

Company Registration No. 10664545

Element UK TOPCO Limited

Annual Report and Financial Statements

For the 52 weeks ended 25 March 2023

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Element UK TOPCO Limited

Annual Report and Financial Statements

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Element UK TOPCO Limited

Annual Report and Financial Statements

Officers and Professional Advisers

Director

A Rutherford

Company Secretary

D Jones

Registered office

C/O Karro Food Limited
Norton Grove Industrial Estate
Hugden Way
Norton
Malton
England
YO17 9NE

Element UK TOPCO Limited

Strategic Report

The Director presents their Strategic Report for the 52 week period ended 25 March 2023.

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 2023 fiscal period ends on 25 March 2023 and the financial statements have been prepared to this date accordingly. The prior fiscal period was a 51 week period ended 26 March 2022.

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').

During the period, the Company paid dividends of £6.0m to its parent company UK 111 Limited.

The Company has investments of £505.2m (51 week period ended 26 March 2022: £505.2m) in subsidiary undertakings.

The statement of comprehensive income on page 10 shows a result after taxation for the 52 week period ended 25 March 2023 of a £0.2m loss (51 week period ended 26 March 2022: £0.1 profit). Result before taxation was a £0.3m loss (51 week period ended 26 March 2022: £0.1m profit).

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 Foods Inc ("Sofina").

Future developments

The UK 111 Limited Group is part of Sofina, 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, which includes Element UK TOPCO Limited, 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 Company will continue to act as an intermediate holding company.

Key performance indicators

The Director of Element UK TOPCO Limited monitors and assesses on a regular basis the key performance indicators of the business. The following KPIs are monitored closely:

- The Company monitors performance relative to its banking covenants.
- The Company monitors the performance of the underlying business in comparison to the investment value.

Principal risks and uncertainties

The Company operates as a 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.

Principal risks and uncertainties (continued)

The Director has carried out an assessment of the principal risks facing the UK 111 Limited group of companies ("the Group") and considers the following ten risks as those which could most significantly impact the Company and Group's activities:

1. **Price and availability of raw materials, energy, ingredients, packaging, materials and freight** – The UK 111 Limited 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 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. Two CHP plants have been installed to reduce reliance on grid electricity.
 - 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 multi-period 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.
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 multi-period 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.

Principal risks and uncertainties (continued)

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 the Sofina group 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.

Inflation has been impossible to avoid and has had an impact on most areas of the Group. Input costs such as raw materials, feed and transport have all seen substantial increases due to inflation. The Group has successfully been able to pass much of this impact onto its customers, albeit with delays in pass-through and will continue to pro-actively engage with customers to manage inflation recovery. The Director has considered inflation when assessing going concern, asset impairments and debt covenant adherence, but the assessment does not indicate that inflation would have a significant impact on these areas.

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.
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.

Principal risks and uncertainties (continued)

- 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 Director has identified the following areas of focus:

- 1. 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 has been in price rises and volatility in commodity markets, particularly energy and agricultural products. The Director continues 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 Director 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 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 Boards of Directors 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 meet 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.

The Directors of Element UK TOPCO Limited and its subsidiaries 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 Group Directors 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.

Corporate governance and Directors' performance of duty (continued)

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 BRGCS 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). 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.

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 Director has considered a period of more than 12 months from the approval of these financial statements, including appropriate Group forecasts, taking into account the risks and uncertainties recognised by the Company and is satisfied that the going concern basis continues to be appropriate.

The Company is part of the UK 111 Limited group of companies. 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 financial support will be provided as is needed to enable the Company to meet its liabilities as they fall due for a period of at least 12 months from the date of approval of these financial statements.

The Company is financed by Sofina, its parent company and fellow subsidiaries. Finance of the UK 111 Limited Group and the Sofina group is obtained from a combination of bank and debt instruments. The Director has 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.

Specific consideration was given to the balance sheet and borrowing facilities of the Company, the UK 111 Limited Group and Sofina.

Going concern (continued)

The banking covenant applicable to the UK 111 Limited Group's borrowing arrangements is the ratio of consolidated senior secured net debt to the last twelve months' cumulative consolidated pro forma EBITDA (LTM pro forma EBITDA). Pro forma EBITDA is the EBITDA of the business including permissible adjustments as specified in the facilities agreement. On the last business day of each month headroom on the asset backed lending facility is required to be no less than £7.5m. The UK 111 Limited Group has complied with its banking covenant throughout the period ended 25 March 2023 and is forecast to be compliant against the banking covenant for the going concern period under review.

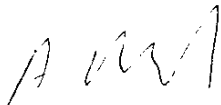
There is one covenant applicable to the UK 111 Limited Group's €40.0m factoring agreement, which is economic equity as a proportion of total assets. Economic equity is shareholders' funds adjusted as specified in the factoring arrangement and calculated with reference to the balance sheet of Greenland Seafood Wilhelmshaven GmbH. The UK 111 Limited Group has complied with its covenant throughout the period ended 25 March 2023 and is forecast to be compliant with significant headroom vs. the factoring covenant for the going concern period under review.

A number of the UK 111 Limited Group companies, including Element UK TOPCO Limited, are Obligors to a borrowing arrangement of Sofina Foods Inc. 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 vs. the banking covenant for the going concern period under review.

Specific consideration has also been given by the Company, UK 111 Limited Group and Sofina to their principal risks and uncertainties. The Company, UK 111 Limited Group and Sofina's principal risks and uncertainties are ongoing in nature and theoretically could materialise at any time. The Board of Directors of the UK 111 Limited Group and Sofina have put processes and procedures in place to monitor, assess and address risks associated with their principal risks and uncertainties. These processes and procedures also include the impact of inflation and the impact of a wider economic downturn on the Company, UK 111 Limited Group, Sofina, and their stakeholders.

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

Signed by the Director



Mr A Rutherford

Date: 4 December 2023

Element UK TOPCO Limited

Directors' Report

The Director presents their annual report and financial statements for the period ended 25 March 2023.

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 (resigned 18 July 2022)

Dividend

Dividends of £6.0m have been declared and paid to UK 111 Limited during the period (51 week period ended 26 March 2022: £56.9m).

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 Director.

Going concern

See Strategic Report on pages 2-7.

Post balance sheet events

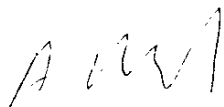
There are no material post balance sheet events to report.

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, which includes Element UK TOPCO Limited, 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 Company will continue to act as an intermediate holding company.

Approved by the Director



Mr A Rutherford

Date: 4 December 2023

Directors' Responsibilities Statement

The Director is responsible for preparing the Annual Report and Financial Statements and the financial statements in accordance with applicable law and regulation.

Company law requires the Director to prepare financial statements for each financial year. Under that law the Director has 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, a Director 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 Director is 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 Director is 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 Director is 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

Statement of Comprehensive Income
For the 52 week period 25 March 2023

	Notes	52 week period ended 25 March 2023 £'m	51 week period ended 26 March 2022 £'m
Operating profit		-	-
Net finance (expense)/income	6	(0.3)	0.1
(Loss)/profit before taxation		(0.3)	0.1
Income tax credit	7	0.1	-
(Loss)/profit after taxation		(0.2)	0.1

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 25 March 2023

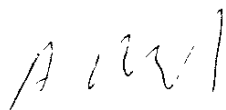
	Notes	25 March 2023 £'m	26 March 2022 £'m
Non-current assets			
Investments	8	<u>505.2</u>	<u>505.2</u>
Current assets			
Trade and other receivables	9	<u>25.1</u>	<u>31.0</u>
Current liabilities			
Trade and other payables	10	<u>(3.4)</u>	<u>(4.3)</u>
Non-current liabilities			
Loans and borrowings	11	<u>(3.5)</u>	<u>(2.3)</u>
Net assets		<u>523.4</u>	<u>529.6</u>
Equity			
Issued share capital	12	0.4	0.4
Share premium	14	-	-
Warrant equity instruments	14	13.5	13.5
Retained earnings	14	509.5	515.7
Total equity		<u>523.4</u>	<u>529.6</u>

For the period ending 25 March 2023 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 Director acknowledges their responsibility 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 Director and authorised for issue on 4 December 2023 and were signed by the Director.



Mr A Rutherford

Element UK TOPCO Limited

Statement of Changes in Equity
For the 52 week period ended 25 March 2023

	Notes	Share capital £'m	Share premium account £'m	Warrant equity instruments £'m	Retained earnings £'m	Total £'m
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
Total comprehensive income		-	-	-	(0.2)	(0.2)
Transactions with owners:						
Dividends paid		-	-	-	(6.0)	(6.0)
At 25 March 2023		0.4	-	13.5	509.5	523.4

Element UK TOPCO Limited

Notes to the financial statements

For the 52 week period ended 25 March 2023

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 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 16.

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 2022 financial reporting period is the 51 week period ended 26 March 2022 and the 2023 financial reporting period is the 52 week period ended 25 March 2023. 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

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

<i>IAS 1</i>	<i>Disclosure of accounting policies</i>
<i>IAS 8</i>	<i>Definition of accounting estimates</i>
<i>IAS 12</i>	<i>Deferred tax relates to assets and liabilities arising from a single transaction</i>
<i>IFRS17</i>	<i>Initial application of IFRS 17 and IFRS 9 – comparative information</i>

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

New and revised IFRSs in issue but not yet effective

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

IAS 1 Classification of liabilities

The Director does 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 Director has considered a period of more than 12 months from the approval of these financial statements, including appropriate Group forecasts, taking into account the risks and uncertainties recognised by the Company and is satisfied that the going concern basis continues to be appropriate.

The Company is part of the UK 111 Limited group of companies. 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 financial support will be provided as is needed to enable the Company to meet its liabilities as they fall due for a period of at least 12 months from the date of approval of these financial statements.

The Company is financed by Sofina, its parent company and fellow subsidiaries. Finance of the UK 111 Limited Group and the Sofina group is obtained from a combination of bank and debt instruments. The Director has 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.

Specific consideration was given to the balance sheet and borrowing facilities of the Company, the UK 111 Limited Group and Sofina.

The banking covenant applicable to the UK 111 Limited Group's borrowing arrangements is the ratio of consolidated senior secured net debt to the last twelve months' cumulative consolidated pro forma EBITDA (LTM pro forma EBITDA). Pro forma EBITDA is the EBITDA of the business including permissible adjustments as specified in the facilities agreement. On the last business day of each month headroom on the asset backed lending facility is required to be no less than £7.5m. The UK 111 Limited Group has complied with its banking covenant throughout the period ended 25 March 2023 and is forecast to be compliant against the banking covenant for the going concern period under review.

There is one covenant applicable to the UK 111 Limited Group's €40.0m factoring agreement, which is economic equity as a proportion of total assets. Economic equity is shareholders' funds adjusted as specified in the factoring arrangement and calculated with reference to the balance sheet of Greenland Seafood Wilhelmshaven GmbH. The UK 111 Limited Group has complied with its covenant throughout the period ended 25 March 2023 and is forecast to be compliant with significant headroom vs. the factoring covenant for the going concern period under review.

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

Going concern (continued)

A number of the UK 111 Limited Group companies are Obligors to a borrowing arrangement of Sofina Foods Inc. 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 vs. the banking covenant for the going concern period under review.

Specific consideration has also been given by the Company, UK 111 Limited Group and Sofina to their principal risks and uncertainties. The Company, UK 111 Limited Group and Sofina's principal risks and uncertainties are ongoing in nature and theoretically could materialise at any time. The Board of Directors of the UK 111 Limited Group and Sofina have put processes and procedures in place to monitor, assess and address risks associated with their principal risks and uncertainties. These processes and procedures also include the impact of inflation and the impact of a wider economic downturn on the Company, UK 111 Limited Group, Sofina, and their stakeholders.

Having reviewed all of the above, the Director believes that the Company has adequate resources to continue in operational existence for the foreseeable future and thus has 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.

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

Taxation (continued)

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.

Current tax and deferred tax for the period

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 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.

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 Director has 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 52 week period ended 25 March 2023 and 51 week period ended 26 March 2022.

The Company employed no staff in the period (51 week period ended 26 March 2022: none).

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 52 week period ended 25 March 2023

6. Net finance income/(expense)

	52 week period ended 25 March 2023 £'m	51 week period ended 26 March 2022 £'m
Interest	(0.3)	-
Exchange rate loss	-	(0.1)
Finance expense	(0.3)	(0.1)
Bank interest	-	0.2
Finance income	-	0.2
Net finance (expense)/income	(0.3)	0.1

7. Income tax credit

a) Analysis of credit in the period

	52 week period ended 25 March 2023 £'m	51 week period ended 26 March 2022 £'m
Current tax		
Group relief	(0.1)	-
Total current tax credit	(0.1)	-
Deferred tax		
Total deferred tax credit	-	-
Total deferred tax credit	-	-
Tax credit for the period	(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:

	52 week period ended 25 March 2023 £'m	51 week period ended 26 March 2022 £'m
(Loss)/profit on ordinary activities before taxation	(0.3)	0.1
Tax at the UK corporation tax rate of 19.0% (51 week period ended 26 March 2022: 19.0%)	(0.1)	-
Effects of:		
Disallowed expenses and non-taxable income	-	-
Tax credit for the period	(0.1)	-

Notes to the financial statements
For the 52 week period ended 25 March 2023

7. Income tax credit (continued)

Changes in tax rates and factors affecting the future tax charge

Deferred tax where applicable has been measured using the enacted rate of UK corporation tax of 25.0% reflecting the increase in the statutory UK tax rate to 25.0% from 1 April 2023 (51 week period ended 26 March 2022: 25.0%).

There are no material uncertain tax provisions.

8. Investments

	52 week period ended 25 March 2023 £'m	51 week period ended 26 March 2022 £'m
Investments	505.2	505.2
	<u>505.2</u>	<u>505.2</u>

In the prior period, 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 merchanting 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 merchanting of pork products	Scotland	See (2) below	100%	100%

Element UK TOPCO Limited

**Notes to the financial statements
For the 52 week period ended 25 March 2023**

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 Fincq 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%

Element UK TOPCO Limited

Notes to the financial statements

For the 52 week period ended 25 March 2023

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 merchandising of seafood products	Germany	See (7) below	100%	100%
Greenland Seafood Europe SAS*	Processing and merchandising of seafood products	France	See (9) below	100%	100%
Greenland Seafood Europe GmbH*	Processing and merchandising of seafood products	Germany	See (8) below	100%	100%
Gelmer SAS*	Processing and merchandising 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 merchandising 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) 6th Floor, South Bank House, Barrow Street, Dublin 4
- (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 52 week period ended 25 March 2023

9. Trade and other receivables

	25 March 2023 £'m	26 March 2022 £'m
Amounts receivable from parent undertakings	0.6	0.6
Amounts receivable from subsidiary undertakings	24.5	30.4
Total trade and other receivables	<u>25.1</u>	<u>31.0</u>

Intercompany balances bear no interest and are due on demand.

10. Trade and other payables: payable within one year

	25 March 2023 £'m	26 March 2022 £'m
Amounts owed to subsidiary undertaking	3.4	4.3
Total trade and other payables	<u>3.4</u>	<u>4.3</u>

Intercompany balances bear no interest and are repayable on demand.

11. Loans and borrowings

	25 March 2023 £'m	26 March 2022 £'m
Non-current		
VPEN	3.5	2.3
Total loans and borrowings	<u>3.5</u>	<u>2.3</u>

VPEN relates to specific unsecured loan notes owed to the former owners and former debt holders of businesses acquired. The VPEN has a 7% compound interest rate and matures on 04 July 2029.

12. Issued share capital

	25 March 2023 £	26 March 2022 £
Allotted, issued, called up and 'A' fully paid		
'A' ordinary shares of £0.01 each	740	740
'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>443,636</u>

Element UK TOPCO Limited**Notes to the financial statements
For the 52 week period ended 25 March 2023****12. Issued share capital (continued)**

	25 March 2023 No.	26 March 2022 No.
Allotted, issued, called up and 'A' fully paid		
No. of 'A' ordinary shares	74,045	74,045
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
	1,040,652	1,040,652

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

In the prior period, the Company issued an additional 1,000 A ordinary shares at £0.01 par value for a consideration of £486.8m.

In the prior period, 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 £15m gross, £nil net overdraft facility.

14. Reserves

A description of each reserve within equity is outlined below:

Retained earnings

Retained earnings represents accumulated comprehensive income for the financial period.

Share premium account

The share premium account represents any premiums received on the issue of share capital. Any transaction costs associated with the issuing of shares are deducted from share premium.

Warrant equity instruments

The warrant equity instruments entitle the holders to acquire a fixed number of class A and D1 shares in Element UK TOPCO Limited on satisfaction of certain conditions.

15. Capital commitments

There were no capital commitments at 25 March 2023 (26 March 2022: £nil).

16. 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 the UK 111 Limited financial statements can be obtained from the Registered Office at Hugden Way, Norton Industrial Estate, Malton, North Yorkshire, YO17 9NE.

17. Ultimate controlling party

At the reporting date the ultimate controlling party of the Company and the Group was 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.

18. Post balance sheet events

There are no material post balance sheet events to report.