



# Total Produce Annual Report & Accounts 2020



# Our Values

Total Produce is proud of the diversity and cultural differences apparent throughout our global operations. There are, however, key core values and priorities that are shared across all of our businesses which define who we are and how we do business.



# Our Vision

Our vision is to continue to develop our position as one of the world's leading fresh produce companies whilst delivering long-term stakeholder value.



# Local at Heart, Global by Nature

Total Produce is at the forefront of the global fresh produce industry. Operating primarily across Europe, North America and South America, Total Produce is involved in the growing, sourcing, importing, packaging, marketing and distribution of an extensive selection of fresh fruits, vegetables and flowers – ranging from the familiar to the truly exotic.

38

Number of facilities in North America

93

Number of facilities in Central & South America

10

Number of facilities in Rest of the world

116

Number of facilities in Europe

## Financial Highlights



Adjusted EPS

15.41 cent

+9.1% on prior year

116

Number of facilities in Europe



Revenue

€6,259m

+1.7% on prior year



Dividend per Share (Total)

3.6829

+5.5% on prior year



Shareholders' Equity

€458.6m

+1.7% on prior year



Adjusted EBITA

€164.2m

+9.4% on prior year



Adjusted EBITDA

€219.4m

+8.2% on prior year



Adjusted profit before tax

€116.0m

+18.0% on prior year

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Our Supply Chain  
and Product Portfolio

# STRATEGIC REPORT

## An Evolving Business

Over a century and a half of trading, Total Produce has evolved into the world's premier fresh produce provider extending our reach, broadening our offering and delivering to consumers the cream of the crop from close to home and across the globe.



30 DECEMBER 2006  
The birth of  
Total Produce plc

**T**otal**P**roduce

**Haluco** by



2008

2006

1850

Pre-  
2006

2007

2012

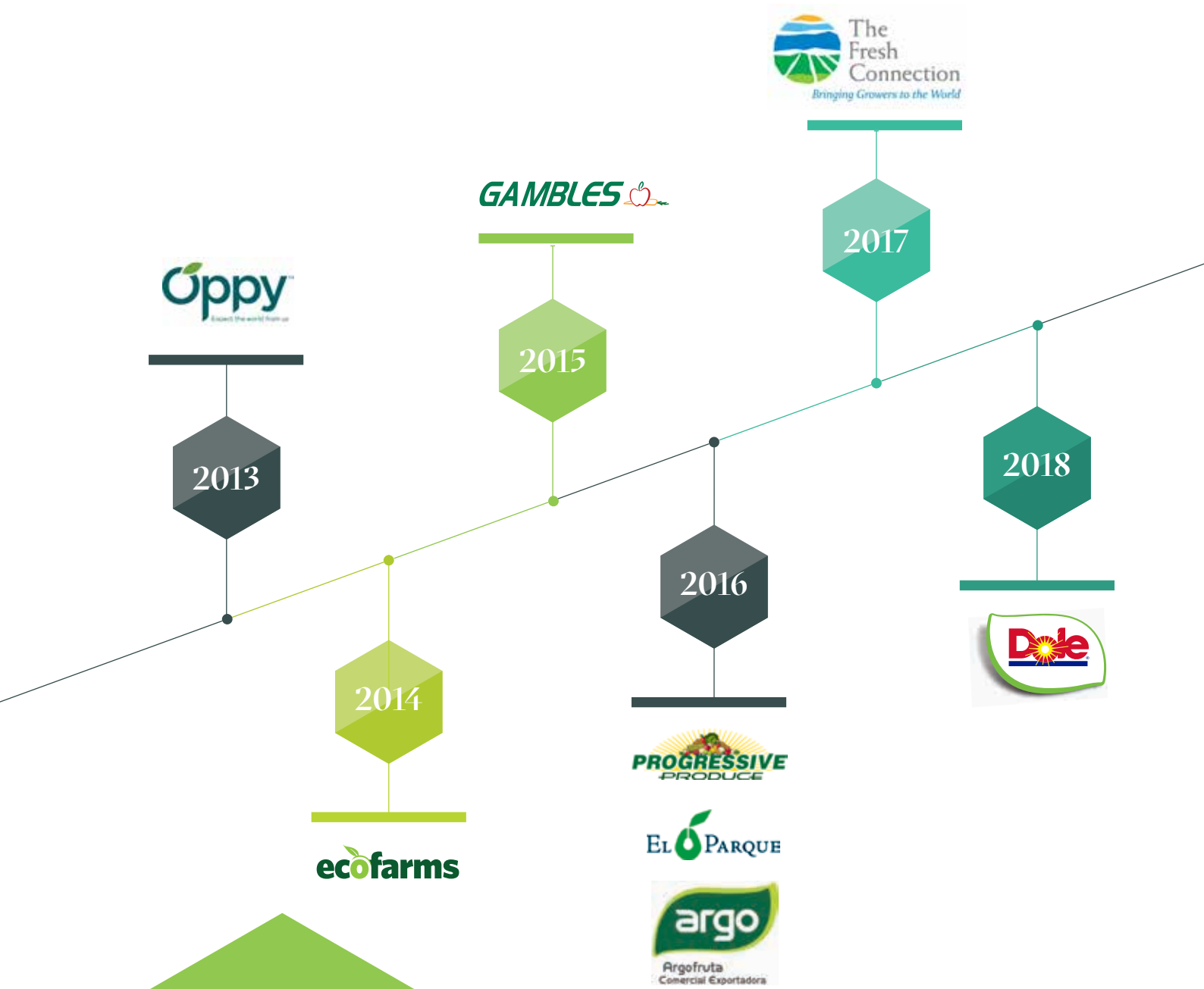
**Frankort  
& Koning**  
the fresh professionals



**Hortim**

everfresh

**PEVIANI**



**160yrs+**  
Over a century and  
a half of trading

**250**  
Facilities



# Chairman's Statement

Continued growth in 2020 and announcement of agreement to combine with Dole Food Company under a new US listed company ('Dole plc').

**€219.4m**

Adjusted EBITDA  
+8.2% on 2019

**3.6829 cent**

Total 2020 dividend per share  
+5.5% on 2019

**15.41 cent**

Adjusted EPS  
+9.1% on 2019





**“The Group delivered a very strong performance in 2020 against the backdrop of the COVID-19 pandemic which has posed unprecedented challenges to the global economy. The health and wellbeing of our people is the Group’s number one priority while at the same time recognising the vital role in continuing to keep the supply chains open and supplying essential foodstuffs.”**

## Strong Growth in 2020.

### Strategic Developments

On 17 February 2021, the Group, Dole Food Company, Inc. ('Dole'), and affiliates of Castle & Cooke, Inc. (the 'C&C shareholders'), which own a 55% interest in Dole's parent company ('Dole Holdings') (together, the 'Parties'), announced that they entered into a binding transaction agreement (the "Agreement") to combine under a newly created, U.S. listed company ('Dole plc') (the 'Transaction').

The Group had previously completed the acquisition of a 45% interest in Dole on 31 July 2018 with options to acquire the remaining 55% in future years.

The Transaction will simplify the existing structure between the two companies by unifying Dole and Total Produce under common ownership, with the objective of enabling full operational integration, realisation of synergies and value creation across the enlarged business. Under the terms of the Agreement, Total Produce shareholders will receive 82.5% of Dole plc shares and the C&C shareholders will receive 17.5% of Dole plc shares, in each case based on the fully diluted outstanding shares immediately prior to the completion of the Transaction.

Dole plc will be well positioned to deliver attractive long-term growth and

utilise its increased size and network to drive market penetration and cross-selling. Dole plc will benefit from the strength of the Dole brand to further expand its product offering and pursue synergistic M&A in a fragmented and structurally growing industry.

Dole plc will have a balanced geographic presence with an extensive and diversified product portfolio, enhancing the overall financial resilience of the business.

Per the Agreement, Dole plc's completion of an initial public offering and a listing on a major U.S. stock exchange is a condition for completion of the Transaction (the 'IPO'). In connection with the Transaction, Dole plc intends to target raising US\$500 to US\$700 million in primary equity capital to strengthen and de-lever the combined balance sheet. Upon completion of the U.S. listing of Dole plc, Total Produce will cease to be listed on the Euronext Dublin and the London Stock Exchange.

Total Produce has secured fully committed debt facilities to backstop and refinance all existing Total Produce and Dole debt facilities upon completion of the Transaction, with the exception of the Dole vessel financing and certain other bilateral facilities

which will remain post completion. Overall, this is expected to provide for a stronger balance sheet with a well-termed out capital structure, which is expected to enhance Dole plc's credit profile and lower its average cost of capital going forward.

Dole plc, operating under the Dole brand, will be incorporated in Ireland, with its Global Headquarters in Dublin, Ireland. Its headquarters for the Americas will be in Charlotte, North Carolina.

The highly regarded management teams of Total Produce and Dole, with combined experience of over 150 years in the fresh produce sector, will continue to operate the combined business.

The Transaction is subject to approval by Total Produce shareholders, regulatory approvals, market conditions and customary conditions. Should the Transaction fail to complete for any reason the terms of the Initial Dole Transaction remain in place and Total Produce will continue to be listed on Euronext Dublin and the London Stock Exchange.

The full terms of the Transaction are outlined in the Stock Exchange announcement on 17 February 2021.

## Summary of Financial Performance

The Group delivered a very strong performance in 2020 against the backdrop of the COVID-19 pandemic which has posed unprecedented challenges to the global economy. The health and wellbeing of our people is the Group's number one priority while at the same time recognising the vital role in continuing to keep the supply chains open and supplying essential foodstuffs. Total revenue grew 1.7% to €6,259m, adjusted EBITDA increased by 8.2% to €219.4m with adjusted EBITA increasing 9.4% to €164.2m. The adjusted earnings per share of 15.41 cent was 9.1% ahead of 2019. Robust retail and wholesale demand offset reduced levels of activity in the food service sector.

Net debt at end of the year was €144.3m (2019: €221.2m). The Group is in a strong financial position and enjoys the support of its banking partners.

## Sustainability and Environmental, Social and Governance (ESG)

Marketing the most nutritious of foods with amongst the lowest environmental footprints, we recognise that adherence to best sustainable practices across our global operations is both a core responsibility and a commercial imperative. A commitment to sustainability today lies at the heart of strategic decision making and we have put in place robust internal structures dedicated to ensuring responsible environmental, social and ethical practices are embedded within our everyday operations. Our Group Sustainability Panel, comprise of representatives from all of our international operations who engage with global stakeholders and exchange best practices. The Panel reports to our Sustainability Steering and Working Group (SSWG) which in turn reports to our Board of Directors.

I am pleased to report substantive progress this year. 2020 was our first full year in which all of our Irish facilities were powered by renewable energy. It was also the first year in which we calculated a group-wide water footprint as part of our Vision 20/20 initiative and joined the Alliance for Water Stewardship. We also took steps to better communicate our sustainability story, bringing greater transparency to

our operations. In July we published our first group Sustainability Report and in November we launched our first website dedicated exclusively to all things sustainability (see: [www.totalproduce.com/sustainability](http://www.totalproduce.com/sustainability)).

Our success, meanwhile, in securing the Origin Green Gold membership, the only fruit company in Ireland to do so, is a testament to the enthusiasm and energy with which our people have embraced the Sustainability agenda.

## Corporate Governance

The Board is committed to integrity, high ethical values and professionalism in all of its activities and operations. The Board recognises the importance of maintaining the highest standards of corporate governance and that it is accountable to its shareholders in this regard. The Board has adopted the Quoted Companies Alliance (QCA) Corporate Governance Code, issued in April 2018. Full details of our approach to governance are set out in the Corporate Governance Report on pages 58 to 64.

## Board Changes in 2020

Frank Gernon, Executive Director, and Jerome Kennedy, Non-Executive Director retired as Directors on 31 March 2020. On 1 December 2020, the Group announced that Seamus Taafe had indicated his intention to retire as a Non-Executive Director and formally retired on 5 January 2021. The Board currently comprises of five independent Non-Executive Directors and three Executive Directors.

Frank has been an integral part of our Group for over 45 years and has served as an Executive Director of Total Produce since 2007. His outstanding service, dedication and accomplishments have been invaluable. During his tenure he has played a key role in the stewardship and development of the Group. Jerome has served as a Non-Executive Director on the Board and its Committees since the formation of Total Produce Plc. The Group has benefitted greatly from his business acumen, professionalism and wise counsel over the years. Seamus joined the Board as a Non-Executive Director in 2012 and the Group has benefitted greatly from his experience and guidance over the years.

I join the Board in extending to Frank, Jerome and Seamus our sincerest appreciation for their dedication and commitment. Their valuable contributions have added greatly to the success of Total Produce. We wish them the very best for the future.

## Brexit and International Trade

The UK exited the European Union ('Brexit') in January 2021 after an 11-month transition period. It is still too early to assess the long-term implications of the UK departure from the EU on the global fresh produce industry. Brexit committees set up in relevant areas of the business continue to monitor and assess the risks and opportunities from Brexit and have taken actions where appropriate. For example, the Group had ensured that product was transported directly from mainland Europe primarily Spain, France, and Holland to avoid the UK land bridge.

## COVID-19

Since the outbreak of COVID-19 all parts of our business have continued to work tirelessly to safely supply fresh produce to our customers. It is due to the efforts of our people that we have been able to support frontline workers and help feed consumers. The health and safety of all colleagues across the business is at the forefront of our thinking with the introduction of safe working practices. We have participated in helping local communities including supplying food packages to frontline healthcare workers, providing fruit to those in need, loaning vehicles to transport meals to the homeless and donating fresh produce to local food banks.

## Dividend

The 2019 final dividend of 2.5770 was paid on 2 September 2020. The 2020 interim dividend of 0.9129 cent per share (which was unchanged on the prior year) was paid post year-end on 29 January 2021 unchanged on the prior year. The Group intends to pay a final dividend of 2.770 cent per share in May 2021, representing an increase of 7.5% on 2019. The total dividend for 2020 will amount to 3.6829 (2019: 3.4899) cent per share and represents an increase of 5.5% on 2019. The total dividend represents a pay-out of almost 24% of the adjusted earnings per share.

## Our People

In a period of unprecedented global challenges, the dedication and determination of all our people has been inspiring and we are very proud of the efforts of all our people. Their resilience, commitment and hard work ensured the Group' supply chains and operations continue to function and remain open across all our key markets. On behalf of the Board, I would like to thank them for their continued efforts and commitment to the Group.

## Summary and Outlook

Trading to date in early 2021 has been satisfactory.

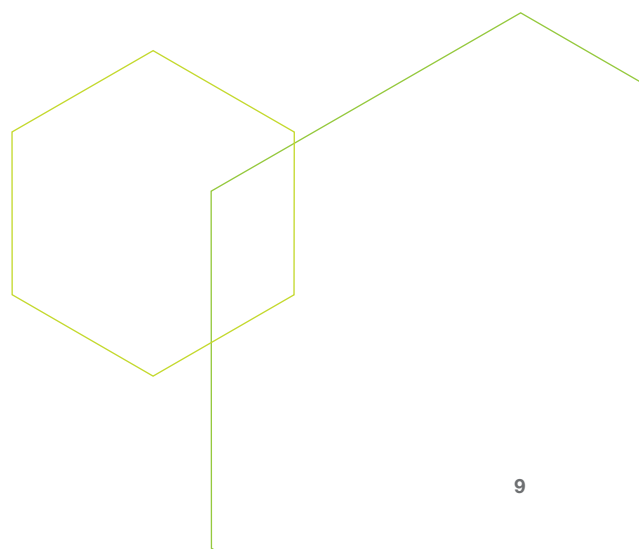
We are delighted with the transaction announced on 17 February 2021 to combine with Dole Food Company under a newly created US listed Company Dole plc. This transaction combines two highly complementary premium businesses to create the global leader in fresh produce. I am confident the combined business will open new avenues of value creation for shareholders and pursue innovation in healthy nutrition for our customers worldwide.

Our intention to list the new company in the United States marks an exciting next step for Dole plc. The combined company will become the largest global player with over 170 years of history in fresh produce in both companies, a highly diversified portfolio, resilient earnings and a strong balance sheet that positions us well for accelerated growth. We look forward to beginning this next chapter and providing increased opportunity for our shareholders, dedicated employees, customers, suppliers and partners.

Further details on the transaction are outlined in the Stock Exchange Announcement on 17 February 2021 and I encourage all shareholders to read this important announcement.

## C P McCann

Chairman



# Chief Executive's Review

Strong performance in 2020 against the backdrop of the COVID-19 pandemic which has posed unprecedented challenges to the global economy.

€6,259m

Revenue +1.7% on 2019

€219.4m

Adjusted EBITDA +8.2% on 2019

€164.2m

Adjusted EBITA +9.4% on 2019



**“I should begin by expressing my profound appreciation to my colleagues in Total Produce and our partners across the world. For each and every one of us, this is a period of great uncertainty. It is also a period that has, in many ways, seen us challenged to reinvent the way we do our business. Total Produce people across the globe have met this challenge with dedication, determination, stoicism and no small measure of ingenuity. It has been inspiring to see.”**

### Summary

The Group has delivered very strong results in 2020 against the backdrop of the unprecedented uncertainties and challenges in the global marketplace arising from the prolonged effects of the COVID-19 pandemic. The COVID-19 outbreak continues to be an ongoing challenge for the Group and the wider fresh produce industry. The health and wellbeing of our people is the Group's number one priority while at the same time recognising the vital role in continuing to keep the supply chains open and supplying essential foodstuffs. The Group's strong presence in the global fresh produce industry, the diversity of its operations and products together with the exceptional response from our people have enabled us to meet these challenges.

Total revenue grew 1.7% to €6,259m (2019: €6,153m), adjusted EBITDA increased by 8.2% to €219.4m (2019: €202.8m) with adjusted EBITA increasing 9.4% to €164.2m (2019: €150.1m). The increase in revenue was due to robust retail and wholesale demand offsetting reduced levels of activity in the food service sector. The strong growth in adjusted EBITDA and Adjusted EBITA was due to the robust performance in the Eurozone (particularly in H2), and the International and Dole divisions. This was partially offset by a weaker performance in the Non-Eurozone division which has a proportionally higher wholesale and direct food service business.

Operating profit before exceptional items increased by 13.5% to €93.4m

(2019: €82.3m). The operating profit after exceptional items was €83.4m (2019: €87.5m) with the decrease due to the effect of exceptional items year on year. The 2019 prior year included exceptional gains of €5.2m compared to a current year charge of €10.0m as discussed further in Note 7 of the accompanying financial statements.

### Segmental performance

The table below details a segmental breakdown of the Group's total revenue and adjusted EBITA for the year ended 31 December 2020. The European and International operating segments are primarily involved in the procurement, marketing and distribution of hundreds of lines of fresh fruit and vegetables. The Group's 45% share of the results of Dole is included as a separate operating segment. Dole is one of the world's leading fresh producers, marketers and distributors of fresh fruit and vegetables, which sell and distribute through a wide network in North America, Europe, Latin America, the Middle East and Africa. Segment performance is evaluated based on total revenue and adjusted EBITA.

Total revenue increased 1.7% to €6,259m (2019: €6,153m) with robust demand from retailers and wholesalers offsetting reduced levels of activity in the food service sector. Across the Group, companies modified sales strategies to further increase retail focus and to source more produce to meet increased retail demand. There was an increase in demand for the staple items of bananas, potatoes,

vegetables and produce with high vitamin C content (citrus and kiwi fruit) with reduced demand for pineapples and melons due to lower foodservice activity. The Group also benefitted from bolt-on acquisitions made in the past twelve months. Currency had a marginally negative impact on the translation of the overall results of foreign currency denominated operations to Euro in the year primarily due to the weakening of the US Dollar. On a like-for like basis excluding the impact of acquisitions, divestments and currency translation, revenues were circa 1% ahead of prior year with average price increases offsetting a modest volume decrease.

Adjusted EBITA increased 9.4% to €164.2m (2019: €150.1m) due to strong performance in the Eurozone (particularly in H2), the International and Dole divisions. This was partially offset by a weaker performance in the Non-Eurozone division which has a higher proportionate concentration of wholesale and direct food service business. Within the European and International Divisions, there were additional operating costs relating to COVID-19 such as employee personal protective equipment and costs of additional shifts in warehouses to comply with physical distancing. These additional costs were offset by reductions in other costs such as travel expenses. Within the Dole division certain one-off costs associated with COVID-19 were incurred and classified as exceptional items. The Group's 45% share of these non-recurring COVID-19 costs were €4.4m.

	2020			Restated 2019 <sup>1</sup>		
	€'000 Segmental Revenue	€'000 Third Party Revenue	€'000 Adjusted EBITA	€'000 Segmental Revenue	€'000 Third Party Revenue	€'000 Adjusted EBITA
<b>Europe - Non-Eurozone<sup>1</sup></b>	1,499,299	1,474,661	39,390	1,481,657	1,454,172	41,913
<b>Europe - Eurozone<sup>1</sup></b>	1,687,370	1,666,755	28,708	1,661,446	1,637,185	20,477
<b>International</b>	1,295,949	1,295,734	26,012	1,271,566	1,271,566	22,284
<b>Dole</b>	1,843,402	1,822,348	70,128	1,801,299	1,790,171	65,440
<b>Inter-segment revenue</b>	(66,522)	–	–	(62,874)	–	–
<b>Total Group</b>	<b>6,259,498</b>	<b>6,259,498</b>	<b>164,238</b>	<b>6,153,094</b>	<b>6,163,094</b>	<b>150,114</b>

<sup>1</sup> Refer to Note 1 of the accompanying financial statements for explanation.

### Europe-Non-Eurozone

This segment includes the Group's businesses in the Czech Republic, Poland, Scandinavia and the UK. Revenue increased by 1.2% to €1,499m (2019: €1,482m) helped by the incremental impact of bolt-on acquisitions. Currency translation had a marginal negative impact on revenue on translation to Euro with weaker Sterling partially offset by a strong Swedish Krona. On a like-for-like basis excluding acquisitions, divestments and currency translation, revenue was circa 1% behind the prior year with volume decreases offset by average price increases. Volume decreases are due to reduced demand in the food service sector in Scandinavia, the UK and the Czech Republic as a result of restrictions imposed due to COVID-19. This was offset by robust demand from retail, as well as an element of organic growth. Adjusted EBITA decreased 6.0% to €39.4m (2019: €41.9m) due to currency translation and an impact on margin due to a change in sales channel.

### Europe-Eurozone

This segment includes the Group's businesses in France, Ireland, Italy, the Netherlands and Spain. Revenue increased by 1.6% to €1,687m (2019: €1,661m). Excluding the effect of acquisitions and divestments, revenue on a like-for-like basis was circa 1% ahead of prior year with average price increases offsetting a decrease in volumes. Throughout the Eurozone, robust retail and wholesale demand offset lower demand from the food service sector. Adjusted EBITA increased 40.2% to €28.7m (2019: €20.5m) with a resilient performance across all divisions particularly Spain and an overall much improved result

in Holland. The Dutch horticultural division remained challenged with disappointing performance in vegetables offset by good results in second half of the year from sales of local soft fruit and deciduous product. The Group recorded a strong performance particularly in the second half of the year in its import business helped by solid results in its mango, citrus, ginger and avocado lines.

### International

This division includes the Group's businesses in North America, South America and India. Revenue increased by 1.9% to €1,296m (2019: €1,272m). Currency negatively impacted on translation of the results to Euro due to the weakening of US Dollar and Canadian Dollar by 1.9% and 3.3% respectively. This was partially offset by the benefit of an increase in the shareholding in a joint venture which is now treated as a subsidiary. On a like-for-like basis excluding effects of currency and acquisitions, revenue increased circa 3% due to average price increases with volumes marginally behind the prior year. The International division is largely retail focussed. There was an increase in demand for the staple items of potatoes, vegetables, citrus as well as kiwifruit. The impact of COVID-19 in the first half of the year saw a reduced demand for more expensive product and produce with a shorter shelf life. Revenue strengthened in second half of the year particularly with stronger pricing in certain product lines and good volumes from new product sources. Adjusted EBITA increased 16.7% to €26.0m (2019: €22.3m) with improved margins, lower operating costs (primarily travel related), the benefit of a joint venture becoming

a subsidiary, offset in part by the negative impact on the translation of the results of US Dollar and Canadian Dollar denominated earnings to Euro.

### Dole

This segment includes the Group's share of the results of Dole. The Group is equity accounting for its 45% share of the results of Dole on an IFRS basis.

Dole's 2020 financial year was from 29 December 2019 to 31 December 2020 and for 2019 was from 29 December 2018 to 28 December 2019. Dole's overall business is seasonal, with the greater share of adjusted EBITA earned in the first half of the financial year. As Dole is vertically integrated, its operations are sensitive to a number of factors including weather related phenomena and the effects on industry volumes, prices, produce quality and growing costs.

Trading in Dole in the year was good in the context of a challenging global environment due to COVID-19 and is benchmarked against a strong comparative year the Fresh Vegetable division for some produce categories. On an IFRS basis, Dole has recorded 2020 revenues of \$4,672m (€4,096m) up 3.5% on 2019 revenue of \$4,516m (€4,003m). Adjusted EBITDA in 2020 of \$259.2m (€230.6m) was 5.8% ahead of prior year result of \$245.0m (€217.2m) with adjusted EBITA of \$184.6m (€164.2) 6.2% ahead when compared to \$173.8m (€154.0m) recorded in the prior year.

The Fresh Fruit division (bananas and pineapples) remained strong and ahead of the prior period, with higher banana volumes in Latin America and North America offset by some

lower European volumes. The results in this division benefitted from lower fuel prices and some general cost efficiencies. This was offset by a general decrease in pineapple pricing due to the impact of COVID-19 on the food service sector.

Results in Fresh Vegetables were ahead of the prior period despite being benchmarked against a very strong comparative period in some categories. The results from value-added operations were significantly ahead of 2019 with favourable volumes and pricing helped by the launch of new product types and the change in product mix from a move to more premium products. The division also benefitted from cost saving initiatives implemented in recent years.

The Diversified division performed satisfactorily. The results were helped by solid results in citrus and berries, while results in Chile were impacted by timing differences in the crop harvest cycle of cherries as well as lower grape volumes due to drought.

Within the Dole segment certain one-off charges associated with COVID-19 including costs of double shifts, protective equipment and additional transport were incurred and classified as exceptional items. These costs amounted to \$10.8m (€9.6m) and primarily related to the Fresh Vegetable Division.

Total Produce's 45% share of revenue for 2020 was €1,843m (2019: €1,801m) and its share of adjusted EBITA was €70.1m (2019: €65.4m). Further details on the financial performance and position of Dole for the year ended 31 December 2020 are outlined in Note 15 of the accompanying financial information.

### Acquisitions and Development Activity

The Group made some bolt-on acquisitions in 2020, investments in existing joint ventures as well as acquisition of additional shares in non-wholly owned subsidiaries. The investments were in the Eurozone and International divisions and included the acquisition of additional shares in Eco Farms, a company based in California in the United States that specialises in avocados. This resulted in Eco Farms being consolidated as a subsidiary of

the Group. The initial 45% interest was treated as a joint venture up to April 2020. The total committed investment was €5.8m including €0.6m contingent consideration payable on the achievement of future profit targets. The total investment included €3.6m related to the acquisition of the remaining shares in a subsidiary that were subject to a put and call option.

### Sustainability

In Total Produce, our understanding of our stakeholder's expectations with respect to sustainability is unambiguous. We must be uncompromising in the pursuit of best practices right across our operations. We must be responsible in our consumption of fragile, natural resources. We must respectfully and constructively engage with the communities where we operate. Our approach is founded in the pursuit of the United Nations Sustainable Development goals and in our determination to collaborate with stakeholders across the supply chain to deliver global solutions to a global issue. We have had successes. We have reduced our Group carbon consumption by some 18% since our base year 2018. We have put in place internal reporting structures critical to effective measurement and management of our consumption of key resources and we have invested in improved communication to our stakeholders what we believe is our very positive sustainability story. During 2021 and into the future all of our global operations will continue working towards becoming an ever more sustainable business.

### COVID-19

For our industry, our business, our people and for the communities in which we operate, 2020 presented challenges scarcely imaginable. The impact of the COVID-19 pandemic has touched all of our lives. For those of us in Total Produce, it has also brought into sharp focus the importance of what we do in delivering healthy fresh fruits and vegetables to every corner of the world. I'm proud to be able to say that Total Produce people right across our operations have met the challenges that have arisen with dedication, determination, stoicism and no small measure of ingenuity. The cooperation and collaboration evident across our sector

has also been striking. In engaging constructively across the supply chain and by working together to manage contingencies, as an industry, we got the job done. The resilience of our company and our sector, in this, the most testing of years, is something about which we can all be proud.

### Summary

The results for 2020 were very strong in the context of a challenges posed by the ongoing COVID-19 pandemic. The dedication and commitment of all our people ensured the Group's supply chains and operations continued to function and remain open across all our key markets.

As referred to in the Chairman's Statement, we are very excited about the future prospects of the Group with the announcement on 17 February 2021 of the agreement to combine with Dole Food Company under a new US listed company ('Dole plc').

This combination which is subject to regulatory and shareholder approval creates the number one company in the fresh produce industry with an unrivalled footprint and leadership position across attractive product categories. It enhances the overall resilience of the business with complementary core capabilities and highly diversified presence across categories and geographies. Dole's vertically integrated business model and asset base with Total Produce's flexible and agile structure provides opportunity to unlock potential across the value chain. The combination benefits from consumer trends towards healthier and more natural foods in a sector well aligned with investors' expectation regarding ESG. The transaction structure results in a resilient financial profile with enhanced long-term growth prospects and strong cashflow.

Further details on the transactions are outlined in the Stock Exchange Announcement on 17 February 2021.

**R P Byrne**  
Chief Executive

# Financial Review

## Summary of Results

Overall, the Group has reported strong results in 2020. Revenue grew 1.7% to €6.3 billion with an 8.2% increase in adjusted EBITDA to €219.4m. Adjusted earnings per share increased 9.1% to 15.41. The Group continues to be cash generative with growth in free cashflow in 2020 to €89.0m (2019: €35.0m).

**€219.4m**

Adjusted EBITDA  
+8.2% on 2019

**€116.0m**

Adjusted profit before tax  
+18.0%

**€144.3m**

Net debt - €76.9m  
reduction on 2019





## Key Performance Indicators<sup>1</sup>

### Earnings metrics

	Change %	2020 €'000	Restated <sup>2</sup> 2019 €'000
Total revenue	+1.7%	6,259,498	6,153,094
Adjusted EBITDA	+8.2%	219,422	202,803
Adjusted EBITA	+9.4%	164,238	150,114
Adjusted profit before tax	+18.0%	116,002	98,330
Adjusted EBITA margin		2.62%	2.43%
		€'cent	€'cent
Adjusted fully diluted earnings per share	+9.1%	15.41	14.12

### Other metrics

	2020 €'000	2019 €'000
Adjusted operating cashflow	113,623	59,363
Free cashflow	89,009	34,969

### Summary Income Statement

The following is a summary of the Group Income Statement and the Group's Key Performance Indicators.

	2020 €'000	Restated <sup>2</sup> 2019 €'000
<b>Total revenue<sup>1</sup></b>	<b>6,259,498</b>	6,153,094
<b>Adjusted EBITDA (after adding back of right of use asset depreciation)<sup>1</sup></b>	<b>273,564</b>	251,171
Depreciation of right of use assets <sup>3</sup>	(54,142)	(48,368)
<b>Adjusted EBITDA<sup>1</sup></b>	<b>219,422</b>	202,803
Depreciation charge <sup>4</sup>	(55,184)	(52,689)
<b>Adjusted EBITA<sup>1</sup></b>	<b>164,238</b>	150,114
Acquisition related intangible asset amortisation charges (including the Group's share within joint ventures and associates)	(12,687)	(12,997)
Fair value movement on contingent consideration	(456)	204
Acquisition related costs with subsidiaries	(348)	(177)
Share of joint ventures an associates' net financial expense	(38,312)	(40,817)
Share of joint ventures an associates' income tax (before tax on exceptional items)	(19,043)	(14,059)
<b>Operating profit before exceptional items</b>	<b>93,392</b>	82,268
Net financial expense before exceptional items	(9,924)	(10,967)
<b>Profit before tax before exceptional items</b>	<b>83,468</b>	71,301
Exceptional items	(9,970)	5,232
<b>Profit before tax</b>	<b>73,498</b>	76,533
Income tax expense	(16,714)	(10,329)
<b>Profit after tax</b>	<b>56,784</b>	66,204
Attributable to:		
Equity holders of the parent	40,412	53,302
Non-controlling interests	16,372	12,902
	<b>56,784</b>	66,204
	€'cent	€'cent
Adjusted fully diluted earnings per share <sup>1</sup>	15.41	14.12
Basic earnings per share	10.40	13.72
Fully diluted earnings per share	10.38	13.69

1 Key performance indicators are defined on pages 191 to 195.

2 Refer to Note 1 of the accompanying financial statements for explanation

3 Depreciation charge on right of use assets includes the Group's share of the depreciation charge of joint ventures and associates.

4 Depreciation charge includes the depreciation charge of the Group's property, plant and equipment, the Group's share of the depreciation charge of joint ventures and associates, and amortisation charges of computer software (which are classified as intangible assets in accordance with IFRS).

## Revenue, adjusted EBITA and operating profit

An analysis of the factors influencing the changes in revenue, adjusted EBITA and operating profit is provided in the Chief Executive's Review on pages 10 to 13.

## Translation of foreign currencies

The reporting currency of the Group is the Euro. Group results are impacted by fluctuations in exchange rates year-on-year versus the Euro. The rates used in the translation of the results and balance sheet into Euro are set out in Note 38 of the accompanying financial statements.

In 2020 there were movements in some of the major currencies in the Group against the Euro, the Group's reporting currency. In particular the average Brazilian Real, Canadian Dollar, Czech Koruna, Pound Sterling and US Dollar weakened by 41.6%, 3.3%, 2.7%, 2.3% and 1.9% respectively. This was partly offset by the strengthening of the average Swedish Krona by 0.9%. The effect of these currency movements (excluding Dole), had a negative impact on retranslation of the results of foreign currency denominated operations into Euro with a negative impact of €38.6m (0.9%) on revenue and €1.3m (1.4%) on adjusted EBITA.

At 31 December 2020, the closing exchange rates for Brazilian Real, US Dollar, Canadian Dollar, Pound Sterling and Czech Koruna rates had weakened by 41.1%, 9.4%, 7.0%, 5.6% and 3.3% respectively against the Euro when compared to the exchange rates that prevailed at 31 December 2019. This was partly offset by the strengthening of the Swedish Krona by 4.0%. The various movements in closing exchange rates led to a net loss on the retranslation of the opening net assets to the closing rate. This was offset by a net gain on the foreign currency movements on foreign currency denominated borrowings which are used to hedge net assets of foreign currency denominated subsidiaries, joint ventures and associates. The net translation adjustment loss was recorded in a separate translation reserve within equity.

## Share of profits of joint ventures and associates

The Group's share of the after tax profits of joint ventures and associates was €28.4m (2019: €37.7m).

The Group's share of the after-tax profits of Dole in 2020 amounted to €21.3m (2019: €19.3m) before exceptional items. The increase is due to higher EBITA as noted earlier in the operating review and lower interest costs due to a decrease in the US LIBOR rate in the period, offset in part by a higher tax charge. The Group's share of exceptional items in 2020 was a €5.9m charge compared to a €7.0m gain in 2019. The net charge of €5.9m in 2020 primarily relates to exceptional non-recurring COVID-19 costs and unrealised foreign currency losses on translation of foreign currency denominated intercompany borrowings. The gain in 2019 was primarily due to the gain on the sale of a European salad business. Post exceptional items, the Group's share of after-tax profits was €15.4m (2019: €26.4m). Further details of the performance of Dole and its financial position at the end of the year are outlined in Notes 4 and 15 of the accompanying financial statements.

Excluding the contribution from Dole the share of after-tax profits of joint ventures and associates increased in 2020 to €13.0m (2019: €11.3m). Dividends declared from joint ventures and associates in 2020 amounted to €12.5m (2019: €11.1m) with €11.3m (2019: €10.7m) received in cash reflecting the Group's continued focus on the cash contributions from these investments.

	2020			2019		
	Before exceptional items €'000	Exceptional items €'000	Total €'000	Before exceptional items €'000	Exceptional items €'000	Total €'000
Share of profit of joint ventures - Dole	21,292	(5,908)	15,384	19,327	7,048	26,375
Share of profit of joint ventures - Other	12,051	-	12,051	10,658	-	10,658
Share of profit of associates	954	-	954	666	-	666
	<b>34,297</b>	<b>(5,908)</b>	<b>28,389</b>	30,651	7,048	37,699

## Amortisation of acquisition related intangible assets

Acquisition related intangible asset amortisation within subsidiaries amounted to €10.1m (2019: €10.3m). The share of intangible asset amortisation within joint ventures and associates was €2.5m (2019: €2.7m).

### Exceptional items

Exceptional items in the year, net of tax amounted to a net charge of €10.9m (2019: €5.2m gain). The net charge in 2020 primarily relates to the Group's €5.9m share of the net charge within Dole (due primarily to exceptional COVID-19 costs and unrealised losses on foreign currency denominated intercompany borrowings). The Group also incurred a non-cash goodwill impairment charge of €3.5m and a property impairment charge of €1.1m. In 2019 the net gain primarily related to the Group's €7.0m share of the net gain within Dole on sale of a European salad business offset in part by Group restructuring charges. A full analysis of exceptional items for both 2020 and 2019 are set out in Note 7 of the accompanying financial information and have been excluded from the calculation of the adjusted numbers.

### Net financial expense

Net financial expense in the year decreased to €9.9m (2019: €11.0m) primarily due to the fall in US LIBOR rates and lower average net debt in the year.

The Group's share of the net interest expense of joint ventures and associates in 2020 was €38.3m (2019: €40.8m) with the decrease due to Group's share of a lower interest charge in Dole due to reduction in US LIBOR rates in the year.

### Profit before tax and adjusted profit before tax

Excluding acquisition related intangible asset amortisation charges and costs, fair value movements on contingent consideration and share of joint venture interest and tax which is netted in profit before tax in the statutory income statement, the adjusted profit before tax increased by 18.0% to €116.0m (2019: €98.3m) with the benefit of an increase in the adjusted EBITA and the effect of lower interest charges. Statutory profit before tax after these items was €73.5m (2019: €76.5m) with the decrease due to the impact of exceptional items year on year. As noted earlier, there was a net exceptional charge of €10.0m before tax (2019: net gain of €5.2m).

### Taxation

The adjusted tax charge for 2020, including the Group's share of joint ventures and associates' tax and before non-trading items as set out on page 193 of the accompanying financial information was €36.4m (2019: €27.9m) representing an underlying effective tax rate of 31.4% (2019: 28.0%) when applied to the Group's adjusted profit before tax.

### Non-controlling interests share of profit after tax

The non-controlling interests' share of after-tax profits in the period was €16.4m (2019: €12.9m). Included in this was the non-controlling interests' share of the net charge on exceptional items, amortisation charges and acquisition related costs (net of tax) of €3.3m (2019: €2.9m). Excluding these non-trading items, the non-controlling interests' share of adjusted after tax profits was €19.7m (2019: €15.8m) with the €3.9m increase due to higher non-controlling interests' share of earnings in certain non-wholly owned companies in Europe and North America.

### Earnings per share

Adjusted fully diluted earnings per share was 15.41 cent (2019: 14.12 cent), an increase of 9.1% due to the strong increase in adjusted EBITA in the year, lower interest charges offset by the increase in the non-controlling interest charge noted earlier.

Management believes that adjusted fully diluted earnings per share, which excludes acquisition related intangible asset amortisation charges and costs, fair value movements on contingent consideration, unrealised gains or losses on derivative financial instruments, gains and losses on foreign currency denominated intercompany borrowings, exceptional items and the related tax on these items, provides a fairer reflection of the underlying trading performance of the Group.

Basic earnings per share and diluted earnings per share after these non-trading items amounted to 10.40 cent per share (2019: 13.72 cent) and 10.38 cent per share (2019: 13.69 cent) respectively. The decrease on the prior year is due to the large exceptional one-off gains in 2019 compared to the 2020 exceptional charges as noted earlier.

Note 10 of the accompanying financial information provide details of the calculation of the respective earnings per share amounts.

### Dividend

The 2019 final dividend of 2.5770 was paid on 2 September 2020. The payment of the 2020 interim dividend of 0.9129 cent per share (which was unchanged on prior year) was paid post year-end on 29 January 2021.

The Group intends to pay a final dividend of 2.770 cent per share in May 2021 representing a 7.5% increase on 2019. The total dividend for 2020 will amount to 3.6829 (2019: 3.4899) cent per share and represents an increase of 5.5% on 2019. The total dividend represents a pay-out of almost 24% of the adjusted earnings per share.

### Summary balance sheet

The summary balance sheet at 31 December 2020 is presented below. Net assets have increased by 0.3% in the year to €551.3m (2019: €549.9m) and shareholders' equity increased by 1.7% to €458.6m (2020: €451.1m).

	2020 €'000	2019 €'000
Tangible assets and right of use assets	319,943	300,360
Goodwill and intangible assets	245,241	268,462
Investment – Dole joint venture	265,744	264,893
Investments (mainly other joint ventures and associates)	97,008	109,099
Working capital	(49,032)	7,585
Non-current receivables/payables (net) and derivative assets	20,758	21,381
Contingent and deferred consideration and other provisions	(11,447)	(16,796)
Put option liability	(24,272)	(26,612)
Post-employment benefit obligations (net of deferred tax)	(20,914)	(15,236)
Taxation (excluding deferred tax on employee benefit liabilities)	(22,035)	(22,000)
Lease liability	(125,395)	(120,076)
Net debt	(144,293)	(221,193)
<b>Net assets</b>	<b>551,306</b>	549,867
Shareholders' equity	458,602	451,099
Non-controlling interests	92,704	98,768
<b>Shareholders' equity and non-controlling interests</b>	<b>551,306</b>	549,867

### Investment in Dole

As referred to above, the Group's investment in Dole and its financial contribution is treated as a joint venture and accounted for under the equity method in accordance with IFRS following completion of the acquisition of a 45% interest on 31 July 2018. Below is a reconciliation of the Group's 45% interest in Dole for the year.

	2020 €'000	2019 €'000
Carrying value of the investment in Dole at the start of the year	<b>264,893</b>	245,881
Retained earnings adjustment on transition to IFRS 16	–	(3,326)
Group share of profit for period attributable to equity shareholders	15,384	26,375
Group share of other comprehensive income and expense attributable to equity shareholders	10,186	(9,175)
Foreign exchange movement	(24,719)	5,138
<b>Total carrying amount of 45% interest in Dole at year end</b>	<b>265,744</b>	264,893

Further detailed financial information on Dole is outlined in Note 15 in the accompanying financial statements.

### Shareholders' equity

Shareholders' equity increased by €7.5m in year to €458.4m. The increase was due to profit after tax of €40.4m attributable to equity shareholders. This was offset primarily by currency translation loss of €21.2m on the retranslation of the net assets of foreign currency denominated operations into Euro (primarily due to weaker US Dollar and Sterling) and remeasurement losses of €6.8m (net of deferred tax) on post-employment benefit schemes. The movement in shareholders' equity is summarized in the movement note that follows:

	2020 €'000	2019 €'m
<b>Shareholders' equity as at 1 January as presented in balance sheet</b>	<b>451,099</b>	433,122
Adjust for impact of transition to IFRS16 net of tax	–	(6,778)
Adjustment for non-controlling interests subject to put options transferred for presentation purposes	(16,038)	(34,673)
<b>Balance at 1 January</b>	<b>435,061</b>	391,671
<b>Profit for the year attributable to equity shareholders</b>	<b>40,412</b>	53,302
<i>Other comprehensive income attributable to equity shareholders</i>		
Remeasurement losses on post-employment defined benefit pension schemes (net of deferred tax)	(6,481)	(5,657)
Net revaluation gains on property, plant and equipment (net of deferred tax)	10,373	2,473
Net (loss)/gain on the translation of net assets of foreign currency denominated operations	(21,206)	3,896
Net changes in fair value of cost of hedging and effective portion of cashflow hedges	(1,592)	(4,597)
<b>Total other comprehensive income directly attributable to equity shareholders</b>	<b>(18,906)</b>	(3,885)
<b>Total comprehensive income for the year, net of tax</b>	<b>21,506</b>	49,417
New shares issued	134	67
Share-based payment expense/(credit)	(114)	109
Dividend paid to equity shareholders	(10,012)	(13,313)
Put option extinguished	3,900	11,657
Remeasurement of put option liability	(1,228)	(3,294)
Other	(29)	(1,253)
<b>Total transactions with equity holders of the parent</b>	<b>(7,349)</b>	(6,027)
<b>As at 31 December</b>	<b>449,218</b>	435,061
Transfer of non-controlling interests subject to put options for presentation purposes	9,384	16,038
<b>Balance as at 31 December as presented in the balance sheet</b>	<b>458,602</b>	451,099

### Put option liability

As set out in Note 28 of the accompanying financial statements, the Group has a number of contractual put options and forward commitments in place in relation to non-controlling interest ('NCI') shares in subsidiaries whereby the NCI shareholder can require the Group or the Group has agreed to acquire ('forward commitment') the shares in these subsidiaries at various future dates. The value of the put option recognised represents management's best estimate of the fair value of the amounts which may be payable discounted to net present value. This liability has been recognised in a put option reserve attributable to the equity holders of the parent.

	2020 €'000	2019 €'000
<b>Balance at beginning of year</b>	<b>26,612</b>	34,975
Paid in year	(3,568)	–
Extinguished during the year	–	(11,657)
Fair value movement on put option recognised directly within equity	1,228	3,294
<b>Balance at end of year</b>	<b>24,272</b>	26,612

The fair value movement on such put options in the year of €1.2m (2019: €3.3m) represented a fair value increase in the put option liability and was recognised as a debit to shareholders equity.

During the year a payment of €3.6m was made in relation to the acquisition of the remaining shares held by a non-controlling interest that were subject to a forward commitment by the Group to acquire these shares.

As outlined in the Group accounting policies on page 92, where the non-controlling shareholder retains a present ownership interest in shares subject to a put option or a forward commitment, the Group applies the partial recognition of non-controlling interest method for put options and forward commitments. The non-controlling interest subject to the put option is therefore recognised in the traditional manner but is transferred against the put liability reserve for presentation purposes in the balance sheet. The transfer at 31 December 2020 was €9.4m (2019: €16.0m).

## Employee Benefit Obligations

The following is a summary of the Group's employee benefit obligations

	2020 €'000	2019 €'000
Employee defined benefit pension schemes obligation (before deferred tax)	(17,330)	(10,828)
Other post-employment obligations	(6,636)	(5,908)
<b>Employee benefit obligations before deferred tax</b>	<b>(23,966)</b>	(16,736)
Less related deferred tax asset	3,052	1,479
<b>Net employee benefit obligations after deferred tax</b>	<b>(20,914)</b>	(15,257)

### Employee Defined Benefit Pension Schemes

The Group has a number of defined benefit pension schemes in Ireland, the UK, Continental Europe and North America. The Group's balance sheet at 31 December 2020 reflects net pension obligation of €17.3m (2019: €10.8m) in respect of schemes in deficit, resulting in a net deficit of €14.3m (2019: €9.3m) after deferred tax.

The net liability of the Group's defined benefit pension schemes (net of deferred tax) was €14.3m on 31 December 2020 (2019: €9.3m). The increase in the liability was due to a decrease in the Eurozone and UK discount rates which increases the net present value of scheme obligations. This was offset by an average return of 7.5% on pension scheme assets in 2020. Other post-employment benefit obligations increased to €6.6m at 31 December 2020 (31 December 2019: €5.9m). Further details on the Group's employee defined benefit obligations are set out in Note 32 of the accompanying financial statements.

### Funds flow

Net debt (which excludes lease liabilities) at 31 December 2020 of €144.3m decreased significantly on the prior year balance of €221.2m. Average net debt for year was €224.1m (2019: €284.0m). In addition, the Group has non-recourse trade receivables financing of €47.0m on 31 December 2020 (2019: €46.4m). The decrease in net debt on the prior year was primarily due to strong operating cashflows in 2020 and working capital inflows during the year as explained below.

The Group generated adjusted operating cashflows of €61.5m (2019: €52.8m) in 2020 with the increase due to the strong earnings growth. There was a positive working capital inflow of €52.1m (2019: €6.5m) with a positive impact from a change in customer mix on receivable days, and continued tight working capital management. In addition, there were initiatives and actions taken by the Group to protect the business and mitigate cash outflows due to COVID-19 with a deferral of some non-essential capital expenditure and curtailment of some discretionary costs.

Cash outflows on routine capital expenditure, net of disposals, were lower at €15.4m (2019: €19.0m) due to the deferral of some non-essential capital expenditure. Dividends received from joint ventures and associates in the year were €11.3m (2019: €10.7m) representing the Group's continued focus on cash returns from these investments. Dividends paid to non-controlling interests were €20.5m (2019: €16.1m) with the increase due to higher earnings in subsidiaries with non-controlling interests.

Free cashflow generated by the Group was €89.0m (2019: €35.0m) with the increase due to higher earnings and the improved working capital inflow during the year. Free cashflow is the measure of the funds available after outflows relating to routine capital expenditure, dividends to non-controlling interests but before acquisition related expenditure, non-routine capital expenditure and the payment of dividends to equity shareholders of the Group.

Cash inflows from exceptional items were €0.8m (2019: €5.8m). Cash inflows from disposals net of acquisitions amounted to €1.5m (2019: €14.5m outflow) with proceeds from disposals of equity investments in the year offset by the costs of some bolt-on acquisitions primarily in the Eurozone. Payments relating to put option liabilities and contingent and deferred consideration relating to prior year acquisitions were €10.6m (2019: €11.1m). Payments for non-routine property and plant additions amounted to €4.2m (2019: €4.5m). Dividends paid to equity shareholders were €10.0m (2019: €13.3m) with the decrease due to the deferral of the 2020 interim dividend of €3.5m to January 2021. At 31 December 2020, there was a €11.4m gain (2019: €2.7m loss) on the translation of foreign currency denominated net debt to Euro due primarily to the weaker US Dollar and Sterling exchange rates prevailing at year end offset in part by the stronger Swedish Krona.

	2020 €'000	2019 €'000
<b>Adjusted EBITDA</b>	<b>219,422</b>	202,803
Deduct adjusted EBITDA of joint ventures and associates	(128,789)	(121,094)
Net financial expense and tax paid	(27,181)	(26,298)
Other	(1,921)	(2,575)
<b>Adjusted operating cash flows before working capital movements</b>	<b>61,531</b>	52,836
Working capital movements	52,092	6,527
<b>Adjusted operating cash flows<sup>1</sup></b>	<b>113,623</b>	59,363
Routine capital expenditure net of routine disposal proceeds	(15,441)	(18,991)
Dividends received from joint ventures and associates	11,337	10,652
Dividends paid to non-controlling interests	(20,510)	(16,055)
<b>Free cash flow<sup>1</sup></b>	<b>89,009</b>	34,969
Cashflows from exceptional items	757	5,818
Acquisition payments, net	1,521	(14,543)
Net cash/(debt) assumed on acquisition of subsidiaries	(1,023)	2,161
Contingent and deferred consideration payments	(10,606)	(11,103)
Non-routine capital expenditure/property additions	(4,157)	(4,470)
Dividends paid to equity shareholders	(10,012)	(13,313)
Other	22	67
<b>Total net debt movement in year</b>	<b>65,511</b>	(414)
Net debt at beginning of year	(221,193)	(219,743)
Finance leases reclassified from net debt on adoption of IFRS16	–	1,636
Foreign currency translation	11,389	(2,672)
<b>Net debt<sup>1</sup> at end of year</b>	<b>(144,293)</b>	(221,193)

<sup>1</sup> Key metrics including net debt are defined on pages 191 to 195 of the accompanying financial statements

### Net Debt and Group Financing

As outlined above, net debt (which excludes lease liabilities) decreased significantly in the year from €221.2m to €144.3m. At 31 December 2020, the Group had available cash balances of €130.8m and interest-bearing borrowings (including overdrafts) of €275.2m. Net debt to adjusted EBITDA was 0.7 times and interest was covered 16.5 times by adjusted EBITA, both comfortably within existing bank covenants.

Average net debt for 2020 was €224.1m (2019: €284.0m). In addition, the Group has non-recourse trade receivables financing at 31 December 2020 of €47.0m (2019: €46.4m).

It has always been the policy of the Group to have adequate facilities available providing the Group with sufficient headroom in addition to the flexibility to take advantage of opportunities to develop the business. As the pandemic hit global markets in mid-March, the Group took a number of steps to protect its liquidity and financial position. As described earlier, the Group postponed or deferred some non-essential capital expenditure curtailed some discretionary costs. In 2020, the Group increased the tenor of its corporate borrowing facilities and provided additional headroom including the renewal of a three-year private placement facility of US\$66m (€54m). This allows the Group to draw down long term funding for periods of up to twelve years. The Group has approved committed and uncommitted bank borrowings of up to €583m at 31 December 2020 (2019: €623m) in addition to approved overdrafts of €115m (2019: €109m). At 31 December 2020, the Group has utilised 39% of these facilities (2019: 46%). In addition, at 31 December 2020 the Group has cash and deposit balances of €131m (2019: €116m).

Post year end, in conjunction with the proposed combination with Dole and the initial public offering and listing of Dole plc ('the Transaction') as described earlier in the Chairman's Statement, the Group has secured a committed debt facility with a term of 5 years to backstop and refinance certain existing Total Produce facilities in advance of the completion of the Transaction. In the event that the Transaction does not complete this committed financing shall remain in place in the Total Produce Group.

### Sustainability

Having calculated our first Group-wide carbon footprint in 2019, this year saw Total Produce establish our first Group-wide water footprint and in doing so, our first Scope 3 carbon emissions- submitting both to the Carbon Disclosure Project. In joining the Alliance for Water Stewardship in June, we are now applying these measurement to better manage our water use and consumption across our operations. Please refer to the Alliance for Water Stewardship Case Study on page 45. We have also put in place measures to bring greater transparency to our sustainability story. In publishing for the first time a Group Sustainability Report in July and in December launching our group sustainability website ([www.totalproduce.com/sustainability](http://www.totalproduce.com/sustainability)) our intention is to provide to our stakeholders a deeper insight into the policies, protocols and practices we promote to ensure best sustainable practices are adhered to in everything we do.

### Summary

Overall the Group has reported strong results in 2020. Revenue grew 1.7% to €6.3 billion with an 8.2% increase in adjusted EBITDA to €219.4m and adjusted earnings per share increasing 9.1% to 15.41 cent. These strong results demonstrate the robustness of the Group's business model in the face of the unprecedented challenges posed by the ongoing COVID-19 pandemic. We are very proud of our people worldwide. Their dedication, commitment and hard work ensured the Group's supply chains and operations continue to function and remain open across our key markets.

**F J Davis**

Finance Director

# Our Strategy and Business Model

## STRATEGIC PRIORITIES

## WHAT THIS MEANS

## OUR BUSINESS MODEL



### OUR GLOBAL REACH

Local by Heart, Global by Nature the resources of a multi-national alongside local expertise and experience.

- Global & Local Procurement.
- Local Infrastructure.



### EFFICIENT ROUTE TO MARKET

Let's grow together working with growers, partners and customers to secure synergies and efficiencies across the supply chain.

- Continued acquisitions and partnerships.
- Collective resources strengthen us.



### SUSTAINABLE TRADING PRACTICES

A responsible leader in an industry known for its health and environmental benefits.

- Act with integrity in our business operations.
- Seek to reduce our impact on the environment.



### OPERATIONAL EXCELLENCE

Consistently deliver excellence across a best-in-class supply chain.

- Promote continuous improvement and excellence.



### THE PEOPLE BEHIND OUR PRODUCE

Recognise and develop the talents of our skilled and committed people.

- Value and develop existing employees' experiences and knowledge.
- Welcome new entrants, ideas and talents.



### RESPONSIBLE FISCAL OVERSIGHT

Timely and accurate reporting across financial and non-financial aspects of our business. Maintaining the highest standards of Corporate Governance.

- Establish strong reporting teams to consolidate Group information.
- Adoption of QCA Corporate Governance Code.



## STRATEGY IN ACTION

Our global infrastructure, as demonstrated on page 2, demonstrates that we are uniquely positioned to offer the best of both worlds; the cream of locally grown crops and the finest fresh produce from producers across the globe.

Our industry leading vertically integrated supply chain extends across the globe incorporating over 250 facilities including farms, vessels, manufacturing facilities, cold storage warehousing and packhouses. See pages 32 to 33.

See our sustainability report on pages 34 to 53 for more detail on the work of our Sustainability Steering and Working Group and our operations around the Group. Further information is available at [www.totalproduce.com/sustainability](http://www.totalproduce.com/sustainability).

Be it operational innovation in terms of product service or product innovation in varieties, packaging or range, we are determined to lead the marketplace. Our focus on compostable plastics within our packaging range is one example of this innovation at work.

Our people are key to the success of the Group. Therefore their development through projects such as the Global Key Talent Programme and their involvement in community efforts are encouraged throughout the Group.

The Group is firmly committed to business integrity, high ethical values and professionalism in all of its activities and operations. This is set out in our Corporate Governance Report on pages 58.

## ASSOCIATED RISKS

1. Economic and political risk
2. Food safety
3. Global Pandemic
5. Key customer relationships and credit risk
6. Key supplier relationships
7. Acquisition activity
8. Regulation and compliance
9. Access to credit and interest rate fluctuations
13. Foreign currency
14. Unusual weather patterns

Countries we operate in

30

Countries we source from

100

1. Economic and political risk
2. Food safety
3. Global Pandemic
5. Key customer relationships and credit risk
6. Key supplier relationships
7. Acquisition activity
14. Unusual weather patterns

Locations

250

Customers

>25k\*

2. Food safety
3. Global Pandemic
7. Acquisition activity
8. Regulation and compliance
14. Unusual weather patterns



2019 Carbon Footprint Reduction

↓18%

2. Food safety
3. Global Pandemic
5. Key customer relationships and credit risk
6. Key supplier relationships
7. Acquisition activity
11. IT systems and cyber security
14. Unusual weather patterns



3. Global Pandemic
7. Acquisition activity
10. Retention of key personnel and talent management

2020: Number of nationalities employed

67\*

2020: Employees with service >3 years

57%

4. Corporate communication and shareholders
7. Acquisition activity
8. Regulation and compliance
9. Access to credit and interest rate fluctuations
11. IT systems and cyber security
12. Goodwill impairment
13. Foreign currency

2016-2020: EPS Compound Annual Growth

6.3%

2016-2020: Total Dividend Compound Annual Growth

4.9%

+ See Risk Descriptions on pages 27-30

\* Figure excludes Dole

# Growth in Numbers

The Group has demonstrated a strong track record of executing its strategy over the past number of years and has grown both organically and by acquisition. In the five year period ending 2020, the Group has recorded an annual compound growth rate of 13.6% in total revenue and 6.3% in adjusted fully diluted earnings per share.

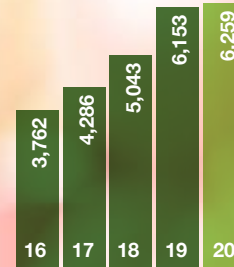
	2020	2019	2018	2017	2016	2015
	€'m	€'m	€'m	€'m	€'m	€'m
Total revenue <sup>1</sup> (including share of joint ventures and associates)	6,259	6,153	5,043	4,286	3,762	3,454
Group revenue	3,818	3,729	3,728	3,674	3,105	2,875
Adjusted EBITDA <sup>1</sup>	219.4	202.8	133.3	104.4	94.8	82.8
Adjusted EBITA <sup>1</sup>	164.2	150.1	98.0	83.5	73.7	64.1
Adjusted profit before tax <sup>1</sup>	116.0	98.3	76.9	76.7	67.7	58.0
Profit before tax	73.5	76.5	69.8	72.5	50.6	46.8
Adjusted fully diluted earnings per share (cent) <sup>1</sup>	15.41	14.12	10.51	13.48	12.07	10.58
Basic earnings per share (cent)	10.40	13.72	9.37	14.80	8.91	9.07

<sup>1</sup> Key Performance Indicators are defined on page 191 to 195.

Total Revenue (€'m)

**€6,259m**

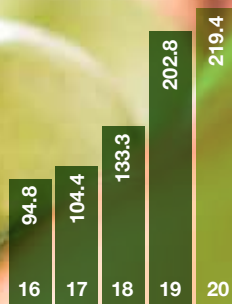
CAGR (2016 - 2020): 13.6%



Adjusted EBITDA (€'m)

**€219.4m**

CAGR (2016 - 2020): 23.3%



Adjusted EBITA (€'m)

**€164.2m**

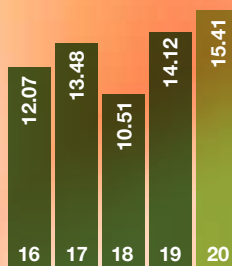
CAGR (2016 - 2020): 22.2%



Adjusted fully diluted EPS (€'cent)

**15.41c**

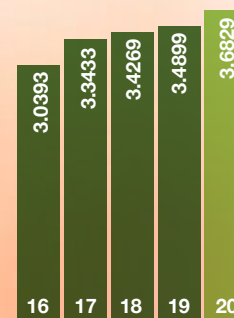
CAGR (2016 - 2020): 6.3%



Total Dividend (€'cent)

**3.6829c**

CAGR (2016 - 2020): 4.9%



# Risks and Risk Management

## Internal Controls and Management of Risk

### Risk Management

The Board is ultimately responsible for the overall system of internal controls applied in the Company and its subsidiaries and for reviewing the effectiveness of these controls. Some of this responsibility has been delegated to the Audit Committee.

The Group's control system is designed to actively manage rather than eliminate the risks of failure to achieve its business objectives. The internal controls system is designed to provide reasonable but not absolute assurance against material misstatement or loss.

The Group's multinational operations expose it to different financial risks that include foreign exchange, credit, liquidity, interest rate, and equity

price risks. The Group has a risk management programme in place which seeks to limit the impact of these risks on the performance of the Group and it is the Group's policy to manage these risks in a non-speculative manner. Details of the policies and control procedures used to manage the financial risks involved, including hedging strategies, are set out in the accompanying financial statements.

Risk management within Total Produce plc is co-ordinated by an Executive Risk Committee ('ERC' or the 'Committee') which directs the implementation of the process consistently throughout the Group. The members of the Committee include the Chief Executive (Chairman), the Finance Director, the Company Secretary, the Head of Internal Audit and a representative of senior management.



### Risk identification

Responsibility for the identification and evaluation of financial, operational and compliance risks is delegated to senior management, which reports back to the Committee. The Committee meets during the year, as required, to review the relevant findings, identify strategic risks and make recommendations. The Committee reports its findings to the Audit Committee, which in turn reports to the Board.

### Sustainability

The Sustainability Steering and Working Group (SSWG), as well as reporting directly to the Board, also reports through the risk management structures. This ensures that senior management, the Committee and the Board are kept up to date on material sustainability issues.

### Risk appetite

The Board believes that the risk management processes in place facilitate informed decision making at both operational and Board level. Reviews of the principal risks, including those that would threaten the business model, future performance, solvency or liquidity, are evaluated.

### Risk assurance

There are various complementary structures in place, supporting the Board, that provide assurance regarding the risk mitigations and controls in place. These include the Audit Committee, External and Internal Audit, Senior Management, and the Executive Risk Committee.

Total Produce plc has established a strong reporting and internal audit function and its effectiveness is reviewed by the Audit Committee. The reporting structure, internal audit and risk management functions complement each other and, together with divisional management, provide the Board with distinct sources of reasonable assurance as to the effectiveness of the system of internal controls that underlies the Group's control environment.

The Board conducts its own risk identification and assessment so that it is sufficiently aware of the principal threats to which the Group may be exposed. The Board's review includes strategic, financial, operational and compliance controls and risk management systems. On an annual basis the Board confirms they are satisfied with the effectiveness of the internal control systems in place.

The Board, through the ERC and the Audit Committee, has reviewed the process for identifying and evaluating the significant risks affecting the business and the policies and procedures by which these risks are managed effectively. The Board has embedded these structures and procedures throughout the Group and considers these to be a robust and efficient mechanism for creating a culture of risk awareness at every level of management. The Directors regard the process of risk management as a positive medium for change, adding value in the interests of shareholders by utilising sound and considered judgment, while simultaneously making the organisation alert to best management practices.

**COVID-19**

2020 has seen the Group's risk management procedures tested like never before and they have been proven fit for purpose. Together with our partners in the supply chain, our people have navigated the challenges of COVID-19 and continue to adapt to new ways of working to minimise the effects of the global pandemic on the business.

**Dole Fruit Company**

Joint ventures are those entities over which the Group exercises control jointly, under a contractual agreement, with one or more parties. Associates are those entities in which the Group has significant influence, but not control of the financial and operating policies. Following the acquisition of 45% of Dole Fruit Company ('Dole') during 2018, Dole now represents the largest joint venture within the Group.

Dole has identified its risk universe which it seeks to mitigate through its risk management procedures. The risks identified by Dole include, but are not limited to, food safety, growing activities, fluctuations in inputs, change management, IT systems, brand image and potential mis-perception of sustainability credentials.

**Principal Risks and Uncertainties**

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

**PRINCIPLE RISKS AND UNCERTAINTIES**

Risk And Risk Description	Key Control And Mitigation Activities	Risk Movement	Strategic Priorities
<p><b>1. Economic and political risk</b> Global economic conditions and the stability of the markets in which we operate could impact on the Group's performance.</p>	<ul style="list-style-type: none"> <li>- The Group's management monitors global developments and the organisation structure enables prompt response, where appropriate, to changing market conditions.</li> <li>- The Group is geographically well diversified with operations in 30 countries across five continents.</li> <li>- The Group sources produce from numerous regions to ensure continuous supply.</li> </ul>		
<p><b>2. Food safety</b> Profitability in the fresh produce sector is dependent on high quality of supplies and consistency of delivery. It is possible that serious quality issues, and in particular, contamination of product, whether deliberate or accidental, could have a negative impact on revenue.</p>	<ul style="list-style-type: none"> <li>- Management undertakes ongoing reviews to ensure policies and procedures around this area continue to be effective and that adequate resources are in place.</li> <li>- The Group has very close and well-established relationships with its growers and only buys product when comfortable with the grower's reputation and commitment to food safety.</li> <li>- The Group sources produce from numerous regions to ensure continuous supply.</li> </ul>		
<p><b>3. Global Pandemic</b> The COVID-19 pandemic which affected the world in early 2020 has had an impact on our Group operations, our people, customers, suppliers and other stakeholders. Whilst actions taken around the Group have minimised the impact to the business, there continues to be an element of unpredictability to the virus along with the uncertainty of the longer term effects in the economies in which we operate.</p>	<ul style="list-style-type: none"> <li>- Management throughout the Group continue to review and adapt procedures to respond to the impact the pandemic causes.</li> <li>- Business continuity plans are in place for major business units</li> <li>- Our people continue to be a priority for the group – both in regard to their physical and mental wellbeing.</li> <li>- The Groups geographical spread reduces the impact of potential site closures on the wider Group.</li> </ul>		

**Strategic Priorities Key:**

- Global Reach
- Efficient Route to Market
- Sustainable Trading Practices

- Operational Excellence
- People Behind Our Produce
- Responsible Fiscal Oversight









**Risk Movement Key:**

- Increased
- Decreased Risk
- No Change




**PRINCIPLE RISKS AND UNCERTAINTIES**

Risk And Risk Description	Key Control And Mitigation Activities	Risk Movement	Strategic Priorities
<p><b>4. Corporate communication and shareholders</b>                      The Group as a publicly listed company, undertakes regular communications with its shareholders. These communications may contain forward-looking-statements which by their nature involve uncertainty and actual results or developments may differ materially from the expectations expressed or implied in these communications. Failure to deliver on performance indications communicated to stakeholders could result in a reduction in share price, reduced earnings and reputational damage.</p>	<ul style="list-style-type: none"> <li>- Structures are in place at operational and divisional levels to ensure accurate and timely reporting.</li> <li>- The operational and financial performance of the Group is reported to the Board on a monthly basis.</li> <li>- Stock Exchange Announcements including preliminary and interim results announcements are all approved by the Board and by the Audit Committee as required/covered by their respective terms of reference.</li> <li>- The Group places a high priority on communications with stakeholders and devotes considerable time and resources each year to stakeholder engagement.</li> <li>- The Group has an active investor relations programme and meets regularly with investors and analysts and in particular at the time of the announcements of preliminary and interim results.</li> </ul>		
<p><b>5. Key customer relationships and credit risk</b>                      The Group's customer base consists primarily of retailers, wholesalers and food service operators. The increasing concentration of customers can increase credit risk. Changes in the trading relationships with major customers, or of their procurement policies, could positively or adversely affect the operations and profitability of the Group. In addition, the Group faces strong competition in its various markets and, if it fails to compete effectively, its business, results and financial condition could be adversely affected.</p>	<ul style="list-style-type: none"> <li>- Customer relationships are developed at both local and at senior management level to reduce risk and ensure that value is maintained for both Total Produce and the customer.</li> <li>- There is a focus on improving choice, price and service to our customers on an ongoing basis.</li> <li>- Credit risk is managed by credit management structures and reviews.</li> <li>- The utilisation of credit limits is regularly monitored, and a significant element of the credit risk is covered by credit insurance.</li> </ul>		
<p><b>6. Key supplier relationships</b>                      The Group sources its products from a significant number of suppliers. The loss of any of these could have an adverse impact on the Group. Additionally, the Group may enter into seasonal purchase agreements committing it to purchase fixed quantities of produce at fixed prices. The Group is exposed to the risk of losses arising from any inability to sell on these committed quantities and/or achieve the committed price.</p>	<ul style="list-style-type: none"> <li>- Key supplier relationships are actively managed by local and senior management. Any changes are communicated to executive management to ensure timely reaction to mitigate risks.</li> <li>- The Group sources produce from numerous regions and suppliers worldwide to ensure continuity of supply.</li> <li>- Internal procedures are in place for the approval and monitoring of any seasonal arrangements.</li> </ul>		

**PRINCIPLE RISKS AND UNCERTAINTIES**




Risk And Risk Description	Key Control And Mitigation Activities	Risk Movement	Strategic Priorities
<p><b>7. Acquisition activity</b> Growth through acquisition is a key element of the Group's strategy to create shareholder value. A failure to identify, execute or properly integrate acquisitions could impact on profit targets, the strategic development of the Group and consequently shareholder value.</p>	<ul style="list-style-type: none"> <li>- The Group has traditionally grown through acquisition and has a long-proven track record in identifying and integrating acquisitions.</li> <li>- Executive, senior and local management, together with a dedicated in-house corporate finance team, engage in a continuous and active review of acquisitions.</li> <li>- All potential acquisitions are subject to an assessment of the strategic fit within the Group and ability to generate a return on capital employed in excess of the cost of capital of the Group.</li> <li>- The Group conducts extensive due diligence using both internal and external resources prior to completing any acquisitions.</li> <li>- Board approval of the business case for all significant acquisitions is in place.</li> <li>- The Group has appropriate credit facilities available to fund acquisitions.</li> <li>- Senior management are responsible for the oversight and successful integration of new investments.</li> </ul>		
<p><b>8. Regulation and compliance</b> The Group operates in a number of jurisdictions and is therefore exposed to a wide range of legal and regulatory frameworks.</p>	<ul style="list-style-type: none"> <li>- There is regular monitoring and review of changes in law and regulation in relevant areas.</li> <li>- Management has access to the appropriate professional advisors in the relevant areas of compliance.</li> <li>- There is ongoing training arranged to ensure compliance.</li> </ul>		
<p><b>9. Access to credit and interest rate fluctuations</b> The Group is exposed to fluctuations in credit markets which could impact the availability and cost of financing and consequently the Group's ability to grow through acquisition.</p>	<ul style="list-style-type: none"> <li>- The Group has facilities with a number of recognised international banks and funding providers with varied maturity profiles.</li> <li>- The Group ensures that sufficient funds and resources are available to meet expected liabilities and to finance the growth of the business through a combination of cash and cash equivalents, operating cash flows and undrawn committed facilities.</li> <li>- The Group has in place approved facilities giving access to appropriate long-term borrowings as and when required.</li> </ul>		
<p><b>10. Retention of key personnel and talent management</b> The Group is dependent on the continuing commitment of its Directors and senior management team. The loss of such key personnel without adequate replacement could have an adverse effect on the Group's business.</p>	<ul style="list-style-type: none"> <li>- Throughout the Group there is a focus on succession planning, and it is formally assessed and reviewed by the Board.</li> <li>- Recruitment policies, management incentives and training and development programmes have all been established to encourage the retention of key personnel.</li> <li>- The Nomination Committee regularly assess Board composition and also examine Group succession plans.</li> </ul>		

**Strategic Priorities Key:**





-  Global Reach
-  Efficient Route to Market
-  Sustainable Trading Practices

-  Operational Excellence
-  People Behind Our Produce
-  Responsible Fiscal Oversight

**Risk Movement Key:**

- Increased 
- Decreased Risk 
- No Change 

## PRINCIPLE RISKS AND UNCERTAINTIES

Risk And Risk Description	Key Control And Mitigation Activities	Risk Movement	Strategic Priorities
<p><b>11. IT systems and cyber security</b>                      The Group relies on information technology and systems to support our business. Failure to ensure that our core operational systems are available to service business requirements could impact the day-to-day operations of the Group. In addition, the exploitation of vulnerabilities in IT systems either accidental or malicious, including those resulting from cyber-security attacks, could adversely impact the Group's business. Covid 19 has changed the cyber security landscape as external threats such as phishing emails have increased in line with the increase in homeworking.</p>	<ul style="list-style-type: none"> <li>- The Group has robust Information Security and Computer User policies regarding the protection of business and personal information and governing the use of IT assets.</li> <li>- The Group seek to manage this risk, in conjunction with our external partners, through a range of measures which include monitoring of threats, testing for vulnerabilities, provision of resilience and reviewing cyber-security standards.</li> <li>- Independent, external and internal, reviews of our core operational systems are performed on an on-going basis.</li> <li>- There is a Group policy on backups in place and these are regularly tested.</li> <li>- The Group has an increased focus on cyber security communication to all colleagues, particularly those working from home.</li> </ul>		
<p><b>12. Goodwill impairment</b>                      Sustained underperformance in any of the Group's cash generating units may result in a material write down of goodwill. While such a write down would be a non-cash charge it could have a substantial impact on the Group's income statement and shareholders' equity.</p>	<ul style="list-style-type: none"> <li>- During the monthly reporting process indicators of goodwill impairment are monitored. Where necessary there is communication with senior management in order to ensure that potential impairment issues are highlighted and where practical corrective action is taken.</li> <li>- The Group tests goodwill annually for impairment on 31 December, or more frequently if there are indications that goodwill might be impaired.</li> <li>- The results of the goodwill impairment assessment are reported to the Audit Committee and the Board.</li> <li>- Further information on how the risk posed by goodwill impairment is managed is outlined in Note 14 of the attached Consolidated Financial Statements.</li> </ul>		
<p><b>13. Foreign currency</b>                      As a large multinational group with extensive operations worldwide the Group is exposed to translational and transactional currency fluctuations. The principal currency risk to which the Group is exposed, is adverse currency movements on translation of the results and balance sheets of foreign currency denominated operations into Euro, the Group's reporting currency. Adverse changes in exchange rates will have an impact on the Group's reported results and shareholders' equity. The annual impact of such movements is reported in the Consolidated Statement of Comprehensive Income. Foreign currency risk also arises from foreign currency transactions within each individual entity.</p>	<ul style="list-style-type: none"> <li>- The Group finances its initial overseas investments by, as far as is appropriate, matching foreign currency borrowings which naturally hedge the translation movement on foreign currency investments.</li> <li>- Repayments and interest on borrowings are therefore denominated in currencies that match the cash flows generated by the underlying businesses.</li> <li>- Group operations manage their individual transactional foreign exchange risk against their functional currency and material currency risks are managed by utilising forward contracts to cover committed exposures.</li> </ul>		
<p><b>14. Unusual weather patterns</b>                      External factors, such as unusual weather conditions, can disrupt the supply and demand dynamics of fresh produce. There has been an increase in the number of regionalised, high intensity adverse weather events throughout the globe in recent years.</p>	<ul style="list-style-type: none"> <li>- The diversified nature of the Group's sourcing activities actively mitigates against this risk.</li> <li>- Local management are responsible for monitoring and planning for extreme changes in local weather patterns.</li> </ul>		



## Viability Statement

### Going concern and the viability statement

The following statements detail the Director's assessment of the Group's viability and ability to continue as a going concern.

### Going concern

The Group's business activities, together with the factors likely to affect its future development, performance and position are set out in the Strategic Report. The Group's financial position, its cash flows, liquidity position and borrowing facilities are described in the Financial Review on pages 14 to 21. In addition, Note 35 to the financial statements outlines the Group's financial risk management objectives, details of its financial instruments and hedging activities and its exposure to credit risk, currency risk and liquidity risk. The Group has considerable financial resources and a diversified geographic presence with a large base of customers and suppliers. Having assessed the relevant business risks, the Directors believe the Company is well placed to manage its business risks successfully.

The Directors are satisfied that the Company, and the Group as a whole have adequate resources to continue in operational existence for the foreseeable future. Accordingly, they have adopted the going concern basis in preparing the financial statements.




### Viability statement

The Directors have assessed the Group's viability over a three-year period. Whilst the Directors have no reason to believe the Group will not be viable over a longer period, this has been deemed appropriate due to the current financial and operating cycles of the Group. In making this assessment of viability, the Board carried out an assessment of the principal risks and uncertainties facing the Group. The Group's current position, prospects and strategy were all considered as part of this review. Based on the results of the analysis the Board has a reasonable expectation that the Group will be able to continue in operation and meet its liabilities as they fall due over the three-year assessment period.

Exceptional  
People in  
Extraordinary  
Times






#### Strategic Priorities Key:

-  Global Reach
-  Efficient Route to Market
-  Sustainable Trading Practices

-  Operational Excellence
-  People Behind Our Produce
-  Responsible Fiscal Oversight

#### Risk Movement Key:

- Increased 
- Decreased Risk 
- No Change 

# Farm to Fork

**Total Produce differs from many of its peers by virtue of its local and global infrastructure, and specifically the distribution capacity and on-the-ground presence in key growing regions around the world. Total Produce’s influence extends from seed to store and farm to fork, adding value to our produce and the service we provide.**

Distributing over 600 million cartons of fresh fruits and vegetables annually, the Group’s size and reach across the supply chain bring together the collective resources of a global multinational with the market knowledge of local management: generating synergies, creating efficiencies and adding value.

In customising our supply chain, we strive to translate our competitive advantages – our people, suppliers, infrastructure, relationships – into value for our customers: delivering a superior service to them, and to the consumer: produce which exceeds expectations.

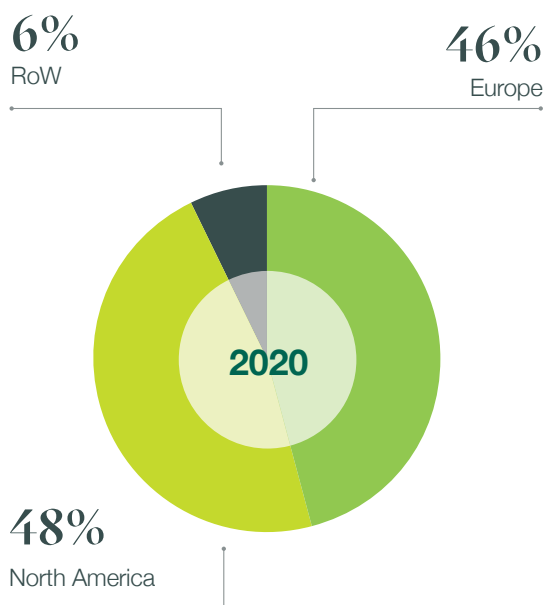


**600**

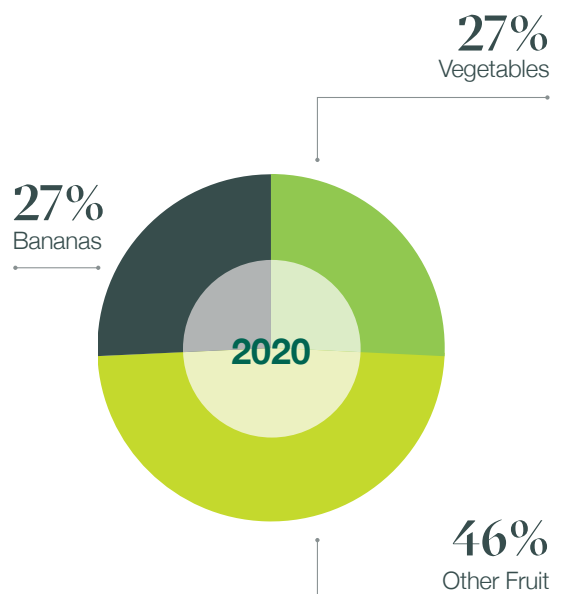
Million cartons of fresh fruits and vegetables distributed annually



Revenue by Geography



Revenue by Product



# The Sustainability Report

Marketing the most nutritious of foods, with the lowest environmental footprint, the responsibilities incumbent upon us as in Total Produce and as a leader in the fresh produce sector is something we take very seriously.

18%

Reduction in carbon footprint achieved by end 2019.

At a time when the imperative to address a myriad of issues from ethical production to climate change, from the conservation of our seas, to the responsible consumption of our natural resources, has never been more pressing, in Total Produce, we're working to bring the collective strengths of our group to bring about real, tangible and demonstrable change.

Our approach has involved communicating shared sustainability principles and values right across our international organisation and embedding these principles into

our everyday trading practices, both locally and at group level.

It has entailed putting in place new, robust group-wide reporting structures extending from our global operating companies to our group Board of Directors- placing sustainability at the very heart of our operations and strategic decision making.

In 2020, it also meant extraordinary upheaval, effort and commitment to keep our people safe, our produce protected and fresh fruits & vegetables on retail shelves across the world.

As a result of these efforts, we have opened a group-wide dialogue across Total Produce; promoting and facilitating the exchange of best practices and the pursuit of a shared vision. It has required setting group-wide targets; measuring & managing core issues collectively and collaboration right across the supply chain. Global problems, we know require global solutions. Most importantly, though, it has required decisive action; be it the adoption renewable energy or the application of environmentally friendly packaging, as we strive, as a group, to take the necessary steps on our ongoing journey towards becoming an ever more sustainable business.



## Sustainability Highlights



Environment

42 - 45



Ethical & Social

46 - 49



Economic

50 - 53

# Total Produce Achieves Prestigious Origin Green Gold Accreditation

**November 19th, 2020 saw Total Produce Ireland awarded the Origin Green Gold standard in an online ceremony hosted in Dublin. Origin Green is the worlds' only national food and drink sustainability programme and operates on a national basis bringing together, government, the private sector and participants from right across the food full supply chain.**

Dedicated to recognising excellence in Sustainability practices, Origin Green is operated by Bord Bia, the Irish Food Board. At its heart lies a comprehensive programme based on the setting of ambitious sustainability related targets and ongoing performance measurement. Key areas include Energy and Water Efficiency, Health and Nutrition, Raw Material Sourcing, Packaging, Waste Reduction, Biodiversity, Community Engagement, Diversity and Inclusion. All Origin Green submissions are independently audited,

verified and accredited. Bord Bia introduced 'Origin Green Gold' in 2020 to recognise companies that have shown an exceptional performance in sustainability. Less than 10% of Origin Green Members achieved the Gold Standard in its inaugural year. The achievement of this prestigious award is a testament to the hard work and commitment of our Irish Sustainability team and colleagues across our operations to making Total Produce Ireland an ever more sustainable business.

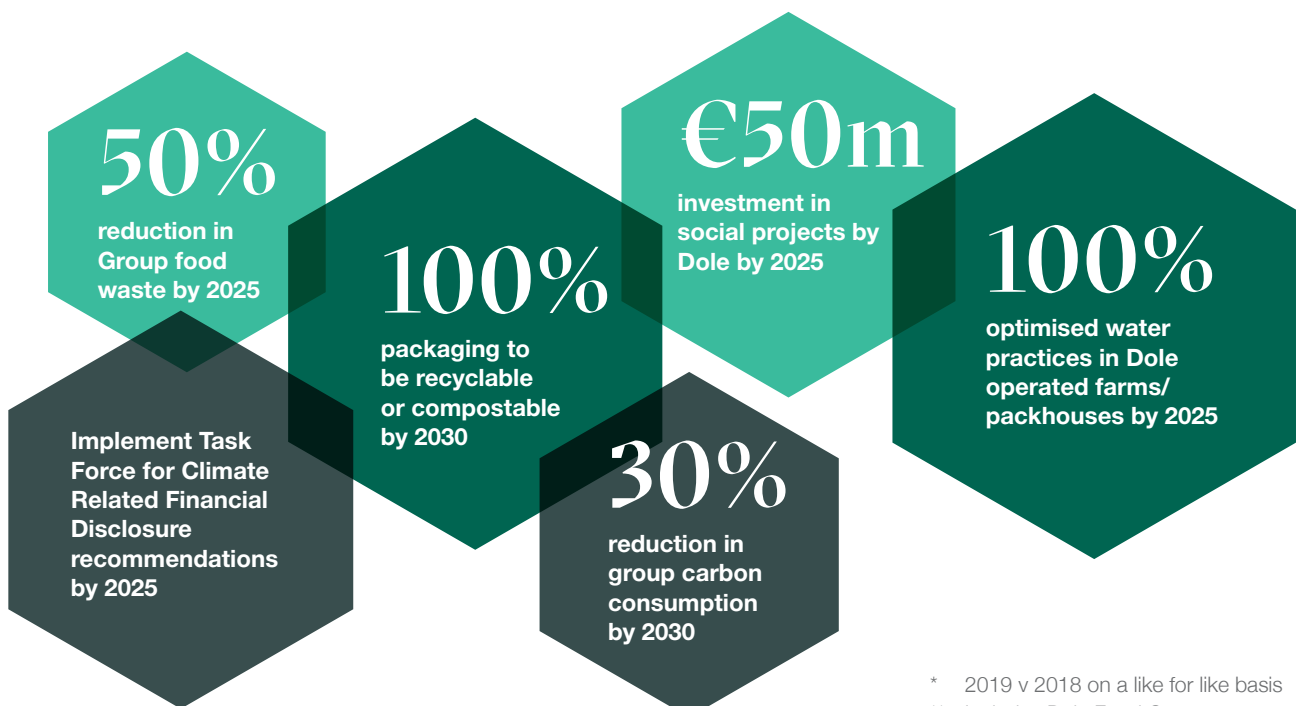


# An Ongoing Journey- Achievements and Targets

## Achievements



## Targets



\* 2019 v 2018 on a like for like basis

\*\* Includes Dole Food Company

# Our Structures

The importance of sustainability to the Group is evident in the selection of “Sustainable Trading Practices” as one of our strategic priorities. Our structures reflect our tagline “Let’s Grow Together” – a determination to be collaborative in our approach to achieving our goals. Sustainability reporting in Total Produce has been structured to be an inclusive process, encouraging two way dialogue, extending across the supply chain and engaging all of our stakeholders.

### Sustainability Steering & Working Group (SSWG)

Our SSWG is led by the Group Finance Director and brings together colleagues, including our Group Sustainability Officer, from functions such as technical, operations, finance and marketing while also having support from other areas such as human resources. The SSWG is charged with developing our policies and practices in environmental and social issues and is supported by local representatives from our operating companies. The SSWG reports directly to the Board and sustainability is a standing agenda item for all Board meetings. The SSWG also report through our existing risk management procedures, ensuring that sustainability is a constant factor throughout the risk identification and mitigation considerations.

### Sustainability Panel

Thirty colleagues from across the Groups operating companies form the Sustainability Panel. This Group meet virtually throughout the year to discuss environmental, ethical & social and economic issues. The SSWG provide updates on Group initiatives and attendees are invited to present on their local sustainability practices, such as alternatives to plastic packaging, to the wider Group.

This is also the forum for the distribution of Group policies and practices as developed by the SSWG. During 2020 the SSWG established a Sustainability policy which confirms the Groups commitment to best sustainable business practices in addition to complying at all times to the relevant national and international legislation and industry codes of conduct. This overarching policy, along with other supporting policies such as Environmental, Plastic Packaging,

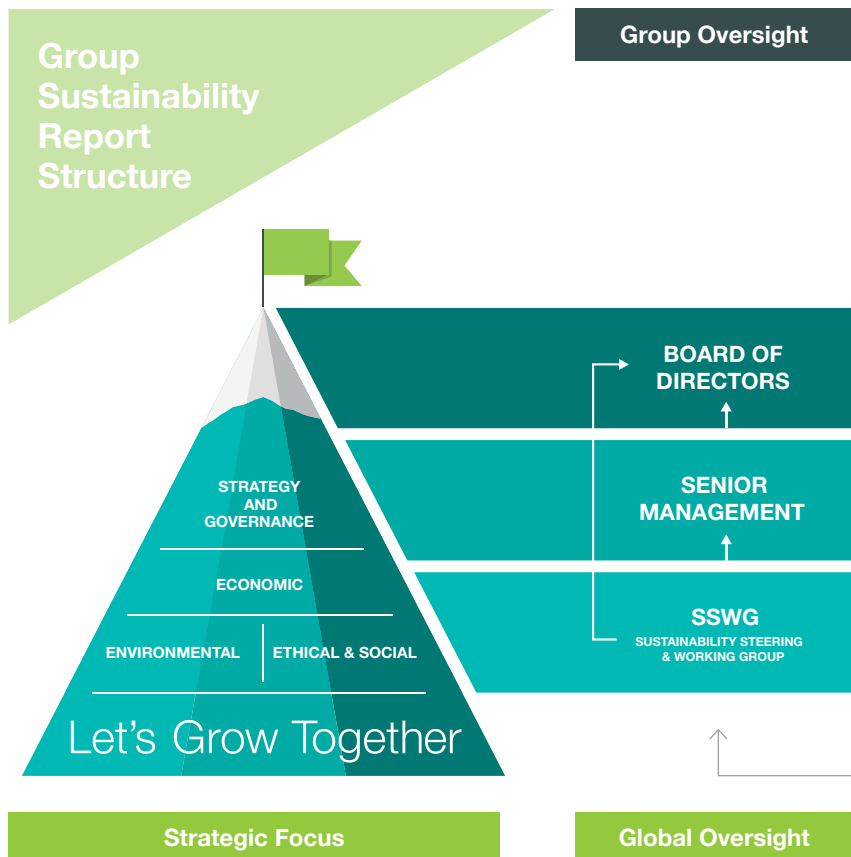
Employee Culture and Engagement and Responsible Marketing were approved by the Board of Directors.

### Materiality Matrix

We believe a detailed materiality analysis is an important tool for identifying the most significant sustainability issues with respect to both our business and our stakeholders’ priorities. Using the SASB Materiality Map as a reference point, our SSWG, in conjunction with an external expert, has begun the process of developing a Group materiality matrix.

We identified the 3E’s, namely Environment, Economic and Ethical and Social, as the central pillars instructing our analysis of the material issues. As a diversified group with over 250 locations across the globe, these pillars serve as a framework under which local operations can define their own policies and practices.

The SSWG is now focusing on stakeholder engagement to further develop our matrix and therefore our priorities and the focus of our policies, practices and resources going forward.





### Materiality Matrix



#### ENVIRONMENTAL

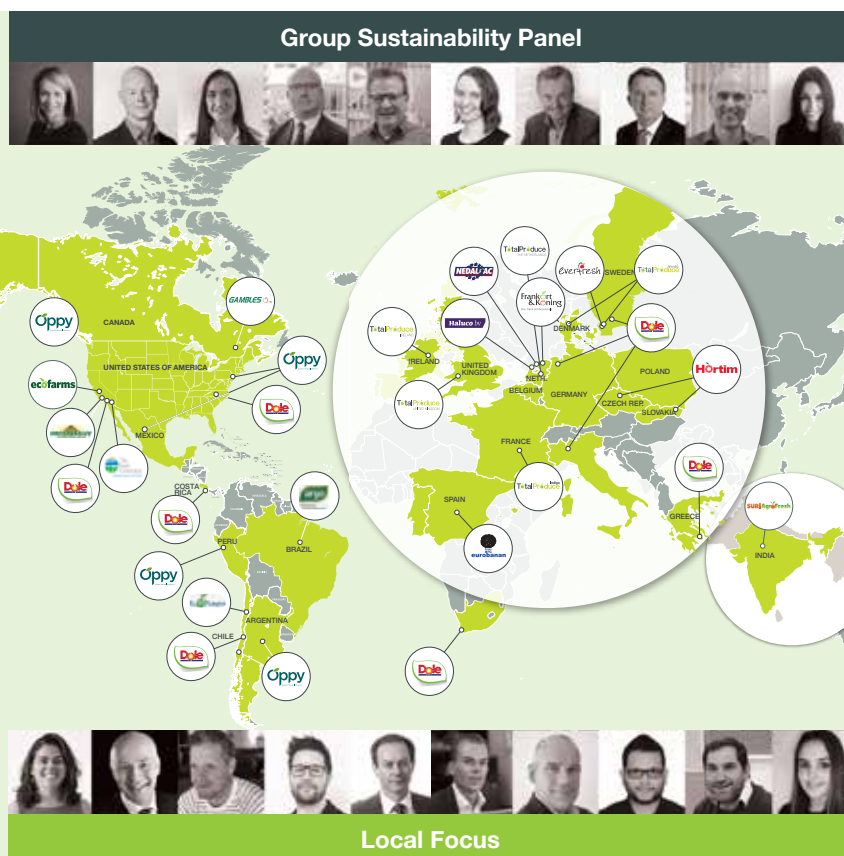
- 1 Energy & Greenhouse Gas Emissions
- 2 Water Consumption
- 3 Waste Management
- 4 Packaging Innovation

#### ECONOMIC

- 5 Regulatory Compliance
- 6 Customer Relationships
- 7 Consumer Trends
- 8 Risk Management
- 9 Financial Returns
- 10 Stakeholder Engagement

#### ETHICAL & SOCIAL

- 11 Ethical Sourcing
- 12 Food Safety & Quality
- 13 Promotion of Healthy Food & Nutrition
- 14 Employee Development & Engagement
- 15 Diversity & Inclusion
- 16 Community Engagement





# Transparency in Sustainability

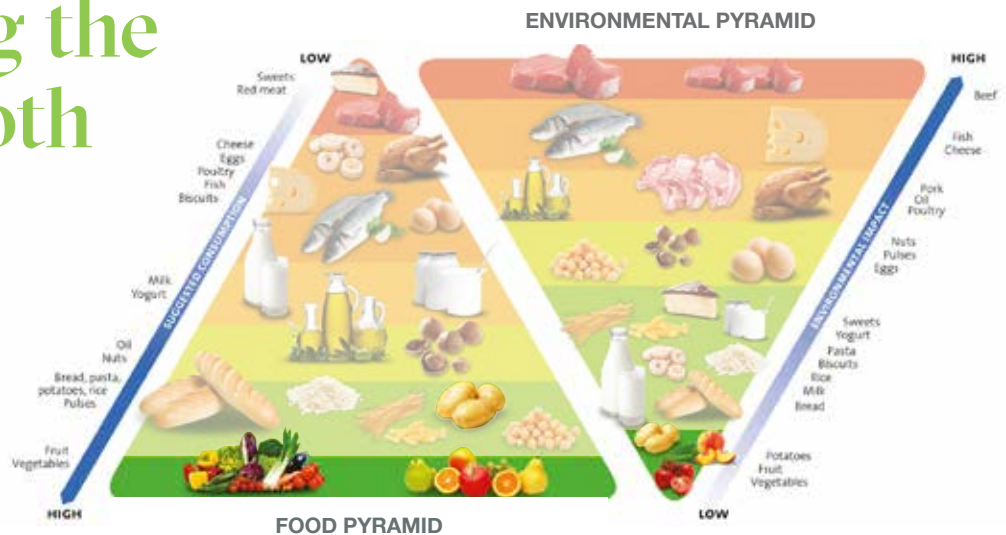
## Total Produce launches first Group Sustainability Report and website in 2020.

Total Produce is wholly committed to being transparent in sharing our Sustainability story with all of our stakeholders. In 2020 we took steps to better communicate our approach and the work that we do. In July we published our first Group Sustainability Report; a comprehensive document dedicated to detailing our approach to Sustainability, our strategy, our internal process, our targets and accomplishments.

In November, we launched our first website dedicated to Sustainability. The site, which can be found at: [www.totalproduce.com/sustainability](http://www.totalproduce.com/sustainability) is a user friendly, central online resource through which stakeholders can review all of the content available in the Sustainability report but also policies, practices, case studies and most importantly, up to date news on Sustainability initiatives taking place across our Group throughout the year.

# Delivering the Best of Both Worlds

## The BCFN Double Pyramid



In Total Produce, we recognise the privilege that it is to be growing, distributing and marketing the most nutritious of foods with the lowest environmental impact. The Barilla Centre For Food & Nutrition is an independent body dedicated to independently researching the environmental impact of food production. In 2016 it launched its Double Pyramid, comparing the nutritional profile of the main food

groups, with their associated impact on the environment.

The research affirms the finding of ongoing research across the globe which definitively illustrates how a transformation in consumption patterns towards more fresh produce, could play a seminal role in addressing climate change and other environmental challenges.

Sustainable Development Goals (SDGs)



# Strategic Building Blocks

## UN Sustainability Goals

The United Nations Sustainable Development goals provide the foundation upon which our Group Sustainability strategy is built. While committed to the pursuit and promotion of all 17 goals, at a Group level, as part of our Vision 20/20 initiative, we identified Goal 3- Good Health and Well-Being as our “Pillar Goal”; promoting healthy eating is what we do, after all and

Goals 12, 13 and 14, Responsible Consumption and Production, Climate Action and Life Below Water as “Priority Goals.” Individual group companies internationally have similarly selected UN Sustainability Goals most applicable to their specific businesses. Across our operations we are implementing measures to make sure we play our part in securing a sustainable future for all.

# Sustainability

## Let's Grow Together

Sustainability can be intimidating in terms of its importance, but also the breadth of operations and activities. In seeking to reduce the wider subject into smaller, achievable actions, in Total Produce we have categorised our strategy under three

headings: Environmental, Ethical & Social and Economic. At the heart of our approach is a commitment to measurement and management; establishing benchmarks and then working to improve our performance.

We recognise that we are on an ongoing journey. We know that real material changes can best be achieved by ongoing, targeted improvements. We know that a responsible Total Produce will be a successful Total Produce.

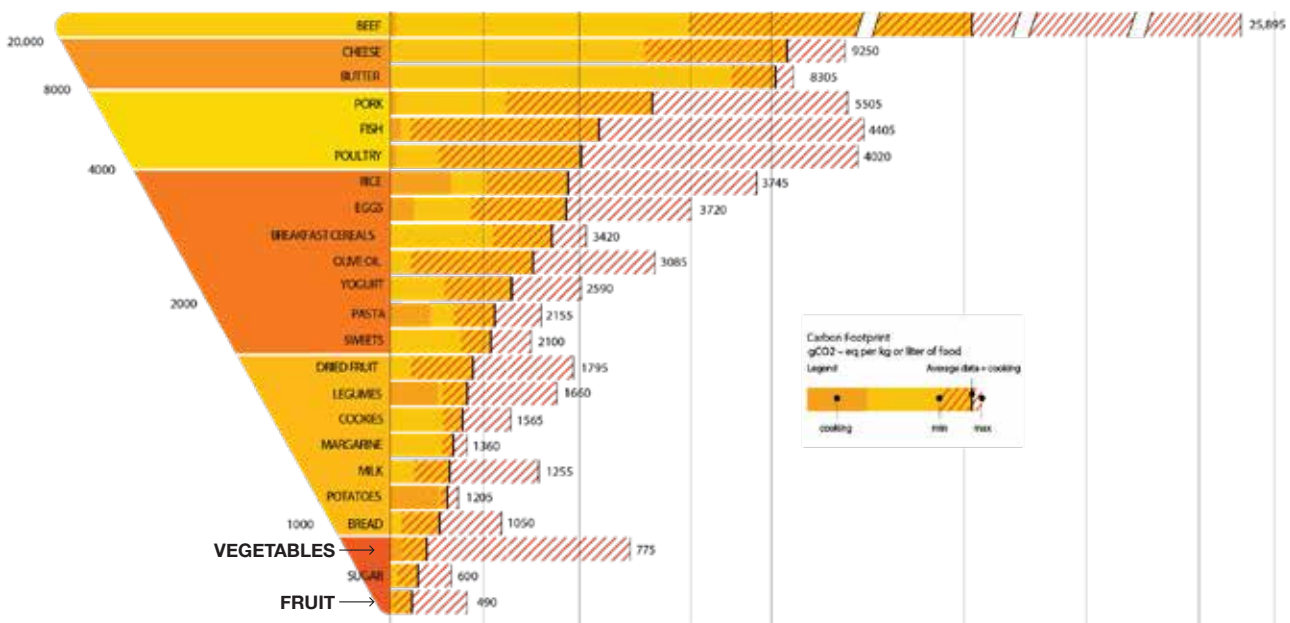


# BCFN Carbon Pyramid

Fruit and vegetables rank amongst the three least impactful foodstuffs based on the greenhouse gas emissions produced across their entire life-cycle. In fact, fresh produce is associated with only a fraction of the emissions of other foodstuffs.

The Carbon Footprint measures the greenhouse gas emissions during the entire life cycle of a food and is calculated in grams of CO<sub>2</sub> equivalent (gCO<sub>2</sub> eq) per kilogram or litre of food. For each group of foods, the reported value is the average of the various sources used.

## CARBON FOOTPRINT



# Scope 1 & 2 Carbon Emissions



In 2018, as part of our Vision 20/20 initiative, Total Produce collated and calculate a group carbon footprint for the first time and submitted the data to the Carbon Disclosure Project (CDP) for the first time. Having established our benchmark year and implemented measures to reduce carbon consumption across our operations we repeated the exercise in 2019, and for the first time Scope 3 emissions associated with group water supply. We are proud to report an 18% reduction in like for like carbon consumption across our Group in 2019.

Our Irish operations recorded a 38% reduction, attributable in part to the conversion of 22 group facilities to renewable energy. In December 2020, we received a C “Climate Change” rating from the Carbon Disclosure Project.

Scope	2018	2019
1	35,472	41,278
2	34,732	20,813
3	n/a	5,130
<b>Group carbon footprint figure</b>		
67,221 tCO <sub>2</sub> e		

↓18%\*  
Group Reduction

↓38%\*  
Irish Operation Reduction

21%  
Renewable energy share of group electricity supply.

\* 2019 v 2018 on a like for like basis

Environmental: Energy / Water / Waste

# Renewable Energy

## Carbon Consumption Management in 2020

Across our operations we have been working to reduce carbon consumption. In Brazil, our partner Argofruta, a major grower and exporter of avocados and mangoes installed 1,800 solar panels on the roof of its packing facility in Petrolina meeting 85% of its annual energy needs. Similarly, in Total Exotics in the Netherlands 1,400 panels were installed on its Central Distribution Centre in Bleiswijk, meeting 25% of its energy needs.



Environmental: Energy / Water / Waste

# Life Cycle Analysis and Scope 3 Emissions

By virtue of the myriad of sources, seasons, growers and routes to market associated with fresh produce, determining the carbon consumption associated with specific fruits and vegetables from specific farms is a complicated task. Total Produce is, however committed to performing a full life cycle analysis for our major lines from our major sources with a view to being able to provide full

Scope 3 emission estimates for our most popular lines. In 2020 we began this process by commissioning a pilot project in association with the Cool Farms Alliance a not for profit, independent consultancy dedicated to the calculation of environmental metrics at grower level. This trial will entail five core growers, some group growers, some third party, engaging with Cool Farms and adopting their



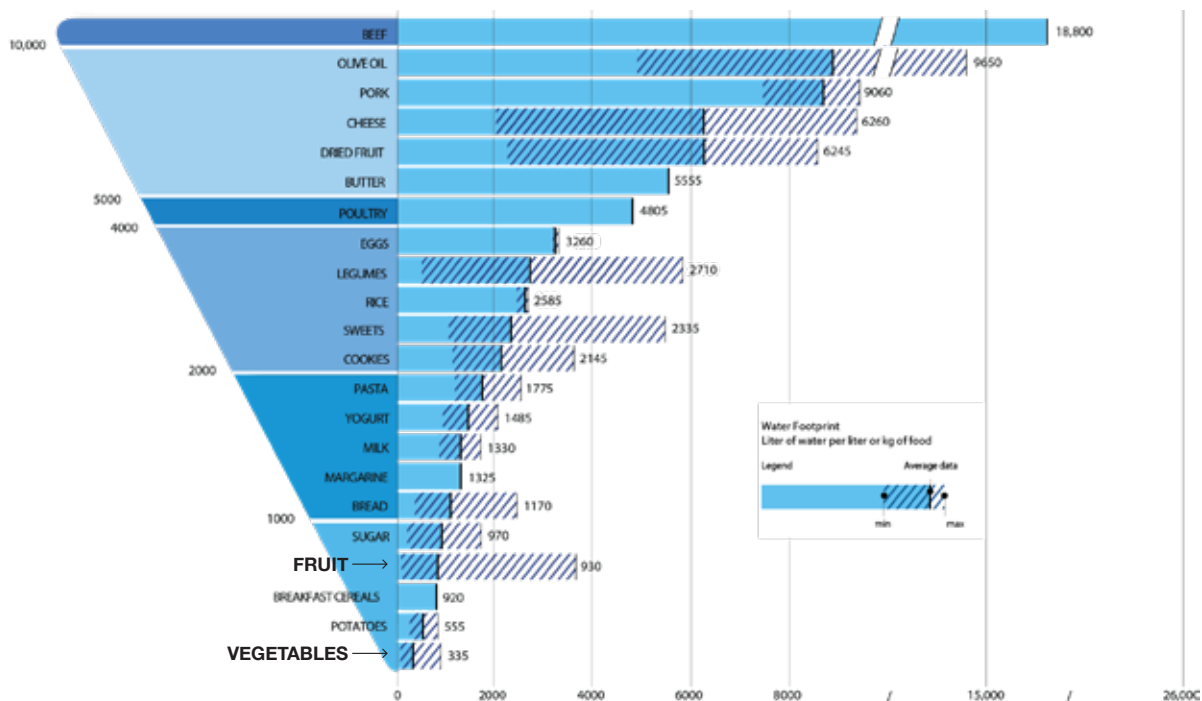
software solution, their Cool Farm Tool to collate and calculate the carbon and water consumption associated with production on their farms. This study will provide data for another important link in the supply chain outside of our own operations as we strive to profile carbon consumption from farm to fork. Progress with this study will be updated in our 2021 Sustainability Report.

# Barilla Water Pyramid

The Barilla Centre for Food & Nutrition analysis of the impact of major food groups with respect to the water consumption associated with their production and distribution has reaffirmed that the production of fresh fruits and vegetables is associated with

considerably lower water consumption compared to other food groups. Fresh produce occupies three of the four lowest ranked places in terms of water use. Vegetables are ranked lowest, potatoes, second lowest and fruit, third lowest.

## WATER FOOTPRINT



# Collating & Calculating Our First Group Water Footprint

In 2020, as part of our Vision 20/20 initiative, Total Produce collated and calculated a group water footprint and submitted the data to the Carbon Disclosure Project (CDP) for the first time ultimately receiving a C rating. In doing so, we calculated our first Scope 3 carbon emission; those associated with our water supply. As a result, we have put in place an internal infrastructure for the measurement and a management of water consumption across our own international operations.

Previously, monitoring of consumption was undertaken locally across the group. Having established our benchmark year our objectives going forward are to work to reduce our use of water, ensure best practices are adhered to in the stewardship of valuable water resources and begin the process of conducting life cycle analysis across the supply chain; working with growers who supply us to determine the level of water consumption associated with their production.

**4,876,668**  
Cubic Litres

**C**  
CDP Rating  
Water

**Environmental:** Energy / Water / Waste

# Total Produce Joins the Alliance for Water Stewardship (AWS)

Total Produce is committed to the UN Sustainability Goals and the sustainable use of water in the fresh produce supply chain. In 2020 the Total Produce group joined The Alliance for Water Stewardship, a not-for-profit, independent body dedicated to providing guidance and a framework to ensure responsible water governance, sustainable water balance and good water quality. The aim of the water standard is to drive social, environmental and economic improvement by engaging with operational sites and growers to better understand and address water challenges in their respective catchment areas. See Dole AWS Case Study on page 49. Collaborating with experts like AWS and working to a global standard provides us with a recognised route to managing the water in our control in a responsible and sustainable manner as we endeavour to embrace best management in water management and work towards our group priority Sustainable Development Goal 14 and 6.



**Environmental:** Energy / Water / Waste

**Case Study:** Wrap Initiative

## Shelf Life Extension Trials

Oppy is conducting multiple trials exploring the effect of various shelf life extension technologies on a number of products, with the ultimate goal of helping reduce the billions of dollars' worth of food waste in North America annually. Notably, Oppy recently worked with innovation partner Mori, using their coating on domestic and imported cherries in two separate trials. The domestic cherry trial tested if the coating improved shelf life, especially for long domestic transit times or export conditions.

The second trial involved Chilean cherries and shared a similar objective: to see if the coating improved shelf life, so as to maintain quality during the long transit time required for export business. Both trials yielded extremely promising results and Oppy continues to explore the effectiveness and commercial viability of this technology.



# Total Produce Ireland Introduces Employee Assistance Programme

The health and well-being of our employees has always been a priority in Total Produce. It is an issue that has only grown in importance as we, as a society, collectively deal with the implications arising from COVID-19 and the social isolation associated with the pandemic. With that in mind, October 2020 saw Total Produce Ireland launch its Employee Assistance Programme; an initiative dedicated to providing immediate

access to fully qualified, accredited counsellors to any colleagues in need of support. This free, confidential resource, administered and operated by an independent third party has been made available to all employees and their families. Covering a diverse suite of topics from personal and family issues, to health & fitness, babies and children, managing money and work issues, support is accessible face to face, by telephone or online.



# Explaining Horticulture, Promoting Local, Have Fun with Fruit

## The Incredible Edibles Project

Total Produce is proud to support a number of initiatives across the world dedicated to educating, encouraging and inspiring young people to eat more fresh fruits and vegetables. One such initiative is the Agri Aware's Incredible Edibles programme in operation in primary schools across Ireland. With over one thousand schools participating, the initiatives objectives are a). to provide children a better understanding of what goes into growing fruits & vegetables by giving them practical experience of growing fresh produce at school and b). teaching children the importance of eating lots of fruits and vegetables.

Each school receives Growing Starter Kits for participating classes. These include: Compost, Recyclable Planting Pots, Seed Packs for Spinach, Turnip, Chives, Carrots and Lettuce, Seed Potatoes, Strawberry Plants, Bottle-top Waterers, Instructions and Logbooks. In 2020, with the closure of schools in response to the COVID-19 pandemic, the Incredible Edibles programme was repurposed mid-campaign to facilitate home-schooling. The "Incredible Edibles Family Challenge" was born, moving the initiative online and inviting parents to teach their children how to grow their own fruits & vegetables in their own homes.



1,323  
Schools

48,000  
Pupils





---

**Ethical & Social:** In The Marketplace / At Production

# Dole Food Company Supports No Kid Hungry Campaign

2020 saw Dole Food Company partner with No Kid Hungry, a campaign to end childhood hunger in America to address challenges compounded by the COVID-19 crisis. With school meals programs closed for the summer and as kids start the new school year, they urgently needed help to ensure they have the healthy food they need to learn and thrive. Dole provided direct product donations in impacted cities, nutrition education and at-retail initiatives to tangibly address hunger and ensure all children have access to three healthy meals a day.

As part of the initiative, Dole made Direct Donation of Healthy Foods to Summer Meals Sites, provided virtual engagement and resources with No Kid Hungry's Sister Campaign, Cooking Matters to empower families to stretch their food budgets so they can cook healthy meals and undertook to promote a New Year Hunger Campaign: helping to take the No Kid Hungry message directly to consumers, by working with its national retailer partners to host in-store new year promotions that generate awareness for childhood hunger in the United States.

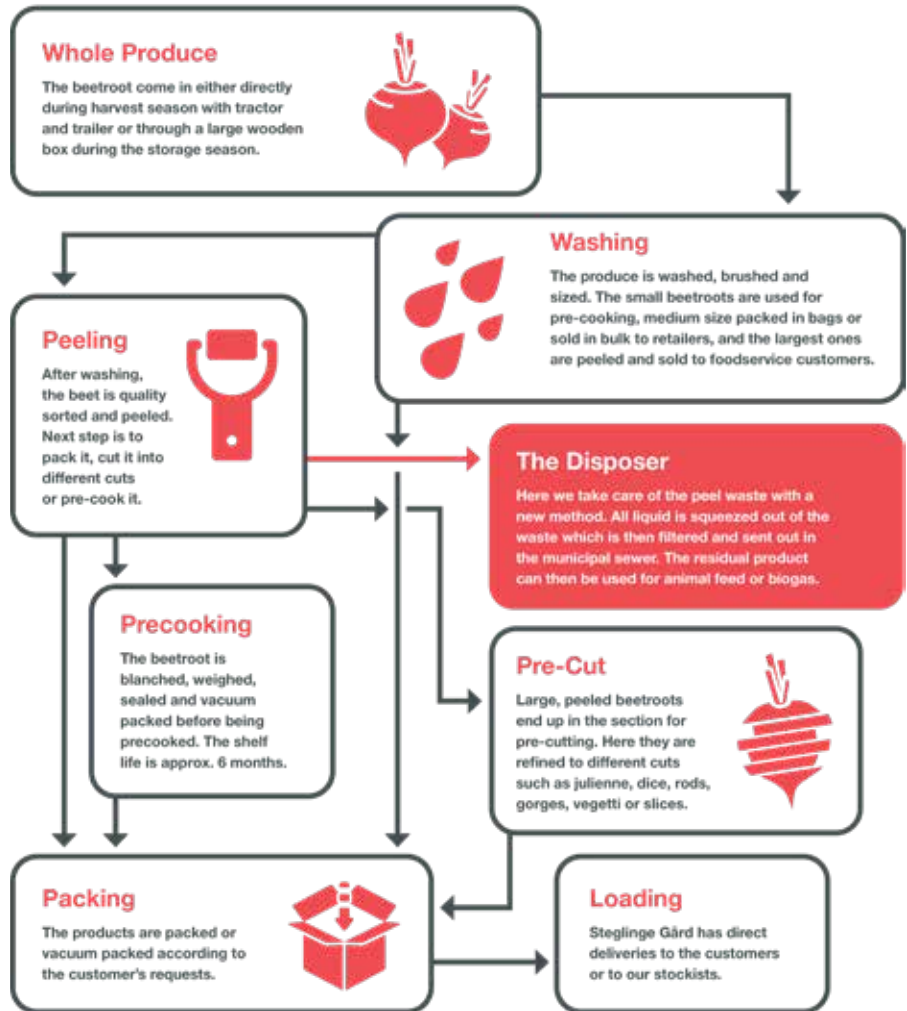
# Supporting Local Production:

## Total Produce Nordic Invests in State of The Art Steglinge Gård Facility

2020 saw Steglinge Gård, a Total Produce Nordic Joint Venture in Sweden where locally grown root fruits, vegetables and potatoes are processed become fully operational. The result is one of Northern Europe's most modern vegetable processing plants, where, courtesy of an all-under-one-roof process over 30,000 tons of beets, carrots, cabbage rutabaga/ Swedish turnip, parsnip and potatoes can be washed, chopped, turned, pre-cooked and packaged.

The products are sold to retail, wholesale and foodservice customers throughout Sweden and Denmark. Total Produce's partner in the business is the Gibrand family farm, one of Sweden's largest producers of root fruits & vegetables, growing both conventional and organic produce. Gustave Gibrand is now running the business though his father Göran is still active in the company. Steglinge Gård epitomises how we in Total Produce strive to approach local productions across all of our markets; working hand in glove with the very best local growers, investing in our collective business to deliver exceptional produce, standing with our partners during difficult times and going the extra mile to make sure local produce has pride of place in our produce portfolio. In doing so we not only contribute to the communities in which we sell our produce but also, we reduce reliance on imports and the food miles associated with the goods that we market.

### A Cycle from Field to Finished Product



30,000

Over 30,000 tons of beets, carrots, cabbage rutabaga/ Swedish turnip, parsnip and potatoes can be washed, chopped, turned, pre-cooked and packaged.

**Ethical & Social:** In The Marketplace / At Production

# Thirteen Banana Farms Producing for Dole Achieve Certification for High Performance in Water Management and Catchment

June 2020 saw eleven banana farms in Colombia and two in Ecuador producing bananas for Dole achieve certification to the Alliance for Water Stewardship (AWS) International Water Stewardship Standard for taking water management to a higher level in Dole's own farming and suppliers' growing and sourcing operations. The standard is intended to drive social, environmental and economic benefits at landscape level which encompasses all users of a particular water catchment, allowing them to better understand how their water use impacts others, and to

work collaboratively and transparently for sustainable water management. By adopting this water management standard, Dole and its growers continue to move progressively towards even more responsible water governance and mitigation of supply chain water challenges across banana operations. The achievement of the AWS certification is part of a multi-year collaboration program involving Dole and its growers along with the World Wide Fund for Nature (WWF) and a retail partner. In addition to more sustainable water use, the program

includes integrated crop cultivation management, conservation and promotion of ecosystems and biodiversity, climate protection, waste management and social aspects. The knowledge and experience from these 13 farms will be shared across other Dole farming regions.

**13**  
Farms Achieved Certification



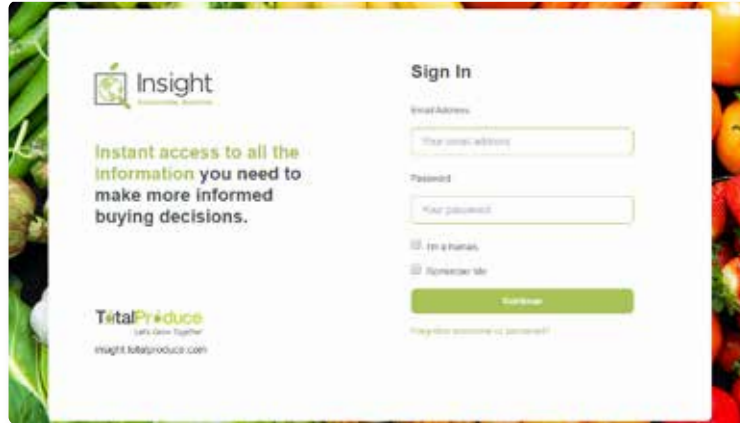
# “Insight” Global Sustainability Risk Assessment App Launched

Profiling the sustainability credentials of suppliers to Total Produce growers across the world is a critical element in our efforts to ensure that best sustainable practices are adhered to right across the supply chain. Determining the risks associated with the regions in which they suppliers grow is an important first step.

In 2020, Total Produce developed its “Insight” Risk Assessment app- a user friendly digital platform for use by sales and commercial personnel across our group. Within it, information is collated on primary growing regions across the world, environmental, ethical and other risks are highlighted, company policies are outlined and advice for mitigating risks with individual growers is provided.

By introducing this App our objectives are to emphasise the importance of sustainability in our selection of growers, make instantly accessible

important information on sustainability associated risk and to facilitate constructive engagement with growers in regions where risks exist.



# Promoting Organic Produce in 2020

In Total Produce, we are committed to providing conventionally cultivated produce grown to the very best agronomic and ethical standards. We know too, however that there is increasing demand for organically grown produce and across our operations we work hard to empower consumers in making their own choices. In 2020, by way of example, Progressive Produce, Total Produce’s U.S. partner based in Los Angeles, launched a new organic Californian table grapes range and began harvesting its first vineyards in August. Marketing the grapes under its Nature’s Bounty Organic brand, Progressive Produce brought to market a wide variety of red and green grapes including Magenta, Krissy, Scarlet Royal, Allison, and

Great Green, Timpson, and Autumn King varieties. In Ireland, meanwhile, 2020 saw our “Total Organics” brand launched at retail level in April, making a comprehensive range of specially selected organically grown produce available to Irish consumers. See: [www.totalorganics.ie](http://www.totalorganics.ie)

These initiatives add to our already established portfolio of organic produce, including Dole Organic Bananas and Pineapples, the market leaders in North America, as we strive to broaden ever further the range and availability of our organic offering.



Economic: Responsible Procurement / Food Safety / Governance

# Oppy's Fairtrade Offering Moves from Strength to Strength

## Educational opportunities.

Access to better health and dental care. Regular household refuse collection. These are just a few of the projects premiums earned through Oppy's Fair Trade Certified™ produce sales are supporting.

Beginning with a very small Fair Trade Certified Costa Rican pineapple campaign in 2004, Oppy has emerged as a marketer of choice for this socially responsible product line in North America, which applies a per-box premium to urgent needs in farm worker communities.

Since 2013, many meaningful projects have been underwritten by the \$5.3 million generated by Oppy's sales of Fair Trade Certified sweet bell peppers, tomatoes, cucumbers and grapes.

In 2020 alone, Oppy's efforts contributed over \$1.1 million, increasing by 32% over 2019. Anchored by an organic and conventional greenhouse sweet bell pepper program, Oppy accounts for 83% of the U.S. Fair Trade Certified pepper market share, but more importantly, contributes to the quality of life in the Etzatlán and Culiacán regions of Mexico.

Over 1,000 students from elementary school age to adult have received scholarships and other education benefits; dental clinic units have served over 800 people; four new ambulances have been purchased, and several home improvement projects, like new water tanks and critical building renovations, have been supported.



83%

US Fair Trade Certified pepper market share

>1,000

Students receiving scholarships



# Assuring Food Safety and Best Practices During the COVID-19 Pandemic

Though the European Food Safety Authority was explicit in stating that there is no evidence that food is a likely source or route of transmission of the COVID-19 virus, pointing out that experiences from previous outbreaks of related coronaviruses, such as severe acute respiratory syndrome coronavirus (SARS-CoV) and Middle East respiratory syndrome coronavirus (MERS-CoV), show that transmission through food consumption did not occur, in the interest of best practices and reassuring consumers, across Total Produce we acted swiftly to enhance still further the health & safety and food safety protocols in place across our operations.

## Measures included

- Lockdown of critical operations to ensure continuity of supply and minimisation of opportunities for the spread of the virus. Access was restricted exclusively to personnel vital to ensure ongoing operations. Non-production related staff were directed to work from home. Non-essential third parties were prohibited from entering our premises.
- Strict protocols were put in place to minimise the spread of the virus; social distancing and the regular washing of hands was enforced and facilities were put in place to implement these measures in practical terms.

- Thermal imaging cameras were installed in key locations to restrict access by employees running temperatures.
- Staff were issued with protective clothing and equipment.
- Heightened hygiene protocols were put in place across our facilities.
- Protective screens were installed in offices and production areas.

At a time where our capacity to distribute fresh fruits and vegetables was of critical importance, our efforts succeeded in preserving consumer confidence and ensuring the continuity of our operations, the safety of our people and the integrity of our produce.

**Economic:** Responsible Procurement / Food Safety / Governance

# Committed to being proactive and constructive

## Human rights

Group companies apply HR policies and procedures which ensure that the rights of employees in the businesses are fully respected.

Group companies, which are subject to reporting under legislation, such as the UK Modern Slavery Act 2015, have published statements on their websites. We are committed to maintaining and improving systems and procedures to avoid inadvertent complicity in human rights violations related to our own operations, our supply chain and our products.

### Anti-bribery and corruption

Total Produce endeavours to operate its business to very high standards in all respects, and to conduct its business in an honest and ethical manner. It is the policy of Total Produce in carrying on its business to

comply with all laws, both local and overseas. In line with this, the Group is committed to complying with all applicable bribery and anti-corruption laws in any country in which a Group subsidiary operates. The Group expects its employees in each country to comply with these laws, and to act professionally, fairly and with integrity in all of their business dealings.

### Codes of best practice

Total Produce is satisfied that we have the appropriate risk management procedures in place to ensure that we comply with the highest standards in relation to food safety regulations. In addition, Total Produce, through its subsidiaries, has established Codes of Best Practice with which direct suppliers are expected to comply. These are designed to reduce any potential negative impact of agricultural production on the environment and to ensure safe working conditions and fair treatment for workers in compliance with internationally accepted labour standards.

Total Produce is a member of GLOBALG.A.P., established by major food retailers and suppliers across Europe to address consumer concerns about food safety, environmental protection and worker welfare and to promote safe and sustainable agriculture. GLOBALG.A.P. has adopted an extensive range of guidelines on these matters, resulting in the GLOBALG.A.P. accreditation. This standard establishes the minimum requirements to be met by growers of fruit and vegetables that supply global retailers.

The Total Produce Group is also a member of SEDEX (The Social and Ethical Data Exchange), a body dedicated to the auditing of global producers to ensure ethical trading practices are adhered to.

In Total Produce, we recognise that our responsibilities concerning sustainability matters are ongoing. We are committed to being pro-active and constructive in addressing all such matters and to actively participate in industry forums on social, ethical, environmental and health and safety issues.



# GOVERNANCE

## Board of Directors and Secretary



**Carl McCann (67)**

Chairman, BBS, MA, FCA

Carl McCann was appointed as Chairman of Total Produce on 30 December 2006. Prior to this, he joined Fyffes in 1980 and held a number of senior positions including that of Vice Chairman before he was appointed Chairman in 2003. He is also Chairman of Balmoral International Land Holdings plc and is a director of a number of other companies.

**N** Chair



**Rory Byrne (60)**

Chief Executive, B Comm, FCA

Rory Byrne was appointed as Chief Executive of Total Produce on 30 December 2006. Rory has extensive experience in the fresh produce industry, having joined Fyffes in 1988, where he held a number of senior positions including Finance Director of the Group's UK business and Managing Director of its Spanish operations before becoming Managing Director of the General Produce division from 2002 and appointed to the position of Executive Director in 2006.

**N**



**Frank Davis (61)**

Finance Director, LLB, MA, FCCA, BL, FCI Arb

Frank Davis was appointed to the position of Finance Director and to the Board of Total Produce on 1 August 2009 having previously held the roles of Company Secretary/CFO from 30 December 2006. Frank joined Fyffes in 1983 and held a number of senior positions before becoming Finance Director of the General Produce division in 2002. An accountant by profession, he is also a qualified barrister-at-law (Honorable Society of King's Inn) and a Fellow of the Chartered Institute of Arbitrators.



**Rose Hynes (63)**

Non-Executive, BCL, AITI

Rose Hynes was appointed to the Board on 28 November 2006. She is the nominated Senior Independent Non-Executive Director. Rose, a lawyer, is Chairman of Origin Enterprises plc and Chairman of the Irish Aviation Authority. She was previously Chairman of the Shannon Group plc. Rose is also a Director of a number of other companies. Rose previously held senior executive positions with GPA Group plc.



## Committee Membership

- A** Member of Audit Committee
- N** Member of Nomination Committee
- C** Member of Compensation Committee



**Kevin Toland (55)**  
Non-Executive, FCMA

Kevin Toland was appointed to the Board as a Non-Executive Director on 1 July 2015. Kevin is Chairman of the Audit Committee and a member of the Compensation Committee. He was previously CEO of Aryzta AG, the global frozen bakery company, and prior to that was the CEO of daa plc. Kevin is also an IBEC board member and previously held senior executive positions with a number of international companies.

**A** Chair **C**



**Michael Meghen, (66)**  
Non-Executive, BBS LLB

Michael Meghen was appointed to the Board as a Non-Executive Director on 1 July 2018. Michael is Chairman of the Compensation Committee and a member of the Nomination Committee. He is a solicitor by profession and was a senior corporate partner in Arthur Cox, Ireland's largest legal firm, until his retirement as a partner more than five years ago. He has significant knowledge and experience in Mergers and Acquisitions and in cross-border transactions.

**C** Chair **N**



**Imelda Hurley, (49)**  
Non-Executive, FCA, BBS

Imelda Hurley was appointed to the Board as a Non-Executive Director on 2 January 2019 and is a member of the Audit and Nomination Committees. Imelda has over twenty years' experience in leadership roles across a variety of industries including significant international and agri industry experience. She is currently CEO of Coillte and an IBEC board member. She was previously Director/Chief Financial Officer of Origin Enterprises plc. She has also held senior executive positions with PCH International and Greenore Group plc.

**A** **N**



**Helen Nolan, (63)**  
Non-Executive, B Comm, FCA

Helen was appointed to the Board as a Non-Executive Director on 1 July 2019 and is a member of the Audit Committee. Helen has extensive experience in senior leadership roles across a variety of industries including her former role as a senior executive and Group Secretary at Bank of Ireland. She is a Director and the Chair of the Audit Committee of Aviva Life and Pensions DAC. Helen is a non-executive director of Our Lady's Hospice and chaired the Audit Committee of the Department of Agriculture for a number of years.

**A**



**Jacinta Devine, (48)**  
Company Secretary, FCA

Jacinta Devine was appointed to the position of Company Secretary of Total Produce on 1 June 2017 having previously held the role of Assistant Company Secretary. Jacinta is also the Divisional Finance Director of Ireland and the UK. Prior to the formation of Total Produce, Jacinta joined Fyffes in 1996 and during this time held a number of senior accounting and financial positions.

# Directors' Report

The Directors present their report to the shareholders, together with the audited financial statements of the Group and Company, for the year ended 31 December 2020.

## Principal activities and business review

Total Produce plc is one of the largest fresh produce distributors in the world with operations in 30 countries. A detailed business review is included in the Chief Executive's Review on pages 10 to 13 and in the Financial Review on pages 14 to 21, including an analysis of the key performance indicators used to measure performance. These are defined as revenue, margin, volume, average price adjusted EBITDA, adjusted EBITA and adjusted fully diluted EPS. Pages 26 to 31 of this report details the key business and financial risks faced by the Group.

## Results for the year

Details of the profit for the year are set out in the income statement for the year ended 31 December 2020 on page 82.

## Dividend

An interim dividend of 0.9129 cent (2019: 0.9129 cent) per share was paid on 29th January 2021. The Group intends to pay a final dividend of 2.770 cent per share in May 2021. The total dividend of 3.6829 cent per share for 2020 represents an increase of 5.5% on the total 2019 dividend of 3.4899 cent per share.

## Future developments

A review of future developments of the business is included in the Chairman's Statement on page 6.

## Directors and company secretary

The names of the persons who were Directors during the year are set out below. On 1 December 2020, the Group announced that Seamus Taaffe had indicated his intention to retire as a Non-Executive Director and formally retired on 5 January 2021. There were no other changes to the Directors and Company Secretary since the 2020 AGM.

### Executive:

C P McCann  
R P Byrne  
F J Davis

### Non-Executive:

R B Hynes  
S J Taaffe (retired 5 January 2021)  
K E Toland  
M J Meghen  
E I Hurley  
H F Nolan

### Company Secretary

J F Devine

### Directors interests

Details of the Directors share interests and interests in share options of the Company and Group companies are set out in the Compensation Committee Report on pages 69 to 74.

### Post balance sheet events

The payment of the 2020 interim dividend of 0.9129 cent per share was paid post year-end on 29 January 2021. The total dividend amounted to €3,549,000.

On 17 February 2021, the Group and Dole Food Company Inc and affiliates of Castle & Cooke, Inc. (the "C&C shareholders"), which own a 55% interest in Dole's parent company ("Dole Holdings") (together, the "Parties"), announced that they entered into a binding transaction agreement (the "Agreement") to combine under a newly created, U.S. listed company ("Dole plc") (the "Transaction").

Further details are outlined in the Stock Exchange announcement on 17 February 2021.

The Group has secured a committed debt facility with a term of 5 years to backstop and refinance certain existing Total Produce facilities in advance of the completion of the Transaction. In the event that the Transaction does not complete this committed financing shall remain in place in the Total Produce Group.

There have been no other material events subsequent to 31 December 2020 which would require disclosure or require adjustment in the financial statements.

### Share capital

The issued share capital of Total Produce plc at 31 December 2020 consisted of 388,724,962 ordinary shares (excluding 22,000,000 treasury shares).

Each share has a nominal value of 1 cent. All shares, other than treasury shares, have equal voting and dividend rights.

### Substantial holdings

The Directors have been notified of the following significant interests in the issued ordinary share capital of the Company as at 16 March 2021:

	No. of ordinary Shares	% of Issued Share Capital
Balkan Investment Company and related parties (including Arnsberg Investment Company)	49,016,821	12.64%
FMR LLC	26,801,411	6.89%
BDL Capital Management, SAS	19,973,347	5.14%
Impax Asset Management Limited	16,935,000	4.36%
LA FINANCIERE DE L'ECHIQUEUR SA	15,537,156	4.00%
BNP Paribas Investment Partners SA	14,612,708	3.77%
Pentwater Capital Management LP	14,159,134	3.64%

Except as disclosed above, the Group has not received any notification from any person confirming that such person is interested, directly or indirectly, in 3% or more of the issued share capital (excluding treasury shares) of the Company, nor is it aware of any person who directly or indirectly, jointly or severally, exercises or could exercise control over the Group.

### Directors' interests in contracts

Except as disclosed in Notes 15 and 24 of the accompanying financial statements, none of the Directors had a beneficial interest in any material contract to which the Company or any of its subsidiaries was a party during the year.

### Treasury shares

At 31 December 2020, the total number of treasury shares amounted to 22,000,000 ordinary 1 cent shares at a cost of €8,580,000 (2019: 22,000,000 1 cent shares at a cost of 8,580,000). These shares represent 5.36% (2019: 5.36%) of the ordinary shares in issue at 31 December 2020. In respect of these treasury shares all rights (including voting and dividend rights) are suspended until those shares are reissued and therefore are not included in the earnings per share calculations.

### Principal risks and uncertainties

The Board has overall responsibility for the Group's systems of risk management and internal control. Details of the structures in place are set out on pages 26 to 31. These have been designed to manage rather than eliminate risk of failure to achieve business objectives and reasonable, but not absolute assurance, against material misstatement or loss.

Under Irish company law, the Group and the Company are required to give a description of the principal risks and uncertainties which they face. These principal risks are set out within the Risk and Risk Management section on pages 27 to 31.

### Accounting records

The Directors believe that they have complied with the requirements of Sections 281-285 of the Companies Act, 2014, with regard to adequate accounting records by employing accounting personnel with appropriate expertise and by providing adequate

resources to the finance function. The accounting records of the Company are maintained at 29 North Anne Street, Dublin 7, Ireland.

### Relevant audit information

The Directors who held office at the date of approval of this Directors' report confirm that, so far as they are each aware, there is no relevant audit information of which the Group's auditor is unaware; and each Director has taken all the steps that they ought to have taken as a Director to make themselves aware of any relevant audit information and to establish that the Group's auditor is aware of that information.

### Audit committee

The Group has established an Audit Committee. The responsibilities of the Audit Committee are outlined on page 66.

### Directors compliance statement

It is the policy of the Company to comply with its relevant obligations (as defined in the Companies Act 2014). The Directors, in accordance with Section 225(2) of the Companies Act 2014, acknowledge that they are responsible for securing the Company's compliance with certain obligations specified in that section arising from the Companies Act 2014 and Tax laws ('relevant obligations'). In discharging their responsibilities under Section 225, the Directors relied on the advice of third parties whom the Directors believe have the requisite knowledge and experience to advise the Company on compliance with its relevant obligations. The Directors confirm that:

- a compliance policy statement has been drawn up setting out the Company's policies with regard to such compliance;
- appropriate arrangements and structures that, in their opinion, are designed to secure material compliance with the Company's relevant obligations, have been put in place; and
- a review has been conducted, during the financial year, of the arrangements and structures that have been put in place to secure the Company's compliance with its relevant obligations.

### EU non-financial reporting

The Company, under the EU Non-Financial Reporting Directive, is required to identify and report on material non-financial areas of the business. The table below indicates where further information can be found on each area.

Reporting Requirements	Our Policies & Practices	Page Reference
Environmental Matters	Vision 20/20	42
Social and Employee Matters	Diversity Policy	46
	People Development Strategy	46
Respect for Human Rights	Local HR Policies	53
Anti-bribery and Corruption	Anti-bribery and corruption practices	53

### Political donations

During the current and prior year, the Group and Company did not make any donations disclosable in accordance with the Electoral Act, 1997.

### Auditor

The auditor, KPMG, Chartered Accountants, will continue in office in accordance with Section 383(2) of the Companies Act, 2014.

### Subsidiaries, joint ventures and associates

Information on the Group's principal subsidiaries, joint ventures and associates is included in Note 40 of the accompanying financial statements.

On behalf of the Board

**C P McCann**  
Chairman  
16 March 2021

**F J Davis**  
Finance Director  
16 March 2021

# Corporate Governance Statement



## Dear Shareholder,

The Board of Total Produce plc is firmly committed to business integrity, high ethical values and professionalism in all of its activities and operations. Our strategic priorities, as outlined on page 22, are all underpinned by a strong company culture of conducting business in an honest and ethical manner. The Board recognises the importance of maintaining the highest standards of corporate governance and that it is accountable to its shareholders in this regard. The Board has adopted the Quoted Companies Alliance (QCA) Corporate Governance Code, issued in April 2018. The Code is constructed around ten broad principles as explained in the Corporate Governance Statement that follows.

## Recent Developments

The Board understands the importance of keeping its succession plans under continuous review. The Board also believes that it is important to have individual Directors who have a very clear understanding of the Group's business and strategy. The Board values the benefits diversity can bring and the Nomination Committee

considers the benefits of all aspects of diversity to complement the range and balance of skills, knowledge and experience on the Board.

Seamus Taaffe advised the Board that he would retire as a Director at the conclusion of the 2020 financial year. This change facilitates orderly Board succession. Following this and the retirement of Frank Gernon and Jerome Kennedy on 31 March 2020, the Board is made up of five independent Non-Executive Directors and three Executive Directors. The Board is pleased to note that it has realised the Irish Government's Balance for Better Business 2023 target for ISEQ 20 companies of a minimum 33% female representation on the Board.

A review of Board Committee membership was undertaken and the following changes were adopted on 21 January 2021:

- Following the retirement of S J Taaffe, E I Hurley joined the Nomination Committee
- K E Toland replaced S J Taaffe as Chairman of the Audit Committee
- The Chairmanship of the

Compensation Committee rotated with M J Meghen taking over the role from K E Toland

In 2020 our Total Produce Employee Culture and Engagement Policy was adopted. The Sustainability Steering & Working Group update the Board on culture and employee engagement around the Group.

Due to the extension of the Irish Government's COVID-19 restrictions in relation to public gatherings and to prioritise the health and safety of our shareholders, employees and other stakeholders, the 2020 Annual General Meeting was held remotely by utilising a teleconference facility provided by the Company. Shareholders were able to submit questions in writing or by email to the Company Secretary in advance of the meeting. The results of the poll relating to the resolutions tabled at the AGM are available on our website.

The Corporate Governance Statement describes our corporate governance arrangements including the application of the QCA principles.

**C P McCann**  
Chairman

**The Board of Total Produce plc have committed to apply the principles of the QCA Code. This statement details the Company's key governance principles and practices and how it has complied fully with the principles of the QCA Code.**

**Principle 1:  
Establish a strategy and business model which promote long-term value for shareholders**

The Company has maintained a consistent business model and strategy since the inception of the Group in 2006 which is described on pages 22 to 23. The Group's vision is to continue to develop our position as one of the world's leading fresh produce companies. The Group's ambition is to deliver long-term stakeholder value by leveraging our collective skills at a local level and by continued global growth by acquisition and through partnerships.

Key challenges to delivering our business model and strategy are identified and addressed through the risk management process. This is set out in principle 4. The Group strives to constantly review and improve our processes in line with industry best practice and new regulatory requirements.

**Principle 2:  
Seek to understand and meet shareholder needs and expectations**

Communication with shareholders is given a high priority by Total Produce plc. The Group recognises the importance of maintaining regular dialogue and meetings with shareholders to ensure the Group's strategy and performance are understood. The Group communicates with its shareholders by way of the AGM combined with the Annual Report and the financial statements, preliminary and interim results announcements and presentations, which are disseminated to shareholders via our website. Stock Exchange announcements in respect of trading updates and corporate activity are similarly published on our website.

The contents of the Annual Report including the Operating Review, the Financial Review, the Directors' Report and Financial Statements (in addition to Stock Exchange announcements, Preliminary Results Announcements and Interim Results Announcements) have been reviewed by the Board in order to ensure a balanced and clear presentation so that the Group's position and results may be properly appreciated by shareholders.

The Board considers that the Annual Report and accounts taken as a whole is fair, balanced and understandable and provides the information necessary for shareholders to assess the Company's position, performance, business model and strategy.

In addition, the Group successfully engages with its existing and potential institutional shareholders through investor meetings, conference calls, analysts' briefings and attending various broker conferences throughout the year and more particularly after the announcement of the preliminary and interim results. During the year there were 91 meetings, calls and presentations held with shareholders, including:

Date	Detail	Activity
January 2020	Investor Meetings	Davy Conference, New York
March 2020	2019 Preliminary Results	Virtual Roadshow
August 2020	2020 Interim Results	Virtual Roadshow
November 2020	Investor Meetings	Goodbody Virtual Conference

The Executive Directors and Non-Executive Directors are kept informed on investor issues and the outcome of meetings with shareholders.

The Chairman is available to discuss strategy and governance with major shareholders. The Chairman and the Senior Independent Non-Executive Director are available to address concerns with shareholders which cannot be addressed through normal channels. In addition the Committee Chairs are available to discuss significant matters relating to their areas of responsibilities with shareholders.

A business presentation is provided at the Company's AGM followed by a question and answer forum which offers shareholders the opportunity to interact with the Board. The AGM is valued by the Board as an occasion where individual shareholders' views and suggestions can be noted and considered by the Directors. Due to the COVID-19 pandemic the 2020 AGM was held remotely by utilising a teleconference facility provided by the Company and Shareholders were invited to submit questions in advance.

Details of proxy voting are announced in respect of each resolution considered at the AGM or at any EGM and subsequently posted on our website [www.totalproduce.com](http://www.totalproduce.com). The Company arranges for the Notice of the AGM and related papers to be sent to shareholders at least 20 clear working days in advance of the meeting. If 20% or more of the votes have been cast against a resolution the company will engage with significant shareholders to understand the reasons behind such votes.

Contact details for those responsible for shareholder liaison can be found on the website [www.totalproduce.com](http://www.totalproduce.com)



**Principle 3:**  
Take into account wider stakeholder and social responsibilities and their implications for long-term success

In addition to our shareholders, our understanding of the nature of the responsibilities to the wider group of stakeholders is unambiguous. We understand that this engagement is a key part of the long-term success of the Group.

As a customer orientated organisation, the delivery of premium quality, safe, traceable produce to the consumer must always remain our primary concern. We acknowledge these responsibilities inherent in the pursuit of this goal, most notably to the emerging and developing nations from which we source, and more specifically to our local and global partners in production. These responsibilities extend beyond the growers and their people to the environment in which they operate. We are also committed to meeting our broader social and commercial responsibilities to our own employees and shareholders – as we are to our wider social obligations to the communities we serve across the global marketplace.

Using the Sustainability Accounting Standards Board (SASB) Materiality Map as a reference point, our Sustainability Steering & Working Group (SSWG), together with an external consultant, has developed a Group materiality matrix (see page 39). This identifies the key issues for both the Group and our stakeholders under our sustainability central pillars: Environment, Economic and Ethical & Social. As the matrix evolves, through further stakeholder engagement, it will help refine the focus of both Group policies and the choice of local projects.

Local at heart, global by nature, Total Produce operates a decentralised structure. Local operations, experienced as they are in the dynamics of the local marketplace, identify the required resources and establish relationships specific to their own market and circumstance. In consultation with regional management, Group management assesses the collective requirements of our operations and seeks to leverage the cumulative strength of the broader Group, endeavouring to deliver synergies, efficiencies and ultimately a competitive advantage.

**Customers, growers and suppliers**

The fresh produce industry is very much people orientated. A commitment to effectively and transparently engage with stakeholders permeates throughout our organisation locally and internationally. Engagement with customers and growers in our industry, both formally and informally, is typically conducted on a daily basis.

**Consumers**

Co-ordinating the complete supply and demand chain is what we do. In doing so, our ambition is to satisfy the global fresh produce consumer, with whom we engage via a broad suite of marketing communications including digital media such as Facebook, Twitter, Instagram, YouTube and a variety of websites and Smartphone Apps.

**Employees**

We recognise too, our responsibility to engage with our own employees. Total Produce operates a relatively flat operational structure and employee engagement varies across our operations from informal open door policies where there is an open invitation to all employees to contribute to decision making, to more formalised structures in other markets. The Total Produce Employee Culture and Engagement Policy was adopted in 2020 to formalise the Group wide assessment of employee engagement.

**Sustainability**

The European Commission has published recommendations governing the recognition, measurement and disclosure of environmental issues in the annual reports of companies. Although the provisions of the recommendations are not binding on the Group in the conduct of its business, the Group recognises its social responsibility and endorses the growing trend towards environmental accountability.

The SSWG, led by the Group Finance Director, brings together colleagues from functions such as technical, operational, finance and marketing with support from other areas such as human resources. The SSWG report directly to the Board of Directors and develop Group practices and policies relating to environmental and social issues. See our Sustainability report on pages 34 to 53 for more detail on the Groups sustainability work.

The influence and impact of engagement and feedback from our broad stakeholder base is presently most obvious in our ongoing efforts to Reduce, Remove and Replace single-use plastic with compostable plastic packaging.

The Group actively promotes best business practices and standards that seek to enhance the health, education and conditions of workers and their families and to universally encourage the use of sustainable farming methods by its suppliers. Total Produce is supportive of governmental efforts to combat slavery and human trafficking, as outlined in the Total Produce UK Modern Slavery Act Statement which is available on the Total Produce UK website.

**Principle 4:  
Embed effective risk management, considering both opportunities and threats throughout the organisation**

Risk management within Total Produce plc is co-ordinated by an Executive Risk Committee ('ERC' or the 'Committee') which directs the implementation of the process consistently throughout the Group. Responsibility for the identification and evaluation of financial, operational and compliance risks is delegated to senior management, which reports back to the Committee. The Committee meets during the year, as required, to identify, assess and manage risk. In this process it reviews the relevant findings, and makes recommendations. The Committee reports its findings and recommendations to the Audit Committee, which in turn reports to the Board. Please see the Risk and Risk Management Report on pages 26 to 31 for further information including the principal risks faced by the Group.

**Principle 5:  
Maintain the Board as a well-functioning, balanced team led by the Chairman**

Total Produce plc is led by a strong and effective Board of Directors and its members acknowledge their collective responsibility and legal obligation for defining the corporate governance arrangements. Ultimate responsibility for the approach to and quality of the

Corporate Governance structures rests with the Chairman.

Total Produce considers that the structure of its Board is appropriate for the AIM and Euronext Growth markets on which its shares are traded, allowing for an efficient decision making process. All of the Directors have fiduciary responsibilities to shareholders. In addition, the Executive Directors are responsible for the operation of the business while the Non-Executive Directors bring independent objective judgment to bear on Board decisions by constructively challenging management and helping to develop and execute the Group's strategic objectives.

Each of the Executive Directors has extensive knowledge of the fresh produce industry, in addition to wide-ranging business skills and commercial acumen. This is complemented by the broader industry expertise and background of the Non-Executive Directors. All of the Directors take their roles and responsibilities seriously and undertake their duties diligently. The Board as a whole is therefore well placed to address any major challenges for Total Produce should they arise. All of the Directors bring objective judgment to bear on issues of strategy, performance, resources (including key appointments) and standards of conduct.

Effective governance is fostered by the separation of the roles of the Executive Chairman and the Chief Executive, as this division of responsibilities at the head of the Group ensures a balance of power and authority. The Executive Chairman has overall responsibility for Group strategy and to see that the Group achieves a satisfactory return on investment for shareholders. The Chairman oversees the operation and effectiveness of the Board and ensures appropriate interaction between it, executive management and the Company's shareholders.

The Chief Executive is responsible for developing and delivering the Group's strategy, and ensuring, along with the Finance Director, that the Directors receive accurate, timely and clear information, and is accountable for the overall performance and day-to-day management.

Each of the Non-Executive Directors bring considerable business experience and independent challenge to the Board's deliberations and an unfettered perspective to their advisory and monitoring roles.

The Board considers that the independent Non-Executive Directors are sufficient to maintain the balance between Executive Directors and Non-Executive Directors on the Board. Following the Board changes which were effective from 31 March 2020 and the retirement of S J Taaffe on 5 January 2021, the Board is made up of five independent Non-Executive Directors and three Executive Directors.

The terms and conditions relating to the appointment of the Non-Executive Directors are available for inspection at 29 North Anne Street, Dublin 7, during normal office hours.

**Independence of Non-Executive Directors**

The Board has determined all of the Non-Executive Directors to be independent. In arriving at its conclusion, the Board considered many factors including, inter alia, whether any of the Non-Executive Directors:

- has been an employee of the Group within the last five years;
- has, or had within the last three years, a material business relationship with the Group either directly or as a partner, shareholder, director or senior employee of a body that has such a relationship with the Group;
- receives remuneration from the Group other than a director's fee, participates in the Group's share option or a performance related pay scheme or is a member of the Group's pension scheme;
- has close family ties with any of the Group's direct advisers, Directors or senior employees;
- holds cross-directorships or has significant links with other Directors through involvement in other companies or bodies;
- represents a significant shareholder; or
- has served on the Board for more than nine years from the date of their first election.

R B Hynes was first elected to the Board in May 2007. The Board has assessed and concluded that notwithstanding her tenure on the Board, and having regard to her knowledge and experience, that she is independent of management and that she discharges her duties in an independent manner.

### Operation of the Board

The Board met regularly throughout the financial year with 7 scheduled Board meetings, in addition to which meetings are called as and when warranted by matters arising. Attendance at scheduled Board and Committee meetings during the year was as follows:

Number of scheduled meetings	Board	Audit Committee	Compensation Committee	Nomination Committee
C P McCann	7			1
R P Byrne	7			1
F J Davis	7			
J F Gernon	1			
E I Hurley	7	4		
R B Hynes	7			
J J Kennedy	1			
M J Meghen	7		4	1
H F Nolan	7	4		
S J Taaffe	7	4		1
K E Toland	7		4	

All Directors attended all scheduled Board and Committee meetings held during their period as a member of the Board or as members of their respective committees.

C P McCann, J F Gernon and R P Byrne attended Compensation Committee meetings as required. R P Byrne, F J Davis and J F Gernon attended Audit Committee meetings when required.

Additional Board or Committee meetings were held to issue formal approvals, or deal with other matters of a routine or administrative nature.

Under their terms of appointment, Non-Executive Directors provide confirmation, on an annual basis, that any other commitments do not impact on their role with Total Produce.

Board papers and key information are shared prior to each meeting to allow sufficient time for the Directors to be briefed on the matters thus enabling them to actively contribute to Board and Committee meetings.

The Chairman held meetings with the Non-Executive Directors without the Executives present. There is interaction, as necessary, between senior executive management and Board members.

The Board has identified and formally adopted a schedule of key matters that are reserved for its decision, including the annual budgets, interim and preliminary results announcements, the Annual Report, interim and final dividends, the appointment or removal of Directors and the Company Secretary, circulars to shareholders, Group treasury policies and capital expenditures and acquisitions in excess of €20m.

Certain other matters are delegated to Board Committees, the details of which are set out under Principle 9.

### Principle 6: Ensure that between the Directors they have the necessary up-to-date experience, skills and capabilities

Total Produce plc is led by a strong and effective Board of Directors. The Directors of the Company are detailed on page 56.

Please see pages 54 to 55 for further information in regard to the relevant experience, skills and capabilities that each Director brings to the Board. In addition, each of the Directors are diligent in their approach and draw on their personal experience and knowledge to address all of the matters that require attention at Board and Committee meetings. Both individually and as a group they strive to create shareholder value whilst also taking into account the wider stakeholder group.

Board members are selected (refer to the Nomination Committee terms of reference detailed on page 65) for their relevant experience, and appropriate training is available to them whenever necessary. On an annual basis Directors confirm to the Chairman that their training and development needs have been met. Directors receive a full, formal and tailored induction into the Group's activities and into the operation and procedures of the Board on their appointment.

R B Hynes is the Senior Independent Non-Executive Director, with the primary role of supporting the Group Chairman on all governance related matters. She is available to shareholders, and other stakeholders, if they have concerns which they have been unable to resolve through the normal channels of Chairman, Chief Executive Officer or other Executive Directors.

The Company has access to external professional advisors including, but not limited to, Actuaries, Auditors, Legal Advisors, Tax Advisors and Accountants available to them to provide independent advice on all significant matters which arise during the course of the year.



There is an agreed Board procedure facilitating Directors to take independent professional advice, in the furtherance of their duties, at the Company’s expense. Each Board member has access to the impartial advice and services of the Company Secretary, who is responsible to the Board for ensuring that appropriate procedures are followed. The appointment and removal of the Company Secretary is a matter for the Board as a whole. The Company has put in place a Directors’ and Officers’ liability insurance policy.

The Constitution of the Company requires that one-third of the Board must, by rotation, seek re-election at the AGM each year.

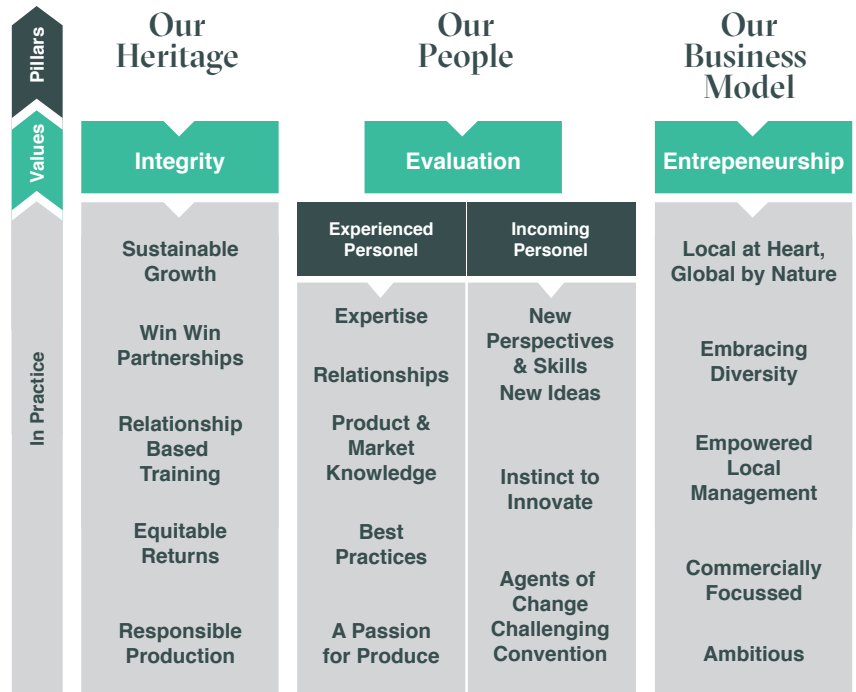
**Principle 7:**  
**Evaluate Board performance based on clear and relevant objectives, seeking continuous improvement**

On an annual basis, the Board evaluates its own performance and that of its Committees and of each individual Director. The Board considers that the objectivity brought to bear by the Non-Executive Directors combined with the experience of the Executive Directors is key to ensuring that the evaluation is robust.

In assessing the performance of the Board in 2020, the Directors considered such matters as the appropriateness of its composition, its effectiveness in developing Group strategy, its contribution to managing the Group’s business and operational risks, its response to developing issues and its communications with the Group’s stakeholders. The evaluation procedures are reviewed each year to ensure they are appropriate. The next Board evaluation will take place before the end of 2021.

The Nomination Committee regularly assesses the Board’s composition, Board members and the various Board roles. The Committee keeps the Group’s succession plans under continuous review.

The Committee and the Board understand the importance of ensuring diversity including gender and the key role a diversified Board plays in



ensuring effectiveness. The Board takes diversity into consideration whilst ensuring that the best people are nominated to all appointments, and suitable candidates are selected on the basis of relevant experience, backgrounds, skills and knowledge and insight, having due regard to the benefits of Board diversity.

In assessing the performance of the committees of the Board, the Directors considered the appropriateness of their composition and terms of reference, their effectiveness in fulfilling their roles and their interaction with the Board.

The assessment of the performance of individual Directors included consideration of their contribution to the effective functioning of the Board, the appropriateness of their knowledge, skill and experience levels and their commitment to their roles. In addition, the Non-Executive Directors meet without the Chairman annually to appraise the effectiveness of the Chairman.

The Chairman summarised the outcome of these evaluation processes and reported them to the Board. The Board also concluded that the procedures were considered adequate and no amendments to them were recommended. The Board concluded that the Board, the Directors and its Committees were effective in the performance of their duties.

**Principle 8:**  
**Promote a corporate culture that is based on ethical values and behaviours**

In Total Produce, we take great pride in our reputation as a trustworthy partner embracing our responsibilities in the pursuit of best practice. The Board ensures that the Company has the means to determine that ethical values and behaviours are recognised and respected. The foundations upon which this reputation has been built are to be found in the set of values which define the manner in which we conduct our business. See our core values illustrated inside the front cover.

Total Produce endeavours to operate its business to very high standards in all respects, and to conduct its business in an honest and ethical manner. It is the policy of Total Produce to carry on its business in compliance with the law, including, but not limited to, those laws relating to bribery and anti-corruption. The Group requires its employees to comply with the law, and to act professionally, fairly and with integrity. Good Faith reporting procedures have been established to allow staff to report concerns. Key internal structures such as the risk management procedures, Audit Committee and internal audit provide assurance that these values are being recognised and valued.

Total Produce seeks to promote alignment with the Company's corporate culture throughout the Group. We preserve and augment our culture by placing 'cultural fit' at the very heart of our criteria when assessing new acquisitions and partnerships, in order to bring together like-minded businesses in pursuit of our common goals.

With our strategic priority "the people behind the produce" in mind the Total Produce Employee Culture and Engagement Policy was adopted in 2020. This formalises our processes for assessing culture in our local businesses and the levels of employee engagement. The SSWG provides updates on this work to the Board.

**Principle 9:  
Maintain governance structures and processes that are fit for purpose and support good decision-making**

The Board believes the combination of Executive and Non-Executive Directors leads to effective Corporate Governance Structures. Additional assurance is provided through the Audit Committee, Compensation Committee and Nomination Committee. The Board believe the current structures in place are appropriate, given the Company's size and the markets on which its shares are traded, but continue to review corporate governance arrangements on an ongoing basis.

**Board Committees**

There are three principal Board committees, the Nomination, the Audit and the Compensation Committees.

**Nomination Committee**

Please refer to page 65 for full details of the composition, terms of reference and activities of the Nomination Committee.

**Audit Committee**

Please refer to pages 66 to 68 for further details of the composition, terms of reference and activities of the Audit Committee.

**Compensation Committee**

Please refer to pages 69 to 74 for full details of the composition, terms of reference and activities of the Compensation Committee.

**Principle 10:  
Communicate how the Company is governed and is performing by maintaining a dialogue with shareholders and other relevant stakeholders**

As previously set out under Principle 2 the Board consider Shareholder Communication to be a high priority. Historical reports, presentations and news can be found on our website [www.totalproduce.com](http://www.totalproduce.com)

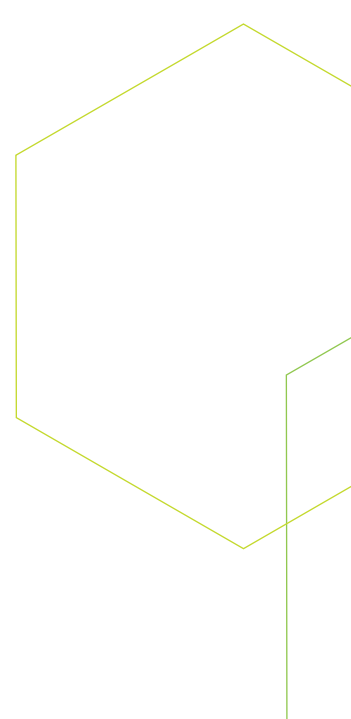
The outcome of all votes cast at shareholder meetings are announced at the time and the outcome of all votes at the AGM are recorded on our website.

Each year our Board Committees detail the work undertaken during the year. To view these reports for 2020 please refer to below:

Nomination Committee Report – see page 65.

Audit Committee Report – see pages 66 to 68.

Compensation Committee Report – see pages 69 to 74.



# Nomination Committee Report

## Membership

The members of the Nomination Committee (the 'Committee'), are C P McCann (Chairman), R P Byrne, E I Hurley and M J Meghen. E I Hurley joined the Committee on 21 January 2021. Biographical details for these Directors are set out on pages 54 to 55.

The Committee comprises two Executive Directors and two Non-Executive Directors, and so a majority of the Committee's members cannot be considered independent. However, considering the size of the Board, a 50:50 split is considered appropriate by the Board.

## Roles & Responsibilities

The Committee's responsibilities are set out in the terms of reference of the Nomination Committee, which are available on request from the Company Secretary. They are summarised as follows:

1. to evaluate the balance of skill, knowledge and experience of the Board;
2. to consider the need for any new or additional appointments;
3. where necessary to prepare a list of potential candidates and forward the names of potential candidates to the Board for its consideration and, if appropriate, approval.

## Meetings

The Committee had one scheduled meeting during 2020, attendance at which is set out on page 62. The minutes of the Committee meetings are made available to the Board.

## Principal Activities during 2020

### Board Composition and Succession Planning

The Committee regularly assesses the Board's composition, the Board members and the various Board roles. The Committee has further reviewed the Group succession plans and concluded that they are appropriate. The Committee and the Board understand the importance of ensuring diversity, including gender, and the key role a diversified Board plays in ensuring effectiveness. Having regard for the benefits of diversity, the Board takes it into consideration whilst ensuring that the best people are nominated to all appointments, and suitable candidates are selected on the basis of relevant experience, background, skills and knowledge and insight.

## Diversity

A strategic priority of the Group is to recognise and develop the talents of the Group's employees. As part of this, the Committee consider diversity in respect of appointments and succession planning. In 2019, the Committee developed a Board Diversity Policy which was approved by the Board. In addition, the Total Produce Diversity and Equal Opportunities policy, which applies to all Group employees, was issued in August 2019.

The Board currently comprises eight Directors of which three are Executive and five are Non-Executive. The Committee is pleased to note that the Board has realised the Irish Government's Balance for Better Business 2023 target for ISEQ 20 companies of 33% female representation on the Board.

## Evaluation of the Nomination Committee

As detailed on page 63, Board and Committee evaluations are internally facilitated. The Board evaluated the performance of the Committee, and the Committee carried out a self-assessment of its performance, and each concluded that the Committee was performing effectively.

# Audit Committee Report

## Membership

The members of the Audit Committee (the 'Committee'), all of whom are independent Non-Executive Directors, are K E Toland (Chairman), E I Hurley, and H F Nolan. Biographical details for these Directors are set out on pages 54 to 55. S J Taaffe retired from the committee on 5 January 2021 and K E Toland was appointed Chairman of the Committee.

The Board is satisfied that the members of the Committee have recent and relevant experience and a mix of skills and expertise in commercial, financial and audit matters arising from the positions they hold or have held in other organisations.

## Roles & Responsibilities

The Committee's responsibilities are set out in the terms of reference of the Audit Committee, which are available on request from the Company Secretary, and are designed to provide appropriate assurance on governance arrangements, with regard to the Company's size and the markets on which it is traded. They are summarised as follows:

1. to approve the terms of engagement and remuneration of the external auditor and to recommend to the Board, when appropriate, any change in the external auditor;
2. to agree, in advance, with the external auditor the nature and scope of their audit as set out in their audit plan;
3. to annually assess and monitor the independence, objectivity and effectiveness of the external auditor. As part of this process, the Committee reviews the implementation of its policy in relation to the provision of non-audit services by the external auditor, taking into account relevant ethical guidance;
4. to agree with the Board (and to subsequently monitor) a policy on the employment by the Group of former employees of the external auditor;
5. to conduct the tender process, when required, and make recommendations to the Board, about the appointment, reappointment and removal of the auditor, and approving the remuneration and terms of engagement of the external auditor;
6. to review the Group's interim results and preliminary results announcements, financial information and full year consolidated financial statements and to report to the Board on the outcome of these reviews. As part of this process, the Committee considers:
  - the appropriateness of the Group's accounting policies, including any changes in these policies;
  - any significant judgmental matters;
  - any significant adjusted and unadjusted audit differences;
  - the continuing appropriateness of the going concern assumption;
  - the contents of the Chief Executive's and Financial Reviews as set out in the Annual Report;
  - compliance with relevant financial reporting standards, and related legislative requirements; and
  - compliance with legal and Stock Exchange requirements.
7. to provide advice (where requested by the Board) on whether the annual report and accounts, taken as a whole is fair, balanced and understandable;
8. to review any issues raised by the external auditor during the conduct of their audit. As part of this review, the Committee considers any report from the external auditor on their findings in relation to the Group's financial systems and controls, together with any management responses. In addition, the Committee reviews the representation letters required by the external auditor as part of the audit, prior to their endorsement by the Board. The Committee also meets the external auditor independently of management at least annually;
9. to review the Group's statement on internal control systems and the risk management framework, prior to endorsement by the Board;
10. to review and to report to the Board on the effectiveness of the Group's internal controls including co-ordination between the internal and external auditors and the adequacy of the internal audit function;
11. to approve, in consultation with the Chairman of the Board, the appointment and removal of the Head of Internal Audit;
12. to consider any major findings from internal investigations and the Company's response;
13. to review the Group's arrangements for employees to raise concerns, in confidence, about possible impropriety in financial reporting or other matters and to ensure there is provision for a proportionate investigation and follow-up of such matters;
14. to report to the Board on how it has discharged its responsibilities; and
15. to review, at least annually, the Committee's own performance and terms of reference and to recommend any changes it considers necessary to the Board for approval.

## Meetings

The Committee met four times during 2020, attendance at which is set out on page 62. The Finance Director and Head of Internal Audit attend all meetings of the Committee. Representatives from the external auditors would usually attend three meetings. The Company Secretary acts as secretary to the Committee and the minutes of the Committee meetings are made available to the Board. During the year, three meetings took place in advance of scheduled Board meetings at which the Chairman of the Committee provided a report to the Board on the activity of the Committee and the matters of particular relevance to the Board in the conduct of its work. Separately the Committee meets with the external auditor and the Head of Internal Audit without any members of senior management being present.

## Principal activities during 2020

### Financial Reporting and Significant Financial Judgments

The primary role of the Committee in relation to financial reporting is to review with both senior management and the external auditor the appropriateness and integrity of the half-year and annual financial statements, the interim and preliminary results announcements and the Annual Report.

In fulfilling these responsibilities, the Committee concentrated on, amongst other matters:

- the appropriateness of the Group's accounting policies and practices;
- the clarity of the disclosures and compliance with financial reporting standards and relevant financial and governance reporting guidance;
- material areas in which significant judgements had been applied or where discussions had taken place with the external auditor; and
- whether the Annual Report and Financial Statements, taken as a whole, are fair, balanced, understandable and provide the information necessary for shareholders to assess the Group's performance, business model and strategy.

The Committee considered various reports from and discussions with

management and KPMG, (the Group's external auditor), in support of the half-year and full-year financial statements and results announcements.

### Internal Control and Risk Management

The Board has delegated responsibility for the ongoing monitoring of the effectiveness of the risk management and internal control to the Committee. The Committee reviewed the Group's overall approach to risk management and control, and its processes, outcomes and disclosures. In fulfilling its oversight responsibilities, the Committee met with senior members of management and the Head of Internal Audit to discuss the overall system of internal controls applied in the Group. As set out on page 26 of the Risk and Risk Management Report, risk management within the Group is co-ordinated by the Executive Risk Committee ('ERC'). The Chief Executive, as chairman of the ERC, met with the Committee to provide an update on the work completed during the year including the review of relevant findings and the consideration of operational and corporate risks. Following this meeting, the Chairman provided an update to the Board at the December Board meeting.

### Internal Audit

The Head of Internal Audit attended all four meetings of the Committee during the year and presented the quarterly reports of audits performed during that period and management responses to audits completed in previous periods. The Committee reviewed the Internal Audit plan for the year and agreed its resource requirements with the Head of Internal Audit. The Committee met with the Head of Internal Audit during the year without management being present. The Committee carried out an evaluation of the performance of the internal audit function and was satisfied with the effectiveness of the function.

### 2020 significant financial reporting judgment and disclosure

#### Goodwill

As detailed in Note 14 to the financial statements, the Group had goodwill and intangible assets of €245m at 31 December 2020. The Committee considered the impairment reviews undertaken by management in order

to satisfy itself that this balance was reasonable and appropriate. Impairment reviews are carried out annually on 31 December or more frequently if there are indications that goodwill might be impaired.

In conducting their impairment reviews, management determine the recoverable amount of each cash generating unit (CGU) and compare this to the carrying value. The recoverable amount of each CGU is determined based on a value-in-use calculation using cash flows derived from the approved 2021 budget with cashflows thereafter calculated using a terminal value methodology.

Management advised the Committee that future cashflows of each CGU had been estimated based on assumptions regarding future profitability, replacement capital expenditure requirements and working capital investment and discounted using rates reflecting the current market assessment of the risk specific to each CGU. Sensitivity analysis was performed based on changes to the assumptions and discount rates.

Following these procedures, the Committee is satisfied with the approach to the impairment reviews.

### Independence of External Auditor

It is the Committee's responsibility to monitor the performance, objectivity and independence of the external auditor, currently KPMG. During the year the Committee met with KPMG to agree the audit plan and scope for the 2020 audit. The Committee also agreed the terms of the engagement letter and approved, on behalf of the Board, the fees payable for the audit.

As part of the approval of the appointment of the external auditor, the Committee sought confirmation from the external auditor that it is, in its professional judgment, independent of Total Produce plc. The Committee monitors the nature, extent and scope of non-audit services provided by the external auditor on an ongoing basis. In this regard, the engagement of the external auditor to provide any non-audit services, where the expected costs exceed a pre-approved limit, requires the approval of the Audit Committee.

Four key principles underpin the provision of non-audit services by the external auditor, namely that the auditor shall not:

- audit its own firm's work;
- make management decisions for the Group;
- have a mutuality of financial interest with the Group; or
- be put in the role of advocate for the Group.

The amounts paid to the external auditor during the financial year for audit and non-audit services are disclosed on page 110.

The Committee also reviewed the Group's practices in respect of the hiring of former employees of the external auditor, in order to assess whether such appointments might affect, or appear to affect, the external auditor's independence, and where appropriate approve such appointments.

KPMG has been the Group's external auditor firm since the formation of the Group in December 2006. The external auditor is required to rotate the audit partner responsible for the Group every five years. The previous Audit Partner rotated off the engagement following the 2019 audit having served five years as lead Audit Partner. The current lead Audit Partner has been in place for one year. During the year, the Committee carried out its annual assessment of the effectiveness of the external audit process and considered the tenure, quality and fees of the auditor.

The Committee concluded that it continued to be satisfied with the performance of KPMG who remain effective, objective and independent and that a tender for audit work is not necessary at this time. On this basis, the Committee recommended to the Board that KPMG be re-appointed as the Group's external auditor for a further year. The Board accepted the Committee's recommendation and a non-binding resolution to confirm the re-appointment of KPMG as external auditor will be put to shareholders at the forthcoming AGM.

### **Evaluation of the Audit Committee**

As detailed on page 63, Board and Committee evaluations are internally facilitated. The Board evaluated the performance of the Committee, and the Committee carried out a self-assessment of its performance, and each concluded that the Committee was performing effectively.

# Compensation Committee Report

## Composition and terms of reference of the Compensation Committee

The members of the Compensation Committee ('the Committee'), both of whom are independent Non-Executive Directors, M J Meghen (Chairman) and K E Toland. M J Meghen succeeded K E Toland as Chairman of the Committee with effect from 21 January 2021. The members bring significant expertise to their roles on the Committee due to their broad commercial and professional experience over many years as well as from their respective previous experience as directors of other companies. These Directors have no financial interest and no potential conflicts of interest, other than as shareholders, in the matters to be decided, and no day-to-day involvement in the running of the business.

The terms of reference, which are available on request from the Company Secretary, of the Committee are as follows:

- to establish the Company's policy on Executive Directors' remuneration;
- to establish the terms of service agreements, remuneration packages and employment conditions of Executive Directors;
- to review the ongoing appropriateness and relevance of the remuneration policy;
- to ensure that the remuneration policy is such that members of the executive management of the Company are provided with appropriate incentives to encourage enhanced performance and to ensure that they are, in a fair and responsible manner, rewarded for their individual contributions to the success of the Company;

- to determine within the terms of the agreed policy and in consultation with the Executive Chairman, the total individual remuneration package of each Executive Director including bonuses, incentive payments and share options or other share awards;
- to recommend where appropriate, to shareholders the establishment of long-term incentive schemes, to set appropriate performance targets for such schemes, to define the basis of participation in such schemes and to determine the grant of awards under such schemes;
- to approve the granting of share options to Executive Directors and employees, and to determine whether the conditions as set out in Clause 7 of the December 2006 share option scheme have been achieved;
- to ensure that contractual terms on termination and any payments made are fair to the individual and the Company; that failure is not rewarded and that the duty to mitigate loss is fully recognised;
- to give due regard in determining such packages and arrangements, to any relevant legal requirements, the recommendations in the UK Code and the Listing Rules of the AIM/Euronext Growth Market and associated guidance;
- to monitor the level and structure of remuneration for senior management as determined by the Board; and
- to review and note annually the remuneration trends across the Company or Group.

The Executive Chairman of Total Produce plc is consulted about the remuneration of other Executive Directors, and the Committee is authorised to obtain access to professional advice, if deemed appropriate. The Committee can recommend changes to the remuneration structure for senior management.

The remuneration of the Non-Executive Directors is approved by the Board.

## Remuneration policy

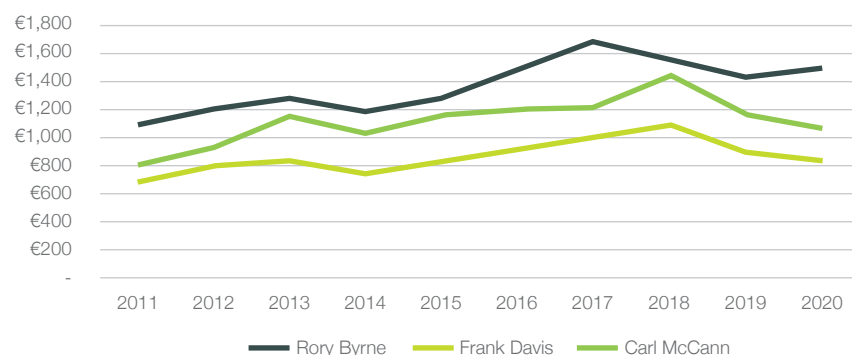
Total Produce is an international group of companies with activities in 30 countries. The Group's policy on Executive Directors' remuneration is designed to ensure that employment and remuneration conditions for senior executives' reward, retain and motivate them to perform in the best interests of shareholders. The Committee undertook a detailed review of the Executive Directors' remuneration over the last 10 years which included an assessment of the Group's existing remuneration policy to ensure that it (a) continues to be reflective of best practice; (b) has clear alignment with shareholders' interests; and (c) promotes the long-term success of the Group. The review also took into consideration (i) the significant increase in the complexity of roles and responsibilities of the Executive Directors already experienced by virtue of the transformational initial investment in the Dole Food Company and (ii) the anticipated further increase in those roles and responsibilities which would be associated with the further combination of the Total Produce Group and Dole Food Company which was being contemplated and which was subsequently announced on 17 February 2021.

Following the completion of this review the Committee concluded that:

- (i) Whilst total remuneration remained largely unchanged, the mix of Fixed Salary and annual bonus should be varied. In 2020, the changes implemented were that a portion of annual bonuses was reclassified as non-pensionable salary and a revised annual bonus structure was implemented.
- (ii) A formal shareholding policy should be introduced.
- (iii) STIP awards should be subject to malus and clawback conditions.

The changes implemented during 2020 did not result in any overall increase in the Total Remuneration of the Executive Directors as illustrated in the following chart.

### 10 Year Summary of Total Remuneration (€'000s)



Executive Directors are paid fees in respect of their director roles and responsibilities on the Boards of Total Produce plc, and other group companies ('director fees'). These fees are commensurate with fees paid to Non-Executive Directors. In addition, Executive Directors receive further remuneration as described below.

The recurring elements of the remuneration package for Executive Directors are basic pensionable salary, non-pensionable salary and director fees (together defined as "Fixed Salary"), benefits, contributions to pensions, and annual variable incentives in the form of (i) cash bonuses and (ii) awards under the short term incentive plan. In order to ensure the continuity of the alignment with shareholders' interests, it is the general policy of the Company that awards under Total Produce short term incentive plan are receivable in shares after the deduction for relevant taxes and are normally subject to a minimum retention period of at least five years from the date of purchase. Future STIP awards will also now be subject to malus and clawback conditions. In order to ensure a greater alignment with shareholders' interests a formal shareholding policy has now been introduced. The details of this new policy together with the shareholdings of all Executive Directors are set out in more detail on page 74. These shareholdings are significant, in each

case representing more than 500% of Fixed Salary and demonstrate the executives' ongoing commitment to the long-term success of the Group.

#### Executive Directors' basic salary and benefits

Basic salaries of Executive Directors are reviewed annually by the Committee with regard to personal performance, Group performance and competitive market remuneration levels.

As referred to on page 69, the conclusion of the detailed review undertaken in 2020 was that the mix of Fixed Salaries and annual bonuses should be adjusted and recognise the need to adopt Fixed Salaries more commensurate with our relevant peers. Therefore, it was considered appropriate to reclassify a portion of the annual bonuses as non-pensionable salary and introduce a revised annual bonus structure. The changes implemented in 2020 were made having regard to (i) the significant increase in the complexity of roles and responsibilities of the Executive Directors already experienced by virtue of the transformational initial investment in the Dole Food Company and (ii) the anticipated further increase in those roles and responsibilities which would be associated with the further combination of the Total Produce Group and Dole Food Company.

#### Annual bonus award

The Group provides annual bonus awards, excluding the short term incentive plan, to Executive Directors. These bonus awards, save in exceptional circumstances, are limited to 200% of Fixed Salary. The level of these bonus awards in any one year will depend on an assessment of individual performance against specific personal objectives, and short and long-term corporate objectives. The Euro value of annual bonus awards achievable in 2020 has been reduced to reflect the reclassification of Fixed Salary and annual bonuses that was completed during 2020.

#### Short term incentive plan

The Group provides for annual awards under a short term incentive plan approved by the Committee (the 'Total Produce plc short term incentive plan') for Executive Directors, based on achievement of separately agreed performance measures for the Group in respect of the relevant year. It is the general policy of the Company that awards under Total Produce short term incentive plan are receivable in shares after the deduction for relevant taxes and cannot normally be disposed of for at least five years from the date of purchase. The Euro value of total STIP awards in 2020 has been reduced from 100% to 80% of Fixed Salary to reflect the reclassification of Fixed Salary and annual bonuses that was completed during 2020.



## Summary of Performance Criteria and Vesting under the STIP

Performance measure	Minimum award	Maximum award
Growth in adjusted earnings per share over previous year. The 2020 EPS base hurdle being 14.12	4% of the aggregate of Director fees and basic salary for EPS growth of 5%	26.5% of the aggregate of Director fees and basic salary for EPS growth of 15%
Growth in average share price for the year over the average share price for the previous year. The 2020 base price is €1.5320	4% of the aggregate of Director fees and basic salary for growth in average share price of 5%	26.5% of the aggregate of Director fees and basic salary for growth in average share price of 15%
Total shareholder return ('TSR') benchmarked against a comparator group of 16 other companies	8% of the aggregate of Director fees and basic salary for achievement of median TSR	27% of the aggregate of Director fees and basic salary for achievement of 75 <sup>th</sup> percentile TSR
<b>Total</b>		<b>80%</b>

The TSR comparator group for 2020 comprised: AarhusKarlshamn, Amsterdam Commodities, Agrana Beteiligungs, Axfood, Bonduelle, Costa Group, Cranswick plc, Emmi Ag, Fresh Del Monte Produce, Glanbia, Greencore Group, Greenyard, Marr, Sligro Food Group, Tate & Lyle and Valora.

Further information on the 2020 awards is contained on page 73.

An Executive participating in the short term incentive plan is not eligible for a grant of an award under the employee share option scheme during the term of the plan.

The Non-Executive Directors are not eligible to participate in this scheme.

### Pensions

The Committee has approved an arrangement under which the Executive Directors have agreed to cap their pension entitlements in line with the provisions of the Finance Acts 2006 and 2011, and receive a supplementary, taxable, non-pensionable cash allowance or a contribution to a defined contribution scheme in lieu of the prospective pension entitlements foregone.

The actual cash allowances or contributions to a defined contribution scheme in lieu of the prospective pension entitlements foregone for 2020 are detailed in Note 2 on page 72. In the case of all Directors whose pension entitlements have been capped, pensions are calculated to provide for two thirds of the aggregate of Director fees and basic pensionable salary to the date of opt out with benefits in respect of dependants continuing to accrue. The supplementary cash allowances have been reduced to allow for increases in dependants' benefits that accrued during the year.

### Employee share option scheme

It is the Group's policy to grant share options as an incentive to enhance performance and to encourage employee share ownership in the Company. The current employee share option scheme was approved in December 2006. The percentage of share capital which can be issued under the scheme and individual limits comply with institutional guidelines.

At end of 2020, there were no options granted to Executive Directors (2019: Nil). During 2020, no share options were exercised by the Executive Directors. No new options were granted to Executive Directors in 2020.

### Employee profit sharing scheme

The Company has an employee profit sharing scheme under which the scheme trustees purchase shares in the market on behalf of employees of the Group. In December 2019, 35,528 ordinary 1 cent shares were purchased by the trust at market value on behalf of the Executive Directors under this scheme in respect of 2019. No purchases were made in 2020. The shares appropriated to the Executive Directors are included in the Directors' share interests disclosed on page 73. Non-Executive Directors do not participate in this scheme.

### Service contracts

No service contracts exist between the Company and any of the Group's subsidiaries, and any Executive or Non-Executive Director.

### Directors' interests in contracts

Except as disclosed in Notes 15 and 24 of the accompanying financial statements, none of the Directors had a beneficial interest in any material contract to which the Company or any of the Group's subsidiaries were a party during the current financial year.

## Directors' remuneration

The Directors' remuneration for the year was as follows:

	Executive Directors		Non-Executive Directors		Total	
	2020 €'000	2019 €'000	2020 €'000	2019 €'000	2020 €'000	2019 €'000
Basic salaries and Director fees	2,094	1,786	490	503	2,584	2,289
Annual bonus awards	729	968	–	–	729	968
Other benefits	43	43	–	–	43	43
Pension contributions/related payments	288	288	–	–	288	288
Short term incentive plan	274	546	–	–	274	546
Other share awards	–	–	–	–	–	–
<b>Total</b>	<b>3,428</b>	<b>3,631</b>	<b>490</b>	<b>503</b>	<b>3,918</b>	<b>4,134</b>
<b>Number of Directors (average)</b>	<b>3.25</b>	<b>4</b>	<b>6.25</b>	<b>6.5</b>	<b>9.5</b>	<b>10.5</b>

In accordance with IFRS 2 Share-based Payments, an expense of €Nil (2019: €Nil) has been recognised in the income statement in respect of share options granted in the past to Executive Directors.

## Directors' remuneration continued

	Salary or Fees		Annual Bonus Awards		Other benefit <sup>1</sup>		Pension contributions		STIP		Other Share Award		Audited total	
	2020 €'000	2019 €'000	2020 €'000	2019 €'000	2020 €'000	2019 €'000	2020 €'000	2019 €'000	2020 €'000	2019 €'000	2020 €'000	2019 €'000	2020 €'000	2019 €'000
<b>Executives</b>														
C P McCann <sup>2</sup>	794	656	134	262	24	24	–	–	106	216	–	–	1,058	1,158
R P Byrne <sup>2</sup>	756	600	453	450	–	–	179	179	101	198	–	–	1,489	1,427
F J Davis <sup>2</sup>	504	400	127	225	19	19	109	109	67	132	–	–	826	885
J F Gernon <sup>2,3</sup>	40	130	15	31	–	–	–	–	–	–	–	–	55	161
	<b>2,094</b>	<b>1,786</b>	<b>729</b>	<b>968</b>	<b>43</b>	<b>43</b>	<b>288</b>	<b>288</b>	<b>274</b>	<b>546</b>	<b>–</b>	<b>–</b>	<b>3,428</b>	<b>3,631</b>
<b>Non-executives</b>														
R B Hynes	81	80	–	–	–	–	–	–	–	–	–	–	81	80
J J Kennedy <sup>3</sup>	19	75	–	–	–	–	–	–	–	–	–	–	19	75
S Taaffe	81	80	–	–	–	–	–	–	–	–	–	–	81	80
K Toland	81	80	–	–	–	–	–	–	–	–	–	–	81	80
M Meghen	76	75	–	–	–	–	–	–	–	–	–	–	76	75
I Hurley	76	75	–	–	–	–	–	–	–	–	–	–	76	75
H Nolan	76	38	–	–	–	–	–	–	–	–	–	–	76	38
	<b>490</b>	<b>503</b>	<b>–</b>	<b>–</b>	<b>–</b>	<b>–</b>	<b>–</b>	<b>–</b>	<b>–</b>	<b>–</b>	<b>–</b>	<b>–</b>	<b>490</b>	<b>503</b>
<b>Total Remuneration</b>	<b>2,584</b>	<b>2,289</b>	<b>729</b>	<b>968</b>	<b>43</b>	<b>43</b>	<b>288</b>	<b>288</b>	<b>274</b>	<b>546</b>	<b>–</b>	<b>–</b>	<b>3,918</b>	<b>4,134</b>

1 Other benefits above for Executive Directors relate entirely to motor expenses.

2 No pension contributions were made on behalf of the Executive Directors to the scheme as their benefits under this scheme are now limited for reasons explained on page 71. As a result, the Compensation Committee approved cash payments or contributions to a defined contribution pension of €179,000 and €109,000 (2019: €179,000 and €109,000) respectively to R P Byrne and F J Davis, to compensate each of the Directors for the value of their defined benefit pension entitlements foregone, net of employer's social insurance contributions.

3 J F Gernon and J J Kennedy resigned from the Board on 31 March 2020.

### Short term incentive plan

The table below sets out the actual performance outcomes for the year ended 31 December 2020 under each of the three performance measures of the short term incentive plan.

	Target performance		Actual	Actual
	Minimum	Maximum	Outcome	Vested % of salary
<b>Growth in adjusted EPS</b>	5%	15%	9.14%	13.31%
<b>Growth in average share price</b>	5%	15%	-24.0%	0%
<b>TSR</b>	Ranked 8th	Ranked 4th or higher	Ranked 12th	0%
<b>Total</b>				<b>13.31%</b>

The Committee awarded €274,000 in payments to Executive Directors for the year ended 31 December 2020, however given the particular complexity in granting the awards in the form of shares in advance of the intended combination of the Total Produce Group and the Dole Food Company, these awards shall be settled in cash. The awards due to individual Executive Directors will have values as follows: C P McCann (€106,000), R P Byrne (€101,000) and F J Davis (€67,000).

The Committee awarded €546,000 in payments to Executive Directors for the year ended 31 December 2019, of which €411,532 was paid in shares on 5 March 2020. On this date, the trustees of the Total Produce plc short term incentive plan purchased a total number of 316,563 ordinary shares of Total Produce plc. The ordinary shares are held by the Trust on behalf of the Directors, and cannot normally be disposed of for a period of at least five years from the date of purchase. The details of shares allotted to individual Directors are as follows: C P McCann (166,523 shares), R P Byrne (79,200 shares) and F J Davis (70,840 shares).

### Pension entitlements of Executive Directors

The pension benefits attributable to the Executive Directors during the year, and the total accrued pensions at the end of the year where applicable, were as follows:

	Increase in accrued pension during 2020 <sup>(a)</sup>	Transfer value of increase during 2020 <sup>(b)</sup>	Total accrued pension at 31 Dec 2020 <sup>(c)</sup>	Increase in accrued pension during 2019 <sup>(a)</sup>	Transfer value of increase during 2019 <sup>(b)</sup>	Total accrued pension at 31 Dec 2019 <sup>(c)</sup>
Executive Directors	€'000	€'000	€'000	€'000	€'000	€'000
<b>R P Byrne</b>	-	-	-	-	-	<b>143</b>

(a) The increase in accrued pension during the year excludes inflation. No net increase accrued in the year to any Director as the inflationary increase each Director would have received reduced the value of the pension benefits by more than the increase in value of dependants' pension benefits accrued.

(b) The transfer value of the increase in accrued pension has been calculated based on actuarial advice. These transfer values do not represent sums paid or due, but are the amounts that the pension scheme would transfer to another pension scheme in relation to the benefits accrued in the year, in the event of a member of the scheme leaving service.

(c) This represents the pension that would be paid annually, on retirement date based on service to the end of this accounting period.

### Directors share interests

The interests of the Directors in the issued share capital of Total Produce plc at 31 December 2020, together with their interests at 31 December 2019, are shown below:

	Number of ordinary shares at 31 December 2020	Number of ordinary shares at 31 December 2019
<b>Directors</b>		
C P McCann	<b>5,125,132</b>	4,958,609
R P Byrne	<b>2,835,986</b>	2,756,786
F J Davis	<b>2,040,997</b>	1,970,157
R B Hynes	<b>50,000</b>	50,000
S J Taaffe	<b>100,000</b>	100,000
K E Toland	<b>100,000</b>	50,000
M J Meghan	<b>15,190</b>	15,190
H Nolan	<b>50,000</b>	-

All of the above interests were beneficially owned.

### Directors Minimum Shareholding Requirements

The Committee recognises the importance of Executive Directors aligning their interests with shareholders through the building up of a significant shareholding in the Company. Shareholding guidelines have now been introduced whereby all Executive Directors are required, under normal circumstances, to acquire a holding of shares in the Company equal to 100% of Fixed Salary, typically over a five year period commencing on the date of their appointment to the Board.

It is the general policy of the Company that awards under Total Produce short term incentive plan are receivable in shares after the deduction for relevant taxes and cannot normally be disposed of for at least five years from the date of purchase.

The number of shares held by the Executive Directors expressed as a percentage of Fixed Salary at 31 December 2020 are shown below:

	Number of ordinary shares at 31 December 2020	Percentage of Fixed Salary at 31 December 2020
<b>Directors</b>		
C P McCann	5,125,132	884%
R P Byrne	2,835,986	514%
F J Davis	2,040,997	555%

### Interests of Company Secretary

The total interest, including the share options held by the Secretary of the Company in office at 31 December 2020 and 31 December 2019, amount to an interest of less than 1% of the issued voting share capital of Total Produce plc. The Company is therefore availing of the exemption under Section 260 of the Companies Act 2014 not to disclose the interest.

### Directors' interests in share options

At 31 December 2020 and 31 December 2019, the Directors did not have any beneficial interests in share options in the Company.

At 31 December 2020 and 31 December 2019, the Company Secretary had an interest in options granted over 125,000 shares with an exercise price of €0.669 per share and over 125,000 shares with an exercise price of €1.55 per share.

By virtue of Chapter 5 of Part 5 of the Companies Act, 2014, R P Byrne is deemed to have a non-beneficial interest in options granted over 125,000 shares with an exercise price of €0.669 per share and over 125,000 shares with an exercise price of €1.55 per share.

The market price of the Company's shares on 31 December 2020 was €1.37 and the range during 2020 was €0.79 to €1.44. There have been no movements in the share interests and interest in share options of the Directors between the year-end and March 2021. Options granted are only exercisable when the adjusted earnings per share figure, in respect of the third or any subsequent accounting period after the end of the base year (i.e. accounting period preceding the date of the grant), is greater than the adjusted earnings per share figure for the base year by a percentage which is not less than (on a year-on-year basis) the annual percentage increase in the consumer price index plus 5% compounded during that period.

### Evaluation of the Compensation Committee

As detailed on page 63, Board and Committee evaluations are internally facilitated. The Board evaluated the performance of the Committee, and the Committee carried out a self-assessment of its performance, and each concluded that the Committee was performing effectively.

# FINANCIAL STATEMENTS

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## Financial Statements

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# Statement of Directors' Responsibilities in Respect of the Annual Report and Financial Statements

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

Company law requires the Directors to prepare Group and Company financial statements for each financial year. Under that law and in accordance with AIM/Euronext Growth Rules, the Directors are required to prepare the Group financial statements in accordance with International Financial Reporting Standards (IFRSs) as adopted by the EU and applicable law and have elected to prepare the Company financial statements in accordance with IFRSs as adopted by the EU and as applied in accordance with the provisions of the Companies Act 2014.

Under company law the Directors must not approve the Group and Company financial statements unless they are satisfied that they give a true and fair view of the assets, liabilities and financial position of the Group and Company and of the Group's profit for that year.

In preparing each of the Group and Company financial statements, the Directors are required to:

- select suitable accounting policies and then apply them consistently;
- make judgments and estimates that are reasonable and prudent;
- state whether they have been prepared in accordance with International Financial Reporting Standards as adopted by the EU; and

- assess the Group and Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern; and
- use the going concern basis of accounting unless they either intend to liquidate the Group or Company or to cease operations, or have no realistic alternative but to do so.

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

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

On behalf of the Board

**C P McCann**  
Chairman  
16 March 2021

**F J Davis**  
Finance Director  
16 March 2021

# Independent Auditor's Report to the members of Total Produce plc

## Report on the audit of the financial statements

### OPINION

We have audited the financial statements of Total Produce plc ('the Company') and its consolidated undertakings ('the Group') for the year ended 31 December 2020, which comprise of the Group Income Statement, the Group Statement of Comprehensive Income, the Group and Company Statements of Changes in Equity, the Group and Company Balance Sheets, the Group and Company Statement of Cash Flows, the Group Reconciliation of Net Debt and the related notes, including the summary of significant accounting policies. The financial reporting framework that has been applied in their preparation is Irish Law and International Financial Reporting Standards (IFRS) as adopted by the European Union.

In our opinion:

- the financial statements give a true and fair view of the assets, liabilities and financial position of the Group and Company as at 31 December 2020 and of the Group's profit for the year then ended;
- the Group financial statements have been properly prepared in accordance with IFRS as adopted by the European Union;
- the Company financial statements have been properly prepared in accordance with IFRS as adopted by the European Union, as applied in accordance with the provisions of the Companies Act 2014; and

- the Group and Company financial statements have been properly prepared in accordance with the requirements of the Companies Act 2014.

### BASIS FOR OPINION

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

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

### CONCLUSIONS RELATING TO GOING CONCERN

In auditing the financial statements, we have concluded that the director's use of the going concern basis of accounting in the preparation of the financial statements is appropriate. Our evaluation of the director's assessment of the entity's ability to continue to adopt the going concern basis of accounting included:

- Obtaining management's budgets/forecasts;
- Assessing the reasonableness of forecasts in the context of the historical accuracy of the Group's forecasts;
- Considering the risks in the Group's business model and the how these risks might affect the Group's financial resources;
- Confirming the banking facilities in place and the level of committed but undrawn facilities at year end; and
- Checking the mathematical accuracy of the calculation of covenants to ensure the Group is in compliance with covenant requirements at 31 December 2020 and expect to remain in compliance for a period of at least eighteen months based on current forecasts.

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

## Independent Auditor's Report to the members of Total Produce plc (continued)

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

Key audit matters are those matters that, in our professional judgment, were of most significance in the audit of the financial statements and include the most significant assessed risks of material misstatement (whether or not due to fraud) identified by us, including

those which had the greatest effect on: the overall audit strategy; the allocation of resources in the audit; and directing the efforts of the engagement team.

These matters were addressed in the context of our audit of the financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

We continue to perform procedures over the Group's investment in joint ventures and associates. However as the acquisition accounting for the Group's investment in its most significant joint venture is now complete, we have not assessed this as a significant risk in our current year audit and, therefore, it is not separately identified in our report this year.

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

#### (i) Group: Goodwill €177.7 million (2019: €187.7 million)

Refer to accounting policy on page 93 and financial statement disclosures in Note 14 to the Group financial statements.

##### The key audit matter

Goodwill is required to be tested at least annually for impairment irrespective of whether there are indicators of impairment. The Group has performed an impairment assessment as of 31 December 2020. The goodwill is allocated to 15 groups of cash-generating units ('CGUs') – three of which individually account for between 10% and 20% of the total carrying amount.

There is a risk in respect of the carrying value of goodwill attributable to the Group's CGUs where limited headroom was identified in previous assessments. The recoverable amount of goodwill is arrived at by forecasting future cashflows to determine the value in use for each CGU. We focus our attention on this area due to the significance of the carrying value of goodwill in relation to the Balance Sheet, the level of judgement involved in forecasting future cashflows, including estimating future earnings, growth rates and discounting future cash flows.

##### How the matter was addressed in our audit

We obtained and documented our understanding of the process followed by management in calculating the recoverable amount of each CGU and tested the design and implementation of the relevant controls therein.

We paid particular attention to one non-Eurozone CGU where trading has been historically weak and there has been limited headroom in the past. We assessed the Group's valuation models and calculations by:

- checking the mathematical accuracy of the model;
- assessing the methodology applied within the model in the context of the requirements of the relevant accounting standard;
- considering the historical accuracy of the Group's forecasts;
- assessing and challenging the appropriateness of the discount rates applied and the future operating cashflows in determining the value in use of each CGU using our valuation specialist and by comparing these assumptions, where possible to externally derived data as well as our own assumptions;
- assessing and challenging the reasonableness of the long-term economic growth rate applied for each CGU by comparing the Group's assumptions to externally derived data as well as our own assumptions;
- performing sensitivity analysis on the impact of changes in the assumptions;
- comparing the Group's market capitalisation and value in use calculations to the carrying value of the Group's net assets;

We also assessed whether the disclosures in relation to the key assumptions and in respect of the sensitivity of the outcome of the impairment assessment to changes in those key assumptions were appropriate.

Based on evidence obtained, we found that management's judgments and valuation models were appropriate. We found the carrying value of the Group's goodwill to be supported by the valuation models and inherent assumptions therein. We also found the disclosures to be adequate.



## Independent Auditor's Report to the members of Total Produce plc (continued)

### (i) Parent: Investment in subsidiaries (carrying value of €390 million (2019: €390 million))

Refer to accounting policy on page 90 and Note 1 to the Company financial statements.

#### The key audit matter

The investment in subsidiary undertakings are carried in the balance sheet of the parent company at cost less any impairments. There is a risk in respect of the carrying value of these investments if future cashflows and performance of these subsidiaries is not sufficient to support the Company's investments. We do not consider these investments to be at high risk of significant misstatement or to be subject to a significant level of judgement, however due to their materiality in the context of the financial statements as a whole they are considered of most significance in the audit of the Company's financial statements.

#### How the matter was addressed in our audit

Our audit procedures in this area included the following:

- comparing the carrying value of investments in the company's balance sheet to the net assets within the subsidiary financial statements;
- comparing the carrying value of investments in the company's balance sheet to the market capitalisation of the Group; and
- consideration of the audit work performed in respect of current year results of subsidiaries and the valuation of goodwill.

Based on evidence obtained, we consider the carrying value of investment in subsidiaries to be appropriate.

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

Materiality for the Group financial statements as a whole was set at €10.5 million (2019: €6 million). This represents 0.24% of forecasted revenue and equates to 5% of forecasted adjusted EBITDA (2019: adjusted EBITDA 3%), these benchmarks we have determined, in our professional judgment, to be the most appropriate benchmarks for the financial performance of the Group. In planning the audit we used materiality to assist in making the determination of the level of reporting to be received from each component of the Group. We applied materiality to assist us determine what risks were significant risks and the procedures to be performed.

Materiality for the Company financial statements as a whole was set at €2 million (2019: €2m), determined with reference to a benchmark of total assets of which it represents 0.5% (2019: 0.5%).

We reported to the Audit Committee all corrected and uncorrected misstatements we identified through our audit in excess of €300,000 (2019: €300,000), in addition to other audit misstatements below that threshold that we believe warranted reporting on qualitative grounds.

The structure of the Group's finance function is such that certain transactions and balances are accounted for by the central Group finance team, with the remainder accounted for in the Group's reporting components. We performed comprehensive audit procedures, including those in relation to the key audit matter set out above, on those transactions and balances accounted for at Group and component level. Our audits covered 93% (2019: 99%) of total Group revenue, and 86% (2019: 95%) of the Group's total assets.

## Independent Auditor's Report to the members of Total Produce plc (continued)

Of the Group's 23 (2019: 28) reporting components we subjected 12 (2019: 28) to full scope audits for Group purposes and required certain account balances to be audited for two other components. The latter were not individually financially significant enough to require a full scope audit for Group purposes but required specific balances to be audited to ensure sufficient coverage of these account balances. The change in the number of components was a result of the acceleration of the Group's reporting timetable. We conducted reviews of financial information for the remaining components as part of our risk assessment. The audits undertaken for Group reporting purposes at full scope reporting components were all performed to component materiality levels. These component materiality levels were set individually for each component and ranged from €0.5m to €5.4m having regard to the size of each component. Detailed audit instructions were sent to the auditors in all of these identified locations. These instructions covered the significant audit areas to be covered by these audits and set out the information required to be reported to the Group audit team. The work on 2 of the 23 components was performed by the Group audit team, including the audit of the Parent Company, and the remainder were performed by component auditors.

The Group team held video conference meetings with components to assess the audit risk and strategy. Members of the Group audit team, including the lead engagement partner, attended by video conference each divisional closing meeting at which the results of component audits within each division were discussed with divisional and Group management. The Group team held video conference meetings with components at the conclusion of their fieldwork to discuss the finding reported to the Group team. The Group team also carried out a detailed review of the audit workpapers of the Group's most significant components.

### OTHER INFORMATION

The directors are responsible for the preparation of the other information presented in the Annual Report together with the financial statements. The other information comprises the information included in the directors' report and the non-financial statement included in the strategic report, corporate governance report, nomination committee report, audit committee report and compensation committee report.

The financial statements and our auditor's report thereon do not comprise part of the other information. Our opinion on the financial statements does not cover the other information and, accordingly, we do not express an audit opinion or, except as explicitly stated below, any form of assurance conclusion thereon.

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

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

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

### OUR OPINIONS ON OTHER MATTERS PRESCRIBED THE COMPANIES ACT 2014 ARE UNMODIFIED

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

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

### WE HAVE NOTHING TO REPORT ON OTHER MATTERS ON WHICH WE ARE REQUIRED TO REPORT BY EXCEPTION

The Companies Act 2014 requires us to report to you if, in our opinion the disclosures of directors' remuneration and transactions required by Sections 305 to 312 of the Act are not made. We have nothing to report in this regard.

## Independent Auditor's Report to the members of Total Produce plc (continued)

### Respective responsibilities and restrictions on use

#### DIRECTORS' RESPONSIBILITIES

As explained more fully in their statement set out on page 76, the directors are responsible for: the preparation of the financial statements including being satisfied that they give a true and fair view; such internal control as they determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error; assessing the Group and Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern; and using the going concern basis of accounting unless they either intend to liquidate the Group or the Company or to cease operations, or have no realistic alternative but to do so.

#### AUDITOR'S RESPONSIBILITIES FOR THE AUDIT OF THE FINANCIAL STATEMENTS

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

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

#### THE PURPOSE OF OUR AUDIT WORK AND TO WHOM WE OWE OUR RESPONSIBILITIES

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

#### Ryan McCarthy for and on behalf of KPMG Chartered Accountants, Statutory Audit Firm

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

**16 March 2021**

## Group Income Statement for the year ended 31 December 2020

	Note	Before exceptional items 2020 €'000	Exceptional items (Note 7) 2020 €'000	Total 2020 €'000	Before exceptional items 2019 €'000	Exceptional items (Note 7) 2019 €'000	Total 2019 €'000
Group revenue	1	<b>3,817,585</b>	–	<b>3,817,585</b>	3,729,346	–	3,729,346
Cost of sales		(3,283,008)	–	<b>(3,283,008)</b>	(3,212,057)	–	(3,212,057)
Gross profit		<b>534,577</b>	–	<b>534,577</b>	517,289	–	517,289
Operating expenses (net)	3	(465,338)	(4,062)	<b>(469,400)</b>	(455,371)	(1,816)	(457,187)
Share of profit of joint ventures - Dole	4	21,292	(5,908)	<b>15,384</b>	19,327	7,048	26,375
Share of profit of joint ventures - Other	4	12,051	–	<b>12,051</b>	10,658	–	10,658
Share of profit of associates	4	954	–	<b>954</b>	666	–	666
Operating profit before acquisition related intangible asset amortisation		<b>103,536</b>	<b>(9,970)</b>	<b>93,566</b>	92,569	5,232	97,801
Acquisition related intangible asset amortisation	14	(10,144)	–	<b>(10,144)</b>	(10,301)	–	(10,301)
Operating profit after acquisition related intangible asset amortisation		<b>93,392</b>	<b>(9,970)</b>	<b>83,422</b>	82,268	5,232	87,500
Financial income	5	2,287	–	<b>2,287</b>	2,754	–	2,754
Financial expense	5	(12,211)	–	<b>(12,211)</b>	(13,721)	–	(13,721)
Profit before tax		<b>83,468</b>	<b>(9,970)</b>	<b>73,498</b>	71,301	5,232	76,533
Income tax expense	8	(15,798)	(916)	<b>(16,714)</b>	(10,282)	(47)	(10,329)
Profit for the year		<b>67,670</b>	<b>(10,886)</b>	<b>56,784</b>	61,019	5,185	66,204
Attributable to:							
Equity holders of the parent				<b>40,412</b>			53,302
Non-controlling interests				<b>16,372</b>			12,902
Earnings per ordinary share				<b>56,784</b>			66,204
Basic	10			<b>10.40c</b>			13.72c
Fully diluted	10			<b>10.38c</b>			13.69c
On behalf of the Board							

**C P McCann**  
Chairman

**F J Davis**  
Finance Director

## Group Statement of Comprehensive Income for the year ended 31 December 2020

	Notes	2020 €'000	2019 €'000
<b>Profit for the year</b>		<b>56,784</b>	66,204
<b>Other comprehensive income/(expense):</b>			
<i>Items that may be reclassified subsequently to profit or loss:</i>			
Foreign currency translation effects:			
- foreign currency net investments – subsidiaries		(19,282)	5,664
- foreign currency net investments – joint ventures and associates	15	(17,680)	3,274
- foreign currency recycled to the income statement on joint venture becoming a subsidiary		(102)	-
- foreign currency recycled to the income statement on disposal of subsidiary		(793)	-
- foreign currency borrowings designated as net investment hedges		10,896	(3,397)
Effective portion of changes in fair value of cashflow hedges, net of recycling	35	(465)	(149)
Changes in fair value of cost of hedging, net of recycling	35	(91)	137
Deferred tax on items above	30	130	(9)
Share of joint ventures and associates effective portion of cashflow hedges		(1,723)	(5,101)
Share of joint ventures and associates deferred tax on items above		440	497
		<b>(28,670)</b>	916
<i>Items that will not be reclassified to profit or loss:</i>			
Remeasurement loss on employee benefit schemes	32	(9,003)	(3,009)
Revaluation gain on property, plant and equipment, net	11	11,440	2,095
Deferred tax on items above	30	(94)	(966)
Share of joint ventures gain on revaluation of property, plant and equipment		1,176	1,369
Share of joint ventures gain/(loss) on employee benefit schemes		429	(2,601)
Share of joint ventures deferred tax on items above		(110)	(75)
		<b>3,838</b>	(3,187)
<b>Other comprehensive expense for the year</b>		<b>(24,832)</b>	(2,271)
<b>Total comprehensive income for the year</b>		<b>31,952</b>	63,933
<i>Attributable to:</i>			
Equity holders of the parent		21,506	49,417
Non-controlling interests	22	10,446	14,516
		<b>31,952</b>	63,933

## Group Balance Sheet as at 31 December 2020

	Notes	2020 €'000	2019 €'000
<b>Assets</b>			
<b>Non-current</b>			
Property, plant and equipment	11	185,686	175,485
Right of use assets	12	119,242	113,032
Investment property	13	15,015	11,843
Goodwill and intangible assets	14	245,241	268,462
Investments in joint ventures – Dole	15	265,744	264,893
Investments in joint ventures and associates – Other	15	96,677	104,050
Other investments	16	331	2,743
Other receivables	19	19,143	19,796
Deferred tax assets	30	18,514	13,497
<b>Total non-current assets</b>		<b>965,593</b>	973,801
<b>Current</b>			
Inventories	17	111,962	98,031
Biological assets	18	2,895	3,965
Trade and other receivables	19	347,372	380,791
Other investments	16	–	2,306
Corporation tax receivables		2,394	2,439
Derivative financial instruments	35	4,083	4,489
Cash and cash equivalents	20	130,863	115,529
<b>Total current assets</b>		<b>599,569</b>	607,550
<b>Total assets</b>		<b>1,565,162</b>	1,581,351
<b>Equity</b>			
Share capital	21	4,107	4,105
Share premium	21	295,619	295,487
Other reserves	21	(148,203)	(131,309)
Retained earnings		307,079	282,816
<b>Total equity attributable to equity holders of the parent</b>		<b>458,602</b>	451,099
Non-controlling interests	22	92,704	98,768
<b>Total equity</b>		<b>551,306</b>	549,867
<b>Liabilities</b>			
<b>Non-current</b>			
Interest-bearing loans and borrowings	23	250,416	250,572
Lease liabilities	24	106,188	99,770
Other payables	26	2,468	2,904
Contingent consideration and other provisions	27	5,401	7,957
Put option liability	28	13,443	23,083
Corporation tax payable		6,179	6,541
Deferred tax liabilities	30	31,601	27,731
Employee benefits	32	23,966	16,736
<b>Total non-current liabilities</b>		<b>439,662</b>	435,294
<b>Current</b>			
Interest-bearing loans and borrowings	23	24,740	86,150
Lease liabilities	24	19,207	20,306
Trade and other payables	26	511,261	475,202
Contingent consideration and other provisions	27	5,109	8,534
Put option liability	28	10,829	3,529
Derivative financial instruments	35	937	305
Corporation tax payable		2,111	2,164
<b>Total current liabilities</b>		<b>574,194</b>	596,190
<b>Total liabilities</b>		<b>1,013,856</b>	1,031,484
<b>Total liabilities and equity</b>		<b>1,565,162</b>	1,581,351

On behalf of the Board

**C P McCann**  
Chairman

**F J Davis**  
Finance Director

## Group Statement of Changes in Equity for the year ended 31 December 2020

Attributable to equity holders of the parent											
	Share capital €'000	Share premium €'000	Undenominated capital €'000	Own shares reserve €'000	Currency translation reserve €'000	Revaluation reserve €'000	Other equity reserves <sup>1</sup> €'000	Retained earnings €'000	Total €'000	Non-controlling interests €'000	Total equity €'000
<b>Balance at 1 January 2020 as presented in the Balance Sheet</b>	4,105	295,487	140	(8,580)	(18,699)	30,809	(134,979)	282,816	451,099	98,768	549,867
Adjust for NCI subject to put option transferred for presentation purposes	-	-	-	-	-	-	(16,038)	-	(16,038)	16,038	-
<b>As at 1 January 2020</b>	4,105	295,487	140	(8,580)	(18,699)	30,809	(151,017)	282,816	435,061	114,806	549,867
<b>Comprehensive income</b>	-	-	-	-	-	-	-	40,412	40,412	16,372	56,784
Profit for the year	-	-	-	-	-	-	-	40,412	40,412	16,372	56,784
<b>Other comprehensive income/(expense):</b>	-	-	-	-	-	-	-	-	-	-	-
<i>Items that may be reclassified subsequently to profit or loss:</i>	-	-	-	-	-	-	-	-	-	-	-
Foreign currency translation effects, net	-	-	-	-	(21,652)	-	446	(5,755)	(21,206)	(5,755)	(26,961)
Effective portion of cashflow hedges, net of recycling	-	-	-	-	-	-	(325)	(140)	(325)	(140)	(465)
Changes in fair value of cost of hedging, net of recycling	-	-	-	-	-	-	(68)	(23)	(68)	(23)	(91)
Deferred tax on items above	-	-	-	-	-	-	84	84	84	46	130
Share of joint ventures and associates effective portion of cashflow hedges	-	-	-	-	-	-	(1,723)	-	(1,723)	-	(1,723)
Share of joint ventures and associates deferred tax on cashflow hedges	-	-	-	-	-	-	440	-	440	-	440
<i>Items that will not be reclassified subsequently to profit or loss:</i>	-	-	-	-	-	-	-	-	-	-	-
Revaluation gain on property, plant and equipment, net	-	-	-	-	-	11,222	-	(8,692)	11,222	218	11,440
Remeasurement loss on employee benefit schemes	-	-	-	-	-	(2,025)	-	1,892	(133)	39	(94)
Deferred tax on items above	-	-	-	-	-	-	-	429	429	-	429
Share of joint ventures remeasurement gain on employee pension schemes	-	-	-	-	-	-	-	1,176	1,176	-	1,176
Share of joint ventures revaluation gains on property, plant and equipment	-	-	-	-	-	-	-	(110)	(110)	-	(110)
Share of joint ventures deferred tax on items above	-	-	-	-	-	-	-	(6,481)	(6,481)	(5,926)	(24,832)
<b>Total other comprehensive income/(expense)</b>	-	-	-	-	(21,652)	10,373	(1,146)	(6,481)	(18,906)	(5,926)	(24,832)
<b>Total comprehensive income/(expense)</b>	-	-	-	-	(21,652)	10,373	(1,146)	33,931	21,506	10,446	31,952
<b>Transactions with equity holders of the parent</b>	-	-	-	-	-	-	-	-	-	-	-
New shares issued (Note 21)	2	132	-	-	-	-	(41)	41	134	-	134
Non-controlling interest arising on acquisition of subsidiaries (Note 22)	-	-	-	-	-	-	-	-	-	1,928	1,928
Put option liability exercised (Note 28)	-	-	-	-	-	-	3,568	332	3,900	(3,900)	-
Fair value movement on put option liability (Note 28)	-	-	-	-	-	-	(1,228)	(74)	(1,228)	-	(1,228)
Acquisition of non-controlling interests (Note 22)	-	-	-	-	-	-	-	(45)	(45)	(922)	(966)
Disposal of shareholding to non-controlling interest	-	-	-	-	-	-	-	(10,012)	(10,012)	240	285
Dividends paid (Note 9)	-	-	-	-	-	-	(114)	-	(114)	(20,510)	(30,522)
Share-based payment transactions (Note 32)	-	-	-	-	-	-	-	-	-	-	(114)
<b>Total transactions with equity holders of the parent</b>	2	132	-	-	-	-	2,185	(9,668)	(7,349)	(23,164)	(30,513)
<b>As at 31 December 2020</b>	4,107	295,619	140	(8,580)	(40,351)	41,182	(149,978)	307,079	449,218	102,088	551,306
Transfer of NCI subject to put option for presentation purposes	-	-	-	-	-	-	9,384	-	9,384	(9,384)	-
<b>As at 31 December 2020 as presented in the Balance Sheet</b>	4,107	295,619	140	(8,580)	(40,351)	41,182	(140,594)	307,079	458,602	92,704	551,306

<sup>1</sup> Other equity reserves comprise the demerger reserve, share option reserve, cashflow hedge reserve, cost of hedging reserve and the put option reserve.

## Group Statement of Changes in Equity for the year ended 31 December 2019

	Attributable to equity holders of the parent										
	Share capital €'000	Share premium €'000	Undenominated capital €'000	Own shares reserve €'000	Currency translation reserve €'000	Revaluation reserve €'000	Other equity reserves <sup>1</sup> €'000	Retained earnings €'000	Total €'000	Non-controlling interests €'000	Total equity €'000
<b>As at 1 January 2019 as presented in the Balance Sheet</b>	4,104	295,421	140	(8,580)	(22,721)	28,336	(120,232)	256,654	433,122	82,483	515,605
Adjust for impact of transition to IFRS 16, net of tax	-	-	-	-	159	-	-	(6,937)	(6,778)	(1,337)	(8,115)
<b>Balance at 1 January 2019 as presented in the Balance Sheet</b>	4,104	295,421	140	(8,580)	(22,562)	28,336	(120,232)	249,717	426,344	81,146	507,490
Adjust for NCI subject to put option transferred for presentation purposes	-	-	-	-	-	-	(34,673)	-	(34,673)	34,673	-
<b>As at 1 January 2019</b>	4,104	295,421	140	(8,580)	(22,562)	28,336	(154,905)	249,717	391,671	115,819	507,490
<b>Comprehensive income</b>											
Profit for the year	-	-	-	-	-	-	-	53,302	53,302	12,902	66,204
<b>Other comprehensive income/(expense):</b>											
<i>Items that may be reclassified subsequently to profit or loss:</i>											
Foreign currency translation effects, net	-	-	-	-	3,863	-	33	-	3,896	1,645	5,541
Effective portion of cashflow hedges, net of recycling	-	-	-	-	-	-	(148)	-	(148)	(1)	(149)
Changes in fair value of cost of hedging, net of recycling	-	-	-	-	-	-	155	-	155	(18)	137
Deferred tax on items above	-	-	-	-	-	-	-	-	-	(9)	(9)
Share of joint ventures and associates effective portion of cashflow hedges	-	-	-	-	-	-	(5,101)	-	(5,101)	-	(5,101)
Share of joint ventures and associates deferred tax on cashflow hedges	-	-	-	-	-	-	497	-	497	-	497
<i>Items that will not be reclassified subsequently to profit or loss:</i>											
Revaluation gain on property, plant and equipment, net	-	-	-	-	-	1,624	-	-	1,624	471	2,095
Remeasurement loss on employee benefit schemes	-	-	-	-	-	-	-	(2,955)	(2,955)	(54)	(3,009)
Deferred tax on items above	-	-	-	-	-	(520)	-	(26)	(546)	(420)	(966)
Share of joint ventures remeasurement loss on employee pension schemes	-	-	-	-	-	-	-	(2,601)	(2,601)	-	(2,601)
Share of joint ventures revaluation gains on property, plant and equipment	-	-	-	-	-	1,369	-	-	1,369	-	1,369
Share of joint ventures deferred tax on items above	-	-	-	-	-	-	-	(75)	(75)	-	(75)
<b>Total other comprehensive income/(expense)</b>	-	-	-	-	3,863	2,473	(4,564)	(5,657)	(3,885)	1,614	(2,271)
<b>Total comprehensive income/(expense)</b>	-	-	-	-	3,863	2,473	(4,564)	47,645	49,417	14,516	63,933
Transactions with equity holders of the parent											
New shares issued (Note 21)	1	66	-	-	-	-	(20)	20	67	-	67
Non-controlling interest arising on acquisition of subsidiaries (Note 22)	-	-	-	-	-	-	-	-	-	959	959
Put option liability extinguished (Note 28)	-	-	-	-	-	-	11,657	-	11,657	-	11,657
Fair value movement on put option liability (Note 28)	-	-	-	-	-	-	(3,294)	-	(3,294)	-	(3,294)
Acquisition of non-controlling interests (Note 22)	-	-	-	-	-	-	-	(1,102)	(1,102)	(554)	(1,656)
Acquisition of non-controlling interests by a joint venture (Note 22)	-	-	-	-	-	-	-	(151)	(151)	-	(151)
Disposal of subsidiary (Note 31)	-	-	-	-	-	-	-	-	-	121	121
Dividends paid (Note 9)	-	-	-	-	-	-	-	(13,313)	(13,313)	(16,055)	(29,368)
Share-based payment transactions (Note 32)	-	-	-	-	-	-	109	-	109	-	109
<b>Total transactions with equity holders of the parent</b>	1	66	-	-	-	-	8,452	(14,546)	(6,027)	(15,529)	(21,556)
<b>As at 31 December 2019</b>	4,105	295,487	140	(8,580)	(18,699)	30,809	(151,017)	282,816	435,061	114,806	549,867
Transfer of NCI subject to put option for presentation purposes	-	-	-	-	-	-	16,038	-	16,038	(16,038)	-
<b>As at 31 December 2019 as presented in the Balance Sheet</b>	4,105	295,487	140	(8,580)	(18,699)	30,809	(134,979)	282,816	451,099	98,768	549,867

<sup>1</sup> Other equity reserves comprise the demerger reserve, share option reserve, cashflow hedge reserve, cost of hedging reserve and the put option reserve.



## Group Statements of Cash Flows for the year ended 31 December 2020

	Notes	2020 €'000	2019 €'000
<b>Net cashflows from operating activities before working capital movements</b>	36	84,680	67,249
Movements in working capital	36	52,092	6,527
<b>Net cashflows from operating activities</b>		<b>136,772</b>	73,776
<b>Investing activities</b>			
Acquisition of subsidiaries	31	(1,265)	(6,683)
Cash assumed on acquisition of subsidiaries, net	31	1,527	2,308
Acquisition of, and investment in joint ventures and associates (including acquisition fees and net of loans advanced / repaid)	15	471	(7,145)
Payments of contingent consideration	27	(6,789)	(11,103)
Acquisition of equity investments		–	(150)
Disposal of shareholding to non-controlling interest		285	–
Proceeds from disposal of investments for resale		2,727	1,043
Proceeds from disposal of joint ventures and associates		98	48
Cash/(bank overdraft) derecognised on disposal of subsidiaries		–	(191)
Acquisition of property, plant and equipment		(15,011)	(19,518)
Acquisition of intangible assets – computer software		(5,370)	(4,621)
Acquisition of non-controlling interests subject to put options	28	(3,568)	–
Development expenditure capitalised		(111)	(62)
Proceeds from disposal of property and plant and equipment – routine		783	678
Proceeds from exceptional items – from disposals of investments		1,105	9,307
Payment of deferred consideration		(249)	–
Dividends received from joint ventures and associates	15	11,337	10,652
Government grants received		–	106
<b>Net cashflows from investing activities</b>		<b>(14,030)</b>	(25,331)
<b>Financing activities</b>			
Drawdown of borrowings	23	266,015	345,764
Repayment of borrowings	23	(317,162)	(333,211)
Lease payments	24	(23,497)	(17,902)
Proceeds from the issue of share capital, net	21	134	67
Acquisition of non-controlling interests		(796)	(1,656)
Dividends paid to non-controlling interests	22	(20,510)	(16,055)
Dividends paid to equity holders of the parent	9	(10,012)	(13,313)
<b>Net cashflows from financing activities</b>		<b>(105,828)</b>	(36,306)
Net increase in cash, cash equivalents and overdrafts		16,914	12,139
Cash, cash equivalents and bank overdrafts at start of period		106,027	92,739
Net foreign exchange difference		(1,245)	1,149
<b>Cash, cash equivalents and bank overdrafts at 31 December</b>	20	<b>121,696</b>	106,027

## Group Reconciliation of Net Debt for the year ended 31 December 2020

	Notes	2020 €'000	2019 €'000
Net increase /(decrease) in cash, cash equivalents and bank overdrafts		16,914	12,139
Drawdown of borrowings	23	(266,015)	(345,764)
Repayment of borrowings	23	317,162	333,211
Interest-bearing loans and borrowings arising on acquisition	23	(2,550)	–
Foreign exchange movement		11,389	(2,672)
<b>Movement in net debt</b>		<b>76,900</b>	<b>(3,086)</b>
Finance lease reclassified from net debt on adoption of IFRS 16		–	1,636
Net debt at 1 January		(221,193)	(219,743)
<b>Net debt at 31 December</b>	25	<b>(144,293)</b>	<b>(221,193)</b>

## Notes to the Group Financial Statements for the year ended 31 December 2020

### Significant Accounting Policies

#### REPORTING ENTITY

Total Produce plc (the 'Company') is a company tax resident and incorporated in Ireland. The consolidated financial statements as at, and for the year ended, 31 December 2020 comprise the Company and its subsidiaries (together referred to as the 'Group') and the Group's interests in associates and joint ventures.

The individual and Group financial statements of the Company were authorised for issue by the Directors on 16 March 2021.

The accounting policies for the year ended 31 December 2020 are set out below.

#### STATEMENT OF COMPLIANCE

As permitted by European Union (EU) law and in accordance with AIM/Euronext Growth rules, the consolidated financial statements have been prepared in accordance with International Financial Reporting Standards ('IFRSs') and their interpretations issued by the International Accounting Standards Board ('IASB') as adopted by the EU.

The individual financial statements of the Company ('Company financial statements') have been prepared in accordance with IFRSs as adopted by the EU and as applied in accordance with the Companies Act 2014 which permits a company that publishes its Company and Group financial statements together to take advantage of the exemption in Section 304(2) of the Companies Act, 2014, from presenting to its members its Company income statement, statement of comprehensive income and related notes that form part of the approved Company financial statements.

The IFRSs adopted by the EU and applied by the Company and Group in the preparation of these financial statements are those that were effective for the accounting period ending 31 December 2020.

#### BASIS OF PREPARATION

The consolidated financial statements, which are presented in Euro, the Company's functional currency, rounded to the nearest thousand (unless otherwise stated), have been prepared under the historical cost convention, except for the following material items:

- derivative financial instruments are measured at fair value;
- financial instruments at fair value through profit or loss are measured at fair value;
- biological assets are measured at fair value less estimated point of sale costs;
- land and buildings and investment properties are measured at fair value;
- contingent consideration is measured at fair value; and
- put option obligations are measured at fair value.

The methods used to measure fair values are discussed further within the relevant notes.

The preparation of financial statements in conformity with IFRSs requires management to make judgments, estimates and assumptions that affect the application of accounting policies and the reported amounts of assets, liabilities, income and expenses. Actual results may differ from these estimates. Estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimates are revised and in any future periods affected. The key estimates and assumptions used in applying the Group's accounting policies and in measuring its assets and liabilities are set out in Note 37.

#### CHANGES IN ACCOUNTING POLICY AND DISCLOSURES

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

- Definition of a Business – Amendment to IFRS 3 (no material impact on financial statements);
- Definition of Material – Amendments to IAS 1 and IAS 8 (no material impact on financial statements); and
- Interest Rate Benchmark Reform – Amendments to IFRS 9, IAS 39 and IFRS 7 (no material impact on financial statements).

## Notes to the Group Financial Statements for the year ended 31 December 2020 (continued)

### Significant Accounting Policies (continued)

#### ACCOUNTING FOR SUBSIDIARIES, JOINT VENTURES AND ASSOCIATES

##### Group financial statements

###### Subsidiaries

Subsidiaries are entities controlled by the Group. The Group controls an entity when it 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. The financial statements of subsidiaries are included in the consolidated financial statements from the date on which control is transferred to the Group and are no longer consolidated from the date that control ceases. The amounts included in these financial statements in respect of the subsidiaries are taken from their latest financial statements prepared up to their respective year ends, together with management accounts for the intervening periods to the year end, where relevant. All significant subsidiaries have coterminous financial year ends. Where appropriate, the accounting policies of subsidiaries have been changed to ensure consistency with the policies adopted by the Group.

Intra-group balances and any unrealised gains and losses or income and expenses arising from intra-group transactions are eliminated in preparing the consolidated financial statements, except to the extent they provide evidence of impairment.

Profit or loss and each component of other comprehensive income are attributed to the equity shareholders of the Company, and to the non-controlling interests, even if this results in the non-controlling interests having a negative balance.

###### Joint ventures and associates

Joint ventures are those entities over which the Group exercises control jointly, under a contractual agreement, with one or more parties. Associates are those entities in which the Group has significant influence, but not control of the financial and operating policies. Investments in joint ventures and associates are accounted for by using the equity method of accounting. Under the equity method of accounting, the Group's share of the post-acquisition profits or losses of its joint ventures and associates are recognised in the Group income statement. The income statement reflects in the profit before tax, the Group's share of profit after tax of its joint ventures and associates in accordance with IAS 28 Investments in Associates and Joint Ventures (2011).

The Group's interest in the net assets of joint ventures and associates are included as investments in joint ventures and associates in the Group's balance sheet at an amount representing the Group's share of the fair value of the identifiable net assets at acquisition plus the Group's share of post-acquisition retained income and expenses and goodwill arising on the Group's investment. The amounts included in these financial statements in respect of the post-acquisition income and expenses of joint ventures and associates are taken from the latest financial statements prepared up to the respective financial year ends together with management accounts for the intervening periods to the period end, where appropriate. All material joint ventures and associates have either coterminous financial year ends, or accounting year ends within three months of that of the Group. In the case of the latter, appropriate adjustments are made for the effects of significant transactions or events that occur between that date and the date of the Group's financial statements. Where appropriate, the accounting policies of joint ventures and associates have been changed to ensure consistency with the policies adopted by the Group.

Unrealised gains and income and expenses arising from transactions with associates and joint ventures are eliminated to the extent of the Group's interest in the equity. Unrealised losses are eliminated in the same way as unrealised gains, but only to the extent that they do not provide evidence of impairment.

When the Group's share of losses exceeds its interest in an equity-accounted investee, the carrying amount of the investment, including any long term interests that form part thereof, is reduced to zero, and the recognition of further losses is discontinued except to the extent that the Group has an obligation or has made payments on behalf of the investee.

##### Company financial statements

Investments in subsidiaries, joint ventures and associates are carried at cost less impairment. Dividend income is recognised when the right to receive payment is established.

###### Business combinations

Business combinations are accounted for using the acquisition method as at the acquisition date, which is the date on which control is transferred to the Group. The Group controls an entity when it 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. In assessing control, the Group takes into account potential voting rights that are substantive rights.

## Notes to the Group Financial Statements for the year ended 31 December 2020 (continued)

### Significant Accounting Policies (continued)

#### ACCOUNTING FOR SUBSIDIARIES, JOINT VENTURES AND ASSOCIATES (continued)

##### Acquisitions on or after 1 January 2010

For acquisitions on or after 1 January 2010, the Group measures goodwill at the acquisition date as the fair value of the consideration transferred plus the recognised amount of any non-controlling interests in the acquiree plus if the business combination is achieved in stages, the fair value of the existing equity interest in the acquiree less the fair value of the identifiable assets and acquired liabilities assumed.

When the excess is negative, a bargain purchase gain is recognised in the income statement.

Transaction costs associated with the acquisition, except those relating to the issue of debt or equity securities, are expensed as incurred.

Contingent consideration is measured at fair value at the date of acquisition. Where the contingent consideration is classified as equity it is not subsequently remeasured and the settlement is accounted for within equity. Otherwise, subsequent changes in the fair value of contingent consideration are recognised in the income statement.

When share-based payment awards are required to be exchanged for awards held by the acquiree's employees and relate to past services, then all or a portion of the amount of the acquirer's replacement awards are included in measuring the consideration transferred in the business combination. The determination is based on the market-based value of the replacement awards compared with the market-based value of the acquiree's awards and the extent to which the replacement awards relate to past and/or future service.

##### Acquisitions before 1 January 2010

For acquisitions prior to 1 January 2010, goodwill represents the excess of the cost of acquisition over the Group's interest in the fair value of the identifiable assets, liabilities and contingent liabilities of the acquiree. When the excess was negative, a bargain purchase gain was recognised in the income statement. Subsequent to acquisition any fair value adjustments to contingent consideration are adjusted against goodwill.

Transaction costs, other than those associated with the issue of debt or equity securities, that the Group incurred in connection with the business combinations were capitalised as part of the cost of acquisition.

#### NON-CONTROLLING INTERESTS

Under IFRS 3 *Business Combinations* an entity has a choice on a combination by combination basis to measure any non-controlling interest ('NCI') in the acquiree at either the proportionate share of the acquiree's identifiable assets or fair value. Within the business combinations note, the Group states which method has been used within current year acquisitions.

#### FAIR VALUE MEASUREMENT OF PRE-EXISTING INTERESTS IN ACQUIREE

In accordance with IFRS 3 *Business Combinations* the cost of an acquiree acquired in stages is measured using the 'fair value as deemed cost' method. The cost of an acquiree acquired in stages is measured as the sum of the fair value of the previously held interest plus the fair value of any additional consideration transferred at the date the additional investment is made. Any resulting gain or loss on fair valuing the original investment is taken to the income statement and any other comprehensive income recognised in prior periods in relation to the previously held shareholding is reclassified to the income statement.

## Notes to the Group Financial Statements for the year ended 31 December 2020 (continued)

### Significant Accounting Policies (continued)

#### PUT OPTIONS OVER NON-CONTROLLING INTEREST SHARES

If a put option is held by a non-controlling interest ('NCI') in a subsidiary undertaking, whereby the holder of the put option can require the Group to acquire the NCI's shareholding in the subsidiary at a future date, the Group examines the nature of such a put option. The Group assesses whether or not the NCI continues to have a present ownership interest in the shares subject to the put option. Present ownership interest can be evidenced by NCI continuing to have a right to the receipt of dividends, or benefiting from increases in net assets while holding a voting entitlement to the shares subject to the put option. If it is deemed that the put option holders continue to have a present ownership interest, the Group applies the partial recognition of NCI method as follows:

- (a) the Group continues to recognise the amount that would have been recognised for the non-controlling interest, including an update to reflect its share of profit and losses, dividends and other changes;
- (b) the Group recognises a financial liability in accordance with IAS 32 being the estimate of the fair value of the consideration to acquire the NCI shares that are subject to the put option and records this in a separate reserve in equity;
- (c) changes in the fair value of the financial liability are reflected as a movement in the put option; and
- (d) for presentation purposes in the balance sheet, the Group transfers the non-controlling interest subject to the put option as an offset to the put option reserve in equity.

If the NCI put option is exercised, the same treatment is applied up to the date of exercise. The amount recognised as the financial liability at that date is extinguished by the payment of the exercise price. If the put option expires unexercised, the position is unwound so that the non-controlling interest is recognised as the amount it would have been as if the put option had never been granted and the financial liability is derecognised with a corresponding credit to the put option reserve in equity.

If the NCI does not have present ownership rights from the put option, then the transaction is accounted for as if the Group had acquired the NCI at the date of entering into the put option.

#### FORWARD COMMITMENTS OVER NON-CONTROLLING INTEREST SHARES

If a forward commitment is in place to acquire the shares held by a NCI in a subsidiary undertaking, whereby the Group has an irrevocable agreement to acquire the NCI's shareholding in the subsidiary at a future date, the Group examines the nature of such a commitment. The Group assesses whether or not the NCI continues to have a present ownership interest in the shares subject to commitment. Present ownership interest can be evidenced by the NCI continuing to have a right to the receipt of dividends, or benefiting from increases in net assets while holding a voting entitlement to the shares subject to the forward commitment. If it is deemed that the non-controlling shareholders continue to have a present ownership interest, the Group applies the partial recognition of NCI method as outlined above in the accounting policy for put options over non-controlling interest shares.

#### CALL OPTIONS OVER NON-CONTROLLING INTEREST SHARES

If the Group has a call option over the shares held by a NCI in a subsidiary undertaking, where the Group can require the NCI to sell its shareholding in the subsidiary at a future date, the option is classified as a derivative and is recognised as a financial instrument on inception with fair value movements recognised in the income statement.

#### PUT AND CALL OPTIONS OVER SHAREHOLDINGS OF JOINT VENTURE AND ASSOCIATE INTERESTS

If there are put and call options over the remaining shares in joint venture and associate undertakings, the option is classified as a derivative instrument on inception with fair value movements recognised in the income statement.

## Notes to the Group Financial Statements for the year ended 31 December 2020 (continued)

### Significant Accounting Policies (continued)

#### GOODWILL

Goodwill represents amounts arising on the acquisition of subsidiaries, joint ventures and associates as a result of the fair value of consideration transferred exceeding net identifiable assets and liabilities acquired. Goodwill is allocated to cash-generating units and is not amortised but is tested annually for impairment at a consistent time each financial year. Goodwill is stated at the amount originally recognised less any accumulated impairment losses. In respect of joint ventures and associates, the carrying amount of goodwill is included in the carrying amount of the investment.

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

#### INTANGIBLE ASSETS

##### Research and development

Expenditure on research activities undertaken with the prospect of gaining new scientific or technical knowledge and understanding is recognised in the income statement as an expense as incurred.

Development activities involve a plan or design for the production of new and substantially improved products and processes. Development expenditure is capitalised only if development costs can be measured reliably, the product or process is technically and commercially feasible, future economic benefits are probable and the Group intends to and has sufficient resources to complete development and to use or sell the asset. The expenditure capitalised includes the cost of materials, direct labour and overhead costs that are directly attributable to preparing the asset for its intended use. Capitalised expenditure is measured at cost less accumulated amortisation. Capitalised development expenditure is amortised to the income statement after commercial production has begun on a straight line basis over its expected useful life of between five and seven years.

##### Customer relationships, supplier relationships and brands

Intangible assets acquired as part of a business combination are valued at their fair value at the date of acquisition. These include customer relationships, supplier relationships and brands. Intangible assets are amortised to the income statement on a straight line basis over the period of their expected useful lives as follows:

- Customer relationships: 3-15 years;
- Supplier relationships: 3-15 years;
- Brands: 10-15 years; and
- Dole brand consisting of the DOLE brand trademark and trade name is considered to have an indefinite life because it is expected to generate cashflows indefinitely and as such is not amortised.

##### Software costs

Costs incurred on the acquisition of computer software and software licences are capitalised. Other costs directly associated with developing and maintaining computer software programmes are capitalised once the recognition criteria set out in IAS 38 *Intangible Assets* are met. Computer software is amortised over periods of between three to eight years using the straight line method.

## Notes to the Group Financial Statements for the year ended 31 December 2020 (continued)

### Significant Accounting Policies (continued)

#### PROPERTY, PLANT AND EQUIPMENT

Land and buildings are measured at fair value with changes in fair value reflected within the statement of comprehensive income, except impairment losses, which are recognised in the income statement unless they reverse a previous revaluation gain. The fair value is the price that would be returned if the asset were sold in an orderly transaction between market participants based on the asset's highest and best use. Such valuations are determined taking into consideration values of comparable transactions for similar properties in the same locations as those of the Group where they are available or on the use of valuation techniques including the use of market yield on comparable properties. Information on the basis on which such valuations were undertaken in the year is set out in Note 11.

Where appropriate, registered independent appraisers, having relevant recognised professional qualifications and recent experience in the locations and categories, prepare the valuations every three to five years, with valuations updated annually in the interim by Directors, having due regard to advice of professionally qualified consultants. Where there is an absence of or reduced level of transactions of a similar nature, the valuations of such properties are determined by Directors with reference to local knowledge, valuation techniques and judgment in consultation with property advisers.

Bearer plants are living plants used in the supply or production of agricultural produce for more than one period that are not likely to be sold as agricultural produce. Bearer plants are measured at cost less accumulated depreciation and impairment losses.

Plant and equipment is stated at cost less accumulated depreciation and impairment losses. Expenditure incurred to replace a component of property, plant and equipment that is accounted for separately is capitalised. Other subsequent expenditure is capitalised only when it increases the future economic benefits embodied in the item of property, plant and equipment. All other expenditure, including repairs and maintenance costs, is recognised in the income statement as an expense as incurred.

Depreciation is calculated to write off the carrying amount of property, plant and equipment, other than freehold land, on a straight line basis, by reference to the following estimated useful lives:

- Freehold buildings: 30-50 years;
- Plant and equipment: 5-15 years;
- IT equipment: 3-5 years;
- Motor vehicles: 5 years; and
- Bearer plants: 1-30 years.

The residual value of assets, if not insignificant, and the useful life of assets are reassessed annually. Gains and losses on disposals of property, plant and equipment are recognised on the completion of sale. Gains and losses on disposals are determined by comparing the proceeds received with the carrying amount and are included in operating profit.

#### INVESTMENT PROPERTY

Investment property, principally comprising land, office buildings and warehouses, is property (including separate, self-contained parts of such buildings) which is held for rental income or capital appreciation and is not occupied by the Group. Investment property is stated initially at cost and subsequently at fair value. The fair value is the price that would be returned if the asset were sold in an orderly transaction between market participants based on the asset's highest and best use. Such valuations are determined by benchmarking against comparable transactions for similar properties in the same locations as those of the Group or on the use of valuation techniques including the use of market yield on comparable properties. Information on the basis on which such valuations were undertaken in the year is set out in Note 13. All gains or losses arising from a change in fair value are recognised in the income statement. When property is transferred to investment property following a change in its use, any differences arising at the date of transfer between the carrying amount of the property prior to transfer and its fair value is recognised in other comprehensive income if it is a gain. Upon disposal of the property, the gain is transferred to retained earnings. Any loss arising in this manner, unless it represents the reversal of a previously recognised gain, is recognised in the income statement.



## Notes to the Group Financial Statements for the year ended 31 December 2020 (continued)

### Significant Accounting Policies (continued)

#### BIOLOGICAL ASSETS

A number of the Group's subsidiaries, joint ventures and associates, involved in the production of fresh produce, hold biological assets, which include agricultural produce due for harvest on plantations. Biological assets are measured at fair value less estimated costs to point of sale, with any resultant gain or loss recognised in the income statement. Point of sale costs include all costs that would be necessary to sell the assets, excluding costs necessary to bring the assets to market.

#### FOREIGN CURRENCY INCLUDING NET INVESTMENT HEDGES

Transactions in foreign currencies are translated into the functional currency of the entity at the foreign exchange rate ruling at the date of the transaction. Non-monetary assets carried at historic cost are not subsequently retranslated. Non-monetary assets carried at fair value are subsequently remeasured at the exchange rate at the date of valuation.

Monetary assets and liabilities denominated in foreign currencies at the reporting date are translated into the functional currency at the foreign exchange rate ruling at that date. Foreign exchange movements arising on such translation are recognised in the income statement.

The assets and liabilities of foreign currency denominated operations, including goodwill and fair value adjustments arising on consolidation, are translated to Euro at the foreign exchange rates ruling at the reporting date. The income and expenses of foreign currency denominated operations are translated to Euro at the average exchange rate for the year. Foreign exchange movements arising on translation of the net investment in a foreign operation, including those arising on long term intra-Group loans deemed to be quasi equity in nature, are recognised directly in other comprehensive income, in the currency translation reserve. The portion of exchange gains or losses on foreign currency borrowings used to provide a hedge against a net investment in a foreign operation that is designated as a hedge of those investments is recognised directly in other comprehensive income to the extent that they are determined to be effective. The ineffective portion is recognised in the income statement.

Any movements that have arisen since 1 January 2004, the date of transition to IFRS, are recognised in the currency translation reserve and are reclassified through the income statement on disposal of the related business. Translation differences that arose before the date of transition to IFRS in respect of all non-Euro denominated operations are not presented separately.

#### IMPAIRMENT OF NON-FINANCIAL ASSETS

The carrying amounts of the Group's assets other than inventories (which are carried at the lower of cost and net realisable value), biological assets (which are measured at fair value less estimated costs to point of sale) certain financial assets (which are carried at fair value) and deferred tax assets (which are recognised based on recoverability), are tested for impairment when an event or transaction indicates that an impairment may have occurred, except for goodwill and indefinite lived intangibles which are tested annually for impairment. If any such indication exists, an impairment test is carried out and the asset is written down to its recoverable amount as appropriate.

The recoverable amount of an asset is the greater of its fair value less cost to sell and value-in-use. In assessing value-in-use, the estimated future cashflows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset. For an asset that does not generate largely independent cash inflows, the recoverable amount is determined for the cash-generating unit to which the asset belongs.

Goodwill and intangible assets with an indefinite useful life are tested for impairment at 31 December each year. Impairment losses are recognised in the income statement. Impairment losses recognised in respect of cash-generating units are allocated first to reduce the carrying amount of any goodwill allocated to cash-generating units and then to reduce the carrying amount of the other assets in the unit on a pro-rata basis.

An impairment loss, other than in the case of goodwill, is reversed if there has been a change in the estimates used to determine the recoverable amount. An impairment loss is reversed only to the extent that the asset's carrying amount does not exceed the carrying amount that would have been determined, net of depreciation or amortisation, if no impairment loss had been recognised.

## Notes to the Group Financial Statements for the year ended 31 December 2020 (continued)

### Significant Accounting Policies (continued)

#### INVENTORIES

Inventories are stated at the lower of cost and net realisable value. Net realisable value is the estimated selling price in the ordinary course of business, less the estimated costs of completion and selling expenses. The cost of inventories is based on the first-in, first-out principle and includes expenditure incurred in acquiring the inventories and bringing them to their existing location and condition.

#### CASH AND CASH EQUIVALENTS

Cash and cash equivalents comprise cash balances and call deposits, including bank deposits of less than three months maturity on acquisition. Bank overdrafts that are repayable on demand and form an integral part of the Group's cash management are included as a component of cash and cash equivalents for the purpose of the cashflow statement.

#### EMPLOYEE BENEFITS

##### Short term employee benefits

Short term employee benefits are recognised as an expense as the related employee service is received.

##### Retirement benefit obligations - Group financial statements

Obligations for contributions to defined contribution pension schemes are recognised as an expense in the income statement as services from employees are received. Under such schemes, the Group has no obligation to make further contributions to these schemes beyond the contracted amount. Prepaid contributions are recognised as an asset to the extent that the employee service has not yet been received.

The defined benefit pension asset or liability in the Group balance sheet comprises the total for each plan of the present value of the defined benefit obligation less the fair value of plan assets (measured at fair value) out of which the obligations are to be settled directly.

The liabilities and costs associated with the Group's defined benefit pension schemes are assessed on the basis of the projected unit credit method by professionally qualified actuaries and are arrived at using actuarial assumptions based on market expectations at the reporting date.

The discount rates employed in determining the present value of the schemes' liabilities are determined by reference to market yields at the reporting date on high-quality corporate bonds of a currency and term consistent with the currency and term of the associated post-employment benefit obligations. The expected increase in the present value of scheme liabilities arising from employee service in the current or prior periods is recognised in arriving at the operating profit or loss together with the interest return on the schemes' assets and the increase during the period in the present value of the schemes' liabilities arising from the passage of time. Differences between the actual return on plan assets less the interest return on plan assets, together with the effect of changes in the current or prior assumptions underlying the liabilities, are recognised in other comprehensive income.

When the benefits of a defined benefit scheme are changed or the obligation is curtailed or settled, the related income or expense is recognised in the income statement as a past service cost. Settlements, curtailments and past service cost changes trigger a remeasurement of the obligations and related assets in the income statement.

##### Retirement benefit obligations - Company financial statements

The Company is not the sponsoring employer for any of the Group's defined benefit pension schemes. There is no stated policy within the Group in relation to the obligations of Group companies to contribute to scheme deficits. Group companies make contributions to the schemes as requested by the sponsoring employers.

##### Employee share-based payment transactions

The Group grants equity settled share-based payments to employees. The fair value of these payments is determined at the date of grant and is expensed to the income statement on a straight-line basis over the vesting period. The fair value is determined using a binomial model, as measured at the date of grant, excluding the impact of any non-market conditions. Non-market vesting conditions are included in assumptions about the number of options that are expected to vest.

At each reporting date, the Group revises its estimates of the number of options or awards that are expected to vest, based on non-market conditions recognising any adjustment in the income statement, with a corresponding adjustment to equity.

## Notes to the Group Financial Statements for the year ended 31 December 2020 (continued)

### Significant Accounting Policies (continued)

#### TAXATION

Taxation on the profit or loss for the financial year comprises current and deferred tax. Taxation is recognised in the income statement except to the extent that it relates to items recognised directly in other comprehensive income, in which case the related tax is recognised in other comprehensive income.

Current tax is the expected tax payable on the taxable income for the financial year, using tax rates and laws that have been enacted or substantively enacted at the reporting date, and any adjustment to tax payable in respect of previous financial years.

Deferred tax is provided using the balance sheet liability method on temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and the amounts used for taxation purposes. If the temporary difference arises from the initial recognition of an asset or liability, in a transaction other than a business combination, that at the time of the transaction does not affect accounting or taxable profit or loss, it is not 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 is controlled by the Group and it is probable that the temporary difference will not reverse in the foreseeable future or where no taxation is expected to arise on any ultimate remittance. The amount of deferred tax provided is based on the expected manner of the realisation or settlement of the carrying amount of assets and liabilities, using tax rates enacted or substantively enacted at the reporting date. A deferred tax asset is recognised only to the extent that it is probable that future taxable profits will be available against which the asset can be utilised. Deferred tax assets are reduced to the extent that it is no longer probable that the related tax benefit will be realised.

The Group considers each uncertain tax treatment separately or together with one or more uncertain tax treatments based on which approach better predicts the resolution of the uncertainty. If the Group concludes that it is not probable that the relevant authority will accept an uncertain tax treatment, the Group reflects the effect of the uncertainty in determining the related taxable profit, tax bases, unused tax losses, unused tax credits or tax rate. The Group reflects the effect of uncertainty for each uncertain tax treatment using an expected value approach or a most likely approach depending on which method the Group expects to better predict the resolution of the uncertainty. The unit of account for recognition purposes is the income tax/deferred tax assets or liabilities and the Group does not provide separately for uncertain tax positions.

#### ASSETS HELD UNDER LEASES

The Group recognises a right of use asset and a lease liability at the lease commencement date.

The right of use asset is initially measured at cost and subsequently at cost less accumulated depreciation and impairments and adjusted for certain remeasurements of the lease liability. The cost of the right of use asset includes the lease liability recognised, any initial direct costs, restoration costs and payments made on or before the lease commencement date less any lease incentives received. The right of use asset is depreciated on a straight line basis over the lower of the lease term and the useful life of the asset. Where the lease contains a purchase option and the lessee is reasonably certain to exercise the purchase option the asset is depreciated over the useful life of the asset. Right of use assets are subject to impairment testing.

The lease liability is initially measured as the present value of the lease payments to be made over the term of the lease, discounted using the rate implicit in the lease or, where this is not available, the Group's incremental borrowing rate. Lease payments include fixed and variable lease payments and amounts expected to be paid under residual value guarantees. Lease payments also include the exercise price of a purchase option where the Group is reasonably certain that they will exercise the option and also any termination costs associated with a lease where the lease term reflects the termination of the lease.

The lease liability is subsequently increased by the interest cost of the lease liability and decreased by lease payments made. The lease liability is remeasured when there is a change in future lease payments as a result of a change in an index or rate, a change in the amount expected to be paid under a residual value guarantee, or a change in the assessment of whether a purchase or termination option is reasonably expected to be exercised or not exercised. The Group has availed of the practical expedient not to separate lease components from any associated non-lease components for leases of plant and equipment and motor vehicles.

The Group has applied judgement in determining the lease term for leases where they are the lessee and the lease contract contains renewal and/or termination options. The assessment of whether the Group is reasonably certain to exercise such options impacts the lease term which in turn impacts the right of use asset and lease liability to be recognised.

## Notes to the Group Financial Statements for the year ended 31 December 2020 (continued)

### Significant Accounting Policies (continued)

#### LESSOR

At inception or modification of a contract that contains a lease component, the Group allocates the consideration in the contract to each lease component on the basis of their relative standalone prices.

When the Group acts as a lessor, it determines at lease inception whether each lease is a finance lease or an operating lease.

To classify each lease, the Group makes an overall assessment of whether the lease transfers substantially all of the risks and rewards incidental to ownership of the underlying asset. If this is the case, then the lease is a finance lease; if not, then it is an operating lease. As part of this assessment, the Group considers certain indicators such as whether the lease is for the major part of the economic life of the asset.

If an arrangement contains lease and non-lease components, then the Group applies IFRS 15 to allocate the consideration in the contract.

The Group recognises lease payments received under operating leases as income on a straight-line basis over the lease term as part of 'other operating income'

#### GOVERNMENT GRANTS

Government grants are recognised at their fair value when there is reasonable assurance that the grant will be received and any conditions attaching to them have been fulfilled.

Capital grants received and receivable by the Group are recognised on the balance sheet as a deferred credit and are amortised to the Income Statement on a straight-line basis over the expected useful lives of the assets to which they relate.

Other government grants are recognised in the income statement on a systematic basis against the costs the grant is intended to compensate.

#### PROVISIONS

A provision is recognised in the balance sheet when the Group has a present legal or constructive obligation as a result of a past event, it is probable that an outflow of economic benefits will be required to settle the obligation and the outflow can be measured reliably. If the effect is material, provisions are measured by discounting the expected future cashflows at a pre-tax rate that reflects current market assessments of the time value of money and, where appropriate, the risks specific to the liability.

#### SHARE CAPITAL

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, net of tax, from the proceeds.

When the Company or a Group company purchases the Company's equity share capital and holds the shares as treasury shares, the consideration paid, including directly attributable incremental costs (net of taxes) is recognised as a deduction from equity and is presented in the own shares reserve until the shares are sold, reissued or cancelled.

Where the Company or a Group company purchases the Company's equity share capital and cancels the shares, the nominal value of the shares cancelled is credited to undenominated capital. The total consideration paid, including directly attributable incremental costs (net of taxes) is recognised as a reduction in retained earnings.

## Notes to the Group Financial Statements for the year ended 31 December 2020 (continued)

### Significant Accounting Policies (continued)

#### FINANCIAL INSTRUMENTS

##### Trade and other receivables

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

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

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

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

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

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

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

##### Trade and other payables

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

##### Equity investments

In accordance with IFRS 9, equity investments are now measured at fair value through profit or loss ('FVTPL'). Net gains or losses, including dividend income, are recognised in profit or loss.

##### Derivative financial instruments

Foreign currency derivatives are entered into only when they match an existing foreign currency asset or liability or where they are used to hedge a forecasted transaction. Derivative financial instruments are measured at fair value at each reporting date and the movement in fair value is recognised in the income statement unless they are designated as cashflow hedges under IFRS 9 *Financial Instruments*. Where such instruments are classified as cashflow hedges, and subject to the satisfaction of certain criteria relating to the documentation of the risk, objectives and strategy for the hedging transaction and the ongoing measurement of its effectiveness, they are accounted for in accordance with hedge accounting rules. In such cases, any gain or loss arising on the effective portion of the derivative instrument is recognised in the other comprehensive income hedging reserve, as a separate component of equity. Gains or losses on any ineffective portion of the derivative are recognised in the income statement. Either the change in the fair value of the spot element or the entire change in the fair value of the forward exchange contracts is designated as the hedging instrument in cashflow hedging relationships. Where only the change in the fair value of the spot element of the forward exchange contract is designated the change in fair value of the forward element of forward exchange contracts ('forward points') is separately accounted for as a cost of hedging and recognised in the cost of hedging reserve within equity.

When the hedged forecast transaction results in the recognition of a non-financial item such as inventory, the amount accumulated in the hedging reserve and the cost of hedging reserve is included directly in the initial cost of the non-financial item when it is recognised, where material.

## Notes to the Group Financial Statements for the year ended 31 December 2020 (continued)

### Significant Accounting Policies (continued)

#### FINANCIAL INSTRUMENTS (continued)

##### Derivative financial instruments (continued)

For all other hedged forecast transactions when the hedged transaction matures, the related gains or losses in the hedging reserve and the cost of hedging reserve are transferred to the income statement.

If the hedging instrument no longer meets the criteria for hedge accounting, expires or is sold, terminated or exercised, or the designation is revoked, then hedge accounting is discontinued prospectively. If the hedged item is a non-financial asset the amount accumulated in the hedging reserve and the cost of hedging reserve remains in equity until initial recognition of the non-financial assets. For other hedged items accumulated amounts are reclassified to the income statement in the same period as the expected hedged future cashflows effect profit or loss. If the forecast transaction is no longer expected to occur, then the balance in other comprehensive income is reclassified to profit or loss.

##### Interest-bearing borrowings

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

#### REVENUE

Revenue is recognised at a point in time when control of the goods has transferred to the customer, which can be on shipping or delivery depending on the terms of trade with the customer. Revenue is measured as the consideration that is expected to be received for the sale of these goods, excluding value added tax, after eliminating sales within the Group.

#### FINANCE INCOME AND FINANCE EXPENSE

Finance income comprises interest income on funds invested and other receivables like grower loans. It also includes dividends received from financial assets. Interest income is recognised as it accrues using the effective interest method. Dividends are recognised when received or entitlement to dividend is declared.

Finance expense comprises interest expense on borrowings, interest expense relating to IFRS 16 leases, unwinding of the discount on provisions, borrowing extinguishment costs and arrangement fees. Borrowing costs incurred in the construction of major assets which take a substantial period of time to complete are capitalised in the financial period in which they are incurred. All other finance costs are recognised in the income statement using the effective interest method.

#### SEGMENTAL REPORTING

Operating segments, defined as components of the Group that engage in business activities from which they may earn revenues and incur expenses, including revenues and expenses that relate to transactions with any of the Group's other components, are reported in a manner consistent with the internal reporting provided to the Chief Operating Decision-Maker ('CODM'). The CODM, who is responsible for allocating resources and assessing performance of the operating segments, has been identified as the Executive Directors of the Board.

## Notes to the Group Financial Statements for the year ended 31 December 2020 (continued)

### Significant Accounting Policies (continued)

#### EXCEPTIONAL ITEMS

The Group has adopted an accounting policy which seeks to highlight significant items within the Group's results. The Group believes that this presentation provides a more helpful analysis as it highlights one-off items and non-trading items. Such items may include significant restructuring costs, profit or loss on disposal or termination of operations, costs of material product recalls, litigation costs and settlements, profit or loss on disposal of investments, significant impairment of goodwill and other assets, significant curtailment or settlement gains / losses on post-employment defined benefit schemes, gains and losses on mark to market of derivative financial instruments, currency translation on long term foreign currency denominated term intercompany borrowings together with significant fair value movements recognised in respect of investment properties. Judgment 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 related notes as exceptional items.

#### DIVIDEND DISTRIBUTION

Dividends declared by shareholders on the recommendation of the directors are recognised as a liability in the Group's financial statements in the period in which they are declared. Dividends declared by the directors are recognised as a liability in the Group's financial statements in the period in which they are paid.

#### NEW STANDARDS AND INTERPRETATIONS NOT APPLIED

##### Amendments to existing standards

The following amendments to existing standards have been published and are mandatory for the Group's accounting periods beginning on or after 1 January 2021 or later periods, but have not been early adopted:

Standard/Interpretation	Effective date – for accounting periods beginning on or after:
• Onerous Contracts - Cost of Fulfilling a Contract (Amendment to IAS 37) <sup>1</sup>	1 January 2022
• Annual improvement to IFRS standards 2018 - 2020 <sup>1</sup>	1 January 2022
• Property, Plant and Equipment: Proceeds before Intended Use (Amendments to IAS 16) <sup>1</sup>	1 January 2022
• Reference to the Conceptual Framework (Amendment to IFRS3) <sup>1</sup>	1 January 2022
• IFRS 17 Insurance Contracts <sup>1</sup>	1 January 2023
• Classification of Liabilities as Current or Non-current (Amendment to IAS 1) <sup>1</sup>	1 January 2023
• Amendments to IFRS 10 Consolidated Financial Statements and IAS 28 Investments in Associates and Joint Ventures - Sale or Contribution of Assets between an Investor and its Associate or Joint Venture (September 2014) <sup>1</sup>	
• Interest Rate Benchmark Reform Phase 2 (Amendments to IFRS 9, IAS 39, IFRS 4 and IFRS 16) <sup>1</sup>	1 January 2021

<sup>1</sup> These standards are not expected to have a material impact on the Group Financial Statements.

## Notes to the Group Financial Statements for the year ended 31 December 2020 (continued)

## 1. REVENUE

	2020 €'000	Restated <sup>2</sup> 2019 €'000
<b>Group Revenue</b>	<b>3,817,585</b>	3,729,346
<i>Plus:</i>		
Share of revenue of joint ventures – Dole	1,843,402	1,801,299
Share of revenue of joint ventures – Other	628,228	632,934
Share of revenue of associates	65,140	75,687
<b>Total share of revenue of joint ventures and associates</b>	<b>2,536,770</b>	2,509,920
<i>Less:</i>		
Elimination of proportionate share of transactions between Group subsidiaries and joint ventures and associates <sup>1</sup>	(94,857)	(86,172)
<b>Total Revenue</b>	<b>6,259,498</b>	6,153,094

<sup>1</sup> For calculation of Total Revenue which includes Group's share of joint ventures and associates, the Group eliminates the proportionate share of revenue transactions between Group subsidiaries and joint ventures and associates.

<sup>2</sup> The Group's Total Revenue (which is a non-statutory number including the Group's share of joint venture and associate revenue) was restated. This is due to a misstatement in the prior year financial statements of the Group's joint venture, Dole. Dole has restated its previously issued financial statements for year ended 28 December 2019 to correct a misstatement in its income statement related to revenue. The correction resulted in a \$50,395,000 decrease to revenue and costs of goods sold, with no impact to gross profit. Total Produces 45% share of this joint venture revenue was \$22,678,000 (€20,101,000). The Group reflects Total Revenue as a key metric in its segmental analysis, therefore Total Revenue in the 2019 comparative above, and as presented in Note 2 Segmental Analysis, has been reduced by €20,101,000 from €6,173,195,000 to €6,153,094,000. There was no impact on gross profit or profit after tax from this error. This does not result in a restatement of the prior year Income Statement of Total Produce.

## 2. SEGMENTAL ANALYSIS

IFRS 8 *Operating Segments* ('IFRS 8') sets out the requirements for disclosure of financial and descriptive information about the operating segments, products and the geographical areas in which the Group operates, as well as information on major customers.

In accordance with IFRS 8, the Group's reportable operating segments, based on how performance is assessed and resources are allocated, are as follows:

- *Europe – Non-Eurozone*: This operating segment is an aggregation of six operating segments in the Czech Republic, Poland, Scandinavia and the United Kingdom. These segments have been aggregated as they all are primarily involved in the procurement, marketing and distribution of fresh produce and share other similar economic characteristics in terms of sourcing and distribution arrangements, net margins earned and operate in similar regulatory environments.
- *Europe – Eurozone*: This reportable segment is an aggregation of thirteen operating segments principally in France, Ireland, Italy, the Netherlands and Spain. These segments have been aggregated as they all are primarily involved in the procurement, marketing and distribution of fresh produce and some healthfoods and consumer goods products and share other similar economic characteristics in terms of sourcing and distributions arrangements, net margins earned, transact in Euro and operate in the same regulatory environment.
- *International*: This segment is an aggregation of five operating segments in North America, one in South America and one in India. These segments have been aggregated as they all are primarily involved in the procurement, marketing and distribution of fresh produce and share other similar economic characteristics in terms of sourcing and distribution arrangements, net margins earned and operate in similar regulatory environments. They also primarily transact in US Dollar.
- *Dole*: This operating segment represents the Group's 45% interest in Dole. Dole is one of the world's leading producers, marketers and distributors of fresh fruit and vegetables. It has an iconic brand and leading market positions and scale. It is one of the world's largest producers of bananas and pineapples and a leader in other fresh fruits, value added and fresh-packed vegetables and berries. In terms of market share they hold the number one and three positions respectively for bananas in North America and Europe and are number two and three respectively for pineapples in North America and Europe. They sell and distribute throughout a wide network in North America, Europe, Latin America, the Middle East and Africa.



## Notes to the Group Financial Statements for the year ended 31 December 2020 (continued)

### 2. SEGMENTAL ANALYSIS (continued)

Segment performance is evaluated based on revenue and adjusted EBITA. Management believes that adjusted EBITA, while not a defined term under IFRS, gives a fair reflection of the underlying trading performance of the Group. Adjusted EBITA represents earnings before interest, tax, acquisition related intangible asset amortisation charges and costs, fair value movements on contingent consideration, unrealised gains or losses on derivative financial instruments, gains and losses on foreign currency denominated intercompany borrowings and exceptional items. It also excludes the Group's share of these items within joint ventures and associates. Adjusted EBITA is therefore measured differently from operating profit in the Group financial statements as explained and reconciled in full detail in the analysis that follows.

Finance costs, finance income and income taxes are managed on a centralised basis. These items are not allocated between operating segments for the purposes of the information presented to the Chief Operating Decision-Maker ('CODM') and are accordingly omitted from the detailed segmental analysis that follows.

	2020			Restated 2019 <sup>1,2</sup>		
	Segmental Revenue €'000	Third Party Revenue €'000	Adjusted EBITA €'000	Segmental Revenue €'000	Third Party Revenue €'000	Adjusted EBITA €'000
Europe – Non-Eurozone <sup>1</sup>	1,499,299	1,474,661	39,390	1,481,657	1,454,172	41,913
Europe – Eurozone <sup>1</sup>	1,687,370	1,666,755	28,708	1,661,446	1,637,185	20,477
International	1,295,949	1,295,734	26,012	1,271,566	1,271,566	22,284
Dole	1,843,402	1,822,348	70,128	1,801,299	1,790,171	65,440
Inter-segment revenue	(66,522)	–	–	(62,874)	–	–
<b>Total Group</b>	<b>6,259,498</b>	<b>6,259,498</b>	<b>164,238</b>	<b>6,153,094</b>	<b>6,153,094</b>	<b>150,114</b>

<sup>1</sup> In 2020 there was a realignment in the reporting of small businesses in Europe due to change in divisional management responsibility. The comparative 2019 financial information for both European divisions has been restated to conform with the current presentation.

<sup>2</sup> As described in detail in Note 1, the Group's 45% share of the revenue of Dole was restated due to a prior year misstatement. There was no impact on adjusted EBITA of profit after tax resulting from this misstatement.

All inter-segment revenue transactions are at arm's length.

## Notes to the Group Financial Statements for the year ended 31 December 2020 (continued)

## 2. SEGMENTAL ANALYSIS (continued)

## Reconciliation of segmental profit to operating profit

Below is a reconciliation of adjusted EBITA per the Group's management reports to operating profit and profit before tax as presented in the Group income statement.

	Note	2020 €'000	2019 €'000
<b>Adjusted EBITA per management reporting</b>		<b>164,238</b>	150,114
Acquisition related intangible asset amortisation for subsidiaries	(i)	(10,144)	(10,301)
Share of joint ventures and associates acquisition related intangible asset amortisation	(i)	(2,543)	(2,696)
Fair value movements on contingent consideration	(ii)	(456)	204
Acquisition related costs within subsidiaries	(iii)	(348)	(177)
Share of joint ventures and associates net financial expense	(iv)	(38,312)	(40,817)
Share of joint ventures and associates tax (before tax on exceptional items)	(iv)	(19,043)	(14,059)
<b>Operating profit before exceptional items</b>		<b>93,392</b>	82,268
Net financial expense before exceptional items	(v)	(9,924)	(10,967)
<b>Profit before tax before exceptional items</b>		<b>83,468</b>	71,301
Exceptional items (Note 7)	(vi)	(9,970)	5,232
<b>Profit before tax</b>		<b>73,498</b>	76,533

- (i) Acquisition related intangible asset amortisation charges are not allocated to operating segments in the Group's management reports.
- (ii) Fair value movements on contingent consideration are not allocated to operating segments in the Group's management reports.
- (iii) Acquisition related costs are transaction costs directly related to acquisitions of subsidiaries completed and are not allocated to operating segments in the Group's management reports.
- (iv) Under IFRS, included within profit before tax is the Group's share of joint ventures' and associates' profit after acquisition related intangible asset amortisation charges, tax and interest. In the Group's management reports these items are excluded from the adjusted EBITA calculation.
- (v) Financial income and expense is primarily managed at Group level, and is therefore not allocated to operating segments in the Group's management reports.
- (vi) Exceptional items (Note 7) are not allocated to operating segments in the Group's management reports.

## Notes to the Group Financial Statements for the year ended 31 December 2020 (continued)

## 2. SEGMENTAL ANALYSIS (continued)

## Business segment assets and liabilities

	Segment assets	Investment in joint ventures and associates	Total assets	Total liabilities
	2020	2020	2020	2020
	€'000	€'000	€'000	€'000
Europe – Non-Eurozone	449,188	15,245	464,433	265,576
Europe – Eurozone	295,125	45,710	340,835	218,508
International	291,312	35,722	327,034	157,764
Dole	–	265,744	265,744	–
<b>Total Group</b>	<b>1,035,625</b>	<b>362,421</b>	<b>1,398,046</b>	<b>641,848</b>
Unallocated assets and liabilities <sup>2</sup>			167,116	372,008
<b>Total assets/liabilities</b>			<b>1,565,162</b>	<b>1,013,856</b>

	Segment assets	Investment in joint ventures and associates	Total assets	Total liabilities
	2019	2019	2019	2019
	€'000	€'000	€'000	€'000
Europe – Non-Eurozone <sup>1</sup>	449,820	13,301	463,121	240,121
Europe – Eurozone <sup>1</sup>	323,492	45,660	369,152	223,707
International	290,739	45,089	335,828	136,290
Dole	–	264,893	264,893	–
Total Group	1,064,051	368,943	1,432,994	600,118
Unallocated assets and liabilities <sup>2</sup>			148,357	431,366
Total assets/liabilities			1,581,351	1,031,484

<sup>1</sup> In 2020 there was a realignment in the reporting of small businesses in Europe due to change in divisional management responsibility. The comparative 2019 financial information for both European divisions has been restated to conform with the current presentation.

<sup>2</sup> Unallocated assets consist of investment property, other investments, cash and cash equivalents, deferred tax assets and corporation tax receivable. Unallocated liabilities consist of interest-bearing loans and borrowings, contingent consideration, put option liability, corporation tax payable, deferred tax liabilities and employee benefit liabilities.

## Other segmental disclosures

	Share of joint ventures and associates adjusted EBITA <sup>(i)</sup>	Acquisition of property, plant and equipment	Depreciation of property, plant and equipment <sup>(ii)</sup>	Depreciation of right of use assets <sup>(iii)</sup>	Amortisation of intangible assets <sup>(iii)</sup>
	2020	2020	2020	2020	2020
	€'000	€'000	€'000	€'000	€'000
Europe – Non-Eurozone	4,402	12,739	8,509	13,883	3,236
Europe – Eurozone	10,395	4,555	11,702	8,639	1,759
International	6,272	1,422	2,480	4,558	7,692
Dole	73,128	–	29,877	27,062	–
<b>Total Group</b>	<b>94,197</b>	<b>18,716</b>	<b>52,568</b>	<b>54,142</b>	<b>12,687</b>

## Notes to the Group Financial Statements for the year ended 31 December 2020 (continued)

## 2. SEGMENTAL ANALYSIS (continued)

## Business segment assets and liabilities (continued)

	Share of joint ventures and associates adjusted EBITA <sup>(i)</sup>	Acquisition of property, plant and equipment	Depreciation of property, plant and equipment <sup>(ii)</sup>	Depreciation of right of use assets <sup>(ii)</sup>	Amortisation of intangible assets <sup>(iii)</sup>
	2019 €'000	2019 €'000	2019 €'000	2019 €'000	2019 €'000
Europe – Non-Eurozone <sup>(iv)</sup>	2,821	8,213	11,494	10,432	2,973
Europe – Eurozone <sup>(iv)</sup>	7,678	6,388	8,401	8,759	2,100
International	9,285	4,654	2,339	4,164	7,924
Dole	68,441	–	28,409	25,014	–
Total Group	88,225	19,255	50,643	48,369	12,997

(i) Share of joint ventures and associates EBITA is after deduction of non-controlling interest's share of profit.

(ii) Includes joint ventures and associates share of depreciation of property, plant and equipment and right of use assets

(iii) Includes joint ventures and associates share of acquisition related intangible asset amortisation.

(iv) In 2020 there was a realignment in the reporting of small businesses in Europe due to change in divisional management responsibility. The comparative 2019 financial information for both European divisions has been restated to conform with the current presentation.

## Country of domicile and geographic disclosures

The Group headquarters is domiciled in the Republic of Ireland.

The breakdown of external customer revenue by geographical region is Republic of Ireland €403,238,000 (2019: €383,394,000), UK €549,136,000 (2019: €589,451,000), Rest of Europe €2,151,982,000 (2019: €2,082,856,000) and Rest of World €3,155,142,000 (2019: €3,097,393,000).

Non-current assets, excluding employee benefit assets and deferred tax assets, are held in Republic of Ireland €43,830,000 (2019: €44,179,000), UK €76,462,000 (2019: €88,232,000), Rest of Europe €355,662,000 (2019: €334,777,000) and Rest of World €471,125,000 (2019: €493,116,000).

No one individual customer accounts for more than 10% of total revenue.

## Notes to the Group Financial Statements for the year ended 31 December 2020 (continued)

## 3. OPERATING EXPENSES, NET

	Before exceptional items 2020 €'000	Exceptional items (Note 7) 2020 €'000	Total 2020 €'000	Before exceptional items 2019 €'000	Exceptional items (Note 7) 2019 €'000	Total 2019 €'000
Distribution expenses	(392,767)	–	<b>(392,767)</b>	(391,480)	–	(391,480)
Administrative expenses	(73,579)	–	<b>(73,579)</b>	(66,933)	–	(66,933)
Other operating expenses	(3,508)	(4,609)	<b>(8,117)</b>	(2,477)	(1,816)	(4,293)
Other operating income	4,516	547	<b>5,063</b>	5,519	–	5,519
<b>Total</b>	<b>(465,338)</b>	<b>(4,062)</b>	<b>(469,400)</b>	(455,371)	(1,816)	(457,187)

Other operating expenses and income comprise the following (charges)/credits:

## Other operating expenses

	2020 €'000	2019 €'000
Foreign exchange losses	(1,415)	(1,445)
Loss on disposal of property, plant and equipment	(80)	(43)
Loss on termination of IFRS 16 lease	(4)	(146)
Loss on derivatives at fair value through income statement	(213)	–
Movement in provisions	(740)	–
Fair value movement on biological assets (Note 18)	(252)	(666)
Fair value movements on contingent consideration (Note 27)	(456)	–
Acquisition related costs in subsidiaries <sup>(a)</sup>	(348)	(177)
	<b>(3,508)</b>	(2,477)
<i>Exceptional items in other operating expenses (Note 7):</i>		
Restructuring costs and costs associated with disposal/termination of businesses	–	(1,816)
Impairment of goodwill	(3,546)	–
Impairment of property, plant and equipment and investment property	(1,063)	–
<b>Total</b>	<b>(8,117)</b>	(4,293)

(a) Acquisition related costs include transaction costs directly related to the acquisitions of subsidiaries. These costs include legal fees and other professional service fees.

## Other operating income

	2020 €'000	2019 €'000
Rental income	2,379	2,033
Amortisation of government grants	66	63
Grant income credited directly to income statement	269	82
Gain on disposal of property, plant and equipment	344	356
Foreign exchange gains	1,213	1,235
Gain on derivative financial instruments at fair value through the income statement	–	115
Movement on provisions	–	489
Fair value movements and gain on disposal of other investments	245	942
Fair value movements on contingent consideration (Note 27)	–	204
	<b>4,516</b>	5,519
<i>Exceptional items in other operating income (Note 7)</i>		
Restructuring costs and associated credits (net) on disposal/termination of businesses	547	–
<b>Total</b>	<b>5,063</b>	5,519

## Notes to the Group Financial Statements for the year ended 31 December 2020 (continued)

## 4. SHARE OF PROFIT OF JOINT VENTURES AND ASSOCIATES

The Group's share of the profit after tax of joint ventures and associates is equity accounted and is presented as a single line item in the Group income statement.

	Joint ventures - Dole 2020 €'000	Joint ventures - Other 2020 €'000	Associates 2020 €'000	Total 2020 €'000
<i>Group's share of:</i>				
<b>Revenue</b>	1,843,402	628,228	65,140	<b>2,536,770</b>
<b>Operating profit before exceptional items</b>	73,893	17,879	841	<b>92,613</b>
Exceptional items (Note 7)	(10,607)	–	–	<b>(10,607)</b>
<b>Operating profit after exceptional items</b>	<b>63,286</b>	<b>17,879</b>	<b>841</b>	<b>82,006</b>
Financial expense	(36,328)	(1,533)	(451)	<b>(38,312)</b>
<b>Profit before tax</b>	<b>26,958</b>	<b>16,346</b>	<b>390</b>	<b>43,694</b>
Income tax expense	(10,808)	(3,968)	432	<b>(14,344)</b>
<b>Profit after tax</b>	<b>16,150</b>	<b>12,378</b>	<b>822</b>	<b>29,350</b>
Non-controlling interests	(766)	(327)	132	<b>(961)</b>
<b>Attributable to equity shareholders</b>	<b>15,384</b>	<b>12,051</b>	<b>954</b>	<b>28,389</b>

	Joint ventures - Dole Restated <sup>1</sup> 2019 €'000	Joint ventures - Other 2019 €'000	Associates 2019 €'000	Total Restated <sup>1</sup> 2019 €'000
<i>Group's share of:</i>				
Revenue	1,801,299	632,934	75,687	2,509,920
Operating profit before exceptional items	69,320	15,193	2,320	86,833
Exceptional items (Note 7)	5,523	–	–	5,523
Operating profit after exceptional items	74,843	15,193	2,320	92,356
Financial expense, net	(38,951)	(1,328)	(538)	(40,817)
Profit before tax	35,892	13,865	1,782	51,539
Income tax (expense)/credit	(8,637)	(2,870)	(1,027)	(12,534)
Profit after tax	27,255	10,995	755	39,005
Non-controlling interests	(880)	(337)	(89)	(1,306)
Attributable to equity shareholders	26,375	10,658	666	37,699

<sup>1</sup> 2019 comparative restated in Dole as explained in further detail in Note 1.

Profit after tax above includes the following (charges)/credits:

	Joint ventures - Dole 2020 €'000	Joint ventures - Other 2020 €'000	Associates 2020 €'000	Total 2020 €'000
<i>Group's share of:</i>				
Depreciation of property, plant and equipment	(29,877)	(3,776)	(939)	<b>(34,592)</b>
Depreciation of right of use assets	(27,062)	(4,577)	(106)	<b>(31,745)</b>
Amortisation of acquisition related intangible assets	–	(1,948)	(595)	<b>(2,543)</b>
Deferred tax credit on amortisation of acquisition related intangible assets	–	257	74	<b>331</b>

## Notes to the Group Financial Statements for the year ended 31 December 2020 (continued)

### 4. SHARE OF PROFIT OF JOINT VENTURES AND ASSOCIATES (continued)

Profit after tax includes the following (charges)/credits: (continued)

	Joint ventures - Dole 2019 €'000	Joint ventures - Other 2019 €'000	Associates 2019 €'000	Total 2019 €'000
<i>Group's share of:</i>				
Depreciation of property, plant and equipment	(28,409)	(3,638)	(823)	(32,870)
Depreciation of right of use assets	(25,014)	(4,043)	(58)	(29,115)
Amortisation of acquisition related intangible assets	–	(2,083)	(613)	(2,696)
Deferred tax credit on amortisation of acquisition related intangible assets	–	490	75	565

### 5. FINANCIAL INCOME AND FINANCIAL EXPENSE

	2020 €'000	2019 €'000
Financial income	2,287	2,754
Financial expense	(12,211)	(13,721)
	<b>(9,924)</b>	<b>(10,967)</b>

	2020 €'000	2019 €'000
<i>Recognised in the income statement:</i>		
Interest income	2,287	2,754
<b>Financial income</b>	<b>2,287</b>	<b>2,754</b>
Interest expense on financial liabilities measured at amortised cost	(6,849)	(9,391)
Interest expense on lease liabilities (Note 24)	(3,067)	(2,995)
Other interest expense	(2,295)	(1,335)
<b>Financial expense</b>	<b>(12,211)</b>	<b>(13,721)</b>
<b>Net financial expense</b>	<b>(9,924)</b>	<b>(10,967)</b>
<i>Analysed as follows:</i>		
Amounts relating to items not at fair value through income statement	(9,924)	(10,967)
<b>Net financial expense recognised in the income statement</b>	<b>(9,924)</b>	<b>(10,967)</b>

Recognised in other comprehensive income:

*Foreign currency translation effects:*

- foreign currency net investments – subsidiaries	(19,282)	5,664
- foreign currency net investments – joint ventures and associates	(17,680)	3,274
- foreign currency recycled to the income statement on joint venture becoming a subsidiary	(102)	–
- foreign currency recycled to the income statement on disposal of subsidiary	(793)	–
- foreign currency borrowings designated as net investment hedges	10,896	(3,397)
Effective portion of changes in fair value of cashflow hedges	(123)	88
Fair value of cashflow hedges transferred to the income statement and recognised in cost of sales	(342)	(237)
Cost of hedging reserve – changes in fair value	(314)	90
Cost of hedging reserve – reclassified to cost of sales	223	47
<b>Net financial expense recognised in other comprehensive income</b>	<b>(27,517)</b>	<b>5,529</b>

## Notes to the Group Financial Statements for the year ended 31 December 2020 (continued)

## 6. GROUP OPERATING PROFIT

Group operating profit has been arrived at after charging the following amounts:

	2020 €'000	2019 €'000
Depreciation of property, plant and equipment within subsidiaries	17,976	17,773
Depreciation of right of use assets within subsidiaries	22,397	19,253
Share of joint venture and associate's depreciation charges	34,592	32,870
Share of joint venture and associate's depreciation of right of use assets	31,745	29,115
<i>Amortisation of intangible assets within subsidiaries:</i>		
– acquisition related intangible assets	10,144	10,301
– development costs	170	238
– computer software	2,616	2,046
Share of joint venture and associates intangible asset amortisation	2,543	2,696
<i>Impairment losses:</i>		
– goodwill and intangible assets	3,546	–
– property, plant and equipment, and investment property	1,063	–
<i>Short-term and low-value lease rentals:</i>		
– land and buildings	466	498
– plant and equipment	513	675
– motor vehicles	280	391

## Fees paid to auditors (KPMG)

	2020 €'000	2019 €'000
Audit services <sup>1</sup>	1,732	1,809
Other assurance services <sup>2</sup>	257	261
Tax advisory services	259	267
Other non-audit services	235	476
	<b>2,483</b>	<b>2,813</b>

<sup>1</sup> Includes €114,000 (2019: €87,000) relating to Group share of joint venture and associate fees

<sup>2</sup> Includes €7,000 (2019: €9,000) relating to Group share of joint venture and associate fees

Included in the amounts above are the following fees paid to KPMG Dublin ; Audit services €455,000, (2019: €459,000), other assurance services €99,000 (2019: €99,000), tax advisory services €94,000 (2019: €123,000) and other non-audit services €35,000 (2019: €74,000).



## Notes to the Group Financial Statements for the year ended 31 December 2020 (continued)

### 7. EXCEPTIONAL ITEMS

In accordance with the Group accounting policy, the following items have been presented as exceptional items for the year ended 31 December 2020:

	2020 €'000	2019 €'000
Loss on disposal of investment (a)	–	(670)
Restructuring and associated (costs)/credits with disposal/termination of a business (b)	547	(1,146)
Share of joint ventures and associates exceptional items - Dole (c)	(10,607)	5,523
Impairment of goodwill (d)	(3,546)	–
Impairment of property, plant and equipment and investment property (e)	(1,063)	–
<b>Total exceptional items (before share of joint ventures and associates' tax)</b>	<b>(14,669)</b>	3,707
Share of joint ventures and associates' tax on exceptional items - Dole (c)	4,699	1,525
<b>Exceptional items within profit before tax*</b>	<b>(9,970)</b>	5,232
Net tax charge on exceptional items (f)	(916)	(47)
<b>Total net of tax</b>	<b>(10,886)</b>	5,185
<i>Attributable as follows:</i>		
Equity holders of the parent	(10,861)	5,246
Non-controlling interests	(25)	(61)
	<b>(10,886)</b>	5,185

\*Of the €9,970,000 net exceptional cost in 2020, €4,062,000 has been recognised as net operating expense, and €5,908,000 net exceptional cost has been recognised within profits of joint ventures and associates.

#### (a) Loss on disposal of equity investment

In July 2018 a subsidiary of the Group disposed of an interest in a farming entity for consideration of shares in an equity investment which was to be realised over a period of two to three years and could vary depending on certain circumstances. The exceptional loss of €670,000 in 2019 represents the gain on the equity investments sold in the year less the fair value movement on the remaining equity investment and associated costs.

#### (b) Restructuring and associated (costs)/credits with disposal/termination of a business

In 2020, the Group recorded a net gain of €547,000 on the disposal of and termination of a business and on restructuring in the Non-Eurozone Division. The net credit includes the reclassification of €793,000 of currency translation gains from the currency translation reserve to the income statement on the disposal of a business.

In 2019, the Group incurred losses of €572,000 on the disposal of and termination of two small businesses in the Non-Eurozone Division. Restructuring charges of €574,000 were incurred in 2019 on ongoing restructuring programs in the Eurozone Division.

#### (c) Share of joint ventures and associates exceptional items - Dole

The Group's share of the exceptional items in Dole in 2020 was a net charge of €10,607,000 and a related tax credit of €4,699,000. Included in these were a net charge of €6,520,000 on mark-to-market of derivative financial instruments (including ineffectiveness on interest rate swap hedging instrument) and foreign currency gains/losses on long term foreign currency denominated intercompany borrowings, net restructuring charges of €1,430,000, and €4,355,000 due to COVID-19 costs (costs of employee protective equipment, double shifts etc). These charges were offset by net gains of €1,698,000 on asset sales/impairments.

The Group's share of the exceptional items in 2019 was a net gain of €5,523,000 with a related tax credit of €1,525,000. Included in these exceptional items are net gains of €11,904,000 on disposals of businesses/assets, net gains of €33,000 on mark to market of derivative financial instruments and foreign currency gains/losses on long term foreign currency denominated intercompany borrowings, net restructuring charges of €4,118,000, transaction costs of €626,000 and costs of €1,670,000 associated with industry wide product recalls

## Notes to the Group Financial Statements for the year ended 31 December 2020 (continued)

## 7. EXCEPTIONAL ITEMS (continued)

**(d) Impairment of goodwill**

In 2020 the Group recognised a non-cash impairment charge of €3,546,000 in relation to a business in the Non-Eurozone division. See Note 14 for further details.

**(e) Impairment of property, plant and equipment and investment property**

All property is recognised in the financial statements at fair value. As part of the Group bi-annual review of carrying amount of property, the Group identified two properties in the Non-Eurozone division and one in the Eurozone division where fair value exceeded historic cost resulting in an exceptional income statement charge of €1,063,000.

**(f) Tax charge on exceptional items**

The tax effect on exceptional items within Group companies was a net charge of €916,000 (2019: €47,000).

*Effect of exceptional items on cashflow statement*

The net effect of these items was a cash inflow of €757,000 (2019: €5,818,000), including cashflows relating to prior period exceptional items.

## 8. INCOME TAX EXPENSE

## Recognised in the income statement:

	2020 €'000	2019 €'000
<b>Current tax expense</b>		
<i>Ireland</i>		
Tax on profit/loss for the year	361	47
Adjustments in respect of prior years	(114)	(168)
	<b>247</b>	(121)
<i>Overseas</i>		
Tax on profit for the year	17,663	15,491
Adjustments in respect of prior years	(1,301)	836
	<b>16,362</b>	16,327
<b>Total current tax</b>	<b>16,609</b>	16,206
<b>Deferred tax expense</b>		
Origination and reversal of temporary differences	(378)	(5,844)
Increase/(reduction) in rates	164	23
Adjustments in respect of prior years	319	(56)
<b>Total deferred tax credit</b>	<b>105</b>	(5,877)
<b>Income tax expense</b>	<b>16,714</b>	10,329

Reduction in the UK corporation tax rate to 17% (effective 1 April 2020) was enacted by the UK Finance Act 2016. This reduction of the rate of corporation tax to 17% will no longer take place, following enactment of UK Finance Act 2020. The 19% rate continues and deferred tax has therefore been recognised at 19%.

## Notes to the Group Financial Statements for the year ended 31 December 2020 (continued)

### 8. INCOME TAX EXPENSE (continued)

#### Reconciliation of effective tax rate

	%	2020 €'000	%	2019 €'000
<b>Profit before tax</b>		<b>73,498</b>		76,533
Taxation based on Irish corporation tax rate	12.50	9,187	12.50	9,567
<i>Effects of:</i>				
Expenses not deductible for tax purposes	2.44	1,790	1.29	988
Tax effect of fair value adjustments	(0.39)	(289)	0.19	146
Tax effect on profits of joint ventures and associates	(4.83)	(3,548)	(5.99)	(4,587)
Differences in tax rates	10.39	7,640	3.26	2,492
Unrecognised deferred tax asset	4.13	3,033	1.37	1,046
Previously unrecognised deferred tax asset	(0.19)	(137)	–	–
Other items	0.18	134	0.09	66
Adjustments in respect of prior years	(1.49)	(1,096)	0.80	611
<b>Total income tax expense in the income statement</b>	<b>22.74</b>	<b>16,714</b>	<b>13.51</b>	<b>10,329</b>

#### Deferred tax recognised directly in other comprehensive income

	2020 €'000	2019 €'000
Deferred tax on revaluation of property, plant and equipment, net	1,986	932
Deferred tax on remeasurement (loss)/gain on post-employment defined benefit schemes, net	(1,892)	34
Deferred tax on effective portion of cashflow hedges, net	(112)	(15)
Deferred tax on changes in fair value of cost of hedging, net	(18)	24
<b>Total deferred tax charge recognised in other comprehensive income</b>	<b>(36)</b>	<b>975</b>

### 9. DIVIDENDS PAID AND PROPOSED

	2020 €'000	2019 €'000
<b>Declared and paid during the year</b>		
<i>Equity dividends on ordinary shares:</i>		
Final dividend for the year ended 31 December 2019: 2.5770 cent (2018: 2.5140 cent)	10,012	9,767
Interim dividend for the year ended 31 December 2019: 0.9129 cent	–	3,546
<b>Total: 2.5140 cent per share (2019: 3.4269 cent)</b>	<b>10,012</b>	<b>13,313</b>
<b>Proposed for approval (not recognised as a liability as at 31 December)</b>		
<i>Equity dividends on ordinary shares:</i>		
Interim dividend for year ended 31 December 2020: 0.9129 cent	3,549	–
Final dividend for the year ended 31 December 2020: 2.770 (2019: 2.5770 cent)	10,775	10,012

The 2019 final dividend of 2.5770 was paid on 2 September 2020. The payment of the 2020 interim dividend of 0.9129 cent per share (which was unchanged on prior year) was paid post year-end on 29 January 2021.

The Group intends to pay a final dividend of 2.770 cent per share representing a 7.5% increase on 2019, in May 2021. The total dividend for 2020 will amount to 3.6829 cent per share (2019: 3.4899) and represents an increase of 5.5% on 2019. The total dividend represents a pay-out of almost 24% of the adjusted earnings per share.

In accordance with company law and IFRS, these dividends have not been provided for in the balance sheet at 31 December 2020.

During the year dividends of €20,510,000 (2019: €16,055,000) were paid to non-controlling interests within certain of the Group's subsidiaries.

## Notes to the Group Financial Statements for the year ended 31 December 2020 (continued)

## 10. EARNINGS PER SHARE

## Basic earnings per share

Basic earnings per share is calculated by dividing the profit for the year attributable to ordinary equity holders of the parent by the weighted average number of ordinary shares outstanding during the year, excluding shares purchased by the Company and held as treasury shares. In November 2010 the Group purchased 22,000,000 of its own shares which are held as treasury shares. In respect of the shares that are held by the Group (treasury shares), all rights (including voting and dividend rights) are suspended until those shares are reissued and therefore, they are not included in earnings per share calculations. Details relating to the purchase of the Group's own shares in prior periods are outlined in Note 21.

	2020 €'000	2019 €'000
<b>Profit for the financial year attributable to equity holders of the parent</b>	<b>40,412</b>	53,302
	<b>'000</b>	<b>'000</b>
Shares in issue at beginning of year	410,525	410,429
New shares issued from exercise of share options (weighted average)	35	51
Shares repurchased by company (weighted average) <sup>1</sup>	–	(2)
Effect of treasury shares held	(22,000)	(22,000)
Weighted average number of shares	<b>388,560</b>	388,478
<b>Basic earnings per share – cent</b>	<b>10.40</b>	13.72

<sup>1</sup> The Company purchased and cancelled 4,500 of its shares during 2019.

## Diluted earnings per share

Diluted earnings per share is calculated by dividing the profit for the year attributable to ordinary equity holders of the parent by the weighted average number of ordinary shares outstanding after adjustment for the effects of all ordinary shares and options with a dilutive effect.

	2020 €'000	2019 €'000
<b>Profit for the financial year attributable to equity holders of the parent</b>	<b>40,412</b>	53,302
	<b>'000</b>	<b>'000</b>
Weighted average number of shares	388,560	388,478
Effect of share options with a dilutive effect	583	817
Weighted average number of shares (diluted)	<b>389,143</b>	389,295
<b>Diluted earnings per share – cent</b>	<b>10.38</b>	13.69

The average market value of the Company's share for the purpose of calculating the dilutive effect of share options was based on quoted market prices for the year during which the options were outstanding.

## Adjusted basic earnings per share and adjusted fully diluted earnings per share

Management believe that adjusted fully diluted earnings per share as set out on page 115 provides a fairer reflection of the underlying trading performance of the Group after eliminating the effect of acquisition related intangible asset amortisation charges and costs, fair value movements on contingent consideration, unrealised gains or losses on derivative financial instruments, gains and losses on foreign currency denominated intercompany borrowings and exceptional items and the related tax on these items.

Adjusted basic earnings per share is calculated by dividing the adjusted profit attributable to ordinary equity holders of the parent by the weighted average number of ordinary shares outstanding during the year, excluding shares purchased by the Company which are held as treasury shares.

Adjusted fully diluted earnings per share is calculated by dividing the adjusted profit attributable to ordinary equity holders of the parent by the weighted average number of ordinary shares outstanding after adjustment for the effects of all ordinary shares and options with a dilutive effect.

## Notes to the Group Financial Statements for the year ended 31 December 2020 (continued)

## 10. EARNINGS PER SHARE (continued)

## Adjusted basic earnings per share and adjusted fully diluted earnings per share (continued)

	2020 €'000	2019 €'000
<b>Profit for the financial year attributable to ordinary equity holders of the parent</b>	<b>40,412</b>	53,302
<i>Adjustments</i>		
Exceptional items - net of tax (Note 7)	10,886	(5,185)
Acquisition related intangible asset amortisation within subsidiaries (Note 14)	10,144	10,301
Share of joint ventures and associates acquisition related intangible asset amortisation (Note 4)	2,543	2,696
Acquisition related costs within subsidiaries (Note 3)	348	177
Fair value movements on contingent consideration (Note 3)	456	(204)
Tax effect of amortisation charges of goodwill, intangible assets and fair value movements on contingent consideration	(1,548)	(3,188)
Non-controlling interests share of the items above	(3,279)	(2,915)
<b>Adjusted profit attributable to equity holders of the parent</b>	<b>59,962</b>	54,984
	<b>'000</b>	<b>'000</b>
Weighted average number of shares	388,560	388,478
Weighted average number of shares (diluted)	389,143	389,295
<b>Adjusted basic earnings per share – cent</b>	<b>15.43</b>	14.15
<b>Adjusted fully diluted earnings per share – cent</b>	<b>15.41</b>	14.12

## 11. PROPERTY, PLANT AND EQUIPMENT

	Land and buildings €'000	Plant and equipment €'000	Motor vehicles €'000	Bearer plants €'000	Total €'000
<b>Year ended 31 December 2020</b>					
<b>Opening carrying amount</b>	<b>114,408</b>	<b>50,607</b>	<b>9,058</b>	<b>1,412</b>	<b>175,485</b>
Additions	4,264	12,380	1,974	98	<b>18,716</b>
Arising on acquisition of subsidiaries (Note 31)	4,945	1,083	314	56	<b>6,398</b>
Disposals	(98)	(270)	(150)	(1)	<b>(519)</b>
Reclassification from right of use asset (Note 12)	–	316	–	–	<b>316</b>
Reclassification to investment property (Note 13)	(3,687)	–	–	–	<b>(3,687)</b>
Reclassification to biological assets (Note 18)	–	–	–	(29)	<b>(29)</b>
Reclassification	(496)	474	22	–	<b>–</b>
Depreciation charge	(3,316)	(11,249)	(3,308)	(103)	<b>(17,976)</b>
Revaluation gains	11,847	–	–	–	<b>11,847</b>
Revaluation losses	(407)	–	–	–	<b>(407)</b>
Impairment	(1,007)	–	–	–	<b>(1,007)</b>
Foreign exchange movement	(1,690)	(964)	(380)	(417)	<b>(3,451)</b>
<b>Closing carrying amount</b>	<b>124,763</b>	<b>52,377</b>	<b>7,530</b>	<b>1,016</b>	<b>185,686</b>
<b>At 31 December 2020</b>					
Cost	142,898	134,324	18,684	1,277	<b>297,183</b>
Accumulated depreciation	(18,135)	(81,947)	(11,154)	(261)	<b>(111,497)</b>
<b>Carrying amount</b>	<b>124,763</b>	<b>52,377</b>	<b>7,530</b>	<b>1,016</b>	<b>185,686</b>

## Notes to the Group Financial Statements for the year ended 31 December 2020 (continued)

## 11. PROPERTY, PLANT AND EQUIPMENT (continued)

	Land and buildings €'000	Plant and equipment €'000	Motor vehicles €'000	Bearer plants €'000	Total €'000
Year ended 31 December 2019					
Opening carrying amount	116,762	46,922	10,758	1,383	175,825
Additions	2,236	13,761	3,102	156	19,255
Arising on acquisition of subsidiaries (Note 31)	–	747	307	–	1,054
Disposals	(20)	(126)	(219)	–	(365)
Reclassification to right of use asset (Note 12)	–	(379)	(1,521)	–	(1,900)
Reclassification to investment property (Note 13)	(4,065)	–	–	–	(4,065)
Reclassification	25	53	(78)	–	–
Depreciation charge	(3,306)	(10,785)	(3,579)	(103)	(17,773)
Revaluation gains	2,555	–	–	–	2,555
Revaluation losses	(460)	–	–	–	(460)
Foreign exchange movement	681	414	288	(24)	1,359
Closing carrying amount	114,408	50,607	9,058	1,412	175,485
At 31 December 2019					
Cost	131,176	125,276	20,070	1,637	278,159
Accumulated depreciation	(16,768)	(74,669)	(11,012)	(225)	(102,674)
Carrying amount	114,408	50,607	9,058	1,412	175,485

Land and buildings are stated at fair value while plant and equipment, motor vehicles and bearer plants are stated at depreciated historic cost. There is €5,569,000 included in the carrying amount of property, plant and equipment at 31 December 2020 that relate to assets under construction (2019: €385,000).

## Measurement of fair value of land and buildings

## (i) Fair value hierarchy

Fair value is defined as the price that would be received if the asset were sold in an orderly transaction between market participants based on the asset's highest and best use. Valuations are reviewed each year by the Directors in order to ensure that the fair value of a revalued asset is not materially at variance from its carrying amount. Where appropriate, registered independent appraisers having relevant recognised professional qualifications and recent experience in the locations and category of properties being valued prepare the valuations every three to five years, with valuations updated annually in the interim by the Directors, having due regard to the advice of professionally qualified consultants, where it is deemed appropriate.

At 31 December 2020, the Group undertook an exercise to revalue its properties. Properties occupied by the Group included in land and buildings comprise industrial and office buildings and related land in a number of locations, the largest of which are in Scandinavia, the Czech Republic, Spain, the Netherlands and the UK. In excess of eighty-five per cent of the value of land and buildings was determined by registered independent appraisers within the past five years. The basis for such valuations is described in further detail below. The valuations of a number of properties were determined by the Directors with reference to local knowledge, valuation techniques and judgment after consultation with property advisers. The Directors are satisfied with the basis upon which these valuations have been prepared.

The following is a breakdown of the fair value of land and buildings by geographic location and the various measurement techniques utilised:

## Notes to the Group Financial Statements for the year ended 31 December 2020 (continued)

## 11. PROPERTY, PLANT AND EQUIPMENT (continued)

## Measurement of fair value of land and buildings (continued)

## (i) Fair value hierarchy (continued)

	Comparable market transactions for land and buildings	Comparable market transactions for land	Comparable rental yield	Discounted cashflows	Depreciated historic Cost <sup>1</sup>	Total
	2020	2020	2020	2020	2020	2020
	€'000	€'000	€'000	€'000	€'000	€'000
<i>Europe – Non-Eurozone</i>						
- Scandinavia	–	2,016	–	33,126	13,931	<b>49,073</b>
- Eastern Europe	16,943	–	–	–	423	<b>17,366</b>
- UK	11,420	–	4,143	–	–	<b>15,563</b>
<i>Europe – Eurozone</i>	27,724	–	5,676	–	2,528	<b>35,928</b>
<i>International</i>	–	–	–	–	6,833	<b>6,833</b>
	<b>56,087</b>	<b>2,016</b>	<b>9,819</b>	<b>33,126</b>	<b>23,715</b>	<b>124,763</b>

	Comparable market transactions for land and buildings	Comparable market transactions for land	Comparable rental yield	Discounted cashflows	Depreciated historic cost <sup>1</sup>	Total
	2019	2019	2019	2019	2019	2019
	€'000	€'000	€'000	€'000	€'000	€'000
<i>Europe – Non-Eurozone</i>						
- Scandinavia	–	2,008	–	22,999	14,388	39,395
- Eastern Europe	17,239	–	–	–	396	17,635
- UK	8,010	–	7,878	–	1,853	17,741
<i>Europe – Eurozone</i>	24,208	–	5,846	–	6,594	36,648
<i>International</i>	–	–	–	–	2,989	2,989
	<b>49,457</b>	<b>2,008</b>	<b>13,724</b>	<b>22,999</b>	<b>26,220</b>	<b>114,408</b>

<sup>1</sup> Assets valued at depreciated historic cost include buildings that were recently constructed and leasehold improvements.

All fair values above have been designated as level 3 in the fair value hierarchy.

## Notes to the Group Financial Statements for the year ended 31 December 2020 (continued)

## 11. PROPERTY, PLANT AND EQUIPMENT (continued)

## Measurement of fair value of land and buildings (continued)

## (ii) Level 3 fair value for land and buildings

The following table shows a reconciliation from the opening balance to the closing balance for level 3 fair values:

	2020 €'000	2019 €'000
<b>Balance at beginning of year</b>	<b>114,408</b>	116,762
Arising on acquisition of subsidiaries	4,945	–
Reclassification (to)/from plant and equipment	(496)	25
Reclassification to investment property	(3,687)	(4,065)
Additions in year	4,264	2,236
Depreciation charge in year	(3,316)	(3,306)
Disposals in year	(98)	(20)
Impairment	(1,007)	–
Foreign exchange movement	(1,690)	681
<i>Income/(expense) included in other comprehensive income:</i>		
Fair value gains	11,847	2,555
Fair value losses	(407)	(460)
<b>Balance at end of year</b>	<b>124,763</b>	114,408

Fair value gains in 2020 amounting to €11,847,000 (2019: €2,555,000) and fair value losses in the same period of €407,000 (2019: €460,000) were recognised in the statement of other comprehensive income. Net deferred tax charges of €1,986,000 (2019: charge of €932,000) on revaluation of land and buildings were also recognised in the statement of other comprehensive income for the year as a result of both revaluation movements and changes in underlying tax rates. The non-controlling interests' share of net revaluation movements in other comprehensive income, net of deferred taxes, was a credit of €39,000 (2019: credit of €529,000).

The depreciated historic cost of land and buildings which were revalued amounted to €86,737,000 (2019: €86,800,000).



## Notes to the Group Financial Statements for the year ended 31 December 2020 (continued)

### 11. PROPERTY, PLANT AND EQUIPMENT (continued)

#### Valuation technique and significant unobservable inputs

The following table shows the valuation techniques used in measuring the fair value of land and buildings as well as the significant unobservable inputs used.

Valuation technique	Significant unobservable inputs	Inter-relationship between key unobservable inputs and fair value measurement
<p><i>Comparable market transactions (for land and buildings)– price per square metre:</i></p> <p>This method of valuation is used for land and buildings held for own use. The value is based on comparable market transactions.</p>	<p><i>Europe – Eurozone</i></p> <p>Comparable market prices</p> <ul style="list-style-type: none"> <li>• 2020: €262 to €993 per square metre (weighted average of €648 per square metre)</li> <li>• 2019: €312 to €993 per square metre (weighted average of €649 per square metre)</li> </ul> <p><i>Europe – Non-Eurozone</i></p> <p><i>Eastern Europe</i></p> <p>Comparable market prices</p> <ul style="list-style-type: none"> <li>• 2020: €322 per square metre (weighted average of €322 per square metre)</li> <li>• 2019: €262 to €310 per square metre (weighted average of €269 per square metre)</li> </ul> <p><i>UK</i></p> <p>Comparable market prices</p> <ul style="list-style-type: none"> <li>• 2020: £57 to £758 per square metre (weighted average of £486 per square metre)</li> <li>• 2019: £57 to £568 per square metre (weighted average of £436 per square metre)</li> </ul>	<p>The estimated fair value would increase/(decrease) if:</p> <ul style="list-style-type: none"> <li>• Comparable market prices were higher/(lower)</li> </ul>
<p><i>Comparable market transactions (for land) – price per hectare:</i></p> <p>This method of valuation is used for land held for own use. The value is based on comparable market transactions.</p>	<p><i>Europe – Non-Eurozone</i></p> <p><i>Scandinavia</i></p> <p>Comparable market prices</p> <ul style="list-style-type: none"> <li>• 2020: €504,000 per hectare (weighted average of €504,000 per hectare)</li> <li>• 2019: €502,000 per hectare (weighted average of €502,000 per hectare)</li> </ul>	<p>The estimated fair value would increase/(decrease) if:</p> <ul style="list-style-type: none"> <li>• Comparable market prices were higher/(lower)</li> </ul>

## Notes to the Group Financial Statements for the year ended 31 December 2020 (continued)

## 11. PROPERTY, PLANT AND EQUIPMENT (continued)

## Valuation technique and significant unobservable inputs (continued)

Valuation technique	Significant unobservable inputs	Inter-relationship between key unobservable inputs and fair value measurement
<p><i>Comparable market transactions – rental yield model:</i></p> <p>This method is used for land and buildings held for own use. The valuation model takes into account annual rent per square metre and a capitalisation yield.</p>	<p><i>Europe – Eurozone</i></p> <p>Annual rent</p> <ul style="list-style-type: none"> <li>2020: Annual rent of €62 - €78 per square metre (weighted average of €76 per square metre)</li> <li>2019: Annual rent of €62 - €78 per square metre (weighted average of €75 per square metre)</li> </ul> <p>Capitalisation yield</p> <ul style="list-style-type: none"> <li>2020: 7.5% – 8.5% (weighted average of 7.6%)</li> <li>2019: 7.5% – 8.5% (weighted average of 7.6%)</li> </ul> <p><i>Europe – Non-Eurozone</i></p> <p><i>UK</i></p> <p>Annual Rent</p> <ul style="list-style-type: none"> <li>2020: £65 per square metre (weighted average of £65 per square metre)</li> <li>2019: £59 - £61 per square metre (weighted average of £60 per square metre)</li> </ul> <p>Capitalisation yield</p> <ul style="list-style-type: none"> <li>2020: 8.0% (weighted average of 8.0%)</li> <li>2019: 8.0% – 8.4% (weighted average of 8.2%)</li> </ul>	<p>The estimated fair value would increase/(decrease) if:</p> <ul style="list-style-type: none"> <li>Expected annual rents were higher/(lower)</li> <li>Capitalisation yields were lower/(higher)</li> </ul>
<p><i>Discounted cashflows:</i></p> <p>This valuation model considers the present value of net cashflows to be generated from the property taking into account current rents, expected market rents and lease incentive costs. The expected net cashflows are discounted using a risk adjusted market discount rate.</p>	<p><i>Europe – Non-Eurozone</i></p> <p><i>Scandinavia</i></p> <p>Net annual rent</p> <ul style="list-style-type: none"> <li>2020: €60 – €72 per square metre (weighted average of €71 per square metre)</li> <li>2019: €61 – €66 per square metre (weighted average of €66 per square metre)</li> </ul> <p>Growth in annual rent</p> <ul style="list-style-type: none"> <li>2020: 2.0% (weighted average of 2.0%)</li> <li>2019: 1.5% - 2.0% (weighted average of 1.9%)</li> </ul> <p>Capitalisation yield</p> <ul style="list-style-type: none"> <li>2020: 6.5% - 9.0% (weighted average of 6.8%)</li> <li>2019: 6.5% - 9.0% (weighted average of 6.8%)</li> </ul> <p>Risk adjusted discount rates</p> <ul style="list-style-type: none"> <li>2020: 6.9% - 8.5% (weighted average of 7.1%)</li> <li>2019: 8.4% - 8.5% (weighted average 8.4%)</li> </ul>	<p>The estimated fair value would increase/(decrease) if:</p> <ul style="list-style-type: none"> <li>Expected market rental growth were higher/(lower)</li> <li>Capitalisation yields were lower/(higher)</li> <li>Risk-adjusted discount rates were lower/(higher)</li> </ul>

## Notes to the Group Financial Statements for the year ended 31 December 2020 (continued)

### 12. RIGHT OF USE ASSETS

	Land and buildings €'000	Plant and equipment €'000	Motor vehicles €'000	Total €'000
<b>Year ended 31 December 2020</b>				
<b>Opening carrying amount</b>	<b>101,474</b>	<b>5,749</b>	<b>5,809</b>	<b>113,032</b>
Arising on acquisition of subsidiaries (Note 31)	407	75	11	493
Additions and remeasurements	21,171	10,253	1,695	33,119
Reclassification to property, plant and equipment on lease termination (Note 11)	–	(316)	–	(316)
Terminations	(2,386)	(118)	(396)	(2,900)
Depreciation	(17,112)	(2,688)	(2,597)	(22,397)
Exchange adjustment	(2,013)	373	(149)	(1,789)
<b>Closing carrying amount</b>	<b>101,541</b>	<b>13,328</b>	<b>4,373</b>	<b>119,242</b>
<b>At 31 December 2020</b>				
Cost	128,750	17,354	7,759	153,863
Accumulated depreciation	(27,209)	(4,026)	(3,386)	(34,621)
<b>Carrying amount</b>	<b>101,541</b>	<b>13,328</b>	<b>4,373</b>	<b>119,242</b>
<b>Year ended 31 December 2019</b>				
Opening carrying amount	–	–	–	–
Arising on adoption of IFRS 16	105,372	5,920	4,044	115,336
Reclassification from property, plant and equipment on adoption of IFRS 16 (Note 11)	–	379	1,521	1,900
Arising on acquisition of subsidiaries (Note 31)	3,256	245	63	3,564
Arising on disposal of a business (Note 31)	(645)	–	–	(645)
Additions and remeasurements	8,095	1,070	2,925	12,090
Terminations	(427)	–	(370)	(797)
Depreciation	(15,003)	(1,822)	(2,428)	(19,253)
Exchange adjustment	826	(43)	54	837
Closing carrying amount	101,474	5,749	5,809	113,032
<b>At 31 December 2019</b>				
Cost	116,532	7,827	8,862	133,221
Accumulated depreciation	(15,058)	(2,078)	(3,053)	(20,189)
Carrying amount	101,474	5,749	5,809	113,032

### 13. INVESTMENT PROPERTY

	2020 €'000	2019 €'000
<b>Balance at beginning of year</b>	<b>11,843</b>	7,344
Impairment	(56)	–
Reclassification from property, plant and equipment (Note 11)	3,687	4,065
Foreign exchange movement	(459)	434
<b>Balance at end of year</b>	<b>15,015</b>	11,843

Investment property, comprising land and buildings, is held for capital appreciation and/or rental income and is not occupied by the Group. This also includes parts of properties owned by the Group which are sublet to third parties. The Group's investment properties at 31 December 2020 and 2019 are located in the UK, Ireland and the Czech Republic.

## Notes to the Group Financial Statements for the year ended 31 December 2020 (continued)

### 13. INVESTMENT PROPERTY (continued)

#### Measurement of fair value

##### (i) Fair value hierarchy

The carrying amount of investment property within the Group's subsidiaries is the fair value of the property as determined by the Directors. In preparing the property valuations, the Directors consulted with registered independent appraisers having an appropriate recognised professional qualification and with recent experience in the location and category being valued. In general, valuations have been undertaken having regard to comparable market transactions between informed market participants at the 'highest and best use'. All of the investment property at 31 December 2020 was valued in accordance with consultation with external experts.

The fair value measurement for investment property of €15,015,000 (2019: €11,843,000) has been categorised as a Level 3 fair value based on the input to the valuation technique used (see Note 37).

##### (ii) Level 3 fair value

The previous table reflects the reconciliation from opening balance to closing balance for Level 3 fair values. All investment property was measured using the comparable market transaction method.

An impairment charge of €56,000 was recognised in the income statement in 2020 (2019: €Nil) in relation to investment property.

Valuation technique and significant unobservable inputs for material properties were as follows:

Valuation technique	Significant unobservable inputs	Inter-relationship between key unobservable inputs and fair value measurement
<p><i>Comparable market transactions for material investment property:</i></p> <p>This method of valuation is used for land and buildings held for sale or capital appreciation. The value is based on comparable market transactions after discussion with independent registered property appraisers.</p>	<p><i>Europe – Eurozone fair value</i></p> <p>Comparable market price</p> <ul style="list-style-type: none"> <li>2020: €588,000 per hectare (weighted average €588,000 per hectare)</li> <li>2019: €588,000 per hectare (weighted average €588,000 per hectare)</li> </ul> <p><i>Europe – Non-Eurozone</i></p> <p><i>Eastern Europe</i></p> <p>Comparable market prices</p> <ul style="list-style-type: none"> <li>2020: €300 per square metre (weighted average of €300 per square metre)</li> </ul> <p><i>UK</i></p> <p>Comparable market price</p> <ul style="list-style-type: none"> <li>2020: £2,227,000 - £2,227,000 per hectare (weighted average £2,227,000 per hectare)</li> <li>2019: £2,227,000 per hectare (weighted average £2,227,000 per hectare)</li> </ul>	<p>The estimated fair value would increase/(decrease) if:</p> <ul style="list-style-type: none"> <li>Comparable market prices were higher/(lower)</li> </ul>

## Notes to the Group Financial Statements for the year ended 31 December 2020 (continued)

### 14. GOODWILL AND INTANGIBLE ASSETS

	Customer relationships	Other intangible assets	Computer software	Goodwill	Total
	€'000	€'000	€'000	€'000	€'000
<b>Year ended 31 December 2020</b>					
<b>Opening carrying amount</b>	48,495	21,562	10,728	187,677	<b>268,462</b>
Arising on acquisition of subsidiaries (Note 31)	52	–	55	854	<b>961</b>
Additions	–	112	5,372	–	<b>5,484</b>
Impairment	–	–	–	(3,546)	<b>(3,546)</b>
Amortisation of acquisition related intangible assets	(7,050)	(3,094)	–	–	<b>(10,144)</b>
Development and software amortisation	–	(170)	(2,616)	–	<b>(2,786)</b>
Foreign exchange movement	(4,337)	(1,795)	213	(7,271)	<b>(13,190)</b>
<b>Closing carrying amount</b>	<b>37,160</b>	<b>16,615</b>	<b>13,752</b>	<b>177,714</b>	<b>245,241</b>
<b>At 31 December 2020</b>					
Cost	115,089	37,928	23,785	201,816	<b>378,618</b>
Accumulated amortisation and impairment	(77,929)	(21,313)	(10,033)	(24,102)	<b>(133,377)</b>
<b>Closing carrying amount</b>	<b>37,160</b>	<b>16,615</b>	<b>13,752</b>	<b>177,714</b>	<b>245,241</b>
<b>Year ended 31 December 2019</b>					
Opening carrying amount	51,879	24,103	8,127	182,841	266,950
Arising on acquisition of subsidiaries (Note 31)	2,392	189	434	3,567	6,582
Arising on termination and disposal of businesses	–	–	–	(691)	(691)
Additions	–	–	4,299	–	4,299
Capitalisation of development expenditure	–	62	–	–	62
Disposals	–	(13)	–	–	(13)
Amortisation of acquisition related intangible assets	(7,113)	(3,188)	–	–	(10,301)
Development and software amortisation	–	(238)	(2,046)	–	(2,284)
Foreign exchange movement	1,337	647	(86)	1,960	3,858
Closing carrying amount	48,495	21,562	10,728	187,677	268,462
<b>At 31 December 2019</b>					
Cost	122,216	41,013	18,204	208,254	389,687
Accumulated amortisation and impairment	(73,721)	(19,451)	(7,476)	(20,577)	(121,225)
Closing carrying amount	48,495	21,562	10,728	187,677	268,462

#### Other intangible assets

Other intangible assets include brands of €5,512,000 (2019: €7,115,000), supplier relationships of €10,841,000 (2019: €14,109,000) and capitalised research and development €262,000 (2019: €338,000).

#### Amortisation and impairment charges

Intangible assets are amortised to the income statement over their estimated useful lives as follows:

- Customer relationships: 3 to 15 years;
- Brands: 10 to 15 years;
- Supplier relationships: 3 to 15 years;
- Capitalised development costs: 5 to 7 years;
- Software: 3 to 8 years.

Amortisation charges for acquisition related intangible assets (customer relationships, brands and supplier relationships) are separately disclosed in the Group income statement. Amortisation charges for capitalised development costs and software are allocated to distribution expenses. Impairment losses are allocated to other operating expenses.

#### Goodwill and intangible assets arising on acquisition

Goodwill and intangible assets arising in connection with acquisitions are set out in Note 31.

## Notes to the Group Financial Statements for the year ended 31 December 2020 (continued)

### 14. GOODWILL AND INTANGIBLE ASSETS (continued)

#### Impairment testing and goodwill

The Group tests goodwill annually for impairment on 31 December, or more frequently if there are indications that goodwill might be impaired. For the purposes of impairment testing, goodwill is allocated to divisions which represent the lowest level within the Group at which goodwill is monitored, which is not higher than the operating segments identified before aggregations. A reportable operating level summary of the goodwill is presented below.

	2020 Number of CGUs	2019 Number of CGUs	2020 €'000	2019 €'000
Europe – Eurozone	7	9	23,463	24,508
Europe – Non-Eurozone	6	5	92,744	96,194
International	2	2	61,507	66,975
	<b>15</b>	16	<b>177,714</b>	187,677

The recoverable amount of each cash-generating unit ('CGU') has been determined based on a value-in-use calculation using cash flows derived from the approved 2021 budget with cashflows thereafter calculated using a terminal value methodology assuming 1.5 % long term growth rate. No other growth is assumed. The Group has considered the ongoing COVID-19 pandemic in determining the forecasted cashflows of each CGU. The Group overall recorded very strong results in 2020 with robust retail and wholesale demand offsetting reduced direct food service business. Whilst actions taken around the Group have minimised the impact to the business, there continues to be an element of unpredictability to the virus along with the uncertainty of the longer term effects in the economies in which we operate.

Projected cashflows are most sensitive to assumptions regarding future profitability, replacement capital expenditure requirements and working capital investment. The values applied to these key assumptions are derived from a combination of external and internal factors, based on past experience together with management's future expectations about business performance.

A present value of the future cashflows of each CGU is calculated using a pre-tax discount rate. The discount rates were estimated by using a specific weighted average cost of capital for each CGU and take into account specific risks associated with each CGU including where applicable the risks associated with COVID-19. The pre-tax discount rates applied to cashflow projections of the CGU's range from 8.5% to 16.6% (2019: 8.8% to 18.1%). The decrease in the range on prior year is due to decrease in interest rates used in cost of capital model and reflect that in general the forecasting risk associated with COVID-19 was included in the projected cashflows.

The Group's earnings are significantly dependent on the selling prices and margins obtained for products sold. These, in turn, are largely determined by market supply and demand. Fresh produce supplies in individual markets are affected by the geography of production, growing conditions (including climate), seasonality and perishability. Market demand is a function of population size, per capita consumption, the availability and quality of individual products, competing products, climatic, economic and other general conditions in the marketplace. Excess produce leading to reduced selling prices (particularly for products purchased under contract) could have a material adverse effect on the Group's business, results of operations and financial condition.

Applying the techniques above, an impairment charge of €3,546,000 (2019: €Nil) relating to goodwill was recognised in the income statement in 2020. The impairment charges related to businesses in Eastern Europe which had experienced a difficult trading environment resulting in a slower recovery than had been anticipated.

#### Sensitivity analysis

The value-in-use calculations are sensitive to changes in the assumptions, particularly relating to assumptions of cashflows generated by the individual CGUs and discount rates applied to these cashflows. Sensitivity analysis was performed based on changes to each of these factors.

A 10% reduction in the cashflow projections would result in an additional impairment of €3,702,000 arising. If the pre-tax discount rates applied to the cashflows had been 10% higher, an additional impairment of €3,651,000 would have arisen.

## Notes to the Group Financial Statements for the year ended 31 December 2020 (continued)

### 15. INVESTMENTS IN JOINT VENTURES AND ASSOCIATES

	Joint Ventures - Dole €'000	Joint Ventures - Other €'000	Associates €'000	Total €'000
<b>Year ended 31 December 2020</b>				
<b>Opening carrying amount</b>	264,893	88,237	15,813	<b>368,943</b>
Share of profit after tax (Note 4)	15,384	12,051	954	<b>28,389</b>
Share of other comprehensive income, net	212	–	–	<b>212</b>
Fair value movement	–	(80)	–	<b>(80)</b>
Investment/return of capital in joint ventures and associates – cash (a)	–	(411)	–	<b>(411)</b>
Investment in joint ventures and associates – contingent consideration (a)	–	256	–	<b>256</b>
Repayment of long-term loans (net)	–	(60)	–	<b>(60)</b>
Joint venture becoming a subsidiary (b)	–	(4,680)	–	<b>(4,680)</b>
Dividends declared (d)	–	(11,480)	(988)	<b>(12,468)</b>
Foreign exchange movement	(14,745)	(1,854)	(1,081)	<b>(17,680)</b>
<b>Closing carrying amount</b>	<b>265,744</b>	<b>81,979</b>	<b>14,698</b>	<b>362,421</b>
<i>Analysed as follows:</i>				
Equity investment	265,744	81,539	14,698	<b>361,981</b>
Long-term loans	–	440	–	<b>440</b>
<b>Carrying amount</b>	<b>265,744</b>	<b>81,979</b>	<b>14,698</b>	<b>362,421</b>
Year ended 31 December 2019				
Opening carrying amount	245,881	87,335	17,837	351,053
Arising on transition to IFRS 16 (e)	(3,326)	–	–	(3,326)
Share of profit after tax (Note 4)	26,375	10,658	666	37,699
Share of other comprehensive income, net	(5,947)	35	–	(5,912)
Recognised directly in equity	–	(151)	–	(151)
Investment in joint ventures and associates – cash (a)	–	1,672	–	1,672
Repayment of long-term loans (net)	–	(2,024)	–	(2,024)
Associate becoming an investment (c)	–	–	(2,200)	(2,200)
Disposal	–	(58)	–	(58)
Dividends declared (d)	–	(10,251)	(833)	(11,084)
Foreign exchange movement	1,910	1,021	343	3,274
Closing carrying amount	264,893	88,237	15,813	368,943
<i>Analysed as follows:</i>				
Equity investment	264,893	87,737	15,813	368,443
Long-term loans	–	500	–	500
Carrying amount	264,893	88,237	15,813	368,943

Details of the Group's principal joint ventures and associates are set out in Note 40.

#### (a) Investment in joint ventures and associates

##### Investments in 2020

During 2020, the Group received €890,000 from a joint venture in Europe as a return of capital. During the year, the Group invested €479,000 in cash in a joint venture in the International division, and made contingent consideration payments of €256,000 relating to joint ventures in the International and Eurozone divisions.

##### Investments in 2019

During 2019, the Group invested €1,672,000 in cash in a number of joint ventures in Europe.

## Notes to the Group Financial Statements for the year ended 31 December 2020 (continued)

## 15. INVESTMENTS IN JOINT VENTURES AND ASSOCIATES (continued)

## (b) Joint venture becoming a subsidiary

In April 2020, the Group acquired additional shares in Eco Farms, a company based in California in the United States that specialises in avocados. This resulted in Eco Farms being consolidated as a subsidiary of the Group from the date of acquisition of additional shares. The carrying amount of the original shareholding at the date of acquisition of €4,680,000 was deemed to be fair value. As a result of this joint venture becoming a subsidiary €102,000 of current translation gains in the currency translation reserve were reclassified to the income statement.

## (c) Associate becoming an investment

In 2019, as a result of the change in shareholder arrangements and the Group no longer having significant influence in two associate investments, the Group ceased equity accounting for these two investments. The carrying amount of these investments at the date that the arrangements changed was deemed to equate to fair value and the value was reclassified to other investments and accounted for as an other financial asset.

## (d) Dividends declared by joint ventures and associates

Dividends of €12,468,000 (2019: €11,084,000) were declared by joint ventures and associates during the year. The cash received from dividends in 2020 was €11,337,000 (2019: €10,652,000).

## (e) Adjustment arising on transition to IFRS 16

As outlined in the 2019 Annual Report, The Group adopted IFRS 16 *Leases* using the modified retrospective approach, with the date of initial application of 1 January 2019. On transition to IFRS 16, the Group recognised additional right of use assets, lease liabilities and restoration provisions with the difference being recognised in reserves. The impact on retained earnings on transition of joint ventures and associates to IFRS 16 was €3,326,000.

## Additional disclosures on Group's joint ventures and associates

The following additional disclosures are set out in respect of the Group's share of joint ventures and associates:

	Joint Ventures - Dole 2020 €'000	Joint Ventures - Other 2020 €'000	Associates 2020 €'000	Total 2020 €'000
Non-current assets	662,412	77,179	10,864	750,455
Other current assets	318,834	76,397	20,621	415,852
Cash and cash equivalents	24,412	28,935	922	54,269
Interest bearing loans and borrowings	(468,271)	(13,171)	(4,567)	(486,009)
Non-current liabilities	(141,063)	(11,647)	(1,216)	(153,926)
Current liabilities	(246,936)	(69,276)	(14,979)	(331,191)
Lease liability	(98,444)	(25,683)	(146)	(124,273)
Non-controlling interests	(3,459)	(1,073)	(224)	(4,756)
<b>Share of net assets</b>	<b>47,485</b>	<b>61,661</b>	<b>11,275</b>	<b>120,421</b>
Goodwill	218,259	20,318	3,423	242,000
<b>Balance at 31 December</b>	<b>265,744</b>	<b>81,979</b>	<b>14,698</b>	<b>362,421</b>



## Notes to the Group Financial Statements for the year ended 31 December 2020 (continued)

### 15. INVESTMENTS IN JOINT VENTURES AND ASSOCIATES (continued)

	Joint Ventures - Dole (restated) <sup>1</sup> 2019 €'000	Joint Ventures - Other 2019 €'000	Associates 2019 €'000	Total (restated) <sup>1</sup> 2019 €'000
Non-current assets	724,882	90,716	11,713	827,311
Other current assets	346,093	87,560	20,162	453,815
Cash and cash equivalents	25,939	25,472	3,356	54,767
Interest bearing loans and borrowings	(542,449)	(17,698)	(5,416)	(565,563)
Non-current liabilities	(158,805)	(13,585)	(753)	(173,143)
Current liabilities	(247,703)	(76,021)	(16,283)	(340,007)
Lease liability	(117,974)	(29,001)	(319)	(147,294)
Non-controlling interests	(3,679)	(932)	(391)	(5,002)
Share of net assets	26,304	66,511	12,069	104,884
Goodwill	238,589	21,726	3,744	264,059
Balance at 31 December	264,893	88,237	15,813	368,943

<sup>1</sup> 2019 comparative restated in Dole as explained on page 129.

#### Other transactions

During 2019, a joint venture investment of the Group disposed of assets to a wholly owned subsidiary of Balmoral International Holdings plc, a related party of the Group under the Euronext Growth/AIM rules. The joint venture was not a subsidiary of the Group. The total consideration received by the joint venture for the transaction (inclusive of deferred and contingent consideration) was €6,400,000.

#### MATERIAL JOINT VENTURE - DOLE

Total Produce (or the 'Group') has one joint venture which is material to the Group and which is equity accounted, Dole Food Company Inc ('Dole'). The registered address of Dole is 200 S. Tyron St, Suite 600, Charlotte, NC 28211.

#### Summary of Initial Transaction that is in place at 31 December 2020

As disclosed previously, on 31 July 2018, Total Produce completed the First Tranche of a transaction to acquire a 45% shareholding in Dole from Castle & Cook Inc and affiliates (owned by Mr David H. Murdock) for \$300m.

In addition, and at any time after 31 July 2018, the Group has the right, but not the obligation, to acquire (in any one or more tranches of 1%) up to an additional 6% of Dole common stock (the 'Second Tranche'). In the event the Group exercises the right to acquire the additional 6% the total consideration for the 51% stake shall be \$312 million.

From and after 31 July 2020, the Group has the right, but not the obligation, to acquire the balance of Dole common stock (the 'Third Tranche'), whereby the consideration for the Third Tranche is to be calculated based on nine times the preceding historical three-year average Dole adjusted EBITDA less net debt. However, in no event shall the Third Tranche purchase price be less than \$250m or exceed \$450m (such cap subject to increase after six years). The Third Tranche consideration is payable in cash or, if the parties mutually agree, Total Produce stock.

Effective as of 31 July 2023, if the Group has not exercised its right to acquire 100% of Dole, Mr. David H. Murdock is permitted to cause a process to market and sell 100% of Dole common stock. This is subject to a sales proceeds refund mechanism designed to protect the value of Total Produce's initial investment plus a guaranteed return.

## Notes to the Group Financial Statements for the year ended 31 December 2020 (continued)

### 15. INVESTMENTS IN JOINT VENTURES AND ASSOCIATES (continued)

#### MATERIAL JOINT VENTURE - DOLE (continued)

##### Summary of Initial Transaction that is in place at 31 December 2020 (continued)

On completion of the acquisition of the First Tranche on 31 July 2018, the Group and Mr. David H. Murdock have balanced governance rights with respect to Dole. The Board of Directors of Dole comprises of six members, three of which are appointed by Total Produce and three by Mr. David H. Murdock. Mr. David H. Murdock remains Chairman of Dole and Carl McCann was appointed Vice Chairman. Major decisions require consent of at least one Board Member appointed by each of Total Produce and Mr. David H. Murdock.

As part of the provisions of acquisition accounting, a fair value was determined for the Second Tranche Option which is recognised as a current derivative financial asset in the Total Produce Group balance sheet and correspondingly reduces the deemed cost of the acquisition of the First Tranche. The fair value of the Third Tranche Option was not deemed material at the date of acquisition or at 31 December 2020.

As part of the Securities Purchase Agreement, the seller provided indemnities against certain liabilities outstanding at the date of acquisition. The fair value of these indemnities was recognised as a long-term asset in the Total Produce Group balance sheet with a corresponding reduction in the deemed cost of the acquisition.

The investment in Dole and its financial contribution is being treated as a joint venture and accounted for under the equity method in accordance with IFRS in the consolidated Group accounts following completion of the acquisition of the First Tranche on 31 July 2018 and until an exercise of the Third Tranche. Total Produce is therefore equity accounting for its 45% share of the results of Dole with effect from 1 August 2018.

##### Summary of Announcement post year-end on 17 February 2021

On 17 February 2021, the Group and Dole Food Company Inc and affiliates of Castle & Cooke, Inc. (the "C&C shareholders"), which own a 55% interest in Dole's parent company ("Dole Holdings") (together, the "Parties"), announced that they have entered into a binding transaction agreement (the "Agreement") to combine under a newly created, U.S. listed company ("Dole plc") (the "Transaction").

The Transaction will simplify the existing structure between the two companies by unifying Dole and Total Produce under common ownership, with the objective of enabling full operational integration, realisation of synergies and value creation across the enlarged business.

Under the terms of the Agreement, Total Produce shareholders will receive 82.5% of Dole plc shares and the C&C shareholders will receive 17.5% of Dole plc shares, in each case based on the fully diluted outstanding shares immediately prior to the completion of the Transaction.

Per the Agreement, Dole plc's completion of an initial public offering and a listing on a major U.S. stock exchange is a condition for completion of the Transaction (the "IPO"). In connection with the Transaction, Dole plc intends to target raising US\$500 to US\$700 million in primary equity capital to strengthen and de-lever the combined balance sheet. Upon completion of the U.S. listing of Dole plc, Total Produce will cease to be listed on Euronext Dublin and the London Stock Exchange.

The Transaction is subject to approval by Total Produce shareholders and other regulatory approvals.

Should the Transaction fail to complete for any reason the terms of the Initial Transaction (as described above) remain in place and Total Produce will continue to be listed on Euronext Dublin and the London Stock Exchange.

##### Summary of Financial Information for Dole for the financial year ended 31 December 2020

Dole's 2020 financial year began on 29 December 2019 and ended on 31 December 2020. Dole's financial calendar for the 2019 financial year began on 30 December 2018 and ended on 28 December 2019.

The following is the summarised financial information of Dole for the financial year ended 31 December 2020 and the financial year ended 28 December 2019 based on consolidated financial statements prepared under IFRS, modified for fair value adjustments on acquisition and differences in the Group's accounting policies.

## Notes to the Group Financial Statements for the year ended 31 December 2020 (continued)

### 15. INVESTMENTS IN JOINT VENTURES AND ASSOCIATES (continued)

#### MATERIAL JOINT VENTURE - DOLE (continued)

##### Restatement of comparative financial information

Dole restated its IFRS financial information at the date of acquisition on 31 July 2018 due to an overstatement of post-retirement benefit liabilities. Dole's operations in Latin America are obliged by social regulations to provide certain termination benefits to employees involuntarily terminated. Under US GAAP these potential benefits of \$29,000,000 are recorded as post-retirement benefits. However, in the exercise to convert Dole financial information to IFRS, these termination benefits should not have been recorded as a liability in the IFRS acquisition balance sheet on 31 July 2018. The appropriate treatment under IFRS is to account for such benefits as period costs when incurred. The tax effect of this adjustment is an increase of \$2,604,000 in net deferred tax liabilities. As Total Produce acquired its 45% interest in Dole on 31 July 2018, the Group amended the IFRS acquisition accounting for its equity investment in Dole effective 31 July 2018 to correct this misstatement by increasing its share of the net assets acquired of Dole by \$11,878,000 (being 45% of \$26,396,000) with a corresponding \$11,878,000 decrease in goodwill. As the Group equity accounts for Dole, its 45% share of its net assets and the goodwill arising on acquisition are all part of the Group's carrying amount of Dole that is reflected as one number on the Group's Balance Sheet. Therefore, this does not result in a restatement of the prior year Income Statement or Balance Sheet of Total Produce.

Dole restated its previously issued US GAAP financial statements and IFRS financial information for the financial year ended 30 December 2017, to correct a misstatement made in the calculation of long-term tax provisions. The correction resulted in an \$8,500,000 increase to other long-term liabilities and a \$8,500,000 decrease in retained earnings in Dole's own financial statements for the financial years ended 29 December 2018 and 28 December 2019. As Total Produce acquired its 45% interest in Dole on 31 July 2018, the Group amended the acquisition accounting for its equity investment in Dole effective 31 July 2018 to correct this misstatement by reducing its share of the net assets acquired of Dole by \$3,825,000 (being 45% of \$8,500,000) with a corresponding \$3,825,000 increase in goodwill. As the Group equity accounts for Dole, its 45% share of its net assets and the goodwill arising on acquisition are all part of the Group's carrying amount of Dole that is reflected as one number on the Group's Balance Sheet. Therefore, this does not result in a restatement of the prior year Income Statement or Balance Sheet of Total Produce.

Dole also restated its previously issued US GAAP financial statements and IFRS financial information for the financial year ended 28 December 2019 to correct a misstatement in its income statement related to revenue. The correction resulted in a \$50,395,000 decrease to revenue and costs of goods sold, with no impact to gross profit. Total Produces 45% share of this joint venture revenue was \$22,678,000 (€20,101,000). Total Produce includes the Group's share of joint ventures and associate revenue within its Total Revenue calculation, which is the key revenue metric in its segmental analysis. Therefore, Total Revenue in the 2019 comparative in Note 2 Segmental Analysis is reduced by €20,101,000 from €6,173,195,000 to €6,153,094,000. This does not result in a restatement of the prior year Income Statement of Total Produce:

#### Summary income statement for the financial year ended 31 December 2020 (in USD'000)

	12 months ended 31 December 2020			12 months ended 28 December 2019 (restated) <sup>1</sup>		
	Pre- exceptional US\$'000	Exceptional Items US\$'000	Total US\$'000	Pre- exceptional US\$'000	Exceptional Items US\$'000	Total US\$'000
<b>Revenue</b>	<b>4,671,999</b>	–	<b>4,671,999</b>	4,515,959	–	4,515,959
<b>Operating profit</b>	<b>184,554</b>	<b>(21,572)</b>	<b>162,982</b>	173,790	13,846	187,636
Net financial expense	(70,326)	(4,921)	<b>(75,247)</b>	(78,369)	–	(78,369)
Leasing interest expense	(20,405)	–	<b>(20,405)</b>	(19,284)	–	(19,284)
<b>Profit before tax</b>	<b>93,823</b>	<b>(26,493)</b>	<b>67,330</b>	76,137	13,846	89,983
Income tax	(38,731)	11,737	<b>(26,994)</b>	(25,477)	3,823	(21,654)
<b>Profit after tax</b>	<b>55,092</b>	<b>(14,756)</b>	<b>40,336</b>	50,660	17,669	68,329
Non-controlling interests	(1,914)	–	<b>(1,914)</b>	(2,205)	–	(2,205)
<b>Profit attributable to equity shareholders</b>	<b>53,178</b>	<b>(14,756)</b>	<b>38,422</b>	48,455	17,669	66,124
<b>Groups' 45% share of profit attributable to equity shareholders</b>	<b>23,930</b>	<b>(6,640)</b>	<b>17,290</b>	21,805	7,951	29,756

<sup>1</sup> Restatement of 2019 comparative revenue due to prior year misstatement as explained above.

## Notes to the Group Financial Statements for the year ended 31 December 2020 (continued)

## 15. INVESTMENTS IN JOINT VENTURES AND ASSOCIATES (continued)

## MATERIAL JOINT VENTURE - DOLE (continued)

## Summary of other comprehensive income statement for the financial year ended 31 December 2020 (in USD'000)

	2020 US\$'000	2019 US\$'000
Effective portion of cashflow hedges, net of recycling	(4,304)	(12,753)
Remeasurement gain/(loss) on employee benefit schemes	1,072	(6,459)
Revaluation gain on property, plant and equipment	2,938	3,411
Deferred tax on items above	823	1,048
Foreign currency translation effects	24,911	(8,015)
<b>Other comprehensive income/(expense) for the period (net of tax)</b>	<b>25,440</b>	<b>(22,768)</b>
Non-controlling interests share	-	-
<b>Attributable to equity shareholders</b>	<b>25,440</b>	<b>(22,768)</b>
<b>Group's 45% share of other comprehensive income/(expense) attributable to equity shareholders</b>	<b>11,448</b>	<b>(10,246)</b>

## Summary income statement for the financial year ended 31 December 2020 (in €'000)

	12 months ended 31 December 2020			12 months ended 28 December 2019 (restated) <sup>1</sup>		
	Pre- exceptional €'000	Exceptional Items €'000	Total €'000	Pre- exceptional €'000	Exceptional Items €'000	Total €'000
<b>Revenue</b>	<b>4,096,448</b>	-	<b>4,096,448</b>	4,002,887	-	4,002,887
<b>Operating profit</b>	<b>164,209</b>	<b>(19,194)</b>	<b>145,015</b>	154,044	12,274	166,318
Net financial expense	(62,573)	(4,378)	<b>(66,951)</b>	(69,465)	-	(69,465)
Leasing interest expense	(18,156)	-	<b>(18,156)</b>	(17,093)	-	(17,093)
<b>Profit before tax</b>	<b>83,480</b>	<b>(23,572)</b>	<b>59,908</b>	67,486	12,274	79,760
Income tax	(34,461)	10,443	<b>(24,018)</b>	(22,582)	3,388	(19,194)
<b>Profit after tax</b>	<b>49,019</b>	<b>(13,129)</b>	<b>35,890</b>	44,904	15,662	60,566
Non-controlling interests	(1,703)	-	<b>(1,703)</b>	(1,954)	-	(1,954)
<b>Profit attributable to equity shareholders</b>	<b>47,316</b>	<b>(13,129)</b>	<b>34,187</b>	42,950	15,662	58,612
<b>Groups' 45% share of profit attributable to equity shareholders</b>	<b>21,292</b>	<b>(5,908)</b>	<b>15,384</b>	19,327	7,048	26,375

<sup>1</sup> Restatement of 2019 comparative revenue due to prior year misstatement as explained above.

## Summary of other comprehensive income statement for the financial year ended 31 December 2020 (in €'000)

	2020 €'000	2019 €'000
Effective portion of cashflow hedges, net of recycling	(3,830)	(11,414)
Remeasurement gain/(loss) on employee benefit schemes	954	(5,781)
Revaluation gain on property, plant and equipment	2,614	3,041
Deferred tax on items above	732	938
Foreign currency translation effects	22,165	(7,173)
<b>Other comprehensive income/(expense) for the period (net of tax)</b>	<b>22,635</b>	<b>(20,389)</b>
Non-controlling interests share	-	-
<b>Attributable to equity shareholders</b>	<b>22,635</b>	<b>(20,389)</b>
<b>Group's 45% share of other comprehensive income/(expense) attributable to equity shareholders</b>	<b>10,186</b>	<b>(9,175)</b>

## Notes to the Group Financial Statements for the year ended 31 December 2020 (continued)

### 15. INVESTMENTS IN JOINT VENTURES AND ASSOCIATES (continued)

#### MATERIAL JOINT VENTURE - DOLE (continued)

##### Key performance indicators for the financial year ended 31 December 2020

	2020 US\$'000	2019 US\$'000	2020 €'000	2019 €'000
Adjusted EBITDA (adding back depreciation of right of use assets)	326,764	307,724	290,741	272,762
Adjusted EBITDA	259,174	245,013	230,603	217,176
Adjusted EBITA	184,554	173,790	164,209	154,045

##### Summary Balance Sheet of Dole as at 31 December 2020

	2020 US\$'000	(restated) <sup>1</sup> 2019 US\$'000	2020 €'000	(restated) <sup>1</sup> 2019 €'000
Intangible assets – Brand	284,848	285,540	232,252	254,592
Property, plant and equipment	1,103,441	1,069,546	899,693	953,622
Right of use assets	249,539	279,068	203,462	248,821
Assets held for sale / Actively marketed property	49,131	64,760	40,059	57,741
Other non-current assets	118,428	107,753	96,561	96,074
Other current assets	868,976	862,588	708,521	769,096
Net debt	(1,209,727)	(1,287,328)	(986,353)	(1,147,800)
Employee benefit obligations	(137,942)	(146,059)	(112,472)	(130,228)
Lease liabilities	(268,306)	(294,034)	(218,764)	(262,165)
Other non-current liabilities	(246,522)	(249,740)	(201,002)	(222,672)
Other current liabilities	(673,018)	(617,365)	(548,747)	(550,452)
Non-controlling interests	(9,427)	(9,170)	(7,686)	(8,176)
<b>Fair value of net assets attributable to equity shareholders</b>	<b>129,421</b>	<b>65,559</b>	<b>105,524</b>	<b>58,453</b>
<b>Total Produce's 45% share of net assets</b>	<b>58,239</b>	<b>29,501</b>	<b>47,485</b>	<b>26,304</b>
Goodwill	267,634	267,634	218,259	238,589
<b>Total carrying amount of 45% interest in Dole</b>	<b>325,873</b>	<b>297,135</b>	<b>265,744</b>	<b>264,893</b>

<sup>1</sup> Restatement of 2019 comparative balances for employee benefit obligations and other non-current liabilities as explained on page 129.

	2020 US\$'000	2019 US\$'000	2020 €'000	2019 €'000
<b>Opening carrying amount of 45% investment in Dole</b>	<b>297,135</b>	281,432	<b>264,893</b>	245,881
Retained earnings adjustment on transition to IFRS 16	–	(3,807)	–	(3,326)
Group share of profit attributable to equity shareholders	17,290	29,756	15,384	26,375
Group share of other comprehensive income/(expense) attributable to equity shareholders	11,448	(10,246)	10,186	(9,175)
Foreign exchange movement	–	–	(24,719)	5,138
<b>Closing carrying amount of 45% interest in Dole</b>	<b>325,873</b>	<b>297,135</b>	<b>265,744</b>	<b>264,893</b>

In 2018, Dole commissioned the building of two new refrigerated container vessels. The total cost for both ships including related works and costs was \$88.2m with a contractual price of \$40.9m per vessel to replace two existing vessels. The first ship was delivered in January 2021 and the second ship is expected to be delivered in April 2021. At end of 2020, payments of \$35.6m had been made with the remaining \$53.2m due in the first half of 2021.

## Notes to the Group Financial Statements for the year ended 31 December 2020 (continued)

### 15. INVESTMENTS IN JOINT VENTURES AND ASSOCIATES (continued)

#### MATERIAL JOINT VENTURE - DOLE (continued)

##### Goodwill impairment review

The Group tests goodwill (including goodwill in joint ventures and associates) annually for impairment on 31 December, or more frequently if there are indications that goodwill might be impaired. See Note 14 for further details on Goodwill impairment testing.

For the purposes of impairment testing of goodwill held by Total Produce relating to its investment in Dole, the total business of Dole is considered to be a group of cash-generating-units ('CGUs'). The goodwill balance within Dole is not allocated to individual divisions.

The recoverable amount of the Dole 'CGU has been determined based on a value-in-use calculation using cashflows derived from the approved 2021 budget with cashflows thereafter calculated using a terminal value methodology assuming 3.5% p.a. growth (2019: 2.5%). The pre-tax discount rates applied to cashflow projections of the CGUs was 8.6% (2019: 8.9%).

Projected cashflows are most sensitive to assumptions regarding future profitability, replacement capital expenditure requirements and working capital investment. The values applied to these key assumptions are derived from a combination of external and internal factors, based on past experience together with management's future expectations about business performance.

The discount rate reflects the current market assessment of the risk specific to the CGU. The discount rate was estimated by calculating a CGU specific weighted average cost of capital to reflect the market assessment of risk specific to each CGU for which the cashflow projections have not been adjusted.

The Group's earnings are significantly dependent on the selling prices and margins obtained for products sold. These, in turn, are largely determined by market supply and demand. Fresh produce supplies in individual markets are affected by the geography of production, growing conditions (including climate), seasonality and perishability. Market demand is a function of population size, per capita consumption, the availability and quality of individual products, competing products, climatic, economic and other general conditions in the marketplace. Excess produce leading to reduced selling prices (particularly for products purchased under contract) could have a material adverse effect on the Group's business, results of operations and financial condition.

Applying the techniques above, no impairment charge (2019: €Nil) relating to goodwill was recognised in the income statement in 2020.

##### Sensitivity analysis

The value-in-use calculations are sensitive to changes in the assumptions, particularly relating to assumptions of cashflows generated by the individual CGUs and discount rates applied to these cashflows. Sensitivity analysis was performed based on changes to each of these factors.

A 10% reduction in the cashflow projections would not result in an impairment. Similarly, if the pre-tax discount rates applied to the cashflows had been 10% higher, no impairment charge arises.

## Notes to the Group Financial Statements for the year ended 31 December 2020 (continued)

### 15. INVESTMENTS IN JOINT VENTURES AND ASSOCIATES (continued)

#### Non-material joint ventures

The following is summarised financial information for the Group's interest in non-material joint ventures based on the amounts reported in the Group's consolidated financial statements:

Carrying amount	2020 €'000	2019 €'000
Europe – Non-Eurozone	10,987	9,660
Europe – Eurozone	44,684	44,583
International	26,308	33,994
<b>Carrying amount of interests in non-material joint ventures</b>	<b>81,979</b>	<b>88,237</b>

Group's share of profit after tax	2020 €'000	2019 €'000
Europe – Non-Eurozone	2,375	1,791
Europe – Eurozone	7,186	5,137
International	2,490	3,730
<b>Group's share of profit after tax in non-material joint ventures</b>	<b>12,051</b>	<b>10,658</b>

Group's share of other comprehensive income	2020 €'000	2019 €'000
Europe – Eurozone	–	35
International	–	–
<b>Group's share of other comprehensive income in non-material joint ventures</b>	<b>–</b>	<b>35</b>

#### Material Associates

At 31 December 2020, the Group does not have associate investments that are individually material to the Group.

#### Non-material associates

The following is summarised financial information for the Group's interest in non-material associates based on the amounts reported in the Group's consolidated financial statements:

Carrying amount	2020 €'000	2019 €'000
Europe – Non-Eurozone	4,259	3,643
Europe – Eurozone	1,025	1,077
International	9,414	11,093
<b>Carrying amount of interests in non-material associates</b>	<b>14,698</b>	<b>15,813</b>

Group's share of profit after tax	2020 €'000	2019 €'000
Europe – Non-Eurozone	709	(493)
Europe – Eurozone	41	9
International	204	1,150
<b>Group's share of profit after tax in non-material associates</b>	<b>954</b>	<b>666</b>

#### Group's share of other comprehensive income

There is no other comprehensive income arising in non-material associates in the current or prior year.

## Notes to the Group Financial Statements for the year ended 31 December 2020 (continued)

## 16. OTHER INVESTMENTS

	2020 €'000	2019 €'000
Equity securities - mandatorily at FVTPL	–	4,554
Equity securities - designated at FVTPL	331	495
<b>Balance at end of year</b>	<b>331</b>	5,049
Non-current	331	2,743
Current	–	2,306
<b>Balance at end of year</b>	<b>331</b>	5,049

Information about the Group's exposure to credit and market risks, and fair value measurement, is included in Note 35.

## 17. INVENTORIES

	2020 €'000	2019 €'000
Goods for resale	98,321	86,542
Consumables	13,641	11,489
<b>Total of lower of cost or net realisable value</b>	<b>111,962</b>	98,031

## 18. BIOLOGICAL ASSETS

	2020 €'000	2019 €'000
<b>Balance at beginning of year</b>	<b>3,965</b>	5,066
Additions	16,753	20,951
Acquisition of business (Note 31)	262	–
Harvested fruit transferred to inventory	(17,510)	(21,481)
Fair value adjustment	(252)	(666)
Reclassification from property, plant and equipment (Note 11)	29	–
Foreign exchange movement	(352)	95
<b>Balance at end of year</b>	<b>2,895</b>	3,965
Non-current	–	–
Current	2,895	3,965
<b>Balance at end of year</b>	<b>2,895</b>	3,965

Biological assets consist of unharvested fruits growing on bearer plants and are measured at their fair value less estimated costs to point of sale with any resultant gain or loss recognised in the income statement within other operating income/expense. Point of sale costs include all costs that would be necessary to sell the assets, excluding costs necessary to bring the assets to market. Where fair value cannot be measured reliably, biological assets are measured at cost.

The following table details the fair values of the Group's biological assets:

	2020 €'000	2019 €'000
Strawberries	2,578	3,727
Other	317	238
	<b>2,895</b>	3,965



## Notes to the Group Financial Statements for the year ended 31 December 2020 (continued)

### 18. BIOLOGICAL ASSETS (continued)

#### Fair value hierarchy

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

#### Valuation technique and significant unobservable inputs

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

Product	Valuation technique	Significant unobservable inputs	Inter-relationship between key unobservable inputs and fair value measurement
Strawberries	Discounted cashflows  This method of valuation considers the present value of the net cashflows expected to be generated by the biological assets. The cashflow projections include estimates of yields, sales prices, production and harvest costs. The expected net cashflows are discounted using a risk-adjustment factor to factor in volatility of weather, production and pricing and future farming costs.	Inclusive of: <ul style="list-style-type: none"> <li>estimated yields based on historical yields that are adjusted to reflect current growing conditions, variety of product and farm locations 26 tonnes per acre (2019: 29 tonnes per acre)</li> <li>estimated cash inflows based on forecast pricing (US\$0.21 to US\$5.53 per kg – weighted average US\$3.10 per kg); (2019: US\$0.41 to US\$6.45 per kg – weighted average US\$2.77 per kg)</li> <li>estimated production, harvesting and transportation costs</li> <li>risk-adjusted discount rates of 17.0% (2019: 17.0%)</li> </ul>	The estimated fair value would increase/(decrease) if: <ul style="list-style-type: none"> <li>estimated yields were higher/(lower)</li> <li>estimated fruit prices were higher/(lower)</li> <li>estimated production, harvesting and transportation costs were lower/(higher)</li> <li>the risk-adjusted discount rates were lower/(higher)</li> </ul>

#### Risk management strategy related to biological assets

##### Supply and demand risk

The Group is exposed to risks arising from fluctuations in the price and sales volume of all its fruits and vegetables. Management of subsidiaries of the Group who are involved in growing perform regular industry trend analysis to project harvest volumes and pricing. Where possible, the Group manages this risk by aligning its harvest volumes to market supply and demand.

##### Climate and other risks

The Group's plantations are at risk to damage from climatic changes, unusual weather patterns, diseases and other natural forces. The Group has processes in place to monitor and to mitigate risks where possible including regular crop inspection and pest and disease surveys.

## Notes to the Group Financial Statements for the year ended 31 December 2020 (continued)

## 19. TRADE AND OTHER RECEIVABLES

	2020 €'000	2019 €'000
<b>Non-current</b>		
Non-trade receivables due from joint ventures and associates	7,024	7,779
Other receivables	12,119	12,017
	<b>19,143</b>	19,796
<b>Current</b>		
Trade receivables due from third parties	277,397	304,360
Trade receivables due from joint ventures and associates	17,525	15,650
Irish value added tax	683	676
Other tax	5,945	6,817
Other receivables	28,650	36,993
Prepayments	13,734	11,818
Non-trade receivables due from joint ventures and associates	3,438	4,477
	<b>347,372</b>	380,791
<b>Total</b>	<b>366,515</b>	400,587

Details of impairment provisions netted against the carrying amount of trade and other receivables above are set out in Note 35.

Other receivables (both current and non-current) include loans and advances to suppliers.

See Note 35 for an analysis of credit risk on trade and other receivables to understand how the Group manages and measures credit quality of trade and other receivables.

## 20. CASH AND CASH EQUIVALENTS

## Cash and cash equivalents

Cash and cash equivalents comprise cash balances held for the purposes of meeting short-term cash commitments and call deposits which are readily convertible to a known amount of cash within a short time frame of between one day and three months.

	2020 €'000	2019 €'000
Bank balances	130,807	99,445
Call deposits (demand balances)	56	16,084
<b>Cash and cash equivalents per balance sheet</b>	<b>130,863</b>	115,529
Bank overdrafts (Note 23)	(9,167)	(9,502)
<b>Cash, cash equivalents and bank overdrafts per cash flow statement</b>	<b>121,696</b>	106,027

## Notes to the Group Financial Statements for the year ended 31 December 2020 (continued)

### 21. CAPITAL AND RESERVES (continued)

#### Share capital

At 31 December 2020, the authorised share capital was €10,000,000 (2019: €10,000,000) divided into 1,000,000,000 ordinary shares of 1 cent each. The issued share capital at that date was 410,724,962 ordinary shares (2019: 410,524,962).

During the year, the Group received consideration of €134,000 (2019: €67,000) from the issue of 200,000 (2019: 100,000) shares that were issued to satisfy the exercise of 200,000 (2019: 100,000) share options.

At 31 December 2020, the Company held 22,000,000 treasury shares in the Company (2019: 22,000,000) representing 5.36% of issued share capital (2019: 5.36%). All rights (including voting and dividend rights) in respect of these treasury shares are suspended until these shares are reissued.

	Ordinary shares 2020 ‘000	Ordinary shares 2020 €‘000	Ordinary shares 2019 ‘000	Ordinary shares 2019 €‘000
<i>Allotted, called-up and fully paid</i>				
<b>In issue at beginning of year</b>	<b>410,525</b>	<b>4,105</b>	410,429	4,104
Shares repurchased by company	–	–	(4)	–
Shares issued on exercise of share options	200	2	100	1
<b>In issue at end of year</b>	<b>410,725</b>	<b>4,107</b>	410,525	4,105

#### Share premium

	2020 €‘000	2019 €‘000
<b>At beginning of year</b>	<b>295,487</b>	295,421
Cash received on exercise of share options in excess of cost price of shares	132	66
<b>At end of year</b>	<b>295,619</b>	295,487

#### Attributable Profit / (Loss) of the Company

The profit attributable to equity holders of the parent recorded within the financial statements of the Company for the year ended 31 December 2020 was €10,128,000 (2019: loss of €1,597,000). As permitted by Section 304 of the Companies Act 2014, the statement of comprehensive income of the Company has not been separately presented in these financial statements.

#### Other reserves

	2020 €‘000	2019 €‘000
Undenominated capital (a)	140	140
Own shares reserve (b)	(8,580)	(8,580)
Currency translation reserve (c)	(40,351)	(18,699)
Revaluation reserve (d)	41,182	30,809
Other equity reserves (e)	(140,594)	(134,979)
<b>Total</b>	<b>(148,203)</b>	(131,309)

#### (a) Undenominated capital

This reserve arises on the cancellation of ordinary shares purchased under share buy-back programmes. There were no share buy-backs in 2020 and 2019.

#### (b) Own shares reserve

The reserve for the Company's own shares comprises the cost of the Company's shares held by the Company. At 31 December 2020, the Company held 22,000,000 (31 December 2019: 22,000,000) of the Company's shares as treasury shares.

## Notes to the Group Financial Statements for the year ended 31 December 2020 (continued)

## 21. CAPITAL AND RESERVES (continued)

## Other reserves (continued)

## (c) Currency translation reserve

The translation reserve comprises all foreign exchange differences from 1 January 2004, arising from the translation of the net assets of the Group's non-Euro denominated operations, including the translation of the profits and losses of such operations from the average exchange rate for the year to the exchange rate at the reporting date, as well as from the translation of borrowings designated as a hedge of those net assets.

## (d) Revaluation reserve

The revaluation reserve relates to revaluation surpluses arising on revaluations of property occupied by the Group. This reserve is not distributable to shareholders under Irish company law.

## (e) Other equity reserves

Other equity reserves comprise the demerger reserve, share option reserve, cashflow hedge reserve, cost of hedging reserve and put option reserve.

	De-merger reserve (i)	Share option reserve (ii)	Cash flow hedge reserve (iii)	Cost of hedging reserve (iv)	Put option reserve (v)	Other equity reserves Total
	€'000	€'000	€'000	€'000	€'000	€'000
<b>Balance as at 1 January 2020 as presented in the balance sheet</b>	<b>(122,521)</b>	<b>1,993</b>	<b>(3,939)</b>	<b>62</b>	<b>(10,574)</b>	<b>(134,979)</b>
Adjust for NCI subject to put option transferred for presentation purposes	–	–	–	–	(16,038)	<b>(16,038)</b>
<b>Balance at 1 January 2020</b>	<b>(122,521)</b>	<b>1,993</b>	<b>(3,939)</b>	<b>62</b>	<b>(26,612)</b>	<b>(151,017)</b>
<b>Comprehensive income</b>						
Profit for the year	–	–	–	–	–	–
<b>Other comprehensive income:</b>						
<i>Items that may be reclassified subsequently to profit or loss:</i>						
Currency translation	–	–	449	(3)	–	<b>446</b>
Effective portion of cashflow hedges, net	–	–	(325)	–	–	<b>(325)</b>
Changes in fair value of cost of hedging, net	–	–	–	(68)	–	<b>(68)</b>
Deferred tax on items taken directly to other comprehensive income	–	–	75	9	–	<b>84</b>
Share of joint ventures and associates effective portion of cashflow hedges	–	–	(1,723)	–	–	<b>(1,723)</b>
Share of joint ventures and associates deferred tax on items above	–	–	440	–	–	<b>440</b>
<b>Total included in other comprehensive income</b>	<b>–</b>	<b>–</b>	<b>(1,084)</b>	<b>(62)</b>	<b>–</b>	<b>(1,146)</b>
<b>Total included in comprehensive income</b>	<b>–</b>	<b>–</b>	<b>(1,084)</b>	<b>(62)</b>	<b>–</b>	<b>(1,146)</b>
<b>Transactions with equity holders of the parent</b>						
New shares issued	–	(41)	–	–	–	<b>(41)</b>
Put option liability paid (Note 28)	–	–	–	–	3,568	<b>3,568</b>
Fair value movements on put option liability (Note 28)	–	–	–	–	(1,228)	<b>(1,228)</b>
Share-based payment transactions (Note 32)	–	(114)	–	–	–	<b>(114)</b>
<b>Total transactions with equity holders of the parent</b>	<b>–</b>	<b>(155)</b>	<b>–</b>	<b>–</b>	<b>2,340</b>	<b>2,185</b>
<b>Balance at 31 December 2020</b>	<b>(122,521)</b>	<b>1,838</b>	<b>(5,023)</b>	<b>–</b>	<b>(24,272)</b>	<b>(149,978)</b>
Transfer of NCI subject to put options for presentation purposes (Note 22)	–	–	–	–	9,384	<b>9,384</b>
<b>Balance at 31 December 2020 as presented in the balance sheet</b>	<b>(122,521)</b>	<b>1,838</b>	<b>(5,023)</b>	<b>–</b>	<b>(14,888)</b>	<b>(140,594)</b>

## Notes to the Group Financial Statements for the year ended 31 December 2020 (continued)

### 21. CAPITAL AND RESERVES (continued)

#### Other reserves (continued)

	De-merger reserve (i)	Share option reserve (ii)	Cashflow hedge reserve (iii)	Cost of hedging reserve reserve (iv)	Put option reserve (v)	Other equity reserves Total
	€'000	€'000	€'000	€'000	€'000	€'000
Balance as at 1 January 2019 as presented in the balance sheet	(122,521)	1,904	750	(63)	(302)	(120,232)
Adjust for NCI subject to put option transferred for presentation purposes	–	–	–	–	(34,673)	(34,673)
Balance at 1 January 2019	(122,521)	1,904	750	(63)	(34,975)	(154,905)
Comprehensive income						
Profit for the year	–	–	–	–	–	–
Other comprehensive income:						
<i>Items that may be reclassified subsequently to profit or loss:</i>						
Currency translation	–	–	33	–	–	33
Effective portion of cashflow hedges, net	–	–	(148)	–	–	(148)
Changes in fair value of cost of hedging, net	–	–	–	155	–	155
Deferred tax on items taken directly to other comprehensive income	–	–	30	(30)	–	–
Share of joint ventures and associates effective portion of cashflow hedges	–	–	(5,101)	–	–	(5,101)
Share of joint ventures and associates deferred tax on items above	–	–	497	–	–	497
Total included in other comprehensive income	–	–	(4,689)	125	–	(4,564)
Total included in comprehensive income	–	–	(4,689)	125	–	(4,564)
Transactions with equity holders of the parent						
New shares issued	–	(20)	–	–	–	(20)
Put option liability extinguished (Note 28)	–	–	–	–	11,657	11,657
Fair value movements on put option liability (Note 28)	–	–	–	–	(3,294)	(3,294)
Share-based payment transactions (Note 32)	–	109	–	–	–	109
Total transactions with equity holders of the parent	–	89	–	–	8,363	8,452
Balance at 31 December 2019	(122,521)	1,993	(3,939)	62	(26,612)	(151,017)
Transfer of NCI subject to put options for presentation purposes (Note 22)	–	–	–	–	16,038	16,038
Balance at 31 December 2019 as presented in the balance sheet	(122,521)	1,993	(3,939)	62	(10,574)	(134,979)

#### (i) De-merger reserve

The operations of the Company were de-merged from Fyffes plc on 30 December 2006 and acquired on that date by the Company. The operations had always constituted a separate business segment within Fyffes plc and, consequently, in the Group financial statements of Total Produce plc after the de-merger, the financial position was presented to shareholders on the basis of the carrying amount of the assets previously reported to them. In accordance with Section 62 of the Companies Act 1963, the ordinary shares issued by the Company were recorded at their fair value on the date of issue. The difference between the fair value of the consideration received by the Company and the carrying amounts at which the net assets were previously reported has been recognised in the Group financial statements as a de-merger reserve.

#### (ii) Share option reserve

The share option reserve comprises the amounts expensed in the income statement in connection with share-based payment transactions. When options vest or lapse, the fair value of the share options is reclassified to retained earnings.

## Notes to the Group Financial Statements for the year ended 31 December 2020 (continued)

### 21. CAPITAL AND RESERVES (continued)

#### Other reserves (continued)

##### (iii) Cashflow hedge reserve

The cashflow hedge reserve comprises the effective portion of the cumulative net change in the fair value of cashflow hedging instruments related to hedged transactions that have not yet occurred.

##### (iv) Cost of hedging reserve

The cost of hedging reserve comprises the effective portion of the net change in the fair value of hedging instruments attributable to forward points.

##### (v) Put option reserve

The Group has a number of contractual put options and forward commitments in place in relation to non-controlling interest ('NCI') shares in subsidiaries whereby the NCI shareholder can require the Group to acquire or the Group has agreed to acquire ('forward commitment') the shares in these subsidiaries at various future dates. The value of the put option or forward commitment liability recognised and subsequent fair value movements are recognised in the put option reserve. For presentation purposes in the balance sheet, the NCI subject to the put is transferred to the put option reserve in equity.

#### Capital management

The Board regularly reviews and monitors the Group's capital structure with a view to maintaining a strong capital base in order to sustain market confidence in the business. This involves considering dividends paid to shareholders, the amount of liquid assets on the balance sheet and return on capital (based on shareholders' equity the composition of which is set out on page 85). The Group operates a share option scheme and an employee profit sharing scheme which allows employees to use part of their profit sharing awards to acquire shares in the Company.

The Group has the authority to purchase its own shares. This authority permits the Group to buy up to 10 per cent of the issued share capital at a price which may not exceed 105 per cent of the average price over the previous five trading days. On 27 January 2016, the Group completed the €20,000,000 share buyback programme that commenced on the 9 October 2015 with a total of 14,017,270 ordinary repurchased at a total cost of €20,361,000 including associated costs. The repurchased ordinary shares were cancelled. The share buy-back programme was earnings accretive.

In November 2010, the Group also exercised this authority and completed a share buy-back of 22,000,000 shares at a cost of €8,580,000 plus costs of €107,000. These shares are held as treasury shares unless reissued or cancelled. The Group continues to consider exercising its authority should the opportunity arise.

## Notes to the Group Financial Statements for the year ended 31 December 2020 (continued)

### 22. NON-CONTROLLING INTERESTS

	2020 €'000	2019 €'000
<b>Balance at 1 January as presented in the balance sheet</b>	98,768	82,483
Adjust for transition to IFRS 16	–	(1,337)
<b>Balance at 1 January as presented in the balance sheet</b>	<b>98,768</b>	81,146
Adjust for non-controlling interest subject to put option transferred for presentation purposes (Note 21)	16,038	34,673
<b>As at 1 January</b>	<b>114,806</b>	115,819
Share of profit after tax	16,372	12,902
Share of items recognised in other comprehensive income	(171)	(31)
Share of foreign exchange movement	(5,755)	1,645
<b>Share of comprehensive income</b>	<b>10,446</b>	14,516
Non-controlling interests arising on acquisition (Note 31)	1,928	959
Put option liability acquired (a)	(3,900)	–
Acquisition of non-controlling interests (a)	(922)	(554)
Disposal of shareholding (b)	240	121
Dividends paid to non-controlling interests (c)	(20,510)	(16,055)
<b>Balance at end of year</b>	<b>102,088</b>	114,806
Transfer of NCI subject to put options to the put option reserve for presentation purposes (Note 21)	(9,384)	(16,038)
<b>Balance at end of year as presented in the balance sheet</b>	<b>92,704</b>	98,768

#### (a) Put option liability acquired and acquisition of non-controlling interests

During the year a payment of €3,568,000 was made in relation to the acquisition of the remaining shares held by a non-controlling interest that were subject to a forward commitment by the Group to acquire these shares. The change in the Group's ownership interest in this subsidiary was accounted for as an equity transaction. The difference of €332,000 between the fair value of the consideration of €3,568,000 and the book value of the non-controlling interest acquired of €3,900,000 was accounted for directly in retained earnings as a credit.

During 2020, the Group acquired additional shareholdings in subsidiaries in the Eurozone and UK for a consideration of €996,000 including €200,000 contingent consideration (Note 27). The changes in the Group's ownership interest in existing subsidiaries were accounted for as equity transactions. The difference of €74,000 between the fair value of the consideration of €996,000 and the book value of the non-controlling interest acquired of €922,000 was accounted for directly in retained earnings as a credit.

During 2019, the Group acquired additional shares in subsidiaries in North America and Scandinavia for consideration of €1,656,000. These changes in the Group's ownership interest in existing subsidiaries were accounted for as equity transactions. The difference of €1,102,000 between the fair value of the consideration of €1,656,000 and the book value of the non-controlling interest acquired of €554,000 was accounted for directly in retained earnings as a charge.

#### (b) Disposal of subsidiary

During 2020, the Group disposed of a 10% holding in a small produce business in the Eurozone to a non-controlling interest at a loss of €45,000, accounted for directly in retained earnings. The non-controlling interest share of net identifiable assets and liabilities disposed of was €240,000.

During 2019, the Group disposed of two small produce businesses in the Eurozone at a loss of €572,000. The non-controlling interest share of net identifiable assets and liabilities disposed of was €121,000 (Note 31).

#### (c) Dividends paid to non-controlling interests

In 2020, dividends of €20,510,000 (2019: €16,055,000) were declared payable to non-controlling interests. The cash paid as dividend to non-controlling interests in 2020 were €20,510,000 (2019: €16,055,000).

## Notes to the Group Financial Statements for the year ended 31 December 2020 (continued)

## 22. NON-CONTROLLING INTERESTS (continued)

## Additional disclosures

The Group has two subsidiaries with non-controlling interests which are material to the Group as follows:

- EurobananCanarias S.A. The Group owns 50% of the EurobananCanarias S.A. subgroup with a registered address of EurobananCanarias S.A. is Avda. de Anaga No 11, 38001 Santa Cruz de Tenerife, Spain.
- Grandview Ventures Limited. The Group owns 65% of Grandview Ventures Limited ('Oppy'), a Canadian fresh produce group with a registered address of 2800 Park Place, 666 Burrard Street, Vancouver BC V6C 2Z7.

The following is the summarised financial information for both EurobananCanarias S.A. and Oppy based on their consolidated financial statements prepared in accordance with IFRS, modified for fair value adjustments on acquisition and differences in the Group's accounting policies. The information is before inter-company eliminations with other companies in the Group.

## Additional disclosures (continued)

	EurobananCanarias S.A.		Oppy Group	
	12 months ended 31 December 2020 €'000	12 months ended 31 December 2019 €'000	12 months ended 31 December 2020 €'000	12 months ended 31 December 2019 €'000
Total Revenue (including share of joint ventures)	458,844	438,583	778,723	739,161
Group Revenue	430,203	413,401	743,667	701,517
Profit after tax	13,632	11,737	9,862	5,788
<b>Profit after tax attributable to non-controlling interests</b>	<b>8,465</b>	7,104	<b>4,258</b>	2,248
Other comprehensive income	(47)	(38)	(5,299)	2,008
<b>Total comprehensive income</b>	<b>13,585</b>	11,699	<b>4,563</b>	7,796
<b>Total comprehensive income attributable to non-controlling interests</b>	<b>8,482</b>	7,059	<b>1,773</b>	2,911
Current assets	90,778	92,276	100,656	84,255
Non-current assets	55,250	54,569	59,424	60,007
Current liabilities	(55,565)	(59,195)	(92,304)	(73,860)
Non-current liabilities	(14,250)	(13,677)	(33,956)	(30,255)
<b>Net assets</b>	<b>76,213</b>	73,973	<b>33,820</b>	40,147
<b>Net assets attributable to non-controlling interests</b>	<b>44,911</b>	44,244	<b>18,095</b>	19,483
Net increase in cash and cash equivalents	8,374	(1,244)	7,880	2,753
Dividends paid to non-controlling interests during the year	7,958	4,905	5,892	6,013

\*Includes an exceptional profit after tax of €Nil (2019: €176,000).



## Notes to the Group Financial Statements for the year ended 31 December 2020 (continued)

### 23. INTEREST-BEARING LOANS AND BORROWINGS

	2020 €'000	2019 €'000
<b>Non-current</b>		
Bank borrowings	250,416	250,572
	<b>250,416</b>	250,572
<b>Current</b>		
Bank overdrafts	9,167	9,502
Bank borrowings	15,573	76,648
	<b>24,740</b>	86,150
<b>Total</b>	<b>275,156</b>	336,722

Borrowings are repayable as follows:

	2020 €'000	2019 €'000
<b>Bank borrowings and overdrafts</b>		
Within one year	24,740	86,150
After one year but within two years	134,462	53,641
After two years but within five years	115,954	196,782
After five years	–	149
<b>Total</b>	<b>275,156</b>	336,722

Further details in relation to the Group's borrowings are set out in Note 35.

Total interest-bearing loans and borrowings include borrowings of €5,128,000 (2019: €3,422,000) secured on property, plant and equipment. The carrying amount of property, plant and equipment pledged as security is €6,755,000.

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

	Bank overdrafts used for cash management purposes 2020 €'000	Bank borrowings 2020 €'000	Finance Lease liabilities 2020 €'000	Total 2020 €'000
<b>Balance at 1 January 2020</b>	9,502	327,220	–	<b>336,722</b>
<i>Changes from financing cashflows</i>				
Drawdown of borrowings	–	266,015	–	<b>266,015</b>
Repayment of borrowings	–	(317,162)	–	<b>(317,162)</b>
<b>Total changes from financing cashflows</b>	–	<b>(51,147)</b>	–	<b>(51,147)</b>
Acquisition of business (Note 31)	–	2,550	–	<b>2,550</b>
Other	–	–	–	–
Net foreign exchange movement	(335)	(12,634)	–	<b>(12,969)</b>
<b>Balance at 31 December 2020</b>	<b>9,167</b>	<b>265,989</b>	–	<b>275,156</b>

## Notes to the Group Financial Statements for the year ended 31 December 2020 (continued)

## 23. INTEREST-BEARING LOANS AND BORROWINGS (continued)

## Reconciliation of movements of interest-bearing loans and borrowings to cashflows arising from financing activities (continued)

	Bank overdrafts used for cash management purposes 2019 €'000	Bank borrowings 2019 €'000	Lease liabilities 2019 €'000	Total 2019 €'000
Balance at 31 December 2018	9,560	310,846	1,636	322,042
Finance leases reclassified on adoption of IFRS 16	–	–	(1,636)	(1,636)
Balance at 1 January 2019	9,560	310,846	–	320,406
<i>Changes from financing cashflows</i>				
Drawdown of borrowings	–	345,764	–	345,764
Repayment of borrowings	–	(333,211)	–	(333,211)
Total changes from financing cashflows	–	12,553	–	12,553
<i>Changes from cashflows</i>				
Net foreign exchange movement	(195)	--	–	(195)
<b>Balance at 31 December 2019</b>	<b>9,502</b>	<b>327,220</b>	<b>–</b>	<b>336,722</b>

## 24. LEASE LIABILITY

	2020 €'000	2019 €'000
<b>Balance at 31 December 2018</b>	–	–
Finance leases reclassified on adoption of IFRS 16	–	1,636
<b>Balance at beginning of year</b>	<b>120,076</b>	1,636
Arising on adoption of IFRS 16	–	121,101
Additions and remeasurements	33,549	12,090
Arising on acquisition of a business (Note 31)	501	3,553
Arising on business disposals	–	(654)
Leases terminated	(2,900)	(610)
Lease payments	(26,564)	(20,897)
Interest	3,067	2,995
Foreign exchange movement	(2,334)	862
<b>Balance at end of year</b>	<b>125,395</b>	120,076
Current lease liability	19,207	20,306
Non-current lease liability	106,188	99,770
	<b>125,395</b>	120,076

During the year, a subsidiary of Total Produce plc continued to lease a number of buildings and was in receipt of property management services from Balmoral International Holdings plc as part of its normal trading activities. Balmoral International Holdings plc is a related party of the Group under the Euronext Growth/AIM rules. The total payments for the year were €1,291,967.

As Carl McCann is an executive director and chairman of, as well as being a substantial shareholder in, Balmoral International Land Holdings plc, Balmoral International Land Holdings plc is deemed to be a person connected to a director of the Company for the purpose of section 238 of the Companies Act 2014. For this reason, shareholder approval was obtained at the 2020 AGM for the purpose of approving the renewal of leases for the Company's premises at Beresford Street and Galway (the "New Lease"). Carl McCann did not participate in any of the negotiations relating to the New Leases and did not participate in the Board's decision to recommend the approval of the ordinary resolution by shareholders for the purpose of section 238 of the Companies Act 2014.

## Notes to the Group Financial Statements for the year ended 31 December 2020 (continued)

### 25. ANALYSIS OF NET DEBT

Net debt is a non-IFRS measure which comprises bank deposits, cash and cash equivalents and current and non-current borrowings. The calculation of net debt at 31 December 2020 and 31 December 2019 is as follows:

	2020 €'000	2019 €'000
<b>Current assets</b>		
Bank balances (Note 20)	130,807	99,445
Call deposits (demand balances) (Note 20)	56	16,084
<b>Current liabilities</b>		
Bank overdrafts (Note 23)	(9,167)	(9,502)
Current bank borrowings (Note 23)	(15,573)	(76,648)
<b>Non-current liabilities</b>		
Non-current bank borrowings (Note 23)	(250,416)	(250,572)
<b>Net debt at end of year</b>	<b>(144,293)</b>	<b>(221,193)</b>

Average net debt for the year ended 31 December 2020 was €224,125,000 (2019: €284,019,000). The Group also manages credit risk through the use of a number of sales of receivables arrangements. Under the terms of these agreements the Group has transferred substantially all of the credit risk of the trade receivables which are subject to these agreements. Accordingly €46,973,000 (2019: €46,409,000) has been derecognised at year-end.

### 26. TRADE AND OTHER PAYABLES

	2020 €'000	2019 €'000
<b>Non-current</b>		
Other payables	2,468	2,904
<b>Current</b>		
Trade payables	378,398	361,832
Trade payables due to joint ventures and associates	8,396	9,523
Non-trade payables due to joint ventures and associates	104	25
Accruals	79,433	58,963
Deferred consideration	–	257
Other payables	25,875	27,526
Irish payroll tax and social welfare	2,976	2,748
Irish value added tax	1,357	837
Other tax	14,722	13,491
<b>Total</b>	<b>511,261</b>	<b>475,202</b>
	<b>513,729</b>	<b>478,106</b>

For information on the Group's contractual maturity analysis of all liabilities, including trade and other payables, please refer to Note 35.

## Notes to the Group Financial Statements for the year ended 31 December 2020 (continued)

**27. CONTINGENT CONSIDERATION AND OTHER PROVISIONS**

Total contingent consideration amounts to €8,721,000 (2019: €14,860,000) and represents provision for the net present value of the amounts expected to be payable in respect of acquisitions which are subject to earn-out arrangements.

Other provisions of €1,105,000 (2019: €620,000) represent costs that are expected to be incurred associated with the restructuring of a business in the Eurozone division and in the prior year also included costs associated with the termination of a business in the Non-Eurozone division.

Restoration provisions of €684,000 (2019: €1,011,000) represent costs that are expected to be incurred to return leasehold premises to their original condition when the lease expires.

	Contingent Consideration 2020 €'000	Other Provisions 2020 €'000	Restoration Provision 2020 €'000	Total 2020 €'000
<b>Balance at beginning of year</b>	<b>14,860</b>	<b>620</b>	<b>1,011</b>	<b>16,491</b>
Paid during year	(6,789)	(235)	–	<b>(7,024)</b>
Fair value movements charged to income statement (Note 3)	456	–	–	<b>456</b>
Release to income statement	–	–	(338)	<b>(338)</b>
Unwinding of interest charged to income statement	–	–	21	<b>21</b>
Arising on acquisition of subsidiaries (Note 31)	122	–	–	<b>122</b>
Arising on investment in joint ventures (Note 15)	256	–	–	<b>256</b>
Arising on acquisition of non-controlling interests (Note 22)	200	–	–	<b>200</b>
Additions in the year	–	740	–	<b>740</b>
Foreign exchange movements	(384)	(20)	(10)	<b>(414)</b>
<b>Balance at end of year</b>	<b>8,721</b>	<b>1,105</b>	<b>684</b>	<b>10,510</b>
Non-current	4,717	–	684	<b>5,401</b>
Current	4,004	1,105	–	<b>5,109</b>
<b>Balance at end of year</b>	<b>8,721</b>	<b>1,105</b>	<b>684</b>	<b>10,510</b>

	Contingent Consideration 2019 €'000	Other Provisions 2019 €'000	Restoration Provision 2019 €'000	Total 2019 €'000
Balance at beginning of year	24,517	2,747	–	27,264
Paid during year	(11,103)	(1,676)	–	(12,779)
Fair value movements credited to income statement <sup>1</sup> (Note 3)	(204)	–	–	(204)
Release to income statement	–	(489)	–	(489)
Unwinding of interest charged to income statement	–	–	24	24
Arising on acquisition of subsidiaries (Note 31)	1,461	–	–	1,461
Arising on disposal of subsidiaries (Note 31)	(189)	–	–	(189)
Arising on transition of IFRS 16	–	–	905	905
Additions in the year	–	–	64	64
Foreign exchange movements	378	38	18	434
Balance at end of year	14,860	620	1,011	16,491
Non-current	6,958	–	999	7,957
Current	7,902	620	12	8,534
Balance at end of year	14,860	620	1,011	16,491

<sup>1</sup> The impact of fair value movements of contingent consideration in respect of acquisitions of subsidiaries, joint ventures and associates is an increase in the amount payable of €456,000 (2019: decrease of €204,000). The impact of these revisions is recognised in the Group income statement within other operating income and expenses (Note 3).

See Note 35 for contractual cashflows and fair value disclosures on the measurement of contingent consideration, restoration and other provisions at 31 December 2020.

## Notes to the Group Financial Statements for the year ended 31 December 2020 (continued)

### 28. PUT OPTION LIABILITY

The Group has a number of contractual put options and forward commitments in place in relation to non-controlling interest ('NCI') shares in subsidiaries whereby the NCI shareholder can require the Group, or the Group has agreed to acquire ('forward commitment'), the shares in these subsidiaries at various future dates. The value of the put option recognised represents management's best estimate of the fair value of the amounts which may be payable discounted to net present value. This liability has been recognised in a put option reserve attributable to the equity holders of the parent (Note 21).

As outlined in the Group accounting policies on page 92, where the non-controlling shareholder retains a present ownership interest in shares subject to a put option or a forward commitment, the Group applies the partial recognition of non-controlling interest method for put options and forward commitments.

The non-controlling interest is therefore recognised in the traditional manner but is transferred against the put liability reserve for presentation purposes in the balance sheet.

	2020 €'000	2019 €'000
<b>Balance at beginning of year</b>	<b>26,612</b>	34,975
Paid during the year <sup>1</sup>	(3,568)	–
Extinguished during the year <sup>2</sup>	–	(11,657)
Fair value movement on put option recognised directly within equity	1,228	3,294
<b>Balance at end of year</b>	<b>24,272</b>	26,612
Non-current	13,443	23,083
Current	10,829	3,529
<b>Balance at end of year</b>	<b>24,272</b>	26,612

<sup>1</sup> During the year a payment of €3,568,000 was made in relation to the acquisition of the remaining shares held by a non-controlling interest that were subject to a forward commitment by the Group to acquire these shares.

<sup>2</sup> During 2019, and with the consent of the Group, a non-controlling shareholder sold their shares to other third parties (existing management). As a result, the put option between the Group and this non-controlling shareholder was extinguished.

See Note 35 for contractual cashflows and fair value disclosures on the measurement of put option liabilities over non-controlling interest shares.

### 29. OPERATING LEASES

#### Leases as lessee

Non-cancellable operating lease rentals are payable as set out below. These amounts represent the minimum future lease payments for short-term and low-value leases, for which a right of use asset and lease liability are not recognised, as allowed in accordance with IFRS 16.

	2020 €'000	2019 €'000
Less than one year	617	667
Between one and five years	62	15
More than five years	–	–
<b>Total</b>	<b>679</b>	682

During the financial year €1,259,000 (2019: €1,564,000) was recognised as an expense in the income statement in respect of short-term and low-value leases.

## Notes to the Group Financial Statements for the year ended 31 December 2020 (continued)

## 29. OPERATING LEASES (continued)

## Leases as lessor

The Group leases property under both cancellable and non-cancellable operating leases. Non-cancellable operating lease rental receivables are set out below. These amounts represent the minimum future lease receipts, in aggregate, that the Group will receive under existing lease agreements.

	2020 €'000	2019 €'000
Less than one year	1,255	1,106
One to two years	807	538
Two to three years	580	537
Three to four years	554	537
Four to five years	59	539
More than five years	1,733	1,365
<b>Total</b>	<b>4,988</b>	<b>4,622</b>

In 2020, €2,379,000 (2019: €2,033,000) was recognised as rental income in the income statement.

## 30. DEFERRED TAX ASSETS AND LIABILITIES

Recognised deferred tax assets and liabilities are attributable as follows:

	Assets 2020 €'000	Liabilities 2020 €'000	Net 2020 €'000	Assets 2019 €'000	Liabilities 2019 €'000	Net 2019 €'000
Property, plant and equipment	4,951	(15,404)	<b>(10,453)</b>	824	(8,660)	(7,836)
Goodwill and intangible assets	–	(15,534)	<b>(15,534)</b>	–	(18,416)	(18,416)
Investment property	5	(701)	<b>(696)</b>	3	(663)	(660)
Net right of use asset	812	(98)	<b>714</b>	703	–	703
Derivative financial instruments	162	(8)	<b>154</b>	75	(14)	61
Employee benefits	3,387	–	<b>3,387</b>	1,743	–	1,743
Trade and other payables	6,224	–	<b>6,224</b>	5,337	(69)	5,268
Other items	929	(173)	<b>756</b>	857	(469)	388
Tax value of losses carried forward	2,393	(32)	<b>2,361</b>	4,515	–	4,515
<b>Deferred tax assets/(liabilities)</b>	<b>18,863</b>	<b>(31,950)</b>	<b>(13,087)</b>	14,057	(28,291)	(14,234)
Set-off of deferred tax	(349)	349	–	(560)	560	–
<b>Net deferred tax assets/(liabilities)</b>	<b>18,514</b>	<b>(31,601)</b>	<b>(13,087)</b>	13,497	(27,731)	(14,234)

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

	2020 €'000	2019 €'000
Tax losses	12,766	9,369

No deferred tax asset is recognised in relation to certain income tax losses incurred by the Group on the grounds that there is insufficient evidence that the assets will be recoverable. In the event that sufficient profits are generated in the relevant jurisdictions in the future, these assets may be recovered. The estimated unrecognised deferred tax asset at 31 December 2020 is €7,517,000 (2019: €3,910,000).

No deferred tax asset is recognised in relation to certain capital losses incurred by the Group on the grounds that there is insufficient evidence that the assets will be recoverable. The estimated unrecognised deferred tax asset at 31 December 2020 is €5,249,000 (2019: €5,459,000).

## Notes to the Group Financial Statements for the year ended 31 December 2020 (continued)

### 30. DEFERRED TAX ASSETS AND LIABILITIES (continued)

No deferred tax is recognised on the unremitted earnings of overseas subsidiaries, branches, associates and joint ventures where the Group does not anticipate additional tax on any ultimate remittance.

	Balance at 1 January		Recognised in income statement	Recognised in other comprehensive income	Foreign exchange adjustment	Arising on acquisition (Note 31)	Reclassification	Balance At 31 December
	2020 €'000		2020 €'000	2020 €'000	2020 €'000	2020 €'000	2020 €'000	2020 €'000
Property, plant and equipment	(7,836)		(424)	(1,986)	45	–	(252)	<b>(10,453)</b>
Goodwill and intangible assets	(18,416)		1,217	–	1,583	82	–	<b>(15,534)</b>
Investment property	(660)		(72)	–	36	–	–	<b>(696)</b>
Derivative financial instruments	61		(36)	130	(2)	–	1	<b>154</b>
Employee benefits	1,743		(160)	1,892	(88)	–	–	<b>3,387</b>
Trade and other payables	5,268		1,052	–	(341)	–	245	<b>6,224</b>
Net right of use asset	703		(31)	–	(84)	–	126	<b>714</b>
Other items	388		448	–	46	–	(126)	<b>756</b>
Tax value of losses carried forward	4,515		(2,099)	–	(61)	–	6	<b>2,361</b>
<b>Net deferred tax assets/(liabilities)</b>	<b>(14,234)</b>		<b>(105)</b>	<b>36</b>	<b>1,134</b>	<b>82</b>	<b>–</b>	<b>(13,087)</b>

	Balance at 1 January	Recognised on adoption of IFRS 16 Leases	Recognised in income statement	Recognised in other comprehensive income	Foreign exchange adjustment	Arising on acquisition	Reclassification	Balance At 31 December
	2019 €'000	2019 €'000	2019 €'000	2019 €'000	2019 €'000	2019 €'000	2019 €'000	2019 €'000
Property, plant and equipment	(7,011)	–	(94)	(932)	50	–	151	(7,836)
Goodwill and intangible assets	(20,172)	–	2,623	–	(469)	(398)	–	(18,416)
Investment property	(628)	–	3	–	(35)	–	–	(660)
Derivative financial instruments	65	–	9	(9)	(8)	–	4	61
Employee benefits	2,139	–	(440)	(34)	78	–	–	1,743
Trade and other payables	4,580	–	382	–	87	8	211	5,268
Net right of use asset	–	368	340	–	(5)	–	–	703
Other items	(2,064)	–	2,587	–	(135)	–	–	388
Tax value of losses carried forward	4,344	–	467	–	4	66	(366)	4,515
<b>Net deferred tax assets/(liabilities)</b>	<b>(18,747)</b>	<b>368</b>	<b>5,877</b>	<b>(975)</b>	<b>(433)</b>	<b>(324)</b>	<b>–</b>	<b>(14,234)</b>

## Notes to the Group Financial Statements for the year ended 31 December 2020 (continued)

## 31. ACQUISITIONS AND DISPOSALS OF SUBSIDIARIES (continued)

## Summary of investments in 2020

A key part of the Group's strategy is growth by acquisition. In line with this strategy the Group made a number of acquisitions in 2020 with initial cash spend of €1,265,000 (2019: €6,683,000), deferred consideration of €Nil (2019: €114,000) with a further €122,000 (2019: €1,461,000) of contingent consideration payable dependent on the achievement of profit targets. The acquisitions in 2020 included the acquisition of additional shares in Eco Farms, a company based in California in the United States that specialises in avocados. This resulted in Eco Farms being consolidated as a subsidiary of the Group. The initial 45% interest was treated as a joint venture up to April 2020.

## Summary of fair values of assets and liabilities acquired

The table below provides details on the total fair value of acquisitions of subsidiaries in 2020. None of the business combinations completed during the period were considered sufficiently material to warrant separate disclosure of the fair values attributable to those combinations.

	2020 €'000	2019 €'000
<b>Consideration paid and payable</b>		
Cash consideration	1,265	6,683
Contingent consideration (Note 27)	122	1,461
Deferred consideration	–	114
<b>Total fair value of consideration</b>	<b>1,387</b>	<b>8,258</b>
<b>Identifiable assets acquired and liabilities assumed</b>		
Property, plant and equipment (Note 11)	6,398	1,054
Right of use assets (Note 12)	493	3,564
Biological assets (Note 18)	262	–
Intangible assets - Customer relationships (Note 14)	52	2,392
Intangible assets – Software (Note 14)	55	434
Intangible assets – Supplier relationships, brand and other (Note 14)	–	189
Inventories	989	590
Trade and other receivables	7,183	9,859
Cash, and cash equivalents	1,527	2,308
Interest-bearing loans and borrowings (Note 23)	(2,550)	–
Lease liabilities (Note 24)	(501)	(3,553)
Corporation tax (liability)/asset	(12)	58
Trade and other payables	(6,837)	(10,921)
Deferred tax asset (Note 30)	82	74
Deferred tax liability (Note 30)	–	(398)
<b>Fair value of net identifiable assets and liabilities acquired</b>	<b>7,141</b>	<b>5,650</b>
<b>Non-controlling interests arising on acquisition</b>		
Non-controlling interests measured at fair value	40	–
Non-controlling interests measured at share of net assets	1,888	959
<b>Total value of non-controlling interests arising on acquisition (Note 22)</b>	<b>1,928</b>	<b>959</b>
<b>Goodwill calculation</b>		
Fair value of consideration	1,387	8,258
Fair value of pre-existing interest in acquiree	4,680	–
Fair value of net identifiable assets and liabilities acquired	(7,141)	(5,650)
Non-controlling interest arising on acquisition (Note 22)	1,928	959
<b>Goodwill arising (Note 14)</b>	<b>854</b>	<b>3,567</b>



## Notes to the Group Financial Statements for the year ended 31 December 2020 (continued)

### 31. ACQUISITIONS AND DISPOSALS OF SUBSIDIARIES (continued)

#### Cashflows relating to acquisition of subsidiaries

	2020 €'000	2019 €'000
Cash consideration for acquisition of subsidiary undertakings	(1,265)	(6,683)
Cash, cash equivalents and bank overdrafts acquired	1,527	2,308
<b>Cash inflow/(outflow) per cash flow statement</b>	<b>262</b>	<b>(4,375)</b>

#### Cash consideration paid

The cash spend on acquisitions in 2020 was €1,265,000 (2019: €6,683,000). Net of cash, cash equivalents and bank overdrafts acquired the net cash inflow was €262,000 (2019: outflow €4,375,000).

#### Contingent consideration

The Group has agreed to pay selling shareholders additional consideration of €122,000 (2019: €1,633,000) in future periods which is payable on achievement of certain profit criteria. The fair value of this contingent consideration at the date of acquisition of €122,000 (2019: €1,461,000) was calculated by using the expected present value technique.

#### Fair value of identifiable assets and liabilities assumed

The acquisition method of accounting has been used to consolidate businesses acquired. Other than liabilities for contingent consideration, no contingent liabilities have been recognised on the business combinations in either year. Should any fair values need to be adjusted they will be reflected in the acquisition accounting within one year of the acquisition date in line with the provisions of IFRS 3 *Business Combinations*.

#### Goodwill arising

The principal factor contributing to the recognition of goodwill of €854,000 (2019: €3,567,000) is the value and skills of the assembled workforce in the acquired entities along with anticipated costs savings and synergies arising from integration into the Group's existing businesses.

#### Acquisition related costs

The Group incurred acquisition related costs of €348,000 (2019: €177,000) on legal and professional fees and due diligence in respect of the completed acquisitions. These costs have been included within other operating expenses (Note 3).

#### Effect of acquisitions on income statement in the year

The acquisitions of subsidiaries in 2020 contributed €32,879,000 to total revenue in the period and €1,874,000 to Group operating profit. These numbers exclude the contributions from any joint venture and associate investments completed in the year.

If the acquisition date for these business combinations was 1 January 2020, the estimated total revenue for the year ended 31 December 2020 would have been €6,268,175,000 and estimated operating profit after exceptional items would have been €83,600,000. These numbers exclude the contributions from any joint ventures and associates completed in the year.

#### Disposal of interest in subsidiary and trading assets

During 2019, the Group disposed of two small produce businesses in Europe for €Nil consideration resulting in a net loss on disposal of €572,000.

## Notes to the Group Financial Statements for the year ended 31 December 2020 (continued)

## 32. EMPLOYEE BENEFITS

## Remuneration

	2020 €'000	2019 €'000
Wages and salaries	228,243	231,611
Social security contributions	39,336	39,502
Employee post-employment obligations cost – defined contribution schemes	9,299	9,014
Employee post-employment obligations cost – defined benefit schemes	2,093	1,677
Employee post-employment obligations cost – other post-employment obligations	2,624	547
Termination benefits	2,593	1,039
Equity settled share-based compensation (credit)/expense	(114)	109
Short term incentive payment plan	274	546
<b>Recognised in the income statement</b>	<b>284,348</b>	284,045
Remeasurement loss on post-employment defined benefit schemes	8,122	2,683
Remeasurement loss on other post-employment benefit schemes	881	326
<b>Recognised in the statement of other comprehensive income</b>	<b>9,003</b>	3,009

## Employee numbers – Group (Average)

	2020 Number	2019 Number
Production	1,404	1,328
Sales and distribution	3,803	3,962
Administration	767	715
	<b>5,974</b>	6,005

Post-employment benefit obligations at year-end

	2020 €'000	2019 €'000
Employee defined benefit pension schemes obligations	17,330	10,828
Other post-employment benefit obligations	6,636	5,908
	<b>23,966</b>	16,736

## Employee defined benefit pension schemes obligations

The Group operates a number of defined benefit and defined contribution pension schemes. The schemes are set up under trusts and the assets of the schemes are therefore held separately from those of the Group.

The pension charge in the income statement for the year in respect of the Group's defined benefit schemes was €2,093,000 (2019: €1,677,000).

The charge in the income statement in respect of the Group's defined contribution schemes was €9,299,000 (2019: €9,014,000).

The Group operates six funded defined benefit pension schemes. Two of these schemes are based in Ireland, two are based in the United Kingdom with smaller schemes in the Netherlands and North America. The pension benefits payable on retirement in the UK, Ireland and North America are determined based on years of service and the levels of salary. The scheme in the Netherlands provides pension benefits based on career average salary.

## Notes to the Group Financial Statements for the year ended 31 December 2020 (continued)

### 32. EMPLOYEE BENEFITS (continued)

#### Employee defined benefit pension schemes obligations (continued)

Defined benefit pension schemes represent a significant commitment of the Group's resources and they are exposed to the volatility of market conditions. The values of pension assets are exposed to worldwide conditions in equity and bond markets. The underlying calculation of pension scheme liabilities are subject to changes in discount rates, inflation rates and the longevity of scheme members. The cost of defined benefit schemes and in particular the method used to value liabilities in the current historically low interest rate environment has resulted in significant volatility and cost to the Group. In addition, the cost of operating defined benefit pension plans has increased due to more stringent funding rules and increased regulations. Over the last number of years the Group, with appropriate professional advice, has been exploring strategies to de-risk its exposure.

The schemes in Ireland have been closed to new entrants since 2009 and salaries for defined benefit purposes have been capped with any salary increases above the cap pensionable on a defined contribution basis. In 2017 the Group initiated an Enhanced Transfer Value ('ETV') programme whereby an offer was made to all active and deferred members of the Irish defined benefit pension schemes ('Schemes') to transfer their accumulated accrued benefits from the Schemes, eliminating future accrual of benefits in the Schemes, and receive a transfer value above the statutory minimum amount. This programme has reduced the volatility of the Schemes going forward. Both of the UK schemes are also closed to new entrants and are also closed to new accruals. The scheme in the Netherlands and North America are also closed to new entrants.

The accompanying disclosures relate to all of the Group's defined benefit retirement schemes in Ireland, the UK, the Netherlands and North America. The previous full actuarial valuations of these schemes, for the purposes of these disclosures, were updated to 31 December 2020. Full actuarial valuations were carried out on both of the Irish schemes at 1 January 2019 and on the two UK schemes at 31 December 2018 and 5 April 2018. The last full actuarial valuation of the schemes in the Netherlands and North America were at 31 December 2017.

All calculations were carried out by independent actuaries using the projected unit method. The actuarial reports are not available for public inspection; however, the results of the valuations are advised to members of the schemes. The scheme assets do not include any shareholdings in the Company.

#### Assumptions

The financial assumptions that have the most significant impact on the results of the actuarial valuations are those relating to the discount rate used to convert future pension liabilities to current values and assumptions on expected rates of increases in salaries and pension and assumptions on inflation.

#### Scheme liabilities

The calculation of the present value of the defined benefit obligations is sensitive to changes in the discount rate. The discount rate is based on the interest yield at the balance sheet date on high quality corporate bonds of a currency and term consistent with the currency and term of the post-employment benefit obligation. Changes in the discount rate can lead to volatility in the Group's balance sheet, income statement and statement of comprehensive income.

The majority of the Group's defined benefit obligations are linked to inflation and higher inflation will lead to higher scheme obligations although caps are in place to protect schemes against extreme inflation.

The present value of the defined benefit obligation is calculated by reference to the best estimate of the mortality of plan members. An increase in the life expectancy of plan members will increase the defined benefit obligation.

The principal long-term actuarial assumptions used by the Group's actuaries in the computation of the defined benefit liabilities arising on the pension schemes at 31 December 2020 and 31 December 2019 are as follows:

## Notes to the Group Financial Statements for the year ended 31 December 2020 (continued)

## 32. EMPLOYEE BENEFITS (continued)

## Employee defined benefit pension schemes obligations (continued)

	Ireland		UK		Netherlands		North America	
	2020	2019	2020	2019	2020	2019	2020	2019
Rate of increase in salaries	0.00%- 2.00%	0.00%- 2.00%	2.50%	2.50%	0.00%- 2.00%	0.00%- 2.00%	n/a	n/a
Rate of increase in pensions	0.65%- 1.30%	0.70%- 1.40%	1.90%- 2.80%	1.95%- 2.65%	0.00%	0.00%	2.00%	2.00%
Inflation rate	1.30%	1.40%	2.90%	2.70%	1.30%	1.40%	2.00%	2.00%
Discount rate	1.08%	1.40%	1.40%	2.00%	1.08%	1.40%	4.20%	4.20%

## Future life expectancy assumptions

The Group uses certain mortality rate assumptions when determining the net present value of scheme liabilities under IAS 19 *Employee Benefits (2011)*. These assumptions conform to best practice and based on these assumptions the assumed life expectancies were as follows:

*Life expectancy of a current pensioner aged 65:*

	Ireland		UK		Netherlands		North America	
	2020	2019	2020	2019	2020	2019	2020	2019
Male	<b>22.3</b>	22.3	<b>20.9</b>	20.9	<b>20.5</b>	20.9	<b>22.0</b>	22.0
Female	<b>24.2</b>	24.1	<b>23.2</b>	23.2	<b>23.0</b>	23.3	<b>24.0</b>	24.0

*Life expectancy of a 45 year old active employee at expected retirement age of 65:*

	Ireland		UK		Netherlands		North America	
	2020	2019	2020	2019	2020	2019	2020	2019
Male	<b>23.8</b>	23.7	<b>22.3</b>	22.2	<b>22.4</b>	23.1	<b>23.0</b>	23.0
Female	<b>25.8</b>	25.7	<b>24.7</b>	24.6	<b>24.7</b>	25.3	<b>25.0</b>	25.0

*Analysis of net liability*

	Ireland	UK	Netherlands	North America	Total
	2020 €'000	2020 €'000	2020 €'000	2020 €'000	2020 €'000
Equities	18,436	28,730	–	–	<b>47,166</b>
Bonds	40,040	53,031	–	935	<b>94,006</b>
Property	12,192	2,836	–	196	<b>15,224</b>
Growth portfolio – other	7,108	3,871	16,051	–	<b>27,030</b>
Cash and cash equivalents	7,076	9,260	–	43	<b>16,379</b>
<b>Fair value of scheme assets</b>	<b>84,852</b>	<b>97,728</b>	<b>16,051</b>	<b>1,174</b>	<b>199,805</b>
Present value of scheme obligations	(90,197)	(107,980)	(17,517)	(1,441)	<b>(217,135)</b>
<b>Net employee benefit liabilities</b>	<b>(5,345)</b>	<b>(10,252)</b>	<b>(1,466)</b>	<b>(267)</b>	<b>(17,330)</b>
<i>Analysed as follows:</i>					
Employee benefit assets	–	–	–	–	–
Employee benefit liability	(5,345)	(10,252)	(1,466)	(267)	<b>(17,330)</b>
<b>Net employee benefit liabilities</b>	<b>(5,345)</b>	<b>(10,252)</b>	<b>(1,466)</b>	<b>(267)</b>	<b>(17,330)</b>

## Notes to the Group Financial Statements for the year ended 31 December 2020 (continued)

## 32. EMPLOYEE BENEFITS (continued)

## Employee defined benefit pension schemes obligations (continued)

	Ireland	UK	Netherlands	North America	Total
	2019	2019	2019	2019	2019
	€'000	€'000	€'000	€'000	€'000
Equities	17,843	36,349	–	–	54,192
Bonds	38,842	47,420	–	1,080	87,342
Property	12,605	2,429	–	226	15,260
Growth portfolio – other	7,069	6,943	14,310	–	28,322
Cash and cash equivalents	6,875	186	–	50	7,111
Fair value of scheme assets	83,234	93,327	14,310	1,356	192,227
Present value of scheme obligations	(86,508)	(99,240)	(15,702)	(1,605)	(203,055)
Net employee benefit liabilities	(3,274)	(5,913)	(1,392)	(249)	(10,828)
<i>Analysed as follows:</i>					
Employee benefit assets	–	–	–	–	–
Employee benefit liability	(3,274)	(5,913)	(1,392)	(249)	(10,828)
Net employee benefit liabilities	(3,274)	(5,913)	(1,392)	(249)	(10,828)

## Movements in the fair value of scheme assets in the balance sheet

	Ireland	UK	Netherlands	North America	Total
	€'000	€'000	€'000	€'000	€'000
Fair value of assets at 1 January 2019	77,102	78,807	11,521	1,336	168,766
Interest income on scheme assets	1,630	2,390	252	56	4,328
Remeasurement (loss)/gain on scheme assets	3,678	8,292	2,161	15	14,146
Administration expenses paid from scheme	–	–	(51)	–	(51)
Employer contributions	3,134	1,281	451	–	4,866
Employee contributions	68	–	57	–	125
Benefit payments	(2,378)	(2,162)	(81)	(144)	(4,765)
Foreign exchange movements	–	4,719	–	93	4,812
<b>Fair value of assets at 31 December 2019</b>	<b>83,234</b>	<b>93,327</b>	<b>14,310</b>	<b>1,356</b>	<b>192,227</b>
Interest income on scheme assets	1,161	1,764	206	51	3,182
Remeasurement /gain on scheme assets	1,178	8,877	1,157	(2)	11,210
Administration expenses paid from scheme	–	–	(52)	–	(52)
Employer contributions	1,818	1,077	462	–	3,357
Employee contributions	59	–	55	–	114
Benefit payments	(2,598)	(2,297)	(87)	(143)	(5,125)
Foreign exchange movements	–	(5,020)	–	(88)	(5,108)
<b>Fair value of assets at 31 December 2020</b>	<b>84,852</b>	<b>97,728</b>	<b>16,051</b>	<b>1,174</b>	<b>199,805</b>

## Notes to the Group Financial Statements for the year ended 31 December 2020 (continued)

## 32. EMPLOYEE BENEFITS (continued)

## Employee defined benefit pension schemes obligations (continued)

## Movements in the present value of scheme obligations in the balance sheet

	Ireland	UK	Netherlands	North America	Total
	€'000	€'000	€'000	€'000	€'000
Present value of obligations at 1 January 2019	(78,877)	(86,644)	(12,633)	(1,553)	(179,707)
Current service cost	(985)	–	(389)	–	(1,374)
Interest expense on scheme obligations	(1,631)	(2,610)	(274)	(65)	(4,580)
Employee contributions	(68)	–	(57)	–	(125)
Benefit payments	2,378	2,162	81	144	4,765
<i>Remeasurements:</i>					
- effect of changes in demographic assumptions	775	1,695	–	–	2,470
- effect of changes in financial assumptions	(8,770)	(11,527)	(2,422)	(25)	(22,744)
- effect of experience adjustments	670	2,783	(8)	–	3,445
Foreign exchange movements	–	(5,099)	–	(106)	(5,205)
<b>Present value of obligations at 31 December 2019</b>	<b>(86,508)</b>	<b>(99,240)</b>	<b>(15,702)</b>	<b>(1,605)</b>	<b>(203,055)</b>
Current service cost	(1,151)	–	(481)	–	(1,632)
Past service cost	–	(245)	–	–	(245)
Interest expense on scheme obligations	(1,194)	(1,864)	(227)	(61)	(3,346)
Employee contributions	(59)	–	(55)	–	(114)
Benefit payments	2,598	2,297	87	143	5,125
<i>Remeasurements:</i>					
- effect of changes in demographic assumptions	–	–	314	–	314
- effect of changes in financial assumptions	(4,242)	(14,287)	(1,287)	(23)	(19,839)
- effect of experience adjustments	359	–	(166)	–	193
Foreign exchange movements	–	5,359	–	105	5,464
<b>Present value of obligations at 31 December 2020</b>	<b>(90,197)</b>	<b>(107,980)</b>	<b>(17,517)</b>	<b>(1,441)</b>	<b>(217,135)</b>

## Movements in the net liability recognised in the balance sheet

	Ireland	UK	Netherlands	North America	Total
	€'000	€'000	€'000	€'000	€'000
Net liabilities in schemes at 1 January 2019	(1,775)	(7,837)	(1,112)	(217)	(10,941)
Employer contributions	3,134	1,281	451	–	4,866
Expense recognised in the income statement	(986)	(220)	(462)	(9)	(1,677)
Remeasurement (loss)/gain recognised in other comprehensive income	(3,647)	1,243	(269)	(10)	(2,683)
Foreign exchange movement	–	(380)	–	(13)	(393)
<b>Net liabilities in schemes at 31 December 2019</b>	<b>(3,274)</b>	<b>(5,913)</b>	<b>(1,392)</b>	<b>(249)</b>	<b>(10,828)</b>
Employer contributions	1,818	1,077	462	–	3,357
Expense recognised in the income statement	(1,184)	(345)	(554)	(10)	(2,093)
Remeasurement (loss)/gain recognised in other comprehensive income	(2,705)	(5,410)	18	(25)	(8,122)
Foreign exchange movement	–	339	–	17	356
<b>Net liabilities in schemes at 31 December 2020</b>	<b>(5,345)</b>	<b>(10,252)</b>	<b>(1,466)</b>	<b>(267)</b>	<b>(17,330)</b>

## Notes to the Group Financial Statements for the year ended 31 December 2020 (continued)

## 32. EMPLOYEE BENEFITS (continued)

## Employee defined benefit pension schemes obligations (continued)

## Defined benefit pension expense recognised in the income statement

	Ireland	UK	Netherlands	North America	Total
	2020	2020	2020	2020	2020
	€'000	€'000	€'000	€'000	€'000
Current service cost	(1,151)	–	(481)	–	(1,632)
Past service cost	–	(245)	–	–	(245)
Interest on scheme obligations	(1,194)	(1,864)	(227)	(61)	(3,346)
Interest on scheme assets	1,161	1,764	206	51	3,182
Administration expenses paid from plan	–	–	(52)	–	(52)
<b>Recognised within distribution and administration expenses</b>	<b>(1,184)</b>	<b>(345)</b>	<b>(554)</b>	<b>(10)</b>	<b>(2,093)</b>

	Ireland	UK	Netherlands	North America	Total
	2019	2019	2019	2019	2019
	€'000	€'000	€'000	€'000	€'000
Current service cost	(985)	–	(389)	–	(1,374)
Interest on scheme obligations	(1,631)	(2,610)	(274)	(65)	(4,580)
Interest on scheme assets	1,630	2,390	252	56	4,328
Administration expenses paid from plan	–	–	(51)	–	(51)
Recognised within distribution and administration expenses	(986)	(220)	(462)	(9)	(1,677)

## Defined benefit pension remeasurement gain/(loss) recognised in other comprehensive income

	Ireland	UK	Netherlands	North America	Total
	2020	2020	2020	2020	2020
	€'000	€'000	€'000	€'000	€'000
Remeasurement gain on scheme assets	1,178	8,877	1,157	(2)	11,210
<i>Remeasurement (loss)/gain on scheme liabilities:</i>					
- effect of changes in demographic assumptions	–	–	314	–	314
- effect of changes in financial assumptions	(4,242)	(14,287)	(1,287)	(23)	(19,839)
- effect of experience adjustments	359	–	(166)	–	193
<b>Remeasurement (loss)/gain recognised in other comprehensive income</b>	<b>(2,705)</b>	<b>(5,410)</b>	<b>18</b>	<b>(25)</b>	<b>(8,122)</b>

	Ireland	UK	Netherlands	North America	Total
	2019	2019	2019	2019	2019
	€'000	€'000	€'000	€'000	€'000
Remeasurement gain on scheme assets	3,678	8,292	2,161	15	14,146
<i>Remeasurement (loss)/gain on scheme liabilities:</i>					
- effect of changes in demographic assumptions	775	1,695	–	–	2,470
- effect of changes in financial assumptions	(8,770)	(11,527)	(2,422)	(25)	(22,744)
- effect of experience adjustments	670	2,783	(8)	–	3,445
Remeasurement (loss)/gain recognised in other comprehensive income	(3,647)	1,243	(269)	(10)	(2,683)

## Notes to the Group Financial Statements for the year ended 31 December 2020 (continued)

## 32. EMPLOYEE BENEFITS (continued)

## Employee defined benefit pension schemes obligations (continued)

## Actual return on scheme assets

	Ireland	UK	Netherlands	North America	Total
	2020 €'000	2020 €'000	2020 €'000	2020 €'000	2020 €'000
<b>Total return on assets</b>	2,339	10,641	1,363	49	<b>14,392</b>
	2019 €'000	2019 €'000	2019 €'000	2019 €'000	2019 €'000
Total return on assets	5,308	10,682	2,413	71	18,474

The cumulative remeasurement loss before deferred tax recognised in the statement of other comprehensive income is €75,006,000 (2019: €66,884,000).

The expected normal level of employer contributions for the year ended 31 December 2021 is €3,400,000.

The weighted average duration of the defined benefit obligation was 19.3 years at 31 December 2020 (31 December 2019: 19.2 years).

## Sensitivity of pension liability to judgmental assumptions

Actuarial assumptions have a significant impact on the reported net pension obligation. Analysed below is the impact of certain movements in key assumptions at 31 December 2020. A sensitivity analysis was not performed on the North American scheme as the scheme is not material.

	Ireland 2020 €'000	UK 2020 €'000	Netherlands 2020 €'000	Total 2020 €'000
<b>Discount rate</b>				
– 0.25% increase in discount rate (reduces obligation)	3,772	5,346	1,024	<b>10,142</b>
– 0.25% decrease in discount rate (increases obligation)	(4,026)	(5,722)	(1,109)	<b>(10,857)</b>
<b>Inflation rate</b>				
– 0.50% increase in inflation rate (increases obligation)	(3,011)	(10,465)	(58)	<b>(13,534)</b>
– 0.50% decrease in inflation rate (reduces obligation)	2,857	9,123	56	<b>12,036</b>
<b>Pensionable salary increase</b>				
– additional 1.00% increase in pensionable salary (increases obligation)	(1,277)	(2,976)	(147)	<b>(4,400)</b>
– decrease of 1.00% in pensionable salary (reduces obligation)	1,521	2,752	132	<b>4,405</b>
<b>Pension increase</b>				
– additional 1.00% increase in pension (increases obligation)	(12,204)	(12,116)	(4,703)	<b>(29,023)</b>
– decrease of 1.00% in pension (reduces obligation)	6,824	11,609	–	<b>18,433</b>
<b>Life expectancy</b>				
– additional 1 year life expectancy (increases obligation)	(3,198)	(4,148)	(571)	<b>(7,917)</b>
– decrease of 1 year in life expectancy (reduces obligation)	3,185	4,072	570	<b>7,827</b>

Although the analysis above does not take full account of the distribution of cashflows expected under the plan, it does provide an approximation of the sensitivity of the assumptions shown.



## Notes to the Group Financial Statements for the year ended 31 December 2020 (continued)

### 32. EMPLOYEE BENEFITS (continued)

#### Other post-employment benefit obligations

The table below summarises the movements in the net liability of the Group's other post-employment benefit obligations.

	2020 €'000	2019 €'000
<b>Net liability at beginning of year</b>	<b>(5,908)</b>	(5,023)
Net expense recognised in the income statement	(451)	(451)
Remeasurement (loss)/gain recognised in other comprehensive income	(881)	(326)
Employee contributions to schemes	(31)	(23)
Benefits paid	227	272
Foreign exchange movements	408	(357)
<b>Net liability at end of year</b>	<b>(6,636)</b>	(5,908)

Certain employees in one of the Group's North American subsidiaries hold non-voting shares in the subsidiary. The Company has a contractual arrangement in place to pay holders of these shares an agreed benefit on retirement, based on profit levels in the company, to redeem these shares.

In accordance with IAS 19 *Employee Benefits (2011)*, the net liability of the obligation is measured as the net present value of the amounts that are expected to be paid to employees for the shares at retirement.

The interest expense, which represents the unwinding of the net present value of the liabilities, is charged to the income statement. Remeasurement gains and losses, representing all other changes to the estimate of the liability, are recognised in other comprehensive income.

Determining the valuation of the obligations requires the determination of appropriate assumptions such as projected growth in profits, forfeiture rates and retirement dates. The principal assumptions are the budget for the following financial year plus an annual growth rate of 5% (2019:5%) discounted to net present value using a discount rate of 7.05% (2019:8.01%). Based on past experience a forfeiture rate of zero is assumed.

#### Share-based payment

Income statement charge	2020 €'000	2019 €'000
Employee share option (credit)/charge	(114)	109

The Group established a share option scheme in December 2006 which entitles certain employees to purchase shares in Total Produce plc. In accordance with the terms of the scheme, the options granted are exercisable at the market price prevailing at the date of the grant of the option.

The share options granted only vest when the adjusted earnings per share figure, in respect of the third or any subsequent accounting period after the end of the basis year (i.e. accounting period preceding the date of the grant), is greater than the adjusted earnings per share figure for the basis year by a percentage which is not less than (on a year-on-year basis) the annual percentage increase in the consumer price index plus 5% compounded during that period. The share options vest subject to the achievement of the performance condition above. The contractual life of the options is ten years.

## Notes to the Group Financial Statements for the year ended 31 December 2020 (continued)

## 32. EMPLOYEE BENEFITS (continued)

## Share-based payment (continued)

Details of options granted under these schemes are as follows:

Date of Grant	Date of expiry	Number of options	Weighted grant price €	Average fair value €
26 March 2013	25 March 2023	4,050,000	0.669	0.2040
10 March 2016	9 March 2026	4,175,000	1.55	0.4140

As explained previously, the date at which employees may exercise their options is based on a non-market-related performance condition.

The fair value of services received in return for share options granted is measured by reference to the fair value of the share options at the date of grant. The estimate of the fair value of options granted during the year was measured based on a binomial lattice model. The contractual life of the options, which is ten years, is used as an input in this model. Expectations of early exercise are incorporated into the binominal lattice model and are reflected in the assumptions.

The assumptions used in the binominal model for calculating the fair value of share options granted in 2013 and 2016 were as follows:

Assumptions used	Options granted in 2016	Options granted in 2013
Weighted average exercise price	1.55	0.669
Expected volatility	34%	40%
Option life	9.76 years	9.65 years
Expected dividend yield	2.50%	3.25%
Risk-free interest rate	0.306%	1.43%

The expected volatility and option life are expressed as weighted averages used in modelling in the binominal lattice model. The expected volatility is based on the historic volatility of the share price and the historical volatility of similar quoted companies.

Share options are subject to vesting conditions which comprise a service condition and a non-market related performance condition, which is the achievement of growth in adjusted earnings per share as set out earlier.

A summary of the activity during the year under the Group's share option schemes together with the weighted average exercise price of the share options is as follows:

	2020 Number of options	2020 Weighted average exercise price €	2019 Number of options	2019 Weighted average exercise price €
Outstanding options at beginning of year	5,525,000	1.3268	5,625,000	1.3151
Exercised during the year <sup>1</sup>	(200,000)	(0.6690)	(100,000)	(0.6690)
Forfeited during year	(275,000)	(1.5500)	–	–
Options outstanding at end of year	<b>5,050,000</b>	<b>1.3407</b>	5,525,000	1.3268

<sup>1</sup> The weighted average share price at the date of exercise of these options was €1.22 (2019: €1.52).

## Notes to the Group Financial Statements for the year ended 31 December 2020 (continued)

### 32. EMPLOYEE BENEFITS (continued)

#### Share-based payment (continued)

Analysis of the closing balance – outstanding at end of year:

Date of grant	Date of expiry	2020 Number of options	2020 Exercise price €	2019 Number of options	2019 Exercise price €
26 March 2013	25 March 2023	1,200,000	0.669	1,400,000	0.669
10 March 2016	9 March 2026	3,850,000	1.55	4,125,000	1.55
		<b>5,050,000</b>		5,525,000	

The options outstanding at 31 December 2020 have an exercise price in the range of €0.669 to €1.55 (2019: €0.669 to €1.55) and have a weighted average contractual life of 4.5 years (2019: 5.4 years).

Analysis of the closing balance – exercisable at the end of the year:

Date of grant	Date of expiry	2020 Number of options	2020 Exercise price €	2019 Number of options	2019 Exercise price €
26 March 2013	25 March 2023	1,200,000	0.669	1,400,000	0.669
10 March 2016	9 March 2026	3,850,000	1.55	–	–
		<b>5,050,000</b>		1,400,000	

The market price of the Company's shares at 31 December 2020 was €1.37 and the range during 2020 was €0.79 to €1.46.

### 33. CAPITAL COMMITMENTS AND CONTINGENCIES

#### Capital commitments

The Directors have authorised capital expenditure of €33,600,000 (2019: €15,492,000) at the reporting date. Capital expenditure contracted for at 31 December 2020 amounted to €2,564,000 (2019 €1,347,000).

#### Subsidiaries

Each of the following Irish registered subsidiaries of the Company may avail of the exemption from filing its statutory financial statements for the year ended 31 December 2020 as permitted by Section 357 of the Companies Act 2014 and, if any of these Irish registered subsidiaries of the Company elects to avail of this exemption, there will be in force an irrevocable guarantee from the Company in respect of all commitments entered into by such wholly-owned subsidiary, including amounts shown as liabilities (within the meaning of Section 357 (1) (b) of the Companies Act 2014) in such wholly-owned subsidiary's statutory financial statements for the year ended 31 December 2020:

Bolanpass Limited	Total Produce International Holdings Limited	Waddell Limited
Total Produce C Holdings Limited	Total Produce Ireland Limited	
Total Produce International Limited	Total Produce Management Services Limited	

#### Guarantees

##### Company

Where the Company enters into financial guarantee contracts to guarantee the indebtedness of other companies or joint ventures and associates within the Group, the Company considers these to be insurance arrangements and accounts for them as such. The Company treats the guarantee contract as a contingent liability until such time as it becomes probable that the Company will be required to make a payment under the guarantee. The following are details of contracts made by the Company at 31 December 2020 to guarantee the indebtedness of other companies or joint ventures and associates within the Group:

- (i) The Company has guaranteed bank borrowings of subsidiaries in the amount of €268,198,000 (2019: €313,949,000).
- (ii) The Company has guaranteed bank borrowings of €3,794,000 (2019: €4,285,000) within joint venture and associate companies.
- (iii) The Company has given guarantees in respect of other trading obligations arising in the ordinary course of business of €207,000 (2019: €391,000)

## Notes to the Group Financial Statements for the year ended 31 December 2020 (continued)

### 33. CAPITAL COMMITMENTS AND CONTINGENCIES (continued)

#### Group

In addition to these Company guarantees, certain Group subsidiaries have given guarantees totalling €8,627,000 (2019: €7,826,000) in respect of other trading obligations arising in the ordinary course of business and guarantees totalling €6,222,000 (2019: €5,827,000) in respect of bank borrowings within joint ventures and associates.

#### Contingencies

From time to time, the Group is involved in claims and legal actions, which arise in the normal course of business. Based on information currently available to the Group, and legal advice, the Directors believe such litigation will not, individually or in aggregate, have a material adverse effect on the financial statements and that the Group is adequately positioned to deal with the outcome of any such litigation.

### 34. RELATED PARTIES

#### Identity of related parties

Under IAS 24 *Related Party Disclosures*, the Group has a related party relationship with its joint ventures and associates. Transactions with the Group's joint ventures and associates are set out below.

IAS 24 also requires the disclosure of compensation paid to the Group's key management personnel. This comprises of its Executive Directors, Non-Executive Directors, Company Secretary and other senior management within the Group.

#### Remuneration of key management personnel

	2020 €'000	2019 €'000
Short term benefits (salary, bonus, incentives)	8,982	8,146
Post-employment benefits	759	716
Share-based payment expense	–	28
<b>Remuneration</b>	<b>9,741</b>	8,890
Short term incentive plan (a)	274	546
<b>Total</b>	<b>10,015</b>	9,436

The Compensation Committee made an award of €274,000 (2019: €546,000) to the Executive Directors under the short-term incentive plan. See pages 70 and 73 for details.

#### Related party transactions with joint ventures and associates

The Group trades in the normal course of its business, in some situations under supply contracts, with its joint ventures and associates. A summary of transactions with these related parties during the year is as follows:

	Revenue 2020 €'000	Purchases 2020 €'000	Revenue 2019 €'000	Purchases 2019 €'000
Joint ventures	77,905	95,464	73,975	93,907
Associates	21,700	3,977	20,360	15,938
	<b>99,605</b>	<b>99,441</b>	94,335	109,845

The amounts due from and to joint ventures and associates at the year-end are disclosed, in aggregate, in Notes 19 and 26 respectively. The Group's significant joint ventures and associates are set out in Note 40.

## Notes to the Group Financial Statements for the year ended 31 December 2020 (continued)

### 34. RELATED PARTIES

#### Related party transactions with shareholders in Group companies

The Group, in its ordinary course of business, trades and enters into agreements to purchase and sell goods and services with a number of non-controlling shareholders of Group companies. During the year the Group entered into the following transactions with non-controlling shareholders in Group companies.

	2020 €'000	2019 €'000
Purchases of goods	206,274	213,206
Sales of goods	1,668	1,661
Receipt of services	2,228	2,401
Rental and warehouse agreements	1,582	1,557
Net interest expense/(income)	44	(26)

All transactions between the Group and non-controlling shareholders of Group companies are at arm's length.

The amounts due to and from non-controlling shareholders of Group companies at year end are as follows:

	2020 €'000	2019 €'000
Amounts within other receivables – non-current	2,378	88
Amounts within trade receivables – current	388	829
Amounts within other receivables – current	324	295
Amounts within other payables – non-current	840	–
Amounts within trade payables – current	13,680	14,427
Amounts within other payables – current	1,871	1,124

## Notes to the Group Financial Statements for the year ended 31 December 2020 (continued)

## 35. FINANCIAL INSTRUMENTS AND FINANCIAL RISK

## Accounting classifications and fair values

The following table shows the carrying amounts and fair values of financial assets and liabilities:

	Cashflow hedges	Fair value through equity	Fair value through profit or loss	Assets at amortised cost	Liabilities at amortised cost	Total carrying amount	Fair value
	2020 €'000	2020 €'000	2020 €'000	2020 €'000	2020 €'000	2020 €'000	2020 €'000
Other investments <sup>1</sup> (Note 16)	–	–	331	–	–	331	331
Trade and other receivables – current <sup>2</sup> (Note 19)	–	–	–	333,638	–	333,638	n/a
Trade and other receivables – non-current <sup>2</sup> (Note 19)	–	–	–	19,143	–	19,143	n/a
Derivative financial assets	7	–	4,076	–	–	4,083	4,083
Cash and cash equivalents <sup>1</sup> (Note 20)	–	–	–	130,863	–	130,863	n/a
	<b>7</b>	<b>–</b>	<b>4,407</b>	<b>483,644</b>	<b>–</b>	<b>488,058</b>	
Trade and other payables - current <sup>1</sup> (Note 26)	–	–	–	–	(511,261)	(511,261)	n/a
Trade and other payables – non-current <sup>1</sup> (Note 26)	–	–	–	–	(2,468)	(2,468)	n/a
Bank overdrafts <sup>1</sup> (Note 23)	–	–	–	–	(9,167)	(9,167)	n/a
Bank borrowings <sup>1</sup> (Note 23)	–	–	–	–	(265,989)	(265,989)	(267,784)
IFRS16 lease liabilities <sup>1</sup> (Note 24)	–	–	–	–	(125,395)	(125,395)	n/a
Lease Dilapidations (Note 27)	–	–	–	–	(684)	(684)	n/a
Derivative financial liabilities	(847)	–	(90)	–	–	(937)	(937)
Contingent consideration (Note 27)	–	–	(8,721)	–	–	(8,721)	(8,721)
Other provisions (Note 27)	–	–	–	–	(1,105)	(1,105)	n/a
Put option liability (Note 28)	–	(24,272)	–	–	–	(24,272)	(24,272)
	<b>(847)</b>	<b>(24,272)</b>	<b>(8,811)</b>	<b>–</b>	<b>(916,069)</b>	<b>(949,999)</b>	

<sup>1</sup> The Group has availed of the exemption under IFRS 7 *Financial Instruments: Disclosure* for additional disclosures where fair value closely approximates carrying amount.

<sup>2</sup> For the purposes of this analysis prepayments have not been included within other receivables. Carrying amount of trade receivables and other receivables are stated net of impairment provision where appropriate and consequently fair value is considered to approximate to carrying amount.

## Notes to the Group Financial Statements for the year ended 31 December 2020 (continued)

### 35. FINANCIAL INSTRUMENTS AND FINANCIAL RISK (continued)

#### Accounting classifications and fair values (continued)

	Cashflow hedges	Fair value through equity	Fair value through profit or loss	Assets at amortised cost	Liabilities at amortised cost	Total carrying amount	Fair value
	2019 €'000	2019 €'000	2019 loss €'000	2019 €'000	2019 €'000	2019 €'000	2019 €'000
Other investments <sup>1</sup> (Note 16)	–	–	5,049	–	–	5,049	5,049
Trade and other receivables – current <sup>2</sup> (Note 19)	–	–	–	368,973	–	368,973	n/a
Trade and other receivables – non-current <sup>2</sup> (Note 19)	–	–	–	19,796	–	19,796	n/a
Derivative financial assets	51	–	4,438	–	–	4,489	4,489
Cash and cash equivalents <sup>1</sup> (Note 20)	–	–	–	115,529	–	115,529	n/a
	51	–	9,487	504,298	–	513,836	
Trade and other payables - current <sup>1</sup> (Note 26)	–	–	–	–	(475,202)	(475,202)	n/a
Trade and other payables – non-current <sup>1</sup> (Note 26)	–	–	–	–	(2,904)	(2,904)	n/a
Bank overdrafts <sup>1</sup> (Note 23)	–	–	–	–	(9,502)	(9,502)	n/a
Bank borrowings <sup>1</sup> (Note 23)	–	–	–	–	(327,220)	(327,220)	(328,397)
IFRS16 lease liabilities <sup>1</sup> (Note 24)	–	–	–	–	(120,076)	(120,076)	(120,076)
Lease Dilapidations (Note 27)	–	–	–	–	(1,011)	(1,011)	(1,011)
Derivative financial liabilities	(289)	–	(16)	–	–	(305)	(305)
Contingent consideration (Note 27)	–	–	(14,860)	–	–	(14,860)	(14,860)
Other provisions (Note 27)	–	–	–	–	(620)	(620)	n/a
Put option liability (Note 28)	–	(26,612)	–	–	–	(26,612)	(26,612)
	(289)	(26,612)	(14,876)	–	(936,535)	(978,312)	

<sup>1</sup> The Group has availed of the exemption under IFRS 7 *Financial Instruments: Disclosure* for additional disclosures where fair value closely approximates carrying amount.

<sup>2</sup> For the purposes of this analysis prepayments have not been included within other receivables. Carrying amount of trade receivables and other receivables are stated net of impairment provision where appropriate and consequently fair value is considered to approximate to carrying amount.

#### Measurement of fair values

Set out below are the major methods and assumptions used in estimating the fair values of the financial assets and liabilities disclosed in the preceding table.

#### Other investments

Under IFRS 9, other investments are measured at fair value which is based on quoted market prices where available.

#### Cash and cash equivalents, including short-term bank deposits

For short term bank deposits and cash and cash equivalents, all of which have a remaining maturity of less than three months, the carrying amount is deemed to reflect fair value.

#### Trade and other receivables and trade and other payables

For receivables and payables, the carrying amount less impairment provision, where appropriate, is deemed to reflect fair value.

#### Derivative financial instruments (forward currency contracts and interest rate swaps)

Forward currency contracts are valued using quoted forward exchange rates at the reporting date. The fair value of interest rate swaps is calculated as the present value of the estimated future cashflows.

## Notes to the Group Financial Statements for the year ended 31 December 2020 (continued)

## 35. FINANCIAL INSTRUMENTS AND FINANCIAL RISK (continued)

## Measurement of fair values (continued)

**Derivative financial instruments (option to acquire shareholdings in subsidiaries, joint ventures and associates)**

The fair value of call options over shareholdings in subsidiaries, joint ventures and associates is valued by comparing the estimated market value of the shareholdings which are subject to call options with the actual call option price. A comparison is made to market multiples paid for similar companies and a discount applied if the shareholdings do not provide governance rights or veto rights over operating decisions and dividend policies to a third party.

**Interest-bearing loans and borrowings**

For floating rate interest-bearing loans and borrowings with a contractual repricing date of less than six months, the nominal amount is deemed to reflect fair value. For loans with repricing dates of greater than six months, the fair value is calculated based on the present value of the expected future principal and interest cashflows discounted at interest rates effective at the reporting date and adjusted for movements in credit spreads.

**Contingent consideration**

Fair value is based on the present value of expected payments discounted using a risk adjusted discount rate. The expected payment is determined by forecasting the acquiree's earnings over the applicable period.

**Put option liabilities**

This valuation model is based on the present value of expected payments, discounted using a risk-adjusted discount rate. The expected payment is determined in accordance with the put option price formula, budgets for future years and the application of a steady growth rate.

**Fair value hierarchy**

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

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

At 31 December 2020 and 31 December 2019, the Group recognised and measured the following financial instruments at fair value:

	Total 2020 €'000	Level 1 2020 €'000	Level 2 2020 €'000	Level 3 2020 €'000
<b>Assets measured at fair value</b>				
<i>At fair value through profit or loss</i>				
Other investments	331	–	–	331
Foreign exchange contracts	48	–	48	–
Options to acquire additional shares in subsidiaries, joint ventures and associates	4,028	–	–	4,028
<i>Designated as hedging instruments</i>				
Foreign exchange contracts	7	–	7	–
<b>Liabilities measured at fair value</b>				
<i>At fair value through profit or loss</i>				
Foreign exchange contracts	(90)	–	(90)	–
Contingent consideration	(8,721)	–	–	(8,721)
<i>At fair value through equity</i>				
Put option liability	(24,272)	–	–	(24,272)
<i>Designated as hedging instruments</i>				
Foreign exchange contracts	(847)	–	(847)	–



## Notes to the Group Financial Statements for the year ended 31 December 2020 (continued)

## 35. FINANCIAL INSTRUMENTS AND FINANCIAL RISK (continued)

## Fair value hierarchy (continued)

	Total 2019 €'000	Level 1 2019 €'000	Level 2 2019 €'000	Level 3 2019 €'000
Assets measured at fair value				
<i>At fair value through profit or loss</i>				
Other investments	5,049	4,554	–	495
Foreign exchange contracts	33	–	33	–
Options to acquire additional shares in subsidiaries, joint ventures and associates	4,405	–	–	4,405
<i>Designated as hedging instruments</i>				
Foreign exchange contracts	51	–	51	–
Liabilities measured at fair value				
<i>At fair value through profit or loss</i>				
Foreign exchange contracts	(16)	–	(16)	–
Contingent consideration	(14,860)	–	–	(14,860)
<i>At fair value through equity</i>				
Put option liability	(26,612)	–	–	(26,612)
<i>Designated as hedging instruments</i>				
Foreign exchange contracts	(289)	–	(289)	–

## Level 2 and 3 fair values

Type	Valuation technique	Significant unobservable inputs	Inter-relationship between key unobservable inputs and fair value measurement
Contingent consideration	<i>Discounted cashflows:</i> This valuation model considers the present value of expected payment, discounted using a risk-adjusted discount rate. The expected payment is determined by forecasting the acquiree's earnings over the applicable period.	<ul style="list-style-type: none"> <li>Forecast compound annual growth in EBITA in range of 0.0% to 27.6% (weighted average 4.3%)</li> <li>Risk adjusted discount rates of 0.0% to 5.0% (weighted average 2.3%)</li> </ul>	The estimated fair value would increase/(decrease) if: <ul style="list-style-type: none"> <li>EBITA growth was higher/(lower)</li> <li>Risk adjusted discount rate was lower/(higher)</li> </ul>
Put option liability	<i>Discounted cashflows:</i> This valuation model considers the present value of expected payment, discounted using a risk-adjusted discount rate. The expected payment is determined in accordance with the put option price formula, budgets for future years and the application of a steady growth rate.	<ul style="list-style-type: none"> <li>Forecast compound annual growth in EBITA in range of 1.5% to 1.9% (weighted average 1.5%)</li> <li>Risk adjusted discount rates of 4.0% to 8.5% (weighted average 8.3%)</li> </ul>	The estimated fair value would increase/(decrease) if: <ul style="list-style-type: none"> <li>EBITA growth was higher/(lower)</li> <li>Risk adjusted discount rate was lower/(higher)</li> </ul>
Option to acquire additional shares in subsidiaries, joint ventures and associates	<i>Comparable market transactions:</i> This valuation model considers market multiples and enterprise valuations for comparable companies. A discount rate is applied where the shareholdings subject to the call options do not provide governance rights to a third party	<ul style="list-style-type: none"> <li>Adjusted EBITDA multiple of nine times less net debt</li> <li>Discount up to 80% where shareholdings subject to call options do not provide a third party with governance rights</li> </ul>	The estimated fair value would increase/(decrease) if: <ul style="list-style-type: none"> <li>EBITDA multiples were higher/(lower)</li> <li>Discount rate was (higher)/lower</li> </ul>
Forward exchange contracts and interest rate swaps	<i>Market comparison techniques:</i> The fair values are based on broker quotes.	Not applicable	Not applicable

## Notes to the Group Financial Statements for the year ended 31 December 2020 (continued)

## 35. FINANCIAL INSTRUMENTS AND FINANCIAL RISK (continued)

## Fair value hierarchy (continued)

## Additional disclosures for Level 3 fair value measurements

## Contingent consideration

The fair value of contingent consideration represents provision for the net present value of amounts expected to be payable in respect of acquisitions which are subject to earn-out arrangements (Note 27).

	2020 €'000	2019 €'000
<b>Balance at beginning of year</b>	<b>14,860</b>	24,517
Paid during year	(6,789)	(11,103)
Arising on acquisition of subsidiaries (Note 31)	122	1,461
Arising on acquisition of joint ventures (Note 15)	256	–
Arising on acquisition of non-controlling interests (Note 22)	200	–
Released on disposal of subsidiaries (Note 31)	–	(189)
Foreign exchange movements	(384)	378
<i>Included in the income statement</i>		
- Fair value movements charged/(credited) to income statement (Note 3)	456	(204)
<b>Balance at end of year</b>	<b>8,721</b>	14,860

## Put option liability

Within certain Group companies, non-controlling shareholders have a put option to put their shareholding to Total Produce. The fair value of the put option liability represents the provision for the net present value of amounts expected to be payable on exercise of the put option (Note 28).

	2020 €'000	2019 €'000
<b>Balance at beginning of year</b>	<b>26,612</b>	34,975
Paid during the year <sup>1</sup>	(3,568)	–
Extinguished during the year <sup>2</sup>	–	(11,657)
Fair value movements on put option recognised directly within equity	1,228	3,294
<b>Balance at end of year</b>	<b>24,272</b>	26,612

<sup>1</sup> During the year a payment of €3,568,000 was made in relation to the acquisition of the remaining shares held by a non-controlling interest that were subject to a forward commitment by the Group to acquire these shares.

<sup>2</sup> During 2019, and with the consent of the Group, a non-controlling shareholder sold their shares to other third parties (existing management). As a result, the put option between the Group and this non-controlling shareholder was extinguished.

## Risk exposures

The Group's multinational operations expose it to various financial risks that include credit risk, liquidity risk, currency risk and interest rate risk. The Group has a risk management programme in place which seeks to limit the impact of these risks on the financial performance of the Group and it is the policy to manage these risks in a non-speculative manner.

The Group has exposure to the following risks from its use of financial instruments:

- credit risk
- liquidity risk
- currency risk
- interest rate risk
- equity price risk

This note presents information about the Group's exposure to each of the above risks and the Group's objectives, policies and processes for measuring and managing the risk. Further quantitative disclosures are included throughout this note.

## Notes to the Group Financial Statements for the year ended 31 December 2020 (continued)

### 35. FINANCIAL INSTRUMENTS AND FINANCIAL RISK (continued)

#### Risk exposures (continued)

The Board of Directors has the overall responsibility for the establishment and oversight of the Group's risk management framework. The Board has established the Executive Risk Committee ('ERC'), which is responsible for developing and monitoring the Group's risk management policies. The members of the ERC include the Chief Executive, the Group Finance Director, the Head of Internal Audit, the Company Secretary and a representative from senior management. Risk evaluation and recommendations for strategic change are reviewed by the ERC who report their findings to the Audit Committee for its consideration. The Audit Committee, in turn, report these findings to the Board enabling corrective initiatives to be undertaken where appropriate.

The Group has established a strong internal audit function under the direction of the Audit Committee. Internal Audit undertakes both regular and ad hoc reviews of risk management controls and procedures, the results of which are reported to the Audit Committee. For further details please refer to the Risk Report on pages 26 to 31.

The Board, through its Audit Committee and the ERC, has reviewed the process for identifying and evaluating the significant risks affecting the business and the policies and procedures by which these risks will be managed effectively. The Board has embedded these structures and procedures throughout the Group and considers these to be a robust and efficient mechanism for creating a culture of risk awareness at every level of management.

#### Credit Risk

Credit risk arises from credit to customers and joint ventures and associates arising on outstanding receivables and outstanding transactions as well as cash and cash equivalents, other investments, derivative financial instruments and deposits with banks and financial institutions.

#### Trade and other receivables

The Group's exposure to credit risk is influenced mainly by the individual characteristics of each customer. The Group has detailed procedures for monitoring and managing the credit risk related to its trade receivables based on experience, customers' track record and historic default rates. Individual risk limits are generally set by customer, and risk is accepted above such limits only in defined circumstances. The utilisation of credit limits is regularly monitored and a significant element of the credit risk is covered by credit insurance. The impairment provision is used to record impairment losses unless the Group is satisfied that no recovery of the amount owing is possible, at which point the amount is considered irrecoverable and is written off directly against the trade receivable.

The Group also makes advances to key suppliers, generally to secure produce in key categories. Advances made are generally interest-bearing and recovered through deduction from payments made in respect of produce delivered by the counterparty.

Under IFRS 9 a provision for impairment of trade and other receivables is recognised based on the Expected Credit Losses ('ECL') for those trade and other receivables. Loss allowances are based on lifetime ECLs, except for the following which are measured as 12 month ECLs:

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

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

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

## Notes to the Group Financial Statements for the year ended 31 December 2020 (continued)

### 35. FINANCIAL INSTRUMENTS AND FINANCIAL RISK (continued)

#### Credit Risk (continued)

##### Trade and other receivables (continued)

The expected loss rates for trade receivables are based on the payment profile of these receivables over a thirteen month period and the corresponding historical credit losses that have been experienced in this period. The historical loss rates are adjusted to reflect current and forward looking information available that affect the ability of the customer to settle the receivable.

The expected loss rates for other receivables are based on the repayment profiles of individual receivables over a three year period and the corresponding historical credit losses that have been experienced in this period. The historical loss rates are adjusted to reflect current and forward looking information available that affect the ability of the other receivable to repay the balance.

##### Cash and bank deposits

The Group's exposure to credit risk relating to cash and short term deposits is managed by depositing funds with a number of different individual banks or institutions at any one time. Limits applied to individual counterparty banks are reviewed regularly along with their individual credit ratings.

##### Other investments

The Group has investments in companies with a strategic interest to the Group and limits its exposure by ensuring that such investments are of a non-speculative nature.

##### Loans to joint ventures and associates

The Group has advanced loans to certain joint ventures and associates. The Group limits its exposure through active participation in the execution of joint control and significant influence, through regular reviews of the business plans and results of its joint ventures and associates and by ensuring such funds are used in a non-speculative manner by its joint ventures and associates. Funding to joint ventures and associates is generally undertaken only where it is matched by comparable contributions from the joint venture partner or other investors.

The carrying amount of financial assets, net of impairment provisions represents the Group's maximum credit exposure. The maximum exposure to credit risk at year end was as follows:

	Carrying amount 2020 €'000	Carrying amount 2019 €'000
Other investments (Note 16)	331	5,049
Cash and cash equivalents (Note 20)	130,863	115,529
Trade and other receivables <sup>1</sup> (Note 19)	352,781	388,769
Derivative financial instruments	4,083	4,489
<b>Total</b>	<b>488,058</b>	<b>513,836</b>

<sup>1</sup> For the purposes of this analysis prepayments have not been included within trade and other receivables.

##### Trade receivables

The Group has detailed procedures for monitoring and managing the credit risk related to its trade receivables. Trade receivables are monitored by geographic region and by largest customers. The maximum exposure to credit risk for trade receivables at the reporting date by reporting segments was as follows:

	Carrying amount 2020 €'000	Carrying amount 2019 €'000
Europe – Eurozone	96,203	116,905
Europe – Non-Eurozone	122,403	135,641
International	76,316	67,464
<b>Total</b>	<b>294,922</b>	<b>320,010</b>

## Notes to the Group Financial Statements for the year ended 31 December 2020 (continued)

### 35. FINANCIAL INSTRUMENTS AND FINANCIAL RISK (continued)

#### Credit Risk (continued)

The Group also manages credit risk through the use of a number of sales of receivables arrangements. Under the terms of these agreements the Group has transferred substantially all of the credit risk of the trade receivables which are subject to these agreements. Accordingly, €46,973,000 (2019: €46,409,000) has been derecognised at year-end.

The following table details the ageing of gross trade receivables including equivalent amounts due from joint ventures and associates, and the related loss allowance:

	Gross	Expected	Loss	Net	Gross	Expected	Loss	Net
	2020	loss rate	allowance	2020	2019	loss rate	allowance	2019
	€'000	2020	2020	2020	€'000	2019	2019	2019
		%	€'000	€'000	€'000	%	€'000	€'000
Not past due	249,223	0.85%	(2,121)	<b>247,102</b>	257,707	0.71%	(1,828)	255,879
Past due 0 – 30 days	39,672	3.38%	(1,340)	<b>38,332</b>	51,018	1.50%	(764)	50,254
Past due 31 – 90 days	10,050	14.72%	(1,479)	<b>8,571</b>	11,766	6.87%	(808)	10,958
Past due 91 – 180 days	2,307	63.29%	(1,460)	<b>847</b>	3,721	40.84%	(1,520)	2,201
Past due more than 180 days	1,923	96.36%	(1,853)	<b>70</b>	1,445	50.36%	(727)	718
<b>Total</b>	<b>303,175</b>	<b>2.72%</b>	<b>(8,253)</b>	<b>294,922</b>	325,657	1.73%	(5,647)	320,010

#### Other receivables

The following table details the ageing of other receivables (non-current and current) including loans and advances to suppliers, and the related loss allowance:

	Gross	Expected	Loss	Net	Gross	Expected	Loss	Net
	2020	loss rate	allowance	2020	2019	loss rate	allowance	2019
	€'000	2020	2020	2020	€'000	2019	2019	2019
		%	€'000	€'000	€'000	%	€'000	€'000
Not past due	48,266	2.44%	(1,178)	<b>47,088</b>	54,821	0.0%	–	54,821
Past due 0 – 30 days	688	93.17%	(641)	<b>47</b>	559	0.0%	–	559
Past due 31 – 90 days	136	100.0%	(136)	–	225	0.0%	–	225
Past due 91 – 180 days	237	100.0%	(237)	–	849	44.17%	(375)	474
Past due more than 180 days	4,960	94.68%	(4,698)	<b>262</b>	5,676	92.55%	(5,253)	423
<b>Total</b>	<b>54,287</b>	<b>12.69%</b>	<b>(6,890)</b>	<b>47,397</b>	62,131	9.06%	(5,628)	56,503

#### Non-trade receivables due from joint ventures and associates

At year-end, the Group has non-trade receivable balances due from its joint ventures and associates of €10,462,000 (2019: €12,256,000).

## Notes to the Group Financial Statements for the year ended 31 December 2020 (continued)

## 35. FINANCIAL INSTRUMENTS AND FINANCIAL RISK (continued)

## Analysis of movement in impairment provisions

## Trade receivables – impairment provision

	2020 €'000	2019 €'000
<b>Balance at beginning of year</b>	<b>(5,647)</b>	(7,389)
Arising on acquisition of subsidiaries	(138)	(106)
Utilised on write-off	1,736	2,769
Charge to income statement	(4,203)	(863)
Reclassification	(48)	–
Foreign exchange movement	47	(58)
<b>Balance at end of year</b>	<b>(8,253)</b>	(5,647)

## Other receivables – impairment provision

	2020 €'000	2019 €'000
<b>Balance at beginning of year</b>	<b>(5,628)</b>	(5,058)
Utilised on write-off	343	512
Charge to income statement	(2,411)	(958)
Reclassification	376	–
Foreign exchange movement	430	(124)
<b>Balance at end of year</b>	<b>(6,890)</b>	(5,628)

## Liquidity Risk

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

The Group operates a prudent approach to liquidity management using a combination of long and short term debt and cash and cash equivalents to meet its liabilities when due. This is in addition to the Group's high level of operating cashflow generation.

It is the policy of the Group to have adequate facilities available at all times to cover unanticipated financing requirements. The Group has increased the tenor of its corporate borrowing facilities providing additional headroom including the renewal of a three-year private placement facility of US\$66m (€54m) which gives the Group the ability to draw down long term funding for periods of up to twelve years. The Group has approved committed and uncommitted bank borrowings of up to €583m at 31 December 2020 (2019: €623m) in addition to approved overdrafts of €115m (2019: €109m). At 31 December 2020, the Group has utilised 39% of these facilities (2019: 46%). In addition, at 31 December 2020 the Group has cash and deposit balances of €131m (2019: €116m).

As disclosed in further detail in Note 39 Post Balance Sheet Events, on 17 February 2021, the Group and Dole Food Company Inc and affiliates of Castle & Cooke, Inc. (the "C&C shareholders"), which own a 55% interest in Dole's parent company ("Dole Holdings") (together, the "Parties"), announced that they entered into a binding transaction agreement (the "Agreement") to combine under a newly created, U.S. listed company ("Dole plc") (the "Transaction"). The full terms of the Transaction are outlined in the Stock Exchange Announcement on 17 February 2021.

The Group has secured a committed debt facility with a term of 5 years to backstop and refinance certain existing Total Produce facilities in advance of the completion of the Transaction. In the event that the Transaction does not complete this committed financing shall remain in place in the Total Produce Group.

The Directors believe that, as a result, the Group is well-placed to refinance or repay all borrowings due for repayment as they fall due. The Directors believe that, as a result, the Group is well-placed to refinance or repay all borrowings due for repayment as they fall due.

## Notes to the Group Financial Statements for the year ended 31 December 2020 (continued)

### 35. FINANCIAL INSTRUMENTS AND FINANCIAL RISK (continued)

#### Analysis of movement in impairment provisions (continued)

The following are the contractual maturities of the financial liabilities, including estimated interest payments:

	Carrying amount	Contractual cash flows	6 months or less	6-12 months	1-2 years	2-5 years	More than 5 years
	2020	2020	2020	2020	2020	2020	2020
	€'000	€'000	€'000	€'000	€'000	€'000	€'000
<b>Non-derivative financial liabilities</b>							
Bank borrowings	(265,989)	(273,786)	(14,752)	(4,881)	(136,923)	(117,230)	–
Bank overdraft	(9,167)	(9,167)	(8,798)	(369)	–	–	–
Lease liabilities	(125,395)	(144,148)	(11,196)	(11,922)	(20,020)	(50,144)	(50,866)
Restoration provision	(684)	(696)	(29)	(29)	(85)	(245)	(308)
Trade and other payables	(513,729)	(513,729)	(511,261)	–	(1,960)	(38)	(470)
Contingent consideration	(8,721)	(9,074)	(3,979)	(43)	(1,833)	(3,066)	(153)
Put option liability	(24,272)	(27,968)	(13,678)	–	–	(13,356)	(934)
Other provisions	(1,105)	(1,105)	(1,105)	–	–	–	–
<b>Derivative financial instruments</b>							
<i>Forward exchange contracts:</i>							
- inflows	–	43,493	37,369	6,124	–	–	–
- outflows	(937)	(44,430)	(38,118)	(6,312)	–	–	–
	(949,999)	(980,610)	(565,547)	(17,432)	(160,821)	(184,079)	(52,731)

	Carrying amount	Contractual cash flows	6 months or less	6-12 months	1-2 years	2-5 years	More than 5 years
	2019	2019	2019	2019	2019	2019	2019
	€'000	€'000	€'000	€'000	€'000	€'000	€'000
<b>Non-derivative financial liabilities</b>							
Bank borrowings	(327,220)	(341,500)	(42,351)	(40,486)	(58,902)	(199,612)	(149)
Bank overdraft	(9,502)	(9,502)	(9,502)	–	–	–	–
Lease liabilities	(120,076)	(138,351)	(11,495)	(11,346)	(18,360)	(39,757)	(57,393)
Restoration provision	(1,011)	(1,087)	(12)	(28)	(88)	(327)	(632)
Trade and other payables	(478,106)	(478,106)	(471,545)	(3,657)	(2,509)	–	(395)
Contingent consideration	(14,860)	(15,469)	(7,528)	(658)	(3,729)	(2,327)	(1,227)
Put option liability	(26,612)	(31,277)	–	(3,567)	(10,602)	(16,121)	(987)
Other provisions	(620)	(620)	(185)	(435)	–	–	–
<b>Derivative financial instruments</b>							
<i>Forward exchange contracts:</i>							
- inflows	–	35,523	32,385	3,138	–	–	–
- outflows	(305)	(35,828)	(32,632)	(3,196)	–	–	–
	(978,312)	(1,016,217)	(542,865)	(60,235)	(94,190)	(258,144)	(60,783)

## Notes to the Group Financial Statements for the year ended 31 December 2020 (continued)

### 35. FINANCIAL INSTRUMENTS AND FINANCIAL RISK (continued)

#### Market Risk

Market risk is the risk that changes in market prices and indices such as foreign exchange rates and interest rates will affect the Group's income or the value of its holdings of financial instruments. The objective of the Group's risk management strategy is to manage and control market risk exposures within acceptable parameters, while optimising the return earned by the Group. The Group has three types of market risk being currency risk, interest rate risk and other market price risk, which are dealt with as follows:

#### Currency Risk

##### Structural currency risk

While many of the Group's operations are carried out in Eurozone economies, it also has significant operations in the UK, Sweden, Denmark, the Czech Republic, Canada and the USA. As a result, the Group is exposed to structural currency fluctuations including, in particular, Sterling, Swedish Krona, US Dollar and Canadian Dollar. The Group generally finances initial overseas investments through foreign currency borrowings which naturally hedge the foreign currency investment. Interest on borrowings is therefore denominated in currencies that match the cashflows generated by the underlying operations of the Group which provides an economic hedge. Post initial acquisition, these businesses generally fund their operations locally. To the extent that the net assets of foreign operations increase, the Group is exposed on the additional net assets. Such movements are dealt with in other comprehensive income.

The following table analyses the currency of the Group's bank borrowings:

	2020 €'000	2019 €'000
Euro	102,209	125,750
US Dollar	122,005	132,186
Swedish Krona	21,716	34,909
Sterling	18,974	26,205
Other	1,085	8,170
	<b>265,989</b>	<b>327,220</b>
<i>Disclosed as follows:</i>		
Bank borrowings – current	15,573	76,648
Bank borrowings – non- current	250,416	250,572
	<b>265,989</b>	<b>327,220</b>

##### Transactional currency risk

Foreign exchange risk also arises from foreign currency transactions, assets and liabilities. Management requires all Group operations to manage their foreign exchange risk against their functional currency. The Group's companies in the UK, Sweden, Denmark and the Czech Republic purchase a significant volume of fruit in Euro and such currency risks are monitored on a daily basis and managed by utilising spot and forward foreign currency contracts where appropriate. The vast majority of transactions entered into by the Group's entities in the Eurozone are denominated in their functional Euro currency and the majority of transactions entered into by the Group's entities in North America are denominated in US Dollar.



## Notes to the Group Financial Statements for the year ended 31 December 2020 (continued)

### 35. FINANCIAL INSTRUMENTS AND FINANCIAL RISK (continued)

#### Market Risk (continued)

##### Sensitivity analysis

A 5% strengthening or weakening in the Euro against Sterling, the US Dollar, Swedish Krona, Czech Koruna or the Canadian Dollar, based on outstanding financial assets and liabilities at 31 December 2020 and 31 December 2019, would have increased/(decreased) other comprehensive income and profit or loss by the amounts shown below. This analysis assumes that all other variables, in particular interest rates, remain constant:

	5% strengthening		5% weakening	
	Income statement	Other comprehensive income	Income statement	Other comprehensive income
	€'000	€'000	€'000	€'000
<b>31 December 2020</b>				
Sterling	116	1,237	(129)	(1,367)
Swedish Krona	280	992	(310)	(1,097)
Czech Koruna	(178)	–	197	–
US Dollar	281	6,349	(310)	(7,018)
Danish Krone	(293)	–	324	–
<b>31 December 2019</b>				
Sterling	(75)	1,336	83	(1,477)
Swedish Krona	308	1,611	(341)	(1,781)
Czech Koruna	(203)	–	224	–
US Dollar	334	6,257	(369)	(6,915)
Danish Krone	(605)	319	669	(352)

The effect on equity of a movement between the Euro and the currencies listed above would be offset by a translation of the net assets of the subsidiaries against which the foreign currency borrowings are designated as hedge. The above calculations do not include the variability in Group profitability which arises on the translation of foreign currency subsidiaries' income statements and balance sheets to Euro, the Group's presentation currency.

#### Interest Rate Risk

The Group holds both interest-bearing assets and interest-bearing liabilities. In general, the approach employed by the Group to manage its interest exposure is to maintain an appropriate balance between fixed and floating interest rates on its cash, short term bank deposits and interest-bearing borrowings. At 31 December 2020, 9% (2019: 10%) of the Group's term bank borrowings were on long term fixed rates. In limited instances, the Group uses floating-to-fixed interest rate swaps which have the economic effect of converting borrowings from floating to fixed rates. At year-end, the interest rate profile of interest-bearing financial instruments was:

	Carrying amount 2020 €'000	Carrying amount 2019' €'000
<i>Fixed rate instruments</i>		
Bank borrowings	(49,695)	(68,666)
	<b>(49,695)</b>	(68,666)
<i>Variable rate instruments</i>		
Cash and cash equivalents	130,863	115,529
Bank overdrafts	(9,167)	(9,502)
Bank borrowings	(216,294)	(258,554)
	<b>(94,598)</b>	(152,527)
<b>Net debt</b>	<b>(144,293)</b>	(221,193)

1 2019 comparatives restated

## Notes to the Group Financial Statements for the year ended 31 December 2020 (continued)

## 35. FINANCIAL INSTRUMENTS AND FINANCIAL RISK (continued)

## Interest Rate Risk (continued)

## Cashflow sensitivity analysis for variable rate instruments

At 31 December 2020, the average interest rate being earned on the Group's cash and cash equivalents was 0.0% (2019: 0.0%). At 31 December 2020, the average interest rate being paid on the Group's fixed rate borrowings was 3.20% (2019: 3.21%) and on variable rate borrowings was 1.23% (2019: 1.69%). An increase or decrease of 50 basis points in variable interest rates at the reporting date would have had the following effect on the income statement and other comprehensive income. This analysis assumes that all other variables, in particular foreign currency rates, remained constant.

	50 basis point increase		50 basis point decrease	
	Income statement	Other comprehensive income	Income statement	Other comprehensive income
	€'000	€'000	€'000	€'000
<b>31 December 2020</b>				
Variable rate instruments	(473)	–	(473)	–
<b>31 December 2019</b>				
Variable rate instruments <sup>1</sup>	(763)	–	763	–

1 2019 comparative restated

## Equity Price Risk

Equity price risk arises from equity securities which are held for strategic reasons and includes both listed and unlisted securities. The Group does not hold any listed securities at 31 December 2020. An increase or decrease of 5% in the share price of listed securities 31 December 2019, would have had the following effect on the income statement. This analysis assumes that all other variables, in particular foreign currency rates, remained constant.

	5% increase in share price	5% decrease in share price
	€'000	€'000
<b>31 December 2020</b>		
Variable rate instruments	–	–
<b>31 December 2019</b>		
Variable rate instruments	228	(228)

## Accounting for Derivatives and Hedging Activities

Derivative financial instruments are measured at fair value at inception and at each reporting date, with the movement recognised in the income statement unless they are designated as cashflow hedges under IFRS 9 *Financial Instruments*. Where such instruments are classified as cashflow hedges, and subject to the satisfaction of certain criteria relating to the documentation of the risk, objectives and strategy for the hedging transaction and the ongoing measurement of its effectiveness, they are accounted for in accordance with hedge accounting rules. In such cases, any gain or loss arising on the effective portion of the derivative instrument is recognised in the other comprehensive income hedging reserve, as a separate component of equity. Gains or losses on any ineffective portion of the derivative are recognised in the income statement. Only the change in the fair value of the spot element of the forward exchange contracts is designated as the hedging instrument in cashflow hedging relationships. The change in fair value of the forward element of forward exchange contracts ("forward points") is separately accounted for as a cost of hedging and recognised in the cost of hedging reserve within equity.

When the hedged forecast transaction results in the recognition of a non-financial item such as inventory, the amount accumulated in the hedging reserve and the cost of hedging reserve is included directly in the initial cost of the non-financial item when it is recognised, where material.

For all other hedged forecast transactions when the hedged transaction matures, the related gains or losses in the hedging reserve and the cost of hedging reserve are transferred to the income statement.

## Notes to the Group Financial Statements for the year ended 31 December 2020 (continued)

### 35. FINANCIAL INSTRUMENTS AND FINANCIAL RISK (continued)

#### Accounting for Derivatives and Hedging Activities (continued)

If the hedging instrument no longer meets the criteria for hedge accounting, expires, or is sold, terminated or exercised, or the designation is revoked, then hedge accounting is discontinued prospectively. If the hedged item is a non-financial asset the amount accumulated in the hedging reserve and the cost of hedging reserve remains in equity until initial recognition of the non-financial assets. For other hedged items accumulated amounts are reclassified to the income statement in the same period as the expected hedged future cashflows effect profit or loss. If the forecast transaction is no longer expected to occur, then the balance in other comprehensive income is reclassified to profit or loss.

The fair value of derivatives at the balance sheet date is set out in the following table.

	Assets 2020 €'000	Liabilities 2020 €'000	Assets 2019 €'000	Liabilities 2019 €'000
Forward currency contracts	7	847	84	305

#### Derivatives at the end of year are classified as follows:

	2020 €'000	2019 €'000
Cashflow hedges – assets	7	51
Cashflow hedges – liabilities	(847)	(289)
Fair value through income statement – assets	48	33
Fair value through income statement – liabilities	(90)	(16)
	<b>(882)</b>	<b>(221)</b>

#### The movement in cashflow hedges during the year was as follows:

	2020 €'000	2019 €'000
Effective portion of changes in fair value of cashflow hedges	(123)	88
Fair value of cashflow hedges transferred to the income statement and recognised in cost of sales	(342)	(237)
	<b>(465)</b>	<b>(149)</b>

#### The movement in cost of hedging during the year was as follows:

	2020 €'000	2019 €'000
Cost of hedging reserve – changes in fair value	(314)	90
Cost of hedging reserve – reclassified to profit or loss	223	47
	<b>(91)</b>	<b>137</b>

## Notes to the Group Financial Statements for the year ended 31 December 2020 (continued)

## 35. FINANCIAL INSTRUMENTS AND FINANCIAL RISK (continued)

## Accounting for Derivatives and Hedging Activities (continued)

The Group is holding the following foreign exchange forward contracts:

	Maturity					Total €'000
	Less than 1 month €'000	1 to 3 months €'000	3 to 6 months €'000	6 to 9 months €'000	9 to 12 months €'000	
<b>As at 31 December 2020</b>						
<b>Foreign exchange forward contracts (highly probable forecast sales)</b>						
Notional amount (in €000)	–	–	1,035	1,704	638	<b>3,377</b>
Average forward rate (EUR/GBP)	–	–	1.10	1.10	1.10	
<b>Foreign exchange forward contracts (highly probable forecast purchases)</b>						
Notional amount (in €000)	11,633	15,545	3,592	1,787	1,739	<b>34,296</b>
Average forward rate (EUR/GBP)	1.10	1.10	1.09	–	–	
Average forward rate (USD/GBP)	1.30	1.28	–	–	–	
Average forward rate (EUR/USD)	0.85	0.85	0.86	0.85	0.84	
Average forward rate (EUR/SEK)	0.10	0.10	–	–	–	
Average forward rate (USD/BRL)	0.18	0.18	0.20	–	–	
Average forward rate (EUR/BRL)	–	0.15	0.16	–	–	
Average forward rate (GBP/BRL)	0.14	0.14	0.15	–	–	

The amounts at 31 December 2020 relating to items designated as hedging instruments and hedge ineffectiveness were as follows:

	Sales €'000	Purchases €'000
Notional amount (€000)	3,377	34,296
Carrying amount - asset	–	7
Carrying amount - liability	(49)	(798)
Line item in statement of financial position where the hedging instrument is included:	Derivative asset/ Derivative liability	Derivative asset/ Derivative liability
Changes in the value of the hedging instrument recognised in OCI:	391	(514)
Hedge ineffectiveness recognised in profit or loss	Nil	Nil
Line item in profit or loss that includes hedge ineffectiveness	n/a	n/a
Costs of hedging recognised in OCI:	(153)	(161)
Amount reclassified from hedging reserve to profit or loss	(290)	(52)
Amount reclassified from costs of hedging reserve to profit or loss	81	141
Line item in profit or loss affected by the reclassification	Revenue	Cost of sales

The cashflow hedge reserve for subsidiary companies relates entirely to the spot component of currency forwards.

The Group uses foreign currency borrowings to hedge the net investment in foreign entities. The carrying amount of borrowings which are designated as net investment hedges at the year-end amounts to €139,781,000 (2019: €172,513,000). The gains or losses on the effective portions of such borrowings are recognised in other comprehensive income. Ineffective portions of the gains and losses on such borrowings are recognised in the income statement although no ineffectiveness has been recognised in the current or prior period. Gains and losses accumulated in other comprehensive income are included in the income statement on the disposal of a foreign entity.

## Notes to the Group Financial Statements for the year ended 31 December 2020 (continued)

### 36. CASH GENERATED FROM OPERATIONS

	Notes	2020 €'000	2019 €'000
<b>Operating activities</b>			
<b>Profit for the year</b>		<b>56,784</b>	66,204
<i>Non-cash adjustments to reconcile profit to net cashflows:</i>			
Income tax expense	8	16,714	10,329
Income tax paid		(16,965)	(15,154)
Depreciation of property, plant and equipment	11	17,976	17,773
Depreciation of right of use assets	12	22,397	19,253
Exceptional items – impairment of property, plant and equipment and investment property	7	1,063	–
Exceptional items – goodwill impairment	7	3,546	–
Exceptional items – other operating (gains)/expenses	7	(547)	1,816
Exceptional cashflows		(348)	(3,489)
Fair value movements on contingent consideration	27	456	(204)
Amortisation of intangible assets - acquisition related	14	10,144	10,301
Amortisation of intangible assets - development costs capitalised	14	170	238
Amortisation of intangible assets - computer software	14	2,616	2,046
Amortisation of government grants		(66)	(63)
Defined benefit pension scheme expense - normal	32	2,093	1,677
Contributions to defined benefit pension schemes - normal	32	(3,357)	(4,866)
Other post-employment benefit scheme expense	32	451	451
Net payments for other employee benefit scheme	32	(196)	(249)
Share-based payment (credit)/expense	32	(114)	109
Net gain on disposal of property, plant and equipment		(264)	(313)
Movement in provisions		505	(489)
Fair value gain on other investments		(245)	(854)
Financial income	5	(2,287)	(2,754)
Financial expense	5	12,211	13,721
Financial income received		2,288	2,005
Financial expense paid		(12,505)	(13,149)
Loss/(gain) on non-hedging derivative financial instruments	3	213	(115)
Loss on termination of IFRS 16 leased assets		4	146
Gain on disposal of joint venture	15	–	(88)
Fair value movement on joint venture becoming a subsidiary	15	80	–
Fair value movements on biological assets	18	252	666
Share of profit of joint ventures	15	(27,435)	(37,033)
Share of profit of associates	15	(954)	(666)
<b>Net cashflows from operating activities before working capital movements</b>		<b>84,680</b>	67,249
<i>Movements in working capital:</i>			
Movements in inventories		(16,592)	(6,091)
Movements in biological assets		757	530
Movements in receivables		28,615	27,342
Movements in payables		39,312	(15,254)
<b>Total movements in working capital</b>		<b>52,092</b>	6,527
<b>Net cashflows from operating activities</b>		<b>136,772</b>	73,776

## Notes to the Group Financial Statements for the year ended 31 December 2020 (continued)

### 37. ACCOUNTING ESTIMATES AND JUDGMENTS

The preparation of consolidated financial statements in conformity with IFRS requires management to make judgments, estimates and assumptions that affect the application of accounting policies and reported amounts of assets and liabilities, income and expenses. Actual results may differ from these estimates.

Estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to estimates are recognised prospectively. Management discussed with the Audit Committee the development, selection and disclosure of the Group's critical accounting policies and estimates and the application of these policies and estimates.

Particular areas which are subject to accounting estimates and judgments in these financial statements are as follows:

- Note 32 – measurement of defined benefit pension obligations require the use of actuaries and determination of appropriate assumptions such as discount rates and mortality rates.
- Note 14 – impairment testing of goodwill requires assumptions in calculating underlying recoverable amounts including cashflows generated by operating units and discount rates used to discount future cashflows.
- Note 14 – the valuation of intangible assets acquired as part of a business combination at fair value requires assumptions about the future cashflows that these assets are expected to generate and the discount rates used to discount future cashflows.
- Note 27 and Note 28 – measurement of contingent consideration and put option liabilities require assumptions to be made regarding profit forecasts and discount rates to be used to discount these forecasts to net present value.
- Note 30 – recognition of deferred tax assets requires assessment of availability of future taxable profit against which carry forward tax losses can be used.
- Note 35 – measurement for ECL allowance for trade receivables require assumptions to be made in determining the weighted-average loss rate.
- Note 12 and Note 24 – measurement of right of use assets and lease liabilities require assumptions to be made regarding lease terms and incremental borrowing rates.
- Note 16 – investment fair values are derived from quoted market prices where available. If market for investments are illiquid directors have to make assumptions based on industry knowledge. Market value of investments at end of 2020 were €331k and therefore not a significant area of judgement for the Group.

#### Measurement of fair value

A number of the Group's accounting policies and disclosures require the measurement of fair values, for both financial and non-financial assets and liabilities.

When measuring the fair value of an asset or a liability, the Group uses market observable data as far as possible. Fair values are categorised into different levels in a fair value hierarchy based on the inputs used in the valuation technique as follows:

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

If the inputs used to measure the fair value of an asset or a liability are categorised in different levels of the fair value hierarchy, then the fair value measurement is categorised in its entirety in the same level of fair value hierarchy as the lowest level input that is significant to the entire measurement.

The Group measures transfers between levels of the fair value hierarchy at the end of the reporting period during which the change has occurred.

Further information about the assumptions made in measuring fair values is included in the following notes:

- Note 11 – Property, Plant and Equipment
- Note 13 – Investment Property
- Note 18 – Biological Assets
- Note 27 – Contingent Consideration
- Note 28 – Put Option Liability
- Note 32 – Employee Benefits

## Notes to the Group Financial Statements for the year ended 31 December 2020 (continued)

### 38. TRANSLATION OF FOREIGN CURRENCIES

The presentation currency of the Group is Euro, which is the functional currency of the Company. Results and cashflows of foreign currency denominated operations have been translated into Euro at the average exchange rates for the period, and the related balance sheets have been translated at the rates of exchange ruling at the balance sheet date. Adjustments arising on the translation of the results of foreign currency denominated operations at average rates, and on the restatement of the opening net assets at closing rates, are accounted for within a separate translation reserve within equity, net of differences on related foreign currency borrowings designated as hedges of those net investments. All other translation differences are taken to the income statement. The principal rates used in the translation of results and balance sheets into Euro were as follows:

	Average rate			Closing rate		
	2020	2019	% change	2020	2019	% change
Brazilian Real	6.3727	4.4996	(41.6%)	6.3735	4.5157	(41.1%)
Canadian Dollar	1.5361	1.4864	(3.3%)	1.5628	1.4599	(7.0%)
Czech Koruna	26.3071	25.6150	(2.7%)	26.2420	25.4080	(3.3%)
Danish Kroner	7.4510	7.4647	0.2%	7.4412	7.4717	0.4%
Indian Rupee	84.4220	78.7716	(7.2%)	89.5594	79.9301	(12.0%)
Polish Zloty	4.4433	4.2969	(3.4%)	4.5706	4.2551	(7.4%)
Pound Sterling	0.8942	0.8743	(2.3%)	0.8985	0.8506	(5.6%)
Swedish Krona	10.4877	10.5858	0.9%	10.0557	10.4778	4.0%
US Dollar <sup>1</sup>	1.1384	1.1173	(1.9%)	1.2265	1.1216	(9.4%)

<sup>1</sup> For the year ended 31 December 2020 the average rate used in translating the revenues of Dole to Euro was 1.1405 (2019: 1.1282) and equity accounted profit after tax of Dole to Euro was 1.1239 (2019: 1.1282).

### 39. POST BALANCE SHEET EVENTS

The 2020 interim dividend of 0.9129 cent per share was paid post year-end on 29 January 2021. The total dividend amounted to €3,549,000.

On 17 February 2021, the Group and Dole Food Company Inc and affiliates of Castle & Cooke, Inc. (the "C&C shareholders"), which own a 55% interest in Dole's parent company ("Dole Holdings") (together, the "Parties"), announced that they entered into a binding transaction agreement (the "Agreement") to combine under a newly created, U.S. listed company ("Dole plc") (the "Transaction"). Further details are outlined and in the Stock Exchange announcement on 17 February 2021. The Group has secured a committed debt facility with a term of 5 years to backstop and refinance certain existing Total Produce facilities in advance of the completion of the Transaction. In the event that the Transaction does not complete this committed financing shall remain in place in the Total Produce Group.

The full terms of the Transaction are outlined in the Stock Exchange Announcement on 17 February 2021.

## Notes to the Group Financial Statements for the year ended 31 December 2020 (continued)

## 40. PRINCIPAL SUBSIDIARIES, JOINT VENTURES AND ASSOCIATES

The list of subsidiaries, joint ventures and associates forms part of the notes to financial statements. The principal areas of operations are the countries of incorporation.

Subsidiaries	Principal activity	Group share %	Country of incorporation	Registered office
Total Produce Ireland Limited <sup>1</sup>	Fresh produce company	100	Ireland	Charles McCann Building, Rampart Road, Dundalk, Co. Louth, A91 X05D
Allegro Limited <sup>1</sup>	Consumer products distribution	90	Ireland	Charles McCann Building, Rampart Road, Dundalk, Co. Louth, A91 X05D
Total Produce International Holdings Limited <sup>1</sup>	Investment holding company	100	Ireland	Charles McCann Building, Rampart Road, Dundalk, Co. Louth, A91 X05D
Total Produce Belfast Limited	Fresh produce company	100	United Kingdom	231 City Business Park, Dunmurry, Belfast, BT17 9HY
TPH (UK) Limited	Investment holding company	100	United Kingdom	Enterprise Way, Pinchbeck, Spalding PE11 3YR
Total Produce Holdings (UK) Limited	Investment holding company	100	United Kingdom	Enterprise Way, Pinchbeck, Spalding PE11 3YR
Total Worldfresh Limited	Fresh produce company	100	United Kingdom	Enterprise Way, Pinchbeck, Spalding PE11 3YR
Redbridge Produce & Flowers Limited	Fresh produce company	100	United Kingdom	Enterprise Way, Pinchbeck, Spalding PE11 3YR
Total Produce Limited	Fresh produce company	100	United Kingdom	Enterprise Way, Pinchbeck, Spalding PE11 3YR
Provenance Partners Limited	Fresh produce company	50	United Kingdom	Liverpool Innovation Park, Edge Lane, Liverpool L7 9NJ
Total Produce Holdings B.V.	Investment holding company	100	Netherlands	Klappolder 224, 2665 MR Bleiswijk
Total Produce B.V.	Fresh produce company	100	Netherlands	Waalhaven Zuidzijde 21, 3089 JH Rotterdam
Haluco B.V.	Fresh produce company	60	Netherlands	Klappolder 224, 2665 MR Bleiswijk
Nedalpac B.V.	Fresh produce company	60	Netherlands	Venrayseweg 198, 5928 RH Venlo
Total Exotics B.V.	Fresh produce company	100	Netherlands	Spectrumlaan 29, 2665 NM Bleiswijk
ASF Holding B.V.	Fresh produce company	95	Netherlands	Lage Brugweg 11a, 5759 PK Helenaveen
EurobananCanarias S.A.	Fresh produce company	50	Spain	Avda. de Anaga N°11, 38001 Santa Cruz de Tenerife
Hortim International s.r.o.	Fresh produce company	75	Czech Republic	Ksirova 242, 619 00 Brno
Nordic Fruit Holding AB <sup>2</sup>	Investment holding company	100	Sweden	Långebergavägen 190, 256 69 Helsingborg
Total Produce Nordic A/S	Fresh produce company	100	Denmark	Sleipnersvej 3, 4600, Koge



## Notes to the Group Financial Statements for the year ended 31 December 2020 (continued)

### 40. PRINCIPAL SUBSIDIARIES, JOINT VENTURES AND ASSOCIATES (continued)

Subsidiaries	Principal activity	Group share %	Country of incorporation	Registered office
Total Produce Indigo S.A.S.	Fresh produce company	70	France	Route de la Seds, Parc du Griffon Bat 14, Vitrolles F-13127
Total Produce USA Holdings Inc.	Investment holding company	100	USA	c/o National Registered Agents, Inc., 160 Greentree Drive, Suite 101, Dover, Delaware, 19904
Progressive Produce LLC	Fresh produce company	65	USA	5790 Peachtree Street, Los Angeles, California 90040
TP Canada Holdings Inc.	Investment holding company	100	Canada	Suite 2400, 745 Thurlow Street, Vancouver, British Columbia V6E 0C5
Grandview Ventures Limited	Fresh produce company	65	Canada	2800 Park Place, 666 Burrard Street, Vancouver, BC V6C 2Z7
Argofruta Comercial Exportadora Limitada	Fresh produce company	60	Brazil	Av Brigadeiro Faria Lima 1903, Jardim Paulistano, Sao Paulo 01452-001

<sup>1</sup> denotes subsidiaries owned directly by Total Produce plc.

<sup>2</sup> Nordic Fruit Holding AB is the holding company of the Group's principal Swedish trading subsidiaries Everfresh AB and Interbanan Scandinavia AB.

**40. PRINCIPAL SUBSIDIARIES, JOINT VENTURES AND ASSOCIATES (continued)**

<b>Joint ventures and associates</b>	<b>Principal activity</b>	<b>Group share %</b>	<b>Country of incorporation</b>	<b>Registered office</b>
DFC Holdings, LLC	Investment holding company	45	USA	200 S. Tryon St, Suite 600, Charlotte, North Carolina, 28211
Dole Food Company, Inc.	Fresh produce company	45	USA	200 S. Tryon St, Suite 600, Charlotte, North Carolina, 28211
The Fresh Connection LLC	Fresh produce company	50	USA	3722 Mt. Diablo Blvd, Lafayette, California 94549
Delica North America Inc.	Fresh produce company	50	USA	1955 W 190 Street, Torrance, California 90504
2451487 Ontario Inc.	Fresh produce company	50	Canada	302 Dwight Avenue, Toronto, ON, M8V 2W7
2451490 Ontario Inc.	Property holding company	50	Canada	302 Dwight Avenue, Toronto, ON, M8V 2W7
Frankort & Koning Beheer Venlo BV	Fresh produce company	50	Netherlands	Venrayseweg 126, 5928 RH Venlo
Anaco & Greeve International B.V.	Fresh produce company	50	Netherlands	ABC Westland 666, 2685 DH Poeldijk
OTC Organics B.V.	Fresh produce company	60	Netherlands	Eskimolaan 11, 8252, AS Dronten
Peviani SpA	Fresh produce company	50	Italy	Via Conservatorio 17, 20122 Milan
Suri Agro Fresh Pvt. Limited	Fresh produce company	50	India	C-129, New Subzi Mandi, Azadpur, Delhi – 110033
Frutas IRU S.A.	Fresh produce company	50	Spain	Puestos 326-330, Mercabilbao, 48970 Basauri – Bilbao
African Blue Limited	Fresh produce company	10	Morocco	220 Lotissement Belle Vue, Moulay Bouselham
Exportadora y Servicios El Parque Limitada	Fresh produce company	50	Chile	Amerigo Vespucci Norte 2700, Oficina 501, Vitacura, Santiago

A full list of subsidiaries, joint ventures and associates is included with the Company's Annual Return filed with the Companies Registration Office.

## Company Balance Sheet as at 31 December 2020

	Notes	2020 €'000	2019 €'000
<b>Assets</b>			
<i>Non-current</i>			
Investments in subsidiaries	1	389,840	389,938
<b>Total non-current assets</b>		<b>389,840</b>	389,938
<b>Current</b>			
Trade and other receivables	2	10,377	10,682
Cash and cash equivalents	3	620	380
<b>Total current assets</b>		<b>10,997</b>	11,062
<b>Total assets</b>		<b>400,837</b>	401,000
<b>Equity</b>			
Share capital		4,107	4,105
Share premium		295,619	295,487
Other reserves		(6,602)	(6,447)
Retained earnings		99,842	99,685
<b>Total equity</b>		<b>392,966</b>	392,830
<b>Liabilities</b>			
<i>Current</i>			
Trade and other payables	4	7,871	8,170
<b>Total current liabilities</b>		<b>7,871</b>	8,170
<b>Total liabilities</b>		<b>7,871</b>	8,170
<b>Total liabilities and equity</b>		<b>400,837</b>	401,000

On behalf of the Board

**C P McCann**  
Chairman

**F J Davis**  
Finance Director

## Company Statement of Changes in Equity for the year ended 31 December 2020

	Share capital	Share premium	Own shares reserve	Share option reserve	Undenominated capital	Retained earnings	Total
	€'000	€'000	€'000	€'000	€'000	€'000	€'000
<b>As at 1 January 2019</b>	4,104	295,421	(8,580)	1,904	140	114,575	407,564
<b>Loss for the year</b>	-	-	-	-	-	(1,597)	(1,597)
<b>Other comprehensive income</b>							
Other comprehensive income:	-	-	-	-	-	-	-
Total other comprehensive income	-	-	-	-	-	-	-
<b>Total comprehensive income</b>	-	-	-	-	-	(1,597)	(1,597)
<b>Transactions with equity holders</b>							
New shares issued	1	66	-	(20)	-	20	67
Dividends paid	-	-	-	-	-	(13,313)	(13,313)
Share-based payment transactions	-	-	-	109	-	-	109
<b>Total transactions with equity holders</b>	1	66	-	89	-	(13,293)	(13,137)
<b>As at 31 December 2019</b>	<b>4,105</b>	<b>295,487</b>	<b>(8,580)</b>	<b>1,993</b>	<b>140</b>	<b>99,685</b>	<b>392,830</b>
<b>Profit for the year</b>	-	-	-	-	-	10,128	<b>10,128</b>
<b>Other comprehensive income</b>							
Other comprehensive income:	-	-	-	-	-	-	-
<b>Total other comprehensive income</b>	-	-	-	-	-	-	-
<b>Total comprehensive income</b>	-	-	-	-	-	-	-
<b>Transactions with equity holders</b>							
New shares issued	2	132	-	(41)	-	41	<b>134</b>
Dividends paid	-	-	-	-	-	(10,012)	<b>(10,012)</b>
Share-based payment transactions	-	-	-	(114)	-	-	<b>(114)</b>
<b>Total transactions with equity holders</b>	<b>2</b>	<b>132</b>	<b>-</b>	<b>(155)</b>	<b>-</b>	<b>(9,971)</b>	<b>(9,992)</b>
<b>As at 31 December 2020</b>	<b>4,107</b>	<b>295,619</b>	<b>(8,580)</b>	<b>1,838</b>	<b>140</b>	<b>99,842</b>	<b>392,966</b>

## Company Statement of Cash Flows for the year ended 31 December 2020

	Notes	2020 €'000	2019 €'000
<b>Operating activities</b>			
Profit /(Loss) for the year		10,128	(1,597)
<i>Non-cash adjustments to reconcile profit before tax to net cashflows:</i>			
Share-based payment expense		(16)	10
Amortisation of intangible assets – computer software		–	2
Loss on disposal of subsidiary		–	4
Movement in trade and other receivables		305	9,869
Movement in trade and other payables		(299)	5,157
<b>Net cashflows from operating activities</b>		<b>10,118</b>	13,445
<b>Financing activities</b>			
New shares issued		134	67
Dividends paid to equity holders		(10,012)	(13,313)
<b>Net cashflows from financing activities</b>		<b>(9,878)</b>	(13,246)
Net increase in cash, cash equivalents and bank overdrafts		240	199
Cash, cash equivalents and bank overdrafts at 1 January		380	181
<b>Cash, cash equivalents and bank overdrafts at 31 December</b>	<b>3</b>	<b>620</b>	380

## Notes to the Company Financial Statements for the year ended 31 December 2020

**1. INVESTMENTS IN SUBSIDIARIES**

	Investments in subsidiaries €'000	Total €'000
Balance at 1 January 2019	389,843	389,843
Disposal of subsidiary	(4)	(4)
Investment in subsidiaries	99	99
<b>Balance at 31 December 2019</b>	<b>389,938</b>	<b>389,938</b>
Capital contribution movement	(98)	(98)
<b>Balance at 31 December 2020</b>	<b>389,840</b>	<b>389,840</b>

In the opinion of the directors, the investment in subsidiary undertakings are worth at least the amount at which they are stated in the balance sheet. Disposal of subsidiary relates to a liquidation during the year.

The principal subsidiaries and joint ventures and associates are set out from page 182.

**2. TRADE AND OTHER RECEIVABLES**

	2020 €'000	2019 €'000
<i>Current</i>		
Amounts due from subsidiaries	10,363	10,654
Other receivables	4	28
Prepayments	10	–
	<b>10,377</b>	10,682

Amounts due from subsidiary undertakings are repayable on demand and there are no impairment provisions against these balances at year-end.

**3. CASH AND CASH EQUIVALENTS**

	2020 €'000	2019 €'000
Bank balances	620	380

**4. TRADE AND OTHER PAYABLES**

	2020 €'000	2019 €'000
Amounts due to group undertakings	6,675	7,594
Accruals	1,196	576
	<b>7,871</b>	8,170

**5. RELATED PARTY TRANSACTIONS**

The Company has a related party relationship with its subsidiaries, joint ventures and associates and with the Directors of the Company. Details of the remuneration of the Company's individual Directors, together with the number of Total Produce plc shares owned by them and their outstanding share options are set out in the Compensation Committee report on pages 69 to 74.

	2020 €'000	2019 €'000
Dividends received from group undertakings	13,731	1,668

## Notes to the Company Financial Statements for the year ended 31 December 2020 (continued)

### 6. EMPLOYEE BENEFITS

The aggregate employee costs for the Company were as follows:

	2020 €'000	2019 €'000
Wages and salaries	1,913	1,964
Social security contributions	140	139
Pension costs – defined benefit schemes	156	144
Share-based payment transactions	–	10
	<b>2,209</b>	<b>2,257</b>

The average number of employees of the Company in 2020 was 9 (2019: 9).

### 7. CAPITAL COMMITMENTS AND CONTINGENCIES

The Company has no capital commitments at 31 December 2020 (2019: €Nil).

Details in relation to contingencies and guarantees, including guarantees to avail of exemptions under Section 357 of the Companies Act, 2014, are outlined in Note 33 of the Group Financial Statements.

### 8. STATUTORY AND OTHER INFORMATION

#### Auditors' remuneration

	2020 €'000	2019 €'000
Audit services	298	274
Other non-audit services	99	86

### 9. FINANCIAL INSTRUMENTS AND FINANCIAL RISK

#### Accounting classifications and fair values

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

	Assets at amortised cost 2020 €'000	Liabilities at amortised cost 2020 €'000	Total 2020 €'000	Fair value 2020 €'000
Trade and other receivables – current (Note 2) <sup>1</sup>	10,367	–	<b>10,367</b>	n/a
Cash and cash equivalents (Note 3)	620	–	<b>620</b>	n/a
	<b>10,987</b>	–	<b>10,987</b>	n/a
Trade and other payables – current (Note 4)	–	(7,871)	<b>(7,871)</b>	n/a
	–	<b>(7,871)</b>	<b>(7,871)</b>	n/a

## Notes to the Company Financial Statements for the year ended 31 December 2020 (continued)

	Assets at amortised cost	Liabilities at amortised cost	Total	Fair value
	2019 €'000	2019 €'000	2019 €'000	2019 €'000
Trade and other receivables – current (Note 2) <sup>1</sup>	10,682	–	10,682	n/a
Cash and cash equivalents – (Note 3)	380	–	380	n/a
	11,062	–	11,062	n/a
Trade and other payables – current (Note 4)	–	(8,170)	(8,170)	n/a
	–	(8,170)	(8,170)	n/a

<sup>1</sup> For the purpose of this analysis prepayments have not been included.

The Company has the same risk exposures as those of the Group as outlined in Note 35.

The Group has availed of the exemption under IFRS 7 *Financial Instruments: Disclosure* for additional disclosures where fair value closely approximates carrying amount.

### Credit risk

Trade and other receivables above includes €10,363,000 (2019: €10,654,000) due from subsidiary undertakings. All are repayable on demand and there were no impairment provisions against these balances at year-end. The €620,000 (2019: €380,000) of cash and cash equivalents is managed in accordance with the overall Group credit risk policy as outlined in Note 35.

### Liquidity risk

The €7,871,000 (2019: €8,170,000) within trade and other payables are all due for repayment within six months.

### Currency risk

All financial assets and liabilities are denominated in Euro (the functional currency of the Company) and hence no currency risk is present at year-end.

## 10. POST BALANCE SHEET EVENTS

Other than the matter described in Note 39 there have been no material events subsequent to 31 December 2020 which would require disclosure or adjustment in the financial statements.

## 11. APPROVAL OF FINANCIAL STATEMENTS

The Directors approved these financial statements on 16 March 2021.



# Glossary:

## Alternative Performance Measures

The Group uses a number of alternative performance measures (APMs) that are not required under International Financial Reporting Standards ('IFRS') which represent the generally accepted accounting principles ('GAAP') under which the Group reports. These measures are referred to throughout the discussion of our reported operating performance and financial position and are measures which are regularly reviewed by Group management. The Group believes that the presentation of these APM's provides useful supplementary information which, when viewed with the IFRS financial information provides investors with a more meaningful understanding of the underlying financial and operating performance of the Group.

These APM's may not be uniformly defined by all companies and accordingly they may not be directly comparable with similarly titled measures and disclosures by other companies. These APM's should not be viewed in isolation or as an alternative to the equivalent GAAP measures.

The principal APM's used by the Group together with the reconciliation where the non-GAAP measures are not readily identifiable from the financial statements are as follows:

### TOTAL REVENUE

#### Definition

Total revenue includes the Group's share of the revenue of its joint ventures and associates. The calculation is presented in Note 1 to the financial statements.

### ADJUSTED EBITDA

#### Definition

Earnings before interest, tax, depreciation of property, plant and equipment, acquisition related intangible asset amortisation charges and costs, fair value movements on contingent consideration, unrealised gains or losses on derivative financial instruments, gains and losses on foreign currency denominated intercompany borrowings and exceptional items. It also excludes the Group's share of these items within joint ventures and associates. The calculation is presented in the table on page 192.

### ADJUSTED EBITDA (AFTER ADD BACK OF RIGHT OF USE ASSET DEPRECIATION)

#### Definition

Earnings before interest, tax, depreciation of property, plant and equipment, depreciation of right of use assets, acquisition related intangible asset amortisation charges and costs, fair value movements on contingent consideration, unrealised gains or losses on derivative financial instruments, gains and losses on foreign currency denominated intercompany borrowings and exceptional items. It also excludes the Group's share of these items within joint ventures and associates. The calculation is presented in the table on page 192.

### ADJUSTED EBITA

#### Definition

Earnings before interest, tax, acquisition related intangible asset amortisation charges and costs, fair value movements on contingent consideration, unrealised gains or losses on derivative financial instruments, gains and losses on foreign currency denominated intercompany borrowings and exceptional items. It also excludes the Group's share of these items within joint ventures and associates. The calculation is presented in the table on page 192.

## Alternative Performance Measures (continued)

### ADJUSTED PROFIT BEFORE TAX

#### Definition

Excludes acquisition related intangible asset amortisation charges and costs, fair value movements on contingent consideration, unrealised gains or losses on derivative financial instruments, gains and losses on foreign currency denominated intercompany borrowings and exceptional items. It also excludes the Group's share of these items within joint ventures and associates. The calculation is presented in the table below.

Calculation	Reference in Financial Statements	2020 €'000	2019 €'000
<b>Profit before tax per income statement</b>	Income Statement	<b>73,498</b>	76,533
<i>Adjustments:</i>			
Exceptional items	Note 7	9,970	(5,232)
Fair value movements on contingent consideration	Note 3/ Note 27	456	(204)
Share of joint ventures and associates tax (before tax on exceptional items)	Note 2	19,043	14,059
Acquisition related intangible asset amortisation within subsidiaries	Note 14	10,144	10,301
Share of joint ventures and associates acquisition related intangible asset amortisation	Note 4	2,543	2,696
Acquisition related costs within subsidiaries	Note 3	348	177
<b>Adjusted profit before tax</b>		<b>116,002</b>	98,330
<i>Exclude:</i>			
Net financial expense – subsidiaries before exceptional items	Note 5	9,924	10,967
Net financial expense – share of joint ventures and associates	Note 4	38,312	40,817
<b>Adjusted EBITA</b>		<b>164,238</b>	150,114
<i>Exclude:</i>			
Amortisation of software costs	Note 14	2,616	2,046
Depreciation of property, plant and equipment – subsidiaries	Note 11	17,976	17,773
Depreciation of property, plant and equipment – share of joint ventures and associates	Note 4	34,592	32,870
<b>Adjusted EBITDA</b>		<b>219,422</b>	202,803
<i>Exclude:</i>			
Depreciation of right of use assets – subsidiaries	Note 12	22,397	19,253
Depreciation of right of use assets – share of joint ventures and associates	Note 4	31,745	29,115
<b>Adjusted EBITDA (before depreciation of right of use assets)</b>		<b>273,564</b>	251,171

### ADJUSTED FULLY DILUTED EARNINGS PER SHARE

#### Definition

Excludes acquisition related intangible asset amortisation charges and costs, fair value movements on contingent consideration, unrealised gains or losses on derivative financial instruments, gains and losses on foreign currency denominated intercompany borrowings, exceptional items and related tax on such items. It also excludes the Group's share of these items within joint ventures and associates. The calculation is outlined in Note 10.

## Alternative Performance Measures (continued)

### EFFECTIVE TAX RATE CALCULATION

#### Definition

The Group's effective tax rate expresses the Group's income tax expense (including the share of joint ventures and associates) before tax impact of exceptional items and goodwill and intangible asset amortisation as a percentage of the Group's adjusted profit before tax.

Calculation	Reference in Financial Statements	2020 €'000	2019 €'000
Income tax expense	Income Statement	16,714	10,329
Group share of tax charge of joint ventures and associates	Note 4	14,344	12,534
<b>Total tax charge</b>		<b>31,058</b>	22,863
<i>Adjustments:</i>			
Deferred tax credit on amortisation of intangible assets – subsidiaries	Note 30	1,217	2,623
Deferred tax credit on amortisation of intangible assets – share of joint ventures and associates	Note 4	331	565
Tax charge on exceptional items in subsidiaries	Note 7	(916)	(47)
Group share of tax charge on exceptional items within joint ventures and associates	Note 7	4,699	1,525
<b>Tax charge on underlying activities</b>		<b>36,389</b>	27,529
<b>Adjusted profit before tax</b>	As calculated earlier	<b>116,002</b>	98,330
<b>Effective tax on underlying activities</b>		<b>31.37%</b>	28.0%

### NET DEBT

#### Definition

Net debt is a non-IFRS measure which comprises bank deposits, cash and cash equivalents and current and non-current borrowings. The calculation is outlined on Note 25.

### ROUTINE CAPITAL EXPENDITURE AND NON-ROUTINE CAPITAL EXPENDITURE

#### Definition

Routine capital expenditure is cash spend on property, plant, and equipment and software (which under IFRS is classified within intangible assets) less proceeds on disposal of property, plant and equipment and any expenditure classified as non-routine or development capital expenditure.

Calculation	Reference in Financial Statements	2020 €'000	2019 €'000
Acquisition of property, plant and equipment	Cashflow statement	15,011	19,518
Acquisition of intangible assets – computer software	Cashflow statement	5,370	4,621
Proceeds on disposal of property, plant and equipment – routine	Cashflow statement	(783)	(678)
Non-routine (development capital expenditure)	Note (a)	(4,157)	(4,470)
<b>Routine capital expenditure</b>		<b>15,441</b>	18,991

(a) Non-routine capital expenditure is expenditure on projects to grow the business and generally relate to fit out of new facilities or extending the capacity of existing facilities.

## Alternative Performance Measures (continued)

### ADJUSTED OPERATING CASHFLOW

#### Definition

Adjusted operating cashflow is the operating cashflow generated from operations as reported in the Group Cashflow Statement before cash outflows associated with exceptional items less lease liability payments and development loans provided to joint ventures and associates.

Calculation	Reference in Financial Statements	2020 €'000	2019 €'000
Net cashflow from operating activities per cashflow statement	Cashflow Statement	136,772	73,776
Cash impact of exceptional items in operating cashflows	Note 36	348	3,489
Less lease liability payments	Cashflow Statement	(23,497)	(17,902)
<b>Adjusted operating cashflow</b>		<b>113,623</b>	<b>59,363</b>

### FREE CASHFLOW

#### Definition

Free Cashflow is defined by the Group as the funds available after outflows relating to routine capital expenditure, dividends paid to non-controlling interests but before acquisition related expenditure (including loans advanced to joint ventures and associates), development capital expenditure and the payment of dividends to equity shareholders.

Calculation	Reference in Financial Statements	2020 €'000	2019 €'000
Net cashflow from operating activities per cashflow statement	Cashflow Statement	136,772	73,776
Cash impact of exceptional items in operating cashflows	Note 36	348	3,489
Less lease liability payments	Cashflow Statement	(23,497)	(17,902)
Dividends received from joint ventures and associates	Cashflow Statement	11,337	10,652
Dividends paid to non-controlling interests	Cashflow Statement	(20,510)	(16,055)
Routine capital expenditure	As calculated earlier	(15,441)	(18,991)
<b>Free Cashflow</b>		<b>89,009</b>	<b>34,969</b>

### FREE CASHFLOW CONVERSION RATE

#### Definition

The cash conversion ratio expresses free cashflow (before dividends paid to equity shareholders and non-controlling interests) as a percentage of profit after tax (before exceptional items).

Calculation	Reference in Financial Statements	2020 €'000	2019 €'000
Free cashflow	As calculated earlier	89,009	34,969
Add back dividends paid to non-controlling interests	Cashflow Statement	20,510	16,055
<b>Free cashflow before dividends</b>		<b>109,519</b>	<b>51,024</b>
Profit after tax (before exceptional items)	Income Statement	67,670	61,019
<b>Free cashflow conversion rate</b>		<b>162%</b>	<b>84%</b>

## Alternative Performance Measures (continued)

### NET DEBT/ADJUSTED EBITDA

#### Definition

Net debt is a measure of the Group's leverage and is calculated by dividing Net debt (as defined earlier) by adjusted EBITDA (as defined earlier).

Calculation	Reference in Financial Statements	2020 €'000	2019 €'000
Net debt	Note 25	144,293	221,193
Adjusted EBITDA	As calculated earlier	219,422	202,803
<b>Net debt/ Adjusted EBITDA (times)</b>		<b>0.7 x</b>	1.1 x

### INTEREST COVER: EBITA INTEREST COVER

#### Definition

Interest cover is a measure of the Group's ability to meet its interest payments and is calculated by dividing Adjusted EBITA (as defined earlier) by net financial expense.

Calculation	Reference in Financial Statements	2020 €'000	2019 €'000
Adjusted EBITA	As calculated earlier	164,238	150,114
Net financial expense	Income Statement	9,924	10,967
<b>Adjusted EBITA/net financial expense (times)</b>		<b>16.5 x</b>	13.7 x

### ACQUISITION RELATED EXPENDITURE, NET

#### Definition

Acquisition related expenditure is cash outflows in respect of acquisition and investment in subsidiaries, joint ventures and associates, non-controlling interests and is net of contributions from non-controlling interests and proceeds on disposal of shares to non-controlling interests.

Calculation	Reference in Financial Statements	2020 €'000	2019 €'000
Cash (inflow)/outflow relating to investment in joint ventures and associates	Cashflow Statement	(472)	7,145
Investment in subsidiaries	Note 31	1,265	6,683
Proceeds from disposal of joint venture	Cashflow Statement	(98)	(48)
Acquisition of non-controlling interests	Cashflow Statement	796	1,656
Disposal of shareholding to non-controlling interest	Cashflow Statement	(285)	–
Proceeds on disposal of investments for resale	Cashflow Statement	(2,727)	(1,043)
Acquisition of equity investments	Cashflow Statement	–	150
<b>Acquisition related expenditure</b>		<b>(1,521)</b>	14,543

# Directors and Other Information

## **Total Produce plc**

### **Directors**

C P McCann, Chairman  
R P Byrne, Chief Executive  
F J Davis  
R B Hynes  
K E Toland  
M J Meghen  
E I Hurley  
H Nolan

### **Company Secretary**

J F Devine

### **Registered Office**

29 North Anne Street,  
Dublin 7

### **Auditor**

#### **KPMG**

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

### **Registrar**

#### **Computershare Investor Services (Ireland) Limited**

3100 Lake Drive  
Citywest Business Campus  
Dublin 24

### **Solicitor**

#### **Arthur Cox LLP**

10 Earlsfort Terrace  
Dublin 2

### **Stockbrokers and Nominated Adviser**

#### **Davy**

49 Dawson Street  
Dublin 2

## **Principal Bankers**

### **Allied Irish Banks plc**

10 Molesworth Street  
Dublin 2

### **Bank of Ireland**

40 Mespil Road  
Dublin 4

### **Bank of Montreal**

115 S La Salle  
25th Floor  
Chicago, IL 60603

### **Danske Bank A/S**

3 Harbourmaster Place IFSC  
Dublin 1

### **HSBC Ireland**

1 Grand Canal Square  
Grand Canal Harbour  
Dublin 2

### **Rabobank Ireland plc**

George's Dock House  
2 George's Dock  
IFSC  
Dublin 1

### **Ulster Bank**

George's Quay  
Dublin 2

# Shareholder Information

Total Produce plc is an Irish registered company. Its ordinary shares are quoted on the Euronext Growth market on the Irish Stock Exchange and on the Alternative Investments Market ('AIM') on the London Stock Exchange.

## Financial calendar

2021 interim results announcement	August 2021
Financial year end	31 December 2021
2021 preliminary results announcement	March 2022

## Share price (Euro cent)

Year	High	Low	31 December
2020	146	79	137

## Investor relations

Frank Davis  
Group Finance Director  
Total Produce plc  
29 North Anne Street  
Dublin 7  
Telephone: +353 1 887 2600  
Fax: +353 1 887 2731  
Email: fdavis@totalproduce.com

## Registrar

Administrative queries about holdings of Total Produce plc shares can be directed to the Company's registrar: Computershare Investor Services (Ireland) Limited

3100 Lake Drive  
Citywest Business Campus  
Dublin 24  
Telephone: +353 1 216 3100  
Fax: +353 1 216 3151  
Email: webqueries@computershare.ie

## Website

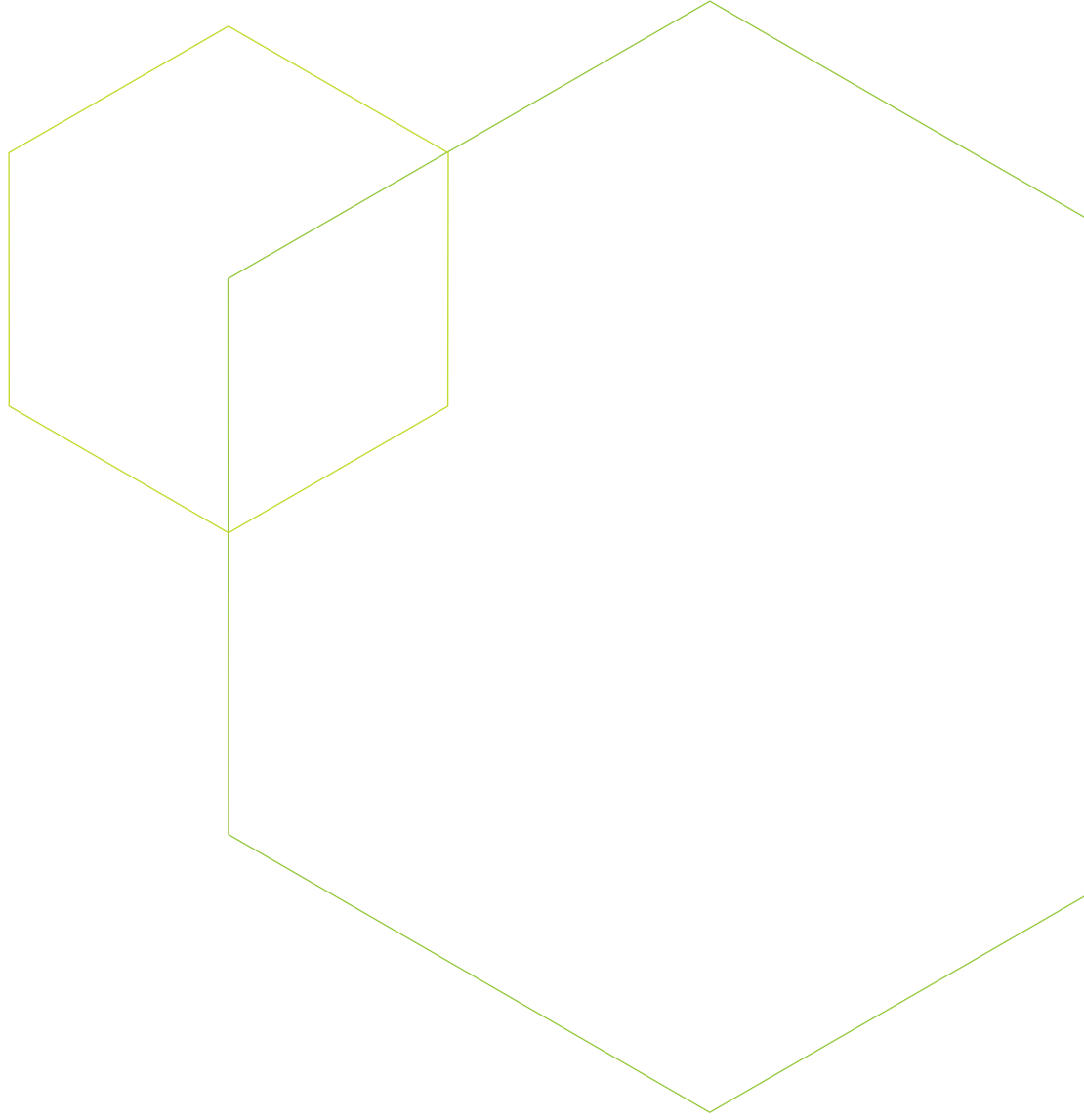
Further information on the Total Produce Group is available at [www.totalproduce.com](http://www.totalproduce.com).

## Amalgamation of accounts

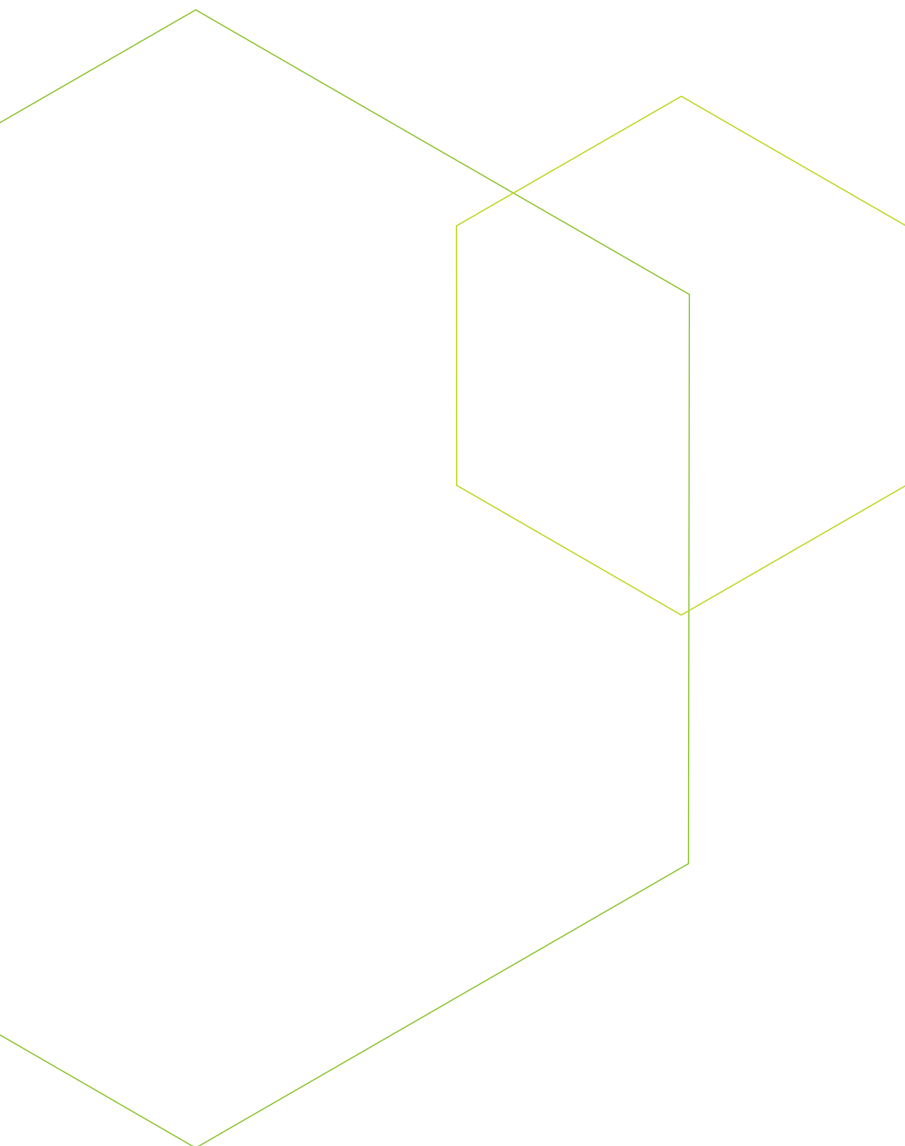
Shareholders receiving multiple copies of Company mailings as a result of a number of accounts being maintained in their name should write to the Company's Registrar, at the given address, to request that their accounts be amalgamated.

## Payments of dividends

Shareholders may elect to have future dividends paid directly to a nominated bank account by completing the mandate form which accompanies each dividend payment or by writing to the Company's Registrar at the above address. Dividends are normally paid in Euro; however, for the convenience of shareholders with addresses in the United Kingdom, dividends are paid in Sterling unless requested otherwise.







**TotalProduce**  
Let's Grow Together

**Total Produce plc**

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