

Glanbia Co-operative Society Limited

Glanbia Co-operative Society Limited
Consolidated Financial Statements
For the Financial Year Ended 1 January 2022

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Independent auditor's report to the members of Glanbia Co-Operative Society Limited

Report on the audit of the financial statements

Opinion on the financial statements of Glanbia Co-Operative Society Limited (the 'society')

In our opinion the group and parent society financial statements:

- give a true and fair view of the assets, liabilities and financial position of the society and group as at 1 January 2022 and of the profit of the group for the year then ended; and
- have been prepared in accordance with the applicable financial reporting frameworks

The financial statements we have audited comprise:

the group financial statements:

- the Group Income Statement;
- the Group Statement of Comprehensive Income;
- the Group Balance Sheet;
- the Group Statement of Changes in Equity;
- the Group Statement of Cash Flows; and
- the related notes 1 to 32, including a summary of significant accounting policies as set out in notes 1 and 2.

the parent society financial statements:

- the Income Statement;
- the Statement of Other Comprehensive Income;
- the Balance Sheet;
- the Statement of Changes in Equity; and
- the related notes 1 to 22, including a summary of significant accounting policies as set out in note 1.

The financial reporting framework that has been applied in the preparation of the group financial statements/their preparation is Irish law and International Financial Reporting Standards (IFRS) as adopted by the European Union ("the applicable financial reporting framework"). The financial reporting framework that has been applied in the preparation of the parent society financial statements is Irish law and FRS 101 "Reduced Disclosure Framework" issued by the Financial Reporting Council ("the applicable financial reporting framework").

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (Ireland) (ISAs (Ireland)) and applicable law. Our responsibilities under those standards are described below in the "Auditor's responsibilities for the audit of the financial statements" section of our report.

We are independent of the society and group in accordance with the ethical requirements that are relevant to our audit of the financial statements in Ireland, including the Ethical Standard issued by the Irish Auditing and Accounting Supervisory Authority, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

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Independent auditor's report to the members of Glanbia Co-Operative Society Limited

Conclusions relating to going concern

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

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

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

Other information

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

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

We have nothing to report in this regard.

Responsibilities of Directors

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

In preparing the financial statements, the directors are responsible for assessing the group and parent society's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the directors either intend to liquidate the group and parent society or to cease operations, or have no realistic alternative but to do so.

Auditor's responsibilities for the audit of the financial statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs (Ireland) will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

As part of an audit in accordance with ISAs (Ireland), we exercise professional judgment and maintain professional scepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the group and parent society's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the directors.

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Independent auditor's report to the members of Glanbia Co-Operative Society Limited

- Conclude on the appropriateness of the directors use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the group and parent society's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of the auditor's report. However, future events or conditions may cause the society (or where relevant, the group) to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
- Obtain sufficient appropriate audit evidence regarding the financial information of the business activities within the group to express an opinion on the (consolidated) financial statements. The group auditor is responsible for the direction, supervision and performance of the group audit. The group auditor remains solely responsible for the audit opinion.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that the auditor identifies during the audit.

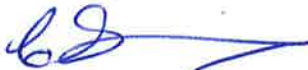
Report on other legal and regulatory requirements

Matters on which we are Required to Report by the Industrial and Provident Societies Acts 1893-2021

As required by section 13(2) of the Industrial and Provident Societies Act, 1893 we examined the balance sheets showing the receipts and expenditure, funds and effects of the society, and verified the same with the books, deeds, documents, accounts and vouchers relating thereto, and found them to be correct, duly vouched and in accordance with law.

Use of our report

This report is made solely to the society's members, as a body, in accordance with Section 13 of the Industrial and Provident Societies Act 1893. Our audit work has been undertaken so that we might state to the society's members those matters we are required to state to them in an auditor's report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the society and the society's members as a body, for our audit work, for this report, or for the opinions we have formed.



Emer O'Shaughnessy

For and on behalf of Deloitte Ireland LLP

Chartered Accountants and Statutory Audit Firm

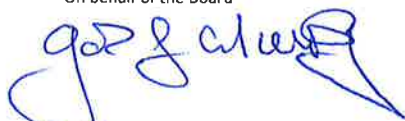
Deloitte and Touche House, Earlsfort Terrace, Dublin 2

Date: 4 May 2022

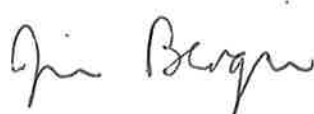
Group Income Statement for the financial year ended 1 January 2022

	2021			2020			
	Notes	Pre- exceptional €'m	Exceptional €'m (note 4)	Total €'m	Pre- exceptional €'m	Exceptional €'m (note 4)	Total €'m
Revenue		-	-	-	2,808.6	-	2,808.6
Cost of goods sold		-	-	-	(2,331.5)	(1.9)	(2,333.4)
Gross profit		-	-	-	477.1	(1.9)	475.2
Selling and distribution expenses		-	-	-	(234.7)	(10.7)	(245.4)
Administration expenses		(3.8)	(1.1)	(4.9)	(109.4)	(5.0)	(114.4)
Other income		0.2	-	0.2	0.2	-	0.2
Net impairment losses on financial assets		-	-	-	(1.0)	-	(1.0)
Operating (loss)/profit before intangible asset amortisation		(3.6)	(1.1)	(4.7)	132.2	(17.6)	114.6
Intangible asset amortisation	3,13	(0.3)	-	(0.3)	(31.6)	-	(31.6)
Operating (loss)/profit		(3.9)	(1.1)	(5.0)	100.6	(17.6)	83.0
Finance income	6	1.7	-	1.7	3.8	-	3.8
Finance costs	6	(0.9)	-	(0.9)	(22.1)	-	(22.1)
Share of results of joint ventures and associates		111.3	(14.7)	96.6	60.9	(0.4)	60.5
Gain on deemed disposal		-	-	-	-	666.5	666.5
Profit before taxation		108.2	(15.8)	92.4	143.2	648.5	791.7
Income taxes	7	-	-	-	(11.6)	2.1	(9.5)
Profit for the year		108.2	(15.8)	92.4	131.6	650.6	782.2
Attributable to:							
Equity holders of the Society				92.4			744.3
Non-controlling interests				-			37.9
				92.4			782.2

On behalf of the Board



J.G. Murphy
3 May 2022



J. Bergin

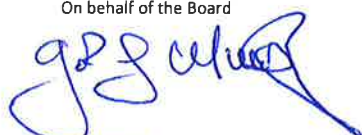
Group Statement of Comprehensive Income for the financial year ended 1 January 2022

	Notes	2021 € m	2020 € m
Profit for the year		92.4	782.2
Other comprehensive income			
Items that will not be reclassified subsequently to the Group income statement:			
Remeasurements on defined benefit plans, net of deferred tax		0.1	27.0
Share of remeasurements on defined benefit plans for associates, net of deferred tax	14	1.8	(0.6)
Share of remeasurements on defined benefit plans for joint ventures, net of deferred tax	15	9.7	4.4
Revaluation of FVOCI financial assets, net of deferred tax		-	0.1
Items that may be reclassified subsequently to the Group income statement:			
Currency translation differences - associates	14,20	40.7	(36.3)
Currency translation differences - joint ventures	15,20	0.1	-
Net fair value movements on cashflow hedges – associates, net of deferred tax	14	1.1	0.8
Net fair value movements on cashflow hedges – joint ventures, net of deferred tax	15	1.8	(8.4)
Currency translation differences	20	-	(23.6)
Currency translation differences arising on net investment hedge	20	-	0.6
Net fair value movements on cashflow hedges, net of deferred tax		-	(1.3)
Reclassification to profit or loss on deemed disposal	20	-	(47.0)
Other comprehensive income for the year, net of tax		55.3	(84.3)
Total comprehensive income for the year		147.7	697.9
Total comprehensive income attributable to:			
Equity holders of the Society		147.7	680.7
Non-controlling interests		-	17.2
Total comprehensive income for the year		147.7	697.9

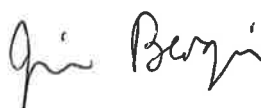
Group Balance Sheet as at 1 January 2022

	Notes	1 January 2022 €'m	2 January 2021 €'m
ASSETS			
Non-current assets			
Property, plant and equipment	12	0.7	0.8
Intangible assets	13	0.2	0.5
Interests in associates	14	956.1	917.5
Interests in joint ventures	15	503.0	466.7
Trade and other receivables	8	26.1	26.5
		1,486.1	1,412.0
Current assets			
Trade and other receivables	8	19.7	79.5
Cash and cash equivalents	9	0.3	26.1
		20.0	105.6
Total assets		1,506.1	1,517.6
EQUITY			
Issued capital and reserves attributable to equity holders of the Society			
Share capital and share premium	18	46.4	46.2
Capital reserve	19	17.4	17.4
Other reserves	20	(28.3)	(39.3)
Retained earnings	21	1,451.4	1,375.8
Total equity		1,486.9	1,400.1
LIABILITIES			
Non-current liabilities			
Retirement benefit obligations	17	0.1	0.3
		0.1	0.3
Current liabilities			
Trade and other payables	10	19.1	17.4
Financial liabilities	11	-	93.4
Derivative financial instruments	11	-	6.4
		19.1	117.2
Total liabilities		19.2	117.5
Total equity and liabilities		1,506.1	1,517.6

On behalf of the Board



J.G. Murphy
3 May 2022



J. Bergin

Group Statement of Changes in Equity for the financial year ended 1 January 2022

	Attributable to equity holders of the Society				Total €'m
	Share capital and share premium €'m (note 18)	Capital reserve €'m (note 19)	Other reserves €'m (note 20)	Retained earnings €'m (note 21)	
Balance at 3 January 2021	46.2	17.4	(39.3)	1,375.8	1,400.1
Profit for the year	-	-	-	92.4	92.4
Other comprehensive income	-	-	43.7	11.6	55.3
Total comprehensive income for the year	-	-	43.7	104.0	147.7
Shares issued	0.2	-	-	-	0.2
Ordinary share interest to Society shareholders	-	-	-	(6.2)	(6.2)
Distributions to Society shareholders	-	-	-	(22.2)	(22.2)
Purchase of Glanbia plc own shares - associates	-	-	(27.6)	-	(27.6)
Cost of share based payments - associates	-	-	3.0	-	3.0
Recognition and remeasurement of put option liability - associates	-	-	(8.0)	-	(8.0)
Change in fair value of equity instruments measured at FVOCI - associates	-	-	(0.1)	-	(0.1)
Balance at 1 January 2022	46.4	17.4	(28.3)	1,451.4	1,486.9

	Attributable to equity holders of the Society						Total €'m
	Share capital and share premium €'m (note 18)	Capital reserve €'m (note 19)	Other reserves €'m (note 20)	Retained earnings €'m (note 21)	Total €'m	Non-controlling interests €'m	
Balance at 4 January 2020	45.9	17.4	150.2	555.6	769.1	1,152.0	1,921.1
Effect of adoption of IFRS 16	-	-	-	(15.3)	(15.3)	-	(15.3)
Balance at 5 January 2020	45.9	17.4	150.2	540.3	753.8	1,152.0	1,905.8
Profit for the year	-	-	-	744.3	744.3	37.9	782.2
Other comprehensive income	-	-	(119.7)	35.4	(84.3)	-	(84.3)
Allocation of the share of other comprehensive income to non-controlling interests	-	-	23.2	(2.5)	20.7	(20.7)	-
Total comprehensive income for the year	-	-	(96.5)	777.2	680.7	17.2	697.9
Shares issued	0.3	-	-	-	0.3	-	0.3
Ordinary share interest to Society shareholders	-	-	-	(5.6)	(5.6)	-	(5.6)
Distribution to Society shareholders	-	-	-	(25.2)	(25.2)	-	(25.2)
Dividends	-	-	-	-	-	(32.2)	(32.2)
Purchase of Glanbia plc own shares	-	-	(5.2)	-	(5.2)	-	(5.2)
Cost of share based payments*	-	-	3.9	-	3.9	-	3.9
Share of movement in own shares & share based payments reserve - associates	-	-	(0.5)	-	(0.5)	-	(0.5)
Transfer on exercise, vesting or expiry of share based payments	-	-	(1.0)	1.0	-	-	-
Deferred tax on share based payments*	-	-	-	0.3	0.3	-	0.3
Allocation of the share of contributions and distributions to non-controlling interests*	-	-	(1.5)	(0.9)	(2.4)	2.4	-
Transfer of other reserves to retained earnings on deemed disposal	-	-	(88.7)	88.7	-	-	-
Disposal of non-controlling interest	-	-	-	-	-	(1,139.4)	(1,139.4)
Balance at 2 January 2021	46.2	17.4	(39.3)	1,375.8	1,400.1	-	1,400.1

* Contributions and distributions included in the allocation of the share to non-controlling interests.

Group Statement of Cash Flows for the financial year ended 1 January 2022

	Notes	2021 €'m	2020 €'m
Cash flows from operating activities			
Cash generated from operating activities before exceptional items	24	(2.3)	44.0
Cash flow related to exceptional items		(1.0)	(4.2)
Interest received		1.6	6.2
Interest paid (including interest expense on lease liabilities)		(0.8)	(24.3)
Tax paid		-	0.6
Net cash (outflow)/inflow from operating activities		(2.5)	22.3
Cash flows from investing activities			
Payments for Glanbia MilkFlex Fund	28	0.4	0.7
Purchase of property, plant and equipment		-	(30.3)
Purchase of intangible assets		-	(13.7)
Interest paid in relation to property, plant and equipment		-	(0.3)
Loans repaid by joint venture	29e	59.9	-
Dividends received from joint ventures and associates		44.2	15.2
Deferred consideration payments to joint ventures		-	(0.1)
Proceeds from disposal/redemption in FVOCI financial assets		-	1.7
Net cash inflow/(outflow) from investing activities		104.5	(26.8)
Cashflows from financing activities			
Proceeds from issue of ordinary shares		0.3	0.2
Purchase of Glanbia plc shares – equity settled share based payments		-	(0.9)
Drawdown of borrowings		-	649.2
Repayment of borrowings		(100.0)	(664.4)
Lease payments		-	(12.6)
Distribution paid to Society's shareholders - rebates		(22.0)	(32.2)
Ordinary share interest paid to Society's shareholders		(6.1)	(9.7)
Dividends paid to non-controlling interests		-	(32.2)
Net cash outflow from financing activities		(127.8)	(102.6)
Net decrease in cash and cash equivalents		(25.8)	(107.1)
Cash and cash equivalents at the beginning of the year		26.1	238.7
Cash disposed of on deemed disposal		-	(104.0)
Effects of exchange rate changes on cash and cash equivalents		-	(1.5)
Cash and cash equivalents at the end of the year	9	0.3	26.1

Notes to the Financial Statements for the financial year ended 1 January 2022

Glanbia Co-operative Society Limited (the "Society") and its subsidiaries (together the "Group") is a nutrition group. The Society is domiciled in Ireland and the number which it is registered is 4928R. The address of its registered office is Glanbia House, Kilkenny, Ireland, R95 E866. These consolidated financial statements were approved and authorised for issue by the Board of Directors on 3 May 2022.

1. Basis of preparation

The consolidated financial statements have been prepared in accordance with EU adopted International Financial Reporting Standards ('IFRS'), IFRIC interpretations and the provisions of the Industrial and Provident Societies Act 1893-2021. IFRS as adopted by the European Union ('EU') comprise standards and interpretations approved by the International Accounting Standards Board ('IASB'). IFRS adopted by the EU differs in certain respects from IFRS issued by the IASB. References to IFRS hereafter refer to IFRS adopted by the EU. The consolidated financial statements have been prepared under the historical cost convention as modified by use of fair values for certain other financial assets and derivative financial instruments. Amounts are stated in euro millions (€'m) unless otherwise stated. These financial statements are prepared for the 52-week period ended 1 January 2022. Comparatives are for the 52-week period ended 2 January 2021. The balance sheets for 2021 and 2020 have been drawn up as at 1 January 2022 and 2 January 2021 respectively.

Re-presentation

Certain comparative amounts in the Group statement of cash flows and the 'cash generated from operating activities' note have been re-presented to disclose the cash flows on exceptional items separately. The comparative Group income statement was re-presented to reflect other income separately. Defined benefit asset and liability as disclosed in the 'retirement benefit obligations' note were disclosed as net defined benefit liability for the comparative year.

There was no impact on previously reported profit or net assets relating to the above re-representations which are on bases that are consistent with the current year.

Deemed disposal in the comparative year (2020)

The Board of Directors of Glanbia plc as at 4 January 2020 was comprised of 16 members, of which up to eight, including the Chairman who had the casting vote, were nominated by the Society. In accordance with IFRS 10 'Consolidated Financial Statements', the Society controlled Glanbia plc and its subsidiaries (together the 'Glanbia plc Group') and was the ultimate parent of Glanbia plc Group up to 30 June 2020. The Society had control over Glanbia Ireland DAC up to 30 June 2020 through its 60% shareholdings in the entity and its joint control of the entity via its control over Glanbia plc, which has joint control over the entity.

From 1 July 2020 in accordance with the Relationship Agreement between the Society and Glanbia plc, the number of directors that were nominated by the Society reduced to seven in a board comprising of 15 members. Thereafter the Society no longer controlled Glanbia plc Group and Glanbia Ireland DAC which became an associate and joint venture of the Society respectively.

As the Society maintained the same shareholdings in Glanbia plc Group and Glanbia Ireland DAC (together, the 'deemed disposed entities') following the loss of control, there was a deemed disposal of these entities on 1 July 2020. The Group discontinued the consolidation of the deemed disposed entities from 1 July 2020 and accounted for them using the equity method of accounting.

Following the deemed disposal, the 2020 Group financial statements included the consolidation of the financial statements of deemed disposed entities for the period up to 30 June 2020. Thereafter, the

deemed disposed entities were accounted for using the equity accounting method.

Going concern

The Directors have a reasonable expectation that the Group has adequate resources to continue in operational existence for a period of at least 12 months from the date of approval of the Group financial statements. The Group therefore continues to adopt the going concern basis in preparing its financial statements. In reaching this conclusion the Directors have had due regard to:

- cash generation from operations, cash inflow from repayment of related party loans, available cash resources, and the maturity profile of its borrowings of which taken together provide confidence that the Group will be able to meet its obligations as they fall due.
- the events after the reporting period (note 31).
- the Group's financial risk management policies, the nature of its business activities and the factors likely to impact operating performance.
- the impact of Covid-19 on the Group as described below.

The Group's financial health is linked to the operating performance and future growth of the Group's investment in Glanbia Ireland DAC and Glanbia plc. The pandemic has had a limited impact on these investees' businesses during 2021. Based on their budgets and strategic plans, Covid-19 is expected to continue to have a limited impact on their performance and growth, thereby continuing to contribute to the financial position of the Group for at least 12 months from the date of approval of the Group financial statements.

Adoption of amended standards

The following changes to IFRS became effective for the Group during the financial year but did not result in material changes to the Group's financial statements:

- Amendment to IFRS 16 'Covid-19-Related Rent Concessions'
- Amendments to IFRS 4 'Extension of the Temporary Exemption from Applying IFRS 9'
- Amendments to IFRS 9, IAS 39, IFRS 7, IFRS 4 and IFRS 16 'Interest Rate Benchmark Reform – Phase 2'

New and amended standards that are not yet effective

The Group has not applied certain new standards and amendments to existing standards that have been issued but are not yet effective. The most significant of which are as follows:

Disclosure of Accounting Policies – Amendments to IAS 1 (IASB effective date: on or after 1 January 2023)

The IASB amended IAS 1 to require entities to disclose their material rather than their significant accounting policies. The amendments define what is 'material accounting policy information' and explain how to identify when accounting policy information is material. They further clarify that immaterial accounting policy information does not need to be disclosed. If it is disclosed, it should not obscure material accounting information.

Classification of Liabilities as Current or Non-current – Amendments to IAS 1 (IASB effective date: on or after 1 January 2023)

The amendments clarify that liabilities are classified as either current or non-current, depending on the rights that exist at the end of the reporting period. Classification is unaffected by the expectations of the entity or events after the reporting date (e.g. the receipt of a waiver or a breach of covenant). The amendments also clarify what IAS 1 means when it refers to the 'settlement' of a liability.

The Group is currently evaluating the impact of the above amendments on future periods. Other changes to IFRS have been issued but are not yet effective for the Group. However, they are either not expected to have a material impact on the Group or they are not currently relevant for the Group.

Critical accounting judgements and estimates

Estimates and judgements are continually evaluated and are based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances. The Group makes estimates and assumptions concerning the future. The resulting accounting estimates may not equal the related actual results. Revisions to estimates are recognised prospectively.

The most significant judgement identified in the preparation of these financial statements is set out below.

Judgement - Exceptional items

The Group considers that items of income or expense which are significant by virtue of their scale and nature should be disclosed separately if the Group financial statements are to fairly present the financial performance and financial position of the Group. Determining which transactions are to be considered exceptional in nature is often a subjective matter. However, circumstances that the Group believes would give rise to exceptional items for separate disclosure are outlined in the accounting policy on exceptional items in note 1. Exceptional items are included on the income statement line item to which they relate. In addition, for clarity, separate disclosure is made of all items in one column on the face of the Group income statement.

2. Summary of significant accounting policies

The principal accounting policies adopted in the preparation of the financial statements are set out below. These policies have been consistently applied to all years presented by the Society, its subsidiaries, and joint ventures and associates unless otherwise stated.

Basis of consolidation

Subsidiaries

The consolidated financial statements incorporate the financial statements of the Society and its subsidiaries. Subsidiaries are entities over which the Group has control. The Group controls an entity when the Group is exposed to, or has rights to, variable returns from its involvement with the entity and has the ability to affect those returns through its power over the entity.

Subsidiaries are consolidated from the date on which control is transferred to the Group and are no longer consolidated from the date that control ceases. Inter-company assets and liabilities, equity, income, expenses and cash flows relating to transactions between members of the Group are eliminated on consolidation.

When the Group loses control of a subsidiary, the gain or loss on disposal recognised in profit or loss is calculated as the difference between (i) the aggregate of the fair value of the consideration received and the fair value of any retained interest and (ii) the previous carrying amount of the assets (including goodwill), less liabilities of the subsidiary and any non-controlling interests. All amounts previously recognised in other comprehensive income in relation to that subsidiary are accounted for as if the Group had directly disposed of the related assets or liabilities of the subsidiary (i.e. reclassified to profit or loss or transferred to another category of equity as

required/permitted by applicable IFRS Standards). The fair value of any investment retained in the former subsidiary at the date when control is lost is regarded as the fair value on initial recognition for subsequent accounting under IFRS 9 when applicable, or the cost on initial recognition of an investment in an associate or a joint venture.

Equity accounted investees

Joint ventures

The Group applies IFRS 11 'Joint Arrangements' to all joint arrangements. Under IFRS 11 investments in joint arrangements are classified as either joint operations or joint ventures depending on the contractual rights and obligations of each investor. The Group has assessed the nature of its joint arrangements and determined them to be joint ventures. Investments in joint ventures are accounted for using the equity method of accounting.

Associates

Associates are entities over which the Group has significant influence but not control, generally accompanying a shareholding of between 20% and 50% of the voting rights. Significant influence is the power to participate in the financial and operating policy decisions of the investee but not the ability to control or jointly control those policies. Investments in associates are accounted for using the equity method of accounting.

Equity method of accounting – joint ventures and associates

Under the equity method of accounting, interests in joint ventures and associates are initially recognised at cost. The Group's share of joint ventures and associates post acquisition profits or losses after tax are recognised in the 'Share of results of joint ventures and associates' in the Group income statement. The Group's share of joint ventures and associates post acquisition movement in reserves is recognised in the Group statement of other comprehensive income. The cumulative post-acquisition movements are adjusted against the carrying amount of the investment less any impairment in value. Where indicators of impairment arise, the carrying amount of the joint venture or associate is tested for impairment by comparing its recoverable amount against its carrying value.

Unrealised gains arising from transactions with joint ventures and associates are eliminated to the extent of the Group's interest in the entity. Unrealised losses are similarly eliminated to the extent that they do not provide evidence of impairment of a transferred asset.

When the Group's share of losses in a joint venture or associate equals or exceeds its interest in the joint venture or associate the Group does not recognise further losses unless the Group has incurred obligations or made payments on behalf of the joint venture or associate.

When the Group ceases to have joint control or significant influence, any retained interest in the entity is re-measured to its fair value at the date when joint control or significant influence is lost with the change in carrying amount recognised in the income statement. The Group also reclassifies any movements previously recognised in other comprehensive income to the income statement.

Business combinations

The Group uses the acquisition method of accounting to account for business combinations. The acquisition date is defined as the date the Group gained control of the entity. The cost of the acquisition is measured at the aggregate of the fair value of the consideration given.

Upon acquisition, the Group assesses the financial assets and liabilities assumed for appropriate classification and designation in accordance with the contractual terms, economic circumstances and pertinent conditions as at the acquisition date. Identifiable assets acquired and liabilities and contingent liabilities assumed in a business combination are measured initially at their fair values at the acquisition date except for deferred tax assets or liabilities and assets or liabilities related to employee benefit arrangements which are recognised and measured in accordance with IAS 12 'Income Taxes' and IAS 19 'Employee Benefits' respectively. The fair value of the assets and liabilities are based on

valuations using assumptions deemed by management to be appropriate. Professional valuers are engaged when it is deemed appropriate to do so.

Goodwill represents the excess of the aggregate of the consideration transferred and the amount of any non-controlling interest in the acquired entity over the net identifiable assets acquired. If this is less than the fair value of the net assets of the subsidiary acquired, in the case of a bargain purchase, the difference is recognised directly in the income statement.

If the initial accounting for a business combination is incomplete by the end of the reporting period in which the combination occurs, the Group reports provisional amounts for the items for which the valuation of the fair value of assets and liabilities acquired is still in progress. Those provisional amounts are adjusted during the measurement period of one year from the date control is achieved when additional information is obtained about facts and circumstances which would have affected the amounts recognised as of that date.

Any contingent consideration to be transferred by the acquirer will be recognised at fair value at the acquisition date. Subsequent changes to the fair value of the contingent consideration will be recognised in accordance with IFRS 9.

Acquisition-related costs are expensed as incurred in the income statement.

On an acquisition-by-acquisition basis, the Group recognises any non-controlling interest in the acquiree either at fair value or at the non-controlling interest's proportionate share of the acquiree's net assets.

Non-controlling interests

Non-controlling interests represent the portion of the equity of a subsidiary not attributable either directly or indirectly to the Society and are presented separately in the income statement and within equity in the balance sheet, distinguished from shareholders' equity attributable to owners of the Society.

Foreign currency translation

Functional and presentation currency

Items included in the financial statements of each of the Group's subsidiaries, joint ventures and associates are measured using the currency of the primary economic environment in which the entity operates (the functional currency). The consolidated financial statements are presented in euro, which is the Society's functional currency and the Group's presentation currency.

Transactions and balances

Foreign currency transactions are translated into the functional currency using the exchange rates prevailing at the date of the transactions. Foreign exchange gains and losses resulting from the settlement of such transactions are recognised in the income statement, except when deferred in equity as qualifying cashflow hedges or net investment hedges.

Monetary assets and liabilities denominated in foreign currencies are retranslated at the rate of exchange ruling at the reporting date. Currency translation differences on monetary assets and liabilities are taken to the income statement, except when deferred in equity in the currency translation reserve as (i) qualifying cashflow hedges or (ii) exchange gains or losses on long-term intra-group loans and on net investment hedges.

Subsidiaries, joint ventures and associates

The income statement and balance sheet of subsidiaries, joint ventures and associates that have a functional currency different from the presentation currency are translated into the presentation currency as follows:

- assets and liabilities at each reporting date are translated at the closing rate at the reporting date of the balance sheet;
- income and expenses in the income statement and statement of comprehensive income are translated at average exchange rates for the year. Average exchange rates are only permissible if they approximate actual. The average exchange rates are a reasonable

approximation of the cumulative effect of the rates on transaction dates; and

- all resulting exchange differences are recognised in other comprehensive income.

Resulting exchange differences are taken to a separate currency reserve within equity. When a foreign entity is disposed outside the Group, such exchange differences are recognised in the income statement as part of the gain or loss on disposal.

The principal exchange rates used for the translation of results and balance sheets into euro for 2021 are as follows:

Euro 1=	Average		Year end	
	2021	2020	2021	2020
US dollar	1.1826	1.1423	1.1326	1.2271
Pound sterling	0.8596	0.8898	0.8403	0.8990

Business combinations

Goodwill and fair value adjustments arising on the acquisition of a foreign entity are denominated in the functional currency of the foreign entity, recorded at the exchange rate at the date of the transaction and subsequently retranslated at the applicable closing rates.

Property, plant and equipment

Cost

Property, plant and equipment is stated at cost less accumulated depreciation and impairment losses. Cost includes expenditure that is directly attributable to the acquisition of the assets. Subsequent costs, for example the costs of major renovation, are included in the asset's carrying amount or recognised as a separate asset, as appropriate, only when it is probable that future economic benefits associated with the item will flow to the Group and the cost of the item can be measured reliably.

The carrying amount of any component accounted for as a separate asset is de-recognised when replaced. All other repairs and maintenance are charged to the income statement during the reporting period in which they are incurred.

Gains and losses on disposals are determined by comparing proceeds with the carrying amount and are included in the income statement.

Borrowing costs directly attributable to the construction of property, plant and equipment which take a substantial period of time to get ready for its intended use are capitalised as part of the cost of the assets.

Depreciation

Depreciation is calculated on the straight-line method to write off the cost (less residual value) of each asset over its estimated useful life at the following rates:

	%
Land	Nil
Buildings	2.5-5
Plant and equipment	3.33-33
Motor vehicles	20-25

Land is not depreciated. Residual values and useful lives are reviewed and adjusted if appropriate at each reporting date.

Impairment

Carrying amounts of items of property, plant and equipment are reviewed at each balance sheet date to determine whether there is any indication of impairment. An impairment loss is recognised whenever the carrying amount of an asset exceeds its recoverable amount.

Impairment losses are recognised in the income statement. Following the recognition of an impairment loss, the depreciation charge applicable to the asset is adjusted prospectively in order to systematically allocate the revised carrying amount, net of any residual value over the remaining useful life.

Intangible assets

Goodwill

Goodwill is initially recognised at cost being the excess of the cost of an acquisition over the fair value of the Group's share of the net identifiable assets, liabilities and contingent liabilities of the acquired subsidiary, joint venture or associate at the date of acquisition. Goodwill on acquisition of subsidiaries is included within intangible assets. Goodwill associated with the acquisition of joint ventures and associates is not recognised separately and included within the interest in joint ventures and associates under the equity method of accounting.

Following initial recognition goodwill is carried at cost less accumulated impairment losses, if applicable. Goodwill impairments are not reversed. Goodwill is not amortised but is subject to impairment testing on an annual basis and at any time during the year if an indicator of impairment is considered to exist. The annual goodwill impairment tests are undertaken at a consistent time in each annual period.

Gains and losses on the disposal of an entity include the carrying amount of goodwill relating to the entity sold.

In accordance with IFRS 1 'First time Adoption of International Financial Reporting Standards', goodwill written off to reserves prior to date of transition to IFRS remains written off. In respect of goodwill capitalised and amortised at transition date, its carrying value at date of transition to IFRS remains unchanged.

Research and development costs

Research expenditure is recognised as an expense in the income statement as incurred.

Costs incurred on development projects (relating to the design and testing of new or improved products) are recognised as intangible assets when it is probable that the project will be a success, considering, its commercial and technological feasibility and costs can be measured reliably. Development costs are amortised using the straight line method over their estimated useful lives. The useful life is typically three to six years.

Brands, customer relationships, recipes, know-how and other intangibles

Brands, customer relationships, recipes, know-how and other intangibles acquired as part of a business combination are stated at their fair value at the date control is achieved.

Indefinite life brands are carried at cost less accumulated impairment losses, if applicable. Indefinite life brands are not amortised on an annual basis but are tested annually for impairment. Indefinite life intangible assets are those for which there is no foreseeable limit to their expected useful life. The classification of the brands as indefinite is assessed annually.

Definite life brands, customer relationships, recipes, know-how and other intangibles are amortised using the straight-line method over their useful life as follows:

	Years
Brands	3-40
Customer relationships	5-15
Other intangibles	2-15

The useful life used to amortise definite life brands, customer relationships, recipes, know-how and other intangibles relates to the future performance of the assets acquired and management's judgement of the period over which the economic benefit will be derived from the assets.

The carrying values of definite life brands, customer relationships, recipes, know-how and other intangibles are reviewed for indicators of impairment at each reporting date and are subject to impairment testing when events or circumstances indicate that the carrying values may not be recoverable.

Computer software

Computer software is stated at cost less accumulated amortisation and impairment losses.

Costs incurred on the acquisition of computer software are capitalised, as are costs directly associated with developing computer software programmes for internal use, if they meet the recognition criteria of IAS 38 'Intangible Assets'.

Computer software costs recognised as assets are amortised using the straight-line method over their estimated useful lives, which is normally between four and 10 years.

Impairment of intangible assets

Goodwill and intangible assets that have an indefinite useful life are not subject to amortisation and are tested annually for impairment, or more frequently if events or changes in circumstances indicate that they might be impaired. Other assets are tested for impairment whenever events or changes in circumstances indicate that the carrying amount may not be recoverable.

For the purposes of impairment testing, assets are grouped at the lowest level for which there are separately identifiable cash flows (cash generating units (CGUs)). An impairment is recognised in the income statement for the amount by which the carrying value of the CGU exceeds its recoverable amount. The recoverable amount is the higher of an asset's fair value less costs to sell and its value in use. Value in use is determined as the discounted future cash flows of the CGU.

Trade and other receivables, and financial assets at amortised cost

Trade and other receivables, and financial assets at amortised cost are classified and measured at amortised cost as they are held to collect contractual cash flows which comprise solely payments of principal and interest, where applicable. They are recognised initially at fair value and subsequently measured at amortised cost using the effective interest method less loss allowance.

The Group recognises an allowance for expected credit losses (ECLs) for financial assets not held at fair value through profit or loss. For credit exposures for which there has not been a significant increase in credit risk since initial recognition, ECLs are provided for credit losses that result from default events that are possible within the next 12 months. For those credit exposures for which there has been a significant increase in credit risk since initial recognition or where there has been a credit impaired event, a lifetime expected loss allowance is recognised, irrespective of the timing of the default.

The Group applies the IFRS 9 simplified approach to measure expected credit losses which uses a lifetime expected loss allowance for all trade receivables. A loss allowance for receivables is estimated based on expected credit losses. To measure expected credit losses, historical loss rates are calculated based on historical credit loss experience. The loss allowance based on historical loss rates is adjusted where appropriate to reflect current information and forward-looking information on macroeconomic factors, including the trading environment of countries in which the Group sells its goods, which affect the ability of the debtors to settle the receivables.

The above financial assets are written off when there is no reasonable expectation of recovery such as a debtor failing to engage in a repayment plan with the Group.

Cash and cash equivalents

Cash and cash equivalents comprise cash on hand and deposits held on call with banks. For the purposes of the Group statement of cash flows, cash and cash equivalents consists of cash and cash equivalents net of bank overdrafts as bank overdrafts are repayable on demand and they form an integral part of cash management.

Derecognition of financial assets

Financial assets are derecognised when the rights to receive cash flows from financial assets have expired or have been transferred and the Group has transferred substantially all the risks and rewards of ownership. If the Group neither transfers nor retains substantially all the risks and rewards of ownership and continues to control the transferred asset, the Group recognises its retained interest in the asset and an associated liability for amounts it may have to pay.

On derecognition of a financial asset measured at amortised cost, the difference between the asset's carrying amount and the sum of the consideration received and receivable is recognised in profit or loss. On derecognition of an investment in an equity instrument which the Group has elected on initial recognition to measure at FVOCI, the cumulative gain or loss previously accumulated in the FVOCI reserve remains within equity on the balance sheet.

Trade and other payables

Trade and other payables are recognised initially at their fair value and subsequently measured at amortised cost which approximates to fair value given the short-term nature of these liabilities. These amounts represent liabilities for goods and services provided to the Group prior to, or at the end of the financial year which are unpaid.

The amounts are unsecured and are usually paid within 30–90 days of recognition depending on the terms negotiated with suppliers.

Financial liabilities

Financial liabilities are recognised initially at fair value and are subsequently stated at amortised cost.

Offsetting

Financial assets and liabilities are offset and the net amount reported in the balance sheet when there is a legally enforceable right to offset the recognised amounts and there is an intention to settle on a net basis or realise the asset and settle the liability simultaneously. The legally enforceable right must not be contingent on future events and must be enforceable in the normal course of business and in the event of default, insolvency or bankruptcy of the entity or the counterpart.

Provisions, contingent liabilities, contingent assets

Provisions are recognised on the balance sheet when the Group has a constructive or legal obligation as a result of past events, it is probable that an outflow of resources will be required to settle the obligation and the amount can be reliably estimated. Provisions are not recognised for future operating losses. Provisions are measured using management's best estimate of the present value of the expenditure required to settle the present obligation at the end of the reporting period. The discount rate used to determine the present value is a pre-tax rate that reflects current market assessments of the time value of money and the risks specific to the liability. The increase in provision due to passage of time is recognised as an interest expense.

Provisions arising on business combinations are only recognised to the extent that they have qualified for recognition in the financial statements of the acquiree prior to acquisition.

A contingent liability is not recognised but is disclosed where the existence of the obligation will only be confirmed by future events or where it is not probable that an outflow of resources will be required to settle the obligation or where the amount of the obligation cannot be measured with reasonable reliability.

Contingent assets are not recognised but are disclosed where an inflow of economic benefits is probable.

Employee benefits

Pension obligations

The Group companies operate various pension plans. The plans are funded through payments to trustee-administered funds. The Group has both defined benefit and defined contribution plans.

Defined contribution pension

A defined contribution plan is a pension plan under which the Group pays fixed contributions into a separate entity. The Group has no legal or constructive obligation to pay further contributions if the fund does not hold sufficient assets to pay all employees the benefits relating to employee service in the current and prior periods. The contributions are recognised as an employee benefit expense in the income statement when they are due.

Defined benefit pension obligation

Defined benefit plans define an amount of pension benefit that an employee will receive on retirement, usually dependent on one or more factors such as age, years of service and compensation.

The liability recognised in the balance sheet in respect of defined benefit pension plans is the present value of the defined benefit obligation at the reporting date less the fair value of the plan assets.

The defined benefit obligation is calculated annually by independent actuaries using the projected unit credit method. The present value of the defined benefit obligation is determined by discounting the estimated future cash outflows using interest rates of high-quality corporate bonds that are denominated in the currency in which the benefits will be paid, and that have terms to maturity approximating to the terms of the related pension obligation.

The fair value of plan assets is based on market price information and in the case of quoted securities in active markets it is the published bid price.

Remeasurement gains and losses arising from experience adjustments and changes in actuarial assumptions are recognised in the period in which they occur, directly in other comprehensive income. They are included in retained earnings in the statement of changes in equity and in the balance sheet. Remeasurements are not reclassified to the income statement in subsequent periods.

A curtailment arises when the Group significantly reduces the number of employees or employee entitlements covered by a plan. A past service cost may be either positive (when benefits are introduced or changed so that the present value of the defined benefit obligation increases) or negative (when benefits are withdrawn or changed so that the present value of the defined benefit obligation decreases).

A settlement occurs when an entity enters into a transaction that eliminates all further legal or constructive obligation for part or all of the benefits provided under a defined benefit plan (other than a payment of benefits to, or on behalf of, employees in accordance with the terms of the plan and included in the actuarial assumptions).

The gain or loss on a settlement is the difference between:

- (a) the present value of the defined benefit obligation being settled, as determined on the date of settlement; and
- (b) the settlement price, including any plan assets transferred and any payments made directly by the entity in connection with the settlement.

The deferred tax impact of pension plan obligations is disclosed separately within deferred tax assets.

Income taxes

The tax expense for the period comprises current and deferred tax. Tax is recognised in the income statement except to the extent that it relates to items recognised in other comprehensive income or directly in equity, in which case the tax is also recognised in other comprehensive income or directly in equity, respectively.

Current tax

Current tax is calculated on the basis of tax laws enacted or substantively enacted at the Group balance sheet date in countries where the Group operates and generates taxable income, taking into account adjustments relating to prior years.

A provision is recognised for those matters for which the tax determination is uncertain but it is considered probable that there will be a future outflow of funds to a tax authority. The provisions are measured at the best estimate of the amount expected to become payable. The assessment is based on the judgement of in-house tax experts, professional firms and previous experience of the Group. Further details on estimates and judgements are set out in note 1.

Current tax assets and tax liabilities are offset where the entity has a legally enforceable right to offset and intends either to settle on a net basis, or to realise the asset and settle the liability simultaneously.

Deferred tax

Deferred tax is determined using tax rates and laws enacted or substantively enacted by the reporting date. Deferred tax is provided on a non-discounted basis, using the balance sheet liability method, providing for temporary differences on the reporting date between the tax bases of assets and liabilities and their carrying amounts in the financial statements. However, deferred tax is not accounted for if it arises from initial recognition of an asset or liability in a transaction, other than a business combination, that at the time of the transaction affects neither accounting nor taxable profit or loss. Deferred tax liabilities are not recognised to the extent they arise from the initial recognition of goodwill not having full tax basis.

The carrying amount of a deferred tax asset or liability may change for reasons other than a change in the temporary difference itself. Such changes might arise as a result of a change in tax rates or laws, a reassessment of the recoverability of a deferred tax asset or a change in the expected manner of recovery of an asset or the expected manner of a settlement of a liability. The impact of these changes is recognised in the income statement or in other comprehensive income depending on where the original deferred tax balance was recognised.

Deferred tax is provided on temporary differences arising on investments in subsidiaries, joint ventures and associates except where the timing of the reversal of the temporary difference can be controlled by the Group and it is probable that the temporary difference will not reverse in the foreseeable future.

Deferred tax assets are recognised to the extent that it is probable that future taxable profit will be available against which the temporary differences can be utilised.

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 tax authority and the Group intends to settle its current tax assets and liabilities on a net basis.

Share capital

Equity

Ordinary shares are classified as equity. Incremental costs directly attributable to the issue of new shares or options are shown in equity as a deduction from the proceeds.

Own shares

Where the Employee Share Trust and/or the Employee Share Scheme Trust (on behalf of Glanbia plc and Glanbia Ireland DAC) purchases Glanbia plc's equity share capital, under the respective share based payment plans, the consideration paid is deducted from total equity and classified as own shares until they are re-issued. Where such shares are re-issued, they are re-issued on a first in, first out basis and the amount re-issued is transferred from own shares to retained earnings.

Ordinary share interest

Ordinary share interest reflects distributions on the ordinary shares, and are recognised as a liability of the Society when approved by the Society's members.

Distributions to Society members

Pursuant to rule 98 of the Society, the Board may distribute part of the reserves of the Society to members based on their shareholding or trading with the Group. Such distributions can include rebates, bonus issues of shares or loan stock, share buy backs and interest free support. These distributions are recorded in retained earnings as distributions to members when approved by the Society's members.

Finance costs

Finance costs comprise interest payable on borrowings calculated using the effective interest rate method, net losses on hedging instruments that are recognised in the income statement, facility fees and the unwinding of discounts on provisions and the interest expense component of lease liabilities.

General and specific finance costs that are directly attributable to the acquisition, construction or production of a qualifying asset are capitalised during the period of time that is required to complete and prepare the asset for its intended use or sale. Qualifying assets are assets that necessarily take a substantial period of time to get ready for their intended use or sale.

Other finance costs are expensed in the income statement in the period in which they are incurred.

Finance income

Finance income is recognised in the income statement as it accrues using the effective interest rate method and includes net gains on hedging instruments that are recognised in the income statement.

Income statement format

Exceptional items

The Group has adopted an income statement format that seeks to highlight significant items within the Group results for the year. Such items may include impairment of assets, including material adjustments arising from the re-assessment of asset lives, adjustments to contingent consideration, material acquisition integration costs, restructuring costs including termination benefits, profit or loss on disposal or termination of operations, material acquisition costs, litigation settlements, legislative changes, gains or losses on defined benefit pension plan restructuring, external events including disasters relating to weather, pandemics, wars and other acts of God and natural disasters, and profit or loss on (deemed) disposal of investments. Judgement is used by the Group in assessing the particular items which by virtue of their scale and nature should be disclosed in the income statement and notes as exceptional items.

Profit and loss

3. Operating (loss)/profit

	Notes	2021			2020		
		Pre-exceptional €'m	Exceptional €'m (note 4)	Total €'m	Pre-exceptional €'m	Exceptional €'m (note 4)	Total €'m
Operating (loss)/profit is stated after (charging)/crediting:							
Service recharges paid to joint ventures and associates		(1.6)	-	(1.6)	(1.5)	-	(1.5)
Employee benefit expense	5	(0.8)	-	(0.8)	(237.6)	(5.2)	(242.8)
Amortisation of intangible assets	13	(0.3)	-	(0.3)	(31.6)	-	(31.6)
Depreciation of property, plant and equipment	12	(0.1)	-	(0.1)	(40.2)	-	(40.2)
Other income		0.2	-	0.2	0.2	-	0.2
Cost of inventories recognised as an expense in Cost of Goods Sold		-	-	-	(2,047.3)	-	(2,047.3)
Lease rentals		-	-	-	(2.2)	-	(2.2)
Amortisation of capital grants received		-	-	-	0.9	-	0.9
Research and development costs		-	-	-	(12.6)	-	(12.6)
Net foreign exchange loss		-	-	-	0.7	-	0.7
Loss on disposal of property, plant and equipment		-	-	-	(15.9)	-	(15.9)

4. Exceptional items

The nature of the exceptional items recognised by the Group is as follows:

	Notes	2021 €'m	2020 €'m
Organisational redesign costs	(a)	1.1	17.6
Covid-19 costs	(b)	-	3.5
Legal settlement gain	(c)	-	(3.5)
Total exceptional operating loss before taxation		1.1	17.6
Gain on deemed disposal	(d)	-	(666.5)
Share of exceptional items recorded by joint venture and associate	(e)	14.7	0.4
Exceptional tax credit	7	-	(2.1)
Total exceptional charge/(credit) after taxation		15.8	(650.6)

- (a) Organisational redesign costs in 2021 relate to the planned acquisition of the remaining shareholding in Glanbia Ireland DAC from Glanbia plc (see note 31). Organisational redesign costs in 2020 primarily related to a fundamental reorganisation of the GPN segment of Glanbia plc which was a subsidiary of the Society prior to the deemed disposal in 2020 (see note 1). Following the deemed disposal, exceptional costs relating to Glanbia plc are recorded within "Share of results of joint ventures and associates" – see (e) below.
- (b) Covid-19 costs in 2020 related to the cost of dealing with this pandemic in the first half of the year by the Group and included the costs of implementing measures to protect people, incremental payments to front line workers and other incidental labour related costs directly associated with the onset of this global pandemic.
- (c) Legal settlement gain in 2020 related to the net compensation received following the successful conclusion of a legacy case.
- (d) Refer to note 1 for details of the prior year deemed disposal.
- (e) Share of exceptional costs relating to joint ventures and associates relates mainly to Glanbia plc. This is driven primarily by the fundamental reorganisation of the GPN segment which commenced in 2019 and also pension related costs due to the restructure of legacy defined benefit pension schemes associated with the Glanbia plc Group and its joint ventures.

5. Employment

The aggregate payroll costs of employees (including Executive Directors) in the Group were:

	Notes	2021 €'m	2020 €'m
Wages and salaries		0.8	201.4
Pension costs – defined benefit plans	17	-	5.9
Pension costs – defined contribution plans	17	-	6.2
Social security costs		-	19.3
Other compensation costs			
– Cost of share based payments – equity settled		-	3.9
– Company car allowance		-	1.2
– Private health insurance		-	11.6
At the end of the year		0.8	249.5
Amounts charged to the income statement	3	0.8	242.8
Capitalised labour costs		-	6.7
		0.8	249.5

Included within the aggregate payroll costs is exceptional items of nil (2020: €5.2 million) which include redundancy costs of nil (2020: €3.1 million).

The average number of employees, excluding the Group's joint ventures and associates, in 2021 and 2020 is analysed into the following categories:

	2021 Numbers	2020 Numbers
Glanbia plc*	-	4,532
Glanbia Ireland DAC*	-	2,195
Society	9	9
	9	6,736

* Following a deemed disposal of Glanbia plc and Glanbia Ireland DAC on 1 July 2020 (see note 1), the average headcount for these entities is for the period ended 30 June 2020.

6. Finance income and costs

	2021 €'m	2020 €'m
Finance income		
Interest income	1.7	3.8
Finance costs		
Finance cost of private debt placement	(0.6)	(3.6)
Finance cost of bonds	(0.2)	(3.8)
Bank borrowing costs	(0.1)	(11.6)
Facility fees including cost amortisation	-	(0.6)
Interest expense on lease liabilities	-	(1.6)
Other loans	-	(0.9)
Total finance costs	(0.9)	(22.1)
Net finance costs	0.8	(18.3)

Net finance costs exclude borrowing costs of nil (2020: €0.3 million) attributable to the acquisition, construction or production of qualifying assets, which have been capitalised, as disclosed in note 12. Interest was capitalised in 2020 at the Group's average interest rate for the period of 3.0%.

7. Income taxes

	Notes	2021 €'m	2020 €'m
Current tax			
Irish current tax		-	4.4
Adjustments in respect of prior years		-	(0.1)
Irish current tax for the year		-	4.3
Foreign current tax		-	7.4
Adjustments in respect of prior years		-	(1.5)
Foreign current tax for the year		-	5.9
Total current tax		-	10.2
Deferred tax			
Deferred tax – current year		-	(3.6)
Adjustments in respect of prior years		-	2.9
Total deferred tax	16	-	(0.7)
Total tax charge		-	9.5

The tax credit on exceptional items included in the above amounts are as follows:

Current tax credit on exceptional items		-	(2.1)
Deferred tax credits on exceptional items		-	-
Total tax credit on exceptional items for the year	4	-	(2.1)

The net tax credit on exceptional items has been disclosed separately above as it relates to costs and income which have been presented as exceptional.

The tax on the Group's profit before tax differs from the theoretical amount that would arise applying the corporation tax rate in Ireland, as follows:

	2021 €'m	2020 €'m
Profit before tax	92.4	791.8
Income tax calculated at Irish rate of 12.5% (2020: 12.5%)	11.6	99.0
Earnings at higher Irish rates	0.3	1.4
No tax due on deemed disposal	-	(83.3)
Difference due to overseas tax rates (capital and trading)	-	4.0
Adjustment to tax charge in respect of previous periods	-	1.3
Tax on post-tax profits of joint ventures and associates included in profit before tax	(12.1)	(9.1)
Other reconciling differences	0.2	(3.8)
Total tax charge	-	9.5

Details of deferred tax charged or credited directly to other comprehensive income during the year are outlined in note 16.

Factors that may affect future tax charges and other disclosure requirements

The total tax charge in future periods will be affected by any changes to the applicable tax rates in force in jurisdictions in which the Group operates and other relevant changes in tax legislation. The total tax charge of the Group may also be influenced by the effects of corporate development activity.

Financial assets and liabilities

8. Trade and other receivables

	Notes	2021 €'m	2020 €'m
Loans to joint ventures	29e	43.3	103.2
Glanbia MilkFlex Fund	a	2.1	2.5
Receivables from joint ventures and associates		0.1	-
Prepayments		0.1	0.3
Value added tax		0.2	-
Total		45.8	106.0
Non-current			
Loans to joint ventures	11b	24.0	24.0
Glanbia MilkFlex Fund	a	2.1	2.5
Non-current		26.1	26.5
Current		19.7	79.5
		45.8	106.0

See note 25 for analysis of the movement in trade and other receivables. Information in relation to the Group's credit risk and fair value estimation process is included in note 11. The fair value of trade and other receivables is not materially different to their book value.

Note (a): In 2016 the Group, along with the Ireland Strategic Investment Fund, Rabobank and Finance Ireland, created the Glanbia MilkFlex Fund ('the Fund'). The Fund offers loans to Glanbia milk suppliers with loan repayments which can vary according to movements in milk price. The loans will have a standard term of eight years, but may be extended by up to a maximum of a further two years when volatility triggers are enacted. Loan repayments will be temporarily reduced when the GI manufacturing milk price falls below 28 cent per litre (including VAT) for three consecutive months. Loan repayments will be suspended for a period, when the GI manufacturing milk price falls below 26 cent per litre (including VAT) for three consecutive months or when the outbreak of a modifiable disease reduces milk output materially on the previous year. Loan repayments will increase when the GI manufacturing price goes above 34 cent per litre (including VAT) for three consecutive months. As at the year end, repayments are expected to continue to 2026.

The currency profile of trade and other receivables is as follows:

	2021 €'m	2020 €'m
Euro	45.8	106.0
	45.8	106.0

9. Cash and cash equivalents

	Notes	2021 €'m	2020 €'m
Cash at bank and in hand		0.3	26.1
Cash and cash equivalents in the Group balance sheet and statement of cash flows		0.3	26.1

10. Trade and other payables

	Notes	2021 €'m	2020 €'m
Current			
Trade payables		-	0.1
Amounts due to joint ventures and associates		0.6	0.7
Accrued expenses		18.5	16.6
Total		19.1	17.4

See note 25 for analysis of the movement in trade and other payables. See note 11b for information on the Group's fair value estimation process.

11. Financial risk management

11a. Carrying amounts of financial instruments

	Notes	2021 €'m	2020 €'m
Financial assets measured at amortised cost			
– Trade and other receivables (excluding non-financial instruments)		45.4	105.7
– Cash and cash equivalents	9	0.3	26.1
		45.7	131.8
Financial liabilities measured at amortised cost			
– Financial liabilities		-	93.4
– Trade and payables (excluding non-financial instruments)		0.6	0.8
		0.6	94.2
Financial liabilities measured at FVTPL – derivatives		-	(6.4)

11b. Fair value and fair value estimation

Fair value of financial instruments measured at amortised cost

Except as detailed in the following table the Group deemed that the carrying amounts of financial instruments measured at amortised cost in the Group financial statements approximate their fair value due to their short term nature:

	Notes	Carrying amount 2021 €'m	Fair value 2021 €'m	Carrying amount 2020 €'m	Fair value 2020 €'m
Non-current trade and other receivables	8	26.1	26.1	26.5	26.5

Fair value is estimated by discounting future contractual cash flows using current market interest rates from observable interest rates at the end of the reporting period that are available to the Group for similar financial instruments (classified as level 2 in the fair value hierarchy).

Group's fair valuation process

The fair value of financial instruments that are not traded in an active market (for example, over the counter derivatives) are determined by using valuation techniques.

The Group uses a variety of methods and makes assumptions that are based on market conditions existing at each reporting date. Quoted market prices or dealer quotes for similar instruments are used for long term debt. Other techniques, such as estimated discounted cash flows, are used to determine fair values for the remaining financial instruments.

The carrying value less impairment provision of trade receivables and payables is assumed to approximate their fair values due to the short term nature of trade receivables and trade payables. The fair value of financial liabilities for disclosure purposes is estimated by discounting the future contractual cash flows at current market interest rates that are available to the Group for similar financial instruments.

In accordance with IFRS 13 'Fair Value Measurements', the Group has disclosed the fair value of instruments by the following fair value measurement hierarchy:

- quoted prices (unadjusted) in active markets for identical assets and liabilities (level 1);
- inputs, other than quoted prices included in level 1, that are observable for the asset and liability, either directly (that is, as prices) or indirectly (that is, derived from prices) (level 2); and
- inputs for the asset or liability that are not based on observable market data (that is, unobservable inputs) (level 3).

Fair value of financial assets and liabilities carried at fair value

The following table presents the fair values of financial instruments measured at fair value at the reporting date:

	Notes	Fair value hierarchy	2021 €'m	2020 €'m
Derivative financial instruments				
– Secured exchangeable bond option – fair value through income statement	(a)	Level 2	-	(6.4)

(a) Fair value is determined by reference to the quoted open market price on Global Exchange Market at the end of the reporting period.

There were no transfers in either direction between Level 1 and Level 2 in 2021 and 2020. The Group did not hold any Level 3 financial assets or liabilities at 1 January 2022 or 2 January 2021.

11c. Financial risk management

The conduct of its ordinary business operations necessitates the Group holding financial instruments. The Group has exposure to the following risks arising from financial instruments: liquidity risk and cash flow risk, and credit risk.

The Group does not enter into any financial instruments that give rise to a speculative position. Where appropriate to do so, the Group finances its operations by a mixture of retained profits, medium-term committed borrowings and undrawn uncommitted borrowings. The Group may borrow in a range of currencies at fixed or floating rates of interest, using derivatives where appropriate to generate the desired effective currency profile and interest rate basis. Financial risk management, other than credit risk management, is carried out by the central treasury department of Glanbia plc ("Glanbia Treasury") under policies approved by the Board.

Liquidity and cash flow risk

The Group's objective is to ensure that the Group does not encounter difficulties in meeting obligations associated with financial liabilities that are settled by delivering cash or another financial asset. In order to preserve the continuity of funding, the Group's policy is that, at a minimum, committed facilities should be available at all times to meet the full extent of its anticipated finance requirements, arising in the ordinary course of business, during the succeeding 12 month period. The Group uses cash flow forecasts to constantly monitor the funding requirements of the Group. There is no significant concentration of liquidity risk.

The table below analyses the Group's non-derivative financial liabilities and derivative financial liabilities for which the contractual maturities are essential for an understanding of the timing of the cash flows, into relevant maturity groupings based on the remaining period from the reporting date to the contractual maturity date. The amounts disclosed in the table are the contractual undiscounted cash flows.

Financial liabilities	Notes	Less than 1 year €'m	Between 1 and 2 years €'m	Between 2 and 5 years €'m	More than 5 years €'m	Total €'m
At 1 January 2022						
Trade and other payables		0.6	-	-	-	0.6
At 2 January 2021						
Trade and other payables		0.8	-	-	-	0.8
Financial liabilities*		(93.4)	-	-	-	(93.4)
Derivative financial liabilities		(6.4)	-	-	-	(6.4)

*Financial liabilities in 2020 included the contractual cash flows on the €100 million convertible bond. The bond also included a written call option over Glanbia plc shares.

Credit risk

The Group's objective is to minimise credit risk which is managed on a Group basis. Credit risk is the risk of financial loss to the Group if a customer or counterparty to a financial transaction fails to meet its contractual obligations. Credit risk arises from cash and cash equivalents, and credit exposures to customers, including outstanding receivables and committed transactions.

Glanbia MilkFlex (note 8) is not material. Loss allowance of ECL is accordingly not material.

Receivables are written off when there is no reasonable expectation of recovery such as debtor failing to engage in a repayment plan with a company. Subsequent recoveries of amounts written off are recognised in the Group income statement. The Group does not expect any significant counterparty to fail to meet its obligations. The maximum exposure to credit risk is represented by the carrying amount of each asset.

Loans to joint venture

The Group advanced interest bearing loans to its joint venture for the purposes of funding capital expenditure. See note 29 for details of the loans. The loans receivable are considered to have low credit risk as there is a low risk of default and the joint ventures are expected to meet their contractual cash flow obligations in the near term. The Group considers information such as cash flow forecasts of the joint venture to determine whether they have the ability to repay the intercompany loans. Management does not expect significant adverse changes in economic and business conditions which would reduce the ability of the joint venture to repay the intercompany loans. Consequently, the Group has determined that the loans are of low credit risk.

Where a loan is considered not to have low credit risk at the reporting date and to assess whether there is a significant increase in credit risk of the loan since initial recognition, the Group considers information such as actual or expected significant adverse changes in economic or business conditions that are expected to cause a significant change in a joint venture's ability to meet its obligations, and significant increases in credit risk on other financial instruments of the joint venture. A loan would be considered to be in default if a joint venture did not make contractual repayments within 90 days after they fell due unless evidenced otherwise. Evidence that an intercompany loan is credit-impaired would include information such as significant financial difficulty of the joint venture, or the probability that the joint venture will enter bankruptcy.

In calculating the expected credit loss rates, the Group considers historical loss rate on its loans advanced to the joint venture, internal credit rating of the joint venture based on the experience of Group Treasury and recent pricing provided by external credit providers and adjusts for forward-looking macroeconomic data. There were no historical losses for loans advanced to the joint venture and internal credit rating of the joint venture is considered to be about investment grade. Expected credit loss allowance is accordingly not material.

Cash and cash equivalents

In the movement and placement of funds and execution of financial transactions in Ireland, the Group's policies accept exposure to independently rated parties with long term credit ratings of at least Baa3 (Moody's) or BBB- (Standard & Poor's). In the international movement and placement of funds and execution of financial transactions, the risk of counterparty default is managed by the Group's policies requiring exposure to independently rated parties with long term credit ratings of at least A3 (Moody's) or A- (Standard & Poor's).

The Group's cash and cash equivalents (note 9) at 1 January 2022 and 2 January 2021 were held within financial institutions which complied with Group policy. Accordingly, the Group considers its cash and cash equivalents to be of low credit risk and does not expect any expected credit loss in relation to them.

Trade receivables

Trade receivables amounted to nil (2020: nil) at 1 January 2022 (note 8).

Financial assets and liabilities

The Group's credit risk management policy in relation to trade receivables involves periodically assessing the financial reliability of customers, taking into account their financial position, past experience and other factors. The utilisation of credit limits is regularly monitored and where appropriate, credit risk is covered by credit insurance and by holding appropriate security or liens.

Goods are sold primarily subject to retention of title clauses, so that in the event of non-payment the Group may have a secured claim. Where required, the Group holds appropriate security or liens in respect of trade and other receivables. The Group does not hold any significant security or liens at the end of the year.

The Group applies the IFRS 9 simplified approach to measure expected credit losses which uses a lifetime expected loss allowance for all trade receivables. To measure the expected credit losses, historical loss rates are calculated based on historical credit loss experience. The loss allowance based on historical loss rates is adjusted where appropriate to reflect current information and forward-looking information on macroeconomic factors, including the trading environment in countries in which the Group sells its goods, which affect the ability of the debtors to settle the receivables.

The movement in the expected credit loss allowance for trade receivables is as follows:

	2021 €'m	2020 €'m
At the beginning of the year	-	15.4
Exchange differences	-	(0.1)
Increase in loss allowance recognised in the year	-	2.7
Receivables written off during the year as uncollectible	-	(1.0)
Unused amounts reversed	-	(0.6)
Deemed disposal	-	(16.4)
At the end of the year	-	-

The net movement in the loss allowance has been included within the Group income statement.

11d. Offsetting financial assets and financial liabilities

Financial assets and liabilities are offset and the net amount is reported in the Group balance sheet where the Group has a legally enforceable right to offset recognised amounts which is not conditional on the occurrence of a future event, and there is an intention to settle on a net basis or realise the asset and settle the liability simultaneously.

The Group enters into derivative transactions under International Swaps and Derivatives Association (ISDA) master netting arrangements. The following table sets out the carrying amounts of recognised financial instruments that are subject to these agreements in the previous financial year:

Financial liabilities

At 2 January 2021	Gross amounts €'m	Gross amounts set of in the balance sheet €'m	Net amounts presented in the balance sheet €'m
Derivative financial liabilities	6.4	-	6.4

Non-financial assets and liabilities

12. Property, plant and equipment

	Notes	Land and buildings €'m	Plant and equipment €'m	Motor vehicles €'m	Total €'m
Year ended 1 January 2022					
Opening carrying amount		0.8	-	-	0.8
Depreciation charge	3	(0.1)	-	-	(0.1)
Closing carrying amount		0.7	-	-	0.7
At 1 January 2022					
Cost		3.3	1.4	-	4.7
Accumulated depreciation and impairment		(2.6)	(1.4)	-	(4.0)
Carrying amount		0.7	-	-	0.7
Year ended 2 January 2021					
Opening carrying amount		428.5	691.6	1.6	1,121.7
Exchange differences		(1.4)	(2.3)	-	(3.7)
Additions		3.4	39.7	-	43.1
Disposal of assets		(13.3)	(2.6)	-	(15.9)
Depreciation charge	3	(8.4)	(31.7)	(0.1)	(40.2)
Deemed disposal	1	(408.0)	(694.7)	(1.5)	(1,104.2)
Closing carrying amount		0.8	-	-	0.8
At 2 January 2021					
Cost		3.3	1.4	-	4.7
Accumulated depreciation and impairment		(2.5)	(1.4)	-	(3.9)
Carrying amount		0.8	-	-	0.8

Included in the cost of additions for 2020 is nil (2020: €0.3 million) incurred in respect of staff costs capitalised into assets. During the year, the Group has capitalised borrowing costs amounting to nil (2020: €0.3 million) on qualifying assets.

13. Intangible assets

	Notes	Software costs €'m	Goodwill €'m	Brands and other intangibles €'m	Development costs €'m	Total €'m
Year ended 1 January 2022						
Opening carrying amount		0.5	-	-	-	0.5
Amortisation	3	(0.3)	-	-	-	(0.3)
Closing carrying amount		0.2	-	-	-	0.2
At 1 January 2022						
Cost		0.8	-	-	-	0.8
Accumulated amortisation and impairment		(0.6)	-	-	-	(0.6)
Carrying amount		0.2	-	-	-	0.2
Year ended 2 January 2021						
Opening carrying amount		68.8	585.6	689.9	21.8	1,366.1
Exchange differences		(0.3)	(3.8)	(4.8)	(0.2)	(9.1)
Additions		7.1	-	0.4	7.1	14.6
Disposals		(0.9)	-	-	-	(0.9)
Amortisation	3	(6.5)	-	(19.9)	(5.2)	(31.6)
Deemed disposal	1	(67.7)	(581.8)	(665.6)	(23.5)	(1,338.6)
Closing carrying amount		0.5	-	-	-	0.5
At 2 January 2021						
Cost		0.8	-	-	-	0.8
Accumulated amortisation and impairment		(0.3)	-	-	-	(0.3)
Carrying amount		0.5	-	-	-	0.5

The average remaining amortisation period for software costs is 1.5 years (2020: 2.5 years). Approximately €6.9 million of software additions during the previous financial year were internally generated which included €3.1 million of staff costs capitalised. In 2020, approximately €5.3 million of development cost additions were internally generated which included €3.3 million of staff costs capitalised.

14. Interests in associates

The Group's interests in associates at the end of the reporting period relate to Glanbia plc. Glanbia plc is a leading global nutrition group. It has two main divisions, Glanbia Performance Nutrition and Glanbia Nutritionals and holds investments in joint ventures. Glanbia Performance Nutrition earns its revenue from the manufacture and sale of sports nutrition and lifestyle nutrition products. Glanbia Nutritionals earns its revenue from the manufacture and sale of cheese, dairy and non-dairy nutritional and functional ingredients, and vitamin and mineral premixes.

The Group holds ordinary shares in its associate. The quoted fair value of the shares in Glanbia plc at the end of the reporting period was €1.1 billion (2020: €1.0 billion). Further details relating to the associate are outlined in note 30. There are no contingent liabilities relating to the Group's interests in its associate.

The movement in the balance sheet is represented as:

	Notes	2021 €'m	2020 €'m
At the beginning of the year		917.5	2.6
Share of profit after tax (post-exceptional)		53.5	27.9
Share of other comprehensive income			
– Remeasurements on defined benefit plans, net of deferred tax	21	1.8	(0.6)
– Fair value movement on cash flow hedges, net of deferred tax		1.1	0.8
– Exchange differences		40.7	(36.3)
Share of movement in other reserves		(32.7)	(4.3)
Dividends received	29	(25.8)	(9.9)
Derecognition of associates on deemed disposal		-	(2.7)
Fair value of investment in Glanbia plc		-	940.0
At the end of the year		956.1	917.5

Non-financial assets and liabilities

Set out below is the summarised financial information for Glanbia plc:

	2021 €'m	2020 €'m
Non-current assets	2,198.6	2,203.0
Current assets other than joint venture held for sale	1,195.0	862.4
Joint venture held for sale	234.0	-
Non-current liabilities	(999.9)	(734.5)
Current liabilities	(887.4)	(719.1)
Net assets (100%)	1,740.3	1,611.8
Net assets attributable to equity holders of the Society*	1,732.2	1,611.8
Reconciliation to carrying amount:		
Group's share of net assets	562.6	507.7
Adjustment in respect of fair value adjustments on the investment in Glanbia plc	409.8	409.8
Adjustment in respect of changes in Group's equity interest during 2021**	(16.3)	-
Carrying amount	956.1	917.5
Revenue	4,196.9	1,986.4
Profit after tax from continuing operations	141.0	58.7
Profit after tax from discontinued operations	26.4	29.8
Other comprehensive income	135.3	0.7
Total comprehensive income	302.7	89.2
Total comprehensive income attributable to equity holders of the Society	302.3	89.2
Reconciliation to the Group's share of total comprehensive income:		
Group's share of total comprehensive income	98.2	28.1
Adjustment in respect of changes in Group's equity interest during 2021**	(1.1)	-
Group's share of total comprehensive income	97.1	28.1
Associate other movements:		
Dividend received	29	25.8
		9.9

*The difference between the net assets and the net assets attributable to equity holders of the Society is the portion of net assets attributable to non-controlling interests.

** There were changes in the Group's equity interest in Glanbia plc during 2021. Accordingly the Group's equity interest at 1 January 2022 did not reflect the Group's share of the associate's 2021 total comprehensive income.

15. Interests in joint ventures

The Group's interests in joint ventures at the end of the reporting period relate to its investment in Glanbia Ireland DAC. Glanbia Ireland DAC is the largest dairy processor in Ireland. Its products, the large majority of which are exported, include milk powders, butter, cheese, whey protein and casein. Its customers include many of the large global food and infant formula manufacturers, as well as more regionally focused food companies across Europe, Middle East, Africa and Asia.

The movement in the balance sheet is represented as:

	Notes	2021 €'m	2020 €'m
At the beginning of the year		466.7	192.0
Share of profit after tax (post-exceptional)		43.1	32.6
Share of other comprehensive income			
– Remeasurements on defined benefit plans, net of deferred tax	21	9.7	4.4
– Fair value movement on cash flow hedges, net of deferred tax		1.8	(8.4)
– Exchange differences		0.1	(3.3)
Dividends received	29	(18.4)	(5.3)
Deemed disposal		-	(191.3)
Fair value of investment in Glanbia Ireland DAC		-	446.0
At the end of the year		503.0	466.7

The joint venture listed above has share capital, consisting solely of ordinary shares, membership interests or membership units and preference shares. Glanbia Ireland DAC is a private entity that is not listed on any public exchange. Refer to note 30 for further details of the joint venture.

Non-financial assets and liabilities

Summarised financial information for joint ventures

Set out below is the summarised financial information for Glanbia Ireland DAC:

	2021 €m	2020 €m
Summarised balance sheet (100%):		
Non-current assets	729.8	727.5
Current assets		
Cash and cash equivalents	82.8	66.6
Other current assets	486.5	426.3
	569.3	492.9
Non-current liabilities		
Financial liabilities	(272.9)	(251.6)
Other non-current liabilities	(114.0)	(154.4)
	(386.9)	(406.0)
Current liabilities		
Bank overdrafts and loans	(27.9)	-
Other current liabilities	(359.4)	(351.6)
	(387.3)	(351.6)
Net assets (100%)	524.9	462.8
Net assets attributable to equity holders of the Society*	511.0	450.4
Reconciliation to carrying amount:		
Group's share of net assets	306.6	270.2
Adjustment in respect of fair value adjustment on the investment in Glanbia Ireland	196.4	196.5
Carrying amount	503.0	466.7
Summarised income statement (100%):		
Revenue	2,245.6	918.0
Depreciation	(43.8)	(18.6)
Amortisation	(1.6)	(1.1)
Interest expense	(12.2)	(5.9)
Tax	(10.7)	(3.6)
Profit after tax	73.5	25.7
Other comprehensive income	19.3	9.1
Total comprehensive income attributable to equity holders of the Society	91.1	34.8
Reconciliation to the Group's share of total comprehensive income:		
Group's share of total comprehensive income	54.7	20.7
Joint venture other movements:		
Dividend received	18.4	5.3

*The difference between the net assets and the net assets attributable to equity holders of the Society is the portion of net assets attributable to non-controlling interests.

16. Deferred taxes

There were no deferred tax assets or liabilities on 1 January 2022 or on 2 January 2021.

The movement in the net deferred tax liability recognised in the Group balance sheet is as follows:

	Notes	2021 €'m	2020 €'m
At the beginning of the year		-	180.8
Income statement charge	7	-	(0.7)
Deferred tax credit to other comprehensive income			
– on fair value movements		-	(0.4)
– on remeasurement of defined benefit plans		-	2.0
Deferred tax (credit)/charge to equity			
– on share based payments		-	(0.3)
– on adoption of IFRS 16		-	(1.3)
– on acquisition of subsidiaries and intellectual properties		-	0.3
Exchange differences		-	(0.9)
Deemed disposal		-	(179.5)
At the end of the year		-	-

The movement in deferred tax assets during the previous financial year is as follows:

	Retirement benefit obligations €'m	Other employee obligations €'m	Tax losses €'m	Other €'m	Total €'m
At 5 January 2020	(19.4)	(8.3)	(2.3)	(11.6)	(41.6)
Charged to income statement	0.1	(0.4)	(0.3)	(0.7)	(1.3)
Credited to other comprehensive income	2.0	-	-	-	2.0
Credited to equity	-	(0.3)	-	-	(0.3)
Reclassification	-	-	-	0.1	0.1
Exchange differences	17.3	9.0	2.6	12.2	41.1
At 2 January 2021	-	-	-	-	-

The movement in deferred tax liabilities during the previous financial year is as follows:

	Accelerated tax depreciation €'m	Fair value gain €'m	Development costs and other intangibles €'m	Other €'m	Total €'m
At 5 January 2020	92.8	(0.4)	92.5	37.5	222.4
Charged/(credited) to income statement	3.8	-	(2.8)	(0.4)	0.6
Credited to other comprehensive income	-	(0.4)	-	-	(0.4)
Credited to equity	(1.3)	-	-	-	(1.3)
Acquisition of subsidiaries and intellectual properties	0.1	-	0.2	-	0.3
Exchange differences	(0.4)	-	(0.5)	(0.1)	(1.0)
Deemed disposal	(95.0)	0.8	(89.4)	(37.0)	(220.6)
At 2 January 2021	-	-	-	-	-

At the balance sheet date, the Group has unused tax losses of €14.2 million (2020: €13.7 million) available for offset against future profits, for which no deferred tax asset has been recognised as it is not considered probable that there will be future taxable profits available for such losses. All unrecognised tax losses may be carried forward indefinitely.

17. Retirement benefit obligations

Defined contribution plans

The Group operates one defined contribution pension plan at the end of the reporting period. The following amounts have been recognised in the Group income statement in relation to the defined contribution pension plans:

	Notes	2021 €'m	2020 €'m
Defined contribution pension plan expense	5	-	6.2

Defined benefit pension plans

The Group operates one defined benefit pension scheme in the Republic of Ireland at the end of the reporting period.

The defined benefit pension plan in Ireland administered by the Board of Trustees through separate trustee controlled funds. The Board is responsible for the management and governance of the plan including compliance with all relevant laws and regulations. The plan operates under the respective regulatory framework and minimum funding requirements in Ireland. The plan is closed to new entrants.

The defined benefit pension plan provides retirement and death benefits for the Group's employees. The majority of the defined benefit pension plan is career average pension plans, which provide benefits to members in the form of a guaranteed level of pension payable for life. The level of benefits provided depends on members' length of service and their average salary over their period of employment.

The contributions paid to the defined benefit pension plan is in accordance with the schedule of contributions agreed between the Group and the Trustees of the plan as recommended in the actuarial valuation reports or in subsequent actuarial advice. The contributions are partly funded by the employees, where they are required to contribute a fixed percentage of pensionable salary, and partly by the Group. The latest actuarial valuation report for the plan, which is not available for public inspection, is dated 1 January 2021.

Recognition in the Group balance sheet:

	2021 €'m	2020 €'m
Non-current assets		
Surplus on defined benefit pension plan	3.1	2.8
Non-current liabilities		
Deficit on defined benefit pension plan	(3.2)	(3.1)
Net defined benefit pension plan liability	(0.1)	(0.3)

The amounts recognised in the balance sheet and the movements in the net defined benefit obligations over the year are as follows:

2021	Present value of obligation			Fair value of plan assets			Total net defined liability €'m
	ROI €'m	UK €'m	Total €'m	ROI €'m	UK €'m	Total €'m	
At the beginning of the year	(3.1)	-	(3.1)	2.8	-	2.8	(0.3)
Current service costs	(0.1)	-	(0.1)	-	-	-	(0.1)
Interest income	-	-	-	0.1	-	0.1	0.1
Total amount recognised in profit or loss	(0.1)	-	(0.1)	0.1	-	0.1	-
Remeasurements							
- Actuarial gain/(loss) arising from experience adjustments	(0.1)	-	(0.1)	0.2	-	0.2	0.1
Total amount recognised in other comprehensive income	(0.1)	-	(0.1)	0.2	-	0.2	0.1
Contributions paid by the employer	-	-	-	0.1	-	0.1	0.1
Benefits paid	0.1	-	0.1	(0.1)	-	(0.1)	-
At the end of the year	(3.2)	-	(3.2)	3.1	-	3.1	(0.1)

Non-financial assets and liabilities

2020	Present value of obligation			Fair value of plan assets			Total net defined liability €'m
	ROI €'m	UK €'m	Total €'m	ROI €'m	UK €'m	Total €'m	
At the beginning of the year	(666.3)	(110.9)	(777.2)	532.2	90.9	623.1	(154.1)
Current service costs	(5.1)	-	(5.1)	-	-	-	(5.1)
Interest (costs)/income	(3.3)	(1.0)	(4.3)	2.7	0.8	3.5	(0.8)
Total amount recognised in profit or loss	(8.4)	(1.0)	(9.4)	2.7	0.8	3.5	(5.9)
Remeasurements							
– Return on plan assets, excluding amounts included in interest income	-	-	-	4.8	14.1	18.9	18.9
– Actuarial gain arising from experience adjustments	(3.8)	-	(3.8)	15.7	-	15.7	11.9
– Actuarial loss arising from changes in financial assumptions	1.9	(3.7)	(1.8)	-	-	-	(1.8)
Total amount recognised in other comprehensive income	(1.9)	(3.7)	(5.6)	20.5	14.1	34.6	29.0
Exchange differences	-	6.1	6.1	-	(5.1)	(5.1)	1.0
Contributions paid by the employer	-	-	-	8.6	5.8	14.4	14.4
Contributions paid by the employee	(1.2)	-	(1.2)	1.2	-	1.2	-
Benefits paid	12.4	2.0	14.4	(12.4)	(2.0)	(14.4)	-
Deemed disposal	662.3	107.5	769.8	(550.0)	(104.5)	(654.5)	115.3
At the end of the year	(3.1)	-	(3.1)	2.8	-	2.8	(0.3)

The net liability disclosed above relates to funded plans.

The fair value of plan assets at the end of the reporting period are as follows:

	2021				2020			
	Quoted €'m	Unquoted €'m	Total €'m	%	Quoted €'m	Unquoted €'m	Total €'m	%
Equities								
– Consumer	0.2	-	0.2	7%	0.1	-	0.1	4%
– Financials	0.2	-	0.2	6%	0.1	-	0.1	4%
– Information technology	0.2	-	0.2	6%	0.1	-	0.1	4%
– Other	0.4	-	0.4	13%	0.4	-	0.4	14%
Corporate bonds								
– Investment grade	0.3	-	0.3	10%	0.2	-	0.2	7%
– Non-investment grade	-	-	-	-	0.1	-	0.1	4%
Government bonds and gilts	1.1	-	1.1	35%	1.2	-	1.2	43%
Property	-	0.1	0.1	3%	-	0.1	0.1	3%
Cash	0.1	-	0.1	3%	-	0.2	0.2	7%
Investment funds	0.4	-	0.4	13%	-	0.4	0.4	14%
Other	0.1	-	0.1	4%	-	(0.1)	(0.1)	(4%)
	3.0	0.1	3.1	100%	2.2	0.6	2.8	100%

The plan assets at the end of the reporting period do not include any equities held in the Group, nor does the Group use or occupy any of the plan assets.

Principal risks in the defined benefit pension plan

Through its defined benefit pension plan the Group is exposed to a number of risks, the most significant of which are detailed below:

(a) Investment risk

The pension plan holds investments in asset classes such as equities, which have volatile market values. While these assets are expected to provide higher returns than other asset classes over the long-term, the short-term volatility could cause an increase in the deficit at any particular point in time. When assets return less than the discount rate, this will lead to an increase in the net defined benefit obligation. The Trustees conduct investment reviews to take advice on asset allocation, taking into account asset valuations, liability durations, funding measurements and an achievement of an appropriate return on assets.

(b) Interest rate risk

The pension liabilities are assessed using market yields on high-quality corporate bonds to discount the liabilities. As the pension plan holds other assets such as equities, the value of the assets and liabilities may not move in the same way. A change in the defined benefit obligation as a result of changes in the discount rate leads to volatility in the Group balance sheet, Group income statement and Group statement of comprehensive income. It also impacts the funding requirements for the plan.

(c) Inflation risk

A significant proportion of the benefits under the plan are linked to inflation, be it consumer price inflation or retail price inflation, which in most cases are subject to a cap on annual increases. Although there are caps in force on inflation increases and the plans' assets are expected to provide a good hedge against inflation over the long-term, higher inflation will lead to higher liabilities.

(d) Longevity risk

The present value of the defined benefit obligation is calculated by reference to the best estimate of the life expectancy of plan participants both during and after their employment. An increase in the life expectancy of the plan participants will increase the defined benefit obligation.

Principal assumptions used in the defined benefit pension plans

The principal assumptions used for the purposes of the actuarial valuations were as follows:

	2021 ROI	2021 UK	2020 ROI	2020 UK
Discount rate	1.10%	1.90%	0.70%	1.45%
Inflation rate	2.10%	2.80%-3.40%	1.10%	2.25%-2.90%
Future salary increases*	3.10%	0.00%	2.10%	0.00%
Future pension increases	0.00%	2.75%-3.25%	0.00%	2.25%-2.80%
Mortality rates (years)				
– Male – reaching 65 years of age in 20 years time	24.1	-	24.0	22.1
– Female – reaching 65 years of age in 20 years time	26.2	-	26.1	24.4
– Male – currently aged 65 years old	21.8	-	21.7	21.1
– Female – currently aged 65 years old	24.2	-	24.1	23.2

*The ROI defined benefit pension plans are on a career average structure therefore this assumption does not have a material impact. The UK defined benefit pension plans comprise solely pensioners and deferred pensioners.

Assumptions regarding future mortality experience are set based on actuarial advice in accordance with published statistics and experience in each territory.

Sensitivity analysis for principal assumptions used to measure plan liabilities

There are inherent uncertainties surrounding the financial assumptions adopted in calculating the actuarial valuation of the Group's defined benefit pension plan. The following table analyses, for the Group's pension plan, the estimated impact on the plan liabilities resulting from changes to key actuarial assumptions, with all other assumptions remaining constant.

The sensitivity analysis may not be representative of the actual change in the defined benefit obligation as it is unlikely that the change in the assumptions would occur in isolation of one another as some of the assumptions may be correlated. The impact on the plan liabilities has been calculated using the projected unit credit method, which is the same as that applied in calculating the defined benefit obligation recognised on the Group balance sheet.

There have been no changes from the previous year in the methods and assumptions used in preparing the sensitivity analysis.

Assumption	Change in assumption	ROI plans	
		Increase €'000	Decrease €'000
2021			
Discount rate	0.25% movement	(0.1)	0.1
Price inflation	0.25% movement	-	-
Longevity	1 year movement	0.1	(0.1)
Future salary increases *			
Future pension increases **			
2020			
Discount rate	0.25% movement	(0.1)	0.1
Price inflation	0.25% movement	-	-
Longevity	1 year movement	0.1	(0.1)
Future salary increases *			
Future pension increases **			

*The majority of the defined benefit plans are career average plans. As a result, future salary increases will not have a material impact on the plan liabilities.

**There are no future pension increases agreed in the material defined benefit pension plans.

	2021 ROI plan	2020 ROI plan
Expected contributions to the defined benefit plans for the coming year (€'m)	0.2	0.2
Weighted average duration of the defined benefit plans (years)	17	17

Equity

18. Share capital and share premium

	Number of shares (millions)	Ordinary shares €'m	Share premium €'m	Total €'m
At 2 January 2021	37.4	37.4	8.8	46.2
Shares issued – note (a)	-	-	0.2	0.2
At 1 January 2022	37.4	37.4	9.0	46.4

The total issued number of ordinary 'A' shares is 37.4 million (2020: 37.4 million) with a par value of €1 per share. €0.1 million (2020: €0.3 million) ordinary 'A' shares were issued but not fully paid as at 1 January 2022.

The 'A' ordinary shares have four classes of membership A1, A2, A3 and A4. The shares held by a member in any class carry the designation of that class of membership. The rights of each class differ as follows:

- A1 members have all the rights of membership provided for in the rules of the Society except for those applying only to A4 members.
- A2 members are entitled to vote in elections in the Society but are not entitled to participate in any such elections as a candidate or proposer or seconder of a candidate. They are not entitled to receive notice of or vote on any special resolution or on any resolution to amend, delete or add to the rules of the Society, but are entitled to receive notice of and vote on all other resolutions at any general meeting of the Society.
- A3 members do not have the right to receive notice of any meeting of the Society or to attend or vote at any such meeting or to participate in any way in any elections in the Society.
- A4 members have the rights and entitlements attaching to corporate members and A4 shares rank pari passu with the A1 shares.

Note (a): During 2021, 40,591 (2020: 51,688) ordinary shares with a nominal value of €1 were issued to new members of the Society at €5 per share, of which €0.1 million (2020: €0.2 million) were fully paid for at 1 January 2022. The remaining balance will be received via deduction from milk payments up to 2023.

19. Capital reserve

The capital reserve of €17.4 million (2020: €17.4 million) comprises of a capital redemption reserve which arose on the re-nominalisation of the Society's share capital on conversion to the euro and a capital reserve which relates to the cancellation of Society shares.

20. Other reserves

Following the deemed disposal (see note 1) in the prior year, other reserves of €(39.3) and of €(28.3) million at 1 January 2022 and 3 January 2021 respectively relate wholly to the Group's share of the equity movements of its associates and joint ventures, which is a component of equity of the Group. Equity movements of its associates and joint ventures which are recorded in this equity component include those relating to currency reserve, Glanbia plc own shares reserve, hedging reserve, put option liability reserve, share based payment reserve and FVOCI reserve.

Disclosure relating to the prior financial year

Other reserves of €150.2 million at 5 January 2020 related to the Group. It was mainly comprised of €74.1 million of currency reserve, €(3.8) million of Glanbia plc own shares reserve, €88.7 million of merger reserve, €7.4 million of FVOCI reserve, and €(17.0) million of hedging reserve. Following the deemed disposal (see note 1), other reserves of €(39.3) million at 2 January 2021 relates wholly to the Group's share of the equity movement of its associates and joint venture. They were comprised mainly of €(36.3) million of currency reserve and €(5.2) million of Glanbia plc own shares reserve. Refer to the 2020 financial statements for more details. The nature and purpose of these reserves is described as follows:

- Currency reserve: The currency reserve reflects the foreign exchange gains and losses arising from the translation of the net investment in foreign operations and on borrowings designated as hedges of the net investment which are taken to equity.
- Glanbia plc own shares: The own shares reserve reflects the ordinary shares of Glanbia plc which are held in trust by the Group.

	Total €'m
Balance at 3 January 2021	(39.3)
Currency translation differences - associates	40.7
Revaluation – associates	1.1
Currency translation differences – joint ventures	0.1
Revaluation – joint ventures	1.8
Net change in OCI	43.7
Purchase of Glanbia plc own shares - associates	(27.6)
Cost of share based payments - associates	3.0
Recognition and remeasurement of put option liability - associates	(8.0)
Change in fair value of equity instruments measured at FVOCI - associates	(0.1)
Balance at 1 January 2022	(28.3)

Equity

	2020 €m
Balance at 5 January 2020	150.2
Currency translation differences – gross	(23.6)
Net investment hedge	0.6
Revaluation – gross	(5.0)
Deferred tax	3.8
Reclassification to profit or loss on deemed disposal	(47.0)
Transfer to retained earnings on deemed disposal	(4.6)
Currency translation differences - associates	(36.3)
Revaluation – associates	0.8
Revaluation – joint ventures	(8.4)
Net change in OCI	(119.7)
Purchase of Glanbia plc own shares	(5.2)
Cost of share based payments	3.9
Share of movement in own shares & SBP reserve – associates	(0.5)
Transfer on exercise, vesting or expiry of share based payments in Glanbia plc	(1.0)
Allocation of other comprehensive (expense)/income and contributions and distributions to non–controlling interests	21.7
Transfer of other reserves to retained earnings on deemed disposal	(88.7)
Balance at 2 January 2021	(39.3)

21. Retained earnings

	Notes	2021 €m	2020 €m
Balance at the beginning of the year		1,375.8	540.3
Profit for the period		92.4	744.3
Other comprehensive income			
Transfer to retained earnings on deemed disposal		-	4.6
– Remeasurement on defined benefit plan		0.1	29.0
– Deferred tax on remeasurements on defined benefit plan		-	(2.0)
– Share of remeasurements on defined benefit plans from associates, net of deferred tax		1.8	(0.6)
– Share of remeasurements on defined benefit plans from joint ventures, net of deferred tax		9.7	4.4
Net change in OCI		11.6	35.4
Ordinary share interest to Society shareholders		(6.2)	(5.6)
Distributions to Society shareholders		(22.2)	(25.2)
Transfer to non-controlling interests		-	(2.5)
Transfer on exercise, vesting or expiry of share based payments		-	1.0
Deferred tax on share based payments		-	0.3
Allocation of the share of contributions and distributions to non–controlling interests		-	(0.9)
Transfer of other reserves to retained earnings on deemed disposal		-	88.7
At the end of the year		1,451.4	1,375.8

22. Ordinary share interest and appropriations

	Notes	2021 €'m	2020 €'m
Ordinary share interest to Society shareholders	(a)	6.2	5.6
Distribution to Society shareholders – rebates	(b)	22.2	25.2
		28.4	30.8

(a) Ordinary share interest paid in 2021 was 16.5 cent per share on 37.4 million shares (2020: 15 cent per share on 37.3 million shares).

(b) Details of the patronage rebates are as follows:

During 2019, at a Special General Meeting of the Society, members of the Society approved the setup of a patronage rebate fund of €30.0m with the nature and the timing of payments at the discretion of the Board. As at 1 January 2022, €24.8 million remains unpaid (2020: €25.7 million).

During 2017, at a Special General Meeting of the Society, members of the Society approved the payment of patronage rebate funds from the future receipts of annual dividends from Glanbia Ireland with the nature on the timing of payments at the discretion of the Board. During 2018 the Board announced the Trading Bonus Scheme as payments from these funds. During 2020 the Board announced Share of Glanbia Ireland Profits scheme as payments from these funds and that, to the extent that the 2021 Trading Bonus Scheme exceeds the Glanbia Ireland dividend income received in 2021, the excess will be appropriated from the patronage rebate fund. As at 1 January 2022 the estimated payments were €21.8 million (2020: €20.4 million) with €8.2 million (2020: €7.3 million) remaining unpaid at year end. €3.0 million (2020: nil) of this unpaid amount will be apportioned from the patronage rebate fund in 2022.

During 2021, pursuant to rule 98 of the rules of the Society, the Board distributed the below rebates to members of the Society from the members' approved funds:

- A milk rebate to members who supplied milk to the Society or its subsidiaries on the basis of up to one unit of € loan stock for every 250 litres of milk supplied during 2020.
- A grain rebate to members who supplied grain to the Society or its subsidiaries on the basis of up to five units of € loan stock for every one tonne of grain supplied during 2020.

During 2020, pursuant to rule 98 of the rules of the Society, the Board distributed the below rebates to members of the Society from the members' approved funds:

- A milk rebate to members who supplied milk to the Society or its subsidiaries on the basis of up to one unit of € loan stock for every 250 litres of milk supplied during 2020.
- A milk rebate to members who supplied milk to the Society or its subsidiaries on the basis of up to one units of € loan stock for every 100 litres of milk supplied during 2019.
- A grain rebate to members who supplied grain to the Society or its subsidiaries on the basis of up to five units of € loan stock for every one tonne of grain supplied during 2019 and 2020.

23. Capital risk management

The Group's objective when managing capital is to safeguard the Group's ability to continue as a going concern while maximising the returns to members and benefits for other stakeholders and to maintain an optimal capital structure to reduce the overall cost of capital. Total capital is calculated based on equity as shown in the balance sheet, total financial liabilities less cash and cash equivalents as follows:

	Notes	2021 €'m	2020 €'m
Total equity per the Group balance sheet		1,486.9	1,400.1
Total financial liabilities		-	93.4
Cash and cash equivalents	9	(0.3)	(26.1)
Total capital		1,486.6	1,467.4

In order to maintain or adjust the capital structure, the Group may adjust the amount of dividends paid to members, return capital to members, issue new shares or sell assets to increase or reduce debt or buy back shares. Any material adjustments to the capital structure are approved by the Board of Directors.

Cash flow information

24. Cash generated from operations

	Notes	2021 €'m	2020 €'m
Profit for the year		92.4	782.2
Exceptional items	4	15.8	(650.6)
Income taxes		-	11.6
Profit before taxation		108.2	143.2
Share of results of joint ventures and associates		(111.3)	(60.9)
Finance income	6	(1.7)	(3.8)
Finance costs	6	0.9	22.1
Amortisation of intangible assets	13	0.3	31.6
Depreciation of tangible assets	12	0.1	40.2
Difference between pension charge and cash contributions		(0.1)	(8.5)
Creation of write-down of inventories		-	3.5
Depreciation of right of use assets		-	12.5
Cost of share based payments – equity settled		-	3.9
Loss on disposal of property, plant and equipment		-	0.4
Non-cash movements in/on:			
– allowance of impairment of receivables		-	1.2
– cross currency swaps and fair value hedges		-	(0.7)
– fair value of assets through the income statement		-	(0.2)
– provision		-	2.0
Amortisation of capital grants received		-	(0.9)
Cash generated before changes in working capital		(3.6)	185.6
Change in net working capital:			
– Increase in inventories	25	-	(70.4)
– Increase in short term receivables	25	(0.5)	(80.0)
– Increase in short term liabilities	25	1.8	9.6
– Decrease in provisions	25	-	(0.8)
Cash generated from operating activities		(2.3)	44.0

25. Movement in working capital

2021	Notes	Inventories €'m	Trade and other receivables €'m	Trade and other payables €'m	Provisions €'m	Total €'m
At 3 January 2021		-	79.5	(17.4)	-	62.1
Loans/amounts payable to joint ventures, interest accruals, capital creditors and other non-operating items		-	(60.3)	0.1	-	(60.2)
(Decrease)/increase in working capital	24	-	0.5	(1.8)	-	(1.3)
At 1 January 2022		-	19.7	(19.1)	-	0.6
2020	Notes	Inventories €'m	Trade and other receivables €'m	Trade and other payables €'m	Provisions €'m	Total €'m
At 5 January 2020		668.9	605.3	(779.9)	(10.0)	484.3
Exchange differences		(4.5)	(4.9)	2.3	-	(7.1)
Arising on acquisition		(3.5)	85.8	9.4	(12.2)	79.5
Loans/amounts payable to joint ventures, interest accruals, capital creditors and other non-operating items		(731.3)	(686.7)	760.4	21.4	(636.2)
Increase/(decrease) in working capital	24	70.4	80.0	(9.6)	0.8	141.6
At 2 January 2021		-	79.5	(17.4)	-	62.1

26. Changes in liabilities arising from financing activities

2021	Lease liabilities €'m	Borrowings €'m	Private debt placement €'m	Secured exchangeable bonds €'m	Total €'m
At 3 January 2021	-	-	-	93.4	93.4
Cash flows	-	-	-	(93.4)	(93.4)
At 1 January 2022	-	-	-	-	-
2020	Lease liabilities €'m	Borrowings €'m	Private debt placement €'m	Secured exchangeable bonds €'m	Total €'m
At 5 January 2020	1.5	840.4	139.9	93.0	1,074.8
Cash flows	-	148.2	-	-	148.2
Leases	143.1	-	-	-	143.1
Non-cash movement	-	-	-	0.4	0.4
Exchange differences	-	2.1	(0.9)	-	1.2
Deemed disposal	(144.6)	(990.7)	(139.0)	-	(1,274.3)
At 2 January 2021	-	-	-	93.4	93.4

Other details

27. Contingent liabilities

No contingent liabilities were identified at the end of the reporting period.

28. Commitments

The Group has a commitment in relation to the Patronage Bonus scheme amounting to €24.8 million in 2021 (2020: €25.7 million). These were approved at an SGM in 2019 and 2018. The Patronage Bonus will be paid out based on events that will be at the discretion of the Board.

29. Related party transactions

Related parties of the Group include subsidiary undertakings, joint ventures and associates, key management personnel and connected parties. A listing of the principal subsidiary and associated undertakings is provided in note 30.

Transactions with joint ventures and associates

The Group provides and receives management and administrative services to and from its joint ventures and associates, which are settled in cash. Dividends received by the Group from its joint ventures and associates are as follows:

	Notes	2021 €'m	2020 €'m
Glanbia plc (from 1 July 2020)	14	25.8	9.9
Glanbia Ireland (from 1 July 2020)	15	18.4	-
Glanbia Cheese Limited (up to 30 June 2020)	15	-	5.3

The following transactions were carried out with related parties:

29a. Sales and purchases of goods and services

	Notes	2021 €'m	2020 €'m
Sales of services:			
– Associates		0.3	0.2
– Joint ventures		0.2	7.2
Purchases of goods:			
– Joint ventures		-	527.1
Purchases of services:			
– Associates		1.4	1.2
– Joint ventures		0.2	0.2

Sales to and purchases from related parties were carried out under normal commercial terms and conditions.

29b. Year end balances

	Notes	2021 €'m	2020 €'m
Payables to related parties:			
– Associates		0.4	0.3
– Joint ventures		0.1	0.4

The outstanding balances included in receivables and payables at the balance sheet date in respect of transactions with related parties are unsecured, interest free and settlement arises in cash. No guarantees have been given or received. All outstanding balances are deemed to be fully recoverable by the Group.

29c. Contribution to retirement benefit plans

Information in relation to the Group's contributions to retirement benefit plans is disclosed in note 17.

29d. Key management compensation

Key management compensation, prior to the deemed disposal of Glanbia plc and Glanbia Ireland on 1 July 2020 (see note 1), included the compensation of the Board of Directors (Executive and Non-Executive) and members of the Glanbia Operating Executive, including the Group Secretary. Since 1 July 2020, the Group's joint venture, Glanbia Ireland DAC, and associate, Glanbia plc, have borne the executive management cost.

Dividends totalling €0.3 million were received by key management personnel during the previous financial year, based on their personal shareholdings in Glanbia plc. Retirement benefits of €0.4 million were accrued in 2020 to four members of key management under a post retirement defined benefit plan. Total retirement benefits accrued to directors under the post retirement defined benefit plan in 2020 were €8.6 million.

Key management personnel and connected parties

	2021 €'m	2020 €'m
Salaries and other short-term employee benefits	-	5.7
Post-employment benefits	-	0.7
Share based payments	-	0.7
Non-Executive Directors fees	0.5	1.2
	0.5	8.3

29e. Loans to joint ventures and associates

	2021 €'m	2020 €'m
Loans receivable		
At the beginning of the year	103.2	1.9
Deemed disposal	-	(1.9)
Movement during the year arising from deemed disposal	a	103.2
Loans repaid during the year	(59.9)	-
At the end of the year	43.3	103.2
Interest on loans receivable		
At the beginning of the year	-	0.1
Deemed disposal	-	(0.1)
Interest charged	1.7	-
Interest received	(1.6)	-
At the end of the year	0.1	-
Total loan and interest receivable at the end of the year	43.5	103.2

Note (a): Prior to 1 July 2020, there were loans amounting to €103.2 million due from Glanbia Ireland DAC, a subsidiary of the Group. Following the deemed disposal (see note 1), Glanbia Ireland DAC became a joint venture of the Group. Accordingly, loans to joint ventures and associates increased by €103.2 million during 2020.

30. Principal subsidiary and associated undertakings

The information outlined below relates to the principal undertakings in the Group:

Incorporated and operating in	Relationship	Principal activity	Beneficial Interest 2021	Beneficial Interest 2020
Ireland				
Glanbia Services Society Limited	Subsidiary	Holding society	100%	100%
Quinport Limited	Subsidiary	Holding company	100%	100%
Robinfield Co-operative Society Limited	Subsidiary	Holding society	100%	100%
Sladmore Limited	Subsidiary	Holding company	100%	100%
Glanbia plc	Associate	Holding company	32.5%	31.7%
Glanbia Ireland Designated Activity Company	Joint venture	Milk Products	60%	60%

The registered office of the above undertakings is Glanbia House, Kilkenny, Ireland, R95 E866. The Group has no significant restrictions in relation to the Group's ability to access or use the assets and settle the liabilities of its subsidiaries.

31. Events after the reporting period

In January 2022, the Society completed the placement of 5.75 million ordinary shares in Glanbia plc at a price of €12.25 per share. The share placement raised approximately €70 million. Following the completion of the share placement, the Society holds approximately 30.5% of the issued share capital of Glanbia plc.

The Society has also confirmed that it has raised €250 million through the launch of an Equity-Linked Exchangeable Bond. The five-year Exchangeable Bond is linked to a pledge of approximately 15.1 million Glanbia Plc shares. The Society retains full ownership of the pledged shares until such time (if any) as an exchange is exercised in accordance with the terms of the Exchangeable Bond and will continue to benefit from any dividend paid by Glanbia plc on the shares.

On 1 April 2022 the Society paid €307 million to acquire Glanbia plc's 40% shareholding in Glanbia Ireland. Following the acquisition, the Society owns 100% shareholding in Glanbia Ireland.

32. Statement of directors' responsibilities

The Board of Directors is responsible for the preparation of the financial statements which give a true and fair view in accordance with applicable Irish law including the Industrial and Provident Societies Acts 1893-2021 and IFRSs as adopted by the European Union. In preparing the financial statements, the Board of Directors is required to:

- select suitable accounting policies and apply them consistently;
- make judgements and estimates that are reasonable and prudent;
- state that the financial statements comply with IFRS as adopted by the European Union; and
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the Society will continue in business.

The Board of Directors confirms that it has complied with the above requirements in preparing the financial statements. The Board of Directors is responsible for keeping proper books of account, such as are necessary to give a true and fair view of the state of affairs of the Society and to explain its transactions. The Board of Directors is also responsible for safeguarding the assets of the Society and for taking reasonable steps for the prevention and detection of fraud and other irregularities.

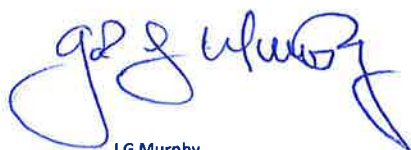
Glanbia Co-operative Society Limited
Cooperative only Financial Statements
Registered number 4928R
Financial statements
1 January 2022

Income Statement

for the financial year ended 1 January 2022

	Notes	2021			2020		
		Pre- exceptional €'m	Exceptional €'m (note 4)	Total €'m	Pre- exceptional €'m	Exceptional €'m (note 4)	Total €'m
Administration expenses		(4.5)	(1.1)	(5.6)	(4.5)	-	(4.5)
Other income		0.2	-	0.2	0.2	-	0.2
Operating loss	3	(4.3)	(1.1)	(5.4)	(4.3)	-	(4.3)
Income from shares in related companies	5	51.7	-	51.7	41.8	-	41.8
Interest receivable and similar income	6	2.0	-	2.0	2.8	-	2.8
<u>Interest payable and similar expenses</u>	7	<u>(0.8)</u>	-	<u>(0.8)</u>	<u>(3.4)</u>	-	<u>(3.4)</u>
Profit before taxation		48.6	(1.1)	47.5	36.9	-	36.9
Income taxes	8	-	-	-	-	-	-
Profit for the year		48.6	(1.1)	47.5	36.9	-	36.9

On behalf of the Board



J G Murphy
3 May 2022



J Bergin


Statement of Other Comprehensive Income for the financial year ended 1 January 2022

	Notes	2021 €'m	2020 €'m
Profit for the year		47.5	36.9
Other comprehensive income			
Items that will not be reclassified subsequently to the income statement:			
Remeasurement of defined benefit liability	16	0.1	0.3
Revaluation of equity investments at FVOCI, net of deferred tax		-	0.2
Other comprehensive income for the year, net of income tax		0.1	0.5
Total comprehensive income for the year		47.6	37.4


Balance Sheet as at 1 January 2022

	Notes	2021 €'m	2020 €'m
Non-current assets			
Tangible assets	10	0.7	0.8
Intangible assets	11	0.2	0.5
Financial assets	12	352.8	267.2
Debtors	13	24.0	43.3
		377.7	311.8
Current assets			
Debtors	13	30.9	154.0
Cash and cash equivalents	14	0.2	22.9
		31.1	176.9
Creditors: amounts falling due within one year	15	(19.0)	(118.1)
Net current assets		12.1	58.8
Total assets less current liabilities		389.8	370.6
Provisions for liabilities			
Net retirement benefit obligations	16	(0.1)	(0.3)
Net assets		389.7	370.3
Capital and reserves			
Share capital and share premium	17	161.8	161.6
Capital reserve		17.4	17.4
Retained earnings		210.5	191.3
Shareholders' equity		389.7	370.3

On behalf of the Board



J.G. Murphy
3 May 2022



J. Bergin

Statement of Changes in Equity for the financial year ended 1 January 2022

	Share capital and share premium €'m (note 17)	Capital reserve €'m (note a)	FVOCI reserve €'m (note b)	Retained earnings €'m	Total equity €'m
Balance at 3 January 2021	161.6	17.4	-	191.3	370.3
Profit for the year	-	-	-	47.5	47.5
Other comprehensive income	-	-	-	0.1	0.1
Total comprehensive income for the year	-	-	-	47.6	47.6
Issuance of shares	0.2	-	-	-	0.2
Ordinary share interest (note 9)	-	-	-	(6.2)	(6.2)
Distribution to members (note 9)	-	-	-	(22.2)	(22.2)
Balance at 1 January 2022	161.8	17.4	-	210.5	389.7
Balance at 5 January 2020	161.2	17.4	(2.3)	187.0	363.3
Profit for the year	-	-	-	36.9	36.9
Other comprehensive income	-	-	0.2	0.3	0.5
Total comprehensive income for the year	-	-	0.2	37.2	37.4
Issuance of shares	0.4	-	-	-	0.4
Ordinary share interest (note 9)	-	-	-	(5.6)	(5.6)
Distribution to members (note 9)	-	-	-	(25.2)	(25.2)
Transfer of FVOCI reserve to retained earnings	-	-	2.1	(2.1)	-
Balance at 2 January 2021	161.6	17.4	-	191.3	370.3

- (a) The capital reserve comprises of a capital redemption reserve which arose on the re-nominalisation of the Society's share capital on conversion to euro and a capital reserve which relates to the cancellation of Society shares.
- (b) Unrealised gains and losses arising from changes in the fair value of equity instruments measured at FVOCI are recognised in the FVOCI reserve. On derecognition of such an equity instrument, the accumulated balances of an instrument associated with it will be reclassified to retained earnings.

Notes to the Financial Statements

for the financial year ended 1 January 2022

1. Accounting policies

Basis of preparation

Glanbia Co-operative Society Limited (the 'Society') is a society incorporated and domiciled in Ireland. The address of its registered office is Glanbia House, Kilkenny, R95 E866.

These financial statements are prepared for the 52-week period ended 1 January 2022. Comparatives are for the 52 week period ended 2 January 2021. The balance sheets for 2021 and 2020 have been drawn up as at 1 January 2022 and 2 January 2021 respectively.

These financial statements were prepared in accordance with Financial Reporting Standard 101 Reduced Disclosure Framework ("FRS 101"). In preparing these financial statements, the Society applies the recognition, measurement and disclosure requirements of International Financial Reporting Standards as adopted by the EU, but makes amendments where necessary in order to comply with the Industrial and Provident Societies Acts 1893-2021 and has set out below where advantage of the FRS 101 disclosures exemptions has been taken.

The Society has taken advantage of the following disclosure exemptions under FRS 101, where applicable:

- a Cash Flow Statement and related notes;
- comparative period reconciliations for share capital, tangible fixed assets, intangible assets and investment properties;
- additional comparative information;
- disclosures in respect of transactions entered into between two or more members of a group;
- disclosures in respect of capital management;
- the effects of new but not yet effective IFRSs;
- an additional balance sheet for the beginning of the earliest comparative period following the reclassification of items in the financial statements; and
- disclosures in respect of the compensation of key management personnel.

As the consolidated financial statements of the Society and its subsidiaries include the equivalent disclosures, the Society has also taken the exemptions under FRS 101 available in respect of the following disclosures where applicable:

- IFRS 2 'Share Based Payments' in respect of group settled share based payments;
- certain disclosures required by IAS 36 'Impairment of Assets' in respect of the impairment of goodwill and indefinite life intangible assets;
- disclosures required by IFRS 5 'Non-current Assets Held for Sale and Discontinued Operations' in respect of the cash flows of discontinued operations;
- certain disclosures required by IFRS 3 'Business Combinations' in respect of business combinations undertaken by the Society; and
- disclosures required by IFRS 13 'Fair Value Measurement' and IFRS 7 'Financial Instrument Disclosures'.

The financial statements have been prepared in euro and presented in euro millions (€'m).

The financial statements have been prepared under the historical cost convention except, where applicable, as modified by use of fair values for certain other financial assets and derivative financial instruments.

Going concern

The Directors have considered the effect of COVID-19 on the Society and are satisfied that the Society has sufficient reserves to meet the expected costs of the Society over the next 12 months. Accordingly the financial statements for the financial year ended 1 January 2022 have been prepared on a going concern basis.

Critical accounting judgements and estimates

Estimates and judgements are continually evaluated and are based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances. The Society makes estimates and assumptions concerning the future. The resulting accounting estimates may not equal the related actual results. Revisions to estimates are recognised prospectively.

The most significant judgement identified in the preparation of these financial statements is set out below.

Judgement - Exceptional items

The Society considers that items of income or expense which are significant by virtue of their scale and nature should be disclosed separately if the financial statements are to fairly present the financial performance and financial position of the Society. Determining which transactions are to be considered exceptional in nature is often a subjective matter. However, circumstances that the Society believes would give rise to exceptional items for separate disclosure are outlined in the accounting policy on exceptional items in this note 1. Exceptional items are included on the income statement line item to which they relate. In addition, for clarity, separate disclosure is made of all items in one column on the face of the income statement.

Tangible assets

Tangible fixed assets are stated at cost less accumulated depreciation and accumulated impairment losses. Depreciation is charged to the income statement on a straight-line basis over the estimated useful lives of each part of an item of tangible fixed assets. Land is not depreciated. The rates of depreciation are as follows:

- Buildings 4%
- Plant and machinery 10%

Impairment

In accordance with IAS 36 'Impairment of Assets', the carrying amounts of items of property, plant and equipment are reviewed at each balance sheet date to determine whether there is any indication of impairment. An impairment loss is recognised whenever the carrying amount of an asset exceeds its recoverable amount.

Impairment losses are recognised in the income statement. Following the recognition of an impairment loss, the depreciation charge applicable to the asset is adjusted prospectively in order to systematically allocate the revised carrying amount, net of any residual value, over the remaining useful life.

Intangible Assets

Computer software

Computer software is stated at cost less accumulated amortisation and impairment losses.

Costs incurred on the acquisition of computer software are capitalised, as are costs directly associated with developing computer software programmes for internal use, if they meet the recognition criteria of IAS 38 'Intangible Assets'.

Computer software costs recognised as assets are amortised using the straight-line method over their estimated useful lives, which is normally between four and 10 years.

Financial assets

Investments in subsidiaries, associates and joint ventures are held at cost in financial assets and are reviewed for impairment annually. An impairment loss is recognised in the income statement for the amount by which the carrying value exceeds its recoverable amount.

Trade and other debtors

Trade and other debtors are classified and measured at amortised cost as they are held to collect contractual cash flows which comprise solely payments of principal and interest, where applicable. They are recognised initially at fair value and subsequently measured at amortised cost using the effective interest method less loss allowance. For credit exposures for which there has not been a significant increase in credit risk since initial recognition, expected credit losses are provided for credit losses that result from default events that are possible within the next 12 months. For those credit exposures for which there has been a significant increase in credit risk since initial recognition or where there has been a credit impaired event, a lifetime expected loss allowance is recognised, irrespective of the timing of the default.

The Society applies the IFRS 9 simplified approach to measuring expected credit losses which uses a lifetime expected loss allowance for all trade debtors. A loss allowance for debtors is estimated based on expected credit losses. To measure expected credit losses, historical loss rates are calculated based on historical credit loss experience. The loss allowance based on historical loss rates is adjusted where appropriate to reflect current information and forward-looking information on macroeconomic factors, which affect the ability of the debtors to settle the debt. Debtors are written off when there is no reasonable expectation of recovery such as a debtor failing to engage in a repayment plan with the Society.

Cash and cash equivalents

Cash and cash equivalents comprise cash on hand, deposits held on call with banks and other short-term highly liquid investments with original maturities of three months or less.

Trade and other creditors

Trade and other creditors are recognised initially at fair value. Subsequent to initial recognition they are measured at amortised cost using the effective interest method.

Employee benefits

Pension obligations

The Society has both defined benefit and defined contribution plans.

Defined contribution pension

A defined contribution plan is a pension plan under which the Society pays fixed contributions into a separate entity. The Society has no legal or constructive obligation to pay further contributions if the fund does not hold sufficient assets to pay all employees the benefits relating to employee service in the current and prior periods. The contributions are recognised as an employee benefit expense in the income statement when they are due.

Defined benefit pension obligation

Defined benefit plans define an amount of pension benefit that an employee will receive on retirement, usually dependent on one or more factors such as age, years of service and compensation.

The liability recognised in the balance sheet in respect of the defined benefit pension plan is the present value of the defined benefit obligation at the reporting date less the fair value of the plan assets. The defined benefit obligation is calculated annually by independent actuaries using the projected unit credit method. The present value of the defined benefit obligation is determined by discounting the estimated future cash outflows using interest rates of high-quality corporate bonds that are denominated in the currency in which the benefits will be paid, and that have terms to maturity approximating to the terms of the related pension obligation.

The fair value of plan assets is based on market price information and in the case of quoted securities in active markets it is the published bid price.

Remeasurement gains and losses arising from experience adjustments and changes in actuarial assumptions are recognised in the period in which they occur, directly in other comprehensive income. They are included in retained earnings in the statement of changes in equity and in the balance sheet. Remeasurements are not reclassified to the income statement in subsequent periods.

A curtailment arises when the Society significantly reduces the number of employees or employee entitlements covered by a plan. A past service cost may be either positive (when benefits are introduced or changed so that the present value of the defined benefit obligation increases) or negative (when benefits are withdrawn or changed so that the present value of the defined benefit obligation decreases).

A settlement occurs when an entity enters into a transaction that eliminates all further legal or constructive obligation for part or all of the benefits provided under a defined benefit plan (other than a payment of benefits to, or on behalf of, employees in accordance with the terms of the plan and included in the actuarial assumptions).

The gain or loss on a settlement is the difference between:

- (a) the present value of the defined benefit obligation being settled, as determined on the date of settlement; and
- (b) the settlement price, including any plan assets transferred and any payments made directly by the entity in connection with the settlement.

Ordinary share interest

Ordinary share interest reflects distributions on the ordinary shares, and are recognised as a liability of the Society when approved by the Society's members.

Distributions to Society members

Pursuant to rule 98 of the Society, the Board may distribute part of the reserves of the Society to members based on their shareholding or trading with the Society. Such distributions can include rebates, bonus issues of shares or loan stock, share buy backs and interest free support. These distributions are recorded in retained earnings as distributions to members when approved by the Society's members.

Dividend income

Dividend income is recognised in the income statement on the date the entity's right to receive payments is established.

Interest receivable and interest payable

Interest payable and similar charges include where applicable, interest payable on borrowings calculated using the effective interest method, the unwinding of the discount on provisions and the interest expense component of lease liabilities.

Interest income and interest expense is recognised in the income statement as it accrues, using the effective interest method.

Taxation

The tax expense for the year comprises current and deferred tax. Tax is recognised in the income statement except to the extent that it relates to items recognised in other comprehensive income or directly in equity, in which case the tax is also recognised in other comprehensive income or directly in equity, respectively.

Current tax

Current tax is calculated on the basis of tax laws enacted or substantively enacted at the Society balance sheet date in countries where the Society operates and generates taxable income, taking into account adjustments relating to prior years.

Management periodically evaluates positions taken in tax returns with respect to situations in which applicable tax legislation is subject to interpretation and establishes provisions, where appropriate, on the basis of amounts expected to be paid to the tax authorities.

Deferred tax

Deferred tax is determined using tax rates and laws enacted or substantively enacted by the reporting date. Deferred tax is provided on a non-discounted basis, using the balance sheet liability method, providing for temporary differences on the reporting date between the tax bases of assets and liabilities and their carrying amounts in the financial statements. However, deferred tax is not accounted for if it arises from initial recognition of an asset or liability in a transaction, other than a business combination, that at the time of the transaction affects neither accounting nor taxable profit or loss. Deferred tax liabilities are not recognised to the extent they arise from the initial recognition of goodwill not having full tax basis.

Deferred tax assets are recognised to the extent that it is probable that future taxable profit will be available against which the temporary differences can be utilised.

Exceptional items

The Society has adopted an income statement format that seeks to highlight significant items within the results for the year. Such items may include impairment of assets, including material adjustments arising from the re-assessment of asset lives, adjustments to contingent consideration, material acquisition integration costs, restructuring costs including termination benefits, profit or loss on disposal or termination of operations, material acquisition costs, litigation settlements, legislative changes, gains or losses on defined benefit pension plan restructuring, external events including disasters relating to weather, pandemics, wars and other acts of God and natural disasters, and profit or loss on (deemed) disposal of investments. Judgement is used by the Society in assessing the particular items which by virtue of their scale and nature should be disclosed in the income statement and notes as exceptional items.

2. Principal activities

The principal activity of the Society is the holding of investments.

3. Operating loss

	2021			2020			
	Notes	Pre-exceptional €'m	Exceptional €'m (note 4)	Total €'m	Pre-exceptional €'m	Exceptional €'m (note 4)	Total €'m
Employee benefits		0.5	-	0.5	0.5	-	0.5
Board, council and committee expenses		0.7	-	0.7	0.7	-	0.7
Charges for services provided by other Glanbia group companies		1.9	-	1.9	1.7	-	1.7
Legal and professional fees		0.3	0.8	1.1	0.3	-	0.3
Other		1.1	0.3	1.4	1.3	-	1.3
Other income		(0.2)	-	(0.2)	(0.2)	-	(0.2)
		4.3	1.1	5.4	4.3	-	4.3

Directors' fees paid during the year ended 1 January 2022 were €0.5 million (2020: €0.5 million).

4. Exceptional items

	2021 €'m	2020 €'m
Organisational redesign costs	1.1	-

Organisational redesign costs in 2021 relate to the planned acquisition of the remaining shareholding in Glanbia Ireland DAC from Glanbia plc (see note 31 of the Group financial statements).

5. Income from shares in related companies

	2021 €'m	2020 €'m
Dividend income from ordinary shares in Glanbia plc	23.8	23.0
Dividend income from ordinary shares in Glanbia Ireland DAC	18.4	18.8
Dividend income from ordinary shares in subsidiaries	9.5	-
	51.7	41.8

6. Interest receivable and similar income

	2021 €'m	2020 €'m
Rental income	0.3	0.3
Interest on loan to joint venture	1.7	2.5
Total interest receivable and similar income	2.0	2.8

7. Interest payable and similar expenses

	2021 €'m	2020 €'m
Glanbia Advance Payment Scheme secured exchangeable bond finance costs including cost amortisation	0.8	1.8
Bank deposit interest expense	-	1.6
Total interest payable and similar expenses	0.8	3.4

8. Taxation

	2021 €'m	2020 €'m
Recognised in the income statement		
Irish corporation tax	-	-
Current tax on income for the year	-	-
Total current tax charge	-	-
Deferred tax	-	-
Origination and reversal of temporary differences	-	-
Total deferred tax charge	-	-
Total tax charge on profit on ordinary activities	-	-

Reconciliation of the total tax expense

The tax charge for the year is different than the tax charge that would result from applying the standard rate of Irish corporation tax to the profit on ordinary activities before taxation. The differences are explained below.

	2021 €'m	2020 €'m
Profit on ordinary activities before taxation	47.5	36.9
Income tax calculated at Irish rate of 12.5% (2020: 12.5%)	5.9	4.6
Income taxable at passive Irish rates	0.3	0.4
Non-taxable income	(6.5)	(5.2)
Expenses of management	(0.5)	-
Other reconciling differences	0.8	0.2
Total tax charge	-	-

9. Ordinary share interest and appropriations

	Notes	2021 €'m	2020 €'m
Ordinary share interest to Society shareholders	(a)	6.2	5.6
Distribution to Society shareholders – rebates	(b)	22.2	25.2
		28.4	30.8

(a) Ordinary share interest paid in 2021 was 16.5 cent per share on 37.4 million shares (2020: 15 cent per share on 37.3 million shares).

(b) Details of the patronage rebates are as follows:

During 2019, at a Special General Meeting of the Society, members of the Society approved the setup of a patronage rebate fund of €30.0m with the nature and the timing of payments at the discretion of the Board. As at 1 January 2022, €24.8 million remains unpaid (2020: €25.7 million).

During 2017, at a Special General Meeting of the Society, members of the Society approved the payment of patronage rebate funds from the future receipts of annual dividends from Glanbia Ireland with the nature on the timing of payments at the discretion of the Board. During 2018 the Board announced the Trading Bonus Scheme as payments from these funds. During 2020 the Board announced Share of Glanbia Ireland Profits scheme as payments from these funds and that, to the extent that the 2021 Trading Bonus Scheme exceeds the Glanbia Ireland dividend income received in 2021, the excess will be appropriated from the patronage rebate fund. As at 1 January 2022 the estimated payments were €21.8 million (2020: €20.4 million) with €8.2 million (2020: €7.3 million) remaining unpaid at year end. €3.0 million (2020: nil) of this unpaid amount will be apportioned from the patronage rebate fund in 2022.

During 2021, pursuant to rule 98 of the rules of the Society, the Board distributed the below rebates to members of the Society from the members' approved funds:

- A milk rebate to members who supplied milk to the Society or its subsidiaries on the basis of up to one unit of € loan stock for every 250 litres of milk supplied during 2020.
- A grain rebate to members who supplied grain to the Society or its subsidiaries on the basis of up to five units of € loan stock for every one tonne of grain supplied during 2020.

During 2020, pursuant to rule 98 of the rules of the Society, the Board distributed the below rebates to members of the Society from the members' approved funds:

- A milk rebate to members who supplied milk to the Society or its subsidiaries on the basis of up to one unit of € loan stock for every 250 litres of milk supplied during 2020.
- A milk rebate to members who supplied milk to the Society or its subsidiaries on the basis of up to one units of € loan stock for every 100 litres of milk supplied during 2019.
- A grain rebate to members who supplied grain to the Society or its subsidiaries on the basis of up to five units of € loan stock for every one tonne of grain supplied during 2019 and 2020.

10. Tangible assets

	Land and buildings €'m	Plant and equipment €'m	Total €'m
Cost			
Balance at 3 January 2021	3.3	1.4	4.7
Balance at 1 January 2022	3.3	1.4	4.7
Depreciation			
Balance at 3 January 2021	2.5	1.4	3.9
Depreciation charge for the year	0.1	-	0.1
At 1 January 2022	2.6	1.4	4.0
Carrying amount			
At 2 January 2021	0.8	-	0.8
At 1 January 2022	0.7	-	0.7

11. Intangible assets

	Software Costs €'m
Cost	
Balance at 3 January 2021	0.8
Balance at 1 January 2022	0.8
Amortisation	
Balance at 3 January 2021	0.3
Amortisation charge for the year	0.3
At 1 January 2022	0.6
Carrying amount	
At 2 January 2021	0.5
At 1 January 2022	0.2

12. Financial assets

	Investments in related companies €'m	Total €'m
Carrying amount:		
Balance at 3 January 2021	267.2	267.2
Purchase of Shares – note (a)	85.6	85.6
At 1 January 2022	352.8	352.8
Carrying amount		
At 2 January 2021	267.2	267.2
At 1 January 2022	352.8	352.8

Note (a): On 22 December 2021 the Society increased its investment in Glanbia plc by acquiring 7,024,176 ordinary shares in the Group for cash consideration equal to its market value of €85,554,464 (market value of €12.18 per share). The shares were acquired from fellow Group undertakings:

- Sladmore Limited (340,544 ordinary shares valued at €4,147,826);
- Robinfield Co-operative Society Limited (164 ordinary shares valued at €1,998);
- Quinport Limited (177,270 ordinary shares valued at €2,159,149); and
- Glanbia Services Society Limited (6,506,198 ordinary shares valued at €79,245,492).

At 1 January 2022 the Society's shareholding in Glanbia plc consisted of 93.3 million ordinary shares (2020: 86.3 million ordinary shares) at a market value of €12.30 per share (2020: €10.38 per share) giving a total market value of €1,147.6 million (2020: €895.8 million).

In the opinion of the Directors the shares in the related undertakings are worth at least the amounts at which they are stated in the balance sheet.

The investments in Group companies are as follows:

Group company	Holding %	Address of Registered Office	Country of Incorporation
Associate - Glanbia plc	32.5	Glanbia House, Kilkenny	Ireland
Joint venture - Glanbia Ireland DAC	60.0	Ballyragget, Kilkenny	Ireland
<i>Subsidiaries:</i>			
- Quinport Limited	100.0	Glanbia House, Kilkenny	Ireland
- Sladmore Limited	100.0	Glanbia House, Kilkenny	Ireland
- Robinfield Co-operative Society Limited	100.0	Glanbia House, Kilkenny	Ireland

13. Debtors

		2021 €'m	2020 €'m
Amounts owed by Group undertakings	a	54.6	196.0
Other debtors		0.3	1.3
		54.9	197.3
Non-current			
Amounts owed by Group undertakings	a	24.0	43.2
Other debtors		-	0.1
		24.0	43.3
Current			
		30.9	154.0
		54.9	197.3

Note (a): €11.3 million (2020: €102.8 million) of amounts due from Group undertakings are interest free, unsecured and payable on demand. €43.3 million (2020: €93.2 million) of amounts due from Group undertakings are interest bearing ranging from 1.1% to 3.8% (2020: 0.8% to 5.0%) and unsecured, of which €19.3 million (2020: €50.0 million) is payable on demand.

14. Cash and cash equivalents

	2021 €'m	2020 €'m
Cash at bank and in hand	0.2	22.9

15. Creditors: amounts falling due within one year

	2021 €'m	2020 €'m
Amounts due to joint ventures and associates	0.5	0.7
Accruals	4.8	4.3
Trading Bonus Scheme	8.2	6.8
Dividends payable	5.5	5.4
Loan stock – bonus issue	-	1.1
Secured exchangeable bond	-	93.4
Convertible bond option – fair value through income statement	-	6.4
	19.0	118.1

16. Retirement benefit obligations

Defined contribution plan

The Society operates a defined contribution pension plan. The total expense relating to the plan in the current year was nil (2020: €0.001 million).

Defined benefit plan

The defined benefit pension plan is administered by Boards of Trustees through separate trustee controlled funds. These Boards are responsible for the management and governance of the plan including compliance with all relevant laws and regulations. The Society's plan operates under its respective regulatory framework and minimum funding requirements. The plan is closed to new entrants.

The defined benefit pension plan provides retirement and death benefits for the Society's scheme members. The defined benefit pension plan is a career average pension plan, which provides benefits to members in the form of a guaranteed level of pension payable for life. The level of benefits provided depends on members' length of service and their average salary over their period of employment.

The contributions paid to the defined benefit pension plan are in accordance with the schedule of contributions agreed between the Society and the Trustees of the plan as recommended in the actuarial valuation report or in subsequent actuarial advice. The contributions are partly funded by the employees, where they are required to contribute a fixed percentage of pensionable salary, and partly by the Society. The latest actuarial valuation report for this plan, which are not available for public inspection, is dated 1 January 2021.

	2021 €'m	2020 €'m
Total defined benefit asset	3.1	2.8
Total defined benefit liability	(3.2)	(3.1)
Net defined benefit liability	(0.1)	(0.3)

Movements in net defined benefit (liability)/asset

	Defined benefit obligation		Fair value of plan assets		Net defined benefit (liability)/asset	
	2021 €'m	2020 €'m	2021 €'m	2020 €'m	2021 €'m	2020 €'m
Balance at beginning of the year	(3.1)	(3.2)	2.8	2.6	(0.3)	(0.6)
Current service cost	(0.1)	-	-	-	(0.1)	-
Interest income	-	-	0.1	-	0.1	-
Total amount recognised in profit or loss	(0.1)	-	0.1	-	-	-
Remeasurements						
– Assumption changes	-	0.2	-	-	-	0.2
– Experience adjustment	(0.1)	(0.2)	0.2	0.3	0.1	0.1
Total amount recognised in other comprehensive income	(0.1)	-	0.2	0.3	0.1	0.3
Contributions paid by the employer	-	-	0.1	0.1	0.1	0.1
Benefits paid	0.1	0.1	(0.1)	(0.2)	-	(0.1)
Balance at end of the year	(3.2)	(3.1)	3.1	2.8	(0.1)	(0.3)

	2021			2020		
	Quoted €'m	Unquoted €'m	Total €'m	Quoted €'m	Unquoted €'m	Total €'m
Equities*	1.0	-	1.0	0.7	-	0.7
Corporate bonds						
– Investment grade	0.3	-	0.3	0.2	-	0.2
– Non-investment grade	-	-	-	0.1	-	0.1
Government bonds and gilts	1.1	-	1.1	1.2	-	1.2
Property	-	0.1	0.1	-	0.1	0.1
Cash	0.1	-	0.1	-	0.2	0.2
Investment funds	0.4	-	0.4	-	0.4	0.4
Other	0.1	-	0.1	-	(0.1)	(0.1)
	3.0	0.1	3.1	2.2	0.6	2.8

* There is no emphasis on any industry. Industries that the plan assets are invested in include consumer, financials, healthcare, industrials and information technology.

Through its defined benefit pension plan the Group is exposed to a number of risks, the most significant of which are detailed below:

Investment risk

The pension plan holds investments in asset classes such as equities, which have volatile market values. While these assets are expected to provide higher returns than other asset classes over the long-term, the short-term volatility could cause an increase in the deficit at any particular point in time. When assets return less than the discount rate, this will lead to an increase in the net defined benefit obligation. The Trustees conduct investment reviews to take advice on asset allocation, taking into account asset valuations, liability durations, funding measurements and an achievement of an appropriate return on assets.

Interest rate risk

The pension liabilities are assessed using market yields on high-quality corporate bonds to discount the liabilities. As the pension plan holds other assets such as equities, the value of the assets and liabilities may not move in the same way. A change in the defined benefit obligation as a result of changes in the discount rate leads to volatility in the Society balance sheet, Society income statement and Society statement of comprehensive income. It also impacts the funding requirements for the plan.

Inflation risk

A significant proportion of the benefits under the plan are linked to inflation, be it consumer price inflation or retail price inflation, which in most cases are subject to a cap on annual increases. Although there are caps in force on inflation increases and the plan's assets are expected to provide a good hedge against inflation over the long-term, higher inflation will lead to higher liabilities.

Longevity risk

The present value of the defined benefit obligation is calculated by reference to the best estimate of the life expectancy of plan participants both during and after their employment. An increase in the life expectancy of the plan participants will increase the defined benefit obligation.

Actuarial assumptions

The following are the principal actuarial assumptions at the reporting date:

	2021	2020
Discount rate	1.10%	0.70%
Inflation rate	2.10%	1.10%
Future salary increases*	3.10%	2.10%
Future pension increases	0.00%	0.00%
Mortality rates (years)		
– Male – reaching 65 years of age in 20 years' time	24.1	24.0
– Female – reaching 65 years of age in 20 years' time	26.2	26.1
– Male – currently aged 65 years old	21.8	21.7
– Female – currently aged 65 years old	24.2	24.1

*The defined benefit pension plan is on a career average structure therefore this assumption does not have a material impact.

Assumptions regarding future mortality experience are set based on actuarial advice in accordance with published statistics and experience in each territory.

Sensitivity analysis for principal assumptions used to measure scheme liabilities

There are inherent uncertainties surrounding the financial assumptions adopted in calculating the actuarial valuation of the Society's defined benefit pension scheme. The following table analyses, for the Society's pension scheme, the estimated impact on the plan liabilities resulting from changes to key actuarial assumptions, all other assumptions remaining constant. The impact on the plan liabilities has been calculated using the projected unit credit method, which is the same as that applied in calculating the defined benefit obligation recognised on the Society balance sheet. There have been no changes from the previous year in the methods and assumptions used in preparing the sensitivity analysis.

2021 Assumption	Change in assumption	Increase €'m	Decrease €'m
Discount rate	0.25% movement	(0.1)	0.1
Price inflation	0.25% movement	-	-
Longevity	1 year movement	0.1	(0.1)
Future salary increases *			
Future pension increases **			

2020 Assumption	Change in assumption	Increase €'m	Decrease €'m
Discount rate	0.25% movement	(0.1)	0.1
Price inflation	0.25% movement	-	-
Longevity	1 year movement	0.1	(0.1)
Future salary increases *			
Future pension increases **			

* The majority of the defined benefit schemes are career average plans. As a result, future salary increases will not have a material impact on the plan liabilities.

** There are no future pension increases agreed in the defined benefit pension scheme.

	2021	2020
Expected contributions to post-employment defined benefit plans (€'m)	0.2	0.2
Weighted average duration of the defined benefit obligation (years)	17.0	17.0

17. Share capital and share premium

Share capital	Number of shares		Ordinary 'A' shares €'m	'C' shares €'m	Share premium €'m	Total €'m
	Ordinary 'A' shares (millions)	'C' shares (millions)				
At 2 January 2021	37.3	11,535.8	37.4	115.4	8.8	161.6
Issuance of shares - note (a)	0.1	-	-	-	0.2	0.2
At 1 January 2022	37.4	11,535.8	37.4	115.4	9.0	161.8

The 'A' ordinary shares have a nominal value of €1 and four classes of membership A1, A2, A3 and A4. The shares held by a member in any class carry the designation of that class of membership. The rights of each class differ as follows:

- A1 members have all the rights of membership provided for in the rules of the Society except for those applying only to A4 members;
- A2 members are entitled to vote in elections in the Society but are not entitled to participate in any such elections as a candidate or proposer or seconder of a candidate. They are not entitled to receive notice of or vote on any special resolution or on any resolution to amend, delete or add to the rules of the Society, but are entitled to receive notice of and vote on all other resolutions at any general meeting of the Society.
- A3 members do not have the right to receive notice of any meeting of the Society or to attend or vote at any such meeting or to participate in any way in any elections in the Society.
- A4 members have the rights and entitlements attaching to corporate members and A4 shares rank pari passu with the A1 shares.

The 'C' shares have five sub-classes; Class C1, Class C2, Class C3, Class C4 and Class C5. The 'C' shares each have a nominal value of €0.01. The 'C' shares are not entitled to notice of or attendance or voting at general meetings of the Society. They do not entitle the holders to participate in any allocation of net surplus, interest or dividend on share capital or allocation of bonus shares unless otherwise specifically determined by the Board at its sole discretion. The Board may redeem the 'C' shares of any member at any time with the consent of that member. The 'C' shares rank ahead of the ordinary shares in the repayment of the nominal amount paid up thereof, but do not entitle the holder to participate in the distribution of any surplus assets. The 'C' shares are held by a member of the Glanbia Co-operative Society Limited Group and therefore eliminate on consolidation.

Note (a): During 2021, 40,591 (2020: 51,688) ordinary shares with a nominal value of €1 were issued to new members of the Society at €5 per share, of which €0.1 million (2020: €0.2 million) were fully paid for at 1 January 2022. The remaining balance will be received via deduction from milk payments up to 2023.

18. Commitments

Refer to note 28 of the Group financial statements.

19. Related party transactions

The Society has availed of the exemptions available in FRS 101 "Reduced Disclosure Framework" from disclosing transactions entered into between two or more members of a group and key management personnel.

The Directors of the Society including their connected persons did not enter into any transactions with the Society in the current or preceding year and had no receivable or payable balances outstanding at 1 January 2022 and 2 January 2021.

Transactions with joint ventures and associates

The Society provides and receives management and administrative services to and from its joint venture and associate, which are settled in cash. Dividends received by the Society from its joint venture and associate are as follows:

Notes	2021 €'m	2020 €'m
Glanbia plc (from 1 July 2020)*	23.8	9.9
Glanbia Ireland (from 1 July 2020)*	18.4	-

*Following a deemed disposal (refer to note 1 of the Group financial statements) Glanbia plc and Glanbia Ireland, previously accounted for as subsidiaries, became an associate and joint venture respectively.

The following transactions were carried out with related parties:

19a. Sales and purchases of goods and services

	2021 €'m	2020 €'m
Sales of services:		
– Associates	0.3	0.3
– Joint Ventures	0.2	0.2
Purchases of services:		
– Associates	1.4	1.2
– Joint Ventures	0.2	0.2

19b. Year end balances

Notes	2021 €'m	2020 €'m
Payables to related parties:		
– Associates	0.4	0.3
– Joint Ventures	0.1	0.4

The outstanding balances included in receivables and payables at the balance sheet date in respect of transactions with related parties are unsecured, interest free and settlement arises in cash. No guarantees have been given or received. All outstanding balances are deemed to be fully recoverable by the Group.

19c. Loans to joint ventures and associates

	2021 €'m	2020 €'m
Loans receivable		
At the beginning of the year	103.2	1.9
Deemed disposal	-	(1.9)
Movement during the year arising from deemed disposal	-	103.2
Loans repaid during the year	(59.9)	-
At the end of the year	43.3	103.2
Interest on loans receivable		
At the beginning of the year	-	0.1
Deemed disposal	-	(0.1)
Interest charged	1.7	-
Interest received	(1.6)	-
At the end of the year	0.1	-
Total loan and interest receivable at the end of the year	43.4	103.2

Note (a): Prior to 1 July 2020, there were loans amounting to €103.2 million due from Glanbia Ireland DAC, a subsidiary of the Group. Following the deemed disposal (see note 1), Glanbia Ireland DAC became a joint venture of the Group. Accordingly, loans to joint ventures and associates increased by €103.2 million during 2020.

20. Events after the reporting period

Refer to note 31 of the Group financial statements.

21. Statement of the Board of directors' and society's responsibilities

The Board of Directors is responsible for the preparation of the financial statements which give a true and fair view in accordance with applicable Irish law including the Industrial and Provident Societies Acts, 1893 – 2021 and Financial Reporting Standard 101 "Reduced Disclosure Framework" (FRS 101). In preparing the financial statements, the Board of Directors is required to:

- select suitable accounting policies and then apply them consistently;
- make judgements and estimates that are reasonable and prudent;
- state whether the financial statements have been prepared in accordance with applicable accounting standards and identify the standards in question, subject to any material departures from those standards being disclosed and explained in the notes to the financial statements; and
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the Society will continue in business.

The Board of Directors confirms that it has complied with the above requirements in preparing the financial statements.

The Board of Directors is responsible for keeping proper books of account such as are necessary to give a true and fair view of the state of affairs of the Society and to explain its transactions.

The Board of Directors is also responsible for safeguarding the assets of the Society and for taking reasonable steps for the prevention and detection of fraud and other irregularities.

22. Approval of the financial statements

The Board of Directors approved the financial statements on 3 May 2022.