Borrowings[1] | **250.2** | 265.3 |
| Lease liabilities | **35.9** | 41.4 |
| Total non-derivatives due in the second to fifth years | **286.1** | 306.7 |
| Non-derivatives due after five years: | | |
| Borrowings[1] | **–** | – |
| Lease liabilities | **56.0** | 60.4 |
| Total non-derivatives due after five years | **56.0** | 60.4 |

1 Borrowings' future interest costs have been calculated excluding any benefit from fixed rate interest rate swaps.

The weighted average interest rates for the Group's borrowings are found in Note 20 and in Note 23 for lease liabilities. The following table illustrates the Group's contractual maturity for derivative financial instrument liabilities when they fall due.

| £m | 28 December 2024 | 30 December 2023 |
|---|---|---|
| Derivative financial liabilities | | |
| Due within one year | **2.1** | 0.5 |
| Due in the second to fifth years inclusive | **–** | 0.8 |
| Total | **2.1** | 1.3 |

### ITEMS OF INCOME, EXPENSE, GAINS OR LOSSES

The following table provides an analysis of the Group's finance costs and changes in fair values by category of financial instrument:

| £m | 2024 | 2023 |
|---|---|---|
| **Finance costs and income** | | |
| On financial liabilities held at amortised cost | **(26.4)** | (27.4) |
| Exceptional finance costs | **(0.6)** | – |
| Finance income | **0.5** | 0.6 |
| **Changes in fair values recognised in 'Other gains and (losses)'** | | |
| On financial liabilities held at fair value through profit and loss | **1.7** | – |

## 27. Called up share capital, dividends and reserves

### CALLED UP SHARE CAPITAL

| £m | 28 December 2024 | 30 December 2023 |
|---|---|---|
| Issued and fully paid: | | |
| 579,425,585 (2023: 579,425,585) Ordinary shares of £0.02 each | **11.6** | 11.6 |

All Ordinary shares of £0.02 each are non-redeemable and carry equal voting rights and rank for dividends and capital distributions, whether on a winding up or otherwise.

## 27. Called up share capital, dividends and reserves continued

### OWN SHARES HELD

During the prior and current period, the Company purchased shares through an Employee Benefit Trust called the Bakkavor Group plc Employee Benefit Trust (the "Trust"). Own shares purchased are recorded at cost and deducted from equity.

The own shares held represents the cost of shares in Bakkavor Group plc purchased in the market and held by the Trust to satisfy share awards under the Group's share scheme plans (refer to Note 32).

The number of Ordinary shares held by the Trust at 28 December 2024 was 4,237,328 (30 December 2023: 4,567,073). This represents 0.7% of total called up share capital at 28 December 2024 (30 December 2023: 0.8%).

| | Number of shares | £m |
|---|---|---|
| Balance at 31 December 2023 | 4,567,073 | 4.4 |
| Acquisition of shares by the Trust | 6,287,335 | 8.6 |
| Distribution of shares under share scheme plans | (6,617,080) | (6.7) |
| **Balance at 28 December 2024** | **4,237,328** | **6.3** |

No own shares held of Bakkavor Group plc were cancelled during the periods presented.

The table below shows amounts included in the Consolidated statement of cash flows in relation to own shares purchased for share schemes:

| £m | **2024** | 2023 |
|---|---|---|
| Cash paid to purchase own shares | **(8.6)** | (2.4) |
| Cash received from distribution of shares under share scheme plans | **0.4** | 0.2 |
| Included in financing activities cash flows | **(8.2)** | (2.2) |

### DIVIDENDS

| Reporting period ended | Dividend per share | Declared | Date paid | Number of dividend rights waived[1] | Amount paid |
|---|---|---|---|---|---|
| **28 December 2024** | | | | | |
| Interim dividend | **3.20p** | **September 2024** | **11 October 2024** | **1,917,903** | **£18,480,246** |
| **30 December 2023** | | | | | |
| Final dividend | 4.37p | May 2024 | 29 May 2024 | 1,065,145 | £25,274,351 |
| Interim dividend | 2.91p | September 2023 | 13 October 2023 | 3,264,816 | £16,766,278 |
| **31 December 2022** | | | | | |
| Final dividend | 4.16p | May 2023 | 5 June 2023 | 2,886,522 | £23,984,025 |

1 Dividend rights waived in relation to Ordinary shares held in the Bakkavor Group plc Employee Benefit Trust.

### MERGER RESERVE

The merger reserve was created as a result of the acquisition of Bakkavor Holdings Limited and represents the difference between the carrying values of the net assets of Bakkavor Holdings Limited and the value of the share capital and share premium arising on the share-for-share exchange that resulted in Bakkavor Group plc acquiring Bakkavor Holdings Limited.

In 2007, a corporate reorganisation was completed to establish Bakkavor Holdings Limited as an intermediate holding company of the Group. This was accounted for using the principles of merger accounting.

In 2017, the merger reserve was debited by £185.8m as a result of the acquisition of Bakkavor Holdings Limited and the elimination of the historical capital reserve which related to the previous Group structure.

### HEDGING RESERVE

The hedging reserve represents the cumulative amount of gains and losses on hedging instruments deemed effective in cash flow hedges. The cumulative deferred gain or loss on the hedging instrument is recognised in profit or loss only when the hedged transaction impacts the profit or loss, or is included directly in the initial cost or other carrying amount of the hedged non-financial items (basis adjustment).

### TRANSLATION RESERVE

The translation reserve represents foreign exchange rate differences arising on the consolidation of the Group's foreign operations. The assets and liabilities of the Group's foreign operations are translated at exchange rates prevailing on the statement of financial position date. Income and expense items are translated at the average exchange rates for the period. Exchange differences arising, if any, are recognised in the translation reserve.

## 28. Disposals

The Group sold its 100% owned subsidiary Bakkavor (Taicang) Baking Company Limited on 28 March 2024. The Group recognised a net gain on disposal of £3.6m (net of tax) and received a net consideration of £6.3m (net of tax).

## 29. Acquisitions

On 17 May 2024, the Group completed the acquisition of 100% of the issued share capital of Moorish Limited ("Moorish") for a total cash consideration of £1.8m. The primary reason for the acquisition was to acquire the brand under which Moorish sells a variety of houmous products. The amounts recognised in respect of the fair value of the identifiable assets and liabilities assumed on acquisition are as set out in the table below:

| £m | 17 May 2024 |
|---|---|
| Other intangible assets | 1.9 |
| Trade and other receivables | 0.2 |
| Trade and other payables | (0.3) |
| Net assets acquired | 1.8 |
| Goodwill | – |
| **Total cash outflow on acquisition** | **1.8** |

The net cash outflow arising on acquisition was:

| £m | 17 May 2024 |
|---|---|
| Cash consideration for share capital | 1.8 |
| Cash and cash equivalents acquired on acquisition | – |
| **Cash outflow on acquisition of business** | **1.8** |

Acquisition-related costs of £0.1m were incurred and are included in 'Other administrative costs' in the Consolidated income statement. The results of Moorish have been consolidated in the Group's Consolidated income statement from 17 May 2024 and contributed £1.0m of revenue and a profit of £nil to the Group's profit for the period. If the acquisition of Moorish had been completed on the first day of the financial year, Group revenues for the period would have been £2,293.3m and Group profit would have been £55.0m. All of the intangible assets acquired relate to the brand. There are no contingent liabilities to be disclosed in relation to this acquisition.

## 30. Net cash generated from operating activities

| £m | 2024 | 2023 |
|---|---|---|
| Operating profit | **93.4** | 97.1 |
| Adjustments for: | | |
| Depreciation of property, plant and equipment | **65.9** | 68.7 |
| Amortisation of intangible assets | **2.9** | 3.0 |
| (Profit) on disposal of property, plant and equipment | **–** | (1.4) |
| (Profit) on disposal of subsidiary | **(4.0)** | – |
| (Profit) on disposal of associate | **(1.1)** | (1.4) |
| Impairment of assets | **15.5** | 2.9 |
| Share scheme charges | **2.4** | 2.0 |
| Net retirement benefits charge less contributions | **(1.9)** | (2.1) |
| Operating cash flows before movements in operating assets and liabilities | **173.1** | 168.8 |
| (Increase)/decrease in inventories | **(12.3)** | 16.3 |
| Increase in receivables | **(27.1)** | (8.1) |
| Increase in payables | **47.6** | 18.9 |
| Increase/(decrease) in provisions | **1.1** | (0.1) |
| Increase/(decrease) in exceptional provisions | **7.3** | (11.9) |
| Cash generated by operations | **189.7** | 183.9 |
| Income taxes paid | **(13.3)** | (11.0) |
| Interest paid | **(26.1)** | (25.2) |
| Net cash generated from operating activities | **150.3** | 147.7 |

### 30. Net cash generated from operating activities continued

### ANALYSIS OF CHANGES IN NET DEBT

| £m | 31 December 2023 | Cash flow | Lease additions (net) | Exchange movements | Other non-cash movements[1] | **28 December 2024** |
|---|---|---|---|---|---|---|
| Borrowings | (265.4) | 42.4 | – | – | 0.7 | **(222.3)** |
| Lease liabilities | (90.5) | 12.1 | (6.3) | (0.3) | 0.7 | **(84.3)** |
| Total liabilities from financing activities | (355.9) | 54.5 | (6.3) | (0.3) | 1.4 | **(306.6)** |
| Cash and cash equivalents | 36.6 | (6.7) | – | – | – | **29.9** |
| Net debt | (319.3) | 47.8 | (6.3) | (0.3) | 1.4 | **(276.7)** |

| £m | 1 January 2023 | Cash flow | Lease additions (net) | Exchange movements | Other non-cash movements[1] | **30 December 2023** |
|---|---|---|---|---|---|---|
| Borrowings | (322.3) | 58.0 | – | 0.5 | (1.6) | **(265.4)** |
| Lease liabilities | (97.2) | 12.3 | (6.2) | 0.6 | – | **(90.5)** |
| Total liabilities from financing activities | (419.5) | 70.3 | (6.2) | 1.1 | (1.6) | **(355.9)** |
| Cash and cash equivalents | 40.2 | (2.5) | – | (1.1) | – | **36.6** |
| Net debt | (379.3) | 67.8 | (6.2) | – | (1.6) | **(319.3)** |

1 Includes accrued interest at 28 December 2024 of £1.2m (2023: £0.5m) and prepaid bank fees of £2.5m (2023: £1.1m). The net increase in these balances in the period of £0.7m (2023: net reduction of £1.6m) is shown in the table above as 'Other non-cash movements' in Borrowings. Also included in non-cash movements is the transfer of £0.7m of lease liabilities to Held for sale.

## 31. Contingent liabilities and commitments

The Group may from time to time, and in the normal course of business, be subject to claims from customers and counterparties. The Group regularly reviews all of these claims to determine any possible financial loss to the Group. In addition, there are a number of legal claims or potential claims against the Group – see Note 25 for further details about legal provisions made.

The Group has the following amounts of letters of credit issued:

| £m | **2024** | 2023 |
|---|---|---|
| Letters of credit | **5.6** | 4.9 |

As at 28 December 2024, the Group had purchase commitments for the next 12 months to guarantee supply and price of raw materials, packaging and utilities of £180.4m (2023: £200.0m).

## 32. Share-based payments

The Company has a share option scheme for selected employees of the Group. Options granted under the scheme are exercisable at a discount to the estimated price of the Company's shares on the date of grant. Options expire if they remain unexercised after a period of 5 or 10 years from the date of grant, dependent on the award year. Options may be forfeited if the employee leaves the Group before the options vest.

Details of the share options outstanding during the year were as follows:

| | Number of share options | | Weighted average exercise price | |
|---|---|---|---|---|
| | **2024** | 2023 | **2024** | 2023 |
| Outstanding at the beginning of the period | **22,988,025** | 18,761,203 | **£0.04** | £0.05 |
| Granted during the period | **5,985,087** | 6,143,820 | **–** | – |
| Granted in lieu of dividends during the period | **359,104** | 1,192,085 | **–** | – |
| Exercised during the period | **(8,335,549)** | (1,003,194) | **£0.06** | £0.18 |
| Forfeited during the period | **–** | (1,436,608) | **–** | – |
| Expired and lapsed during the period | **(1,785,390)** | (669,281) | **–** | – |
| Outstanding at the end of the period | **19,211,277** | 22,988,025 | **£0.01** | £0.04 |
| Exercisable at the end of the period | **2,422,852** | 8,648,087 | **£0.11** | £0.05 |

In addition, 767,090 were outstanding at 28 December 2024 (30 December 2023: 340,521) in respect of options granted to Directors in respect of their Deferred Annual Bonus entitlement.

The average share price on the date options were exercised during the period was £1.22 (2023: £0.90).

The options outstanding at 28 December 2024 had a weighted average exercise price of £0.01 (2023: £0.04), and a weighted average remaining contractual life of 7.2 years (2023: 5.4 years).

Range of exercise prices for the share options:

| | Number of share options | | Weighted average exercise price | |
|---|---|---|---|---|
| | **28 December 2024** | 30 December 2023 | **28 December 2024** | 30 December 2023 |
| £nil | **18,848,008** | 20,922,569 | **–** | – |
| £0.01 – £1.00 | **363,269** | 2,065,456 | **£0.76** | £0.40 |
| Outstanding at the end of the period | **19,211,277** | 22,988,025 | **£0.01** | £0.04 |
| Exercisable at the end of the period | **2,422,852** | 8,648,087 | **£0.11** | £0.05 |

## 2024

5,222,474 options were granted on 11 April 2024 and 102,406 were granted on 3 October 2024. These options granted had the following performance conditions for vesting:

- 265,264 vest provided the individual is an employee in April 2027.
- The remaining 4,957,210 and 102,406 vest provided the individual is an employee in April 2027 and October 2027 respectively and are subject to the following performance conditions for vesting:
  - Provided the first condition is met, 11.25% of the remaining options vest provided the Group's TSR national rank versus a bespoke peer group of 23 companies three years after the date of grant is at the median level. This increases up to 45% of the remaining options based on a sliding scale if the Group's TSR rank three years after the date of grant is at the upper quartile level.
  - Provided that the first condition is met, 10% of the remaining options vest provided the Group's adjusted EPS for FY26 is 10.0 pence, increasing up to 40% of the remaining options vesting on a sliding scale if the Group's adjusted EPS is between 10.0 pence and 11.5 pence for that year.
  - Provided that the first condition is met, 3.75% of the remaining options vest provided the Group's greenhouse gas emissions reduce by 11,100 tonnes over the three-year period. This increases up to 15% of the remaining options based on a sliding scale if the reduction in greenhouse gas emissions is 12,210 tonnes or greater.

660,207 options were granted on 11 April 2024. These options granted had the following performance conditions for vesting:

- 220,068 vest provided that the individual is an employee in April 2027.
- The remaining 440,139 vest provided the individual is an employee in April 2027 and are subject to the following performance conditions for vesting:
  - Provided that the first condition is met, 25% of the remaining options vest provided the Bakkavor US adjusted EBIT margin percentage for FY26 is 6.0%, with up to a further 100% of the remaining options vesting on a sliding scale if the Bakkavor US adjusted EBIT margin percentage is between 6.0% and 8.0% for that year.

## 2023

5,107,894 options were granted on 12 April 2023, 61,576 on 22 May 2023 and 236,316 were granted on 12 October 2023. These options granted had the following performance conditions for vesting:

- 282,276 vest provided the individual is an employee in April 2026.
  - Provided that the first condition is met, 50% of the remaining options vest provided the Group's TSR national rank versus a bespoke peer group of 26 companies three years after the date of grant is at the median level. This increases up to 50% of the remaining options based on a sliding scale if the Group's TSR rank three years after the date of grant is at the upper quartile level.
  - Provided that the first condition is met, 25% of the remaining options vest provided the Group's adjusted EPS for FY25 is 10.0 pence, with up to a further 50% of the remaining options vesting on a sliding scale if the Group's adjusted EPS is between 10.0 pence and 11.5 pence for that year.

479,445 options were granted on 12 April 2023 and 258,589 were granted on 12 October 2023. These options granted had the following performance conditions for vesting:

- 159,814 and 86,196 vest provided that the individual is an employee in April 2026 and October 2026 respectively.
  - Provided that the first condition is met, 25% of the remaining options vest provided the Bakkavor US adjusted EBIT margin percentage for FY25 is 6.0%, with up to a further 100% of the remaining options vesting on a sliding scale if the Bakkavor US adjusted EBIT margin percentage is between 6.0% and 8.0% for that year.

### 32. Share-based payments continued

The aggregate of the estimated fair values of the options granted during 2024 is £29.0m (2023: £20.1m). The following table summarises the options granted by the Company:

| Date of grant | Number of options originally granted | Contractual life remaining (years) | Share price at date of grant | Expected volatility | Expected life remaining (years) | Risk-free rate | Expected dividend yield | Fair value per option |
|---|---|---|---|---|---|---|---|---|
| 11 April 2024 | 1,512,059 | 9.3 | £1.15 | 41.0% | 2.28 | 4.40% | 0.00% | £0.84 |
| 11 April 2024 | 1,344,052 | 9.3 | £1.15 | 41.0% | 2.28 | 4.40% | 0.00% | £1.15 |
| 11 April 2024 | 504,020 | 9.3 | £1.15 | 41.0% | 2.28 | 4.40% | 0.00% | £1.15 |
| 11 April 2024 | 718,686 | 9.3 | £1.15 | 41.0% | 2.28 | 4.40% | 0.00% | £0.84 |
| 11 April 2024 | 638,832 | 9.3 | £1.15 | 41.0% | 2.28 | 4.40% | 0.00% | £1.15 |
| 11 April 2024 | 239,562 | 9.3 | £1.15 | 41.0% | 2.28 | 4.40% | 0.00% | £1.15 |
| 11 April 2024 | 440,139 | 9.3 | £1.15 | 41.0% | 2.28 | 4.40% | 0.00% | £1.15 |
| 11 April 2024 | 265,264 | 9.3 | £1.15 | 41.0% | 2.28 | 4.40% | 0.00% | £1.15 |
| 11 April 2024 | 220,068 | 9.3 | £1.15 | 41.0% | 2.28 | 4.40% | 0.00% | £1.15 |
| 11 April 2024 | 426,569 | 9.3 | £1.15 | 41.0% | 2.28 | 4.40% | 0.00% | £1.15 |
| 3 October 2024 | 46,083 | 9.8 | £1.56 | 37.9% | 2.76 | 3.74% | 0.00% | £1.32 |
| 3 October 2024 | 40,962 | 9.8 | £1.56 | 37.9% | 2.76 | 3.74% | 0.00% | £1.56 |
| 3 October 2024 | 15,361 | 9.8 | £1.56 | 37.9% | 2.76 | 3.74% | 0.00% | £1.56 |

The Group has used the Monte Carlo model to value its share awards. The exercise price used in the model for share options granted in 2024 is £nil (2023: £nil). The fair value of awards, which have a TSR performance condition, takes account of the likelihood of meeting these targets.

The expected volatility is a measure of the amount by which a share price is expected to fluctuate during the period. It is typically calculated based on statistical analysis of daily share prices over the length of the award period.

The Group recognised total expenses of £4.2m (2023: £2.0m) related to equity-settled share-based payment transactions in the period. The Group held equity-settled share-based awards of £1.8m (2023: equity-settled £1.1m) during the year.

## 33. Retirement benefit schemes

The Group operates a number of pension schemes in the UK and overseas. These schemes are either trust- or contract-based and have been set up in accordance with appropriate legislation. The assets of each of the pension schemes are held separately from the assets of the Company.

In the UK, the two main schemes are a defined contribution scheme, which is open to all UK employees joining the Group (full or part-time), and the Bakkavor Pension Scheme ("the Scheme"), which is a funded defined benefit scheme that provides benefits on a final salary basis and was closed to future accrual in March 2011.

UK pensions are regulated by the Pensions Regulator whose statutory objectives and regulatory powers are described on its website www.thepensionsregulator.gov.uk. Although the Company bears the financial cost of the plan, the Trustees Directors are responsible for the overall management and governance of the scheme, including compliance with all applicable legislation and regulations. The Trustees Directors are required by law to act in the interests of all relevant beneficiaries and to set certain policies; to manage the day-to-day administration of the benefits; and to set the plan's investment strategy following consultation with the Parent Company.

Pension costs charged in arriving at profit on ordinary activities before taxation were:

| £m | **2024** | 2023 |
|---|---|---|
| UK defined contribution scheme net charge | **12.2** | 12.7 |
| UK defined benefit scheme net charge | **0.6** | 0.4 |
| Total charge | **12.8** | 13.1 |

### DEFINED CONTRIBUTION SCHEMES

The total cost charged to income of £12.2m (2023: £12.7m) represents contributions payable to these schemes by the Group at rates advised by the Group to all employees, subject to the minimum requirements set out in legislation. Included in accruals was £2.7m at the period-end for the defined contribution schemes' gross contributions (2023: £2.2m).

### DEFINED BENEFIT SCHEMES

In June 2023, the UK High Court (Virgin Media Limited v NTL Pension Trustees II Limited) ruled that certain historical amendments for contracted out defined benefit schemes were invalid if they were not accompanied by the correct actuarial confirmation. Following a hearing in June 2024, the UK Court of Appeal issued a judgement on 25 July 2024 upholding this ruling. The Company has worked with the pension scheme Trustees to review this development and consider the implications, if any, for the UK defined benefit pension fund and the Group's financial statements. At this stage, due to the legal and actuarial uncertainty regarding the potential impact of the case the Trustees are not in a position to determine any impacts on Bakkavor's scheme and the position remains under review.

An actuarial valuation of Scheme assets and the present value of the defined benefit obligation for funding purposes was carried out as at 31 March 2022. The results from this valuation were updated for IAS 19 Employee Benefits purposes to 28 December 2024 by a qualified independent actuary with Willis Towers Watson. The projected unit cost method was used to value the liabilities.

The principal assumptions used in this IAS 19 valuation were:

| £m | 2024 | 2023 |
|---|---|---|
| Future pension increases for in-payment benefits (majority of liabilities) | **3.10%** | 3.00% |
| Discount rate applied to Scheme liabilities | **5.55%** | 4.50% |
| Inflation assumption (CPI) | **2.80%** | 2.65% |

The 2024 mortality table is based on scheme-specific postcode-fitted SAPS 3 tables with a 107% multiplier for male members and a 110% multiplier for female members. Future improvements are in line with the CMI core 2018 improvements model with an initial addition to improvements of 0.5% p.a. and a 1.25% p.a. long-term trend from 2013 onwards, giving life expectancies as follows:

| | Males' expected future lifetime 2024 | Males' expected future lifetime 2023 | Females' expected future lifetime 2024 | Females' expected future lifetime 2023 |
|---|---|---|---|---|
| Member aged 45 | **22.8** | 22.7 | **25.1** | 25.1 |
| Member aged 65 | **21.5** | 21.4 | **23.7** | 23.6 |

The IAS 19 calculations, which are based on an approximate update of the results of the actuarial valuation of the Scheme which was carried out as at 31 March 2022, are particularly sensitive to some assumptions: for example, the discount rate, the level of assumed price inflation and the life expectancy assumption. As such, a broad indication of the sensitivity of the liabilities to each assumption is shown. The sensitivities display 'reasonably possible' changes in actuarial assumptions. The sensitivities regarding the principal assumptions used to measure the Scheme liabilities are set out below:

| Assumption | Change in assumption | Approximate impact on scheme liabilities |
|---|---|---|
| Discount rate | Increase/decrease by 1.0% | Decrease £17.9m/increase £22.0m |
| Rate of inflation | Increase/decrease by 0.5% | Increase £6.8m/decrease £6.7m |
| Life expectancy | Members assumed to be one year younger than their actual age | Increase £4.3m |

Amounts recognised in income in respect of these defined benefit schemes are as follows:

| £m | 2024 | 2023 |
|---|---|---|
| Past service cost | **–** | – |
| Net interest (income) on net defined benefit asset/liability | **(0.6)** | (0.7) |
| Administration costs incurred during the period | **1.2** | 1.1 |
| Total charge | **0.6** | 0.4 |

All of the charges for each period presented have been included in total administrative expenses. The actuarial gain of £4.9m (2023: £2.9m loss) has been reported in other comprehensive income.

The actual return on Scheme assets was a decrease of £7.8m (2023: £10.1m increase).

The amount included in the statement of financial position arising from the Group's obligations in respect of its defined benefit retirement benefit schemes is as follows:

| £m | 28 December 2024 | 30 December 2023 |
|---|---|---|
| Fair value of Scheme assets | **175.9** | 190.0 |
| Present value of defined benefit obligations | **(157.1)** | (178.0) |
| Scheme surplus | **18.8** | 12.0 |
| Related deferred taxation liability | **(4.7)** | (3.0) |
| | **14.1** | 9.0 |

## 33. Retirement benefit schemes continued

The assumptions used are the best estimates chosen from a range of possible actuarial assumptions which, due to the timescale covered, may not necessarily be borne out in practice.

The Scheme surplus in 2024 is recognised in accordance with IFRIC 14 IAS 19 – The Limit on a Defined Benefit Asset, Minimum Funding Requirements and their Interaction, as the Scheme's terms and conditions allow the Group to have an unconditional right to a refund of contributions when economic benefits are available.

The amounts recognised in the balance sheet and the movements in the fair value of Scheme assets and the present value of defined benefit obligation ("DBO") are as follows:

| £m | Present value of DBO | Fair value of Scheme assets | Net amount |
|---|---|---|---|
| **At 1 January 2023** | **(173.1)** | **185.9** | **12.8** |
| Past service cost – plan amendments | – | – | – |
| Interest (expense cost on the DBO)/income on Scheme assets | (8.1) | 8.8 | 0.7 |
| Administrative costs paid | – | (1.1) | (1.1) |
| **Total amount recognised in the Consolidated income statement** | **(8.1)** | **7.7** | **(0.4)** |
| Return on Scheme assets greater/(less) than discount rate | – | 1.3 | 1.3 |
| Actuarial gain – experience | 1.9 | – | 1.9 |
| Actuarial loss – financial assumptions | (6.1) | – | (6.1) |
| **Total amount recognised in other comprehensive income** | **(4.2)** | **1.3** | **(2.9)** |
| Contributions from the sponsoring companies | – | 2.5 | 2.5 |
| Benefits paid from Scheme assets | 7.4 | (7.4) | – |
| **At 30 December 2023** | **(178.0)** | **190.0** | **12.0** |
| Past service cost – plan amendments | – | – | – |
| Interest (cost on the DBO)/income on Scheme assets | (7.8) | 8.4 | 0.6 |
| Administrative costs paid | – | (1.2) | (1.2) |
| **Total amount recognised in the Consolidated income statement** | **(7.8)** | **7.2** | **(0.6)** |
| Return on Scheme assets (less)/greater than discount rate | – | (16.2) | (16.2) |
| Actuarial gain – experience | (0.2) | – | (0.2) |
| Actuarial loss – financial assumptions | 21.3 | – | 21.3 |
| **Total amount recognised in other comprehensive income** | **21.1** | **(16.2)** | **4.9** |
| Contributions from the sponsoring companies | – | 2.5 | 2.5 |
| Benefits paid from Scheme assets | 7.6 | (7.6) | – |
| **At 28 December 2024** | **(157.1)** | **175.9** | **18.8** |

The analysis of the Scheme assets at the statement of financial position date was as follows:

| | Fair value of assets | |
|---|---|---|
| £m | **28 December 2024** | 30 December 2023[1] |
| Structured UK equity | **0.4** | 0.2 |
| Overseas equity | **9.0** | 12.3 |
| High yield bonds | **11.5** | 6.5 |
| Corporate bonds | **54.7** | 45.4 |
| Government bonds | **76.3** | 97.9 |
| Cash | **5.9** | 8.9 |
| Other | **18.1** | 18.8 |
| | **175.9** | 190.0 |

1 Restated 2023 to reflect the correct split between UK and Overseas equity.

The fair values of the equity and bonds have been determined as level 2 instruments under IFRS 7 Financial Instruments: Disclosures. Index-linked government bonds, which have quoted prices in active markets, are classed as level 1.

Structured UK equity provides exposure to UK equities but is a derivative-based solution and not a direct investment in equities. A proportion of the index-linked government bonds are held as collateral against the structured UK equity product.

The Scheme assets also include swaps to hedge liability inflation and interest rate risks. The swap value has been included in the value of the gilt securities used as collateral for the swaps. Corporate bonds and cash are also used as collateral for the swaps in place.

The Scheme invests in four multi-asset funds, which invest in a wide range of assets including alternative asset classes. In the summary above, the multi-asset funds have been split into the relevant constituent asset classes.

The Bakkavor Pension Scheme operates under trust law and is managed and administered by the Trustees on behalf of the members in accordance with the terms of the Trust Deed and Rules and relevant legislation. The Scheme is subject to Scheme-specific funding requirements, as outlined in UK legislation. The most recent Scheme-specific funding valuation was as at 31 March 2022.

The Group and the Trustees work closely in matters concerning the Bakkavor Pension Scheme. Regular meetings and correspondence on matters concerning the Scheme are shared in an open manner between both parties.

The Bakkavor Pension Scheme's current investment strategy adopts a policy of investing broadly 60% in growth-seeking assets and 40% in liability-matching assets, although the proportions can vary significantly in order to allow for advanced liability hedging techniques, opportunistic allocation of assets and the 'structured equity' component of the strategy increases the notional allocation to return-seeking assets to 95%. A large proportion of both interest and inflation risk is hedged. This strategy is intended to reduce the risk of significant changes to the funding level by hedging key risks, while retaining a proportion of return-seeking assets to minimise long-term costs by maximising return within an acceptable level of risk. The Scheme's assets are held separately from those of the Group.

The weighted average duration of the Bakkavor Pension Scheme is approximately 13 years (2023: 15 years).

Employer contributions, except for deficit reduction contributions, ceased in March 2011 when the Scheme closed to future accrual. Employee contributions also ceased at this date.

Following the closure of the Scheme to future accrual in March 2011, the Group and the Trustees agreed that members who were active members of the Scheme at the date of closure would remain entitled to access early retirement on preferential terms as long as they remained in employment within the Group. The value of members accessing these preferential terms is not included in the defined benefit obligation as this benefit is not funded for in advance. If members choose to access this benefit an employer contribution is made to the Scheme to reflect the increase in expected future pension costs. In 2024, no augmentation was made in respect of this benefit (2023: £nil).

The current deficit reduction contributions were agreed between the Group and the Trustee as part of the 2022 triennial valuation. The deficit contributions will be paid over a recovery period ending on 31 March 2025. The recovery contributions are paid monthly and the agreed rates are £2.5m per annum. Contributions could continue through to 31 August 2025 at the rate of £2.5m per annum if the Scheme is in deficit on a technical provisions basis at 31 December 2024 and 31 January 2025. As the Scheme was in surplus at December 2024 and January 2025, recovery contributions will cease in March 2025. £2.5m was paid in the period to 28 December 2024 (2023: £2.5m). The actual amount of employer contributions expected to be paid to the Scheme during 2025 is £0.6m.

## 34. Related party transactions

Transactions between the Company and its subsidiaries, which are related parties, have been eliminated on consolidation and are not disclosed in this note. Transactions between the Company and its subsidiaries and associates are disclosed in the Company's separate Financial Statements.

### TRADING TRANSACTIONS

During the period, $20,060 was paid to LongRange Capital for advisory work in relation to the US business. Outside of this, Group companies did not enter into any transactions with related parties who are not members of the Group.

### REMUNERATION OF KEY MANAGEMENT PERSONNEL

The remuneration of the Directors and Senior Management, who are the key management personnel of the Company, is set out below for each of the categories specified in IAS 24 Related Party Disclosures.

| | **2024** | | | 2023 | | |
|---|---|---|---|---|---|---|
| £m | **Directors** | **Senior Management** | **Total** | Directors | Senior Management | Total |
| Short-term employee benefits | **3.5** | **3.0** | **6.5** | 3.4 | 2.7 | 6.1 |
| Post-employment benefits[1] | **–** | **–** | **–** | – | – | – |
| Share-based payments[2] | **0.8** | **0.4** | **1.2** | 0.4 | 0.3 | 0.7 |
| | **4.3** | **3.4** | **7.7** | 3.8 | 3.0 | 6.8 |

1 The Directors' post-employment benefits show contributions made to pension schemes. The pension entitlements disclosed in the Directors' remuneration report on page 132 included cash contributions paid in lieu of pension contributions.

2 This is the income statement charge for the year which represents the fair value of the share-based payments to the Directors and Senior Management. Details of the share-based payments are set out in Note 32.

The highest paid Director received aggregate remuneration (including pension entitlements) of £1.7m (2023: £1.6m).

For the period ended 28 December 2024, three Directors (2023: two Directors) received contributions to their pension schemes from the Group.

For the period ended 28 December 2024, three Directors (2023: two Directors) received share options. Three Directors (2023: no Directors) exercised share options during the period. Three Directors (2023: nil) exercised share options during the period resulting in a gain of £0.9m.

## 35. Events after the statement of financial position date

On 24 December 2024, a business transfer agreement was signed for the sale of the trade and assets of the Hong Kong business, the 'disposal group'. The assets and liabilities of the disposal group were consequently presented as held for sale at 28 December 2024 and measured at the lower of the carrying amount and fair value less costs to sell, resulting in the recognition of a £2.2m impairment. Combined with a £1.0m provision for costs to sell, the total exceptional charge related to the Hong Kong disposal is £3.2m (see Note 7). The sale is anticipated to complete in April 2025.

## 36. Controlling party

These Financial Statements are the largest Consolidated Financial Statements in which the Company has been included.

Two of the Company's Directors, Agust Gudmundsson and Lydur Gudmundsson, hold shares in the Company through their beneficial ownership of Carrion Enterprises Limited (the corporate holding structure of Agust Gudmundsson) and Umbriel Ventures Limited (the corporate holding structure of Lydur Gudmundsson). Umbriel Ventures Limited holds 142,303,505 ordinary shares (representing 24.56% of the issued share capital of the Company) and Carrion Enterprises Limited holds 142,103,505 ordinary shares (representing 24.52% of the issued share capital of the Company).

Lixaner Co Limited, a company owned and controlled by Sigurdur Valtysson, who runs the family office for Agust and Lydur Gudmundsson, holds 6,457,750 ordinary shares (representing 1.11% of the issued share capital of the Company). Given the close relationship between the parties, Sigurdur Valtysson is to be considered as acting in concert with Agust and Lydur Gudmundsson for the purposes of the definition in the Takeover Code and the parties are controlling shareholders of the Company. The aggregate shareholding in the Company of Carrion Enterprises Limited and Umbriel Ventures Limited and their concert party group (Lixaner Co Limited) is 290,864,760 ordinary shares (representing 50.20% of the issued share capital of the Company).

## 37. Alternative performance measures

The Group uses various non-IFRS financial measures to evaluate growth trends, assess operational performance and monitor cash performance. The Directors consider that these measures enable investors to understand the ongoing operations of the business. They are used by management to monitor financial performance as it is considered to aid comparability of the financial performance of the Group from year to year.

### LIKE-FOR-LIKE REVENUE

The Group defines like-for-like revenue as revenue from continuing operations adjusted for the revenue generated from businesses closed or sold in the current and prior year, revenue generated from businesses acquired in the current and prior period, the effect of foreign currency movements and revenues. In addition, revenues for week 53 are taken out in the relevant financial years to ensure that like-for-like revenue is shown on a 52-week basis each year.

The following table provides the information used to calculate like-for-like revenue for the Group.

| £m | 2024 | 2023 | Change % |
|---|---|---|---|
| Statutory revenue | **2,292.7** | 2,203.8 | 4.0% |
| Effect of currency movements | **11.0** | – | |
| Revenue from sold business | **(2.8)** | (15.3) | |
| Like-for-like revenue | **2,300.9** | 2,188.5 | 5.1% |

The following tables provide the information used to calculate like-for-like revenue for each segment.

### UK

| £m | 2024 | 2023 | Change % |
|---|---|---|---|
| Statutory and like-for-like revenue | **1,948.5** | 1,852.7 | 5.2% |

### US

| £m | 2024 | 2023 | Change % |
|---|---|---|---|
| Statutory revenue | **227.7** | 229.4 | (0.7%) |
| Effect of currency movements | **6.3** | – | |
| Like-for-like revenue | **234.0** | 229.4 | 2.0% |

### CHINA

| £m | 2024 | 2023 | Change % |
|---|---|---|---|
| Statutory revenue | **116.5** | 121.7 | (4.3%) |
| Effect of currency movements | **4.7** | – | |
| Revenue from sold business | **(2.8)** | (15.3) | |
| Like-for-like revenue | **118.4** | 106.4 | 11.3% |

## ADJUSTED EBITDA AND ADJUSTED OPERATING PROFIT

The Group manages the performance of its businesses through the use of 'adjusted EBITDA' and 'adjusted operating profit', as these measures exclude the impact of items that hinder comparison of profitability year-on-year. In calculating adjusted operating profit, we exclude restructuring costs, asset impairments, and those additional charges or credits that are considered significant or one-off in nature. In addition, for adjusted EBITDA we exclude depreciation, amortisation, the share of results of associates after tax and share scheme charges, as these are non-cash amounts. Adjusted operating profit margin is used as an additional profit measure that assesses profitability relative to the revenues generated by the relevant segment; it is calculated by dividing the adjusted operating profit by the statutory revenue for the relevant segment.

The Group calculates adjusted EBITDA on a pre-IFRS 16 basis for the purposes of determining covenants under its financing agreements.

The following table provides a reconciliation from the Group's operating profit to adjusted operating profit and adjusted EBITDA.

| £m | Note | 2024 | 2023 |
|---|---|---|---|
| Operating profit | | **93.4** | 97.1 |
| Exceptional items | 7 | **20.2** | (2.8) |
| Adjusted operating profit | | **113.6** | 94.3 |
| Depreciation | | **65.9** | 68.7 |
| Amortisation | | **2.9** | 3.0 |
| Share scheme charges | | **4.2** | 2.0 |
| Loss on disposal of property, plant and equipment | | **–** | 0.1 |
| Adjusted EBITDA post IFRS 16 | | **186.6** | 168.1 |
| Less IFRS 16 impact | | **(14.6)** | (14.0) |
| Adjusted EBITDA pre IFRS 16[1] | | **172.0** | 154.1 |
| Covenant adjustments | | **0.6** | 0.4 |
| Adjusted EBITDA (pre IFRS 16 and including covenant adjustments) | | **172.6** | 154.5 |

1 Excludes the impact of IFRS 16 as the Group's bank facility agreement definition of adjusted EBITDA excludes the impact of this standard.

Adjusted EBITDA and Adjusted operating profit by segment are reconciled to operating profit in Note 4.

## OPERATIONAL NET DEBT AND LEVERAGE

Operational net debt excludes the impact of non-cash items on the Group's net debt. The Directors use this measure as it reflects actual net borrowings at the relevant reporting date and is most comparable with the Group's free cash flow and aligns with the definition of net debt in the Group's bank facility agreements which exclude the impact of IFRS 16. The following table sets out the reconciliation from the Group's net debt to the Group's operational net debt.

| £m | Note | 2024 | 2023 |
|---|---|---|---|
| Group net debt | 20 | **(276.7)** | (319.3) |
| Unamortised fees | | **(2.5)** | (1.1) |
| Interest accrual | | **1.2** | 0.5 |
| Lease liabilities recognised under IFRS 16 | | **84.2** | 90.3 |
| Group operational net debt | | **(193.8)** | (229.6) |
| Adjusted EBITDA (pre IFRS 16 and including covenant adjustments) | | **172.6** | 154.5 |
| Leverage (operational net debt/adjusted EBITDA pre IFRS 16 and including covenant adjustments) | | **1.1** | 1.5 |

## FREE CASH FLOW

The Group defines free cash flow as the amount of cash generated by the Group after meeting all of its obligations for interest, tax and pensions, and after purchases of property, plant and equipment (excluding development projects), but before payments of refinancing fees and other exceptional or significant non-recurring cash flows. Free cash flow has benefited from non-recourse factoring of receivables as set out in Note 18 and the extension of payment terms for certain suppliers as described in Note 24. The Directors view free cash flow as a key liquidity measure, and the purpose of presenting free cash flow is to indicate the underlying cash available to pay dividends, repay debt or make further investments in the Group.

### 37. Alternative performance measures continued

The definition of free cash flow was amended during the prior year to be after IFRS 16 capital lease payments to simplify our cash reporting. The following table provides a reconciliation from net cash generated from operating activities to free cash flow.

| £m | 2024 | 2023 |
|---|---|---|
| Net cash generated from operating activities | **150.3** | 147.7 |
| Interest received | **0.5** | 0.6 |
| Dividends received from associates | **–** | 1.6 |
| Proceeds on disposal of subsidiary | **6.6** | – |
| Proceeds on disposal of associates | **–** | 3.2 |
| Purchases of property, plant and equipment | **(49.3)** | (40.4) |
| Proceeds on disposal of property, plant and equipment | **0.5** | 1.6 |
| Purchase of intangibles | **(7.0)** | (3.5) |
| Cash impact of exceptional items | **(3.5)** | 4.4 |
| Refinancing fees | **2.6** | – |
| IFRS 16 capital lease payments | **(12.0)** | (12.0) |
| Free cash flow | **88.7** | 103.2 |

### ADJUSTED EARNINGS PER SHARE

The Group calculates adjusted basic earnings per Ordinary share by dividing adjusted earnings by the weighted average number of Ordinary shares in issue during the year. Adjusted earnings is calculated as profit for the period adjusted to exclude exceptional items and the change in value of derivative financial instruments. The following table reconciles profit for the period to adjusted earnings.

For adjusted diluted earnings per share, the weighted average number of Ordinary shares in issue is adjusted to assume conversion of all potentially dilutive Ordinary shares.

| £m | Note | 2024 | 2023 |
|---|---|---|---|
| Profit for the period | | **55.7** | 53.9 |
| Exceptional items | 7 | **20.8** | (2.8) |
| Change in fair value of derivative financial instruments | | **–** | – |
| Tax on the above items | | **(5.4)** | – |
| Adjusted earnings | | **71.1** | 51.1 |
| Add back: Tax on adjusted profit before tax | | **18.3** | 16.4 |
| Adjusted profit before tax | | **89.4** | 67.5 |
| Effective tax rate on underlying activities | | | |
| (Tax on adjusted profit before tax/adjusted profit before tax) | | **20.5%** | 24.4% |

| Number of shares '000 | 2024 | 2023 |
|---|---|---|
| Weighted average number of Ordinary shares | **578,881** | 576,129 |
| Effect of dilutive Ordinary shares | **9,057** | 12,576 |
| Weighted average number of diluted Ordinary shares | **587,938** | 588,705 |

| | 2024 | 2023 |
|---|---|---|
| Adjusted basic earnings per share | **12.3p** | 8.8p |
| Adjusted diluted earnings per share | **12.1p** | 8.7p |

### RETURN ON INVESTED CAPITAL ("ROIC")

The Group defines ROIC as adjusted operating profit after tax divided by the average invested capital for the year. Adjusted operating profit after tax is defined as operating profit excluding the impact of exceptional items less tax at the Group's effective tax rate. Invested capital is defined as total assets less total liabilities excluding net debt at the period end, pension assets and liabilities (net of deferred tax) and fair values for derivatives not designated in a hedging relationship. The Group utilises ROIC to measure how effectively it uses invested capital. Average invested capital is the simple average of invested capital at the beginning and end of the period.

The Directors believe that ROIC is a useful indicator of the amount returned as a percentage of shareholders' invested capital and that ROIC can help analysts, investors and stakeholders to evaluate the Group's profitability and the efficiency with which its invested capital is employed.

The following table sets out the calculations of adjusted operating profit after tax and invested capital used in the calculation of ROIC.

| £m | Note | 2024 | 2023 |
|---|---|---|---|
| Operating profit | | **93.4** | 97.1 |
| Exceptional items | 7 | **20.2** | (2.8) |
| Adjusted operating profit | | **113.6** | 94.3 |
| Taxation at the underlying effective rate | | **(23.3)** | (23.0) |
| Adjusted operating profit after tax | | **90.3** | 71.3 |
| Invested capital | | | |
| Total assets | | **1,498.6** | 1,480.3 |
| Total liabilities | | **(882.5)** | (872.7) |
| Net debt at period end | | **276.7** | 319.3 |
| Retirement benefit scheme surplus | | **(18.8)** | (12.0) |
| Deferred tax liability on retirement benefit scheme | | **4.7** | 3.0 |
| Invested capital | | **878.7** | 917.9 |
| Average invested capital for ROIC calculation | | **898.3** | 952.7 |
| ROIC (%) | | **10.1%** | 7.5% |

## COMPANY STATEMENT OF FINANCIAL POSITION
AS AT 28 DECEMBER 2024

| £m | Note | 28 December 2024 | 30 December 2023 |
|---|---|---|---|
| **Non-current assets** | | | |
| Shares in Group undertakings | 4 | **313.7** | 309.5 |
| **Current assets** | | | |
| Loans to Group undertakings | 6 | **86.8** | 95.5 |
| Deferred tax assets | | **0.9** | 0.1 |
| Cash and cash equivalents | | **0.1** | – |
| | | **87.8** | 95.6 |
| **Total assets** | | **401.5** | 405.1 |
| **Current liabilities** | | | |
| Loans from Group undertakings | 6 | **(5.6)** | (2.5) |
| Current tax liabilities | | **(0.9)** | – |
| **Total liabilities** | | **(6.5)** | (2.5) |
| **Net assets** | | **395.0** | 402.6 |
| **Equity** | | | |
| Called up share capital | 7 | **11.6** | 11.6 |
| Own shares held | 7 | **(6.3)** | (4.4) |
| Merger reserve | 7 | **23.8** | 23.8 |
| Retained earnings | | **365.9** | 371.6 |
| **Total equity** | | **395.0** | 402.6 |

In accordance with the exemptions allowed by Section 408 of Companies Act 2006, the Company has not presented its own income statement or statement of comprehensive income. The profit for the period was £42.6m (2023: £40.0m).

The Financial Statements of Bakkavor Group plc, Company number 10986940, and the accompanying Notes, which form an integral part of the Company Financial Statements, were approved by the Board of Directors on 3 March 2025. They were signed on behalf of the Board of Directors by:

**Mike Edwards**
Chief Executive Officer

**Lee Miley**
Chief Financial Officer

## COMPANY STATEMENT OF CHANGES IN EQUITY
52 WEEKS ENDED 28 DECEMBER 2024

| £m | Note | Called up share capital | Own shares held | Merger reserve | Retained earnings | Total equity |
|---|---|---|---|---|---|---|
| Balance at 1 January 2023 | | 11.6 | (3.1) | 23.8 | 372.1 | **404.4** |
| Profit for the period | | – | – | – | 40.0 | **40.0** |
| Purchase of own shares | 7 | – | (2.4) | – | – | **(2.4)** |
| Dividends | 7 | – | – | – | (40.8) | **(40.8)** |
| Credit for share-based payments | | – | – | – | 2.0 | **2.0** |
| Proceeds from exercise of share options | | – | – | – | 0.2 | **0.2** |
| Equity-settlement of share-based payments | | – | 1.1 | – | (1.1) | **–** |
| Deferred tax | | – | – | – | (0.8) | **(0.8)** |
| **At 30 December 2023** | | 11.6 | (4.4) | 23.8 | 371.6 | **402.6** |
| Profit for the period | | – | – | – | 42.6 | **42.6** |
| Purchase of own shares | 7 | – | (8.6) | – | – | **(8.6)** |
| Dividends | 7 | – | – | – | (43.8) | **(43.8)** |
| Credit for share-based payments | | – | – | – | 2.4 | **2.4** |
| Proceeds from exercise of share options | | – | – | – | 0.4 | **0.4** |
| Equity-settlement of share-based payments | 7 | – | 6.7 | – | (6.7) | **–** |
| Deferred tax | | – | – | – | (0.6) | **(0.6)** |
| **At 28 December 2024** | | 11.6 | (6.3) | 23.8 | 365.9 | **395.0** |

**NOTES TO THE COMPANY FINANCIAL STATEMENTS**
52 WEEKS ENDED 28 DECEMBER 2024

## 1. General information

Bakkavor Group plc is a public company, limited by shares, incorporated and domiciled in England, United Kingdom (Company number: 10986940, registered office: Fitzroy Place, 5th Floor, 8 Mortimer Street, London, England, W1T 3JJ). The Company's Ordinary shares are traded on the London Stock Exchange.

The principal activities of the Company are those of a holding company. The principal activities of the Company's subsidiaries are described within Note 1 of the Consolidated Financial Statements.

## 2. Significant accounting policies

The Company Financial Statements have been prepared in accordance with the Financial Reporting Standard 101 Reduced Disclosure Framework ("FRS 101") and the Companies Act 2006 as applicable to companies using FRS 101 and under the historical cost convention.

The Company Financial Statements are prepared on the going concern basis as set out in Note 2 to the Consolidated Financial Statements.

The Company has taken advantage of the following disclosure exemptions under FRS 101:

a. The requirement of IFRS 7, 'Financial instruments' – Disclosures.
b. The requirements of paragraphs 91 to 99 of IFRS 13, 'Fair value measurement'.
c. The requirement in paragraph 38 of IAS 1, 'Presentation of Financial Statements' to present comparative information in respect of: paragraph 79(a) (iv) of IAS 1, 'Presentation of Financial Statements'; and paragraph 73(e) of IAS 16, 'Property, plant and equipment'; and paragraph 118(e) of IAS 38, 'Intangible assets'.
d. The requirements of paragraphs 10(d), 10(f), 16, 38A, 38B, 38C, 38D, 40A-D, 111 and 134–136 of IAS 1, 'Presentation of Financial Statements';
e. The requirement of IAS 7, 'Statement of cash flows'.
f. The requirements of paragraphs 30 and 31 of IAS 8, 'Accounting policies, changes in accounting estimates and errors'.
g. The requirements of paragraphs 17 and 18A of IAS 24, 'Related party disclosures'.
h. The requirements in IAS 24, 'Related party disclosures', to disclose related party transactions entered into between two or more members of a group.
i. The requirements of paragraphs 130(f)(ii), 130(f)(iii), 134(d)-134(f) and 135(c)-135(e) of IAS 36 'Impairment of assets'.
j. The requirements of paragraphs 45(b) and 46 to 52 of IFRS 2, 'Share-based payment'.

The principal accounting policies adopted have been applied consistently and are the same as those set out in Note 2 to the Consolidated Financial Statements except as set out below.

In assessing impairment, judgement is required to establish whether there have been any indicators of impairment, either internal or external. Where there is a need to determine the recoverable value of an investment, this requires judgements and assumptions related to the expected future cash flows to be derived from the investment.

Investments in subsidiaries are stated at cost less, where appropriate, provisions for impairment.

Amounts due from other Group companies are initially recognised at fair value and subsequently carried at amortised cost net of allowance for expected credit losses. An allowance is made when there is objective evidence that the Company will be unable to recover balances in full. Balances are written off when the probability of recovery is assessed as being remote. The Company's amounts due from other Group companies at 28 December 2024 amounted to £86.8m (2023: £95.5m).

None of these balances include an allowance for expected credit losses and all amounts are expected to be recoverable in full.

## 3. Employees', Directors' and Auditors' remuneration

Fees payable of £0.1m (2023: £0.1m) to the Company's Auditors in respect of the audit of the Company's Financial Statements for the periods ended 28 December 2024 and 30 December 2023 have been borne by fellow Group company Bakkavor Foods Limited.

The Company has 12 Directors (2023: 11 Directors) and no further employees. Payments to the Directors for the periods ended 28 December 2024 and 30 December 2023 have been borne by fellow Group company Bakkavor Foods Limited. Details of Directors' remuneration is disclosed within Note 34 of the Consolidated Financial Statements.

## 4. Shares in Group undertakings

| £m | 28 December 2024 | 30 December 2023 |
|---|---|---|
| **Investment in Group companies** | | |
| Balance at 30 December 2023 | **309.5** | 309.5 |
| Capital contributions | **4.2** | – |
| **Balance at 28 December 2024** | **313.7** | 309.5 |

Capital contributions relate to equity settled share-based payments expense recognised during the period for key management employed by subsidiary companies. In prior periods, the share-based payments expense was recharged through intercompany.

## 5. Subsidiaries

As at 28 December 2024, Bakkavor Group plc held investments in the share capital of the following companies:

| Name | Place of registration and operation | Principal activity | % of voting shares as at 28 December 2024 | % of voting shares as at 30 December 2023 |
|---|---|---|---|---|
| **Directly held investments:** | | | | |
| Bakkavor Holdings Limited[1,^] | UK | Holding company | 100% | 100% |
| **Indirectly held investments:** | | | | |
| Bakkavor Finance (2) Limited[1] | UK | Holding company | 100% | 100% |
| Bakkavor Limited[1,^] | UK | Holding company | 100% | 100% |
| Bakkavor USA Inc[2] | US | Holding company | 100% | 100% |
| Bakkavor USA Limited[1,^] | UK | Holding company | 100% | 100% |
| Bakkavor Foods USA Inc[2] | US | Manufacture of fresh prepared meals and bakery products | 100% | 100% |
| Bakkavor China Limited[1,^] | UK | Holding company | 100% | 100% |
| Bakkavor Bakery Holdings Limited[3] | Hong Kong | Holding company | 100% | 100% |
| Bakkavor Hong Kong Limited[3] | Hong Kong | Preparation and marketing of fresh prepared foods | 100% | 100% |
| Bakkavor China Holdings Limited[3] | Hong Kong | Holding company | 100% | 100% |
| Wuhan Bakkavor Agricultural Product Processing Company Limited[4] | China | Manufacture of salad products | 100% | 100% |
| Jiangsu Bakkavor Food Company Limited[5] | China | Manufacture of salad products | 100% | 100% |
| Beijing Bakkavor Food Company Limited[6] | China | Manufacture of salad products | 100% | 100% |
| Guangzhou Bakkavor Food Company Limited[7] | China | Manufacture of salad products | 100% | 100% |
| Bakkavor (Shanghai) Management Company Limited[8] | China | Holding company | 100% | 100% |
| Shaanxi Bakkavor Agriculture Processing Company Limited[9] | China | Manufacture of salad products | 100% | 100% |
| Fujian Bakkavor Food Company Limited[10] | China | Manufacture of salad products | 100% | 100% |
| Chengdu Bakkavor Foods Company Limited[11] | China | Manufacture of salad products | 100% | 100% |
| Bakkavor Foods Limited[1] | UK | Manufacture of fresh prepared foods | 100% | 100% |
| Bakkavor Estates Limited[1] | UK | Property management | 100% | 100% |
| Bakkavor Pension Trustees Limited[1] | UK | Pension trustee holding company | 100% | 100% |
| Bakkavor European Marketing BV[12] | Netherlands | Holding company | 100% | 100% |
| NV Bakkavor Belgium BV[13] | Belgium | Non-trading | 100% | 100% |
| BV Restaurant Group Limited[1,^] | UK | Production and distribution of fresh prepared foods | 100% | 100% |
| Bakkavor Iberica S.L.U.[14] | Spain | Distribution | 100% | 100% |
| Moorish Limited[1] | UK | Manufacture of fresh prepared foods | 100% | – |
| **Dormant companies** | | | | |
| Bakkavor Dormant Holdings Limited[1]* | UK | Holding company | 100% | 100% |
| Bakkavor Finance (1) Limited[1]* | UK | Dormant non-trading company | 100% | 100% |
| Bakkavor Finance (3) Limited[1]* | UK | Dormant non-trading company | 100% | 100% |
| Bakkavor Acquisitions (2008) Limited[1]* | UK | Dormant non-trading company | 100% | 100% |
| Bakkavor Invest Limited[1]* | UK | Dormant non-trading company | 100% | 100% |
| Bakkavor (Acquisitions) Limited[1]* | UK | Dormant non-trading company | 100% | 100% |
| Bakkavor Asia Limited[1]* | UK | Dormant non-trading company | 100% | 100% |
| Bakkavor Overseas Holdings Limited[1]* | UK | Dormant non-trading company | 100% | 100% |

| Name | Place of registration and operation | Principal activity | % of voting shares as at 28 December 2024 | % of voting shares as at 30 December 2023 |
|---|---|---|---|---|
| Bakkavor (London) Limited[1]* | UK | Dormant non-trading company | 100% | 100% |
| Bakkavor Finance Limited[1]* | UK | Dormant non-trading company | 100% | 100% |
| BV Foodservice Limited[1]* | UK | Dormant non-trading company | 100% | 100% |
| Bakkavor Desserts Leicester Limited[1]* | UK | Dormant non-trading company | 100% | 100% |
| Bakkavor Fresh Cook Limited[1]* | UK | Dormant non-trading company | 100% | 100% |
| Bakkavor Central Finance Limited[1]* | UK | Dormant non-trading company | 100% | 100% |
| English Village Salads Limited[1]* | UK | Dormant non-trading company | 100% | 100% |
| Notsallow 256 Limited[1]* | UK | Dormant non-trading company | 100% | 100% |
| Kent Salads Limited[1]* | UK | Dormant non-trading company | 100% | 100% |
| Laurens Patisseries Limited[1]* | UK | Dormant non-trading company | 100% | 100% |
| Hitchen Foods Limited[1]* | UK | Dormant non-trading company | 100% | 100% |
| Bakkavor Brothers Limited[1]* | UK | Dormant non-trading company | 100% | 100% |
| Cucina Sano Limited[1]* | UK | Dormant non-trading company | 100% | 100% |
| Butterdean Products Limited[1]* | UK | Dormant non-trading company | 100% | 100% |
| Exotic Farm Prepared Limited[1]* | UK | Dormant non-trading company | 100% | 100% |
| Exotic Farm Produce Limited[1]* | UK | Dormant non-trading company | 100% | 100% |

1 The registered address of all these companies is Fitzroy Place, 5th Floor, 8 Mortimer Street, London, England, W1T 3JJ.
2 The registered address of these companies is 2700 Westinghouse Boulevard, Charlotte, NC 28273, USA.
3 The registered address of these companies is Units 1902-1912, 19/F., Eight Commercial Tower, No 8 Sun Yip Street, Chai Wan, Hong Kong.
4 The registered address of this company is No. 127 Jingdong Avenue, Yangluo Street, Changjiang New District, Wuhan, Hubei Province, China.
5 The registered address of this company is No. 200, Group 3, Zhongnan Village Changle Town, Haimen City, Jiangsu Province, China.
6 The registered address of this company is South Xitai Road, Da Sun Gezhuang Town, Shunyi District, Beijing, China.
7 The registered address of this company is No. 55 Banyutang Road, High Tech Development Area, Guangzhou, China.
8 The registered address of this company is Room 01, 3A Floor, Number 16 Lane 1977, Jinshajiang Road, Putuo District, Shanghai, China.
9 The registered address of this company is No. 1289 Jinggan 1st Street, Yongle Town Jinghe new city, Xixian new district, Shaanxi province.
10 The registered address of this company is Jiulong Industry Park of Hua an Economic Development Zone, China.
11 The registered address of this company is No. 520 Tongtai Avenue, Cross-Straits Science & Technology Industry Development Park, Wenjiang District, Chengdu, Sichuan Province, China.
12 The registered address of this company is Prins Bernhardplein 200, 1097 JB Amsterdam, The Netherlands.
13 The registered address of this company is Lammerdries-Zuid 16F, 2250 Olen, Belgium.
14 The registered address of this company is Calle Cartagena 57, 1º D Torre Pacheco, Murcia CP 30700, Spain.
* These companies are UK dormant companies who file dormant accounts which are exempt from audit by virtue of s479A of Companies Act 2006.
^ These companies were entitled to exemption from audit (see below). Company numbers: Bakkavor Holdings Limited 06215286, Bakkavor Limited 02017961, Bakkavor USA Limited 06458503, BV Restaurant Group Limited 09689333, Bakkavor China Limited 05661425.

For the year ending 28 December 2024, the above companies marked with a '^' were entitled to exemption from audit under section 479A of the Companies Act 2006 relating to subsidiary companies. The Directors acknowledge their responsibilities for complying with the requirements of the Act with respect to accounting records and the preparation of accounts.

## 6. Financial instruments

### FOREIGN CURRENCY RISK

The Company is not exposed to any significant foreign currency risk as principally all its balances are in Pounds Sterling.

### INTEREST RATE RISK MANAGEMENT

The Company has intercompany loan receivables. There are no interest-bearing balances and therefore the Company is not exposed to any interest rate risk.

### CATEGORIES OF FINANCIAL INSTRUMENTS

| £m | **28 December 2024** | 30 December 2023 |
|---|---|---|
| Financial assets and liabilities | | |
| Measured at amortised cost: | | |
| Loans to Group undertakings | **86.8** | 95.5 |
| Loans from Group undertakings | **(5.6)** | (2.5) |

## 7. Called up share capital and reserves

### CALLED UP SHARE CAPITAL

| £m | 28 December 2024 | 30 December 2023 |
|---|---|---|
| Issued and fully paid: | | |
| 579,425,585 (2023: 579,425,585) Ordinary shares of £0.02 each | **11.6** | 11.6 |

All Ordinary shares of £0.02 (2023: £0.02) each are non-redeemable and carry equal voting rights and rank for dividends and capital distributions, whether on a winding up or otherwise.

### OWN SHARES HELD

During the period ending 31 December 2022, the Company began purchasing shares through an Employee Benefit Trust called the Bakkavor Group plc Employee Benefit Trust (the "Trust"). Own shares purchased are recorded at cost and deducted from equity.

The number of Ordinary shares held by the Trust at 28 December 2024 was 4,237,328 (30 December 2023: 4,567,073). This represents 0.7% of total called up share capital at 28 December 2024 (30 December 2023: 0.8%).

Total cash purchases made through the EBT during the year amounted to £8.6m (2023: £2.4m).

| | Number of shares | £m |
|---|---|---|
| Balance at 31 December 2023 | 4,567,073 | 4.4 |
| Acquisition of shares by the Trust | 6,287,335 | 8.6 |
| Distribution of shares under share scheme plans | (6,617,080) | (6.7) |
| **Balance at 28 December 2024** | **4,237,328** | **6.3** |

No own shares held of Bakkavor Group plc were cancelled during the period.

### DIVIDENDS

| Reporting period ended | Dividend per share | Declared | Date paid | Number of dividend rights waived[1] | Amount paid |
|---|---|---|---|---|---|
| **28 December 2024** | | | | | |
| Interim dividend | **3.20p** | **September 2024** | **11 October 2024** | **1,917,903** | **£18,480,246** |
| **30 December 2023** | | | | | |
| Final dividend | 4.37p | May 2024 | 29 May 2024 | 1,065,145 | £25,274,351 |
| Interim dividend | 2.91p | September 2023 | 13 October 2023 | 3,264,816 | £16,766,278 |
| **31 December 2022** | | | | | |
| Final dividend | 4.16p | May 2023 | 5 June 2023 | 2,886,522 | £23,984,025 |

1 Dividend rights waived in relation to Ordinary shares held in the Bakkavor Group plc Employee Benefit Trust.

### MERGER RESERVE

The merger reserve was created as a result of the acquisition of Bakkavor Holdings Limited and represents the difference between the carrying values of the net assets of Bakkavor Holdings Limited and the value of the share capital and share premium arising on the share-for-share exchange that resulted in Bakkavor Group plc acquiring Bakkavor Holdings Limited.

## 8. Related party transactions

During the period, the Company entered into the following transactions with related parties:

| £m | 28 December 2024 | 30 December 2023 |
|---|---|---|
| Loans to Group undertakings | **86.8** | 95.5 |
| Loans from Group undertakings | **(5.6)** | (2.5) |

Loans to Group undertakings relate to corporate loans of £86.8m (2023: £95.5m) due from Bakkavor Finance (2) Limited. These amounts are unsecured and will be settled in cash. The loans are repayable within 60 days of being given notice by the lender. No guarantees have been given or received. No provisions have been made for expected credit losses in respect of the amounts owed by related parties.

Amounts are denominated in Sterling. All related party receivables are held at amortised cost.

Loans to Group undertakings do not carry interest on the outstanding corporate loan balances.

Loans from Group undertakings relate to a corporate loans: £4.1m due from Bakkavor Foods Limited and £1.5m due from Bakkavor Finance (2) Limited (2023: £1.3m and £1.2m) respectively.

Loans from Group undertakings do not carry interest on the outstanding corporate loan balances.

The Company purchases its own shares through an Employee Benefit Trust. See Note 7.

## 9. Events after the statement of financial position date

On 24 December 2024, a business transfer agreement was signed for the sale of the trade and assets of Bakkavor Hong Kong Limited, an indirect subsidiary of the Company. See Note 35 of the Group Consolidated financial statements.

## 10. Controlling party

The controlling party of the Company and its subsidiaries are described within Note 36 of the Consolidated Financial Statements.

## GENERAL COUNSEL AND COMPANY SECRETARY
Annabel Tagoe-Bannerman

## REGISTERED OFFICE
Fitzroy Place, 5th Floor
8 Mortimer Street
London
England
W1T 3JJ

## COMPANY NUMBER
10986940

## REGISTRAR
Equiniti Limited
Aspect House
Spencer Road
Lancing
BN99 6DA

## BANKERS
Barclays Bank PLC
Multinational Corporates
One Churchill Place
London
E14 5HP

## INDEPENDENT AUDITORS
PricewaterhouseCoopers LLP
One Chamberlain Square
Birmingham
B3 3AX

## BROKERS
Citigroup Global Markets Limited
Citigroup Centre
33 Canada Square
London
E14 5LB

Peel Hunt LLP
100 Liverpool Street
London
EC2M 2AT

## SOLICITORS
Freshfields LLP
100 Bishopsgate
London
EC2P 2SR

This report is available at: bakkavor.com

This report is printed on Symbol Freelife Satin paper which is derived from sustainable sources. Both the manufacturing paper mill and printer are registered to the Environmental Management System ISO 14001 and are Forest Stewardship Council® chain of custody certified.

This report is available at: bakkavor.com

**Designed and produced by three thirty studio**
threethirty.studio

View and download our Annual Report and Accounts at **bakkavor.com**

**Bakkavor Group plc**
Fitzroy Place, 5th Floor,
8 Mortimer Street,
London, England, W1T 3JJ

Bakkavor Group plc. Company No: 10986940

Bakkavor    @Bakkavor    Bakkavor_Group    facebook.com/Bakkavor