Ornua™

THE HOME OF IRISH DAIRY

ANNUAL REPORT 2021

CELEBRATING 60 YEARS
OF SUCCESS FOR THE IRISH DAIRY INDUSTRY

Ornua at 60

The Beginning

1961
The start of something

An Bord Bainne (Irish for 'The Irish Dairy Board') is launched to create export opportunities for Ireland's dairy industry, introducing the great taste of our milk and milk products to customers and consumers around the world.

an bord bainne

1962
Kerrygold is born

A good idea deserves a great name. Kerrygold debuts in the UK and a household name is born.

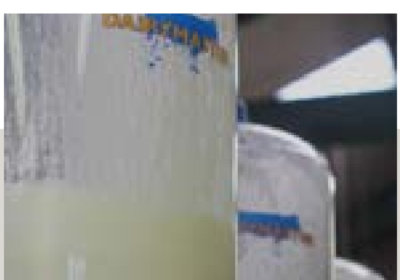
New Frontiers

1965
New frontiers

Within four short years, An Bord Bainne is winning new customers for Irish dairy in twenty countries.

1973
A whole new market

Now a co-operative, An Bord Bainne leverages the opportunities of Ireland's membership of the EEC to win customers across Europe. Kerrygold arrives in Germany – the start of a lasting relationship.



1984
EU milk quotas introduced

Changing times as the EU milk quota system is introduced to stabilise milk prices.

1989

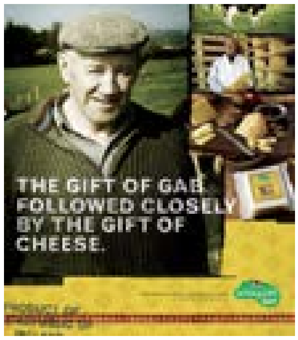
Show jumping and show stopping

Kerrygold begins its sponsorship of the Dublin Horse Show and An Bord Bainne's turnover hits £1 billion.

1991

Crossing the Atlantic

Kerrygold cheese is launched in the US, followed by Dubliner and Kerrygold butter eight years later.



Crossing the Atlantic

A New Dawn

2015

A new dawn

On the eve of the removal of EU milk quotas, the Irish Dairy Board rebrands as Ornua.

2016

A new home

Ornua opens Kerrygold Park, a €38 million state-of-the-art butter production facility in Mitchelstown, Co. Cork – the new home of Kerrygold butter.

€1 billion
in retail sales

2019

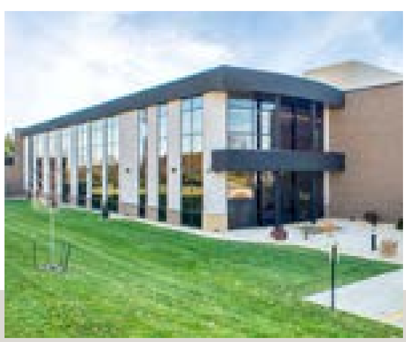
From Green to Gold

Kerrygold becomes the first Irish food brand to exceed €1 billion in annual retail sales.

2021

Expanding stateside

Ornua acquires Whitehall Specialties Inc, expanding its capability across the US cheese ingredients market, central to its long-term growth strategy.



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A Strong Performance

Ornua's purpose is to create value for Irish farming families. Its vision is to drive sustainable, profitable growth and to deliver customer success by investing in its dedicated people, its brands, and its global scale.

Guided by our values

Show you care

Seek and embrace new ideas

Make it happen

Be our true selves

Achieve great things together

Standout moments

Record year for Kerrygold with **11 million packets** of butter and cheese sold globally each week

Doubling of US cheese ingredients business with strategic acquisition of Whitehall Specialties Inc

Approval of a **€40 million** expansion of Kerrygold Park to enable the long-term growth of the brand

New five-year syndicated bank facilities of **€580 million** secured to support dairy industry growth

Launch of **five-year CSR & Sustainability strategy** outlining environmental, animal welfare, and community targets

Appointment of Independent Non-Executive Directors to the Board of Ornua, **deepening international expertise & strengthening diversity of thought**

Financial highlights

+6.9%

Turnover €m
Year-on-Year Change

2020	2021
2,343.5	2,504.1

+0.7%

Group EBITDA* €m
pre Ornua Value Payment
Year-on-Year Change
Before exceptional items

2020	2021
176.1	177.4

+1.3%

Operating Profit €m**
pre Ornua Value Payment
Year-on-Year Change
Before exceptional items

2020	2021
151.8	153.7

+11.3%

Net Assets €m
Year-on-Year Change

2020	2021
603.0	671.2

Returning value to Irish farming families

+20%

Premium Dairy Products €bn
Ornua purchased over €1.2 billion premium dairy products.

2020	2021
1.0	1.2

+13.5%

Ornua Value Payment €m

Additional premia and bonuses paid over and above product price.

2020	2021
68.7	78.0

+6.3%

Working Capital Facilities €m

Ornua provided up to €505 million in working capital facilities to members.

2020	2021
475	505

* Group EBITDA after Ornua Value Payment is €99.4m (2020: €107.4m)
** Operating Profit after Ornua Value Payment is €75.7m (2020: €83.1m)

Financial Statements – see page 38

Strong, Stable, and Sustainable

The experience and agility developed over six decades has ensured Ornua's effective response to the many challenges of 2021 while still delivering value for shareholders

Ornua had an excellent trading performance in 2021, on the back of an exceptional year in 2020 as consumption patterns started to recover from the initial impact of the pandemic. Ornua maximised value through expanding its branded portfolio and B2B innovation capabilities. It also leveraged its strong customer partnerships and international scale, to deliver for member shareholders and their 14,000 Irish dairy farmers.

Group turnover reached €2.5 billion, up 6.9% year-on-year with Group EBITDA* and Operating Profit* pre *Ornua Value Payment* up 0.7% and 1.3% respectively. As a co-operative, whose purpose is to create value for Irish dairy farming families, Ornua successfully captured and returned significant value in 2021, declaring an *Ornua Value Payment* of €78 million, up 13.5% year-on-year, on top of strong product prices paid across 389,000MT of Irish dairy product as reflected in the Ornua Purchase Price Index.

Growth for Good
The Board worked closely with the leadership team to further capitalise on Ornua's leading market positions, successfully implementing the second year of *Ornua 2025 – Growth for Good.*

As part of this ambitious plan, the Board made three notable investments including continued investment in Ornua's business transformation project – Evolve, the acquisition of Whitehall Specialties Inc (WSI), and the approval for the expansion of Kerrygold Park.

WSI expands Ornua's customer offering in the US cheese ingredients market, enabling the Group to generate profits in areas of core competence.

A comprehensive integration programme has been established to drive significant value for the business in the medium to long-term.

In late 2020, the Board approved a €40 million expansion of the existing facility in Kerrygold Park, Mitchelstown, an important enabler for the future success of the Kerrygold brand globally.

In November, Ornua successfully put in place new banking facilities that will enable the business to continue to grow over the next five years. We appreciate the ongoing support from both Irish and International banks, who continue to partner with Ornua.

Ornua's 60 years of experience in responding with agility to macro-economic pressures will stand to the business as it looks to build on its success of recent years.

Denis Cregan
Chair

*Before exceptional items

Global Dairy Markets

The average EU-27 farm-gate milk price increased by 8% in 2021, with the average Irish milk price rising by 18% year-on-year. The increase in milk price was driven by strong commodity markets with European cheese, butter, and SMP prices all well above the three-year average.

Looking ahead, markets will be firm throughout the first half of the year, before stabilising in the second half. Global milk supply will be negative in the first half of 2022, and will likely improve as the year progresses. The Russian invasion of Ukraine pushed input costs up further, and it appears likely that global milk supply will fall for the first time since 2016. This will tighten product availability and support the market.

Global challenges

Last year was dominated by a global shipping crisis that tested the resolve, and exposed the weaknesses, of supply chains worldwide. Container shortages, port congestion, and changing shipping schedules presented real challenges for all export businesses.

Ornua continues to manage through this crisis, leveraging its scale and agility, to secure significant capacity to meet the needs of its customers worldwide. Pricing volatility associated with container shortages, and the ongoing surge in demand, are expected to last throughout 2022. This presents significant challenges for the business in managing ongoing operational costs.

The administrative burden associated with Brexit continues to pose challenges. The business has invested in its people to manage enhanced control over import and export requirements and will continue to partner with its valued customers, ensuring continuity of supply in this strategically important market.

Sustainability

The Climate Action Plan was launched by the Irish government putting legally binding targets on the State to achieve ambitious carbon reduction targets. This marks the first time the government has been made legally accountable and represents a significant change in policy in this context. These targets represent a real challenge for the Irish dairy industry and will require input from the entire industry to ensure the right guidance and support is put in place to secure the long-term sustainability of the sector. As an industry, which is reliant on our grass-based farming system, the risk of climate change far outweighs the risk of climate action, and it is with this in mind that I am confident we can tackle this challenge head on.

Governance

The Board is committed to high standards of business oversight and acknowledges the value that strong corporate governance brings to the long-term sustainability of the business. In 2021, Diarmuid Lally, Edmund Lynch, Joe O'Sullivan, and Sean Sweeney were appointed to the Board by member suppliers. Anne McFarland and Anne O'Leary were appointed as Independent Non-Executive Directors. Ornua appointed Aidan O'Driscoll as Independent Non-Executive Director and Aidan will join the Board after the 2022 Annual General Meeting.

These appointments conclude the implementation of our new Advisory Council and Board structure, which delivers a modern, fit-for-purpose, co-operative model that maintains a crucial link between Ornua, its members, and the farmers that supply them.

Appreciation

I would like to extend my gratitude to John Jordan and the Executive team for steering the organisation through the ongoing challenges presented by a complex global trading environment. I would also like to thank my fellow Board members for their ongoing support, and express my sincere gratitude to the Directors who took up interim positions on the Board to facilitate the implementation of our new governance structure.

On behalf of the Board, I wish to commend Ornua's employees across the globe for their dedication in maximising the value of Irish dairy products in 110 markets worldwide. I would also like to extend my thanks to Ornua's co-op members, and the 14,000 Irish dairy farming families, who continue to successfully navigate the ongoing challenges facing the Irish dairy sector.

Looking ahead, Ornua faces significant challenges with geopolitical instability, rising transport costs, inflation, and an increase in costs of goods. Ornua's 60 years of experience in responding with agility to macro-economic pressures will stand to the business as it looks to build on its success of recent years.

Denis Cregan
Chair

Growth in Challenging Times

Anticipating, adapting, and evolving to thrive in an ever-changing world

Ornua delivered a strong trading performance in 2021, building on the Group's performance in 2020. Turnover reached €2.5 billion, up 6.9% and Group EBITDA* and Operating Profit*, pre *Ornua Value Payment,* saw positive year-on-year growth. This robust performance allowed the Group to declare a record €78 million *Ornua Value Payment* to member shareholders, up 13.5% year-on-year. This was made in addition to strong base returns across €1.2 billion in Irish dairy product purchases.

In December, Ornua secured a new five-year syndicated bank facility of €580 million. The new facility includes a €200 million *Revolving Credit Facility* to fund Ornua's working capital requirements and a €380 million *Reverse Invoice Discounting Facility* to fund working capital requirements of Ornua's member suppliers. The new facility, which was oversubscribed by our banking partners, extends to 2026 and incorporates sustainability key performance indicators that address emissions, waste, and diversity targets.

Global trading environment
Constant change and complex disruption aptly describe the environment that many businesses, including Ornua, operate in today. While at times it can be challenging, our 60 years in business is a reminder that managing difficult change is not new, and often brings out the best in our people.

Covid-19 has fundamentally changed so many aspects of our business. Some of the most significant shifts include changes to how consumers purchase food, the surge in retail demand, and the decline or disappearance of some of the 'out-of-home' sectors.

2021 saw an unprecedented supply chain crisis due to this change in consumer behaviour, coupled with a shortage of containers and congestion in ports as a result of labour shortages. Despite this, the team at Ornua remained focused on meeting the needs of our customers and consumers, a focus which has been reflected in strong sales growth across the business.

Ornua welcomed the suspension of punitive tariffs on Irish dairy products into the US in 2021. These tariffs represented a barrier to trade and their removal allows Ornua to invest further in this key strategic market. Closer to home, Brexit complexities remain. Updates to the rules governing trade with our nearest neighbour will need to continue to be managed closely.

Ornua, like many businesses, has faced many challenges over the past two years and it has become very clear that a strong culture of teamwork, resilience, and support has underpinned the fantastic performance of our teams.

John Jordan
Chief Executive

*Before exceptional items

Growth for Good

Ornua Foods enjoyed continued growth with 11 million packets of Kerrygold butter and cheese sold globally each week. New product launches ensured continued success with over 400 million consumers reached through sustained brand investment. I am delighted to report that we received planning permission for a €40 million expansion of our existing Kerrygold Park facility in Mitchelstown, Cork. This development will underpin our ambitious growth plans and deliver additional value for 14,000 Irish dairy farmers.

Ornua Ingredients expanded its footprint in the US market with the acquisition of Whitehall Specialties Inc, unlocking significant growth capacity and flexibility across six facilities in Wisconsin, Pennsylvania, and Minnesota. This acquisition further complements Ornua Ingredients' growing network of innovative cheese businesses, delivering significant innovation and manufacturing capability worldwide.

Sustainability

Ireland now has a Climate Action Plan that has put our net carbon emission targets on a legal footing, which is a real signal of intent and is to be welcomed. Irish dairy farming families are passionate about wanting to do what is right for the environment, ensuring the long-term sustainability of Ireland's farming traditions. As an industry, we are hugely committed to supporting the necessary change in tackling this challenge and need to ensure we leverage the best scientific knowledge, while offering appropriate supports, to help assist the delivery of changes required at farm level.

People

Ornua, like many businesses, has faced many challenges over the past two years and it has become very clear that a strong culture of teamwork, resilience, and support has underpinned the fantastic performance of our teams. It is important for us to continue to nurture this culture and ensure we are creating an environment where everybody can bring their whole selves to work.

To support the return to a more normal working environment, Ornua has introduced a dynamic working policy globally for enhanced work-life balance for our people. We have a strong Diversity & Belonging programme, with a broad range of initiatives that appeal to a wide cross-section of our community.

To help support our ambitious growth plans, we need to develop our next generation of leaders. In 2021, Ornua launched a new Leadership for Growth programme that focuses on fast-tracking the development of emerging leaders. Since 2019, more than 120 female leaders have completed our bespoke Women in Leadership course. A quarter of participants have already been further promoted within the organisation. Last year, women accounted of 36% of senior leaders in our succession pool, up from 17% five years ago.

The Future

We can already see there are significant challenges ahead for our business and the wider sector this year. The Climate Action Plan brings challenges for our industry and will require enormous effort and close collaboration from all stakeholders. We can also clearly see that the inflation on raw materials, packaging, fuel, energy, and salaries will continue to put significant competitive pressure on many Irish businesses during 2022. Covid-19 will continue to play a major role in all our lives, whether that relates to how we engage with work, where we consume our calories, or how we interact with our communities.

Geopolitical instability, global trade barriers, supply chain challenges, and market volatility will continue to have a significant impact on our business and will need to be monitored and managed closely.

Over the last 60 years, Ornua has responded to a lot of change and proven itself to be an agile and resilient business. While I have no doubt that 2022 will continue to present many new challenges, I am confident that the Ornua team will rise to each one and continue to build on the great success that we have had to date.

I would like to thank our Chairman, Board of Directors, and Executive team for their ongoing support. I would like to extend a warm welcome to the Whitehall Specialties Inc team of 450 people who joined the Ornua business and wish to sincerely thank them, and all 2,900 of our people globally, for their continued dedication to the success of our business. Finally, I would also like to thank our member co-operatives and the generations of Irish farmers who continue to believe in our ability to create value for them and their families.

John Jordan
Chief Executive

Bottlenecks, Brexit, & Rising Costs

Supply-demand dynamics continue to support prices

Supply

While the Covid-19 pandemic continued to impact all aspects of the global dairy industry, its impact on global milk supply was not as significant as its impact on demand.

Global milk supply was positive with flows up 0.8% year-on-year. Volumes were higher than the three-year average, but the growth rate eased compared to a strong 2020 base. Milk flows fell sharply in the second half of the year with US, European, and New Zealand collections all weaker, with rising input costs tightening farmers' margins.

This meant that global production of many commodities fell back year-on-year. While cheese and casein output rose, production of butter, SMP, and WMP were all weaker. In addition to weaker output, availability was affected by supply chain bottlenecks which resulted in difficulties for buyers in securing product.

Demand

Global demand was resilient against the backdrop of the pandemic. Demand in the retail sector was strong, with lockdowns encouraging consumers to eat at home. While sales eased compared to 2020, volumes were above 2019 levels. Overall foodservice demand was below average, particularly in Europe, but recovered strongly in the US and countries with fewer public restrictions. Chinese export demand was exceptional, but high pricing stifled demand in other regions. Global export growth was not as strong as in previous years, however, trade was affected by weaker output and supply chain issues. Growth in global demand eased in 2021, but demand rose at a faster rate than supply, due to an urgency among buyers to secure product.

Pricing

According to the EU Commission, the average EU-27 farm-gate milk price increased by 8% in 2021, with the average Irish milk price rising by 18% year-on-year. The increase in milk price was driven by strong commodity markets, with European cheese, butter, and SMP prices well above the three-year average. There were signs that prices could have fallen after a quiet summer buying period, though markets rallied in late quarter three and into quarter four. This trend was replicated in New Zealand, with prices above the three-year average. In the US, cheese and butter prices were below average for much of the year but strengthened in quarter four and finished the year in a strong position.

The average EU-27 farm-gate milk price increased by 8% in 2021, with the average Irish milk price rising by 18% year-on-year.

Future

Markets will be firm throughout the first half of the year, before stabilising in the second half. Global milk supply will be negative in the first half of 2022, and will likely improve as the year progresses. The Russian invasion of Ukraine pushed input costs up further, and it appears likely that global milk supply will fall for the first time since 2016. This will tighten product availability and support the market.

Demand has proven to be resilient throughout the pandemic, aided by strong retail sales and exceptionally strong Chinese imports. However, with the rate of Chinese buying likely to ease and other regions more sensitive to higher pricing, an immediate return to strong export growth is not guaranteed. UK import volumes from Ireland have also fallen since Brexit.

While there are some demand-side pressures, most notably the expected slower Chinese demand and concerns around affordability in the more price-sensitive developing world, the weaker supply picture suggests we are in for a year of record dairy prices.

Above & Beyond

Award-winning products, greener packaging, and investing for the future

Ornua Foods enjoyed continued growth in 2021. Despite significant supply chain challenges, 11 million packets of Kerrygold butter and cheese were sold globally each week.

Growth for Good

Ornua welcomed the removal of punitive tariffs on Irish dairy products into the US in 2021. Kerrygold achieved 12% volume growth, outperforming the retail butter category and strengthening its position as the number two butter brand in the US - a market serving 330 million consumers. Kerrygold launched a range of new products, including Butter with Olive Oil, which was awarded *Best Butter* in the *PEOPLE Food Awards 2021*.

Kerrygold butter continues to be the fastest-selling brand on supermarket shelves in Germany, with two-thirds of households purchasing Kerrygold during the year. Kerrygold launched a range of new cheese products including Cheddar Burger slices, which were nominated for *Product of the Year 2021* by *Lebensmittel Praxis*, championing Kerrygold as the most popular dairy brand in the country.

In Ireland, Kerrygold outperformed the category with the launch of two new products: Kerrygold Spreadable and Kerrygold Unsalted Irish Butter. In the UK, value share of Kerrygold increased year-on-year, with Kerrygold butter winning gold at the *International Cheese and Dairy Awards*.

In the Middle East, Kerrygold launched butter sticks, the fastest selling format in the category, across Saudi Arabia, Kuwait, and Jordan.

Ornua commissioned a €40 million expansion on its existing site at Kerrygold Park in Mitchelstown. This expansion is a key part of its strategy to meet the growing global demand for Kerrygold, delivering value for members and the 14,000 Irish farming families they represent.

Brand Investment

As Ireland's most successful food export, with ambitious growth plans, Kerrygold is committed to long-term and sustained investment in its markets. In 2021, Kerrygold reached c. 400 million consumers as it launched its new global campaign - *The Making of Together*. This campaign is centred around the sharing of good food and the memories created during these special moments.

Pilgrims Choice, the number two cheddar brand in the UK, launched a *Positive Choice* campaign that built upon its launch of the *Megablock*, an innovative packaging solution that uses 40% less plastic. The campaign centred around how making small choices in relation to plastic reduction can lead to a big impact for the environment.

€40 million

Ornua has commissioned a €40 million expansion on its existing site at Kerrygold Park in Mitchelstown, Co. Cork.

Kerrygold reached 400 million consumers globally through its marketing activities and saw the launch of its new global communications platform The Making of Together.

11 million

11 million packets of Kerrygold butter and cheese sold globally each week.

Pilgrims Choice launched its new Positive Choice campaign, building awareness around its innovative packaging solution that uses 40% less plastic.

In Ireland, Kerrygold outperformed the category with the launch of two new products: Kerrygold Spreadable and Kerrygold Unsalted Irish Butter.

Cooperative by Nature

Collaboration and partnership delivering winning results

Ornua Ingredients continued to forge long-lasting, reciprocal customer partnerships globally, helping ensure the long-term sustainability of its business.

Cooperative by Nature

Ornua Ingredients collaborates in partnership with global manufacturing and foodservice customers to ensure a sustainable approach to doing business in a volatile dairy market. Ornua Ingredients has the technical capability and market expertise, coupled with the scale and agility, to deliver bespoke solutions to help its customers grow their business.

Ornua Ingredients again delivered a strong performance globally last year, with positive growth. This performance was achieved against a backdrop of a slower than anticipated foodservice recovery, significant challenges in global shipping, trade complexities associated with Brexit, and commodity price inflation.

The global shipping crisis remained a challenge for businesses worldwide, but despite container shortages and labour challenges, Ornua Ingredients successfully shipped 500 containers of quality dairy products to customers globally each week.

Growth for Good

Ornua Ingredients North America (OINA) has been on a strong growth trajectory in recent years and completed the acquisition of US cheese ingredients business Whitehall Specialties Inc, to facilitate its next stage of growth. The acquisition complements the existing OINA business and expands its footprint across six facilities. The addition of four production facilities will unlock significant growth capacity and flexibility to support the ambitious plans of existing and new customers.

This acquisition further complements Ornua Ingredients' growing network of innovative cheese businesses across Europe, the Middle East, the UK, and the US, delivering significant innovation and manufacturing capability worldwide.

In Europe and the Middle East, Ornua Ingredients expanded its pizza cheese product portfolio with the launch of a variety of cheese appetisers and flavoured string cheese products into leading quick service restaurants. This enhanced its position as a leading supplier of pizza cheese globally.

Ornua Ingredients continued to show strong growth across its cheddar portfolio in North Africa, and its milk powder portfolio in Africa, where consumers seek a source of affordable, nutritious dairy products.

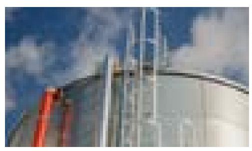
Ornua effectively managed the global supply chain crisis, ensuring continuity of supply to customers.

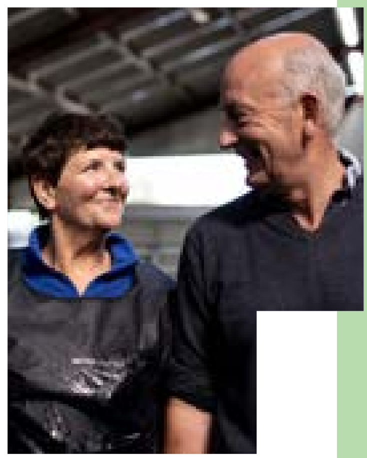
Ornua Ingredients continued to show strong growth across its milk powder portfolio in Africa, where consumers seek a source of affordable and nutritious dairy products.

Ornua completed the acquisition of US cheese ingredients business Whitehall Specialties Inc, expanding its production footprint across six well-invested facilities.

In Europe and the Middle East, Ornua Ingredients expanded its pizza cheese product portfolio with the launch of a variety of cheese appetisers and flavoured string cheese products into leading quick service restaurants.

ENVIRONMENTAL, SOCIAL, & GOVERNANCE REPORT





As a growing global organisation operating in a complex trading environment, Ornua is committed to environmental, social, and governance (ESG) initiatives that ensure business resiliency and help drive long-term value for its stakeholders.

Ornua's ESG report outlines a range of targeted initiatives that ensure positive climate action, social responsibility to farmers, members, employees, suppliers, customers, and communities, and details its governance structure that ensures transparency and accountability across the organisation.

Growing Greener

From farm to fork, Ornua is innovating and collaborating to reduce its environmental footprint

The impact of climate change is being felt globally and businesses have a responsibility to enact real change. Driving down emissions will touch every part of Ornua's business and will require a *farm to fork* approach in adopting new practices and technologies.

Ornua's enviromental goals are aligned with the Sustainable Development Goals (SDGs)

Emissions

In 2021, Ornua set a target of a 25% reduction in Scope 1 & 2 emissions by 2025. Last year, energy and water audits were completed across manufacturing facilities to identify opportunities for improvement. This enabled the business to develop a group-wide carbon reduction roadmap that clearly outlines a path to reducing its carbon footprint. One of the biggest opportunities for Ornua is moving to renewable energy which, combined with energy efficiency initiatives in manufacturing sites, will contribute significantly to its overall target.

Ornua's impact does not stop at its facilities, and the business has set a target of 20% intensity reduction in Scope 3 emissions by 2025. To help support this target, Ornua is investing in a three-year research programme, examining potential innovations to reduce methane emissions in Irish dairy farming. The programme looks at a range of potential innovations including feed additives, influence of mixed species swards, and the role of genetic merit in methane emission. If successful, it will allow the industry to scale up and roll out across the country contributing to overall targets.

Ireland is the most carbon efficient producer of dairy products in the Northern Hemisphere and has committed to further farm-gate emission reductions of 22 - 30% through the Climate Action Plan.

Food Waste

In 2021, Ornua began reporting under the 10x20x30 initiative which brings together over ten of the world's largest food retailers, each engaging at least 20 suppliers, to halve food waste by 2030. Ornua is proud to partner with Tesco, which is a key retailer in this initiative. Halving food waste by 2030, from a 2020 baseline, is in line with the United Nations Sustainable Development Goal to halve global per capita food waste by 2030. Since 2016, Ornua's food waste volumes as a proportion of total food handled have decreased by 10%.

Packaging

Last year saw the completion of a global packaging audit of 520 stock keeping units (SKUs) at sites across Ornua that helped inform a roadmap to 100% fully circular packaging by 2030. Ornua's commitment to sustainable packaging is closely aligned to key customers' packaging strategies and is anchored in four pillars: Responsible Sourcing, Recycling and Recyclability, Reduction and Reuse, and Circularity Investment.

In 2021, Ornua Foods UK won Tesco's *Supplier of the Year* for packaging for its innovative approach to reducing plastic and packaging in its private label cheese range.

Accreditations

Ornua was awarded Origin Green Gold Membership in 2021 for industry leading sustainability achievements and was recognised in excelling in its sustainability efforts. The business received exemplary results across areas such as raw materials, manufacturing, and social sustainability.

Ornua also became the first Irish dairy co-operative to achieve the *Business Working Responsibly Mark* from *Business in the Community Ireland*. The mark is a testimony of excellence in Environmental Social Governance.

Eva Griffin, CSR & Sustainability Specialist, and Bernard Condon, Managing Director of Ornua Ingredients, accept Origin Green Gold Membership on behalf of Ornua.

Ornua's global success would not be possible without the close collaboration, care, and commitment of its strong global team. It is important for people to flourish and reach their full potential, enabling the business to drive growth for members, farmers, and the communities in which it operates.

Ornua's social goals are aligned with the Sustainable Development Goals (SDGs)

Success Starts at Home

The co-operative ethos underpins everything Ornua does, from the materials it sources to the charities it supports and the principles it lives by

Creating value

Ornua's purpose is to create value for member co-ops and the 14,000 Irish dairy farmers they represent. In 2021, it paid strong product prices across 389,000MT of Irish dairy products, as evidenced by the monthly Ornua Purchase Price Index. In addition, Ornua added €78 million in value to products purchased through the *Ornua Value Payment* which is made up of monthly and year-end cash bonuses and the premium paid on member purchases.

Culture & Engagement

The co-operative ethos is at the heart of how Ornua does business and it ensures the success of its customers and members through an engaged workforce. Employee engagement reached 77% in 2020, up 4% year-on-year, which is an increase recognised as outperformance. In 2021, Ornua introduced a dynamic working policy for employees which ensures flexibility in the workplace and supports an enhanced work-life balance for its global team.

Fostering talent

To help support its ambitious growth plans, Ornua is committed to developing its next generation of leaders. In 2021, a new Leadership for Growth programme was launched which focuses on fast-tracking the development of emerging leaders. Since 2019, over 120 female leaders have completed its bespoke Women in Leadership course, a quarter of whom have been further promoted within the organisation.

Diversity & Belonging

A total of 78% of employees believe Ornua is a place where people from diverse backgrounds can, and do, succeed. Ornua's approach to Diversity & Belonging has been about implementing small steps and simple initiatives, and its strategy centres around creating a culture where everybody can bring their whole selves to work.

Significant progress was made throughout the year which saw the introduction of Miscarriage and IVF leave policies, and the launch of a New Parents Programme to support families in the workplace. Gender diversity is also improving. Last year, 36% of the senior leaders in talent succession pools were women, which is up from 17% five years ago.

Health & Safety

Ornua is committed to the health and safety of its people and its partners. Last year, the business completed a range of training programmes to enhance the safety of the working environment. Ornua's Health and Safety policy is the cornerstone of its safety strategy, and the Executive is committed to continuous improvement through engagement and support from global teams. In 2021, Ornua experienced a 16% reduction in total accidents compared to the previous year.

Responsible sourcing

Ornua implemented exemplary responsible sourcing standards into each member supplier contract with the introduction of the Kerrygold Standard. In 2021, Ornua introduced a Business Partner Code of Conduct that signals its broader commitment to operating responsibly and upholding human rights. This requires Ornua to work with business partners that consistently meet its standards and are committed to values of conduct that are compatible with its own.

Giving back

Ornua launched a central CSR fund with Rethink Ireland to back innovative solutions working to build sustainable communities in Ireland. The €200,000 fund awarded five high-potential projects in the areas of water, rural development, and biodiversity. In 2021, the awardees mobilised 68 volunteers and prevented an estimated 250MT of greenhouse gas emissions and 4,100kg of waste being generated.

Last year, Ornua launched a volunteering policy to allow all employees avail of volunteer hours to give back to their local communities.

Ornua Co-operative Society is a co-operative committed to operating in accordance with best practice in corporate and co-operative governance. This means maintaining the highest standards of financial reporting, risk management, business integrity, and ethics.

Ornua's governance structure is comprised of two distinct bodies: (1) the Ornua Board and (2) the Ornua Advisory Council.

The Board

The Board of directors is made up of directors appointed by Ornua's member suppliers, directors appointed by farmer or industry organisations, Executive Directors, and Independent Non-Executive Directors. The Board's principal responsibilities are to agree overall strategy and investment policy, manage risk, approve major capital expenditure, provide an essential challenge function to the Chief Executive Officer and Executive Team, monitor Executive performance, and ensure that good corporate governance is observed at all times, including the presence of proper internal controls and risk management practices.

The Board plays a key role in scrutinising financial and business performance. The Group's planning and financial reporting procedures include operational budgets for the year ahead, the delivery of KPIs, and a 5-year strategic and financial plan, all of which require Board review and approval. The Board receives regular reports on important operational and business issues arising in its two Group divisions: Ornua Foods and Ornua Ingredients. It also receives topical briefs and training during the year to assist individual Directors to remain fully informed and responsive to relevant developments. The Board held seven ordinary meetings in 2021 which covered routine Board business and one special Board meeting to consider the acquisition of Whitehall Specialties Inc.

Induction and Training

Newly appointed Board members undergo a structured induction programme involving presentations and site visits to ensure that they have the necessary knowledge and understanding of the Group and its activities. A programme of training and continued development is also in place whereby Directors are offered ongoing training and updates on subjects relevant to the performance of their duties as directors of Ornua.

The Advisory Council

The Advisory Council is made up of individuals appointed by members of Ornua, IFA, ICMSA and ICOS (one appointee each), and the Chair of the Board (an independent Non-Executive Director). The primary role of the Advisory Council is to monitor, on behalf of the members of Ornua, the direction, performance, and operations of the Group. To this end, it holds four meetings annually with the Executive of Ornua to discuss Ornua's performance and high-level strategic direction.

Conflicts of Interest and Business Conduct and Ethics

A register of Directors' interests is maintained. Directors make declarations of interests upon appointment, then again periodically during their term of office where a particular issue or event prompts a declaration of interest. A Code of Conduct for the Ornua Board of Directors addresses the standards required of each member in the performance of their functions as a member of the Board.

The Chair

The Chair, who is elected by the Board annually, must be an independent Non-Executive Director. The Chair's primary role is to facilitate good corporate governance by ensuring that the Board is in full control of the Society's affairs, aware of its legal and other obligations, and alert to its responsibilities to shareholders. The Chair ensures that the Board is kept properly informed, is consulted on all issues reserved to it, and that its decisions are made in a timely and considered way so as to enable the Directors to fulfil their duties.

The Directors

The Directors are entrusted to bring an independent judgement to bear on all matters of consideration. Their wide-ranging experience, backgrounds, and skillsets ensure that they can contribute significantly to the Board and, specifically, engage in constructive debate and challenge management in relation to both the development of strategy and the performance of the Group against the goals set by the Board and the Society's stakeholders. The Chair liaises with the individual Directors informally during the year. These communications, and other regular informal discussions, create the opportunity for valuable input from all Directors.

The CEO and Executive Team

The CEO has responsibility for ensuring that the organisation and its subsidiary companies operate effectively and to a high standard of probity. The appointment and removal of the CEO is a decision reserved for the Board, in accordance with the Rules of Ornua Co-operative Society. The operational day-to-day management of the Group is delegated by the Board to the CEO. The CEO chooses to deliver the performance of executive functions by a team of Executive level employees. The CEO is responsible for leading, managing, and controlling the Group, save for those matters reserved for decision by the Board and/or its committees.

The Executive team is subordinate to the Board. The key responsibilities and tasks delegated to the Executive team include:

- implementing Board strategy, decisions, and policy;
- monitoring compliance with legislative requirements and rules of the Society;
- ensuring effective performance and co-ordination of the Group's business activities within its divisions;
- overseeing operational performance, including health and safety and sustainability performance;
- monitoring and controlling financial performance; and
- approving expenditure and other financial commitments as delegated by the Board.

The Secretary

The Board is guided in the lawful and diligent performance of its functions by the Secretary who attends all Board meetings. The Secretary facilitates Board business through the provision of timely and appropriate advice on matters of law and governance. The Secretary works closely with the Rules Committee which, under new Terms of Reference adopted in 2021, has been tasked with advising the Board on good corporate governance. The Secretary also advises the Board on appropriate procedures for the management of its meetings and the effective discharge of its duties. With the approval of the Chair, and on the advice of the CEO, the Secretary sets the Board meeting agenda and order of business and follows up on all outstanding matters. The appointment and removal of the Secretary is a decision reserved to the Board. All Board Directors have access to the confidential counsel of the Secretary as and when necessary.

Internal and External Audit

Internal Audit

The Internal Audit department is an integral function of the Group. The internal audit plan requires annual approval and periodic review by the Audit Committee. The results, recommendations, and significant findings are reported to the Executive team via the Head of Internal Audit and are periodically summarised for the Audit Committee throughout the year. The Internal Audit function reports directly to the Chair of the Audit Committee and the CEO, thereby ensuring its independence and objectivity, and is afforded unfettered access to these reporting lines and throughout the Group.

External Audit

The external auditors provide the Audit Committee (as delegated by the Board) with reports on the external audit of the Group. The Committee annually assesses the external auditors' independence and objectivity, the effectiveness of the external audit process, the provision of additional services, and the level of audit and non-audit fees.

Risk Management, Assurance, and Internal Control

The Board acknowledges it has ultimate responsibility for risk management and internal controls. This includes the Group's risk governance structure and determining the Group's risk appetite to ensure success in achieving its strategic objectives and maintaining an appropriate internal control environment. The Audit Committee reviews the design and effectiveness of the Group's risk management and internal control systems to ensure an effective process exists for the identification, assessment, and management of risk.

Risk Management

Risk Management Policy

The Risk Management Policy sets out the Group's attitude to risk. The Group has a framework for identifying and managing risk, at all levels of the business, to ensure we remain alert to the ever-changing environment in which we operate. The Group's risk assessment framework underpins a common language and approach to risk management and facilitates the early identification and assessment of the principal risks and uncertainties facing the Group today. By focusing on the early identification of business risks, the framework enables us to consider the appropriate mitigation steps or management actions required to eliminate the risk or to reduce the risk to an acceptable level. The Group business risk assessment process is carried out quarterly and involves the Executive team, senior business managers, and Internal Audit. The process is sponsored by the Chief Risk and Compliance Officer, and the updated risk register is presented to the Audit Committee quarterly, and the Board annually.

Risk Monitoring and Reporting

On a quarterly basis, significant business units are requested to complete a formal risk review and submit their register of key business risks for Executive level review. The risk register template ensures consistency of approach in reporting the risks and helps to underpin a common language and approach to the risk management process. The process requires significant business units to rank their top risks by impact and likelihood of occurrence, and to continually assess the appropriateness of the risk mitigation steps in place. The key focus of this review is to ensure the Group's residual risks are within the scope of what the Board is willing to accept in order to achieve its strategic objectives. These risks are presented to the Audit Committee quarterly as a consolidated register of significant Group risks, along with management's key mitigations. This is in addition to ongoing business risk updates provided to the Audit Committee during the year.

Principal Risks and Uncertainties

Ornua operates in a fast-moving global foods market which is becoming more and more complex and challenging. The performance of the Group is influenced by a number of factors and is becoming increasingly exposed to a large variety of risks which need to be managed in order to achieve our strategic objectives. Where possible, the Group has policies, processes, and controls in place to mitigate these risks.

Among the principal risks currently faced by Ornua, together with an example of a key mitigating activity in respect of each, are:

Risk	Example of a Key Mitigating Activity
Integration of Whitehall Specialties Inc	A dedicated integration management office with a detailed resource plan.
Cybercrime	Managed and led by Chief Information Security Officer and ICT Security Manager, policies, procedures, annual ICT awareness training, phishing simulations, and cyber security webinars are in place to educate and protect against cybercrime.
Global labour shortages	A Resourcing Challenge Network has been established to focus on talent shortages throughout the Group and a Global Operations Academy is being developed to attract and retain labour in operational facilities, focusing on enhanced training, career development, and external accreditation for operational employees.
Increased costs due to inflation	Increased focus on mitigating inflationary pricing.
Covid-19	A central Covid-19 Crisis Management Team is in place to manage Business Continuity Plans which ensure safety of employees, ongoing operations of business, remote working and return to office planning.
Health & Safety	Health & Safety (H&S) policy and procedures are in place and H&S officers are employed throughout the Group subsidiaries, with monthly reporting to the Executive team on H&S KPIs.
Supply chain capacity	Group planning, forecasting, and procurement teams are in place and collaborate to manage stock demand and ensure supply chain capacity.

Other factors which may impact on the business are:

> Any major food safety issue or Irish dairy industry issue may result in a supply disruption or contamination of products and/or raw materials which would ultimately impact the Group's growth potential or ability to operate and have a serious impact on the Group's reputation and brands or our customers' brands. The Group is committed to food safety and quality regulations and aims to employ best practice in its procurement procedures and across all its production facilities to maintain the highest standards.

> Geopolitical and policy developments which impact on the global trade environment. The conflict in Ukraine, the withdrawal of the UK from the EU, the ongoing impact of the Covid-19 pandemic, and international trade disputes generally could have a damaging displacement effect, negatively impacting on logistical arrangements and undermining trade flows and business relations. The Group seeks to mitigate these developments through active monitoring and analysis, market and product diversification, and customer engagement and relationship building.

> Volatility of commodity markets and industry changes, including the sustainable supply of raw materials to our businesses, which could have a negative impact on the Group's financial results. In order to minimise this risk, the Group employs experienced senior trading and commercial managers in this area to help manage the positioning of the businesses in this regard.

> Current volatility and price inflation in the global economy may adversely affect customer spending, which could result in less demand for our products. Although the Group is unable to influence the global economic conditions, our diverse portfolio and the geographical spread of our businesses provide a certain level of mitigation in this regard.

> Financial market volatility, including currency fluctuation risks which are controlled via our centrally operated Treasury function.

> Some trade receivables and large customer concentration risks give rise to credit risk, which is diversified based on our risk appetite, while the Group has trade credit insurance as a measure of last resort.

> As with any business, there is a risk of fraudulent activity, which the Group's control environment and anti-fraud programme is designed to mitigate.

> The Group can be subject to legal claims arising through the normal course of business. The Group has put in place relevant policies and procedures to ensure there are valid defences against such claims.

DIRECTORS' REPORT

FINANCIAL STATEMENTS

SUPPLEMENTARY INFORMATION

Directors' Report

For the period ended 25 December 2021

The Directors submit their report together with the audited financial statements for the period ended 25 December 2021.

Directors' Responsibilities Statement

The Directors are responsible for preparing the Annual Report and the financial statements in accordance with Irish law and regulations.

Irish law requires the Directors to prepare financial statements for each financial period giving a true and fair view of the state of the Society's assets, liabilities, and financial position at the end of the financial period, and of its profit or loss for the financial period. Under that law, the Directors have elected to prepare the financial statements in accordance with Generally Accepted Accounting Practice in Ireland (accounting standards issued by the Financial Reporting Council of the UK including Financial Reporting Standard 102 'The Financial Reporting Standard applicable in the UK and the Republic of Ireland' and Irish law).

In preparing these financial statements, the Directors are required to:

> select suitable accounting policies and then apply them consistently;
> make judgements and estimates that are reasonable and prudent;
> state whether the financial statements have been prepared in accordance with applicable accounting standard;
> prepare the financial statements on a going concern basis, unless it is inappropriate to presume that the Society will continue in business.

The Directors are responsible for keeping proper books of account that disclose, with reasonable accuracy at any time, the financial position of the Society and enable them to ensure that the financial statements have been properly prepared in accordance with the requirements of the Industrial and Provident Societies Act, 1893 to 2018. They are also responsible for safeguarding the assets of the Society and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

The Directors are responsible for the maintenance and integrity of the corporate and financial information included on the Society's website. Legislation in Ireland governing the preparation and dissemination of financial statements may differ from legislation in other jurisdictions.

Books of Account

The Directors, through the use of appropriate procedures and systems and the employment of competent persons, have ensured that measures are in place to secure compliance with the Group's obligation to keep proper books of account. The books of the Society are kept at its registered office.

Going Concern

For a period of at least twelve months from the date of approval of the financial statements, the Directors have assessed the Group's budget, cash flow forecasts, and the assumptions relating to the profitability and cash generation of the Group, including the impact of Covid, the Ukraine crisis, and recent significant cost inflation and how that is being mitigated via increased sales prices amongst other initiatives.

The Directors, after making enquiries, have a reasonable expectation that the Group has adequate resources to continue operating for the foreseeable future. For this reason, the going concern basis continues to be adopted in preparing the financial statements.

Principal Activities

Ornua is a dairy co-operative, the principal activity of which is to sell dairy products on behalf of its members, Ireland's dairy processors and, in turn, the Irish dairy farmer. Ornua is Ireland's largest exporter of Irish dairy products, exporting to 110 countries worldwide. Headquartered in Dublin, it has annualised sales of €2.5 billion and has a strong global team of over 2,900 employees. It operates from 10 business units worldwide, including 16 production facilities, and has sales and marketing teams working in-market across all strategically important markets.

The Group is comprised of two divisions: Ornua Foods and Ornua Ingredients. Ornua Foods is responsible for the marketing and sales of Ornua's consumer brands including Kerrygold, Dubliner, Pilgrims Choice, Kerrygold Avantage, Forto, and BEO. Markets are served by production facilities and in-market teams in Africa, Asia, Germany, Ireland, the UK, the rest of Europe, the Middle East, and the US. Ornua Ingredients is responsible for the procurement of Irish and non-Irish dairy products and for the sale of dairy ingredients to food manufacturing and foodservice customers. Ornua Ingredients is supported by production facilities and in-market teams in Saudi Arabia, Spain, the UK, the US, Africa, and the Middle East.

2021 Global Markets

Global demand was resilient against the backdrop of the pandemic. Demand in the retail sector was strong, with lockdowns encouraging consumers to eat at home. Foodservice demand was below average but recovered strongly in the US and countries with fewer public restrictions. Global milk supply was positive with flows up 0.8% year-on-year.

The average EU-27 farm-gate milk price increased by 8%, with the average Irish milk price rising by 18% year-on-year. The increase in milk price was driven by strong commodity markets with European cheese, butter, and SMP prices, all well above the three-year average.

Financial Performance

Group turnover reached €2.5 billion, up 6.9% year-on-year with Group EBITDA* and Operating Profit* pre *Ornua Value Payment* up 0.7% and 1.3% respectively. As a co-operative, whose purpose is to create value for Irish dairy farming families, Ornua successfully captured and returned significant value in 2021, declaring an *Ornua Value Payment* of €78 million, up 13.5% year-on-year, on top of strong product prices paid across 389,000MT of Irish dairy product as reflected in the Ornua Purchase Price Index.

Balanced Portfolio

Ornua Foods experienced strong growth with 11 million packets of Kerrygold butter and cheese sold globally each week. New product launches ensured continued success with over 400 million consumers reached through sustained brand investment.

The removal of punitive tariffs on Irish dairy products into the US was welcomed in 2021. Kerrygold butter achieved 12% volume growth, outperforming the category, and strengthening its position as the No. 2 butter brand. Kerrygold butter continues to be the fastest selling branded product on supermarket shelves in Germany, with Kerrygold now the most popular dairy brand in the country.

Ornua Ingredients expanded its footprint in the US market with the acquisition of Whitehall Specialties Inc, unlocking significant growth capacity and flexibility in Wisconsin, Pennsylvania, and Minnesota. The acquisition further complements Ornua Ingredients' growing network of innovative cheese businesses, delivering significant manufacturing capability worldwide.

Operational Highlights

The Group continues to deliver strong results across the business. Key operational highlights for 2021 include:

> Excellent trading performance with Group Turnover of €2.5 billion, up 6.9%;
> Strong returns for Irish dairy farmers across 389,000MT of product delivering an additional €78 million Ornua Value Payment to Member shareholders, up 13.5%;
> Record year for Kerrygold with 11 million packets of butter and cheese sold globally each week;
> Doubling of US cheese ingredients business with strategic acquisition of Whitehall Specialties Inc;
> Approval of a €40 million expansion of Kerrygold Park to enable the long-term growth of the brand;
> New five-year syndicated bank facilities of €580 million secured to support dairy industry growth;
> Launch of five-year CSR & Sustainability strategy outlining environmental, animal welfare, and community targets;
> Appointment of two Independent Non-Executive Directors to the Board of Ornua, deepening international expertise & strengthening diversity of thought.

Health & Safety

Ornua is committed to the health and safety of its people and its partners. Last year, the business completed a range of training programmes to further enhance the safety of the working environment. Ornua's Health and Safety policy is the cornerstone of its safety strategy, and the Group Executive is committed to continuous improvement through engagement and support from global teams.

Subsidiary Undertakings

A list of the significant trading subsidiary companies is included in Note 29 to the financial statements.

Executive and Directors' Remuneration

Executive remuneration at Ornua is subject to full oversight by the Board and is reviewed by the Personnel and Remuneration Committee. The Personnel & Remuneration Committee report on pages 36 and 37 outlines committee information, remuneration consultants, remuneration policy, and key management personnel disclosure.

Directors' and Secretary's Shareholdings

The Directors and Secretary, and their families, had no interests in the shares of the Society or any other Group company at any time during the period.

Political Donations

The Group did not make any political donations during the year (2020: €nil).

Corporate Governance

The Governance section on pages 22 to 25 sets out the Group's application of corporate governance principles, the Group's governance structure, the Group's system of risk management and internal control, and the principal risks and uncertainties facing the Group.

Auditors

The Rules of the Society provide that the Auditor shall be appointed at the Annual General Meeting. The incumbent Auditor is eligible for reappointment.

*Before exceptional items

Post Balance Sheet Events

On 24 February 2022, Russian troops started invading Ukraine. To date, the war has had no significant impact on the Group's assets and business. However, the longer term global economic impact of the war is as yet unknown. The Directors continue to actively review the situation in order to mitigate any impact that it may have on the business.

Board members as at 25 December 2021

Director	Notes	Appointed by
Denis Cregan (i)(ii)(iii)(iv)	Chairman	Independent Non-Executive Director
Stephen Arthur (i)	Appointed 16th April 2021	Irish Farmers Association
Dr Sean Brady (iii)(iv)		Lakeland Dairies Co-operative Limited
Donal Buggy		Executive Director
Jerry Houlihan (ii) (iii)		Arrabawn Co-operative Society Limited
John Hunter (i)		Tipperary Co-operative Creamery Limited
John Jordan		Executive Director
Diarmuid Lally (ii) (iv)	Appointed 11 March 2021	Glanbia Co-operative Society Limited
Edmund Lynch (i) (iv)	Appointed 11 March 2021	Dairygold Co-operative Society Limited
Pat McCormack (iii) (iv)		Irish Creamery Milk Suppliers Association
Anne McFarland (ii) (iii) (iv)	Appointed 19 April 2021	Independent Non-Executive Director
Anne O'Leary (i) (ii)	Appointed 19 April 2021	Independent Non-Executive Director
Michael O'Shea (iii)		North Cork Co-operative Creameries Limited
Joe O'Sullivan (ii)	Appointed 11 March 2021	Carbery Food Ingredients Limited
Jim Russell (ii)		Irish Co-operative Organisation Society
Sean Sweeney (i) (iv)	Appointed 11 March 2021	Aurivo Co-operative Society Limited

Note on changes to the Board during 2021: Helen Brophy, John Malone, Henry Corbally, and Gus O'Brien resigned with effect from 11 March 2021. Tom Phelan resigned with effect from 16 April 2021.

Committee members as at 25 December 2021

(i) Member of the Audit Committee
(ii) Member of the Personnel and Remuneration Committee
(iii) Member of the Acquisitions and Investment Committee
(iv) Member of the Rules Committee

Advisory Council members as at 25 December 2021

Member	Appointed by
Denis Cregan	Chairman & Independent Non-Executive Director
Stephen Arthur	Irish Farmers Association
Jim Bergin	Glanbia Co-operative Society Limited
John Daly	Tipperary Co-operative Creamery Limited
Michael Hanley	Lakeland Dairies Co-operative Limited
Jason Hawkins	Carbery Food Ingredients Limited
John Murphy	Glanbia Co-operative Society Limited
Pat McCormack	Irish Creamery Milk Suppliers Association
John O'Gorman	Dairygold Co-operative Society Limited
Jim Russell	Irish Co-operative Organisation Society
Conor Ryan	Arrabawn Co-operative Society Limited
Pat Sheahan	North Cork Co-operative Creameries Limited
T J Sullivan	Carbery Food Ingredients Limited
Donal Tierney	Aurivo Co-operative Society Limited
Jim Woulfe	Dairygold Co-operative Society Limited

Note on changes to the Advisory Council during 2021: Tom Phelan resigned from 16th April 2021 and was replaced by Stephen Arthur. Martin Keane resigned on 9th September and was replaced by John Murphy.

On behalf of the Board of Directors

Denis Cregan
Chair

John Jordan
Chief Executive

11 May 2022

AUDIT COMMITTEE REPORT

On behalf of the Board, I am pleased to present the Audit Committee ("the Committee") Report for the period ended 25 December 2021.

– Anne O'Leary

This report outlines how the committee performed the functions delegated to it by the Board over the course of the year and contains the following information:

> Committee Information
  – Membership
  – Responsibilities
  – Meetings
  – Activity

Committee Membership

During the year, there were changes to the membership of the Committee with new members appointed.

Currently, the Committee is made up of one Independent Non-Executive Director and four stakeholder-nominated Directors as follows:

> Anne O'Leary*
  (from 11 March 2021)
> Sean Sweeney
  (from 11 March 2021)
> John Hunter
> Edmund Lynch
  (from 11 March 2021)
> Stephen Arthur
  (from 16 April 2021)

* appointed as Chair of Committee from 13 July 2021

The following were also members of the Committee during 2021:

> Helen Brophy
  (resigned 11 March 2021)
> Denis Cregan**
> Tom Phelan
  (resigned 16 April 2021)

** Chair of Committee until 13 July 2021

The Group's Company Secretary acts as secretary to the Committee.

Committee Responsibilities

The Committee's role, authority, duties, and scope are set out in its terms of reference which are approved by the Board. The Board may, on occasions, request assistance from the Audit Committee on specific matters. In accordance with its Terms of Reference, the Audit Committee has oversight of a wide range of matters including:

> Reviewing the Group's Annual Report and financial statements and recommending to the Board whether or not to approve the annual accounts;
> Scrutiny of significant judgements and estimates made in the financial statements and the disclosures in the Annual Report;
> Monitoring and assessing of the Group's risk management systems including quarterly review of updated risks and the Group's risk register and mitigating activities;
> Approval of certain corporate and financial policies designed to improve the system of internal control;
> Assessing the appropriateness of the Group's financial accounting policies;
> Making recommendations to the Board on the appointment of external auditors (including remuneration and other terms of engagement);
> Monitoring the performance and the quality of the work of the Group's external auditors and their independence;
> Monitoring and reviewing the effectiveness of the company's internal audit function including approval of the annual internal audit plan and reviewing significant findings arising from internal audit work;
> Monitoring, through reports to it by both internal and external audit and management, the internal controls which are in force and monitoring any remedial actions;
> Receiving reports from management on the effectiveness of the systems they have established, and the conclusions of any testing carried out by internal and external auditors.

Committee Meetings

During the year, the Committee held six meetings. The Chair of the Committee reported to the Board following Committee meetings.

The Chief Executive Officer, the Chief Financial Officer, the Head of Internal Audit, and the external audit partner were invited to attend meetings, where attendance was required to discuss specified matters. Members of the Executive were also invited to present to the Audit Committee on specific areas of Risk Management.

At each meeting, the Committee has a separate discussion in the absence of management.

In performance of its duties, the Audit Committee members have unrestricted access to both the internal auditors and the external auditors.

Periodic updates of the work of the Audit Committee are provided to the Board to facilitate the Board's informed assessment of the Group's internal control system and Risk Management framework.

Summary of Committee Activity

In addition to the matters set out in its Terms of Reference, referred to above, the Committee carried out the following key activities in 2021:

> Approval of an External Quality Assessment of the internal audit function (completed early 2022);
> Review of the Group Register of Key Risks and Mitigations;
> Receiving presentations on Risk Management in the Group from the Chief Risk and Compliance Officer, the Head of Operational Risk, and the Head of Insurance.

ACQUISITIONS & INVESTMENT COMMITTEE REPORT

On behalf of the Board, I am pleased to present the Acquisitions and Investment Committee ("the Committee") Report for the period ended 25 December 2021.

– Jerry Houlihan

This report contains the following information:

> Committee Information
  – Membership
  – Responsibilities
  – Meetings
  – Activity

Committee Membership

During the year, there were changes to the membership of the Committee with new members appointed. Currently, the Committee is made up of two Independent Non-Executive Directors and four stakeholder-nominated Directors as follows:

> Jerry Houlihan*
> Denis Cregan**
> Sean Brady
> Pat McCormack
> Michael O'Shea
> Anne McFarland (from 11 March 2021)

The Group's Company Secretary acts as secretary to the Committee.

* appointed as Chair of Committee from 11 March 2021
** Chair of Committee until 11 March 2021

Committee Responsibilities

The Acquisitions and Investment Committee, in accordance with its Terms of Reference which are approved by the Board, has oversight on a wide range of matters including:

> Reviewing and considering proposals from management in respect of significant acquisitions, investments, disposals, and capital expenditure and, where appropriate, makes recommendations to the Board;
> Oversight of a budgetary process and authorisation levels that regulate capital expenditure;
> Evaluation of all investment projects, as well as material capital expenditure proposals, which are then escalated for Board consideration;
> Periodic review of approved projects to ensure they are being implemented in accordance with the approvals received.

Committee Meetings

During the year, the Committee held six meetings. The Chair of the Committee reported to the Board following Committee meetings.

Summary of Committee Activity

In addition to the matters set out in its Terms of Reference, the Committee carried out the following key activities in 2021:

- An ongoing review of the Terms of Reference of the Committee;
- A review of Group Strategy on Mergers and Acquisitions (M&A);
- Review of proposed capital expenditure at Ornua Deutschland;
- Review of ongoing M&A activity, including the purchase during 2021 of Whitehall Specialties Inc.

RULES COMMITTEE REPORT

On behalf of the Board, I am pleased to present the Rules Committee ("the Committee") Report for the period ended 25 December 2021.

– Sean Brady

This report contains the following information:

> Committee Information
  – Membership
  – Terms of Reference
  – Responsibilities
  – Meetings
  – Activity

Committee Membership

During the year, there were changes to the membership of the Committee with new members appointed. Currently, the Committee is made up of two Independent Non-Executive Directors and five stakeholder-nominated Directors as follows:

> Sean Brady*
> Denis Cregan**
> Pat McCormack
> Diarmuid Lally (from 11 March 2021)
> Edmund Lynch (from 11 March 2021)
> Sean Sweeney (from 11 March 2021)
> Anne McFarland (from 11 March 2021)

The Group's Company Secretary acts as secretary to the Committee.

* appointed Chair of Committee from 11 March 2021
** Chair of Committee until 11 March 2021

Terms of Reference

The Committee carried out a review of its Terms of Reference in 2021 and proposed a number of changes which were approved by the Board on 9 November 2021.

Committee Responsibilities

The Rules Committee, in accordance with its Terms of Reference which are approved by the Board, has oversight on a wide range of matters including:

> Overseeing the implementation of the Rules of the Society ("Rules");
> Reviewing the Rules periodically to ensure that they are appropriate in their application and amending where required;
> Advising the Board on matters of corporate governance.

Committee Meetings

During the year, the Committee held six meetings. The Chair of the Committee reported to the Board following Committee meetings.

Summary of Committee Activity

In addition to the matters set out in its Terms of Reference, the Committee carried out the following key activities in 2021:

> The provision of guidance to the other sub-committees of the Board on matters that all committees might wish to address when reviewing their respective Terms of Reference;

> At the request of the Board, a review of the Group's Corporate Governance Manual, which is expected to be completed in 2022;

> An ongoing review of potential corporate governance structures and codes to ensure that Ornua has the appropriate framework in place that will enable strategy, support growth, and optimise the return of value to members.

PERSONNEL & REMUNERATION COMMITTEE REPORT

On behalf of the Board, I am pleased to present the Personnel & Remuneration Committee ("the Committee") Report for the period ended 25 December 2021.

- Anne McFarland

This report contains the following information:

> Committee Information
  – Membership
  – Terms of Reference
  – Responsibilities
  – Meetings
  – Activity
> Remuneration Consultants
> Remuneration Policy
> Key Management Personnel Disclosure

Committee Membership

During the year, there were changes to the membership of the Committee with new members appointed. Currently the Committee is made up of three Independent Non-Executive Directors and four stakeholder-nominated Directors, as follows:

> Anne McFarland* (from 11 March 2021)
> Anne O'Leary (from 11 March 2021)
> Denis Cregan**
> Diarmuid Lally (from 11 March 2021)
> Jerry Houlihan
> Jim Russell
> Joe O'Sullivan

* appointed as Chair of the Committee from July 2021
** Chair of Committee until July 2021

The following were members of the Committee until 11 March 2021:

> Gus O'Brien
> Henry Corbally

Committee Terms of Reference

During the year, the Committee reviewed and updated their Terms of Reference. These Terms of Reference were then approved by the Board. The Terms of Reference are available at all times to any member of the Board and upon request to members of the Advisory Committee.

Committee Responsibilities

The following sets out the main responsibilities of the Committee:

> To determine the remuneration policy;
> To determine the remuneration (salary, pension, and other benefits) and terms of employment, including termination provisions for the Chief Executive and Group Executives (the Chief Executives senior direct reports including any Executive Directors), and to oversee any major changes in the Executive benefit structures throughout the Group;
> To establish and provide ongoing oversight of remuneration policies and procedures across the Group;
> To approve the principles, methodology, and outcomes of senior management incentive arrangements and administer the short-term incentive plan for the Chief Executive;
> To administer and make grants under the Ornua Long-Term Incentive Plan in accordance with the rules of the plan;

- To review the fees for the Chair of the Board, Non-Executive Directors, and Advisory Council and present recommendations to the full Board for approval;
- To arrange for external benchmarking of remuneration levels of the Chief Executive, Group Executives, and Non-Executive Directors, at least every three to five years;
- To ensure that the Chair of the Board reviews the performance of, and provides feedback to, the Chief Executive on an annual basis;
- To agree the policy for authorising claims for expenses from the Chief Executive, Chair, and Board Directors;
- Evaluate the effectiveness of the Committee every two years and review its Terms of Reference.

Committee Meetings

During the year, the Committee held six meetings. The Chair of the Committee reported to the Board following Committee meetings.

The Chief Executive, members of the Executive, and external advisors were invited to attend Committee meetings for specified agenda items. No Director or senior executive was present when their own remuneration was discussed.

An external advisor reporting direct to the Chair of the Committee was available for advice to members of the Committee and was on occasion invited to Committee meetings.

Summary of Committee Activity

The following lists the key activities undertaken by the Committee in 2021:

- Annual approvals in relation to salary, short-term incentive payments, long-term incentive grants and payments;
- Review and update of Committee Terms of Reference;
- Consideration of report from Willis Towers Watson on Executive Trends and Insights;
- External benchmarking by Korn Ferry of Chief Executive and Group Executive total remuneration;
- Consideration of report from external consultant Performance Reward Consulting Ltd. on the short-term incentive plan;
- Review and update of Remuneration Policy;
- Review of short-term incentive plan for implementation for Group Executive in 2022;
- Review of long-term incentive plan (LTIP) and implementation of a cap on LTIP vesting in relation to member returns for LTIP grants from 2022 onwards;
- Consideration of product price and member returns in the design of incentive arrangements.

Remuneration Consultants

The Committee engaged with external remuneration consultants, Korn Ferry and Willis Towers Watson, during the year. Korn Ferry also provides some recruitment services to Ornua.

Remuneration Policy

A new remuneration policy for the Chief Executive and Group Executives was drafted by the Committee and approved by the Board.

Ornua's Remuneration Policy has been designed to support and align around Ornua's values, purpose, and delivery of business strategy.

The remuneration framework for Ornua's Group Executive is based on a total remuneration approach which is delivered through fixed and variable remuneration. The fixed component of remuneration consists of base salary, allowances, and pension, and will be in the range of 40-60% total remuneration.

Key Management Personnel Disclosure

The remuneration of key management personnel, charged to the Group Income Statement (but not necessarily paid in 2021) is shown on page 75.

Independent Auditors' Report to the members of Ornua Co-operative Limited

Report on the audit of the financial statements

Opinion

In our opinion, Ornua Co-operative Limited's Group financial statements (the "financial statements"):

- give a true and fair view of the Group's assets, liabilities and financial position as at 25 December 2021 and of its profit and cash flows for the period then ended; and
- have been properly prepared in accordance with Generally Accepted Accounting Practice in Ireland (accounting standards issued by the Financial Reporting Council of the UK, including Financial Reporting Standard 102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland" and Irish law).

We have audited the financial statements, included within the Annual Report, which comprise:

- the Group Balance Sheet as at 25 December 2021;
- the Group Income Statement for the period then ended;
- the Group Statement of Comprehensive Income for the period then ended;
- the Group Statement of Changes in Equity for the period then ended;
- the Group Cash Flow Statement for the period then ended; and
- the notes to the financial statements, which include a description of the significant accounting policies.

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (Ireland) ("ISAs (Ireland)") and applicable law. Our responsibilities under ISAs (Ireland) 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 Ireland, which includes IAASA's Ethical Standard, and we have fulfilled our other ethical responsibilities in accordance with these requirements.

Conclusions relating to going concern

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 ability to continue as a going concern for a period of at least twelve months from the date on which 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 ability to continue as a going concern.

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.

Independent Auditors' Report to the members of Ornua Co-operative Limited (continued)

Responsibilities for the financial statements and the audit

Responsibilities of the Directors for the financial statements
As explained more fully in the Directors' Responsibilities Statement set out on page 27, 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 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 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 (Ireland) 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.

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 IAASA website at: https://www.iaasa.ie/getmedia/b2389013-1cf6-458b-9b8f-a98202dc9c3a/Description_of_auditors_responsibilities_for_audit.pdf.

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 Group's members as a body in accordance with section 14 of the Industrial and Provident Societies Act 1893 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

Industrial and Provident Societies Act, 1893 reporting

As required by section 13(2) of the Industrial and Provident Societies Act, 1893 we examined the parent society balance sheet showing the receipts and expenditure, funds and effects of the society, and verified the same with the books, deeds, documents, accounts and vouchers relating thereto, and found them to be correct, duly vouched, and in accordance with law.

Siobhán Collier
for and on behalf of PricewaterhouseCoopers
Chartered Accountants and Statutory Audit Firm
Dublin
11 May 2022

Group Income Statement for the period ended 25 December 2021

	Notes	2021 €'000	2020 €'000
Turnover		**2,504,141**	2,343,467
Cost of sales		**(2,137,177)**	(1,999,385)
Gross profit		**366,964**	344,082
Selling and distribution expenses		**(196,600)**	(176,517)
Administration expenses - excluding amortisation		**(87,913)**	(76,539)
Administration expenses - amortisation		**(6,767)**	(7,958)
Operating profit before exceptional items		**75,684**	83,068
Exceptional items	4	---	(12,183)
Operating profit after exceptional items		**75,684**	70,885
Share of results of associates and joint ventures	10	**2,635**	8,869
Interest payable (net)	5	**(4,619)**	(4,850)
Net interest expense on defined benefit pension schemes	24	**(318)**	(379)
Profit before taxation	2	**73,382**	74,525
Taxation	6	**(16,890)**	(15,660)
Profit for the financial period		**56,492**	58,865
Profit attributable to:			
Owners of the parent		**57,027**	63,728
Non-controlling interest		**(535)**	(4,863)
		56,492	58,865

The notes on pages 45 to 76 form part of these financial statements.

Group Statement of Comprehensive Income for the period ended 25 December 2021

	2021 €'000	2020 €'000
Profit for the period	**56,492**	58,865
Other comprehensive income/(expense)		
- Remeasurement of net defined benefit obligation	**7,114**	(3,334)
- Cash flow hedges		
- Change in value of hedging instruments	**(11,108)**	3,172
- Reclassification to profit and loss	**(3,172)**	5,903
- Currency translation differences	**21,600**	(22,662)
- Total tax on components of other comprehensive income	**879**	(212)
Other comprehensive income/(expense) for the financial period, net of tax	**15,313**	(17,133)
Total comprehensive income for the period	**71,805**	41,732
Total comprehensive income/(expense) attributable to:		
Owners of the parent	**72,368**	47,283
Non-controlling interest	**(563)**	(5,551)
	71,805	41,732

Group Balance Sheet as at 25 December 2021

	Notes	2021 €'000	2020 €'000
Fixed assets			
Intangible assets	8	**68,563**	56,391
Tangible assets	9	**251,261**	205,897
Associates and joint ventures	10	**6,249**	3,243
Loans to associates and joint ventures	10	**517**	465
Other investments	10	**845**	845
		327,435	266,841
Current assets			
Inventories	11	**781,625**	585,955
Debtors	12	**408,176**	338,998
Restricted cash	22	**6,140**	7,681
Cash and bank balances	21	**76,368**	144,604
		1,272,309	1,077,238
Creditors: amounts falling due within one year	13	**(787,561)**	(687,144)
Net current assets		**484,748**	390,094
Total assets less current liabilities		**812,183**	656,935
Creditors: amounts falling due after one year	16	**(97,363)**	(12,140)
Post employment benefits	24	**(18,176)**	(26,160)
Provision for liabilities	18	**(25,459)**	(15,600)
Net assets		**671,185**	603,035
Capital and reserves			
Called up share capital	19	**19,649**	19,649
Revenue reserves	19	**663,930**	579,349
Cash flow hedging reserve	19	**(9,105)**	3,108
Share premium	19	**32**	32
Capital levy account	19	**256**	256
Members' equity interest (before redeemable loan stock)		**674,762**	602,394
Redeemable loan stock	7	**4,459**	8,114
Members' funds		**679,221**	610,508
Non-controlling interest		**(8,036)**	(7,473)
Total equity		**671,185**	603,035

The notes on pages 45 to 76 form part of these financial statements.

On behalf of the Board of Directors

Denis Cregan
Chair
11 May 2022

John Jordan
Chief Executive

Group Statement of Changes in Equity for the period ended 25 December 2021

	Share Capital €'000	Share Premium €'000	Cash Flow Hedging Reserve €'000	Capital Levy Account €'000	Revenue Reserves €'000	Annual Bonus Fund €'000	Redeemable Loan Stock €'000	Members Equity Interest €'000	Non-controlling Interests €'000	Total €'000
At 29 December 2019	19,624	32	(4,893)	256	540,067	2,500	9,825	567,411	(1,922)	565,489
Profit/(loss) for the period	---	---	---	---	63,728	---	---	63,728	(4,863)	58,865
Other comprehensive income/(expense) for the period:										
Remeasurement of net defined benefit obligation	---	---	---	---	(3,334)	---	---	(3,334)	---	(3,334)
Cash flow hedges										
- Change in value of hedging instruments	---	---	3,172	---	---	---	---	3,172	---	3,172
- Reclassification to profit and loss	---	---	5,903	---	---	---	---	5,903	---	5,903
Currency translation differences	---	---	---	---	(21,974)	---	---	(21,974)	(688)	(22,662)
Total tax on component of other comprehensive income	---	---	(1,074)	---	862	---	---	(212)	---	(212)
Transfer to/from annual bonus fund	---	---	---	---	---	(2,500)	2,500	---	---	---
Redemption of loan stock/issue of shares (note 7)	25	---	---	---	---	---	(4,211)	(4,186)	---	(4,186)
At 27 December 2020	**19,649**	**32**	**3,108**	**256**	**579,349**	**---**	**8,114**	**610,508**	**(7,473)**	**603,035**
Profit/(loss) for the period	---	---	---	---	57,027	---	---	57,027	(535)	56,492
Other comprehensive income/(expense) for the period:										
Remeasurement of net defined benefit obligation	---	---	---	---	7,114	---	---	7,114	---	7,114
Cash flow hedges										
- Change in value of hedging instruments	---	---	(11,108)	---	---	---	---	(11,108)	---	(11,108)
- Reclassification to profit and loss	---	---	(3,172)	---	---	---	---	(3,172)	---	(3,172)
Currency translation differences	---	---	---	---	21,628	---	---	21,628	(28)	21,600
Total tax on component of other comprehensive income	---	---	2,067	---	(1,188)	---	---	879	---	879
Redemption of loan stock (note 7)	---	---	---	---	---	---	(3,655)	(3,655)	---	(3,655)
At 25 December 2021	**19,649**	**32**	**(9,105)**	**256**	**663,930**	**---**	**4,459**	**679,221**	**(8,036)**	**671,185**

A description of each reserve account is included in note 19.

Group Cash Flow Statement for the period ended 25 December 2021

	Notes	**2021 €'000**	2020 €'000
Cash (used in)/generated from operations	20	**(32,952)**	148,768
Income tax paid		**(18,926)**	(10,331)
Net cash (outflow)/inflow from operating activities		**(51,878)**	138,437
Cash flows from investing activities			
Purchase of tangible assets	9	**(28,984)**	(22,634)
Purchase of intangible assets	8	**(11,380)**	(7,098)
Purchase of subsidiary undertaking (net of cash acquired)	26	**(48,433)**	---
Proceeds from sale of assets		**315**	4,230
Proceeds from sale of subsidiary (net of cash disposed)	4	**---**	566
Repayment of loans advanced to associates and dividends from associates		**---**	20,773
Interest received		**74**	56
Decrease/(increase) in restricted cash	22	**1,541**	(2,580)
Net cash used in investing activities		**(86,867)**	(6,687)
Cash flows from financing activities			
Interest paid		**(6,391)**	(5,205)
Proceeds from/(repayment of) borrowings		**85,000**	(80,000)
Payments in respect of loan stock		**(3,659)**	(4,151)
Net cash generated from /(used in) financing activities		**74,950**	(89,356)
Net (decrease)/increase in cash and cash equivalents in the period		**(63,795)**	42,394
Balance at beginning of the period		**144,604**	102,196
Foreign exchange (losses)/gains		**(4,441)**	14
Cash and cash equivalents at the end of the period	21	**76,368**	144,604

Notes to the Financial Statements

1 Statement of Accounting Policies

a) Statement of Compliance

These financial statements have been prepared in accordance with applicable accounting standards, including Financial Reporting Standard 102 – 'The Financial Reporting Standard applicable in the United Kingdom and Republic of Ireland' ('FRS 102'). The financial statements comprise the Income Statement, the Statement of Comprehensive Income, the Balance Sheet, the Statement of Changes in Equity, the Cash Flow Statement, and the notes to the financial statements.

The financial statements have been prepared under the historical cost basis except for the modification to a fair value basis for certain financial instruments as specified in the accounting policies below and the measurement of the net defined benefit pension liabilities at the fair value of the plan assets less the present value of the defined benefit obligation.

The Directors, after making appropriate enquiries, have a reasonable expectation that the Group has adequate resources to continue in operational existence for a period of at least 12 months from the date of approval of the financial statements. The Group therefore considers it appropriate to adopt the going concern basis in preparing its financial statements.

The financial statements contained herein are presented in euro, which is the functional currency of the Parent Company, Ornua Co-operative Limited. The functional currencies of the Group's main subsidiaries are Euro, US dollar and sterling.

The 2021 financial statements are for 52 weeks from 27 December 2020 to 25 December 2021. The comparative period was the 52 weeks from 29 December 2019 to 26 December 2020.

b) Basis of consolidation

The financial statements of the Parent Society and its subsidiary undertakings are incorporated in the Group financial statements. All Group companies apply consistent accounting policies.

(i) Subsidiary undertakings are included in the financial statements from the date on which control is obtained and cease to be consolidated from the date on which control is lost by the Group. Subsidiaries are all entities where the Group has control. Control is the power to govern the financial and operating policies of an entity to obtain benefits from its activities.

(ii) An associate is an entity, being neither a subsidiary nor a joint venture, in which the Group holds a long-term interest and where the Group has significant influence. The Group considers that it has significant influence where it has the power to participate in the financial and operating decisions of the associate. The results of associates are accounted for using the equity method of accounting.

(iii) Non-controlling interests represent the proportion of the profit or loss and net assets of a subsidiary attributable to equity interests that are not owned, directly or indirectly through subsidiaries, by the Group. The Group treats transactions with non-controlling interests as transactions with equity owners of the Group. For purchases of equity from non-controlling interests, the difference between any consideration paid and the relevant share acquired of the carrying value of net assets of the subsidiary is recognised directly in equity. Gains or losses on disposals to non-controlling interests, without a loss of control, are also recognised directly in equity.

(iv) In the Income Statement, the Group shows separately the results of continuing and discontinued operations. All operations are classified as continuing unless an operation meets the criteria to be classified as a discontinued operation. A discontinued operation is a component of an entity that has been disposed of and:

a. represents a separate major line of business or geographical area of operations; or
b. was part of a single co-ordinated plan to dispose of a separate major line of business or geographical area of operations; or
c. was a subsidiary acquired exclusively with a view to resale.

(v) When the Group ceases to have control, any gain or loss is recognised in the Income Statement. The cumulative amounts of any difference on translation, recognised in equity, are not included in the gain or loss on disposal. The gain or loss also includes amounts included in Other Comprehensive Income that are required to be reclassified to the Income Statement. Where control of a subsidiary is achieved in stages, the initial acquisition that gave the Group control is accounted for as a business combination. Thereafter where the Group increases its controlling interest in the subsidiary the transaction is treated as a transaction between equity holders. Any difference between the fair value of the consideration paid and the carrying amount of the non-controlling interest acquired is recognised directly in equity. No changes are made to the carrying value of assets, liabilities or provisions for contingent liabilities.

(vi) Intercompany transactions, balances and unrealised gains and losses on transactions between Group companies are eliminated upon consolidation.

c) Revenue recognition

Revenue represents the value of the consideration received or receivable, for goods and services from third party customers. Revenue is recorded at invoice value, net of discounts, allowances, volume and promotional rebates and excludes VAT. The Group recognises revenue when (a) the significant risks and rewards of ownership have been transferred to the buyer; (b) the amount of revenue can be measured reliably; and (c) it is probable that future economic benefits will flow to the Group. Revenue is recognised when control of the products has transferred, which is usually upon shipment, or in line with terms agreed with individual customers.

Notes to the Financial Statements (continued)

1 Statement of Accounting Policies (continued)

c) Revenue recognition (continued)

Rebates and discounts are provided for based on agreements or contracts with customers, agreed promotional arrangements and accumulated experience. Any unutilised accrual is released after assessment that the likelihood of such a claim being made is highly improbable.

The Group enters into a number of sale of debtor arrangements. Under the terms of these agreements the Group has transferred substantially all of the credit risks which are subject to these agreements. The Group retains a minor element of late payment risk. Accordingly, once these debtors are sold the trade debtors are derecognised from the Group's Balance Sheet.

Interest income is booked on an accruals basis, by reference to the principal outstanding and at the effective interest rate over the period to expected maturity.

d) Exceptional items

The Group has adopted an Income Statement format which highlights significant items within the Group's results for the period. Exceptional items are those items of income and expense that the Group considers are material and/or of such a nature that their separate disclosure is relevant to a better understanding of the Group's financial performance. Judgement is used by the Group in assessing the particular items which, by virtue of their materiality and/or nature, are disclosed in the Group Income Statement and related notes as exceptional items.

e) Inventory

Inventories are valued at the lower of cost and estimated selling price less costs to sell. Cost is determined using the first-in, first-out (FIFO) method. Cost comprises purchase price, including taxes and duties and transport costs attributable to bringing the inventory to its present location and condition. Selling price less costs to sell is based on contracted or estimated selling prices and all further costs to completion as well as selling and distribution expenses.

In certain circumstances, the Group purchases inventory under arrangements in which final purchase price has not been fully determined by the period end. In these circumstances the Group uses judgement to estimate the final purchase price using all available information including external benchmarks.

At the end of each reporting period, inventories are assessed for impairment by comparing the carrying value of the inventory to the selling prices less costs to sell of the inventory. Judgement is required in estimating the selling price of inventory. The Group uses all available information such as recent sales and quoted market prices if applicable. If the carrying value is greater than the estimated selling prices less costs to sell, the item is impaired and an impairment provision is raised to reduce the carrying value of inventory. Such impairment provisions are booked in cost of sales in the Income Statement and are netted against the carrying value of inventory in the Balance Sheet.

The Group enters into sales contracts which subsequently may become onerous. A sales contract becomes onerous when the sales price within the contract is not sufficient to cover the cost of completing the contract. The Group assesses at the end of each reporting period whether the sales prices within these sales contracts are sufficient to cover the cost of completing these contracts. Judgement can be required to estimate the cost of completing these contracts, in particular in estimating the purchase cost of inventory not on hand that is required to complete the obligation in the contract. The Group uses all available information to estimate the cost of purchasing the required inventory such as recent purchases and quoted market prices if applicable. If the sales prices in these contracts are not sufficient to cover the cost of completing these contracts, the Group raises an onerous contract provision, which is the difference between the sales price and the estimated cost of completing the contract. Such onerous provisions are booked within cost of sales in the Income Statement and are carried and disclosed in the Balance Sheet within Provision for Liabilities.

As part of its commodity risk management, the Group enters into forward commodity contracts. Changes in the fair value of such commodity contracts are recognised in the Income Statement unless they are part of a documented hedging arrangement. The effective portion of changes in the fair values of these commodity contracts that are designated and qualify as cash flow hedges are recognised in Other Comprehensive Income (OCI) and presented in the cash flow hedging reserve. The gain or loss relating to the ineffective portion is recognised immediately in the Income Statement. Amounts accumulated in equity are reclassified to the Income Statement in the periods when the hedged item affects profit or loss.

A number of member suppliers to the Group have entered into a reverse invoice discounting facility (RID facility) with a panel of International Banks led by Rabobank International to sell amounts owed to them by the Group. Under this agreement, the Group acknowledges invoices on behalf of the member suppliers to enable them to receive early payment of those invoices. Upon acknowledgement of member invoices which have been sold to Rabobank, the Group's obligations to the member is extinguished and the Group thereafter assumes an obligation to pay the amount of member invoices sold to Rabobank. There is no amendment to the underlying terms of the invoice, including credit terms. Amounts payable to Rabobank under this facility are disclosed separately within creditors in note 13.

Notes to the Financial Statements (continued)

1 Statement of Accounting Policies (continued)

f) Insurance captive

One of the Group's subsidiaries is an insurance captive. The principal activity of the insurance captive is the provision of insurance cover to the Group in respect of property damage and business interruption, marine, product recall, contaminated product liability, credit and products liability.

Claims incurred consist of amounts paid or provided for in respect of claims occurring during the current period.

The provision for outstanding claims represents provisions for known claims plus an estimate for claims incurred but not reported (IBNR) and for the related costs of settlement. The provision for outstanding claims, which is based on actuarial calculations, is believed to be adequate to cover the ultimate cost of claims incurred to the balance sheet date, but are necessarily estimates and may be ultimately settled for a greater or lesser amount. The cost of claims incurred includes a provision for related direct and indirect claims handling expenses.

Significant delays are experienced in the notification and settlement of certain types of general insurance claims, particularly in respect of liability business, the ultimate cost of which may vary from the original assessment. Adjustments to the amounts of claim provisions established in prior financial years are reflected in the financial statements for the period in which the adjustments are made and disclosed separately, if material.

g) Tangible assets

Tangible assets are stated at cost less accumulated depreciation and any accumulated impairment losses. Cost includes original purchase price, costs directly attributable to bringing the asset to its location and working condition for its intended use. Tangible assets are derecognised on disposal or when no future economic benefits are expected. On disposal, the difference between the net disposal proceeds and the carrying amount is recognised in the Income Statement. Any stock of spare parts for items of plant and equipment are carried within tangible assets. There are no internal capitalised costs within tangible assets.

Depreciation is not provided on freehold land. Depreciation on other tangible fixed assets is provided on a straight-line basis as appropriate to allocate the depreciable amount to their residual values over their estimated useful lives, as follows:

- Freehold buildings: 2% to 5%
- Leasehold land and buildings: written off over the term of the lease or its estimated useful life, whichever is the lower
- Plant and equipment: 5% to 33%
- Motor vehicles: 10% to 33%

In most cases the estimated residual value of other tangible assets is taken to be nil.

The assets useful lives are considered and adjusted, if appropriate in each reporting period. The effect of any change is accounted for prospectively.

If there are any indications that a tangible asset is impaired, the recoverable amount of the asset is compared to the carrying amount of the tangible asset. The recoverable amount is the higher of an asset's fair value less costs to sell and value in use. In general, in assessing recoverable amount of a tangible asset the Group uses the value in use of the asset. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risk specific to the asset or Cash Generating Unit (CGU). The impairment loss recognised is the amount by which the tangible asset or CGU's carrying amount exceeds its recoverable amount. Where an asset does not generate cash flows that are independent from other assets, the Group estimates the recoverable amount of the CGU to which the tangible asset belongs. In general, in assessing the recoverable amount of a CGU the Group uses the value in use of the CGU. A CGU is the lowest level for which there are separately identifiable cash inflows that are largely independent of the cash inflows of other assets or groups thereof. If a tangible asset is impaired the impairment loss is the difference between the carrying amount and its recoverable amount. The impairment loss is recognised in the Income Statement. If there is a decrease in the impairment loss arising from an event occurring after the impairment was recognised, the impairment is reversed. The impairment reversal is recognised in the Income Statement.

Assets in the course of construction are stated at cost. These assets are not depreciated until they are available for use.

h) Leased assets

Leases that do not transfer substantially all the risks and rewards of ownership are classified as operating leases. Operating lease rentals are charged to the Income Statement on a straight line basis over the lease term. Incentives received to enter into an operating lease are credited to the Income Statement on a straight line basis over the period of the lease.

i) Grants

Capital based grants are accounted for in the period they are received and are treated as deferred credits in the Balance Sheet. These grants are released to the Income Statement on the same basis as the related assets are depreciated.

Notes to the Financial Statements (continued)

1 Statement of Accounting Policies (continued)

j) Business combinations and intangible assets (including goodwill)

Business combinations are accounted for using the purchase method. The cost of the business combination is the fair value of the consideration given. Goodwill is equal to the difference between fair value of assets and liabilities acquired and the fair value of consideration given after taking account of the related direct costs of completing the acquisition. Contingent consideration is initially recognised at estimated amount where the consideration is probable and can be measured reliably. Where the contingent consideration is not considered probable or can't be measured reliably but subsequently becomes probable and measurable or contingent consideration previously recognised is adjusted, the amounts are recognised as an adjustment to the cost of the business combination.

Any excess of the cost of the business combination over the acquirer's interest in the net fair value of the identifiable assets and liabilities is recognised as goodwill. On acquisition, goodwill is allocated to CGUs that are expected to benefit from the combination.

Goodwill is amortised on a straight line basis over its useful economic life, subject to a maximum of 15 years. Goodwill is assessed for impairment when there are indications of impairment and any impairment is charged to the Income Statement. An impairment of goodwill is never reversed.

Goodwill is amortised over a period greater than five years because it arises on the acquisition of businesses which are expected to generate profits over the long term.

If negative goodwill arises on a business combination, the Group recognises the excess up to the fair value of non-monetary assets acquired in profit or loss in the periods in which the non-monetary assets are recovered. Any excess exceeding the fair value of non-monetary assets acquired shall be recognised in the Income Statement in the periods expected to benefit.

The Group shall recognise in its financial statements' provisional amounts for the items for which the accounting is incomplete. Within twelve months after the acquisition date, the Group shall retrospectively adjust the provisional amounts recognised as assets and liabilities at the acquisition date to reflect new information obtained (i.e. account for them as if they were made at the acquisition date).

k) Intangible assets

Intangible assets are measured at cost less accumulated amortisation and any accumulated impairment losses. Amortisation is calculated using the straight-line method to allocate the depreciable amount of the assets to their residual value over their expected useful lives as follows;

- Software 3-8 years.
- Other intangibles include supply contracts, customer relationships and trade names and are amortised over periods ranging from 10-20 years.

For accounting periods beginning after 1 January 2019, the Group only recognises intangible assets separate from goodwill in a business combination when all three of the following conditions are met:

(a) the recognition criteria are met (i.e. that it is probable that economic benefits will flow and the value of the asset can be measured reliably);
(b) the intangible asset arises from contractual or other legal rights; and
(c) the intangible asset is separable.

Software development costs are recognised as an intangible asset when all of the following criteria are demonstrated:
- The technical feasibility of completing the software so that it will be available for use or sale;
- The intention to complete the software and use or sell it;
- The ability to use the software or to sell it;
- How the software will generate probable future economic benefits;
- The availability of adequate technical, financial and other resources to complete the development and to use or sell the software; and
- The ability to measure reliably the expenditure attributable to the software during its development.

Acquired software costs are recognised as an intangible asset at their purchase price and amortised over the estimated economic useful life of the asset. Internally generated software costs directly associated with development projects are amortised over the estimated economic useful life of the asset.

If there is an indication that there has been a significant change in amortisation rate or residual value of an intangible asset, the amortisation of that asset is revised prospectively to reflect the new expectations.

Notes to the Financial Statements (continued)

1 Statement of Accounting Policies (continued)

l) Research and development

Research and development expenditure is written off to the Income Statement in the period in which it is incurred.

m) Employee benefits

(i) Short term benefits
Short term benefits, including holiday pay are recognised as an expense in the period in which the service is received.

(ii) Pension obligations
The Group operates a number of defined benefit and defined contribution plans, the assets of which are held in separate trustee administered funds. A defined contribution plan is a post-employment benefit plan under which an entity pays fixed contributions into a separate entity and has no legal or constructive obligations to pay further amounts. A defined benefit plan is a post-employment plan other than a defined contribution plan.

(iii) Termination benefits
Termination benefits are payable when employment is terminated before normal retirement date or whenever an employee is expected to accept voluntary redundancy.

The Group recognises these costs when it is demonstrably committed to terminating the employment of current employees in line with a formal plan or providing termination benefits as a result of the expected take up of an offer for voluntary redundancy.

(iv) Defined contribution plans
Contributions to defined contribution plans are recognised as an expense in the Income Statement as incurred.

(v) Defined benefit plans
The Group's net obligation in respect of defined benefit plans (both funded and unfunded schemes) is calculated separately for each plan by estimating the amount of future benefit that employees have earned in the current and prior periods, discounting that amount and deducting the fair value of any plan assets.

The calculation of defined benefit obligations is performed annually by a qualified actuary using the projected unit credit method. The fair value of plan assets is measured in accordance with the FRS 102 fair value hierarchy and in accordance with the Group's policy for similarly held assets.

The fair value measurement hierarchy is as follows:

» quoted prices (unadjusted) in active markets for identical assets or liabilities (Level 1);

» inputs, other than quoted prices included in Level 1, that are observable for the asset or liability, either directly (that is, as prices) or indirectly (that is, derived from prices) (Level 2); and

» inputs for the asset or liability that are not based on observable market data (that is, unobservable inputs) (Level 3).

When the calculation of the defined benefit obligation and the fair value of the plan assets results in a potential asset for the Group, the recognised asset is limited to the present value of economic benefits available in the form of any future refunds from the plan or reductions in future contributions to the plan. To calculate the present value of economic benefits, consideration is given to any applicable minimum funding requirements.

Actuarial gains and losses arising from experience adjustments and changes in actuarial assumptions are charged or credited to Other Comprehensive Income. These amounts together with the return on plan assets, less amounts included in net interest are disclosed as "Remeasurement of net defined benefit liability".

The cost of the defined benefit plan recognised in the Income Statement comprises;

a. the increase in pension benefit liability arising from employee service during the period; and
b. the cost of plan introductions, benefit changes, curtailments and settlements.

Negative past service costs are recognised when benefits under the defined benefit pension schemes are modified and such modifications are approved by the Pensions Board.

The net interest cost is calculated by applying the discount rate to the net balance of the defined benefit obligation and the fair value of the plan assets. The cost is recognised in the Income Statement as a finance cost.

Notes to the Financial Statements (continued)

1 Statement of Accounting Policies (continued)

m) Employee benefits (continued)

(vi) Other long term employee benefits
The Group operates a Long Term Incentive Plan, which provides for awards granted to a limited number of executives and senior management as nominated by the Chief Executive and approved by the Personnel and Remuneration Committee. The value of awards granted is an estimate which is primarily derived from an adjusted Group EBIT calculation adjusted to reflect product prices returned to members, members bonuses and some other variables. The total amount expected to be paid out under the scheme, is expensed over the vesting period, which is three years.

At each balance sheet date the Group revises its estimate of the expected cost for both actual adjusted EBIT out-turn and forecast out-turn as well as for the number of awards expected to vest, with the adjustment recognised in the Income Statement. Significant judgement is used in the estimation of the percentage of awards that will ultimately vest.

n) Taxation

Taxation expense for the period comprises current and deferred tax recognised in the reporting period. Tax is recognised in the Income Statement, except to the extent that it relates to items recognised in Other Comprehensive Income or directly in equity.

(i) Current tax is recognised for the amount of income tax payable in respect of the taxable profit for the current or past reporting periods using the tax rates and laws that have been enacted or substantively enacted by the reporting date. Management periodically evaluates positions in tax returns with respect to situations in which applicable tax regulation is subject to interpretation. A provision is recognised for those matters for which the tax determination is uncertain but it is considered probable that there will be a future outflow of funds to a tax authority. The provisions are measured at the best estimate of the amount expected to become payable. Further detail is set out in the section "Use of judgements and estimates in applying the Group's accounting policies".

Current tax assets and tax liabilities are offset where the entity has a legally enforceable right to offset and intends either to settle on a net basis, or to realise the asset and settle the liability simultaneously.

(ii) Deferred tax is recognised in respect of all timing differences at the reporting date, except as otherwise indicated. Deferred tax is not discounted. Deferred tax assets are only recognised to the extent that it is probable that they will be recovered against the reversal of deferred tax liabilities or other future taxable profits.

Deferred tax is recognised when income or expenses from a subsidiary or associate have been recognised, and will be assessed for tax in a future period, except where:

- the Group is able to control the reversal of the timing difference; and
- it is probable that the timing difference will not reverse in the foreseeable future.

A deferred tax liability or asset is recognised for the additional tax that will be paid or avoided in respect of assets and liabilities that are recognised in a business combination. The amount attributed to goodwill is adjusted by the amount of deferred tax recognised.

Deferred tax is calculated using the tax rates and laws that have been enacted or substantively enacted by the reporting date that are expected to apply to the reversal of the timing difference.

o) Provisions and contingent liabilities

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 the 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 end of the reporting period, taking into account the risks and uncertainties surrounding the obligation. Where the effect of the time value of money is material, the amount expected to be required to settle the obligation is recognised at present value using a pre-tax discount rate. The unwinding of the discount is recognised as a finance cost in the Income Statement in the period it arises.

A provision for restructuring is recognised when the Group has a detailed formal plan for the restructuring and has raised a valid expectation in those affected by either starting to implement the plan or announcing its main features to those affected and therefore has a legal or constructive obligation to carry out the restructuring.

Contingent liabilities are not recognised, except those acquired in a business combination. Contingent liabilities arise as a result of past events when (i) it is not probable that there will be an outflow of resources or that the amount cannot be reliably measured at the reporting date or (ii) when the existence will be confirmed by the occurrence or non-occurrence of uncertain future events not wholly within the Group's control. Contingent liabilities are disclosed in the financial statements unless the probability of an outflow of resources is remote.

Notes to the Financial Statements (continued)

1 Statement of Accounting Policies (continued)

p) Borrowings and cash and cash equivalents

Interest bearing loans and overdrafts are recognised initially at fair value, which is the proceeds received, net of transaction costs. Borrowings are subsequently stated at amortised cost; any difference between the proceeds (net of transaction costs) and the redemption value is recognised in the Income Statement over the period of the borrowings using the effective interest method. All transaction costs relating to borrowings including bank arrangement fees are amortised over the period of the relevant facility. The Group does not capitalise borrowing costs relating to acquisition or construction of assets.

Borrowings are classified as current liabilities unless the Group has an unconditional right to defer settlement of the liability for at least 12 months after the reporting date. All borrowing costs are recognised in the Income Statement in the period in which they are incurred.

Cash and cash equivalents includes cash in hand, deposits held at call with banks, other short term highly liquid investments with original maturities of three months or less and bank overdrafts. Bank overdrafts, when applicable are shown within borrowings in current liabilities.

q) Foreign currency translation

(i) Functional and presentation currency
The consolidated financial statements are presented in Euro, rounded to thousands, which is the Parent Society's functional and presentation currency. Items included in the financial statements of each of the Group's entities are measured using the currency that reflects the primary economic environment in which the entity operates ('the functional currency'). The functional currencies of the Group's main subsidiaries are Euro, US dollar and Sterling.

(ii) Transactions and balances
Foreign currency transactions are translated into the functional currency using the exchange rates prevailing at the dates of the transactions. Foreign exchange gains and losses resulting from the settlement of such transactions and from the translation at year end exchange rates of monetary assets and liabilities denominated in foreign currencies are recognised in the Income Statement, except when (i) deferred in equity as qualifying cash flow hedges or (ii) on the retranslation of net investments in foreign operations.

Non-monetary items measured at historical cost are translated using the exchange rate at the date of the transaction and non-monetary items measured at fair value are measured using the exchange rate when fair value was determined.

Rates used for translation of results and net assets into Euro:

	Average Rates		Closing Rates	
€ 1 =	2021	2020	2021	2020
US$	1.1846	1.1403	1.1322	1.2153
GBP£	0.8611	0.8891	0.8457	0.8969

(iii) Group companies
The results and financial position of all of the Group entities that have a functional currency different from the presentation currency are translated into the presentation currency as follows:

a. assets and liabilities for each Balance Sheet presented are translated at the closing rate at the date of that Balance Sheet;
b. goodwill and fair value adjustments arising on the acquisition of a foreign entity are treated as assets and liabilities of the foreign entity and are translated at the closing rate;
c. income and expenses for each Income Statement are translated at average exchange rates; and
d. all resulting exchange differences are recognised in Other Comprehensive Income and presented within revenue reserves in equity.

r) Impairment of non-financial assets

At each balance sheet date for non-financial assets not carried at fair value, the Group considers whether there are any indications that the asset may be impaired. If there are any such indications of impairment the recoverable amount of the asset is compared to the carrying amount of the asset.

The recoverable amount is the higher of an asset's fair value less costs to sell and value in use. In general, in assessing the recoverable amount of an asset, the Group uses the value in use of the asset. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risk specific to the asset or CGU. The impairment loss recognised is the amount by which the asset or CGU's carrying amount exceeds its recoverable amount.

Notes to the Financial Statements (continued)

1 Statement of Accounting Policies (continued)

r) Impairment of non-financial assets (continued)

Where an asset does not generate cash flows that are independent from other assets, the Group estimates the recoverable amount of the CGU to which the asset belongs. In general, in assessing the recoverable amount of a CGU, the Group uses the value in use of the CGU. A CGU is the lowest level for which there are separately identifiable cash inflows that are largely independent of the cash inflows of other assets or groups thereof.

If a non-financial asset is impaired, the impairment loss is the difference between the carrying amount and its recoverable amount.

The impairment loss is recognised in exceptional items in the Income Statement. If there is a decrease in the impairment loss arising from an event occurring after the impairment was recognised, the impairment is reversed. The impairment reversal is recognised in exceptional items in the Income Statement.

s) Share capital

Ordinary shares are classified as equity.

t) Bonus fund and redeemable loan stock

The Board is empowered under the Rules of Ornua Co-operative Limited ("The Rules") to set up an annual bonus fund and issue bonus shares and redeemable loan stock to the members based upon purchases of dairy products during the period from members. On an annual basis, an amount may be transferred from revenue reserves to the annual bonus fund in the Group's financial statements. Following the ratification of the amount to be transferred to the annual bonus fund and the calculation of each member's individual share, the annual bonus fund is then applied in the following year in issuing, as fully subscribed bonus shares and convertible redeemable loan stock in the ratio of one share per each ninety nine units of convertible redeemable loan stock. These bonus shares and convertible redeemable loan stock are then issued to the holders of the A and B ordinary shares.

Members are entitled, at any time after the expiry of five years from the date of any issue of the units of convertible redeemable loan stock, to apply to the Board so as to have the loan stock redeemed. The Board has discretion as to whether, and to what extent the loan stock shall be redeemed. However, in the case of all approved redemptions, they shall be paid in instalments of 50% in the first year and 10% in each of the following five years. When the redemption is ratified the value of the cash payment is reclassified as a liability.

u) Related party transactions

The Group discloses transactions with related parties which are not wholly owned within the Group. Where appropriate, transactions of a similar nature are aggregated unless, in the opinion of the Directors separate disclosure is necessary to understand the effect of the transactions on the Group financial statements.

v) Financial instruments

(i) Financial assets
Basic financial assets including trade and other receivables, cash and bank balances are initially recognised at transaction price, unless the transaction constitutes a financing transaction, where the transaction is measured at the present value of the future receipts discounted at a market rate of interest.

Such assets are subsequently carried at amortised cost using the effective interest method. At the end of each reporting period financial assets measured at amortised cost are assessed for objective evidence of impairment. If an asset is impaired the impairment loss is the difference between the carrying amount and the present value of the estimated cash flows discounted at the assets original effective interest rate. The impairment loss is recognised in the Income Statement. If there is a decrease in the impairment loss arising from an event occurring after the impairment was recognised, the impairment is reversed. The reversal is such that the current carrying value does not exceed what the carrying amount would have been had the impairment not previously been recognised. The impairment reversal is recognised in the Income Statement.

Other financial assets, including investments in equity instruments which are not subsidiaries, associates or joint ventures are initially measured at fair value which is normally the transaction price. Such assets are subsequently carried at fair value and the changes in fair value are recognised in the Income Statement except where the investment is in equity instruments that are not publicly traded and whose fair values cannot be measured reliably, in which case the investments are measured at cost less impairment.

(ii) Financial liabilities
Basic financial liabilities, including trade and other payables and bank loans are initially recognised at transaction price, unless the arrangement constitutes a financing transaction, where the debt instrument is measured at the present value of the future payments discounted at a market rate of interest. Debt instruments are subsequently carried at amortised cost using the effective interest method.

Notes to the Financial Statements (continued)

1 Statement of Accounting Policies (continued)

v) Financial instruments (continued)

(iii) Derivatives
Derivatives including foreign exchange contracts are not basic financial instruments. Derivatives are initially recognised at fair value on the date the derivative contract is entered into and are subsequently remeasured at their fair value. Changes in the fair value of derivatives are recognised in the Income Statement unless they are part of a hedging arrangement.

(iv) Hedging arrangements
Derivative financial instruments are mainly used to manage exposures to foreign exchange/price risks. The Group designates certain derivatives as hedges of the variability in cash flow attributable to a particular risk associated with assets and/or liabilities or highly probable forecast transactions (cash flow hedges). The Group documents at the inception of the hedging transaction the relationship between hedging instruments and hedged items, as well as its risk management objective and strategy for undertaking various hedge transactions. The Group also documents its assessment, both at hedge inception and on reporting dates, of the effectiveness of the hedge in offsetting changes in cash flows of hedged items. The fair value of a hedging derivative asset is classified as a current asset. The fair value of a hedging derivative liability is classified as a creditor falling due within one year or after one year based on the remaining maturity of the hedge.

(v) Cash flow hedges
The effective portion of changes in the fair values of derivatives that are designated and qualify as cash flow hedges is recognised in Other Comprehensive Income (OCI) and presented in the cash flow hedging reserve. The gain or loss relating to the ineffective portion is recognised immediately in the Income Statement. Amounts accumulated in equity are reclassified to the Income Statement in the periods when the hedged item affects profit or loss. When a hedging instrument expires or is sold, or when a hedge no longer meets the criteria for hedge accounting, any cumulative gain or loss existing in OCI at that time is recognised in the Income Statement when the forecast transaction to which it relates occurs. When a forecast transaction is no longer expected to occur, the cumulative gain or loss that was reported in OCI is immediately reclassified to the Income Statement.

(vi) Derivatives at fair value through profit or loss
Certain derivative instruments do not qualify for hedge accounting. Changes in the fair value of such derivative instruments are recognised immediately in the Income Statement.

(vii) Financial assets and financial liabilities shown gross except where a right of offset exists
The Group has cash pooling arrangements in place with certain banks that allow the offsetting of cash balances and overdrafts and in such cases the net balance of these is presented in the financial statements.

(viii) Net investment hedges
Where foreign currency borrowings provide a hedge against a net investment in a foreign operation, to the extent that the hedge is effective, foreign exchange differences are recognised in Other Comprehensive Income and presented within revenue reserves.

(ix) Put/call option liabilities
Put/call option liabilities arising as part of business combinations are recognised at fair value as a financial liability with a corresponding entry to controlling equity. Such liabilities are classified within creditors falling due within one year or after one year based on the expected payment date. Any changes in the fair value of such options in the year are recognised in the Income Statement.

w) Use of judgements and estimates in applying the Group's accounting policies

The preparation of financial statements in conformity with FRS 102 requires the use of significant judgements, estimates and assumptions. It also requires management to exercise its judgement in the process of applying the Group's accounting policies. Actual results may differ from these estimates. Estimates and judgements are continually evaluated and are based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances. Significant judgements and estimates made in the preparation of these financial statements are set out below.

Deferred income tax
Deferred tax assets and liabilities require management judgement in determining the amounts to be recognised. Significant judgement is used when assessing both the extent to which deferred tax assets should be recognised and the amount to be recognised, with consideration given to the timing and level of future taxable income in the relevant tax jurisdiction.

Retirement benefit obligations
The determination of the pension cost and defined benefit obligation of the Group's defined benefit pension schemes depends on the selection of certain assumptions which include, inter alia, the discount rate, inflation rate, salary growth, and longevity, all of which are key judgements. Advice is sourced from independent actuaries in selecting suitable assumptions.

Notes to the Financial Statements (continued)

1 Statement of Accounting Policies (continued)

w) Use of judgements and estimates in applying the Group's accounting policies (continued)

Assessment for impairment -intangible assets/tangible assets
The Group tests intangible assets (including goodwill) and tangible assets for impairment whenever there is an indication that the intangible assets or tangible assets may be impaired. Goodwill has been allocated as appropriate to the relevant CGUs. These CGUs are the lowest level for which there are separately identifiable cash flows. This testing involves determining the CGU's value in use and comparing this to the carrying amount of the CGU. Where the value in use exceeds the carrying value of the CGU, the asset is not impaired, but where the carrying amount exceeds the value in use, a provision for impairment is raised to reduce the carrying amount of the CGU to its value in use. Estimates of value in use are key judgemental estimates in the financial statements. A number of key assumptions have been made as a basis for the impairment tests. In each case, these key assumptions have been made by management reflecting past experience and are consistent with relevant external sources of information where available. The key assumptions used in determining the value in use are the forecasted cashflows, long-term growth rates and discount rates.

Cost of inventory/inventory impairments/provision for onerous contracts
In certain circumstances, the Group purchases inventory under arrangements in which the final purchase price has not been fully determined by the period end. In these circumstances the Group uses judgement to estimate the final purchase price using all available information including external benchmarks.

At the end of each reporting period, inventories are assessed for impairment by comparing the carrying value of the inventory to the selling prices less costs to sell of the inventory. Judgement is required in estimating the selling price of inventory. The Group uses all available information such as recent sales and quoted market prices if applicable. If the carrying value is greater than the estimated selling prices less costs to sell, the item is impaired and an impairment provision is raised to reduce the carrying value of inventory. Such impairment provisions are booked in cost of sales in the Income Statement and are netted against the carrying value of inventory in the Balance Sheet.

The Group enters into sales contracts which subsequently may become onerous. A sales contract becomes onerous when the sales price within the contract is not sufficient to cover the cost of completing the contract. The Group assesses at the end of each reporting period whether the sales prices within these sales contracts are sufficient to cover the cost of completing these contracts. Judgement can be required to estimate the cost of completing these contracts, in particular in estimating the purchase cost of inventory not on hand that is required to complete the obligation in the contract. The Group uses all available information to estimate the cost of purchasing the required inventory such as recent purchases and quoted market prices if applicable. If the sales prices in these contracts are not sufficient to cover the cost of completing these contracts, the Group raises an onerous contract provision, which is the difference between the sales price and the estimated cost of completing the contract. Such onerous provisions are booked within cost of sales in the Income Statement and are carried and disclosed in the Balance Sheet within Provision for Liabilities.

Income taxes
The Group is subject to income tax in numerous jurisdictions. Significant estimation is required in determining the worldwide provision for income taxes. There are many transactions during the ordinary course of business for which the ultimate tax determination is uncertain and the applicable tax legislation is open to differing interpretations. The Group takes external professional advice to help minimise this risk. It recognises liabilities for anticipated tax authority reviews based on estimates of whether additional taxes will be due, having regard to all information available on the tax matter. The Group engages with local tax experts to support the judgements made where there is significant uncertainty about the position taken.

Long Term Incentive Plan
The Group operates a Long Term Incentive Plan, which provides for awards granted to a limited number of executives and senior management as nominated by the Chief Executive and approved by the Personnel and Remuneration Committee. The value of awards granted is an estimate which is primarily derived from an adjusted Group EBIT calculation adjusted to reflect product prices returned to members, members bonuses and some other variables. The total amount expected to be paid out under the scheme, is expensed over the vesting period, which is three years.

At each balance sheet date the Group revises its estimate of the expected cost for both actual adjusted EBIT out-turn and forecast out-turn as well as for the number of awards expected to vest, with the adjustment recognised in the Income Statement. Significant judgement is used in the estimation of the percentage of awards that will ultimately vest.

Business combination
If the initial accounting for a business combination is incomplete by the end of the reporting period in which the combination occurs, the Group reports provisional amounts for the items for which the valuation of the fair value of assets acquired and liabilities assumed is still in progress. Those provisional amounts are adjusted during the measurement period of one year from the date control is achieved when additional information is obtained about facts and circumstances which would have affected the amounts recognised as of that date.

Notes to the Financial Statements (continued)

1 Statement of Accounting Policies (continued)

w) Use of judgements and estimates in applying the Group's accounting policies (continued)

Insurance captive
One of the Group's subsidiaries is an insurance captive. The principal activity of the insurance captive is the provision of insurance cover to the Group in respect of property damage and business interruption, marine, product recall, contaminated product liability, credit and products liability.

Claims incurred consist of amounts paid or provided for in respect of claims occurring during the current period.

The provision for outstanding claims represents provisions for known claims plus an estimate for claims incurred but not reported (IBNR) and for the related costs of settlement. The provision for outstanding claims, which is based on actuarial calculations, is believed to be adequate to cover the ultimate cost of claims incurred to the balance sheet date, but are necessarily estimates and may be ultimately settled for a greater or lesser amount. The cost of claims incurred includes a provision for related direct and indirect claims handling expenses.

Significant delays are experienced in the notification and settlement of certain types of general insurance claims, particularly in respect of liability business, the ultimate cost of which may vary from the original assessment. Adjustments to the amounts of claim provisions established in prior financial years are reflected in the financial statements for the period in which the adjustments are made and disclosed separately, if material.

2 Profit before taxation is stated after charging/(crediting)

	2021 €'000	2020 €'000
Ornua Value Payment	**78,018**	68,748
Depreciation (note 9)	**16,918**	16,382
Amortisation of intangible assets (note 8)	**6,767**	7,958
Operating lease expense	**2,267**	2,395
Auditors remuneration - audit fee	**728**	670
Reclassification of prior period fair value (gains)/losses on derivatives	**(3,172)**	5,903
Impairment of trade receivables - (credit)/charge	**(575)**	225
Exchange differences - charge/(credit)	**1,815**	(1,692)

Notes to the Financial Statements (continued)

3 Employees and remuneration

	2021 No.	2020 No.
The average number of persons employed by the Group is analysed into the following categories:		
Production	**1,552**	1,521
Selling and distribution	**368**	373
Administration	**589**	529
	2,509	2,423

	2021 €'000	2020 €'000
The staff costs are comprised of:		
Wages and salaries* (including termination benefits of €0.7m (2020: €0.1m))	**126,851**	113,684
Social welfare costs	**10,489**	10,090
Pension costs	**3,824**	3,950
Staff costs included in operating profit	**141,164**	127,724
Net interest expense on defined benefit pension schemes	**318**	379
Total charged to Income Statement	**141,482**	128,103
Actuarial (gain)/loss on defined benefit pension schemes (net of deferred taxation) - (credited)/charged to other comprehensive income	**(5,926)**	2,472
Total aggregate payroll costs expensed	**135,556**	130,575

* These costs include Long Term Incentive Plan costs.

Notes to the Financial Statements (continued)

3 Employees and remuneration (continued)

These costs are recognised in the following line items in the Income Statement and Statement of Comprehensive Income respectively:

	2021 €'000	2020 €'000
Income Statement		
Cost of sales	**66,017**	60,122
Selling and distribution expenses	**25,458**	23,882
Administration expenses - excluding amortisation	**49,689**	43,720
Included in operating profit	**141,164**	127,724
Net interest expense on defined benefit pension schemes	**318**	379
Total charged to Income Statement	**141,482**	128,103
Statement of Comprehensive Income		
Actuarial (gain)/loss on defined benefit pension schemes (net of deferred tax)	**(5,926)**	2,472
Total aggregate payroll costs expensed	**135,556**	130,575

4 Exceptional items

	2021 €'000	2020 €'000
Impairment of intangible & tangible assets (i)	---	(15,828)
Reversal of impairment of investments in and loans to associates & joint ventures (ii)	---	3,497
Gain on disposal of Shanghai En Bo Lu Food Co, Limited China (Ambrosia Dairy) (iii)	---	115
Disposal of tangible assets (iv)	---	33
	---	(12,183)

2020

(i) The Group tests goodwill and tangible assets for impairment whenever there is an indication that the goodwill or tangible assets may be impaired. To test goodwill for impairment the Group compares the CGU carrying amount to which the goodwill has been allocated to that CGU's recoverable amount. During 2020 the Group tested for impairment its CGU in Saudi Arabia, Al Wazeen Trading Company LLC (Al Wazeen) due to indications of impairment. As a result of this impairment testing the Group booked a non-cash impairment of €15.8m (€0.8m in goodwill and €15.0m in tangible assets). This impairment provision in 2020 was a result of the continued weak trading conditions being experienced by Al Wazeen in Saudi Arabia with the company suffering trading losses for a number of years.

(ii) In 2018 the Group impaired its associate investment in Nextwave Distribution Holdings LLC (Nextwave) as a result of the competitive nature of the market in which that business operated in. In 2020 the Group reversed that impairment (note 10) as the conditions that led to that impairment no longer existed. During 2020 the Group received €20.8m from Nextwave in the form of a dividend and the repayment of loans previously advanced.

Notes to the Financial Statements (continued)

4 Exceptional items (continued)

(iii) Gain on disposal of Shanghai En Bo Lu Food Co, Limited China (Ambrosia Dairy) during 2020.

	2020 €'000
Details of the net assets disposed are as follows:	
Tangible assets	286
Inventories	108
Debtors	138
Cash*	28
Creditors	(81)
	479
Consideration *	594
Profit on disposal	115

* Cash received net of cash disposed was €566k.

(iv) During 2020 the Group disposed of some tangible assets at a profit.

5 Interest payable (net)

	2021 €'000	2020 €'000
Interest payable on bank loans and overdrafts:		
Repayable within 5 years, other than by instalments	**4,693**	5,895
Interest receivable	**(74)**	(1,045)
	4,619	4,850

Notes to the Financial Statements (continued)

6 Taxation on profit

	2021 €'000	2020 €'000
Analysis of taxation charge in the period		
Current tax		
Irish corporation tax on profit for the period	4,753	2,891
Adjustments in respect of previous periods	42	(12)
	4,795	2,879
Foreign tax		
Foreign corporation tax on profit for the period	10,666	12,170
Adjustments in respect of previous periods	1,185	(8)
	11,851	12,162
Total current tax	16,646	15,041
Deferred tax		
Origination and reversal of timing differences	(1,146)	260
Impact of change in tax rates	1,390	359
Taxation	16,890	15,660
Tax (income)/expense included in Other Comprehensive Income	(879)	212

Reconciliation of effective tax rate

The total tax charge for the period is different from the standard rate of corporation tax in Ireland of 12.5%.

The differences are explained below.

	2021 €'000	2020 €'000
Profit before taxation	73,382	74,525
Profit at the standard rate of corporation tax in Ireland of 12.5%	9,173	9,316
Effects of:		
Foreign rates of tax different from Irish rates	6,984	5,543
Non utilisation/(utilisation) of tax losses (net)	745	(3,093)
Expenses/income not deductible/taxable (net)	438	2,950
Movement in other differences	(1,677)	964
Adjustments in respect of prior periods	1,227	(20)
Total taxation	16,890	15,660

There were no significant changes during 2021 in the tax rates applying to the Group's subsidiaries except that the standard UK corporation tax rate will increase from 19% to 25% from 1 April 2023 therefore impacting closing deferred tax balances.

Notes to the Financial Statements (continued)

7 Annual bonus fund, redeemable loan stock and cash bonus

(a) Annual bonus fund and redeemable loan stock

The Board is empowered under the Rules of Ornua Co-operative Limited ("The Rules") to set up an annual bonus fund and issue bonus shares and redeemable loan stock to the members based upon purchases of dairy products during the period from members.
On an annual basis, an amount may be transferred from revenue reserves to the annual bonus fund in the Group's financial statements. The amount transferred to the annual bonus fund in 2021 is €Nil (2020: €Nil).

Following the ratification of the amount to be transferred to the annual bonus fund and the calculation of each member's individual share, the annual bonus fund is then applied in the following year in issuing, as fully subscribed bonus shares and convertible redeemable loan stock in the ratio of one share per each ninety nine units of convertible redeemable loan stock. These bonus shares and convertible redeemable loan stock are then issued to the holders of the A and B ordinary shares.

Members are entitled, at any time after the expiry of five years from the date of any issue of the units of convertible redeemable loan stock, to apply to the Board so as to have the loan stock redeemed. The Board has discretion as to whether, and to what extent the loan stock shall be redeemed. However, in the case of all approved redemptions they shall be paid in instalments of 50% in the first year and 10% in each of the following five years. When the redemption is ratified the value of the cash payment is reclassified as a liability.

During the period, the Board decided to redeem loan stock to the value of €3.7m (2020 : €4.2m) issued in respect of the 2016 financial period, 50% was paid in cash (the rest was included in creditors) and when combined with cash payments relating to previous years resulted in total cash payments of €3.7m in 2021 (2020 : €4.2m).

The movement in the redeemable loan stock balance during the period was as follows:

	2021 €'000	2020 €'000
At beginning of the period	**8,114**	9,825
Transferred from the annual bonus fund	---	2,475
Redemption of loan stock	**(3,655)**	(4,186)
At end of the period	**4,459**	8,114

(b) Cash bonus payable

Annual cash bonus (charged to operating profit)	**46,000**	52,000

Notes to the Financial Statements (continued)

8 Intangible assets

	Goodwill 2021 €'000	Other* Intangibles 2021 €'000	Software 2021 €'000	Total 2021 €'000
Cost				
At beginning of the period	74,642	27,656	29,001	131,299
Additions in the period**	---	---	11,380	11,380
Arising on business combination (note 26)	5,445	---	---	5,445
Disposals	---	---	(607)	(607)
Translation adjustment	3,293	856	667	4,816
	83,380	28,512	40,441	152,333
Amortisation				
At beginning of the period	52,354	15,847	6,707	74,908
Amortised during the period	3,679	1,945	1,143	6,767
Disposals	---	---	(607)	(607)
Translation adjustment	1,826	648	228	2,702
	57,859	18,440	7,471	83,770
Net book amount				
At end of the period	**25,521**	**10,072**	**32,970**	**68,563**
At beginning of the period	**22,288**	**11,809**	**22,294**	**56,391**

* Other intangibles include supply contracts, customer relationships and trade names.
** Software additions include €3.3m (2020: €3.0m) of capitalised internal salary costs.

The Group expensed €4.8m in research and development expenditure in the period (2020: €4.8m). The remaining amortisation period of the goodwill ranges from 4-10 years. The remaining amortisation period of other intangibles ranges from 2-15 years.

Notes to the Financial Statements (continued)

9 Tangible assets

	Land and Buildings 2021 €'000	Plant, Equipment and Vehicles 2021 €'000	Total 2021 €'000
Cost			
At beginning of the period	136,144	212,056	348,200
Reclassification*	4,899	(4,899)	---
Additions in the period	4,851	24,133	28,984
Arising on business combination (note 26)	14,041	13,379	27,420
Disposals in the period	(242)	(6,643)	(6,885)
Translation adjustment	5,992	8,193	14,185
	165,685	246,219	411,904
Depreciation			
At beginning of the period	38,435	103,868	142,303
Charge for the period	3,167	13,751	16,918
Disposals in the period	(174)	(6,396)	(6,570)
Translation adjustment	2,765	5,227	7,992
	44,193	116,450	160,643
Net book amount			
At end of the period	**121,492**	**129,769**	**251,261**
At beginning of the period	**97,709**	**108,188**	**205,897**

* Work in progress items included in plant & equipment during construction and are transferred out on completion.

The buildings, plant, equipment and vehicles are insured at a value of €515.3m (2020: €401.4m).

Notes to the Financial Statements (continued)

10 Associates, joint ventures and other investments

	2021 €'000	2020 €'000
Associates and joint ventures		
At beginning of the period	**3,243**	103
Share of profit after tax during the period	**2,635**	8,869
Dividend received	---	(6,145)
Reversal of impairment (note 4)	---	690
Translation adjustment	**371**	(274)
At end of the period	**6,249**	3,243

	€'000	€'000
Loans to associates and joint ventures		
At beginning of the period	**465**	11,559
Additions in the period	---	989
Repayments in the period	---	(14,628)
Reversal of impairment (note 4)	---	2,807
Translation adjustment	**52**	(262)
At end of the period	**517**	465

	€'000	€'000
Other investments		
At beginning and at end of the period	**845**	845

11 Inventories

Inventories at the period end primarily consist of finished goods for consumption.

Reversals of impairments of inventories recognised within cost of sales in 2021 were €4.2m (2020: €1.5m).

Notes to the Financial Statements (continued)

12 Debtors

	2021 €'000	2020 €'000
Due within one year:		
Trade debtors (i) (iii)	**351,793**	289,004
Prepayments	**25,907**	16,764
Derivative financial instruments	**---**	13,156
Corporation tax debtors	**3,354**	1,817
VAT receivable	**10,968**	9,791
Other debtors	**4,114**	2,829
	396,136	333,361
Due after one year:		
Deferred taxation (ii)	**12,040**	5,637
	408,176	338,998
Deferred tax arising from:		
Accelerated capital allowances	**(5,666)**	(1,788)
Derivative financial instruments	**2,004**	(63)
Post employment benefits	**1,503**	4,504
Tax losses carried forward	**6,853**	---
Other timing differences	**7,346**	2,984
	12,040	5,637

(i) Trade debtors are stated net of a provision for impairment of €3.9m (2020: €3.2m).

(ii) The Group has not recognised deferred tax assets of €6.3m (2020: €4.9m) on the basis that there is insufficient evidence that these assets will be recoverable. Deferred tax assets are expected to substantially reverse in greater than one year.

(iii) The Group also manages credit risk of trade debtors through the use of a number of sales of debtor arrangements. Under the terms of these agreements the Group has transferred substantially all of the credit risks which are subject to these agreements. The Group retains a minor element of late payment risk. Accordingly €104.5m (2020: €94.0m) of trade debtors have been derecognised at period-end.

Notes to the Financial Statements (continued)

13 Creditors: amounts falling due within one year

	2021 €'000	2020 €'000
Trade creditors*	**376,161**	344,977
Amount due under RID facility* (note 15)	**212,336**	173,190
Derivative financial instruments	**22,667**	2,297
Accruals*	**158,750**	151,258
Redeemable loan stock	**2,061**	1,883
Taxation creditors (note 14)	**12,912**	10,865
Other creditors	**2,674**	2,674
	787,561	687,144

* The majority of these creditors will unwind in the next six months, however new creditors will arise as the Group purchases product during the year.

14 Taxation creditors

	2021 €'000	2020 €'000
Corporation tax	**5,147**	5,874
PAYE	**2,374**	2,111
PRSI	**1,260**	1,161
VAT	**4,131**	1,719
	12,912	10,865

Notes to the Financial Statements (continued)

15 Loans

	2021 €'000	2020 €'000
Amounts falling due after one year (loans)	**83,359**	---

In December 2021, the Group entered into a new five year syndicated financing agreement. Current facilities available under this agreement are €200m (2020: €200m).

All material subsidiaries of the Group entered into cross guarantees for the debts under this agreement and also are subject to a negative pledge that security will not be granted to any party during the course of the agreement.

The Group is subject to certain financial covenants and other restrictions during the period of this agreement.

Separately, in December 2021, a number of member suppliers to the Group entered into a new five year agreement (reverse invoice discounting or RID facility) with a panel of International Banks led by Rabobank International to sell amounts owed to them by the Group, with committed facilities of €380m (2020: €350m).

Under this agreement, the Group acknowledges invoices on behalf of the member suppliers to enable them to receive early payment of those invoices. Upon acknowledgement of member invoices which have been sold to Rabobank, the Group's obligations to the member is extinguished and the Group thereafter assumes an obligation to pay the amount of member invoices sold (2021: €212.3m, 2020: €173.2m) to Rabobank.

16 Creditors: amounts falling due after one year

	2021 €'000	2020 €'000
Redeemable loan stock	**4,054**	4,236
Deferred taxation (i)	**8,227**	5,893
Option liability*	**1,723**	2,011
Bank loans (note 15)	**83,359**	---
	97,363	12,140

* The option liability relates to an option to acquire the non-controlling interest in a Group subsidiary.

	2021 €'000	2020 €'000
(i) Deferred tax arising from:		
Accelerated capital allowances	**10,125**	5,627
Post employment benefits	**(2,322)**	---
Other timing differences	**424**	266
	8,227	5,893

Deferred tax liabilities are expected to substantially reverse in greater than one year.

Notes to the Financial Statements (continued)

17 Financial instruments

	2021 €'000	2020 €'000
The Group has the following financial instruments at fair value through profit or loss:		
Financial assets measured at fair value through profit or loss		
Derivative financial instruments (i)	---	13,156
Financial liabilities measured at fair value through profit or loss		
Derivative financial instruments (i)	**22,667**	2,297
Option liability (ii)	**1,723**	2,011
	24,390	4,308

(i) Derivative financial instruments

The Group enters into forward foreign currency contracts to mitigate the exchange rate risk for certain foreign currency debtors. At 25 December 2021 the contracts outstanding have an average maturity of 7 months (2020: 6 months).

The foreign currency contracts are measured at fair value, which is determined using valuation techniques that utilise observable inputs.

The key assumptions used in valuing the derivatives are the forward exchange rates for EUR:USD and EUR:GBP at the end of the financial period.

The fair value of the Group's financial instruments are listed in the above tables. During 2021, a hedging loss (net of taxation) of €3.1m (2020: gain of €4.9m) was recognised in Other Comprehensive Income.

The Group's derivative financial instruments mainly relate to its commitments to sell USD and GBP and receive a fixed euro amount, as well as relating to commodity contracts.

In 2021 a charge of €Nil (2020: €Nil) was recognised in the Income Statement in relation to cash flow hedges which represented the excess of the fair value of the hedging instruments over the change in the fair value of the expected cash flows.

(ii) Option liability

The fair value of the option liability is based on the discounted value of the expected amounts to be paid on the exercise of the options at their expected exercise date (note 16).

18 Provision for liabilities

	Onerous Sales Contracts (i) €'000	Disposal Related Provisions (ii) €'000	Long Term Incentive Plan Provision (iii) €'000	Insurance Provisions (iv) €'000	Total Provisions €'000
At beginning of the period	6,604	842	7,018	1,136	15,600
Provided during the period	14,399	---	4,352	911	19,662
Utilised during the period	(6,604)	---	(2,445)	(816)	(9,865)
Translation adjustment	---	62	---	---	62
At end of the period	**14,399**	**904**	**8,925**	**1,231**	**25,459**

(i) The onerous sales contracts provision relates to contracted sales whose revenues do not cover the cost of completing the contract.

(ii) Relates to provisions made in 2015 on disposal of the DPI business for certain costs that will be incurred by the Group subsequent to the disposal.

(iii) See detail in note 28.

(iv) This represents a provision for claims incurred but not reported by the Group's captive insurance company.

The majority of the above provisions will be utilised within one year.

Notes to the Financial Statements (continued)

19 Share capital and reserves

	2021 No. of Shares	2021 €'000	2020 No. of Shares	2020 €'000
Issued share capital				
"A" shares of €1 each	**13,335**	**13**	13,335	13
"B" shares of €1 each	**3,429**	**4**	3,429	4
"C" shares of €1 each	**267**	**---**	267	---
"D" shares of €1 each	**130**	**---**	130	---
Bonus shares of €1 each	**1,715,107**	**1,715**	1,715,107	1,715
Deferred ordinary shares of €1 each	**17,916,961**	**17,917**	17,916,961	17,917
		19,649		19,649

The number of issued and fully paid ordinary shares was as follows:	2021 No. of shares '000	2020 No. of shares '000
At beginning of the period	**19,649**	19,624
Issue of shares	**---**	25
At end of the period	**19,649**	19,649

The shareholding of the Parent Society is subdivided into a number of classes of shares.

The main classes of shares are A, B, C and D shares as well as bonus and deferred shares of €1 each.

The holders of "A" and "B" shares may, subject to Board approval, be issued with bonus shares and convertible loan stock based on sales of product to the Parent's group. They are also entitled to attend and vote at General Meetings of the Society.

Bonus shares rank pari passu with "A" and "B" shares.

The holders of "C" and "D" shares are not entitled to vote at General Meetings of the Society.

The holders of deferred shares do not have the right to attend or vote at the General Meetings of the Society.

A description of each classification of reserves within equity is below:

» Revenue reserves have been created out of profit and represent the amount of profit not paid to shareholders in the form of dividends.
» Share premium is a capital reserve that is created when shares are issued at a premium (more than their nominal value).
» Cash flow hedging reserve represents the fair value of cash flow hedges net of taxation which have been deferred in equity.
» Capital levy account represents the excess of capital levy receipts for which deferred shares have not been issued.
» Annual bonus fund (note 7)
» Redeemable loan stock (note 7)

Notes to the Financial Statements (continued)

20 Net cash (outflow)/inflow from operations

	2021 €'000	2020 €'000
Operating profit before exceptional items	**75,684**	83,068
Depreciation of tangible assets (note 9)	**16,918**	16,382
Amortisation of intangible assets (note 8)	**6,767**	7,958
Increase in inventories	**(163,430)**	(16,211)
Increase in debtors	**(28,375)**	(31,116)
Increase in creditors/provision for liabilities	**61,380**	90,556
Post retirement liabilities	**(1,896)**	(1,869)
Cash (used in)/generated from operations	**(32,952)**	148,768

21 Analysis of net (debt)/cash

	2021 €'000	2020 €'000
Analysis of net (debt)/cash		
Cash and bank balances	**76,368**	144,604
Loans (note 15)	**(83,359)**	---
Net (debt)/cash	**(6,991)**	144,604

Reconciliation of net cash flow to movement in net (debt)/cash	2021 €'000	2020 €'000
Net (decrease)/increase in cash and cash equivalents in the period	**(63,795)**	42,394
(Increase)/decrease in loans (note 15)	**(83,359)**	79,455
Change in net (debt)/cash arising from cash flows	**(147,154)**	121,849
Foreign exhange (losses)/gains	**(4,441)**	14
Movement in net (debt)/cash in the year	**(151,595)**	121,863
Opening net cash	**144,604**	22,741
Closing net (debt)/cash	**(6,991)**	144,604

Notes to the Financial Statements (continued)

22 Restricted cash

	2021 €'000	2020 €'000
Restricted cash on deposit	**6,140**	7,681

Deposits of €6.1m (2020: €7.7m) were held at period end within the Group's insurance company and are restricted for use by the Group's insurance company.

23 Capital commitments

	2021 €'000	2020 €'000
Commitments for which contracts have been placed	**17,535**	6,301
Commitments approved but not contracted for	**61,368**	66,663

24 Post employment benefits

The Parent Society and certain subsidiaries operate and contribute to defined benefit and defined contribution schemes in addition to a number of internally funded arrangements.

The total Income Statement charge in respect of defined benefit schemes for the Group was a charge of €0.3m (2020: charge of €0.4m) of which €Nil (2020: €Nil) has been charged against operating profit before exceptional items and €0.3m (2020: €0.4m) has been charged within other finance costs.

Contributions to defined contribution pension schemes in the period were €3.8m (2020: €3.9m).

The trustees of the Parent Society scheme have obtained an actuarial valuation dated 1 January 2020 using the projected unit valuation method. The trustees of the Ornua Foods UK Limited scheme have obtained an actuarial valuation dated 31 December 2018 using the projected unit valuation method. Under FRS 102, these valuations, and the most recent actuarial valuations of the other post retirement scheme have been updated by independent qualified actuaries in order to assess the liabilities of the schemes as at 25 December 2021.

The Irish scheme closed to future accrual in 2018. It has been agreed that the employer contributes €1.0m annually to the Irish scheme. The main other scheme closed to future accrual in 2019 and it has been agreed that the employer will contribute €0.7m annually to this scheme.

Financial assumptions

The major assumptions used by the actuaries to calculate scheme liabilities are:

	2021	2020	2021	2020
	Irish Scheme		Other Schemes	
	%	%	%	%
Inflation rate	**2.00**	1.35	**2.70**	2.15
Salary rate increases	**3.00**	2.35	**3.20**	2.65
Pension payment increases	**2.00**	1.35	**2.70**	2.20
Discount rate	**1.40**	1.10	**1.80**	1.40

Notes to the Financial Statements (continued)

24 Post employment benefits (continued)

In valuing the liabilities of the pension funds at 25 December 2021, mortality assumptions have been made as indicated below.

The assumptions relating to longevity underlying the pension liabilities at the balance sheet date are based on standard actuarial mortality tables and include an allowance for future improvements in longevity. The assumptions are equivalent to expecting a 65 year old to live for a number of years as follows:

	Irish Scheme 2021/2020		Other Schemes 2021/2020	
- Current pensioner aged 65	23/23 years male	25/25 years female	21/22 years male	24/24 years female
- Future retiree* upon reaching 65	25/26 years male	27/28 years female	23/23 years male	26/26 years female

The assumptions used by the actuary are chosen from a range of possible actuarial assumptions which, due to the timescale covered, may not necessarily be borne out in practice.

* Current age 40 years for the Irish scheme and current age 45 years for the other schemes.

	2021	2020	2021	2020	2021	2020
	Irish Scheme		Other Schemes		Total	
	€'000	€'000	€'000	€'000	€'000	€'000
Equities	**23,297**	21,772	**8,482**	9,619	**31,779**	31,391
Bonds	**47,048**	38,742	**27,474**	17,011	**74,522**	55,753
Property	**2,074**	4,375	**1,847**	---	**3,921**	4,375
Other	**24,862**	26,181	**15,776**	21,228	**40,638**	47,409
	97,281	91,070	**53,579**	47,858	**150,860**	138,928
Actuarial value of liabilities	**(104,825)**	(102,103)	**(64,211)**	(62,985)	**(169,036)**	(165,088)
Net deficit in the schemes	**(7,544)**	(11,033)	**(10,632)**	(15,127)	**(18,176)**	(26,160)

	2021	2020	2021	2020	2021	2020
	Irish Scheme		Other Schemes		Total	
	€'000	€'000	€'000	€'000	€'000	€'000
Analysis of the amount charged to the Group Income Statement during the period:						
Net interest expense	**116**	161	**202**	218	**318**	379

Notes to the Financial Statements (continued)

24 Post employment benefits (continued)

Movement in benefit obligations during the period	**Irish Scheme 2021 €'000**	**Other Schemes 2021 €'000**	**Total 2021 €'000**
Benefit obligations at beginning of the period	102,103	62,985	165,088
Interest expense	1,105	884	1,989
Actuarial loss/(gain)	4,932	(1,127)	3,805
Benefits paid from plan	(3,315)	(2,156)	(5,471)
Exchange adjustment	---	3,625	3,625
Benefit obligations at end of the period	**104,825**	**64,211**	**169,036**

Movement in plan assets during the period			
Fair value of plan assets at beginning of the period	91,070	47,858	138,928
Interest income	989	682	1,671
Remeasurement gains			
Return on plan assets excluding interest income	7,537	3,382	10,919
Employer's contributions	1,000	896	1,896
Benefits paid from plan	(3,315)	(2,156)	(5,471)
Exchange adjustment	---	2,917	2,917
Fair value of plan assets at end of the period	**97,281**	**53,579**	**150,860**
Deficit in schemes	**(7,544)**	**(10,632)**	**(18,176)**
Actual return on plan assets	**8,526**	**4,064**	**12,590**

Notes to the Financial Statements (continued)

25 Financial commitments

a) Operating leases

At 25 December 2021, the Group had future minimum payments under non-cancellable operating leases as follows:

	2021 €'000	2020 €'000
Payments due:		
Not later than 1 year	**2,176**	2,016
Later than 1 year and not later than 5 years	**6,917**	6,436
Later than 5 years	**8,329**	8,530
	17,422	16,982

b) Bank guarantees

The Group had outstanding guarantees at the period end as follows:

	2021 €'000	2020 €'000
Bank guarantees	**31,323**	30,639

These guarantees are used to support the activities of Group companies.

c) Other financial commitments

The Group had the following outstanding forward currency/commodity contracts at the period end in respect of foreign exchange/price risk.

	2021 €'000	2020 €'000
Forward foreign currency/commodity contracts	**538,238**	436,915

d) Inventories

The Group had the following forward contracts with Rabobank at the period end in respect of the purchase of inventories.

	2021 €'000	2020 €'000
Forward contracts	**62,810**	71,042

Notes to the Financial Statements (continued)

26 Business combination

On 8 October 2021, the Group acquired 100% of the equity of Whitehall Specialties Inc. (subsequently renamed Ornua (Whitehall) Ingredients Inc.), a US cheese ingredients business.

	2021 Fair Value €'000
The provisional fair value of the net assets acquired at date of acquisition were as follows:	
Tangible assets (note 9)	**27,420**
Inventories	**15,169**
Debtors	**17,208**
Cash*	**154**
Creditors	**(20,234)**
Deferred tax	**3,425**
Net assets acquired	**43,142**
Goodwill arising on acquisition (note 8)	**5,445**
Total acquired	**48,587**
Satisfied by:	
Cash consideration*	**48,587**

* Cash consideration net of cash acquired was €48,433k.

The goodwill arising on the acquisition is being amortised over 10 years.

27 Related party transactions

The principal related party relationships requiring disclosure in the consolidated financial statements of the Group pertain to transactions with members of the Parent Society entered into by subsidiaries of the Group.

Sales to members during the financial period ended 25 December 2021 amounted to €49.7m (2020: €36.4m) and purchases from members amounted to €1,471.0m (2020: €1,184.4m). Amounts receivable from and payable to members arising from the aforementioned sales and purchases transactions as at the balance sheet date are €13.2m (2020: €10.7m) and €99.0m (2020: €125.1m) respectively. There are other payable balances of €2.7m to members (2020: €2.7m).

In general, the transfer pricing policy implemented by the Group across its subsidiaries is market-based. The outstanding balances included in receivables and payables as at the balance sheet date in respect of transactions with members are unsecured and settlement arises in cash. No guarantees have been either requested or provided in relation to related party receivables and payables.

There were no transactions with Directors or key management during the period apart from the payment of remuneration as set out in the table below.

There were no Director loans in existence during the period or outstanding at period end.

Notes to the Financial Statements (continued)

27 Related party transactions (continued)

Key management personnel

Key management personnel comprises the Board of Directors and the executive committee members who manage the business and affairs of the Group.

The remuneration of key management personnel, charged to the 2021 Group Income Statement (but not necessarily paid in 2021), was as follows:

	2021 €'000	2020 €'000
Total Non-Executive Directors fees (14 in 2021 & 15 in 2020)	**616**	536
Global Executive Remuneration, including Executive Directors (7 Executives in 2021 & 7 in 2020):		
Basic salary	**2,155**	2,129
Performance related bonus	**831**	898
LTIP-Paid during the year	**896**	741
Other benefits	**163**	285
Employers pension contribution	**367**	330
Employers PRSI	**445**	446
	4,857	4,829
LTIP - Adjustment to provision during the year *	**640**	1,180
Total fees and remuneration for key management personnel	**6,113**	6,545

* LTIP - Adjustment to provision during the year represents the adjustment to the LTIP provision and does not represent the amount paid in 2021. The total amount expected to be paid out under the LTIP scheme is expensed over the vesting period, which is three years, and vested awards are settled by way of cash payment to employees over the following three years. The adjustment to the LTIP provision in 2021 is calculated as one-third of the expected pay-out (based on a number of assumptions that may or may not eventuate) in respect of awards granted in 2019, 2020 and 2021 plus an adjustment for any impact on the provision at 26 December 2020 as a result of updated assumptions in 2021. Further details on the LTIP are included in Note 28.

The Personnel and Remuneration committee recommend the remuneration policy for key management personnel to the Board and oversee the implementation of the policy. The process includes assessment against comparable organisations, review of market trends, consideration of the structure of the policy and ensuring that remuneration arrangements are consistent with members' interests. The resources of Independent Professional Advisers were used in the review and assessment process.

28 Long term incentive plan

The Group operates a Long Term Incentive Plan (LTIP), the purpose of which is to align the interests of participants and members in achieving exceptional growth, in line with the strategic plan, in a sustainable manner over the longer term, while taking into account product prices paid to members. The LTIP pays out where significant incremental value has been generated for both the owners of the business and the supplying members.

The LTIP provides for awards to be granted to a limited number of executives and senior management as nominated by the Chief Executive and approved by the Personnel and Remuneration Committee. The LTIP is measured both in terms of profitability and product prices returned to members over the vesting period. The value of awards granted, is primarily derived from an adjusted Group EBIT calculation adjusted to reflect product prices returned to members, member bonuses and some other financial metrics.

The total amount expected to be paid out under the scheme is expensed over the vesting period, which is three years, and vested awards are settled by way of cash payment to employees over the following three years. The Group has not established a separate fund out of which obligations will be settled directly. The Group has a charge of €4.4m (2020: €4.0m) within employment costs in relation to the scheme, and the obligations recognised within liabilities at period end amounts to €8.9m (2020: €7.0m).

Notes to the Financial Statements (continued)

29 Significant subsidiary companies and associates

The parent society is a Co-operative and is incorporated in Ireland with its registered address at Grattan House, Mount Street Lower, Dublin 2.

	Incorporated in and operating from	*% Holding*	*Activities*
Ornua Limited*	Ireland	100	Marketing food products
IDB Investment Limited*	Ireland	100	Group financing
Ornua Insurance Designated Activity Company	Ireland	100	Group captive insurance
IDB Treasury Limited	Ireland	100	Group factoring and financing
Kerrygold Butter Packing Ireland Limited	Ireland	93	Packaging of dairy products
Salsola Limited*	Ireland	100	Holding Company
Kerrygold Limited*	Ireland	100	Holding Company
Al Wazeen Trading Company LLC*	Saudi Arabia	75	Manufacturing, marketing and distributing dairy products
Ornua Ingredientes Espana SL	Spain	100	Manufacturing, marketing and distributing dairy products
Ornua Foods UK Limited	United Kingdom	100	Manufacturing, marketing and distributing dairy products
Ornua Nutrition Ingredients Limited	United Kingdom	100	Manufacturing, marketing and distributing dairy products
Ornua Butter Trading (UK) Limited	United Kingdom	100	Marketing and distributing dairy products
The Irish Dairy Board (UK) Limited*	United Kingdom	100	Holding Company
Ornua Ingredients Europe (UK) Limited	United Kingdom	100	Manufacturing, marketing and distributing dairy products
Ornua Deutschland GmbH*	Germany	100	Manufacturing, marketing and distributing dairy products
Irish Dairy Board (Shenzhen) Co., Limited	China	100	Marketing and distributing dairy food products
Ornua Foods North America Inc.	U.S.A.	100	Marketing dairy food products
Ornua (Wisconsin) Ingredients LLC	U.S.A.	100	Manufacturing, marketing and distributing dairy products
Ornua (Minnesota) Ingredients LLC	U.S.A.	100	Manufacturing, marketing and distributing dairy products
CoreFX Ingredients LLC	U.S.A.	90	Manufacturing, marketing and distributing dairy products
Nextwave Distribution Holdings LLC	U.S.A.	20	Marketing and distributing food products
IDB Holdings Inc.	U.S.A.	100	Holding Company
Ornua (Whitehall) Ingredients Inc.**	U.S.A.	100	Manufacturing, marketing and distributing dairy products

* These subsidiary companies are directly owned by the Parent Society.

** Previously called Whitehall Specialties Inc.

In accordance with section 357 of the Companies Acts 2014, Ornua Co-operative Limited of Grattan House, Mount Street Lower, Dublin 2 as the holding undertaking of the Irish subsidiary companies (defined below) incorporated in Ireland and for the purposes of the exemptions referred to in section 357 of the Companies Acts 2014, hereby irrevocably guarantees in respect of the whole of the financial period of the Irish subsidiaries ending on 25 December 2021, all of the commitments entered into by the Irish subsidiaries, including amounts shown as liabilities (within the meaning of section 357 (1) (b) of the Companies Act 2014) in such Irish subsidiary's statutory financial statements for the period ended 25 December 2021.

The 'Irish subsidiaries' covered by this guarantee are: Kerrygold Limited, Kerrygold Irish Cream Liqueur Limited, Kerrygold Butter Packing Ireland Limited, Ornua Limited, Salsola Limited, An Bord Bainne (Management) Limited, IDB Treasury Limited, IDB Investment Limited, The Irish Dairy Board Limited, IDB Premier Limited, An Bord Bainne (Services) Limited and An Bord Bainne (Exports) Limited.

30 Post balance sheet events

On 24 February 2022, Russian troops started invading Ukraine. To date, the war has had no significant impact on the Group's assets and business. However, the longer term global economic impact of the war is as yet unknown. The Directors continue to actively review the situation in order to mitigate any impact that it may have on the business.

31 Approval of financial statements

The financial statements were approved by the Board of Directors on 11 May 2022.

Board of Directors & Executive

Board of Directors*

Denis Cregan
Chair

Stephen Arthur
Dr Sean Brady
Donal Buggy
Jerry Houlihan
John Hunter

John Jordan
Diarmuid Lally
Edmund Lynch
Pat McCormack
Anne McFarland

Anne O'Leary
Michael O'Shea
Joe O'Sullivan
Jim Russell
Sean Sweeney

Executive*

John Jordan
Chief Executive

Donal Buggy
Chief Financial Officer

Bernard Condon
Managing Director Global Ingredients Division

Majella Darcy
Chief People Officer

Gilles Fellens
Chief Growth Officer

Róisín Hennerty
Managing Director Global Foods Division

John McRedmond
Chief Risk & Compliance Officer

Company Secretary*

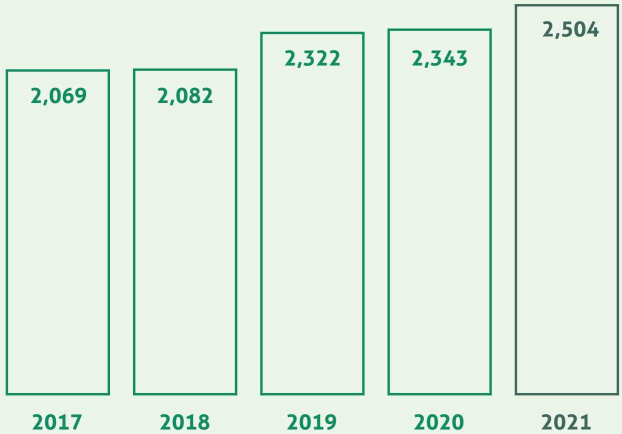
John McRedmond

*As at 25 December 2021

Group Five Year Review

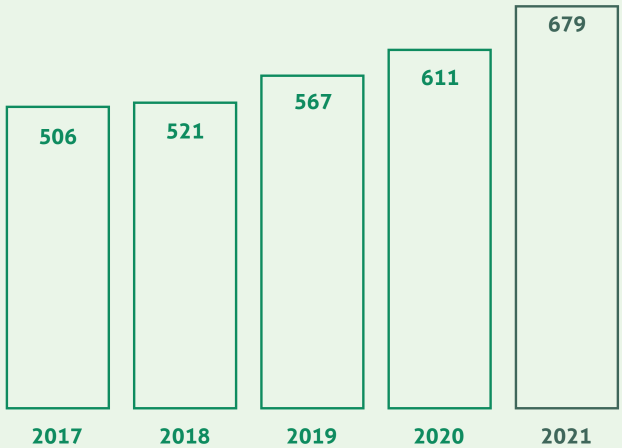
2021 Group Turnover

€2,504 million



2021 Members' Funds

€679 million



	2017 €'000	2018 €'000	2019 €'000	2020 €'000	2021 €'000
a) Historical values					
Turnover	2,069,219	2,082,059	2,322,252	2,343,467	2,504,141
EBITDA	53,830	60,544	71,786	107,408	99,369
Operating profit	35,245	40,419	49,092	83,068	75,684
Profit before taxation and exceptional items	31,170	35,355	42,552	86,708	73,382
Net debt/(cash)	(310)	110,109	(22,741)	(144,604)	6,991
Members' funds	505,814	521,360	567,411	610,508	679,221
b) Financial ratios					
EBITDA as % of turnover	2.6%	2.9%	3.1%	4.6%	4.0%
Operating profit as % of turnover	1.7%	1.9%	2.1%	3.5%	3.0%
Leverage (Net debt/(cash)/EBITDA) (times)	(0.01x)	1.8x	(0.3x)	(1.3x)	0.1x
Interest Cover (EBITDA/Interest Payable) (times)	17.6x	16.6x	12.8x	22.1x	21.5x

Irish Product Utilisation Overview

Total Irish Milk Supply (million litres)

	2021	2020
January	**182**	176
February	**352**	332
March	**830**	726
April	**1,061**	983
May	**1,181**	1,115
June	**1,067**	1,031
July	**1,017**	985
August	**917**	868
September	**777**	725
October	**653**	647
November	**461**	450
December	**256**	259
Total	**8,754**	8,297

Source: CSO

Total Irish Product Output (tonnes)

	2021	2020
Butter	**275,100**	264,700
Cheese	**289,900***	285,400
SMP	**147,600**	150,100

Source: CSO/Ornua

*Estimate

Ornua
THE HOME OF IRISH DAIRY

Ornua Co-operative Limited
Grattan House,
Mount Street Lower,
Dublin 2, Ireland

T:+353 1 661 9599

www.ornua.com