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Company registration No. 09501001

P&P Spearhead UK Holdings, Ltd

Annual Report and Financial Statements

For the year ended

31 December 2021

CONTENTS

STRATEGIC REPORT

PRINCIPAL ACTIVITIES

This annual report is for the year ended 31 December 2021 with comparatives for the year ended 31 December 2020.

Both the Group and the Company only financial statements are presented in Euros as that is the currency of the primary economic environment in which they operate. Foreign operations are included in accordance with the policies set out in note 3.

The Group ("Spearhead") is a leading food and agricultural business in the EU, farming more than 70,000 ha of high-quality agricultural land across Poland, the Czech Republic, Romania, Slovakia and the UK. The Group's principal activities are the production and supply of a traceable and diversified offering including speciality crops, grains and oilseeds, potatoes and other vegetables, sugar beet, seed crops and milk and livestock. In addition to these primary offerings, the Group is a producer of biogas, develops and produces certified seed and has a livestock genetics business.

Information about the use of financial instruments by the Company and its subsidiaries is given in note 37 to the financial statements. Where appropriate, this includes the use of derivative financial instruments such as forward foreign exchange contracts, futures, puts and calls, diesel swaps and interest rate swaps to hedge exposures to fluctuations in wheat, maize, diesel prices, as well as currency exchange rates and interest rates.

REVIEW OF BUSINESS

On the 31 August 2021 the previous ultimate controlling party of the Group, P&P Spearhead Jersey Holdings Ltd, entered into a binding sale and purchase agreement (SPA) to sell its entire share capital to AMC CAPITAL IV LUX S.A.R.L. ("the Buyer"). As part of the SPA the Buyer contributed €30m of equity to reduce the outstanding term loans of the Group. Following on from this, on 28 September 2021 the Group successfully renegotiated the term of its external debt with the lenders to allow for a more appropriate repayment profile.

Overall, 2021 was a successful year across the Group. Yields were strong in all regions except for maize in Romania, which was impacted by low rainfall during the key growing phase, and Czech wheat and OSR yields due to poor initial crop establishment in Q4 2020. Commodity crop prices were strong during the year across all crops and especially for Wheat and OSR. This reflected rebounding demand post Covid-19 combined with lower production in key alternative production areas including Canada and South America. UK potato and red beet results continued to be impacted by lower demand due to Covid-19 resulting in lower prices.

During the year there was significant fluctuation in commodity prices, which partially resulted from the global economic impact of the COVID-19 pandemic causing a resurgence in demand and weather impacts on expected and actual yields. Wheat prices started the year at €188 per tonne and increased to €200 by the beginning of the harvest period in June. However, from July onwards they rose steeply to a high of €313 before falling back slightly to end the year at €278. Maize followed a similar profile to Wheat. It started the year at €180 and rose gradually to €220 by the beginning of the harvest period before increasing steeply to end the year at €240. OSR prices started the year at €396 but then rose steadily throughout the year and ended at €687. Prices has risen significantly since the year end and this is discussed further on page 3 in the Outlook section.

The Group continued with its policy of forward selling a significant proportion of its crop pre-harvest in order to protect against low harvest prices and to provide cashflow certainty. The actions regarding price risk management meant that initial volumes were locked in at acceptable prices at the start of the year but significant stock remained available for sale when prices rose strongly during Q3 and Q4.

The results for the Group show an operating profit from continuing operations before exceptional items of €18.6m (2020 - €9.6m), on revenue from continuing operations of €203.4m (2020 - €180.1m). The exceptional costs of €6.1m (2020 - €0.8m) in the year mainly relate to business reorganisation costs of €4.0m related to the preparation of the Group for sale and borrowing cost impairment of €2.1m related to the Group level refinancing. This resulted in a loss from continuing operations of €0.2m (2020 - €1.4m). The Group has net assets of €150.4m (2020 - €117.1m) with the increase mainly as a result of the equity injection during the year.

On the balance sheet, property, plant and equipment has increased by €0.8m due to expenditure being focused on maintaining current operations and capabilities rather than new growth opportunities and expanded use of leased assets to preserve financial liquidity. Right of use assets have increased by €3.0m in reflecting the extension of a significant number of land and building leases. New lease additions were consistent with prior year levels but continued to exceed disposals related to ending leases.

STRATEGIC REPORT

REVIEW OF BUSINESS (CONTINUED)

Inventories have increased by €14.5m due to higher finished goods year end valuations, caused by the higher market prices, and higher raw materials because of increased purchase prices and accelerated purchases to secure supplies. Trade and other receivables have increased by €2.1m due to higher trade receivables because of the timing of sales receipts partially offset by lower accrued income due to the timing of sales invoicing.

Borrowings have decreased by €36.3m because of the €30m equity injection that was used in its entirety to pay down outstanding term loans combined with a €10m principal loan repayment made by the Group in December as required by the new facility agreement. The residual movement reflects offsetting foreign exchange translation differences and the impact of capitalised debt costs.

Trade and other payables increased by €3.6m as a result of the timing of supplier payments, leading to higher trade payables, and invoice recognition, leading to increased accruals, partially offset by the reduction of deferred income because of lower year end bill and hold sales. Cash and cash equivalents decreased by €15.4m primarily due to the principal loan repayment in December combined with the significant exceptional fees incurred.

The Group continues to be focused on Primary Production accompanied by targeted upstream and downstream activities.

STRATEGY

The Group's objective is to achieve attractive and sustainable rates of returns and growth from large scale low-cost production of high quality agricultural commodities and related products.

The four principal elements to the Group's growth strategy are:

- Give priority to service and other customer requirements;
- Maintain the highest emphasis on food safety and good husbandry;
- Achieve lower unit cost of production through better management, higher efficiency and technology; and
- Seek opportunities to increase scale in Central and Eastern Europe, in core farming activities.

The Group's key competitive advantages continue to be:

- Scale, quality and location of its primary agricultural resources;
- Geographic spread and business mix, mitigating climatic, political and economic risk; and
- Exceptional management with extensive market knowledge and thorough understanding of the local environment.
- Focus on and leadership in the field of regenerative agriculture.

STRATEGIC DEVELOPMENT

The Group continues to invest in maintaining up to date infrastructure and modern farming capabilities, totalling €8.1m (2020 - €5.0m) in capital expenditure on property, plant and equipment and €23.0m (2020 - €24.2m) in right of use additions in the year. In order to preserve cash liquidity and take advantage of low interest rates available the Group continues to make significant investment via right of use leases rather than cash capital expenditure.

OUTLOOK

Due to the current conflict in Ukraine the commodity prices for OSR, maize and wheat have increased dramatically since the end of 2021. These prices are expected to remain high until the conflict is resolved and it is expected this will positively impact sales of the 2022 commodity crops grown in eastern Europe.. It is expected that price rises for key inputs such as fertilisers and diesel caused by lower production and restricted supplies from nations involved in the conflict will partially offset the impact of the higher commodity prices. The large scale, geographical spread and experienced price risk management team will enable the Group to maximise opportunities arising out of the current situation.

The prevalence of Covid-19 in the countries where the Group operates has not resulted in a significant impact on the operational activities or financial outlook. This is not expected to change based on the current situation. The Group has implemented and continues to operate appropriate policies to ensure the safety of employees and other relevant stakeholders.

Following the sale of the Group management are now focused on retaining and renewing its existing land leases as well as acquiring additional land leases. During Q3 and Q4 of 2023 leases for circa 20,000 hectares expire and the extension of those leases is currently uncertain.

STRATEGIC REPORT

BUSINESS RELATIONSHIPS

Covered in section 172(1) statement on page 6.

PRINCIPAL RISKS AND UNCERTAINTIES

The major risks inherent in the business are identified below.

Risks are reviewed by the Board of Directors and where possible appropriate procedures put in place to monitor and mitigate them.

Natural hazards
The Group's performance is vulnerable in the majority of its activities to natural hazards, such as the effects of climate, pest and disease damage. Climatic effects are mitigated to some extent by land selection, geographical diversity and to a limited extent by irrigation. Pests and diseases are managed through various protection regimes.

Markets
Agricultural commodity markets are notoriously subject to supply and demand variation which can have a major effect on producer margins. The Group has a structurally long position in most of its commodities and its general policy is to seek opportunities to progressively reduce the exposure as the season progresses. The priority is to sell physical product; however, some use is made of derivative hedging mechanisms. Markets are closely monitored, and trading policy adjusted accordingly.

Political
Food production is subject to political intervention, for example an element of income is currently contributed by subsidy. The risk of one country's political intervention is mitigated by operating in a range of countries.

Food safety
The maintenance of high food safety standards is both a regulatory requirement and a prerequisite for customers. Correct procedures and employee training to achieve this are part of the routine management process.

Reputation
In many areas the Group's commercial strength is founded on its reputation. Integrity, reliability, use of best practice and environmental awareness are each factors of critical importance. The Group's focus on training and development for all staff also helps to build and maintain its good reputation.

Currency
There is considerable currency risk inherent in the business. Trading risks are mitigated by transacting most of our business in the local currency, and by using financial instruments to secure multi-currency transactions and commitments. The Board of Directors does not consider it appropriate to use financial instruments to secure the earnings and balances of overseas entities within the Group for inclusion in the consolidated financial statements at the year end.

Interest rates
The Directors consider that interest rates in Poland and Czech have become a more significant risk due to base rate rises. The risk is managed via minimising interest-bearing balances in CZK and PLN combined with the appropriate use of interest rate derivatives. Rates in other currencies remain low or insignificant to the Group and are therefore not considered a significant risk.

Credit risk
The Directors do not consider credit risk to be a significant risk. All main customer contracts are for receipt on delivery or on short credit terms. Credit insurance is used where appropriate including for higher risk customers and for crops with a higher value.

Liquidity risk
Liquidity is an ongoing risk due to the nature of the Group's activities. Forecast liquidity is reviewed on a continual basis to ensure that relevant actions are taken to maintain a sufficient level of headroom.

KEY PERFORMANCE INDICATORS

	Year ended 31 Dec 2021	Year ended 31 Dec 2020
EBITDA (adjusted) [1]	**€56.9m**	**€45.4m**
Adjusted Profit/(loss) before tax[2]	**€9.0m**	**€0.7m**
Profit/(loss) before tax[3]	**€2.9m**	**€(0.1)m**
Net Debt: EBITDA (adjusted)[4]	**2.68x**	**3.66x**

[1] Represents Operating profit before exceptional items after adding back depreciation, amortisation, foreign exchange gains or losses and bank fees (See Note 8).
[2] Represents Profit/(loss) before tax after adding back exceptional items (see Consolidated income statement).
[3] Profit/(loss) before tax (see Consolidated income statement).
[4] Net Debt represents Borrowings, Right of use liabilities and Cash and cash equivalents (see Consolidated Balance Sheet).

STRATEGIC REPORT

KEY PERFORMANCE INDICATORS (CONTINUED)

The Group's operations include several enterprises, and the Board of Directors monitors the progress of these against internal targets and industry benchmarks.

At the Group level the progress of the strategy is measured against a limited range of key performance indicators (KPIs) on continuing activities. The Board of Directors believe these KPIs are key to monitoring the Group specifically with reference to adjusted EBITDA.

The Directors are satisfied with the performance. The overall performance in the year has illustrated that both crop and geographic diversity are key to ensuring continuing positive results.

Adjusted EBITDA, adjusted profit before tax and profit before tax represent improvements on the prior year due to better yields and prices with the impact on profit before tax partially offset by higher exceptional costs.

Net debt: EBITDA ratio being net bank and other forms of debt including leasing expressed as a ratio of adjusted EBITDA decreased due to the lower net debt following term loan repayments and an improved EBITDA result.

GOING CONCERN

The Group operates in the agricultural industry, which can be significantly affected by environmental factors. This can cause uncertainty over the timing of the conversion of inventory into sales, and also the quantum of inventory which is available for conversion into sales.

The other principal risks and uncertainties facing the business, which are likely to affect its future development, performance, and position, are described within this report. In addition, note 37 to the financial statements sets out the Group's objectives, policies and processes for managing its capital and risk management along with details of exposures to credit risk and liquidity risk.

Subsequent to the change in its ownership the Group successfully renegotiated its current debt facilities as well as the related covenant measures. The purpose of this was to ensure that the external debt repayment profile reflected the expected free cash flow of the Group for the immediate future. As part of this annual debt repayments going forward were set at €10m per year, with a €2m payment in September and €8m payment of December.

As part of the renegotiation it was expected, but not required, that the Group would formally refinance in the next 12-18 months. The purpose of this would be to ensure that a more specific debt repayment and covenant profile could be applied along with the ability for the Group to borrow additional funds for capital investment and growth. At the date of the signing these financial statements the refinance is in its initial stages. As a result, management have not considered it for the purposes of cashflow forecasting or the wider Going Concern assessment.

The Group has prepared cashflow and covenant forecasts for the period up to and including December 2023 to support the going concern assessment.

Cashflows assume that trading in 2022 is in line with the initial budget updated for known and expected changes that have occurred, such as changes to input costs, yields and crop prices including those arising as a result of the conflict in Ukraine. For 2023 performance it has been assumed that performance will return to the initial levels budgeted for 2022. The forecast specifically assumes that in 2022 there are no further significant adverse variances in the yields, inputs prices and prices for unsold crops compared to the current outlook. Current crop conditions and input costs are better than those assumed in the forecast and market prices for unsold stock are significantly higher than those included in the forecast.

The original budgeted 2022 performance that has been used as an estimate for the 2023 performance represents a significant reduction in commodity prices from current levels as well as continuing input cost inflation. This represents a prudent assumption and reflects the uncertainty in forecasting performance in the current geopolitical environment. The potential expiry of leases during 2023 (see page 3 in the Outlook section) has not been considered directly in the model because any expiry would occur outside of the 12-month going concern period and would not have any immediate detrimental impact on the financial performance or position of the Group.

For both 2022 and financial year 2023 it is also assumed that working capital cycles and capex requirements, including lease repayments, will remain consistent with the 2022 budgeted levels. This reflects expenditure focused mainly on maintaining current operational levels and capabilities.

STRATEGIC REPORT

GOING CONCERN (CONTINUED)

In addition to the forecasts based on the directors' base case assumptions sensitised forecasts, including modelled covenant compliance, have been prepared by the directors.

Potential risks and uncertainties that the Group is exposed to were considered when preparing the forecasts and conducting relevant sensitivity analysis. The major downside risks considered when preparing sensitised cash forecasts related to lower crop yields and prices caused by external factors outside of the control of the Group such as weather, regional conflicts and lower global demand.

When preparing the sensitised forecasts the directors also considered available mitigating actions that could be used to offset the impact of price decreases, yield risks and other cashflow uncertainties during times of forecasted lower cash liquidity and low covenant headroom. It is expected that where required for liquidity and/or covenant compliance sales of crop can be accelerated, capital expenditure delayed, revolving credit facilities repaid, and supplier terms extended via prior agreement. These reflect routine management actions successfully achieved on multiple occasions during the current and previous years.

Based on the forecasts prepared it is estimated that the Group forecast cash inflows would have to cumulatively decrease by more than €8m, over the 12 months subsequent to the signature of these financial statements, before cash liquidity or required actions to ensure covenant compliance would significantly disrupt operating activities.

The Group operates in an environment where current commodity prices may reduce from the high levels currently observed. In addition, there are risks that key variable costs, such as fertiliser, may increase and yields may be impacted by unforeseen events. The directors believe that any significant adverse yield or cost impacts would increase prices for 2022 or at a minimum hold them at levels currently obtainable at the date of signing these Group financial statements. A combination of currently obtainable prices with significant variable cost increases and yield deficiencies would not result in liquidity or covenant compliance issues.

The directors have considered the cashflow and covenant forecasts, ensuring that these have been appropriately prepared and that they are based on reasonable assumptions, as well as the Group cash and cash equivalents of €11.0m as at 31 December 2021, and net assets of €150.3m at the same date. Given the Group's performance and financial position, and the available cash liquidity headroom apparent in the cash flow forecast as well as expected future covenant headroom, the directors are satisfied with the continued adoption of the going concern basis of preparation for the financial statements.

SECTION 172(1) STATEMENT

In line with their duties under section 172(1) of the Companies Act 2006, the board of directors, endeavour to act in a way they consider, in good faith, most likely to be of benefit for the Group as a whole. In doing so the directors consider relevant stakeholders during the decision making process, are mindful of the reputation implications of the any decision and have regard for the long term strategy of the business as well the short term implications of decisions.

The success of the Group is dependent on the support of all stakeholders. As the Group operates across multiple countries routine stakeholder management is delegated to country management teams to ensure that country specific, as well as Group, stakeholder needs are appropriately managed. The country management teams have 3-5 year strategic plans alongside their annual budgets and objectives to ensure that a long term outlook is considered as part of their decision making processes.

Country management teams provide regular monthly, quarterly and annual reporting as well as participating in Group management meetings. This interaction provides the board of directors with assurance that appropriate consideration of the various stakeholders is considered during the decision making process at the country level.

Members of the board of directors are directly involved in all key decisions made at a Group level and therefore are able directly observe that stakeholders are considered and that decisions consider the long term implications.

Shareholders
The continued support and opinions of the shareholders are important to the Group. There is an open dialogue between the shareholders and the board of directors via day to day interaction on key decisions as well as formal board meetings.

STRATEGIC REPORT

SECTION 172(1) STATEMENT (CONTINUED)

Interests of company employees
Employees are vital to the continued success of the Group. Employee engagement is performed on an ongoing basis via employee briefings at a local level or via Group level briefings, which are then cascaded down. A combination of annual appraisals and more frequent employee feedback is used to ensure that employees remain engaged. Regular dialogue between country management teams and the Group executive directors ensures that issues or concerns are highlighted in a timely manner.

Shareholders
The continued support and opinions of the shareholders are important to the Group. There is an open dialogue between the shareholders and the board of directors via day to day interaction on key decisions as well as formal board meetings.

Customers
The Group aims to provide products that always meet or exceed customer expectations. Country management teams aim to build long term and mutually beneficial relationships. This includes hosting customer visits and conferences. Decision making considers individual customer requirements including product specification, timing of delivery and ancillary services such as storage and transportation.

Suppliers
Long term relationships are actively managed with all major suppliers at a country level and where appropriate at a Group level led by the Group purchasing department. Due to the nature of the industry and the size of the Group operations there are often limited available suppliers for key requirements. As such the board of directors acknowledge that maintaining of positive supplier relationships is vital to the ongoing viability of the Group. Feedback is provided to suppliers as part of ongoing relationships to foster innovation and product development. This is performed for both suppliers of capital equipment and general farming inputs.

Communities and environment
As a large scale agricultural producer, the operations of the Group are frequently visible to the wider community. Country management teams ensure that local communities are respected as part of day to day operations and are considered as part of longer term plans. Country operations partner with charities and other community groups at a local level to educate, raise funds and improve awareness.

The impact of actions on the environment are considered at both a Group level for larger projects such as regenerative agriculture and emissions. Country management are responsible for ensuring that local environmental requirement are met or exceed.

APPROVAL
The Strategic report was approved by the Board of Directors on 13 July 2022 and signed on its behalf by:

J A Lamont
Director

DIRECTORS' REPORT

The Directors present their annual report on the affairs of the Group, together with the financial statements and auditor's report, for the year ended 31 December 2021.

In accordance with s414C (11) of the Companies Act 2006 the directors have presented future developments, financial risk management and use of financial instruments in the business in the Strategic Report.

RESULTS FOR THE YEAR
The results for the Group show an operating profit from continuing operations (before exceptional items) of €18.6m (2020 - €9.6m), on revenue from continuing operations of €203.4m (2020 - €180.1m).

DIVIDENDS
No dividends were paid in the year (2020 - €nil). The directors do not recommend the payment of a final dividend.

GOING CONCERN
The Group adopts the going concern basis of preparation for the financial statements. Further detail is contained within the Strategic Report.

DIRECTORS AND THEIR INTERESTS
The directors who served during the year and to the date of this report, except as noted, were as follows:

T J Zdziebkowski
J A Lamont
F Horhager (Chairman) – Appointed 17 November 2021
K Kaminski – Appointed 17 November 2021
P Glebocki – Appointed 17 November 2021
J C Atkin (Chairman) – Resigned 17 November 2021
W D Paine, III – Resigned 17 November 2021
T M C Green – Resigned 17 November 2021
D J Buckeridge – Resigned 17 November 2021
J W Kern – Resigned 25 June 2021
P C Hawthorne – Resigned 17 November 2021

None of the directors hold shares in the Company.

DIRECTORS' INDEMNITIES
The Group has made qualifying third-party indemnity provisions for the benefit of its directors which were made during the year and remain in force at the date of this report.

DISABLED EMPLOYEES
It is the Group's policy to give fair consideration to the employment, training and career development of disabled persons and to comply with the current legislation regarding such persons.

EMPLOYEE CONSULTATION
The directors place considerable value on the involvement of its employees and has continued to keep them informed on matters affecting them as employees and on the various factors affecting the performance of the Group.

STREAMLINED ENERGY AND CARBON REPORTING

No individual entities in the Group qualify for SECR disclosures and therefore the parent is exempt from disclosure.

SUBSEQUENT EVENTS
Details of subsequent events are set out in note 41 to these financial statements.

AUDITOR
Each of the persons who is a director at the date of approval of this annual report confirms that:

- so far as the director is aware, there is no relevant audit information of which the Company's auditor is unaware; and
- the director has taken all the steps that he ought to have taken as a director in order to make himself aware of any relevant audit information and to establish that the Company's auditor is aware of that information.

This confirmation is given and should be interpreted in accordance with the provisions of s418 of the Companies Act 2006.

Deloitte LLP have expressed their willingness to continue in office as auditor and a resolution to reappoint them will be proposed at a forthcoming Board meeting where the shareholder will be present.

Address of Registered Office:
Gate 2
Hasse Road
Soham
Ely
CB7 5UN

This report was approved by the Board of Directors on 13 July 2022 and signed on its behalf by:

J A Lamont
Director

DIRECTORS' REPORT

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

Company law requires the directors to prepare financial statements for each financial year. Under that law the directors are required to prepare the Group financial statements in accordance with international accounting standards in conformity with the requirements of the Companies Act 2006 and have also chosen to prepare the parent company financial statements in accordance with Financial Reporting Standard 101 Reduced Disclosure Framework. Under company law the directors must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of affairs of the company and of the profit or loss of the company for that period.

In preparing the parent company financial statements, the directors are required to:

- select suitable accounting policies and then apply them consistently;
- make judgments and accounting estimates that are reasonable and prudent;
- state whether Financial Reporting Standard 101 Reduced Disclosure Framework has been followed, subject to any material departures disclosed and explained in the financial statements; and
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the company will continue in business.

In preparing the Group financial statements, International Accounting Standard 1 requires that directors:

- properly select and apply accounting policies;
- present information, including accounting policies, in a manner that provides relevant, reliable, comparable and understandable information;
- provide additional disclosures when compliance with the specific requirements in IFRS Standards are insufficient to enable users to understand the impact of particular transactions, other events and conditions on the entity's financial position and financial performance; and
- make an assessment of the company's ability to continue as a going concern.

The directors are responsible for keeping adequate accounting records that are sufficient to show and explain the company's transactions and disclose with reasonable accuracy at any time the financial position of the company and enable them to ensure that the financial statements comply with the Companies Act 2006. They are also responsible for safeguarding the assets of the company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

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

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF P&P SPEARHEAD UK HOLDINGS, LTD

Report on the audit of the financial statements

Opinion

In our opinion:

- the financial statements of P&P Spearhead UK Holdings, Ltd (the 'parent company') and its subsidiaries (the 'group') give a true and fair view of the state of the group's and of the parent company's affairs as at 31 December 2021 and of the group's loss for the year then ended;
- the group financial statements have been properly prepared in accordance with United Kingdom adopted international accounting standards in conformity with the requirements of the Companies Act 2006;
- the parent company financial statements have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice, including Financial Reporting Standard 101 "Reduced Disclosure Framework"; and
- the financial statements have been prepared in accordance with the requirements of the Companies Act 2006.

We have audited the financial statements which comprise:

- the consolidated income statement;
- the consolidated statement of comprehensive income;
- the consolidated and parent company balance sheets;
- the consolidated and parent company statements of changes in equity;
- the consolidated cash flow statement;
- the related notes 1 to 41.

The financial reporting framework that has been applied in the preparation of the group financial statements is applicable law and United Kingdom adopted international accounting standards. The financial reporting framework that has been applied in the preparation of the parent company financial statements is applicable law and United Kingdom Accounting Standards, including Financial Reporting Standard 101 "Reduced Disclosure Framework" (United Kingdom Generally Accepted Accounting Practice).

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (UK) (ISAs (UK)) 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 are independent of the group and the parent company in accordance with the ethical requirements that are relevant to our audit of the financial statements in the UK, including the Financial Reporting Council's (the 'FRC's') Ethical Standard, and we have fulfilled our other ethical responsibilities in accordance with these requirements. 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 directors' use of the going concern basis of accounting in the preparation of the financial statements is appropriate.

Based on the work we have performed, we have not identified any material uncertainties relating to events or conditions that, individually or collectively, may cast significant doubt on the group's and parent company's ability to continue as a going concern for a period of at least twelve months from 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.

Other information

The other information comprises the information included in the annual report, other than the financial statements and our auditor's report thereon. The directors are responsible for the other information contained within the annual report. Our opinion on the financial statements does not cover the other information and, except to the extent otherwise explicitly stated in our report, we do not express any form of assurance conclusion thereon.

Our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the course of the audit, or otherwise appears to be materially misstated. If we identify such material inconsistencies or apparent material misstatements, we are required to determine whether this gives rise to a material misstatement in the financial statements themselves. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact.

We have nothing to report in this regard.

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF P&P SPEARHEAD UK HOLDINGS, LTD

Responsibilities of directors
As explained more fully in the directors' responsibilities statement, the directors are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view, and for such internal control as the directors determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, the directors are responsible for assessing the group's and the parent 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 the directors either intend to liquidate the group or the parent 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 (UK) 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 further description of our responsibilities for the audit of the financial statements is located on the FRC's website at: www.frc.org.uk/auditorsresponsibilities. This description forms part of our auditor's report.

Extent to which the audit was considered capable of detecting irregularities, including fraud
Irregularities, including fraud, are instances of non-compliance with laws and regulations. We design procedures in line with our responsibilities, outlined above, to detect material misstatements in respect of irregularities, including fraud. The extent to which our procedures are capable of detecting irregularities, including fraud is detailed below.

We considered the nature of the group's industry and its control environment, and reviewed the group's documentation of their policies and procedures relating to fraud and compliance with laws and regulations. We also enquired of management about their own identification and assessment of the risks of irregularities. We have nothing to report in respect of these matters.

We obtained an understanding of the legal and regulatory frameworks that the group operates in, and identified the key laws and regulations that:

- had a direct effect on the determination of material amounts and disclosures in the financial statements. These included UK Companies Act, pensions legislation and tax legislation; and
- do not have a direct effect on the financial statements but compliance with which may be fundamental to the group's ability to operate or to avoid a material penalty.

These included UK DEFRA regulations and EU regulations over subsidies and environmental regulations.

We discussed among the audit engagement team including significant component audit teams and relevant internal specialists such as tax regarding the opportunities and incentives that may exist within the organisation for fraud and how and where fraud might occur in the financial statements.

As a result of performing the above, we identified the greatest potential for fraud in the following areas, and our specific procedures performed to address them are described below:

- Bill and hold revenue arises when the group sells goods but retains physical possession of the inventory and agrees to store it for shipment or collection by the customer at a later date. Determining the appropriate revenue recognition under IFRS 15 Revenue from Contracts with Customers requires significant judgement. We selected a sample of revenue recorded under bill and hold arrangements and assessed the conditions of sale, in particular the manner in which the inventory was stored, against the criteria set out in Appendix B of IFRS 15.
- The valuation of commodity and non-commodity crops held in inventory requires a number of judgements and estimates to be made, including the valuation of crops at the point of harvest and the fair value of commodity crops traded on an open market. We selected a sample of relevant stock lines and challenged management's valuation with reference to third-party market data, sales contracts and agreements, external communication and historical data to assess the reasonableness of the estimates.

In common with all audits under ISAs (UK), we are also required to perform specific procedures to respond to the risk of management override. In addressing the risk

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF P&P SPEARHEAD UK HOLDINGS, LTD

of fraud through management override of controls, we tested the appropriateness of journal entries and other adjustments; assessed whether the judgements made in making accounting estimates are indicative of a potential bias; and evaluated the business rationale of any significant transactions that are unusual or outside the normal course of business.

In addition to the above, our procedures to respond to the risks identified included the following:

- reviewing financial statement disclosures by testing to supporting documentation to assess compliance with provisions of relevant laws and regulations described as having a direct effect on the financial statements;
- performing analytical procedures to identify any unusual or unexpected relationships that may indicate risks of material misstatement due to fraud;
- enquiring of management and external legal counsel concerning actual and potential litigation and claims, and instances of non-compliance with laws and regulations; and
- reading minutes of meetings of those charged with governance.

Report on other legal and regulatory requirements

Opinions on other matters prescribed by the Companies Act 2006

In our opinion, based on the work undertaken in the course of the audit:

- the information given in the strategic report and the directors' report for the financial year for which the financial statements are prepared is consistent with the financial statements; and
- the strategic report and the directors' report have been prepared in accordance with applicable legal requirements.

In the light of the knowledge and understanding of the group and of the parent company and their environment obtained in the course of the audit, we have not identified any material misstatements in the strategic report or the directors' report.

Matters on which we are required to report by exception

Under the Companies Act 2006 we are required to report in respect of the following matters if, in our opinion:

- adequate accounting records have not been kept by the parent company, or returns adequate for our audit have not been received from branches not visited by us; or
- the parent company financial statements are not in agreement with the accounting records and returns; or
- certain disclosures of directors' remuneration specified by law are not made; or
- we have not received all the information and explanations we require for our audit.

We have nothing to report in respect of these matters.

Use of our report

This report is made solely to the company's members, as a body, in accordance with Chapter 3 of Part 16 of the Companies Act 2006. 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.

Matthew Hughes

Matthew Hughes BSc (Hons) ACA
(Senior Statutory Auditor)
for and on behalf of Deloitte LLP
Statutory Auditor
Leeds, United Kingdom

13th July 2022

CONSOLIDATED INCOME STATEMENT
Year ended 31 December 2021

	Note	Year ended 31 Dec 2021 €'000	Year ended 31 Dec 2020 €'000
Continuing operations			
Revenue	5	**203,443**	180,125
Cost of sales		**(173,362)**	(161,921)
Gross profit		**30,081**	18,204
Other operating income	6	**621**	865
Distribution costs		**(718)**	(608)
Administrative expenses		**(11,398)**	(8,856)
Operating profit before exceptional items		**18,586**	9,605
Exceptional items - Other	7	**(3,663)**	(759)
Operating profit		**14,923**	8,846
Investment revenue	5,12	**32**	30
Finance costs	13	**(9,602)**	(8,962)
Exceptional items – Financing	7	**(2,471)**	-
Profit/(loss) before tax		**2,882**	(86)
Tax	14	**(3,043)**	(1,330)
Loss for the year from continuing operations		**(161)**	(1,416)
Gain from discontinued operations	16	**-**	336
Total loss for the year		**(161)**	(1,080)
Attributable to:			
Owners of the company		**(165)**	(1,093)
Non-controlling interest	34	**4**	13
		(161)	(1,080)

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

Year ended 31 December 2021

	Year ended 31 Dec 2021 €'000	Year ended 31 Dec 2020 €'000
Gains on cash flow hedges	**79**	58
Exchange gain / (loss) on translation of foreign operations	**3,457**	(8,002)
Other comprehensive income / (expense) for the year not subsequently classified to profit or loss	**3,536**	(7,944)
Loss for the year	**(161)**	(1,080)
Total comprehensive income / (expense) for the year	**3,375**	(9,024)
Attributable to:		
Owners of the company	**3,357**	(9,038)
Non-controlling interest	**18**	14
	3,375	(9,024)

Other comprehensive loss relating to cashflow hedges and translation of foreign operations has no impact on tax.

CONSOLIDATED BALANCE SHEET

As at 31 December 2021

	Note	2021 €'000	2020 €'000
Non-current assets			
Goodwill	17	**34,293**	32,981
Other intangible assets	18	**4,394**	4,620
Property, plant and equipment	19	**82,483**	81,642
Right of use assets	20	**80,974**	77,934
Investments	21	**408**	400
Deferred tax assets	27	**264**	1,099
Derivative financial instruments	26	**23**	-
		202,839	198,676
Current assets			
Inventories	22	**71,093**	56,610
Biological assets	23	**33,679**	30,384
Trade and other receivables	24	**35,642**	33,538
Cash and cash equivalents	24	**10,954**	26,335
Derivative financial instruments	26	**168**	134
Assets classified as held for sale	31	**385**	554
		151,921	147,555
Total assets		**354,760**	346,231
Current liabilities			
Borrowings	25	**26,535**	38,335
Trade and other payables	29	**34,442**	30,805
Current tax liabilities		**1,647**	468
Obligations under right of use leases	28	**21,510**	17,785
Provisions	30	**53**	378
Derivative financial instruments	26	**21**	45
		84,208	87,816
Net current assets		**67,736**	59,739
Non-current liabilities			
Borrowings	25	**60,437**	84,946
Deferred tax liabilities	27	**2,720**	3,251
Obligations under right of use leases	28	**54,922**	51,634
Trade and other payables	29	**2,076**	1,531
		120,155	141,362
Total liabilities		**204,363**	229,178
Net assets		**150,397**	117,053
Equity			
Share capital	32	**221,276**	191,276
Hedging and translation reserves	33	**(3,758)**	(7,280)
Retained losses		**(67,168)**	(67,003)
Equity attributable to the owners of the Company		**150,350**	116,993
Non-controlling interest	34	**47**	60
Total equity		**150,397**	117,053

The financial statements of P&P Spearhead UK Holdings, Ltd, registered number 09501001, were approved by the Board of Directors and authorised for issue on 13 July 2022.

J A Lamont
Director

COMPANY BALANCE SHEET

As at 31 December 2021

	Note	2021 €'000	2020 €'000
Non-current assets			
Investments	21	**173,199**	208,199
Trade and other receivables	24	**61,244**	42,580
		234,443	250,779
Current assets			
Trade and other receivables	24	**11,867**	42,255
Cash and cash equivalents	24	**544**	223
		12,411	42,478
Total assets		**246,854**	293,257
Current liabilities			
Borrowings	25	**26,535**	38,335
Trade and other payables	29	**21,104**	14,781
		47,639	53,116
Net current liabilities		**(35,228)**	(10,638)
Non-current liabilities			
Borrowings	25	**60,437**	84,946
Deferred tax liabilities	27	**-**	-
		60,437	84,946
Total liabilities		**108,076**	138,062
Net assets		**138,778**	155,195
Equity			
Share capital	32	**221,276**	191,276
Hedging and translation reserves	33	**(32,163)**	(32,163)
Retained earnings		**(50,335)**	(3,918)
Total equity		**138,778**	155,195

The loss for the financial year in the financial statements of the Company was €46,417,000 (2020 – loss €7,181,000).

The financial statements of P&P Spearhead UK Holdings, Ltd, registered number 09501001, were approved by the Board of Directors and authorised for issue on 13 July 2022.

J A Lamont
Director

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY
Year Ended 31 December 2021

	Share capital (note 32) €'000	Hedging reserve (note 33) €'000	Translation reserve (note 33) €'000	Retained losses €'000	Total €'000	Non-controlling interest (note 34) €'000	Total equity €'000
Balance at 1 January 2020	191,276	12	529	(65,786)	126,031	59	126,090
(Loss)/profit for the year	-	-	-	(1,093)	(1,093)	13	(1,080)
Other comprehensive income/(expense) for the year	-	58	(7,879)	(124)	(7,945)	1	(7,944)
Total comprehensive income/(expense) for the year	-	**58**	**(7,879)**	**(1,217)**	**(9,038)**	**14**	**(9,024)**
Adjustment arising from change in non-controlling interest	-	-	-	-	-	(13)	(13)
Balance at 31 December 2020	**191,276**	**70**	**(7,350)**	**(67,003)**	**116,993**	**60**	**117,053**
(Loss)/profit for the year	-	-	-	(165)	(165)	4	(161)
Other comprehensive income for the year	-	79	3,443	-	3,522	14	3,536
Total comprehensive income/(expense) for the year	-	**79**	**3,443**	**(165)**	**3,357**	**18**	**3,375**
Shares issued during the year	30,000	-	-	-	30,000	-	30,000
Adjustment arising from change in non-controlling interest	-	-	-	-	-	(31)	(31)
Balance at 31 December 2021	**221,276**	**149**	**(3,907)**	**(67,168)**	**150,350**	**47**	**150,397**

COMPANY STATEMENT OF CHANGES IN EQUITY
Year Ended 31 December 2021

	Share capital (note 32) €'000	Hedging reserve (note 33) €'000	Translation reserve (note 33) €'000	Retained earnings €'000	Total €'000
Balance at 1 January 2020	191,276	12	(32,163)	3,263	162,388
Loss for the year	-	-	-	(7,181)	(7,181)
Other comprehensive expense for the year	-	(12)	-	-	(12)
Total comprehensive expense for the year	-	(12)	-	(7,181)	(7,193)
Balance at 1 January 2021	**191,276**	**-**	**(32,163)**	**(3,918)**	**155,195**
Loss for the year	-	-	-	(46,417)	(46,417)
Other comprehensive expense for the year	-	-	-	-	-
Total comprehensive expense for the year	-	-	-	(46,417)	(46,417)
Shares issued during the year	30,000	-	-	30,000	30,000
Balance at 31 December 2021	**221,276**	**-**	**(32,163)**	**(50,335)**	**138,778**

CONSOLIDATED CASH FLOW STATEMENT

Year ended 31 December 2021

	Note	Year ended 31 Dec 2021 €'000	Year ended 31 Dec 2020 €'000
Net cash generated from operating activities	35	**20,281**	26,514
Investing activities			
Investment revenues		**32**	30
Proceeds on disposal of a subsidiary, net of cash disposed		**-**	506
Proceeds on disposal of property, plant and equipment		**2,673**	6,470
Purchases of property, plant and equipment		**(8,144)**	(4,685)
Purchases of intangible assets		**(44)**	(37)
Investment in unlisted shares		**(10)**	-
Net cash used in/generated from investing activities		**(5,493)**	2,284
Financing activities			
Repayments of borrowings		**(42,568)**	(9,883)
Repayment of obligations under right of use leases		**(23,472)**	(21,933)
Drawdown of bank facilities		**2,000**	2,500
Cost of refinancing		**(1,624)**	(2,817)
Proceeds on the issue of shares		**30,000**	-
Net cash used in financing activities		**(35,664)**	(32,133)
Net decrease in cash and cash equivalents		**(20,876)**	(3,335)
Cash and cash equivalents at beginning of year		**26,335**	31,047
Effect of foreign exchange rate changes		**5,495**	(1,377)
Cash and cash equivalents at end of year		**10,954**	26,335

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

Year ended 31 December 2021

1. GENERAL INFORMATION

P&P Spearhead UK Holdings, Ltd is a company incorporated in the United Kingdom under the Companies Act 2006. The company is a private company limited by shares and is registered in England and Wales. The address of the registered office is 3rd Floor, 11-12 St James's Square, London, SW1Y 4LB. The nature of the Group's operations and its principal activities are set out in the Strategic Report.

The Group and Company financial statements are presented in Euros because that is the currency of the primary economic environment in which the Group and Company operates. Foreign operations are included in accordance with the policies set out in note 3.

The Company accounts are prepared under FRS 101. As a result, the Company has adopted disclosure exemptions for all years presented to not disclose a Company Statement of Comprehensive Income, a Company Cashflow Statement, and certain requirements of IAS-1, IAS 8, IAS 36, IFRS 2, IFRS 3, IFRS 5, IFRS 7, IFRS 13, IFRS 15 and IFRS 16. The financial statements were prepared in accordance with Financial Reporting Standard 101 Reduced Disclosure Framework.

2. ADOPTION OF NEW AND REVISED STANDARDS

New and amended IFRS standards that are effective for the current year

In the current year, the Group has applied the below amendments to IFRS Standards and Interpretations issued by the Board that are effective for an annual period that begins on or after 1 January 2021. Their adoption has not had any material impact on the disclosures or on the amounts reported in these financial statements.

The following new and revised Standards and Interpretations have been adopted in the current year:

Amendments to IFRS 9, IAS 39, IFRS 7, IFRS 4 and IFRS 16	Interest Rate Benchmark Reform Interest rate Benchmark
Amendment to IFRS 16	Impact of the initial application of COVID-19-Related Rent Concessions beyond 30 June 2021

There are no amendments to accounting standards, or IFRIC interpretations that are effective for the year ended 31 December 2021 that have a material impact on the Company's financial statements.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

Year ended 31 December 2021

2. ADOPTION OF NEW AND REVISED STANDARDS (CONTINUED)

New and revised IFRSs in issue but not yet effective

IFRS 17	Insurance Contracts
IFRS 10 and IAS 28 (amendments)	Sale or Contribution of Assets between an Investor and its Associate or Joint Venture
Amendments to IAS 1	Classification of Liabilities as Current or Non-current
Amendments to IFRS 3	Reference to the Conceptual Framework
Amendments to IAS 16	Property, Plant and Equipment—Proceeds before Intended Use
Amendments to IAS 37	Onerous Contracts – Cost of Fulfilling a Contract
Annual Improvements to IFRS Standards 2018-2020 Cycle	Amendments to IFRS 1First-time Adoption of International Financial Reporting Standards, IFRS 9 Financial Instruments, IFRS 16 Leases, and IAS 41 Agriculture
Amendments to IAS 1 and IFRS Practice Statement 2	Disclosure of Accounting Policies
Amendments to IAS 12	Deferred Tax related to Assets and Liabilities arising from a Single Transaction
Amendments to IAS 8	Definition of Accounting Estimates

The impact on the Group of these new and revised IFRSs in issue but not yet effective is still under assessment by management.

3. SIGNIFICANT ACCOUNTING POLICIES

Basis of accounting

The financial statements have been prepared in accordance with international accounting standards in conformity with the requirements of the Companies Act 2006.

The Group Consolidated and Company financial statements have been prepared on the historical cost basis, except for the revaluation of certain financial instruments that are measured at revalued amounts or fair values at the end of each reporting period, as explained in the accounting policies below. The principal accounting policies adopted are set out below.

Basis of consolidation

The consolidated financial statements incorporate the financial statements of the Company and entities controlled by the Company (its subsidiaries) made up to 31 December each year. Control is achieved where the Company has the power over the investee, is exposed, or has rights to variable returns from its involvement with the investee and has the ability to use its power to affect its returns.

When the Company has less than a majority of the voting rights of an investee, it considers that it has power over the investee when the voting rights are sufficient to give it the practical ability to direct the relevant activities of the investee unilaterally. The Company considers all relevant facts and circumstances in assessing whether or not the Company's voting rights in an investee are sufficient to give it power, including:

- the size of the Company's holding of voting rights relative to the size and dispersion of holdings of the other vote holders;
- potential voting rights held by the Company, other vote holders or other parties;
- rights arising from other contractual arrangements; and
- any additional facts and circumstances that indicate that the Company has, or does not have, the current ability to direct the relevant activities at the time that decisions need to be made, including voting patterns at previous shareholders' meetings.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

Year ended 31 December 2021

3. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Consolidation of a subsidiary begins when the Company obtains control over the subsidiary and ceases when the Company loses control of the subsidiary. Specifically, the results of subsidiaries acquired or disposed of during the year are included in profit or loss from the date the Company gains control until the date when the Company ceases to control the subsidiary. When the Group loses control of a subsidiary, the gain or loss on disposal recognised in profit or loss is calculated as the difference between (i) the aggregate of the fair value of the consideration received and the fair value of any retained interest and (ii) the previous carrying amount of the assets (including goodwill), less liabilities of the subsidiary and any non-controlling interests. All amounts previously recognised in other comprehensive income in relation to that subsidiary are accounted for as if the Group had directly disposed of the related assets or liabilities of the subsidiary (i.e. reclassified to profit or loss or transferred to another category of equity as required/permitted by applicable IFRS Standards). The fair value of any investment retained in the former subsidiary at the date when control is lost is regarded as the fair value on initial recognition for subsequent accounting under IFRS 9 when applicable, or the cost on initial recognition of an investment in an associate or a joint venture.

Profit or loss and each component of other comprehensive income are attributed to the owners of the Company and to the non-controlling interests. Total comprehensive income of the subsidiaries is attributed to the owners of the Company and to the non-controlling interests even if this results in the non-controlling interests having a deficit balance. Where necessary, adjustments are made to the financial statements of subsidiaries to bring the accounting policies used into line with those used by the Group. All intra-group transactions, balances, income and expenses are eliminated on consolidation.

Non-controlling interests in the net assets of consolidated subsidiaries are identified separately from the Group's equity therein. Non-controlling interests consist of the amount of those interests at the date of the original business combination (see below) and the non-controlling party's share of changes in equity since the date of the combination. Losses applicable to the non-controlling shareholders in excess of the non-controlling shareholders' interest in the subsidiary's equity are allocated against the interests of the Group except to the extent that the non-controlling shareholders have a binding obligation and are able to make an additional investment to cover the losses.

Going concern

The Group operates in the agricultural industry, which can be significantly affected by environmental factors. This can cause uncertainty over the timing of the conversion of inventory into sales, and also the quantum of inventory which is available for conversion into sales.

The other principal risks and uncertainties facing the business, which are likely to affect its future development, performance, and position, are described within this report. In addition, note 37 to the financial statements sets out the Group's objectives, policies and processes for managing its capital and risk management along with details of exposures to credit risk and liquidity risk.

Subsequent to the change in its ownership the Group successfully renegotiated its current debt facilities as well as the related covenant measures. The purpose of this was to ensure that the external debt repayment profile reflected the expected free cash flow of the Group for the immediate future. As part of this annual debt repayments going forward were set at €10m per year, with a €2m payment in September and €8m payment of December.

As part of the renegotiation it was expected, but not required, that the Group would formally refinance in the next 12-18 months. The purpose of this would be to ensure that a more specific debt repayment and covenant profile could be applied along with the ability for the Group to borrow additional funds for capital investment and growth. At the date of the signing these financial statements the refinance is in its initial stages. As a result, management have not considered it for the purposes of cashflow forecasting or the wider Going Concern assessment.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

Year ended 31 December 2021

3. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

The Group has prepared cashflow and covenant forecasts for the period up to and including December 2023 to support the going concern assessment. Cashflows assume that trading in 2022 is in line with the initial budget updated for known and expected changes that have occurred, such as changes to input costs, yields and crop prices including those arising as a result of the conflict in Ukraine. For 2023 performance it has been assumed that performance will return to the initial levels budgeted for 2022. The forecast specifically assumes that in 2022 there are no further significant adverse variances in the yields, inputs prices and prices for unsold crops compared to the current outlook. Current crop conditions and input costs are better than those assumed in the forecast and market prices for unsold stock are significantly higher than those included in the forecast.

The original budgeted 2022 performance that has been used as an estimate for the 2023 performance represents a significant reduction in commodity prices from current levels as well as continuing input cost inflation. This represents a prudent assumption and reflects the uncertainty in forecasting performance in the current geopolitical environment. The potential expiry of leases during 2023 (see page 3 in the Outlook section) has not been considered directly in the model because any expiry would occur outside of the 12-month going concern period and would not have any immediate detrimental impact on the financial performance or position of the Group.

For both 2022 and financial year 2023 it is also assumed that working capital cycles and capex requirements, including lease repayments, will remain consistent with the 2022 budgeted levels. This reflects expenditure focused mainly on maintaining current operational levels and capabilities.

In addition to the forecasts based on the directors' base case assumptions sensitised forecasts, including modelled covenant compliance, have been prepared by the directors. Potential risks and uncertainties that the Group is exposed to were considered when preparing the forecasts and conducting relevant sensitivity analysis. The major downside risks considered when preparing sensitised cash forecasts related to lower crop yields and prices caused by external factors outside of the control of the Group such as weather, regional conflicts and lower global demand.

When preparing the sensitised forecasts, the directors also considered available mitigating actions that could be used to offset the impact of price decreases, yield risks and other cashflow uncertainties during times of forecasted lower cash liquidity and low covenant headroom. It is expected that where required for liquidity and/or covenant compliance sales of crop can be accelerated, capital expenditure delayed, revolving credit facilities repaid, and supplier terms extended via prior agreement. These reflect routine management actions successfully achieved on multiple occasions during the current and previous years.

Based on the forecasts prepared it is estimated that the Group forecast cash inflows would have to cumulatively decrease by more than €8m, over the 12 months subsequent to the signature of these financial statements, before cash liquidity or required actions to ensure covenant compliance would significantly disrupt operating activities.

The Group operates in an environment where current commodity prices may reduce from the high levels currently observed. In addition, there are risks that key variable costs, such as fertiliser, may increase and yields may be impacted by unforeseen events. The directors believe that any significant adverse yield or cost impacts would increase prices for 2022 or at a minimum hold them at levels currently obtainable at the date of signing these Group financial statements. A combination of currently obtainable prices with significant variable cost increases and yield deficiencies would not result in liquidity or covenant compliance issues.

The directors have considered the cashflow and covenant forecasts, ensuring that these have been appropriately prepared and that they are based on reasonable assumptions, as well as the Group cash and cash equivalents of €11.0m as at 31 December 2021, and net assets of €150.3m at the same date. Given the Group's performance and financial position, and the available cash liquidity headroom apparent in the cash flow forecast as well as expected future covenant headroom, the directors are satisfied with the continued adoption of the going concern basis of preparation for the financial statements.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

Year ended 31 December 2021

3. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Business combinations

The acquisition of subsidiaries is accounted for using the acquisition method. The cost of the acquisition is measured at the aggregate of the fair values, at the date of exchange, of assets given, liabilities incurred or assumed, and equity instruments issued by the Group in exchange for control of the acquiree. Acquisition related costs are recognised in the profit or loss as incurred.

The acquiree's identifiable assets, liabilities and contingent liabilities that meet the conditions for recognition under IFRS 3 (2008) *Business Combinations*, are recognised at their fair value at the acquisition date, except for non-current assets (or disposal groups) that are classified as held for sale in accordance with IFRS 5 *Non-Current Assets Held for Sale and Discontinued Operations*, which are recognised and measured at fair value less costs to sell.

The interest of non-controlling shareholders in the acquiree is initially measured at the minority's proportion of the net fair value of the assets, liabilities and contingent liabilities recognised.

Once control has been obtained, gains or losses arising on any further interests acquired in the business, being the sum of the consideration transferred, less the fair value of the non-controlling interest acquired, are recognised directly within equity.

Goodwill

Goodwill arising in a business combination is recognised as an asset at the date that control is acquired (the acquisition date). Goodwill is measured as the excess of the sum of the consideration transferred, the amount of any non-controlling interest in the acquired business, and the fair value of the acquirer's previously held equity interest (if any) in the entity over the net of the acquisition date amounts of the identifiable assets acquired and liabilities assumed. If, after reassessment, the Group's interest in the net fair value of the acquiree's identifiable assets, liabilities and contingent liabilities exceeds the cost of the business combination, the excess is recognised immediately in profit or loss. Goodwill is not amortised but is reviewed for impairment at least annually. Any impairment is recognised immediately in profit or loss and is not subsequently reversed.

For the purpose of impairment testing, goodwill is assigned to the relevant cash-generating units. Cash-generating units to which goodwill has been assigned are tested for impairment annually, or more frequently when there is an indication that the unit may be impaired. If the recoverable amount of the cash-generating unit is less than the carrying amount of the unit, the impairment loss is allocated first to reduce the carrying amount of any goodwill allocated to the unit and then to the other assets of the unit pro-rata on the basis of the carrying amount of each asset in the unit. An impairment loss recognised for goodwill is not reversed in a subsequent period.

On disposal of a subsidiary, associate or jointly controlled entity, the attributable amount of goodwill is included in the determination of the profit or loss on disposal.

Goodwill arising on acquisitions before the date of transition to IFRSs has been retained at the previous UK GAAP amounts subject to being tested for impairment at that date.

Revenue recognition

Revenue is measured at the fair value of the consideration received or receivable and represents amounts receivable for goods and services provided in the normal course of business, net of discounts, VAT and other sales-related taxes. The Group reviews revenue contracts in accordance with IFRS 15 to ascertain appropriate revenue recognition either at a point in time or over time.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

Year ended 31 December 2021

3. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Sale of goods
Revenue from the sale of goods is recognised when all the following conditions are satisfied:

- a contract has been approved by the parties to the contract and the parties are committed to perform their respective obligations;
- each party's rights and payment terms regarding the goods or services to be transferred can be identified;
- the goods or service can be identified as 'distinct'; and
- the point at which the performance obligation is satisfied, i.e. over time or at a point in time.

Each sale in the Group is associated with a specific contract to provide goods or services. The contract states the performance obligations the Group is required to meet in order to fulfil the contract. Performance obligations in general relate to delivery of a product to the customer but can vary in relation to the specific variety of crop, or the quality or size of the crop. Each contract will also specify a price for delivery of the performance obligations which can be separately identified if the contract relates to more than one performance obligation. The Group recognises revenue when it transfers control of a product or service to a customer.

Services
Services provided relate to work done on a contract basis for a customer. This can include providing agronomy or storage management services or undertaking specific farming tasks such as growing and harvesting crops. Revenue for these services is recognised at the point in time the service occurs or if over a longer period such as the growing season it will be recognised over the period the service occurs.

Government grants
Unconditional government grants related to biological assets are recognised in the income statement when the grant becomes receivable. Conditional government grants related to biological assets are recognised when the conditions attached to the grant are met and there is reasonable assurance that the grant will be received. Government grants relating to property, plant and equipment are treated as deferred income and released to profit or loss over the expected useful lives of the assets concerned. Government grants related to employee furlough are recognised as they accrue in line with the relevant scheme.

Insurance income
Insurance income is recognised in the income statement when the income becomes receivable.

Rental income from property, plant and equipment
Rentals are charged to revenue on a straight-line basis over the term of the relevant lease.

Accrued income
Accrued income is recognised at point of sale of goods until the time the invoice is issued to the customer.

Investment income
Investment income is accrued on a time basis, by reference to the principal outstanding and at the effective interest rate applicable, which is the rate that exactly discounts estimated future cash receipts through the expected life of the financial asset to that asset's net carrying amount.

Dividends
Dividend income from investments is recognised when the shareholders' rights to receive payment have been established.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

Year ended 31 December 2021

3. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Borrowing costs
All borrowing costs are capitalised against the debt and amortised over the term of the debt facility.

Operating profit
Operating profit is stated before investment income and finance costs.

Leases
The Group recognises right of use assets under lease agreements in which it is the lessee. The underlying assets mainly include property, land, plant and equipment. The right-of-use assets comprise the initial measurement of the corresponding lease liability and payments made at or before the commencement day as well as any initial direct costs.

The right of use asset is depreciated over the lease-term and if necessary impaired in accordance with applicable standards. The Group makes any adjustments for re-measurement of the lease liability and the right of use asset in line with annual rent reviews in Poland and Romania. The lease liability is subsequently measured by increasing the carrying amount to reflect interest on the lease liability (application of the effective interest method) and by reducing the carrying amount to reflect the lease payments made.

In the event that lease incentives are received to enter into operating leases, such incentives are recognised as a liability. The aggregate benefit of incentives is recognised as a reduction of rental expense on a straight-line basis, except where another systematic basis is more representative of the time pattern in which economic benefits from the leased asset are consumed.

The Group has evaluated the criteria to identify a lease and determined that due to the nature of the business all leases in relation to land be classified under IFRS 16 as right of use leases regardless of value or lease term. Other lease categories relating to buildings and machinery will only be classified as right of use leases if they are not low value or short-term. The Group has not elected to separate non-lease components from the lease components for any leases.

Beneficial leases arise on acquisition of subsidiaries and relate to the acquisition of land leases where the rent payment is less than market value. This may be due to the rent being a fixed rate and a number of years old. The benefit gained is capitalised and amortised over the remaining life of the lease.

Foreign currencies

Functional and presentation currency
The individual financial statements of each Group company are presented in the currency of the primary economic environment in which it operates (its functional currency). For the purpose of the consolidated financial statements, the results and financial position of each Group company are translated into Euro, which is the presentation currency for the consolidated financial statements.

Transactions and balances
In preparing the financial statements of the individual companies, transactions in currencies other than the entity's functional currency (foreign currencies) are recorded at the rates of exchange prevailing on the dates of the transactions. At each balance sheet date, monetary assets and liabilities that are denominated in foreign currencies are retranslated at the rates prevailing on the balance sheet date.

Non-monetary items carried at fair value that are denominated in foreign currencies are translated at the rates prevailing at the date when the fair value was determined. Non-monetary items that are measured in terms of historical cost in a foreign currency are not retranslated.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

Year ended 31 December 2021

3. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Exchange differences are recognised in profit or loss in the year in which they arise except for:

- exchange differences on transactions entered into to hedge certain foreign currency risks (see below under financial instruments / hedge accounting); and
- exchange differences on monetary items receivable from or payable to a foreign operation for which settlement is neither planned nor likely to occur, which form part of the net investment in a foreign operation, and which are recognised in the foreign currency translation reserve and recognised in profit or loss on disposal of the net investment.

Group companies

For the purpose of presenting consolidated financial statements, the assets and liabilities of the Group's foreign operations are translated at exchange rates prevailing on the balance sheet date. Income and expense items are translated at the average exchange rates for the year, unless exchange rates fluctuate significantly during that year, in which case the exchange rates at the date of transactions are used. Exchange differences arising, if any, are recognised in other comprehensive income and accumulated in equity. Such translation differences are recognised as income or as expenses in the year in which the operation is disposed of.

Goodwill and fair value adjustments arising on the acquisition of a foreign entity are treated as assets and liabilities of the foreign entity and translated at the closing rate.

Retirement benefit costs

Payments to defined contribution retirement benefit schemes are charged as an expense as they fall due. Payments made to state-managed retirement benefit schemes are dealt with as payments to defined contribution schemes where the Group's obligations under the schemes are equivalent to those arising in a defined contribution retirement benefit scheme.

Exceptional items

Exceptional items consist of unusual and or one-off items. These are classified by the Directors as income or expense which is not a part of the normal course of business and does not occur on a frequent basis. Examples of exceptional items would include but not be exclusive to professional and legal fees in relation to transactions, gains on bargain purchases and business restructuring.

Taxation

The tax expense represents the sum of the tax currently payable and deferred tax.

The tax currently payable is based on taxable profit for the year. Taxable profit differs from net profit as reported in the income statement because it excludes items of income or expense that are taxable or deductible in other years and it further excludes items that are never taxable or deductible. The Group's liability for current tax is calculated using tax rates that have been enacted or substantively enacted by the balance sheet date.

Deferred tax is the tax expected to be payable or recoverable on differences between the carrying amounts of assets and liabilities in the financial statements and the corresponding tax bases used in the computation of taxable profit and is accounted for using the balance sheet liability method. Deferred tax liabilities are generally recognised for all taxable temporary differences and deferred tax assets are recognised to the extent that it is probable that taxable profits will be available against which deductible temporary differences can be utilised. Such assets and liabilities are not recognised if the temporary difference arises from the initial recognition of goodwill or from the initial recognition (other than in a business combination) of other assets and liabilities in a transaction that affects neither the taxable profit nor the accounting profit.

Deferred tax liabilities are recognised for taxable temporary differences arising on investments in subsidiaries and associates, and interests in joint ventures, except where the Group is able to control the reversal of the temporary difference and it is probable that the temporary difference will not reverse in the foreseeable future.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

Year ended 31 December 2021

3. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

The carrying amount of deferred tax assets is reviewed at each balance sheet date and reduced to the extent that it is no longer probable that sufficient taxable profits will be available to allow all or part of the asset to be recovered.

Deferred tax is calculated at the tax rates that are expected to apply in the year when the liability is settled, or the asset is realised. Deferred tax is charged or credited in the income statement, except when it relates to items charged or credited directly to equity, in which case the deferred tax is also dealt with in equity.

Property, plant and equipment

Property, plant and equipment are stated at cost less accumulated depreciation and any recognised impairment loss. In accordance with adoption of Amendments to IAS 16 and IAS 41 (Jun 2014), bearer plants are now treated prospectively as property, plant and equipment. Depreciation is provided on property, plant and equipment other than freehold land to write off their cost less estimated residual value, over their estimated useful lives, on the following basis:

Freehold properties	: 20 to 50 years straight-line
Short leasehold properties	: Over the life of the lease.
Plant and equipment	: 3 to 15 years straight-line
Bearer plants	: Bearer plants are depreciated over the economic life of the plant but not longer than the land lease period.

Freehold land is not depreciated.
Residual values are the estimated amount that the Group would obtain from disposal of the asset, after deducting estimated costs of the disposal, if the asset were already of the age and in the condition expected at the end of its useful life, based on prices prevailing at the balance sheet date.

Assets in the course of construction for production, rental or administrative purposes, are carried at cost, less any recognised impairment loss. Cost includes professional fees and, for qualifying assets, borrowing costs capitalised in accordance with the Group's accounting policy.

Depreciation of these assets, on the same basis as other property assets, commences when the assets are ready for their intended use.

Intangible assets excluding goodwill

Other Intangible assets are recognised on acquisition of a subsidiary and relate to brands within the business or acquired customer lists which have value to the Group. Other intangible assets are measured initially at purchase cost and are amortised as follows:

Brand	: 5 years straight-line
Acquired customer lists	: 5 years straight-line
Long term contracts	: Over the life of the agreement

Impairment of tangible and intangible assets excluding goodwill

At each balance sheet date, the Group reviews the carrying amounts of its tangible and intangible assets to determine whether there is any indication that those assets have suffered an impairment loss. If any such indication exists, the recoverable amount of the asset is estimated in order to determine the extent of the impairment loss (if any). Where the asset does not generate cash flows that are independent from other assets, the Group estimates the recoverable amount of the cash-generating unit to which the asset belongs.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

Year ended 31 December 2021

3. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Recoverable amount is the higher of fair value less costs to sell and value in use. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset for which the estimates of future cash flows have not been adjusted.

If the recoverable amount of an asset (or cash-generating unit) is estimated to be less than its carrying amount, the carrying amount of the asset (cash-generating unit) is reduced to its recoverable amount. An impairment loss is recognised as an expense immediately.

Where an impairment loss subsequently reverses, the carrying amount of the asset (cash-generating unit) is increased to the revised estimate of its recoverable amount, but so that the increased carrying amount does not exceed the carrying amount that would have been determined had no impairment loss been recognised for the asset (cash-generating unit) in prior years. A reversal of an impairment loss is recognised as income immediately.

Investments

Each parent company of the investments listed in note 21, prepares separate financial statements according to the legal requirements in the jurisdiction of that parent company.

All investments are accounted for based on historical cost.

Biological assets

Crops before the point of harvest such as wheat, barley, potatoes and livestock (primarily cattle) are classified as biological assets. Bearer plants such as orchards and miscanthus plants are treated as property, plant and equipment and the produce from the bearer plants is treated as biological assets. In accordance with the requirements of IAS 41 *Agriculture*, all biological assets are held at net fair value. The net fair value of livestock is based on the estimated market value less estimated selling costs. The estimate of net fair value of crops is based on the historical cost until sufficient biological transformation has taken place to indicate that cost is no longer equal to net fair value. Thereafter the fair value is based on a discounted cash flow model applied to expected crop yield using the estimated market values less estimated selling costs. The point at which sufficient biological transformation has taken place requires the use of estimates. Different assumptions around the growth patterns could cause the recorded net fair value of biological assets to differ. The Group is of the opinion that where little biological transformation has occurred then cost equates to net fair value.

A gain or loss arising on initial recognition of a biological asset at net fair value is included in profit or loss for the year in which it arises.

Inventories

The deemed cost of agricultural produce harvested from biological assets is measured at its fair value less estimated point-of-sale costs at the point of harvest. A gain or loss arising on initial recognition of agricultural produce at fair value less estimated point-of-sale costs is included in profit or loss for the year in which it arises.

Readily marketable inventories of harvested crops, which consist of merchandisable agricultural commodities, such as wheat, oilseed rape and corn maize, after the point of harvest are stated at lower or deemed cost and net realisable value. These merchandisable agricultural commodities are freely traded, have quoted market prices, may be sold without significant further processing and have predictable and insignificant disposal costs. A change in the market value of merchandisable agricultural commodities is recognised in profit or loss in the year which it arises.

Other inventories are stated at the lower of cost and net realisable value. Net realisable value represents the estimated selling price less all estimated costs of completion and costs to be incurred in marketing, selling and distribution. Raw materials are valued at average cost.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)
Year ended 31 December 2021

3. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Financial instruments
Financial assets and financial liabilities are recognised in the Group's balance sheet when the Group becomes a party to the contractual provisions of the instrument.

Financial assets
Investments are recognised and derecognised on a trade date where the purchase or sale of an investment is under a contract whose terms require delivery of the investment within the timeframe established by the market concerned, and are initially measured at fair value, plus transaction costs, except for those financial assets classified as at fair value through profit or loss, which are initially measured at fair value.

Financial assets are classified into the following specified categories: financial assets at 'fair value through profit or loss' (FVTPL), 'held-to-maturity' investments, 'available-for-sale' (AFS) financial assets and 'loans and receivables'. The classification depends on the nature and purpose of the financial assets and is determined at the time of initial recognition.

Effective interest method
The effective interest method is a method of calculating the amortised cost of a financial asset and of allocating interest income over the relevant period. The effective interest rate is the rate that exactly discounts estimated future cash receipts (including all fees on points paid or received that form an integral part of the effective interest rate, transaction costs and other premiums or discounts) through the expected life of the financial asset, or, where appropriate, a shorter period.

Financial assets and liabilities at FVTPL
Financial assets/liabilities are classified as at FVTPL where the financial asset/liability is either held for trading or it is designated as at FVTPL.

A financial asset or liability is classified as held for trading if:

it has been acquired/incurred principally for the purpose of selling/repurchasing in the near future; or
it is a part of an identified portfolio of financial instruments that the Group manages together and has a recent actual pattern of short-term profit-taking; or
it is a derivative that is not designated and effective as a hedging instrument.

A financial asset/liability other than a financial asset/liability held for trading may be designated as at FVTPL upon initial recognition if:

- such designation eliminates or significantly reduces a measurement or recognition inconsistency that would otherwise arise; or
- the financial asset/liability forms part of a group of financial assets or financial liabilities or both, which is managed, and its performance is evaluated on a fair value basis, in accordance with the Group's documented risk management or investment strategy, and information about the Group is provided internally on that basis; or
- it forms part of a contract containing one or more embedded derivatives, and IAS 39 *Financial Instruments: Recognition and Measurement* permits the entire combined contract (asset or liability) to be designated as at FVTPL.

Financial assets/liabilities at FVTPL are stated at fair value, with any resultant gain or loss recognised in profit or loss. The net gain or loss recognised in profit or loss incorporates any dividend or interest earned/paid on the financial asset/liability. Fair value is determined in the manner described in note 37.

Loans and receivables
Trade receivables, loans, and other receivables that have fixed or determinable payments that are not quoted in an active market are classified as loans and receivables. Loans and receivables are measured at amortised cost using the effective interest method, less any impairment. Interest income is recognised by applying the effective interest rate, except for short-term receivables when the recognition of interest would be immaterial.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

Year ended 31 December 2021

3. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Impairment of financial assets
Financial assets, other than those at FVTPL, are assessed for indicators of impairment at each balance sheet date. Financial assets are impaired where there is objective evidence that, as a result of one or more events that occurred after the initial recognition of the financial asset, the estimated future cash flows of the investment have been impacted.

For certain categories of financial asset, such as trade receivables, assets that are assessed not to be impaired individually are subsequently assessed for impairment on a collective basis. Objective evidence of impairment for a portfolio of receivables could include the Group's past experience of collecting payments, an increase in the number of delayed payments in the portfolio past the average credit period (as disclosed in note 24), as well as observable changes in national or local economic conditions that correlate with default on receivables.

The carrying amount of the financial asset is reduced by the impairment loss directly for all financial assets with the exception of trade receivables, where the carrying amount is reduced through the use of an allowance account. When a trade receivable is considered uncollectible, it is written off against the allowance account. Subsequent recoveries of amounts previously written off are credited against the allowance account. Changes in the carrying amount of the allowance account are recognised in profit or loss.

If, in a subsequent year, the amount of the impairment loss decreases, and the decrease can be related objectively to an event occurring after the impairment was recognised, the previously recognised impairment loss is reversed through profit or loss to the extent that the carrying amount of the investment at the date the impairment is reversed does not exceed what the amortised cost would have been had the impairment not been recognised.

Cash and cash equivalents
Cash and cash equivalents comprise cash on hand and demand deposits and other short-term highly liquid investments that are readily convertible to a known amount of cash and are subject to an insignificant risk of changes in value.

Derecognition of financial assets
The Group derecognises a financial asset only when the contractual rights to the cash flows from the asset expire; or it transfers the financial asset and substantially all the risks and rewards of ownership of the asset to another entity. If the Group neither transfers nor retains substantially all the risks and rewards of ownership and continues to control the transferred asset, the Group recognises its retained interest in the asset and an associated liability for amounts it may have to pay. If the Group retains substantially all the risks and rewards of ownership of a transferred financial asset, the Group continues to recognise the financial asset and also recognises a collateralised borrowing for the proceeds received.

Financial liabilities and equity
Financial liabilities and equity instruments are classified according to the substance of the contractual arrangements entered into.

Equity instruments
An equity instrument is any contract that evidences a residual interest in the assets of the Group after deducting all of its liabilities. Equity instruments issued by the Group are recorded at the proceeds received, net of direct issue costs.

Financial liabilities
Financial liabilities are classified as either financial liabilities 'at FVTPL' or 'other financial liabilities'.

Other financial liabilities
Other financial liabilities, including borrowings, are initially measured at fair value, net of transaction costs. Other financial liabilities are subsequently measured at amortised cost.

Derecognition of financial liabilities
The Group derecognises financial liabilities when, and only when, the Group's obligations are discharged, cancelled or they expire.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)
Year ended 31 December 2021

3. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Derivative financial instruments
The Group enters into a variety of derivative financial instruments to manage its exposure to changes in commodity prices, interest rate and foreign exchange rate risk, including wheat futures, foreign exchange forward contracts and interest rate swaps. Further details of derivative financial instruments are disclosed in note 37 to the financial statements.

Derivatives are initially recognised at fair value at the date a derivative contract is entered into and are subsequently remeasured to their fair value at each balance sheet date. The resulting gain or loss is recognised in profit or loss immediately unless the derivative is designated and effective as a hedging instrument, in which event the timing of the recognition in profit or loss depends on the nature of the hedge relationship. The Group designates certain derivatives as either hedges of the fair value of recognised assets or liabilities or firm commitments (fair value hedges), hedges of highly probable forecast transactions or hedges of foreign currency risk of firm commitments (cash flow hedges), or hedges of net investments in foreign operations. A derivative is presented as a non-current asset or a non-current liability if the remaining maturity of the instrument is more than 12 months and it is not expected to be realised or settled within 12 months. Other derivatives are presented as current assets or current liabilities.

Hedge accounting
The Group designates certain hedging instruments (derivatives) as cash flow hedges.

At the inception of the hedge relationship, the entity documents the relationship between the hedging instrument and the hedged item, along with its risk management objectives and its strategy for undertaking various hedge transactions. Furthermore, at the inception of the hedge and on an ongoing basis, the Group documents whether the hedging instrument that is used in a hedging relationship is highly effective in offsetting changes in fair values or cash flows of the hedged item.

Note 37 sets out details of the fair values of the derivative instruments used for hedging purposes. Movements in the hedging reserve in equity are also detailed in the statement of changes in equity and note 33.

Cash flow hedge
The effective portion of changes in the fair value of derivatives that are designated and qualify as cash flow hedges are deferred in equity. The gain or loss relating to the ineffective portion is recognised immediately in profit or loss and is included in the 'revenue' line of the income statement.

Amounts deferred in equity are recycled in profit or loss in the periods when the hedged item is recognised in profit or loss, in the same line of the income statement as the recognised hedged item. However, when the forecast transaction that is hedged results in the recognition of a non-financial asset or a non-financial liability, the gains and losses previously deferred in equity are transferred from equity and included in the initial measurement of the cost of the asset or liability.

Hedge accounting is discontinued when the Group revokes the hedging relationship, the hedging instrument expires or is sold, terminated, or exercised, or no longer qualifies for hedge accounting. Any cumulative gain or loss deferred in equity at that time remains in equity and is recognised when the forecast transaction is ultimately recognised in profit or loss.

When a forecast transaction is no longer expected to occur, the cumulative gain or loss that was deferred in equity is recognised immediately in profit or loss.

Provisions
Provisions are recognised when the Group has a present obligation as a result of a past event, and it is probable that the Group will be required to settle that obligation. Provisions are measured at the directors' best estimate of the expenditure required to settle the obligation at the balance sheet date and are discounted to present value where the effect is material.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

Year ended 31 December 2021

3. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Discontinued operations

Discontinued operations are recognised in line with IFRS 5. Assets are recognised as held for sale when the carrying amount is expected to be recovered principally through a sale rather than continuing use. Therefore, the asset must be available for sale in its present condition, the sale must be highly probable, and the Group is committed to a sale plan. The assets and liabilities are recognised at fair value in current assets and liabilities. Discontinued operations are shown in note 16.

4. CRITICAL ACCOUNTING JUDGEMENTS AND KEY SOURCES OF ESTIMATION UNCERTAINTY

In the application of the Group's accounting policies, which are described in note 3, the directors are required to make judgements, estimates and assumptions about the carrying amounts of assets and liabilities that are not readily apparent from other sources. The estimates and associated assumptions are based on historical experience and other factors that are considered to be relevant. Actual results may differ from these estimates.

The estimates and underlying assumptions 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.

Critical judgements in applying the Group's accounting policies

There are no critical judgements other than those involved in estimation as listed below, that the directors have made in the process of applying the Group's accounting policies and that have the most significant effect on the amounts recognised in the financial statements.

Key sources of estimation uncertainty

The key assumptions concerning the future, and other key sources of estimation uncertainty at the reporting year that may have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year, are discussed below.

Estimated impairment of goodwill, property, plant and equipment, and intangible assets

The Group tests on an annual basis whether goodwill has suffered any impairment, in accordance with the accounting policy in note 3. The recoverable amounts of cash-generating units have been determined based on value in use calculations. The recoverable value of property, plant and equipment and intangible assets are also assessed according to the same rules, where indication of impairment has been identified. These calculations require the use of estimates, in particular in relation to the expected sales, discount rates and raw material and lease costs.

Details of the year end balances for goodwill, property, plant and equipment and intangibles assets are disclosed in notes 17 to 19.

Fair value of biological assets

The Group produces various crops in numerous countries. In accordance with the requirements of IAS 41 *Agriculture* all biological assets are held at net fair value. The estimate of net fair value of these crops is based on the historical cost until sufficient biological transformation has taken place to indicate that cost is no longer equal to net fair value. Thereafter the fair value is based on a discounted cash flow model applied to expected crop yield using the estimated market values less estimated selling costs. The point at which sufficient biological transformation has taken place requires the use of estimates. Different assumptions around the growth patterns such as those relating to changing weather conditions could cause the recorded net fair value of biological assets to differ.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

Year ended 31 December 2021

4. CRITICAL ACCOUNTING JUDGEMENTS AND KEY SOURCES OF ESTIMATION UNCERTAINTY (CONTINUED)

If the Group used different methods or factors to estimate market values and costs to sell, amounts reported as biological assets could differ. Additionally, if market conditions change subsequent to the year end, amounts recognised as biological assets and cost of goods sold could differ.

The estimated crop yield at the balance sheet date could differ from actual yields due to the effect of natural hazards, such as climate, pest and disease damage. The yield is particularly sensitive to climate effects in the weeks immediately before the point of harvest.

Details of the year end balances for biological assets is disclosed in note 23.

5. REVENUE

An analysis of the Group's revenue is as follows:

	Note	**Year ended 31 Dec 2021 €'000**	Year ended 31 Dec 2020 €'000
Revenue from contracts with customers			
Sales of goods		**180,810**	159,813
Rental income		**712**	653
Other revenue			
Subsidy income	8	**19,832**	18,171
Insurance compensation		**2,089**	1,488
Investment revenue	12	**32**	30
Total revenue from continuing operations		**203,475**	180,155
Total revenue from discontinued operations	16	**-**	37
Total revenue		**203,475**	180,192
Timing of revenue recognition for continuing operations			
At a point in time		**199,984**	176,823
Over time		**3,491**	3,332
Total		**203,475**	180,155

All revenue has been generated in the UK and EU.

6. OTHER OPERATING INCOME

	Year ended 31 Dec 2021 €'000	Year ended 31 Dec 2020 €'000
Compensation for contractual breaches	**181**	372
Expiry of liabilities	**37**	71
Other	**403**	422
Total	**621**	865

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

Year ended 31 December 2021

7. EXCEPTIONAL ITEMS

	Year ended 31 Dec 2021 €'000	Year ended 31 Dec 2020 €'000
Provision release	**(299)**	-
Business reorganisation	**3,962**	553
Safety and regulatory	**-**	206
Other	**3,663**	759
Capitalised borrowing costs impairment	**2,067**	-
Refinance	**404**	-
Financing	**2,471**	-
Total	**6,134**	759

The calculation of the leverage covenant for bank loans uses EBITDA, which excludes the impact of exceptional items. The tax treatment of income and expenses is not impacted by their disclosure as exceptional items.

Provision release
Represents the release of an excess provision created for an employee claim in a subsidiary company (see note 30), which was settled for a lower than expected amount post year end. The original prevision was expensed to exceptional items and therefore the release has also been recognised as an exceptional item.

Business reorganisation
The current and prior year expenditure relates to professional fees incurred in relation to the preparation of the Group for sale. The current year charge also includes expenses related to the reorganisation of operational management in the UK operating subsidiaries.

Capitalised borrowing cost impairment
Represents the full impairment of borrowing costs capitalised in prior years. These have been impaired as a result of a significant change to the terms of the debt agreement signed during the year (see note 25).

Refinance
Represents professional fees incurred during an aborted refinancing process undertaken during the year.

Safety and regulatory
Relates to additional expenses incurred across the Group as a direct result of the Covid-19 pandemic.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)
Year ended 31 December 2021

8. LOSS FOR THE YEAR AND NON-GAAP MEASURES

Loss for the year has been arrived at after charging/(crediting):

	Note	**Year ended 31 Dec 2021 €'000**	Year ended 31 Dec 2020 €'000
Net foreign exchange (gain)/loss		**(508)**	90
Depreciation of property, plant and equipment	19	**8,146**	8,186
Depreciation of right of use assets	20	**27,615**	24,856
Amortisation of intangible assets	18	**506**	665
Amortisation of capitalised borrowing costs		**2,404**	1,744
Gain on disposal of property, plant and equipment		**(1,549)**	(1,614)
Cost of inventories recognised as expense		**132,459**	118,447
Staff costs	10	**34,239**	31,011
Impairment loss recognised on trade receivables	24	**50**	49
Short term lease expense		**2,067**	1,838
Gain on sale and lease back of land		**-**	(265)
Gain on disposal of subsidiary		**-**	(376)
Subsidy income	5	**(19,832)**	(18,171)

The financial measure being Earnings before Interest, Tax, Depreciation and Amortisation excluding the impact of Exceptional items and Foreign exchange gains/(losses) ("EBITDA (adjusted)") is a non-GAAP measure. It is not defined by IFRS and is not intended to be used as a substitute for, or superior to, IFRS measurements of profit. The following table is provided to show the calculation of the measure as included in the Strategic report on page 4.

	Note	**Year ended 31 Dec 2021 €'000**	Year ended 31 Dec 2020 €'000
Operating profit before exceptional items		**18,586**	9,605
Depreciation of property, plant and equipment	19	**8,146**	8,186
Depreciation of right of use assets	20	**27,615**	24,856
Amortisation of intangible assets	18	**506**	665
Amortisation of capitalised borrowing costs		**2,404**	1,744
Net foreign exchange (gain)/loss		**(508)**	90
Bank charges and fees		**176**	290
EBITDA (adjusted)		**56,925**	45,436

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

Year ended 31 December 2021

9. AUDITOR'S REMUNERATION

The analysis of auditor's remuneration is as follows:

	Year ended 31 Dec 2021 €'000	Year ended 31 Dec 2020 €'000
Statutory audit fees: Consolidated group financial statements		
- Deloitte LLP	**253**	232
Statutory audit fees: Other entity financial statements		
- Deloitte LLP and other member firms of Deloitte Touche Tohmatsu	**501**	358
- VGD-AVOS AUDIT s.r.o.	**8**	12
Total statutory audit fees	**762**	602
Non-audit fees: Deloitte LLP and other member firms of Deloitte Touche Tohmatsu		
- Audit-related	**8**	-
- Other assurance	**-**	3
- Tax compliance	**52**	51
- Tax advisory	**36**	6
- Corporate finance services	**499**	250
- Other non-audit services	**-**	11
Non-audit fees: VGD-AVOS AUDIT s.r.o.		
- Tax services	**3**	2
- Other services	**4**	-
Total non-audit fees	**602**	323

Fees payable to Deloitte LLP and their associates for non-audit services to the Company are not required to be disclosed because the consolidated financial statements are required to disclose such fees on a consolidated basis.

10. STAFF COSTS

The average monthly number of employees (including executive directors) was:

	Year ended 31 Dec 2021 Number	Year ended 31 Dec 2020 Number
Production	**1,103**	1,137
Management and administration	**221**	255
	1,324	1,392

Excluding discontinued operations production employees would number 1,103 (2020: 1,137) and management and administration would number 221 (2020: 255).

	Year ended 31 Dec 2021 €'000	Year ended 31 Dec 2020 €'000
Their aggregate remuneration comprised:		
Wages and salaries	**28,816**	26,238
Social security costs	**5,155**	4,570
Other pension costs (note 36)	**268**	203
	34,239	31,011

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)
Year ended 31 December 2021

10. STAFF COSTS (CONTINUED)

Excluding discontinued operations wages and salaries would be €28,816,000 (2020: €26,220,000), social security costs would be €5,155,000 (2020: €4,568,000) and other pension costs would be €268,000 (2020: €203,000). The company had no employees during the year (2020: nil).

11. DIRECTORS' REMUNERATION AND TRANSACTIONS

Aggregate directors' remuneration
The total amounts for directors' remuneration were as follows:

	Year ended 31 Dec 2021 €'000	Year ended 31 Dec 2020 €'000
Emoluments	**1,339**	1,460

As at 31 December 2020 two directors had B shares in P&P Spearhead Jersey Holdings Ltd, which was the previous immediate parent company.

Highest paid director
The total remuneration for the highest paid director was as follows:

	Year ended 31 Dec 2021 €'000	Year ended 31 Dec 2020 €'000
Emoluments	**657**	623

There are no Directors who are members of money purchase pension schemes (2020 – nil).

12. INVESTMENT REVENUE

	Year ended 31 Dec 2021 €'000	Year ended 31 Dec 2020 €'000
Bank deposits	**32**	30

Investment revenue earned on financial assets analysed by category of asset, is as follows:

	Year ended 31 Dec 2021 €'000	Year ended 31 Dec 2020 €'000
Loans and receivables (including cash and bank balances)	**32**	30

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)
Year ended 31 December 2021

13. FINANCING COSTS

Finance costs

	Year ended 31 Dec 2021 €'000	Year ended 31 Dec 2020 €'000
Interest on bank overdrafts and loans	**4,634**	5,169
Interest on obligations under right of use leases	**4,930**	3,728
Other	**38**	65
	9,602	8,962

14. TAX

	Year ended 31 Dec 2021 €'000	Year ended 31 Dec 2020 €'000
Current tax		
UK corporation tax	-	-
Foreign tax	**2,878**	1,571
Foreign tax prior year adjustment	**(58)**	-
	2,820	1,571
Deferred tax (note 27)		
Origination and reversal of timing differences	**191**	(241)
Origination and reversal of timing differences prior year adjustment	**32**	-
	3,043	1,330

Corporation tax is calculated at 19.0% (2020 – 19.0%) of the estimated assessable loss for the year. Taxation for other jurisdictions is calculated at the rates prevailing in the respective jurisdictions.

The charge for the year can be reconciled to the Profit/loss per the consolidated income statement as follows:

	Year ended 31 Dec 2021 €'000	Year ended 31 Dec 2020 €'000
Total profit/(loss) from continuing operations before tax	**2,882**	(86)
Tax from continuing operations at the blended UK corporation tax rate of 19.0% (2020: 19.0%)	**547**	(16)
Tax effect of:		
Expenses not deductible for tax purposes	**2,161**	695
Income not taxable	**(2,406)**	(713)
Utilisation of tax losses	**-**	(119)
Effect of overseas tax rates	**19**	(6)
Other temporary differences	**(74)**	1,434
Deferred tax amounts not recognised	**2,822**	-
Adjustment in respect of prior years	**(26)**	55
Tax expense for the year	**3,043**	1,330

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

Year ended 31 December 2021

14. TAX (CONTNUED)

In the UK budget on 11 March 2020, it was announced that the cut in the tax rate to 17% will now not occur and the UK Corporation Tax Rate will instead remain at 19% until April 2023. However, the March 2021 Budget announced a further increase to the main rate of corporation tax to 25% from April 2023. This rate was substantively enacted on 24 May 2021 and as a result deferred tax balances as at 31 December 2021 have been revalued to 25% to the extent they are expected to reverse after 1 April 2023. Deferred tax has been calculated at the rate of 25% as at 31 December 2021.

15. LOSS ATTRIBUTABLE TO THE COMPANY

As permitted by Section 408 of the Companies Act 2006, no separate income statement or statement of comprehensive income is presented in respect of the parent company. The loss attributable to the Company is disclosed below the Company's balance sheet. The auditor's remuneration for audit and other services is disclosed in note 9 to the consolidated financial statements.

16. DISCONTINUED OPERATIONS

On 22 August 2017 the Group Board of Directors agreed to actively market Masfrost Sp. z o.o. and Masfrost Ziębice Sp. z o.o. with the intention to sell these operations pertaining to the Downstream CGU. Both entities were vegetable freezing operations in Poland. It was the intention that both should be sold due to poor performance in comparison to expectations and were expected to be sold within 12 months.

During the prior year Masfrost Sp. z o.o. was liquidated due to a lack of suitable buyers. The sale of Masfrost Ziębice Sp. z o.o to a third-party buyer was completed on the 1 January 2020. As a result, these companies remain discontinued operations for the prior year.

The results of the discontinued operations, which have been included as a line in the consolidated income statement, were as follows:

	Year ended 31 Dec 2021 €'000	Year ended 31 Dec 2020 €'000
Revenue	-	37
Expenses	-	(77)
Gain on liquidation	-	376
Profit before tax	-	336
Attributable tax expense	-	-
Net profit attributable to discontinued operations	-	336

In the prior year no gain/loss arose on the remeasurement of Masfrost or Ziebice to fair value less costs to sell.

During 2020, Masfrost contributed €90,000 to the Group's net operating cash flows and €2,401,000 in respect of investing activities and Ziebice contributed €390,000 to the Group's net cash flow in respect of investing activities. All are included in the prior year consolidated cashflow statement.

As at 31 December 2021 there were no assets or liabilities related to discontinued operations (2020: €nil).

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

Year ended 31 December 2021

17. GOODWILL

Group	31 Dec 2021 €'000	31 Dec 2020 €'000
Cost		
At 1 January	**39,636**	40,862
Exchange differences	**1,312**	(1,226)
At 31 December	**40,948**	39,636
Accumulated impairment losses		
At 1 January	**(6,655)**	(6,655)
Exchange differences	-	-
At 31 December	**(6,655)**	(6,655)
Carrying amount		
At 31 December	**34,293**	32,981

No goodwill was held by the Company at 31 December 2021 (2020 – €nil). Goodwill acquired in a business combination is allocated, at acquisition, to the relevant cash-generating unit (CGU) expected to benefit from that business combination.

The carrying amount of goodwill net of impairment had been allocated as follows:

	31 Dec 2021 €'000	31 Dec 2020 €'000
Upstream	**2,642**	2,541
Primary production	**31,651**	30,440
	34,293	32,981

The Group tests goodwill annually at each financial year end for impairment or more frequently if there are indications that goodwill might be impaired.

The recoverable amounts of the CGUs are determined from value in use calculations. The key assumptions for the value in use calculations are those regarding the growth rates and expected changes to selling prices and direct costs during the forecast period. The growth rates are based on management experience and expectations of future changes in the market. Changes in selling prices and direct costs are based on past practices and expectations of future changes in the market.

The Group has conducted a sensitivity analysis on the impairment tests of each CGU's carrying value. A cut in the forecast earnings by the following rates would result in the recoverable amount of goodwill being reduced to its carrying value.

	Year ended 31 Dec 2021 %	Year ended 31 Dec 2020 %
Upstream	**59**	63
Primary production	**7**	19

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)
Year ended 31 December 2021

17. GOODWILL (CONTINUED)

The Group prepares cash flow forecasts derived from the most recent financial budgets approved by the board for the next year and extrapolates cash flows for the following four years based on estimated baseline growth in earnings of between 0%-1%. This rate does not exceed the average long-term growth rate for the relevant markets. Cash flows are then assumed in perpetuity with 0%-1% growth.

The post-tax rate used to discount the forecast cash flows from the CGUs is 14% for Upstream (2020: 13%) and 13% for Primary Production (2020: 14%).

18. OTHER INTANGIBLE ASSETS

Group	Total €'000
Cost	
At 1 January 2020	7,372
Additions	37
Disposal	(62)
Exchange differences	(261)
At 31 December 2020	7,086
Additions	**44**
Disposal	**-**
Exchange differences	**351**
At 31 December 2021	**7,481**
Amortisation	
At 1 January 2020	1,865
Charge for the year	665
Exchange differences	(64)
At 31 December 2020	2,466
Charge for the year	**506**
Exchange differences	**115**
At 31 December 2021	**3,087**
Carrying amount	
At 31 December 2020	4,620
At 31 December 2021	**4,394**

Intangible assets relate to brands, customer lists and long-term contracts.

The amortisation charge for the year is recognised within cost of sales in the consolidated income statement.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

Year ended 31 December 2021

19. PROPERTY, PLANT AND EQUIPMENT

Group	Freehold properties €'000	Short leasehold properties €'000	Assets under construction €'000	Plant and equipment €'000	Total €'000
Cost					
At 1 January 2020	87,704	307	577	46,760	135,348
Additions	1,881	25	937	2,136	4,979
Disposals	(801)	-	(106)	(4,878)	(5,785)
Transfers between categories	278	-	(768)	490	-
Transfers from right of use assets	-	-	-	2,689	2,689
Transfers to held for sale assets	(443)	-	-	(95)	(538)
Exchange differences	(3,758)	(14)	(25)	(2,073)	(5,870)
At 31 December 2020	**84,861**	**318**	**615**	**45,029**	**130,823**
Additions	1,327	39	2,882	3,896	8,144
Disposals	(944)	(22)	(104)	(2,113)	(3,183)
Transfers between categories	646	(104)	(1,758)	1,216	-
Transfers from right of use assets	-	14	-	893	907
Transfers (to)/from held for sale assets	638	-	-	(137)	501
Exchange differences	1,722	22	22	1,034	2,800
At 31 December 2021	**88,250**	**267**	**1,657**	**49,818**	**139,992**
Accumulated depreciation					
At 1 January 2020	18,152	91	92	27,078	45,413
Charge for the year	3,459	30	-	4,697	8,186
Release on disposals	(57)	-	(86)	(4,297)	(4,440)
Impairment	154	-	-	8	162
Transfers from right of use assets	-	-	-	2,286	2,286
Transfer to held for sale assets	(191)	-	-	(94)	(285)
Exchange differences	(832)	(3)	(6)	(1,300)	(2,141)
At 31 December 2020	**20,685**	**118**	-	**28,378**	**49,181**
Charge for the year	3,628	24	-	4,494	8,146
Release on disposals	(225)	(22)	-	(1,801)	(2,048)
Impairment	96	-	-	2	98
Transfers from right of use assets	-	14	-	720	734
Transfers (to)/from held for sale assets	451	-	-	(119)	332
Exchange differences	379	3	-	684	1,066
At 31 December 2021	**25,014**	**137**	-	**32,358**	**57,509**
Carrying amount					
At 31 December 2020	64,176	200	615	16,651	81,642
At 31 December 2021	**63,236**	**130**	**1,657**	**17,460**	**82,483**

Included within freehold properties is freehold land not depreciated with a carrying value of €22,886,000 (2020 - €21,604,000). Included within plant and equipment are bearer plants with cost of €571,000 (2020 - €600,000) and a carrying value of €160,000 (2020 - €222,000). At 31 December 2021 the Group was committed to capital expenditure of €2,359,300 (2020 - €268,000) which was contracted for but not provided for.

Freehold land and buildings and plant and machinery with a carrying amount of €61,025,000 (2020 - €54,841,000) has been pledged to secure borrowings of the Group. Freehold land and buildings have been pledged as security for bank loans under a mortgage. The Group is not permitted to pledge these assets as security for other borrowings or to sell to another entity.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

Year ended 31 December 2021

20. RIGHT OF USE ASSETS

Group	Plant & machinery €'000	Leasehold land & buildings €'000	Total €'000
Cost			
At 1 January 2020	34,941	107,249	142,190
Additions	15,210	8,982	24,192
Disposals	(7,330)	(9,830)	(17,160)
Transfers to property plant and equipment	(2,606)	(83)	(2,689)
Revaluation	1,228	1,423	2,651
Exchange differences	(1,860)	(4,983)	(6,843)
At 31 December 2020	**39,583**	**102,758**	**142,341**
Additions	11,029	11,994	23,023
Disposals	(3,623)	(8,803)	(12,426)
Transfers to property plant and equipment	(893)	(14)	(907)
Revaluation	676	6,257	6,933
Exchange differences	1,228	947	2,175
At 31 December 2021	**48,000**	**113,139**	**161,139**
Accumulated depreciation			
At 1 January 2020	15,739	44,530	60,269
Charge for the year	8,700	16,156	24,856
Release on disposals	(6,312)	(9,830)	(16,142)
Transfers to property plant and equipment	(2,250)	(36)	(2,286)
Revaluation	367	389	756
Exchange differences	(753)	(2,293)	(3,046)
At 31 December 2020	**15,491**	**48,916**	**64,407**
Charge for the year	10,398	17,217	27,615
Release on disposals	(3,614)	(8,802)	(12,416)
Transfers to property plant and equipment	(720)	(14)	(734)
Revaluation	(50)	106	56
Exchange differences	656	581	1,237
At 31 December 2021	**22,161**	**58,004**	**80,165**
Carrying amount			
At 31 December 2020	24,092	53,842	77,934
At 31 December 2021	**25,839**	**55,135**	**80,974**

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

Year ended 31 December 2021

20. RIGHT OF USE ASSETS (CONTINUED)

During the year, revaluations to right of use assets totalling €6,877,000 (2020: €1,895,000) were recorded to reflect changes in the future rental payments due to rent reviews or changes in crop prices to which the rent payments are tied.
Also included within the revaluation lines are corrections to prior year errors, which the directors consider to be immaterial and are therefore corrected in the current year in accordance with IAS 8: Accounting policies, changes in accounting estimates and errors. Total cash outflow for right of use leases during the year was €28,402,000 (2020: €25,661,000).

21. INVESTMENTS

Group	Other investments €'000
Cost and net book value	
At 1 January 2020	454
Additions	169
Disposals	(193)
Exchange differences	(30)
At 31 December 2020	**400**
Additions	10
Exchange differences	(2)
At 31 December 2021	**408**

Company	Unlisted shares €'000
Cost	
At 31 December 2021 and 2020	**208,199**
Impairment	
At 31 December 2020	-
Charge for the year	35,000
At 31 December 2021	**35,000**
Carrying amount	
At 31 December 2020	208,199
At 31 December 2021	**173,199**

Following an annual impairment review the Company impaired its investment in unlisted shares by €35,000,000. This impairment relates to the investment in Spearhead International Limited and reflects that using a value in use methodology the future discounted cashflows of Spearhead International Limited and its subsidiary undertakings were lower than the investment carrying value.

Unlisted shares at 31 December 2021 represent:

	Principal activity	Country of incorporation	Registered Office address	Description of holding	% held
Spearhead International Limited	Holding	England and Wales	#1	Ordinary shares	100
Spearhead International Group PLC	Inactive	England and Wales	#1	Ordinary shares	100

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)
Year ended 31 December 2021

21. INVESTMENTS (CONTINUED)

Spearhead International Limited is a holding company for the following investments in Group companies:

	Principal activity	Country of incorporation	Registered office address	Description of holding	% held
Greens of Soham Limited	Holding	England and Wales	#2	Ordinary shares	100
Farmwealth Limited	Holding	England and Wales	#1	Ordinary shares	100
Spearhead Czech s.r.o.	Holding	Czech Republic	#3	Ordinary shares	100
S.C. Agrinatura S.R.L.	Holding	Romania	#4	Ordinary shares	100
SPEARHEAD SLOVAKIA, s.r.o.	Holding	Slovakia	#5	Ordinary shares	89
GREEN POINT, spol. s r.o.	Primary production	Slovakia	#5	Ordinary shares	89
Radar s.r.o.	Primary production	Slovakia	#6	Ordinary shares	11
Spearhead d.o.o	Inactive	Serbia	#7	Ordinary shares	100

Spearhead International Limited owns 89% of SPEARHEAD SLOVAKIA, s.r.o. and Farmwealth Limited owns the remaining 11%. Spearhead International Limited owns 89% of GREEN POINT, spol. s r.o. and SPEARHEAD SLOVAKIA, s.r.o. owns the remaining 11%. Spearhead International Limited owns 11% of Radar s.r.o. and GREEN POINT, spol. s r.o. owns the remaining 89%.

The following shareholdings are in the ordinary shares of investments:

Greens of Soham Limited is a holding company for the following investments in Group companies:

	Principal activity	Country of incorporation	Registered Office address	% held
Greenseed International Limited	Primary production	England and Wales	#2	100
Spearhead Marketing Limited	Supply chain management	England and Wales	#2	100
Greens Farming Limited	Primary production	England and Wales	#2	100
D C Produce Limited	Marketing	England and Wales	#2	100

Farmwealth Limited is a holding company for the following investments in Group companies:

	Principal activity	Country of incorporation	Registered Office address	% held
Top Farms Sp. z o.o.	Primary production	Poland	#8	99.9
Top Farms Głubczyce Sp. z o.o.	Primary production	Poland	#9	100
Top Gen Sp. z o.o.	Trading	Poland	#9	94
Top Farms Agro Sp. z o.o.	Trading	Poland	#8	100
Nasiennictwo Inwestycje Sp. z o.o.	Trading	Poland	#11	100
Jagrol Sp. z o.o.	Primary production	Poland	#12	100
Agro-Fundusz Mazury Sp. z o.o.	Primary production	Poland	#13	100
Top Farms Mazury Sp. z o.o.	Holding	Poland	#13	100
FarmTech sp. z o.o.	Technology	Poland	#13	100
Top Farms CUW Sp.z o.o.	Marketing	Poland	#8	100
Ksiaz Rol Sp. Z o o	Primary production	Poland	#22	100
Top Farms Wielkopolska Sp. z o.o.	Primary production	Poland	#14	100
SPEARHEAD SLOVAKIA, s.r.o.	Holding	Slovakia	#5	11

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

Year ended 31 December 2021

21. INVESTMENTS (CONTINUED)

Spearhead International Limited owns 89% of SPEARHEAD SLOVAKIA, s.r.o. and Farmwealth Limited owns the remaining 11%.

During the year the name of Top Farms Pomorskie Sp. z o.o. was changed to FarmTech Sp. z o.o. to reflect that the principal activity of the company is now related to technology investments.

Spearhead Czech s.r.o. is a holding company for the following investments in Group companies:

	Principal activity	Country of incorporation	Registered Office address	% held
EUROFARMS JIHLAVA, s.r.o.	Primary production	Czech Republic	#10	99.9
SALIX MORAVA a.s.	Primary production	Czech Republic	#3	100
AGROSUMAK a.s.	Primary production and biogas	Czech Republic	#15	100
Agro-společnost MORAVA	Primary production and biogas	Czech Republic	#16	100
EUROFARMS AGRO-B s r.o.	Primary production and biogas	Czech Republic	#17	100
POTATO, s.r.o.	Inactive	Czech Republic	#10	100
ROLANA spol. s r.o	Primary production	Czech Republic	#21	100
Agrosales. s r.o	Trading	Czech Republic	#10	100

Agro-společnost MORAVA is 98.57% owned by Spearhead Czech s.r.o., 0.96% by POTATO s.r.o. and 0.47% by ROLANA spol. S r.o.

S.C. Agrinatura S.R.L. is a holding company for the following investments in Group companies:

	Principal activity	Country of incorporation	Registered Office address	% held
S.C. Silosud S.A.	Trading	Romania	#4	100
S.C. Agroservice Piatra S.A.	Primary production	Romania	#18	55
S.C. Agrifarm Aliprod S.R.L.	Primary production	Romania	#4	100
S.C. Independenta G&T Prest S.R.L.	Primary production	Romania	#19	100
S.C. Agronica S.R.L.	Primary production	Romania	#4	100
S.C. Agritac S.R.L.	Primary production	Romania	#4	100

S.C. Agritac S.R.L. is 99.9950% owned by S.C. Agrinatura S.R.L and 0.0050% by S.C. Agronica S.R.L. S.C. Agrifarm Aliprod S.R.L. is 99% owned by S.C. Agrinatura S.R.L and 1% by S.C. Agronica S.R.L. During the year S.C. Agrinatura Serv S.R.L., which was a dormant entity in the prior year, was dissolved.

GREEN POINT, spol. s r.o. is the holding company for the following investments in Group companies:

	Principal activity	Country of incorporation	Registered Office address	% held
Radar s.r.o.	Primary production	Slovakia	#6	89

Spearhead International Limited owns 11% of Radar s.r.o. and GREEN POINT, spol. s r.o. owns the remaining 89%.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)
Year ended 31 December 2021

21. INVESTMENTS (CONTINUED)

SPEARHEAD SLOVAKIA, s.r.o. is the holding company for the following investments in Group companies:

	Principal activity	Country of incorporation	Registered Office address	% held
Poľnohospodárske družstvo Podhorany	Primary production	Slovakia	#20	98
GREEN POINT, spol. s r.o.	Primary production	Slovakia	#5	11

Spearhead International Limited owns 89% of GREEN POINT, spol. s r.o. and SPEARHEAD SLOVAKIA, s.r.o. owns the remaining 11%.

The following subsidiaries are exempt from the requirements of the Companies Act 2006 ("the Act") relating to the audit of individual accounts, by virtue of s479A of the Act

	Principal activity	Country of incorporation	Registered Office address	Description of holding	% held
Spearhead International Limited Company no. 01056769	Holding	England and Wales	#1	Ordinary shares	100
Farmwealth Limited Company no. 01356861	Holding	England and Wales	#1	Ordinary shares	100
Greens of Soham Limited Company no. 03915025	Holding	England and Wales	#1	Ordinary shares	100

The registered office address of the subsidiary undertakings above are as follows:

#1: Gate 2, Hasse Road, Soham, Ely, England, CB7 5UN, UK
#2: Gate2, Hasse Road, Soham, Ely, Cambridgeshire, England, CB7 5UN, UK
#3: Revoluční 130/30, 751 17 Horní Moštěnice, Czech Republic
#4: 2, Viilor street, Alexandria, Teleorman, 140110, Romania
#5: 1545, Farná, 93566, Slovakia
#6: 479, Poľnofarma, Zbehy, 95142, Slovakia
#7: Brace Jerkovic 185a, Office II-4, Belgrade-Vozdovac, 11000 Belgrade, Serbia
#8: ul. Przelot 24, 60-408 Poznań, Poland
#9: ul. Bolesława Chrobrego 23, 48-100 Głubczyce, Poland
#10: Heroltice 65, 586 01 Jihlava, Czech Republic
#11: ul. Mickiewicza 14; 60-834 Poznań, Poland
#12: Pierzchno 14, 62-035 Kórnik, Poland
#13: Drogosze 49/1, 11-410 Barciany, Poland
#14: Piotrowo Pierwsze 6, 64-020 Czempiń, Poland
#15: Komenského 211, 742 01 Suchdol nad Odrou, Czech Republic
#16: Kojetín - Kojetín I-Město, Komenského náměstí 1052, 75201, Czech Republic
#17: Jablonského tř. 409, 378 21 Kardašova Řečice, Czech Republic
#18: Comuna Piatra, Teleorman, Romania
#19: Sat Smardioasa, comuna Smardioasa, Teleorman, Romania
#20: 220, Podhorany, 95146, Slovakia
#21: Lejšovka 91, PSČ 503 03, Czech Republic
#22: Spółka z Ograniczoną Odpowiedzialnością, Radoszkowska 3, 63-130 Książ Wielkopolski, Poland

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

Year ended 31 December 2021

22. INVENTORIES

Group	2021 €'000	2020 €'000
Raw materials	**18,736**	11,239
Finished goods	**52,357**	45,371
	71,093	56,610

23. BIOLOGICAL ASSETS

The balances of biological assets held by the Group as at 31 December 2021 and 2020 comprise the following:

	2021		2020	
Group	Hectares	Amount €'000	Hectares	Amount €'000
Combinable crops	**54,033**	**20,195**	54,014	18,236
Other crops	**16,257**	**4,465**	16,499	4,229
	70,290	**24,660**	70,513	22,465

	2021		2020	
	Number of heads	Amount €'000	Number of heads	Amount €'000
Livestock	**15,061**	**9,019**	15,154	7,919
Total		**33,679**		30,384

No biological assets were held by the Company at 31 December 2021 (2020 – €nil).

Crops are initially recorded at cost and subsequently valued at net fair value. It is the directors' opinion that as at year end, little biological transformation has occurred to the crops and that costs equate to the net fair value.

Livestock is valued at market value less estimated selling cost. Market value is based on local market prices.

The following table represents the changes in the carrying amounts of biological assets:

	Crops €'000	Livestock €'000	Total €'000
At 1 January 2020	**25,341**	**8,240**	**33,581**
Purchases and subsequent expenditure capitalised into biological assets	94,741	4,168	98,909
Gains arising from changes in net fair value attributable to physical changes and to changes in market prices	14,516	(62)	14,454
Decrease due to harvest	(111,031)	-	(111,031)
Sales	-	(4,008)	(4,008)
Exchange differences	(1,102)	(419)	(1,521)
At 31 December 2020	**22,465**	**7,919**	**30,384**
Purchases and subsequent expenditure capitalised into biological assets	81,918	4,570	86,488
Gains arising from changes in net fair value attributable to physical changes and to changes in market prices	21,553	775	22,328
Decrease due to harvest	(101,506)	-	(101,506)
Sales	-	(4,296)	(4,296)
Exchange differences	230	51	281
At 31 December 2021	**24,660**	**9,019**	**33,679**

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)
Year ended 31 December 2021

24. OTHER FINANCIAL ASSETS

Trade and other receivables classified as current	Group		Company	
	2021	2020	**2021**	2020
	€'000	€'000	**€'000**	€'000
Amount receivable for the sale of goods	**18,834**	15,456	**-**	-
Provision for credit losses	**(616)**	(805)	**-**	-
Net trade receivables	**18,218**	14,651	**-**	-
Other debtors	**11,226**	11,443	**285**	82
Amounts owed by group undertakings	**-**	-	**11,563**	42,158
Prepayments	**2,234**	2,612	**19**	15
Accrued income	**3,964**	4,832	**-**	-
	35,642	33,538	**11,867**	42,255

Trade and other receivables classified as non-current	Group		Company	
	2021	2020	**2021**	2020
	€'000	€'000	**€'000**	€'000
Amounts owed by group undertakings	**-**	-	**61,244**	42,580

Amounts owed by group undertakings
This balance represent amounts due from fellow group subsidiary undertakings in respect of loans made in the current and previous years. Loans for short term cashflow purposes are repayable on demand. Loans for longer term funding represent third party loans borrowed and subsequently loaned to subsidiary undertakings on a back to back basis. These loans accrue interest at a rate consistent with the corresponding third party loans with no mark up applied and principle amounts are repayable on or before the date of the principle repayment dates for the corresponding third party loans.

As at 31 December 2021 no guarantees were received from subsidiary undertakings with respect to these loans (2020: none) and there were no provisions for doubtful debts with respect to outstanding balances (2020: none).

Trade receivables
The average credit period taken on sales of goods is 37 days (2020 - 33 days). No interest is charged on overdue receivables.

The Group has a large number of customers spread across geographical areas and hence the concentration of credit risk from trade receivables is limited due to the large and broad customer base. There are no customers which represent more than 10% of the total balance of trade receivables or more than 10% of revenue in 2021 or 2020.

Included in the Group's trade receivables are debtors with a carrying amount of €1,217,000 (2020 - €1,721,000) which are past due at the reporting date. The Group has not provided against these amounts as there has not been a significant change in credit quality and the amounts are still considered recoverable. The Group does not hold any collateral over these balances.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

Year ended 31 December 2021

24. OTHER FINANCIAL ASSETS (CONTINUED)

Aged but not impaired receivables

	2021 €'000	2020 €'000
0-60 days	**637**	823
60-90 days	**260**	368
Over 90 days	**321**	530
	1,218	1,721

Movement in the allowance for doubtful debts

	2021 €'000	2020 €'000
Balance at the beginning of the year	**805**	860
Impairment losses recognised	**50**	49
Amounts written off as uncollectible	**(226)**	(13)
Amounts recovered during the year	**(18)**	(67)
Exchange differences	**5**	(24)
Balance at the end of the year	**616**	805

In determining the recoverability of a trade receivable, the Group considers any change in the credit quality of the trade receivable from the date credit was initially granted up to the reporting date. The concentration of credit risk is limited due to the customer base being large and unrelated. Accordingly, the directors believe that there is no further credit provision required in excess of the allowance for doubtful debts.

In accordance with IFRS 9 there are no additional losses to recognise on trade receivables.

Ageing of impaired trade receivables within the allowance for doubtful debts

	2021 €'000	2020 €'000
Under 30 days	**-**	-
30-60 days	**-**	-
60-90 days	**-**	-
Over 90 days	**615**	805
	615	805

The directors consider that the carrying amount of trade and other receivables approximates their fair value.

Cash and cash equivalents

	Group		Company	
	2021 €'000	2020 €'000	**2021 €'000**	2020 €'000
Cash and cash equivalents	**10,954**	26,335	**544**	223

Cash and cash equivalents comprise cash held by the Group and short-term bank deposits with an original maturity of three months or less. The carrying amount of these assets approximates their fair value.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)
Year ended 31 December 2021

25. BORROWINGS

	Group		Company	
	2021	2020	**2021**	2020
	€'000	€'000	**€'000**	€'000
Secured borrowings at amortised cost				
Bank loans and facilities	**86,972**	123,281	**86,972**	123,281
	86,972	123,281	**86,972**	123,281
Total borrowings				
Amount due for settlement within 12 months	**26,535**	38,335	**26,535**	38,335
Amount due for settlement after 12 months	**60,437**	84,946	**60,437**	84,946

Group

Analysis of borrowings by currency:

	Pounds Sterling €'000	Euro €'000	Polish Zloty €'000	Czech Koruna €'000	Total €'000
Bank loans and facilities	9,006	59,571	9,819	8,576	86,972
At 31 December 2021	**9,006**	**59,571**	**9,819**	**8,576**	**86,972**
Bank loans and facilities	10,278	66,589	26,451	19,963	123,281
At 31 December 2020	**10,278**	**66,589**	**26,451**	**19,963**	**123,281**

Company

Analysis of borrowings by currency:

	Pounds Sterling €'000	Euro €'000	Polish Zloty €'000	Czech Koruna €'000	Total €'000
Bank loans and facilities	9,006	59,571	9,819	8,576	86,972
At 31 December 2021	**9,006**	**59,571**	**9,819**	**8,576**	**86,972**
Bank loans and facilities	10,278	66,589	26,451	19,963	123,281
At 31 December 2020	**10,278**	**66,589**	**26,451**	**19,963**	**123,281**

The Group's principal borrowings are a bank loan with a value of €88,567,000 (2020 - €125,816,000) held in the Company. The loan is secured with assets globally within the Group under the terms of the Senior Multicurrency Term and Revolving Facilities Agreement dated 14 March 2017 and amended on 2 July 2018,17 September 2020 and 17 November 2021.

Costs relating to these refinancing activities were capitalised and are amortised over the life of the loan. During the current year costs of €1,624,000 were capitalised (2020: €2,817,000). As a result of significant changes to the loan repayment profile agreed as part of the amendment signed on 17 November 2021 all remaining balances relating to previous amendments were written off. The total impact of this write off was €2,067,000 and has been classified as an exceptional expense (note 7). As at 31 December 2021 the remaining balance to be amortised was €1,594,000 (2020: €4,441,000). See note 37 for details on the weighted average interest rates on borrowings.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

Year ended 31 December 2021

26. DERIVATIVE FINANCIAL INSTRUMENTS

	Current		Non-current	
	2021	2020	2021	2020
Group	€'000	€'000	€'000	€'000
Derivatives that are designated and effective as hedging instruments carried at fair value				
Foreign currency derivatives	108	109	23	-
Interest rate derivatives	-	-	-	-
Commodity derivatives	60	25	-	-
Assets	**168**	**134**	**23**	**-**
Foreign currency derivatives	2	7	-	-
Interest rate derivatives	-	-	-	-
Commodity derivatives	19	38	-	-
Liabilities	**21**	**45**	**-**	**-**

At 31 December 2021 the Company recognised derivative financial assets of €nil (2020: €nil) and derivative financial liabilities of €nil (2020: €nil).

Further details of derivative financial instruments are provided in note 37.

27. DEFERRED TAX

The following are the deferred tax liabilities and assets recognised by the Group and movements thereon during the current reporting year and prior reporting year.

Group	Accelerated tax depreciation €'000	Short-term timing differences €'000	Tax losses €'000	Total €'000
At 1 January 2020	**2,477**	**(23)**	**(2)**	**2,452**
Credit to income	(120)	(121)	-	(241)
Reclassifications	-	-	-	-
Disposal	-	-	-	-
Foreign exchange	(73)	14	-	(59)
At 31 December 2020	**2,284**	**(130)**	**(2)**	**2,152**
Credit to income	(118)	341	-	223
Reclassifications	-	-	-	-
Disposal	-	-	-	-
Foreign exchange	76	5	-	81
At 31 December 2021	**2,242**	**216**	**(2)**	**2,456**

The deferred tax (assets)/liabilities recognised by the Group at the balance sheet date consist of the following:

	2021 €'000	2020 €'000
Deferred tax assets	**(264)**	(1,099)
Deferred tax liabilities	**2,720**	3,251
	2,456	2,152

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

Year ended 31 December 2021

27. DEFERRED TAX (CONTINUED)

In addition to the amounts recognised, at the balance sheet date, the Group has unrecognised deferred tax assets of €22,872,000 (2020 - €14,430,000) available for offset against future profits. The total unrecognised deferred tax asset at the balance sheet date consisted of €243,000 (2020 - €173,000) in respect of capital losses, €17,509,000 (2020 - €10,834,000) in respect of operating losses and €5,120,000 (2020 - €3,423,000) in respect of accelerated tax depreciation.

No deferred tax asset has been recognised in respect of these assets due to the unpredictability of future taxable profit streams relevant for these specific losses. The unrecognised deferred tax assets as at 31 December 2021 have no expiry date (2020: No expiry date).

Company

At the balance sheet date, the Company has a recognised deferred tax liability of €nil (2020: €nil).

In addition, the Company has an unrecognised deferred tax asset in respect of unused tax losses of €6,246,000 (2020 - €4,197,000) available for offset against future profits. These unused losses were in respect of operating losses. The Company also has an unrecognised deferred tax asset of €2,110,415 (2020 - €1,706,000) related to loan relationships. No deferred tax asset has been recognised in respect of these assets due to the unpredictability of future taxable profit streams relevant for these specific losses.

28. OBLIGATIONS UNDER RIGHT OF USE LEASES

	Minimum lease payments		**Present value of lease Payments**	
	2021	2020	**2021**	2020
Group	**€'000**	€'000	**€'000**	€'000
Amounts payable under right of use leases:				
Within one year	**25,245**	20,918	**21,510**	17,785
In the second to fifth years inclusive	**47,462**	45,186	**40,517**	39,097
After five years	**17,729**	15,584	**14,405**	12,537
	90,436	81,688	**76,432**	69,419
Less: Future finance charges	**(14,004)**	(12,269)	**n/a**	n/a
Present value of lease obligations	**76,432**	69,419	**76,432**	69,419
Less: Amount due for settlement within 12 months (shown under current liabilities)	**21,510**	17,785		
Amount due for settlement after 12 months	**54,922**	51,634		

It is the Group's policy to lease certain of its fixtures and equipment under right of use leases. See note 37 for details of the average effective borrowing rates for the finance leases. All leases are on a fixed repayment basis and no arrangements have been entered into for contingent rental payments.

Lease obligations are denominated in Pounds Sterling, Polish Zloty, Czech Koruna, Romanian Lei and Euros.

The Directors consider that the fair value of the Group's lease obligations approximates their carrying amount.

The Group's obligations under right of use leases are secured by the lessors' rights over the leased assets disclosed in note 20.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

Year ended 31 December 2021

29. TRADE AND OTHER PAYABLES

	Group		Company	
	2021	2020	**2021**	2020
	€'000	€'000	**€'000**	€'000
Trade creditors	**13,757**	11,607	**48**	316
Accruals	**11,414**	9,225	**1,442**	1,190
Amounts owed to group undertakings	**-**	-	**19,614**	13,275
Deferred income	**1,454**	5,087	**-**	-
Asset backed liabilities	**124**	-	**-**	-
Other creditors	**7,693**	4,886	**-**	-
	34,442	30,805	**21,104**	14,781

Trade and other payables classified as non-current	Group		Company	
	2021	2020	**2021**	2020
	€'000	€'000	**€'000**	€'000
Asset backed liabilities	**736**	-	**-**	-
Other creditors	**1,340**	1,531	**-**	-
	2,076	1,531	**-**	-

Trade creditors and accruals principally comprise amounts outstanding for trade purchases and ongoing costs. The average credit period taken for trade purchases is 36 days (2020 - 34 days). The Group has financial risk management policies in place to ensure that all payables are paid within the credit time frame.

Amounts owed to group undertakings represent amounts due to fellow group subsidiary undertakings in respect of short term cashflow loans, which are repayable on demand. As at 31 December 2021 no guarantees were given to subsidiary undertakings with respect to these loans (2020: none).

During the year previously recognised deferred revenue of €5,087,000 was recognised as revenue in the income statement (2020: €2,245,000).

The directors consider that the carrying amount of trade payables approximates to their fair value.

30. PROVISIONS

Group	Employee related claim €'000
At 1 January 2021	378
Utilised in the year	(52)
Released in the year	(299)
Exchange differences	26
At 31 December 2021	53

Employee related claim

Provision was made for a potential employee related claim arising in previous years in a subsidiary company. Final settlement was agreed in January 2022 and the yearend provision has been adjusted to reflect the final settlement and costs.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

Year ended 31 December 2021

31. ASSETS AND LIABILITIES CLASSIFIED AS HELD FOR SALE

	Note	2021 €'000	2020 €'000
Assets classified as held for sale from continuing operations		385	554
Assets classified as held for sale from discontinued operations	16	-	-
		385	554

	Note	2021 €'000	2020 €'000
Liabilities associated with assets classified as held for sale from discontinued operations	16	-	-
		-	-

32. SHARE CAPITAL

Group	2021 Number '000	2021 Value €'000	2020 Number '000	2020 Value €'000
Authorised and issued: Ordinary shares of £1 each				
Authorised, issued and fully paid	161,704	221,276	136,043	191,276
	161,704	221,276	136,043	191,276

On the 17 November 2021 the Company allotted 25,661,400 shares at the price of £1 per share.

The Company has one class of ordinary shares which carry no right to fixed income.

33. HEDGING AND TRANSLATION RESERVES

Group	Hedging reserve €'000	Translation reserve €'000	Total €'000
Balance at 1 January 2020	12	529	541
Exchange differences on translation of overseas operations	-	(7,879)	(7,879)
Gain / (loss) recognised on cash flow hedges:			
Foreign currency forward contracts and options	102	-	102
Interest rate swaps	(12)	-	(12)
Commodity derivatives	(32)	-	(32)
Exchange differences	-	-	-
Balance at 31 December 2020	70	(7,350)	(7,280)
Exchange differences on translation of overseas operations	-	3,443	3,443
Gain recognised on cash flow hedges:			
Foreign currency forward contracts and options	27	-	27
Commodity derivatives	52	-	52
Exchange differences	-	-	-
Balance at 31 December 2021	149	(3,907)	(3,758)

Hedging reserve

The hedging reserve represents the cumulative portion of gains and losses on hedging instruments deemed effective in designated cash flow hedges. The cumulative deferred gain or loss on the hedging instrument is recognised in profit or loss only when the hedged transaction impacts the profit or loss or is included as a basis adjustment to the non-financial hedged item, consistent with the applicable accounting policy.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)
Year ended 31 December 2021

33. HEDGING AND TRANSLATION RESERVES (CONTINUED)

Translation reserve
Exchange differences relating to the translation of the net assets of the Group's foreign operations, which relate to subsidiaries only, from their functional currency into the Group's presentational currency, being Euro, are recognised directly in the translation reserve.

Company	Hedging reserve €'000	Translation reserve €'000	Total €'000
Balance at 1 January 2020	12	(32,163)	(32,151)
Loss recognised on cash flow hedges:			
Interest rate swaps	(12)	-	(12)
Balance at 31 December 2020	-	**(32,163)**	**(32,163)**
Balance at 31 December 2021	-	**(32,163)**	**(32,163)**

34. NON-CONTROLLING INTEREST

	€'000
Balance at 1 January 2020	59
Share of profit for the year	13
Share of other comprehensive income	1
Adjustment arising from change in non-controlling interest	(13)
Dividends	-
Balance at 31 December 2020	**60**
Share of profit for the year	4
Share of other comprehensive income	14
Adjustment arising from change in non-controlling interest	(16)
Dividends	(15)
Balance at 31 December 2021	**47**

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)
Year ended 31 December 2021

35. NOTES TO THE CASH FLOW STATEMENT

Group	**Year ended 31 Dec 2021 €'000**	Year ended 31 Dec 2020 €'000
Loss for the year	**(161)**	(1,080)
Adjustments for:		
Investment revenue .	**(32)**	(30)
Finance costs	**9,603**	8,962
Income tax expense	**3,043**	1,330
Depreciation of property, plant and equipment	**8,146**	8,186
Depreciation of right of use assets	**27,766**	24,856
Impairment of property, plant and equipment	**97**	163
Amortisation of intangible assets	**506**	665
Amortisation of debt issue costs	**4,471**	1,744
Other non-cash items	**-**	(18)
Gain on disposal of non-current assets	**(1,549)**	(1,739)
Decrease/(increase) in provisions	**682**	(167)
Change in fair value of derivatives	**(5)**	(136)
Gains arising on physical changes of biological assets	**(22,334)**	(14,454)
Non-cash items	**30,394**	29,362
Operating cash flows before movements in working capital	**30,233**	28,282
Increase in inventories	**(13,450)**	(4,703)
Decrease in biological assets	**19,351**	15,925
Increase in receivables	**(1,367)**	(1,414)
Decrease in payables	**(3,354)**	(1,806)
Net movements in working capital	**1,180**	8,002
Net cash generated from operations	**31,413**	36,284
Income taxes paid	**(1,530)**	(808)
Bank interest paid	**(4,672)**	(5,234)
Right of use interest paid	**(4,930)**	(3,728)
Net cash generated from operating activities	**20,281**	26,514

Cash and cash equivalents (which are presented as a single class of asset on the face of the balance sheet) comprise cash at bank and other short-term highly liquid investments with an original maturity of three months or less.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

Year ended 31 December 2021

35. NOTES TO THE CASH FLOW STATEMENT (CONTINUED)

Changes in liabilities arising from financing activities

The table below details the changes in the group liabilities arising from financing activities, including both cash and non-cash changes. Liabilities arising from financing activities are those for which cash flows were, or future cash flows will be classified in the group consolidated cash flow statement as cash flows from financing activities.

	1 Jan 2021 €'000	Financing cash flows €'000	Disposal of subsidiary €'000	Movement in exchange rates €'000	New leases €'000	Other €'000	31 Dec 2021 €'000
Bank loans and overdraft	123,281	(38,501)	-	(655)	-	2,847	86,972
Right of use lease liabilities	69,419	(23,472)	-	960	23,023	6,465	76,395
Total	**192,700**	**(61,973)**	-	**305**	**23,023**	**9,312**	**163,367**

	1 Jan 2020 €'000	Financing cash flows €'000	Disposal of subsidiary €'000	Movement in exchange rates €'000	New leases €'000	Other €'000	31 Dec 2020 €'000
Bank loans and overdraft	135,361	(7,383)	-	(3,624)	-	(1,073)	123,281
Right of use lease liabilities	67,872	(21,933)	-	(2,818)	24,192	2,106	69,419
Total	**203,233**	**(29,316)**	-	(6,442)	**24,192**	**1,033**	**192,700**

36. RETIREMENT BENEFIT SCHEMES

The Group makes contributions in respect of some employees into a Group defined contribution personal pension arrangement sponsored by Greens of Soham Limited and Spearhead International Limited. The scheme funds are administered by Trustees and are insured by annuity and life policies with an insurance company.

The total cost charged to the income statement of €268,076 (2020 - €203,244) represents contributions payable to these schemes by the Group at rates specified in the rules of the plans. There were accruals of €184,824 as at year end for outstanding pension dues (2020: €nil).

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)
Year ended 31 December 2021

37. FINANCIAL INSTRUMENTS

Categories of financial instruments

	Group		Company	
	2021	2020	**2021**	2020
	€'000	€'000	**€'000**	€'000
Financial assets				
Measured at cost less impairment				
Interest in subsidiary companies (see note 21)	-	-	**173,199**	208,199
Other investments (see note 21)	**408**	400	-	-
Measured at amortised cost				
Trade debtors (see note 24)	**18,218**	14,651	-	-
Other debtors (see note 24)	**11,226**	11,443	**285**	82
Accrued income (see note 24)	**3,694**	4,832	-	-
Amounts owed by group undertakings (see note 24)	-	-	**72,807**	84,738
Cash and cash equivalents (see note 24)	**10,954**	26,335	**544**	223
Measured at fair value through other comprehensive income				
Derivative instruments in designated hedge accounting relationships (see note 26)	**191**	134	-	-
Financial liabilities				
Measured at amortised cost				
Borrowings (see note 25)	**86,972**	123,281	**86,972**	123,281
Lease liabilities (see note 28)	**76,432**	69,419	-	-
Trade creditors (see note 29)	**13,757**	11,607	**48**	316
Other creditors (see note 29)	**9,033**	6,417	-	-
Accruals (see note 29)	**11,414**	9,225	**1,442**	1,190
Amounts owed to group undertakings (see note 29)	-	-	**19,614**	13,275
Asset backed liabilities (see note 29)	**860**	-	-	-
Measured at fair value through other comprehensive income				
Derivative instruments in designated hedge accounting relationships (see note 26)	**21**	45	-	-

Capital risk management

The Group manages its capital to ensure that entities in the Group will be able to continue as going concerns while maximising the return to stakeholders through the optimisation of the debt and equity balance. The capital structure of the Group consists of debt, which includes the borrowings disclosed in note 25, cash and cash equivalents and equity attributable to equity holders of the parent, comprising issued capital, reserves and retained earnings.

The Group is not subject to any externally imposed capital requirements.

Significant accounting policies

Details of the significant accounting policies and methods adopted, including the criteria for recognition, the basis of measurement and the basis on which income and expenses are recognised, in respect of each class of financial asset, financial liability and equity instrument are disclosed in note 3 to the financial statements.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)
Year ended 31 December 2021

37. FINANCIAL INSTRUMENTS (CONTINUED)

Financial risk exposure and management objectives
The Group finance function monitors and manages the financial risks relating to the operations of the Group. These risks include market risk (including currency risk, interest rate risk and price risk), credit risk and liquidity risk.

The Group seeks to minimise the effects of these risks by using derivative financial instruments where appropriate to hedge these risk exposures. The use of financial derivatives is governed by the Group's policies approved by the Board of Directors, which provide written principles on foreign exchange risk, interest rate risk, credit risk, the use of financial derivatives and non-derivative financial instruments, and the investment of excess liquidity. Compliance with policies and exposure limits is regularly reviewed by the Group finance function. The Group does not enter into or trade financial instruments, including derivative financial instruments, for speculative purposes.

The Group finance function reports regularly to the Audit Committee and the Board.

a) Market risk
The Group's activities expose it primarily to the financial risks of changes in wheat, oilseed rape, maize, soymeal and diesel prices, foreign currency exchange rates and interest rates. The Group enters into a variety of derivative financial instruments to manage its exposure to these risks, including:

- forward foreign exchange contracts and options to hedge the exchange rate risk arising in Poland, the Czech Republic and Romania on the receipt of area aid subsidies which are denominated in Euro and exchange rate risk arising on third party revenues denominated in Euro;

- financial derivative instruments taken out on the MATIF futures market to mitigate the risk of fluctuating wheat, oilseed rape and maize prices;
- financial derivative instruments taken out on the CBoT futures market to mitigate the risk of fluctuating soymeal prices;
- diesel swaps mitigate the risk of fluctuating diesel prices; and
- interest rate swaps and caps to mitigate the risk of rising interest rates.

Market risk exposures are measured using sensitivity analysis. There has been no change to the Group's exposure to market risk or the manner in which it manages and measures the risk.

Group hedges interest rate risk, FX and commodity risk components. Commodity risk component is either defined in hedged contracts or is implicit. Risk component is determined by analysing the relation between local prices and market benchmark (exchange traded commodity) by measuring historical correlation. It is supported by analysis market structure in terms of logistic costs, quality, supply/demand.

Group assesses economic relationship between hedge items and hedging instruments using qualitative and quantitative analysis. In qualitative analysis critical terms of hedged item and hedging instrument are compared. Uniformity or high convergence are considered as a proof for economic relationship. In quantitative analysis two scenarios (negative and positive–changes of underlying in opposite directions) are simulated (based on historical standard deviations of underlying asset). For both scenarios potential changes in fair values of hedged item and hedging instruments are calculated and compared. High negative correlation and compensation between 80-125% is considered as an evidence of strong economic relationship.

Group uses hedge ratio 1:1 by default as there is no significant difference between volatility of derivative instruments and hedged risk components. In case of weaker effectiveness, a hedge rebalancing may be considered.

No significant sources of hedge ineffectiveness were identified. In case of some FX hedges (subsidies hedge) there may be small mismatch due to different reference rates of hedged item (ECB fixing) and hedging instruments (local central banks fixings) but it is considered as not material as the underlying asset is the same currency pair.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

Year ended 31 December 2021

37. FINANCIAL INSTRUMENTS (CONTINUED)

Foreign currency risk management

The Group undertakes certain transactions denominated in foreign currencies. Hence, exposures to exchange rate fluctuations arise. Exchange rate exposures are managed within approved policy parameters utilising forward foreign exchange contracts and options.

The carrying amounts of the Group's foreign currency denominated monetary assets and monetary liabilities at the reporting date are as follows:

	Assets		Liabilities	
	2021	2020	**2021**	2020
Group	**€'000**	€'000	**€'000**	€'000
Pounds Sterling	**6,690**	10,258	**18,500**	21,050
Polish Zloty	**13,283**	21,680	**28,374**	39,845
Czech Koruna	**10,410**	10,097	**14,737**	24,278
Romanian New Leu	**4,186**	6,152	**4,264**	3,396
Serbian Dinar	**93**	93	**-**	-
US Dollar	**1**	-	**173**	107

	Assets		Liabilities	
	2021	2020	**2021**	2020
Company	**€'000**	€'000	**€'000**	€'000
Pounds Sterling	**24**	221	**9,006**	10,278
Polish Zloty	**-**	-	**9,819**	26,451
Czech Koruna	**4**	-	**8,576**	19,963
US Dollar	**-**	-	**-**	-

Foreign currency sensitivity analysis

The Group is mainly exposed to the currencies of Poland (Polish Zloty), the Czech Republic (Czech Koruna), Romania (Romanian New Leu), UK (Pounds Sterling) and Serbia (Serbian Dinar).

The following table details the Group's sensitivity to a 10% increase and decrease in Euro against the relevant foreign currencies. 10% is the sensitivity rate used when reporting foreign currency risk internally and represents management's assessment of the reasonably possible change in foreign exchange rates. The sensitivity analysis is based on the profit before tax contributions from each country. A positive number below indicates an increase in profit and other equity where Euro weakens 10% against the relevant currency. For a 10% strengthening of Euro against the relevant currency, there would be an equal and opposite impact on the profit and other equity, and the balances below would be negative.

	Change in profit or loss before tax	
	Year ended 31 Dec 2021	Year ended 31 Dec 2020
	€'000	€'000
UK companies (Pounds Sterling)	**(720)**	**58**
Polish companies (Polish Zloty)	**997**	**438**
Czech companies (Czech Koruna)	**569**	**112**
Romanian companies (Romanian New Leu)	**197**	**64**

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

Year ended 31 December 2021

37. FINANCIAL INSTRUMENTS (CONTINUED)

Forward foreign exchange contracts and options

The Group enters into forward foreign exchange contracts and options to manage the risk associated with anticipated sales and purchase transactions which are denominated in foreign currencies.

The Group has designated certain forward contracts and options as a hedge for its net anticipated Area Payment subsidies in Poland, the Czech Republic and Romania which are linked to the Euro functional currency, and as a hedge for Euro denominated revenue and purchases in Poland and the Czech Republic.

The following tables detail the forward foreign currency contracts and options outstanding at the year end:

Outstanding contracts	Average exchange rate		Foreign currency		Contract value		Fair value	
	2021	2020	**2021**	2020	**2021**	2020	**2021**	2020
	rate	rate	**CZK'000**	CZK'000	**EUR'000**	EUR'000	**€'000**	€'000
Cash flow hedges								
Sell Czech Koruna								
Less than 3 months	-	26.35	-	28,801	-	1,093	-	(5)
			-	28,801	-	1,093	-	(5)

Outstanding contracts	Average exchange rate		Foreign currency		Contract value		Fair value	
	2021	2020	**2021**	2020	**2021**	2020	**2021**	2020
	rate	rate	**PLN'000**	PLN'000	**USD'000**	USD'000	**€'000**	€'000
Cash flow hedges								
Sell Polish Zloty								
Less than 3 months	**4.11**	3.74	**345**	3.74	**84**	100	**(2)**	(1)
			345	3.74	**84**	100	**(2)**	(1)

Outstanding contracts	Average exchange rate		Foreign currency		Contract value		Fair value	
	2021	2020	**2021**	2020	**2021**	2020	**2021**	2020
	rate	rate	**PLN'000**	PLN'000	**EUR'000**	EUR'000	**€'000**	€'000
Cash flow hedges								
Sell Polish Zloty								
Less than 3 months	**4.65**	4.47	**168**	291	**36**	65	**-**	1
			168	291	**36**	65	**-**	1

Outstanding contracts	Average exchange rate		Foreign currency		Contract value		Fair value	
	2021	2020	**2021**	2020	**2021**	2020	**2021**	2020
	rate	rate	**CZK'000**	CZK'000	**EUR'000**	EUR'000	**€'000**	€'000
Cash flow hedges								
Sell Euro								
Less than 3 months	**26.09**	27.17	**46,451**	29,697	**1,781**	1,093	**69**	39
3 to 6 months	**25.94**	-	**9,961**	-	**384**	-	**10**	-
6 to 9 months	**-**	27.09	**-**	8,940	**-**	330	**-**	11
9 to 12 months	**26.04**	27.07	**34,309**	47,102	**1,318**	1,740	**6**	55
Over 12 months	**26.75**	-	**29,311**	-	**1,096**	-	**23**	-
			120,032	**85,739**	**4,579**	**3,163**	**108**	105

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

Year ended 31 December 2021

37. FINANCIAL INSTRUMENTS (CONTINUED)

Outstanding contracts	Average exchange rate		Foreign currency		Contract value		Fair value	
	2021 rate	2020 rate	**2021 PLN'000**	2020 PLN'000	**2021 EUR'000**	2020 EUR'000	**2021 €'000**	2020 €'000
Cash flow hedges								
Sell Euro								
6 to 9 months	**4.76**	4.57	**5,899**	**4,570**	**1,240**	**1,000**	**23**	**2**
			5,899	**4,570**	**1,240**	**1,000**	**23**	**2**

The Group receives area aid subsidies which are denominated in EUR and then translated into local currency on the basis of local currency/EUR exchange rates published by the European Central Bank on the last business day of September each year. It is received up to Quarter 2 of the following year in local currency. The Group has entered into forward foreign exchange contracts to hedge the exchange rate risk arising from these anticipated future receipts, which are designated as cash flow hedges.

In addition, the Group has entered into forward foreign exchange contracts to hedge the exchange rate risk arising from the anticipated future transactions, which are designated as cash flow hedges.

As at 31 December 2021, the aggregate amount of unrealised gains under forward foreign exchange contracts and options deferred in the hedging reserve relating to the exposure on these anticipated future receipts is €129,000 (2020 - €102,000).

There were no forward exchange contracts held in the Company at 31 December 2021 (2020 – none).

Interest rate risk management
The Group is exposed to interest rate risk because entities in the Group borrow at both fixed and floating interest rates. The risk is managed by the Group by maintaining an appropriate mix between fixed and floating rate borrowings. Hedging activities are evaluated regularly to align with interest rate views and defined risk appetite, ensuring the most cost-effective hedging strategies are applied.

The Group's exposures to interest rates on financial assets and financial liabilities are detailed in the liquidity risk management section of this note.

Certain of the group's financial instruments referenced GBP LIBOR as at 31 December 2021 and, where relevant, amendments have already been made for these to transition to SONIA once LIBOR ceases to be available on 31 December 2021. All new financial instruments taken out post 31 December 2021 reference SONIA.

Interest rate sensitivity analysis
The sensitivity analyses below have been determined based on the exposure to variable interest rates at the balance sheet date.

If interest rates on borrowings had been 1.0% higher/lower and all other variables were held constant, the Group's loss before tax for the year ended 31 December 2021 would decrease/increase by €1,229,000 (2020 - €1,301,000).

Interest rate swaps and caps

During 2020 all existing interest rate swap contracts expired. No additional interest swap or cap contracts were taken out.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

Year ended 31 December 2021

37. FINANCIAL INSTRUMENTS (CONTINUED)

Commodity risk management

In the current year the Group has designated its commodity derivatives as cash flow hedges for its anticipated future commodity sales and purchase in Poland, the Czech Republic, Slovakia and Romania. As at 31 December 2021, the Group held contracts to:

- sell 17,000 tonnes (2020 –20,000) of wheat futures and options between January and December 2022,
- purchase 2,000 tonnes (2020 – 10,000) of wheat options by December 2022,
- sell nil tonnes (2020 – 3,000) of oil rapeseed options by November 2022,
- purchase nil tonnes (2020 – 3,000) of oil rapeseed options by November 2022.

As at 31 December 2021, the aggregate amount of unrealised gain under commodity derivatives deferred in the hedging reserve relating to the exposure on these anticipated future sales and purchases is €34,000 (2020 – Unrealised Loss €33,000).

If wheat prices had been 5.0% higher and all other variables were held constant, the Group's unrealised gain deferred in the hedging reserve for the year ended 31 December 2021 of €34,000 would decrease by €80,000 (2020 – increase by €101,000) to become an unrealised loss of €46,000 (2020 - €134,000). If wheat had been 5.0% lower and all other variables were held constant, the Group's unrealised gain deferred in the hedging reserve for the year ended 31 December 2021 would increase by €147,000 (2020 – decrease by €230,000) to become an unrealised gain of €181,000 (2020 - €197,000).

There were no commodity derivatives held in the Company at 31 December 2021 (2020 – none).

b) Credit risk

Credit risk refers to the risk that a counterparty will default on its contractual obligations resulting in financial loss to the Group. The Group has adopted a policy of only dealing with creditworthy counterparties and obtaining sufficient collateral where appropriate, as a means of mitigating the risk of financial loss from defaults.

The carrying amount of financial assets detailed in the section categories of financial instruments within this note, which is net of impairment losses, represents the Group's maximum exposure to credit risk as no collateral or other credit enhancements are held.

Trade receivables consist of a large number of customers, spread across geographical areas. Ongoing credit evaluation is performed on the financial condition of accounts receivable and, where appropriate, credit guarantee insurance cover is purchased.

The Group does not have any significant credit risk exposure to any single counterparty or any group of counterparties having similar characteristics. The Group defines counterparties as having similar characteristics if they are connected entities.

c) Liquidity risk management

Ultimate responsibility for liquidity risk management rests with the Board of Directors. Liquidity risks for the Group relate to fluctuations in working capital due to the seasonal nature of the business. The Group manages liquidity risk by maintaining adequate reserves, banking facilities and reserve borrowing facilities by continuously monitoring forecast and actual cash flows and matching the maturity profiles of financial assets and liabilities.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

Year ended 31 December 2021

37. FINANCIAL INSTRUMENTS (CONTINUED)

Liquidity and interest risk tables

The following undiscounted tables detail the Group's remaining contractual maturity for its non-derivative financial liabilities:

Group	Weighted average interest rate %	Within 1 year €'000	2-5 years €'000	5+ years €'000	Total €'000
2021					
Non-interest bearing	-	**37,874**	**1,342**	-	**39,216**
Right of use lease liabilities	**5.4**	**21,801**	**40,791**	**13,803**	**76,395**
Variable interest rate instruments	**3.6**	**26,535**	**39,291**	**21,146**	**86,972**
2020					
Non-interest bearing	-	31,435	1,531	-	32,966
Right of use lease liabilities	5.1	17,785	39,097	12,537	69,419
Variable interest rate instruments	3.6	38,335	84,946	-	123,281
		87,555	125,574	12,537	225,666

Company	Weighted average interest rate %	Within 1 year €'000	2-5 years €'000	5+ years €'000	Total €'000
2021					
Variable interest rate instruments	**3.6**	**26,535**	**39,291**	**21,146**	**86,972**
		26,535	**39,291**	**21,146**	**86,972**
2020					
Variable interest rate instruments	3.6	38,335	84,946	-	123,281
		38,335	84,946	-	123,821

Liquidity analysis for derivative financial instruments

The following table details the Group's liquidity analysis for its derivative financial instruments. The table has been drawn up based on the undiscounted net cash inflows/(outflows) on the derivative instrument that settle on a net basis and the undiscounted gross inflows/(outflows) on those derivatives that require gross settlement. When the amount payable or receivable is not fixed, the amount disclosed has been determined by reference to the projected interest and foreign currency rates as illustrated by the yield curves existing at the reporting date. There is no significant difference between the timing of the cash flows and income statement effect of the derivatives.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

Year ended 31 December 2021

37. FINANCIAL INSTRUMENTS (CONTINUED)

Group	Within 1 year €'000	1-5 years €'000	5+ years €'000	Total €'000
2021				
Foreign exchange forward contracts and options	**106**	**23**	**-**	**129**
Interest rate swaps	**-**	**-**	**-**	**-**
Commodity derivatives	**34**	**-**	**-**	**34**
	140	**23**	**-**	**163**
2020				
Foreign exchange forward contracts and options	102	-	-	102
Interest rate swaps	-	-	-	-
Commodity derivatives	(12)	-	-	(12)
	90	-	-	90

Fair value of derivative financial instruments

The fair values of financial assets and financial liabilities are determined as follows:

Foreign currency forward contracts are measured using quoted forward exchange rates and yield curves derived from quoted interest rates matching maturities of the contracts.

Foreign currency European options are measured with the Garman-Kohlhagen valuation model using observable input market data.

Interest rate swaps are measured at the present value of future cash flows estimated and discounted based on the applicable yield curves derived from quoted interest rates.

Commodity futures and commodity futures options are measured using quoted market prices on the MATIF.

Fair value hierarchy

The table below provides an analysis of financial instruments that are measured subsequent to initial recognition at fair value, grouped into Levels 1 to 3 on the degree to which the fair value is observable:

Level 1: Price quoted in active markets;
Level 2: Valuation techniques based on observable market data; and
Level 3: Valuation techniques based on unobservable input.

Group	**2021**			
Financial derivatives at fair value	**Level 1 €'000**	**Level 2 €'000**	**Level 3 €'000**	**Total €'000**
Derivative financial assets	**49**	**142**	**-**	**191**
Derivative financial liabilities	**(19)**	**(2)**	**-**	**(21)**
	2020			
Financial derivatives at fair value	Level 1 €'000	Level 2 €'000	Level 3 €'000	Total €'000
Derivative financial assets	-	135	-	135
Derivative financial liabilities	(38)	(7)	-	(45)

Company

At 31 December 2021 the Company recognised derivative financial assets of €nil (2020 - €nil) and derivative financial liabilities of €nil (2020 - €nil).

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

Year ended 31 December 2021

38. DISPOSAL OF ASSETS

On 1 January 2020 the group disposed of the subsidiary undertaking Masfrost Ziębice Sp. z o.o. for cash consideration of €1,000,000. In previous years the net assets were impaired to their recoverable amount and therefore the cash consideration was equal to the net assets at the time of disposal resulting in no profit or loss on disposal being recognised. The entity was disclosed as a discontinued operation for the year ended 31 December 2020 (see note 16).

Net assets disposed	Book value €'000
Goodwill	-
Other net assets	1,000
Total net assets	
Consideration received:	
Cash	1,000
Profit/loss on disposal	-

On 30 April 2020 the Group completed the liquidation of subsidiary undertaking Masfrost Sp. z o.o. This resulted in a cash inflow of €2,692,000 (PLN 12,205,000). In the prior year the net assets were impaired to their expected recoverable amount. Final proceeds were higher than expected resulting in a profit arising on liquidation of €376,000.

The entity was disclosed as a discontinued operation for the year ended 31 December 2020 (see note 16)

Net assets disposed	Book value €'000
Goodwill	-
Other net assets	2,316
Total net assets	2,316
Consideration received:	
Cash	2,692
Profit on liquidation	376

39. ULTIMATE CONTROLLING PARTY

The Company's ultimate parent company and ultimate controlling party is AMC GP S.a.r.l, a company registered in Luxembourg. The registered address for AMC GP S.a.r.l is 4 Rue Lou Hemmer, L-1748, Senningerberg, Luxembourg. The Company's immediate controlling party is AMC Capital IV Orange S.a.r.l, a company registered in Luxembourg.

These financial statements are the smallest and largest consolidated group financial statements in which the Company has been included. There are no parent entities above this group in the ownership structure that prepare consolidated financial statements.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)
Year ended 31 December 2021

40. RELATED PARTY TRANSACTIONS

Group
For the purpose of the consolidated Group figures, transactions between the Company and its subsidiaries, which are related parties, have been eliminated on consolidation and are therefore not disclosed. Transactions between the Group and its associates are disclosed below.

Remuneration of key management personnel
The remuneration of the key management personnel (including executive directors) of the Group is set out below in aggregate for each of the categories specified in IAS 24 *Related Party Disclosures*. Key management personnel are considered to be any managers across the Group who could have a material impact on the results of the Group.

	Year ended 31 Dec 2021 €'000	Year ended 31 Dec 2020 €'000
Short-term employee benefits	**2,852**	3,074
Post-employment benefits	**33**	43
	2,885	3,117

Directors' transactions

During the year, the Group was charged management fees and other expenses totalling €nil (2020 - €968,000), by Paine Schwartz Partners, LLC. As at 31 December 2021 outstanding amounts owed to Paine Schwartz Partners, LLC was €nil (2020 - €nil).

W D Paine, III holds an indirect interest in and is indirectly the manager of Paine Schwartz Partners, LLC which is the investment manager to Paine Schwartz Food Chain Fund IV, L.P. and Paine Schwartz Food Chain Fund IV Co-Investors, L.P. (collectively "Fund IV"). Additionally, Mr. Paine serves as a Director of the general partner of Fund IV and Spearhead Co-Investment Fund, L.P. and holds an indirect interest in Fund IV via his ownership as an indirect limited partner in Fund IV.

John Atkin and Tom Green had an indirect interest through their investment in Spearhead Co-Investment Fund, L.P. as limited partners in Spearhead Co-Investment Fund, L.P. David Buckeridge and John Atkin hold an indirect interest as limited partners in Fund IV which holds an interest in Spearhead. Additionally, both David Buckeridge and Dexter Paine serve on the investment committee of Fund IV.

In the year ended 31 December 2021 the Group engaged arable consultancy services from a related party, Velcourt Management Services Limited, for which David Buckeridge acts as non-executive director. Consultancy expenditure during the year amounted to €nil (2020 - €52,000) and outstanding payable balance as at 31 December 2021 was €nil (2020 - €nil).

In the year ended 31 December 2021, certain Polish subsidiaries rented office space from a related party, Nowa Nieruchomosci Sp. Z .o.o Spolka Konadytowa, a Polish partnership in which T J Zdziebkowski is a partner. Rental and utilities costs incurred during the year amounted to €48,101 (2020 - €55,000). As at 31 December 2021, outstanding balances owed to the related party were €nil (2020 - €235) and outstanding balances owed from the related party amounted to €nil (2020 - €39). During the year, T J Zdziebkowski purchased €523 (2020 - €17,000) worth of goods from the company.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

Year ended 31 December 2021

40. RELATED PARTY TRANSACTIONS (CONTINUED)

Other related party transactions

During the year, Group companies entered into the following transactions with related parties who are not members of the group. The related parties are businesses related to key management personnel of the Group.

	Year ended 31 Dec 2021 €'000	Year ended 31 Dec 2020 €'000
Sales and other income	**464**	34
Purchases and expenses	**(6)**	(67)

The following amounts were outstanding at the balance sheet date:

	2021 €'000	2020 €'000
Current assets: Amounts owed by related parties	**58**	51
Current liabilities: Amounts owed to related parties	**-**	(1)

41. SUBSEQUENT EVENTS

During Q1 the Group signed a contract for the lease of an additional 4,000ha and associated farm assets in Poland. This land will come into the control of the Group after the completion of the existing harvest in 2022.

In late February 2022 Russia initiated military action against Ukraine. At the time of signing these accounts this is still in progress. The military action has not had any direct impact on the operations of the Group but it has resulted in significant inflation in both input costs and selling prices for the 2022 activities.

REGISTERED OFFICE AND ADVISORS

Year ended 31 December 2021

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F Horhager (Chairman)
T J Zdziebkowski
J A Lamont
K Kaminski
P Glebocki

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