MMFLOWERS

# Annual Report 2023

MM Flowers is one of the leading suppliers of cut flowers and gifts to major retailers across the UK and Europe.

Our goal is to produce and deliver best-in-class, high quality products that deliver a meaningful consumer experience and which are developed with environmental and social impact at the heart of decision making.

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## Who We Are

MM Flowers is...

- Dynamic and innovative – bringing new, sustainable ideas to gifting in the UK and Europe.
- Owned by growers and together we are trusted by major retailers to breed, grow, import, pack and deliver the flowers and gifts that make life's meaningful moments a little more memorable.
- Passionate about providing meaningful work for our people and being a good neighbour in the communities in which we operate.

This is our first annual report and covers our 2023 financial year (FY23) – 1 September 2022 to 31 August 2023.

## Our Purpose

# Creating meaningful moments that do good for people and do better for our planet.

## Our Values

Our core values guide how we work and conduct ourselves and form the cornerstones of our culture. In FY23 we set up recognition schemes to celebrate our colleagues who demonstrate and live these values.

### Trusted

We are honest; we do what we say we're going to do and we trust each other. We're also trusted for our knowledge and expertise.

### Passionate

We love what we do and we love being part of life's meaningful moments.

### Dynamic

We flex with the peaks of our work and are quick to try out new ideas in our desire to get better and better at what we do.

### Work Together

We know we can't do this alone, so we support, motivate and challenge to work effectively together.

# What Makes us MM Flowers

## Market Expertise

The breadth and depth of our longstanding relationships across retail allow us unparalleled insights into market trends. Our vertical integration means we are positioned to react quickly to trends and develop products that delight our customers. We serve the entire market place, encompassing all retail channels, online stockists as well as wholesale and have recently expanded into hampers as part of a growing gifting offering.

**28**

customers across UK and Europe

## Our People

MM Flowers is a dynamic, unique and growing international business, with a diverse workforce. With many colleagues who have been with the business since day one, we are proud of the development opportunities we offer. From new product development and agronomy to engineering and manufacturing, we have in-house expertise across all departments, enabling us to deliver operational excellence for all our customers.

**853**

direct permanent employees

## Grower Owned

We are owned by growers and our vertical integration enables us to invest in quality and resilience at every stage in the supply chain, from breeding all the way through to processing in the UK and Europe, ensuring we deliver best in class flowers to our customers.

**over 2,000 ha**

direct production via our shareholders

## Asset Base

We operate from four facilities in the UK and Europe. In the UK, Huntington is home to our state-of-the-art production facility, which has seen significant investment in automation. Our Chatteris site has given us capacity to expand into new product lines, and our new site in Holbeach is dedicated to seasonal products. Our European site in Aalsmeer, the Netherlands serves our European grower base and customers.

**620,000 sqft**

across UK and Europe

## Investing for the Future

Our ownership structure allows us to invest where it's needed, from R&D into cut flowers most suited to sea freight, to a comprehensive business automation programme. We're particularly proud of our APEX Horticulture business, which was established to understand and solve some of the biggest challenges for cut flowers and plants through providing testing and monitoring services.

**£50 m**

of investment in the past decade

# A Blossoming Business

## 2006

The company was established in the UK by Phil Whelan and our initial shareholder, AMFRESH.

**£3 m sales**

## 2012

With direct production in East Africa, the VP Group became our third shareholder.

**£41 m sales**

## 2017

We built a £34 m facility for quality control and supply capacity in Huntingdon, Cambridgeshire (UK), which became the headquarters for MM Flowers.

**£92 m sales**

## 2020

We opened a purpose built facility in Aalsmeer, the Netherlands, enabling us to build strategic partnerships with European retailers and grow market share.

**£129 m sales**

## 2022

We broadened our gifting proposition to include chilled food. To accommodate growth of our online business we expanded our Huntingdon site with a £13 m extension. We also invested in a 1.3MW solar array.

**£254 m sales**

## 2011

The Elite Group became our second shareholder, providing access to direct production in South America.

**£22 m sales**

## 2014

Recognising the importance of The Netherlands to the horticultural industry, we established a sourcing office, strengthening our relationships with European growers.

**£50 m sales**

## 2018

APEX Horticulture was founded as an independent research and development business, offering bespoke services for cut flowers and plants.

**£107 m sales**

## 2021

We added UK capacity by opening a site in Chatteris, Cambridgeshire (UK).

**£205 m sales**

## 2023

We opened our UK Field Crop centre in Holbeach, Lincolnshire as a dedicated facility for UK seasonal crops.

**£305 m sales**

# Q&A

## Our founder and Managing Director, Phil Whelan, reflects on the year.

### What makes MM Flowers special?

There are four ingredients that make MM Flowers special, and they have been part of the business since we set it up in 2006.

Our **culture of permanent disruption**. We consistently agitate our business model to improve the experience for consumers when they gift flowers, whether to themselves or to someone else. We are able to do this because we have the luxury of a global perspective across breeding, cultivating, R&D and retail.

Our **vertically integrated agribusiness model** allows us to do this. This enables us to flex and influence where we need it to and gives us a global perspective across key disciplines with a multi-channel, multi-market view.

Our **people** are integral to our success. We're proud of the wide array of skills and capabilities that we have across our Group. We integrate industry-leading knowledge and experience with a wide range of expertise from outside the industry; this blend enables us to shape, challenge and disrupt our thinking.

Our **pace and dynamism**. Our owners allow us the freedom to operate within our model to deliver at pace for our customers. For those that know me, dynamism is not just a company value, but one I very much live by!

### How is the business performing? What are your highlights from FY23?

2023 was a successful year for us, having met our growth objectives and key financial measures. We achieved 21% turnover growth and extended our UK market leadership. We also launched our gifting business and expanded in Europe.

In addition to our successful financial and trading performance, I'm proud that the business has accelerated its commitment to R&D, ESG and automation of our manufacturing activities. We also re-launched our purpose and values, an important milestone in our People and Culture agenda.

### What are the greatest opportunities and challenges the cut flower industry is facing?

The industry is facing some interesting challenges, largely around how we ensure that we effectively manage the environmental impacts of our supply chain and packaging for a discretionary product whilst interpreting a fair wage framework.

Within manufacturing, embedding a value-added workforce that is complemented by automation and standardised activities will be key to maintaining quality, consistency and value.

As in all farming businesses, we continue to evaluate the impact of a more volatile climate and assess its impact, including on supply chain resilience.

Addressing these challenges via our R&D business, strategic sourcing and careful interpretation of new consumer trends will enable us to continue to lead in satisfying the undiminished demand in the UK and wider European flower market.

### What is the business strategy for the next three years?

To continue to build our core customer relationships through the continuous renewal of our business model to convert the sector's challenges into opportunities.

By 2027 we will have designed a multi-channel, multi-market proposition that has evolved from flowers to gifting, fully utilising our investment in infrastructure and automation, whilst ensuring that we continue to deliver innovative, quality products that meet our environmental and ethical ambitions.

### On a personal level, what drives you?

What drives me is building a stable, trusted and innovative business that our employees are proud of and that customers respect. And – importantly – something that can be sustained long beyond my tenure.

### And finally, as we love flowers, we must ask what your favourite flower is…

Tulips. They are nice and simple. They have a long and rich history and after 500 years are still delighting modern customers.

# MM Flowers in Numbers FY23

## Financial Highlights

**£296 m**
Turnover

**£6 m**
EBITDA

## People Highlights

**48%**
of management and supervisory positions held by women

**853**
FTE

## Operational Highlights

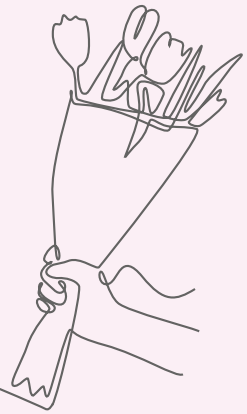
**>1 bn**
Stems purchased

**>500**
Varieties of flowers

**97%**
Sourced from directly owned production or strategic partnerships

**>20**
Countries we source flowers and foliage from

**>400**
Farms worldwide



**>25,000**
Trucks dispatched to customers

**>55 m**
Bunches sold

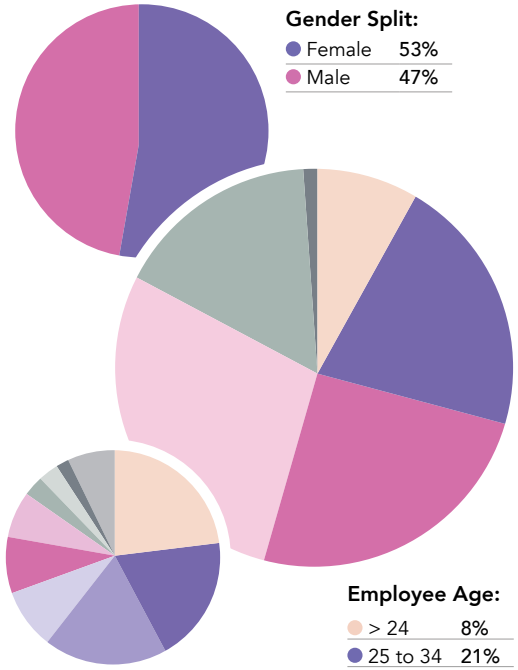
# "The MM Way"

**MM Flowers is a dynamic global business to work in and our people are our greatest asset. In FY23 we directly employed 853 people, the majority of which are operational colleagues who are the backbone of our business. We have a very diverse workforce with over 32 nationalities represented and over 30 languages spoken.**

## Diversity, Equity, and Inclusion (DEI)

Recognising the diversity of our workforce we strive to make everyone feel included and appreciated; in FY23 53% of our total workforce were women, with 48% of management and supervisory positions being held by women, something we are really proud of. Additionally, our UK gender pay gap currently stands at 14.1% and it is important to us that men and women are paid equally for doing equivalent jobs across our business.

In FY23 we introduced improved maternity and paternity leave policies and we will continue to take proactive steps to identify and address any unjustifiable gaps and to make sure our policies and practices, including pay and bonus structures, are fair and support our DEI strategy.



**Gender Split:**

| | |
|---|---|
| Female | 53% |
| Male | 47% |

**Employee Age:**

| | |
|---|---|
| > 24 | 8% |
| 25 to 34 | 21% |
| 35 to 44 | 25% |
| 45 to 54 | 28% |
| 55 to 64 | 16% |
| 65+ | 1% |

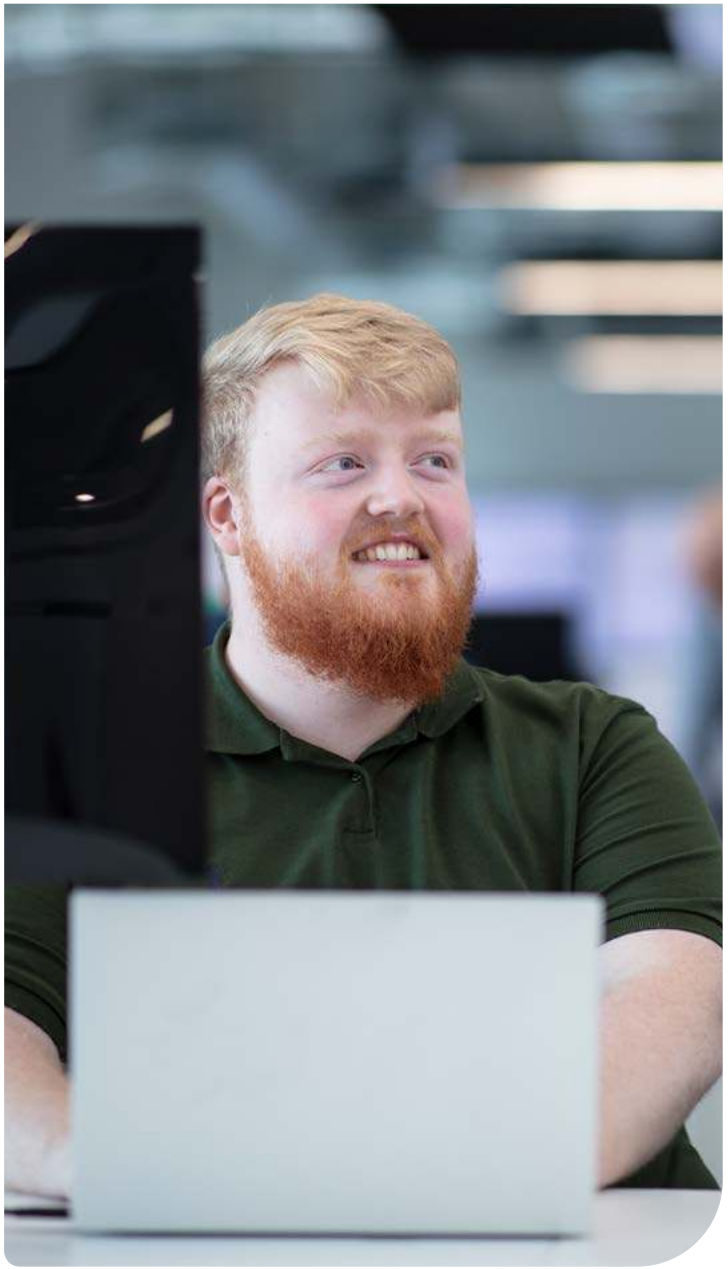
**Employee Nationalities:**

| | |
|---|---|
| Romanian | 23% |
| British | 19% |
| Lithuanian | 18% |
| Polish | 9% |
| Bulgarian | 8% |
| Latvian | 7% |
| Portuguese | 3% |
| Dutch | 3% |
| Italian | 2% |
| Other | 7% |

## Creating Meaningful Moments: Culture and Recognition

FY23 saw significant investment in our People and Culture agenda. We launched our leadership values and behaviours, creating a framework that sets out the expectations of our colleagues, and we have set up recognition schemes to celebrate those who demonstrate and live these values. Ensuring that we are continuously evolving MM Flowers as a great place to work, we have also invested heavily in upgrading welfare facilities across all our sites.

Recognising the additional effort that our colleagues put in during event periods, such as Valentine's Day and Mother's Day, we offer additional benefits such as free and discounted food. Various engagement activities are also in place, which specifically reward colleagues for supporting our quality agenda which is of the upmost importance to us.



## Employee Engagement

Our employee forum "The Voice" provides a platform for all MM Flowers and agency employees to express opinions, views and share ideas about their work and workplace with members of the Leadership Team. Its aim is to strengthen relationships, improve employee engagement and encourage constructive, two-way communication. This is mirrored across our shareholders' farms through worker committees.

We have also heavily invested in our employee communication including dedicated resource for internal communications, ensuring that all employees are updated on company events, people success stories and other business messages. Acknowledging the diversity of our workforce, all our communications are translated into several languages; we have screens set up across our facilities to communicate clearly and simply to colleagues in their own language.

## Health and Safety

The Health and Safety of our colleagues is of the utmost importance. We aim to avoid harm to our people and property, create a proactive, innovative Health & Safety culture with visible leadership commitment. In FY23 we conducted 945 hours of Health and Safety training, this combined with an embedded Health and Safety culture, has led to improvements in our Health and Safety metrics.

> "I love working with all teams to drive safety improvements and seeing people engaged and enabled. MM Flowers really is a place where everyone can contribute to risk reduction and continuous improvement. I've seen incredible growth in my two years here and I'm excited to be part of the next stage in MM Flowers' evolution.
>
> **Lynsay Lovegrove**
> Health, Safety and Environment Manager

# Learning and Development:

We have further invested into our Training Team and our Learning and Development provision to ensure that all employees have access to tools to enable them to reach their full potential. In FY23 we conducted 4,500 hours of training for colleagues across a range of skills from bouquet making, quality control and Health and Safety. Our training curriculum is constantly evolving, allowing us to flex to our needs. Here are some of our favourite programmes introduced in FY23:

## Employee Leadership Programme

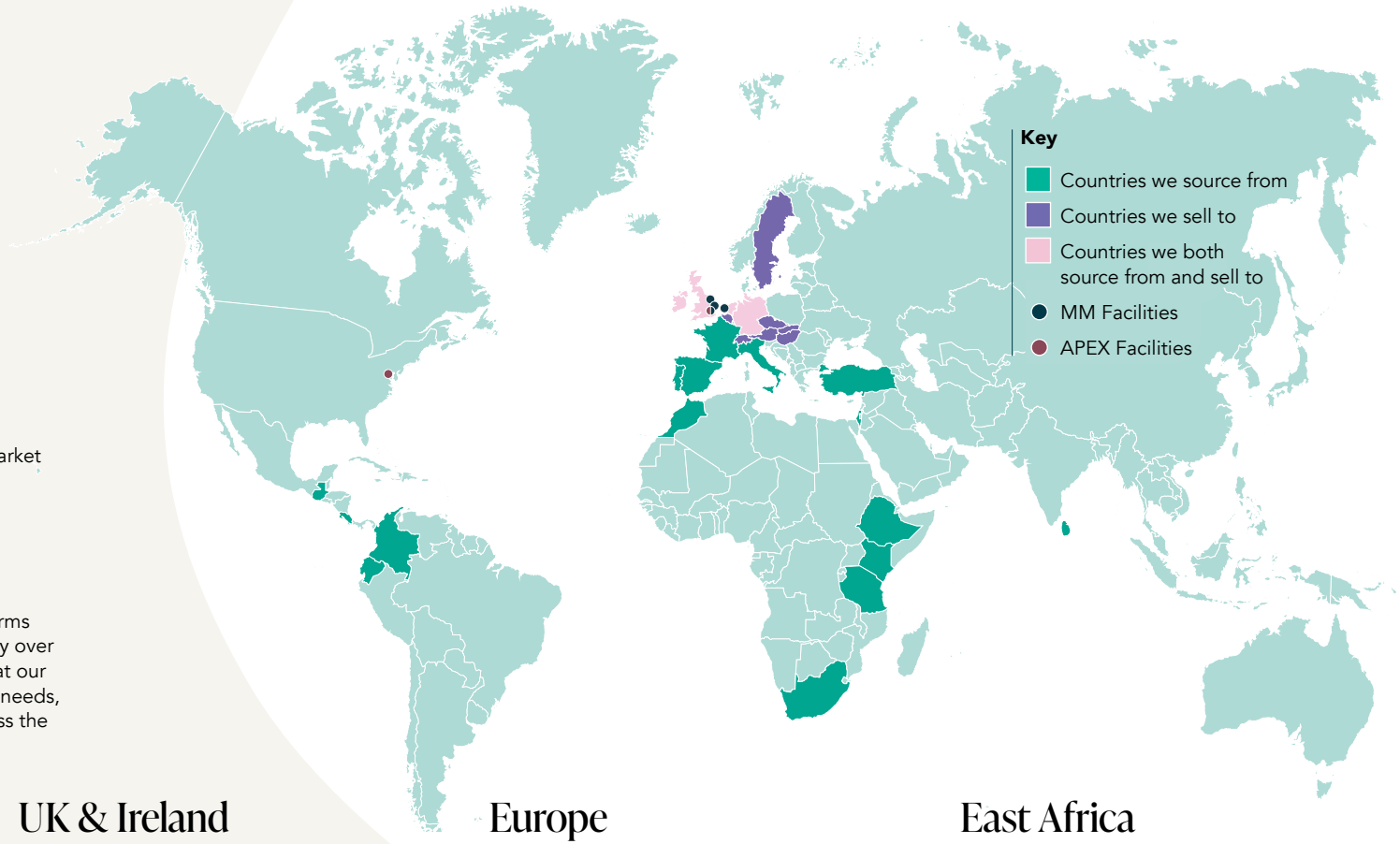
We ran a modular Leadership Programme for our recognised leadership talent to develop their business and people skills. We have also launched a suite of workshops to increase personal skills such as time management, commercial awareness, presentation skills to name but a few.

## Employee English Language Programme

In light of our diverse workforce, we regularly support individuals who do not speak English, have limited English skills or would like to increase their written and spoken language abilities through onsite teaching.

# Where We Operate

With four processing facilities across two countries, sourcing partnerships in over 20 countries and a market presence in 12 countries, the MM Flowers Group's operations are truly international.




## Global Flower Sourcing

Spanning more than 2,000 ha, our shareholders' farms grow over 15% of global flower production. We buy over 500 varieties of cut flowers and, acknowledging that our shareholders' direct production won't cover all our needs, we partner with over 150 horticulture growers across the world, sourcing from over 400 farms.

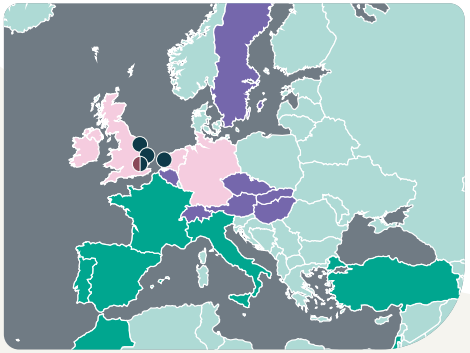
### South America

Straddling the Equator, Colombia and Ecuador boast year-round natural light and optimal temperatures perfect for growing flowers. We buy an array of crops including roses, chrysanthemums, alstroemeria, carnations and gypsophilia. High altitudes in Ecuador also favour the cultivation of super premium roses.

### UK & Ireland

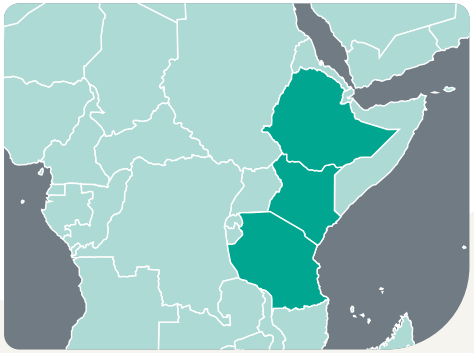
From the UK, we source from strategic partners that grow seasonal crops such as tulips, daffodils, peonies and sunflowers. The majority of our British growers are located in Lincolnshire, near MM Flowers' UK Field Crop Centre. Read more about this on page 09.

### Europe



From across Europe, we purchase a range of flowers including roses, tulips, lilies and chrysanthemums as well as a variety of fillers and foliage. The variety of crops grown by our European suppliers is key to ensuring our diverse sourcing requirements are met.

### East Africa



Situated on the Equator, Kenya and Ethiopia are key to our sourcing model. Intermediate roses make up the majority of our East African purchases, however summer crops, and foliage and fillers, are also important. We also source from elsewhere in Africa, including cape flora from South Africa and lisianthus from Tanzania.

# UK Field Crop Centre

British crops are a key pillar of our sourcing strategy, providing customers with seasonally-grown cut flowers from across the UK.

**Scotland**
Peonies
Daffodils
Foliage

**Lincolnshire**
Agapanthus
Alliums
Brassica
Delphiniums
Daffodils
Gladioli
Lilies
Peonies
Tulips
Stocks
Sunflowers
Sweet Williams

**Cheshire**
Chrysanthemums

**Wales**
Daffodils

**Cornwall**
Daffodils

**Isles of Scilly**
Narcissi

**Northern Ireland**
Lilies
Tulips
Stocks

## MM Flowers Lincolnshire

Recognising our greater expansion into UK seasonal products, our site in Holbeach, Lincolnshire opened in FY23 as a dedicated UK Field Crop centre, located in the heart of the British flower growing area.

The facility is designed to ensure that we receive, handle and process UK seasonal flower crops to the highest standards; enabling us to deliver them faster and fresher than ever before.

At the height of the 2023 UK crops season, the site processed 250,000 stems a day, and we have since invested in significant additional capacity for forthcoming years. With specialist teams dedicated to the development of UK crops, the site is now an integral part of the UK Seasonal Market.

# Journey of a Rose

All our flowers have their own story. Here we bring to life the journey of one our most important flowers, an intermediate rose, grown on a shareholder's farm in Naivasha, Kenya.

## 1 Breeding

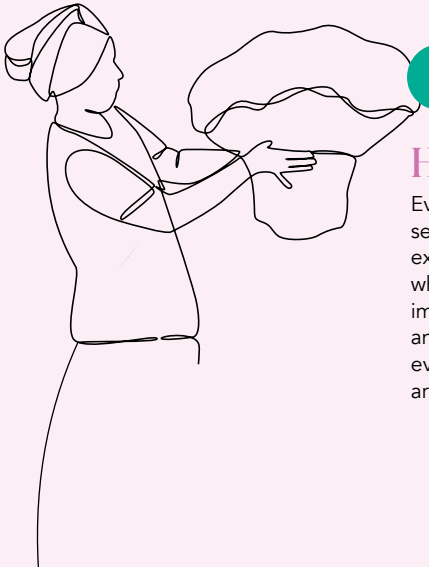
The science of rose breeding is complex; it typically takes 6-8 years to breed a rose that will make it to a customer. MM Flowers' shareholder growers have invested for many years in breeding to develop the longest lasting and most beautiful roses in the world. Every year over 250,000 potential varieties are crossed, of which only 0.01% will meet the strict market requirements that any new variety must possess. Beyond aesthetics, vase life, pest and disease resistance and the ability to withstand international travel are all critical.

## 2 Propagation

Once a rose variety is selected it is grafted onto a new rootstock. The plant then develops new leaves and roots in a protected environment in which heat and humidity are strictly controlled. The heat supporting the new growth is generated by a biomass boiler powered by dried rose waste. After 40 days, the seedling is ready for planting on one of our farms.

## 3 Growing

Growing on the Equator means that roses can be cultivated all year round and require no energy inputs for light or heat. Roses are grown hydroponically to recover any water or nutrients not immediately used by the plant. A rose bush will produce flowers every 50-55 days for up to 5 years.

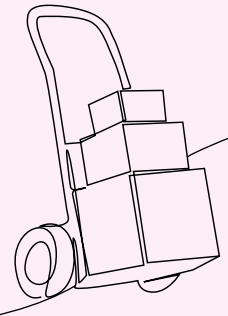


## 4 Harvesting

Every stem we send to our customers is hand selected and cut by an individual trained to know exactly the right moment for picking. Knowing when and how to cut a rose is of the utmost importance as this will determine the longevity and return of the bush. Harvesting occurs nearly every day of the year and each hectare produces around 1.5 million stems every year.

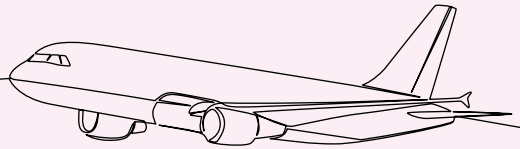
## 5 Grading and Packing

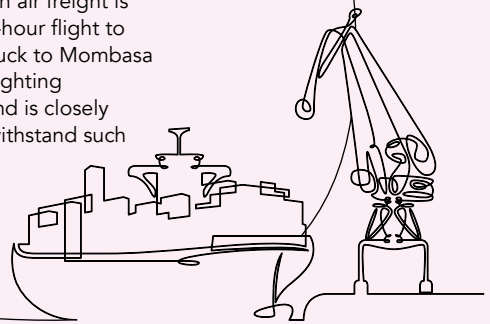
Cut roses are transported rapidly from the field to packhouse where they are graded stem by stem and kept in optimal temperatures to maximise life and freshness. They are expertly wrapped to ensure protection for the journey.



## 6 International Logistics

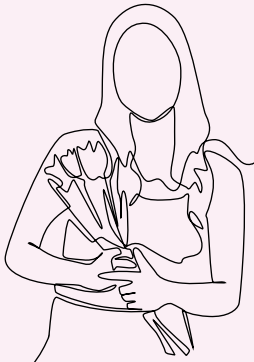
Flowers are transported from Kenya to Europe by either air or sea freight; every care is taken to ensure the roses remain cold and fresh, with vacuum coolers used to maintain low temperatures. When air freight is required, roses are dispatched to Nairobi ready for the 9-hour flight to Europe or the UK. Roses travelling by sea are taken by truck to Mombasa port, where they begin their month-long journey. Sea freighting dramatically reduces the carbon impact of our product and is closely linked to the breeding process where varieties that can withstand such long journeys are purposely selected.





## 7 Processing in UK/Europe

On arrival in UK/Europe, the flowers are delivered to one of our processing facilities. The arrivals are inspected by quality assessors before being transferred to automated production lines. Great care is taken to unbox, sleeve, label and cut the flowers before placing them in a special transit solution ready to dispatch to our customers' stores and consumers' homes.



## 8 Creating Meaningful Moments

Whether it be a beautiful bunch of roses or a mixed bouquet, a gift for yourself or a loved one, our roses help create meaningful moments for happy consumers across the UK and Europe.

## We understand the responsibility we have to protect our environment, our people and the communities within which MM Flowers and our shareholders operate.

We have a dedicated Group ESG team, based in the UK, comprised of technical experts established to help ensure that ESG is core to business decisions. In 2023 we conducted a materiality assessment that has informed our ESG strategy, which not only focuses on our core operations but also strives to make our supply chain activities and therefore our products, more sustainable.

Our strategy and associated progress are governed by an ESG Committee which consists of MM Flowers' Group Leadership Team. To ensure alignment and maximise impact, the VP Group and The Elite Group also have ESG committees. Additionally, ESG is a standing agenda item at our Board meetings.

### Stakeholder Engagement

Ongoing and transparent engagement with our stakeholders enables us to better understand the diverse views within our value chain and ensures our strategy aligns with the interests of key groups. We engage with our stakeholders throughout the year, providing the opportunity to co-create effective and lasting solutions to industry-wide challenges.

### Due Diligence

Our supply chain due diligence approach is informed by known risks and customer requirements, and aims to identify, then focus our resource, on the areas of highest risk whilst maintaining full supply chain transparency. These risks are mitigated through supplier adherence to our code of conduct, a comprehensive ethical audit programme and trusted, long-term relationships with suppliers. We have dedicated compliance resource and track our suppliers' level of compliance, with associated KPIs. Our Modern Slavery Statement expands on this.

# Our ESG Strategy

### Environment

Improving climate impact and resilience by understanding and reducing our product offering and operational footprints

- **Decarbonise our product offerings and our operations**
- **Circularity and Packaging**
- **Water security and stewardship**
- **Farming practices with nature**

### Social

Ensuring decent work for the people behind our products and nurture resilient communities where they live

- **Fair wages and worker welfare**
- **Diversity, Equity and Inclusion**
- **Community Engagement**
- **Modern Slavery Prevention**

### Governance

Operating our business with strong responsible business practices and transparent reporting on our progress

- **Responsible Business Practices**
- **Engagement**
- **Risk Management**
- **Data Integrity and Transparent Reporting**

## Did you know?

In FY23 MM Flowers, The Elite Group and the VP Group collectively joined Floriculture Sustainability Initiative (FSI), a multi-stakeholder initiative which aims to address key sustainability issues in international floriculture supply chains. We are proud to be a part of the only initiative dedicated to driving change, creating impact and mitigating risk in the floriculture sector.

FSI 2025 Floriculture Sustainability Initiative

# ESG: Environment

## Decarbonise our Product Offerings and our Operations

The products we sell are intrinsically dependent on climate and therefore climate change poses a significant risk to the future of our business; we believe decarbonising our operations and product offerings is the most effective part we can play in mitigating the climate crisis. Whilst the challenges are not unique to MM Flowers, there is a lot we can do to first understand, and then reduce, our footprint.

In 2022 we worked with external sustainability consultants to conduct a carbon Life Cycle Assessment of our biggest volume crop, a Kenya intermediate rose, followed by a full corporate carbon footprint. This work provided insight into our hotspots and provides the roadmap of where we need to focus. We have science-based targets and seek to be Net Zero across scopes 1, 2 and 3 by 2040, but know that we can't do it alone and that it requires collaboration to achieve our goals.

### Did you know?

**MM Flowers has significantly invested into decarbonising our operations via a 1.3MW solar array on the roof of our Huntingdon site. This currently delivers circa 20% of our energy use and we have plans to further invest in the coming years.**

## Circularity and Packaging

Circularity and material usage efficiency make sense, both financially and environmentally. Maximising the value of a material, extracting the most value from it before passing it on to a second or third usage, is vital to ensure we have the lightest footprint possible. Packaging plays a central role in our ESG strategy; we have an in-house steering group to drive packaging innovation and absolute reductions.

Our zero waste to landfill policy ensures that our operations in the UK and the Netherlands send 100% of their waste for composting, recycling or energy recovery. Our key growers have a variety of waste solutions including on-site plastic recycling and anaerobic digestors powered by flower waste.

### Did you know?

**Approximately 75% of our UK customers use closed loop Proconas or buckets for delivery to store, and via Royal FloraHolland we are part of a much wider closed loop system for buckets and boxes.**

## Water Security and Stewardship

Regardless of location, water is a resource all our growers depend on. We are utilising the WWF Risk Portal to understand where the water hot spots are and are building baseline data of regions most susceptible to negative impacts from water scarcity, quality, and flooding. This will allow us to develop an engagement programme to delve deeper into our supply chain and understand the broader mitigations these experts in their areas have already in place, and facilitate learning to support their continued development.

### Did you know?

**All our shareholder farms have stringent water management plans and have invested in rainwater harvesting, which captures runoff from the greenhouses and stores it in dams, reducing the need for direct aquifer and surface water abstraction. Across their Kenyan farms alone, our shareholders' water storage now totals over 700,000 cubic metres.**

## Farming Practices with Nature

Flowers are purchased for their beauty and therefore must be free from symptoms of pest attack and disease. Our crop protection strategy is underpinned by transparency, sharing information relating to all aspects of plant health and working with growers who employ integrated pest management and appropriate precautions when applying crop protection products. We employ a risk-based approach, removing or reducing chemicals identified as posing the highest risk from an environmental and human health perspective. Samples are taken regularly and anonymously from flowers delivered to our facilities and sent to a laboratory for robust, independent residue testing. For many years, our shareholder farms have invested significantly in alternative, non-chemical-based, integrated crop protection methods and we are working with our wider grower base to assess and mitigate biodiversity risks throughout our supply chain.

## Equatorial Freight Transformation

APEX Horticulture was established in 2018 as an independent business within the MM Flowers Group to provide testing and monitoring services for cut flowers and plants. The organisation has revolutionised the approach to understanding and solving some of the longest-standing problems in ornamental horticulture, such as disease control and extending vase life, providing invaluable insights across the value chain.

By far the largest and most impactful project undertaken by APEX relates to the transition from air to sea freight. APEX, together with shareholders' farms on the Equator, has been able to determine which current varieties can perform equally or better by sea. This work has informed which flowers, in particular roses, are now being shipped commercially by sea and is feeding data into breeding programmes to ensure that more flowers will be able to do so.

# ESG: Social

## Fair Wages and Worker Welfare

With 35,000 people working on shareholder flower farms across our vertically integrated supply chain, we recognise our responsibility to provide decent work and ensure good working conditions.

Through our collaboration with the FSI and other membership bodies we are committed to better understanding how we can work together to identify and continuously improve the lives of people who work across our supply chains.

### Did You Know?

**On our shareholder farms in Kenya, all employees receive free lunch, free transportation to and from work, and access to free healthcare. In Colombia and Ecuador, recognising the differing level of economic development, lunch, transportation and healthcare are also provided, but at a subsidised rate.**

## Diversity, Equity and Inclusion

Women play an integral part in our farming operations, and gender is our priority within the DEI agenda in our supply chain. We are mapping the makeup of the workforce at different management levels across our shareholder farms to identify areas for improvement. All our shareholder farms have gender sensitive processes, policies and committees in place, striving towards parity and women's empowerment. Pregnant women and lactating mothers also receive additional support, beyond maternity leave.

## Modern Slavery Prevention

Modern slavery is a risk in most businesses and especially in global supply chains. Our risk assessment process enables us to regularly assess and respond to risks within our own operations and supply chains. Read more about our approach to in our full Modern Slavery Statement on our website.

## Community Engagement

We strive to have a positive impact in the communities that we operate and source from, partnering with customers, suppliers and NGOs. In the UK we partner with local charities through providing product and financial donations, as well as skills based volunteering.

Across our vertically integrated supply chain in East Africa and South America community projects focus on education, health and nutrition, economic empowerment and gender. These projects provide benefits to employees as well as to the wider communities. All our shareholder farms have their own projects, tailored to their individual communities. Below is a snapshot of some of their work:

### Colombia

Fernando Berrero Caicedo Foundation was established in 2000 to help enhance the wellbeing of the Elite Group's employees and their families. The Foundation has programmes dedicated to adult education, university scholarships, physical and mental health, family counselling and children's education. In 2023 these benefited 6,233 individuals.

### Kenya

The Elite Group and VP Group are involved in community projects ranging from improving local roads to supplying purified drinking water to neighbouring communities. For example, VP Group has numerous partnerships with local schools to help improve education and childhood nutrition.

## Fairtrade

MM Flowers has a longstanding partnership with the Fairtrade Foundation, and we buy weekly volumes on Fairtrade terms all year round for several customers, sourced largely from our shareholders who collectively own 400 ha of Fairtrade-certified farms.

The Premium generated by Fairtrade sales is used to finance programmes chosen by farm workers themselves: projects that support gender equality, education and healthcare are popular choices. Similarly, leadership training and support for income generating activities means workers can learn important life skills that extend beyond farm boundaries.

> "I have been benefiting from Fairtrade premiums since 2016. To date these have enabled me to acquire items including a gas cooker, solar panels, chairs, and fencing for my home. I have educated my children to a higher level, and I believe my future will be brighter. I hope for continued support from Fairtrade and encourage Fairtrade customers to buy more flowers so that more premiums can be generated."
>
> **Evans Obiri,**
> General Worker, The Elite Group's Rainforest Farmlands, Naivasha, Kenya

# Group Leadership Team

Our 11-strong Group Leadership Team includes a wide range of expertise and experience, and is continuing to grow, with two new roles joining in 2024. The leadership team is supported by two Non-Executive Directors.

Executive Directors

Non-Executive Directors

## Phil Whelan 2006

Founder and Managing Director

Previous Experience:
KPMG, M&S

Phil is the founder of MM Flowers, and it is his determination, entrepreneurial spirit and revolutionary vision that has driven MM Flowers' evolution over the last 17 years.

## Daniel Pickford 2018

Group Finance Director

Previous Experience:
M&S, Tesco

Joining after a number of commercial roles and a vast accruement of finance experience, Dan is responsible for overseeing all financial operations within the MM Flowers Group.

## Nyika Brain 2022

Group ESG Director

Previous Experience:
Barclays, John Lewis Partnership

From a broad sustainability background, including in retail, Nyika joined with a responsibility to oversee ESG across the Group.

## Richard Brannam 2016

Group Business Director

Previous Experience:
Samworth Brothers

Having worked for blue-chip organisations, with roles in board-level operations, Richard has been responsible for developing footprint and capacity to underpin company growth.

## Rachel Coppillie 2022

Group HR Director

Previous Experience:
Antalis, Premium Foods
Cadbury

With extensive experience in HR across multiple industries, Rachel is responsible for the People Agenda across the MM Flowers Group.

## Colum Donnelly 2009

Group Technical Director and APEX Director

Previous Experience:
M&S, Bakkavor

A decorated horticultural background and an astute knowledge in import and processing, Colum is trusted to find scientific solutions to all aspects of the chain.

## Bas Ermerins 2015

Regional Director Europe

Previous Experience:
Rose Portal

After developing an online sourcing platform in East Africa, Bas joined the team, responsible for the European retail sales from our Dutch facility.

## Chris Harding 2023

Commercial Director

Previous Experience:
Flamingo Horticulture

Chris brings a wealth of commercial knowledge, accumulated throughout his career in the horticultural industry. He has responsibility for the UK business' commercial relationships.

## Ben Jessey 2012

Group Procurement Director

Previous Experience:
Tesco, Dole

With a background in procurement and buying, Ben is responsible for the strategic development, performance, and maintenance of the buying processes.

## Beverley Dixon 2017

Non-Executive Director

Experience:
Haygrove, G's Fresh

With a background in HR in UK, Europe, Africa and the USA, Beverley brings a creative approach to HR, underpinned by a commercial outlook.

## Syd Reid 2019

Non-Executive Director

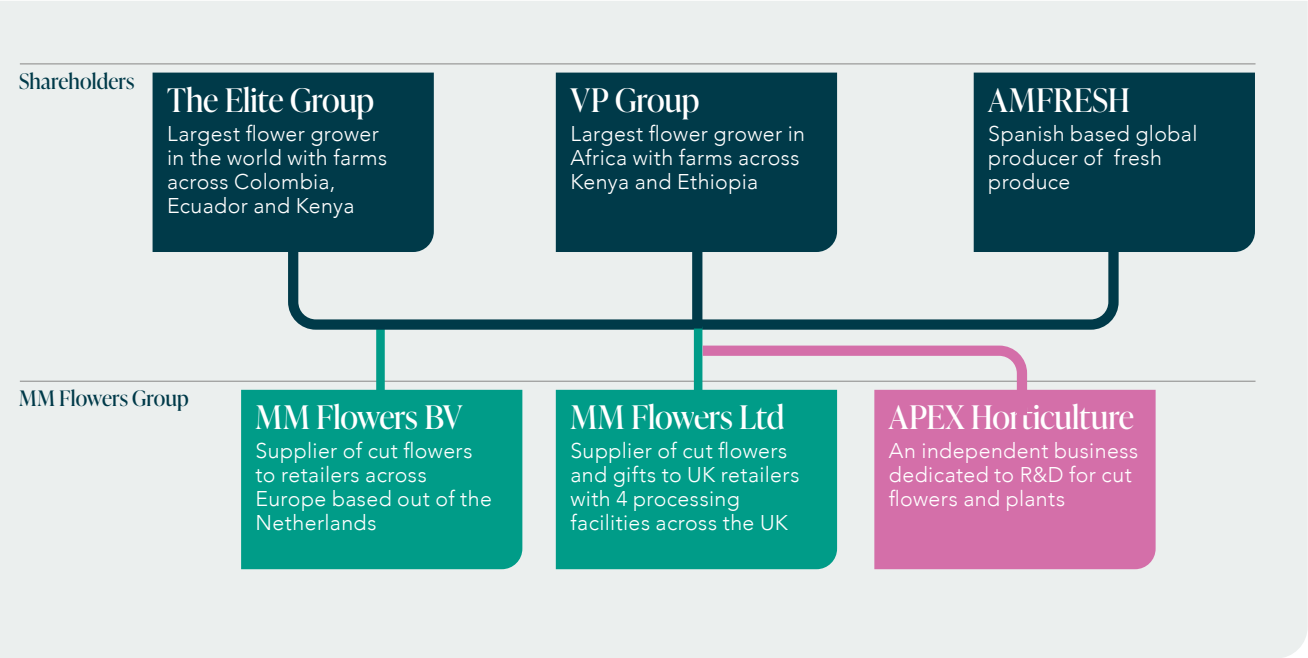
Experience:
M&S

Before joining MM Flowers, Syd attained a wealth of retailer and global supply chain knowledge, contributing valuable, independent guidance.

# Governance

MM Flowers' Board is comprised of two representatives from each of its three shareholder companies, as shown below. The Board formally meets three times a year but because MM Flowers sources from its shareholders, operational communication is far more dynamic.

The Board has delegated authority to the Managing Director and Finance Director to conduct the day-to-day management of MM Flowers in accordance with the budget and strategic business plan, and through the Managing Director to the Group Leadership Team (see page 15), which includes two Non-Executive Directors.




## Risk Management

Effective risk management safeguards our future success. MM Flowers regularly reviews its risk profiles, and incorporates them into both our management approach and delivery against our strategic objectives. Risk is firmly owned by our Group Leadership Team and is a standing agenda item for monthly meetings, with deep dives undertaken on a quarterly basis.

## Principal Risks and Uncertainties

### An Uncertain Trading Environment

Our core trading markets have been heavily impacted by the ongoing Cost-of-Living Crisis and the war in Ukraine. Throughout FY23 we saw significant inflation in our cost of goods, foreign exchange and energy price volatility and ongoing challenges with labour availability and Brexit policy uncertainty. The company works collaboratively with our retail and supply partners to minimise the impact of price increases on our end consumers, whilst protecting product quality.

### Liquidity

As a result of the uncertain trading environment and the need to continue to invest and grow our business, focus on liquidity and funding continues to be a priority across all levels of our business. Positive operating cash flows support the delivery of our three-year plan strategic goals with ongoing monitoring and stress testing of our covenants and capital allocation processes a key component of our business governance processes.

### Health and Safety

The health, safety and wellbeing of our employees is of paramount importance to us. As a result, the Directors continue to invest in measures to ensure a safe and enjoyable working environment.

### Business Continuity and Cyber Security

As a short shelf life business with key seasonal events, business continuity is core to our operation. Our vertically integrated supply chain, multiple processing sites and access to further processing sites in the upstream supply chain are key to the delivery of ongoing security of supply to our retail partners. Cyber security is a principal risk due to the extensive use of IT within the organisation. We have procedures and systems in place to mitigate this risk and we constantly strive to assess and improve our position.

### Environmental Responsibility Including Climate Change

As our customers become increasingly focused on climate change, this and our stewardship of our environmental responsibilities are increasingly recognised as a material risk to our business. Our investment in a dedicated ESG team and mapping our collective carbon footprint are leading to reductions in our carbon emissions working towards delivery of our objective to achieve Net Zero by 2040.

# Financial Summary

| | 2023<br>MMF Group<br>£ |
|---|---|
| **Financial key performance indicators** | |
| Turnover | 295,774,725 |
| Gross Profit | 26,574,590 |
| Gross Profit % | 8.9% |
| Administrative expenses | 23,051,704 |
| Administrative expenses % sales | 7.7% |
| Operating profit | 3,318,529 |
| **Adjusted EBITDA** | **6,014,897** |
| **Reconciliation of operating profit adjusted EBITDA:** | |
| Operating profit | 3,318,529 |
| Fair value losses/gains on derivative financial turnover | 204,357 |
| Depreciation | 1,382,665 |
| Amortisation | 338,744 |
| IFRS16 | 770,601 |
| **Adjusted EBITDA** | **6,014,897** |

MM Flowers continues to deliver growth across a number of metrics including Sales, Gross Margin and EBITDA. The Group is focused on delivery of the sales and EBITDA in line with the three-year plan agreed with our shareholders.

We have demonstrated our commitment to investing in the future of the business and therefore have continued our current policy not to pay a dividend. Underlying positive operating cash flow have been invested in the business to support both future capacity and inflation mitigation.

We recognise the importance of prompt payment practices to suppliers and therefore retain a negative working capital differential between supplier and customer payment days.

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