Ornua™

THE HOME OF IRISH DAIRY

ANNUAL REPORT 2023

ABOUT ORNUA

Ornua is an Irish dairy co-operative that markets and sells dairy products on behalf of its Members, Ireland's dairy processors and, in turn, Irish dairy farmers. Ornua is Ireland's largest exporter of Irish dairy products and has annualised sales of €3.4 billion. Headquartered in Dublin, Ornua has a strong global team of 3,000 employees, operating from 10 business units worldwide, including 14 production facilities. Ornua's core purpose is to build profitable routes to market for Irish dairy products.

The Group is structured across two divisions: Ornua Foods and Ornua Ingredients. Ornua Foods is responsible for the marketing and sales of Ornua's consumer brands including Ireland's most successful food export, Kerrygold, as well as Kerrygold Dubliner, Pilgrims Choice, Forto and BEO milk powders. Markets are served by production facilities in Ireland, Germany and the UK and by in-market Sales and Marketing teams in Asia, Germany, Ireland, MEA, Poland, Spain, rest of Europe, and North and Latin America.

Ornua Ingredients is responsible for the procurement of Irish and non-Irish dairy products, for the sale of dairy ingredients to food manufacturing and foodservice customers across the world, and for managing volatility through de-risking and trading strategies. The business is supported by production facilities in the UK, Spain, the US, Saudi Arabia, and by in-market teams in Africa and the Middle East.

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Front Cover: Kerrygold Park's *May Your Table Always Be Full* installation celebrating the launch of the brand's new global TVC *The Runaway.*

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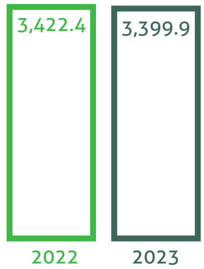
PERFORMANCE AT A GLANCE

FINANCIAL HIGHLIGHTS

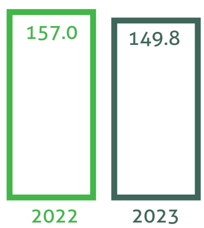
€3,399.9 m

Turnover €m



€149.8 m

Group EBITDA* €m



€116.8 m

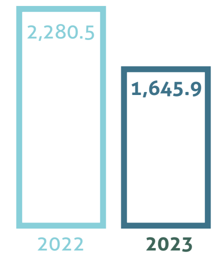
Operating Profit* €m

*pre-Ornua Value Payment and exceptional items

RETURNING VALUE TO IRISH FARMING FAMILIES

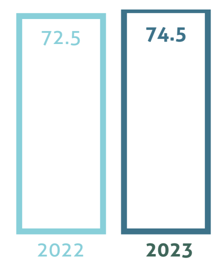
€1,645.9 m

Premium Dairy Products €m
Ornua purchased €1,645.9 million premium Irish dairy products in 2023.



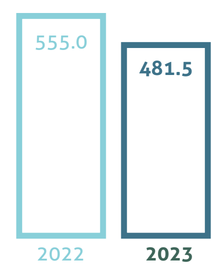
€74.5 m

Ornua Value Payment €m
Value-added routes to market generated €74.5 million in additional premiums and bonuses for Member Co-operatives.



€481.5 m

Working Capital Facilities €m
Ornua provided up to €481.5 million in working capital facilities to Member Co-operatives.



STANDOUT MOMENTS

€40 million

New €40 million development at Kerrygold Park – the Global Home of Kerrygold – officially unveiled.

14,500 +

Over 14,500 containers of Irish dairy products sold and shipped globally in the year.

1 million

Kerrygold Park now has capacity to produce up to one million retail butter packs per day.

50 YEARS

Ornua marks 50 years of co-operative structure with robust value returns to Member Co-operatives and Irish farming families.

Enhanced ESG strategy accelerating Ornua's sustainability journey.

Path to Prosper 2027
Introduction of new five-year growth strategy to support Ornua in achieving ambitious targets.

26

A total of 26 new Kerrygold products and product extensions launched in key markets in 2023.

Strong progress made in reducing our environmental impact at Group level with double-digit reduction in manufacturing emissions.

ABOUT ORNUA

WORKING TOGETHER	MEMBERS	FARMERS	ORNUA
	8	14,000	3,000
Co-operative ethos is at the heart of how we do business	co-ops producing world class product	dairy farming families	strong team representing 65 nationalities

Our Purpose

Creating value for Irish farming families.

Our Vision

Together, our vision is to drive sustainable, profitable growth and deliver customer success by investing in our dedicated people, our brands, and our 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

Proud owner of Kerrygold

Annual sales of €3.4 billion

Ireland's largest exporter of dairy products

Markets the unique taste of grass-fed Irish dairy

CHAIR'S STATEMENT

Ornua Co-operative recorded a solid performance in 2023, a period throughout which the international dairy sector experienced continued intense market volatility. The strength of the organisation's global scale, longstanding partnerships, and diverse product portfolio ensured Ornua could remain resilient to these conditions and deliver value for our customers, our Member Co-operatives, and Irish farming families.

Business Performance

Group turnover was €3.4 billion, stable year-on-year and high historically, representing a solid performance, despite dairy product prices coming off a significant peak in 2022. Group EBITDA and Operating Profit, pre *Ornua Value Payment,* were €149.8 million and €116.8 million respectively. Ornua prioritised strong returns to Member Co-operatives, delivering on our core purpose of creating value for Irish farming families. The *Ornua Value Payment* was €74.5 million last year, and this was in addition to strong product prices amounting to €1.6 billion across 374,600MT of premium Irish dairy products.

Global Dairy Markets

The performance of global dairy markets in 2023 was in stark contrast to the unprecedented patterns experienced in the previous year. European milk and commodity prices peaked in late 2022 before falling by a quarter by June. Commodity and milk pricing stabilised in the second half of the year. While weaker compared to 2022, European pricing remained solid compared to historic averages.

Global milk supply grew in the first half of the year before easing in the second half, with annual supply rising by just 0.1% in the year. Global dairy demand rose by about 0.5%, but this followed a decline of 0.5% in 2022. Thus, like milk supply, dairy demand was essentially fairly stable.

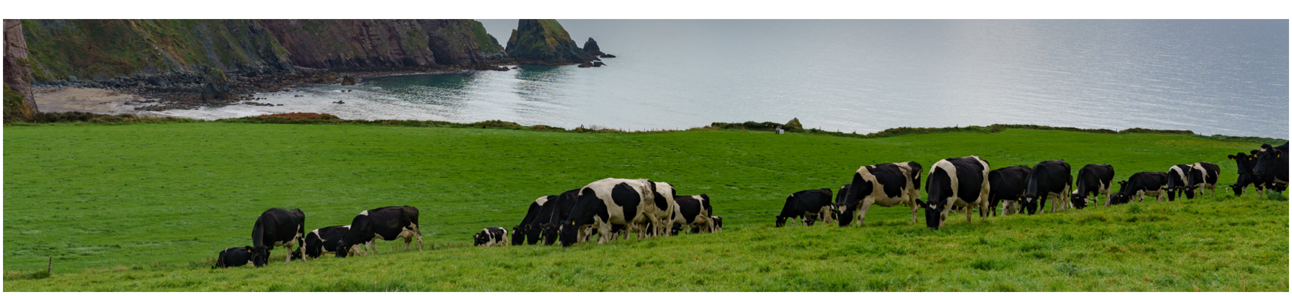
Looking ahead, global milk supply is likely to be flat, which should support the market. However, there is a greater awareness of the various demand challenges. In the absence of a significant uptick in demand, current indications suggest that pricing is likely to be relatively stable across the year ahead.

Ambitions for Sustainable Growth

The business recorded a number of significant achievements during the year that will help lay the foundations for Ornua's continued development. In October, we formally opened a new €40 million expansion at Kerrygold Park that will underpin the future growth of our flagship brand.

Ornua's new five-year growth strategy was introduced and embedded across the Group. A key milestone in its ongoing implementation process has been the development of a new Environmental, Social and Corporate Governance (ESG) strategy. Its scope has been broadened to accelerate progress in reducing our environmental impact, strengthening the sustainability of our supply chain and making a positive difference in the communities which we operate in. It will also ensure Ornua's actions are more responsive to the needs of our customers and consumers while maintaining our competitive advantage. I and the Ornua Board of Directors were pleased to endorse the new ESG strategy which will ensure the organisation can pursue its growth ambitions sustainably and responsibly into the future.

With a view to ensuring that the appropriate governance structures are in place to support those ambitions, the Board of Ornua has adopted the Plunkett Code of Corporate Governance which has been developed specifically for co-operatives by the ICOS-affiliated Plunkett Institute for Co-operative Governance.



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Leadership

During the year under review, John Jordan left his role as Chief Executive of the Group. On behalf of the Board, the Executive, and our entire team, I would like to sincerely thank John for his five years as CEO and his three decades with Ornua Co-operative.

Following a comprehensive selection process led by a Board subcommittee, Conor Galvin was recently appointed the new Chief Executive of Ornua and will lead the Group as it continues to deliver value for its Member Co-operatives and the 14,000 dairy farming families that supply them. Conor has a deep knowledge of the dairy sector and has extensive senior executive experience. He is deeply committed to the co-operative nature of the dairy business and has a strong focus on working in close partnership with key stakeholders. My fellow Board Directors and I look forward to working with Conor as Ornua continues its journey of delivering long-term sustainable growth.

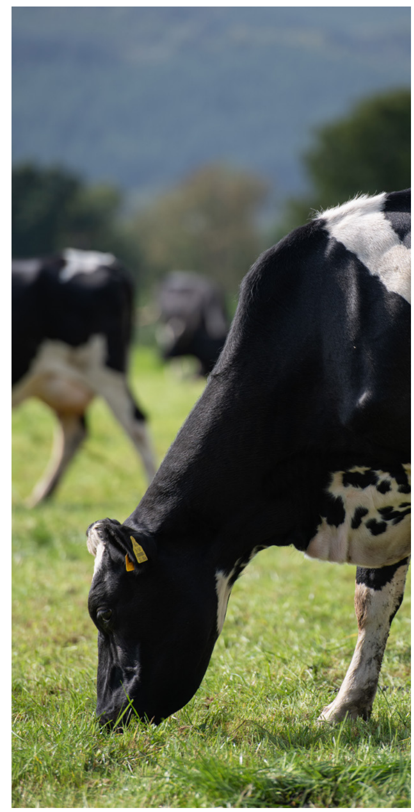
I would also like to thank Donal Buggy, who has been Ornua's Interim Chief Executive since last September. Donal's tireless commitment to the business has been vital during this transition period, and he will continue in the role of Group Chief Financial Officer from May.

During the year, our Vice-Chair Pat McCormack informed fellow Directors of his intention to step down from his role as the ICMSA representative on the Ornua Board of Directors this year. On behalf of the Board, I wish to express our gratitude to Pat for his important contribution over six years as a Board Director.

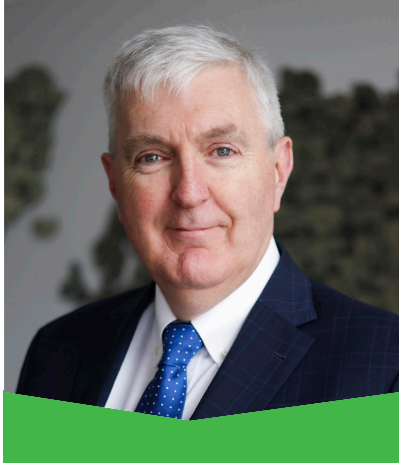
Looking Ahead

As we move through the first half of this year, we remain broadly positive, despite continued market uncertainties. Inflation has not eased as quickly as some commentators had predicted, interest rate reductions are also slower than had been expected, and geopolitical risk remains a factor. Despite these challenges, Ornua continues to create increased value for the Irish dairy sector and is well positioned to meet customer needs in a changing world.

Aidan O'Driscoll
Ornua Co-operative Chair



Ornua continues to create increased value for the Irish dairy sector and is well positioned to meet customer needs in a changing world.



INTERIM CHIEF EXECUTIVE'S REPORT

On behalf of Ornua, I am pleased to report a solid business performance for 2023, in which Group Turnover reached €3.4 billion, representing a stable result year-on-year, despite significant instability in the trading environment.

Ornua demonstrated its capacity to respond dynamically and effectively to changed market conditions, supported by the strength of our teams across the global business and robust customer partnerships, many of which have been in place for decades. This positive platform enabled the business to continue to deliver for our customers, our Member Co-operatives, and the millions of consumers globally who choose our products.

Business Performance

While Group EBITDA and Operating Profit, pre *Ornua Value Payment*, were below 2022 at €149.8 million and €116.8 million respectively, this was reflective of the challenging market conditions that the Irish dairy industry faced in 2023. As a co-operative, we are committed to supporting our Member Co-operatives by creating and returning value to them and the 14,000 family farms they represent. In a challenging year for farmers, our continued focus was on paying the best possible prices for their product. We declared an *Ornua Value Payment* of €74.5 million for the year, made up of bonuses and premium paid on member purchases.

Ornua closed the year with a Net Debt of €154 million, down from €296 million in the previous year, giving the business greater financial flexibility to continue to grow and support our Member Co-operatives. We supported their working capital requirements by supplying €481.5 million in working capital facilities during 2023.

Ornua Foods

While honouring over sixty years of heritage, the Kerrygold brand continues to evolve with the times, reaching new and existing consumers through new product innovation and a growing portfolio. A total of 26 new Kerrygold products and product extensions were launched globally in 2023, including a new 100g Butter Stick in Ireland.

We completed a €40 million expansion of Kerrygold Park, our butter production and packing facility in Mitchelstown, Co. Cork, Ireland. This expansion increases production capacity to up to 80,000 tonnes of butter per year, which is the equivalent of more than one million retail packs per day. The development of Kerrygold Park is a key long-term investment in the future of the brand, focusing on generating increased value through continued growth of Kerrygold in key markets, such as the US and Germany.

We also launched a major new global advertising campaign for Kerrygold which will reach up to 150 million consumers during its first 12 months. The scale of the campaign underscores our commitment to promoting and growing Kerrygold globally, as the brand edges closer to becoming Ireland's first €2 billion food brand.

We completed a €40 million expansion of Kerrygold Park, our butter production and packing facility in Mitchelstown, Co. Cork, Ireland.

Ornua Ingredients

The global dairy commodity market experienced significant instability in the year, following the unprecedented highs of 2022. High price inflation heavily impacted consumer demand, however, through our global scale, close customer partnerships, and an increased focus on collaboration, Ornua Ingredients helped partners manage through this volatility successfully.

We have strengthened our position as a leading supplier of high-quality dairy ingredients to global foodservice and quick-service restaurant (QSR) customers, growing existing partnerships into new markets and enhancing collaborative product innovation.

Sustainability

Our sustainability journey as an organisation has been greatly supported through the development of a new Group ESG strategy which will accelerate our efforts to reduce our environmental impact and grow our positive social impact globally, building on the positive progress we have made to-date.

In line with our commitment to set science-based targets, we submitted our application early last year and began target validation in October. By setting science-based targets, Ornua aligns its ambition to keep global warming within the 1.5 degrees pathway. While this process is ongoing, we continue to make progress at pace, recording a double-digit reduction in Scope 1 and 2 emissions globally in the year. We are on-track to achieve our 2025 targets as we continue to focus on transitioning to renewable energy sources across the Group network.

Kerrygold Park, the global home of Kerrygold, in Mitchelstown, Co. Cork, Ireland.

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Our ambition for Scope 3 emissions, in line with science-based targets, is to achieve a 30% reduction including sequestration by 2030, and our new Group ESG strategy will drive our actions forward towards this goal in the years ahead.

People

Throughout the year, we have focused on strengthening the supportive work environment in which all Ornua employees are empowered to bring their whole selves to work. To do this, we recognise the need to prioritise strong work-life balance and have enhanced our suite of policies that are globally available and designed to support employees throughout every stage of life's journey.

We are committed to ensuring our people can thrive professionally and in 2023, introduced and embedded a new approach to performance management - *Thrive* - which is designed to enhance our unique culture of high performance, so we can in turn, deliver for our members and stakeholders.

We recognise the importance of building a strong talent pipeline to achieve our growth ambitions as a business. We have further strengthened our talent pool by bringing new capability into the business, while focusing on succession planning, shaping future leaders through bespoke people development programmes throughout the year. It has been heartening to see so many of our colleagues at all stages of their careers seize the opportunity to develop their skillsets, and encouraging to also note the positive scores recorded in our annual employee engagement survey representing the inclusive work environment we are building, where all voices are heard.

The business was pleased to welcome Maurice Hennessy to the newly created role of Group Chief Technology Officer, joining the Ornua Executive team. Maurice is responsible for ICT and Cyber Security as well as leading Ornua's Business Transformation progamme 'Evolve.'

Non-Core Activities

The Group carried out a review of its non-core activities during the year which resulted in some adjustments to the carrying value of assets and these have been reflected in the 2023 results as exceptional items. Following on from this review, the Group successfully disposed of its investment in Nextwave Distribution Holdings LLC. Nextwave is the parent company of DPI Specialty Foods Inc. The Group also entered into negotiation for the disposal of two non-core businesses which were completed in early 2024 (outlined in Note 29 to the Financial Statements).

Looking Ahead

While there is continued uncertainty around the impact of macroeconomic factors on already challenging global market conditions, we are optimistic about the future, beyond the current flux.

Our products have leading positions in major markets and are loved by consumers globally, supported by strong customer relationships, world-class processing facilities, and a talented and driven global team. Guided by our growth strategy *Path to Prosper*, we continue to make

investments in our operations, our products, and our people to ensure we are positioned to grow sustainably.

I would like to thank our Chairman, the Ornua Board of Directors, my colleagues on the Executive Team, and the entire business for their support in my role as Interim Chief Executive. My thanks also to our team of 3,000 employees for their commitment and hard work during the year.

On behalf of the entire Ornua team, I would also like to thank our Member Co-operatives and the 14,000 Irish farming families who supply our business. We remain committed, focused, and ambitious in our efforts to create enhanced value for you and for the overall Irish dairy sector.

Donal Buggy
Interim Chief Executive

MAY YOUR TABLE ALWAYS BE FULL

Ornua Foods, the global consumer foods and brands division, recorded a strong performance in 2023, in the face of continued market pressures and evolving consumer demand and buying behaviour across all key markets. The strength of Ornua's brands and customer partnerships enabled growth, supported by investment in product innovation, marketing, and production capacity.

During the year, Ornua opened a new €40 million development at Kerrygold Park, which is its flagship butter production facility in Mitchelstown, Co. Cork, and the global home of Ireland's most successful food export. The expansion doubled Kerrygold Park's cream processing capacity, enabling it to produce up to 80,000 tonnes of butter per year, which is the equivalent of close to 1 million retail packs per day. Through the investment, which also added two new state-of-the-art butter churns, the facility now has 10 packing lines that can produce 50 different product formats for 60 markets.

The development of Kerrygold Park supports Ornua's continued ambition to grow the brand globally, which has been further strengthened through the introduction of a major new global advertising campaign for Kerrygold last October. The campaign - *May your table always be full* – illustrates the power of reconnecting with friends and family at mealtimes, amid the fast-paced pressures of everyday modern life. The campaign features across television, video-on-demand and streaming, and across social media channels, and is projected to reach over 150 million consumers is its first 12 months.

In the US, Kerrygold strengthened its market position as the number two branded butter, with continued year-on-year sales growth in addition to record market share during peak buying periods. The brand's share growth continues to outpace the total butter category, while Kerrygold Specialty Cheddar also outperformed the total Specialty Cheddar category. This strong growth, supported by a programme of focused marketing initiatives and the arrival of the new multi-channel advertising campaign, saw Kerrygold reach its highest ever Brand Power score during the year, underpinning the health of the brand and positive consumer sentiment.

Despite the continued impact of inflation, price fluctuation in branded categories, and an unprecedented level of market competition, Kerrygold continued to maintain its market leader position in Germany. In 2023 it celebrated 50 years since it first launched in the market. Almost two-thirds of German households purchased Kerrygold in the year, while the original Butter 250g block was the fastest-selling single Stock Keeping Unit (SKU) across all retail categories.

After several years of strong product development, a record 15 new Kerrygold products and product extensions launched in Germany last year, paving the way for further growth in this key market. The latest market entry, Kerrygold Cream Cheese, achieved strong growth in 2023.

Kerrygold sales grew in the UK market during the year, despite a decline in the overall butter segment as a result of inflationary pressures on consumer buying. Pilgrims Choice, which is the number two branded cheddar in the UK, also increased its market share in the year, thanks to increased distribution among key retailers and targeted marketing through the *Taste Matters* advertising campaign, which reached 20 million households.

In Ireland, the Kerrygold Butter Stick, a new 100g format, was launched, offering consumers greater variety for a host of usage occasions. This arrival of the Butter Stick followed the success of the format in other markets such as the US, and marks the first product launch since Ornua Foods International moved from a distribution model to direct retailer relationship for Ireland. This transition strengthens the business's connection with its key retail customers, enhancing capacity for further product innovations.

ORNUA INGREDIENTS

CO-OPERATIVE BY NATURE

Ornua Ingredients recorded a balanced performance in the year, despite challenging market conditions globally. The division's focus on close collaboration with a diverse customer base supported stability, while continued emphasis on innovation strengthened the business's standing as a leading supplier of ingredients solutions to key growth sectors.

Global dairy prices fell significantly and rapidly in the year, posing an evolved set of trading and supply chain challenges when compared to the previous year. Despite this ongoing market fluctuation throughout the year, Ornua continued to deliver valuable routes to market for Irish dairy.

Ornua Ingredients' position as a specialist provider of innovative cheese solutions for the global quick service restaurant (QSR) sector has matured through further cutting-edge collaboration with major foodservice customer partners. In 2023, the Ornua Ingredients Europe business created and launched 13 new products in partnership with customers across 10 markets globally.

The QSR channel became highly pressurised in 2023, due to inflationary challenges impacting consumer consumption. Despite this difficult market environment, the business worked closely with existing customers to expand product offerings, earning recognition as strategic supplier of the year for Asia by a major global QSR customer partner, in addition to supporting a key Europe-based customer in reaching near record sales for stuffed crust pizzas through its flavoured string cheese solution. In the US, Ornua Ingredients North America (OINA) similarly worked closely with customer partners to navigate challenging market conditions experienced in key sectors. Inflationary pressures continued to influence demand at retail level, with food manufacturing and foodservice customers impacted.

By focusing on innovation, R&D and new product development, OINA expanded its capabilities into new product types such as process and natural cheese offerings, enhancing the business's capacity for growth and ability to deliver business continuity assurance for key customers. This allowed the business to be responsive to the evolving needs of customers during a challenging period, which saw many major customers reignite innovation pipelines. The business also improved operational efficiencies, investing in packaging solutions that will positively impact sustainability efforts from an environmental and economic perspective.

Ornua Ingredients International placed an increased focus on close collaboration with customers across the Middle East and Africa to manage through increased market instability. Drop-off in commodity pricing, coupled with currency volatility, resulted in significant food inflation, particularly in Sub-Saharan Africa.

During the year, Ornua Africa welcomed Minister for Agriculture, Food & the Marine, Charlie McConalogue to its Lagos facility, as part of a trade mission coinciding with Ornua's tenth year of trade

in Nigeria in partnership with AAVA (formerly Far East Mercantile). Ornua has a well-established platform for future growth in the continent, through its strong distribution, production capacity, and in-market talent.

In the Middle East, the business focused on increasing operational efficiencies at its white cheese manufacturing facility in Riyadh, in addition to expanding its sales pipeline through key strategic customer partnerships. The Gulf region represents a considerable growth opportunity, with key foodservice sectors expected to double in value by the end of the decade.

Ornua Ingredients Europe created and launched 13 new products in 10 markets globally.

GLOBAL MARKET REPORT

Ornua purchased €1.6 billion in premium Irish dairy products in 2023.

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Supply

While global milk supply grew in the first half of the year, it eased in the second half, with annual supply rising by just 0.1% in 2023.

New Zealand milk supply increased, but this was versus a weak base, and volumes have been flat in recent years. The pattern was similar in the US and Europe, with higher farm input costs and environmental constraints dampening growth.

New Zealand continued to divert milk from WMP towards cheese, butter, and SMP. Globally, more milk made its way to cheese and butter, while WMP and SMP output declined.

Demand

Global dairy demand rose by about 0.5% in 2023, but this followed a decline of 0.5% in 2022. Thus, like milk supply, dairy demand was flat.

Domestic demand in Europe was stable through the year. Retail sales volumes were below 2020 and 2021 levels but just ahead of 2022 and pre-COVID levels. However, cheese performed better than butter and overall, sales struggled to gain momentum.

Exports increased with solid demand from the Middle East, Africa, and Central and South America, offsetting weaker demand from China and Southeast Asia. Though after a strong start to the year, exports slowed through the second half of 2023.

Pricing

European milk and commodity prices peaked in late 2022. This was driven by Russia's invasion of Ukraine, which pushed farm input costs higher, and encouraged buyers to secure additional stock.

With commodity pricing at an elevated level, combined with easing farm input costs and sluggish demand, markets and milk prices corrected between late 2022 and early 2023.

Cheese, butter, and SMP prices fell by 30% between September 2022 and March 2023. It took time for the fall to be captured in the European milk price, but it eventually dropped by a quarter between December 2022 and June 2023.

Commodity and milk pricing stabilised in the second half of 2023. Indeed, while weaker compared to 2022 levels, European pricing was solid versus historic averages.

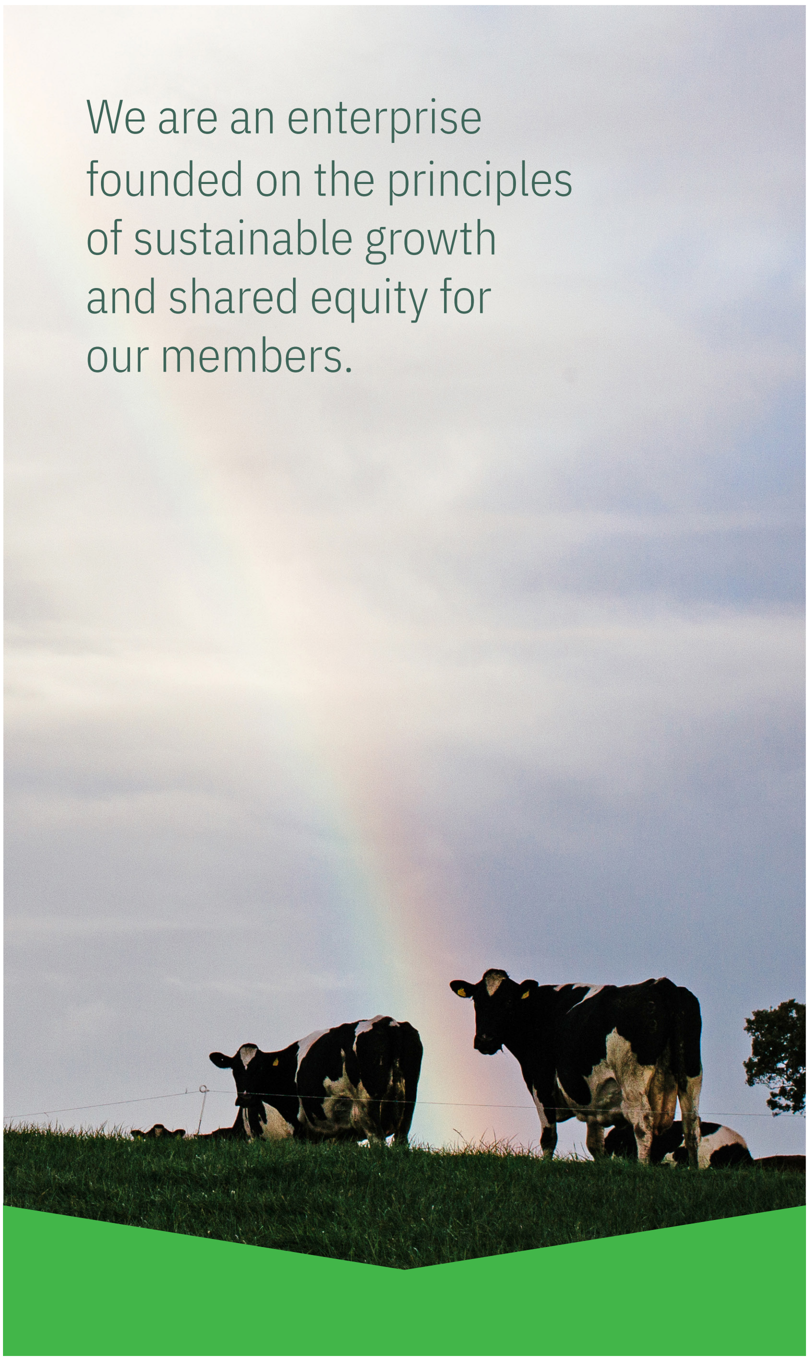
Future

Looking to the year ahead, dairy futures suggest the market will stabilise in the first half of the year before firming in the second half.

Global milk supply is likely to be flat, which should support the market. However, there is a greater awareness of the various demand challenges.

In the absence of a significant uptick in demand, current indications suggest pricing is likely to be stable for 2024.

ENVIRONMENTAL, SOCIAL & GOVERNANCE REPORT



We are an enterprise founded on the principles of sustainable growth and shared equity for our members.

In 2023, Ornua marked 50 years of operating as a co-operative. This structure requires that our business is founded on the principles of sustainable growth and shared equity for our members. Our governance model is built on values of co-operation and solidarity. The fundamentals of responsibility, sustainability, and equality define Ornua's co-operative structure and identity.

As a global agri-food co-operative, sustainability is key to how we operate. We have been making progress in reducing our environmental impact, strengthening the sustainability of our supply chain and making a positive difference in the communities which we represent and operate in. To accelerate our actions, we have redeveloped our strategy, with a concentrated focus on four core areas: Environment, Responsible Supply Chain, Social and Governance.

In 2023, Ornua recorded a double-digit reduction in Scope 1 and 2 emissions.

ENVIRONMENT

Emissions

Ornua has made important progress in recent years in driving down manufacturing emissions. In 2023, the business recorded a double-digit reduction in Scope 1 and 2 emissions, and anticipates a further reduction this year, supported by its ongoing transition to renewable energy sources across the Group network.

Since 2018, Ornua has disclosed emissions via the Carbon Disclosure Project (CDP) - the leading industry standard for corporate environmental reporting, which is fully aligned with the Task Force on Climate-related Financial Disclosures (TCFD) recommendations. Ornua's CDP rating improved from C to B in 2022, and in 2023 that rating was maintained. This reflects a continued focus on improving emissions reporting and reduction.

Ornua's commitment to positively address its environmental impact will be further supported by the introduction of Science-based targets, which are in the process of verification by the Science-based Targets Initiative (SBTi), with verified targets anticipated this year, following the business's application to the initiative in 2023.

2023 EMISSIONS HIGHLIGHTS

- Ornua Foods UK, Leek moved to fully renewable electricity in 2022, and this change contributed to the UK business reducing manufacturing emissions by more than half for 2023.
- Ornua Ingredients Europe reduced its Scope 1 and 2 emissions by over 40% in the year, through sourcing renewable electricity in 2023.
- Ornua Deutschland Neukirchen-Vluyn facility was certified climate neutral by 'ZNU goes zero' initiative, in addition to retention of 'Sustainably Managed' status across the Group.

Research

Ornua has continued its investment in industry and academia collaboration projects designed to positively impact the upstream supply chain, contributing to the sustainable future of the dairy sector.

2023 RESEARCH HIGHLIGHTS

- Investment support of VistaMilk research programme operated by Science Foundation Ireland (SFI) and the Department of Agriculture Food and the Marine (DAFM), which examines innovative practices and new technologies designed to improve sustainability of the dairy supply chain.
- Partnership with the AgTech UCD Agcellerator Programme, to support the mentorship and scale-up of AgTech innovations that address climate and sustainability challenges across the sector.
- Ornua Sustainability Scholarship offered in partnership with UCC for a third year, supporting the MSc in Sustainable Development, Agri-Food, and Co-operatives – a first-of-its-kind programme, integrating co-operative approaches into the study of sustainable development and agri-food.

Packaging

Ornua is committed to reducing packaging waste across all its operations, and has set ambitious targets to achieve fully circular packaging for on-shelf packaging by 2030. During the year, the business focused on enhancing data reporting capacity globally to support progress, while investing in capability and talent to accelerate initiatives, including recyclable packaging trials in collaboration with suppliers. At Group level, the business remains committed to improving the recyclability of packaging, as well as ensuring our fibre-based packaging is responsibly sourced.

2023 PACKAGING HIGHLIGHTS

- Ornua Foods UK successfully removed 105 tonnes of packaging from production in 2023, which equals 14 million individual pieces of packaging.
- New Head of Packaging, Ornua Foods Global appointed to identify and drive delivery of sustainable packaging solutions.

RESPONSIBLE SUPPLY CHAIN

Responsible Sourcing

Ireland's grass-fed family farming system is one of the most carbon efficient in the world, which has earned Ireland its global reputation for sustainably produced dairy. Ornua is committed to promoting that reputation globally, and ensuring its protection by supporting the further development of sustainable farming practices across the domestic dairy sector.

Each year, Ornua funds Bord Bia programmes including the Sustainable Dairy Assurance Scheme (SDAS), the Bord Bia Grassfed Standard, and Origin Green – Ireland's national food and drink sustainability programme. All farmer suppliers to the Kerrygold brand are Bord Bia SDAS verified, ensuring milk production processes are assessed to ensure that they meet the highest Bord Bia standards, including those for animal welfare, traceability, environmental protection, and food safety. All suppliers to the Kerrygold brand are Bord Bia Grassfed standard verified, ensuring greater transparency throughout the supply chain, maintaining consumer trust and confidence in Kerrygold products.

All farmer suppliers to the Kerrygold brand are Bord Bia SDAS verified.

Ornua introduced a new responsible sourcing framework at Group level, ensuring greater transparency across supply chains.

Animal Welfare

Ireland's grass-fed family farming system lends itself to the highest animal welfare standards in the world. This position sets Irish dairy apart on the world stage and must be protected to ensure sustainability of the sector.

Ornua is focused on embedding the highest animal and calf welfare standards as part of its supplier agreements. Following close collaboration with industry stakeholders, including the processing Co-operatives and Ornua, the Irish Co-operative Organisation Society (ICOS) reviewed and updated the terms of the ICOS Calf Welfare Charter. The charter sets out key principles which the entire industry abides by, to ensure that the highest possible welfare standards of animal care and the protection and integration of calves apply to all calves produced on Irish dairy farms.

In 2023, the updated charter was incorporated into Ornua's Kerrygold Standard, and the Terms and Conditions of milk supply, which apply to the various Milk Supply Agreements in place between farmers and their milk purchasers.

2023 RESPONSIBLE SOURCING HIGHLIGHTS

- Funding of Bord Bia's SDAS Farmer Engagement programme, to further promote awareness and understanding of the SDAS scheme.
- Ornua, in partnership with the National Dairy Council, facilitated the Quality Milk Awards, recognising excellence in milk quality, animal welfare, and sustainable farming practices.
- Support of the Origin Green Ambassador Programme, developing talent in the areas of social responsibility and sustainability in Agri-food.
- Funding of the Bord Bia Dairy Industry Fund, promoting Irish dairy's sustainability standards globally.
- Funding of the Animal Health Ireland Cell Check Awards, to support and promote excellence in animal health and welfare.
- Investment in UCD Lyon's Farm Calf Research and Innovation facility, to enhance national research capacity on dairy calf rearing.
- Introduction of new responsible sourcing framework at Group level, ensuring greater transparency across supply chains.
- Ornua Foods UK joined UK Soy Manifesto in 2023, signalling ambition to combat deforestation across supply chains.

SOCIAL

Our business is powered by our team of 3,000 people, representing 65 nationalities worldwide.

As a co-operative, our partnerships and our people are key to us delivering our business strategy, and creating value for our Member Co-operatives. Our business is powered by our team of 3,000 people, representing 65 nationalities worldwide, working as one team to ensure the principles of our co-operative ethos – inclusivity, togetherness, and empowerment – are to the fore in all that we do.

Creating Value for Farming Families

Ornua's purpose is to create value for its Member Co-operatives and in turn, the 14,000 Irish dairy farming families they represent. In 2023, Ornua purchased 374,600MT of Irish dairy products, paying strong prices, as per the Ornua Purchase Price Index. The Ornua Value Payment, which is made up of monthly and year-end cash bonuses and the premium paid on member purchases, amounted to €74.5 million for the year, adding value to products purchased.

Employee Engagement

Employee engagement was a priority for the business in 2023 and the annual Employee Engagement Survey, *Your Voice*, was launched in October. The organisation achieved a participation rate of 84% (1% above target), an engagement score of 7.5 (on target), and an employee net promotor score of 23 - a new measure introduced for 2023 and beyond.

New and Enhanced Policies

Several new and enhanced policies were rolled out in different locations in 2023. These policies are part of Ornua's commitment to supporting employees during many different life-stages. In Ireland, we introduced domestic violence and abuse leave. Globally we launched a new part-time working policy, enhanced Maternity and Second Parent Leave, and a phased return to work following maternity leave.

Growing Together

Throughout 2023, sourcing and fostering talent continued to be a major priority for the business. Ornua designed a new approach to Performance Management, *Thrive*, which rolled out in 2023, strongly focusing on maintaining the organisation's high-performance culture and recognising and rewarding above and beyond performance.

In challenging global employment market conditions, the business continued to introduce supporting initiatives on reward, benefits, ways of working, and wellbeing, to enhance the employee experience. This is in addition to maintaining a continued focus on hiring and developing early career talent - 25 interns joined the Grassroots Internship programme across businesses in Ireland and the US; 14 new Graduates joined Ornua in September; and 20 Apprentices commenced across businesses in the UK, Germany, and Spain.

Ornua has continued to develop leaders and future leaders within the business through a range of targeted and bespoke training programmes and talent initiatives including Managing Matters – a programme for team leaders, supervisors, and managers within the operations environment, and People Leadership Suite – a programme for people leaders within the corporate environment. In 2023, 43 employees commenced the People Leadership Suite and 56 commenced Managing Matters across the UK, US, and Ireland.

The Women in Leadership Programme - a programme for high potential female leaders at Ornua, which runs twice yearly – continued to run in 2023. Since its launch in 2019, 203 female leaders have attended the programme, with 38 employees attending programmes in the US and Europe during 2023.

2023 SOCIAL HIGHLIGHTS

> Launch and roll-out of Ornua's new performance management system, *Thrive*, with training workshops for all People Leaders and employees.
> Successful roll-out of annual Employee Engagement Survey using a new platform in October 2023, achieving on and above target results respectively, with a 7.5 engagement score and 84% participation rate.
> Introduction of new and enhanced policies in different locations in 2023, to support employees during many different life-stages.
> 99 managers commenced the Managing Matters or People Leadership Suite Programme.
> Since 2019, 203 female leaders have attended the bespoke Women in Leadership at Ornua programme.
> Ornua Marketing Academy was established to develop marketing talent and embed an Ornua way of brand building across our teams.

Health & Safety

Ornua is committed to creating a culture with a heightened focus on health and safety, by continually improving its Health and Safety Management System. Last year, we invested in safety processes and training, equipment, and management practices to enhance the safety of the working environment. The number of workplace accidents across the entire organisation reduced by 40% compared to the previous year.

Ornua was awarded the first *Investing in Families at Work* award by Platform 55.

Diversity & Belonging

Ornua's global Diversity and Belonging strategy is a key part of the business's identity and commitment to nurturing a culture in which colleagues can bring their whole selves to work. In 2023, Ornua continued to prioritise the need for strong work-life balance for colleagues through the introduction of extended policy supports across all geographies. Ornua was awarded the first *Investing in Families at Work* award by Platform 55. People development initiatives focusing on enhancing our Diversity and Belonging agenda included: Inclusive Leadership, Coaching for Leaders, and Interview Skills and Identifying Bias.

Ornua's second Gender Pay Gap Report for Ireland was published last year and reported an average pay gap of 32%, and a median pay gap of 30%. Including Kerrygold Park, the average pay gap for all employees was 20% (median 12%). Gender Pay Gap is the difference in the total hourly remuneration between male and female employees. It does not show that men and women are paid different rates for the same work, but rather reports a gender representation gap across a business. The data presented in the report covers 10% of the total employee population, and the results are largely reflective of a more heavily weighted male representation on Ornua's Executive and its senior leadership teams, as well as traditional employment patterns in the Irish dairy sector.

The gap is something the business has been cognisant of for a number of years. Ornua needs more women at the most senior levels of the organisation, and has active measures and targets in place to achieve this over time. Ornua has focused on strengthening gender diversity at both a senior leadership and industry level, increasing its female talent pool from graduate level and upwards, in addition to targeting 45% female representation in our succession pool for senior and executive level roles by 2027.

Corporate Social Responsibility

Across the Group, Ornua's business units and market teams prioritised social and environmental sustainability in their plans and local community engagement in 2023.

2023 CSR HIGHLIGHTS

- Ornua's Global Volunteer Programme enabled employees to give back to their local communities. New partnerships included Mission Vale in South Africa and Habitat for Humanity in the US.
- Ornua continues to support students and access to education through university scholarships funds across Ireland, UK, and the US.
- Initiation of the Ornua *Tech for Schools* programme – with an aim to reuse and recycle technical equipment by donating to education facilities.
- Within Ornua's social responsibility agenda, the business continues to sponsor organisations that contribute to positive change in the communities where Ornua operates. These partnerships focus on five key areas: Climate Action, Diversity, Education & Research, Supporting People in Need, and Safe Supply of Nutritious Food.
- Ornua continues to promote social sustainability, demonstrated by achieving the IBEC *KeepWell Mark*, Business In The Community *Elevate pledge* and *Business Working Responsibly Mark*.
- Group and local in-market teams continued to support charitable organisations across a wide variety of activities, including sports in the community and disaster relief initiatives.

Ornua Ingredients North America employees volunteering with Habitat for Humanity in Appleton, WI, US.

GOVERNANCE

Ornua Co-operative Society recognises the critical role governance plays in the success of the Co-operative. Ornua's Board, Advisory Council, and Executive Management are committed to achieving the highest standards of co-operative corporate governance and leadership, and have developed governance systems to reflect Ornua's unique characteristics and requirements as a globally competitive dairy co-operative. Our governance systems are regularly reviewed and updated to align with best practice.

Ornua applied the principles of the Plunkett Institute Code of Corporate Governance (the Code) in 2023. The Code sets out a specific framework of governance applicable to co-operative societies in Ireland. Much of the Code follows the UK Corporate Governance Code which is applicable to publicly owned corporations but re-prioritises some of their objectives to cater for the specific attributes of co-operative businesses rather than investor-owned companies.

The structure of the Code sets out the high-level principles in respect of governance standards to be achieved by a co-operative, and then details the specific provisions which co-operatives must comply with to meet those principles. The Code requires co-operative boards to comply with the principles or explain to the satisfaction of their membership why the board chooses to apply a different principle to that recommended by the Code.

Statement of Compliance with the Plunkett Institute Code of Corporate Governance

During the financial year ended 30 December 2023, Ornua is pleased to report that it has fully complied with all provisions set out in the Plunkett Institute Code of Corporate Governance with the exception of those provisions which are not directly applicable to Ornua's governance structure (as a second-tier co-operative) as further detailed below. Where Ornua has not complied with the letter of the provisions, we are confident that the alternative arrangements comply with the underlying principles.

Sub-Committees

Provision A.1.2 of the Code provides for the establishment of a sub-committee to manage specific obligations. Ornua has a number of standing and ad-hoc committees and structures in place to achieve the oversight of these obligations. Ornua complies with the main principle of ensuring appropriate member representation structures and communication channels are in place and that these structures are properly resourced and serviced.

It is standard practice that a Nominations Committee be established in advance of the appointment of any Independent Non-Executive Director (INED). The Terms of Reference of this Committee will be approved by the Board in advance of the appointment of the next INED (Provision A.1.3).

Elected Directors

Provision A.1.2 (ii) requires training to be provided to Directors, aspiring Directors, and members. Training of directors is overseen by the ESG and Rules Committee. As Ornua's member-nominated directors are appointed rather than elected, it is not possible for Ornua to provide training to aspiring Directors or its corporate members.

Active Trading Membership

Ornua's Member Co-operatives are corporate entities therefore Provision B.3.1., which envisages that the Chair be an active trading member, cannot be applied. In accordance with the Rules of the Society, the role of Chair is held by an Independent Non-Executive Director.

Nomination Process

As Ornua's member-nominated Directors are appointed and not elected, the process for nomination for election is not applicable.

CEO Succession Planning

CEO succession planning is currently overseen by the Board itself rather than delegated to a sub-committee (Provision B.7.3).

Further details of how the principles of the Code have been applied can be found throughout this Corporate Governance Report and Committee reports.

Governance Structure

Ornua's governance structure is comprised of two distinct bodies: the Ornua Advisory Council, and the Ornua Board.

The Advisory Council

The Advisory Council is made up of individuals appointed by Ornua's Member Co-operatives, one appointee each from IFA, ICMSA, and ICOS, 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.

The Board

The Board of Directors is made up of non-conflicted Directors appointed by Ornua's Member Co-operatives, non-conflicted 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, ensure accountability and conformance, provide an essential challenge function to the Chief Executive Officer and Executive Management 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.

As well as ensuring compliance with its principal legislative duties as set out under the Companies Act 2014 and the Industrial and Provident Societies Acts, 1893 to 2021, the Board has a number of matters reserved for its consideration (see list of Matters Reserved for the Board below), which were reviewed and updated by the ESG and Rules Committee and Board during 2023. The Board also operates in accordance with the terms of its own Governance Manual and Terms of Reference.

The Board plays a key role in scrutinising financial and business performance. The Group's planning and financial reporting procedures include detailed operational budgets for the year ahead, the delivery of KPIs, and a regularly updated five-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 in remaining fully informed and responsive to relevant developments. Board training during 2023 included sessions on international marketing, operations and ESG.

In addition to the training sessions referred to above, the Board held seven ordinary meetings in 2023 which covered routine Board business and two special meetings regarding CEO succession and recruitment. In May, the Board visited Ornua Ingredients Europe in Ávila, Spain with the Board meeting held on-site. The Board met with the local Management team and received a tour of the factory. In addition, the Board conducted a number of retail store visits led by the Ornua Foods International team. In September, the Board visited the recently-expanded Kerrygold Park manufacturing site and held the Board meeting there.

Matters Reserved for the Board

The following are the key matters reserved for the Board.

> Responsibility for the overall leadership of the Society.
> Establishing the Society's values, vision, and mission.
> Approval and monitoring of the Society's strategic plan and review of performance against the plan.
> Changes to the Group's corporate structure.
> Approval of the annual report and financial statements.
> Approval of: cash bonus payments and policies; dividend policy and payments; finance facility arrangements with third parties; annual budgets and oversight of same; capital expenditure budgets and major investments; and divestments of assets.
> Approval of risk management policies and monitoring the effectiveness of risk and control processes.
> Approving procedures for the prevention and detection of fraud and bribery.
> Approval of contracts over a specified limit and meeting agreed criteria.
> Ensuring a satisfactory dialogue with shareholders and approval of resolutions to be put to shareholders at a general meeting.
> Appointment and removal of Directors, Chief Executive, Secretary, and External Auditor.
> Determining the remuneration policy for the Executive Directors, Secretary, the Executive Team, and Non-Executive Directors.
> Establishing Board Committees, approving the membership of Committees and their terms of reference.
> Approval of the settlement of any litigation or claim over a specified threshold.
> Approval of changes to the rules of the Group's pension schemes.
> Monitoring the effectiveness of the Group's Corporate Governance; and
> Approval of key business policies.

Board Evaluation

A key element of good governance is an annual evaluation to ensure that the Board, its Committees, and Board members are continuing to operate and perform effectively. Ornua has established a formal process for the annual evaluation of the Board and its Committees, including a triennial external evaluation.

Internal evaluations of the Board and its Committees (with the exception of the Acquisitions and Investments Committee) were conducted during 2023. Questionnaires focusing on best practice were issued electronically to Board members following which the results were collated and analysed, and reports summarising the findings and including proposed recommendations for discussion, were prepared by the Secretary and presented to the Board and the relevant Committees. Action plans were developed by each Committee based on the evaluation findings.

An assessment of Board skills, experience, composition, and diversity was carried out by Board Excellence and a report on same was presented to the Board in March 2023.

Additionally, an external evaluation process facilitated by the Institute of Directors began in the last quarter of 2023 continuing into the first quarter of 2024. The review considered the effectiveness of the Board and its Committees and was carried out through the use of an online questionnaire tool and through individual interviews held with each Board member. Meetings of the Board and its Committees were also observed.

Conflicts of Interest and Business Conduct and Ethics

In accordance with Ornua's Conflicts of Interest Policy, 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 Conflicts of Interest Policy was reviewed and updated by the ESG and Rules Committee in 2023 and approved by the Board in November. Board members are also required to comply with Ornua's Code of Business Conduct and Ethics.

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 to enable the Directors to fulfil their duties. There is a clear division of responsibilities between the Chair and the Chief Executive Officer (CEO).

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 way of 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 the 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 ESG and Rules Committee which is tasked with advising the Board on good corporate governance. The Secretary develops and manages a training programme for the Board as agreed by the ESG and Rules Committee. 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.

Independent Non-Executive Directors

Three Independent Non-Executive Directors sit on Ornua's Board. The Code requires that the rationale for the appointment of the individual INEDs is set out for Members in the Annual Report. Presented below are summaries of the backgrounds of the INEDs and the skillsets that they bring to the Board.

Aidan O'Driscoll (appointed 8 June 2022) has extensive experience within domestic and international agri-food trade, economics, policy, and leadership, having worked in a number of senior roles within Government departments including that of Secretary General in both the Department of Justice and the Department of Agriculture, Food & the Marine.

Anne McFarland (appointed 19 April 2021) is a Chartered Accountant with 40 years' experience in finance, international business, and governance. Anne's career has included a number of senior finance roles and directorships with private and listed firms across multiple international markets. She is also a published author on corporate governance.

Anne O'Leary (appointed 19 April 2021) is a Certified Chartered Accountant with over 40 years' experience. Anne has extensive experience in financial analysis and financial reporting having advised on acquisitions, divestments, restructuring, and debt financing. Most recently, she was a senior audit partner with EY where she advised a range of international clients across a wide range of sectors.

Internal and External Audit

Internal Audit

The objective of the Group Internal Audit function is to assist the Audit and Risk Committee in effective discharge of their responsibilities. Group Internal Audit's role is to assist the Audit and Risk Committee and management to protect the assets, reputation, and sustainability of Ornua. The Group Internal Audit function performs reviews which provide independent assurance over the operation of the internal control framework, risk management systems, and governance processes across the business.

The Head of Internal Audit reports directly to the Chair of the Audit and Risk Committee and the CEO, thereby ensuring Internal Audit's independence and objectivity. In line with the charter, the Group Internal Audit function is afforded unfettered access to reporting lines throughout the business. The Audit and Risk Committee reviews and approves the Group Internal Audit function's charter, strategy, budget, and annual risk-based audit plan on an annual basis. The Audit and Risk Committee receives regular updates from the Head of Internal Audit on the delivery of the internal audit plan and on the principal findings from the work of Internal Audit and management's actions to remediate issues identified.

External Audit

The external auditors provide the Audit and Risk Committee (as delegated by the Board) with reports detailing the findings from their audit of the financial statements 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

Ornua recognises that risk is naturally associated with achieving objectives and that managing risks protects Ornua from adverse events while growing the business. The Group's values lead its ethos around risk management, building a positive risk culture supported by formal risk management processes.

Risk Governance in Ornua

Ornua's risk management framework has been designed using the three lines of defence model (3LOD), which sets out how responsibilities are divided in relation to managing and monitoring risk.

Business	Risk Functions	Internal Audit
1st Line	**2nd Line**	**3rd Line**
The **First** Line of Defence or first line of monitoring risk is the managers and staff. They are responsible for identifying and managing risk within their own businesses or functions as part of their accountability for achieving objectives.	The **Second** Line of Defence is functions that oversee or specialise in compliance or the management of risk. For example, the risk management function, regulatory function, and operational risk. This line of risk monitoring provides the policies, frameworks, tools, techniques, and support to enable risk and compliance to be managed in the first line.	The **Third** Line of Defence is Internal Audit which actively monitors risk exposure within in-scope areas and provides independent assurances on the activities of the organisation across the first and second lines of defence.

Within the framework, roles and responsibilities are allocated as follows:

Board	The Board has overall responsibility for risk management and internal control, setting risk appetite and the tone from the top to create a positive risk culture.
Audit & Risk Committee	The Board has delegated to the Audit and Risk Committee, the task of reviewing 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.
Executive	The Executive provide leadership ensuring the risk management policy is being followed while embedding a positive risk culture. The Executive member responsible for risk management is the Chief Risk and Compliance Officer (CRCO).
Risk Management Committee	The Risk Management Committee (RMC), chaired by the CRCO is a multi-disciplinary group brought together to take an enterprise view of the risks facing Ornua, providing enhanced coordination of risk management activities across the Group. The RMC meet as required, but at least quarterly.

Enterprise Risk Management Framework

The Ornua Risk Management Policy sets out how risk is to be managed, including details on the process and responsibilities. As required by the Policy, the Group has a framework for identifying, assessing, and managing risk, at all levels of the business, to ensure it remains alert to the ever-changing environment in which it operates. 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 Ornua to consider the appropriate mitigation steps or management actions required to eliminate the risk or to reduce the risk to an acceptable level.

As reported in 2022, the Audit Committee commissioned a third-party to report on Ornua's risk management processes to ensure alignment to best practice. During the year, Ornua implemented a number of enhancements to its risk management framework, as follows:

> Aligned the Group to the three lines of defence model, establishing clear areas of responsibility and accountability for risk activities;
> Created a 'Risk Management Team' to co-ordinate risk management activities and reporting across the Group;
> Established a 'Risk Management Committee' (RMC) chaired by the CRCO to oversee Group risk reporting, as well as fostering collaboration on solutions to risks;
> Developed an improved Group risk register overseen by the RMC. The register was further developed after an in-depth risk identification and assessment exercise across the Group;
> Enhanced the risk identification and assessment process to improve the accuracy and reliability of reporting.

The Group risk register forms the basis for risk reporting. It is continually updated using both available internal and external information and updates from risk owners and other parts of the business. Bi-annually, the Risk Management Team compile a report on the current status of key risks and submit it to the RMC for review and approval before it is laid before the Executive and the Audit Committee. The key focus of this report 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.

In addition to this consolidated risk report, ongoing business risk updates are provided to the Audit and Risk Committee during the year by those within the organisation with responsibility for particular risk areas, for example, operational risk.

Principal Risks and Uncertainties

Ornua operates in a fast-moving, global foods market which is becoming increasingly complex and challenging. The performance of the Group is influenced by a number of factors which need to be managed in order to achieve strategic objectives. Among the principal risks faced by Ornua, together with the key mitigating activities, are:

External Factors

Key Risk Area	Description of Impact	Key Mitigating Actions
Macroeconomic – Due to the Group's international operations, senior management recognises the significant macroeconomic challenges the sector faces and the implications these can have on the business.	Failure to monitor and respond to macroeconomic changes such as inflation, interest rates, and/or foreign exchange could impact profitability and financial performance.	> Experienced and dedicated teams in place who continuously monitor the external environment for macroeconomic changes > Actions taken to mitigate inflation across markets including pricing, cost management, and efficiency > Currency and commodity hedging in place
Geopolitical – The Group has markets, operations and a supply chain network across the world, which could be exposed to adverse events due to geopolitical changes.	Changes in government policies, international relations, and conflicts can impact the business operations, supply chain, or customer demand.	> Business continuity planning and crisis management plans are in place to enable efficient recovery > Experienced supply chain and procurement teams who actively manage any disruptions in materials, transportation, and stock levels. > Appropriate insurance is in place > Experienced customer service teams in place to ensure a responsive and efficient operation
Regulatory – The Group is exposed to local and global changes in the increasingly complex regulatory and legal landscape.	With many new regulatory initiatives e.g. EU CSRD, Packaging and Packaging Waste Directive, Food Information to Consumer revision, the regulatory and legal burden has the potential to impact the future growth and profitability of the Group.	> Continuous monitoring of the external environment for changes in regulations > Central and local teams ensure regulatory and legal compliance to relevant laws and regulations > Special purpose cross-functional working groups established to meet regulatory requirements

Strategic Priorities

Key Risk Area	Description of Impact	Key Mitigating Actions
Sustainability – Climate Change and incoming environmental and reporting regulations will have a significant impact on how we operate our business.	Our customers want products that reduce their environmental impact. However, risks associated to climate change such as extreme weather events, the cost associated with reducing carbon emissions in our production methods, the availability of product, the delivery of our ESG strategy, and new regulatory reporting requirements, will have a significant impact on our ability to deliver on customer requirements and therefore this is a key risk area for the Group.	> An ESG strategy approved by the Board in 2023 will enable the Group meet its targets over the coming years > The Group has appointed an ESG lead who has responsibility for oversight and delivery of the Group's agenda on ESG > EU CSRD cross-functional working group established to implement reporting requirements and enable the Group to capture the necessary data to comply with reporting requirements
Margin Management – The Group's cost base and margin could be impacted by macroeconomic pressures and price changes in dairy commodities, labour costs, and manufacturing overheads.	Due to the seasonal nature of milk availability, and changes in dairy commodity prices, this can impact production schedules and costs. Failure to ensure an appropriate margin on goods sold may have a material impact on the Group's ability to achieve its annual financial targets.	> Board approved Commodity Risk Management and Trading Policy in place alongside the Commodity Trading cross-functional committee who continuously monitor commodity risk > Continual focus on key activities that influence the overall cost base
Business Acquisition & Divestment – Acquisitions and divestments play a key role in portfolio management. This presents a series of risks regarding the different phases of due diligence, transaction, integration, and separation.	A sub-optimal integration or divestment could impact the Group's profitability and strategic development.	> All acquisitions and divestments are reviewed and approved by the Executive and the Board > Experienced and dedicated personnel are in place who rigorously manage all stages of an acquisition and divestment in line with governance requirements > Each activity has robust procedures to ensure successful transition, integration of operations, and retention of key talent

Operational Risks

Key Risk Area	Description of Impact	Key Mitigating Actions
Food Safety & Quality – The Group must ensure adherence to stringent food safety standards and production controls across raw materials, production activities, and supply chain. Furthermore, the Group complies with legal and regulatory requirements across multiple international markets.	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 customers' brands.	> Global Quality System implemented that enables monitoring and reporting on food safety and quality KPIs across the Group > The Group and its businesses are accredited in line with food safety standards such as BRC > Food safety training programme in place for all relevant employees and contractors > Appropriate insurance policies are held regarding product liability
Health & Safety – The Group's operations expose employees, contractors, and visitors to potential health and safety risks.	A significant incident could expose the Group to business interruptions, legal and financial liabilities, and damage to the Group's reputation on a local and international level.	> Robust Group Health and Safety policy and procedures in place which all business units must adhere to > Dedicated Group Health and Safety Manager, and site-specific Health and Safety Officers in place > Health and Safety training and awareness programme for all employees > The Executive actively monitor health and safety KPIs as part of monthly reporting
Operations & Supply Chain – The Group relies on global operations and complex supply chains which could be exposed to a range of adverse events such as changes in cross-border trade cooperations, cyber-criminal activities, and industrial accidents.	A failure to effectively respond to operational and supply chain disruptions could have an adverse effect on financial performance and impact the reputation of the Group.	> Group planning, forecasting, and procurement teams are in place and collaborate to manage stock demand and ensure supply chain capacity > Inventory reserve being held locally to mitigate against delays in supply chain > Business continuity planning and incident management in place and reviewed periodically for relevant events
People – The Group's ability to attract, develop, engage, and retain appropriately qualified talent to meet ambitious business objectives is critical.	A failure to attract, develop, and retain key talent, plan for key successions, and evolve culture to reflect Ornua's values, will impact the Group's ability to deliver on its strategic and operational objectives.	> The Group's mission, vision, and values are embedded throughout the business at all levels > There is a dedicated Diversity and Belonging Strategy and Committee, sponsored by the Executive, to continue and advance the Group diversity, inclusion, and belonging agenda > Dedicated teams with robust procedures are in place for talent acquisition and management, and succession planning reviews > Monthly People Scorecards by business and location with mitigating actions
Cyber & Technology – The Group relies on robust ICT systems and infrastructure for most principal operations and business processes. From a macro perspective, there is a growing threat of sophisticated cyber-related attacks.	An adverse event could lead to significant business interruptions, loss of employee data, and sensitive financial Group/Customer data, including intellectual property. This could result in a significant financial, reputational, and/or regulatory impact.	> Appropriate governance structures are in place including dedicated Chief Technology Officer, Chief Information Security Officer, and a cross-functional ISO Advisory Board > Dedicated policies, procedures, and annual ICT awareness training, phishing simulations, and cybersecurity webinars are in place to educate and protect against cybersecurity threats > Dedicated ICT Security Team to manage ICT risks > IT business continuity and disaster recovery plans are in place and tested on a periodic basis > Continued investment in the prevention of cyber-related attacks

DIRECTORS' REPORT

DIRECTORS' REPORT

FINANCIAL STATEMENTS

SUPPLEMENTARY INFORMATION

DIRECTORS' REPORT

For the period ended 30 December 2023

The Directors submit their report together with the audited financial statements for the period ended 30 December 2023.

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 2021. 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.

The Directors consider the Annual Report and accounts, taken as a whole, is fair, balanced, and understandable and provides the information necessary for members to assess the Co-operative's position, performance, business model, and strategy.

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.

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 an Irish dairy co-operative that markets and sells dairy products on behalf of its Members, Ireland's dairy processors and, in turn, Irish dairy farmers. Ornua is Ireland's largest exporter of Irish dairy products and has annualised sales of €3.4 billion. Headquartered in Dublin, Ornua has a global team of 3,000 employees, operating from 10 business units worldwide, including 14 production facilities. Ornua's core purpose is to build profitable routes to market for Irish dairy products.

The Group is structured across two divisions: Ornua Foods and Ornua Ingredients. Ornua Foods is responsible for the marketing and sales of Ornua's consumer brands including Kerrygold, Kerrygold Dubliner, Pilgrims Choice, Forto, and BEO milk powders. Markets are served by production facilities in Ireland, Germany, and the UK and by in-market Sales and Marketing teams in Asia, Germany, Ireland, MEA, Poland, Spain, rest of Europe, and North and Latin America. Ornua Ingredients is responsible for the procurement of Irish and non-Irish dairy products, for the sale of dairy ingredients to food manufacturing and foodservice customers across the world, and for managing volatility through de-risking and trading strategies. The business is supported by production facilities in the UK, Spain, the US, Saudi Arabia, and by in-market teams in Africa and the Middle East.

2023 Global Markets

Global milk supply grew in the first half of the year, before easing in the second half with annual supply rising by just 0.1% in 2023. Global dairy demand rose by 0.5% in 2023, following a decline of 0.5% in 2022.

European milk and commodity prices peaked in late 2022, driven by Russia's invasion of Ukraine which pushed farm input costs higher and encouraged buyers to secure additional stock. With commodity pricing at exceptionally high levels, combined with easing farm input costs and weaker demand, markets and milk prices corrected between late 2022 and early 2023.

Commodity and milk pricing stabilised in the second half of the year. While weaker compared to 2022, European pricing was solid versus historic averages.

Financial Performance

Group turnover was €3.4 billion, stable year-on-year and high historically, representing a solid performance despite dairy product prices coming off a significant peak in 2022. Group EBITDA and Operating Profit, pre *Ornua Value Payment*, were €149.8 million and €116.8 million respectively. Ornua prioritised strong returns to Member Co-operatives, delivering on its core purpose of creating value for Irish farming families. The *Ornua Value Payment* was €74.5 million last year, in addition to strong product prices amounting to €1.6 billion across 374,600MT of premium Irish dairy products.

Balanced Portfolio

Ornua Foods, the business's global consumer foods and brands division, recorded a strong performance in 2023, in the face of continued market pressures and evolving consumer demand and buying behaviour across all key markets. The strength of Ornua's brands and customer partnerships enabled growth, supported by investment in product innovation, marketing, and production capacity. During the year, the business completed a €40 million development at Kerrygold Park, in Mitchelstown, Co. Cork, increasing butter production capacity to 80,000MT, responding to growing demand for Kerrygold globally.

Ornua Ingredients recorded a balanced performance in the year, despite challenging market conditions globally. The division's focus on close collaboration with a diverse customer base, supported stability, while continued emphasis on innovation strengthened the business's standing as a leading supplier of ingredients solutions to key growth sectors.

Operational Highlights

Key operational highlights for 2023 include:

> Strong trading performance with Group Turnover of €3.4 billion, stable year-on-year;

> Ornua marks fifty years as a co-operative with robust value returns to Member Co-operatives and Irish farming families - over €1.6 billion premium Irish dairy products purchased in 2023 across 374,600MT;

> *Ornua Value Payment* to Member Co-operatives remained historically high at €74.5 million;

> Ornua supported the working capital requirements of its Member Co-operatives by supplying €481.5 million in working capital facilities in 2023;

> Continued growth of Kerrygold brand with 26 new products and product extensions brought to market;

> New €40 million development at Kerrygold Park officially opened, seeing production capacity double, responding to growing demand for Kerrygold globally;

> Ornua recorded double-digit reduction in total manufacturing emissions across Group;

> Application for Science-based targets progressed with verification of targets anticipated in 2024.

Health & Safety

Ornua is committed to creating a culture with a heightened focus on health and safety by continually improving its Health and Safety Management System. Last year, the business invested in safety processes and training, equipment, and management practices to enhance the safety of the working environment. The number of workplace accidents across the entire organisation reduced by 40% when compared to the previous year.

Subsidiary Undertakings

A list of the significant trading subsidiary companies is included in Note 28 to the financial statements.

Executive and Directors' Remuneration

Executive remuneration at Ornua is subject to full oversight by the Board and specifically, its Personnel and Remuneration Committee. The Personnel & Remuneration Committee report on pages 35 to 36 outlines Committee information, remuneration consultants, and remuneration policy, and key management personnel disclosure is outlined on page 72.

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 (2022: €nil).

Corporate Governance

The Governance section on pages 18 to 25 sets out the Group's application of corporate governance principles and its adherence to the Plunkett Institute Code of Corporate Governance, 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 Audit and Risk Committee undertook a competitive tender for the external audit during 2023. The result of this tender process was that, on the recommendation of the Audit and Risk Committee, the Board has agreed to appoint Deloitte, Chartered Accountants, as external Auditors commencing for the 2024 financial year.

Post Balance Sheet Events

The Group carried out a review of non-core activities which resulted in a plan to dispose of certain businesses, and which resulted in some adjustments to the carrying value of those businesses in 2023, as reflected in exceptional items (Note 4). The Group disposed of its investment in Nextwave Distribution Holdings LLC during 2023, the gain on which has also been included in exceptional items. Two further disposals were completed post year-end as follows:

In February 2024, Ornua Nutrition Ingredients UK Limited sold its powder blending and manufacturing business in the UK to Allicio Nutrition Limited. In March 2024, the Group sold 70.5% of its interest in CoreFX Ingredients LLC to P.O.D. Solutions Corp, and as a result, retains a 19.5% interest in CoreFX Ingredients LLC. It is expected that the consideration received for the sale of these businesses will cover the net book value of assets sold and costs incurred and that no gain or loss (post the adjustments made in 2023) will arise in 2024 on these sales.
Separately in February 2024, the Group announced the closure of Ornua Ingredients North America's Slippery Rock facility in Pennsylvania, US. This follows the sudden and unexpected decision of the plant's only customer to change strategic direction, making it no longer viable to produce product at the site. The Group is currently assessing the impact of the closure on the Group's operations, but it does not expect the financial effect to be significant.

Board Members as at 30 December 2023

Director	Notes	Appointed by
Aidan O'Driscoll (ii)(iii)(iv)	Chair	Independent Non-Executive Director
Stephen Arthur (i)		Irish Farmers Association
Dr Sean Brady (iii)(iv)		Lakeland Dairies Co-operative Limited
Donal Buggy		Executive Director
Dominic Cronin (ii)		Irish Co-operative Organisation Society
Jerry Houlihan (ii)		Arrabawn Co-operative Society Limited
Bill Hunter	Appointed 22 November 2023	Executive Director
John Hunter (i) (iii)		Tipperary Co-operative Creamery Limited
Diarmuid Lally (ii) (iv)		Tirlán Co-operative Society Limited
Edmund Lynch (i) (iv)		Dairygold Co-operative Society Limited
Pat McCormack (iii) (iv)	Vice-Chair	Irish Creamery Milk Suppliers Association
Anne McFarland (ii) (iii) (iv)		Independent Non-Executive Director
Anne O'Leary (i) (ii)		Independent Non-Executive Director
Michael O'Shea (iii)		North Cork Co-operative Creameries Limited
Joe O'Sullivan (ii)		Carbery Food Ingredients Limited
Sean Sweeney (i) (iv)		Aurivo Co-operative Society Limited

Note on changes to the Board during 2023: John Jordan resigned with effect 8 September 2023. Bill Hunter was appointed with effect 22 November 2023.

Committee Members as at 30 December 2023

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

Advisory Council Members as at 30 December 2023

Member	Nominated by
Aidan O'Driscoll	Chair & Independent Non-Executive Director
Stephen Arthur	Irish Farmers Association
Jim Bergin	Tirlán Co-operative Society Limited
Dominic Cronin	Irish Co-operative Organisation Society
John Daly	Tipperary Co-operative Creamery Limited
Conor Galvin	Dairygold Co-operative Society Limited
Jason Hawkins	Carbery Food Ingredients Limited
Colin Kelly	Lakeland Dairies Co-operative Limited
Pat McCormack	Irish Creamery Milk Suppliers Association
John Murphy	Tirlán Co-operative Society Limited
Seán O'Brien	Dairygold Co-operative Society Limited
Conor Ryan	Arrabawn Co-operative Society Limited
Pat Sheahan	North Cork Co-operative Creameries Limited
Donal Tierney	Aurivo Co-operative Society Limited

On behalf of the Board of Directors

Aidan O'Driscoll	**Donal Buggy**
Chair	Interim Chief Executive

28 March 2024

Board Committees

The Board has established a committee structure to aid it in the discharge of its responsibilities in compliance with the highest standards of co-operative corporate governance. The Committees and their membership are detailed below. All Committees of the Board have written terms of reference, which are reviewed regularly, outlining their role and authority delegated by the Board.

AUDIT & RISK COMMITTEE REPORT

On behalf of the Board, I am pleased to present the Audit & Risk Committee ("the Committee") Report for the year ended 30 December 2023.

– 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:

> Membership
> Responsibilities
> Meetings
> Activity

Committee Membership

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

> Anne O'Leary (Committee Chair)
> Stephen Arthur
> John Hunter
> Edmund Lynch
> Sean Sweeney

The Group's Company Secretary (who is also Chief Risk and Compliance Officer) acts as secretary to the Committee and attends all meetings.

Committee Responsibilities

The Committee's role, authority, duties, and scope are set out in its Terms of Reference which were reviewed and updated by the Committee in 2023, and approved by the Board in December. The Board may, on occasion, request assistance from the Audit and Risk Committee on specific matters. In accordance with its Terms of Reference, the Audit and Risk Committee has oversight of a wide range of matters including:

> Reviewing the Group's Annual Report and statutory financial statements before submitting them to the Board of Directors for approval;
> Scrutiny of significant judgements and estimates made in the financial statements and the disclosures in the Annual Report, along with monitoring compliance with accounting standards;
> Monitoring and assessing the Group's risk management systems including ongoing reviews of the Group's risk register and mitigating activities;
> Approval of certain corporate and financial policies designed to improve the system of internal control;
> Reviewing the adequacy and security of Ornua's arrangements for its employees and contractors to raise concerns (whistleblowing);
> Reviewing Group procedures for detecting fraud;
> 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 Group'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, Interim Chief Executive Officer, the Chief Financial Officer, Interim Chief Financial Officer, the Head of Internal Audit, the Head of Risk Management, 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 and Risk Committee on specific areas of risk management.

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

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

Periodic updates of the work of the Audit and Risk 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 2023:

> Received updates on Risk Management in the Group from the Chief Risk and Compliance Officer, the Head of Risk Management, the Head of Operational Risk, and the Head of Legal;

> Received an update on the General Scheme of the Co-operative Societies Bill 2022 from the Secretary and Chief Risk and Compliance Officer;

> Received detailed presentations from the Group Treasurer on Ornua's Treasury function, the Director of Corporate Affairs on Ornua's Regulatory and Trade Compliance Function, and the Head of Operational Risk on Food Safety and Quality;

> Reviewed the Group Treasury Policy, Group Risk Management Policy, Group Fraud Policy, and Contracting and Authorities Policy;

> Reviewed the effectiveness of the Co-operative's system of internal controls and risk management including financial, operational, and compliance controls through reports received from the Internal Audit function. The Internal Audit team reports all findings to the Audit and Risk Committee and an appropriate plan is put in place to address any recommendations;

> Oversaw a tender process for the selection of External Auditor.

ACQUISITIONS & INVESTMENT COMMITTEE REPORT

On behalf of the Board, I am pleased to present the Acquisitions & Investments Committee ("the Committee") Report for the year ended 30 December 2023.

– John Hunter

This report contains the following information:

> Membership
> Responsibilities
> Meetings
> Activity

Committee Membership

There were changes to the membership of the Acquisitions and Investments Committee in 2023. Mr Jerry Houlihan stepped down from the Committee and his position as Chair of the Committee on 20 December. Mr John Hunter was appointed to the Committee and as Chair with effect from 20 December 2023.

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

> John Hunter (Committee Chair)
> Dr Sean Brady
> Pat McCormack
> Anne McFarland
> Aidan O'Driscoll
> Michael O'Shea

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

Committee Responsibilities

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

> Review and consideration of significant acquisition, investment, disposal, and capital expenditure proposals from management and, where appropriate, making recommendations to the Board;
> Oversight of the budgetary process and authorisation levels that regulate capital expenditure;
> Evaluation of investment projects, as well as material capital expenditure proposals for Board consideration;
> Periodic review of approved projects, including capital expenditure, to ensure implementation in accordance with the approvals received.

Committee Meetings

During the year, the Committee held two 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 2023:

> Review of the terms of the disposal of Ornua Nutrition Ingredients UK's powder blending and manufacturing business;
> Review of the Capital Expenditure for the expansion of Kerrygold Park; and
> Review of Ornua's Capital Expenditure Policy.

ESG & RULES COMMITTEE REPORT

On behalf of the Board, I am pleased to present the ESG & Rules Committee ("the Committee") Report for the year ended 30 December 2023.

– Dr Sean Brady

This report contains the following information:

> Membership
> Responsibilities
> Meetings
> Activity

Committee Membership

Currently, the Committee is made up of two Independent Non-Executive Directors and five stakeholder-nominated Directors as follows:

> Dr Sean Brady (Committee Chair)
> Diarmuid Lally
> Edmund Lynch
> Pat McCormack
> Aidan O'Driscoll
> Sean Sweeney
> Anne McFarland

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

Committee Responsibilities

The ESG and Rules Committee, in accordance with its Terms of Reference, which were reviewed by the Committee in 2023 and approved by the Board in September 2023, has oversight on a wide range of matters including:

> Review and oversight of the Group's strategies, goals, policies, performance, and disclosures related to sustainability and ESG matters, as delegated by the Board;
> Overseeing the implementation of the Rules of the Society;
> 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, including on relevant codes of governance.

Committee Meetings

During the year, the Committee held five 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 2023:

> Review of the Ornua Rules regarding the rotation of Directors and the appointment of non-Directors to Board Committees;
> Review and update of the schedule of governance policies approved by the Board;
> Review and update of the Directors' Conflicts of Interest Policy;
> Review and update of the List of Matters Reserved for the Board;
> Review of the Committee's Terms of Reference resulting in the broadening of the remit of the Committee to include ESG matters;
> A new Directors' Induction and Training Policy was drafted by the Committee and approved by the Board;
> Review of the progress of the General Scheme of the Co-operative Societies Bill 2022;
> Review and evaluation of Ornua's compliance with the draft Plunkett Institute Code of Corporate Governance;
> Review of Ornua's ESG Strategy; and
> Development and review of the Board's training plan.

PERSONNEL & REMUNERATION COMMITTEE REPORT

On behalf of the Board, I am pleased to present the Personnel & Remuneration Committee ("the Committee") Report for the year ended 30 December 2023.

– Anne McFarland

This report contains the following information:

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

Committee Membership

There were no changes to the membership of the Committee during the year. Currently the Committee is made up of three Independent Non-Executive Directors and four stakeholder-nominated Directors, as follows:

> Anne McFarland (Committee Chair)
> Dominic Cronin
> Jerry Houlihan
> Diarmuid Lally
> Aidan O'Driscoll
> Anne O'Leary
> Joe O'Sullivan

Committee Terms of Reference

The Committee Terms of Reference were reviewed by the Committee in January 2023. These Terms of Reference are reviewed annually. The Terms of Reference are available at all times to any member of the Board and upon request to members of the Advisory Council.

Committee Responsibilities

The following sets out the main responsibilities of the Committee:

> To determine the remuneration policy for the Chief Executive and Group Executives (the Chief Executive's senior direct reports including any Executive Directors);
> To determine the remuneration (salary, pension, and other benefits) and terms of employment, including termination provisions, for the Chief Executive and Group Executives, 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 on an annual basis.

Committee Meetings

During the year, the Committee held eight meetings. The Chair of the Committee reported to the Board following Committee meetings. In addition, the Committee held calls with the trustees of the Irish and UK Defined Benefit pension schemes.

The Chief Executive, members of the Group 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 decided.

Summary of Committee Activity

The following lists the key activities undertaken by the Committee in 2023:

> Annual approvals in relation to salary, short-term incentive payments, long-term incentive grants, and payments;
> Assessment of 2022 CEO KPIs;
> Set 2023 CEO KPIs;
> Review of the process for setting CEO KPIs;
> Review of Non-Executive Director fees;
> Oversaw issuing of new executive employment contracts to members of the Group Executive;
> Review of maternity leave benefits;
> Review of succession planning for senior roles;
> Review of Irish and UK Defined Benefit pension schemes including meeting with trustees of both schemes;
> Review of the Long Term Incentive Plan payment date;
> Approval of remuneration for Interim Chief Executive and Chief Financial Officer roles;
> Review of Gender Pay Gap reporting;
> Review of new CEO reward package;
> Drafted 2024 CEO KPIs for approval in January 2024.

Remuneration Consultants

The Committee engaged with external pension consultants, Align Advisory Limited and Redington Limited, during the year.

Remuneration Policy

A remuneration policy for the Chief Executive and Group Executives was updated by the Committee and approved by the Board in 2022. This is scheduled to be reviewed in 2024.

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% of total remuneration.

Key Management Personnel Disclosure

The remuneration of key management personnel, charged to the Group Income Statement (but not necessarily paid in 2023), is shown on page 72.

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 30 December 2023 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 30 December 2023;
- 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

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 to 2021 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 to 2021 reporting

As required by section 13(2) of the Industrial and Provident Societies Act, 1893 to 2021 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.

John Dillon
for and on behalf of PricewaterhouseCoopers
Chartered Accountants and Statutory Audit Firm
Dublin
28 March 2024

Group Income Statement for the period ended 30 December 2023

	Notes	2023 €'000	2022 €'000
Turnover		**3,399,851**	3,422,373
Cost of sales		**(2,983,519)**	(3,006,149)
Gross profit		**416,332**	416,224
Selling and distribution expenses		**(251,554)**	(244,337)
Administration expenses - excluding intangible amortisation		**(110,865)**	(106,932)
Administration expenses - intangible amortisation		**(11,646)**	(10,258)
Operating profit before exceptional items		**42,267**	54,697
Exceptional items	4	**31,676**	(5,792)
Operating profit after exceptional items		**73,943**	48,905
Share of results of associates and joint ventures	10	**630**	2,490
Interest payable (net)	5	**(32,863)**	(12,812)
Net interest expense on defined benefit pension schemes	24	**(257)**	(268)
Profit before taxation	2	**41,453**	38,315
Taxation	6	**(11,258)**	(9,512)
Profit for the financial period		**30,195**	28,803
Profit attributable to:			
Owners of the parent		**30,424**	29,075
Non-controlling interest		**(229)**	(272)
		30,195	28,803

The notes on pages 44 to 74 form part of these financial statements.

Group Statement of Comprehensive Income for the period ended 30 December 2023

	2023 €'000	2022 €'000
Profit for the period	**30,195**	28,803
Other comprehensive (expense)/income		
- Remeasurement of net defined benefit obligation	**(2,075)**	11,221
- Cash flow hedges		
- Change in value of hedging instruments	**46**	5,636
- Reclassification to profit and loss	**(5,636)**	11,108
- Currency translation differences	**(6,252)**	3,924
- Total tax on components of other comprehensive (expense)/income	**738**	(3,745)
Other comprehensive (expense)/income for the financial period, net of tax	**(13,179)**	28,144
Total comprehensive income for the period	**17,016**	56,947
Total comprehensive income/(expense) attributable to:		
Owners of the parent	**17,529**	57,190
Non-controlling interest	**(513)**	(243)
	17,016	56,947

Group Balance Sheet as at 30 December 2023

	Notes	2023 €'000	2022 €'000
Fixed assets			
Intangible assets	8	**69,376**	69,624
Tangible assets	9	**274,873**	268,276
Associates and joint ventures	10	**516**	5,400
Loans to joint venture	10	**288**	520
Other investments	10	**845**	845
		345,898	344,665
Current assets			
Inventories	11	**850,823**	1,126,164
Debtors	12	**475,287**	541,109
Restricted cash	22	**6,453**	4,394
Cash and bank balances	21	**35,236**	63,978
		1,367,799	1,735,645
Creditors: amounts falling due within one year	13	**(738,795)**	(1,109,093)
Net current assets		**629,004**	626,552
Total assets less current liabilities		**974,902**	971,217
Creditors: amounts falling due after one year	16	**(200,630)**	(206,646)
Retirement benefit obligation	24	**(12,286)**	(13,616)
Provision for liabilities	18	**(16,838)**	(22,823)
Net assets		**745,148**	728,132
Capital and reserves			
Called up share capital	19	**19,649**	19,649
Revenue reserves	19	**729,643**	707,221
Cash flow hedging reserve	19	**(99)**	4,794
Share premium	19	**32**	32
Capital levy account	19	**256**	256
Members' equity interest (before redeemable loan stock)		**749,481**	731,952
Redeemable loan stock	7	**4,459**	4,459
Members' funds		**753,940**	736,411
Non-controlling interest		**(8,792)**	(8,279)
Total equity		**745,148**	728,132

The notes on pages 44 to 74 form part of these financial statements.

On behalf of the Board of Directors

Aidan O'Driscoll
Chair
28 March 2024

Donal Buggy
Interim Chief Executive

Group Statement of Changes in Equity for the period ended 30 December 2023

	Share Capital €'000	Share Premium €'000	Cash Flow Hedging Reserve €'000	Capital Levy Account €'000	Revenue Reserves €'000	Redeemable Loan Stock €'000	Members Equity Interest €'000	Non-controlling Interests €'000	Total €'000
At 25 December 2021	19,649	32	(9,105)	256	663,930	4,459	679,221	(8,036)	671,185
Profit for the period	–	–	–	–	29,075	–	29,075	(272)	28,803
Other comprehensive income/(expense) for the period:									
Remeasurement of net defined benefit obligation	–	–	–	–	11,221	–	11,221	–	11,221
Cash flow hedges									
- Change in value of hedging instruments	–	–	5,636	–	–	–	5,636	–	5,636
- Reclassification to profit and loss	–	–	11,108	–	–	–	11,108	–	11,108
Currency translation differences	–	–	–	–	3,895	–	3,895	29	3,924
Total tax on components of other comprehensive income	–	–	(2,845)	–	(900)	–	(3,745)	–	(3,745)
At 31 December 2022	**19,649**	**32**	**4,794**	**256**	**707,221**	**4,459**	**736,411**	**(8,279)**	**728,132**
Profit for the period	–	–	–	–	30,424	–	30,424	(229)	30,195
Other comprehensive income/(expense) for the period:									
Remeasurement of net defined benefit obligation	–	–	–	–	(2,075)	–	(2,075)	–	(2,075)
Cash flow hedges									
- Change in value of hedging instruments	–	–	46	–	–	–	46	–	46
- Reclassification to profit and loss	–	–	(5,636)	–	–	–	(5,636)	–	(5,636)
Currency translation differences	–	–	–	–	(5,968)	–	(5,968)	(284)	(6,252)
Total tax on components of other comprehensive income	–	–	697	–	41	–	738	–	738
At 30 December 2023	**19,649**	**32**	**(99)**	**256**	**729,643**	**4,459**	**753,940**	**(8,792)**	**745,148**

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

Group Cash Flow Statement for the period ended 30 December 2023

	Notes	2023 €'000	2022 €'000
Cash generated from/(used in) operations	20	**197,054**	(205,632)
Income tax paid		**(8,372)**	(17,731)
Net cash inflow/(outflow) from operating activities		**188,682**	(223,363)
Cash flows from investing activities			
Purchase of tangible assets	9	**(40,353)**	(40,617)
Purchase of intangible assets	8	**(11,059)**	(11,105)
Proceeds from sale of assets		**578**	98
Proceeds from sale of associate		**40,254**	–
Tax paid on gain from sale of associate		**(7,301)**	–
Dividends from associates	10	**–**	3,556
Capital grant received		**4,972**	–
Interest received		**2,685**	439
(Increase)/decrease in restricted cash	22	**(2,059)**	1,746
Net cash used in investing activities		**(12,283)**	(45,883)
Cash flows from financing activities			
Interest paid		**(35,160)**	(12,631)
Proceeds from borrowings		**–**	361,932
Repayment of borrowings		**(171,599)**	(85,000)
Payments in respect of loan stock		**(1,665)**	(2,061)
Net cash (used in)/generated from financing activities		**(208,424)**	262,240
Net decrease in cash and cash equivalents in the period		**(32,025)**	(7,006)
Balance at beginning of the period		**63,978**	76,368
Foreign exchange gains/(losses)		**3,283**	(5,384)
Cash and cash equivalents at the end of the period	21	**35,236**	63,978

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/ assets 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 2023 financial statements are for 52 weeks from 1 January 2023 to 30 December 2023. The comparative period was the 53 weeks from 26 December 2021 to 31 December 2022.

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.

Notes to the Financial Statements (continued)

1 Statement of Accounting Policies (continued)

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.

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 weighted average costing method. Cost comprises purchase price, including taxes and duties and transport costs attributable to bringing the inventory to its present location and condition. Cost of product includes the Ornua Value Payment made in relation to that product. 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.

The Group has entered into an inventory financing facility with a third party provider. Amounts drawn down under this facility are secured on inventory. This facility has no termination date but it can be terminated on 120 days notice by either party. Amounts drawn under this facility are disclosed within borrowings less than one year.

Any stock of spare parts for items of plant and equipment are carried within inventory.

Notes to the Financial Statements (continued)

1 Statement of Accounting Policies (continued)

e) Inventory (continued)

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.

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 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. 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.

Notes to the Financial Statements (continued)

1 Statement of Accounting Policies (continued)

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.

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.

Notes to the Financial Statements (continued)

1 Statement of Accounting Policies (continued)

k) Intangible assets (continued)

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.

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/asset 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. An asset is recognised only if the Group has an unconditional right to a refund in either of the following circumstances:

a. during the life of the plan, without assuming that the plan liabilities must be settled in order to obtain the refund, or
b. assuming the gradual settlement of the plan liabilities over time until all members have left the plan, or
c. assuming the full settlement of the plan liabilities in a single event (i.e. as a plan wind-up).

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 obligation".

Notes to the Financial Statements (continued)

1 Statement of Accounting Policies (continued)

m) Employee benefits (continued)

(v) Defined benefit plans (continued)
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.

(vi) Other long term employee benefits
The Group operates a Long Term Incentive Plan (LTIP), 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 LTIP is measured both in terms of profitability, working capital performance and product prices returned to members over the vesting period. The value of awards granted is an estimate which is primarily derived from an adjusted Group profitability calculation adjusted to reflect product prices returned to members, members 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.

At each balance sheet date the Group revises its estimate of the expected cost for both the actual 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.

Notes to the Financial Statements (continued)

1 Statement of Accounting Policies (continued)

o) Provisions and contingent liabilities (continued)

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.

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		Period end Rates	
€ 1 =	**2023**	**2022**	**2023**	**2022**
US$	1.0821	1.0551	1.1037	1.0703
GBP£	0.8702	0.8525	0.8669	0.8843

(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.

Notes to the Financial Statements (continued)

1 Statement of Accounting Policies (continued)

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.

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.

Notes to the Financial Statements (continued)

1 Statement of Accounting Policies (continued)

v) Financial instruments (continued)

(i) Financial assets (continued)
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.

(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.

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)

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/assets
The determination of the pension cost and defined benefit obligations/asset 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. The Group recognises an asset in relation to one of the Group's defined benefit plans as the Group has an unconditional right to a refund assuming the gradual settlement of the plan liabilities over time until all members have left the plan.

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 recoverable amount and comparing this to the carrying amount of the CGU. Where the recoverable amount exceeds the carrying value of the CGU, the asset is not impaired, but where the carrying amount exceeds the recoverable amount, a provision for impairment is raised to reduce the carrying amount of the CGU to its recoverable amount. Estimates of recoverable amount 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. Where recoverable amount is based on value in use 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.

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)

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 LTIP is measured both in terms of profitability, working capital performance and product prices returned to members over the vesting period. The value of awards granted is an estimate which is primarily derived from an adjusted Group profitability calculation adjusted to reflect product prices returned to members, members 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.

At each balance sheet date the Group revises its estimate of the expected cost for both the Actual 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.

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 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):

	2023 €'000	2022 €'000
Ornua Value Payment	**74,525**	72,469
Depreciation (note 9)	**21,389**	19,622
Amortisation of intangible assets (note 8)	**11,646**	10,258
Research and development expenditure	**7,568**	5,672
Operating lease expense	**2,725**	2,665
Auditors remuneration - audit fee	**916**	824
Impairment of trade receivables - charge/(credit)	**1,661**	(393)
Exchange differences - (credit)/charge	**(2,766)**	2,769

Notes to the Financial Statements (continued)

3 Employees and remuneration

	2023 No.	2022 No.
The average number of persons employed by the Group is analysed into the following categories*:		
Production	**1,899**	1,869
Selling and distribution	**418**	406
Administration	**706**	652
	3,023	2,927

* Includes employees whose salary costs are capitalised (note 8).

	2023 €'000	2022 €'000
The staff costs are comprised of:		
Wages and salaries**	**172,836**	164,444
Social welfare costs	**15,735**	14,201
Pension costs	**5,776**	5,349
Staff costs included in operating profit	**194,347**	183,994
Net interest expense on defined benefit pension schemes	**257**	268
Total charged to Income Statement	**194,604**	184,262
Actuarial loss/(gain) on defined benefit pension schemes (net of deferred taxation) - charged/(credited) to other comprehensive income	**2,034**	(10,321)
Total aggregate payroll costs expensed	**196,638**	173,941

** Includes Long Term Incentive Plan costs (note 27) but excludes €3.5m (2022: €3.3m) of capitalised salary costs (note 8).

Notes to the Financial Statements (continued)

4 Exceptional items

	2023 €'000	2022 €'000
Gain on sale of 20% interest in Nextwave Distribution Holdings LLC (i)	**36,188**	–
Impairment of intangible & tangible assets & other costs (ii)	**(4,512)**	(5,792)
	31,676	(5,792)

2023

(i) Gain on the sale of the Group's 20% interest in Nextwave Distribution Holdings LLC (Nextwave). Nextwave is the parent company of DPI Specialty Foods Inc., a US specialty foods distribution business.

(ii) Due to indications of impairment, the Group carried out an impairment review of certain intangible and tangible assets, by comparing the assets' recoverable amount to its carrying value and as a result an impairment of €4.2m was recognised (€1.1m in intangible assets and €3.1m in tangible assets) as well as other costs of €0.3m. These impairments occurred as a result of the challenging nature of the specific market which resulted in the recoverable amount of the assets being less than the carrying amount.

2022

(ii) Due to indications of impairment, the Group carried out an impairment review of certain intangible assets and tangible assets, by comparing the assets' recoverable amount to its carrying value and as a result an impairment of €5.4m was recognised (€0.3m in intangible assets and €5.1m in tangible assets) as well as other costs of €0.4m. This impairment occurred as a result of the challenging nature of the specific market which resulted in the recoverable amount of the assets being less than the carrying amount.

5 Interest payable (net)

	2023 €'000	2022 €'000
Interest payable on bank loans and overdrafts:		
Repayable within 5 years, other than by instalments	**35,548**	13,251
Interest receivable	**(2,685)**	(439)
	32,863	12,812

Notes to the Financial Statements (continued)

6 Taxation on profit

	2023 €'000	2022 €'000
Analysis of taxation charge in the period		
Current tax		
Irish corporation tax on profit for the period	**–**	197
Adjustments in respect of previous periods	**–**	(251)
	–	(54)
Foreign tax		
Foreign corporation tax on profit for the period	**13,334**	15,631
Adjustments in respect of previous periods	**(393)**	(975)
	12,941	14,656
Total current tax	**12,941**	14,602
Deferred tax		
Origination and reversal of timing differences	**(1,683)**	(5,090)
Taxation	**11,258**	9,512
Tax (income)/expense included in Other Comprehensive Income	**(738)**	3,745

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.

	2023 €'000	2022 €'000
Profit before taxation	**41,453**	38,315
Profit at the standard rate of corporation tax in Ireland of 12.5%	**5,182**	4,789
Effects of:		
Foreign rates of tax different from Irish rates	**8,288**	4,658
(Utilisation)/non utilisation of tax losses (net)	**(1,855)**	621
Expenses/income not deductible/taxable (net)	**691**	398
Movement in other differences	**(655)**	272
Adjustments in respect of prior periods	**(393)**	(1,226)
Total taxation	**11,258**	9,512

Notes to the Financial Statements (continued)

6 Taxation on profit (continued)

There were no significant changes during 2023 in the tax rates applying to the Group's subsidiaries except for the standard UK corporation tax rate which increased from 19% to 25%.

The Group has not recognised deferred tax assets of €16.5m (2022: €18.3m) on the basis that there is insufficient evidence that these will be recoverable.

Pillar Two legislation comes into effect for Ornua for the accounting period ending 28 December 2024. Ornua Co-operative Limited as the Ultimate Parent Entity for the Group will be required to operate the Income Inclusion Rule in respect of all constituent entities in the Group, subject to the application of the Transitional CbCR safe harbour rules. As the Pillar Two legislation was not effective at 30 December 2023, the Group has no related current tax exposure. If the Pillar Two legislation had applied for the year ending 30 December 2023, it would not be expected to have a material impact on the consolidated financial statements of Ornua Co-operative Limited. The Group applies the exception to recognising and disclosing information about deferred tax assets and liabilities related to Pillar Two income taxes, as provided in the amendments to FRS 102 issued in July 2023.

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 2023 is €Nil (2022: €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 €Nil (2022: €Nil). Cash payments made in the year relating to previous years loan stock redeemed resulted in total cash payments of €1.7m in 2023 (2022: €2.1m).

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

	2023 €'000	2022 €'000
At beginning and at end of the period	**4,459**	4,459

(b) Cash bonus payable

Annual cash bonus (charged to operating profit)	**24,000**	27,500

Notes to the Financial Statements (continued)

8 Intangible assets

	Goodwill 2023 €'000	Other Intangibles* 2023 €'000	Software 2023 €'000	Total 2023 €'000
Cost				
At beginning of the period	85,569	27,910	51,335	164,814
Additions in the period**	–	–	11,059	11,059
Transfer from plant and equipment (note 9)	–	–	1,964	1,964
Translation adjustment	(1,582)	261	17	(1,304)
	83,987	28,171	64,375	176,533
Amortisation				
At beginning of the period	63,225	19,884	12,081	95,190
Amortised during the period	3,981	1,728	5,937	11,646
Impairment (note 4)	929	50	108	1,087
Transfer from plant and equipment (note 9)	–	–	284	284
Translation adjustment	(1,225)	231	(56)	(1,050)
	66,910	21,893	18,354	107,157
Net book amount				
At end of the period	**17,077**	**6,278**	**46,021**	**69,376**
At beginning of the period	**22,344**	**8,026**	**39,254**	**69,624**

* Other intangibles include supply contracts, customer relationships and trade names.

** Software additions include €3.5m (2022: €3.3m) of capitalised salary costs.

The average remaining amortisation period of the goodwill is 4 years. The average remaining amortisation period of other intangibles is 4 years.

Notes to the Financial Statements (continued)

9 Tangible assets

	Land and Buildings 2023 €'000	Plant Equipment and Vehicles 2023 €'000	Total 2023 €'000
Cost			
At beginning of the period	180,045	271,017	451,062
Transfer to inventory*	–	(6,123)	(6,123)
Additions in the period	11,844	28,509	40,353
Disposals in the period	–	(4,227)	(4,227)
Transfer to software (note 8)	–	(1,964)	(1,964)
Translation adjustment	(1,358)	395	(963)
	190,531	287,607	478,138
Depreciation			
At beginning of the period	48,380	134,406	182,786
Charge for the period	4,701	16,688	21,389
Impairment (note 4)	863	2,277	3,140
Disposals in the period	–	(3,649)	(3,649)
Transfer to software (note 8)	–	(284)	(284)
Translation adjustment	(938)	821	(117)
	53,006	150,259	203,265
Net book amount			
At end of the period	**137,525**	**137,348**	**274,873**
At beginning of the period	**131,665**	**136,611**	**268,276**

* Spare parts are transferred to and carried within inventory from the start of 2023.

The buildings, plant, equipment and vehicles are insured at a value of €609.0m (2022: €535.9m).

Notes to the Financial Statements (continued)

10 Associates, joint ventures and other investments

	2023 €'000	2022 €'000
Associates and joint ventures		
At beginning of the period	**5,400**	6,249
Share of profit after tax during the period	**630**	2,490
Dividend received	**–**	(3,556)
Disposal of associate (note 4)	**(5,317)**	–
Translation adjustment	**(197)**	217
At end of the period	**516**	5,400

	€'000	€'000
Loans to associates and joint ventures		
At beginning of the period	**520**	517
Translation adjustment	**(232)**	3
At end of the period	**288**	520

	€'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. Reversal of impairments of inventories recognised within cost of sales in 2023 were €9.9m (2022: impairments recognised of €28.6m).

Notes to the Financial Statements (continued)

12 Debtors

	2023 €'000	2022 €'000
Due within one year:		
Trade debtors (i) (iii)	**415,300**	477,138
Other debtors & prepayments	**22,797**	21,790
Derivative financial instruments	**2,531**	3,731
Corporation tax debtors	**5,407**	4,896
VAT	**8,782**	12,473
	454,817	520,028
Due after one year:		
Deferred taxation (ii)	**13,736**	12,266
Retirement benefit obligation (note 24)	**6,734**	8,815
	20,470	21,081
	475,287	541,109
Deferred taxation arising from:		
Accelerated capital allowances	**(9,752)**	(6,736)
Derivative financial instruments	**(145)**	(255)
Post employment benefits	**(655)**	396
Tax losses carried forward	**13,227**	8,697
Research and development expenditure	**2,799**	4,152
Other timing differences	**8,262**	6,012
	13,736	12,266

(i) Trade debtors are stated net of a provision for impairment of €5.1m (2022: €3.5m).
(ii) 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, €120.3m (2022: €100.3m) of trade debtors have been derecognised at period-end.

Notes to the Financial Statements (continued)

13 Creditors: amounts falling due within one year

	2023 €'000	2022 €'000
Trade creditors*	**389,766**	498,828
Amount due under RID facility* (note 15)	**184,133**	257,742
Accruals*	**145,252**	168,836
Option liability**	**1,652**	1,878
Redeemable loan stock	**1,219**	1,665
Taxation creditors (note 14)	**12,480**	14,702
Borrowings (note 15)	**–**	161,599
Other creditors	**4,293**	3,843
	738,795	1,109,093

* 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.

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

14 Taxation creditors

	2023 €'000	2022 €'000
Corporation tax	**3,518**	4,503
PAYE	**1,617**	1,767
PRSI	**1,405**	973
VAT	**5,940**	7,459
	12,480	14,702

Notes to the Financial Statements (continued)

15 Borrowings

	2023 €'000	2022 €'000
Amounts falling due within one year	–	161,599
Amounts falling due after one year	**188,955**	198,692
	188,955	360,291

In December 2021, the Group entered into a new five year syndicated financing agreement. Initial facilities available under this agreement are €200m (2022: €200m). In September 2022, the Group's banking syndicate agreed an amendment to this financing agreement which resulted in an increase in the amount available from €200m to €300m for a period of 9 months maturing in June 2023. In June 2023, a new amendment was agreed which resulted in an increase in the amount available to €325m for a period of 12 months. In 2022, certain members of the Group's banking syndicate also entered into financing agreements to provide an additional €70m in facilities available until June 2023. During 2023, this additional amount was reduced to €25m until June 2024. All material subsidiaries of the Group entered into cross guarantees for the debts under the above agreements and also are subject to a negative pledge that security will not be granted to any party during the course of the agreements. The Group is subject to certain financial covenants and other restrictions during the period of these agreements.

During 2022, the Group entered into an inventory financing facility with a third party provider in the amount of US$50m. Amounts drawn down under this facility are secured on inventory. Amounts drawn under this facility are disclosed within borrowings less than one year. All drawings under this facility at 2022 year end were fully repaid by March 2023.

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. Committed facilities under this agreement for 2023 were €331.5m (2022: €380.0m). 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 of €184.1m (2022: €257.7m) to Rabobank.

16 Creditors: amounts falling due after one year

	2023 €'000	2022 €'000
Redeemable loan stock	**1,171**	2,390
Derivative financial instruments	**525**	–
Government grants	**5,877**	–
Deferred taxation (i)	**4,102**	5,564
Bank loans (note 15)	**188,955**	198,692
	200,630	206,646

	2023 €'000	2022 €'000
(i) Deferred taxation arising from:		
Accelerated capital allowances	**7,193**	8,675
Post employment benefits	**(2,926)**	(1,993)
Derivative financial instruments	–	586
Other timing differences	**(165)**	(1,704)
	4,102	5,564

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

Notes to the Financial Statements (continued)

17 Financial instruments

	2023 €'000	2022 €'000
The Group has the following financial instruments at fair value through profit or loss or through other comprehensive income:		
Financial assets measured at fair value through other comprehensive income		
Derivative financial instruments (i)	**2,531**	3,731
Financial liabilities measured at fair value through other comprehensive income		
Derivative financial instruments (i)	**525**	–
Financial liabilities measured at fair value through profit or loss		
Option liability (ii)	**1,652**	1,878

(i) Derivative financial instruments
The Group enters into forward foreign currency contracts to mitigate the exchange rate risk for certain foreign currency debtors. At 30 December 2023, the contracts outstanding have an average maturity of 5 months (2022: 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 2023, a hedging loss (net of taxation) of €0.1m (2022: gain of €4.8m) was recognised in Other Comprehensive Income. The Group's derivative financial instruments relate to its commitments to sell USD and GBP and receive a fixed euro amount, as well as relating to commodity contracts. In 2023 a charge of €Nil (2022: €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 13).

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	12,238	956	8,522	1,107	22,823
Provided during the period	12,074	–	1,093	843	14,010
Utilised during the period	(12,238)	–	(3,239)	(917)	(16,394)
Released during the period	–	(946)	(2,645)	–	(3,591)
Translation adjustment	–	(10)	–	–	(10)
At end of the period	**12,074**	**–**	**3,731**	**1,033**	**16,838**

(i) The onerous sales contracts provision relates to contracted sales whose revenues do not cover the cost of completing the contract. This provision will be utilised within one year.
(ii) Relates to provisions made in 2015 on disposal of the DPI business for certain costs to be incurred by the Group subsequent to the disposal. This provision was released in 2023 as it is no longer required due to the disposal of the Group's interest in Nextwave Distribution Holdings LLC, the parent company of DPI.
(iii) See detail in note 27. This provision is expected to be utilised over 5 years.
(iv) This represents a provision for claims incurred but not reported by the Group's captive insurance company. The majority of this provision will be utilised within one year.

Notes to the Financial Statements (continued)

19 Share capital and reserves

	2023 No. of Shares	2023 €'000	2022 No. of Shares	2022 €'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:	2023 No. of shares '000	2022 No. of shares '000
At beginning and 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 inflow/(outflow) from operations

	2023 €'000	2022 €'000
Operating profit before exceptional items	**42,267**	54,697
Depreciation of tangible assets (note 9)	**21,389**	19,622
Amortisation of intangible assets (note 8)	**11,646**	10,258
Decrease/(increase) in inventories	**276,105**	(337,119)
Decrease/(increase) in debtors	**58,586**	(130,348)
(Decrease)/increase in creditors/provision for liabilities	**(211,073)**	179,164
Post retirement liabilities	**(1,866)**	(1,906)
Cash generated from/(used in) operations	**197,054**	(205,632)

21 Analysis of net debt

	2023 €'000	2022 €'000
Analysis of net debt		
Cash and bank balances	**35,236**	63,978
Borrowings < 1 year (note 13)	**–**	(161,599)
Borrowings > 1 year (note 16)	**(188,955)**	(198,692)
Net debt	**(153,719)**	(296,313)

Reconciliation of net cash flow to movement in net debt

	2023 €'000	2022 €'000
Net decrease in cash and cash equivalents in the period	**(32,025)**	(7,006)
Decrease/(increase) in borrowing < 1 year (note 13)	**161,599**	(161,599)
Decrease/(increase) in borrowing > 1 year (note 16)	**9,737**	(115,333)
Change in net debt arising from cash flows	**139,311**	(283,938)
Foreign exchange gains/(losses)	**3,283**	(5,384)
Movement in net debt in the year	**142,594**	(289,322)
Opening net debt	**(296,313)**	(6,991)
Closing net debt	**(153,719)**	(296,313)

Notes to the Financial Statements (continued)

22 Restricted cash

	2023 €'000	2022 €'000
Restricted cash on deposit	**6,453**	4,394

Deposits of €6.5m (2022: €4.4m) 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

	2023 €'000	2022 €'000
Commitments for which contracts have been placed	**8,788**	22,811
Commitments approved but not contracted for	**33,870**	37,663

24 Retirement 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 (2022: charge of €0.3m) of which €Nil (2022: €Nil) has been charged against operating profit before exceptional items and €0.3m (2022: €0.3m) has been charged within other finance costs.

Contributions to defined contribution pension schemes in the period were €5.8m (2022: €5.3m).

The trustees of the Parent Society scheme have obtained an actuarial valuation dated 1 January 2023 using the projected unit valuation method. The trustees of the Ornua Foods UK Limited scheme have obtained an actuarial valuation dated 31 December 2021 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/assets of the schemes as at 30 December 2023.

The Irish scheme closed to future accrual in 2018. It has been agreed that the employer contributes €0.3m annually until 2033 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 until 2030 to this scheme.

Notes to the Financial Statements (continued)

24 Retirement benefits (continued)

Financial assumptions

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

	2023	2022	2023	2022
	Irish Scheme		Other Schemes	
	%	%	%	%
Inflation rate	**2.25**	2.50	**2.65**	2.65
Salary rate increases	**3.25**	3.50	**3.15**	3.15
Pension payment increases	**2.50**	2.50	**2.60**	2.60
Discount rate	**3.60**	4.20	**4.50**	4.80

In valuing the liabilities of the pension funds at 30 December 2023, 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 2023/2022		Other Schemes 2023/2022	
- Current pensioner aged 65	24/23 years male	25/25 years female	21/21 years male	24/24 years female
- Future retiree* upon reaching 65	26/26 years male	28/28 years female	22/23 years male	25/26 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.

	2023	2022	2023	2022	2023	2022
	Irish Scheme		Other Schemes		Total	
	€'000	€'000	€'000	€'000	€'000	€'000
Equities	**13,046**	19,434	**9,990**	1,473	**23,036**	20,907
Bonds	**55,028**	43,314	**5,554**	10,499	**60,582**	53,813
Property	**4,567**	5,123	**1,234**	610	**5,801**	5,733
Other	**12,080**	13,140	**11,062**	14,796	**23,142**	27,936
	84,721	81,011	**27,840**	27,378	**112,561**	108,389
Actuarial value of liabilities	**(77,987)**	(72,196)	**(40,126)**	(40,994)	**(118,113)**	(113,190)
Net surplus/(deficit) in the schemes	**6,734***	8,815	**(12,286)****	(13,616)	**(5,552)**	(4,801)

The Company has provided a guarantee to the value of €10m (2002: €10m) to the trustees of one of the Group's defined benefit schemes. The scheme assets listed above do not include the value of this guarantee.

* Disclosed within retirement benefit asset (note 12).

** Disclosed within retirement benefit obligation.

Notes to the Financial Statements (continued)

24 Retirement benefits (continued)

	2023	2022	2023	2022	2023	2022
	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 (income)/expense	**(391)**	98	**648**	170	**257**	268

Movement in benefit obligations during the period	2023 Irish Scheme €'000	2023 Other Schemes €'000	2023 Total €'000
Benefit obligations at beginning of the period	72,196	40,993	113,189
Interest expense	2,962	1,930	4,892
Actuarial loss/(gain)	6,179	(1,454)	4,725
Benefits paid from plan	(3,350)	(2,132)	(5,482)
Translation adjustment	–	789	789
Benefit obligations at end of the period	**77,987**	**40,126**	**118,113**
Movement in plan assets during the period			
Fair value of plan assets at beginning of the period	81,011	27,377	108,388
Interest income	3,353	1,282	4,635
Remeasurement gains/(losses)			
Return on plan assets excluding interest income	2,707	(57)	2,650
Employer's contributions	1,000	866	1,866
Benefits paid from plan	(3,350)	(2,132)	(5,482)
Translation adjustment	–	504	504
Fair value of plan assets at end of the period	**84,721**	**27,840**	**112,561**
Surplus/(deficit) in schemes	**6,734**	**(12,286)**	**(5,552)**
Actual return on plan assets	**6,060**	**1,225**	**7,285**

25 Financial commitments

a) Operating leases

At 30 December 2023, the Group had future minimum payments under non-cancellable operating leases as follows:

	2023 €'000	2022 €'000
Payments due:		
Not later than 1 year	**2,255**	2,377
Later than 1 year and not later than 5 years	**6,666**	7,074
Later than 5 years	**7,560**	7,851
	16,481	17,302

Notes to the Financial Statements (continued)

25 Financial commitments (continued)

b) Bank guarantees

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

	2023 €'000	2022 €'000
Bank guarantees	**34,500**	37,224

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.

	2023 €'000	2022 €'000
Forward foreign currency/commodity contracts	**596,173**	701,315

d) Inventories

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

	2023 €'000	2022 €'000
Forward contracts	**100,019**	172,206

26 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 30 December 2023 amounted to €61.6m (2022: €82.7m) and purchases from members amounted to €1,645.9m (2022: €2,280.5m). Amounts receivable from and payable to members arising from the aforementioned sales and purchases transactions as at the balance sheet date are €23.4m (2022: €23.3m) and €153.8m (2022: €127.4m) respectively. There are other payable balances of €4.3m to members (2022: €3.8m).

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.

Sales to non-wholly owned subsidiaries during the financial period ended 30 December 2023 amounted to €63.5m (2022: €50.2m) and purchases from non-wholly owned subsidiaries amounted to €330.7m (2022: €390.6m). Amounts receivable from and payable to non-wholly owned subsidiaries as at the balance sheet date are €179.5m (2022: €181.9m) and €75.0m (2022: €82.9m) respectively.

There are other receivable balances of €0.5m due from minority shareholders in subsidiaries (2022: €0.5m).

Sales to associates and joint ventures amounted to €10.9m (2022: €9.3m) and receivables from associates and joint ventures amounted to €4.7m (2022: €2.8m). Dividends received from associates and joint ventures was €Nil (2022: €3.6m).

Notes to the Financial Statements (continued)

26 Related party transactions (continued)

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.

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 2023 Group Income Statement (but not necessarily paid in 2023) was as follows:

	2023 €'000	2022 €'000
Total Non-Executive Directors fees (14 in 2023 & 14 in 2022)	**713**	733
Global Executive Remuneration, including Executive Directors (8 Executives in 2023 & 7 in 2022):		
Basic salary	**2,480**	2,279
Performance related bonus	**688**	1,056
LTIP - Paid during the year	**1,604**	1,268
Other benefits	**412**	284
Employers pension contribution	**404**	387
Employers PRSI	**575**	539
	6,163	5,813
LTIP - Adjustment to provision during the year*	**(2,563)**	74
Total fees and remuneration for key management personnel	**4,313**	6,620

*LTIP - Adjustment to provision during the year represents the adjustment to the LTIP provision and does not represent the amount paid in 2023. 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 2023 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 2021, 2022 and 2023 plus an adjustment for any impact on the provision at 31 December 2022 as a result of updated assumptions in 2023. Further details on the LTIP are included in Note 27.

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. Periodically, the resources of Independent Professional Advisers were used in the review and assessment process.

Notes to the Financial Statements (continued)

27 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, working capital performance and product prices returned to members over the vesting period. The value of awards granted is an estimate which is primarily derived from an adjusted Group profitability 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 credit of €1.6m (2022: charge of €2.7m) within employment costs in relation to the scheme, and the obligations recognised within liabilities at period end amounts to €3.7m (2022: €8.5m).

28 Significant subsidiary companies

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
Irish Dairy Board Limited	Ireland	100	Group financing
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 UK 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
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.

Notes to the Financial Statements (continued)

28 Significant subsidiary companies (continued)

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 30 December 2023, 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 30 December 2023.

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, Irish Dairy Board Limited, IDB Premier Limited, An Bord Bainne (Services) Limited and An Bord Bainne (Exports) Limited.

29 Post balance sheet events

The Group carried out a review of non-core activities which resulted in a plan to dispose of certain businesses, and which resulted in some adjustments to the carrying value of those businesses in 2023 as reflected in exceptional items (Note 4). The Group disposed of its investment in Nextwave Distribution Holdings LLC during 2023, the gain on which has also been included in exceptional items. Two further disposals were completed post year end as follows:

In February 2024, Ornua Nutrition Ingredients UK Limited sold its powder blending and manufacturing business in the UK to Allicio Nutrition Limited. In March 2024, the Group sold 70.5% of its interest in CoreFX Ingredients LLC to P.O.D. Solutions Corp and as a result retains a 19.5% interest in CoreFX Ingredients LLC. It is expected that the consideration received for the sale of these businesses will cover the net book value of assets sold and costs incurred and that no gain or loss (post the adjustments made in 2023) will arise in 2024 on these sales.

Separately in February 2024, the Group announced the closure of Ornua Ingredients North America's Slippery Rock facility in Pennsylvania, US. This follows the sudden and unexpected decision of the plant's only customer to change strategic direction making it no longer viable to produce product at the site. The Group is currently assessing the impact of the closure on the Group's operations, but it does not expect the financial effect to be significant.

30 Approval of financial statements

The financial statements were approved by the Board of Directors on 28 March 2024.

Board of Directors & Executive

Board of Directors*

Aidan O'Driscoll **Chair**	Stephen Arthur Dr Sean Brady Donal Buggy Dominic Cronin Jerry Houlihan	Bill Hunter John Hunter Diarmuid Lally Edmund Lynch Pat McCormack	Anne McFarland Anne O'Leary Michael O'Shea Joe O'Sullivan Sean Sweeney

Executive*

Donal Buggy **Interim Chief Executive**	Bill Hunter **Interim 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**	Maurice Hennessy **Chief Technology Officer**	John McRedmond **Chief Risk & Compliance Officer**

Company Secretary*

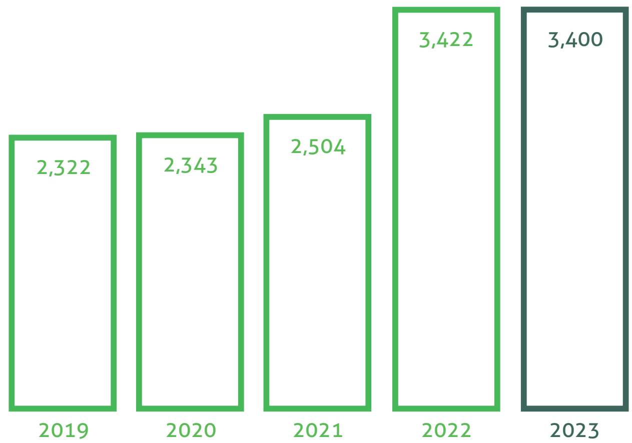
John McRedmond

*As at 30 December 2023

Group Five Year Review

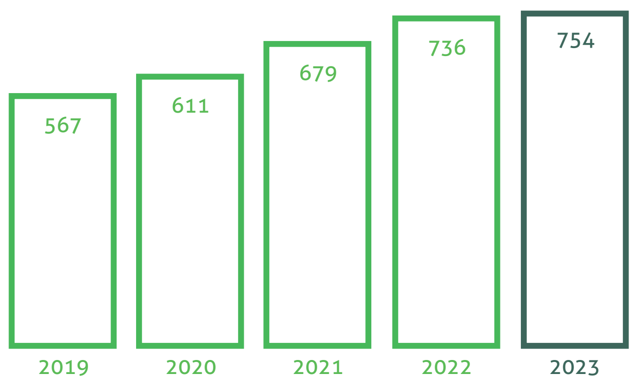
2023 Group Turnover

€3,400 million



2023 Members' Funds

€754 million



	2019 €'000	2020 €'000	2021 €'000	2022 €'000	2023 €'000
a) Historical values					
Turnover	2,322,252	2,343,467	2,504,141	3,422,373	3,399,851
EBITDA	71,786	107,408	99,369	84,577	75,302
Operating profit	49,092	83,068	75,684	54,697	42,267
Profit before taxation	44,640	74,525	73,382	38,315	41,453
Net debt/(cash)	(22,741)	(144,604)	6,991	296,313	153,719
Members' funds	567,411	610,508	679,221	736,411	753,940

b) Financial ratios					
EBITDA as % of turnover	3.1%	4.6%	4.0%	2.5%	2.2%
Operating profit as % of turnover	2.1%	3.5%	3.0%	1.6%	1.2%
Leverage (Net debt/(cash)/EBITDA) (times)	(0.3x)	(1.3x)	0.1x	3.5x	2.0x
Interest Cover (EBITDA/Interest Payable) (times)	12.8x	22.1x	21.5x	6.6x	2.3x

Irish Product Utilisation Overview

Total Irish Milk Supply (million litres)

	2023	2022
Jan	180	183
Feb	381	368
Mar	801	809
Apr	1,028	1,055
May	1,159	1,166
Jun	1,046	1,058
Jul	1,015	1,023
Aug	909	919
Sep	764	786
Oct	589	692
Nov	382	485
Dec	205	283
	8,459	**8,827**

Source: CSO

Total Irish Product Output (tonnes)

	2023	2022
Butter	273,300	269,200
Cheese	283,000*	282,500
SMP	167,200	173,700

Source: CSO/Ornua
*Estimate

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Ornua's commitment to environmental sustainability is reflected in this Annual Report. This report is printed in Ireland using environmental print technology which minimises the impact of printing on the environment. This report is printed on Horizon Offset paper and board, which is chlorine free and sustainably sourced from European managed forests.

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