

# Directors' Report for 2023

## Nature and location of business

BAMA sells fresh fruit, berries, vegetables, potatoes, flowers, processed vegetable-based products and products with a limited shelf-life. The company is the leader in these areas in Norway. BAMA is headquartered in Oslo, Norway, but has departments and subsidiaries nationwide. In addition, the Group has operations in Sweden, Finland, the Netherlands and Poland.

BAMA aims to be a driving force for responsible green growth. This means that we actively engage with consumers, the business sector and the public authorities, and constantly strive to make our supply chain even more sustainable through research, innovation and product development.

## Market insight, development, research and innovation

Although a healthy lifestyle is important for European consumers, Norwegians eat on average 2.9 of the recommended 5 daily portions of fruit and vegetables. The same goes for our Swedish and Danish neighbours. People in Finland and the Netherlands eat slightly more, consuming 3.2 and 3.1 portions a day respectively. In addition, Norwegians do not get enough exercise and many have difficulty sleeping.

BAMA wishes to help consumers increase their intake of plant-based nutrition to secure a healthier and more eco-friendly lifestyle. We do this by maintaining a high level of innovation, continuously improving to ensure cost-effective operations, working closely with producers and suppliers in Norway and abroad, and engaging in effective marketing. We also make use of the inspiration and learning concept "Eat Move Sleep", run 5-a-day campaigns and partner with grassroots sports organisations and professional Norwegian chefs.

BAMA is closely involved in planned Norwegian production and aims to inspire Norwegian consumers to choose more Norwegian and locally produced food. We work with highly skilled and innovative producers, and with several national and international research institutions. Our involvement in multiple research and innovation projects helps ensure that new and tasty varieties and products are brought to market. 2023 saw the introduction of the apple varieties EDEN and FRYD, and the share of Norwegian-grown apples rose to 19 per cent. This is the largest increase ever recorded.

Innovation and research are also drivers for the development of new solutions and more sustainable packaging. BAMA strives to use as little packaging as possible, but as much as necessary. We are constantly working to replace plastic with paper and cardboard, and use recycled plastic wherever we can. Our goal is to ensure that 100% of the materials used in our packaging are recyclable by 2025.

BAMA will continue to be a leader in developing and purchasing fresh, high-quality products in increasingly eco-friendly packaging. Consumer preferences are changing all the time. To keep pace with these, BAMA established a sensory panel and a consumer panel in 2022. In 2023, the sensory panel carried out a number of tests on behalf of our business areas. This work included variety testing and innovation projects such as "More Norwegian Onions" and "Strawberry Tastes". Our consumer panel comprises around 250 BAMA employees and their families. It was consulted frequently in 2023.

BAMA depends on promoting good processes for continuous improvement and increased efficiency. The core process "Supply Chain" is working towards goals such as lower costs, even fresher goods to the customer and a reduction

in the central organisation's carbon footprint. These aspects are essential to maintain and strengthen our competitiveness. Underpinning our improvement efforts is a methodology built on data-driven decisions, with a focus on transparency and documentation. BAMA's business plan for the period 2023–2025 forms the basis for the work being performed. The plan defines a management structure that will ensure broad involvement and effective implementation across the supply chain.

## Environmental and ethical reporting

BAMA takes responsibility along the entire supply chain, and is a driver for more sustainable development. We require suppliers in Norway and abroad to meet certain standards, and we follow this up through supplier audits. BAMA is a member of Ethical Trade Norway and submits an annual report on the company's sustainable business practices in line with the OECD's guidelines and the provisions of the Norwegian Transparency Act. This report is available at <https://www.bama.no/om-bama/barekraft/apenhetsloven/>.

Climate change is increasing the risk of shortfalls in the volume of high-quality produce, both locally and globally. BAMA and its suppliers are working together to spread this risk, so that we can meet our markets' demands as far as possible. We take a risk-based approach to new suppliers and have established processes for this. It is important to secure access to quality produce from a responsible supply chain.

Our most important environmental goal is to reduce food waste. In the past year, we have worked to verify the accuracy of reported volumes. This year's figures are therefore not directly comparable with the results from previous years. In 2023, we had a food wastage rate equivalent to around 0.5 per cent

of revenue in the Norwegian part of the Group. This represents a considerable reduction from the 2016 baseline year. We are well on our way to reaching our target of a 50 per cent reduction in food waste by 2025.

BAMA Gruppen AS is a certified Eco-Lighthouse, and we perform recertification processes every three years. At the close of the year, 74 per cent of the entities in our Norwegian business were certified. We strive continuously to increase the efficiency of our transport processes and reduce greenhouse gas emissions by improving our logistics, filling our haulage vehicles more fully, switching to boat transport and using trains where possible.

With effect from 2025, BAMA will report in accordance with the EU's Corporate Sustainability Reporting Directive (CSRD). A plan has been drawn up for compliance and further work.

## Working environment and sickness absence

BAMA aims to be among the most attractive employers in comparable business sectors. This will be achieved through systematic efforts to ensure a good working environment. The annual employee survey confirms a high level of engagement among the workforce.

In 2023, the Norwegian part of the business had a sickness absence rate of 6.9 per cent, compared with 7.2 per cent in 2022. BAMA Gruppen AS had a total sickness absence rate of 4.9 per cent in 2023, compared with 5.3 per cent the year before. A large portion of the workforce perform hard physical labour, which can result in repetitive stress injuries and therefore impact the sickness absence rate.

In 2023, seven work-related injuries occurred that resulted in a longer sickness absence than the period for which the employer is responsible (16 calendar days).

### **Acting CEO with effect from 27 November**

EVP Bent Andersen was appointed acting CEO of BAMA Gruppen AS with effect from 27 November. He succeeded Petra Axdorff, who had served as the Group's CEO for the past 2.5 years and announced her decision to step down. The Board of Directors would like to thank Ms Axdorff for leading the company through a period of pandemic, cost-of-living crisis and challenging geopolitical and climate-related change.

### **Equality and non-discrimination**

On average, the Group employed 2,878 full-time equivalents in 2023. Of these, 978 were employed outside of Norway. At the close of the year, BAMA Gruppen AS had 512 employees, of whom 135 were women. The Board of Directors comprises eight members, all of them men. Group Management comprises nine people, four of whom are women.

Diversity and inclusion are key issues for the company, and the promotion of equality is an overarching principle. Gender, ethnicity, sexual orientation, age, disability, religion and political affiliation must not influence the opportunities employees are offered in the company or wider group.

BAMA Gruppen AS has a duty to report under the Norwegian Equality and Anti-Discrimination Act. This means that we must report on the actual status of gender equality in the enterprise and what we are doing to fulfil our statutory obligation to take action. Details of BAMA Gruppen AS's activity and reporting obligation (ARP) are attached to the Directors' report.

### **Financial position and development**

While 2022 was a challenging year for several of the Group's business entities, the majority of areas showed positive developments in 2023. Higher prices for important input factors, exacerbated by a weak Norwegian krone (NOK), resulted in a significant increase in the price of fruit and vegetables through the year. The general "cost-of-living crisis" also impacted the Group's operations in Europe, with higher prices contributing to a reduction in volume for the product categories we offer. This had the biggest impact on the Swedish business, which posted weak results and a decrease in sales revenues. The Finnish business also endured a challenging year in 2023, with the start up of a new factory for ready-to-eat fresh products on the outskirts of Helsinki.

Several restructuring projects are underway or have been concluded, both at the group level and within the individual business areas. The results so far are promising, and several of the projects will be continued in 2024.

Going forward, a high priority will be given to achieving a faster-paced supply chain, even better quality and product development in partnership with our customers. In 2023, the Group generated gross revenues totalling NOK 23.1 billion. This is NOK 1.6 billion (7.4%) more than in 2022. The Group made a net profit of NOK 404.3 million, compared with NOK 189.6 million in 2022.

The parent company made a net profit after tax of NOK 414.0 million, compared with NOK 251.4 million in 2022.

The Group's financial position is satisfactory. The liquidity reserve was NOK 1,461.6 million as of 31 December 2023. At the close of the year, total assets came to NOK 8.6 billion, NOK 0.8 billion more than the year before. As at 31 December 2023, the Group's total equity came to NOK 2,238.7 million, corresponding to an equity ratio of 26.0 per cent.

The parent company's financial position is satisfactory. As at 31 December 2023, the liquidity reserve was NOK 1,158.3 million. At the close of the year, total capital came to NOK 4.1 billion, NOK 0.8 billion more than the year before. As at 31 December 2023, the parent company had total equity of NOK 1,171.5 million, corresponding to an equity ratio of 28.7 per cent.

Net cash flow from operating activities in the Group totalled NOK 1,377.4 million in 2023, compared with NOK 229.8 million in 2022. The increase in the Group's net cash flow is attributable primarily to improved operating profits and positive changes in other accruals and prepayments.

Net cash flow from operating activities in the parent company totalled NOK 369.8 million in 2023, compared with NOK -227.2 million in 2022. Dividends and group contributions from subsidiaries are included as part of the Group's investing activities.

In the Board's opinion, the income statement, balance sheet and accompanying notes here presented provide a satisfactory account of the operations and financial position of the company and Group at the close of the year.

## Financial risk

BAMA Gruppen AS applies a uniform financial policy to all the companies in the Group. The financial policy establishes how financial risk shall be managed and limited. It also defines guidelines and provides a framework for how the Finance function shall operate. The Group aims to obtain the financial leeway to realise its strategic and operational goals. Effective financial and liquidity hedging at both the local and central level is also an objective. Within the finance policy's framework, efforts are made to reduce risk. An authorisation matrix is used to reduce the likelihood of error and to ensure that financial exposures are closely monitored.

The Group is exposed to financial risk relating to interest rates, exchange rates and liquidity. The finance and accounting functions are primarily organised at the central level. It is here that the liquidity situation and financial risk are constantly kept under review.

Interest rate risk relates primarily to the money market rates NIBOR, EURIBOR and STIBOR, which are the bases for the interest payable on the Group's borrowings and bank deposits. The operative part of the business is not deemed to be materially exposed to interest rate risk.

The Group is exposed to fluctuations in exchange rates. This applies primarily to EUR and USD. Amounts are hedged via forward currency transactions on an ongoing basis.

A significant number of transactions are undertaken each day. The requirement for ongoing access to liquidity is therefore addressed in the finance policy through a target minimum level, which also includes unused committed lines of credit. The Group's operations provide a constant stream of liquidity and make use of a group account (cash pool) system, which allocates liquidity in an efficient manner.

The risk of bad debts within the Group's overall trade receivables portfolio is deemed to be low. Customers with unpaid and overdue invoices are subject to regular credit checks and are followed up. In addition to an in-house credit department, which works to recover amounts due, the Group also partners with an external debt collection agency. In recent years, bad debts have been low, viewed in relation to the Group's overall revenues. The Board deems the Group's liquidity to be satisfactory.

The Group has taken out Directors and Officers (D&O) liability insurance, which also covers senior executives. The insurance covers the insured's personal liability and may be invoked in connection with the negligent performance of their position or office.

## Going concern

The annual financial statements for 2023 have been prepared in accordance with the Norwegian Accounting Act and generally accepted accounting practice. The Board confirms that the company fulfils all the prerequisites necessary to continue as a going concern.

## Net profit and allocation of profit for the year

BAMA Gruppen ASA made a net profit for the year of NOK 414.0 million. The Board proposes that NOK 243.0 million be allocated to dividends, while the remaining NOK 171.0 million be transferred to other equity. After this, the company will have equity of NOK 1,171.5 million as at 31 December 2023, corresponding to an equity ratio of 28.7 per cent.

Oslo, 15 April 2024  
BAMA Gruppen AS



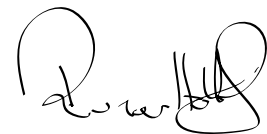
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Kristian Nergaard  
Chair of the Board



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Knut Hartvig Johannson  
Board member



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Runar Hollevik  
Board member



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Tom Kristiansen  
Board member



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Stein Aukner  
Board member



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Ihsan Akram  
Board member



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Jostein Hestøy  
Board member



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Rune O. Dalsaune  
Board member



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Bent Andersen  
Acting CEO