

Donegal Investment Group plc

# Annual Report & Financial Statements

for the year ended 31 August 2022

**Donegal Investment  
Group plc ('DIG')  
(‘Group’) reports  
its results for  
the year ended  
31 August 2022.**

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# Financial Highlights

The Directors present their report and the audited financial statements for the year ended 31 August 2022. The comparative amounts relate to the 12 months ended 31 August 2021.

## Financial Performance

The Group's seed potato business delivered a lower than expected performance for the year ended 31 August 2022. Group revenue decreased by 3% (€0.9m) to €25.2m – with higher production costs combined with weak pricing resulting in lower demand in the seed potato sector, the business delivered a segmental trading profit €0.6m, a decrease of €1.4m on the prior year.

The Group completed the sale of its speciality dairy business Nomadic Dairy Limited ("Nomadic") on 5 November 2021 with a profit on disposal of €13.1m. This includes the recognition of 80% of contingent consideration receivable of €3.0m, based on the fair value of the contingent consideration receivable which will ultimately be 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 during which it was controlled by the Group, together with the profit on disposal, is classified as a discontinued operation in this year's results.

Further non-core asset disposals took place during the year with a number of property holdings sold which in aggregate generated net proceeds of €0.9m (€0.2m received post year-end), including the Oatfield site in Letterkenny.

## Financial Position

The Group has a cash position, net of bank overdrafts and lease debt, of €2.9m at year end 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 by shareholders 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 was wound down in the year which resulted in the Group incurring a one-off cash cost of €1.6m with an exceptional charge of €0.7m being recorded in the year. This is the continuation of cost saving measures at a corporate level which, when completed, will have delivered annualised cost savings of €1m.

# Board of Directors and Other Information

The Board of Directors of Donegal Investment Group plc currently comprises five Non-Executive Directors.

## Non-Executive Directors

Geoffrey Vance (aged 71) is Chairman of Donegal Investment Group plc. He has served on the Board of Donegal Investment Group plc since its conversion from a society in 1989. Prior to this, he served for a number of years on the Committee of management of Donegal Co-operative Creameries Limited.

Patrick Kelly (aged 49) was appointed to the Board on 7 July 2004. He is the chairman of the audit committee. He is also vice chairman of the Irish Cattle Breeding Federation and a Board member of Progressive Genetics.

Henry McGarvey (aged 55) was appointed to the Board on 28 August 2013. Henry was previously Managing Director of Pramerica Systems Ireland Limited and is currently a Board member of the Western Development Commission. Previously, he worked in senior executive positions with Almarai in Saudi Arabia and Motorola and Accenture in Dublin.

Ian Ireland (aged 61) joined Donegal Investment Group plc in January 2005. Prior to that, he had spent over 20 years working in the food industry in Ireland and the UK.

Padraic Lenehan (aged 48) was appointed to the Board on 1 July 2015. Padraic joined Donegal Investment Group plc in 2008 as Financial Controller of its Dairy business, where he subsequently became Financial Controller of the merged Aurivo and Donegal Creameries milk business. In 2013 he returned to Donegal Investment Group plc as Finance Director. Prior to that, he worked for RTÉ, Accenture and in financial services in Dublin.

## Secretary and registered office

P Lenehan  
Ballyraine  
Letterkenny  
Co Donegal

## Independent auditor

KPMG  
Chartered Accountants  
1 Stokes Place  
St. Stephen's Green  
Dublin 2

## Solicitors

Mason Hayes Curran  
Barrow Street  
Dublin 4

Eversheds Sutherland  
Earlsfort Terrace  
Dublin 2

## Principal Bankers

Allied Irish Bank plc  
Letterkenny  
Co Donegal

## Registered number

162921

# Chairman's Statement

Shareholders will know of the challenging times experienced in the year ending 31 August 2022. At the beginning of our year, the world continued to be significantly disrupted by the ongoing impact of Covid on everyday life. The challenges of two years of significant global lockdown were substantial.

Our seed potato business comprises IPM Potato Group ('IPM'), AJ Allan in Scotland, IPM Portugal, IPM Holland, IPM France, Kirinyaga Seeds Limited, a joint venture in Kenya and a minority shareholding in Utkal Seeds Limited in India.

In our core seed potato business, there had been significant disruption to supply chains, particularly in the foodservice sector. This resulted in significant carry over of potato stocks in 2021 and the resulting downward price pressure in the market. At the time the Board viewed this as temporary, and we are happy to note that markets are more normal at this current time.

These conditions resulted in a surplus stock situation which had a significant impact on performance. Shareholders will be aware of the long complex supply chain in place which in the short term cannot be adjusted very easily. Notwithstanding the challenges the Board views the performance of the seed potato business as satisfactory.

In addition to the financial performance in the year under review, work continues in the development and commercialisation of new varieties for the future. Our program delivers new varieties every year and there is a significant program in place for commercialisation which takes several years.

Shareholders will be aware that IPM contracts out the production of the majority its volume. This is done in the spring of each year. This year, our growing partners have been challenged by the rise in input costs, specifically fuel, fertiliser, and electricity. IPM has taken the decision to support our growers to ensure we deliver the volume of seed planned. This will have a significant impact on the cost of production this year. As this is an industry wide problem, the expectation is that these costs will be recovered from the market.

Following the first quarter of FY2023, our seed potato business is ahead of plan and the Board remains confident of a robust performance this year.

During the year, we also completed the disposal of our 80% shareholding in Nomadic Dairy. The details of this were announced on the 5 November 2021. The Board has noted that the business continues to perform well.

Following the disposal of our shareholding in Nomadic, shareholders approved a further return of capital to shareholder of €20m, bringing to circa €90m returned over the last few years.

During the year, our head office was substantially closed to right size the corporate cost base.

As previously stated, the Board will continue to review all strategic options to maximise shareholder value.

At the 31 August 2022, the Group had committed bank facilities of €8.4m for working capital requirements.

## AGM

The Group will announce in due course the date of its next AGM.

Geoffrey Vance  
Chairman

# Directors' Report

The Directors present their report and the audited financial statements for the year ended 31 August 2022. Donegal Investment Group plc is an ESM listed company, ISIN Code IE00BD97C178.

## Principal activities

During the year, the Group was engaged in the development, purchase and sale of seed potatoes and the rental of property assets.

## Business review

The Chairman's Statement review include a comprehensive review of the performance of the Group's businesses in the year. Turnover from continuing operations in the year was €25.2m (2021: €26.1m). The Group recorded an operating profit before exceptionals of €0.6m for the year ended 31 August 2022 in comparison with an operating profit before exceptional items of €1.5m in 2021. In monitoring performance, the Directors and management have regard to a range of key performance indicators (KPIs), including the following:

Financial KPI's	2022	2021	Change
<b>Continuing operations – pre-exceptional</b>			
Operating profit	€0.6m	€1.5m	-€0.9m
Profit before tax	€0.6m	€1.6m	-€1.0m
<b>Continuing operations</b>			
Revenue - continuing operations	€25.2m	€26.1m	-€0.9m
Operating loss	(€0.2m)	€1.5m	-€1.7m
(Loss)/profit before tax	(€0.2m)	€1.6m	-€1.8m
(Loss)/profit after tax	(€0.2m)	€1.9m	-€2.1m
Cash and overdraft, net	€3.8m	€4.4m	-€0.6m
Debt	(€0.8m)	(€0.7m)	-€0.1m
Net assets attributable to shareholders	€14.0m	€20.7m	-€6.7m

## Profits and dividends

Loss for the financial year amounted to (€0.2m) (2021: profit of €1.9m). A dividend is not declared in respect of 2022 or 2021. The results for the financial year ended 31 August 2022 are set out in detail on pages 26 to 96. A minority interest dividend was not paid during the year (2021: €133,000).

## Principal risks and uncertainties

Under Irish company law, the Group and Company are required to give a description of the principal risks and uncertainties which they face. These principal risks, and the actions taken to mitigate them are set out below. This is not intended to be an exhaustive analysis of all risks currently facing the Group and does not list the risks in any order or priority.

## Risk and risk description

## Key control and mitigation activities

### Brexit

The continued uncertainty in respect of cross border trade associated with the United Kingdom leaving the EU in the seed potato industry.

Senior management across the Group are continuing to monitor the changing political and regulatory landscape post Brexit and taking appropriate steps as required to mitigate risks.

Management continues to use multi geographic growing platforms to mitigate risks and cost factors.

### Unusual weather patterns

The disruption of supply and demand of produce due to unusual weather conditions.

The Groups diversified product sourcing activities mitigates the risk.

Management monitor and work with contract growers to mitigate unusual weather conditions in growing areas where possible.

### Market demand

Excess supply and/or reduced consumer demand resulting in reduced selling prices.

The market is continually monitored and reviewed by management to ensure appropriate measures in place.

### Regulation and compliance

Exposure to changes in economic, political, administrative, taxation or other regulatory factors in any jurisdiction in which the Group operates.

Regular monitoring and review of any changes in laws and regulations including ongoing employee training and use of experts.

### Inflation

Input cost Inflation and inability to recover cost increase in market.

Implementation of variability in contractual relationships with suppliers.

Focus on certified proprietary varieties which deliver added value for customers.

### Key customer relationships

Ability to sustain commercial relationships with key customers in a competitive environment.

Customer relationships are developed and maintained by operational management focusing on added value, choice, price and service.

### Credit risk

Default of counterparties in respect of money owed to the Group.

Credit limits are regularly reviewed in accordance with credit control procedures in place across the Group.

### Foreign currency

Adverse changes to sterling relative to the euro.

Foreign currency risk is managed by utilising forward contracts to cover committed exposures.

### IT systems and cyber security

Security of information technology including cyber security in supporting the Group's business activity.

Information security policies and procedures are in place to protect business and personal information.

A policy is in place in respect of backups across the Group, which is regularly tested.

### Retention of key personnel

The ability to retain or attract key talented staff across the Group.

Recruitment policies, management incentives and training programmes are in place across the Group to encourage retention of key personnel.

Board composition and succession plans are assessed by the Nomination committee.

The Directors have analysed these and other risks and they believe that appropriate plans are in place to manage and mitigate these risks. The corporate governance report on pages 9 to 13 sets out the policies and approach to risk management adopted by the Group and the related internal control procedures and responsibilities.

## Financial management

Our financial risk management objectives and policies and exposure to market risk are outlined in Note 5 to the consolidated financial statements.



## Going concern

The Directors have reviewed the Group's business plan for the next 24 months 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, net of overdrafts and leases, of €2.9m (2021: €3.7m), and the remaining operating business continues to trade well while generating positive cash flows.

## Future developments in the business

A review of future developments in the business is included in the Chairman's Statement on page 4.

## Events since the year end

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

## Board of Directors

The Directors of the Company on 31 August 2022 are listed on page 3. Michael Griffin, Frank Browne, Geoffrey McClay, and Norman Witherow retired from the Board during the year. The positions of Managing Director and Finance Director held by Ian Ireland and Padraic Lenehan respectively were made redundant by the Board on 1 March 2022. Ian Ireland and Padraic Lenehan remain as Non-Executive Directors to the Board. The Report of the Remuneration Committee is listed on pages 15 to 18. Ian Ireland, Patrick Kelly and Henry McGarvey retire by rotation, and intend to stand for re-election at the next AGM.

The interest of the Directors and Secretary are disclosed in the report of the remuneration committee on pages 15 to 18.

## Purchase of own shares

The Constitution of the Company enables it to purchase treasury shares. The Company also seeks annual authorisation from shareholders to make market purchases of the Company's shares (as defined by Section 328 of the Companies Act 2014). The maximum number of shares which may be acquired under such authorisation is 15% of the Company's issued shares. This authority has continued to be renewed at the Annual General Meeting of the Company.

At the year ended 31 August 2022, 67,168 ordinary shares of 13 cent each were held as treasury shares by Donegal Investment Group plc (2021: 67,168). This represented 4.2% of the called up share capital of the Company (2021: 2.3%).

The Group purchased no treasury shares during the financial year 31 August 2022 (2021: Nil).

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.

## Substantial holdings

As at 5 December 2022, the Company had received notification of the following interests in its ordinary share capital:

Name	Holding	%
Pageant Investments Limited	132,927	8.36%
Peter Carey	67,509	4.25%
Ian Ireland	52,621	3.31%
Neil Duggan	48,381	3.04%
Nick Furlong	48,082	3.03%

Save for the interests referred to above, the Company is not aware of any person who is, directly or indirectly, interested in 3% or more of the issued share capital of the Company.

## Financial instruments note

Due to the nature of its business, the Group is exposed to the effects of fluctuations in foreign currency exchange rates. To manage these exposures, the Group has entered into forward currency purchases. Further details are set out in note 30 to these financial statements.

## Accounting records

The Directors believe that they have complied with the requirements of Section 281 to 285 of the Companies Act 2014 with regard to maintaining adequate accounting records by employing accounting personnel with appropriate expertise and by providing adequate resources to the financial function. The accounting records of the Company are maintained at Ballyraine, Letterkenny, Co Donegal.

## Research and development

The Group subsidiary, IPM Potato Group Limited, has invested in potato variety innovation for over 48 years by funding the variety breeding programme at Oak Park Research Centre, Carlow, Ireland. The breeding programme uses the most current breeding techniques and does not utilise genetic modification (G.M.). The development of new and better potato varieties is one of the key elements for a vibrant and resourceful potato industry. IPM consistently release new varieties to cater for the ever-changing requirements of our customers worldwide.

## Relevant audit information

The Directors believe that they have taken all steps necessary to make themselves aware of any relevant audit information and have established that the Group's statutory auditors are aware of that information. In so far as they are aware, there is no relevant audit information of which the Group's statutory auditors are unaware.

## Audit Committee

The Group has an audit committee in place and full details are included in the corporate governance report on pages 9 to 13.

## Directors Compliance Statement

The Directors acknowledge their responsibility for securing the Group's compliance with its relevant obligation in accordance with Section 225(2)(a) of the Companies Act 2014 and tax laws ("relevant obligations") and confirm the following:

- a compliance policy statement was reviewed during the year setting out the Group's policies;
- appropriate arrangements and structures that are, in the Directors' opinion, designed to secure material compliance have been put in place;
- and a review was conducted, during the financial year, of the arrangements and structures that have been put in place to secure the Group's compliance with its relevant obligations.

## Corporate Governance

The Group's corporate governance policies and procedures including its system of internal control is set out on pages 9 to 13. The report on Corporate Governance is deemed to form part of the Directors Report.

## Auditor

The auditor, KPMG, has expressed its willingness to be re-appointed in accordance with Section 383(2) of the Companies Act 2014.

## Tax status

The Company is not a close company under the provisions of the Taxes Consolidation Act 1997.

## Subsidiary and associated undertakings

Information relating to subsidiary and associated undertakings is included in note 37 to the financial statements.

## Political contributions

The Group did not make any political donations or incur any political expenditure during the year (2021: €Nil)

## AGM

The Company's Annual General Meeting will take place at the Silver Tassie Hotel, Letterkenny, Co. Donegal on a date which will be announced in due course.

On behalf of the Board

Padraic Lenehan                      Ian Ireland

*Director*                                      *Director*

20 December 2022

# Corporate Governance Report

Maintaining high standards of corporate governance continues to be a priority of the Directors of Donegal Investment Group plc. The Group has adopted corporate governance policies and procedures which the Board regard as being appropriate to the scale and complexity of the Group.

The Directors are accountable to the shareholders for good corporate governance and this report addresses how the Group's policies and procedures have been applied.

## The Board

The Group is controlled through its Board of Directors. The Board's main role is to oversee the operation of the Group, to provide leadership to the Group, to approve the Group's strategic objectives and to ensure that the necessary financial and other resources are made available to enable them to meet those objectives. The Board meet on a regular basis throughout the year and certain matters are specifically reserved to the Board for its decision.

The current specific responsibilities reserved to the Board include; setting Group strategy and approving an annual budget; reviewing operational and financial performance; approving major capital expenditure; reviewing the Group's systems of financial control and risk management; ensuring that appropriate management development and succession plans are in place; reviewing the environmental, health and safety performance of the Group; and ensuring that a satisfactory dialogue takes place with shareholders.

The Board has delegated the following responsibilities to management; the development and recommendation of strategic plans for consideration by the Board that reflect the longer-term objectives and priorities established by the Board; implementation of the strategies and policies of the Group as determined by the Board; monitoring of the operating and financial results against plans and budgets; prioritising the allocation of technical and human resources; and developing and implementing risk management systems.

## Membership of the Board

It is our practice that a majority of the Board comprises Non-Executive Directors, considered by the Board to be independent (criteria for independence set out below). At present, there are five Non-Executive Directors and no Executive Directors. Biographical details are set out on page 3.

We consider the current size and composition of the Board to be within a range which is appropriate. We also believe that the current size of the Board is sufficiently large to enable its Committees to operate effectively, while being dynamic and responsive to the needs of the Company.

## The role of the Chairman

The Chairman leads the Board in the determination of its strategy and in the achievement of its objectives. The Chairman is responsible for organising the business of the Board, ensuring its effectiveness and setting its agenda. The Chairman facilitates the effective contribution of all Directors, ensures that Directors receive accurate, timely and clear information and manages effective communication with shareholders. Mr Geoffrey Vance has been Chairman of the Board since 2006.

## Senior Independent Director

The Board has decided that it will not designate a recognised senior member other than the Chairman to whom concerns of other Board members can be conveyed as it does not consider it necessary.

## Directors and Directors' Independence

All appointments to the Board are approved by the Nomination Committee. There are no formal time limits for service as Director although service periods are kept under ongoing review and at each annual general meeting of the Company, every Director who has been in office at the completion of each of the three preceding annual general meetings and who has not been submitted for re-election at any of the three preceding annual general meetings, shall retire from office. Mr Ian Ireland and Mr Padraic Lenehan stepped down from their full-time executive roles and redundancy settlements were made.

The Board currently comprises the Chairman (Non-Executive) and four Non-Executive Directors, including Mr Ian Ireland and Mr Padraic Lenehan who were previously executive directors. The Non-Executive Directors are of sufficient calibre and number that their views carry significant weight in the Board's decision making.

Directors have the right to ensure that any concerns they have, which cannot be resolved, about the running of the Group or a proposed action, are recorded in the Board minutes. In addition, upon resignation, a Non-Executive Director will be asked to provide a written statement to the Chairman, for circulation to the Board, if they have any such concerns.

The Directors are given access to independent professional advice at the Group's expense, when the Directors deem it necessary in order for them to carry out their responsibilities.

The Board believes that all Directors bring the appropriate judgement, knowledge and experience to the Board's deliberations. The Board has in place an annual process to evaluate the independence of Directors and the most recent review concluded that all the Non-Executive Directors are independent, notwithstanding the fact that a number have served on the Board for more than nine years. In reaching their conclusion, the Board

considered principles relating to independence and have taken the view that independence is determined by a Director's character, objectivity and integrity.

The Non-Executive Directors considered by the Board to be independent:

- have no close family ties with any of the Group's advisers, Directors or senior employees;
- hold no cross-Directorships or have significant links with other Directors through involvement in other companies or bodies; and are not significant shareholders.

## Management Services

The Group has entered into consultancy agreements with Culkeen Consulting Limited, which is owned and operated by Non-Executive Director Mr Ian Ireland and Drumgornan Limited, which is owned and operated by Non-Executive Director Mr Padraic Lenehan. These companies will provide management services as required to support the strategy of the Board going forward.

## Professional development

On appointment, all new Directors take part in an induction programme when they receive information about the Group, the role of the Board and the matters reserved for its decision, the terms of reference and membership of the principal Board and Board Committees, the Group's corporate governance practices and procedures, including the responsibilities delegated to Group senior management, and the latest financial information about the Group. This will typically be supplemented by meetings with key senior personnel. Throughout their period in office, the Directors are continually updated on the Group's business, the competitive and regulatory environments in which it operates, corporate social responsibility matters and other changes affecting the Group and the agriculture industry as a whole, by written briefings and meetings with senior personnel. Directors are also advised on appointment of their legal and other duties and obligations as a director, both in writing and in face-to-face meetings with the Company Secretary. They are also updated on changes to the legal and governance requirements of the Group and upon themselves as Directors.

## Nomination Committee

The Nomination Committee at 31 August 2022 was comprised of two Non-Executive Directors, Geoffrey Vance, who acts as chairman and Patrick Kelly.

The Nomination Committee is responsible for proposing to the Board any new appointments, whether as Executive or Non-Executive Directors of the Company. Appointments to the Board are approved by the Board as a whole. In so doing, the Board considers the balance of skill, knowledge and experience on the Board which is necessary to allow it to meet the strategic vision for the Group. Newly appointed Directors are subject to election by shareholders at the Annual General Meeting following their appointment. Excluding any such newly appointed Directors, one third of the Board is subject to re-election each year.

Appointments to committees are for a period of up to three years which may be extended for two further three year periods provided that the majority of the Committee members remain independent.

## Performance evaluation

The Board has a formalised process in place for the annual evaluation of the performance of the Board, its principal Committees and individual Directors in line with Group policy.

As part of the performance evaluation process, the Non-Executive Directors meet annually without the Chairman present to appraise the Chairman's performance, having taken the views of the Executive Directors and the Company Secretary into account.

The Chairman conducts a formal evaluation of the performance of all Directors annually. Each Director is provided with feedback gathered from other members of the Board. This process covers the training and development needs of individual Directors, where appropriate. Performance is assessed against a number of measures, including the ability of the Director to contribute to the development of strategy, to understand the major risks affecting the Group and to commit the time required to fulfil the role. As part of that review process, the Chairman discusses with each individual their training and development needs and, where appropriate, agrees for suitable arrangements to be put in place to address those needs.

## The Company Secretary

The Company Secretary role is provided by Mr Padraic Lenehan. The Company Secretary is responsible for advising the Board through the Chairman on all governance matters. All Directors have access to the advice and services of the Company Secretary. The Company's Articles of Association provide that the appointment and removal of the Company Secretary is a matter for the full Board.

## Information

Regular reports and papers are circulated to the Directors in a timely manner in preparation for Committee meetings. These papers are supplemented by information specifically requested by the Directors from time to time.

The Directors receive monthly management accounts and regular management reports and information which enable them to review the Group's and management's performance against agreed objectives.

## Communication with shareholders

The Company has regular dialogue with institutional and major shareholders throughout the year, other than during close periods. All Directors are available to meet with such shareholders throughout the year. The Company also encourages communication with shareholders throughout the year and welcomes their participation at general meetings. The views of the shareholders and the market in general are communicated to the Board on a regular basis, as are expressed views on corporate governance and strategy, as well as the outcome of analyst and broker briefings. Analyst reports on the Group are also circulated to the Board members on a regular basis. The Group's website, [www.donegaligroup.com](http://www.donegaligroup.com), provides the full text of the Annual Reports, Interim Management Statements and Half Yearly Financial Reports. These can be accessed through the Financial Statements section of the website. Stock Exchange announcements are also made available in the News section of the website, after release to the Irish Stock Exchange.

All Board members attend the Annual General Meeting and are available to answer questions. Separate resolutions are proposed on substantially different issues, and the agenda of business to be conducted at the Annual General Meeting includes a resolution to receive and consider the Annual Report and Financial Statements. The chairman of each of the Board's committees is available at the Annual General Meeting. Notice of the Annual General Meeting, together with the Annual Report and Financial Statements, are sent to shareholders at least twenty one working days before the meeting, and details of the proxy votes for and against each resolution and the number of abstentions are announced after each vote on a show of hands.

## Internal Control

An ongoing process exists for identifying, evaluating and mitigating the significant risks faced by the Group. This process is periodically reviewed by the Directors and has been in place throughout the accounting year and up to the date the financial statements were approved.

The Directors are responsible for the Group's system of internal control, set appropriate policies on internal control, seek regular assurance that will enable them to satisfy themselves that the system is functioning effectively and should ensure that the system of internal control is effective in managing risks in the manner which it has approved. Such a system is designed to manage rather than eliminate business risks and can provide only reasonable rather than absolute assurance against material misstatement or loss.

The Directors have continued to review the effectiveness of the Group's system of financial and non-financial controls during 2022, including operational and compliance controls, risk management and the Group's high-level internal control arrangements. These reviews have included an assessment of internal controls by management, management assurance of the maintenance of controls and considering reports from the external auditor on matters identified in the course of its statutory audit work.

The Group views the careful management of risk as a key management activity. Managing business risk to deliver opportunities is a key element of all activities. These business risks, which may be strategic, operational, reputational, financial or environmental, should be understood and visible. The business context determines in each situation the level of acceptable risk and controls.

Group management has delegated responsibility for major strategic development and financing decisions. Responsibility for operational issues is devolved, subject to limits of authority, to operating Company management. Management at all levels are responsible for internal control over the respective business functions they have been delegated. This embedding of the system of internal control throughout the Group's operations ensures that the organisation is capable of responding quickly to evolving business risks, and that significant internal control issues, should they arise, are reported promptly to appropriate levels of management.

The Board receives, on a regular basis, reports on the key risks to the business and the steps being taken to manage such risks. It considers whether the significant risks faced by the Group are being identified, evaluated and appropriately managed, having regard to the balance of risk, cost and opportunity.

The Directors consider that, given its size and complexity, the Group does not currently require an internal audit function.

The Audit Committee, a formally constituted sub-Committee of the Board, meet on a regular basis with the external auditor and considers any observations made by the auditor on matters identified in the course of its statutory audit work as part of satisfying itself as to the adequacy of the Group's internal control systems.

The Group operates procedures to ensure that appropriate arrangements are in place for employees to be able to raise, in confidence, matters of possible impropriety, with suitable subsequent follow-up action.

The preparation and issue of financial reports, including the consolidated financial statements is managed by the Group finance department. The Group's financial reporting process is controlled using documented accounting policies and reporting formats issued by the Group finance department. The Group finance department supports all reporting entities with guidance in the preparation of financial information. This process is supported by a network of finance managers throughout the Group, who have responsibility and accountability to provide information in keeping with agreed policies, including the completion of reconciliations of financial information to processing systems. The financial information for each entity is subject to a review at reporting Entity and Group level by senior management.

## Attendance at meetings of the Board, the Remuneration Committee, the Audit Committee and the Nomination Committee

Eight meetings of the Board, four meetings of the Remuneration Committee, three meetings of the Audit Committee and one meeting of the Nomination Committee were held during the year ended 31 August 2022 and the attendance record of each Director is set out in the following table:

Name	Board		Remuneration		Audit		Nomination	
	A	B	A	B	A	B	A	B
Geoffrey Vance	8	8	-	-	-	-	1	1
Ian Ireland	8	7	-	-	-	-	-	-
Frank Browne	2	2	-	-	-	-	-	-
Michael Griffin	5	5	4	4	-	-	-	-
Patrick Kelly	8	8	-	-	3	3	1	1
P Lenehan	8	8	-	-	-	-	-	-
Geoffrey McClay	2	2	-	-	1	1	-	-
Henry McGarvey	8	8	4	4	3	3	-	-
Norman Witherow	1	1	-	-	-	-	-	-

A – indicates the number of meetings held during the year the Director was a member of the Board and/or Committee

B – indicates the number of meetings attended during the year the Director was a member of the Board and/or Committee

### Remuneration Committee

The Remuneration Committee is comprised of two Non-Executive Directors of which Henry McGarvey is Chairman. When necessary, Non-Committee members are invited to attend. The Committee's principal responsibilities are:

- to determine, on behalf of the Board, the pay structures and terms and conditions of senior personnel (as identified by the Chairman of the Board);
- to determine, on behalf of the Board, the terms and conditions of any consultancy agreements entered into for the provision of management services to the Board.
- to act, on behalf of the Board, and take decisions related to pay and pay related matters, as the Chairman of the Board shall determine;
- to act, on behalf of the Board, and take significant decisions on matters such as remuneration policy, benefits, third party recommendations and related issues.

The report of the Remuneration Committee on behalf of the Board is set out on pages 15 to 18.

### Audit Committee

The Audit Committee is comprised of two Non-Executive Directors – Patrick Kelly (Chairman) and Henry McGarvey. The Committee held three formal meetings during year ended 2022. When necessary, Non-Committee members are invited to attend.

The Audit Committee monitors areas of risk and performance by the Group and ensures the integrity of the Group's financial statements. The Audit Committee is also responsible for monitoring the effectiveness of the external auditor and audit process and makes recommendations to the Board in relation to the appointment, re-appointment and remuneration of the external auditors. This responsibility also ensures an appropriate relationship between the Group and external audit is maintained, including the review of all non-audit services provided. The audit committee performs a self-evaluation annually and no issues were identified during the review.

The engagement of the external auditor to provide any non-audit services must be pre-approved by the Committee where the fee exceeds 20% of the audit fee. During the financial year to 31 August 2022, fees charged in relation to non-audit services by KPMG, the Group's external auditor, totalled €85,000 (2021: €54,000).

The Audit Committee reviews annually the Group's systems of internal control and the processes for monitoring and evaluating the risks facing the Group. The Audit Committee meets with management as required and meets privately with the external auditor.

In the year ending 31 August 2022, the Audit Committee discharged its responsibilities by:

- reviewing the Group's financial statements for the year ended 31 August 2022, meeting and reviewing with the external auditor prior to Board approval of the financial statements;
- reviewing the appropriateness of the Group's accounting policies;
- reviewing the potential impact in the Group's financial statements of significant matters and changes arising during the year;
- reviewing and approving the audit fee and reviewing non-audit fees that may be payable to the Group auditor;
- considered the external auditor's plan for the audit of the Group's financial statements for 31 August 2022;
- confirmation of the external auditor's independence and terms of engagement;
- reviewing and redefining the Group's system of risk identification assessment and control to ensure their robustness and effectiveness;
- reporting to the Board on its review of the Group's systems and internal controls and their effectiveness to meet current, future, and strategic requirements.
- The Corporate Governance report forms part of the Directors' Report.

On behalf of the Board

Padraic Lenehan

Ian Ireland

*Director*

*Director*

20 December 2022

# Corporate Social Responsibility Report

Donegal Investment Group plc is committed to promoting Corporate Social Responsibility (CSR) across the Group. The Group strives to operate best practice in corporate governance, the environment, health & safety and the community & social performance.

## **The environment**

The Group is committed to complying with all environmental legislative and regulatory requirements in our operations which are located in six countries. Donegal Investment Group plc recognises that good manufacturing practice must incorporate environmental management. The Group conducts its business activities in an environmentally responsible manner and endeavours to ensure that all adopted decisions consider the protection of the environment as documented in the Group's environmental policy.

## **Health and safety**

Best practice in health & safety management is embedded in the Group's risk management processes and procedures and applied across the Group. Compliance is maintained through the health & safety officer, continuous high level of staff and management awareness and regular training.

## **The community**

The Group is also actively involved in the local community within which it operates supporting many important social, sporting and community activities such as Young Entrepreneur programmes with local second level schools and working with unemployed young people.



# Report of the Remuneration Committee

## Composition of Remuneration Committee

The Remuneration Committee consists solely of Non-Executive Directors. The current members of the Remuneration Committee are Patrick Kelly, and Henry McGarvey (Committee Chairman).

The terms of reference for the Committee are to determine the Group's policy on senior personnel remuneration and to consider and approve salaries and other terms of the remuneration package for senior personnel. The committee also consider and approve the terms and conditions of any consultancy agreements entered into by the Group for the provision of management services to the board.

## Remuneration policy

The Group's policy on senior personnel remuneration recognises that employment and remuneration conditions for senior personnel must properly reward and motivate them to perform in the best interest of the shareholders. Performance related rewards, in which targets are measurable, are a key consideration.

The typical elements of the remuneration package for senior personnel are basic salary and benefits, incentive bonus, pensions and participation in the share option plan.

It is policy to grant options to certain key management across all locations to encourage identification with shareholders' interests.

## Senior Personnel basic salary and benefits

The basic salaries of Senior Personnel are reviewed annually having regard to personal performance, Group performance, changes in responsibilities and competitive market practice in the area of operation. Employment related benefits consist principally of a car allowance and participation in the share option scheme.

## Redundancies at Head Office

The Remuneration Committee through the first half of the financial year ended 31 August 2022 agreed and implemented the terms of redundancy for the remaining positions at the Group's Head Office in Ballyraine, Letterkenny, including the roles of Managing Director and Finance Director.

## Management Services

The terms and conditions of any consultancy agreements entered into by the Group for the provision of management services to the Board are considered and agreed by the Remuneration Committee. Details of consultancy agreements entered into with companies owned and controlled by Mr Ian Ireland and Mr Padraic Lenehan are disclosed as part of Related Parties Note 36 on page 94. Costs associated with these services is categorised as "Qualifying Services" in this report.

## Incentive plan

Senior Personnel are entitled to receive bonus payments as the Remuneration Committee may decide at their absolute discretion.

## Share option scheme

### Equity settled share based payments

On 27 July 2005, the Group established an equity settled share option programme that entitles key management personnel and senior employees to purchase shares in the Company. The scheme permits the grant of options limited to 3% of the ordinary share capital of the Company in any three year period. Options vest three years after the date of grant and no option is capable of exercise later than seven years after the date of grant. Options are granted at the discretion of the Remuneration Committee.

On 1 July 2015, at an annual general meeting, a share option scheme for full time Executives was approved by shareholders. The scheme permits the grant of options limited to 5% of the ordinary share capital in any ten year period. No option is capable of exercise later than seven years after the date of the grant. Options are granted at the discretion of the Remuneration Committee. The scheme shall expire ten years after the adoption date.

At 31 August 2020, 64,499 options remained outstanding, on the 7 September 2020, the Remuneration Committee decided that all outstanding share options were to be either: (1) Cash settled, in accordance with the terms of the share option scheme, at a price per share of €12.50; or (2) Exercised by the underlying option holders at the relevant exercise price. As a result, 31,668 share options were cash settled at €12.50 per share in accordance with the terms of the share option scheme with a further 32,831 share options being exercised by the underlying option holders at the relevant exercise price and settled through the issuance of treasury shares.

All options granted under both the 2005 and 2015 share option scheme are now expired or have been exercised/cash settled. While the 2015 share option scheme remains open, there were no options vesting or available for exercise at 31 August 2022 (31 August 2021: Nil).

### Cash settled share based payments

In 2015, a cash settled share performance plan was put in place that entitles key management and senior employees to a cash payment based on the following metrics. 70,000 options were granted on 1 December 2017 where one third can be exercised after one year, one third after two years and one third after three years. 70,000 options were granted on 1 April 2017 where one third can be exercised after one year, one third after two years and one third after three years. 70,000 options were granted on 1 April 2016 where one third can be exercised after one year, one third after two years and one third after three years. 70,000 options were granted on 1 April 2015 where one third can be exercised after one year, one third after two years and one third after three years. No option is capable of exercise later than seven years after the grant date. Options are granted at the discretion of the Remuneration Committee.

At 31 August 2020, 23,333 options remained outstanding and were exercised during the year. All options granted under the 2015 cash settled share performance plan have been exercised. There were no options vesting or available for exercise at 31 August 2022 (31 August 2021: Nil).

## Directors' remuneration and interests in share capital

Details of Directors' remuneration is given on pages 15 to 18, details of Directors' shareholdings are given on page 18 and details of Directors' pensions are set out on pages 16 to 17.

### Executive Directors

The following information has been audited as part of the financial statements.

Ian Ireland and Padraic Lenehan positions as Executive Directors were made redundant on 1 March 2022.

	2022	2021
	€	€
<b>Salaries and benefits</b>		
Basic salary	185,348	369,171
Benefits <sup>(1)</sup>	19,070	43,150
Pension charge <sup>(3)</sup>	6,494	60,899
	<b>210,912</b>	473,220
<b>Performance related</b>		
Annual incentives <sup>(2)</sup>	62,099	26,136
<b>Redundancy</b>		
Compensation for loss of office or other termination benefits	1,418,128	-
	<b>1,691,139</b>	499,356
<b>Total executive directors' remuneration</b>		
Average number of Executive Directors	2	2
Average total remuneration per Executive Director	845,570	249,678
	<b>2022</b>	<b>2021</b>
	€	€
<b>Non-Executive Directors</b>		
Fees and other emoluments		
Fees <sup>(4)</sup>	116,502	150,404
Qualifying Services <sup>(6)</sup>	172,404	-
Other emoluments and benefits	-	-
	<b>288,906</b>	150,404
<b>Total Non-Executive Directors' remuneration</b>		
Average number of non-Executive Directors	6	7
<b>Total Directors' Remuneration</b>	<b>1,980,045</b>	649,760

Notes to Directors' Remuneration

1. Benefits principally relate to a car allowance and expenses paid to Directors.

2. The incentive plan is outlined on page 15.

3. The pension charge represents contributions made to defined contribution scheme pension funds.

4. Eight non-Executive Directors received fees in 2022 (2021: Seven).

5. Benefits above exclude employers PRSI contribution costs.

6. 'Qualifying services', in relation to any person, means his or her services as a director of the company and his or her services, while director of the company, as director of any of its subsidiary undertakings or otherwise in connection with the management of the affairs of the company or any of its subsidiary undertakings

	Basic salary or fees	Annual incentive bonus	Benefits, Pensions & other related costs	Qualifying Services	Redundancy costs	2022 Total	2021 Total
	€	€	€	€	€	€	€
<b>Executive Directors*</b>							
I Ireland	120,405	36,122	14,070	-	1,118,562	1,289,159	320,934
P Lenehan	64,943	25,977	11,494	-	299,566	401,980	178,422
	<b>185,348</b>	<b>62,099</b>	<b>25,564</b>	<b>-</b>	<b>1,418,128</b>	<b>1,691,139</b>	<b>499,356</b>

\* Ian Ireland and Padraic Lenehan positions as Executive Directors were made redundant on 1 March 2022

**Non-Executive Directors**

G Vance (Chairman)	47,832	-	-	-	-	47,832	47,384
F Browne*	4,591	-	-	-	-	4,591	13,772
M Griffin*	10,807	-	-	-	-	10,807	18,198
P Kelly	15,740	-	-	-	-	15,740	15,740
G McClay	4,700	-	-	-	-	4,700	14,755
H McGarvey	19,509	-	-	-	-	19,509	19,181
N Witherow*	-	-	-	-	-	-	21,372
I Ireland	6,886	-	-	120,360	-	127,246	-
P Lenehan	6,886	-	-	52,044	-	58,930	-
	<b>116,951</b>	<b>-</b>	<b>-</b>	<b>172,404</b>	<b>-</b>	<b>289,355</b>	<b>150,402</b>

\*M Griffin, F Browne, G McClay, and N Witherow retired from the board during the year ended 31 August 2022. P Lenehan and I Ireland were appointed as Non-Executive Directors on 1 March 2022 having previously served as Executive Directors.

**Directors' and Secretary's interests in shares**

The beneficial interests, including family interests, of the Directors and Secretary in office at 31 August 2022 in the ordinary shares of the Company at 31 August 2022 (or date of appointment, if later) are set out below:

	31 August 2022	31 August 2021
<b>Directors:</b>		
G Vance (Chairman)	<b>35,366</b>	72,698
I Ireland	<b>52,621</b>	97,827
P Kelly	<b>1,271</b>	2,362
P Lenehan	-	-
H McGarvey	<b>7,146</b>	13,286

Movements in shareholdings represent purchases/sales on the open market by the Non-Executive Directors as well as the effect of the Return of Capital in Feb 2022.

All interests held by the Directors in options issued by the Company under its share options schemes had lapsed or were exercised prior to 31 August 2021. No interests were held during the financial year or at 31 August 2022.

# Statement of Directors' Responsibilities

## in respect of the annual report and the financial statements

The Directors are responsible for preparing the annual report and the Group and Company financial statements in accordance with applicable law and regulations.

Company law requires the Directors to prepare Group and Company financial statements for each financial year. As required by the ESM Rules, they are required to prepare the Group financial statements in accordance with IFRS as adopted by the EU. The Directors have elected to prepare the Company financial statements in accordance with IFRS as adopted by the EU and as applied in accordance with the Companies Act 2014.

Under company law the Directors must not approve the Group and Company financial statements unless they are satisfied that they give a true and fair view of the assets, liabilities and financial position of the Group and Company and of the Group's profit or loss for that year. In preparing each of the Group and Company 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 applicable Accounting Standards have been followed, subject to any material departures disclosed and explained in the financial statements;
- assess the Group and Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern; and
- use the going concern basis of accounting unless they either intend to liquidate the Group or Company or to cease operations, or have no realistic alternative but to do so.

The Directors are responsible for keeping adequate accounting records which disclose with reasonable accuracy at any time the assets, liabilities, financial position of the Group and Company and the profit and loss of the Group and which enable them to ensure that the financial statements comply with the provision of the Companies Act 2014. The Directors are also responsible for taking all reasonable steps to ensure such records are kept by its subsidiaries which enable them to ensure that the financial statements of the Group comply with the provisions of the Companies Act 2014. They are responsible for such internal controls as they determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error, and have a general responsibility for safeguarding the assets of the Company and the Group, and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities. The Directors are also responsible for preparing a Directors' report that complies with the requirements of the Companies Act 2014.

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

On behalf of the Board

Padraic Lenehan

Ian Ireland

*Director*

*Director*

20 December 2022

# Independent Auditor's Report

## to the members of Donegal Investment Group plc

### Report on the audit of the financial statements

#### Opinion

We have audited the financial statements of Donegal Investment Group Plc ('the Company') and its consolidated undertakings ('the Group') for the year ended 31 August 2022 set out on pages 26 to 96, which comprise the Consolidated statement of profit or loss and comprehensive income, the Consolidated statement of financial position, the Company statement of financial position, the Consolidated statement of changes in equity, the Company statement of changes in equity, the Consolidated statement of cash flows, the Company statement of cash flows and related notes, including the summary of significant accounting policies set out in note 3. The financial reporting framework that has been applied in their preparation is Irish Law and International Financial Reporting Standards (IFRS) as adopted by the European Union.

In our opinion:

- the financial statements give a true and fair view of the assets, liabilities and financial position of the Group and Company as at 31 August 2022 and of the Group's profit for the year then ended;
- the Group financial statements have been properly prepared in accordance with IFRS as adopted by the European Union;
- the Company financial statements have been properly prepared in accordance with IFRS as adopted by the European Union, as applied in accordance with the provisions of the Companies Act 2014; and
- the Group and Company financial statements have been properly prepared in accordance with the requirements of the Companies Act 2014.

#### Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (Ireland) (ISAs (Ireland)) and applicable law. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the audit of the financial statements section of our report. We have fulfilled our ethical responsibilities under, and we remained independent of the Group in accordance with ethical requirements that are relevant to our audit of financial statements in Ireland, including the Ethical Standard issued by the Irish Auditing and Accounting Supervisory Authority (IAASA), as applied to listed entities.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

#### Conclusions relating to going concern

In auditing the financial statements, we have concluded that the director's use of the going concern basis of accounting in the preparation of the financial statements is appropriate.

We evaluated the directors' assessment of the entity's ability to continue to adopt the going concern basis of accounting. In our evaluation of the Directors' assessment, we considered the inherent risks to the Group's and Company's business model and analysed how those risks might affect the Group's and Company's financial resources or ability to continue operations over the going concern period. We reviewed and challenged management's cashflow forecast model and incorporated reasonable downside sensitivity scenarios to management's model.

There were no risks identified that we considered were likely to have a material adverse effect on the Group's and Company's available financial resources over this period.

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 or the Company's ability to continue as a going concern for a period of at least twelve months from the date when the financial statements are authorised for issue.

Our responsibilities and the responsibilities of the directors with respect to going concern are described in the relevant sections of this report.

# Independent Auditor's Report

## to the members of Donegal Investment Group plc (*continued*)

### Report on the audit of the financial statements (*continued*)

#### Detecting irregularities including fraud

We identified the areas of laws and regulations that could reasonably be expected to have a material effect on the financial statements and risks of material misstatement due to fraud, using our understanding of the entity's industry, regulatory environment and other external factors and inquiry with the directors. In addition, our risk assessment procedures included:

- Inquiring with the directors as to the Group's policies and procedures regarding compliance with laws and regulations, identifying, evaluating and accounting for litigation and claims, as well as whether they have knowledge of non-compliance or instances of litigation or claims.
- Inquiring of directors and the audit committee as to the Group's policies and procedures to prevent and detect fraud, as well as whether they have knowledge of any actual, suspected or alleged fraud.
- Inquiring of directors and the audit committee regarding their assessment of the risk that the financial statements may be materially misstated due to irregularities, including fraud.
- Inspecting the Group's regulatory and legal correspondence.
- Reading Board and Audit Committee minutes.
- Considering remuneration incentive schemes and performance targets for management and directors including the EPS target for management remuneration.
- Performing planning analytical procedures to identify any usual or unexpected relationships.

We discussed identified laws and regulations, fraud risk factors and the need to remain alert among the audit team.

Firstly, the Group and Company is subject to laws and regulations that directly affect the financial statements including companies and financial reporting legislation. We assessed the extent of compliance with these laws and regulations as part of our procedures on the related financial statement items, including assessing the financial statement disclosures and agreeing them to supporting documentation when necessary.

Secondly, the Group and Company is subject to many other laws and regulations where the consequences of non-compliance could have a material effect on amounts or disclosures in the financial statements, for instance through the imposition of fines or litigation. We identified the following areas as those most likely to have such an effect: health and safety, anti-bribery, employment law, environmental law, regulatory capital and liquidity and certain aspects of company legislation recognising the financial and regulated nature of the Group's and Company's activities and its legal form.

Auditing standards limit the required audit procedures to identify non-compliance with these non-direct laws and regulations to inquiry of the directors and other management and inspection of regulatory and legal correspondence, if any. These limited procedures did not identify actual or suspected non-compliance.

We assessed events or conditions that could indicate an incentive or pressure to commit fraud or provide an opportunity to commit fraud. As required by auditing standards, we performed procedures to address the risk of management override of controls. On this audit we do not believe there is a fraud risk related to revenue recognition. We did not identify any additional fraud risks.

#### Key audit matters: our assessment of risks of material misstatement

Key audit matters are those matters that, in our professional judgement, were of most significance in the audit of the financial statements and include the most significant assessed risks of material misstatement (whether or not due to fraud) identified by us, including those which had the greatest effect on: the overall audit strategy; the allocation of resources in the audit; and directing the efforts of the engagement team. These matters were addressed in the context of our audit of the financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

In arriving at our audit opinion above, the key audit matters, in decreasing order of audit significance, were as follows:

# Independent Auditor's Report

## to the members of Donegal Investment Group plc *(continued)*

### Report on the audit of the financial statements *(continued)*

#### Key audit matters: our assessment of risks of material misstatement *(continued)*

##### Group and Company matter

**Fair value of consideration receivable of €23.9m on the disposal of Nomadic Dairy Limited, including accrual of contingent consideration receivable of €2.4m (key audit matter new in the current year)**

Refer to page 41 to 42 (accounting policy) and page 93 (financial disclosures)

The key audit matter	How the matter was addressed in our audit
<p>On 5 November 2021, the Group sold its 80 per cent owned subsidiary, Nomadic Dairy Limited ("Nomadic").</p> <p>The consideration receivable included an element of contingent consideration which is calculated on a sliding scale from €0m to €6m based on the financial performance of Nomadic in the 12 month period January – December 2022.</p> <p>Management has estimated the amount of contingent consideration receivable at €2.4m resulting in total estimated fair value of consideration of €23.9m.</p> <p>Due to the significance of this transaction and the contingent consideration as a portion of the Group's total assets, together with the key assumptions inherent in assessing the fair value of contingent consideration, this has been considered as a key audit matter.</p>	<p>Our audit procedures included but were not limited to:</p> <ul style="list-style-type: none"> <li>• inspecting the share purchase agreement and other relevant documentation as part of gaining an understanding of the transaction and our testing of management's estimate of the fair value of consideration receivable;</li> <li>• assessing and challenging the appropriateness of the methodology, key judgements, inputs and assumptions included in management's calculation of the profit on disposal and the fair value of the contingent consideration receivable;</li> <li>• assessing the potential for management bias, performing sensitivity analysis to assess the impact of changes in key judgements, inputs and assumptions; and</li> <li>• assessing the adequacy of the Group's disclosures in respect of the disposal, contingent consideration, and discontinued operations.</li> </ul> <p>The most significant judgements made by the engagement team related to our consideration of the relevant terms of the share purchase agreement and the basis on which management estimated the expected financial performance of Nomadic for the period 1 January 2022 to 31 December 2022.</p> <p>Based on evidence obtained, we found that the key judgements and assumptions used to estimate the fair value of the consideration receivable, including the accrual of contingent consideration as at 31 August 2022, to be reasonable and that the disclosures included in the financial statements are adequate.</p>



# Independent Auditor's Report

## to the members of Donegal Investment Group plc (continued)

### Report on the audit of the financial statements (continued)

#### Key audit matters: our assessment of risks of material misstatement (continued)

##### Group only matter

#### Recoverability of trade receivables €2.2m (2021 - €5.5m, €3.1m of which is presented in assets held for sale)

Refer to page 41 to 42 (accounting policy) and pages 82 to 90 (financial disclosures)

The key audit matter	How the matter was addressed in our audit
<p>A longer settlement cycle attaches to trade receivables in the Group's operating businesses. Accordingly, the Group experiences some uncertainty over the recoverability of certain trade receivables.</p> <p>The expected credit loss ("ECL") provision has been determined in accordance with IFRS 9 Financial Instruments.</p> <p>An ECL provision of €0.7m (2021 - €0.8m) is recognised as at 31 August 2022.</p> <p>The ECL provision was calculated using the matrix approach, whereby percentages are applied to specific cohorts of receivables balances based on historic experience and other relevant forward looking information.</p> <p>Due to the significance of trade receivables as a portion of the Group's total assets, together with the assumptions inherent in assessing recoverability, this has been considered as a key audit matter.</p>	<p>Our audit procedures included but were not limited to:</p> <ul style="list-style-type: none"> <li>obtaining an understanding of the trade receivable and impairment (ECL provision) process;</li> <li>assessing and challenging the appropriateness of the methodology and key assumptions included in management's calculation of the ECL provision;</li> <li>testing of the ageing of the balances at year end in order to identify specific older and potentially unrecoverable balances;</li> <li>assessing the potential for management bias by performing sensitivity analysis to assess the impact of changes in inputs and assumptions; and</li> <li>assessing the adequacy of the disclosures in the financial statements.</li> </ul> <p>The most significant judgements made by the engagement team related to our consideration of the relevant factors included by management in their calculation of the ECL provision, including their assessment of historic loss rates, the period over it calculates historical loss, the manner in which it assesses whether any adjustments are required in the context of current and future economic conditions as well as geographic risk associated with certain markets.</p> <p>Based on evidence obtained, we found the key assumptions and judgements made in respect of assessing the recoverability of trade receivables as at 31 August 2022 to be reasonable. We found the disclosures to be adequate.</p>

We note that the prior year key audit matter 'Nomadic business classified as held for sale and presented as a discontinued operation (application of IFRS 9) has been replaced by the new key audit matter in the year as a result of the disposal of Nomadic.

#### Our application of materiality and an overview of the scope of our audit

Materiality for the Group financial statements as a whole was set at €150,000 (2021: €200,000), determined with reference to a benchmark of total group revenue (2021: Group profit before tax (based on continuing operations up to the reclassification of the Nomadic business as held for sale and its presentation as a discontinued operation)) of which it represents 0.6% (2021: 5%). We consider total group revenue to be the most appropriate benchmark in the current year, primarily because it provides a more stable measure year on year than group profit before tax, having regard to the revised profile and nature of the Group's activities following divestments in the year.

We report to the Audit Committee all corrected and uncorrected audit misstatements we identified in our audit in excess of €7,500 (2021: €10,000), in addition to other audit misstatements below that threshold that we believe warranted reporting on qualitative grounds. We applied materiality to assist us determine what risks were significant risks and the procedures to be performed.

# Independent Auditor's Report

## to the members of Donegal Investment Group plc (*continued*)

### Report on the audit of the financial statements (*continued*)

#### Our application of materiality and an overview of the scope of our audit (*continued*)

Materiality for the Company financial statements was set at €89,000 (2021: €75,000), determined with reference to a benchmark of the Company's total assets of which it represents 1.0% (2021: 0.8%).

In line with our audit methodology, our procedures on individual account balances and disclosures were performed to a lower threshold, performance materiality, so as to reduce to an acceptable level the risk that individually immaterial misstatements in individual account balances add up to a material amount across the financial statements as a whole.

Performance materiality was set at 75% (2021: 75%) of materiality for the financial statements as a whole, which equates to €112,500 (2021: €150,000) for the Group financial statements and €66,750 (2021: €56,250) for the Company financial statements. We applied this percentage in our determination of performance materiality because we did not identify any factors indicating an elevated level of risk. In applying our judgement in determining performance materiality, the factors which we considered to have the most significant impact on our assessment of performance materiality included our experience of prior year audits indicating a low number of detected audit misstatements and control deficiencies in prior years, consistency of senior management year on year together with our assessment of the composition of the Group.

We applied Group performance materiality to assist us determine what risks were significant risks for the Group.

Of the Group's 16 (2021: 17) components, we subjected 4 (2021: 5) to full scope audits for group purposes and 2 (2021: 2) to specified risk-focused audit procedures. The latter were not individually financially significant enough to require a full scope audit for group purposes, but did present specific individual risks that needed to be addressed. The structure of the Group's finance function is such that certain transactions and balances are accounted for by the central Group finance team, with the remainder accounted for in the Group's components. We performed comprehensive audit procedures, including those in relation to the key audit matter as set out above, on those transactions accounted for at Group and component level. Our audits covered 99% (2021: 99%) of total Group revenue and 99% (2021: 94%) of Group total assets, including 100% of the Company's revenue and total assets. The work on all components was performed by the Group team.

The audits undertaken for Group reporting purposes at the key reporting components were all performed to component materiality levels. These component materiality levels were set individually for each component and ranged from €10,500 to €140,000 (2021: €17,000 to €170,000). The Group audit team were also auditors to all of the Group's significant components.

#### Other information

The directors are responsible for the preparation of the other information presented in the Annual Report together with the financial statements. The other information comprises the information included in the Chairman's Statement, the Directors' Report and the Corporate Governance Report.

The financial statements and our auditor's report thereon do not comprise part of 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 as explicitly stated below, any form of assurance conclusion thereon.

Our responsibility is to read the other information and, in doing so, consider whether, based on our financial statements audit work, the information therein is materially misstated or inconsistent with the financial statements or our audit knowledge. Based solely on that work we have not identified material misstatements in the other information.

Based solely on our work on the other information undertaken during the course of the audit, we report that:

- we have not identified material misstatements in the directors' report;
- in our opinion, the information given in the directors' report is consistent with the financial statements; and
- in our opinion, the directors' report has been prepared in accordance with the Companies Act 2014.

# Independent Auditor's Report

## to the members of Donegal Investment Group plc (*continued*)

### Report on the audit of the financial statements (*continued*)

#### Our opinions on other matters prescribed the Companies Act 2014 are unmodified

We have obtained all the information and explanations which we consider necessary for the purpose of our audit.

In our opinion, the accounting records of the Company were sufficient to permit the financial statements to be readily and properly audited and the Company's financial statements are in agreement with the accounting records.

We have nothing to report on other matters on which we are required to report by exception

The Companies Act 2014 requires us to report to you if, in our opinion:

- the disclosures of directors' remuneration and transactions required by Sections 305 to 312 of the Act are not made.

We have nothing to report in this regard.

### Respective responsibilities and restrictions on use

#### Responsibilities of directors for the financial statements

As explained more fully in their statement set out on page 19, the directors are responsible for: the preparation of the financial statements including being satisfied that they give a true and fair view; 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; assessing the Group and Company'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 they either intend to liquidate the Group or the Company or to cease operations, or have no realistic alternative but to do so.

#### Auditor's 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 auditor's 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.

A fuller description of our responsibilities is provided on IAASA's website at <http://www.iaasa.ie/Publications/Auditing-standards/International-Standards-on-Auditing-for-use-in-Ire/Description-of-the-auditor-s-responsibilities-for>

#### The purpose of our audit work and to whom we owe our responsibilities

Our report is made solely to the Company's members, as a body, in accordance with Section 391 of the Companies Act 2014. Our audit work has been undertaken so that we might state to the Company's members those matters we are required to state to them in an auditor's report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the Company and the Company's members, as a body, for our audit work, for this report, or for the opinions we have formed.



Colm O'Sé

for and on behalf of  
KPMG

Chartered Accountants, Statutory Audit Firm

1 Stokes Place  
St. Stephen's Green  
Dublin 2  
Ireland

21 December 2022

# Consolidated Statement of Profit or Loss and Comprehensive Income

## for the year ended 31 August 2022

	Note	2022 Pre- exceptional €'000	(Note 9) Exceptional €'000	2022 Total €'000	2021 Total €'000
<b>Continuing operations</b>					
Revenue	6	25,220	-	25,220	26,090
Cost of sales		(16,816)	-	(16,816)	(16,865)
<b>Gross profit</b>		<b>8,404</b>	<b>-</b>	<b>8,404</b>	<b>9,225</b>
Other income	7	278	-	278	199
Other expense	8	(34)	-	(34)	(412)
Distribution expenses		(3,434)	-	(3,434)	(3,220)
Administrative expenses		(4,631)	(779)	(5,410)	(4,248)
<b>Profit/(loss) from operating activities</b>		<b>583</b>	<b>(779)</b>	<b>(196)</b>	<b>1,544</b>
Finance income	12	121	-	121	122
Finance expenses	12	(79)	-	(79)	(45)
<b>Net finance income</b>	12	<b>42</b>	<b>-</b>	<b>42</b>	<b>77</b>
<b>Profit/(loss) before income tax</b>		<b>625</b>	<b>(779)</b>	<b>(154)</b>	<b>1,621</b>
Income tax (expense)/credit	13	(66)	-	(66)	302
<b>Profit/(loss) for the year – continuing operations</b>		<b>559</b>	<b>(779)</b>	<b>(220)</b>	<b>1,923</b>
<b>Discontinued operations</b>					
Profit for the year – from discontinued operations, net of tax	34	358	13,120	13,478	2,269
<b>Profit for the year</b>		<b>917</b>	<b>12,341</b>	<b>13,258</b>	<b>4,192</b>
<b>Other comprehensive(expense)/ income</b>					
Items that are or may be reclassified to profit or loss:					
Foreign currency translation differences for foreign operations	12	(40)	-	(40)	4
<b>Other comprehensive income for the year</b>		<b>(40)</b>	<b>-</b>	<b>(40)</b>	<b>4</b>
<b>Total comprehensive income for the year</b>		<b>877</b>	<b>12,341</b>	<b>13,218</b>	<b>4,196</b>

		2022	2021
	Note	€'000	€'000
<b>Profit attributable to:</b>			
Equity holders of the Company		<b>13,314</b>	3,877
Non-controlling interest		<b>(56)</b>	315
		<b>13,258</b>	4,192

**Total comprehensive income attributable to:**

Equity holders of the Company		<b>13,257</b>	3,878
Non-controlling interest		<b>(39)</b>	318
		<b>13,218</b>	4,196

**Earnings per share**

**Basic earnings per share (euro cent):**

Continuing	25	<b>(7.83)</b>	72.90
Discontinued		<b>635.25</b>	64.17
		<b>627.42</b>	137.07

**Diluted earnings per share (euro cent):**

Continuing	25	<b>(7.83)</b>	72.90
Discontinued		<b>635.25</b>	64.17
		<b>627.42</b>	137.07

The notes on pages 39 to 96 are an integral part of these consolidated financial statements.

Padraic Lenehan                      Ian Ireland

*Director*                                      *Director*

# Consolidated Statement of Financial Position

## as at 31 August 2022

	Note	31 August 2022	31 August 2021
		€'000	€'000
<b>Assets</b>			
Property, plant and equipment	14	3,508	3,354
Goodwill	15	500	500
Intangible assets	15	122	127
Investment property	16	595	1,500
Investment in associates	17	-	261
Other investments	18	736	745
<b>Total non-current assets</b>		<b>5,461</b>	6,487
Inventories	20	865	392
Biological assets	21	1,044	1,024
Trade and other receivables	22	4,176	3,828
Contingent consideration receivable	34	2,400	-
Cash at bank	23	7,899	5,307
Current tax		36	-
Deferred tax asset	19	9	-
Assets held for sale	35	-	14,388
<b>Total current assets</b>		<b>16,429</b>	24,939
<b>Total assets</b>		<b>21,890</b>	31,426
<b>Equity</b>			
Share capital	24	206	376
Share premium	24	2,975	2,975
Other reserves	24	1,747	1,634
Retained earnings		9,046	15,721
<b>Total equity attributable to equity holders of the Company</b>		<b>13,974</b>	20,706
<b>Non-controlling interest</b>		<b>(674)</b>	1,057
<b>Total equity</b>		<b>13,300</b>	21,763

**Liabilities**

Loans and borrowings	26	<b>561</b>	478
Deferred income	29	<b>176</b>	211
Deferred tax liability	19	-	54
		<b>737</b>	743
<b>Total non-current liabilities</b>			
Loans and borrowings	26	<b>272</b>	253
Trade and other payables	29	<b>3,458</b>	3,926
Liabilities directly associated with asset held for sale	35	-	3,661
Current tax		-	190
Bank overdraft	23	<b>4,123</b>	890
		<b>7,853</b>	8,920
<b>Total current liabilities</b>			
		<b>8,590</b>	9,663
<b>Total liabilities</b>			
		<b>21,890</b>	31,426
<b>Total equity and liabilities</b>			

The notes on pages 39 to 96 are an integral part of these consolidated financial statements.

Padraic Lenehan

Ian Ireland

*Director*

*Director*

# Company Statement of Financial Position

## as at 31 August 2022

	Note	31 August 2022	31 August 2021
		€'000	€'000
<b>Assets</b>			
Property, plant and equipment	14	16	84
Intangible assets	15	1	1
Investment property	16	70	200
Investment in associates	17	-	261
Other investments	18	232	242
<b>Total non-current assets</b>		<b>319</b>	788
Trade and other receivables	22	3,926	3,578
Contingent consideration receivable	35	2,400	-
Current tax		4	-
Cash at bank	23	4,836	4,479
Deferred tax asset	19	48	45
Asset held for sale		-	121
<b>Total current assets</b>		<b>11,214</b>	8,223
<b>Total assets</b>		<b>11,533</b>	9,011
<b>Equity</b>			
Share capital	24	206	376
Share premium	24	2,975	2,975
Other reserves	24	1,091	921
Retained earnings		3,630	2,004
<b>Total equity</b>		<b>7,902</b>	6,276
<b>Total non-current liabilities</b>		-	-
Trade and other payables	29	1,096	1,845
Bank overdraft	23	2,535	890
<b>Total current liabilities</b>		<b>3,631</b>	2,735
<b>Total liabilities</b>		<b>3,631</b>	2,735



**Total equity and liabilities** **11,533** 9,011

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The notes on pages 39 to 96 are an integral part of these consolidated financial statements.

Padraic Lenehan Ian Ireland

*Director* *Director*

# Consolidated Statement of Changes in Equity

for the year ended 31 August 2022

	Note	Share capital	Other undenominated capital	Share premium	Translation reserve	Reserve for own shares	Revaluation reserves	Share option reserve	Retained earnings	Total	Non-controlling interest	Total equity
		€'000	€'000	€'000	€'000	€'000	€'000	€'000	€'000	€'000	€'000	€'000
Balance at 1 September 2021		376	961	2,975	(1,864)	(845)	3,382	-	15,721	20,706	1,057	21,763
<b>Total comprehensive income/(expense) for the year</b>												
Profit/(loss) for the year		-	-	-	-	-	-	-	13,314	13,314	(56)	13,258
<b>Other comprehensive (expense)/income</b>												
Foreign currency translation differences for foreign operations		-	-	-	(57)	-	-	-	-	(57)	17	(40)
<b>Other comprehensive income/(expense)</b>		-	-	-	(57)	-	-	-	-	(57)	17	(40)
<b>Total comprehensive income/(expense) for the year</b>		-	-	-	(57)	-	-	-	13,314	13,257	(39)	13,218
<b>Transactions with owners recorded directly in equity</b>												
<b>Contributions by and distributions to owners</b>												
Share Redemption	24	(170)	170	-	-	-	-	-	(19,989)	(19,989)	-	(19,989)
Derecognition of minority interest		-	-	-	-	-	-	-	-	-	(1,692)	(1,692)
<b>Total contributions by and distributions to owners</b>		(170)	170	-	-	-	-	-	(19,989)	(19,989)	(1,692)	(21,681)
<b>Balance at 31 August 2022</b>		<b>206</b>	<b>1,131</b>	<b>2,975</b>	<b>(1,921)</b>	<b>(845)</b>	<b>3,382</b>	<b>-</b>	<b>9,046</b>	<b>13,974</b>	<b>(674)</b>	<b>13,300</b>

The notes on pages 39 to 96 are an integral part of these consolidated financial statements.

	Note	Share capital	Other undenominated capital	Share premium	Translation reserve	Reserve for own shares	Revaluation reserves	Share option reserve	Retained earnings	Total	Non-controlling interest	Total equity
		€'000	€'000	€'000	€'000	€'000	€'000	€'000	€'000	€'000	€'000	€'000
Balance at 1 September 2020		376	857	2,975	(1,865)	(1,273)	3,382	-	11,965	16,417	872	17,289
<b>Total comprehensive income for the year</b>												
Profit for the year		-	-	-	-	-	-	-	3,877	3,877	315	4,192
<b>Other comprehensive income</b>												
Foreign currency translation differences for foreign operations		-	-	-	1	-	-	-	-	1	3	4
<b>Other comprehensive income</b>		-	-	-	<b>1</b>	-	-	-	-	<b>1</b>	<b>3</b>	<b>4</b>
<b>Total comprehensive income for the year</b>		-	-	-	<b>1</b>	-	-	-	<b>3,877</b>	<b>3,878</b>	<b>318</b>	<b>4,196</b>
<b>Transactions with owners recorded directly in equity</b>												
<b>Contributions by and distributions to owners</b>												
Dividends paid	24	-	-	-	-	-	-	-	-	-	(133)	(133)
Conversion and Redemption of Redeemable Shares	24	-	104	-	-	-	-	-	(104)	-	-	-
Equity settling of share options		-	-	-	-	428	-	-	(17)	411	-	411
<b>Total contributions by and distributions to owners</b>		-	<b>104</b>	-	-	<b>428</b>	-	-	<b>(121)</b>	<b>411</b>	<b>(133)</b>	<b>278</b>
<b>Balance at 31 August 2021</b>		<b>376</b>	<b>961</b>	<b>2,975</b>	<b>(1,864)</b>	<b>(845)</b>	<b>3,382</b>	-	<b>15,721</b>	<b>20,706</b>	<b>1,057</b>	<b>21,763</b>

The notes on pages 39 to 96 are an integral part of these consolidated financial statements.

# Company Statement of Changes in Equity

for the year ended 31 August 2022

	Note	Share capital	Other undenominated capital	Share premium	Reserve for own shares	Other reserve	Revaluation reserve	Share option reserve	Retained earnings	Total
		€'000	€'000	€'000	€'000	€'000	€'000	€'000	€'000	€'000
<b>Balance at 1 September 2020</b>		<b>376</b>	<b>857</b>	<b>2,975</b>	<b>(1,273)</b>	<b>189</b>	<b>616</b>	<b>-</b>	<b>1,449</b>	<b>5,189</b>
Profit for the year		-	-	-	-	-	-	-	676	676
<b>Total comprehensive income for the year</b>		<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>676</b>	<b>676</b>
<b>Transactions with owners recorded directly in equity</b>										
Conversion and Redemption of Redeemable Shares	24	-	104	-	-	-	-	-	(104)	-
Equity settling of share options		-	-	-	428	-	-	-	(17)	411
<b>Total contributions by and distributions to owners</b>		<b>-</b>	<b>104</b>	<b>-</b>	<b>428</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>(121)</b>	<b>411</b>
<b>Balance at 31 August 2021</b>		<b>376</b>	<b>961</b>	<b>2,975</b>	<b>(845)</b>	<b>189</b>	<b>616</b>	<b>-</b>	<b>2,004</b>	<b>6,276</b>
Profit for the year		-	-	-	-	-	-	-	21,615	21,615
<b>Total comprehensive income for the year</b>		<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>21,615</b>	<b>21,615</b>
<b>Transactions with owners recorded directly in equity</b>										
Share Redemption	24	(170)	170	-	-	-	-	-	(19,989)	(19,989)
<b>Total contributions by and distributions to owners</b>		<b>(170)</b>	<b>170</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>(19,989)</b>	<b>(19,989)</b>
<b>Balance at 31 August 2022</b>		<b>206</b>	<b>1,131</b>	<b>2,975</b>	<b>(845)</b>	<b>189</b>	<b>616</b>	<b>-</b>	<b>3,630</b>	<b>7,902</b>

The notes on pages 39 to 96 are an integral part of these consolidated financial statements.

# Consolidated Statement of Cash Flows

## for the year ended 31 August 2022

	Note	2022	2021
		€'000	€'000
<b>Cash flows from operating activities</b>			
Profit for the year		13,258	4,192
<i>Adjustments for:</i>			
Depreciation	14	517	1,077
Amortisation of intangibles	15	5	40
Amortisation of capital grant		50	23
Change in fair value of investment property	16	22	410
Change in fair value of other investments	18	-	2
Release of provision against loan to associate	17	(150)	-
Net finance income		(68)	(96)
Interest charge in relation to lease arrangements		26	31
Gain on sale of other investments		(6)	-
Loss/(gain) on sale of investment properties		12	(80)
Gain on sale of property, plant and equipment		(1)	(15)
Share-based payment transactions		-	51
Profit for the year – from discontinued operations, net of tax		(13,478)	-
Income tax expense		53	20
Change in inventories		(489)	40
Change in trade and other receivables		400	(2,081)
Change in trade and other payables		(551)	1,263
<b>Cash (used in)/generated from operating activities</b>		<b>(400)</b>	<b>4,877</b>
Interest paid		(53)	14
Income tax (paid)/refund		(336)	187
<b>Net cash from operating activities</b>		<b>(789)</b>	<b>5,078</b>

**Cash flows from investing activities**

Interest received		<b>24</b>	2
Dividends received		<b>2</b>	-
Proceeds from sale of investment property		<b>718</b>	1,834
Proceeds from repayment of loan by associate		<b>403</b>	-
Proceeds from sale of other investments		<b>14</b>	-
Disposal of discontinued operations, net of cash disposed of		<b>16,684</b>	-
Acquisition of property, plant and equipment		<b>(239)</b>	(1,877)
Acquisition of intangibles	15	-	(75)
<b>Net cash generated/(used in) from investing activities</b>		<b>17,606</b>	(116)

**Cash flows from financing activities**

Loan to other investments	22	<b>(501)</b>	-
Payment of finance lease liabilities	26	<b>(312)</b>	(344)
Dividend paid to non-controlling interest		-	(134)
Settlement of share based payments		-	(750)
Share redemption	24	<b>(19,989)</b>	(9,990)
<b>Net cash (used in)/generated from financing activities</b>		<b>(20,802)</b>	(11,218)
<b>Net decrease in cash and cash equivalents</b>		<b>(3,985)</b>	(6,256)
Cash and cash equivalents at start of year		<b>7,750</b>	13,974
Effect of exchange rate fluctuations on cash held		<b>11</b>	32
<b>Cash and cash equivalents at end of year</b>	23	<b>3,776</b>	7,750

(Cash and cash equivalents at end of prior year (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)

The notes on pages 39 to 96 are an integral part of these consolidated financial statements.

# Company Statement of Cash Flows

## for the year ended 31 August 2022

	Note	2022	2021
		€'000	€'000
<b>Cash flows from operating activities</b>			
Profit for the year		21,615	676
<i>Adjustments for:</i>			
Depreciation	14	1	7
Change in fair value of investment property	16	(3)	(80)
Change in fair value of other investments	18	-	2
Release of provision against loan to associate	17	(150)	-
Gain on sale of investment property		(20)	(113)
Gain on sale of other investments		(6)	-
Profit on sale of subsidiary		(22,391)	-
Net finance expense/(income)		42	(392)
Share-based payment transactions		-	51
Income tax credit		(3)	(259)
Change in trade and other receivables		70	3
Change in trade and other payables		(910)	(135)
<b>Cash used in from operating activities</b>		<b>(1,755)</b>	<b>(239)</b>
Interest paid		(45)	(10)
Income tax paid		(1)	(1)
<b>Net cash from operating activities</b>		<b>(1,801)</b>	<b>(250)</b>
<b>Cash flows from investing activities</b>			
Dividends received		2	400
Proceeds from repayment of loan stock in associate		403	-
Proceeds from sale of subsidiary		20,083	-
Proceeds from sale of other investments		14	-
Proceeds from disposal of investment property		-	1,834
<b>Net cash generated from investing activities</b>		<b>20,502</b>	<b>2,234</b>

**Cash flows from financing activities**

Share redemption	24	(19,989)	(9,990)
Settlement of share based payments	28	-	(658)
		<b>(19,989)</b>	<b>(10,648)</b>
<b>Net cash used in financing activities</b>			
		<b>(1,288)</b>	<b>(8,664)</b>
<b>Net decrease in cash and cash equivalents</b>			
Cash and cash equivalents at start of year		<b>3,589</b>	12,253
	23	<b>2,301</b>	3,589
<b>Cash and cash equivalents at end of year</b>			

The notes on pages 39 to 96 are an integral part of these consolidated financial statements.



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## 1. Reporting entity

Donegal Investment Group plc (the “Company”) is a public Company incorporated, domiciled and tax resident in the Republic of Ireland. The Company’s registered office is at Ballyraine, Letterkenny, Co. Donegal. The consolidated financial statements of the Company as at and for the year ended 31 August 2022 consolidate the financial statements of the Company and its subsidiaries (together referred to as the “Group”) and include the Group’s interest in associates using the equity method of accounting. The Company financial statements deal with the Company as a single entity. The Group is primarily involved in the development, purchase and sale of seed potatoes and the rental and sales of property assets.

The consolidated and Company financial statements were authorised for issuance on 20 December 2022.

## 2. Basis of preparation

### (a) Statement of compliance

The consolidated financial statements have been prepared in accordance with the International Financial Reporting Standards and Interpretations (together IFRS) issued by the International Accounting Standards Board (IASB) and adopted by the European Union (‘EU IFRS’). The Company financial statements have been prepared in accordance with EU IFRS, as applied in accordance with the Companies Act 2014, which permits a Company that publishes its consolidated and Company financial statements together to take advantage of the exemption in Section 304 of the Companies Act 2014 from presenting to its members its Company income statement and related notes that form part of the approved Company financial statements.

The Standards and Interpretations applied were those that were effective for accounting year ending on or before 31 August 2022. There were no changes to the Group’s or Company’s accounting policies as a result of the adoption of new or amended IFRS and IFRIC interpretations.

### (b) Basis of preparation

The financial statements are presented in euro, which is the Company’s functional currency. All financial information presented in euro is rounded to the nearest thousand. They are prepared on the historical cost basis except that the following assets and liabilities are stated at their fair value: derivative financial instruments, investment property and biological assets.

The financial statements have been prepared on the going concern basis. The Directors have reviewed the Group’s business plan for the next 24 months and other relevant information and have a reasonable expectation that the Group will continue in operational existence for the foreseeable future.

### (c) Use of estimates and judgements

The preparation of financial statements requires management to make judgements and estimates that affect the application of accounting policies and the reported amounts of assets, liabilities, income and expense. Actual results may differ from these estimates.

#### *Judgements*

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 largely consistent with those that applied in prior years (impairment of trade receivables (note 22 and note 30), recognition of deferred tax assets (note 19) and measurement of financial assets (other investments) (note 18). In addition, in the current year, significant judgement arose in respect of the recognition of contingent consideration receivable on the disposal of Nomadic Dairy Limited (note 35).

The estimates and underlying assumptions applied in the measurement of transactions, assets and liabilities are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the year in which the estimate is revised if the revision affects only that year, or in the year of the revision and future years if the revision affects both current and future years.

## 3. Significant accounting policies

The accounting policies set out below have been applied consistently by the Company in the Company financial statements and throughout the Group for the purposes of the consolidated financial statements.

### (a) Basis of consolidation

#### *(i) Subsidiaries*

Subsidiaries are entities controlled by the Group. Control exists when the Group has exposure or rights to variable returns and the ability to affect those returns through its power over an investee. In assessing control, potential voting rights that presently are exercisable or convertible are taken into account. The financial statements of subsidiaries are included in the consolidated financial statements from the date that control commences until the date that control ceases.

## **(ii) Associates**

Associates are those entities for which the Group has significant influence, but not control, over the financial and operating policies. The consolidated financial statements include the Group's share of the total change in net assets of associates on an equity accounted basis, from the date that significant influence commences until the date that significant influence ceases. When the Group's share of losses exceeds its interest in an associate, the Group's carrying amount is reduced to nil and recognition of further losses is discontinued except to the extent that the Group has incurred legal or constructive obligations to make payments on behalf of an associate. When the associate is classified as held for sale, equity accounting ceases.

## **(iii) Transactions eliminated on consolidation**

Intragroup balances, and any unrealised gains and losses or income and expenses arising from intragroup transactions, are eliminated in preparing the consolidated financial statements. Unrealised gains arising from transactions with associates are eliminated to the extent of the Group's interest in the entity. Unrealised losses are eliminated in the same way as unrealised gains, but only to the extent that there is no evidence of impairment.

## **(iv) Non-controlling interests**

Non-controlling interests are measured initially at their proportionate share of the acquiree's identifiable net assets at the date of acquisition. Changes in the Group's interest in a subsidiary that do not result in a loss of control are accounted for as equity transactions.

## **(v) Loss of control**

When the Group loses control over a subsidiary, it derecognises the assets and liabilities of the subsidiary, and any related NCI and other components of equity. Any resulting gain or loss is recognised in profit or loss. Any interest retained in the former subsidiary is measured at fair value when control is lost.

## **(vi) Investments in subsidiaries and associates**

These are in relation to the separate financial statements of the Company. Investments in subsidiaries and associates are carried at cost less impairment.

## **(b) Foreign currency**

### **(i) Foreign currency transactions**

Transactions in foreign currencies are translated to the respective functional currencies of Group entities at the exchange rates ruling at the date of the transactions. Monetary assets and liabilities denominated in foreign currencies at the reporting date are retranslated to the functional currency at the exchange rate at that date. Foreign exchange differences arising on translation are recognised in profit or loss. Non-monetary assets and liabilities that are measured in terms of historical cost in a foreign currency are translated using the exchange rate at the date of the transaction. Non-monetary assets and liabilities denominated in foreign currencies that are measured at fair value are retranslated to the functional currency at the exchange rates at the date that the fair value was determined. However, foreign currency differences arising from the translation of an investment in equity securities designated as at FVOCI (except on impairment, in which case foreign currency differences that have been recognised in OCI are reclassified to profit or loss) are recognised in OCI.

### **(ii) Foreign operations**

The assets and liabilities of foreign operations, including goodwill and fair value adjustments arising on acquisition, are translated to euro at exchange rates at the reporting date. The income and expenses of foreign operations are translated to euro at exchange rates at the dates of the transactions. Foreign exchange differences arising on retranslation are recognised in other comprehensive income and presented in the translation reserve in equity, except to the extent that the translation difference is allocated to NCI. When a foreign operation is disposed of in its entirety or partially such that control, significant influence or joint control is lost these are reclassified to profit or loss as part of the gain or loss on disposal.

## **(c) Financial instruments**

### **(i) Non-derivative financial instruments**

Non-derivative financial instruments comprise investments in equity and debt securities, trade and other receivables, cash and cash equivalents, loans and borrowings, and trade and other payables.

#### Classification under IFRS 9

#### **Financial assets:**

Trade and other receivables	Amortised cost
Other investments	FVOCI
Cash and cash equivalents	Amortised cost
Derivative financial assets	Fair value – hedging instrument

#### **Financial liabilities:**

Trade and other payables	Liabilities at amortised cost
Interest-bearing borrowings	Liabilities at amortised cost

### **Trade and other receivables**

Trade receivables are initially measured at their transaction price and other receivables are initially measured at fair value and are thereafter measured at amortised cost using the effective interest method less any provision for impairment.

A provision for impairment of trade and other receivables is recognised based on the expected credit losses ('ECL') for those trade and other receivables. ECLs are a probability-weighted estimate of credit losses. Credit losses are measured as the present value of all expected cash shortfalls related to the receivable.

Loss allowances are based on lifetime ECLs, except for the following which are measured as 12 month ECLs:

- Trade receivables;
- Other receivables which have been determined to be low risk at the reporting date; and
- Other receivables for which there has not been a significant increase in credit risk (i.e. the risk of a default occurring) at the reporting date since the other receivable first originated.

A rating system has been utilised in relation to other receivables. A significant increase in credit risk is determined to have occurred if the rating of this system disimproves by a predetermined amount.

Trade receivables are considered to be in default if repayment is considered unlikely or if the trade receivable is more than 365 days past due. Other receivables are considered to be in default if repayment is considered unlikely or if the receivable is not collected within the agreed terms.

Lifetime ECLs are the ECLs that result from all possible default events over the expected life of a receivable. 12 month ECLs are the portion of ECLs that result from default events that are possible within 12 months after the reporting date (or a shorter period if the expected life of the receivable is less than 12 months).

### **Trade and other payables**

Trade and other payables are recognised initially at fair value and subsequently measured at amortised cost using the effective interest method.

Non-derivative financial instruments are recognised initially at fair value plus/less any directly attributable transaction costs. Subsequent to initial recognition non-derivative financial instruments are measured at fair value, with changes therein recognised in profit or loss.

### **Cash and cash equivalents**

Cash and cash equivalents comprise cash balances and call deposits and are accounted for at amortised cost. Bank overdrafts that are repayable on demand and form an integral part of the Group's cash management are included as a component of cash and cash equivalents for the purpose of the statement of cash flows.

Accounting for finance income and expense is discussed in note 3(o).

### **Equity investments**

Equity investments held by the Group and Company are measured at fair value through profit or loss ('FVTPL'). Net gains or losses, including any interest or dividend income, are recognised in profit or loss.

### **Other**

Other non-derivative financial instruments are measured at amortised cost using the effective interest method, less any impairment losses.

#### **(ii) Derivative financial instruments**

The Group holds derivative financial instruments to economically hedge its foreign currency risk exposures. Derivatives are initially valued at fair value; any directly attributable costs are recognised in profit or loss as incurred. Subsequent to initial recognition, derivatives are measured at fair value, with changes therein recognised in profit or loss.

#### **Interest-bearing borrowings**

Interest-bearing borrowings are recognised initially at fair value less attributable transaction costs. Subsequent to initial recognition, interest bearing borrowings are stated at amortised cost with any difference between cost and redemption value being recognised in the income statement over the period of the borrowings on an effective interest basis.

### **(d) Share capital**

#### **(i) Ordinary shares**

Ordinary shares are classified as equity. Incremental costs directly attributable to the issue of ordinary shares and share options are recognised as a deduction from equity, net of any tax effects.

#### **(ii) Repurchase of share capital (treasury shares)**

When share capital recognised as equity is repurchased, the amount of the consideration paid, which includes directly attributable costs, net of any tax effects, is recognised as a deduction from equity. Repurchased shares are classified as treasury shares and are presented as a deduction from total equity. When treasury shares are sold or reissued subsequently, the amount received is recognised as an increase in equity, and the resulting surplus or deficit on the transaction is transferred to share premium.

#### **(iii) Redeemable Ordinary Shares**

Redeemable ordinary shares are redeemable shares at the option of the Company at which time they are presented as equity. On approval of redemption by the Company these redeemable ordinary shares are presented within current liabilities.

## **(e) Property, plant and equipment**

### ***(i) Recognition and measurement***

Items of property, plant and equipment are measured at cost or deemed cost less accumulated depreciation and accumulated impairment losses (see accounting policy 3(h)). Cost includes expenditure that is directly attributable to the acquisition of the asset. When parts of an item of property, plant and equipment have different useful lives, those components are accounted for as separate items of property, plant and equipment and reviewed for impairment annually.

Gains and losses on disposal of an item of property, plant and equipment are determined by comparing the proceeds from disposal with the carrying amount of property, plant and equipment and are recognised within 'other income' in profit or loss.

### ***(ii) Reclassification to investment property***

When the use of a property changes from owner-occupied to investment property, the property is remeasured to fair value and reclassified as investment property. Any gain arising on remeasurement is recognised directly in other comprehensive income and presented in the revaluation reserve in equity. Any loss is recognised immediately in profit or loss.

### ***(iii) Subsequent costs***

The cost of replacing part of an item of property, plant and equipment is recognised in the carrying amount of the item if it is probable that it will produce additional future economic benefits embodied within the part that will flow to the Group and its cost can be measured reliably. The costs of the day-to-day servicing of property, plant and equipment are recognised in profit or loss as incurred.

### ***(iv) Depreciation***

Depreciation is recognised in profit or loss on a straight-line basis over the estimated useful lives of each part of an item of property, plant and equipment. Land is not depreciated. The estimated useful lives are as follows:

- buildings: 20 years
- plant and equipment: 10 years
- fixtures and fittings: 4 – 10 years
- motor vehicles: 4 – 10 years

Depreciation methods, useful lives and residual values are reviewed at each reporting date.

## **(f) Intangible assets**

### ***(i) Goodwill***

Goodwill/negative goodwill arises on the acquisition of subsidiaries and associates. Business combinations are accounted for using the acquisition method as at the acquisition date, which is the date control is transferred to the Group. Control exists when the Company has the exposure or rights to variable returns and the ability to affect those returns through its power over the investee.

For acquisitions, the Group measures goodwill at the acquisition date as follows:

- The fair value of the consideration transferred; plus
- The recognised amount of any non-controlling interests in the acquiree; plus
- If the business combination is achieved in stages, the fair value of the existing equity interest in the acquiree; less
- The net recognised amount (generally fair value) of the identifiable assets acquired and liabilities assumed.

When the excess is negative, a bargain purchase gain is recognised immediately in profit or loss. The consideration transferred does not include amounts related to the settlement of pre-existing relationships. Such amounts are generally recognised in profit or loss. Costs related to the acquisition, other than those associated with the issue of debt or equity securities, that the Group incurs in connection with a business combination are expensed as incurred. Any contingent consideration payable is recognised at fair value at the acquisition date. If the contingent consideration is classified as equity, it is not remeasured and settlement is accounted for in equity. Otherwise, subsequent changes to the fair value of the contingent consideration are recognised in profit or loss.

### ***Subsequent measurement***

Goodwill is measured at cost less any accumulated impairment losses. In respect of associates, the carrying amount of goodwill is included in the carrying amount of the investment.

### ***(ii) Research and development***

Expenditure on research activities is recognised in the profit or loss as incurred.

Expenditure on development activities is capitalised if the product or process is technically and commercially feasible and the Group intends to and has the technical ability and sufficient resources to complete development, future economic benefits are probable and if the Group can measure reliably the expenditure attributable to the intangible asset during its development. Development activities involve a plan or design for the production of new or substantially improved products or processes. The expenditure capitalised includes the cost of materials, direct labour and an appropriate proportion of overheads and capitalised borrowing costs. Other development expenditure is recognised in the profit or loss as incurred. Capitalised development expenditure is stated at cost less accumulated amortisation and less accumulated impairment losses.

### ***(iii) Other intangible assets***

Intangible assets that are acquired by the Group in a business combination are recognised initially at their fair value at the date of acquisition, being their cost to the Group and subsequently at cost less accumulated amortisation and impairment losses. Other intangible assets that are acquired by the Group are measured at cost less accumulated amortisation and impairment losses. Expenditure on internally generated goodwill and brands is recognised in profit or loss as an expense as incurred.

### ***(iv) Subsequent expenditure***

Subsequent expenditure is capitalised only when it increases the future economic benefits embodied in the specific asset to which it relates. All other expenditure is recognised in profit and loss as incurred.

### ***(v) Amortisation***

Amortisation is charged to profit or loss on a straight-line basis over the estimated useful lives of intangible assets, other than goodwill, from the date that they are available for use. The estimated useful lives are as follows:

- Computer software: 4 years
- Customer lists and brand related intangibles: 3 – 10 years

### **(g) Investment property**

Investment properties are properties which are held either to earn rental income or for capital appreciation or for both, but not for sale in the ordinary course of business, for use in the production or supply of goods and services or for administrative purposes. Investment properties are measured at fair value with any change therein recognised in profit or loss. An external, independent valuer, having an appropriate recognised professional qualification and recent experience in the location and category of property being valued, values the portfolio every twelve months.

When the use of an investment property changes such that it is reclassified as property, plant and equipment, the fair value at the date of reclassification becomes its deemed cost for subsequent accounting purposes.

### **(h) Impairment**

#### ***(i) Goodwill***

Goodwill is subject to impairment testing on an annual basis at a consistent time each year and at any time an impairment indicator is considered to exist. Impairment is determined by comparing the carrying amount to the recoverable amount of the groups of CGUs to which the goodwill relates. The recoverable amount is the greater of fair value less costs to sell and value-in-use. When the recoverable amount of the groups of CGUs is less than the carrying amount an impairment loss is recognised.

Where goodwill forms part of a group of CGUs and part of the operation within that unit is disposed of the goodwill associated with the operation disposed of is included in the carrying amount of the operation when determining the gain or loss on disposal of the operation. Goodwill disposed of in this circumstance is measured on the basis of the relative values of the operation disposed of and the portion of the group of CGUs retained.

In the year in which a business combination occurs and the goodwill arising affects the goodwill allocation to CGUs the groups of CGUs are tested for impairment prior to the end of that year. Impairment losses on goodwill are recognised in the Consolidated Income Statement and are not reversed following recognition.

#### ***(ii) Impairment of non-financial assets***

Long-term tangible and intangible assets that are subject to depreciation or amortisation are tested for impairment whenever events or changes in circumstances indicate that the carrying amount may not be recoverable. An impairment loss is recognised in the Consolidated Income Statement for the amount by which the asset's carrying amount exceeds its recoverable amount. The recoverable amount is the higher of an asset's fair value less costs to sell and value-in-use. When assessing impairment assets are grouped at the lowest levels for which there are separately identifiable cash flows. Non-financial assets that have suffered impairment losses are reviewed for possible reversal of the impairment at each reporting date. The impairment loss is only reversed to the extent that the asset's carrying amount does not exceed that which would have been determined had no impairment been recognised.

#### ***(iii) Impairment of financial assets***

For trade receivables, the Group applies the simplified approach permitted by IFRS 9. The Group's impairment policy is explained in the Trade and other receivables note.

### **(i) Employee benefits**

#### ***Defined contribution plans***

A defined contribution plan is a post-employment benefit plan under which an entity pays fixed contributions into a separate entity and will have no legal or constructive obligation to pay further amounts. Obligations for contributions to defined contribution pension plans are recognised as an employee benefit expense in profit or loss as the related service is provided. Prepaid contributions are recognised as an asset to the extent that a cash refund or a reduction in future payments is available. Termination benefits are expensed at the earlier of when the Group can no longer withdraw the offer of those benefits and when the Group recognises costs for a restructuring. If benefits are not expected to be settled wholly within 12 months of the reporting date, then they are discounted.

### **(j) Share-based payment arrangements**

The fair value of equity-settled share based arrangements granted to employees is generally recognised as an expense, with a corresponding increase in equity, over the vesting period of the awards. The amount recognised as an expense is adjusted to reflect the number of awards for which the related service and non-market performance conditions are expected to be met, such that the amount ultimately recognised is based on the number of awards that meet the related service and non-market performance conditions at the

vesting date. For share-based payment awards with non-vesting conditions, the grant-date fair value of the share-based payment is measured to reflect such conditions and there is no true-up for differences between expected and actual outcomes.

The fair value of share based arrangements granted to employees which are settled in cash, is recognised as an expense with a corresponding increase in liabilities, over the period during which the employees become unconditionally entitled to payment. The liability is remeasured at each reporting date and at settlement date based on the fair value. Any changes in the liability are recognised in profit or loss.

When the holders of the share based arrangements are classified as equity settled but subsequently the holders are given the option to cash settle, the arrangements are reclassified as cash settled share based payment arrangements with the fair value movement on remeasurement at the date of reclassification being reflected within equity. The amount included within the share-based payment reserve is subsequently reclassified to liabilities and subject to remeasurement thereafter.

#### **(k) Provisions**

A provision is recognised in the statement of financial position when the Group has a present legal or constructive obligation as a result of a past event, it is probable that an outflow of economic benefits will be required to settle the obligation and a reliable estimate can be made of the amount of the obligation. If the effect is material, provisions are determined by discounting the expected future cash flows at a pre-tax rate that reflects current market assessments of the time value of money and the risks specific to the liability.

#### **(l) Revenue**

##### **(i) Goods sold**

Revenue from the sale of goods is measured at the fair value of the consideration received or receivable, net of returns, trade discounts and volume rebates. Revenue is recognised at a point in time when control of the goods has transferred to the customer, which can be shipping or delivery depending on the terms of trade with the customer. No revenue is recognised if there are significant uncertainties regarding recovery of the consideration due, associated costs or the possible return of goods. No revenue is recognised if there is significant continuing management involvement with the goods.

##### **(ii) Rental income**

Rental income from the Group's investment properties is recognised as other income in profit or loss on a straight-line basis over the term of the lease. Lease incentives granted are recognised as an integral part of the total rental income, over the term of the lease.

#### **(m) Government grants**

Government grants are recognised initially as deferred income when there is reasonable assurance that it will be received and that the Group will comply with the conditions associated with the grant. Grants that compensate the Group for expenses incurred are recognised as income in profit or loss on a systematic basis in the same periods in which the expenses are recognised. Grants that compensate the Group for the cost of an asset are recognised in profit or loss as other operating income on a systematic basis over the useful life of the asset.

#### **(n) Leases**

At the inception of a contract, the Group assesses whether a contract is, or contains, a lease. A contract is, or contains, a lease if the contract conveys the right to control the use of an identified asset for a period of time in exchange for consideration.

##### **(i) Leased assets**

The Group recognises a right-of-use asset and a lease liability at the lease commencement date. The right-of-use asset is initially measured at cost, which comprises the initial amount of the lease liability adjusted for any lease payments made at or before the commencement date, plus any initial direct costs incurred and an estimate of costs to dismantle and remove the underlying asset or to restore the underlying asset or the site on which it is located, less any lease incentives received.

The right-of-use asset is subsequently depreciated using the straight-line method from the commencement date to the end of the lease term, unless the lease transfers ownership of the underlying asset to the Group by the end of the lease term. In that case the right-of-use asset will be depreciated over the useful life of the underlying asset, which is determined on the same basis as other property and equipment above.

##### **(ii) Lease liabilities**

The lease liability is initially measured at the present value of the lease payments that are not paid at the commencement date, discounted using the interest rate implicit in the lease or, if that rate cannot be readily determined, the Group's incremental borrowing rate.

Lease payments included in the measurement of the lease liability comprise the following:

- fixed payments, including in-substance fixed payments;
- variable lease payments that depend on an index or a rate, initially measured using the index or rate as at the commencement date;
- amounts expected to be payable under a residual value guarantee;
- the exercise price under a purchase option that the Group is reasonably certain to exercise;
- lease payments in an optional renewal period if the Group is reasonably certain to exercise an extension option; and
- penalties for early termination of a lease unless the Group is reasonably certain not to terminate early.

The lease liability is measured at amortised cost using the effective interest method. It is remeasured when there is a change in future lease payments arising from a change in an index or rate, there is a change in the Group's estimate of the amount expected to be payable under a residual value guarantee, if the Group changes its assessment of whether it will exercise a purchase, extension or termination option or if there is a revised in-substance fixed lease payment.



When the lease liability is remeasured in this way, a corresponding adjustment is made to the carrying amount of the right-of-use asset, to the extent that the right-of-use asset is reduced to nil, with any further adjustment required from the remeasurement being recorded in profit or loss.

**(iii) Short-term leases and leases of low-value assets**

The Group has elected not to recognise right-of-use assets and lease liabilities for lease of low-value assets and short-term leases. The Group recognises the lease payments associated with these leases as an expense on a straight-line basis over the lease term.

**(o) Finance income and expenses**

Finance income comprises interest income on funds invested, dividend income and net foreign exchange gains. Interest income is recognised in profit or loss, using the effective interest method. Dividend income is recognised in profit or loss on the date that the Group's right to receive payment is established, which in the case of quoted securities is the ex-dividend date.

Finance expenses comprise interest expense on borrowings, net foreign exchange losses and net losses on financial assets at FVTPL. All finance expenses are recognised in profit or loss using the effective interest method.

**(p) Income tax**

Tax on the profit or loss for the year comprises current and deferred tax. Tax is recognised in profit or loss except to the extent that it relates to items recognised directly in equity, in which case it is recognised in equity.

Current tax is the expected tax payable or receivable on the taxable income or loss for the year, using tax rates enacted or substantively enacted at the balance sheet date, and any adjustment to tax payable in respect of previous years.

Deferred tax is provided on temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and the amounts used for taxation purposes. The following temporary differences are not provided for: the initial recognition of goodwill; the initial recognition of assets or liabilities that affect neither accounting nor taxable profit other than in a business combination, and differences relating to investments in subsidiaries and associates to the extent that they will probably not reverse in the foreseeable future. The amount of deferred tax provided is based on the expected manner of realisation or settlement of the carrying amount of assets and liabilities, using tax rates enacted or substantively enacted at the balance sheet date.

A deferred tax asset is recognised only to the extent that it is probable that future taxable profits will be available against which the temporary difference can be utilised. For investment property that is measured at fair value deferred tax is provided at the rate applicable to the sale of the property except for that part of the property that is depreciable and the Group and the Company's business model is to consume substantially all of the value through use. In the latter case the tax rate applicable to income is used.

Unrecognised deferred tax assets are reassessed at each reporting date and recognised to the extent that it has become probable that future taxable profits will be available against which they can be used.

Deferred tax assets and liabilities are offset only if certain criteria are met.

**(q) Segment reporting**

A segment is a distinguishable component of the Group that is engaged either in providing related products or services (business segment), or in providing products or services within a particular economic environment (geographical segment), which is subject to risks and returns that are different from those of other segments. Segment information is presented in respect of the Group's business and geographical segments. The Group's primary format for segment reporting is based on business segments. The business segments are determined based on the Group's management and internal reporting structure.

Segment results, assets and liabilities include items directly attributable to a segment as well as those that can be allocated on a reasonable basis. Unallocated items comprise mainly investments (other than investment property) and related revenue, loans and borrowings and related expenses, corporate assets (primarily the Company's headquarters) and head office expenses, and income tax assets and liabilities.

Segment capital expenditure is the total cost incurred during the year to acquire property, plant and equipment, and intangible assets other than goodwill, including amounts arising in business combinations.

**(r) Discontinued operations**

A discontinued operation is a component of the Group's business that represents a separate major line of business or geographical area of operation that has been disposed of or is held for sale, or is a subsidiary acquired exclusively with a view to resale. Classification as a discontinued operation occurs upon disposal or when the operation meets the criteria to be classified as held for sale, if earlier. When an operation is classified as a discontinued operation, the comparative statement of profit or loss and OCI is represented as if the operation had been discontinued from the start of the comparative period.

**(s) Earnings per share**

The Group presents basic and diluted earnings per share (EPS) data for its ordinary shares. Basic EPS is calculated by dividing the profit or loss attributable to ordinary shareholders of the Company by the weighted average number of ordinary shares outstanding during the year, adjusted for own shares held. Diluted EPS is determined by adjusting the profit or loss attributable to ordinary shareholders and the weighted average number of ordinary shares outstanding, adjusted for own shares held, for the effects of all dilutive potential ordinary shares, which comprise share options granted to employees.

**(t) Inventories**

Inventories are measured at the lower of cost and net realisable value. The cost of inventories is based on the first-in first-out principle, and includes expenditure incurred in acquiring the inventories, production or conversion costs and other costs incurred in bringing them to their

existing location and condition. In the case of manufactured inventories and work in progress, cost includes an appropriate share of production overheads based on normal operating capacity.

Net realisable value is the estimated selling price in the ordinary course of business, less the estimated costs of completion and selling expenses.

Biological assets are measured at fair value less costs to sell, with any change therein recognised in profit or loss.

#### **(u) Exceptional Items**

Exceptional items are those that are separately disclosed by virtue of their nature or amount in order to highlight such items within the Statement of Profit or Loss and Comprehensive Income and results for the year. Examples of such items may include significant restructuring programmes, profits or losses on termination of operations, litigation costs and settlements and significant impairments of assets. Group management exercises judgement in assessing each particular item which, by virtue of their scale or nature, should be highlighted and disclosed in the Statement of Profit or Loss and Comprehensive Income and notes to the Group Financial Statements as exceptional items. Exceptional items are included within the Statement of Profit or Loss and Comprehensive Income caption to which they relate and are separately disclosed in the notes to the Group Financial Statements.

#### **(v) Asset held for sale**

A non-current asset or a group of assets containing a non-current asset (a disposal group) is classified as held for sale if its carrying amount will be recovered principally through sale rather than through continuing use, it is available for immediate sale and sale is highly probable within one year. On initial classification as held for sale, non-current assets and disposal groups are measured at the lower of carrying amount and fair value less costs to sell with any adjustments taken to profit or loss. The same applies to gains and losses on subsequent remeasurement although gains are not recognised in excess of any cumulative impairment loss. Any impairment loss on a disposal group first is allocated to goodwill, and then to remaining assets and liabilities on a pro rata basis, except that no loss is allocated to stocks, financial assets, deferred tax assets, employee benefit assets, biological assets and investment property, which continue to be measured in accordance with the Company's accounting policies and any equity accounted investee is no longer equity accounted. Intangible assets and tangible fixed assets once classified as held for sale are not amortised or depreciated. (w) New standards and interpretations

#### ***New and amended standards and interpretations effective during 2022***

The accounting policies adopted are consistent with those of the previous year except for the following new and amended IFRS and IFRIC interpretations adopted by the Group and Company in these financial statements.

COVID-19-Related Rent Concessions beyond 30 June 2021 (Amendment to IFRS 16)

---

Onerous Contracts – Cost of Fulfilling a Contract (Amendments to IAS 37)

---

Annual Improvements to IFRS Standards 2018–2020

---

Property, Plant and Equipment: Proceeds before Intended Use (Amendments to IAS 16)

---

Reference to the Conceptual Framework (Amendments to IFRS 3)

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The amendments listed above did not result in material changes to the Group Consolidated Financial Statements.

#### ***New and amended standards and interpretations issued but not yet effective or early adopted***

A number of new accounting standards and interpretations have been issued but are not yet effective for the Group. These accounting standards are not relevant for the Group in the financial year and interpretations are not expected to have a material impact on the Group.

## **4. Determination of fair values**

A number of the Group's accounting policies and disclosures require the determination of fair value, for both financial and non-financial assets and liabilities. Fair values have been determined for measurement and/or disclosure purposes based on the following methods. When applicable, further information about the assumptions made in determining fair values is disclosed in the notes specific to that asset or liability.

#### **(i) Investment property**

External independent valuers, having appropriate recognised professional qualifications and recent experience in the location and category of property being valued, value the Group's investment property portfolio every year. The fair values are based on market values, being the estimated amount for which a property could be exchanged on the date of the valuation in an orderly transaction between market participants after proper marketing wherein the parties had each acted knowledgeably, prudently and without compulsion.

In the absence of current prices in an active market, the valuations are prepared by considering the aggregate of the estimated cash flows expected to be received from renting out the property taking into account expected rental growth rates, void periods, occupancy rates and lease incentive costs. A yield that reflects the specific risks inherent in the net cash flows is then applied to the net annual cash flows to arrive at the property valuation.

Valuations reflect, when appropriate: the type of tenants actually in occupation or responsible for meeting lease commitments or likely to be in occupation after letting vacant accommodation, and the market's general perception of their creditworthiness; the allocation of maintenance and insurance responsibilities between the Group and the lessee; and the remaining economic life of the property.

**(ii) Investments in equity and debt securities**

The fair value of financial assets is determined by reference to their quoted closing bid price at the reporting date. Where investments do not have a quoted bid price their fair value is estimated by the Directors based on recent market transactions and other information available at the reporting date.

**(iii) Trade and other receivables and trade and other payables**

The fair value of trade and other receivables and other payables is estimated as the present value of future cash flows, discounted at the market rate of interest at the reporting date. Where the time to maturity or settlement is less than twelve months, the cost of the item is deemed to reflect its fair value.

**(iv) Derivatives**

The fair value of forward exchange contracts is based on their listed market price, if available. If a listed market price is not available, the Group uses valuation techniques that maximise the use of relevant observable inputs and minimise the use of unobservable inputs.

**(v) Non-derivative financial liabilities**

Fair value, which is determined for disclosure purposes, is calculated based on the present value of future principal and interest cash flows, discounted at the Group's market rate of interest at the reporting date. For finance leases the market rate of interest is determined by reference to similar lease agreements.

**(vi) Share-based payment transactions**

The fair value of employee stock options are measured at the closing market price at year end less the exercise price of the instrument.

## 5. Financial risk management

### Overview

The Group has exposure to the following risks:

- credit risk;
- liquidity risk;
- market risk;
- currency risk; and
- capital management

This note presents information about the Group's exposure to each of the above risks, the Group's objectives, policies and processes for measuring and managing risk, and the Group's management of capital. Further quantitative disclosures are included throughout these consolidated financial statements. The Board of Directors has overall responsibility for the establishment and oversight of the Group's risk management framework.

The Group's risk management policies are established to identify and analyse the risks faced by the Group, to set appropriate risk limits and controls, and to monitor risks and adherence to limits. Risk management policies and systems are reviewed regularly to reflect changes in market conditions and the Group's activities.

The Group, through its training and management standards and procedures, aims to develop a disciplined and constructive control environment in which all employees understand their roles and obligations.

The Group's Audit Committee oversees how management monitors compliance with the Group's risk management policies and procedures and reviews the adequacy of the risk management framework in relation to the risks faced by the Group.

### Credit risk

Management has a credit policy in place and the exposure to credit risk is monitored on an ongoing basis.

### Trade and other receivables

The Group's exposure to credit risk is influenced mainly by the individual characteristics of each customer, with the default risk of those customers being impacted by economic and legal changes in their sectors, primarily being the agricultural sector. Customers are subject to initial credit checks including trade references with credit limits reviewed regularly based on purchasing and payment performance. New customers are subject to restricted credit limits until a credit history is established. Due to the established nature of the businesses and customer relationships, the majority of customers have long-standing trading histories with the Group. Management ensure that, where possible, suitable credit arrangements or letters of credit are in place before dealing with new customers outside Ireland and the UK.

Goods are sold subject to retention of title clauses, so that in the event of non-payment the Group may have a secured claim.

The Group establishes an allowance for impairment that represents its estimate of expected credit losses in respect of trade and other receivables. The main component of this allowance is a specific loss component that relates to individually significant exposures.

The Group applies the simplified approach to providing for expected credit losses (ECLs) permitted by IFRS 9 Financial Instruments, which requires expected lifetime losses to be recognised from initial recognition of the trade receivables.

All allowance for impairment of trade and other receivables is established on both the ECLs and information available that the Group will not be able to collect all amounts due according to the original terms of the receivables. Significant financial difficulties of the debtor, probability the debtor will enter bankruptcy or financial reorganisation and default in payments are considered indicators that the receivable is impaired. The amount of the impairment allowance is the difference between the assets carrying amount and the present value of the estimated future cashflows. The amount of the impairment allowance is recognised in the Income Statement.

ECLs, except for the following, are measured as 12 month ECLs:

- Other receivables which have been determined to be low risk at the reporting date; and
- Other receivables for which there has not been a significant increase in credit risk (i.e. the risk of a default occurring) at the reporting date since the other receivable first originated.

A rating system has been utilised in relation to other receivables. A significant increase in credit risk is determined to have occurred if the rating of this system disimproves by a predetermined amount.

Lifetime ECLs are the ECLs that result from all possible default events over the expected life of a receivable. 12 month ECLs are the portion of ECLs that result from default events that are possible within 12 months after the reporting date (or a shorter period if the expected life of the receivable is less than 12 months).

### **Liquidity risk**

Liquidity risk is the risk that the Group will not be able to meet its financial obligations as they fall due. The Group's approach to managing liquidity is to ensure, as far as possible, that it will always have sufficient liquidity to meet its liabilities when due, under both normal and stressed conditions, without incurring unacceptable losses or risking damage to the Group's reputation.

At 31 August 2022, the Group had committed bank facilities of €8.4m (31 August 2021: €8.4m), including a Group overdraft facility of €8.4m (31 August 2021: €8.4m) for working capital requirements.

### **Market risk**

Market risk is the risk that changes in market prices, such as foreign exchange rates, interest rates and equity prices and the United Kingdom leaving the EU ('Brexit') will affect the Group's income and expenses or the value of its holdings of financial instruments. The objective of market risk management is to manage and control market risk exposures within acceptable parameters, while optimising the return.

At times, the Group buys forward contracts in order to manage market risks although the use of such instruments is limited.

### **Currency risk**

The Group is exposed to currency risk on sales, purchases and borrowings that are denominated in a currency other than the respective functional currencies of Group entities, primarily the Euro (€) and Sterling (GBP). The principal exposure relates to transactions denominated in GBP from entities with Euro functional currencies.

Overdrafts and borrowings are denominated in currencies that match the cash flows generated by the underlying operations of the Group, primarily Euro and GBP. This provides an economic hedge. In 2022 and 2021, the group entered into a foreign exchange hedge to further mitigate foreign currency exposure.

### **Capital management**

The Group considers that its capital comprises share capital, share premium, retained earnings and other reserves (excluding the translation, non-controlling interest and share options reserves) which amounted to €15.9m, at 31 August 2022 (2021: €22.6m).

The Board's policy is to maintain a strong capital base so as to maintain investor, creditor and market confidence and to sustain future development of the business. The Board of Directors monitor the return on capital, which the Group defines as net operating income divided by total shareholders' equity, excluding non-controlling interests. The Board of Directors also monitor the level of dividends to ordinary shareholders.

From time to time the Company purchases its own shares on the market; the timing of these purchases depends on market prices. Primarily the shares are intended to be used for awarding shares under the Group's share option programme.

The Group purchased no treasury shares during the year (2021: Nil).

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.

This surplus capital returned to shareholders was generated following the sale of the Group's shareholding in Nomadic Dairy Limited business on 5 November 2021 and is a strong endorsement of the Group's strategy in respect of its non-core assets which was first set out in 2012.

Other than the share redemption on 14 February 2022, there were no changes in the Group's approach to capital management during the year. Neither the Company nor any of its subsidiaries are subject to externally imposed capital requirements

## 6. Segment reporting

### Business segments

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 34.

*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.
- Geographical segments
- The Group operates in three geographical segments: Ireland; Europe and the Rest of the World. In presenting information on the basis of geographical segments, segment revenue is based on the geographical location of business segments. Segment assets are based on the geographical location of the assets.
- Information regarding the results of the reportable segment is included below. Performance is measured based on segment operating profit/(loss) as included in the internal management reports that are reviewed by the Group's CODM. Segment operating profit is used to measure performance, as such information is the most relevant in evaluating the results of the Group's segment. Segment results, assets and liabilities include all items directly attributable to a segment. Segment capital expenditure is the total amount incurred during the year to acquire segment assets that are expected to be used for more than one accounting year, excluding expenditure relating to business combinations.

	Produce		Total – Group	
	2022	2021	2022	2021
	€'000	€'000	€'000	€'000
<b>Group</b>				
Revenue – continuing operations	<b>25,220</b>	26,090	<b>25,220</b>	26,090
<b>Segmental result from continuing operations before exceptional items</b>	<b>605</b>	2,005	<b>605</b>	2,005
Exceptional items, net of tax			<b>(779)</b>	-
Change in fair value of investment property			<b>(22)</b>	(410)
Share option expense not allocated to subsidiary business			-	(51)
Net finance income/expense			<b>42</b>	77
Income tax (expense)/credit			<b>(66)</b>	302
<b>(Loss)/profit for the year– continuing operations</b>			<b>(220)</b>	1,923

	Produce		Total – Group	
	2022	2021	2022	2021
	€'000	€'000	€'000	€'000
Segment assets	<b>11,582</b>	11,731	<b>11,582</b>	11,731
Asset held for sale			-	14,388
Contingent consideration receivable			<b>2,400</b>	-
Deferred tax asset			<b>9</b>	-
Cash at bank (unallocated)			<b>7,899</b>	5,307
<b>Total assets as reported in Group Balance Sheet</b>			<b>21,890</b>	31,426
Segment liabilities	<b>3,634</b>	4,327	<b>3,634</b>	4,327
Bank overdraft (unallocated)			<b>4,123</b>	890
Loans and borrowings (unallocated)			<b>833</b>	731
Deferred tax liability			-	54
Liabilities directly associated with asset held for sale			-	3,661
<b>Total liabilities as reported in Group Balance Sheet</b>			<b>8,590</b>	9,663

#### Other segment information

Capital expenditure	<b>632</b>	1,575	<b>632</b>	1,575
Depreciation and amortisation	<b>522</b>	462	<b>522</b>	462
Change in fair value of investment property and other assets	<b>128</b>	371	<b>128</b>	371

	Ireland		Europe		Rest of world		Total – Group	
	2022	2021	2022	2021	2022	2021	2022	2021
	€'000	€'000	€'000	€'000	€'000	€'000	€'000	€'000
Total revenue from external customers								
(by origin)	<b>24,290</b>	25,367	<b>929</b>	698	<b>1</b>	25	<b>25,220</b>	26,090
Segment assets as reported in Group Balance Sheet	<b>17,287</b>	27,606	<b>3,080</b>	2,193	<b>1,523</b>	1,627	<b>21,890</b>	31,426
Capital expenditure	<b>254</b>	931	<b>356</b>	180	<b>22</b>	1,142	<b>632</b>	2,253

## Entity-wide disclosures

### 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	
	2022	2021
	€'000	€'000
Seed potatoes	25,220	26,090
	25,220	26,090

The Group had one customer that comprised greater than 10% of its total revenue in the year ended 31 August 2022 (2021: One)

## 7. Other income – continuing operations

	2022	2021
	€'000	€'000
Income from investment property rentals	64	88
Release of provision against loan to associate	150	-
Profit on disposal of investment property	-	80
Profit on disposal of other investments	6	-
Government grant	57	16
Gain on disposal of property, plant and equipment	1	15
	278	199

## 8. Other expense – continuing operations

	2022	2021
	€'000	€'000
Change in fair value of investment property	(22)	(410)
Loss on disposal of investment property	(12)	(2)
	(34)	(412)

## 9. Exceptional items

Exceptional items are those that, in the Director'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 Group Financial Statements.

The Group reports the following exceptional items:

		2022	2021
		€'000	€'000
Redundancy costs	a	(713)	-
Other legal costs	b	(66)	-
<b>Exceptional costs before tax – continuing operations</b>		<b>(779)</b>	-
Income tax expense in respect of exceptional items		-	-
<b>Exceptional costs after tax – continuing operations</b>		<b>(779)</b>	-
Profit on disposal of asset held for sale	c	13,120	-
<b>Exceptional profit from discontinued operations</b>		<b>13,120</b>	-
<b>Total exceptional income for the year</b>		<b>12,341</b>	-

a) Redundancy costs were incurred in the year in respect of a group restructuring, including in particular the wind up of the Group's Head Office operations

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

c) Profit on disposal of asset held for sale, Nomadic Dairy Limited, disposed on 5 November 2021 (note 35).

## 10. Personnel expenses

### Group

#### Employees

The average number of persons employed by the Group during the year was as follows:

	2022	2021
	Number	Number
Production	34	36
Administration	18	19
	<b>52</b>	<b>55</b>

The staff costs for the year for the above employees were:

	2022	2021
	€'000	€'000
Wages and salaries (including compensation for loss of office or other termination benefits)	4,039	2,658
Social welfare costs	337	379
Retirement benefit (note 27)	221	185
Share option expense (note 28)*	-	(339)
	<b>4,597</b>	<b>2,883</b>



\* The cash settlement of other share-based payments of €46,000 (excl. PRSI) was recognised through profit and loss in 2021. During 2021, 32,831 share options which were previously classified as cash settled (with a fair value of €386,000) were settled through the issuance of treasury shares. This resulted in a credit of €428,000 to the Group's Reserve for Own Shares and a debit of €17,000 recognised in retained earnings.

The Director's costs for the year were:

	2022	2021
	€'000	€'000
Wages and salaries (including compensation for loss of office or other termination benefits)	1,801	589
Social welfare costs	72	55
Retirement benefit (note 27)	6	61
Fees paid for Qualifying Services to Non-Executive Directors*	172	-
Share option expense (note 28)*	-	(261)
	<b>2,051</b>	<b>444</b>

\*The cash settlement of other share-based payments of €46,000 (excl. PRSI) was recognised through profit and loss in 2021. During 2021, 25,199 share options which were previously classified as cash settled (with a fair value of €307,000) were settled through the issuance of treasury shares. This resulted in a credit of €317,000 to the Group's Reserve for Own Shares and a debit of €2,000 recognised in retained earnings.

\*'Qualifying services', in relation to any person, means his or her services as a director of the company and his or her services, while director of the company, as director of any of its subsidiary undertakings or otherwise in connection with the management of the affairs of the company or any of its subsidiary undertakings

**Company**  
**Employees**

The average number of persons employed by the Company during the year was as follows:

	2022	2021
	Number	Number
Administration	2	4
	2	4

The staff costs for the year for the above employees were:

	2022	2021
	€'000	€'000
Wages and salaries (including compensation for loss of office or other termination benefits)	1,863	546
Social welfare costs	77	91
Retirement benefit (note 27)	59	68
Share option expense (note 28)*	-	(261)
	<b>1,999</b>	<b>444</b>

\* The cash settlement of other share-based payments of €46,000 (excl. PRSI) was recognised through profit and loss in 2021. During 2021, 25,199 share options which were previously classified as cash settled (with a fair value of €307,000) were settled through the issuance of treasury shares. This resulted in a credit of €317,000 to the Group's Reserve for Own Shares and a debit of €2,000 recognised in retained earnings.

The Director's costs for the year were:

	2022	2021
	€'000	€'000
Wages and salaries (including compensation for loss of office or other termination benefits)	1,801	589
Social welfare costs	72	55
Retirement benefit (note 27)	6	61
Fees paid for Qualifying Services to Non-Executive Directors*	172	-
Share option expense (note 28)*	-	(261)
	<b>2,051</b>	<b>444</b>

\*The cash settlement of other share-based payments of €46,000 (excl. PRSI) was recognised through profit and loss in 2021. During 2021, 25,199 share options which were previously classified as cash settled (with a fair value of €307,000) were settled through the issuance of treasury shares. This resulted in a credit of €317,000 to the Group's Reserve for Own Shares and a debit of €2,000 recognised in retained earnings.

\*'Qualifying services', in relation to any person, means his or her services as a director of the company and his or her services, while director of the company, as director of any of its subsidiary undertakings or otherwise in connection with the management of the affairs of the company or any of its subsidiary undertakings

## 11. Statutory and other information

The profit for the year has been arrived at after charging the following amounts:

	2022	2021
	€'000	€'000
Grant income	-	(16)
Depreciation	517	454
Amortisation of intangible assets	5	8
Auditor's remuneration – Group:		
– audit fees	82	69
– taxation services	80	51
– other non-audit services	5	-
Auditor's remuneration – Company:		
– audit fees	43	43
– taxation services	37	33

## 12. Finance income and expense – continuing operations

	2022	2021
	€'000	€'000
<b>Recognised in profit or loss</b>		
Interest income on loan stock	24	2
Net foreign exchange gain	95	120
Dividends received	2	-
<b>Finance income</b>	<b>121</b>	<b>122</b>
Interest expense on bank loans and overdraft	(79)	(45)
<b>Finance expense</b>	<b>(79)</b>	<b>(45)</b>
<b>Net finance income recognised in profit or loss</b>	<b>42</b>	<b>77</b>

	2022	2021
	€'000	€'000
<b>Recognised directly in other comprehensive income</b>		
Foreign currency translation differences for foreign operations	(40)	4
<b>Finance (expense)/income recognised in other comprehensive income, net of tax</b>	<b>(40)</b>	<b>4</b>

### Finance (expense)/income recognised in other comprehensive income, net of tax

Recognised in:

Translation reserve	(57)	1
Non-Controlling interest	17	3
	<b>(40)</b>	<b>4</b>

### 13. Income tax expense – continuing operations

	2022	2021
	€'000	€'000
<b>Current tax expense</b>		
Current year	129	198
Adjustment in respect of prior years	-	(58)
	<b>129</b>	<b>140</b>

#### Deferred tax credit

Origination and reversal of temporary differences	(63)	(442)
	<b>(63)</b>	<b>(442)</b>
<b>Income tax expense/(credit)</b>	<b>66</b>	<b>(302)</b>

	2022	2021
	€'000	€'000

#### Tax reconciliation

(Loss)/profit for year before tax – continuing activities	(154)	1,621
Tax at 12.5% (2021: 12.5%)	(19)	194
Expenses not allowable for tax purposes	172	44
Income not taxable	(118)	-
Income taxed at higher rate	12	52
Remeasurement of tax base costs of certain investment properties	-	(363)
Cash settlement of certain options through equity	-	(74)
Impact of changes in tax rates	(1)	-
Income tax withheld	-	1
Management charges utilised	(12)	(6)
Tax effect of current year Group relief claimed	-	(8)
Adjustment in respect of prior years	32	(142)
<b>Income tax expense/(credit)</b>	<b>66</b>	<b>(302)</b>

## 14. Property, plant and equipment

	Land and buildings	Plant and equipment	Fixtures and fittings	Motor vehicles & tanks	Total
	€'000	€'000	€'000	€'000	€'000
<b>Group</b>					
<b>Cost</b>					
Balance at 1 September 2020	2,937	7,598	249	242	11,026
Additions	63	1,648	334	133	2,178
Disposals	(21)	(78)	(4)	(53)	(156)
Effect of movements in exchange rates	52	98	3	2	155
Assets transferred to investment property (note 16)	(599)	-	-	-	(599)
Assets transferred to held for sale	(385)	(5,031)	12	141	(5,263)
Balance at 31 August 2021	2,047	4,235	594	465	7,341
Balance at 1 September 2021	2,047	4,235	594	465	7,341
Additions	-	438	18	176	632
Disposals	-	(133)	(4)	(37)	(174)
Effect of movements in exchange rates	(5)	105	-	-	100
Reclassification	5	3	(29)	-	(21)
Assets transferred to investment property (note 16)	(67)	-	-	-	(67)
<b>Balance at 31 August 2022</b>	<b>1,980</b>	<b>4,648</b>	<b>579</b>	<b>604</b>	<b>7,811</b>
<b>Depreciation and impairment losses</b>					
Balance at 1 September 2020	1,104	3,291	72	62	4,529
Depreciation for the year	182	768	33	94	1,077
Elimination on disposal	(20)	(78)	(4)	(37)	(139)
Effect of movements in exchange rates	22	78	3	1	104
Elimination on transfer to investment property (note 16)	(310)	-	-	-	(310)
Assets transferred to held for sale	(118)	(1,780)	482	142	(1,274)
Balance at 31 August 2021	860	2,279	586	262	3,987
Balance at 1 September 2021	860	2,279	586	262	3,987
Depreciation for the year	132	255	22	108	517
Elimination on disposal	-	(132)	(4)	(37)	(173)
Effect of movements in exchange rates	(2)	(4)	-	-	(6)

Reclassification	11	2	(35)	-	(22)
<b>Balance at 31 August 2022</b>	<b>1,001</b>	<b>2,400</b>	<b>569</b>	<b>333</b>	<b>4,303</b>
<b>Carrying amounts</b>					
At 1 September 2020	1,833	4,307	177	180	6,497
At 31 August 2021	1,187	1,956	8	203	3,354
At 1 September 2021	1,187	1,956	8	203	3,354
<b>At 31 August 2022</b>	<b>979</b>	<b>2,248</b>	<b>10</b>	<b>271</b>	<b>3,508</b>

#### Land assets

The carrying value of land not subject to depreciation at 31 August 2022 was €Nil (2021: €0.1m).

	Land and buildings	Plant and equipment	Fixtures and fittings	Total
	€'000	€'000	€'000	€'000
<b>Company</b>				
<b>Cost</b>				
Balance at 1 September 2020	662	28	41	731
Reclassification	-	10	-	10
Disposals	(595)	(4)	-	(599)
Balance at 31 August 2021	67	34	41	142
Balance at 1 September 2021	67	34	41	142
Reclassification	-	6	(29)	(23)
Assets transferred to investment property (note 16)	(67)	-	-	(67)
<b>Balance at 31 August 2022</b>	<b>-</b>	<b>40</b>	<b>12</b>	<b>52</b>
<b>Depreciation</b>				
Balance at 1 September 2020	302	22	37	361
Depreciation for the year	-	6	1	7
Elimination on transfer to investment property (note 16)	(302)	(8)	-	(310)
Balance at 31 August 2021	-	20	38	58
Balance at 1 September 2021	-	20	38	58
Depreciation for the year	-	-	1	1
Reclassification	-	12	(35)	(23)
<b>Balance at 31 August 2022</b>	<b>-</b>	<b>32</b>	<b>4</b>	<b>36</b>

### Carrying amounts

At 1 September 2020	360	6	4	370
At 31 August 2021	67	14	3	84
At 1 September 2021	67	14	3	84
<b>At 31 August 2022</b>	-	<b>8</b>	<b>8</b>	<b>16</b>

The carrying value of land not subject to depreciation at 31 August 2022 was €Nil (2021: €0.7m). The Company holds no leases (2021: None).

### Right of use assets

The Group presents right-of-use assets in 'property, plant and equipment', in the same line item as it presents underlying assets of the same nature that it owns. The movement in the Group's right-of-use assets is as follows:

	Land and buildings	Plant and equipment	Fixtures and fittings	Motor vehicles & tanks	Total
	€'000	€'000	€'000	€'000	€'000
<b>Group</b>					
At 1 September 2020, net carrying amount	392	276	15	177	860
Additions during the year	48	167	-	85	300
Disposals during the year	-	-	-	(17)	(17)
Depreciation charge during the year	(86)	(93)	(5)	(91)	(275)
Translation adjustment	-	-	1	1	2
<b>At 31 August 2021, net carrying amount</b>	<b>354</b>	<b>350</b>	<b>11</b>	<b>155</b>	<b>870</b>
At 1 September 2021, net carrying amount	354	350	11	155	870
Additions during the year	-	250	8	136	394
Depreciation charge during the year	(82)	(102)	(5)	(96)	(285)
Translation adjustment	-	(1)	-	-	(1)
<b>At 31 August 2022, net carrying amount</b>	<b>272</b>	<b>497</b>	<b>14</b>	<b>195</b>	<b>978</b>



## 15. Intangible assets

	Goodwill	Software	Acquisition related intangibles	Total
	€'000	€'000	€'000	€'000
<b>Group</b>				
<b>Cost</b>				
Balance at 1 September 2020	2,324	279	358	2,961
Additions	-	75	-	75
Assets transferred to held for sale	(1,824)	(84)	(272)	(2,180)
Balance at 31 August 2021	500	270	86	856
Balance at 1 September 2021	500	270	86	856
Additions	-	-	-	-
<b>Balance at 31 August 2022</b>	<b>500</b>	<b>270</b>	<b>86</b>	<b>856</b>
<b>Amortisation and impairment losses</b>				
Balance at 1 September 2020	-	173	194	367
Amortisation for year	-	13	27	40
Assets transferred to held for sale	-	(17)	(161)	(178)
Balance at 31 August 2021	-	169	60	229
Balance at 1 September 2021	-	169	60	229
Amortisation for year	-	5	-	5
<b>Balance at 31 August 2022</b>	<b>-</b>	<b>174</b>	<b>60</b>	<b>234</b>
<b>Carrying amounts</b>				
At 1 September 2020	2,324	106	164	2,594
At 31 August 2021	500	101	26	627
At 1 September 2021	500	101	26	627
<b>At 31 August 2022</b>	<b>500</b>	<b>96</b>	<b>26</b>	<b>622</b>

Intangible assets are amortised to the profit or loss over their estimated useful lives as follows: Software – 4 years; Acquisition related intangibles – 3 to 10 years.

Acquisition related intangibles include licenses and customer and brand related intangibles.

### Impairment testing for cash generating units containing goodwill

For the purposes of impairment testing, goodwill is allocated to the Group's specific business to which the goodwill originally derived, which represent the lowest level within the Group at which the goodwill is monitored for internal management purposes.

	2022	2022	2021	2021
	Seed Potatoes	Total	Seed Potatoes	Total
	€'000	€'000	€'000	€'000
Goodwill at the end of the year	500	500	500	500

Goodwill acquired through business combinations has been allocated to the above CGU for the purpose of impairment testing. The Group tests goodwill for impairment annually or more frequently if there are indicators that goodwill may be impaired. The recoverable amounts of the CGU are based on value in use calculations.

The key assumptions used to assess the recoverable amount of cash generating units and related impairment are as per below.

The cash flows are based on management approved budgets for FY2023 projected forward for an additional four years. The growth within the projections assumes an annual increase of 2% (2021: 2%), reflecting inflation and no other growth. For the purpose of calculating the terminal value, a terminal growth rate of 0% has been used.

The cashflow forecasts are discounted using appropriate risk adjusted discount rates averaging 6.0% (2021: 6.0%) reflecting the risk associated with the individual future cash flows and the risk-free rate.

The Group assesses the uncertainty of the above estimates by performing a sensitivity analysis. Management believes, therefore, that any reasonable change in any of the key assumptions would not cause the carrying value of the goodwill to exceed the recoverable amount.

No impairment of goodwill was identified in 2022 as a result of this review (2021: €Nil).

### Intangible assets

	Software
	€'000
<b>Company</b>	
<b>Cost</b>	
Balance at 1 September 2020	56
Additions	-
Balance at 31 August 2021	56
Balance at 1 September 2021	56
Additions	-
<b>Balance at 31 August 2022</b>	<b>56</b>
<b>Amortisation and impairment losses</b>	
Balance at 1 September 2020	55
Amortisation for the year	-
Balance at 31 August 2021	55
Balance at 1 September 2021	55
Amortisation for the year	-
<b>Balance at 31 August 2022</b>	<b>55</b>

**Carrying amounts**

At 1 September 2019	1
At 31 August 2020	1
<hr/>	
At 1 September 2021	1
<b>At 31 August 2022</b>	<b>1</b>
<hr/>	

## 16. Investment property

	2022	2021
	€'000	€'000
<b>Group</b>		
Balance at start of year	1,500	3,365
Reclassification from property plant and equipment	67	289
Disposal	(950)	(1,744)
Change in fair value	(22)	(410)
<b>Balance at end of year</b>	<b>595</b>	<b>1,500</b>

Investment property, comprising land and buildings, is held for capital appreciation and/or rental income and is not occupied by the Group. This also includes parts of properties owned by the Group which are sublet to third parties. The Group's investment properties at 31 August 2022 are located in Ireland. Investment property previously included the Oatfield site in Letterkenny which was sold in the year. The Group holds an interest in an office building along with other land and property assets. €67,000, which was held as Land and Buildings at 31 August 2021, was reclassified as investment property during 2022 (2021: €289,000).

	2022	2021
	€'000	€'000
<b>Company</b>		
Balance at start of year	200	1,575
Reclassification from property plant and equipment	67	289
Disposal	(200)	(1,744)
Change in fair value	3	80
<b>Balance at end of year</b>	<b>70</b>	<b>200</b>

### Measurement of fair value

#### (i) Fair value hierarchy

The fair value of investment property within the Group is determined by external registered independent appraisers having an appropriate recognised professional qualification and with recent experience in the location and category being valued. In general, valuations have been undertaken having regard to comparable market transactions between informed market participants at the 'highest and best use'. All of the investment property at 31 August 2022 was valued in accordance with consultation with external experts.

The fair value measurement for investment property of €595,000 (2021: €1,500,000) has been categorised as a Level 3 fair value based on the input to the valuation technique used (see Note 4).

#### (ii) Level 3 fair value

The table above reflects the reconciliation from opening balance to closing balance for Level 3 fair values.

A fair value movement of (€22,000) was identified in 2022 (2021: €410,000) in relation to Group investment property.

A fair value movement of €3,000 was identified in 2021 (2021: €80,000) in relation to Company investment property.

#### Valuation technique and significant unobservable inputs

The following table shows the valuation techniques used in measuring the fair value of investment property, as well as the significant unobservable inputs used. The comparable market transaction method is used for land held for sale or capital appreciation. The discounted cash flow approach is used for buildings that are sublet to third parties.

## Analysis of carrying value by valuation technique

	2022	2021
	€'000	€'000
Comparable market transactions	595	1,500

Valuation Technique	Significant unobservable inputs	Inter-relationship between key unobservable inputs and fair value measurement
<b>Comparable market transactions:</b> This method of valuation is used for land held for sale or capital appreciation. The value is based on comparable market transactions after discussion with independent registered property appraisers.	<b>Ireland</b> Comparable market price	<b>The estimated fair value would increase/(decrease) if:</b> Comparable market prices were higher/(lower)

## 17. Investment in associates

### Group

The Group's share of after tax profits in its associates for the year was €Nil (2021: €Nil).

	2022 Interest in associate	2022 Loans to associate	2022 Total	2021 Interest in associate	2021 Loans to associate	2021 Total
	€'000	€'000	€'000	€'000	€'000	€'000
Balance at start of year	-	261	261	-	260	260
Release of provision previously recognised against loan to associate	-	150	150	-	-	-
Repayment of loan & interest in associate	-	(412)	(412)	-	-	-
Interest charged	-	1	1	-	1	1
<b>Balance at end of year</b>	-	-	-	-	261	261

Investments in associates comprise of North Western Livestock Holdings Limited (NWLH). The total net loan notes and interest outstanding from North Western Livestock Holdings Limited at 31 August 2022 is €Nil (2021: €261,000).

	2022 Interest in Associate	2022 Loans to Associate	2022 Total	2021 Interest in Associate	2021 Loans to Associate	2021 Total
	€'000	€'000	€'000	€'000	€'000	€'000
Balance at start of year	-	261	261	-	260	260
Release of provision against loan to associate	-	150	150	-	-	-
Repayment of loan stock & interest in associate	-	(412)	(412)	-	-	-
Interest charged	-	1	1	-	1	1
<b>Balance at end of year</b>	-	-	-	-	261	261

## 18. Other investments

	2022	2021
	€'000	€'000

### Group

#### Non-current investments

Other investments	736	745
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The fair value of unquoted shares with a carrying value of €736,000 (2021: €736,000) has been based upon recent market transactions. Equity investments included €9,000 quoted shares in 2021 which were sold for €15,000 in 2022. Quoted shares have been stated at market value in the manner stated in Note 4 and Note 30.

	2022	2021
	€'000	€'000

#### Movement during the year

Balance at start of year	745	747
Fair value movement of equity investments	-	(2)
Disposals	(9)	-
<b>Balance at end of year</b>	<b>736</b>	<b>745</b>

The Group acquired 17.12% shareholding in Utkal Seeds Limited, a produce company based in India, on 8 March 2019. During the course of the financial year ended 31 August 2020, the Group increased its shareholding in Utkal Seeds Limited to 19.85 %.

The Group's exposure to credit, currency and interest rate risks related to other investments is disclosed in note 30.

	2022	2021
	€'000	€'000

### Company

#### Non-current investments

Other investment	-	9
Investments in subsidiaries	232	233
	<b>232</b>	<b>242</b>

	2022 Equity investments	2022 Investments in subsidiaries	2022 Total	2021 Equity investments	2021 Investments in subsidiaries	2021 Total
	€'000	€'000	€'000	€'000	€'000	€'000

#### Movement during the year

Balance at start of year	9	233	242	11	298	309
Revaluation of equity investments	-	-	-	-	56	56
Transfer to Assets held for sale	-	-	-	-	(121)	(121)

Sale of equity investment	(9)	-	(9)	-	-	-
Fair value movement of equity investments	-	(1)	(1)	(2)	-	(2)
<b>Balance at end of year</b>	-	<b>232</b>	<b>232</b>	9	233	242

Other equity investments included €9,000 quoted shares in 2021, which were sold for €15,000 in 2022. Quoted shares have been stated at market value in the manner stated in Note 4 and Note 30. The transfer to Asset held for sale in 2021 relates to the Company's equity investment in Nomadic Dairy Limited which was sold on 5 November 2021.

## 19. Deferred tax assets and liabilities

### Group

#### Recognised deferred tax assets and liabilities

Deferred tax assets and liabilities are attributable to the following:

	Assets		Liabilities		Net	
	2022	2021	2022	2021	2022	2021
	€'000	€'000	€'000	€'000	€'000	€'000
Property, plant and equipment	-	-	(68)	(6)	(68)	(6)
Investment property	-	-	-	(100)	-	(100)
Other investments	-	-	-	(3)	-	(3)
Tax losses forward	74	47	-	-	74	47
Other adjustments	3	8	-	-	3	8
Deferred tax assets/(liabilities)	77	55	(68)	(109)	9	(54)
Set off of tax	(68)	(55)	68	55	-	-
<b>Net deferred tax assets/(liabilities)</b>	<b>9</b>	<b>-</b>	<b>-</b>	<b>(54)</b>	<b>9</b>	<b>(54)</b>

### Group

#### Unrecognised deferred tax assets

Deferred tax assets have not been recognised in respect of the following items:

	2022	2021
	€'000	€'000
Tax losses	-	-
Investment property	745	827

Investment property tax losses for which no deferred tax asset has been recognised have no expiry date. It not anticipated that the unrecognised deferred tax asset will be utilised by the Group.

## Company

### Recognised deferred tax assets and liabilities

Deferred tax assets and liabilities are attributable to the following:

	Assets		Liabilities		Net	
	2022	2021	2022	2021	2022	2021
	€'000	€'000	€'000	€'000	€'000	€'000
Property, plant and equipment	1	1	-	-	1	1
Other investments	-	-	-	(3)	-	(3)
Tax losses forward	47	47	-	-	47	47
Deferred tax assets/(liabilities)	48	48	-	(3)	48	45
Set off of tax	-	(3)	-	3	-	-
Net deferred tax assets	48	45	-	-	48	45

### Unrecognised deferred tax assets

The Company had no unrecognised deferred tax assets or liabilities at 31 August 2022 (2021: €Nil).

### Recognised deferred tax assets and liabilities

Deferred tax assets and liabilities are attributable to the following:

	Balance at 1 Sep 2020	Recognised in profit or loss (1)	Recognised in other comprehensive income	Transfer to Asset held for sale (2)	Balance at 31 Aug 2021	Recognised in profit or loss (1)	Recognised in other comprehensiv e income	Balance at 31 Aug 2022
	€'000	€'000	€'000	€'000	€'000	€'000	€'000	€'000
Property, plant and equipment	(194)	129	-	59	(6)	(62)	-	(68)
Investment property	(373)	273	-	-	(100)	100	-	-
Other investments	(4)	1	-	-	(3)	3	-	-
Share based payments	17	(17)	-	-	-	-	-	-
Other deferred tax asset	1,123	55	-	(1,123)	55	22	-	77
	569	441	-	(1,064)	(54)	63	-	9

## Group

1. Continuing operations

2. A charge of €320,000 was recognised in profit or loss for Nomadic Dairy Limited for 31 August 2021 which was classified as an asset held for sale.



	Balance at 1 Sep 2020	Recognised in profit or loss	Recognised in other comprehensive income	Balance at 31 Aug 2021	Recognised in profit or loss	Recognised in other comprehensive income	Balance at 31 Aug 2022
	€'000	€'000	€'000	€'000	€'000	€'000	€'000
<b>Company</b>							
Property, plant and equipment	(103)	104	-	1	-	-	1
Investment property	(125)	125	-	-	-	-	-
Other investments	(3)	-	-	(3)	3	-	-
Tax losses forward	-	47	-	47	-	-	47
Share based payments	17	(17)	-	-	-	-	-
	(214)	259	-	45	3	-	48

## 20. Inventories

	2022	2021
	€'000	€'000
<b>Group</b>		
Packaging and other stocks	865	392
	865	392
	2022	2021
	€'000	€'000
<b>Inventories impairment</b>		
Balance at start of year	1	44
Provision for impairment	3	1
Impairment reversal	(1)	(44)
<b>Balance at end of year</b>	<b>3</b>	<b>1</b>

In 2022, an impairment charge to adjust the carrying value of inventory to net realisable value amounted to €3,000 (2021: €1,000). The charge is included in cost of sales. Total inventory costs of €14,585,000 (2021: €14,890,000) were charged to the statement of profit or loss and comprehensive income.

## 21. Biological Stock

	2022	2021
	€'000	€'000
<b>Group</b>		
Balance at start of year	1,024	993
Additions	1,005	1,149
Harvested stock charged to profit and loss	(946)	(1,159)
Movement in fair value of stock	(36)	4
Foreign exchange movement	(3)	37
<b>Balance at end of year</b>	<b>1,044</b>	<b>1,024</b>

### Fair value hierarchy

The fair value measurements for the Group's biological assets have been categorised as level 3 fair values based on the inputs to the valuation techniques used which are not based on observable market data.

### Valuation technique and significant unobservable inputs

The fair value of biological assets is determined by management using a discounted cashflow approach and the table below summarises the unobservable inputs used for seed potatoes.

Product	Valuation Technique	Significant unobservable inputs	Inter-relationship between key unobservable inputs and fair value measurement
<b>Seed potatoes</b>	<p><b>Discounted cashflows</b></p> <p>This method of valuation considers the present value of the net cashflows expected to be generated by the biological assets. The cashflow projections include estimates of yields based on test digs allowing for 5% weight loss, sales prices, production and harvest costs including storage and grading. The expected net cashflows are discounted using a risk-adjustment factor to factor in volatility of weather, production and pricing and future farming costs.</p>	<p><b>Inclusive of</b></p> <ul style="list-style-type: none"> <li>estimated yields based on historical yields that are adjusted to reflect current growing conditions, variety of product and farm locations</li> <li>estimated cash inflows based on forecast pricing</li> <li>estimated production, harvesting and transportation costs</li> <li>risk adjusted discount rates</li> </ul>	<p><b>The estimated fair value would increase/(decrease) if:</b></p> <ul style="list-style-type: none"> <li>estimated yields were higher/(lower)</li> <li>estimated potato prices were higher/(lower)</li> <li>estimated production, harvesting and transportation costs were lower/(higher)</li> <li>the risk-adjusted discount rates were lower/(higher)</li> </ul>

## 22. Trade and other receivables

	2022	2021
	€'000	€'000
<b>Group</b>		
<b>Current trade and other receivables</b>		
Trade receivables	2,134	2,438
Value added tax	252	177
Other receivables	230	25
Loan to other investments*	501	-
Prepayments	1,059	1,188
	<b>4,176</b>	<b>3,828</b>

\* Loan carries an interest rate of 12% and is repayable on 18 May 2023.

	2022	2021
	€'000	€'000
<b>Company</b>		
<b>Current trade and other receivables</b>		
Other receivables due from subsidiary undertakings	3,500	3,500
Other receivables	230	1
Prepayments	196	77
	<b>3,926</b>	<b>3,578</b>

The Group and Company exposure to credit and currency risks and impairment losses related to trade and other receivables are disclosed in note 30.

## 23. Cash and cash equivalents

	2022	2021
	€'000	€'000
<b>Group</b>		
Cash at bank	7,899	5,307
Bank overdraft	(4,123)	(890)
Bank balances net of overdrafts due within one year	3,776	4,417

A further €3.3m of cash at bank was held as an asset held for sale at 31 August 2021 (see note 34).

	2022	2021
	€'000	€'000
<b>Company</b>		
Cash at bank	4,836	4,479
Bank Overdraft	(2,535)	(890)
Bank balances including overdrafts due within one year, net	2,301	3,589

At the year end, there was a Group facility with the bank which allows for legal offset of the Group and certain subsidiary bank balances. These amounts are presented gross on the statement of financial position as there was no intention to settle net these balances. The Company's bank overdraft is repayable on demand and used for cash management purposes. The Group's and Company's exposure to interest rate risk and a sensitivity analysis for financial assets and liabilities are disclosed in note 30.

## 24. Capital and reserves

### 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
<b>Authorised</b>							
Balance at start of year	50,000,000	6,500	800,000	104	800,000	104	6,708
Amendment to the capital in the period	-	-	507,190	66	507,190	66	132
<b>Balance at end of year</b>	<b>50,000,000</b>	<b>6,500</b>	<b>1,307,190</b>	<b>170</b>	<b>1,307,190</b>	<b>170</b>	<b>6,840</b>
<b>Issued, called up and fully paid</b>							
Balance at start of year	2,895,958	376	-	-	-	-	376
Converted in the period	(1,306,497)	(170)	1,306,497	170	-	-	-
Redeemed in the year	-	-	(1,306,497)	(170)	-	-	(170)
<b>Balance at end of year</b>	<b>1,589,461</b>	<b>206</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>206</b>

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.

#### **Share premium**

Share premium represents the excess amount received above nominal value on issuance of ordinary shares.

#### **Other undenominated share capital**

Other undenominated share capital of €169,844 (1,306,497 ordinary shares redeemed) arose as a result of the share redemption in the year.

#### **Translation reserve**

The translation reserve comprises cumulative foreign currency differences arising from the translation of the net assets of foreign operations until the investments are derecognised.

#### **Reserve for own shares**

The reserve for the Company's own shares comprises the cost of the Company's shares held by the Group. At 31 August 2022, the Group held 67,168 of the Company's shares (2021: 67,168). This represented 4.2% (2021: 2.3%) of the issued share capital of the Company. The distribution of retained earnings is restricted by the value of own shares held.

The Group purchased no treasury shares during the financial year ended 31 August 2022 (2021 Nil).

#### **Revaluation reserve**

The revaluation reserve relates to the revaluation of property, plant and equipment and includes revaluation gains or losses upon the reclassification of property, plant and equipment to investment property.

#### **Dividends**

A dividend was not declared in respect of 2022 or 2021. A minority interest dividend was not paid during the year (2021: €133,000) by subsidiary undertakings of the Company.

## 25. Earnings per share

The calculation of basic and diluted earnings/(loss) per share is set out below:

	2022	2021
	€'000	€'000
<b>Profit attributable to ordinary shareholders</b>		
(Loss)/profit for the year – continuing operations	(220)	1,923
Profit for the year – discontinued operations	13,478	2,269
Profit for the year	13,258	4,192
Profit attributable to ordinary shareholders	13,314	3,877

	2022	2021
	Number	Number
<b>Weighted average number of ordinary shares in thousands of shares</b>		
Weighted average number of ordinary shares in issue for the year	2,189	2,896
Weighted average number of treasury shares	(67)	(68)
Denominator for basic earnings per share	2,122	2,828
Effect of share options in issue	-	-
<b>Weighted average number of ordinary shares (diluted) at end of year</b>	<b>2,122</b>	<b>2,828</b>

	2022	2021
<b>Earnings per share:</b>		
<b><i>Basic earnings per share (euro cent):</i></b>		
Continuing	(7.83)	72.90
Discontinued	635.25	64.17
	<b>627.42</b>	137.07
<b><i>Diluted earnings per share (euro cent):</i></b>		
Continuing	(7.83)	72.90
Discontinued	635.25	64.17
	<b>627.42</b>	137.07

## 26. Loans and borrowings

### Group

This note provides information about the contractual terms of the Group's interest-bearing loans and borrowings, which are measured at amortised cost. For more information about the Group's exposure to interest rate, foreign currency and liquidity risk, see note 30.

	2022	2021
	€'000	€'000
<b>Non-current liabilities</b>		
Lease liabilities	561	478
	<b>561</b>	478
<b>Current liabilities</b>		
Lease liabilities	272	253
	<b>272</b>	253
<b>Total</b>	<b>833</b>	731

### Terms and debt repayment schedule

Terms and conditions of outstanding loans were as follows:

	Currency	Nominal interest rate	Year of maturity	2022 Face value	2022 Carrying amount	2021 Face value	2021 Carrying amount
				€'000	€'000	€'000	€'000
Lease liabilities	eur	2 - 6%	2022-2027	898	833	776	731
<b>Total interest-bearing liabilities</b>				<b>898</b>	<b>833</b>	776	731

## Lease liabilities

Lease liabilities are payable as follows:

	Future minimum lease payments 2022	Interest 2022	Present value of minimum lease payments 2022	Future minimum lease payments 2021	Interest 2021	Present value of minimum lease payments 2021
	€'000	€'000	€'000	€'000	€'000	€'000
Less than one year	301	29	272	274	21	253
Between one and two years	228	20	208	192	14	178
Between two and three years	190	10	180	141	7	134
Between three and four years	124	5	119	109	2	107
Between four and five years	55	1	54	60	1	59
	<b>898</b>	<b>65</b>	<b>833</b>	776	45	731

The maturity of non current borrowing is as follows:

	2022	2021
	€'000	€'000
Between 1 and 2 years	208	178
Between 2 and 6 years	353	300
	<b>561</b>	478



**Reconciliation of movements of interest bearing loans and borrowings to cashflows arising from financing activities**

	Other adjustments	Bank borrowings	Lease liabilities	Share capital and share premium	Other res & retained earnings & NCI	Total
	€'000	€'000	€'000	€'000	€'000	€'000
<b>Balance at 1 September 2020</b>	136	-	770	3,351	13,938	18,195
Changes from financing cashflows						
Lease repayments	-	-	(344)	-	-	(344)
Dividend paid to non-controlling interest	-	-	-	-	(134)	(134)
Share based payments	(187)	-	-	-	(563)	(750)
Share redemption	-	-	-	-	(9,990)	(9,990)
<b>Total changes from financing cashflows</b>	<b>(187)</b>	<b>-</b>	<b>(344)</b>	<b>-</b>	<b>(10,687)</b>	<b>(11,218)</b>
Settlement of equity-settled share options	-	-	-	-	25	25
Reclassification of equity-settled share options	-	-	-	-	386	386
Share Redemption	-	-	-	-	9,990	9,990
Share based payments	-	-	-	-	563	563
Other cash settled option adjustments	51	-	-	-	-	51
New leases incl interest	-	-	266	-	-	266
Other changes	-	-	39	-	4,197	4,236
<b>Total equity related and other changes</b>	<b>51</b>	<b>-</b>	<b>305</b>	<b>-</b>	<b>15,161</b>	<b>15,517</b>
<b>Balance at 31 August 2021</b>	<b>-</b>	<b>-</b>	<b>731</b>	<b>3,351</b>	<b>18,412</b>	<b>22,494</b>
<b>Balance at 1 September 2021</b>	<b>-</b>	<b>-</b>	<b>731</b>	<b>3,351</b>	<b>18,412</b>	<b>22,494</b>
Changes from financing cashflows						
Loan to other investments	(501)	-	-	-	-	(501)
Lease repayments	-	-	(312)	-	-	(312)
Share redemption	-	-	-	-	(19,989)	(19,989)
<b>Total changes from financing cashflows</b>	<b>(501)</b>	<b>-</b>	<b>(312)</b>	<b>-</b>	<b>(19,989)</b>	<b>(20,802)</b>
Share Redemption	-	-	-	(170)	170	-
Derecognition of minority interest	-	-	-	-	(1,692)	(1,692)
New leases incl interest	-	-	414	-	-	414
Other changes	-	-	-	-	13,218	13,218
<b>Total equity related and other changes</b>	<b>-</b>	<b>-</b>	<b>414</b>	<b>(170)</b>	<b>11,696</b>	<b>11,940</b>
<b>Balance at 31 August 2022</b>	<b>(501)</b>	<b>-</b>	<b>833</b>	<b>3,181</b>	<b>10,119</b>	<b>13,632</b>

## 27. Employee benefits

The Group operates three defined contribution schemes, one of which is operated by the Company. The assets of the schemes are held separately from those of the Companies in independently administered funds. The pension charge represents contributions payable by the companies to the funds and totalled €221,000 for the year ended 31 August 2022 (2021: €185,000). At 31 August 2022, €18,000 (2021: €32,000) was included within creditors in respect of defined contribution pension liabilities.

## 28. Share-based payments

### Equity settled share based payments

On 27 July 2005, the Group established an equity settled share option programme that entitles key management personnel and senior employees to purchase shares in the Company. The scheme permits the grant of options limited to 3% of the ordinary share capital of the Company in any three year period. Options vest three years after the date of grant and no option is capable of exercise later than seven years after the date of grant. Options are granted at the discretion of the Remuneration Committee.

On 1 July 2015, at an annual general meeting, a share option scheme for full time Executives was approved by shareholders. The scheme permits the grant of options limited to 5% of the ordinary share capital in any ten year period. No option is capable of exercise later than seven years after the date of the grant. Options are granted at the discretion of the Remuneration Committee. The scheme shall expire ten years after the adoption date.

At 31 August 2020, 64,499 options remained outstanding, on the 7 September 2020, the Remuneration Committee decided that all outstanding share options were to be either: (1) Cash settled, in accordance with the terms of the share option scheme, at a price per share of €12.50; or (2) Exercised by the underlying option holders at the relevant exercise price. As a result, 31,668 share options were cash settled at €12.50 per share in accordance with the terms of the share option scheme with a further 32,831 share options being exercised by the underlying option holders at the relevant exercise price and settled through the issuance of treasury shares.

All options granted under both the 2005 and 2015 share option scheme are now expired or have been exercised/cash settled. While the 2015 share option scheme remains open, there were no options vesting or available for exercise at 31 August 2022 (31 August 2021: Nil).

### Cash settled share based payments

In 2015, a cash settled share performance plan was put in place that entitles key management and senior employees to a cash payment based on the following metrics. 70,000 options were granted on 1 December 2017 where one third can be exercised after one year, one third after two years and one third after three years. 70,000 options were granted on 1 April 2017 where one third can be exercised after one year, one third after two years and one third after three years. 70,000 options were granted on 1 April 2016 where one third can be exercised after one year, one third after two years and one third after three years. 70,000 options were granted on 1 April 2015 where one third can be exercised after one year, one third after two years and one third after three years. No option is capable of exercise later than seven years after the grant date. Options are granted at the discretion of the Remuneration Committee.

At 31 August 2020, 23,333 options remained outstanding and were exercised during the year. All options granted under the 2015 cash settled share performance plan have been exercised. There were no options vesting or available for exercise at 31 August 2022 (31 August 2021: Nil).

	2022	2021
	€'000	€'000
<b>Employee expenses</b>		
Equity settled share options granted in 2014	-	(385)
Share performance plan options granted in December 2017	-	46
<b>Total expense recognised as employee costs</b>	-	(339)

## 29. Trade and other payables

	2022	2021
	€'000	€'000
<b>Group</b>		
<b>Current</b>		
Trade payables	722	281
PAYE	37	58
PRSI	32	36
Accrued expenses	2,557	3,404
Value added tax	110	147
	<b>3,458</b>	<b>3,926</b>
<b>Non current</b>		
Capital grant	176	211
	<b>176</b>	<b>4,137</b>

The Group's exposure to currency and liquidity risk related to trade and other payables is disclosed in note 30.

	2022	2021
	€'000	€'000
<b>Company</b>		
Payables due to subsidiary undertakings	129	128
Other trade payables	154	24
PAYE	-	14
PRSI	-	6
Accrued expenses	703	1,526
Value added tax	110	147
	<b>1,096</b>	<b>1,845</b>

The Company's exposure to currency and liquidity risk related to trade and other payables is disclosed in note 30. Payables due to subsidiary undertakings are interest free and repayable on demand.

### 30. Financial instruments

#### Accounting classifications and fair values

The following table shows the carrying amounts and fair values of financial assets and liabilities, including their levels in the fair value hierarchy.

	Fair value through profit or loss	Assets at amortised cost	Liabilities at amortised cost	Total carrying amount	Fair value
	2022 €'000	2022 €'000	2022 €'000	2022 €'000	2022 €'000
<b>Group</b>					
Other investments	736	-	-	736	736
Trade receivables and other receivables*	-	3,117	-	3,117	3,117
Contingent consideration receivable	-	2,400	-	2,400	2,400
Cash at bank	-	7,899	-	7,899	7,899
Trade and other payables	-	-	(3,458)	(3,458)	(3,458)
Finance lease liability	-	-	(833)	(833)	(833)
Bank overdraft	-	-	(4,123)	(4,123)	(4,123)
	<b>736</b>	<b>13,416</b>	<b>(8,414)</b>	<b>5,738</b>	<b>5,738</b>

\*For the purposes of this analysis prepayments have not been included within other receivables. Carrying value of trade receivables and other receivables are stated net of impairment provision where appropriate and consequently fair value is considered to approximate carrying value.

	Fair value through profit or loss	Assets at amortised cost	Liabilities at amortised cost	Total carrying amount	Fair value
	2021 €'000	2021 €'000	2021 €'000	2021 €'000	2021 €'000
<b>Group</b>					
Other investments	745	-	-	745	745
Loan to associates	-	261	-	261	261
Trade receivables and other receivables*	-	2,640	-	2,640	2,640
Cash at bank	-	5,307	-	5,307	5,307
Trade and other payables	-	-	(3,926)	(3,926)	(3,926)
Finance lease liability	-	-	(731)	(731)	(731)
Bank overdraft	-	-	(890)	(890)	(890)
	<b>745</b>	<b>8,208</b>	<b>(5,547)</b>	<b>3,406</b>	<b>3,406</b>

\*For the purposes of this analysis prepayments have not been included within other receivables. Carrying value of trade receivables and other receivables are stated net of impairment provision where appropriate and consequently fair value is considered to approximate carrying value.

	Fair value through profit or loss	Assets at amortised cost	Liabilities at amortised cost	Total carrying amount	Fair value
	2022 €'000	2022 €'000	2022 €'000	2022 €'000	2022 €'000
<b>Company</b>					
Trade receivables due from group companies	-	3,500	-	3,500	3,500
Trade receivables and other receivables*	-	230	-	230	230
Contingent consideration receivable	-	2,400	-	2,400	2,400
Cash at bank	-	4,836	-	4,836	4,836
Payables due to subsidiary undertaking	-	-	(129)	(129)	(129)
Trade and other payables	-	-	(967)	(967)	(967)
Bank Overdraft	-	-	(2,535)	(2,535)	(2,535)
	-	10,966	(3,631)	7,335	7,335

\*For the purposes of this analysis prepayments have not been included within other receivables. Carrying value of trade receivables and other receivables are stated net of impairment provision where appropriate and consequently fair value is considered to approximate carrying value.

	Fair value through profit or loss	Assets at amortised cost	Liabilities at amortised cost	Total carrying amount	Fair value
	2021 €'000	2021 €'000	2021 €'000	2021 €'000	2021 €'000
<b>Company</b>					
Other investments	9	-	-	9	9
Loan to associates	-	261	-	261	261
Trade receivables due from group companies	-	3,500	-	3,500	3,500
Trade receivables and other receivables*	-	1	-	1	1
Cash at bank	-	4,479	-	4,479	4,479
Payables due to subsidiary undertaking	-	-	(128)	(128)	(128)
Trade and other payables	-	-	(1,717)	(1,717)	(1,717)
Bank Overdraft	-	-	(890)	(890)	(890)
	9	8,241	(2,735)	5,515	5,515

\*For the purposes of this analysis prepayments have not been included within other receivables. Carrying value of trade receivables and other receivables are stated net of impairment provision where appropriate and consequently fair value is considered to approximate carrying value.

The carrying amounts of loans and receivables, trade and other payables are deemed to be a reasonable approximation of fair value. The basis for determining fair values is disclosed in note 4. The fair value of secured loans and finance lease liabilities has been calculated using discounted cash flows. The Group has availed of the exemption in IFRS 7 'Financial instruments: Disclosure' in respect of additional disclosures where fair value closely approximates the amortised cost carrying value.

#### Credit risk

##### Exposure to credit risk

Credit risk is the risk of financial loss to the Group and Company if a customer or counterparty to a financial instrument fails to meet its contractual obligations and arises principally from the Group and Company's receivables from customers and other equity investments.

The carrying amount of financial assets represents the maximum credit exposure of the Group and Company. The maximum exposure to credit risk at the reporting date was:

	Note	Carrying amount	
		2022	2021
		€'000	€'000
<b>Group</b>			
Loans due from associates	17	-	261
Other investments	18	736	745
Trade receivables	22	2,134	2,438
Contingent consideration receivable	35	2,400	-
Other receivables and valued added tax	22	983	202
		<b>6,253</b>	3,646

	Note	Carrying amount	
		2022	2021
		€'000	€'000
<b>Company</b>			
Loans due from associates	17	-	261
Other investments	18	-	9
Trade receivables from subsidiary undertakings	22	3,500	3,500
Contingent consideration receivable	35	2,400	-
Other receivables including value added tax	22	230	1
		<b>6,130</b>	3,771

The maximum exposure to credit risk for trade receivables of the Group at the reporting date by geographic region was:

	Carrying amount	
	2022	2021
	€'000	€'000
<b>Group</b>		
Ireland	820	730
United Kingdom	215	441
Other Euro-zone countries	680	726
Other regions	419	541
	<b>2,134</b>	<b>2,438</b>

All receivables from related parties arise in Ireland and are Euro denominated. Similarly, loans to associates arise in Ireland and are Euro denominated.

The maximum exposure to credit risk from trade receivables of the Company at the reporting date by geographic region was:

	Carrying amount	
	2022	2021
	€'000	€'000
<b>Company</b>		
Ireland	-	-

The maximum exposure to credit risk for trade receivables of the Group at the reporting date by type of customer was:

	Carrying amount	
	2022	2021
	€'000	€'000
<b>Group</b>		
Wholesale customers	519	650
Retail customers	1,615	1,788
	<b>2,134</b>	<b>2,438</b>

The maximum exposure to credit risk for trade receivables of the Company at the reporting date by type of customer was:

	Carrying amount	
	2022	2021
	€'000	€'000
<b>Company</b>		
Wholesale customers	-	-

The following table details the ageing of gross trade receivables and the related loss allowance:

	Gross	Expected loss rate	Loss allowance	Net	Gross	Expected loss rate	Loss allowance	Net
	2022	2022	2022	2022	2021	2021	2021	2021
	€'000	%	€'000	€'000	€'000	%	€'000	€'000
<b>Group</b>								
Not past due	532	0%	-	532	137	1.0%	(1)	136
Past due < 30 days	27	3.7%	(1)	26	175	1.0%	(2)	173
Past due 30 – 365 days	1,574	3.2%	(51)	1,523	2,170	2.5%	(55)	2,115
Past due > 365 days	716	92.6%	(663)	53	586	97.6%	(572)	14
	<b>2,849</b>	<b>25.1%</b>	<b>(715)</b>	<b>2,134</b>	<b>3,068</b>	<b>20.5%</b>	<b>(630)</b>	<b>2,438</b>

The movement in the allowance for impairment in respect of trade receivables during the year was as follows:

	2022	2021
	€'000	€'000
Balance at start of year	630	1,012
Arising from transfer of receivables to asset held for sale	-	(187)
Impairment provision offset	-	(30)
Debts recovered	-	-
Remeasurement of loss allowance	85	(165)
<b>Balance at end of year</b>	<b>715</b>	<b>630</b>

No significant credit risk is perceived with respect to receivables due from related parties. Loans to associates are routinely reviewed for impairment. No impairment was recognised in respect of associate loans in 2022 (2021: €Nil).

No significant credit risk is perceived with respect to receivables due from related parties. Loans to associates are routinely reviewed for impairment. No impairment was recognised in respect of associate loans in 2022 (2021: €Nil). The Company considers the credit risk to be low in relation to amounts owed from Group Companies and therefore the expected credit loss is immaterial.

#### Liquidity risk

The following are the contractual maturities of financial liabilities, including estimated interest payments and excluding the impact of netting agreements:

	Carrying amount	Contractual cash flows	6 mths or less	6 – 12 mths	1 – 2 years	2 – 5 years	More than 5 years
	€'000	€'000	€'000	€'000	€'000	€'000	€'000
<b>31 August 2022</b>							
<b>Group</b>							
Lease liabilities	(833)	(898)	(151)	(150)	(228)	(369)	-
Bank overdraft	(4,123)	(4,123)	(4,123)	-	-	-	-
Trade and other payables	(3,458)	(3,458)	(3,458)	-	-	-	-



	(8,414)	(8,479)	(7,732)	(150)	(228)	(369)	-
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	Carrying amount	Contractual cash flows	6 mths or less	6 – 12 mths	1 – 2 years	2 – 5 years	More than 5 years
	€'000	€'000	€'000	€'000	€'000	€'000	€'000

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Lease liabilities	(731)	(776)	(137)	(137)	(192)	(310)	-
Bank overdraft	(890)	(890)	(890)	-	-	-	-
Trade and other payables	(3,926)	(3,926)	(3,926)	-	-	-	-
	(5,547)	(5,592)	(4,953)	(137)	(192)	(310)	-

	Carrying amount	Contractual cash flows	6 mths or less	6 – 12 mths	1 – 2 years	2 – 5 years	More than 5 years
	€'000	€'000	€'000	€'000	€'000	€'000	€'000
<b>31 August 2022</b>							
<b>Company</b>							
Payables due to subsidiary undertakings	(129)	(129)	(129)	-	-	-	-
Bank overdraft	(2,535)	(2,535)	(2,535)	-	-	-	-
Trade and other payables	(967)	(967)	(967)	-	-	-	-
	<b>(3,631)</b>	<b>(3,631)</b>	<b>(3,631)</b>	-	-	-	-

	Carrying amount	Contractual cash flows	6 mths or less	6 – 12 mths	1 – 2 years	2 – 5 years	More than 5 years
	€'000	€'000	€'000	€'000	€'000	€'000	€'000

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Payables due to subsidiary undertakings	(128)	(128)	(128)	-	-	-	-
Bank overdraft	(890)	(890)	(890)	-	-	-	-
Trade and other payables	(1,717)	(1,717)	(1,717)	-	-	-	-
	<b>(2,735)</b>	<b>(2,735)</b>	<b>(2,735)</b>	-	-	-	-

#### Currency risk

##### Exposure to currency risk

The Group's exposure to foreign currency risk on financial instruments that impact profit or loss at the balance sheet date was as follows:

	2022	2021
	€'000	€'000
Trade receivables	634	443
Bank balance	2,067	14
Trade payables	(449)	(100)
<b>Gross balance sheet exposure</b>	<b>2,252</b>	<b>357</b>

The following significant exchange rates applied during the year:

	Average rate		Reporting date spot rate	
	2022	2021	2022	2021
GBP to Euro	1.18	1.14	1.16	1.17

### Sensitivity analysis

A 10 percent strengthening of the euro against the following currencies at 31 August 2021 would have (decreased)/increased equity and profit or loss by the amounts shown below. This analysis assumes that all other variables, in particular interest rates, remain constant. The analysis is performed on the same basis for 2021.

	Equity	Profit or loss
	€'000	€'000
<b>GBP</b>		
<b>31 August 2022</b>	<b>(364)</b>	<b>70</b>
31 August 2021	(211)	86

A 10 percent weakening of the euro against the above currencies at 31 August would have had the equal but opposite effect on the above currencies to the amounts shown above, on the basis that all other variables remain constant.

### Interest rate risk

#### Profile

At the reporting date, the interest rate profile of the Group's interest-bearing financial instruments was solely variable.

#### Cash flow sensitivity analysis for variable rate instruments

A change of 100 basis points in interest rates at the reporting date would have (decreased)/increased equity and profit or loss by the amounts shown below. This analysis assumes that all other variables, in particular foreign currency rates, remain constant. The analysis is performed on the same basis for 2021.

	Profit or loss		Equity	
	100 bp increase	100 bp decrease	100 bp increase	100 bp decrease
	€'000	€'000	€'000	€'000
<b>31 August 2022</b>				
<b>Cash flow sensitivity (net)</b>	<b>(20)</b>	<b>20</b>	<b>(20)</b>	<b>20</b>
31 August 2021				
Cash flow sensitivity (net)	(16)	16	(16)	16

## Fair values

### Fair Value Hierarchy

The Group uses the following hierarchy for determining and disclosing the fair value of financial instruments by valuation technique:

- Level 1: quoted (unadjusted) prices in active markets for identical assets or liabilities;
- Level 2: other techniques for which all inputs which have a significant effect on the recorded fair value are observable, either directly or indirectly; and
- Level 3: techniques which use inputs which have a significant effect on the recorded fair value that are not based on observable market data.

At 31 August 2022 and 31 August 2021, the Group recognised and measured the following financial instruments at fair value:

	2022	2022	2022	2022
	Total	Level 1	Level 2	Level 3
	€'000	€'000	€'000	€'000
Equity investments	736	-	-	736

	2021	2021	2021	2021
	Total	Level 1	Level 2	Level 3
	€'000	€'000	€'000	€'000
Equity investments	745	-	9	736

### Valuation techniques and significant unobservable inputs

Class of financial instruments measured at fair value	Level	Valuation technique	Significant unobservable inputs
Equity investment	Level 2	Fair value is estimated by reference to the observable share price of the entity.	Not applicable
Equity investment	Level 3	Fair value is based on recent market comparable transactions.	Not applicable

## Additional disclosures for level 2 fair value measurements

	2022	2021
	€'000	€'000
<b>Quoted equity investments</b>		
Balance at start of year	9	11
Revaluation	-	(2)
Disposal of quoted equity investment	(9)	-
<b>Balance at end of year</b>	-	9

### Interest rates used for determining fair value

The interest rates used to discount estimated cash flows, where applicable, are based on the government yield curve at the reporting date plus an adequate credit spread, and were as follows:

	2022	2021
Derivatives	3.1%	3.1%
Loans and borrowings	1.8%	1.8%
Leases	2.0%–6.0%	2.0%–6.0%

## 31. Operating leases

Leases as lessor

The future minimum lease payments receivable under non-cancellable leases are as follows:

	2022	2021
	€'000	€'000
Less than one year	39	48
Between one and five years	111	147
	150	195

During the year ended 31 August 2022, €64,000 was recognised as rental income in the income statement (2021: €88,000). Expense charges against this income was as follows: maintenance costs €Nil (2021: €Nil).

## 32. Capital and other commitments

At the year end, there were no capital commitments authorised by the Directors and not provided for in the financial statements (2021: €110,000). The Group currently has financial commitments in respect of the planting of seed potatoes for the 2022/2023 season totalling 1,669 hectares (2021: 1,679 hectares).

### 33. Contingencies

Capital grants up to a maximum of €309,000 (2021: €369,000) could become repayable in certain circumstances as set out in the agreements.

### 34. 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. The revenue, results and cashflows of the Group's discontinued operations were as follows:

	2022	2021
	€'000	€'000
Revenue	3,557	17,409
Cost of sales	(2,318)	(11,088)
<b>Gross profit</b>	<b>1,239</b>	6,321
Other income	3	495
Distribution expenses	(369)	(1,674)
Administrative expenses	(451)	(2,540)
<b>Profit from operating activities</b>	<b>422</b>	2,602
Finance income	-	-
Finance expense	(42)	(12)
Net finance expense	(42)	9
<b>Results for the period before taxation</b>	<b>380</b>	2,590
Income tax	(22)	(322)
<b>Results for the period after taxation</b>	<b>358</b>	2,269
<b>Profit on disposal of discontinued operations</b>	<b>13,120</b>	-
<b>Profit for the period on discontinued operations</b>	<b>13,478</b>	-
<b>Cashflow</b>		
Net cash from operating activities	(26)	2,441
Net cash from investing activities	(33)	(679)
Net cash from financing activities	-	-
<b>Net (decrease)/increase in cash and cash equivalents</b>	<b>(59)</b>	1,762

### 35. Disposal of subsidiary

	2022	2021
	€'000	€'000
Profit on disposal of asset held for sale, net	13,120	-

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 held 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 receivable. At 31 August 2022, the fair value of the potential contingent consideration recognised is €2.4m, representing the Directors best estimate of the amount which will be received by the Group which will ultimately be dependent on the financial performance of Nomadic for the period 1 January 2022 to 31 December 2022.

The carrying value of net assets disposed of amounted to €11,084,000 resulting in the recognition of a profit on disposal of €13,120,000 after accounting for the derecognition of the non-controlling interest of €1,692,000.

The net assets of the businesses disposed of at the date of disposal and at 31 August 2021, when they were classified as held for sale, were as follows:

	5 November 2021	31 August 2021
	€'000	€'000
<b>Assets</b>		
Goodwill and intangible assets	2,003	2,003
Property, plant & equipment	3,913	3,986
Inventories	901	780
Deferred Tax Assets	4,204	744
Trade & other receivables	3,274	3,542
Cash & cash equivalents	722	3,333
<b>Total assets</b>	<b>15,017</b>	<b>14,388</b>
<b>Liabilities</b>		
Trade and other payables	(3,895)	(3,655)
Financial Instrument	(38)	(6)
<b>Total liabilities</b>	<b>(3,933)</b>	<b>(3,661)</b>
<b>Total Asset held for Sale</b>	<b>11,084</b>	<b>10,727</b>

### 36. Related parties

#### Parent and ultimate controlling party

The Parent and ultimate controlling party of the Group is Donegal Investment Group plc.

#### Transactions with key management personnel

In addition to their salaries, the Group also provided non-cash benefits to Directors and Executive officers and contributes to a post-employment defined contribution pension plan on their behalf.

Key management personnel compensation comprised:

	2022	2021
	€'000	€'000
Short-term employee benefits (including compensation for loss of office or other termination benefits)	1,801	589
Post-employment benefits	6	61
Share-based payments	-	(261)
	<b>1,807</b>	<b>389</b>

#### Key management personnel and director transactions

Directors of the Company control 6.65% (2021: 9.49%) of the voting shares of the Company as at 31 August 2022.

#### Related party transactions – Group

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 has entered into consultancy agreements with Culkeen Consulting Limited, which is owned and operated by Non-Executive Director, Mr Ian Ireland, and Drumgorman Limited, which is owned and operated by Non-Executive Director, Mr Padraic Lenehan. These companies will provide management services as required to support the strategy of the board going forward. There were no other transactions with related parties in the period or changes to transactions with related parties disclosed in the 2022 Consolidated Financial Statements that had a material effect on the financial position or the performance of the Group.

#### Related party transactions – Group

	Transaction value		Balance outstanding	
	2022	2021	2022	2021
	€'000	€'000	€'000	€'000
<b>Purchase of goods and services</b>				
Purchase by Group from Culkeen Consulting Limited	120	-	21	-
Purchase by Group from Drumgorman Limited	52	-	52	-
Purchase by Group from Directors	172	-	73	-

#### Other related party transactions – Company

	Transaction value		Balance outstanding	
	2022	2021	2022	2021
	€'000	€'000	€'000	€'000
<b>Sale of goods and services</b>				
By parent to subsidiaries	890	990	-	-

All outstanding balances with these related parties are priced on an arm's length basis and are to be settled in cash within six months of the reporting date. None of the balances are secured.



### 37. Group entities

	Country of incorporation	Ownership interest	
		2022	2021
		%	%
<b>Subsidiaries</b>			
<b>Zopitar Limited</b> Registered office: Ballyraine, Letterkenny, Co Donegal	Ireland	83	83
<b>IPM Potato Group Limited</b> Registered office: Unit 602, Q House, Furze Rd, Sandyford Industrial Estate, Dublin 18	Ireland	100	100
<b>Donegal Potatoes Limited</b> Registered office: Ballyraine, Letterkenny, Co Donegal	Ireland	100	100
<b>IPM Holland B.V.</b> Registered office: Marssumerdyk 1, 9033 WD Deinum, The Netherlands	Holland	100	100
<b>MPCO Limited</b> Registered office: Ballyraine, Letterkenny, Co Donegal	Ireland	100	100
<b>High Meadow Patents Limited</b> Registered office: Ballyraine, Letterkenny, Co Donegal	Ireland	100	100
<b>AJ Allan (Potato Merchants) Limited</b> Registered office: East Mill, Brechin, Angus, UK, DD9 7HJ	UK	100	100
<b>AJ Allan (Brechin) Limited</b> Registered office: East Mill, Brechin, Angus, UK, DD9 7HJ	UK	100	100
<b>Solanex Limited</b> Registered office: Rua Samuel Hahnemann n°17, Jardim Santo Andre, São João da Boa-SP, CEP 13872 – 029, Brazil	Brazil	85	85
<b>IPM Brasil</b> Registered office: Avenida Dr José Bonifácio Coutinho Nogueira no. 214, Sala 232, Jardim Madalena CEP 13091 – 611, Campinas-SP, Brazil.	Brazil	100	100
<b>IPM France</b> Registered office: 1 rue de Bellonne 62490 Noyelles Sous Bellonne, France	France	100	100
<b>IPM Portugal</b> Batatas de Semente e Produtos Agrícolas, Unipessoal Lda Rua Domingos Sequeira no. 27 – 3rd J, 1350 – 119 Lisbon Portugal	Portugal	100	100
<b>Kirinyaga Seeds Limited</b> LR No. 1065, Ngong Road, P.O. Box 25290 – 00603 – Lavington, Nairobi, Kenya	Kenya	51	51

## Associates:

### North Western Livestock Holdings Limited

Registered office: Finisklin Business Park, Finisklin, Co Sligo

Ireland

22.4

22.4

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The following subsidiaries will avail of the filing exemption available under Section 357 of the Companies Act 2014, whereby they will annex the financial statements of Donegal Investment Group plc to their annual returns: IPM Potato Group Limited, MPCO Limited and High Meadow Patents Limited.

### 38. Post balance sheet events

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

### 39. Approval of consolidated financial statements

The financial statements were approved by the Directors on 20 December 2022.