


Company Registration No. 10664545

Element UK TOPCO Limited

Annual Report and Financial Statements

For the 51 weeks ended 26 March 2022

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Element UK TOPCO Limited

Annual Report and Financial Statements

Contents	Page
Officers and professional advisers	1
Strategic report	2
Directors' report	8
Directors' responsibilities statement	10
Income statement	11
Statement of financial position	12
Statement of changes in equity	13
<i>Notes to the financial statements</i>	14

Element UK TOPCO Limited

Annual Report and Financial Statements

Officers and Professional Advisers

Director

A Rutherford

Company Secretary

T Saunders

Registered office

Hugden Way
Norton Grove Industrial Estate
Malton
North Yorkshire
England
YO17 9NE

Strategic Report

The Directors present their Strategic Report for the 51 week period ended 26 March 2022.

The Company's accounting reference date is 31 March. As per Companies Act 2006 s390 the financial period may begin or end on dates which are not more than seven days before or after the accounting reference date. As such the 2022 fiscal year is a 51 week period ended 26 March 2022 and the financial statements have been prepared to this date accordingly. The prior fiscal year was a 53 week period ended 03 April 2021.

Principal activities and review of the business

Element UK TOPCO Limited ('the Company') is a holding company and has not traded during this period or the prior period.

The Company is a subsidiary within the UK 111 Limited group of companies ('the Group').

On 30 April 2021, UK 111 Limited, a Company owned by the Sofina group of companies ('Sofina'), acquired the entire share capital of Element UK TOPCO Limited, from funds managed by CapVest Partners LLP.

On 30 April 2021, the Company issued an additional 1,000 A ordinary shares at £0.01 par value for a consideration of £486.8m.

On 30 April 2021, the Company subscribed for 1,000 ordinary shares at £1 par value in Element UK HOLDCO Limited for a consideration of £480.4m.

On 30 April 2021, the Company sold the £13.5m of warrant equity instruments to Sofina Foods Inc.

On 12 November 2021, the Company performed a share premium reduction of £573.9m and credited the retained earnings.

On 12 November 2021, the Company paid dividends of £19.0m to its parent company UK 111 Limited.

On 22 March 2022, the Company paid dividends of £37.9m to its parent company UK 111 Limited.

As a holding company, the cash inflows of the Company to meet its liabilities and the valuation of its investments are dependent on the activities of the Group and Sofina.

Future developments

The UK 111 Limited Group is part of Sofina Foods Inc. one of the largest food manufacturing producers in Canada. Globally the Sofina Foods Inc. group operates 44 sites and has over 13,000 employees. The Sofina Foods Inc. vision is to be the most successful food company in the world. The UK 111 Limited Group has a key role to play in this vision by supplying pork and seafood products through the channels of UK and EU grocery retail, food service and other UK and EU global food producers, to its customers.

The Directors continue to monitor the COVID 19 situation to ensure that precautions are taken in line with health and safety requirements and Government guidelines. The Board of Directors have put processes and procedures in place to monitor, assess and address risks associated with COVID 19.

The conflict in Ukraine has increased geopolitical uncertainty. While the Group has no direct trading links to Russia, the conflict has created challenges for many companies in a global economic environment recovering from the impacts of the COVID 19 pandemic. The Group's indirect exposure is expected to be in price rises and volatility in commodity markets, particularly energy and agricultural products. The Board of Directors continue to monitor cost inflation and volatility of supply. The Group is engaging with both customers and suppliers and will continue to monitor the risks associated with this area. The Directors will continue to monitor and adhere to the impact of economic sanction law and regulation.

Key performance indicators

The Directors of Element UK TOPCO Limited monitor and assess on a regular basis the key performance indicators of the business. The following KPIs are monitored closely:

- The Company monitors cash flow related KPIs.
- The Company monitors performance relative to its banking covenants.

Principal risks and uncertainties

The Company operates as an intermediate holding company within the UK 111 Limited group of companies. All of its material transactions are with fellow group undertakings and as such, its activities are dependent on the activities of the UK 111 Limited group of companies as a whole.

The Directors have carried out an assessment of the principle risks facing the UK 111 Limited group of companies ('the Group') and consider the following ten risks as those which could most significantly impact the Group's activities:

- 1. Price and availability of raw materials, energy, ingredients, packaging, materials and freight** – The Group is vulnerable to variations in the availability and pricing of; raw materials (in particular pig meat, pig feed and seafood), energy, ingredients, packaging and freight, all of which could adversely impact on the Group's ability to supply its customers and its profitability. To manage the risk associated with:
 - Pig meat: A significant and increasing proportion of the Group's pork supplies are produced by the Group's own farms or by suppliers with whom long term strategic partnerships are in place;
 - Pig feed: In order to protect the business from major fluctuations in feed prices, the Group typically covers a proportion of risk through forward feed contracts. The Group also has long standing relationships with its suppliers and can mitigate supply risk by the use of alternative feed products.
 - Seafood: The Group operates a global supply chain with a number of trusted suppliers which it is continually seeking to expand. Seafood purchases are typically secured by long term contracts.
 - Energy: The Group seeks to cover a proportion of its gas and electricity requirements in advance.
 - Ingredients, packaging and freight: Where possible, the ability to fix prices in the short to medium term is generally utilised at key times in the year. The Group has long standing relationships with its suppliers and can mitigate supply risk on packaging and ingredients by the use of alternative products. The Group has relationships with a number of freight suppliers in order to maintain logistics capability.*A significant proportion of the Group's business is also agreed in long term contracts that operate on flexible pricing models.*
- 2. Labour availability and cost** – The Group is reliant on recruiting and retaining sufficient skilled labour, to maintain production and financial profitability, and competes with other manufacturers for this resource. To help manage these risks the Group actively reviews its recruitment and retention policies and its relationships with third party agencies on a regular basis, is proactive in its engagement with current employees to encourage retention, engages with workers unions and invests and implements efficiency and continuous improvement activities to mitigate this risk where possible.
- 3. Reliance on major customers** – Some key customers represent a relatively material part of the Group's business, and therefore the loss or partial loss of some key customers could represent a risk to the business. The Group has long-standing relationships with these customers with many elements of the business operating under long-term contracts. The Group operates a diluted customer base across UK and European pork and seafood and is focussed on the development of new strategic relationships. The Group works with all its retail and export customers to ensure regulatory compliance, combined with the highest levels of product quality and service standards.

Principal risks and uncertainties (continued)

4. **Consumer demand** – Demand for the Group’s products can be influenced by a number of factors; including seasonality, lifestyle trends, food scares, customer loyalty, brand image, reputation of the Group, its customers and suppliers, and the health of the wider economy. To help manage these risks the Group has focused on the production of consumer staples (pork and seafood) across a range of price points. Additionally, the Group works with its key customers to monitor and develop new products to meet changes in consumer demand, employs highly trained and competent technical teams and invests in staff training.
5. **Competitive industry** – The pork and seafood industries are highly competitive, primarily on the basis of quality, innovation, delivery and price and some of the Group’s competitors could use their resources to negatively impact the Group’s ability to compete. The Group has long standing relationships with its customers and works with all retail and export customers to ensure the highest levels of product quality and service standards. A significant proportion of the Group’s business is also agreed on long term contracts that operate on flexible pricing models. The Group has significantly diluted its customer relationships with new acquisitions and the continued development of new strategic relationships.
6. **Bio-security and food safety**– Contamination within the supply chain, outbreaks of disease and feed contaminants affecting pigs and seafood, as well as public concerns (whether real or perceived) relating to these occurrences could impact the Group’s operations and sales. The Group sources raw materials from trusted suppliers who adhere to stringent national and international regulatory requirements. The Group maintains systems designed to control food safety and sourcing risks and promotes full traceability and welfare standards throughout its supply chain. The Group is also subject to inspection by food safety and other authorities, as well as independent bodies, for compliance with applicable food laws and standards. In respect of pig production, the location of the Group’s farming operations significantly reduces the risk of diseases, bio-security breaches or over reliance on specific locations, these farms have a world class reputation for animal health.
7. **Interest rate, currency, liquidity and credit risk** – The Group’s primary sources of liquidity are the cash flows generated from its operations, along with bank and debt instruments that carry variable rates of interest and is exposed to fluctuations in foreign currency (for certain aspects of the Group’s activities) and credit risk on receivables due from the Group’s customers. Certain of the Group’s companies are obligors to the debt of Sofina. Additionally, because the Group’s financial statements are presented in pounds sterling, the Group must translate the results of its foreign operations into pounds sterling at applicable exchange rates. Consequently, increases or decreases in the value of the pound may affect the value of items in the financial statements from foreign operations, even if their value has not changed in functional currency.

The appropriateness of the Group’s bank and debt instruments and the risks related to variable rate debt are periodically reviewed by management and Sofina. The Group and Sofina have sufficient credit facilities in place and liquidity and covenant headroom is monitored and forecasted on a regular basis to ensure appropriate headroom is maintained. Credit checks are performed on all new customers and payments are constantly checked against contractual terms, additionally the Group has sufficient credit insurance in place. To mitigate against those risks associated with foreign currency the Group uses hedging arrangements. The degree to which the Group hedges its exchange rate exposures and the structure of its hedging arrangements are driven by the nature, size and certainty of the Group’s exposure.

8. **Legal and regulatory compliance** – The Group is subject to increasingly stringent health, safety, environmental, animal welfare and food safety regulations. The Group is also required to maintain various licences and permits to operate its business in accordance with the laws and regulations of the countries in which it operates. Failure to comply with any regulation, licence or permit could lead to; an interruption to the Group’s activities, reputational damage, increased costs and/or financial penalties. To help manage these risks the Group has robust processes and policies in place to ensure compliance with all relevant standards.

Principal risks and uncertainties (continued)

9. **Business interruption** – Supply chain disruption, breakdown or failure of production equipment, significant incidents such as fire or flood which could mean the closure or partial closure of an individual site, or the interruption of key utilities could impact the Group's production continuity. To help mitigate these risks, the Group has robust monitoring and controls in place across all its sites and in the event of an incident the Group has business continuity protocols in place. The Group has insurances in place to help mitigate any financial loss.
10. **Information technology security** – Like most businesses the Group's performance depends upon accurate, timely information and numerical data from key software applications to aid business and day-to-day decision-making processes, and maintain communication between sites. The Group has a robust IT control framework in place, which includes formalised cyber risk management policies. The IT control framework in place is regularly reviewed by the Group's IT specialists to ensure that it remains fit for purpose.

In addition to the principal risks and uncertainties that could threaten the business model and future financial performance, the Directors have identified the following areas of focus:

1. **UK withdrawal from the EU** – As of 01 January 2021, the UK is no longer a member of the EU and is not subject to EU rules. Brexit has created significant political, social and macroeconomic uncertainty for the United Kingdom and Europe and could lead to legal uncertainty and potentially divergent national laws and regulations. The Directors will continue to monitor the risks associated with this area.
2. **COVID 19** – The COVID 19 pandemic created significant challenges for many companies in recent years given its widespread adverse global economic, social and operational impact. During the course of the COVID 19 pandemic, and after completion of comprehensive risk assessments, the Group implemented various operational changes to ensure a "COVID secure" workplace. The Board of Directors continue to monitor and implement changes in line with COVID 19 Government and other regulatory guidance. The Directors will continue to monitor the risks associated with this area.
3. **Conflict in Ukraine** - The conflict in Ukraine has increased geopolitical uncertainty. While the Group has no direct trading links to Russia, the conflict has created challenges for many companies in a global economic environment recovering from the impacts of the COVID 19 pandemic. The Group's indirect exposure is expected to be in price rises and volatility in commodity markets, particularly energy and agricultural products. The Board of Directors continue to monitor cost inflation and volatility of supply. The Group is engaging with both customers and suppliers and will continue to monitor the risks associated with this area. The Directors will continue to monitor and adhere to the impact of economic sanction law and regulation.

Corporate governance and Directors' performance of duty

Element UK TOPCO Limited and its subsidiaries are part of a wider Group of companies that during the financial year was acquired and is owned by Canadian parent company Sofina Foods Inc ("Sofina"), a leading multinational food manufacturing firm. Its ultimate beneficial owner is Mehrdad Michael Latifi.

Throughout the financial year, Sofina appointees maintained positions on the Board of Directors of Element UK TOPCO Limited, and has appointed senior managers from Sofina into active senior leadership roles within each of the key trading subsidiaries of Element UK TOPCO Limited, to ensure full visibility and accountability of the Group Board and to bring in challenge and perspective from outside the European Group. A combined Group Board of Directors and senior managers meets regularly to consider operational risks and mitigations and the approval of major projects, where such project is of a higher value or risk. The CFO of that combined Group Board is responsible for safeguarding the integrity of internal controls and processes, having a significant role in supporting good governance and monitoring compliance with financial and governance controls, policies and procedures.

Corporate governance and Directors' performance of duty (continued)

The Directors of the Company consider that they have adhered to the requirements of section 172 of the Companies Act 2006 (the "Act"). The Directors of Element UK TOPCO Limited and its subsidiaries have put in place the following measures to comply with their duties to have regard to the matters set out in Sec 172 of the Companies Act 2006. They review progress regularly in order to promote the success of the business. The Directors of Element UK TOPCO Limited and its subsidiaries uphold a close relationship with financial stakeholders and have positive relationships with other stakeholders including employees, customers, consumers and suppliers.

The Directors of Element UK TOPCO Limited and its subsidiaries recognise the value and importance of trade unions and ensure there are continuous positive and regular engagements between the Group companies and the trade unions. The trade unions represent and advance the interests of factory workers, who make up the majority of the workforce, and encourage dialogue and feedback from all workers for example through intranets, employee surveys and the use of employee forums. The Directors of Element UK TOPCO Limited and its subsidiaries also ensure an independent whistleblowing scheme is in place and available.

The Directors of Element UK TOPCO Limited and its subsidiaries are dedicated to upholding the human rights of all employees and all workers within its supply chain and to tackling all forms of hidden labour exploitation, including slavery and human trafficking. Element UK TOPCO Limited and its subsidiaries promote awareness of modern slavery and encourage a culture of continued monitoring and improvement of working practices in the supply chain. The Directors of Element UK TOPCO Limited and its subsidiaries have ensured procedures are in place to help identify and eradicate unethical practices within the business and to reduce risks of unfair working practices in the supply chain.

As the majority of Element UK TOPCO Limited's subsidiaries are food producers, traceability of the supply chain, food safety and animal welfare are of the utmost importance to the Directors. This is a tightly regulated industry with Food Standards Agency enforcement staff working at certain key production sites to monitor compliance. Element UK TOPCO Limited and its 'seafood division' subsidiaries understand their duty to society and the environment and are involved in a number of charitable and educational projects which aim to support sustainable farming and fishing practices, reduce food waste and limit the environmental impact, for example the 'Fish for Life' initiative which is aimed at reducing food waste.

The subsidiaries in the 'pork division' of Element UK TOPCO Limited are collectively members of several different accreditation and certification schemes relating to good practice, high standards and animal welfare including: the Red Tractor scheme; British Retail Consortium BRCGS Standard; British Quality Assured Pork Scheme; and RSPCA Freedom Food welfare certified. Some of our facilities are also USDA approved (direct approval by US Government for export), and PRC approved (direct approval by Chinese Government for export). Our membership of these schemes and accreditations are instrumental in helping to strengthen Element UK TOPCO Limited's and its subsidiaries' ongoing commitment to producing high quality products that adhere to the highest animal welfare standards.

The subsidiaries in the 'seafood division' of Element UK TOPCO Limited are collectively members of several accreditation and certification schemes relating to good practice and high standards in manufacturing and the supply chain including the British Retail Consortium BRGCS Global Standard; The Soil Association; The Marine Stewardship Council; The Aquaculture Stewardship Council; Global GAP and RSPCA. Element UK TOPCO Limited's 'seafood division' subsidiaries are regularly independently audited for compliance, providing reassurance to suppliers, customers, and the consumer.

The trading subsidiaries are approved suppliers to many large UK food retailers who impose strict standards in relation to all aspects of operation against which they are strictly audited on an ongoing basis. The Directors of Element UK TOPCO Limited are committed to providing the same high standards of governance across the Group as the business continues to grow.

Corporate governance and Directors' performance of duty (continued)

The COVID-19 pandemic continued to present challenges for all UK businesses. The food manufacturing subsidiaries of Element UK TOPCO Limited were classified as 'critical' by the UK Government and the Directors remain dedicated to continuing to feed the nation whilst protecting its employees, customers and suppliers. The factories were able to remain open throughout the fourth UK national lockdown in spring / summer 2021 as the Directors of Element UK TOPCO Limited and its subsidiaries had taken a number of key measures to protect its staff such as temperature testing, an internal track and trace system and the provision of screens in areas where social distancing was more challenging such as on factory lines, and in its offices.

The Directors of Element UK TOPCO Limited and its subsidiaries remain committed to continuing to follow good corporate governance to create a future of responsible long-term growth of the business.

Going concern

The Directors have considered a period of more than 12 months from the approval of these accounts, including appropriate forecasts, taking into account the risks and uncertainties recognised by the Company and are satisfied that the going concern basis continues to be appropriate.

The Company is part of the Group headed up by UK 111 Limited. The UK 111 Limited Group is part of a group headed up by Sofina Inc. and a letter of support has been provided by Sofina Inc.

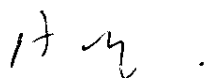
The Company is financed by Sofina, its parent company and fellow subsidiaries. Finance of the UK 111 Limited group and Sofina is obtained from a combination of bank and debt instruments. The Directors have considered the Company's funding relationship with the Group and Sofina, along with considering relevant available information relating to Sofina and UK 111 Limited's ability to continue as a going concern, including sensitivity analysis. Sofina has confirmed that access to Group financing arrangements will remain in place, where necessary.

A number of the UK 111 Limited Group companies, including Element UK TOPCO Limited, are Obligors to a borrowing arrangement of Sofina Inc. There are two covenants applicable to this borrowing agreement. The covenants are the ratio of net funded debt (as defined in the credit agreement) to EBITDA and a fixed charge covenant ratio (as defined in the credit agreement). Sofina is forecast to be compliant with headroom versus the banking covenant for the going concern period under review.

In concluding on the going concern basis of preparation, the Directors have reviewed and evaluated forecasts for Sofina for a period of at least 12 months from the date of approval of these financial statements. This has included consideration of assumptions in relation to the financial performance, liquidity and forecast covenant compliance of Sofina. In completing this assessment the Directors have also considered a "severe but plausible" downside case for Sofina. Based on their assessment the Directors are satisfied that Sofina Inc. is expected to continue to comply with its banking covenants through to 31 December 2023, and will continue to maintain sufficient liquidity to meet its liabilities as they fall due throughout that same period.

Having reviewed all of the above, the Directors believe that the Company has adequate resources to continue in operational existence for the foreseeable future and have therefore adopted the going concern basis in preparing the Company's financial statements.

On behalf of the Board



Mr A Rutherford
Director

Date: 13 December 2022

Element UK TOPCO Limited

Directors' Report

The Directors present their annual report and financial statements for the period ended 26 March 2022.

Directors

The Directors who served during the period and subsequently, unless otherwise stated, are as follows:

A Rutherford (appointed 8 July 2022)
S Ellis (resigned 18 July 2022)
S Smith (appointed 12 October 2021, resigned 18 July 2022)
S Carr (resigned 3 November 2021)
M Kestemont (resigned 22 October 2021)
D Walker (resigned 22 October 2021)
T Colson (resigned 30 April 2021)
S Fitzpatrick (resigned 30 April 2021)
J Rodrigues (resigned 30 April 2021)

Dividend

Dividends of £56.9m have been declared and paid to UK 111 Limited during the period (53 weeks ended 03 April 2021: £nil).

Directors' qualifying third party indemnity provisions

As permitted by the Articles of Association, the Directors have the benefit of an indemnity which is a qualifying third party indemnity provision as defined by Section 234 of the Companies Act 2006. The indemnity was in force throughout the last financial year and remains in force at the date of approval of the financial statements. The Group has purchased and maintained throughout the financial year Directors' and Officers' liability insurance in respect of itself and its Directors.

Going concern

See Strategic Report on pages 2-7.

Post balance sheet events

There are no material post balance sheet events to report.

Future developments

The UK 111 Limited Group is part of Sofina Foods Inc. one of the largest food manufacturing producers in Canada. Globally the Sofina Foods Inc. group operates 44 sites and has over 13,000 employees. The Sofina Foods Inc. vision is to be the most successful food company in the world. The UK 111 Limited Group has a key role to play in this vision by supplying pork and seafood products through the channels of UK and EU grocery retail, food service and other UK and EU global good producers, to its customers.

The Directors continue to monitor the COVID 19 situation to ensure that precautions are taken in line with health and safety requirements and Government guidelines. The Board of Directors have put processes and procedures in place to monitor, assess and address risks associated with COVID 19.

Directors' Report (continued)

Future developments (continued)

The conflict in Ukraine has increased geopolitical uncertainty. While the Group has no direct trading links to Russia, the conflict has created challenges for many companies in a global economic environment recovering from the impacts of the COVID 19 pandemic. The Group's indirect exposure is expected to be in price rises and volatility in commodity markets, particularly energy and agricultural products. The Board of Directors continue to monitor cost inflation and volatility of supply. The Group is engaging with both customers and suppliers and will continue to monitor the risks associated with this area. The Directors will continue to monitor and adhere to the impact of economic sanction law and regulation.

Approved by the Board of Directors and signed on behalf of the Board



Mr A Rutherford
Director

Date: 13 December 2022

Directors' Responsibilities Statement

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

Company law requires the Directors to prepare financial statements for each financial year. Under that law the Directors have prepared the financial statements in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards, comprising FRS 101 "Reduced Disclosure Framework", and applicable law).

Under company law, 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 financial statements, the Directors are required to:

- select suitable accounting policies and then apply them consistently;
- state whether applicable United Kingdom Accounting Standards, comprising FRS 101 have been followed, subject to any material departures disclosed and explained in the financial statements;
- make judgements and accounting estimates that are reasonable and prudent; and
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the company will continue in business.

The Directors are 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 also 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.

Element UK TOPCO Limited

Income Statement

For the 51 week period 26 March 2022

	Notes	51 week period ended 26 March 2022 £'m	53 week period ended 03 April 2021 £'m
Operating profit		-	-
Net finance income/(expense)	6	0.1	(0.7)
Profit/(loss) before taxation		0.1	(0.7)
Income tax credit	7	-	0.1
Profit/(loss) after taxation		<u>0.1</u>	<u>(0.6)</u>

There were no items of other comprehensive income and therefore no separate Statement of Other Comprehensive Income has been presented.

Element UK TOPCO Limited

**Statement of Financial Position
As at 26 March 2022**

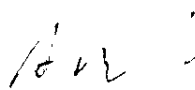
	Notes	26 March 2022 £'m	03 April 2021 £'m
Non-current assets			
Investments	8	<u>505.2</u>	<u>24.8</u>
Current assets			
Trade and other receivables	9	<u>31.0</u>	<u>81.6</u>
Current liabilities			
Trade and other payables	10	<u>(4.3)</u>	<u>-</u>
Non-current liabilities			
Loans and borrowings	11	<u>(2.3)</u>	<u>(6.8)</u>
Net assets		<u>529.6</u>	<u>99.6</u>
Equity			
Issued share capital	12	0.4	0.4
Share premium		-	87.1
Warrant equity instruments		13.5	13.5
Retained earnings		515.7	(1.4)
Total equity		<u>529.6</u>	<u>99.6</u>

For the period ending 26 March 2022 the Company was entitled to exemption from audit under section 479A of the Companies Act 2006 relating to subsidiary companies.

The members have not required the Company to obtain an audit of its accounts for the year in question in accordance with section 476.

The Directors acknowledge their responsibilities for complying with the requirements of the Act with respect to accounting records and the preparation of accounts.

These financial statements of Element UK TOPCO Limited (Company Registration Number 10664545) were approved by the Board of Directors and authorised for issue on 13 December 2022 and were signed on behalf of the Board of Directors by


Mr A Rutherford
Director

Element UK TOPCO Limited

Statement of Changes in Equity
For the 51 week period ended 26 March 2022

	Notes	Share capital £'m	Share premium account £'m	Warrant equity instruments £'m	Retained earnings £'m	Total £'m
At 28 March 2020		0.4	83.4	13.5	(0.8)	96.5
Total comprehensive loss		-	-	-	(0.6)	(0.6)
Transactions with owners:						
Issue of share capital		-	3.7	-	-	3.7
At 03 April 2021		0.4	87.1	13.5	(1.4)	99.6
Total comprehensive income		-	-	-	0.1	0.1
Transactions with owners:						
Issue of share capital	12	-	486.8	-	-	486.8
Share capital reduction	12	-	(573.9)	-	573.9	-
Dividends paid		-	-	-	(56.9)	(56.9)
At 26 March 2022		0.4	-	13.5	515.7	529.6

Notes to the financial statements

For the 51 week period ended 26 March 2022

1. General information

Element UK TOPCO Limited is a private company limited by shares incorporated in the United Kingdom under the Companies Act. The address of the registered office is Element UK TOPCO Limited, C/O Karro Food Limited, Norton Grove Industrial Estate, Hugden Way, Norton, Malton, England, YO17 9NE. The principle activity of the Company is of a holding company.

All financial information is rounded to the nearest million (£'m) except where otherwise indicated.

2. Basis of preparation and significant accounting policies

Statement of compliance

These financial statements are separate financial statements. The Company is exempt from the preparation of consolidated financial statements, because it is included in the Group financial statements of UK 111 Limited. The Group financial statements of UK 111 Limited are available to the public and can be obtained from the registered address as set out in note 15.

The Company has applied FRS 101 'Reduced Disclosure Framework' incorporating the Amendments to FRS 101 issued by the FRC in July 2015 other than those relating to legal changes and has not applied the amendments to Company law made by The Companies, Partnerships and Groups (Accounts and Reports) Regulations 2015 that are effective for accounting periods beginning on or after 01 January 2017.

Basis of accounting

As permitted by FRS 101, the Company has taken advantage of the disclosure exemptions available under that standard in relation to business combinations, financial instruments, capital management, presentation of comparative information in respect of certain assets, presentation of a cash-flow statement, standards not yet effective, impairment of assets and related party transactions.

The financial statements have been prepared on a going concern basis under the historical cost basis. Historical cost is generally based on the fair value of the consideration given in exchange for the goods and services.

The financial statements are presented in pounds sterling because the Company operates predominantly in the United Kingdom. The Company has presented a financial reporting period ending on the Saturday nearest to the accounting reference date, given that the financial period may begin or end on dates which are not more than seven days before or after the accounting reference date. As such the 2021 financial reporting period is the 53 week period ended 03 April 2021 and the 2022 financial reporting period is the 51 week period ended 26 March 2022. The Statements of Financial Position have been prepared to these dates accordingly.

The principal accounting policies adopted are set out below.

Adoption of new and revised standards

UK companies that prepare their financial statements in accordance with UK adopted international accounting standards can only apply accounting standards once they have been endorsed. This includes all International Financial Reporting Standards (IFRS) that were EU endorsed at 31 December 2020 plus those that have subsequently been endorsed by UK Endorsement Board. UK companies with accounting periods beginning on or after 1 January 2021 were required to switch from applying IFRS as adopted by the EU to IFRS as adopted by the UK. As a result, the basis of preparation for the Company financial statements is IFRS as issued by the IASB and adopted by the UK for the period ended 26 March 2022.

2. Basis of preparation and significant accounting policies (continued)

Adoption of new and revised standards (continued)

New and revised IFRSs in issue but not yet effective

During the period the following new accounting policies were adopted, none of which have had a material impact on the financial statements:

<i>IFRS 9, 17, IAS 39</i>	<i>Interest rate benchmark reform phase II</i>
<i>IFRS 4</i>	<i>Insurance contracts deferral of IFRS 9 financial instruments</i>
<i>IFRS 16</i>	<i>COVID 19 related rent concessions</i>

At the date of authorisation of these financial statements, the Group has not applied the following new and revised IFRSs that have been issued but are not yet endorsed by the UK Endorsement Board:

<i>IAS 12</i>	<i>Deferred tax relates to assets and liabilities arising from a single transaction</i>
<i>IAS 8</i>	<i>Definition of accounting estimates</i>
<i>IFRS 17</i>	<i>Insurance contracts</i>
<i>IAS 1</i>	<i>Disclosure of accounting policies</i>
<i>IAS 1</i>	<i>Classification of liabilities</i>
<i>IFRS 3</i>	<i>Business combinations</i>
<i>IAS 16</i>	<i>Property, plant and equipment</i>
<i>IAS 37</i>	<i>Provisions, contingent liabilities and contingent assets onerous contracts</i>
<i>Various</i>	<i>Annual improvements 2018-2020</i>

The Directors do not expect that the adoption of the Standards listed above will have a material impact on the financial statements of the Company in future periods.

Beyond the information above, it is not practicable to provide a reasonable estimate of the effect of these standards until a detailed review has been completed.

Going concern

The Directors have considered a period of more than 12 months from the approval of these accounts, including appropriate forecasts, taking into account the risks and uncertainties recognised by the Company and are satisfied that the going concern basis continues to be appropriate.

The Company is part of the Group headed up by UK 111 Limited. The UK 111 Limited Group is part of a group headed up by Sofina Inc. and a letter of support has been provided by Sofina Inc.

The Company is financed by Sofina, its parent company and fellow subsidiaries. Finance of the UK 111 Limited group and Sofina is obtained from a combination of bank and debt instruments. The Directors have considered the Company's funding relationship with the Group and Sofina, along with considering relevant available information relating to Sofina and UK 111 Limited's ability to continue as a going concern, including sensitivity analysis. Sofina has confirmed that access to Group financing arrangements will remain in place, where necessary.

A number of the UK 111 Limited Group companies, including Element UK TOPCO Limited, are obligors to a borrowing arrangement of Sofina Inc. There are two covenants applicable to this borrowing agreement. The covenants are the ratio of net funded debt (as defined in the credit agreement) to EBITDA and a fixed charge covenant ratio (as defined in the credit agreement). Sofina is forecast to be compliant with headroom versus the banking covenant for the going concern period under review.

2. Basis of preparation and significant accounting policies (continued)

Going concern (continued)

In concluding on the going concern basis of preparation, the Directors have reviewed and evaluated forecasts for Sofina for a period of at least 12 months from the date of approval of these financial statements. This has *included consideration of assumptions in relation to the financial performance, liquidity and forecast covenant compliance of Sofina*. In completing this assessment the Directors have also considered a “severe but plausible” downside case for Sofina. Based on their assessment the Directors are satisfied that Sofina Inc. is expected to continue to comply with its banking covenants through to 31 December 2023, and will continue to maintain sufficient liquidity to meet its liabilities as they fall due throughout that same period.

Having reviewed all of the above, the Directors believe that the Company has adequate resources to continue in operational existence for the foreseeable future and have therefore adopted the going concern basis in preparing the Company’s financial statements.

Taxation

Current tax

The income tax charge or credit is based on taxable profit for the period. Taxable profit differs from profit before tax as reported in the income statement because it excludes items of income or expense that are taxable or deductible in other periods and it further excludes items that are never taxable or deductible. The Company’s liability for current tax is calculated using tax rates that have been enacted or substantively enacted by the balance sheet date.

Deferred tax

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.

The carrying amount of deferred tax assets is reviewed at each balance sheet date and is adjusted to reflect the best estimate of future taxable profits that will be available to support the recovery of the associated deferred tax assets.

Deferred tax is calculated at the tax rates that are expected to apply in the period when the liability is settled *or the asset is realised based on tax laws and rates that have been enacted or substantively enacted at the balance sheet date*.

The measurement of deferred tax liabilities and assets reflects the tax consequences that would follow from the manner in which the Company expects, at the end of the reporting period, to recover or settle the carrying amount of its assets and liabilities.

Deferred tax assets and liabilities are offset when there is a legally enforceable right to set off current tax assets against current tax liabilities and when they relate to income taxes levied by the same taxation authority and the Company intends to settle its current tax assets and liabilities on a net basis. The Companies may be entitled to claim special tax deductions for investments in qualifying assets or in relation to qualifying expenditure (e.g. the Research and Development Expenditure Credit (RDEC) or other investment allowances), the Company accounts for such RDEC credits in the income statement within operating costs.

Notes to the financial statements
For the 51 week period ended 26 March 2022

2. Basis of preparation and significant accounting policies (continued)

Taxation (continued)

Current tax and deferred tax for the year

Current and deferred tax are recognised in profit or loss, except when they relate to items that are recognised in other comprehensive income or directly in equity, in which case, the current and deferred tax are also recognised in other comprehensive income or directly in equity respectively.

Investments in subsidiaries

Investments in subsidiaries are stated at cost less, where appropriate, provisions for impairment.

Financial instruments: initial recognition and subsequent measurement

A financial instrument is any contract that gives rise to a financial asset of one entity and a financial liability or equity instrument of another entity.

Financial assets

Initial recognition and measurement

Financial assets are initially recognised at fair value, with the exception of trade receivables that do not contain a significant financing component or for which the Company has applied the practical expedient, which are measured at the transaction price determined under IFRS 15. In the case of a financial asset not at fair value through profit or loss (FVTPL), transaction costs are also included in the fair value at initial recognition. Transaction cost of financial assets held at FVTPL are expensed in the income statement in the period in which they occur.

The subsequent measurement of financial assets at depends on the contractual cash flow characteristics and the Company's business model for managing the assets. There are two measurement categories into which the Company classifies its financial assets:

Amortised Cost

Assets that are held for collection of contractual cash flows, where those cash flows represent solely payments of principal and interest, are measured at amortised cost. Interest income from these financial assets is included in finance income using the effective interest rate method. Any gain or loss arising on derecognition is recognised directly in profit or loss and presented in other gains/(losses) together with foreign exchange gains and losses.

Derecognition

A financial asset (or, where applicable, a part of a financial asset or part of a Company of similar financial assets) is primarily derecognised (i.e. removed from the consolidated statement of financial position) when:

- The right to receive cash flows from the asset have expired; or
- The Company has transferred its right to receive cash flows from the asset or has assumed an obligation to pay the received cash flows in full without material delay to a third party under 'pass-through' arrangements; and neither (a) the Company has transferred substantially all the risks and rewards of the asset, or (b) the Company has neither transferred nor retained substantially all the risks and rewards of the asset, but has transferred control of the asset.

2. Basis of preparation and significant accounting policies (continued)

Derecognition (continued)

When the Company has transferred its rights to receive cash flows from an asset or has entered into a pass-through arrangement, it evaluates if, and to what extent, it has retained the risks and rewards of ownership. When it has neither transferred nor retained substantially all of the risks and rewards of the asset, nor transferred control of the asset, the Company continues to recognise the transferred asset to the extent of its continuing involvement. In that case, the Company also recognises an associated liability. The transferred asset and the associated liability are measured on a basis that reflects the rights and obligations that the Company has retained.

Continuing involvement that takes the form of a guarantee over the transferred asset is measured at the lower of the original carrying amount of the asset and the maximum amount of consideration that the Company could be required to repay.

Equity instruments

Equity instruments such as ordinary share capital issued by the Company are recorded at the proceeds received net of directly attributable incremental issue costs. Proceeds are allocated between nominal value and share premium.

Dividends

The Company recognises a liability to pay a dividend when the distribution is authorised and the distribution is no longer at the discretion of the Company. A distribution is authorised when it is approved by the shareholders. *A corresponding amount is recognised directly in equity.*

3. Critical accounting judgements and key sources of estimation uncertainty

The Directors have concluded that there are no significant accounting estimates and judgements in applying the Company's accounting policies due to the intermediate holding company status of the entity.

4. Information regarding Directors and employees

The remuneration of the key management personnel is incurred by other operating group companies for the 51 week period ended 26 March 2022 and 53 week period 03 April 2021.

The Company employed no staff in the period.

5. Profit/(loss) before taxation

The audit fee payable to PricewaterhouseCoopers for the audit of the Company's financial statements was borne by another group entity.

Notes to the financial statements

For the 51 week period ended 26 March 2022

6. Net finance income/(expense)

	51 week period ended 26 March 2022 £'m	53 week period ended 03 April 2021 £'m
Bank interest	-	(0.7)
Exchange rate loss	(0.1)	-
Finance expense	(0.1)	(0.7)
Bank interest	0.2	-
Finance income	0.2	-
Net finance income/(expense)	0.1	(0.7)

7. Income tax credit

a) Analysis of credit in the period

	51 week period ended 26 March 2022 £'m	53 week period ended 03 April 2021 £'m
Current tax		
UK corporation tax based on the result for the period	-	0.1
Total current tax credit	-	0.1
Deferred tax		
Total deferred tax credit	-	-
Total deferred tax credit	-	-
Tax credit for the period (note 10b)	-	0.1

b) Factors affecting the tax credit for the period

The table below reconciles the income tax credit for the period to tax at the UK statutory rate:

	51 week period ended 26 March 2022 £'m	53 week period ended 03 April 2021 £'m
Profit/(loss) on ordinary activities before taxation	0.1	(0.7)
Tax at the UK corporation tax rate of 19.00% (2021: 19.00%)	-	0.1
Effects of:		
Disallowed expenses and non-taxable income	-	-
Tax credit for the period (note 10a)	-	0.1

Notes to the financial statements

For the 51 week period ended 26 March 2022

7. Income tax credit (continued)

Changes in tax rates and factors affecting the future tax charge

Deferred tax has been measured using the enacted rate of UK corporation tax of 25.00% reflecting the increase in the statutory UK tax rate to 25.00% from 1 April 2023 (2021: 19.00%).

There are no material uncertain tax provisions.

8. Investments

	51 week period ended 26 March 2022 £'m	53 week period ended 03 April 2021 £'m
Investments	505.2	24.8
	<u>505.2</u>	<u>24.8</u>

On 30 April 2021, the Company subscribed for 1,000 ordinary shares at £1 par value in Element UK HOLDCO Limited for a consideration of £480.4m to enable Element UK HOLDCO Limited and its subsidiary companies to repay external debt and pay acquisition fees.

The Company has investments in the following principal subsidiary undertakings:

Subsidiary name	Nature of business	Place of incorporation and operation	Registered address	Proportion of ownership interest	Proportion of voting power held
Element UK HOLDCO Limited	Intermediate holding company	England and Wales	See (1) below	100%	100%
Element UK MIDCO Limited*	Intermediate holding company	England and Wales	See (1) below	100%	100%
Sofina Foods Limited*	Provision of management services	England and Wales	See (1) below	100%	100%
FJG Logistics Limited*	Operation of warehousing and storage facilities for land transport activities	England and Wales	See (1) below	100%	100%
T S Bloor Holdings Limited*	Intermediate holding company	England and Wales	See (1) below	100%	100%
T S Bloor and Sons Limited*	Processing and merchandising of pork products	England and Wales	See (1) below	100%	100%
Karro Food US LLC*	Sales support service	United States of America	See (4) below	100%	100%
Karro Food Group Limited*	Provision of management services	England and Wales	See (1) below	100%	100%
Karro Food Limited*	Processing and merchandising of pork products	Scotland	See (2) below	100%	100%

Notes to the financial statements
For the 51 week period ended 26 March 2022

8. Investments (continued)

Subsidiary name	Nature of business	Place of incorporation and operation	Registered address	Proportion of ownership interest	Proportion of voting power held
Karro McGee ROI Limited*	Processing and retailing of pork products	Republic of Ireland	See (3) below	100%	100%
Karro Food Frozen Limited*	Processing and merchanting of pork products	England and Wales	See (1) below	100%	100%
Karro Food Stoke Limited*	Processing and merchanting of pork products	England and Wales	See (1) below	100%	100%
Karro ICT Services Limited*	Provision of IT Services	Scotland	See (2) below	100%	100%
Karro Property Limited*	Non-trading / dormant	England and Wales	See (1) below	100%	100%
Lighthouse UKCO 5 (Holdings) Limited*	Intermediate holding company	England and Wales	See (5) below	100%	100%
Lighthouse UKCO 6 (Treasury) Limited*	Intermediate holding company	England and Wales	See (5) below	100%	100%
Young's Seafood International Holdings Limited*	Intermediate holding company	England and Wales	See (5) below	100%	100%
Young's Bluecrest Pension Trustees Limited*	Non-trading / dormant	England and Wales	See (5) below	100%	100%
Bluecrest Foods Limited*	Non-trading / dormant	England and Wales	See (5) below	100%	100%
Young's Seafood Limited*	Processing and merchanting of seafood products	England and Wales	See (5) below	100%	100%
Plotview Limited*	Intermediate holding company	Ireland	See (3) below	100%	100%
M&M Walshe Holdings Limited*	Intermediate holding company	Ireland	See (3) below	100%	100%
M&M Walshe Limited (t/a Ribworld)*	Processing and merchanting of pork products	Ireland	See (3) below	100%	100%
Callan Bacon Company Limited*	Processing and merchanting of pork products	Ireland	See (3) below	100%	100%
Stirchley Bacon Co. Limited*	Processing and merchanting of pork products	England and Wales	See (1) below	100%	100%
Stirchley Bacon Holdings Limited*	Intermediate holding company	England and Wales	See (1) below	100%	100%
Life UK Finco Limited*	Intermediate holding company	England and Wales	See (1) below	100%	100%
Life DE Bidco GmbH*	Intermediate holding company	Germany	See (6) below	100%	100%

Notes to the financial statements

For the 51 week period ended 26 March 2022

8. Investments (continued)

Subsidiary name	Nature of business	Place of incorporation and operation	Registered address	Proportion of ownership interest	Proportion of voting power held
AliSa International GmbH*	Intermediate holding company	Germany	See (6) below	100%	100%
Greenland Seafood Wilhelmshaven GmbH*	Processing and merchanting of seafood products	Germany	See (7) below	100%	100%
Greenland Seafood Europe SAS*	Processing and merchanting of seafood products	France	See (9) below	100%	100%
Greenland Seafood Europe GmbH*	Processing and merchanting of seafood products	Germany	See (8) below	100%	100%
Gelmer SAS*	Processing and merchanting of seafood products	France	See (12) below	100%	100%
GS EGUS Inc*	Non-trading / dormant	United States of America	See (11) below	100%	100%
Eight Fifty Lux Sarl	Intermediate holding company	Luxembourg	See (13) below	100%	100%
Duskany Unlimited*	Provision IP services	Isle of Man	See (14) below	100%	100%
Core Acquisitions Holdings Unlimited*	Intermediate holding company	Ireland	See (3) below	100%	100%
Core Acquisitions Unlimited*	Intermediate holding company	Ireland	See (3) below	100%	100%
Carroll Cuisine Unlimited Company*	Processing and merchanting of pork products	Ireland	See (3) below	100%	100%
KI 70 VV GmbH *	Non-trading / dormant	Germany	See (10) below	100%	100%

*Indirect investment

Registered offices

- (1) Hugden Way, Malton, North Yorkshire, YO17 9NE
- (2) 13 Queens Road, Aberdeen, AB15 4YL
- (3) 3rd Floor Kilmore House, Park Lane, Spencer Dock, Dublin 1
- (4) Suite 297, 103 Foulk Road, Wilmington, Delaware, 19803
- (5) Wickham Road, Grimsby, North East Lincolnshire, DN31 3SW
- (6) Kleine Reichenstr 1, 20457, Hamburg, Germany
- (7) Flutstraße 84, 26836 Wilhelmshaven, Germany
- (8) Eduard Schopf Allee 1, 28217 Bremen, Germany
- (9) 10, rue Ballu, 75009 Paris, France
- (10) Kleine Reichenstraße 1, 20457 Hamburg, Germany
- (11) 200 South 10th Street, Richmond, Virginia 23219, USA
- (12) Z.I. La Trésorerie, Rue Jean Gutenberg 62126 WIMILLE, France
- (13) 46A, Avenue J.F. Kennedy L - 1855 Luxembourg
- (14) IQ EQ (Isle of Man) Limited, Victoria Road, Douglas, Isle of Man, IM2 4DF

Notes to the financial statements

For the 51 week period ended 26 March 2022

9. Trade and other receivables

	26 March 2022 £'m	03 April 2021 £'m
Amounts receivable from parent undertakings	0.6	-
Amounts receivable from subsidiary undertakings	30.4	81.6
Total trade and other receivables	<u>31.0</u>	<u>81.6</u>

Intercompany balances bear no interest and are due on demand.

10. Trade and other payables: payable within one year

	26 March 2022 £'m	03 April 2021 £'m
Amounts owed to subsidiary undertaking	4.3	-
Total trade and other payables	<u>4.3</u>	<u>-</u>

Intercompany balances bear no interest and are repayable on demand.

11. Loans and borrowings

	26 March 2022 £'m	03 April 2021 £'m
Non-current		
VPEN	2.3	6.8
Total loans and borrowings	<u>2.3</u>	<u>6.8</u>

12. Issued share capital

	26 March 2022 £	03 April 2021 £
Allotted, issued, called up and 'A' fully paid		
'A' ordinary shares of £0.01 each	740	730
'B1' ordinary shares of £15.34 each	48,012	48,012
'B2' ordinary shares of £30.68 each	48,012	48,012
'B3' ordinary shares of £40.90 each	51,213	51,213
'B4' ordinary shares of £81.88 each	45,523	45,523
'B5' ordinary shares of £102.46 each	25,000	25,000
'B6' ordinary shares of £0.01 each	41	41
'C' ordinary shares of £0.0001 each	18	18
'C2' ordinary shares of £0.0001 each	2	2
'D1' ordinary shares of £0.0001 each	75	75
'D2' ordinary shares of £102.272 each	225,000	225,000
	<u>443,636</u>	<u>443,626</u>

12. Issued share capital (continued)

	26 March 2022 No.	03 April 2021 No.
Allotted, issued, called up and 'A' fully paid		
No. of 'A' ordinary shares	74,045	73,045
No. of 'B1' ordinary shares	3,129	3,129
No. of 'B2' ordinary shares	1,565	1,565
No. of 'B3' ordinary shares	1,252	1,252
No. of 'B4' ordinary shares	556	556
No. of 'B5' ordinary shares	244	244
No. of 'B6' ordinary shares	4,105	4,105
No. of 'C' ordinary shares	181,000	181,000
No. of 'C2' ordinary shares	19,000	19,000
No. of 'D1' ordinary shares	753,556	753,556
No. of 'D2' ordinary shares	2,200	2,200
	<u>1,040,652</u>	<u>1,039,652</u>

Voting rights

- 'A' shares carry voting rights
- 'B' shares carry voting rights of no more than 5% in aggregate
- 'C' shares carry no voting rights
- 'D' shares carry no voting rights

On 30 April 2021, the Company issued an additional 1,000 A ordinary shares at £0.01 par value for a consideration of £486.8m.

On 12 November 2021, the Company performed a share premium reduction of £573.9m and credited the retained earnings.

13. Contingent liabilities

Cash pool facilities

There is an unlimited cross guarantee between Element UK TOPCO Limited, Element UK HOLDCO Limited, Element UK MIDCO Limited, Sofina Foods Limited, Karro Food Group Limited, Karro Food Limited, Karro Food Frozen Limited, Karro Food Stoke Limited, Karro ICT Services Limited, FJG Logistics Limited and T S Bloor & Sons Limited in relation to the Group's £15.0m gross, £nil net overdraft facility.

14. Capital commitments

There were no capital commitments at 26 March 2022 (03 April 2021: £nil).

15. Controlling party

The Company's immediate parent company is UK 111 Limited, a company registered in England and Wales. The ultimate parent company is Latrus Inc, a Company registered in Canada.

UK 111 Limited is the parent undertaking of the smallest group which includes the Company for which group financial statements are prepared. A copy of these financial statements can be obtained from the Registered Office at c/o Sofina Foods Ltd, Hugden Way, Norton Grove Industrial Estate, Malton, North Yorkshire, YO17 9NE.

16. Ultimate controlling party

At the reporting date the ultimate controlling party of the Company and the Group is Mehrdad Michael Latifi.

UK 111 Limited is the parent undertaking of the smallest group which includes the Company and for which group financial statements are prepared and Sofina Inc. is the largest group which includes the Company.

17. Post balance sheet events

There are no material post balance sheet events to report.