# TOTAL PRODUCE PLC

## HALF YEAR RESULTS TO 30 JUNE 2020

### Total Produce records strong results in the first half of 2020

- **Very strong performance in the first half of 2020 in the context of the unprecedented challenges posed by COVID-19 to the global economy**
- **Total revenue up 2.0% to €3.112 billion**
- **Adjusted EBITDA up 0.9% to €118.2m**
- **Adjusted EBITA down 1.5% to €91.5m**
- **Adjusted profit before tax up 1.7% to €67.1m**
- **Adjusted fully diluted EPS down 3.6% to 9.45 cent**
- **The Group is in a strong financial position, Net debt of €218.8m (June 2019: €294.3m)**
- **2019 final dividend of 2.577 cent per share to be paid in September 2020**
- **Interim dividend of 0.9129 cent per share, unchanged on the prior year, to be paid in January 2021**

**Commenting on the results, Carl McCann, Chairman, said:**
*"We are pleased with the very strong performance in the first half of 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 our number one priority while at the same time recognising our role in supplying vital foodstuffs, particularly during the pandemic. We are very proud of the efforts of all our people. Their dedication, commitment and hard work ensured the Group's supply chains and operations continue to function and remain open across all our key markets.*

*In the first half of 2020, revenue and adjusted EBITDA have increased by 2.0% and 0.9% respectively demonstrating the robustness of the Group's business model. Demand from retail and wholesale remained strong and helped offset reduced demand from the food service sector.*

*The Group expects revenue and adjusted EBITDA to be slightly ahead of 2019 on a full year basis with adjusted EPS slightly behind subject to the prevailing uncertainties of COVID-19. The Group intends to pay a 2020 interim dividend of 0.9129, unchanged on the prior year. The Group remains in a very strong financial position and continues to actively pursue the growth and expansion of the business".*

27 August 2020

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# Interim Results

for the half year ended 30 June 2020

| | 2020 €'million | 2019 €'million | change |
|---|---|---|---|
| **Total revenue** | **3,112** | 3,051 | +2.0% |
| **Group revenue** | **1,893** | 1,833 | +3.3% |
| **Adjusted EBITDA** | **118.2** | 117.1 | +0.9% |
| **Adjusted EBITA** | **91.5** | 92.8 | (1.5%) |
| **Operating profit before exceptional items** | **52.9** | 52.4 | +1.0% |
| **Operating profit after exceptional items** | **47.6** | 60.9 | (21.7%) |
| **Adjusted profit before tax** | **67.1** | 65.9 | +1.7% |
| **Profit before tax (after exceptional items)** | **42.6** | 55.3 | (23.1%) |

| | €'cent | €'cent | change |
|---|---|---|---|
| **Adjusted fully diluted earnings per share** | **9.45** | 9.80 | (3.6%) |
| **Basic earnings per share** | **6.91** | 11.23 | (38.4%) |
| **Diluted basic earnings per share** | **6.90** | 11.20 | (38.4%) |
| **Interim dividend per share** | **0.9129** | 0.9129 | – |

## Overview

Total Produce (the 'Group') has delivered a very strong performance in the first half of 2020 against the backdrop of the unprecedented uncertainties and challenges in the global marketplace arising from the ongoing COVID-19 pandemic. The COVID-19 outbreak is 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 in the period grew 2.0% to €3,112m (2019: €3,051m) and adjusted EBITDA increased by 0.9% to €118.2m (2019: €117.1m) with adjusted EBITA decreasing 1.5% to €91.5m (2019: €92.8m). The increase in revenue was due to robust retail and wholesale demand offsetting reduced levels of activity in the food service sector. The Group also benefitted from the contribution of bolt-on acquisitions made in the past twelve months. Currency had a marginally positive impact on the translation of the overall results of foreign currency denominated operations to Euro in the period due principally to the strengthening of the US Dollar. On a like-for like basis excluding the impact of acquisitions, divestments and currency translation, revenues were in line with the prior period with a marginal volume decrease offset by increases in average price. The marginally 1.5% lower adjusted EBITA was primarily due to lower earnings in Dole benchmarked against a strong comparative period. This was partly offset by good performance in the Eurozone and International divisions.

Operating profit before exceptional items increased by 1.0% to €52.9m (2019: €52.4m). The operating profit after exceptional items was €47.6m (2019: €60.9m) with the decrease due to the effect of exceptional items year on year. The 2019 prior year period included exceptional gains of €8.4m compared to a current year charge of €5.3m. The gain in the prior period was due in large part to the Group's share of the gain on disposal of a Swedish salad business in Dole.

Adjusted fully diluted earnings per share decreased by 3.6% to 9.45 cent (2019: 9.80 cent), with the decrease due to the 1.5% reduction in adjusted EBITA and a higher non-controlling interest charge.

The Group was cash-generative in the period with adjusted operating cash flows of €33.1m (2019: €30.7m) before normal seasonal working capital outflows. Net debt at 30 June 2020 of €218.8 was lower than net debt of €294.3m at 30 June 2019 and €221.2m at 31 December 2019. The decrease in net debt on the prior period was helped by a €32.4m increase in non-recourse trade receivables financing and initiatives and actions taken by the Group to protect the business and militate against potential effects due to COVID-19. The Group managed its liquidity by curtailing some non-essential capital expenditure and discretionary costs. The Group is in a strong financial position and in addition to the measures outlined above, it has improved its borrowing capacity by increasing the amount and tenor of its committed borrowing facilities. The Group is operating comfortably within its bank covenants.

The Group is also pleased to announce the payment of the final 2019 dividend of 2.5770 cent per share on 2 September 2020 subject to approval of shareholders at the AGM on 28 August 2020. The Board intends to pay the 2020 interim dividend of 0.9129 cent per share, unchanged on the prior year in January 2021.

***Alternative performance measures 'APMs'*** *The Group uses APMs, which are non-IFRS measures to monitor financial performance. 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 in assessing Group performance. The APMs are defined together with calculations in pages 30 to 33 of this statement*

# Interim Results

for the half year ended 30 June 2020

## Operating Review

The table below details a segmental breakdown of the Group's total revenue and adjusted EBITA for the six months ended 30 June 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.

| | ***(Unaudited)* H1 2020** | | *(Unaudited)* H1 2019** | |
|---|---|---|---|---|
| | **Total revenue €'000** | **Adjusted EBITA €'000** | Total revenue €'000 | Adjusted EBITA €'000 |
| Europe – Non-Eurozone | **770,019** | **21,637** | 751,973 | 22,977 |
| Europe – Eurozone | **855,231** | **12,430** | 831,997 | 10,912 |
| International | **617,566** | **11,071** | 604,917 | 8,945 |
| Dole *(Group share)* | **902,866** | **46,334** | 891,021 | 49,987 |
| Inter-segment revenue | **(33,446)** | **–** | (28,557) | – |
| Total Group | **3,112,236** | **91,472** | 3,051,351 | 92,821 |

**Dole's financial calendar consists of thirteen 4 weekly periods. The first half results are for the first six periods ended 13 June 2020. The comparative results are for the first six periods of 2019 ended 15 June 2019. The Group's share of the adjusted EBITA of Dole is after the deduction of the Group's share of the non-controlling interests charge within Dole and an allocation of a corporate overhead*

*** The 2019 segmental comparatives have been restated to conform with the current year's presentation. See Note 3 of the accompanying financial information.*

Total revenue increased 2.0% to €3,112m (2019: €3,051m) with robust demand from retailers and wholesalers offsetting reduced levels of activity in the food service sector. The Group also benefitted from bolt-on acquisitions made in the past twelve months. Currency had a marginally positive impact on the translation of the overall results of foreign currency denominated operations to Euro in the period primarily due to the strengthening of the US Dollar. On a like-for like basis excluding the impact of acquisitions, divestments and currency translation, revenues were in line with the prior period with a marginal volume decrease offset by increases in average price

Adjusted EBITA decreased by 1.5% to €91.5m (2019: €92.8m) due primarily to lower earnings in Dole which was benchmarked against a strong comparative period. This was offset by a good performance in the Eurozone and International divisions of the core Total Produce business. There were additional operating costs incurred in the period relating to COVID-19 such as employee personal protective equipment and costs of additional shifts in warehouse to comply with physical distancing. These additional costs were offset by reductions in other costs such as travel expenses.

### Europe – Non-Eurozone

This segment includes the Group's businesses in the Czech Republic, Poland, Scandinavia and the UK. Revenue increased by 2.4% to €770m (2019: €752m) helped by the incremental impact of bolt-on acquisitions. On a like-for-like basis excluding divestments, acquisitions and disposals, revenue was circa 0.5% behind prior period 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, some growth in wholesale markets as well as an element of organic growth. Adjusted EBITA decreased 5.8% to €21.6m (2019: €23.0m) due to currency translation and an impact on margin due to a change in customer mix.

### Europe – Eurozone

This segment includes the Group's businesses in France, Ireland, Italy, the Netherlands and Spain. Revenue increased by 2.8% to €855m (2019: €832m). Excluding the effect of acquisitions and divestments, revenue on a like-for-like basis was circa 2% ahead of prior period 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 13.9% to €12.4m (2019: €10.9m) with a resilient performance across all divisions particularly Spain. The results in the Netherlands were ahead of prior period with a good import business while the horticultural division remains challenged.

### International

This division includes the Group's businesses in North America, South America and India. Revenue increased by 2.1% to €618m (2019: €605m). The results were helped in part with the benefit on translation of the results to Euro from the strengthening of the average US Dollar rate by 2.5% and 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 decreased circa 1.5% with marginal decreases in volume and average price. The International division is largely retail focussed. There was an increase in demand for the staple items of potatoes, vegetables and citrus with reduced demand experienced for some more expensive soft fruit and certain varieties of deciduous product. Adjusted EBITA increased 23.8% to €11.1m (2019: €8.9m) with improved margins, lower operating costs (primarily travel related), the benefit of a joint venture becoming a subsidiary and the positive impact on the translation of the results of US 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 financial calendar consists of thirteen periods of four weeks, and the first half results are for the first six periods ended 13 June 2020 and the comparative results are for the first six periods of 2019 ended 15 June 2019. Dole's overall business is seasonal, with the greater share of adjusted EBITA earned in the first half of the financial year. Hence the results for the period ended are not indicative of the results of the operations for the full 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 for the period has been robust in the context of a challenging global environment due to COVID-19 and is benchmarked against a strong comparative period in the Fresh Vegetable division for some produce categories. On an IFRS basis, Dole has recorded revenues of $2,210m (€2,006m) for the period ended 13 June 2020 down 1.2% when compared to prior period of $2,236m (€1,980m). Adjusted EBITDA for the period of $153.4m (€139.0m) was down 4.7% compared to prior period of $161.0m (€142.9m) with adjusted EBITA of $118.8m (€107.5m) behind 8.8% when compared to prior period result of $130.3m (€115.6m).

The Fresh Fruit division remained strong with higher banana volumes in Latin America and North America and improved pricing offset by some lower European volumes. The results in this division benefitted from lower fuel prices. This was offset by a general decrease in pineapple volumes and prices due to the impact of COVID-19 on the food service sector.

The overall results are behind primarily due to a decrease in Fresh Vegetables against a very strong comparative period in some categories. However, within this division, results from packaged salad operations were ahead of prior period with favourable volumes and pricing. Results in Chile were also impacted by timing differences in the crop and harvest cycles of cherries as well as lower grape volumes due to the drought.

Total Produce's 45% share of revenue for the period ended 13 June 2020 was €903m (2019: €891m) and its share of adjusted EBITA was €46.3m (2019: €50.0m). There was a marginally positive benefit on translation of the results to Euro due to strength of the US Dollar when compared to the prior period.

Further details on the acquisition of Dole and its financial performance and position for the period ended 13 June 2020 are outlined in Note 6 of the accompanying financial information.

## Financial Review

**Revenue and adjusted EBITA**
An analysis of the factors influencing the changes in revenue and adjusted EBITA are discussed in the operating review above.

**Share of profits of joint ventures - Dole**
The Group's share of the after-tax profits of Dole for the period amounted to €17.8m (2019: €18.6m) before exceptional items. The decrease is due to the lower EBITA as noted earlier in the operating review offset in part by lower interest costs due to a decrease in the US Libor rate in the period. The Group's share of exceptional items was a €3.8m charge in the period compared to a €7.0m gain in the prior period primarily due to the gain on the sale of a Swedish salad business. Post exceptional items the Group's share of after-tax profits was €14.0m (2019: €25.6m). Further details of the performance of Dole and its financial position at the end of the period is outlined in the operating review and in Note 6 of the accompanying financial information.

**Share of profits of joint ventures and associates – excluding Dole**
Excluding the contribution from Dole the share of after-tax profits of joint ventures and associates increased in the period to €5.2m (2019: €4.9m). Dividends declared from joint ventures and associates in the period amounted to €6.1m (2019: €6.0m) with €6.4m (2019: €6.3m) received in cash reflecting the Group's continued focus on the cash contributions from these investments.

**Intangible asset amortisation**
Acquisition related intangible asset amortisation within subsidiaries amounted to €5.1m (2019: €5.0m) in the period. The share of intangible asset amortisation within joint ventures and associates was €1.3m (2019: €1.3m).

**Exceptional items**
Exceptional items in the period amounted to a net charge after tax of €6.3m (2019: €8.7m gain). The net charge in 2020 primarily relates to the Group's €3.8m share of the net charge within Dole. In the comparative period the net gain primarily related to the Group's €7.0m share of the net gain within Dole primarily due to the profit on sale of the Swedish salad business. A full analysis of exceptional items for both 2020 and 2019 are set out in Note 4 of the accompanying financial information and have been excluded from the calculation of the adjusted numbers.

**Operating profit**

Operating profit before exceptional items increased 1.0% to €52.9m (2019: €52.4m) due primarily to the increased profits in the Eurozone and International divisions offset by lower earnings in Dole. Including exceptional items, operating profit decreased by 21.7% to €47.6m (2019: €60.9m) with the decrease due to the impact of exceptional items in the period. The net impact of exceptional items in the period on operating profit, was a charge of €5.3m compared to a gain of €8.4m in 2019. The prior year period included the Group's share of the gain in Dole on the sale of a Swedish salad business. As noted earlier, a full analysis of exceptional items for both 2020 and 2019 are set out in Note 4 of the accompanying financial information.

**Net financial expense**

Net financial expense in the period decreased to €5.1m (2019: €5.5m) primarily due to the fall in US Libor rates and lower average net debt in the period.

The Group's share of the net interest expense of joint ventures and associates in the period was €19.3m (2019: €21.4m) with the decrease due to Group's share of a lower interest charge in Dole due to reduction in US Libor rates in the period.

**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 1.7% in the period to €67.1m (2019: €65.9m) with increase in the adjusted EBITA and effect of lower interest charges. Statutory profit before tax after these items was €42.6m (2019: €55.3m) with the decrease due to the impact of exceptional items in both periods. As noted earlier, there was a net exceptional charge of €6.3m in the period after tax (2019: net gain of €8.7m).

**Taxation**

The adjusted tax charge for the period, including the Group's share of joint ventures and associates tax and before non-trading items as set out on page 31 of the accompanying financial information was €21.3m (2019: €20.7m) representing an underlying tax rate of 31.7% (2019: 31.4%) when applied to the Group's adjusted profit before tax.

**Non-controlling interests**

The non-controlling interests' share of after-tax profits in the period was €7.3m (2019: €6.1m). 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 €1.7m (2019: €1.0m). Excluding these non-trading items, the non-controlling interests' share of adjusted after tax profits increased by €1.9m to €9.0m (2019: €7.1m) with the increase due to the non-controlling interests' share of earnings in certain non-wholly owned companies in Europe and North America.

**Adjusted and basic earnings per share**

Adjusted fully diluted earnings per share was 9.45 cent (2019: 9.80 cent), a decrease of 3.6% due to the marginally lower EBITA in the period and 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 6.91 cent per share (2019: 11.23 cent) and 6.90 cent per share (2019: 11.20 cent) respectively. The decrease on prior year is due to the large exceptional one-off gains in the 2019 comparative period compared to the exceptional charges in the current period as noted earlier.

Note 5 of the accompanying financial information provide details of the calculation of the respective earnings per share amounts.

**Cash flow and net debt**

Net debt (which excludes lease liabilities) at 30 June 2020 is €218.8m compared to €294.3m at 30 June 2019. Net debt at 31 December 2019 was €221.2m. Average net debt for the six-month period was €253.7m compared to €285.9m for the six-month period ended 30 June 2019 and €284.0m for the year ended 31 December 2019. In addition, the Group has non-recourse trade receivables financing of €67.4m at 30 June 2020 (30 June 2019: €35.0m and 31 December 2019: €46.4m).

The decrease in net debt on the prior period was due to the increase of €32.4m in non-recourse trades receivables financing and to initiatives and actions taken by the Group to protect the business and mitigate cash outflows due to COVID-19. Some non-essential capital expenditure and discretionary costs were deferred.

Adjusted operating cashflows increased in the period to €33.1m (2019: €30.7m) before normal seasonal working capital outflows. The normal seasonal working capital outflows for the period were €24.7m compared to €62.2m in prior period with the decreased outflows due to the increase in non-recourse trade receivables financing as noted earlier. Continued strong working capital management and a change in the customer mix also helped working capital in the period. Cash outflows on routine capital expenditure, net of disposals, were lower at €8.6m (2019: €9.8m) due to the deferral of some non-essential capital expenditure. Dividends received from joint ventures and associates in the period were €6.4m (2019: €6.3m) representing the Group's continued focus on cash returns from these investments. Dividends paid to non-controlling interests decreased to €5.1m (2019: €9.7m) due to the deferral of some dividends to non-controlling interests until second half of the year.

Cash inflows from exceptional items were €1.6m (2019: €0.6m outflow) primarily as a result of sale of farming investments. Cash inflows from disposals net of acquisitions amounted to €1.9m (2019: €9.9m outflow) with proceeds from disposals of equity investments in the period offset by the costs of some bolt-on acquisitions primarily in the Eurozone. Contingent and deferred consideration payments relating to prior period acquisitions were €0.1m (2019: €7.2m) with some payments deferred until second half of the year. Payments for non-routine property and plant additions amounted to €1.3m (2019: €3.8m). The Group did not make any dividend payments to equity shareholders in the period due to deferral of the date for the 2020 AGM. The 2020 dividend is expected to be paid in September 2020 subject to approval at the AGM on 28 August 2020. In the comparative period the 2018 final dividend of €9.8m was paid. At 30 June 2020, there was a €0.3m gain (2019: €0.7m loss) on the translation of foreign currency denominated net debt to Euro due primarily to the weaker Sterling and Canadian Dollar. The US Dollar and Swedish Krona rates at the period end were in line with the rates at 31 December 2019.

| | ***(Unaudited)* H1 2020 €'million** | *(Unaudited)* H1 2019 €'million | *(Audited)* FY 2019 €'million |
|---|---|---|---|
| **Adjusted EBITDA[1]** | **118.2** | 117.1 | 202.8 |
| Deduct adjusted EBITDA of joint ventures and associates | **(73.3)** | (74.6) | (121.1) |
| Net financial expense and tax paid | **(10.4)** | (11.2) | (26.3) |
| Other | **(1.4)** | (0.6) | (2.6) |
| **Adjusted operating cash flows before working capital movements** | **33.1** | 30.7 | 52.8 |
| Working capital movements | **(24.7)** | (62.2) | 6.6 |
| **Adjusted operating cash flows[1]** | **8.4** | (31.5) | 59.4 |
| Routine capital expenditure net of routine disposal proceeds[1] | **(8.6)** | (9.8) | (19.0) |
| Dividends received from joint ventures and associates | **6.4** | 6.3 | 10.7 |
| Dividends paid to non-controlling interests | **(5.1)** | (9.7) | (16.1) |
| **Free cash flow[1]** | **1.1** | (44.7) | 35.0 |
| Cashflows from exceptional items | **1.6** | (0.6) | 5.8 |
| Cashflow receipts/(payments) from acquisitions, net of disposals[1] | **1.9** | (9.9) | (14.5) |
| Net (debt)/cash assumed on acquisition of subsidiaries | **(1.0)** | 0.4 | 2.1 |
| Contingent and deferred consideration payments | **(0.1)** | (7.2) | (11.1) |
| Non-routine capital expenditure | **(1.3)** | (3.8) | (4.5) |
| Dividends paid to equity shareholders | **–** | (9.8) | (13.3) |
| Proceeds from issue of share capital | **–** | – | 0.1 |
| Other | **(0.1)** | 0.1 | – |
| **Total net debt movement in period** | **2.1** | (75.5) | (0.4) |
| Net debt[1] at beginning of period | **(221.2)** | (219.7) | (219.7) |
| Finance leases reclassified to lease liabilities | **–** | 1.6 | 1.6 |
| Foreign currency translation | **0.3** | (0.7) | (2.7) |
| **Net debt[1] at end of period** | **(218.8)** | (294.3) | (221.2) |

*[1]The APMs are defined together with calculations in pages 30 to 33 of this statement*

### Liquidity

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 and discretionary costs.

The Group has increased both the amount and tenor of its corporate borrowing facilities providing additional headroom. At 30 June 2020, the Group has approved committed and uncommitted bank borrowings of up to €646m (December 2019: €623m) in addition to approved overdrafts of €116m (31 December 2019: €109m). The Group has utilised 46% (31 December 2019: 46%) of these available facilities at 30 June 2020. At 30 June 2020, the Group also has cash and deposit balances of €131m (31 December 2019: €116m).

Post 30 June 2020, the Group renewed a three-year private placement facility of US$66m (€59m) which gives the Group the ability to draw down long term funding for periods of up to twelve years.

The Group is in a strong financial position with significant financial capacity. The Group is operating comfortably within its bank covenants and enjoys the support of its banking partners.

### Defined benefit pension obligations

The net liability of the Group's defined benefit pension schemes (net of deferred tax) was €7.9m at 30 June 2020 (31 December 2019: €9.3m). The decrease in the liability was due to a 2.3% average return on pension scheme assets in the period together with the impact of an increase in the discount rates for the Irish schemes which decreased the net present value of these scheme obligations. This was partly offset by the effect of a decrease in the UK discount rate which increased the net present value of UK scheme obligations. Other post-employment benefit obligations increased to €6.4m at 30 June 2020 (31 December 2019: €5.9m). Further details are outlined in Note 7 of the accompanying financial information.

**Shareholders' equity**
Shareholders' equity increased by €12.1m in the six-month period to €463.2m. The increase was due to profit after tax of €26.9m attributable to equity shareholders. This was offset by currency translation loss of €10.0m on the retranslation of the net assets of foreign currency denominated operations into Euro, remeasurement losses of €4.8m (net of deferred tax) on post-employment benefit schemes, and effective portions of cashflow hedges movements (net of deferred tax) of €1.3m.

**Development Activity**
The Group made some bolt-on acquisitions during the six months ended 30 June 2020 as well as investments in existing joint ventures. The investments were in the Eurozone and International divisions. The total committed investment was €2.2m including €0.8m of deferred consideration of €0.6m contingent consideration payable on the achievement of future profit targets.

**Dividends**
Having regard to Government guidelines on the holding of meetings, the Board decided to postpone the AGM which was due to be held on 15 May 2020, to 28 August 2020. Subject to the shareholders' approval at the AGM, the 2019 final dividend of 2.5770 cent per share will be paid on 2 September 2020 to shareholders on the Register of Members as at 7 August 2020.

The Board intends to pay the 2020 interim dividend of 0.9129 cent per share, unchanged on the prior year in January 2021.

In accordance with company law and IFRS, these dividends have not been provided for in the balance sheet at 30 June 2020.

**Post Balance Sheet Events**
There have been no material events subsequent to 30 June 2020 which would require disclosure or adjustment in the financial statements.

### Environmental, Social and Governance (ESG)
Total Produce marked the World Environment Day 2020 by launching the first, Group wide Sustainability Report. The report details Total Produce's strategic approach to sustainability, progress made to date, charts the Group's path forward and profiles a selection of our international sustainability related initiatives. We are working to use the collective strengths of our Group to bring about real and demonstrable change in environmental matters.

Our approach has involved communicating shared sustainability principles and values throughout our international organisation and targets to embed these principles into our everyday trading practices, both locally and at Group level. It has entailed putting in place new Group-wide reporting structures extending from our global operating companies to the Group Board of Directors heightening the awareness and placing sustainability at the very heart of our operations and strategic decision making.

In setting of Group-wide targets; measuring and managing core issues collectively and collaboration across the supply chain, the adoption of renewable energy or the application of environmentally friendly packaging is contributing to our global efforts and initiatives.

Our primary function is the marketing and distribution of fresh fruits and vegetables. The heath promoting properties of fresh produce makes a positive contribution to public diet and general wellbeing. The products we market and distribute are associated with the lowest environmental impact of all the primary foodstuffs.

The ESG section of our website details Total Produce's commitment to the responsible and sustainable production of our broad portfolio of fresh fruits and vegetables. Our Group wide Sustainability Report that was launched in June 2020 is available on the website at www.totalproduce.com.

### Brexit and International Trade
The result of the UK's exit from the European Union ('Brexit') on 31 January 2020 and its impact in terms of the exit deal including tariffs and trade agreements remain unclear. Post the exit, the UK entered an 11-month transition period. Brexit committees set up in relevant areas of the business continue to monitor and assess the risks and opportunities that may arise post the transition period.

### COVID-19 Outbreak
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 communities, examples include supplying food packages to frontline healthcare workers, providing fruit to those in need, loaning spare vehicles to transport meals to the homeless and donating fresh produce to local food banks.

### Going Concern

The Directors have reviewed forecasts and projected cashflows for a period not less than 12 months from the date of these interim financial statements. Consumer demand for fresh produce has remained robust through the pandemic and this is expected to continue. As highlighted earlier, when the pandemic hit in mid-March, the Group took a number of steps to protect its liquidity and financial position. The Group has also increased both the amount and tenor of its corporate borrowing facilities providing additional headroom. Taking all these factors into consideration, the Directors are satisfied that the Group has adequate resources to continue in operational existence for the foreseeable future. Accordingly, they have adopted the going concern basis in preparing the financial statements.

### Board Changes

Frank Gernon, Executive Director, and Jerome Kennedy, Non-Executive retired as Directors on 31 March 2020. From this date, the Board comprises of six 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.

I join the Board in extending to Frank and Jerome 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.

### Summary and Outlook

We are pleased with the very strong performance in the first half of 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 our number one priority while at the same time recognising our role in supplying vital foodstuffs, particularly during the pandemic. We are very proud of the efforts of all our people. Their dedication, commitment and hard work ensured the Group's supply chains and operations continue to function and remain open across all our key markets.

In the first half of 2020, revenue and adjusted EBITDA have increased by 2.0% and 0.9% respectively demonstrating the robustness of the Group's business model. Demand from retail and wholesale remained strong and helped offset reduced demand from the food service sector.

The Group expects revenue and adjusted EBITDA to be slightly ahead of 2019 on a full year basis with adjusted EPS slightly behind subject to the prevailing uncertainties of COVID-19. The Group intends to pay a 2020 interim dividend of 0.9129, unchanged on the prior year. The Group remains in a very strong financial position and continues to actively pursue the growth and expansion of the business.

**Carl McCann, Chairman**
**On behalf of the Board**
**27 August 2020**

***Forward-looking statement***

*Any forward-looking statements made in this announcement have been made in good faith based on the information available as of the date of this announcement and are not guarantees of future performance. Actual results or developments may differ materially from the expectations expressed or implied in these statements, and the Company undertakes no obligation to update any such statements whether as a result of new information, future events, or otherwise. Total Produce's Annual Report contains and identifies important factors that could cause these developments or the Company's actual results to differ materially from those expressed or implied in these forward-looking statements.*

## Condensed Group Income Statement
for the half year ended 30 June 2020

| | *(Unaudited)* H1 2020 Pre-Exceptional €'000 | *(Unaudited)* H1 2020 Exceptional (Note 4) €'000 | *(Unaudited)* H1 2020 Total €'000 | *(Unaudited)* H1 2019 Pre-Exceptional €'000 | *(Unaudited)* H1 2019 Exceptional (Note 4) €'000 | *(Unaudited)* H1 2019 Total €'000 | *(Audited)* FY 2019 Pre-Exceptional €'000 | *(Audited)* FY 2019 Exceptional (Note 4) €'000 | *(Audited)* FY 2019 Total €'000 |
|---|---|---|---|---|---|---|---|---|---|
| Revenue, including Group share of joint ventures and associates | **3,112,236** | **–** | **3,112,236** | 3,051,351 | – | 3,051,351 | 6,173,195 | – | 6,173,195 |
| **Group revenue** | **1,893,164** | **–** | **1,893,164** | 1,832,598 | – | 1,832,598 | 3,729,346 | – | 3,729,346 |
| Cost of sales | **(1,632,116)** | **–** | **(1,632,116)** | (1,582,218) | – | (1,582,218) | (3,212,057) | – | (3,212,057) |
| **Gross profit** | **261,048** | **–** | **261,048** | 250,380 | – | 250,380 | 517,289 | – | 517,289 |
| Operating expenses | **(225,979)** | **(1,449)** | **(227,428)** | (216,556) | 1,447 | (215,109) | (455,371) | (1,816) | (457,187) |
| Share of profit of joint venture - Dole | **17,817** | **(3,849)** | **13,968** | 18,638 | 6,997 | 25,635 | 19,327 | 7,048 | 26,375 |
| Share of profit of joint ventures - Other | **4,211** | **–** | **4,211** | 4,568 | – | 4,568 | 10,658 | – | 10,658 |
| Share of profit of associates | **967** | **–** | **967** | 366 | – | 366 | 666 | – | 666 |
| **Operating profit before acquisition related intangible asset amortisation** | **58,064** | **(5,298)** | **52,766** | 57,396 | 8,444 | 65,840 | 92,569 | 5,232 | 97,801 |
| Acquisition related intangible asset amortisation | **(5,129)** | **–** | **(5,129)** | (4,986) | – | (4,986) | (10,301) | – | (10,301) |
| **Operating profit after acquisition related intangible asset amortisation** | **52,935** | **(5,298)** | **47,637** | 52,410 | 8,444 | 60,854 | 82,268 | 5,232 | 87,500 |
| Net financial expense | **(5,070)** | **–** | **(5,070)** | (5,515) | – | (5,515) | (10,967) | – | (10,967) |
| **Profit before tax** | **47,865** | **(5,298)** | **42,567** | 46,895 | 8,444 | 55,339 | 71,301 | 5,232 | 76,533 |
| Income tax expense | **(7,427)** | **(973)** | **(8,400)** | (5,964) | 304 | (5,660) | (10,282) | (47) | (10,329) |
| **Profit for the period** | **40,438** | **(6,271)** | **34,167** | 40,931 | 8,748 | 49,679 | 61,019 | 5,185 | 66,204 |
| | | | | | | | | | |
| *Attributable to* | | | | | | | | | |
| Equity holders of the parent | | | **26,853** | | | 43,620 | | | 53,302 |
| Non-controlling interests | | | **7,314** | | | 6,059 | | | 12,902 |
| | | | **34,167** | | | 49,679 | | | 66,204 |
| | | | | | | | | | |
| **Earnings per ordinary share** | | | | | | | | | |
| Basic | | | **6.91 cent** | | | 11.23 cent | | | 13.72 cent |
| Fully diluted | | | **6.90 cent** | | | 11.20 cent | | | 13.69 cent |

# Condensed Group Statement of Comprehensive Income

for the half year ended 30 June 2020

| | *(Unaudited)* **H1 2020 €'000** | *(Unaudited)* H1 2019 €'000 | *(Audited)* FY 2019 €'000 |
|---|---|---|---|
| **Profit for the period** | **34,167** | 49,679 | 66,204 |
| **Other comprehensive income:** | | | |
| *Items that may be reclassified subsequently to profit or loss:* | | | |
| Foreign currency translation effects: | | | |
| –foreign currency net investments – subsidiaries | **(13,650)** | (1,255) | 5,664 |
| –foreign currency net investments – joint ventures and associates | **(903)** | (373) | 3,274 |
| –foreign currency recycled to income statement on joint venture becoming a subsidiary | **(102)** | – | – |
| –foreign currency borrowings designated as net investment hedges | **1,895** | (376) | (3,397) |
| Effective portion of changes in fair value of cash flow hedges, net | **819** | (78) | (149) |
| Changes in fair value of cost of hedging, net of recycling | **(191)** | 145 | 137 |
| Deferred tax on items above | **(124)** | (2) | (9) |
| Share of joint ventures and associates effective portion of cash flow hedges | **(1,266)** | (1,708) | (5,101) |
| Share of joint ventures and associates deferred tax on items above | **(431)** | 265 | 497 |
| | **(13,953)** | (3,382) | 916 |
| *Items that will not be reclassified to profit or loss:* | | | |
| Remeasurement loss on employee benefit schemes | **(166)** | (1,188) | (3,009) |
| Revaluation gain on property, plant and equipment, net | **–** | – | 2,095 |
| Deferred tax on items above | **238** | (128) | (966) |
| Share of joint venture gain on revaluation of property, plant and equipment | **135** | – | 1,369 |
| Share of joint ventures loss on employee benefit schemes | **(6,196)** | (1,881) | (2,601) |
| Share of joint ventures deferred tax on items above | **1,091** | 547 | (75) |
| | **(4,898)** | (2,650) | (3,187) |
| **Other comprehensive (expense)/income for the period** | **(18,851)** | (6,032) | (2,271) |
| **Total comprehensive income for the period** | **15,316** | 43,647 | 63,933 |
| *Attributable to:* | | | |
| Equity holders of the parent | **10,738** | 37,021 | 49,417 |
| Non-controlling interests | **4,578** | 6,626 | 14,516 |
| | **15,316** | 43,647 | 63,933 |

# Condensed Group Balance Sheet

as at 30 June 2020

| | **(Unaudited) 30 Jun 2020 €'000** | (Unaudited) 30 Jun 2019 €'000 | (Audited) 31 Dec 2019 €'000 |
|---|---|---|---|
| ***Assets*** | | | |
| **Non-current** | | | |
| Property, plant and equipment | **173,900** | 176,573 | 175,485 |
| Right of use assets | **123,738** | 109,793 | 113,032 |
| Investment property | **11,604** | 7,369 | 11,843 |
| Goodwill and intangible assets | **258,973** | 267,112 | 268,462 |
| Investments in joint ventures and associates – Dole | **272,078** | 264,426 | 264,893 |
| Investments in joint ventures and associates – Other | **98,321** | 104,968 | 104,050 |
| Other investments | **326** | 4,968 | 2,743 |
| Other receivables | **23,254** | 24,181 | 19,796 |
| Deferred tax assets | **13,397** | 12,370 | 13,497 |
| **Total non-current assets** | **975,591** | 971,760 | 973,801 |
| **Current** | | | |
| Inventories | **113,368** | 84,134 | 98,031 |
| Biological assets | **2,783** | 4,215 | 3,965 |
| Trade and other receivables | **443,879** | 481,996 | 380,791 |
| Other investments | **150** | 8,629 | 2,306 |
| Corporation tax receivables | **1,294** | 2,765 | 2,439 |
| Derivative financial instruments | **4,966** | 4,584 | 4,489 |
| Cash and cash equivalents | **131,493** | 78,876 | 115,529 |
| **Total current assets** | **697,933** | 665,199 | 607,550 |
| **Total assets** | **1,673,524** | 1,636,959 | 1,581,351 |
| ***Equity*** | | | |
| Share capital | **4,105** | 4,105 | 4,105 |
| Share premium | **295,487** | 295,454 | 295,487 |
| Other reserves | **(141,165)** | (131,604) | (131,309) |
| Retained earnings | **304,760** | 281,148 | 282,816 |
| **Total equity attributable to equity holders of the parent** | **463,187** | 449,103 | 451,099 |
| Non-controlling interests | **98,939** | 95,484 | 98,768 |
| **Total equity** | **562,126** | 544,587 | 549,867 |
| ***Liabilities*** | | | |
| **Non-current** | | | |
| Interest-bearing loans and borrowings | **281,018** | 217,611 | 250,572 |
| Lease liabilities | **110,406** | 99,276 | 99,770 |
| Other payables | **2,803** | 1,768 | 2,904 |
| Contingent consideration and other provisions | **4,462** | 12,499 | 7,957 |
| Put option liability | **13,163** | 25,297 | 23,083 |
| Corporation tax payable | **6,714** | 6,658 | 6,541 |
| Deferred tax liabilities | **27,028** | 30,196 | 27,731 |
| Employee benefits | **16,098** | 16,140 | 16,736 |
| **Total non-current liabilities** | **461,692** | 409,445 | 435,294 |
| **Current** | | | |
| Interest-bearing loans and borrowings | **69,319** | 155,558 | 86,150 |
| Lease liabilities | **20,261** | 17,280 | 20,306 |
| Trade and other payables | **530,668** | 500,017 | 475,202 |
| Contingent consideration and other provisions | **11,156** | 7,253 | 8,534 |
| Put option liability | **13,270** | – | 3,529 |
| Derivative financial instruments | **391** | 405 | 305 |
| Corporation tax payable | **4,641** | 2,414 | 2,164 |
| **Total current liabilities** | **649,706** | 682,927 | 596,190 |
| **Total liabilities** | **1,111,398** | 1,092,372 | 1,031,484 |
| **Total liabilities and equity** | **1,673,524** | 1,636,959 | 1,581,351 |

## Condensed Group Statement of Changes in Equity

For the half year ended 30 June 2020

| | Attributable to equity holders of the parent | | | | | | | | | | |
|---|---|---|---|---|---|---|---|---|---|---|---|
| | Share capital €'000 | Share premium €'000 | Undenominated capital €'000 | Own share reserve €'000 | Currency translation reserve €'000 | Revaluation reserve €'000 | Other equity reserves[1] €'000 | Retained earnings €'000 | Total €'000 | Non-controlling interests €'000 | Total equity €'000 |
| Balance at 1 January 2020 as presented in the Balance Sheet | 4,105 | 295,487 | 140 | (8,580) | (18,699) | 30,809 | (134,979) | 282,816 | 451,099 | 98,768 | 549,867 |
| Adjust for transfer of NCI subject to put option for presentation purposes | – | – | – | – | – | – | (16,038) | – | (16,038) | 16,038 | – |
| As at 1 January 2020 | 4,105 | 295,487 | 140 | (8,580) | (18,699) | 30,809 | (151,017) | 282,816 | 435,061 | 114,806 | 549,867 |
| **Comprehensive income** | | | | | | | | | | | |
| Profit for the period | – | – | – | – | – | – | – | 26,853 | 26,853 | 7,314 | 34,167 |
| **Other comprehensive income** | | | | | | | | | | | |
| *Items that may be reclassified subsequently to profit or loss:* | | | | | | | | | | | |
| Foreign currency translation effects, net | – | – | – | – | (10,108) | – | 30 | – | (10,078) | (2,682) | (12,760) |
| Effective portion of cash flow hedges, net of recycling | – | – | – | – | – | – | 596 | – | 596 | 223 | 819 |
| Changes in fair value of cost of hedging, net of recycling | – | – | – | – | – | – | (150) | – | (150) | (41) | (191) |
| Deferred tax on items above | – | – | – | – | – | – | (86) | – | (86) | (38) | (124) |
| Share of joint ventures and associates effective portion of cashflow hedges | – | – | – | – | – | – | (1,266) | – | (1,266) | – | (1,266) |
| Share of joint ventures and associates deferred tax on cashflow hedges | – | – | – | – | – | – | (431) | – | (431) | – | (431) |
| *Items that will not be reclassified subsequently to profit or loss:* | | | | | | | | | | | |
| Remeasurement loss on employee benefit schemes | – | – | – | – | – | – | – | 31 | 31 | (197) | (166) |
| Deferred tax on items above | – | – | – | – | – | – | – | 239 | 239 | (1) | 238 |
| Share of joint ventures remeasurement loss on employee pension schemes | – | – | – | – | – | – | – | (6,196) | (6,196) | – | (6,196) |
| Share of joint ventures revaluation gains on property, plant and equipment | – | – | – | – | – | 135 | – | – | 135 | – | 135 |
| Share of joint ventures deferred tax on items above | – | – | – | – | – | – | – | 1,091 | 1,091 | – | 1,091 |
| **Total other comprehensive income** | – | – | – | – | (10,108) | 135 | (1,307) | (4,835) | (16,115) | (2,736) | (18,851) |
| **Total comprehensive income** | – | – | – | – | (10,108) | 135 | (1,307) | 22,018 | 10,738 | 4,578 | 15,316 |
| **Transactions with equity holders of the parent** | | | | | | | | | | | |
| Non-controlling interest arising on acquisition of subsidiaries | – | – | – | – | – | – | – | – | – | 1,816 | 1,816 |
| Fair value movement on put option liability | – | – | – | – | – | – | 179 | – | 179 | – | 179 |
| Acquisition of non-controlling interests | – | – | – | – | – | – | – | (74) | (74) | (423) | (497) |
| Dividends paid | – | – | – | – | – | – | – | – | – | (4,555) | (4,555) |
| **Total transactions with equity holders of the parent** | – | – | – | – | – | – | 179 | (74) | 105 | (3,162) | (3,057) |
| **As at 30 June 2020** | 4,105 | 295,487 | 140 | (8,580) | (28,807) | 30,944 | (152,145) | 304,760 | 445,904 | 116,222 | 562,126 |
| Transfer of NCI subject to put option for presentation purposes | – | – | – | – | – | – | 17,283 | – | 17,283 | (17,283) | – |
| **As at 30 June 2020** | 4,105 | 295,487 | 140 | (8,580) | (28,807) | 30,944 | (134,862) | 304,760 | 463,187 | 98,939 | 562,126 |

[1] Other equity reserves comprise the demerger reserve, share option reserve, cash flow hedge reserve, cost of hedging reserve and the put option reserve

# Condensed Group Statement of Changes in Equity

For the half year ended 30 June 2019

| | Attributable to equity holders of the parent | | | | | | | | | | |
|---|---|---|---|---|---|---|---|---|---|---|---|
| | Share capital €'000 | Share premium €'000 | Undenominated capital €'000 | Own share reserve €'000 | Currency translation reserve €'000 | Revaluation reserve €'000 | Other equity reserves[1] €'000 | Retained earnings €'000 | Total €'000 | Non-controlling interests €'000 | Total equity €'000 |
| **Balance at 1 January 2019 as presented in the Balance Sheet** | 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 | – | – | – | – | 159 | – | – | (6,937) | (6,778) | (1,337) | (8,115) |
| Adjust for transfer of NCI subject to put option for presentation purposes | – | – | – | – | – | – | (34,673) | – | (34,673) | 34,673 | – |
| **As at 1 January 2019** | 4,104 | 295,421 | 140 | (8,580) | (22,562) | 28,336 | (154,905) | 249,717 | 391,671 | 115,819 | 507,490 |
| **Comprehensive income** | | | | | | | | | | | |
| Profit for the period | – | – | – | – | – | – | – | 43,620 | 43,620 | 6,059 | 49,679 |
| **Other comprehensive income** | | | | | | | | | | | |
| *Items that may be reclassified subsequently to profit or loss:* | | | | | | | | | | | |
| Foreign currency translation effects, net | – | – | – | – | (1,730) | – | (1,069) | – | (2,799) | 795 | (2,004) |
| Effective portion of cash flow hedges, net of recycling | – | – | – | – | – | – | (49) | – | (49) | (29) | (78) |
| Changes in fair value of cost of hedging, net of recycling | – | – | – | – | – | – | 135 | – | 135 | 10 | 145 |
| Deferred tax on items above | – | – | – | – | – | – | (11) | – | (11) | 9 | (2) |
| Share of joint ventures and associates effective portion of cashflow hedges | – | – | – | – | – | – | (1,708) | – | (1,708) | – | (1,708) |
| Share of joint ventures and associates deferred tax on cashflow hedges | – | – | – | – | – | – | 265 | – | 265 | – | 265 |
| *Items that will not be reclassified subsequently to profit or loss:* | | | | | | | | | | | |
| Remeasurement loss on employee benefit schemes | – | – | – | – | – | – | – | (972) | (972) | (216) | (1,188) |
| Deferred tax on items above | – | – | – | – | – | – | – | (126) | (126) | (2) | (128) |
| Share of joint ventures remeasurement loss on employee pension schemes | – | – | – | – | – | – | – | (1,881) | (1,881) | – | (1,881) |
| Share of joint ventures deferred tax on items above | – | – | – | – | – | – | – | 547 | 547 | – | 547 |
| **Total other comprehensive income** | – | – | – | – | (1,730) | – | (2,437) | (2,432) | (6,599) | 567 | (6,032) |
| **Total comprehensive income** | – | – | – | – | (1,730) | – | (2,437) | 41,188 | 37,021 | 6,626 | 43,647 |
| **Transactions with equity holders of the parent** | | | | | | | | | | | |
| New shares issued | 1 | 33 | – | – | – | – | (10) | 10 | 34 | – | 34 |
| Non-controlling interest arising on acquisition of subsidiaries | – | – | – | – | – | – | – | – | – | 1,537 | 1,537 |
| Put option liability extinguished | – | – | – | – | – | – | 11,657 | – | 11,657 | – | 11,657 |
| Fair value movement on put option liability | – | – | – | – | – | – | (891) | – | (891) | – | (891) |
| Dividends paid | – | – | – | – | – | – | – | (9,767) | (9,767) | (9,229) | (18,996) |
| Share-based payment transactions | – | – | – | – | – | – | 109 | – | 109 | – | 109 |
| **Total transactions with equity holders of the parent** | 1 | 33 | – | – | – | – | 10,865 | (9,757) | 1,142 | (7,692) | (6,550) |
| **As at 30 June 2019** | 4,105 | 295,454 | 140 | (8,580) | (24,292) | 28,336 | (146,477) | 281,148 | 429,834 | 114,753 | 544,587 |
| Transfer of NCI subject to put option for presentation purposes | – | – | – | – | – | – | 19,269 | – | 19,269 | (19,269) | – |
| **As at 30 June 2019** | 4,105 | 295,454 | 140 | (8,580) | (24,292) | 28,336 | (127,208) | 281,148 | 449,103 | 95,484 | 544,587 |

[1] Other equity reserves comprise the demerger reserve, share option reserve, cash flow hedge reserve, cost of hedging reserve and the put option reserve

## Condensed Group Statement of Changes in Equity

For the full year ended 31 December 2019

| | Attributable to equity holders of the parent | | | | | | | | | | |
|---|---|---|---|---|---|---|---|---|---|---|---|
| | Share capital €'000 | Share premium €'000 | Undenominated capital €'000 | Own share reserve €'000 | Currency translation reserve €'000 | Revaluation reserve €'000 | Other equity reserves[1] €'000 | Retained earnings €'000 | Total €'000 | Non-controlling interests €'000 | Total equity €'000 |
| **Balance at 1 January 2019 as presented in the Balance Sheet** | 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 | – | – | – | – | 159 | – | – | (6,937) | (6,778) | (1,337) | (8,115) |
| Adjust for transfer of NCI subject to put option for presentation purposes | – | – | – | – | – | – | (34,673) | – | (34,673) | 34,673 | – |
| **As at 1 January 2019** | 4,104 | 295,421 | 140 | (8,580) | (22,562) | 28,336 | (154,905) | 249,717 | 391,671 | 115,819 | 507,490 |
| **Comprehensive income** | | | | | | | | | | | |
| Profit for the year | – | – | – | – | – | – | – | 53,302 | 53,302 | 12,902 | 66,204 |
| **Other comprehensive income** | | | | | | | | | | | |
| *Items that may be reclassified subsequently to profit or loss:* | | | | | | | | | | | |
| Foreign currency translation effects, net | – | – | – | – | 3,863 | – | 33 | – | 3,896 | 1,645 | 5,541 |
| Effective portion of cash flow 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 |
| *Items that will not be reclassified subsequently to profit or loss:* | | | | | | | | | | | |
| 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) |
| **Total other comprehensive income** | – | – | – | – | 3,863 | 2,473 | (4,564) | (5,657) | (3,885) | 1,614 | (2,271) |
| **Total comprehensive income** | – | – | – | – | 3,863 | 2,473 | (4,564) | 47,645 | 49,417 | 14,516 | 63,933 |
| **Transactions with equity holders of the parent** | | | | | | | | | | | |
| New shares issued | 1 | 66 | – | – | – | – | (20) | 20 | 67 | – | 67 |
| Non-controlling interest arising on acquisition of subsidiaries | – | – | – | – | – | – | – | – | – | 959 | 959 |
| Put option liability extinguished | – | – | – | – | – | – | 11,657 | – | 11,657 | – | 11,657 |
| Fair value movement on put option liability | – | – | – | – | – | – | (3,294) | – | (3,294) | – | (3,294) |
| Acquisition of non-controlling interests | – | – | – | – | – | – | – | (1,102) | (1,102) | (554) | (1,656) |
| Acquisition of non-controlling interests by a joint venture | – | – | – | – | – | – | – | (151) | (151) | – | (151) |
| Disposal of subsidiary | – | – | – | – | – | – | – | – | – | 121 | 121 |
| Dividends paid | – | – | – | – | – | – | – | (13,313) | (13,313) | (16,055) | (29,368) |
| Share-based payment transactions | – | – | – | – | – | – | 109 | – | 109 | – | 109 |
| **Total transactions with equity holders of the parent** | 1 | 66 | – | – | – | – | 8,452 | (14,546) | (6,027) | (15,529) | (21,556) |
| **As at 31 December 2019** | 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) | – |
| **As at 31 December 2019** | 4,105 | 295,487 | 140 | (8,580) | (18,699) | 30,809 | (134,979) | 282,816 | 451,099 | 98,768 | 549,867 |

[1] Other equity reserves comprise the demerger reserve, share option reserve, cash flow hedge reserve, cost of hedging reserve and the put option reserve

## Condensed Group Statement of Cashflows

for the half year ended 30 June 2020

| | *(Unaudited)* **H1 2020 €'000** | *(Unaudited)* H1 2019 €'000 | *(Audited)* FY 2019 €'000 |
|---|---|---|---|
| **Net cash flows from operating activities before working capital movements** | **44,096** | 35,579 | 67,249 |
| Movement in working capital | **(24,657)** | (62,149) | 6,527 |
| **Net cash flows from operating activities (Note 11)** | **19,439** | (26,570) | 73,776 |
| | | | |
| **Investing activities** | | | |
| Acquisition of subsidiaries | **(71)** | (2,200) | (6,683) |
| Cash assumed on acquisition of subsidiaries, net | **1,524** | 401 | 2,308 |
| Acquisition of, and investment in joint ventures and associates | **(504)** | (7,715) | (7,145) |
| Payments of contingent consideration | **(86)** | (7,205) | (11,103) |
| Acquisition of equity investments | **–** | – | (150) |
| Proceeds from disposal of joint ventures and associates | **98** | 48 | 48 |
| Proceeds from disposal of investments for resale | **2,632** | – | 1,043 |
| Cash/(bank overdraft) derecognised on disposal of subsidiaries | **–** | – | (191) |
| Acquisition of property, plant and equipment | **(6,835)** | (11,916) | (19,518) |
| Expenditure on computer software | **(3,333)** | (1,904) | (4,621) |
| Development expenditure capitalised | **(96)** | (56) | (62) |
| Proceeds from disposal of property, plant and equipment and software – routine | **267** | 301 | 678 |
| Proceeds from exceptional item | **2,073** | 2,396 | 9,307 |
| Dividends received from joint ventures and associates | **6,356** | 6,282 | 10,652 |
| Government grants received | **–** | – | 106 |
| **Net cash flows from investing activities** | **2,025** | (21,568) | (25,331) |
| | | | |
| **Financing activities** | | | |
| Drawdown of borrowings | **87,562** | 135,062 | 345,764 |
| Repayment of borrowings | **(102,988)** | (111,788) | (333,211) |
| Lease payments | **(11,508)** | (7,959) | (17,902) |
| Proceeds from the issue of share capital, net | **–** | 34 | 67 |
| Acquisition of non-controlling interests | **(300)** | – | (1,656) |
| Dividends paid to non-controlling interests | **(5,044)** | (9,687) | (16,055) |
| Dividends paid to equity holders of the parent | **–** | (9,767) | (13,313) |
| **Net cash flows from financing activities** | **(32,278)** | (4,105) | (36,306) |
| | | | |
| Net decrease in cash, cash equivalents and bank overdrafts | **(10,814)** | (52,243) | 12,139 |
| Net foreign exchange movement | **(2,447)** | (79) | 1,149 |
| Cash, cash equivalents and bank overdrafts at beginning of the period | **106,027** | 92,739 | 92,739 |
| **Cash, cash equivalents and overdrafts at end of period** | **92,766** | 40,417 | 106,027 |

### Condensed summary group reconciliation of net debt

| | *(Unaudited)* **H1 2020 €'000** | *(Unaudited)* H1 2019 €'000 | *(Audited)* FY 2019 €'000 |
|---|---|---|---|
| Net (decrease)/ increase in cash, cash equivalents and bank overdrafts | **(10,814)** | (52,243) | 12,139 |
| Drawdown of borrowings | **(87,562)** | (135,062) | (345,764) |
| Repayment of borrowings | **102,988** | 111,788 | 333,211 |
| Loans arising on acquisition | **(2,550)** | – | – |
| Foreign exchange movement | **287** | (669) | (2,672) |
| Movement in net debt | **2,349** | (76,186) | (3,086) |
| Finance lease reclassified from net debt on adoption of IFRS 16 | **–** | 1,636 | 1,636 |
| Net debt at beginning of the period | **(221,193)** | (219,743) | (219,743) |
| **Net debt at end of the period** | **(218,844)** | (294,293) | (221,193) |

Net debt is a non-IFRS measure which comprises bank deposits, cash and cash equivalents and current and non-current borrowings. It excludes lease liabilities. The calculation is outlined on Note 12.

# Notes to the Interim Results

for the half year ended 30 June 2020

## 1. Basis of preparation

The condensed consolidated interim financial statements of Total Produce plc as at, and for the six months ended 30 June 2020, have been prepared in accordance with IAS 34 *Interim Financial Reporting,* as adopted by the EU. The accounting policies and methods of computation adopted in the preparation of the financial information are consistent with those set out in the Group's consolidated financial statements for the year ended 31 December 2019, with the exception of those disclosed below, which were prepared in accordance with International Financial Reporting Standards (IFRS) as adopted by the EU.

The interim financial information for both the six months ended 30 June 2020 and the comparative six months ended 30 June 2019 is unaudited. The financial information for the year ended 31 December 2019 represents an abbreviated version of the Group's statutory financial statements for that year, which contained an unqualified audit report and have been filed with the Registrar of Companies.

The preparation of interim financial statements requires management to make judgements, estimates and assumptions that affect the application of accounting policies and the reported amounts of assets and liabilities, income and expense. Actual results may differ from these estimates. In preparing these condensed consolidated interim financial statements, the significant judgements made by management in applying the Group's accounting policies and the key sources of estimation uncertainty were the same as those applied to the consolidated financial statements as at and for the year ended 31 December 2019, with the addition of assessing the impact of  the COVID-19 pandemic as set out below.

**Changes in accounting policy and disclosures**

Except as described below, the accounting policies applied in these interim financial statements are the same as those applied in the Group's consolidated financial statements as at 31 December 2019.

A number of new standards are effective from 1 January 2020 and they have not had a material impact on the Group's consolidated financial statements. Any changes in accounting policy will be disclosed in the Group's consolidated financial statements as at 31 December 2020.

The Group has considered the impact of COVID-19 with respect to the judgements and estimates it makes in the application of its accounting policies. The financial statements as at 30 June 2020 incorporate these considerations on the recoverability of inventory, trade receivables and other assets. The Group continues to actively manage its working capital including inventory and trade receivables. COVID-19 has increased the credit risk from customers in the food service sector as demand has significantly decreased as a result of government-imposed restrictions. Outstanding customer balances are actively monitored and reviews for indicators of impairment are done on an ongoing basis. Furthermore, trade credit is extended to customers after careful consideration and thereafter continuously monitored. Where the extension of credit is considered inappropriate, payment plans are put in place. A significant element of credit risk is covered by credit insurance. Whilst expected credit losses from some food service customers have increased, the impact of COVID-19 on the recoverability of inventory and trade receivables is not considered significant.

The impairment testing of goodwill and indefinite life intangibles at the reporting date is based on the key assumptions disclosed in the 2019 Annual Report, updated to take account of future potential trading scenarios as a result of this pandemic. Where indicators of impairment were present in a Cash Generating Unit, the Group performed detailed testing using updated forecasts. The testing did not result in any impairment at the balance sheet date and will be reassessed in December 2020.

Land and Buildings and Investment Property are stated at fair value. Investment Property is revalued at each reporting period by registered independent appraisers with Land and Buildings valued by registered independent appraisers every three to five years. Further details are outlined in the Group's 2019 Annual Report. At 30 June 2020, the Group performed a desktop review of Investment Property and Land and Buildings and identified two properties in the Non-Eurozone division where fair value was below historic cost resulting in a €1.1m impairment charge in the period.

## 2. Translation of foreign currencies

The reporting currency of the Group is Euro. The rates used in the translation of results and balance sheets into Euro were as follows:

| | Average rate | | | Closing rate | | |
|---|---|---|---|---|---|---|
| | H1 2020 | H1 2019 | % change | 30 Jun 2020 | 31 Dec 2019 | % change |
| Brazilian Real | **5.9287** | 4.3410 | (36.6%) | **6.1118** | 4.5157 | (35.3%) |
| Canadian Dollar | **1.5185** | 1.5066 | (0.8%) | **1.5319** | 1.4599 | (4.9%) |
| Czech Koruna | **26.6368** | 25.6785 | (3.7%) | **26.7400** | 25.4080 | (5.2%) |
| Danish Kroner | **7.4613** | 7.4661 | 0.1% | **7.4523** | 7.4717 | 0.3% |
| Indian Rupee | **81.4880** | 79.0941 | (3.0%) | **84.5415** | 79.9301 | (5.8%) |
| Polish Zloty | **4.4138** | 4.2915 | (2.8%) | **4.4524** | 4.2551 | (4.6%) |
| Pound Sterling | **0.8842** | 0.8712 | (1.5%) | **0.9109** | 0.8506 | (7.1%) |
| Swedish Krona | **10.6653** | 10.5308 | (1.3%) | **10.4824** | 10.4778 | (0.0%) |
| US Dollar[1] | **1.1016** | 1.1296 | 2.5% | **1.1229** | 1.1216 | (0.1%) |

[1] For period ended 13 June 2020, the average rate used in translating the revenues of Dole to Euro was 1.1016 (2019: 1.1267) and equity accounted profit after tax of Dole to Euro in 2020 was 1.1047 (2019: 1.1267).

# **Notes to the Interim Results** continued

for the half year ended 30 June 2020

## 3. Segmental Analysis

The table below details a segmental breakdown of the Group's total revenue and adjusted EBITA for the six months ended 30 June 2020, the six months ended 30 June 2019 and the full year ended 31 December 2019.

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

- *Europe – Eurozone:* This reportable segment is an aggregation of thirteen operating segments principally in France, Ireland, Italy, the Netherlands and Spain primarily involved in the procurement, marketing and distribution of fresh produce and some healthfoods and consumer goods products. These operating segments have been aggregated because they have similar economic characteristics.

- *Europe – Non-Eurozone*: This operating segment is an aggregation of six operating segments in the Czech Republic, Poland, Scandinavia and the United Kingdom primarily involved in the procurement, marketing and distribution of fresh produce. These operating segments have been aggregated because they have similar economic characteristics.

- *International*: This segment is an aggregation of five operating segments in North America, one in South America and one in India primarily involved in the procurement, marketing and distribution of fresh produce. These operating segments have been aggregated because they have similar customer profiles and 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. 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 number three positions respectively for bananas in North American and Europe and are number two and number 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.

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 and is 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 purpose of the information presented to the Chief Operating Decision Maker ('CODM') and are accordingly omitted from the detailed segmental analysis that follows.

| | ***(Unaudited)* H1 2020** | | ***(Unaudited)* H1 2019[3]** | | ***(Unaudited)* FY 2019[3]** | |
|---|---|---|---|---|---|---|
| | Total revenue **€'000** | Adjusted EBITA **€'000** | **Total revenue €'000** | **Adjusted EBITA €'000** | Total revenue €'000 | Adjusted EBITA €'000 |
| Europe – Non-Eurozone | **770,019** | **21,637** | 751,973 | 22,977 | 1,481,657 | 41,913 |
| Europe – Eurozone | **855,231** | **12,430** | 831,997 | 10,912 | 1,661,446 | 20,477 |
| International | **617,566** | **11,071** | 604,917 | 8,945 | 1,271,566 | 22,284 |
| Dole *(Group share)*[1] | **902,866** | **46,334** | 891,021 | 49,987 | 1,821,400 | 65,440 |
| Inter-segment revenue[2] | **(33,446)** | **–** | (28,557) | – | (62,874) | – |
| **Total Group** | **3,112,236** | **91,472** | 3,051,351 | 92,821 | 6,173,195 | 150,114 |

*[1]Dole's financial calendar consists of thirteen 4 weekly periods. The first half results are for the first six periods ended 13 June 2020. The comparative results are for the first six periods of 2019 ended 15 June 2019. The Group's share of the adjusted EBITA of Dole above is after the deduction of the Group's share of the non-controlling interests charge within Dole and an allocation of corporate overhead.*

*[2]All inter-segment revenue transactions are at arm's length.*

*[3]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.*

# Notes to the Interim Results continued
for the half year ended 30 June 2020

**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:

| | ***(Unaudited)* H1 2020 €'000** | *(Unaudited)* H1 2019 €'000 | *(Audited)* FY 2019 €'000 |
|---|---|---|---|
| **Adjusted EBITA per management reporting** | **91,472** | 92,821 | 150,114 |
| Acquisition related intangible asset amortisation within subsidiaries[1] | **(5,129)** | (4,986) | (10,301) |
| Share of joint ventures and associates acquisition related intangible asset amortisation | **(1,328)** | (1,349) | (2,696) |
| Fair value movements on contingent consideration[2] | **681** | 1,067 | 204 |
| Acquisition related costs within subsidiaries[3] | **(348)** | (23) | (177) |
| Share of joint ventures and associates net financial expense[4] | **(19,335)** | (21,359) | (40,817) |
| Share of joint ventures and associates tax (before tax on exceptional items) | **(13,078)** | (13,761) | (14,059) |
| **Operating profit before exceptional items** | **52,935** | 52,410 | 82,268 |
| Net financial expense before exceptional items[5] | **(5,070)** | (5,515) | (10,967) |
| **Profit before tax before exceptional items** | **47,865** | 46,895 | 71,301 |
| Exceptional items[6] | **(5,298)** | 8,444 | 5,232 |
| **Profit before tax after exceptional items** | **42,567** | 55,339 | 76,533 |

[1]Acquisition related intangible asset amortisation charges are not allocated to operating segments in the Group's management reports.

[2]Fair value movements on contingent consideration are not allocated to operating segments in the Group's management reports.

[3]Acquisition related costs are transaction costs directly related to the acquisition of subsidiaries and are not allocated to operating segments in the Group's management reports.

[4]Under IFRS, included within profit before tax is the Group's share of joint ventures and associates profit after acquisition related intangible amortisation charges and costs, tax and interest. In the Group's management reports these items are excluded from the adjusted EBITA calculation.

[5]Financial income and expense is primarily managed at Group level and is therefore not allocated to individual operating segments in the Group's management reports.

[6]Exceptional items (Note 4) are not allocated to operating segments in the Group's management reports.

## 4. Exceptional items

| | ***(Unaudited)* H1 2020 €'000** | *(Unaudited)* H1 2019 €'000 | *(Audited)* FY 2019 €'000 |
|---|---|---|---|
| Gain/(Loss) on disposal of investment[1] | **–** | 1,447 | (670) |
| Restructuring costs and costs associated with termination of a business[2] | **(348)** | – | (1,146) |
| Share of joint venture and associates exceptional items – Dole[3] | **(4,788)** | 6,199 | 5,523 |
| Impairment of PPE[4] | **(1,101)** | – | – |
| **Total exceptional items (before share of joint ventures and associates tax)** | **(6,237)** | 7,646 | 3,707 |
| Share of joint venture and associates tax on exceptional items – Dole[3] | **939** | 798 | 1,525 |
| **Exceptional items within profit before tax** | **(5,298)** | 8,444 | 5,232 |
| Net tax (charge)/credit on exceptional items[5] | **(973)** | 304 | (47) |
| **Total net of tax** | **(6,271)** | 8,748 | 5,185 |
| | | | |
| *Attributable as follow:* | | | |
| Equity holders of the parent | **(6,271)** | 8,135 | 5,246 |
| Non-controlling interests | **–** | 613 | (61) |
| | **(6,271)** | 8,748 | 5,185 |

Of the €5.3m net exceptional cost in H1 2020, €1.4m has been recognised as a net charge within operating expenses, and €3.9m as a net exceptional charge within share of profits of joint ventures and associates. Of the €8.4m net exceptional credit in H1 2019, €1.4m has been recognised as a credit within net operating expenses and €7.0m as a net exceptional gain has within share of profits of joint ventures and associates. Of the €5.2m net exceptional credit in FY 2019, €1.8m has been recognised as a charge with net operating expenses and a €7.0m net exceptional gain has been recognised within share of profits of joint ventures and associates.

**[1]Gain/(Loss) on disposal of equity/farming investment**
In 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 gain of €1.5m for the period ended 30 June 2019 and exceptional loss of €0.7m for the

## **Notes to the Interim Results** continued
for the half year ended 30 June 2020

year ended 31 December 2019 represented the gain/loss on the disposals of the investment in those periods and the fair value movements of the remaining investment held in escrow at that period end.

**[2]Restructuring costs and costs associated with termination and disposal of businesses**
Restructuring charges of €0.3m were incurred in the period on ongoing structuring programs in Europe. In the second half of 2019, the Group incurred losses of €0.6m on the disposal of and termination of two small businesses in the Non-Eurozone division as well as charges of €0.5m incurred in 2019 on ongoing restructuring programs in Europe

**[3]Share of exceptional items within joint ventures and associates – Dole**
The share of the exceptional items in Dole for the 6 month period to 13 June 2020 was a charge of €4.8m with a related tax credit of €0.9m. Included in these were a net charge of €2.4m 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 €1.4m and €1.0m due to COVID-19 costs (costs of employee protective equipment, double shifts etc).

The share of the exceptional items in Dole for the 6 month period to 15 June 2019 was a credit of €6.2m with a related tax credit of €0.8m. Included in these were net gains of €11.0m on disposals of businesses/assets, net charges of €0.9m 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 €2.2m, transaction costs of €0.9m and costs of €0.8m associated with industry wide product recalls.

The Group's share of the exceptional items in Dole for the year ended 28 December 2019 was a net gain of €5.5m with a related tax credit of €1.5m. Included in these exceptional items are net gains of €11.8m on disposals of businesses/assets, net gains of €0.1m 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 €4.1m, transaction costs of €0.6m and costs of €1.7m associated with industry wide product recalls.

**[4]Impairment of property, plant and equipment**
All property is recognised in the financial statements at fair value. As part of the Group's bi-annual review of carrying value of property, the Group identified two properties in the Non-Eurozone division where fair value exceeded historic cost resulting in an exceptional income statement charge of €1.1m.

**[5]Tax credit/(charge) on exceptional items**
The net tax effect on the exceptional items above for the half year ended June 2020 was a net charge of €1.0m (year ended 31 December 2019: a charge of less than €0.1m and a gain of €0.3m for the half year ended 30 June 2019).

**Effect of exceptional items on cash flow statement**
The net effect of exceptional items including prior period exceptional items was a net cash inflow of €1.6m for the period to 30 June 2020 (2019: outflow of €0.6m). The net effect of exceptional items for the year ended 31 December 2019 was a cash inflow of €5.8m.

### 5. Earnings per share

**Basic earnings per share**
Basic earnings per share is calculated by dividing the profit for the period attributable to ordinary equity holders of the parent by the weighted average number of ordinary shares outstanding during the period, excluding shares purchased by the Company which are held as treasury shares.

| | ***(Unaudited)*** **H1 2020 €'000** | *(Unaudited)* H1 2019 €'000 | *(Audited)* FY 2019 €'000 |
|---|---|---|---|
| Profit attributable to equity holders of the parent | **26,853** | 43,620 | 53,302 |
| | **'000** | '000 | '000 |
| Shares in issue at beginning of period | **410,525** | 410,429 | 410,429 |
| New shares issued from exercise of share options (weighted average) | **–** | 47 | 51 |
| Shares repurchased by company (weighted average) | **–** | – | (2) |
| Effect of treasury shares held | **(22,000)** | (22,000) | (22,000) |
| Weighted average number of shares at end of period | **388,525** | 388,476 | 388,478 |
| **Basic earnings per share – cent** | **6.91** | 11.23 | 13.72 |

## **Notes to the Interim Results** continued
for the half year ended 30 June 2020

**Diluted earnings per share**
Diluted earnings per share is calculated by dividing the profit for the period 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.

| | ***(Unaudited)* H1 2020 €'000** | *(Unaudited)* H1 2019 €'000 | *(Audited)* FY 2019 €'000 |
|---|---|---|---|
| Profit attributable to equity holders of the parent | **26,853** | 43,620 | 53,302 |

| | **'000** | '000 | '000 |
|---|---|---|---|
| Weighted average number of shares at end of period | **388,525** | 388,476 | 388,478 |
| Effect of share options with a dilutive effect | **583** | 867 | 817 |
| Weighted average number of shares at end of period (diluted) | **389,108** | 389,343 | 389,295 |
| **Diluted earnings per share – cent** | **6.90** | 11.20 | 13.69 |

The average market value of the Company's shares for the purpose of calculating the dilutive effect of share options was based on the quoted market prices for the period 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 below 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 (as calculated below) by the weighted average number of ordinary shares outstanding during the period, 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 (as calculated below) by the weighted average number of ordinary shares outstanding after adjustment for the effects of all ordinary shares and options with a dilutive effect.

| | ***(Unaudited)* H1 2020 €'000** | *(Unaudited)* H1 2019 €'000 | *(Audited)* FY 2019 €'000 |
|---|---|---|---|
| Profit attributable to equity holders of the parent | **26,853** | 43,620 | 53,302 |
| *Adjustments:* | | | |
| Exceptional items – net of tax (Note 4) | **6,271** | (8,748) | (5,185) |
| Acquisition related intangible asset amortisation within subsidiaries | **5,129** | 4,986 | 10,301 |
| Share of joint ventures and associates acquisition related intangible asset amortisation | **1,328** | 1,349 | 2,696 |
| Acquisition related costs within subsidiaries | **348** | 23 | 177 |
| Fair value movements on contingent consideration | **(681)** | (1,067) | (204) |
| Tax effect of amortisation of goodwill, intangible assets and fair value movements on contingent consideration | **(759)** | (1,006) | (3,188) |
| Non-controlling interests share of items above | **(1,718)** | (1,002) | (2,915) |
| Adjusted profit attributable to equity holders of the parent | **36,771** | 38,155 | 54,984 |

| | **'000** | '000 | '000 |
|---|---|---|---|
| Weighted average number of shares | **388,525** | 388,476 | 388,478 |
| Weighted average number of shares (diluted) | **389,108** | 389,343 | 389,295 |

| | | | |
|---|---|---|---|
| **Adjusted basic earnings per share – cent** | **9.46** | 9.82 | 14.15 |
| **Adjusted fully diluted earnings per share – cent** | **9.45** | 9.80 | 14.12 |

# **Notes to the Interim Results** continued
for the half year ended 30 June 2020

## 6. Investment in Dole

As disclosed previously, on 31 July 2018 the Group completed the transaction to acquire a 45% shareholding in Dole Food Company ('Dole') for $300m.

In addition, and at any time after closing of the First Tranche, 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 $312m.

From 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.

From the fifth anniversary of completion which of the acquisition of the First Tranche, which is 31 July 2023 in the event 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. A price protection mechanism is in place in favour of Total Produce around the proceeds from such a sale.

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 Mr. 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.

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. The overall business is seasonal with the greater share of EBITDA in the first half of the financial year. As part of the Securities Purchase Agreement, Dole agreed to contribute $15m to cover professional and advisory fees relating to the transaction.

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.

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.

**Summary of financial information**

The following is the summarised financial information of Dole for the period ended 13 June 2020 (H1 2020) and the period ended 15 June 2019 (H1 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 Interim Results** continued
for the half year ended 30 June 2020

**Summary income statement Dole (in USD '000)**

| | *(Unaudited)* H1 2020 Pre-Exceptional $'000 | *(Unaudited)* H1 2020 Exceptional $'000 | *(Unaudited)* H1 2020 Total $'000 | *(Unaudited)* H1 2019 Pre-Exceptional $'000 | *(Unaudited)* H1 2019 Exceptional $'000 | *(Unaudited)* H1 2019 Total $'000 | *(Audited)* FY 2019 Pre-Exceptional $'000 | *(Audited)* FY 2019 Exceptional $'000 | *(Audited)* FY 2019 Total $'000 |
|---|---|---|---|---|---|---|---|---|---|
| **Revenue** | **2,210,322** | **–** | **2,210,322** | 2,236,182 | – | 2,236,182 | 4,566,354 | – | 4,566,354 |
| **Operating profit** | **118,775** | **(8,371)** | **110,404** | 130,290 | 15,607 | 145,897 | 173,790 | 13,846 | 187,636 |
| Net financial expense | **(35,579)** | **(3,480)** | **(39,059)** | (38,631) | – | (38,631) | (78,369) | – | (78,369) |
| Leasing interest expense | **(9,097)** | **–** | **(9,097)** | (12,449) | – | (12,449) | (19,284) | – | (19,284) |
| **Profit before tax** | **74,099** | **(11,851)** | **62,248** | 79,210 | 15,607 | 94,817 | 76,137 | 13,846 | 89,983 |
| Income tax expense | **(28,899)** | **2,313** | **(26,586)** | (31,288) | 1,991 | (29,297) | (25,477) | 3,823 | (21,654) |
| **Profit for the period** | **45,200** | **(9,538)** | **35,662** | 47,922 | 17,598 | 65,520 | 50,660 | 17,669 | 68,329 |
| Non-controlling interests | **(1,460)** | **–** | **(1,460)** | (1,255) | – | (1,255) | (2,205) | – | (2,205) |
| **Profit for the period attributable to equity shareholders** | **43,740** | **(9,538)** | **34,202** | 46,667 | 17,598 | 64,265 | 48,455 | 17,669 | 66,124 |
| **Group 45% share of profit attributable to equity shareholders** | **19,683** | **(4,292)** | **15,391** | 21,000 | 7,919 | 28,919 | 21,805 | 7,951 | 29,756 |

**Summary of other comprehensive income statement Dole (in USD '000)**

| | *(Unaudited)* H1 2020 $'000 | *(Unaudited)* H1 2019 $'000 | *(Audited)* FY 2019 $'000 |
|---|---|---|---|
| Effective portion of cashflow hedges, net of recycling | **(3,111)** | (4,417) | (12,753) |
| Remeasurement loss on employee benefit schemes | **(15,167)** | (4,725) | (6,459) |
| Revaluation gain on property, plant and equipment | **339** | – | 3,411 |
| Deferred tax on items above | **1,612** | 2,069 | 1,048 |
| Foreign currency translation effects | **842** | (5,903) | (8,015) |
| **Other comprehensive expense for the period (net of tax)** | **(15,485)** | (12,976) | (22,768) |
| Non-controlling interests share | **–** | – | – |
| **Attributable to equity shareholders** | **(15,485)** | (12,976) | (22,768) |
| **Group's 45% share of other comprehensive expense attributable to equity shareholders** | **(6,968)** | (5,839) | (10,246) |

**Key performance indicators Dole (in USD '000)**

| | *(Unaudited)* H1 2020 $'000 | *(Unaudited)* H1 2019 $'000 | *(Audited)* FY 2019 $'000 |
|---|---|---|---|
| Adjusted EBITDA (adding back depreciation of right-of-use assets) | **185,412** | 202,395 | 307,724 |
| Adjusted EBITDA | **153,354** | 161,044 | 245,013 |
| Adjusted EBITA | **118,775** | 130,290 | 173,790 |

## **Notes to the Interim Results** continued
for the half year ended 30 June 2020

### Summary income statement Dole (in Euro '000)

| | *(Unaudited)* H1 2020 Pre-Exceptional €'000 | *(Unaudited)* H1 2020 Exceptional €'000 | *(Unaudited)* H1 2020 Total €'000 | *(Unaudited)* H1 2019 Pre-Exceptional €'000 | *(Unaudited)* H1 2019 Exceptional €'000 | *(Unaudited)* H1 2019 Total €'000 | *(Audited)* FY 2019 Pre-Exceptional €'000 | *(Audited)* FY 2019 Exceptional €'000 | *(Audited)* FY 2019 Total €'000 |
|---|---|---|---|---|---|---|---|---|---|
| **Revenue** | **2,006,367** | **–** | **2,006,367** | 1,980,046 | – | 1,980,046 | 4,047,555 | – | 4,047,555 |
| **Operating profit** | **107,521** | **(7,497)** | **100,024** | 115,615 | 13,782 | 129,397 | 154,044 | 12,274 | 166,318 |
| Net financial expense | **(32,210)** | **(3,150)** | **(35,360)** | (34,272) | – | (34,272) | (69,465) | – | (69,465) |
| Leasing interest expense | **(8,235)** | **–** | **(8,235)** | (11,047) | – | (11,047) | (17,093) | – | (17,093) |
| **Profit before tax** | **67,076** | **(10,647)** | **56,429** | 70,296 | 13,782 | 84,078 | 67,486 | 12,274 | 79,760 |
| Income tax expense | **(26,161)** | **2,094** | **(24,067)** | (27,764) | 1,767 | (25,997) | (22,582) | 3,388 | (19,194) |
| **Profit for the period** | **40,915** | **(8,553)** | **32,362** | 42,532 | 15,549 | 58,081 | 44,904 | 15,662 | 60,566 |
| Non-controlling interests | **(1,322)** | **–** | **(1,322)** | (1,114) | – | (1,114) | (1,954) | – | (1,954) |
| **Profit for the period attributable to equity shareholders** | **39,593** | **(8,553)** | **31,040** | 41,418 | 15,549 | 56,967 | 42,950 | 15,662 | 58,612 |
| **Group 45% share of profit attributable to equity shareholders** | **17,817** | **(3,849)** | **13,968** | 18,638 | 6,997 | 25,635 | 19,327 | 7,048 | 26,375 |

### Summary of other comprehensive income statement Dole (in Euro '000)

| | *(Unaudited)* H1 2020 €'000 | *(Unaudited)* H1 2019 €'000 | *(Audited)* FY 2019 €'000 |
|---|---|---|---|
| Effective portion of cashflow hedges, net of recycling | **(2,824)** | (3,920) | (11,414) |
| Remeasurement loss on employee benefit schemes | **(13,768)** | (4,193) | (5,781) |
| Revaluation gain on property, plant and equipment | **302** | – | 3,041 |
| Deferred tax on items above | **1,463** | 1,836 | 938 |
| Foreign currency translation effects | **764** | (5,237) | (7,173) |
| **Other comprehensive expense for the period (net of tax)** | **(14,063)** | (11,514) | (20,389) |
| Non-controlling interests share | **–** | – | – |
| **Attributable to equity shareholders** | **(14,063)** | (11,514) | (20,389) |
| **Group's 45% share of other comprehensive expense attributable to equity shareholders** | **(6,328)** | (5,182) | (9,175) |

### Key performance indicators Dole (in Euro '000)

| | *(Unaudited)* H1 2020 €'000 | *(Unaudited)* H1 2019 €'000 | *(Audited)* FY 2019 €'000 |
|---|---|---|---|
| Adjusted EBITDA (adding back depreciation of right-of-use assets) | **167,845** | 179,599 | 272,762 |
| Adjusted EBITDA | **138,825** | 142,905 | 217,176 |
| Adjusted EBITA | **107,521** | 115,615 | 154,044 |

# **Notes to the Interim Results** continued
for the half year ended 30 June 2020

### Summary Balance Sheet of Dole (in USD '000)

| | *(Unaudited)* **13 Jun 2020 $'000** | *(Unaudited)* 15 Jun 2019 $'000 | *(Audited)* 28 Dec 2019 $'000 |
|---|---|---|---|
| Intangible assets – Brand | **285,119** | 286,267 | 285,540 |
| Property, plant and equipment | **1,081,324** | 1,024,228 | 1,069,546 |
| Right of use assets | **243,705** | 288,858 | 279,068 |
| Assets held for sale/Actively marketed property | **60,848** | 80,114 | 64,760 |
| Other non-current assets | **108,623** | 119,173 | 107,753 |
| Other current assets | **910,469** | 857,816 | 862,588 |
| Net debt | **(1,269,270)** | (1,271,781) | (1,287,328) |
| Employee benefit obligations | **(190,397)** | (187,013) | (175,059) |
| Lease liabilities | **(256,501)** | (303,336) | (294,034) |
| Other non-current liabilities | **(235,826)** | (258,743) | (238,636) |
| Other current liabilities | **(661,982)** | (571,011) | (617,365) |
| Non-controlling interests | **(9,732)** | (8,976) | (9,170) |
| **Fair value of net assets attributable to equity shareholders** | **66,380** | 55,596 | 47,663 |
| ***Total Produce's 45% share of net assets*** | **29,871** | 25,018 | 21,448 |
| Goodwill | **275,687** | 275,687 | 275,687 |
| **Total carrying value of 45% interest in Dole** | **305,558** | 300,705 | 297,135 |

### Reconciliation of Group's carrying value of investment in Dole (in USD '000)

| | *(Unaudited)* **13 Jun 2020 $'000** | *(Unaudited)* 15 Jun 2019 $'000 | *(Audited)* 28 Dec 2019 $'000 |
|---|---|---|---|
| Opening carrying value of 45% investment in Dole | **297,135** | 281,432 | 281,432 |
| Retained earnings adjustment on transition to IFRS 16 | **–** | (3,807) | (3,807) |
| Group share of profit/(loss) for period attributable to equity shareholders | **15,391** | 28,919 | 29,756 |
| Group share of other comprehensive expense for period attributable to equity shareholders | **(6,968)** | (5,839) | (10,246) |
| Closing carrying value of 45% interest in Dole | **305,558** | 300,705 | 297,135 |

### Summary Balance Sheet of Dole (in Euro '000)

| | *(Unaudited)* **13 Jun 2020 €'000** | *(Unaudited)* 15 Jun 2019 €'000 | *(Audited)* 28 Dec 2019 €'000 |
|---|---|---|---|
| Intangible assets – Brand | **253,914** | 251,753 | 254,592 |
| Property, plant and equipment | **962,977** | 900,742 | 953,622 |
| Right of use assets | **217,032** | 254,032 | 248,821 |
| Assets held for sale/Actively marketed property | **54,188** | 70,455 | 57,741 |
| Other non-current assets | **96,735** | 104,805 | 96,074 |
| Other current assets | **810,822** | 754,393 | 769,096 |
| Net debt | **(1,130,353)** | (1,118,449) | (1,147,800) |
| Employee benefit obligations | **(169,559)** | (164,466) | (156,085) |
| Lease liabilities | **(228,428)** | (266,764) | (262,165) |
| Other non-current liabilities | **(210,016)** | (227,548) | (212,771) |
| Other current liabilities | **(589,529)** | (502,167) | (550,452) |
| Non-controlling interests | **(8,667)** | (7,894) | (8,176) |
| **Fair value of net assets attributable to equity shareholders** | **59,116** | 48,892 | 42,497 |
| ***Total Produce's 45% share of net assets*** | **26,602** | 22,001 | 19,124 |
| Goodwill | **245,476** | 242,425 | 245,769 |
| **Total carrying value of 45% interest in Dole** | **272,078** | 264,426 | 264,893 |

### Reconciliation of Group's carrying value of investment in Dole (in EUR '000)

| | *(Unaudited)* **13 Jun 2020 €'000** | *(Unaudited)* 15 Jun 2019 €'000 | *(Audited)* 28 Dec 2019 €'000 |
|---|---|---|---|
| Opening carrying value of 45% investment in Dole | **264,893** | 245,902 | 245,881 |
| Retained earnings adjustment on transition to IFRS 16 | **–** | (3,326) | (3,326) |
| Group share of profit/(loss) for period attributable to equity shareholders | **13,968** | 25,635 | 26,375 |
| Group share of other comprehensive expense for period attributable to equity shareholders | **(6,328)** | (5,182) | (9,175) |
| Foreign exchange movement | **(455)** | 1,397 | 5,138 |
| Closing carrying value of 45% interest in Dole | **272,078** | 264,426 | 264,893 |

# **Notes to the Interim Results** continued
for the half year ended 30 June 2020

## 7. Post-employment obligations

| | ***(Unaudited)* H1 2020 €'000** | *(Unaudited)* H1 2019 €'000 | *(Audited)* FY 2019 €'000 |
|---|---|---|---|
| Employee defined benefit pension schemes obligations | **(9,650)** | (9,955) | (10,828) |
| Other post-employment defined benefit obligations | **(6,448)** | (6,185) | (5,908) |
| | **(16,098)** | (16,140) | (16,736) |

### Employee defined benefit pension schemes

| | ***(Unaudited)* H1 2020 €'000** | *(Unaudited)* H1 2019 €'000 | *(Audited)* FY 2019 €'000 |
|---|---|---|---|
| Pension assets | **189,277** | 185,179 | 192,227 |
| Pension obligations | **(198,927)** | (195,134) | (203,055) |
| **Net liability** | **(9,650)** | (9,955) | (10,828) |
| Net related deferred tax asset | **1,798** | 1,557 | 1,479 |
| **Net liability after tax** | **(7,852)** | (8,398) | (9,349) |
| | | | |
| *Movement in period* | | | |
| Net liability at beginning of period | **(10,828)** | (10,941) | (10,941) |
| Net interest expense and current service cost recognised in the income statement | **(923)** | (872) | (1,677) |
| Employer contributions to schemes | **1,254** | 2,537 | 4,866 |
| Remeasurement gain/(loss) recognised in other comprehensive income | **407** | (523) | (2,683) |
| Translation adjustment | **440** | (156) | (393) |
| **Net liability at end of period before deferred tax** | **(9,650)** | (9,955) | (10,828) |

The table above summarises the movements in the net liability of the Group's various defined benefit pension schemes in Ireland, the UK, Continental Europe and North America in accordance with *IAS 19 Employee Benefits (2011).*

The Group's balance sheet at 30 June 2020 reflects net pension liabilities of €9.7m in respect of schemes in deficit, resulting in a net deficit of €7.9m after deferred tax. There was a 2.3% average return on pension scheme assets in 2020 (10% in H1 2019).

The below table shows the discount rates and inflation rates:

| | **Jun 2020** | Jun 2019 | Dec 2019 |
|---|---|---|---|
| *Eurozone* | | | |
| Discount rates | **1.55%** | 1.40% | 1.40% |
| Inflation rates | **1.10%** | 1.20% | 1.40% |
| *UK* | | | |
| Discount rates | **1.60%** | 2.30% | 2.00% |
| Inflation rates | **2.60%** | 3.20% | 2.70% |

## 8. Dividends

Having regard to Government guidelines on the holding of meetings, the Board decided to postpone the AGM which was due to be held on 15 May 2020, to 28 August 2020. Subject to the shareholders' approval at the AGM, the 2019 final dividend of 2.5770 cent per share will be paid on 2 September 2020 to shareholders on the Register of Members as at 7 August 2020.

The Board intends to pay the 2020 interim dividend of 0.9129 cent per share, unchanged on the prior year in January 2021.

In accordance with company law and IFRS, these dividends have not been provided for in the balance sheet at 30 June 2020.

During the period, the Group declared dividends of €4.6m (2019: €9.2m) to non-controlling shareholders in certain of the Group's non wholly-owned subsidiaries. In the same period cash dividends of €5.1m (2019: €9.7m) were paid.

# **Notes to the Interim Results** continued
for the half year ended 30 June 2020

## 9. Businesses acquired and other developments

**Investments in subsidiaries**

A key part of the Group's strategy is to grow by acquisition. During the six-month period, the Group made a number of bolt-on acquisitions and investments with committed investment of €2.2m including €0.8m of deferred consideration and €0.6m contingent consideration payable on the achievement of future profit targets. Goodwill arising on these acquisitions amounts to €0.6m. The principal factor contributing to the recognition of the goodwill is the realisation of costs savings and synergies expected to be achieved for integrating the acquired entities, and the value and skills of the assembled workforce in the acquired entities.

The initial assignment of fair values to net assets for all investments has been performed on a provisional basis in respect of these acquisitions given the timing of the completion of these transactions and will be finalised within twelve months from the acquisition date, as permitted by IFRS 3 (Revised) *Business Combinations*.

**Payment of contingent and deferred consideration in the period**

During the period, the Group paid €86,000 of contingent consideration relating to prior period acquisitions.

## 10. Financial instruments

The fair values of financial assets and financial liabilities, together with the carrying amounts in the Condensed Group Balance Sheet at 30 June 2020, 30 June 2019 and 31 December 2019 are as follows:

| | ***(Unaudited)* 30 Jun 2020** | | ***(Unaudited)* 30 Jun 2019** | | ***(Audited)* 31 Dec 2019** | |
|---|---|---|---|---|---|---|
| | Carrying value **€'000** | Fair value **€'000** | Carrying value **€'000** | Fair value **€'000** | Carrying value €'000 | Fair value €'000 |
| Other Investments | **476** | **476** | 13,597 | 13,597 | 5,049 | 5,049 |
| Trade and other receivables – current[1] | **424,752** | **n/a** | 463,690 | n/a | 368,973 | n/a |
| Trade and other receivables – non-current[1] | **23,254** | **n/a** | 24,181 | n/a | 19,796 | n/a |
| Derivative financial assets | **4,966** | **4,966** | 4,584 | 4,584 | 4,489 | 4,489 |
| Cash and cash equivalents | **131,493** | **n/a** | 78,876 | n/a | 115,529 | n/a |
| | **584,941** | | 584,928 | | 513,836 | |
| | | | | | | |
| Trade and other payables – current | **(530,668)** | **n/a** | (500,017) | n/a | (475,202) | n/a |
| Trade and other payables – non-current | **(2,803)** | **n/a** | (1,768) | n/a | (2,904) | n/a |
| Bank overdrafts | **(38,727)** | **n/a** | (38,459) | n/a | (9,502) | n/a |
| Bank borrowings | **(311,610)** | **(314,100)** | (334,710) | (335,210) | (327,220) | (328,397) |
| Lease liabilities | **(130,667)** | **(130,667)** | (116,556) | (116,556) | (120,076) | (120,076) |
| Lease dilapidations | **(660)** | **(660)** | (912) | (912) | (1,011) | (1,011) |
| Derivative financial liabilities | **(391)** | **(391)** | (405) | (405) | (305) | (305) |
| Contingent consideration | **(14,464)** | **(14,464)** | (17,924) | (17,924) | (14,860) | (14,860) |
| Other provisions | **(494)** | **n/a** | (916) | n/a | (620) | n/a |
| Put option liability | **(26,433)** | **(26,433)** | (25,297) | (25,297) | (26,612) | (26,612) |
| | **(1,056,917)** | | (1,036,964) | | (978,312) | |

[1]For the purposes of this analysis prepayments have not been included within other receivables. Carrying value of other financial assets, trade receivables and other receivables are stated net of impairment provisions where appropriate and consequently fair value is considered to approximate to carrying value.

The Group has availed of the exemption under IFRS 7 Financial Instruments: Disclosure for additional disclosures where fair value closely approximates carrying value.

A number of other put and call options arising from acquisitions are of immaterial fair value.

The Group uses the following hierarchy for determining and disclosing the fair value of financial instruments by valuation technique:

- Level 1: quoted (unadjusted) prices in active markets for identical assets or liabilities;
- Level 2: other techniques for which all inputs which have a significant effect on the recorded fair value are observable, either directly or indirectly;
- Level 3: techniques which use inputs which have a significant effect on the recorded fair value that are not based on observable market data

## **Notes to the Interim Results** continued
for the half year ended 30 June 2020

| | (Unaudited) 30 Jun 2020 | | (Unaudited) 30 Jun 2019 | | (Audited) 31 Dec 2019 | |
|---|---|---|---|---|---|---|
| | Fair value through P+L or equity[1] €'000 | Designated as hedging instrument €'000 | Fair value through P+L or equity[1] €'000 | Designated as hedging instrument €'000 | Fair value through P+L or equity[1] €'000 | Designated as hedging instrument €'000 |
| *Level 1* | | | | | | |
| Other Investments | **–** | **–** | 12,230 | – | 4,554 | – |
| *Level 2* | | | | | | |
| Foreign exchange contracts assets | **8** | **559** | – | 240 | 33 | 51 |
| Foreign exchange contracts liability | **(218)** | **(173)** | (25) | (375) | (16) | (289) |
| Interest rate swaps liability | **–** | **–** | (5) | – | – | – |
| *Level 3* | | | | | | |
| Other Investments | **476** | – | 1,367 | – | 495 | – |
| Options to acquire additional shares in subsidiaries, joint ventures and associates | **4,399** | **–** | 4,344 | – | 4,405 | – |
| Contingent consideration | **(14,464)** | **–** | (17,924) | – | (14,860) | – |
| Put option liability[1] | [1]**(26,433)** | **–** | [1](25,297) | – | [1](26,612) | – |

[1]Put option liability is fair valued through equity.

### Additional disclosures for Level 3 fair value measurements

| | Other Investments €'000 | Options to acquire additional shares[1] €'000 | Contingent consideration €'000 | Put option liability €'000 |
|---|---|---|---|---|
| **At 1 January 2020** | 495 | 4,405 | (14,860) | (26,612) |
| Paid during the period | – | – | 86 | – |
| Arising on acquisition of subsidiaries | – | – | (581) | – |
| Fair value movement on put option recognised directly within equity | – | – | – | 179 |
| Foreign exchange movements | (19) | (6) | 210 | – |
| *Included in the income statement* | | | | |
| Fair value movements | – | – | 681 | – |
| **At 30 June 2020** | **476** | **4,399** | **(14,464)** | **(26,433)** |
| *Presented on Balance Sheet as follows:* | | | | |
| Current asset/(liability) | 150 | – | (10,662) | (13,270) |
| Non-current asset/(liability) | 326 | 4,399 | (3,802) | (13,163) |
| | **476** | **4,399** | **(14,464)** | **(26,433)** |

[1]The Group has options to acquire additional shares in certain subsidiaries, joint ventures and associates at the end of the period.

### Contingent consideration
Contingent consideration represents the provision for the net present value of the amounts expected to be payable in respect of acquisitions which are subject to earn-out arrangements. Contingent consideration for each individual transaction is valued internally by the Group Finance team in consultation with Senior Management and updated as required at each reporting period.

| | €'000 |
|---|---|
| Contingent consideration balance at 30 June 2020 | 14,464 |
| *Contractual maturity of cashflows:* | |
| Less than 6 months | 6,796 |
| 6 to 12 months | 4,125 |
| 1 to 2 years | 784 |
| 2 to 3 years | 1,871 |
| 3 to 4 years | 234 |
| 4 to 5 years | 769 |
| Greater than 5 years | 386 |
| Total cash value | 14,965 |

### 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 or forward

# **Notes to the Interim Results** continued

for the half year ended 30 June 2020

commitment liability recognised represents management's best estimate of the fair value of the amounts which may be payable discounted to net present value. The put option or forward commitment for each individual transaction is valued internally by the Group Finance team in consultation with Senior Management and updated as required at each reporting period.

## 11. Cash flows generated from operations

| | ***(Unaudited)* H1 2020 €'000** | *(Unaudited)* H1 2019 €'000 | *(Audited)* FY 2019 €'000 |
|---|---|---|---|
| **Operating activities** | | | |
| Profit for the period | **34,167** | 49,679 | 66,204 |
| *Adjustments for non-cash items:* | | | |
| Income tax expense | **8,400** | 5,660 | 10,329 |
| Income tax paid | **(5,028)** | (5,659) | (15,154) |
| Depreciation of property, plant and equipment | **8,945** | 8,782 | 17,773 |
| Depreciation of right of use assets | **10,803** | 9,174 | 19,253 |
| Exceptional items – impairment of property plant and equipment | **1,101** | – | – |
| Exceptional items – operating expenses | **348** | (1,447) | 1,816 |
| Cashflows from exceptional items | **(487)** | (3,044) | (3,489) |
| Fair value movements on contingent consideration | **(681)** | (1,067) | (204) |
| Amortisation of intangible assets – acquisition related | **5,129** | 4,986 | 10,301 |
| Amortisation of intangible assets – capitalised development costs | **117** | 120 | 238 |
| Amortisation of intangible assets – computer software | **1,175** | 947 | 2,046 |
| Amortisation of government grants | **(33)** | (25) | (63) |
| Defined benefit pension scheme expense | **923** | 872 | 1,677 |
| Contributions to defined benefit pension schemes | **(1,254)** | (2,537) | (4,866) |
| Other post-employment benefit schemes' expense | **231** | 223 | 451 |
| Net contributions/(payments) for other post-employment benefit schemes | **22** | 22 | (249) |
| Share-based payment expense | **–** | 109 | 109 |
| Net gain on disposal of property, plant and equipment | **(57)** | (68) | (313) |
| Currency recycled to income statement on joint venture becoming subsidiary | **(102)** | – | – |
| Net finance expense | **5,070** | 5,515 | 10,967 |
| Net financial expense paid | **(5,414)** | (5,531) | (11,144) |
| (Gain)/loss on non-hedging derivative financial instruments | **34** | (42) | (115) |
| Loss on termination of IFRS 16 leased assets | **–** | – | 146 |
| Gain on disposal of joint venture | **–** | (88) | (88) |
| Fair value loss on a joint venture becoming a subsidiary | **80** | – | – |
| Fair value movements on biological assets | **(247)** | 713 | 666 |
| Fair value gain on other investments | **–** | (848) | (854) |
| Movements in provisions | **–** | (298) | (489) |
| Share of profits of joint ventures and associates | **(19,146)** | (30,569) | (37,699) |
| **Net cash flows from operations before working capital movements** | **44,096** | 35,579 | 67,249 |
| *Movements in working capital:* | | | |
| Movements in inventories | **(15,608)** | 6,400 | (6,091) |
| Movements in biological assets | **1,631** | 182 | 530 |
| Movements in trade and other receivables | **(68,201)** | (94,034) | 27,342 |
| Movement in trade and other payables | **57,521** | 25,303 | (15,254) |
| ***Total movements in working capital*** | **(24,657)** | (62,149) | 6,527 |
| **Cash flows from operating activities** | **19,439** | (26,570) | 73,776 |

## 12. Analysis of Net Debt and Cash and Cash Equivalents

Net debt is a non-IFRS measure which comprises cash and cash equivalents and current and non-current borrowings. The calculation of net debt at 30 June 2020, 30 June 2019 and 31 December 2019 is as follows:

| | ***(Unaudited)* 30 Jun 2020 €'000** | *(Unaudited)* 30 Jun 2019 €'000 | *(Audited)* 31 Dec 2019 €'000 |
|---|---|---|---|
| *Current assets* | | | |
| Cash and cash equivalents | **117,395** | 67,706 | 99,445 |
| Call deposits (demand balances) | **14,098** | 11,170 | 16,084 |
| *Current liabilities* | | | |
| Bank overdrafts | **(38,727)** | (38,459) | (9,502) |
| Current bank borrowings | **(30,592)** | (117,099) | (76,648) |
| *Non-current liabilities* | | | |
| Non-current bank borrowing | **(281,018)** | (217,611) | (250,572) |
| **Net debt at end of the period** | **(218,844)** | (294,293) | (221,193) |

# **Notes to the Interim Results** continued

for the half year ended 30 June 2020

**Reconciliation of cash and cash equivalents per balance sheet to cashflow statement**

| | ***(Unaudited)*** **30 Jun 2020** **€'000** | *(Unaudited)* 30 Jun 2019 €'000 | *(Audited)* 31 Dec 2019 €'000 |
|---|---|---|---|
| Cash and cash equivalents per balance sheet | **131,493** | 78,876 | 115,529 |
| Bank overdrafts | **(38,727)** | (38,459) | (9,502) |
| **Cash, cash equivalents and bank overdrafts per cash flow statement** | **92,766** | 40,417 | 106,027 |

### 13. Post balance sheet events

There have been no other material events subsequent to 30 June 2020 which would require disclosure or adjustment in the financial statements.

### 14. Related party transactions

There have been no related party transactions or changes to related party transactions other than those described in the 2019 Annual Report that materially affect the financial position or the performance of the Group for the six months period ended 30 June 2020.

### 15. Board approval

This interim results statement was approved by the Board of Directors of Total Produce plc on 26 August 2020.

# Appendix 1

## Alternative Performance Measures (APMs)

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 provide 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 Groups 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 3 of the accompanying financial information.

### Adjusted EBITDA

**Definition**
Earnings before interest, tax, depreciation on 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 below.

### Adjusted EBITDA (after add back of right of use asset depreciation)

**Definition**
Earnings before interest, tax, depreciation on property, plant and equipment, depreciation on 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 below.

### 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 below.

## **Appendix 1** continued

### Alternative Performance Measures (APMs)

**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.

| | ***(Unaudited)* H1 2020 €'000** | *(Unaudited)* H1 2019 €'000 | *(Audited)* FY 2019 €'000 |
|---|---|---|---|
| Profit before tax per income statement | **42,567** | 55,339 | 76,533 |
| | | | |
| Adjustments | | | |
| Exceptional items | **5,298** | (8,444) | (5,232) |
| Fair value movements on contingent consideration | **(681)** | (1,067) | (204) |
| Share of joint ventures and associates' tax (before tax on exceptional items) | **13,078** | 13,761 | 14,059 |
| Acquisition related intangible asset amortisation within subsidiaries | **5,129** | 4,986 | 10,301 |
| Share of joint ventures and associates acquisition related intangible asset amortisation | **1,328** | 1,349 | 2,696 |
| Acquisition related costs within subsidiaries | **348** | 23 | 177 |
| **Adjusted profit before tax** | **67,067** | 65,947 | 98,330 |
| | | | |
| *Exclude* | | | |
| Net finance expense – subsidiaries before exceptional items | **5,070** | 5,515 | 10,967 |
| Net finance expense – share of joint ventures and associates | **19,335** | 21,359 | 40,817 |
| **Adjusted EBITA** | **91,472** | 92,821 | 150,114 |
| | | | |
| *Exclude* | | | |
| Amortisation of software costs | **1,175** | 947 | 2,046 |
| Depreciation of property, plant and equipment – subsidiaries | **8,945** | 8,782 | 17,773 |
| Depreciation of property, plant and equipment – share of joint ventures and associates | **16,583** | 14,555 | 32,870 |
| **Adjusted EBITDA** | **118,175** | 117,105 | 202,803 |
| | | | |
| *Exclude* | | | |
| Depreciation of right of use assets – subsidiaries | **10,803** | 9,174 | 19,253 |
| Depreciation of right of use assets – share of joint ventures and associates | **15,342** | 18,533 | 29,115 |
| **Adjusted EBITDA (before depreciation on right of use assets)** | **144,320** | 144,812 | 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 5.

**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.

| | ***(Unaudited)* H1 2020 €'000** | *(Unaudited)* H1 2019 €'000 | *(Audited)* FY 2019 €'000 |
|---|---|---|---|
| Income tax expense | **8,400** | 5,660 | 10,329 |
| Group share of tax charge of joint ventures and associates | **12,139** | 12,963 | 12,534 |
| **Total tax charge** | **20,539** | 18,623 | 22,863 |
| | | | |
| *Adjustments* | | | |
| Deferred tax credit on amortisation of intangible assets – subsidiaries | **550** | 777 | 2,623 |
| Deferred tax credit on amortisation of intangible assets – share of joint ventures and associates | **209** | 229 | 565 |
| Tax charge on exceptional items in subsidiaries | **(973)** | 304 | (47) |
| Group share of tax charge on exceptional items within joint ventures and associates | **939** | 798 | 1,525 |
| **Tax charge on underlying activities** | **21,264** | 20,731 | 27,529 |
| Adjusted profit before tax | **67,067** | 65,947 | 98,330 |
| **Effective tax on underlying activities** | **31.71%** | 31.44% | 28.0% |

# **Appendix 1** continued

## Alternative Performance Measures (APMs)

### Net debt

**Definition**

Net debt is a non-IFRS measure which comprises bank deposits, cash and cash equivalents and current and non-current borrowings. It excludes lease liabilities. The calculation is outlined in Note 12.

### 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.

Non-routine capital expenditure is expenditure on projects to grow the business and generally relate to the acquisition, and fit out of new facilities or extending the capacity of existing facilities.

| | ***(Unaudited)* H1 2020 €'000** | *(Unaudited)* H1 2019 €'000 | *(Audited)* FY 2019 €'000 |
|---|---|---|---|
| Acquisition of property, plant and equipment | **6,835** | 11,916 | 19,518 |
| Acquisition of intangible assets – computer software | **3,333** | 1,904 | 4,621 |
| Proceeds on disposal of property, plant and equipment | **(267)** | (301) | (678) |
| Non-routine (development capital expenditure) | **(1,318)** | (3,759) | (4,470) |
| **Routine capital expenditure** | **8,583** | 9,760 | 18,991 |

### 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.

| | ***(Unaudited)* H1 2020 €'000** | *(Unaudited)* H1 2019 €'000 | *(Audited)* FY 2019 €'000 |
|---|---|---|---|
| Net cashflow from operating activities per cashflow statement | **19,439** | (26,570) | 73,776 |
| Cash impact of exceptional items in operating cashflows | **487** | 3,044 | 3,489 |
| Less lease liability payments | **(11,508)** | (7,959) | (17,902) |
| **Adjusted operating cashflow** | **8,418** | (31,485) | 59,363 |

### Free Cash Flow

**Definition**

Free Cash flow 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 an associates), development capital expenditure and the payment of dividends to equity shareholders.

| | ***(Unaudited)* H1 2020 €'000** | *(Unaudited)* H1 2019 €'000 | *(Audited)* FY 2019 €'000 |
|---|---|---|---|
| Net cashflow from operating activities per cashflow statement | **19,439** | (26,570) | 73,776 |
| Cash impact of exceptional items in operating cashflows | **487** | 3,044 | 3,489 |
| Less lease liability payments | **(11,508)** | (7,959) | (17,902) |
| Dividends received from joint ventures and associates | **6,356** | 6,282 | 10,652 |
| Dividends paid to non-controlling interests | **(5,044)** | (9,687) | (16,055) |
| Routine capital expenditure | **(8,583)** | (9,760) | (18,991) |
| **Free Cashflow** | **1,147** | (44,650) | 34,969 |

### Net Debt/Adjusted EBITDA

**Definition**

Net debt/adjusted EBITDA is a measure of the Group's leverage and is calculated by dividing net debt (as defined earlier) by adjusted EBITDA (as defined earlier). Adjusted EBITDA is a rolling 12-month measure, therefore for H1 2020 and H1 2019 it is calculated as the adjusted EBITDA for the preceding 12 months ending on 30 June.

| | ***(Unaudited)* H1 2020 €'000** | *(Unaudited)* H1 2019 €'000 | *(Audited)* FY 2019 €'000 |
|---|---|---|---|
| Net debt | **218,844** | 294,293 | 221,193 |
| Rolling adjusted EBITDA | **203,873** | 193,709 | 202,803 |
| **Net debt/Adjusted EBITDA (times)** | **1.1 x** | 1.5x | 1.1x |

# **Appendix 1** continued

## Alternative Performance Measures (APMs)

### 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.

| | ***(Unaudited)* H1 2020 €'000** | *(Unaudited)* H1 2019 €'000 | *(Audited)* FY 2019 €'000 |
|---|---|---|---|
| Adjusted EBITA | **91,472** | 92,821 | 150,114 |
| Net financial expense | **5,070** | 5,515 | 10,967 |
| **Adjusted EBITA/Net financial expense (times)** | **18.0 x** | 16.8x | 13.7x |

### 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 and proceeds from sale of equity investments.

| | ***(Unaudited)* H1 2020 €'000** | *(Unaudited)* H1 2019 €'000 | *(Audited)* FY 2019 €'000 |
|---|---|---|---|
| Cash outflow relating to investment in joint ventures and associates | **504** | 7,715 | 7,145 |
| Investment in subsidiaries | **71** | 2,200 | 6,683 |
| Proceeds from disposal of joint venture | **(98)** | (48) | (48) |
| Acquisition of non-controlling interests | **300** | – | 1,656 |
| Proceeds on disposal of investments for resale | **(2,632)** | – | (1,043) |
| Acquisition of equity investments | **–** | – | 150 |
| **Acquisition related expenditure (inflow)/outflow** | **(1,855)** | 9,867 | 14,543 |

## Appendix 2

### Risks and Uncertainties

The Board of Total Produce has the ultimate responsibility for the Group's systems of risk management and internal control.

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.

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.

Summarised below are the principal risks and uncertainties facing the Group, along with key controls and mitigation activities.

#### COVID-19

**Risk Identified**
The recent COVID-19 pandemic has been a challenge for the Group and the wider fresh produce industry. Commercially, the crisis led to some change in the distribution channels for fresh produce. Temporary government restrictions on the movement on people and lockdowns has led to lower levels of activity in the food service sector but this has been offset by higher retail and wholesale activity. The pandemic has also put pressure on global supply chains.

Operationally, physical distancing and workplace guidance from governments require additional precautions in the supply/production chain which leads to less efficient and more costly delivery of product. There is also a risk of infection clusters in workgroup, and suspension of production lines.

Organisationally, it has put more pressure on the Group's overall Health and Safety management and operations, and the Group has had to implement numerous measures to keep its people safe.

**Key control and mitigation activities**
The Group is diversified in terms of geography, product, suppliers and customers. This diversification has been a key factor in mitigating the effect of the pandemic. The Group was also able to reallocate resources where required to support the increased retail and wholesale demand.

Operationally, the Group has invested in training and workplace changes to facilitate safe, and socially distant work practices. These activities include, and are not limited to, installation of temperature scanning machines, additional shifts to accommodate physical distancing, supply and the wearing of personal protective equipment, rigorous training and facility assessments.

#### Economic and political

**Risk Identified**
Global economic conditions and the stability of the markets in which we operate could impact on the Group's performance.

**Key control and mitigation activities**
The Group's management monitors global developments and the organisation structure enables prompt response, where appropriate, to changing market conditions.

The Group is geographically well diversified with operations in 30 countries across five continents.

The Group sources produce from numerous regions to ensure continuous supply.

#### Food Safety

**Risk Identified**
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.

**Key control and mitigation activities**
Management undertakes ongoing reviews to ensure food safety policies and procedures continue to be effective and that adequate resources are in place.

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.

The Group sources produce from numerous regions to ensure continuous supply.

## **Appendix 2** continued
Risks and uncertainties

### Corporate communication and shareholders
**Risk Identified**
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.

**Key control and mitigation activities**
Structures are in place at operational and divisional levels to ensure accurate and timely reporting.

The operational and financial performance of the Group is reported to the Board on a monthly basis.

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.

The Group places a high priority on communications with stakeholders and devotes considerable time and resources each year to stakeholder engagement.

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.

### Key customer relationships and credit risk
**Risk Identified**
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.

**Key control and mitigation activities**
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.

There is a focus on improving choice, price and service to our customers on an ongoing basis.

Credit risk is managed by credit management structures and reviews.

The utilisation of credit limits is regularly monitored, and a significant element of the credit risk is covered by credit insurance.

### Key supplier relationships
**Risk Identified**
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.

**Key control and mitigation activities**
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.

The Group sources produce from numerous regions and suppliers worldwide to ensure continuity of supply.

Internal procedures are in place for the approval and monitoring of any seasonal arrangements.

### Acquisition activity
**Risk Identified**
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.

**Key control and mitigation activities**
The Group has traditionally grown through acquisition and has a long-proven track record in identifying and integrating acquisitions.

Executive, senior and local management, together with a dedicated in-house corporate finance team, engage in a continuous and active review of acquisitions.

# **Appendix 2** continued
## Risks and uncertainties

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.

The Group conducts extensive due diligence using both internal and external resources prior to completing any acquisitions.

Board approval of the business case for all significant acquisitions is in place.

The Group has appropriate credit facilities available to fund acquisitions.

Senior management are responsible for the oversight and successful integration of new investments.

### Regulation and Compliance
**Risk Identified**
The Group operates in a number of jurisdictions and is therefore exposed to a wide range of legal and regulatory frameworks.

**Key control and mitigation activities**
There is regular monitoring and review of changes in law and regulation in relevant areas.

Management has access to the appropriate professional advisors in the relevant areas of compliance.

There is ongoing training arranged to ensure compliance.

### Access to credit and interest rate fluctuations
**Risk Identified**
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.

**Key control and mitigation activities**
The Group has facilities with a number of recognised international banks and funding providers with varied maturity profiles.

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.

The Group has in place approved facilities giving access to appropriate long-term borrowings as and when required.

### Retention of key personnel and talent management
**Risk Identified**
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.

**Key control and mitigation activities**
Throughout the Group there is a focus on succession planning, and it is formally assessed and reviewed by the Board.

Recruitment policies, management incentives and training and development programmes have all been established to encourage the retention of key personnel.

The Nomination Committee regularly assess Board composition and also examine Group succession plans.

### IT systems and cyber-security
**Risk Identified**
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.

**Key control and mitigation activities**
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.

The Group seeks 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.

Independent, external and internal, reviews of our core operational systems are performed on an on-going basis.

There is a Group policy on backups in place and these are regularly tested.

# **Appendix 2** continued
## Risks and uncertainties

### Goodwood Impairment
**Risk Identified**
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.

**Key control and mitigation activities**
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.

The Group tests goodwill annually for impairment on 31 December, or more frequently if there are indications that goodwill might be impaired.

The results of the goodwill impairment assessment are reported to the Audit Committee and the Board.

### Foreign Currency
**Risk Identified**
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 impact of such movements is reported in the Condensed Group Statement of Comprehensive Income. Foreign currency risk also arises from foreign currency transactions within each individual entity.

**Key control and mitigation activities**
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.

Repayments and interest on borrowings are therefore denominated in currencies that match the cash flows generated by the underlying businesses.

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.