

ANNOUNCEMENT OF RESULTS FOR THE 6 MONTHS ENDED 28 FEBRUARY 2022
28 April 2022

Donegal Investment Group plc ('DIG') ('Company') ('Group') reports its interim results for the 6 months ended 28 February 2022.

FINANCIAL PERFORMANCE

- The Group's seed potato business delivered a satisfactory performance for the period ended 28 February 2022. Revenue decreased by 2% (€0.4m) to €18.7m – with as expected lower yielding seed crops across European growing areas impacting volumes available for sale. The business delivered a trading profit €1.2m, a decrease of €0.5m on the prior period.
- The Group completed the sale of its speciality dairy business Nomadic Dairy ("Nomadic") on 5 November 2021 with a profit on disposal of €13.1m. This includes for the recognition of 80% of contingent consideration receivable of €3.0m, based on the discounted fair value of the contingent consideration receivable dependent on the financial performance of Nomadic for the period 1 January 2022 to 31 December 2022, inclusive. Nomadic's financial performance for the period, together with the profit on disposal, is classified as a discontinued operation in this period's results.
- Profit after tax from continuing operations was €1.3m a decrease of €0.5m on the prior period.

FINANCIAL POSITION

- The Group has a cash position, net of debt, of €3.4m at 28 February 2022 compared to a €3.7m net position at 31 August 2021 following the completion of the sale of Nomadic and the subsequent return of capital on 14 February 2022. The Group received net proceeds following the disposal of Nomadic of €16.7m. Please note an additional €3.3m in cash was held as an asset held for sale at 31 August 2021 and was also retained by the Group.

RETURN OF CAPITAL

- Following approval at the EGM on 11 February 2022, the Group completed the conversion and redemption of 1,306,497 ordinary shares of the Company at a price of €15.30 on the 14 February 2022. This resulted in a return of capital of €20.0m to our shareholders. The Group currently has issued share capital of 1,589,461 with 67,168 of those shares held as treasury shares.

HEAD OFFICE

- As announced on 1 March 2022 the Group Head Office in Ballyraine, Letterkenny is being wound down which will see the Group incur a one off cash cost of €1.6m with an exceptional charge of €0.7m being provided for at 28 February 2022. This is the continuation of cost saving measures at a corporate level which when completed will have delivered annualised cost savings of €1m.
- The Board would also like to express its thanks to director Michael Griffin who retired from the board at 31 March 2022.

		6 months ended 28 February 2022	6 months ended 28 February 2021	Change
Continuing operations – pre exceptional				
Revenue	€'000	18,740	19,098*	-€0.4m
Segmental Trading profit	€'000	1,242	1,751*	-€0.5m
Operating profit	€'000	1,415	1,790*	-€0.4m
Profit before tax	€'000	1,451	1,893*	-€0.4m
Profit after tax	€'000	1,274	1,756*	-€0.5m
Cash at bank (net of overdraft)	€'000	4,053	445	+€3.6m
Net cash/(debt)	€'000	3,356	(234)	+€3.6m
Investment property carrying value	€'000	1,590	3,695	-€2.1m
Net asset value per share**	€'000	€9.66	€6.79	+€2.87

* As restated to reflect the disposal of Nomadic Dairy

**Net assets are total equity attributable to equity holders of the Company

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H1 2021/22 Performance Review

The board is reasonably satisfied with the performance of our seed potato business in the first half of 2021/22. Revenue decreased by 2% (€0.4m) to €18.7m while the business delivered a segmental trading profit €1.2m, a decrease of €0.5m on the prior year period. As expected, yields of harvested seed crops in European growing areas for the 2021/2022 season were lower than originally planned. While pricing remained strong it was not sufficient to offset the reduction in tonnage sold due to the availability of seed.

Outlook

We anticipate a reasonable performance for the full year ended 31 August 2022. The seed industry is seeing marginally lower demand as a result of higher costs of production for potato producers and this will remain an issue in the 2022/23 season. Developing markets in Eastern Europe have been disrupted by the ongoing conflict in Ukraine and we have limited our sales to these regions as a result.

Finance

The Group's financial position remains strong with cash at bank (net of overdraft) of €4.0m at half year, notwithstanding the fact that the 6 months ended 28 February 2022 represents a near peak point in working capital requirements, due to the seasonal nature of our seed potato businesses. Remaining loans and borrowing at 28 February 2022, relate primarily to the capitalised value of leases.

AGM

The Group's AGM will be held at The Silver Tassie Hotel, Ballymaleel, Ramelton Road, Letterkenny, Co Donegal, on Wednesday, 22 June 2022 at 11:30am.

Geoffrey Vance

Chairman

Donegal Investment Group plc
Condensed consolidated statement of profit or loss and comprehensive income
for the 6 months ended 28 February 2022

	Note	Unaudited			Unaudited			Audited
		Pre- Exceptional €'000	Note 10 Exceptional €'000	6 months ended 28 February 2022 Total €'000	Pre- Exceptional €'000	Note 10 Exceptional €'000	6 months ended 28 February 2021 Total*	12 months ended 31 August 2021 Total €'000
Continuing operations								
Revenue	4	18,740	-	18,740	19,098	-	19,098	26,090
Cost of sales		(11,848)	-	(11,848)	(11,914)	-	(11,914)	(16,865)
Gross profit		6,892	-	6,892	7,184	-	7,184	9,225
Other income	5	230	-	230	74	-	74	199
Other expense	6	-	-	-	(3)	-	(3)	(412)
Distribution expenses		(3,065)	-	(3,065)	(2,861)	-	(2,861)	(3,220)
Administrative expenses		(2,642)	(780)	(3,422)	(2,604)	-	(2,604)	(4,248)
Profit/(loss) from operating activities		1,415	(780)	635	1,790	-	1,790	1,544
Finance income		86	-	86	125	-	125	122
Finance expenses		(50)	-	(50)	(22)	-	(22)	(45)
Net finance income		36	-	36	103	-	103	77
Profit/(loss) before income tax		1,451	(780)	671	1,893	-	1,893	1,621
Income tax (charge)/benefit		(177)	-	(177)	(137)	-	(137)	302
Profit for the period – continuing operations	4	1,274	(780)	494	1,756	-	1,756	1,923
Profit for the year – from discontinued operations, net of tax		358	13,108	13,466	696	-	696	2,269
Profit/(loss) for the year		1,632	12,328	13,960	2,452	-	2,452	4,192

* As restated to reflect the disposal of Nomadic Dairy

Donegal Investment Group plc
Condensed consolidated statement of profit or loss and comprehensive income *(continued)*
for the 6 months ended 28 February 2022

	Unaudited 6 months ended 28 February 2022 Total €'000	Unaudited 6 months ended 28 February 2021 Total* €'000	Audited 12 months ended 31 August 2021 Total €'000
Other comprehensive income			
Items that are or may be reclassified to profit or loss			
Foreign currency translation differences for foreign operations	38	55	4
Recycle of currency translation differences for foreign operations	-	-	-
Total comprehensive income for the period	<u>13,998</u>	<u>2,507</u>	<u>4,196</u>
Profit attributable to:			
Equity holders of the Company	13,958	2,336	3,877
Non-controlling interest	2	116	315
	<u>13,960</u>	<u>2,452</u>	<u>4,192</u>
Profit attributable to:			
Continuing operations	494	1,756	1,923
Discontinued operations	13,466	696	2,269
	<u>13,960</u>	<u>2,452</u>	<u>4,192</u>
Total comprehensive income attributable to:			
Equity holders of the Company	13,990	2,390	3,879
Non-controlling interest	8	117	318
	<u>13,998</u>	<u>2,507</u>	<u>4,196</u>

Donegal Investment Group plc
 Condensed consolidated statement of profit or loss and comprehensive income *(continued)*
 for the 6 months ended 28 February 2022

	Unaudited 6 months ended 28 February 2022 Total €'000	Unaudited 6 months ended 28 February 2021 Total* €'000	Audited 12 months ended 31 August 2021 Total €'000
Earnings per share			
Basic earnings per share (euro cent):			
Continuing	20.64	62.90	72.90
Discontinued	<u>489.95</u>	<u>19.70</u>	<u>64.17</u>
	<u>510.59</u>	<u>82.60</u>	<u>137.07</u>
Diluted earnings per share (euro cent):			
Continuing	20.64	62.90	72.90
Discontinued	<u>489.95</u>	<u>19.70</u>	<u>64.17</u>
	<u>510.59</u>	<u>82.60</u>	<u>137.07</u>

Donegal Investment Group plc
Condensed consolidated statement of financial position
As at 28 February 2022

	Unaudited Note 28 February 2022 €'000	Unaudited 28 February 2021 €'000	Audited 31 August 2021 €'000
Assets			
Property, plant and equipment	8 3,302	6,575	3,354
Investment property	9 1,590	3,695	1,500
Goodwill	500	2,324	500
Intangible assets	124	259	127
Investment in associates	408	261	261
Other investments	745	745	745
Total non-current assets	6,669	13,859	6,487
Inventories	1,131	1,716	392
Biological assets	-	-	1,024
Trade and other receivables	8,793	13,797	3,828
Contingent consideration receivable	2,400		
Cash at bank	5,878	5,118	5,307
Current Tax	-	-	-
Asset held for sale	-	-	14,388
Deferred tax asset	-	500	-
Total current assets	18,202	21,131	24,939
Total assets	24,871	34,990	31,426
Equity			
Share capital	206	376	376
Share premium account	2,975	2,975	2,975
Other reserves	1,836	1,687	1,634
Retained earnings	9,690	14,180	15,721
Total equity attributable to equity holders of the Company	14,707	19,218	20,706
Non-controlling interest	(627)	906	1,057

Donegal Investment Group plc
Condensed consolidated statement of financial
position (*continued*)
As at 28 February 2022

Total equity	14,080	20,124	21,763
Liabilities			
Loans and borrowings	476	449	478
Deferred income	192	228	211
Deferred tax liability	54		54
Total non-current liabilities	722	677	743
Loans and borrowings	221	230	253
Trade and other payables	7,666	9,188	3,926
Bank overdraft	1,825	4,673	890
Liabilities directly associated with asset held for sale	-	-	3,661
Current financial instrument	-	53	-
Current tax	357	45	190
Total current liabilities	10,069	14,189	8,920
Total liabilities	10,791	14,866	9,663
Total equity and liabilities	24,871	34,990	31,426

Donegal Investment Group plc
Condensed consolidated statement of changes in equity
for the 6 months ended 28 February 2022

	Share capital €'000	Other un-denominated capital €'000	Share premium account €'000	Trans-lation reserve €'000	Reserve for own shares €'000	Reval-uation reserves €'000	Fair value reserve €'000	Share option reserve €'000	Retained earnings €'000	Total €'000	Non-controlling interest €'000	Total equity €'000
Balance at 1 September 2021	376	961	2,975	(1,864)	(845)	3,382	-	-	15,721	20,706	1,057	21,763
Total comprehensive income for the period												
Profit for the period	-	-	-	-	-	-	-	-	13,958	13,958	2	13,960
Other comprehensive income												
Foreign currency translation differences for foreign operations	-	-	-	32	-	-	-	-	-	32	6	38
Other comprehensive income	-	-	-	32	-	-	-	-	-	32	6	38
Total comprehensive income for the period	-	-	-	32	-	-	-	-	13,958	13,990	8	13,998
Transactions with owners recorded directly in equity												
Contributions by and distributions to owners												
Share Redemption	(170)	170	-	-	-	-	-	-	(19,989)	(19,989)	-	(19,989)
Derecognition of minority interest	-	-	-	-	-	-	-	-	-	-	(1,692)	(1,692)
Total contributions by and distributions to owners	(170)	170	-	-	-	-	-	-	(19,989)	(19,989)	(1,692)	(21,681)
Balance at 28 February 2022	206	1,131	2,975	(1,832)	(845)	3,382	-	-	9,690	14,707	(627)	14,080

Donegal Investment Group plc
Condensed consolidated statement of changes in equity (continued)
for the 6 months ended 28 February 2022

	Share capital €'000	Other un-denominated capital €'000	Share premium account €'000	Trans-lation reserve €'000	Reserve for own shares €'000	Reval-uation reserves €'000	Fair value reserve €'000	Share option reserve €'000	Retained earnings €'000	Total €'000	Non-controlling interest €'000	Total equity €'000
Balance at 1 September 2020	376	857	2,975	(1,865)	(1,273)	3,382	-	-	11,965	16,417	872	17,289
Total comprehensive income for the period												
Profit for the period	-	-	-	-	-	-	-	-	2,336	2,336	116	2,452
Other comprehensive income												
Foreign currency translation differences for foreign operations	-	-	-	54	-	-	-	-	-	54	1	55
Other comprehensive income	-	-	-	54	-	-	-	-	-	54	1	55
Total comprehensive income for the period	-	-	-	54	-	-	-	-	2,336	2,390	117	2,507
Transactions with owners recorded directly in equity												
Contributions by and distributions to owners												
Reclassification of redeemable shares	-	104	-	-	-	-	-	-	(104)	-	-	-
Dividend to equity holders	-	-	-	-	-	-	-	-	-	-	(83)	(83)
Share based payments	-	-	-	-	428	-	-	-	(403)	25	-	25
Cash settlement of share options	-	-	-	-	-	-	-	-	386	386	-	386
Total contributions by and distributions to owners	-	104	-	-	428	-	-	-	(121)	411	(83)	328
Balance at 28 February 2021	376	961	2,975	(1,811)	(845)	3,382	-	-	14,180	19,218	906	20,124

Donegal Investment Group plc
Condensed consolidated statement of cash flows
for the 6 months ended 28 February 2022

	Note	6 months ended 28 February 2022 €'000	6 months ended 28 February 2021 €'000	12 months ended 31 August 2020 €'000
Cash flows from operating activities				
Profit for the period		13,960	2,452	4,192
Adjustments for:				
Depreciation		361	535	1,077
Amortisation of intangibles		3	21	40
Amortisation of capital grant		23	11	23
Reversal of provision against receivable from associate		(150)	-	-
Change in fair value of investment property		(23)	(41)	410
Change in fair value of other investments		-	2	2
Net finance income		(49)	(128)	(96)
Interest charged in relation to IFRS16		13	16	31
Gain on sale of investment property		-	-	(81)
(Gain)/loss on sale of property, plant and equipment		(2)	3	(15)
Profit on sale of asset held for sale		(13,108)	-	-
Share-based payment transactions		-	51	51
Income tax expense		199	233	20
Change in inventories		186	483	40
Change in trade and other receivables		(5,560)	(8,329)	(2,081)
Change in trade and other payables		3,985	2,939	1,263
		<u>(162)</u>	<u>(1,752)</u>	<u>4,877</u>
Interest (paid)/refund		(37)	(1)	14
Income tax refund		14	15	187
		<u>(185)</u>	<u>(1,738)</u>	<u>5,078</u>
Cash flows from investing activities				
Interest received		9	1	2
Dividends received		1	-	-
Proceeds from sale of investment property		-	-	1,834
Proceeds from asset held for sale		16,749	-	-
Acquisition of property, plant and equipment		(128)	(821)	(1,877)
Acquisition of intangibles		-	(9)	(75)
		<u>16,631</u>	<u>(829)</u>	<u>(116)</u>

Donegal Investment Group plc
Condensed consolidated statement of cash flows *(continued)*
for the 6 months ended 28 February 2022

	Note	6 months ended 28 February 2022 €'000	6 months ended 28 February 2021 €'000	12 months ended 31 August 2021 €'000
Cash flows from financing activities				
Payment of finance lease liabilities		(158)	(162)	(344)
Settlement of share based payments		-	(751)	(750)
Share redemption	12	(19,989)	(9,990)	(9,990)
Dividend paid to non-controlling interest		-	(83)	(134)
		<u>(20,147)</u>	<u>(10,986)</u>	<u>(11,218)</u>
Net cashflow from financing activities				
		(3,701)	(13,553)	(6,256)
Cash and cash equivalents at start of period		7,750	13,974	13,974
Effect of exchange rate fluctuations on cash held		4	24	32
		<u>4,053</u>	<u>445</u>	<u>7,750</u>
Cash and cash equivalents at period end				

(Cash and cash equivalents at 31 August 2021 of €7.8m are inclusive of cash at bank (net of overdraft) of €4.42m and cash at bank classified as asset held for sale of €3.33m)

(1) Reporting entity

Donegal Investment Group Plc (the "Company") is a company domiciled in Ireland. The unaudited condensed consolidated interim financial statements of the Group as at and for the six months ended 28 February 2022 ("the interim financial statements") comprise the Company and its subsidiaries (together referred to as the "Group") and the Group's interests in associates.

(2) Basis of preparation

These interim financial statements have been prepared in accordance with IAS 34 Interim Financial Reporting and should be read in conjunction with the Group's last annual consolidated financial statements as at and for the year ended 31 August 2021 ('last annual financial statements'). They do not include all of the information required for a complete set of IFRS financial statements. However, selected explanatory notes are included to explain events and transactions that are significant to an understanding of the changes in the Group's financial position and performance since the last annual financial statements.

The 28 February 2022 figures and the 28 February 2021 comparative figures do not constitute statutory financial statements of the Group within the meaning of the Companies Act, 2014. The consolidated financial statements of the Group for the year ended 31 August 2021, together with the independent auditor's report thereon, were filed with the Irish Registrar of Companies following the Company's Annual General Meeting and are also available on the Company's Website. The auditor's report on those financial statements was unqualified.

The interim financial statements have been prepared on the going concern basis. The Directors have reviewed the Group's business plan for the next 12 months which has been updated to reflect the ongoing impact of Covid-19 as currently understood and other relevant information and have a reasonable expectation that the Group will continue in operational existence for the foreseeable future.

It should also be noted that the Group remains in a strong position with cash at bank of €4.1m at 28 February 2022 and the remaining operating business continuing to trade well while generating positive cash flows.

The Interim Financial Statements are presented in Euro, rounded to the nearest thousand, which is the functional currency of the Company and also the presentation currency for the Group's financial reporting.

The significant accounting policies applied in these interim financial statements are the same as those applied by the Group in its consolidated financial statements as at and for the year ending 31 August 2021.

(3) Estimates and judgements

The preparation of financial statements requires management to make judgements, estimates and assumptions that affect the application of accounting policies and the reported amounts of assets and liabilities, income and expense. Actual results may differ from these estimates. In preparing these financial statements, the significant judgements made by management in applying the Group's accounting policies and the key sources of estimation uncertainty were the same as those that applied in prior impairment of trade receivables, in respect of the carrying value of goodwill, recognition of deferred tax assets, measurement of financial assets and liabilities.

(4) Segment Information

IFRS 8 Operating Segments requires operating segments to be identified on the basis of internal reports that are regularly reviewed by the chief operating decision maker (CODM) which the Group has identified to the Board of Directors in order to allocate resources to the segments and to assess their performance.

Produce: The growing, sales and distribution of seed potatoes and rental and sale of related property assets.

Dairy: The manufacture, sale and distribution of dairy products. Information relevant to this segment, the activities of which are classified as a discontinued operation, is included in note 14.

The main factors employed in the identification of the single segment include:

- the Group's organisational structure
- the nature of reporting lines to the Chief Operating Decision Maker
- the structure of internal reporting documentation such as management accounts and budgets
- Segment performance is evaluated based on operating profit. Given that net finance costs, taxation, share based payments and exceptional income and costs are managed on a centralised basis, these items are not allocated to the operating segment for internal reporting purposes and in the segmental analysis below.

(4) Segment information (continued)

Business segments *(continued)*

	Produce			Total - Group		
	6	6	12	6	6	12
	months	months	months	months	months	months
	ended 28	ended 28	ended 31	ended 28	ended 28	ended 31
	February	February	August	February	February	August
	2022	2021	2021	2022	2021	2021
	€'000	€'000*	€'000	€'000	€'000*	€'000
Total revenues	18,740	19,098	26,090	18,740	19,098	26,090
Segment result before exceptional items	1,242	1,751	2,005	1,242	1,751	2,005
Segmental result from continuing operations before exceptional items	1,242	1,751	2,005	1,242	1,751	2,005
Exceptional items, net of tax				(780)	-	-
Change in fair value of investment property and other assets				173	39	(410)
Share option expense not allocated to subsidiary business				-	-	-
Net finance income				36	103	77
Income tax (expense)/benefit				(177)	(137)	302
Profit for the period – continuing operations				494	1,756	1,923

* As restated to reflect the disposal of Nomadic Dairy

Donegal Investment Group plc
Notes to the unaudited preliminary condensed consolidated financial statements (continued)
for the 6 months ended 28 February 2022

(4) Segment Information (continued)

Business segments (continued)

	Produce and Dairy			Total - Group		
	28	28	31	28	28	31
	February	February	August	February	February	August
	2022	2021	2021	2022	2021	2021
	€'000	€'000	€'000	€'000	€'000	€'000
Segment assets	18,993	29,372	11,731	18,993	29,372	11,731
Cash at bank (unallocated)				5,878	5,118	5,307
Asset held for sale				-	-	14,388
Deferred tax asset				-	500	-
				24,871	34,990	31,426
Segment liabilities	8,215	9,461	4,327	8,215	9,461	4,327
Bank overdraft (unallocated)				1,825	4,673	890
Loans and borrowings (unallocated)				697	679	731
Deferred tax liability				54	-	54
Liabilities directly associated with asset held for sale				-	-	3,661
Current financial instrument (unallocated)				-	53	-
Total liabilities				10,791	14,866	9,663
Capital expenditure (inclusive of IFRS 16)	237	885	1,575	237	885	1,575
Depreciation and amortisation	364	556	462	364	556	462
Revaluation of investment property and other assets	173	41	(410)	173	41	(410)

(4) Segment Information (continued)

Entity-wide disclosures

Section 1: Information about products and service

The Group determines that the categories used in investor presentations can be used to meet the objective of the disaggregation disclosure requirement in paragraph 114 of IFRS 15, which is to disaggregate revenue from contracts with customers into categories that depicts how the nature, amount, timing and uncertainty of revenue and cashflows are affected by economic factors.

The following table illustrates the disaggregation disclosure by principal products and services to external customers.

	Produce		
6 months ended 28 February 2022 €'000	6 months ended 28 February 2021 €'000*	12 months ended 31 August 2021 €'000	
Seed potato	18,740	19,098	26,090
	18,740	19,098	26,090

* As restated to reflect the disposal of Nomadic Dairy

(5) Other income – continuing operations

	6 months ended 28 February 2022	6 months ended 28 February 2021*	12 months ended 31 August 2021
	€'000	€'000	€'000
Income from investment property rentals	33	35	88
Reversal of provision against receivable from associate	150	-	-
Change in fair value of investment property	20	39	-
Revaluation of PPE prior to transfer to investment property	3	-	-
Profit on disposal of investment property	-	-	80
Gain on disposal of property, plant and equipment	2	-	15
Government grant	22	-	16
	230	74	199

* As restated to reflect the disposal of Nomadic Dairy

(6) Other expense – continuing operations

	6 months ended 28 February 2022	6 months ended 28 February 2021*	12 months ended 31 August 2021
	€'000	€'000	€'000
Change in fair value of investment property	-	-	(410)
Loss on disposal of property, plant and equipment	-	(3)	-
Change in fair value of other investments	-	-	(2)
	-	(3)	(412)

* As restated to reflect the disposal of Nomadic Dairy

(7) Earnings per share

The calculation of basic and diluted earnings per share is set out below:

	6 months ended 28 February 2022 €'000	6 months ended 28 February 2021 €'000*	12 months ended 31 August 2021 €'000
Profit for the period - continuing operations	494	1,756	1,923
Profit for the period - discontinued operations	13,466	696	2,269
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Profit for the period	13,960	2,452	4,192
	<hr/>		
Profit attributable to ordinary shareholders	13,958	2,336	3,877

**Weighted average number of ordinary shares
In thousands of shares**

	6 months ended 28 February 2022 €'000	6 months ended 28 February 2021* €,000	12 months ended 31 August 2021 €,000
Weighted average number of ordinary shares in issue for the period	2,802	2,896	2,896
Weighted average number of treasury shares	(68)	(68)	(68)
	<hr/>		
Denominator for basic earnings per share	2,734	2,828	2,828
Effect of share options in issue	-	-	-
	<hr/>		
Weighted average number of ordinary shares (diluted) at end of period	2,734	2,828	2,828

* As restated to reflect the disposal of Nomadic Dairy

	6 months ended 28 February 2022	6 months ended 28 February 2021*	12 months ended 31 August 2021
Basic earnings/(loss) per share (euro cent)			
Continuing	20.64	62.90	72.90
Discontinued	489.95	19.70	64.17
	<hr/>		
	510.59	82.60	137.07
	<hr/>		
Diluted earnings/(loss) per share (euro cent)			
Continuing	20.64	62.90	72.90
Discontinued	489.95	19.70	64.17
	<hr/>		
	510.59	82.60	137.07

* As restated to reflect the disposal of Nomadic Dairy

(8) Property, plant and equipment

Additions and disposals

During the 6 months ended 28 February 2022, the Group acquired assets for €128,000 (28 February 2021: €830,000) in addition to recognition of €109,000 (28 February 2021: €55,000) in right of use assets under IFRS 16. Assets with a net book value of €Nil were disposed of during the 6 months ended 28 February 2022 (28 February 2021: €6,000), resulting in a gain on disposal of €2,000 (28 February 2021: loss of €3,000).

(9) Investment property

	28 February 2022	28 February 2021	31 August 2021
	€'000	€'000	€'000
Balance at start of the period	1,500	3,365	3,365
Reclassification from property, plant & equipment	67	289	289
Disposal	-	-	(1,744)
Change in fair value	23	41	(410)
Balance at end of the period	1,590	3,695	1,500

Investment property includes the Oatfield site in Letterkenny along with other land and property assets.

(10) Exceptional items

Exceptional items are those that, in management’s judgement, should be separately disclosed by virtue of their nature or amount. Such items are included in the statement of profit or loss and comprehensive income caption to which they relate and are separately disclosed in the notes to the Interim Financial Statements. The Group reports the following exceptional items:

		28 February 2022	28 February 2021	31 August 2021
		€’000	€’000	€’000
Redundancy and restructuring	a	(699)	-	-
Other legal costs	b	(81)	-	-
Exceptional costs before tax – continuing operations		(780)	-	-
Income tax expense in respect of exceptional items		-	-	-
Exceptional costs after tax – continuing operations		(780)	-	-
Profit on disposal of asset held for sale	c	13,108	-	-
Exceptional profit from discontinued operations		13,108	-	-
Total exceptional income for the year		12,328	-	-

a) Restructuring costs include redundancy costs of €699,000.

b) Other legal costs are costs in respect of the share redemption incurred during 2022.

c) Profit on disposal of asset held for sale, namely the Group’s speciality dairy business, disposed on 5 November 2021

(11) Events after the balance sheet date

There have been no significant events subsequent to the period end, which would require adjustment to, or disclosure in, the interim financial statements.

(12) Share Capital

	Ordinary Shares of €0.13 each		Redeemable Ordinary Shares of €0.13 each		Deferred Shares of €0.13 each		Total
	Number	€'000	Number	€'000	Number	€'000	€'000
Authorised							
Balance at 1 September 2021	50,000,000	6,500	800,000	104	800,000	104	6,708
Amendment to capital in the period	-	-	507,190	66	507,190	66	132
Balance at 28 February 2022	50,000,000	6,500	1,307,190	170	1,307,190	170	6,840
Issued, called up and fully paid							
Balance at 1 September 2021	2,895,958	376	-	-	-	-	376
Converted in the period	(1,306,497)	(170)	1,306,497	170	-	-	-
Redeemed in the period	-	-	(1,306,497)	(170)	-	-	(170)
Balance at 28 February 2022	1,589,461	206	-	-	-	-	206

As approved by shareholders at the Extraordinary General Meeting held on 11 February 2022, the authorised share capital of the Company was increased from €6,708,000 to €6,840,000 by, inter alia, the creation of an additional 507,190 Redeemable Ordinary Shares of €0.13 each and 507,190 Deferred Shares of €0.13 each.

The Ordinary Shares and the Redeemable Ordinary Shares rank *pari passu*. A Deferred Share has no rights other than a right to participate in any surplus arising on the winding up of the Company up to the nominal amount paid up on the Deferred Share.

Share redemption

As approved by shareholders at the Extraordinary General Meeting held on 11 February 2022, the Company was authorised to redeem up to 1,307,190 Redeemable Ordinary Shares. 1,306,497 Ordinary Shares (approximately 46.21 per cent of each Shareholder's total holding of Ordinary Shares) as at the conversion date of 14 February 2022 were converted into Redeemable Ordinary Shares and redeemed at €15.30 per share. On redemption these shares were cancelled from the issued share capital of the Company with €170k being credited to the Company's Other Undenominated Capital. €19,989,000 was paid during the period in relation to the redemption of Redeemable Ordinary shares.

As part of the share redemption, a member could notify the Company before the conversion of his Ordinary Shares of his unwillingness to have some of his Ordinary Shares converted into Redeemable Ordinary Shares. The directors could convert up to 1,307,190 of the existing Ordinary Shares into Redeemable Ordinary Shares. Whereby a member notified the Company in accordance with section 83 of the Companies Act 2014 of his unwillingness to have any of his Ordinary Shares converted into Redeemable Ordinary Shares, that percentage of his Ordinary Shares which would have been converted into Redeemable Ordinary Shares shall instead be converted into Deferred Shares. No such notifications from members were received in advance of the redemption.

Following the Return of Capital, the Company's issued Ordinary Share Capital is 1,589,461.

(13) Related party transactions

Details of related party transactions in respect of the year ended 31 August 2021 are contained in Note 34 to the Consolidated Financial Statements of the Group's 2021 Annual Report. The Group continued to enter into transactions in the normal course of business with its associates and other related parties during the period. The Group entered into consultancy agreements with former executive directors Mr. Ian Ireland and Mr. Padraic Lenehan, which the board believe to be fair and reasonable. There were no other transactions with related parties in the period or changes to transactions with related parties disclosed in the 2021 Consolidated Financial Statements that had a material effect on the financial position or the performance of the Group.

(14) Discontinued operations

During the period, the Group disposed of its speciality dairy business, Nomadic Dairy and therefore the trade for the period is presented as discontinued operations.

The profit incurred in respect of its dairy operations in the period prior to its disposal on 5 November 2021 was €358,000 and the 2021 results have been restated on a comparable basis as required for the six-month period. The revenue, results and cashflows of the Group's discontinued operations were as follows:

	28 February 2022	28 February 2021
	€'000	€'000
Revenue	3,557	7,307
Cost of sales	(2,318)	(4,874)
Gross profit	1,239	2,433
Other income	3	223
Distribution expenses	(369)	(704)
Administrative expenses	(451)	(1,169)
Profit from operating activities	422	783
Finance income	-	9
Finance expense	(42)	-
Net finance (expense)/income	(42)	9
Results for the period before taxation and exceptional	380	792
Income tax	(22)	(96)
Exceptional item	-	-
Results for the period after taxation	358	696
Profit on disposal of discontinued operations	13,108	-
Profit for the period on discontinued operations	13,466	696
Cashflow		
Net cash from operating activities	(26)	1,097
Net cash from investing activities	(33)	(271)
Net cash from financing activities	-	(284)
Net (decrease)/increase in cash and cash equivalents	(59)	542

(15) Disposal of subsidiary

	2022 €'000	2021 €'000
Profit on disposal of asset held for sale, net	13,108	-

On 5 November 2021, the Group announced that it has completed the disposal of its 80 per cent owned subsidiary, Nomadic Dairy Limited (Nomadic).

The overall transaction value for 100 per cent share capital of Nomadic comprises of (1) €26.1m of cash consideration (including existing Nomadic cash of €3.1m) on completion (Initial Consideration), subject to customary completion accounts adjustments, and (2) a further contingent consideration of up to a maximum of €6m dependent on the financial performance of Nomadic for the period 1 January 2022 to 31 December 2022, inclusive. The Group has an 80 per cent interest in Nomadic with its share of the Initial Consideration being €20.9m and a further €4.8m being its potential share of the maximum contingent consideration. At 28 February 2022, the discounted fair value measurement of the potential contingent consideration is €2.4m, dependent on the financial performance of Nomadic for the period 1 January 2022 to 31 December 2022.

The carrying value of net identifiable assets disposed of amounts to €11,084,000 resulting in a profit on disposal of €13,108,000 after accounting for the non-controlling interest of €1,692,000.

The net assets of the businesses disposed of were as follows:

	2022 €'000
Assets	
Intangible assets	2,003
Property, plant & equipment	3,913
Inventories	901
Trade & other receivables	4,204
Cash & cash equivalents	3,274
Deferred tax assets	722
Total assets	15,017
Liabilities	
Trade and other payables	(3,895)
Financial Instrument	(38)
Total liabilities	(3,933)
Total enterprise value	11,084