dairygold
Golden Valleys, Growing Naturally

Annual Report
and Financial
Statements **2023**

Key Highlights 2023

Turnover
€1.4
BILLION

EBITDA*
€55.0
MILLION

Operating Profit
€23.9
MILLION

Capital Investment
€51.1
MILLION

Net Asset Value
€459.0
MILLION

Milk Production
1.41
BILLION LITRES

** Earnings before Interest, Taxation, Depreciation and Amortisation ('EBITDA')*

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To view the Dairygold Highlights 2023 video.

Contents

Chairman's Statement

Seán O'Brien - *Chairman, Dairygold*

The significant decline in global dairy market returns during 2023, after such a strong year in 2022, made 2023 very challenging for everyone in the dairy industry.

Despite the very difficult market environment, the ongoing geopolitical issues and inflationary pressures, the Society continued on its ambitious growth journey, progressed capital projects and maximised milk and grain prices for its Members, while delivering satisfactory financial results. Two particular highlights for 2023, were the launch of the Dairygold Grassroots Milk Supplier Sustainability Bonus Programme and the acquisition of a majority shareholding in Vita Actives Limited, both of which are significant milestones achieved in the delivery of *'Our Strategy, Our Future 2030'*. The Society remains well placed for continued sustainable growth.

Milk Production

Milk production was challenging in 2023, as a result of reduced on farm margins, driven by a significant decline in milk price and input costs remaining at a consistently high level. In addition, sustainability concerns and adverse weather also impacted milk production volumes.

Dairygold milk production declined in 2023, with the Society collecting and processing 1.41 billion litres of milk, a decrease of 70 million litres (4.7%) versus 2022. The peak week milk supply was 45.6 million litres, down 100,000 litres versus 2022. Annual average milk solids increased in 2023, to 7.91% (2022: 7.88%), with Protein at 3.58% and Butter Fat at 4.33%.

The level of future milk volumes will largely depend on how the sustainability challenges are addressed by the dairy industry. Dairygold recognises its role to influence those who legislate to understand farmers' challenges and the implications of the removal of the Nitrates derogation. I'm confident that excellent work is being undertaken at farm and factory level, within the Society, to meet these challenges head on.

Dairygold is in a good position to process the projected milk volumes of our Milk Suppliers over the coming years, following our capital investment programme over the past decade.

Dairy Markets

2023 was a significantly different year to 2022, as far as dairy markets were concerned. The unprecedented high prices that we experienced in 2022 began falling in late 2022 and continued through to early Q3 2023. While global milk supply remained relatively flat in 2023, demand reduced significantly, particularly due to very weak Chinese demand, decreased consumer spend as a result of inflationary pressures and the general global economic and geopolitical issues.

The Dairygold milk price for 2023 of 43.7 cents per litre, based on average constitutents received, including bonuses and VAT, was a reduction of 18.7 cents per litre on the 2022 milk price, a reflection of the significant decline in dairy markets. However, 2023 ended on a slightly more positive note with prices starting to rise. Dairygold continued to pay a milk price to its Suppliers that was marginally ahead of the market, while being conscious of the continuing higher production costs. In recognition of the challenging year, the Dairygold Board confirmed an additional year-end payment of 0.5 cents per litre to Milk Suppliers which is included in the 43.7 cents per litre average milk price for the year.

Dairygold Milk Quality Award winners Denis and Ruth O'Leary with their children Muireann, Harry and Daniel pictured on their farm in Cloghroe, Blarney, Co. Cork.

Milk Quality

Dairygold Milk Suppliers Denis and Ruth O'Leary from Cloghroe, Blarney, Co. Cork were declared the overall winners of the 2022 Dairygold Milk Quality Awards, for consistently supplying the best quality milk to Dairygold in 2022. The Sustainability Award, which recognises Milk Suppliers' efforts in making their enterprises more sustainable, was won by John and James Magner of Carrigcunna, Killavullen, Co. Cork. Dairygold also presented a special recognition award to John Coleman of Cobh, Co. Cork for his long-standing supply of quality milk to the Society, over the years.

Once again the 2022 Milk Quality Awards demonstrated the exceptional high standard of quality milk the Society receives from its Milk Suppliers, and is a significant factor in Dairygold's success in delivering high quality dairy products to its Customers. We are grateful to our Suppliers for continuing to attain these high standards.

Agri Business

Dairygold Agri Business continued to support our Members during a very difficult year, when relatively high input costs and mixed weather challenged all farmers. While input prices did begin to correct themselves as the year progressed, overall sales of feed and fertiliser were reduced, versus previous years. Against that backdrop, the Agri Business delivered a solid performance in line with the overall market.

Our Grain Growers were impacted by adverse weather at both planting and harvesting time. Despite these challenges the overall harvest successfully delivered over 106,000 tonnes of quality grain and beans.

The 2023 harvest saw the Society's highest intake of beans at over 8,000 tonnes. Dairygold continues to promote the use of native Irish cereals in our range of feeds as this is the most sustainable approach to support our Customers.

Our Retail Business once again exceeded €100 million in revenue in 2023, which was a major achievement against the backdrop of inflationary pressures and significant challenges to consumer confidence, due to the general economic uncertainty. The Dairygold Co-Op Loyalty Bonus Scheme for 2023 delivered an overall bonus of €2.5 million in cash and shares, to Customers. Since the loyalty scheme was launched, Dairygold has paid out €18.8 million to its Customers.

In 2023, the commitment of all teams to delivering specialised technical advice proved highly beneficial for our Customers looking to get the most out of their purchases. Additionally, it was encouraging to observe the continued progress in our sustainability journey at farm level, with a notable increase in the adoption of protected urea and the implementation of soil sampling initiatives.

The 2023 Dairygold Malting Barley Winner, Denis O'Connor.

2023 saw the launch of FarmGen, the on farm solar programme in partnership with Tirlán. A bespoke renewable energy solution, the FarmGen Solar PV systems help power energy intensive processes on farm, reducing the costs of milk cooling, vacuum pumps and water heating. This partnership demonstrates our commitment to embracing new technologies to cut on farm emissions and help farm families operate more sustainably and efficiently.

The Mallow South site is being developed to create a future focused store that prioritises Member Shareholders' needs and customer service. Phase 1 of the redevelopment of the retail store is expected to be completed in Q4 2024, with the full redevelopment of the site finished by mid-2025. The Board also approved further investments in a wider store enhancement programme to improve our stores and continue to deliver a modern fit for purpose retail network.

The focus on our *'Zero Harm Programme'* continued to advance various safety initiatives across all our locations.

Sustainability

In 2023, we launched the Grassroots Milk Supplier Sustainability Bonus Programme. Twelve months on, we acknowledge the commitment made through the high participation rate, involving more than 90% of the Dairygold milk pool. There is very strong engagement in individual programme elements, including watercourse protection, soil health, use of protected urea and herd optimisation.

Over many years, Dairygold has advocated the use of protected urea to reduce environmental emissions. The introduction of the protected urea rebate payment through the Grassroots Programme has helped to increase sales volume to Milk Suppliers by 31% versus 2022.

Dairygold's new electric milk truck.

More than 70% of our Milk Suppliers have now completed the Grassroots sustainability training modules, accessible via Gateway. This training programme provides the basis for informed decisions to drive efficiency and productivity on farm.

The Grassroots Programme is very focused on the need to drive improvement in water quality, particularly in the context of the 2023 nitrates derogation mid-term review required by the European Commission. Dairygold has put a team of six trained water quality advisors in place to support action at farm level.

The 2023 nitrates derogation mid-term review has resulted in a reduction of the derogation from 250Kg N/hectare to 220Kg N/hectare in areas of concern from a water quality perspective. Combined with the nitrates banding changes announced in 2022, and the short timeline to implementation, we fully recognise that this has a significant impact on farm.

The future of Ireland's derogation is uncertain. It will again be subject to review by the European Commission in 2025. To maintain the revised stocking rate of 220Kg N/hectare, there will need to be verifiable evidence that water quality is improving in areas of concern.

I urge you to take action on your farm to prevent nutrient losses to watercourses. The Dairygold Sustainability Team conducted more than 700 farm visits in priority areas in the past year, providing practical guidance to our Milk Suppliers. It is crucial that you act on the recommendations from your water quality farm visit or seek advice from the Dairygold Sustainability Team or your Teagasc Advisor.

It is critical that we continue to play our part in addressing climate, water quality and biodiversity issues for the benefit of us all. I encourage you to fully engage with the measures in the Grassroots Programme. With good progress to date, we believe that these farming practices will become the standard for dairy farming in Ireland.

In 2023, we also continued our biodiversity programme, bringing the total number of native Irish trees planted on Dairygold Member's farms to 128,000, over the past three years. We are very pleased with the high level of interest that our Members continue to demonstrate in this initiative.

While we are seeing great work being undertaken at farm level by our Milk Suppliers and Sustainability Team, we are also working hard to progress towards more sustainable processing at factory level. Many initiatives have been implemented and in March 2024, Dairygold became the first dairy Co-Operative in Ireland to launch an electric milk truck, which will make daily collections from Milk Suppliers' farms and deliver to Dairygold's milk processing sites.

In another initiative to make operations as sustainable as possible, Dairygold became the first dairy processor in Ireland to sign a corporate power purchase agreement with one of its own farmer Suppliers to purchase 5,000 MWh per annum of renewable solar energy from Lurrig Solar Farm, Aghada, Co. Cork.

With increasing transparency and the imposition of environmental constraints, our ability to demonstrate sustainability improvements on our farms and within our factory operations will be essential to the viability of Milk Suppliers, Dairygold and the wider Irish dairy industry.

The Dairygold Sustainability Team are always available to support you to take action on your farm in a bid to transition to more sustainable farming.

Farmer Safety and Wellbeing

In 2023, 16 people in Ireland lost their lives on the farm. This is 16 too many. We have made great progress over the years to improve farm safety on our farms but more needs to be done. Vehicles and machinery continue to be common denominators in on farm fatalities and pose a huge risk to anyone working or living on a farm. I would urge all of our Members to remain extremely vigilant and conscious of the safety of anyone working on, or visiting, your farm.

Our Member Shareholders continue to have access to a confidential counselling service provided by VHI Corporate Solutions. I would urge any Member experiencing a crisis or emotional distress to make use of this service for themselves or family members as it will give you access to practical assistance and emotional support, 24 hours per day, 365 days per year. You can access the service using the freephone number: **1800 995 955** or email: eap@vhics.ie advising that you are a Member or farmer Shareholder of Dairygold.

Member Upskilling Programme

The Dairygold Member Upskilling Programme, which has been running since 2015, took place again in 2023. The programme provides Members with the opportunity to enhance their business knowledge, develop their personal business skills, and increase their understanding of the Society's business activities, the dairy industry, dairy markets and agricultural policy.

Graduates of the 2023 Member Upskilling Programme.

Dairygold encourages young farmer and female participation in the programme. The Member Upskilling Programme is open to all Members of the Society and their family members. The Member Upskilling Programme is a mandatory prerequisite for any General Committee Member interested in contesting a Board election.

Board Governance

The Board engaged the Institute of Directors, to complete a comprehensive Board Performance Evaluation Review of the Board and its Sub Committees (Audit & Risk Committee, Remuneration Committee, Acquisitions & Investments Committee and Rules Committee). The Review evaluated the Board and Sub Committee Performance across a number of categories including: Corporate Strategy, Corporate Culture, Internal Controls & Risk Management, Performance & Oversight, Stakeholder Engagement, Board Composition & Skills, Board Processes, Board Effectiveness and Dynamics. The Review highlighted that the Board and its Sub Committees operate to a very high standard across all categories evaluated. A number of recommendations for improvement were identified, which are being implemented.

Member Financing

Dairygold is committed to doing what it can to support the ambitions of its Milk Suppliers to make their farm enterprises as sustainable as possible. In Q1 2024, Dairygold has partnered with Bank of Ireland to offer the Bank of Ireland Enviroflex loan offering to its Milk Suppliers. This financing solution is designed to support Dairygold Milk Suppliers that are actively engaged in environmental initiatives to reduce their farms' environmental footprint. In order to be eligible for the package, applicants must be participating in the Dairygold Grassroots Milk Supplier Sustainability Bonus Programme. Enviroflex replaces Dairyflex, which was also previously available from Bank of Ireland. Milk Suppliers also have the option to avail of the MilkFlex offering from Finance Ireland.

Orlaith Tynan, Head of Sustainability, Dairygold, John Fitzgerald, Bank of Ireland Agri Development Manager, Anne O'Mahony, Group Financial Controller, Dairygold and Liam O'Flaherty, General Manager, Agri Business, Dairygold.

Dairygold's Community Initiatives

Dairygold's position within the community is one we take immense pride in and we strive to support initiatives that will not only support our local communities but also demonstrate the core values at the heart of the Business.

Dairygold was delighted to once again sponsor the Munster Hurling League and Cork County Hurling championships, given the GAA's importance amongst our Milk Suppliers, Customers and Employees, and the enjoyment it brings to so many of us.

We also continue to support the Irish Cancer Society's *'Wrap It Pink'* campaign for the 9th year. To date, Dairygold has raised €135,000 for vital cancer research and support services for those affected by cancer. This was only possible thanks to the support of our own Members and farmers nationwide who continue to show support for the campaign year-on-year.

Ann Fogarty, Group Company Secretary, Dairygold photographed with Seán O'Brien, Chairman, Dairygold and attendees of the Dairy Women Ireland conference.

Dairygold was also proud to be a Gold Sponsor of the Dairy Women Ireland second annual conference which took place on 25th November 2023. As a leading dairy Co-Operative, Dairygold recognises the pivotal roles that women perform in the Irish dairy industry. The conference was very well attended, with over 200 delegates from across the dairy industry.

Acknowledgements

On behalf of the Board, I would like to thank our outgoing CEO Conor Galvin for his commitment and leadership since his appointment as Dairygold Chief Executive and the work he has done, including strengthening the value add and sustainability credentials of the Business. We wish Conor every success in his new role as CEO of Ornua Co-Operative Society Limited at an important time for Ornua and its dairy processing members including Dairygold.

We are very lucky to be in a position to appoint someone of the calibre of Michael Harte as Interim Chief Executive. He is a key member of the Senior Leadership Team, responsible for driving Dairygold's strategic direction.

I would like to express the Board's appreciation for our Senior Leadership Team and all Employees for their dedication and contribution to the Society throughout 2023.

I would also like to acknowledge the ongoing contribution and commitment of the Dairygold Board and Representative Structure to the Society and its Members. I look forward to continuing to work with the Board and Management, to contribute to Dairygold's continued sustainable success.

Summary

2023 has been a good year for the Society, despite the significant challenges, which were met head on by our Members, Employees and Customers. Continued strong leadership and collaboration by all Stakeholders will be required to face the ongoing challenges, including consumer lifestyle changes, European Union (EU) regulation and sustainability.

I am confident that the Society will meet the challenges ahead and deliver our strategy *'Our Strategy, Our Future 2030'* enabled by the majority shareholding in Vita Actives and the excellent support demonstrated for Grassroots and other initiatives.

Seán O'Brien
Chairman, Dairygold

Interim Chief Executive's Review

Michael Harte - *Interim Chief Executive, Dairygold*

2023 was a very difficult year for the dairy and grain industries, as returns from global markets fell from the unprecedented highs of 2022, with the lower commodity prices being reflected in significantly reduced farmgate milk and grain prices.

Weather was particularly testing and processing costs and on farm production costs remained high, as geopolitical issues continued to negatively impact the macroeconomic environment, with interest rates rising and inflation remaining high.

Despite the difficult market environment Dairygold remained focused on maximising commercial returns and paying strong milk and grain prices to our Suppliers. In 2023, Dairygold paid very competitive milk and grain prices, including a year-end payment to Milk and Grain Suppliers, in recognition of the challenging year.

As a result of the significant fall in market returns over the course of 2023, Dairygold recorded a turnover of €1.4 billion, a decrease of €0.3 billion (15.5%) on 2022's record turnover of €1.7 billion, but an increase on 2021's turnover of €1.2 billion.

The Society's EBITDA for 2023 was €55.0 million, a decrease of €13.5 million (19.7%) on the 2022 EBITDA of €68.5 million. Dairygold reported an operating profit of €23.9 million, down from €40.2 million in 2022, in a year when Dairygold's Board committed to accepting a reduced level of profitability, in order to minimise the impact of reduced Milk and Grain Supplier margins.

The Society's year end net bank debt was €144.5 million, an increase of €12.2 million (9.2%) on 2022, resulting in a net bank debt to EBITDA ratio of 2.6:1. The increase facilitated the ongoing capital expenditure programme and the acquisition of a 59% shareholding in Vita Actives Limited.

Overall, the Society delivered a satisfactory financial performance in 2023, despite the very challenging economic environment.

Dairygold remained focused on continuing to deliver its strategic plan *'Our Strategy, Our Future 2030'*, with sustainability at the core, focusing on the water quality, climate and biodiversity challenges at factory and at farm level, which are critical to the long term success of the Society and the industry as a whole.

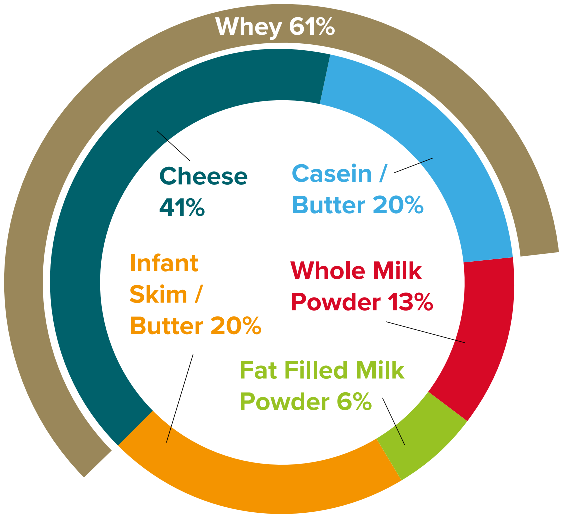
Members photographed at the Milk Quality Open Day on the farm of Denis and Ruth O'Leary.

Dairy Markets

In 2023, while global milk supply remained relatively flat, the demand for dairy products declined significantly. This was driven by a decline in Chinese demand, a reduction in consumer spend driven by the higher dairy prices and the global economic market and geopolitical challenges, including ongoing inflationary pressures and increased interest rates.

China is a key market for dairy products and the expectation of increased dairy demand, following the relaxation of its 'Zero Covid' policy, did not materialise. Dairy imports were negatively impacted as a result of their significant economic challenges and their increased domestic dairy output as they aim for self-sufficiency.

By late Q3 2023, dairy commodity prices had stabilised, primarily as a result of reduced global milk supply, leading to improved dairy market returns in Q4 2023 and early Q1 2024, but demand still remains weak, with the outlook in the near term remaining uncertain. However, looking further forward into 2024, with a tighter market and a relatively healthy economic outlook, the consensus of most market analysts is that dairy markets should strengthen.



2023 Product Portfolio (milk utilisation)

Dairy Ireland

In 2023, Dairy Ireland operated in a very challenging environment, with significantly lower market returns, reduced milk volumes and price inflationary pressures, although while energy prices were still historically high, they were lower than 2022.

1.41 billion litres of milk was supplied by Dairygold Milk Suppliers in 2023, a decrease of 4.7% year-on-year, with a peak week milk volume supply of 45.6 million litres.

The significant decline in dairy markets was reflected in the 2023 Dairygold average Quoted Milk Price of 38.4 cents per litre including maximum quality and sustainability bonuses plus VAT, this reflected a reduction of 16.5 cents per litre on 2022.

At farm level, there was generally favourable grass growth observed during peak, dry conditions in the summer and a very wet autumn. This together with the lower dairy market returns, continuing cost pressures, including high concentrate feed prices and the decline in fertiliser usage, all contributed to the reduction in milk supply in 2023.

Dairy Ireland sales volumes of circa 229,000 tonnes were lower than 2022, reflecting the lower milk volumes, while Dairy Ireland's turnover of €795 million was €239 million lower than 2022, primarily reflecting the decline in dairy market returns and the reduced milk supply.

In a very challenging market, we focused on maximising commercial returns and paying a competitive milk price. As milk volumes stabilise, a key strategic focus is now on delivering higher margin and adding value to the litre of milk, in a sustainable manner.

Environmental sustainability continues to be the biggest challenge facing the dairy and agriculture industry. In 2023, significant progress was made within Dairy Ireland in delivering on *'Our Strategy, Our Future 2030'*, including progressing our capital investment programme, launching the Grassroots Milk Supplier Sustainability Bonus Programme and developing the Dairygold decarbonisation roadmap.

Our ongoing capital investment programme saw significant progress in 2023, including the phased redevelopment of the Casein facility at the Castlefarm Dairy Processing Complex, together with the ongoing milk intake upgrade works at the Clonmel Road Cheddar Cheese Plant and the approval for the redevelopment of the Central Laboratory Facility in Mitchelstown.

Dairygold Health and Nutrition

The acquisition of a 59% shareholding in June 2023, of Vita Actives Limited, a supplier and distributor of nutraceutical and food grade ingredients for the supplements, functional foods, vitamins, minerals and herbal product markets, was one of the highlights for Dairygold in 2023. The acquisition was a significant milestone on the journey to deliver *'Our Strategy, Our Future 2030'* and in line with Dairygold Health and Nutrition's key objective of growing a life stage nutrition business across key selected geographies, enhancing margin for the Business and diversifying earnings. Vita Actives Limited delivered a strong financial performance for the year, in line with expectations. A detailed business growth plan has been developed, to deliver on the strategic ambition of the Business, over the coming years.

In relation to proposition development, we continue to build and expand our distributor networks in China for Aerabo™ and building from this base, we were delighted to extend our Bord Bia Grass Fed accredited product range with the launch of Aerabo™ Light, Boost and Vitality, with Aerabo™ Grow being launched in Q2 2024.

Dairygold Health and Nutrition continues to work on a variety of innovation and R&D projects across a number of Irish Universities and Research Centres including Teagasc, Moorepark Technology Ltd and Food for Health Ireland. This research activity feeds into our growth agenda and ensures Dairygold remains at the forefront of cutting-edge technologies and scientific research.

Vita Actives Limited Chief Executive Deepak Sharma, Dairygold Chairman Seán O'Brien, Outgoing Dairygold Chief Executive Conor Galvin, Dairygold Health & Nutrition General Manager George MacLeod and Dairygold Vice Chairman Gerard O'Dwyer.

Dairygold Food Ingredients UK Cultured Dairy site in Leeds.

Dairy UK and Europe

Dairygold's subsidiary Businesses in the UK and Germany performed well in 2023, delivering an acceptable financial performance in challenging and volatile market conditions, while continuing to protect and strengthen the strategically important routes to market for Dairygold's cheese.

The focus for both Businesses throughout the year, was to broaden the commercial footprint, through market diversification opportunities, product development initiatives and provide enhanced customer value.

The significant inflationary pressure and cost of living crisis impacted consumer spending, with sales volumes being adversely affected. The delivery of new business opportunities helped to partially mitigate this impact and this market diversification will be a consistent theme into 2024.

Dairygold continues to support its overseas Businesses with the capital investment required to further develop and grow. 2023 saw the completion of a £2 million investment programme at our cheese formatting operation in Crewe, primarily with the commissioning of enhanced slicing capability, to deliver improved productivity and product quality. This is in addition to the 2022 investment in our grating operation, making our Business one of the most technical and capable operational footprints in the industry. A £5 million investment in our soft cheese facility in Leeds is now concluding, with further consideration being given to improved processing, filling, and packaging capability.

Significant progress has been made around sustainability, by aligning our Business and our supplier base, to the ever-increasing requirements of our Customers, to ensure we can identify and report progress regarding our commitments to wider sustainability targets.

Ger Ryan, Munster GAA Chairman and Conor Galvin, Outgoing Chief Executive of Dairygold with Fionnan MacKessy, Kerry, Jason Forde, Tipperary, Conor O'Callaghan, Cork, Shane Meehan, Clare, Cathal O'Neil, Limerick, and Mark Fitzgerald, Waterford.

Agri Business

Dairygold Agri Business faced a number of challenges in 2023, driven primarily by a reduction in on farm margins and volatility in key input prices, while the Retail Business was impacted by a drop in consumer confidence, as a result of significant inflationary pressures. Despite these challenges, which saw a decline in Feed and Fertiliser volumes, the Agri Business delivered a solid performance.

We continue to encourage and support our Member Customers, to become more sustainable in their farming businesses, including by maintaining our focus on improving soil health through our Green Grow Soil Health Programme, in 2023. During the year, we saw an increase of 35% in the number of samples tested for Customers and we also witnessed a significant number of farmers using our Bioscan test, which assesses soil health. Dairygold's investment in the Analytical Services Laboratory in Lombardstown continues to deliver value for Members and the accredited laboratory has also been successful in securing a National Soil Tender Contract. This was part of a collaboration with other Irish laboratories, which is an important recognition of the state-of-the-art facilities and capabilities we have in place.

Our promotion of the use of protected urea by our Customers continued through the year, supported by our Grassroots Milk Supplier Sustainability Bonus Programme and in 2023 the Business saw an increase of 31% in the use of this technology, which is a key element in delivering our overall sustainability targets.

Our Grain Growers experienced difficult weather conditions at harvest time but successfully delivered over 106,000 tonnes of quality grain and beans to Dairygold. An important element of Dairygold's sustainability strategy involves buying locally produced grain for feed rations formulated in Lombardstown Mill for our dairy and beef farmers. We continued to show commitment to our growers, by paying strong grain prices in 2023, including a minimum contract price for beans to encourage greater intake volumes of this important protein.

The successful launch of our upgraded online platform coopsuperstores.ie represented a further important milestone in our digital journey. The upgraded website offers enhanced features around search, product display and improved user experience for our Customers. This follows on from the implementation of our Agri Business IT system, *'Intact IQ'* in 2022. Both developments represent the most up to date technology and will support the delivery of the Agri Business growth strategy into the future and enhance the Customer experience throughout the Retail Store network.

Agri Business continues to work with its Stakeholders to grow the Business, and to achieve its sustainability targets, through additional on farm initiatives, including our technical and support services. We are also continuing to provide our Customers with a broader range of products, technical advice and support, they require to run their farm operations more sustainably, efficiently and profitably.

Munster Bovine

Munster Cattle Breeding Group Limited, trading as Munster Bovine, saw Milk Suppliers continue to increase the purchase of milk recording and herd health services. In addition, the business through its collaboration with NCBC continued to supply outstanding genetics to all its Customers. This increases the opportunity and competitive advantage to grow both the dairy and beef offering in a static Artificial Insemination ('AI') market.

The increasing use of sexed semen has and will continue to change the demographic of AI use. The Business carries the pre-season investment in sexed semen to guarantee supply in a seasonal system.

The Business has the capacity to support the national sustainability strategy, increasing the value of the dairy beef calf and rapidly increasing genetic gain in our dairy herds.

Joint Ventures

Malting Company of Ireland Limited, a joint venture with Tirlán Limited, delivered a good financial performance in 2023, continuing to operate at full capacity. It offered Grain Growers premium contracts for malting barley for supply to the brewing and distilling industries, which delivered significant value for growers.

Co-Operative Animal Health Limited ('CAHL'), another joint venture with Tirlán, had a difficult year, reflecting the challenging market environment. The Business continued to support its Customers, throughout a period of changing legislation, relating to animal medicines. The recent investment by CAHL in an animal nutrition plant, is providing capacity, to avail of opportunities with strategic partners, to build a sustainable, profitable animal nutrition Business, for the future.

Health and Safety

One of the Society's non-negotiable commitments is to protect the health and safety of Employees, Customers, Visitors and Contractors who work at and visit our various locations. In 2023, Dairygold achieved positive results in this regard, as we continued to embed our *'Zero Harm Policy'* across the organisation, with a 33% reduction in accidents across the Business, over the last 2 years. This improvement is as a result of the engagement and dedication to health and safety from all Employees across the Business.

In 2024, we will build on this positive engagement, by initiating an organisation wide safety culture assessment, which will be completed in Q2 2024. This will provide us with key data on where we can further improve our safety culture and performance. Further programmes and initiatives will also be rolled out, to ensure Dairygold continues to strengthen its focus on health and safety, a critical element to support the delivery of *'Our Strategy, Our Future 2030'* and to ensure we continue to prioritise the health and safety of all Stakeholders.

ZERO HARM
EVERYONE GOES HOME SAFE

Our Strategy
Our Future
2030

Dairygold Head of Sustainability Orlaith Tynan, Dairygold Head of Procurement William O'Riordan, Dairygold Chairman Seán O'Brien, Dairygold members and Lurrig Solar Farm owners Michael and Rose Quirk, Dairygold Interim Chief Executive Michael Harte.

Sustainability

Sustainability continues to be one of the biggest challenges of our time. We face a complex balancing act of competing priorities as we seek to reduce greenhouse gas emissions, improve watercourse quality and protect biodiversity while maintaining a vibrant agricultural sector and dairy industry that has been a cornerstone of the Irish economy for decades.

Farmers and the food supply chain will be instrumental in delivering the required changes. Achieving excellence in emissions efficiency on farm per output unit will be key to balancing competing priorities. Our Customers are challenging us to produce our food ingredients with a smaller carbon footprint, demanding that we accelerate the pace to achieve and go beyond our 2030 target of 0.7Kg CO2(e) / Kg FPCM.

The high participation in the Grassroots Milk Supplier Sustainability Bonus Programme is to be commended. This programme is focused on increasing efficiency on farm through nutrient, soil and herd optimisation. In 2024, we will continue to monitor and review the impact of the Grassroots Programme in this regard.

Within our processing operations, we have developed a decarbonisation roadmap to reduce carbon emissions. Core elements of this programme include energy efficiency, heat recovery, efficient energy generation and renewables. We are making good progress in the implementation of the roadmap.

The pace at which regulatory change is coming is very challenging for us all. 2024 will be a year of transition as we lay the foundation for 2025 reporting in accordance with the Corporate Sustainability Reporting Directive (CSRD).

This EU regulation brings sustainability reporting and disclosure onto the same footing as financial reporting. With increasing reporting, disclosure requirements and transparency, we will need to continually demonstrate a verifiable improvement across key environmental indicators to protect our 'licence to operate'.

Sustainability is an integral part of our corporate strategy and is embedded in our organisation. We are proud of the progress that we have collectively made as we continue to build a high performing, environmentally sustainable supply chain to secure the future of Dairygold and our Members.

It is crucial that we accelerate action to deliver verifiable improvements.

People

In 2023, we continued to increase our focus on people and culture through the execution of several key strategic initiatives as part of the rollout of *'Our Strategy, Our Future 2030'*. The people and culture pillar's objective, is to attract, engage, retain, and develop talent as part of the Society's overall Business strategy.

The results of the Culture and Values Assessment Survey rolled out in 2022 continued to drive several major people initiatives in 2023. One of these initiatives was the revision of the Society's core values, assisted by our Culture Champions, which now better reflect the Employee voice and the Society's future strategic ambition.

These core values will be evident in our talent management processes including employer branding, recruitment, induction and retention.

Attracting and retaining the best talent has always been a key element of succession planning within the Business. In 2023, we designed the Dairygold Employee Value Proposition which defines the unique set of experiences and culture that make Dairygold an attractive employer of choice. This Employee Value Proposition has been included in manager interview skills training so that we can clearly and consistently articulate to prospective and existing Employees the many benefits associated with working in Dairygold.

We also continued to focus on the development of our people through the continued provision of leadership and people development programmes, to develop individual and organisational capability. The Dairygold Leadership Development Programme, the Management Development Programme and the Retail Operations Development Programmes continue to go from strength to strength, delivered by excellent industry and academic leaders. In early 2023, the Dairygold Senior Leadership team commenced a mentoring programme with Dairygold graduates as part of our People development programme. This year will see additional leadership development work to further upskill our managers with coaching skills which will also expand the reach of our mentoring programme.

Participants of the Dairygold Graduate Programme 2024.

We Care

CLICK HERE

To view the Dairygold Values video.

Graduates of the 2023 Dairygold Leadership Development Programme.

We also welcome the launch of a new inhouse Management development and onboarding programme called the Dairygold Manager Essentials Programme which is designed to support Managers with people management responsibilities.

In 2023, Dairygold launched its Diversity, Equity and Inclusion (DEI) Steering Committee with a focus on developing awareness, promoting the benefits of a welcoming, diverse and inclusive culture for all colleagues.

In December 2023, we were pleased to report progress in our journey towards gender equality, with a decrease in our mean gender pay gap from 12.3% in 2022 to 9.8% in 2023. This is a positive step, and in line with our recently revised values, 2024 will be a year where Dairygold will continue to focus on gender equality.

In 2023, Dairygold introduced new and more favourable Employee terms and conditions to include increased annual leave, improved maternity and paternity pay, a new career break policy, and a continued commitment to flexible hybrid working arrangements.

It is crucial that we continue to foster an inclusive, equitable and diverse culture, with a demonstrated commitment to support the learning and development of our Employees.

Digital Strategy

Throughout 2023, a working group representing all aspects of our business completed a comprehensive analysis of how data and digitisation can enable our ability to deliver *'Our Strategy, Our Future 2030'*. We have identified a number of key priorities for 2024 including; Employee, Member and Customer engagement, process digitisation, data and analytics, enterprise architecture and operational technology.

Members of the Dairygold Food Safety Culture Team.

Non-Core Assets

The Society's strategy for its non-core assets is to maximise their value and to divest at the appropriate time, to facilitate investment in higher margin business activities.

Dairygold continues to drive and maximise the value of our commercial property portfolio, with a proposed transaction in relation to Creamfields, Kinsale Road, Cork being progressed. At the end of 2023, the Society held circa €60.5 million of non-core commercial property assets.

Our fully diversified financial asset portfolio, with a socially responsible mandate, had a value of circa €19.2 million at year end. In 2023, €17.0 million of the financial assets were liquidated, to part fund the acquisition of a 59% shareholding in Vita Actives Limited. The overall performance of the fund was positive, increasing by circa €3.1 million, in line with the strong performance of equity markets in general.

Financing

The Society refinanced its banking facilities in March 2023, with €360.0 million of facilities being made available. Over the last number of years, the Society's solid financial performance ensures that net bank debt remains at a maintainable level and provides the flexibility to invest in higher margin activities. A mix of bank debt, Member Funding, and divestment of non-core assets, allows the Society to adopt a prudent approach to financing investments, providing the ability to support Dairygold's strategic growth plans.

Acknowledgements

I would like to thank the Board for appointing me as Interim Chief Executive of the Society in early February 2024, following Conor Galvin's appointment as Chief Executive of Ornua Co-Operative Society Limited. I am committed to delivering a strong business performance and progressing the agreed strategic objectives for 2024.

I would like to take this opportunity to thank Conor Galvin for his leadership, focus and dedication, since joining Dairygold in 2014, and in particular in his role as Chief Executive. He has led the Business through the development, rollout and implementation of the Society's strategy *'Our Strategy, Our Future 2030'*, including the acquisition of a majority shareholding in Vita Actives Limited, driving the people agenda and outlining the sustainability roadmap for the long term success of the Society and its Stakeholders. I would like to wish Conor every success as Chief Executive of Ornua, in delivering the maximum return for dairy farmers and the industry.

Staff in Clonmel Road on International Women's Day.

I want to thank the Board of Directors and the General and Regional Committees for their input and support to the Society over the year and in particular Seán O'Brien, as Chairman and Gerard O'Dwyer as Vice Chairman, for their continued advice and support.

PwC have held the position of Independent Auditors to the Society for the last eight years. PwC retire at the AGM in 2024 and will not be reappointed in line with, good corporate governance. On behalf of the Society, I would like to thank PwC for the excellent, professional and proactive service they have provided over the last eight years.

I would like to thank all our Customers for their loyalty to the Society and all of our Shareholders and Milk and Grain Suppliers, for their ongoing contribution to the success of the Society.

Finally, I wish to thank my management colleagues and all staff in every part of our Business for their effort and commitment throughout the year.

Summary

2023 was a very challenging year, following the unprecedented market returns in 2022. However, despite the challenging environment, the Society delivered a satisfactory financial performance and maximised returns to Milk and Grain Suppliers.

Even in the face of difficult market conditions, we made great strides in 2023.

The acquisition of Vita Actives Limited was a particular highlight and marks a significant milestone towards achieving the growth and diversification of earnings ambition set in *'Our Strategy, Our Future 2030'.*

The significant challenge for the industry is the potential imminent removal of the nitrates derogation, due to water quality, or the failure to achieve the emissions target under the Climate Action Plan, either of which could significantly reduce milk supply impacting the viability of the industry.

We have made significant progress on the sustainability journey, with the introduction of Dairygold's Grassroots Milk Supplier Sustainability Bonus Programme, the rollout of the Water Quality Sustainability team and the development of a decarbonisation roadmap for the processing facilities.

Dairygold has strong foundations in place following significant capital investment and a solid roadmap to achieve further growth. The Business needs to continue its strong commitment to the sustainability journey, to ensure the long-term success of Dairygold and its Stakeholders.

Michael Harte
Interim Chief Executive, Dairygold

Sustainability

Guardians of the Golden Valleys

Our farmer Shareholders embed farm sustainability practices in harmony with nature, reducing carbon emissions, improving water quality and habitats, while ensuring the wellbeing of their herds.

SUSTAINABILITY IN OUR VALUE CHAIN

Global Alliances and Partnerships

Who we transact with matters. Our transparency and partnerships facilitate global trade, which in turn support our local farmer Shareholders.

The Dairygold Engine

Our people create a culture for success, growth, and innovation. We care how our products are made, and how it impacts our communities.

2023: Aligning the 2030 Ambition

Sustainability is a key pillar to *'Our Strategy, Our Future 2030'* and is critical to the long term success of Dairygold and its Members and the delivery of agreed actions requires the commitment of all Stakeholders.

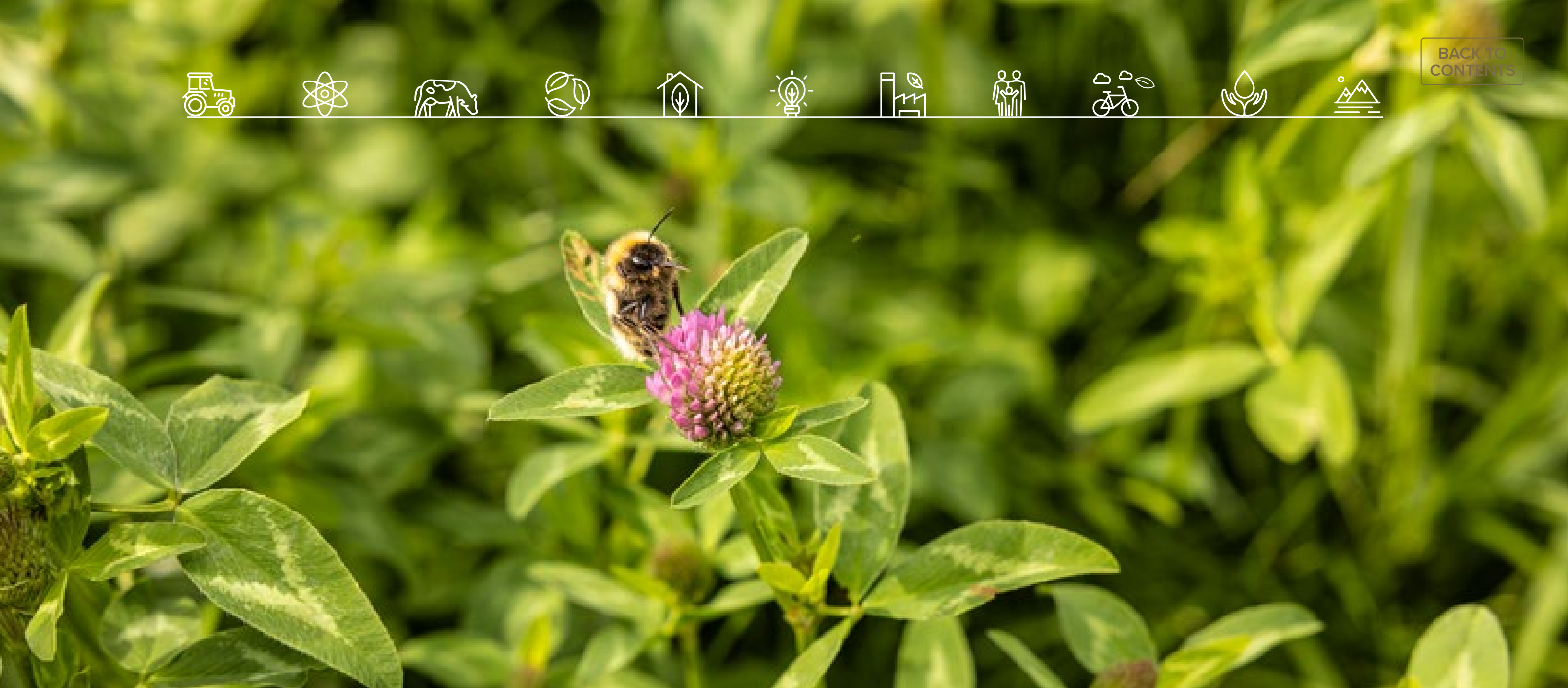
Our sustainability journey is at a crucial point, where radical transparency and resilience related Key Performance Indicators (KPI's) are embedded in our value chain. We are refining our 2030 ambition to align with strategic customers and upcoming EU regulation. While laying the foundations for future-readiness, we reflect on commitments shaping the building blocks of our roadmap.

Our 1.5°C Ambition

In 2023, over 90% of Dairygold's milk came from Suppliers signed up to the Grassroots Milk Supplier Sustainability Bonus Programme. Coupled with a 31% increase in protected urea application, these measures contributed to a reduced farm carbon emission of 0.88 kgCO2e/kgFPCM from 0.89 kgCO2e/kgFPCM in 2022. Dairygold has committed to Science Based Targets, a global initiative aimed at limiting global warming to 1.5°C. Our commitment includes a newly developed Forest Land and Agriculture (FLAG) target which addresses land based emissions and removals. We are confident that committing to these targets is a step in the right direction as we continue our sustainability journey alongside our Customers and Milk Suppliers to address climate change. You can learn more about how we plan on achieving this by watching our decarbonisation pathway video via the link on page 21.

Commitment to Regenerative Agriculture

2023 also saw us sharpen our focus on regenerative agriculture, addressing carbon, soil health, water quality, and biodiversity, with Dairygold currently providing farm assistance for each individually. Our state-of-the-art laboratory in Lombardstown conducted over 1,000 biological soil tests last year, a 16-fold increase on 2022 with a 35% increase in chemical soil tests. We deepened our Agricultural Sustainability Support and Advisory Programme (ASSAP) water quality reach with a dedicated team completing 724 plans last year, while our biodiversity target is on track with over 128,000 native Irish trees planted over three years.



Policy Context

Dairygold has embraced the upcoming Corporate Sustainability Reporting Directive (CSRD), Corporate Sustainability Due Diligence Directive (CSDDD) and the EU Deforestation-Free Regulation (EUDR) as the new benchmark for good sustainable practices. Dairygold will also reference the EU Taxonomy framework. As these regulations come into force across Member States, the way we do business, our roles and responsibilities will be redefined. We are developing our team and training relevant functions to execute this growing demand to gather data, implement policies and procedures and monitor progress.

Securing the Future

Our people are at the core of our Business. Last year, actions resulting from the culture survey assessment carried out in 2022 were executed across the business. The launch of a dedicated Diversity, Equity, and Inclusion (DEI) policy and cross functional steering group is a positive step towards strengthening an inclusive and equitable culture for all, retaining valuable talent and positioning ourselves as an employer of choice.

Recognition of our Credentials

Securing Origin Green gold membership status for the second consecutive year in 2023 underscores our unwavering dedication to sustainable practices and responsible business conduct. We will build on this success for the coming year.

Our Decarbonisation Pathway

We committed to the Science Based Target (SBT) 1.5°C ambition and the Forest Land Agriculture (FLAG) 2030 target, with validation expected in mid-2024. Our pathway for reduction extends from farm to customer. This is outlined in our Decarbonisation Pathway video below.

CLICK HERE

To view the 'Dairygold Sustainability: Our Decarbonisation Pathway' video.

Our Decarbonisation Pathway

The Grassroots Milk Supplier Sustainability Bonus 2023

0.75 CENT PER LITRE (CPL) (EQUIVALENT)

PILLAR

OUR ECOSYSTEM			OUR FARMERS	HERD HEALTH AND PRODUCTIVITY	

ACTION

1	2	3	4	5	6
Agree to Water Quality Farm Visit and development of a Water Quality Plan	Purchase Protected Urea from Dairygold Rebate pro-rata € per tonne	Participate in Dairygold's GreenGrow Soil Health Programme	Complete Training Modules and Farm Plan ('My Farm Plan')	Participate in Milk Recording	Participate in a Herd Health Programme

PAYMENT CENT PER LITRE (CPL)

0.2cpl	+ ~0.1cpl	+ 0.1cpl	+ 0.1cpl + 0.1cpl + MAINTAIN SDAS	+ 0.1cpl	+ 0.05cpl

0.75 CENT PER LITRE (CPL) (EQUIVALENT)

A snapshot of the Grassroots Milk Supplier Sustainability Bonus Programme enabling farm emission reductions.

Grassroots Milk Supplier Sustainability Bonus Programme

At farm level, our €10 million Grassroots Milk Supplier Sustainability Bonus Programme facilitated a reduction in emissions to 0.88 kgCO2e/kgFPCM. In 2023, over 90% of our processed milk came from Dairygold Grassroots Sustainability Bonus Milk Suppliers. Our suite of farm carbon reduction solutions highlighted through the 10 signpost farms addresses breeding and herd health enabling farmers to increase milk yield, efficient manure management and protected urea usage, optimising days on grass, managing biodiversity on the farm and the use of on-site renewables.

The high rate of participation in this programme demonstrates the willingness and enthusiasm of our Milk Suppliers to play their part in the sustainability journey of the Co-Op and the wider dairy industry.

Transport Decarbonisation

In Spring 2024, Dairygold launched a new electric milk truck, an industry first in Ireland. This launch is just another element of Dairygold's decarbonisation pathway which also includes route planning optimisation and exploring product transportation on a low carbon fleet.

Energy Generation and Optimisation

Our factories will optimise energy efficiency, transition from fossil fuels as an energy source and consider renewable on-site generation. We estimate that more than €50 million will be invested, with aid from Enterprise Ireland, over the next six years to reduce our emissions with technological upgrades.

Michael Harte, Dairygold Interim Chief Executive, Orlaith Tynan, Dairygold Head of Sustainability, Billy Cronin, Dairygold Head of Supply Chain and Melissa Butler, Dairygold HGV Driver pictured at the launch of the Dairygold electric milk truck.

Our Environment

Our objective is to optimise resource use in order to achieve more with less.

Dairygold continues to invest in process optimisation to equip our Suppliers and Employees to monitor and improve environmental performance across the value chain. With support from Origin Green, ISO 50001: Energy Management System, and Environmental Management Systems (EMS), we continuously work towards reducing our carbon footprint, optimising energy usage, minimising natural water dependency, and enhancing recyclability.

0.88kgCO_2e/kgFPCM Farm carbon emissions

5,000 MWh solar energy sourced from Dairygold tillage producer

58% recycling rate across Dairy Ireland

724 water quality ASSAP plans completed

400 kWp solar PV system in Lombardstown

128,000 native Irish trees and hedgerows planted

Greengrow Soil Health: 1,000 biological soil samples tested

55% of site water demand met from Reverse Osmosis

Our Ambition

We committed to the Science Based Target (SBT) 1.5°C ambition and Forest Land Agriculture (FLAG) 2030 target, with validation expected in mid 2024.

This makes us the first Irish Co-Operative, pioneering the way to decarbonise across our farm to customer value chain. Supporting this ambition, we will continue to grow our native tree plantation programme, to achieve 500,000 trees by 2030 and increase the number of water quality plans completed. We aim to develop a pilot for regenerative agricultural programme by 2025 to improve soil health, biodiversity, water quality and integrate pesticide management.

We aim to make inroads in circularity strategy, standardising protocols, and optimising food waste prevention across operations. Furthermore, our digital strategy will include building centralised data optimisation platforms for better site level control and transparency.

Our Supply Chain

Our aim is to build resilient supply chains, with credible traceability to source.

Our procurement practices have evolved, placing environmental considerations and human rights essential to all trade. We regularly conduct audits and uphold accreditations including SEDEX SMETA 4, Bord Bia SDAS (Sustainability Dairy Assurance Scheme), Grassfed and Repak.

GRASSROOTS
Milk Supplier Sustainability Bonus

> 90% milk processed from Dairygold Sustainability Grassroots Suppliers

100% SDAS and Bord Bia Grassfed certified

2 new products launched addressing health and wellness

Hosted over 21 farm walks across our 10 signpost farms

96% sustainably sourced dairy ingredients 100% RSPO certified palm oil

5 Dairy Ireland and UK sites SEDEX SMETA 4 accredited. 1 Costco Ethical Supply Chain certified

20% less plastics in cheddar pouches

90% powder packaging made from recyclable materials

Our Ambition

In response to the Corporate Sustainability Due Diligence Directive (CSDDD) and EU Deforestation-Free Regulation (EUDR), we are building our capability to risk assess and monitor our value chain for environmental and human rights performance.

By the end of 2024, our responsible sourcing charter will be formally aligned to the new requirements. This is a step forward in our ambition ensuring 100% sustainably sourced ingredients by 2025, with a view to expand to other categories. Parallel to which, we will continue to ensure our own operations are ethically certified.

Adding to our current network of partnerships, we aim to be recognised by the international Sustainable Dairy Partnership (SDP) in 2024. Built on the eleven pillars of the Dairy Sustainability Framework (DSF), it provides a consistent global approach to dairy sustainability in commercial relationships between dairy buyers and processors. It will facilitate communicating our progress under key material topics including farm greenhouse gases, animal health, regenerative agriculture, water quality, among others.

Our People

We are a diverse and growing workforce of circa 1,300 people across 5 countries.

As our organisation expands, our commitment is to create a culture of learning in Dairygold whereby Employees are empowered to pursue their personal learning and development goals. Our focus on talent and talent development will ensure sustainability in our people by having successors identified and ready for critical roles in the organisation. The Dairygold learning culture aims to upskill our Employees with skillsets to deliver our Business Strategy. In response to the culture survey carried out in 2022, we have developed programmes to provide a more supportive, inclusive, flexible, and connected environment that allows our Employees to thrive. We shape our social impact within the business through meaningful programmes and initiatives, addressing key elements such as Employee wellbeing, upskilling and Diversity, Equity, and Inclusion (DEI).

9.8% gender pay gap, down by 2.5% from previous year

Created Employee value proposition defining our position as an attractive employer of choice

Improved Maternity and Paternity leave pay benefits

Over 180 Employees participated in hybrid working

Improved annual leave entitlements

Our Ambition

Among our core focus areas, we are updating our training modules incorporating clear competency programmes to develop skills and capabilities aligned to the delivery of our Business strategy.

It will integrate elements of Diversity, Equity and Inclusion (DEI), complementary to managerial and recruitment skills. This will be delivered via our online Learning Management System (LMS) and in-person workshops. Our plan includes optimising our partnerships with LinkedIn to position ourselves as an employer of choice. Furthermore, we have recently launched an Employee Loyalty Scheme, offering discounted rates for our staff at our 26 Dairygold Co-Op stores.

Our Community

Dairygold prioritise staying connected with and supporting the local communities in the areas we serve.

Aligned with our value of 'We Care,' our Employees and brand actively connect and give back to our communities, build goodwill and reliability and aim to better the social and economic landscape. This commitment is evident through our partnerships, addressing key issues that lie at the heart of our values.

- Dairygold milk tankers proudly feature Samaritans signage which raises awareness of rural mental health issues and the impact of working in isolated environments. We have extended our **VHI free counselling programme** for our farmer Shareholders since 2022.
- Proud partnership with **Irish Cancer Society** for the past 9 years, raising over **€135,000.**
- Partnered with local schools in Mallow and Mitchelstown for a **'Day in the Life'** Programme at Dairygold. Where Leaving Certificate students are invited to Dairygold to speak to staff across the Business and learn about prospective career opportunities.
- Dairygold Health and Nutrition sponsorship of the **Food Science Academic Achievement Award** in the University of Limerick.
- Dairygold Agri Business attended **Munster Maths and Science Fair in 2023,** showcasing sample grain testing and analysis tests.
- Title Sponsorship at the **Cork Racecourse,** Mallow.
- Dairygold contributes over **€100,000** per annum, sponsoring sporting and community events and donating to charities, including donating **€40,000** in 2023 to the following charities:

- Niall O'Sullivan, a finance partner in Agri Business, took a 6-month career break to volunteer with Hospice Africa in Uganda. He fundraised over **€20,000** for the charity

- Sponsored annual bursaries for **ten undergraduate students over 5 years** at University College Cork, with the opportunity of a work placement with Dairygold

- Sponsor for **Cork County Hurling Championships** and **Co-Op Superstores Munster Hurling League**

Our Ambition

In the coming year, we will formalise our Corporate Social Responsibility Strategy (CSR).

We will build key pillars of engagement on charity and sponsorships, volunteering, education and health and wellbeing. We will also continue our sponsorship of CSR initiatives, that serve the interests of, and give back to, our local and wider community and support our local school outreach, through our 'Day in the Life' Programme.

Financial Overview

2023 Financial Highlights

- Delivered an **EBITDA of €55.0 million** and an operating profit of **€23.9 million**, after paying a competitive milk price.
- Turnover of **€1.4 billion**, a decrease of **€254.7 million** from 2022.
- The net bank debt of **€144.5 million**, an increase of **€12.2 million** on 2022, gave a net bank debt to EBITDA ratio of **2.6:1**.
- Capital expenditure investment of **€51.1 million** (net of grants) in tangible assets and **€29.3 million** (net of financial assets divested) in acquiring a 59% shareholding in a subsidiary.
- Net asset value of **€459.0 million**, an increase of **€1.2 million** on 2022.
- Acquired **59%** of the share capital of **Vita Actives Limited** on 22nd June 2023.

2023 was an extremely challenging year for Dairygold and its Members. Dairy markets declined significantly, while operating costs, for both the Business and its Members, remained high, against a backdrop of continued geopolitical conflict, high inflation and energy costs, increasing customer demands and a rapid, accelerated interest in sustainability.

While global milk supply remained relatively flat, the demand for dairy products fell, resulting in lower dairy market returns and reduced milk prices, which negatively impacted the profitability of Dairygold and its Members. Despite the challenging year, Dairygold delivered a satisfactory financial performance, overall.

The 2023 financial performance delivered turnover of €1.4 billion, down 15.5% on 2022, EBITDA of €55.0 million, down 19.7% on 2022, having invested cash of €51.1 million in capital expenditure and €29.3 million (net of financial assets) in a subsidiary, with net bank debt increasing by €12.2 million, to €144.5 million.

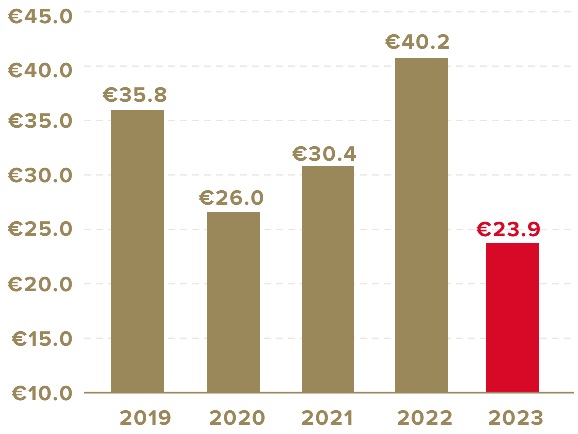
Consolidated Income Statement

2023 turnover was €1,392.5 million (2022: €1,647.2 million), a decrease of €254.7 million.

- Dairy Business and Food Ingredients turnover decreased by €218.3 million to €1,027.4 million (2022: €1,245.7 million), primarily reflecting a year-on-year decrease in market returns, but also a reduction in milk supply, partially offset by the inclusion of Vita Actives Limited's turnover, following the acquisition in June 2023.
- Agri Business turnover decreased by €63.0 million, year-on-year, to €325.5 million, with Agri Operations declining by €64.9 million, due to reductions in both sales volumes and sales prices, and Agri Retail turnover growing by €1.9 million.
- Non-core activities turnover increased by €26.6 million to €39.6 million, primarily due to share trading activity in 2023.

2023 EBITDA was €55.0 million (2022: €68.5 million), a decrease of €13.5 million, reflecting a reduced level of profitability in the core Business, driven by reduced volumes and margin in the Dairy and Agri Businesses, impacted by the challenging business environment of reduced dairy market returns and high costs, partially offset by the EBITDA generated by Vita Actives Limited and non-core activities.

Operating Profit €million



2023 operating profit was €23.9 million (2022: €40.2 million), a decrease of €16.3 million, reflecting the decrease in EBITDA of €13.5 million and an increase in depreciation, impairment and amortisation costs of €2.8 million.

The share of joint ventures' and associates' performance delivered an operating profit of €0.1 million in 2023 (2022: €0.4 million). The net interest payable was €20.2 million (2022: €9.5 million), with the increase driven by increased interest rates and financing requirements.

The profit after tax for the financial year was €3.5 million (2022: €23.2 million), a decrease of €19.7 million, reflecting a decrease in operating profit of €16.3 million, an increase of €10.7 million in net interest payable, a decrease in share of gains/(losses) of joint ventures and associates of €0.3 million, partially offset by a positive movement in the fair value of financial assets of €6.0 million and a decrease in the taxation charge of €1.6 million.

Consolidated Statement of Financial Position

In 2023, the net asset value of the Society increased by €1.2 million to €459.0 million (2022: €457.8 million). The increase primarily reflected the inclusion of the non-controlling interest of Vita Actives Limited of €5.8 million, the profit for the financial year of €3.5 million, a favourable foreign exchange difference on translation of €0.8 million and a net share capital/ bonus reserve movement of €0.7 million. This was partially offset by a negative movement in the net pension asset of €5.2 million, a negative movement in the hedge reserve of €3.0 million and share interest and dividends paid of €1.4 million.

Fixed assets of €494.6 million (2022: €432.5 million), comprising of intangible assets, tangible assets, investment properties and financial assets, increased by €62.1 million, as a result of:

- capital expenditure investment of €59.0 million (including an investment property uplift of €4.4 million);
- fixed assets related to the acquired subsidiary of €49.2 million; and
- a favourable translation adjustment of €0.3 million.

These increases were partially offset by:

- depreciation, amortisation and impairment charges of €32.4 million;
- a decrease in other investments of €12.8 million;
- disposals in the year of fixed assets of €0.7 million; and
- a decrease in the investments in joint ventures and associates of €0.5 million.

Net current assets less creditors falling due after more than one year, resulted in a liability of €55.8 million (2022: €0.1 million), an increase of €55.7 million, primarily as a result of:

- a decrease in stocks of €48.0 million to €177.0 million (2022: €225.0 million);
- a decrease in debtors of €27.7 million to €145.0 million (2022: €172.7 million); and
- an increase in net bank debt of €12.2 million to €144.5 million (2022: €132.3 million), reflecting an increase in bank loans of €17.0 million to €117.0 million (2022: €100.0 million), offset by an increase in cash at bank and in hand of €3.0 million to €13.1 million (2022: €10.1 million) and a decrease in bank overdrafts and invoice discounting of €1.8 million to €40.6 million (2022: €42.4 million).

These variances were partially offset by:

- a decrease in creditors, excluding bank financing, of €32.2 million to €233.3 million (2022: €265.5 million), mainly driven by a decrease in trade creditors, year-end provisions and deferred income.

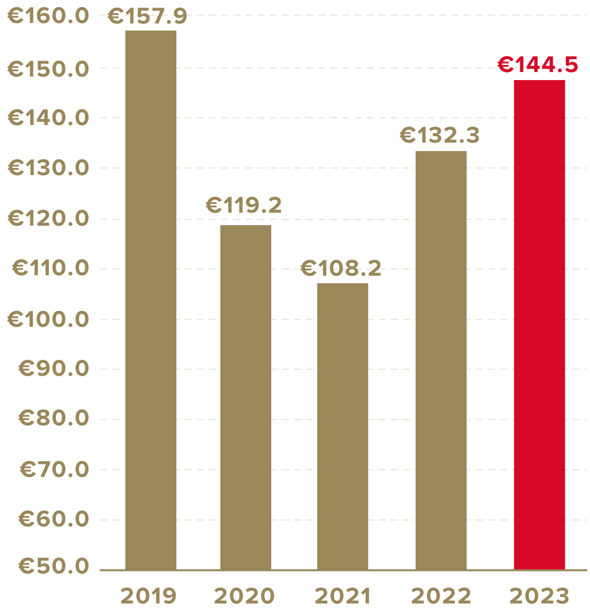
The capital grants' liability of €10.9 million (2022: €11.2 million), decreased by €0.3 million, following the amortisation charge for the year, offset by the receipt of capital grants. The deferred tax liability of €20.1 million (2022: €18.1 million) increased by €2.0 million year-on-year.

The consolidated statement of financial position as at 31 December 2023 included a pension asset of €51.2 million (2022: €54.7 million). The negative movement was driven by an increase in the pension scheme liabilities of €10.6 million, partially offset by an increase in pension scheme assets of €7.1 million.

The share capital increased by €1.8 million to €105.8 million (2022: €104.0 million), reflecting shares issued of €3.2 million, including bonus shares of €1.1 million, partially offset by shares redeemed of €1.4 million.

The profit and loss account reserve decreased by €5.0 million to €342.5 million (2022: €347.5 million) reflecting the negative movements related to the pension scheme of €5.2 million, share interest of €1.3 million and a transfer to the bonus reserve of €1.1 million. These were partially offset by the profit for the financial year (excluding non-controlling interests) of €1.8 million and favourable foreign exchange differences on the translation of UK subsidiary undertakings of €0.8 million.

Net Bank Debt €million



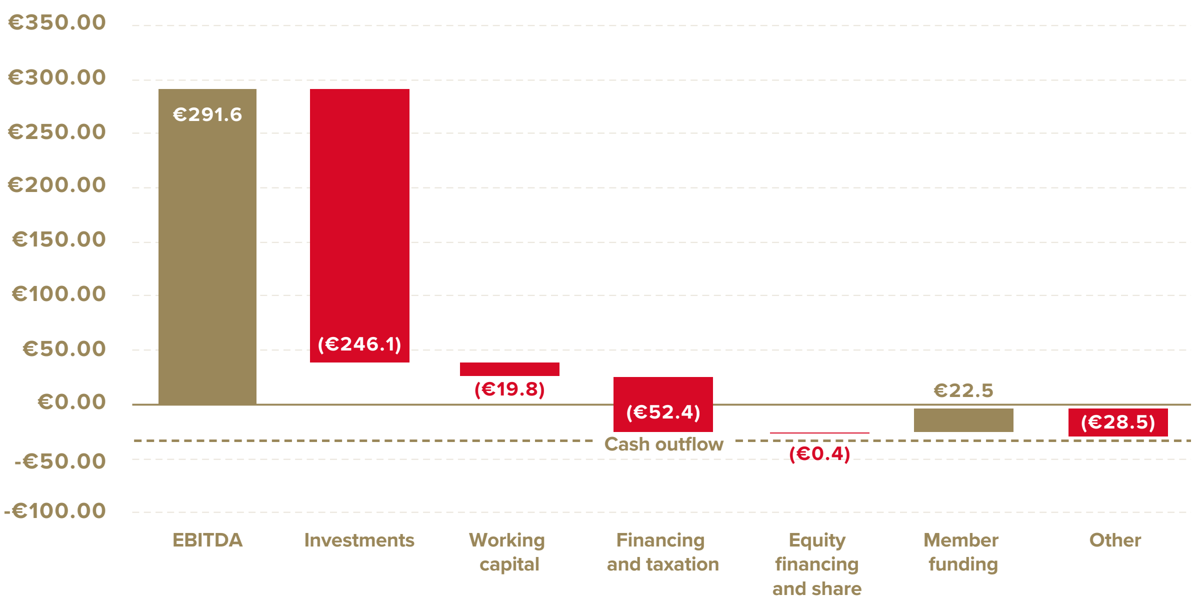
Consolidated Statement of Cash Flows

The increase in bank loans of €17.0 million, partially offset by an increase in cash at bank and in hand of €3.0 million and a decrease in bank overdrafts and invoice discounting of €1.8 million, reflected the overall increase in net bank debt of €12.2 million, to €144.5 million in 2023, from €132.3 million in 2022.

The €12.2 million increase resulted from:

- Capital expenditure (net of grants) of €51.1 million (2022: €40.0 million);
- Acquisition of a subsidiary of €43.1 million (2022: €nil);
- Payments of €20.2 million (2022: €12.6 million) to cover net finance costs, taxation, equity financing and share interest;
- Non-cash movements of €4.0 million (2022: €3.6 million) in relation to foreign exchange differences and revaluation of investment properties; and
- Cash related to exceptional items of €0.6 million (2022: €0.8 million).

Cash outflow of €33.1 million between 2019 and 2023



These were partially offset by:

- EBITDA of €55.0 million (2022: €68.5 million);
- A decrease in working capital requirements of €31.0 million (2022: an increase €40.8 million), resulting primarily from a decrease in stock of €54.6 million and a decrease in debtors of €34.6 million, partially offset by a decrease in creditors of €58.2 million;
- Financial asset movements of €15.4 million (2022: €0.5 million), primarily relating to the divestment of €17.0 million of financial assets, to part fund the acquisition of a 59% shareholding in Vita Actives Limited;
- Member Funding receipts of €4.6 million (2022: €4.1 million), all in relation to Revolving Fund receipts;
- Disposal of fixed assets of €0.7 million (2022: €nil);
- A difference of €0.1 million (2022: decrease of €0.1 million) between payments and the current services pension cost; and
- Disposal of investment properties of €nil (2022: €0.7 million).

The Society's long-term borrowings are subject to financial covenants, calculated in accordance with the facility agreements with the Society's lenders. The 2023 financial performance ensured compliance with all financial covenants, including the Society's net bank debt to adjusted EBITDA ratio of 2.94:1.

The Society's financial performance over the last number of years, ensures that the net bank debt remains at a sustainable level and provides the flexibility to further invest in higher margin activities.

In March 2023, the Society refinanced with its Banking Syndicate and have a facility of €360.0 million in place which provides the Society with the firepower and flexibility to support the Societies growth plans and manage working capital volatility.

Member Funding

In 2020, the Society introduced voluntary Loan Notes for 2020 and 2021 and advised of a new voluntary Revolving Fund to be introduced from 2021 to 2025.

Total Member Funding (including accrued interest) at year end 2023 was €49.9 million (2022: €42.5 million). This is made up of €18.2 million (2022: €17.1 million) in Loan Notes and €31.7 million (2022: €25.4 million) in the Revolving Fund.

In 2023, the Society did not issue or repay any Loan Notes. In January 2024, €4.1 million of the 2020 three-year Loan Note was repaid, including interest of €0.5 million.

In 2023, the Society received €4.6 million (2022: €4.8 million) in Revolving Fund contributions, while it repaid €nil (2022: €0.7 million) from the Revolving Fund, including interest. In 2024, the Society will repay €6.4 million to Members, including interest of €1.1 million, in relation to the 2017 Revolving Fund.

Pension

The consolidated statement of financial position as at 31 December 2023 reflected a net pension asset of €51.2 million (2022: €54.7 million), with scheme assets of €241.6 million (2022: €234.5 million) and scheme liabilities of €190.4 million (2022: €179.8 million).

The key drivers of the net movement year-on-year of €3.5 million were the unfavourable changes in the liability assumptions, including a decrease in the discount rate to 3.50% (2022: 4.10%). This was partially offset by an increase in the plan assets, which increased by €7.1 million to €241.6 million, mainly driven by an improvement in the value of investments, in line with the rise in equity markets during the year.

The Society continues to actively monitor its pension schemes, given the volatility around financial markets and pension schemes in general, and to proactively pursue further risk mitigation initiatives and to manage costs in an ever-increasing regulatory environment.

Non-Core Assets

Financial Assets

The Society's financial investment portfolio includes investments which are managed in conjunction with a third-party investment manager. In 2023, the market value of the quoted financial assets decreased by €12.6 million to €19.2 million (2022: €31.8 million). Key 2023 activity in relation to the portfolio includes; transitioning to a socially responsible mandate, the transfer of €0.3 million from the sale of a commercial property and the liquidation of €17.0 million to part fund the acquisition of a majority stake in Vita Actives Limited. The portfolio performance also benefitted from the general uplift in equity markets.

Property

The Society, as at 31 December 2023, holds circa €60.5 million of non-core property assets. The primary focus is to maximise the value from these properties for the Society, through a combination of developmental, rental and commercialisation opportunities, which the Society is actively pursuing and delivering on.

The 2023 performance gained from a €4.9 million property revaluation uplift, primarily relating to opportunities being developed in relation to the portfolio.

Summary and Outlook

In 2023, the Society delivered a solid financial performance, generating a turnover of €1.4 billion and delivering a satisfactory EBITDA, while paying a competitive milk price. The Society also maintained a conservative net bank debt, after significant investments in capital expenditure and the acquisition of a majority stake in a subsidiary.

The Society continues to deliver a consistently positive financial performance, while paying very competitive and strong prices to Members for their produce. The delivery of a diversification of earnings is a key strategic and financial ambition of the Society, and the acquisition of a majority shareholding in Vita Actives Limited in 2023 is a significant milestone on this journey. The Society continues to build for the future, on very strong financial foundations, developing and growing the Business and its people, to ensure the future sustainability of the organisation and its Shareholders.

Directors, Officers, Committees

and other information

The Board of Directors

Seán O'Brien - *Chairman*

Gerard O'Dwyer - *Vice Chairman*

Patrick Clancy

Maurice Curtin

Annette Flynn

Patrick Gaynor

Brendan Hinchion

Fintan McSweeney

Michael J. Murphy

Martin O'Doherty

Donal Shinnick

Joseph Tobin

Michael Harte - *Interim Chief Executive*

Ann Fogarty - *Group Company Secretary*

Board Committees

The Board has established a Committee structure to assist it in the discharge of its responsibilities in compliance with the highest standards of corporate governance. The Committees and their membership are detailed below. All Committees of the Board have written terms of reference, which are reviewed regularly, dealing with their role and authority delegated by the Board. The Group Company Secretary acts as Secretary to each of these Committees.

Audit and Risk Committee

The Audit and Risk Committee comprises Ms. Annette Flynn (Chair), Mr. Brendan Hinchion, Mr. Michael J. Murphy and Mr. Donal Shinnick. The Chief Executive, Chief Financial Officer, Head of Internal Audit, other Directors, Senior Management and representatives of the External Auditor may be invited to attend all or part of any meeting.

The role and responsibilities of the Audit and Risk Committee are set out in its written terms of reference and include:

- monitoring the integrity of the financial statements for the Society and reviewing significant financial reporting judgements contained therein before submission to the Board;
- monitoring and reviewing the operation and effectiveness of the Internal Audit function;
- considering and making recommendations to the Board in relation to the appointment, reappointment and removal of the External Auditor and their terms of engagement;
- approving the remuneration of the External Auditor for statutory audit work and ensuring that the level of fees is appropriate to enable an adequate audit to be conducted. Reviewing the extent of any non-audit services and related fees;
- assessing annually the independence and objectivity of the External Auditor and the effectiveness of the audit process, taking into consideration relevant professional and regulatory requirements and the relationship with the auditor as a whole, including the provision of any non-audit services;
- reporting to the Board on the operation of the Society's system of internal control and risk management, making any recommendations to the Board thereon;
- monitoring and reviewing the statutory audit of the Society and its subsidiaries' statutory financial statements;
- reviewing the arrangements by which Employees of the Society may, in confidence, raise concerns about possible improprieties in matters of financial reporting or other matters and ensuring that these arrangements allow for a proportionate and independent investigation of such matters and appropriate follow up action; and
- reviewing its own effectiveness as a Committee and making any necessary recommendations for change to the Board.

The key activities undertaken by the Audit and Risk Committee during 2023 under its terms of reference were as follows:

Financial Reporting

The Audit and Risk Committee reviewed the statutory financial statements of the Society before submitting them to the Board of Directors for approval. This review focused on, but was not limited to, changes in accounting policies and practices, key judgement areas, the going concern assumption and compliance with accounting standards.

Risk Management and Control

The Board has overall responsibility for ensuring the Society's risk management framework is appropriate. The Audit and Risk Committee reviewed the risk registers and risk management systems of the Society on a rolling basis during 2023. The Audit and Risk Committee also received insights on the Society's principal risks through receipt of regular updates from Senior Management, and detailed presentations on existing risks including:

- Health and Safety;
- Sustainability;
- Talent Management;
- Cybersecurity;
- Taxation; and
- Upcoming Corporate Sustainability Reporting Directive (CSRD) Requirements.

Along with emerging risks such as Climate Change, Digital Disruption, Economic Slowdown and Operational Resilience.

The Audit and Risk Committee recommended that the Society's principal risks be presented to the Board for review. The Society's principal risks and the Society's Risk Appetite Statement were reviewed and approved by the Board.

The Audit and Risk Committee also considered Internal Audit reports which formed part of the annual work plan approved by the Audit and Risk Committee.

Michael Harte, Interim Chief Executive, Deirdre McCarthy, Head of Strategy, Ann Fogarty, Group Company Secretary, and Adrian Beatty, Group Head of Human Resources.

Internal Audit

Internal Audit provides independent, objective, assurance and advisory services designed to add value and identify areas for improving operations. Internal Audit helps the Society accomplish its objectives by bringing a systematic, disciplined approach to evaluating the control environment and improving the effectiveness of risk management, control, and governance processes as a result.

The Head of Internal Audit is responsible for managing the Internal Audit function and reports directly to the Audit and Risk Committee. The Head of Internal Audit holds regular meetings with the Chair of the Audit and Risk Committee and has access to the Chair as required.

On an annual basis, Internal Audit performs a risk assessment to determine the appropriate audit scope for the Society.

Based on this assessment, a risk based annual Internal Audit plan is developed and presented to the Audit and Risk Committee for approval. The Audit and Risk Committee approved the annual Internal Audit plan ensuring its alignment with the key risks facing the Society. It reviewed the output from the Internal Audit programme during the year considering its reports which detailed any significant control issues, notable findings, and Management's action plans to remediate any identified issues.

External Audit

The Audit and Risk Committee considered the independence and objectivity of the External Auditor and approved their remuneration. The approach and scope of the audit work to be undertaken by the auditor which included planned levels of materiality, key risk and judgement areas were also reviewed. The Audit and Risk Committee approved the terms of engagement for the audit. Subsequently, the Audit and Risk Committee reviewed the findings of the auditor, assessed the effectiveness of the audit process and the external audit's management letter together with Management's responses.

A formal policy is in place governing the use of the external audit firm for non-audit services in line with best practice. The aim of the policy, which is reviewed annually, is to support and safeguard the objectivity and independence of the auditor.

The policy of the Society is that the services of the auditor may be used for non-audit services provided that those services are not in conflict with auditor independence.

In 2023, it was agreed in line with good corporate governance, that PwC who have audited the financial statements for eight years, will retire at the 2024 AGM and will not be reappointed. Therefore during 2023, the Audit and Risk Committee oversaw the procurement and approval of an alternative provider, for appointment at the 2024 AGM. The request for proposal placed focus on the new firms understanding of our Business and industry, audit quality and approach, future transition to Corporate Sustainability Reporting and value add, amongst other items.

Audit and Risk Committee Performance

The Audit and Risk Committee prioritises the ongoing education of its Members by providing induction training for new Committee Members and offering regulatory updates as needed. Additionally, the Committee conducts annual reviews to evaluate its effectiveness and actively enhances the skills of its Members as required. Furthermore, the Committee maintains a vigilant watch over emerging risks and the general macro environment, ensuring readiness to address both risks and opportunities.

Acquisitions and Investments Committee

The Acquisitions and Investments Committee comprises Mr. Séan O'Brien (Society Chairman), Mr. Gerard O'Dwyer (Society Vice Chairman), Mr. Patrick Gaynor (Chairman of the Remuneration Committee), Ms. Annette Flynn (Chair of the Audit and Risk Committee) and Mr. Maurice Curtin (Board Nominee).

The Society Chairman acts as Chairman of the Acquisitions and Investments Committee. The role and responsibilities of the Acquisitions and Investments Committee are set out in its written terms of reference. The principal responsibilities of the Committee are to:

- assess the Board approved acquisitions and investments strategy on an ongoing basis and to assess its effectiveness and recommend changes to the Board;
- review and consider proposals from Management in relation to significant acquisitions, investments, disposals and capital expenditure to:
  - ensure that the proposed transaction and/or expenditure is consistent with the Society's strategic objectives;
  - evaluate and understand the implications and risks associated with any proposal that constitutes a significant acquisition of, or merger with, or investment in, another commercial entity;
  - understand the financial implications regarding the funding of a proposed acquisition and any subsequent resulting acquisitions and capital investments;
  - understand the financing of projected working capital requirements;
  - ensure the necessary financial, legal, commercial, technical, safety and personnel due diligence has been undertaken, considered and challenged;
  - understand and evaluate any likely regulatory consequences;
  - evaluate and understand the consequences of any proposal that constitutes a significant disposal of a business or asset of the Society or its subsidiaries;
  - understand the proposed communication plan with regard to all Members, Employees, Suppliers, Customers and other Stakeholders in both the Society and the acquired or disposed business or businesses;

Chris Edge, General Manager, Dairy UK and Europe, George MacLeod, General Manager, Dairygold Health and Nutrition, Orlaith Tynan, Head of Sustainability, Eamon O'Sullivan, General Manager, Dairy Ireland and Liam O'Flaherty, General Manager, Agri Business.

- keep up to date with and be fully informed about strategic issues and commercial changes affecting the Society and the markets in which it operates;
- recommend to the Board as to whether any proposed transaction, investment or capital expenditure should be approved, amended or declined. The final decision rests with the Board; and
- investigate and consider any other matter as requested by the Board.

During 2023, the activities of the Acquisitions and Investments Committee assisted the Society in the delivery of a key milestone of Dairygold's Strategy *'Our Strategy, Our Future 2030'* by recommending to the Board of the Society to acquire a majority equity holding in Vita Actives Limited.

In June 2023, Dairygold Health and Nutrition Limited acquired a 59% holding in the equity of Vita Actives Limited. The acquisition aligned with Dairygold Health and Nutrition Limited's key objective of growing a life stage nutrition Business across key selected geographies, enhancing value for the Society and diversifying earnings.

From a commercial property perspective, the Committee assisted Management with the commercialisation of Creamfields (the former site of the CMP Liquid Milk Plant) and engagement with a development agent. The Committee continues to ensure that the divestment of certain commercial properties, including that the proceeds of any sales would be invested in the Diversified Financial Assets Portfolio, while agreeing to progress planning opportunities for other commercial properties.

The performance and investment strategy of the Diversified Financial Assets Portfolio remained under constant review, with Socially Responsible Investing being adopted. In addition, the Society's Financial Assets Portfolio is centrally managed through Davy Stockbrokers.

The Committee reviews Banking covenants and arrangements in line with the Banking Syndicate Agreements entered into in 2023 to ensure the appropriate structure and headroom are in place, to support the delivery of the Society's strategic ambition.

Remuneration Committee

The Remuneration Committee comprises Mr. Patrick Gaynor (Chairman), Mr. Séan O'Brien (Society Chairman), Mr. Gerard O'Dwyer (Society Vice Chairman) and Mr. Patrick Clancy (Board Nominee). The roles and responsibilities of the Remuneration Committee are set out in its written terms of reference. The principal responsibilities of the Committee are to:

- consider and approve the strategy for the attraction, retention and succession planning of the Chief Executive and Group Company Secretary of the Society and its implementation, so that appropriate recommendations can be made to the Board;
- consider the overall strategy towards remuneration and compensation in the Society;
- determine the policy for the remuneration of the Chief Executive, Group Company Secretary and Direct Reports of the Chief Executive as well as the Society's policy on remuneration and/or expenses payable to Members of the Board, Members of the Regional Committees, General Committee and Members of any Sub-Committee established from time to time;
- review and sanction new or amended salaries, performance related pay, retirement benefit and/or other benefits for Senior Executives of the Society whose remuneration is to be determined by the Committee; and
- agree the policy and/or procedures for authorisation of claims for expenses of Senior Executives, the Board and Members of the Regional Committees, General Committee and any other Sub-Committee established from time to time.

During 2023, the Remuneration Committee reviewed the Society's overall Human Resources Strategy, including remuneration, non-financial benefits, employee retention and talent management, including the key people initiatives and actions being progressed, to support the delivery of the overall Dairygold Strategy. In addition, the Committee approved Salary Increments and Bonus Payments.

On 7th February 2024, the Remuneration Committee, proposed to the Board the appointment of Mr. Michael Harte, the Society's Chief Financial Officer, as Interim Chief Executive, with immediate effect, to lead the organisation, during a transition period. This followed the announcement that Chief Executive, Mr. Conor Galvin is leaving the Society, in early May 2024 to take up the role of Chief Executive of Ornua Co-Operative Society Limited. The Remuneration Committee has initiated a comprehensive Chief Executive search and selection process to identify a successor for the outgoing Chief Executive.

Rules Committee

The Rules Committee comprises Mr. Séan O'Brien (Society Chairman), Mr. Gerard O'Dwyer (Society Vice Chairman), Mr. Michael J. Murphy and Mr. Joseph Tobin (Board Nominees). The roles and responsibilities of the Rules Committee are set out in its written terms of reference. The principal responsibilities of the Rules Committee are to:

- review the Rules of the Society on a periodic basis to ensure they are consistent in their application and aligned to the Society's strategic objectives and core values;
- to ensure the Rules of the Society comply with relevant laws and regulations governing the Society, its business operations, employment, and other relevant areas;
- to seek input from various Stakeholders of the Society (including Members, Employees, Management and External Advisors), to gather insights and to make recommendations to the Board on any proposed changes to the Rules of the Society or any related Board Policies;
- advise and make recommendations in conjunction with the General Committee, as necessary, to the Board of the Society with regard to any alterations or amendments required to the Rules;
- make recommendations on policy matters, to the Board of the Society, in relation to the implementation of the Rules;
- to address on behalf of the Board of the Society any conflicts or disputes related to the interpretation or application of the Society's Rules;
- the Committee may develop guidance material or request training workshops to assist Society Members and Employees in understanding the Society Rules and their application; and
- the Committee shall maintain accurate records of all its reviews, recommendations, and amendments to the Rules of the Society and any related Board policies.

In 2023, the Rules Committee reviewed the Board Policies pertaining to the Rules, and oversaw the implementation of the new Board Policies governing entry requirements for New Young Farmer Members and to ease administrative criteria for families of Deceased Members Estates. On the recommendation of the Committee the Board of the Society adopted the new Board Polices in November 2023.

Senior Leadership Team

- Interim Chief Executive/ Chief Financial Officer
  Michael Harte
- Group Company Secretary
  Ann Fogarty
- Group Head of Human Resources
  Adrian Beatty
- Head of Strategy
  Deirdre McCarthy
- Head of Sustainability
  Orlaith Tynan
- General Manager, Dairy Ireland
  Eamon O'Sullivan
- General Manager, Agri Business
  Liam O'Flaherty
- General Manager, Dairy UK & Europe
  Chris Edge
- General Manager, Dairygold Health and Nutrition
  George MacLeod

Other Information

Registered Office

Clonmel Road, Mitchelstown,
Co. Cork, P67 DD36.

Independent Auditor

PricewaterhouseCoopers,
One Albert Quay, Cork.

Principal Bankers

Allied Irish Banks plc
Bank of Ireland Group plc
HSBC Bank plc
ING Bank N.V.
Coöperatieve Rabobank U.A. t/a Rabobank Dublin

Solicitors

Arthur Cox
McCann FitzGerald

General Committee

Mallow

Mr. Daniel Broe
Mr. Teddy Buckley
Mr. Laurence Crowley
Mr. Michael Duane
Mr. Tadgh Egan
Mr. James Fitzgerald
Mr. Mitchell Hayes
Mr. John Kenny
Mr. Finian Magner
Mr. Fintan McSweeney
Mr. Martin O'Brien
Mr. Michael O'Hanlon
Mr. Donal Shinnick

Mitchelstown

Mr. William Bourke
Mr. John Clancy
Mr. Patrick Clancy
Mr. James Conway
Mr. John Coughlan
Mr. Robert Drake
Mr. William Leahy
Mr. Martin O'Doherty
Ms. Mary Twomey Casey
Mr. Don Whelan

Mid-Cork

Mr. Patrick Ahern
Mr. John Bernard
Mr. James Crowley
Mr. Patrick Foott
Mr. Daniel Hallissey
Mr. Brendan Hinchion
Mr. Gearóid Hinchion
Mr. James Hurley
Mr. Patrick Long
Mr. Michael J. Murphy
Mr. Daniel P. O'Donovan
Mr. Donal O'Donovan
Mr. Pat O'Driscoll
Mr. Jerry O'Riordan
Mr. John A. Walsh

Tipperary

Mr. Matthew McEniry
Mr. Martin Moloney
Mr. Eamonn Morrissey
Mr. John O'Gorman
Mr. Joseph Tobin

East Cork

Mr. Timothy Cashman
Mr. Matthew Hurley
Mr. John Kingston
Ms. Ann Moore
Mr. Padraig Motherway
Mr. Séan O'Brien
Mr. Patrick O'Donovan
Mr. Maurice Smiddy

Limerick

Mr. Arthur Barlow
Mr. Maurice Curtin
Mr. Vincent Griffin
Mr. Sean Hynes
Mr. Gerard Kennedy
Mr. Kevin McInerney
Mr. Patrick O'Brien
Mr. Gerard O'Dwyer
Mr. Brendan Reidy

Regional Committees

AGHABULLOGUE/ RYLANE
Mr. Patrick Ahern
Mr. Edward Twomey

AHADILLANE
Mr. Donal Barrett
Mr. John Dennehy

ALLENSBRIDGE/ DROMTARIFFE
Mr. John Joe O'Connor
Mr. Eamonn Thornton

ANGLESBORO
Mr. William Bourke

ANNACOTTY/ BIRDHILL/KILLALOE
Mr. Michael Caplis
Mr. Sean Hynes

ARAGLEN
Mr. Frank Finn
Mr. P.J. O'Donoghue

ARDAGH/OLD MILL
Mr. Denis Hayes
Mr. James Windle

ARDFINNAN
Mr. David Hally

BALLINAMONA
Mr. Shane Crean

BALLINDANGAN
Mr. Martin O'Doherty
Mr. Patrick O'Keeffe

BALLINGEARY
Mr. Sean O'Sullivan

BALLINHASSIG
Mr. James Crowley
Mr. Michael J. Murphy

BALLYCLOUGH
Mr. Daniel Casey
Mr. Martin O'Brien

BALLYHOOLY
Mr. William Leahy
Mr. Jeremiah Linehan

BALLYLOOBY
Mr. Stephen Keating
Mr. Eamonn Morrissey

BALLYMAKEERA
Mr. Daniel Hallissey
Mr. Donal Quill

BALLYPOREEN
Mr. Patrick Clancy
Mr. James Conway

BALLYRICHARD/COBH
Mr. Sean Barrett
Mr. Andrew Bird
Ms. Ann Moore
Mr. Joseph Morrissey
Mr. Ben Murphy
Mr. Patrick O'Donovan

BAWNMORE
Mr. John O'Sullivan

BENGOUR
Mr. Patrick O'Driscoll

BERRINGS/DRIPSEY
Mr. Bernard O'Mahony
Mr. John A. Walsh

BLACKABBEY/KILDIMO
Mr. Patrick O'Brien
Mr. Seamus O'Riordan

BOHERLAHAN
Mr. Michael Ryan
Mr. Joseph Tobin

BUNRATTY
Mr. Robert Frost
Mr. Kevin McInerney

BUTTEVANT/ TEMPLEMARY
Mr. Daniel Broe
Mr. Kieran Kennedy
Mr. Donal Shinnick

CAHIR
Mr. John Casey
Mr. Thomas Marnane

CAPPAMORE
Mr. Sean Meehan

CARRIGALINE
Mr. John Bernard
Mr. Thomas Casey
Mr. Gavin Cronin
Mr. Patrick Foott

CARRIGNAVAR
Mr. Laurence Crowley

CASTLETOWNROCHE/ KILLAVULLEN
Mr. Thomas Barry
Mr. Henry Fitzgerald
Mr. Finian Magner

CAUM/MACROOM
Vacancy

CHURCHTOWN/ LISCARROLL
Mr. Tadgh Egan
Vacancy

CLOGHEEN
Mr. John O'Gorman
Mr. John F. Walsh

CLONDROHID
Mr. Finbarr O'Connell
Mr. Stephen Roche

CLOVERFIELD/ CORELISH
Mr. John A. O'Dea

COACHFORD/ KILCOLMAN
Mr. Daniel Dennehy
Mr. Patrick Long

C.M.P.
Mr. Timothy Cashman
Mr. John Kingston
Mr. Donal O'Brien
Mr. Colm O'Leary
Mr. Frank O'Mahony
Mr. John O'Sullivan
Mr. Tomás O'Sullivan

CORROGHURM/ MITCHELSTOWN
Mr. Patrick Condon
Mr. Martin Fox
Mr. David Kent Jnr.
Mr. Don Whelan
Vacancy

COURTBRACK
Mr. Michael Dilworth
Mr. Mitchell Hayes

DARRAGH
Mr. James Condon

DONERAILE
Mr. Michael Duane
Mr. Daniel O'Brien

DONOUGHMORE
Mr. Bernard Foley
Mr. Fintan McSweeney

DROMBANNA
Mr. Patrick Bermingham
Mr. Gerard Kirby
Mr. Richard Walters

GALBALLY
Mr. Diarmuid Henebry

GARRYSPILLANE
Mr. Morgan Murphy

GLANWORTH
Mr. Seamus Bradley
Ms. Mary Twomey Casey

GLOSHA/REARCROSS
Mr. Roger Keogh

GRANAGH/MILTOWN
Mr. Vincent Griffin
Mr. Gerard Kennedy

HOLLYFORD
Mr. Vincent Carr

HOSPITAL/KILTEELY/ SARSFIELD
Mr. Patrick Hanley
Mr. Simon McCormack

IMOKILLY
Mr. Richard Hennessy
Mr. Padraig Motherway
Mr. Denis O'Brien
Mr. Séan O'Brien
Mr. Brian Ronayne
Mr. Maurice Smiddy
Vacancy

INCHIGEELA/TEERGAY
Mr. John Vincent Murphy

KILBEHENNY
Vacancy
Vacancy

KILCORNEY
Mr. Leonard Leader
Mr. Tadgh Sheehan

KILDORRERY
Mr. Tony Coffey
Mr. Robert Drake

KILLOWEN/ MOSSGROVE
Mr. John Canty
Mr. Michael Collins

KILLUMNEY
Mr. Thomas M. Griffin
Mr. Kevin Sheehan

KILNAMARTYRA
Mr. Brendan Hinchion
Mr. Jerry O'Riordan

KILROSS
Mr. Arthur Barlow

KILWORTH
Mr. John Clancy
Mr. Michael Gowen

KNOCKADEA
Mr. John W. Coughlan
Mr. John A. Fox

KNOCKLONG/ GORMANSTOWN
Mr. Patrick Halpin

LISSARDA
Mr. Gearóid Hinchion

LOMBARDSTOWN
Mr. Michael O'Hanlon
Mr. Patrick O'Sullivan
Vacancy

MALLOW
Mr. Colman Cronin
Mr. John Kenny

MILLSTREET/ BALLYDALY
Mr. Diarmuid Corkery
Vacancy

MOURNEABBEY
Mr. Derry Cronin
Mr. James J. Fitzgerald

MUSKERRY
Mr. Daniel P. O'Donovan

NEWMARKET-ON-FERGUS
Mr. Kieran Woods

NORTH TIPPERARY
Mr. James Kennedy

OOLA
Mr. Gerard O'Dwyer

OUTRATH
Mr. Matthew McEniry
Mr. Martin Moloney
Mr. Gary Prendergast
Mr. James Ryan
Mr. Thomas Ryan

PARK
Mr. Robin Buckley
Mr. Matthew Hurley
Ms. Ann Morrisson
Mr. Michael J. Riordan

RATHDUFF
Mr. John Aherne
Mr. Teddy Buckley

RUSHEEN
Mr. Sean Corkery

SHINAUGH
Mr. James Hurley

SHOUNLARAGH/ TOGHER
Mr. Donal O'Donovan

TEMPLEMARTIN
Mr. Brian O'Mahony

TERELTON/TOAMES
Mr. Gerard O'Leary
Vacancy

TOURNAFULLA/ MEENAHELA
Mr. Francis J. Collins
Mr. Maurice Curtin
Mr. Brendan Reidy

Statement of Board Responsibilities

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

Irish law requires the Directors to prepare financial statements for each financial period giving a true and fair view of the state of the Society's assets, liabilities and financial position at the end of the financial period, and of its profit or loss for the financial period. Under that law, the Directors have elected to prepare the financial statements in accordance with Generally Accepted Accounting Practice in Ireland (accounting standards issued by the Financial Reporting Council of the UK including Financial Reporting Standard 102 'The Financial Reporting Standard applicable in the UK and the Republic of Ireland' and Irish law).

In preparing these financial statements, the Directors are required to:

- select suitable accounting policies and then apply them consistently;
- make judgements and estimates that are reasonable and prudent;
- state whether the financial statements have been prepared in accordance with applicable accounting standard; and
- prepare the financial statements on a going concern basis, unless it is inappropriate to presume that the Society will continue in business.

The Directors are responsible for keeping proper books of account that disclose, with reasonable accuracy at any time, the financial position of the Society and enable them to ensure that the financial statements have been properly prepared in accordance with the requirements of the Industrial and Provident Societies Acts, 1893 to 2021. They are also responsible for safeguarding the assets of the Society and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

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

On behalf of the Board:

Seán O'Brien
Chairman

15 March 2024

Gerard O'Dwyer
Vice Chairman

15 March 2024

Independent Auditor's Report

To the Members of Dairygold Co-Operative Society Limited

Report on the audit of the financial statements

Opinion

In our opinion, Dairygold Co-Operative Society Limited group financial statements (the "financial statements"):

- give a true and fair view of the group's assets, liabilities and financial position as at 31 December 2023 and of its profit and cash flows for the year then ended; and
- have been properly prepared in accordance with Generally Accepted Accounting Practice in Ireland (accounting standards issued by the Financial Reporting Council of the UK, including Financial Reporting Standard 102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland" and Irish law).

We have audited the financial statements, included within the Annual Report and Financial Statements, which comprise:

- the consolidated statement of financial position as at 31 December 2023;
- the consolidated income statement for the year then ended;
- the consolidated statement of other comprehensive (expense)/income for the year then ended;
- the consolidated statement of changes in equity for the year then ended;
- the consolidated statement of cash flows for the year then ended;
- the statement of accounting policies; and
- the notes to the financial statements.

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (Ireland) ("ISAs (Ireland)") and applicable law. Our responsibilities under ISAs (Ireland) are further described in the Auditors' responsibilities for the audit of the financial statements section of our report. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Independence

We remained independent of the group in accordance with the ethical requirements that are relevant to our audit of the financial statements in Ireland, which includes IAASA's Ethical Standard, and we have fulfilled our other ethical responsibilities in accordance with these requirements.

Conclusions relating to going concern

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

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

However, because not all future events or conditions can be predicted, this conclusion is not a guarantee as to the group's ability to continue as a going concern.

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

Reporting on other information

The other information comprises all of the information in the Annual Report and Financial Statements other than the financial statements and our auditors' report thereon. The Board of Directors are responsible for the other information. Our opinion on the financial statements does not cover the other information and, accordingly, we do not express an audit opinion or, except to the extent otherwise explicitly stated in this report, any form of assurance thereon.

Independent Auditor's Report

To the Members of Dairygold Co-Operative Society Limited

Reporting on other information (continued)

In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit, or otherwise appears to be materially misstated. If we identify an apparent material inconsistency or material misstatement, we are required to perform procedures to conclude whether there is a material misstatement of the financial statements or a material misstatement of the other information. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report based on these responsibilities.

Responsibilities for the financial statements and the audit

Responsibilities of the Board of Directors for the financial statements

As explained more fully in the Statement of Board Responsibilities set out on page 42, the Board of Directors are responsible for the preparation of the financial statements in accordance with the applicable framework and for being satisfied that they give a true and fair view. The Board of Directors are also responsible for such internal control as they determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

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

Auditor's responsibilities for the audit of the financial statements

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

Our audit testing might include testing complete populations of certain transactions and balances, possibly using data auditing techniques. However, it typically involves selecting a limited number of items for testing, rather than testing complete populations. We will often seek to target particular items for testing based on their size or risk characteristics. In other cases, we will use audit sampling to enable us to draw a conclusion about the population from which the sample is selected.

A further description of our responsibilities for the audit of the financial statements is located on the IAASA website which can be accessed by clicking here.

This description forms part of our auditor's report.

Use of this report

This report, including the opinions, has been prepared for and only for the group's members as a body in accordance with section 14 of the Industrial and Provident Societies Act 1893 to 2021 and for no other purpose. We do not, in giving these opinions, accept or assume responsibility for any other purpose or to any other person to whom this report is shown or into whose hands it may come save where expressly agreed by our prior consent in writing.

Other required reporting

Industrial and Provident Societies Act, 1893 reporting

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

Shane O'Regan

Shane O'Regan
for and on behalf of PricewaterhouseCoopers
Chartered Accountants and Statutory Audit Firm
Cork

25 March 2024

Consolidated Income Statement

for the year ended 31 December 2023

	Notes	**2023** **€'000**	2022 €'000
TURNOVER	*2*	**1,392,519**	1,647,167
Cost of sales		**(1,119,362)**	(1,340,516)
Gross Profit		**273,157**	306,651
Operating costs		**(222,507)**	(240,470)
Grant amortisation		**1,250**	1,304
Intangible asset amortisation		**(3,304)**	(1,515)
Depreciation		**(29,066)**	(27,741)
Change in fair value of investment properties		**4,395**	1,924
Operating Profit		**23,925**	40,153
Share of gains of joint ventures		**248**	453
Share of losses of associates		**(133)**	(35)
PROFIT on ordinary activities before investment income, interest and taxation		**24,040**	40,571
Net profit/(loss) on financial assets at fair value through profit and loss	*4*	**2,586**	(3,427)
Interest payable and similar charges	*5*	**(22,554)**	(10,070)
Interest receivable and similar income	*5*	**2,392**	610
PROFIT on ordinary activities before taxation		**6,464**	27,684
Taxation charge on profit on ordinary activities	*7*	**(2,940)**	(4,481)
PROFIT after taxation		**3,524**	23,203
Attributable to:			
Non-controlling interests	*26*	**1,698**	11
Owners of the parent entity		**1,826**	23,192
PROFIT for the financial year		**3,524**	23,203

The above results are derived from continuing operations.

On behalf of the Board:

Seán O'Brien
Chairman

15 March 2024

Gerard O'Dwyer
Vice Chairman

15 March 2024

Consolidated Statement of Comprehensive (Expense)/Income

for the year ended 31 December 2023

	Notes	2023 €'000	2022 €'000
PROFIT for the financial year		**3,524**	23,203
Share of joint ventures' reserves movements	*10*	**(47)**	(9)
Exchange differences on translation of subsidiary undertakings		**797**	(2,171)
Return/(loss) on plan assets (excluding amounts included in net interest cost)	*22*	**5,916**	(62,317)
Experience losses arising on pension scheme liabilities	*22*	**(1,749)**	(12,635)
Changes in assumptions underlying the present value of pension scheme liabilities	*22*	**(9,828)**	90,576
Deferred tax associated with movement on defined benefit pension scheme	*21*	**436**	(2,023)
Effective portion of changes in fair value of cashflow hedges	*25*	**(3,040)**	-
Total other comprehensive (expense)/income		**(7,515)**	11,421
Total comprehensive (expense)/income for the year		**(3,991)**	34,624
Total comprehensive (expense)/income for the year attributable to:			
Non-controlling interests	*26*	**1,698**	11
Owners of the parent entity		**(5,689)**	34,613
		(3,991)	34,624

Consolidated Statement of Financial Position

as at 31 December 2023

	Notes	2023 €'000	2022 €'000
FIXED ASSETS			
Intangible assets	*8*	**56,016**	7,820
Tangible assets	*9*	**363,463**	342,319
Investment properties	*9*	**46,075**	39,975
Financial assets:			
Investments in joint ventures	*10*	**7,855**	8,238
Investments in associates	*11*	**284**	424
Other investments	*12*	**20,912**	33,739
		494,605	432,515
CURRENT ASSETS			
Stocks	*13*	**177,016**	224,999
Debtors	*14*	**145,008**	172,693
Cash at bank and in hand	*29*	**13,141**	10,092
		335,165	407,784
CREDITORS falling due within one year	*15*	**(267,310)**	(265,125)
NET CURRENT ASSETS		**67,855**	142,659
TOTAL ASSETS LESS CURRENT LIABILITIES		**562,460**	575,174
CREDITORS falling due after more than one year	*16*	**(123,648)**	(142,750)
PROVISION FOR LIABILITIES AND CHARGES			
Capital grants	*20*	**(10,923)**	(11,216)
Deferred taxation	*21*	**(20,146)**	(18,136)
NET ASSETS excluding pension asset		**407,743**	403,072
PENSION ASSET	*22*	**51,232**	54,719
NET ASSETS		**458,975**	457,791
CAPITAL AND RESERVES			
Share capital	*23*	**105,822**	103,982
Other reserves	*25*	**(1,765)**	1,305
Profit and loss account	*25*	**342,450**	347,520
EQUITY attributable to the owners of the parent entity		**446,507**	452,807
Non-controlling interests	*26*	**12,468**	4,984
TOTAL CAPITAL EMPLOYED		**458,975**	457,791

On behalf of the Board:

Seán O'Brien
Chairman

15 March 2024

Gerard O'Dwyer
Vice Chairman

15 March 2024

Consolidated Statement of Changes in Equity

for the year ended 31 December 2023

	Notes	Share capital €'000	Other reserves * €'000	Profit and loss account €'000	Shareholders' equity €'000	Non-controlling interests €'000	Total equity €'000
At 1 January 2022		**100,809**	**999**	**315,395**	**417,203**	**4,998**	**422,201**
Profit for the year		-	-	23,192	23,192	11	23,203
Other comprehensive income		-	-	11,421	11,421	-	11,421
Total comprehensive income for the year		-	-	34,613	34,613	11	34,624
Share interest	24	-	-	(1,282)	(1,282)	-	(1,282)
Dividends paid	26	-	-	-	-	(25)	(25)
Issue of ordinary shares including conversions	23	3,216	-	-	3,216	-	3,216
Shares redeemed	23	(943)	-	-	(943)	-	(943)
Reinstatement of previously cancelled shares	23	6	-	(6)	-	-	-
Transfer from profit and loss account to bonus reserve		-	1,200	(1,200)	-	-	-
Transfer from bonus reserve to share capital	23	894	(894)	-	-	-	-
At 31 December 2022		**103,982**	**1,305**	**347,520**	**452,807**	**4,984**	**457,791**
Profit for the year		-	-	1,826	1,826	1,698	3,524
Other comprehensive expense		-	(3,040)	(4,475)	(7,515)	-	(7,515)
Total comprehensive (expense)/income for the year		-	(3,040)	(2,649)	(5,689)	1,698	(3,991)
Acquisitions	26	-	-	-	-	5,818	5,818
Share interest	24	-	-	(1,321)	(1,321)	-	(1,321)
Dividends paid	26	-	-	-	-	(32)	(32)
Issue of ordinary shares including conversions	23	2,144	-	-	2,144	-	2,144
Shares redeemed	23	(1,434)	-	-	(1,434)	-	(1,434)
Transfer from profit and loss account to bonus reserve		-	1,100	(1,100)	-	-	-
Transfer from bonus reserve to share capital	23	1,130	(1,130)	-	-	-	-
At 31 December 2023		**105,822**	**(1,765)**	**342,450**	**446,507**	**12,468**	**458,975**

* Other reserves comprises the bonus reserve and the hedge reserve.

Consolidated Statement of Cash Flows

for the year ended 31 December 2023

	Notes	2023 €'000	2022 €'000
Net cash inflow from operating activities	27	**81,376**	18,572
Investing activities			
Payments to acquire intangible assets		**(2,509)**	(1,878)
Payments to acquire tangible assets		**(49,541)**	(41,784)
Receipts on disposals of tangible assets		**665**	23
Receipts on disposals of investment properties		**-**	736
Payments to acquire financial assets		**(22,871)**	(13,343)
Receipts on disposals of financial assets		**38,316**	13,814
Capital grants received	20	**957**	3,652
Acquisition of a subsidiary net of cash acquired	28	**(43,107)**	-
Net cash flow from investing activities		**(78,090)**	(38,780)
Financing activities			
Increase in long term loans		**17,000**	-
(Decrease)/increase in bank overdrafts and invoice discounting		**(1,807)**	27,778
Movement in net bank debt		**15,193**	27,778
Equity share interest paid		**(1,321)**	(1,282)
Dividends paid to non-controlling interests	26	**(32)**	(25)
Interest paid		**(19,448)**	(8,707)
Interest received		**110**	16
Issue of share capital	23	**2,144**	3,216
Redemption of shares	23	**(1,324)**	(926)
Revolving fund		**4,555**	4,073
Redemption of loan stock	19	**(114)**	(235)
Net cash flow from financing activities		**(237)**	23,908
Increase in cash and cash equivalents		**3,049**	3,700
Cash and cash equivalents at 1 January		**10,092**	6,392
Cash and cash equivalents at 31 December	29	**13,141**	10,092

Statement of Accounting Policies

The significant accounting policies adopted by the Society are summarised below. They have been applied consistently throughout the year.

General Information and Basis of Accounting:

Dairygold Co-Operative Society Limited is a Society registered in Ireland under the Industrial and Provident Societies Acts, 1893 to 2021. The registered office is Clonmel Road, Mitchelstown, Co. Cork, P67 DD36.

The financial statements have been prepared in accordance with accounting standards issued by the Financial Reporting Council of the UK and the Industrial and Provident Societies Acts, 1893 to 2021.

The financial statements have been prepared in compliance with Financial Reporting Standard 102 'The Financial Reporting Standard applicable in the United Kingdom and Republic of Ireland' ("FRS 102").

The financial statements are prepared under the historical cost convention modified to include certain financial instruments at fair value as specified in the accounting policies below and measurement of net defined benefit pension asset at the fair value of the plan assets less the present value of the defined benefit obligation.

The Society's functional currency and presentational currency is considered to be euro. This is the currency of the primary economic environment that the Society operates in.

Basis of Consolidation:

The consolidated financial statements incorporate:

a) the financial statements of Dairygold Co-Operative Society Limited ("the Society") and its subsidiaries for the year ended 31 December 2023;

b) the Society's share of the results and post-acquisition reserves of joint ventures and associates as reported in the latest audited financial statements. This is to 31 December 2022 for these joint ventures and associates;

c) any material adjustments for joint ventures (arising between the date of their latest financial statements as above and the year end of the Society) and consequently Co-Operative Animal Health Limited and Malting Company of Ireland Limited results are incorporated to 31 December 2023; and

d) any material differences between the Society's accounting policies and that of its joint ventures and associates where required.

The results of subsidiaries, joint ventures and associates acquired or disposed of are included in or excluded from the financial statements from the effective date of acquisition or disposal.

The interests of non-controlling Shareholders in subsidiary companies reflect their proportion of the net assets of the relevant subsidiaries.

The results of overseas subsidiary companies are translated into euros at the average rate for the year. The assets and liabilities of overseas subsidiary companies have been consolidated at the rate of exchange on the consolidated statement of financial position date. Exchange differences arising on the translation of the opening statement of financial position of overseas subsidiary companies together with differences in exchange rates on the translation of the income statement are recognised in the consolidated statement of comprehensive (expense)/income.

All intra–group transactions, balances, income, and expenses are eliminated on consolidation.

Going Concern:

The Society is profit making, cash generative and has net current assets of €68m at year end. The Society's business activities, together with the factors likely to affect its future development, performance and position are set out in the Chairman's Statement and Chief Executive's Review together with the Financial Overview.

The validity of the going concern basis is dependent on the Society generating sufficient cash flow and on maintaining sufficient levels of bank finance to enable it to have adequate cash resources to meet its working capital needs and to discharge its liabilities for a period of not less than 12 months from the date of approval of the financial statements. The going concern basis is also reliant on ongoing support from the Society's banking syndicate for the continued provision of finance to meet day to day working capital requirements in the form of overdraft and invoice discounting facilities.

The directors are confident, based on established banking relationships and cash flow projections, of the continued support of the Society's banking syndicate. The Society's cashflow forecasts illustrate that it has sufficient funding to meet its obligations as they fall due for a period of at least 12 months from the date of the signing of these financial statements. The forecasts also show that the Society will continue to comply with its debt covenants through to 31 December 2024.

Statement of Accounting Policies

The conflict in the Ukraine and Gaza has resulted in global supply chain challenges and elevated inflation. The Society is monitoring volatility and ensuring continuity of product supply to its Customers. As the future of the geopolitical landscape is uncertain the Society continues to closely observe this challenging environment.

The Directors have a reasonable expectation that the Society has adequate resources to continue in operational existence for the foreseeable future. Thus, they continue to adopt the going concern basis of accounting in preparing the annual financial statements.

Revenue Recognition:

Turnover is measured at the fair value of the consideration received/receivable for the sale of goods to external Customers net of value added tax, rebates and discounts.

The Society recognises turnover when the amount can be reliably measured, when it is probable that future economic benefit will flow to the Society and when specific criteria have been met for each of the Society's activities.

Turnover from sale of goods is recognised when significant risks and rewards of ownership of the goods are transferred to the buyer. This generally arises on delivery or in accordance with specific terms and conditions agreed with Customers.

Rebates and discounts are provided for based on agreements or contracts with Customers and accumulated experience. Rebates and discounts are recorded in the same period as the original turnover.

The timing of recognition of service turnover equals the timing of when the services were rendered.

Property sales are recognised when unconditional contracts of sale of the properties are in place, no significant obligations are remaining, and the resulting receivable is collectable.

The Society rents out a number of properties and turnover comprises revenues from property letting exclusive of value added tax and discounts. Rental income is recognised in the consolidated income statement in the period to which it relates.

When the expected receipt of turnover is deferred beyond normal credit terms, then it is discounted back to its present value.

Dividends are recognised when the right to receive payment is established.

Share Trading:

Accounting for Transactions

Investment transactions are initially accounted for on the trade date at transaction price. Subsequently, they are measured at fair value through profit and loss except for those equity investments that are not publicly traded and whose fair value cannot otherwise be measured reliably, which are recognised at cost less impairment until a reliable measure of fair value becomes available.

If a reliable measure of fair value is no longer available, the equity instrument's fair value on the last date the instrument was reliably measurable is treated as the cost of the instrument.

Investment Income and Expenses

Dividends are recognised as income on the dates that securities are first quoted "ex-dividend" to the extent information thereon is reasonably available to the Society. Interest income is recognised by the Society on an accrual's basis. Income from quoted companies is stated gross of withholding tax.

Financial Instruments:

The Society has chosen to apply the provisions of Section 11 and 12 of FRS 102 to account for all of its financial instruments.

Financial assets and financial liabilities are recognised when the entity becomes a party to the contractual provisions of the instrument.

Financial liabilities and equity instruments are classified according to the substance of the contractual arrangements entered into. An equity instrument is any contract that evidences a residual interest in the assets of the entity after deducting all of its liabilities.

Financial Assets and Liabilities

All financial assets and liabilities are initially measured at transaction price (including transaction costs), except for those financial assets classified as at fair value through profit or loss, which are initially measured at fair value (which is normally the transaction price excluding transaction costs), unless the arrangement constitutes a financing transaction. If an arrangement constitutes a financing transaction, the financial asset or financial liability is measured at the present value of the future payments discounted at a market rate of interest for a similar debt instrument.

Statement of Accounting Policies

Financial assets and liabilities are only offset in the consolidated statement of financial position when and only when, there exists a legally enforceable right to set off the recognised amounts and the entity intends either to settle on a net basis or to realise the asset and settle the liability simultaneously.

Debt instruments which meet the following conditions are subsequently measured at amortised cost using the effective interest method:

(a) The contractual return to the holder is (i) a fixed amount; (ii) a positive fixed rate or a positive variable rate; or (iii) a combination of a positive or a negative fixed rate and a positive variable rate.

(b) The contract may provide for repayments of the principal or the return to the holder (but not both) to be linked to a single relevant observable index of general price inflation of the currency in which the debt instrument is denominated, provided such links are not leveraged.

(c) The contract may provide for a determinable variation of the return to the holder during the life of the instrument, provided that (i) the new rate satisfies condition (a) and the variation is not contingent on future events other than (1) a change of a contractual variable rate; (2) to protect the holder against credit deterioration of the issuer; (3) changes in levies applied by a central bank or arising from changes in relevant taxation or law; or (ii) the new rate is a market rate of interest and satisfies condition (a).

(d) There is no contractual provision that could, by its terms, result in the holder losing the principal amount or any interest attributable to the current period or prior periods.

(e) Contractual provisions that permit the issuer to prepay a debt instrument or permit the holder to put it back to the issuer before maturity are not contingent on future events, other than to protect the holder against the credit deterioration of the issuer or a change in control of the issuer, or to protect the holder or issuer against changes in levies applied by a central bank or arising from changes in relevant taxation or law.

(f) Contractual provisions may permit the extension of the term of the debt instrument, provided that the return to the holder and any other contractual provisions applicable during the extended term satisfy the conditions of paragraphs (a) to (c).

Debt instruments that are classified as payable or receivable within one year on initial recognition and which meet the above conditions are measured at the undiscounted amount of the cash or other consideration expected to be paid or received, net of impairment.

Other debt instruments not meeting these conditions are measured at fair value through profit and loss.

Commitments to make and receive loans which meet the conditions mentioned above are measured at cost (which may be nil) less impairment.

Financial assets are derecognised when and only when a) the contractual rights to the cash flows from the financial asset expire or are settled, b) the entity transfers to another party substantially all of the risks and rewards of ownership of the financial asset, or c) control of the financial asset has been transferred to another party who has the practical ability to unilaterally sell the financial assets to an unrelated third party without imposing additional restrictions.

Financial liabilities are derecognised only when the obligation specified in the contract is discharged, cancelled or expires.

Investments

Investments in non-convertible preference shares and non-puttable ordinary or preference shares (where shares are publicly traded, or their fair value is reliably measurable) are measured at fair value with changes in fair value recognised through profit and loss. Where fair value cannot be measured reliably, investments are measured at cost less impairment.

Equity Instruments

Equity instruments issued by the Society are recorded at the fair value of cash or other resources received or receivable, net of direct issue costs.

Convertible Loan Notes

The convertible loan notes issued by the Society are classified as financial liabilities in accordance with the substance of the contractual arrangement.

Derivative Financial Instruments

The Society uses forward foreign currency contracts to reduce exposure to foreign exchange risk and not for speculative purposes. The Society also uses forward purchase commitments for certain raw materials to reduce exposure to price risk and not for speculative purposes. Derivative financial instruments in relation to foreign currency contracts are initially measured at fair value on the date on which a derivative contract is entered into and are subsequently re-measured at fair value through the consolidated statement of comprehensive (expense)/income at each reporting date.

Statement of Accounting Policies

These derivatives are carried as assets when the fair value is positive and as liabilities when the fair value is negative. Derivative financial instruments in relation to forward purchase commitments are initially measured at fair value on the date the derivative contract is entered into but are not subsequently re-measured as the contracts are for own use purposes.

The Group applies hedge accounting for transactions entered into to manage the cash flow exposures of borrowings. Interest rate swaps are held to manage the interest rate exposures and are designated as cash flow hedges of floating rate borrowings.

Changes in the fair values of derivatives designated as cash flow hedges, and which are effective, are recognised directly in equity. Any ineffectiveness in the hedging relationship (being the excess of the cumulative change in fair value of the hedging instrument since inception of the hedge over the cumulative change in the fair value of the hedged item since inception of the hedge) is recognised in the income statement.

The gain or loss recognised in other comprehensive (expense)/income is reclassified to the income statement when the hedge relationship ends. Hedge accounting is discontinued when the hedging instrument expires, no longer meets the hedging criteria, the forecast transaction is no longer highly probable, the hedged debt instrument is derecognised or the hedging instrument is terminated.

Fair Value Measurement

The best evidence of fair value is a quoted price for an identical asset in an active market. When quoted prices are unavailable, the price of a recent transaction for an identical asset provides evidence of fair value as long as there has not been a significant change in economic circumstances or a significant lapse of time since the transaction took place. If the market is not active and recent transactions of an identical asset on their own are not a good estimate of fair value, the fair value is estimated by using a valuation technique.

Financing Costs:

Financing costs are amortised in equal annual instalments over the term of the relevant financing facility.

Discount Factor:

When the effect of the time value of money is material, the amount of a provision shall be the present value of the amount expected to be required to settle the obligation.

The discount rate is the pre-tax rate that reflects current market assessments of the time value of money and risks specific to the liability or asset. The risks specific to the liability shall be reflected either in the discount rate or in the estimation of the amounts required to settle the obligation.

Cash and Cash Equivalents:

Cash and cash equivalents include cash in hand, deposits held at call with banks and other short term highly liquid investments with original maturities of three months or less. Bank overdrafts are shown within borrowings in current liabilities. Cash in hand and bank overdrafts balances are netted where a right of offset exists. Cash held in non-wholly owned subsidiaries where there is no right of offset are disclosed as cash and cash equivalents. Cash and cash equivalents are initially measured at transaction price and subsequently measured at amortised cost.

Research and Development:

Expenditure on research and development is written off to the consolidated income statement in the year in which it is incurred. Research and development tax credits are recognised on an accrual's basis in the tax charge in the consolidated income statement.

Business Combinations and Intangible Assets (including goodwill):

Business combinations are accounted for using the purchase method. The cost of the business combination is the fair value of the consideration given. Goodwill is equal to the difference between fair value of assets and liabilities acquired and the fair value of consideration given after taking account of the related direct costs of completing the acquisition. Contingent consideration is initially recognised at estimated amount where the consideration is probable and can be measured reliably.

Where the contingent consideration is not considered probable or can't be measured reliably but subsequently becomes probable and measurable or contingent consideration previously recognised is adjusted, the amounts are recognised as an adjustment to the cost of the business combination. Any excess of the cost of the business combination over the acquirer's interest in the net fair value of the identifiable assets and liabilities is recognised as goodwill. On acquisition, goodwill is allocated to CGUs that are expected to benefit from the combination.

Goodwill is amortised on a straight line basis over its useful economic life, subject to a maximum of 15 years.

Statement of Accounting Policies

Goodwill is assessed for impairment when there are indications of impairment and any impairment is charged to the Income Statement. An impairment of goodwill is never reversed. Goodwill is amortised over a period of 15 years because it arises on the acquisition of businesses which are expected to generate profits over the long term. If negative goodwill arises on a business combination, the Group recognises the excess up to the fair value of non-monetary assets acquired in profit or loss in the periods in which the non-monetary assets are recovered. Any excess exceeding the fair value of non-monetary assets acquired shall be recognised in the Income Statement in the periods expected to benefit. The Group shall recognise in its financial statements' provisional amounts for the items for which the accounting is incomplete. Within twelve months after the acquisition date, the Group shall retrospectively adjust the provisional amounts recognised as assets and liabilities at the acquisition date to reflect new information obtained (i.e. account for them as if they were made at the acquisition date).

Costs incurred on the acquisition of computer software are capitalised as intangible assets, as are costs directly associated with developing computer software programmes. Computer software costs recognised as assets are written off over their estimated useful lives by equal annual instalments at the following annual rates:

Computer software	7.5% - 33.3%

Impairment of Non-Financial Assets

At the end of each financial year non-financial assets not carried at fair value are assessed by the Society to determine whether there is an indication that the asset (or asset's cash-generating unit) may be impaired. If there is such an indication the recoverable amount of the asset (or asset's cash-generating unit) is estimated.

The recoverable amount of the asset (or cash-generating unit) is the higher of its fair value less costs to sell and its value in use. Value in use, is the present value of the estimated future cash flows expected to be derived from continuing use of the asset (or cash-generating unit) and from its ultimate disposal. In measuring value in use, estimated cash flow before interest are discounted using a pre-tax discount rate that represents the current risk-free market rate and the risks specific to the asset for which the future cash flow estimates have not been adjusted.

If the recoverable amount of the asset (or cash-generating unit) is less than the carrying amount of the asset (or cash-generating unit) the carrying amount is reduced to its recoverable amount. An impairment loss is recognised in profit or loss, unless the asset has been revalued.

If an impairment loss reverses (the reasons for the impairment loss have ceased to apply), the carrying amount of the asset (or asset's cash-generating unit) is increased to the revised estimate of its recoverable amount, but only to the extent that the revised carrying amount does not exceed the carrying amount that would have been determined (net of depreciation) had no impairment loss been recognised in prior financial years. A reversal of an impairment loss is recognised in the profit and loss account, unless the asset is carried at a revalued amount.

Tangible Assets and Depreciation:

Tangible assets are carried at cost less accumulated depreciation. Cost comprises the purchase price including legal and brokerage fees, import duties, any costs directly attributable to bringing the asset to the location and condition necessary for it to operate in the manner intended by management, including non-refundable purchase taxes after deductions made for discounts and rebates. Own costs are capitalised where relevant and where the criteria for capitalisation is met.

Depreciation is calculated to write off the cost of tangible assets less estimated residual value, other than freehold land and tangible assets in the course of construction, over their estimated useful lives by equal annual instalments at the following annual rates:

Buildings	2.0% - 10.0%
Plant and machinery	6.6% - 33.3%
Motor vehicles	12.5% - 25.0%

Tangible assets in the course of construction are carried at cost less any recognised impairment loss. Depreciation of these assets commences when they are commissioned and available for use.

The carrying value of tangible assets is reviewed for impairment if events or changes in circumstances indicate the carrying value may not be recoverable. Impairment is assessed by comparing the carrying value of an asset with its recoverable amount (being the higher of its fair value less costs to sell and its value in use). Fair value less costs to sell is defined as the amount obtainable from the sale of an asset in an arm's length transaction between knowledgeable, willing parties, less costs of disposal.

Statement of Accounting Policies

Value in use is defined as the present value of the future cash flows obtainable through continued use of an asset including those to be realised on its eventual disposal. Repairs, maintenance and minor inspection costs are expensed as incurred.

Development Assets

Development assets held for their development potential or sale, are valued at historical cost, less depreciation and any impairment. Development assets principally comprise of land.

Investment Properties

Investment properties for which fair value can be measured reliably on an on-going basis are measured at fair value annually with any change recognised in the consolidated income statement.

Retirement of Assets

The fixed asset register is reviewed to identify assets that are no longer in use. These assets are retired from the fixed asset register on an on-going basis.

Derecognition of Assets

Tangible assets are derecognised on disposal or when no future economic benefits are expected. On disposal, the difference between the net disposal proceeds and the carrying amount is recognised in the consolidated income statement.

Leased Assets:

Assets held under finance leasing arrangements that transfer substantially all the risks and rewards of ownership are capitalised in the consolidated statement of financial position at the fair value of the leased asset (or, if lower, the present value of the minimum lease payments as determined at the inception of the lease) and are depreciated over the shorter of the lease term and the asset's useful life. The capital element of the related rental obligations is included in creditors. The interest element of the rental obligations is charged to the consolidated income statement so as to produce a constant periodic charge on the remaining balance of the liability.

In addition, the Society assesses agreements that transfer the right to use assets. The assessment considers whether the arrangement is, or contains, a lease based on the substance of the arrangement.

Operating leases do not transfer substantially all the risks and rewards of ownership to the lessor. Rentals in respect of operating leases are charged in the consolidated income statement on a straight-line basis over the lease term.

Financial Assets:

Associated and Joint Venture Undertakings

An associate undertaking is an entity, being neither a subsidiary nor a joint venture, in which the Society has a significant interest in the equity capital and over which it is able to exercise significant influence. Joint venture undertakings are those undertakings in which the Society has a joint interest in the equity capital and over which it jointly exercises control. The Society's interests are stated at cost, plus its share of post-acquisition reserves, less provision for permanent diminution in value.

Joint ventures and associates are accounted for using the equity method. The Society's share of the profits or losses of joint ventures and associates are included in the consolidated income statement. The Society's interests in their net assets are included as financial assets in the consolidated statement of financial position at an amount representing the Society's share of the fair values of the net assets at acquisition plus the Society's share of post-acquisition retained profits or losses.

Unquoted Financial Assets

Investments in unquoted financial assets are those in which the Society does not exercise a significant or participating interest. The Society's interest in these undertakings is stated at cost, less provision for diminution in value.

A provision is made for impairment in value, particularly in the case where impairment is evidenced by losses crystallised post year end. This is reassessed on an annual basis.

Stocks:

Stocks are valued at the lower of cost and estimated selling price less costs to sell. Stocks are recognised as an expense in the financial year in which the related revenue is recognised.

Cost in the case of raw materials, goods for resale (non-retail) and expense stocks comprise the purchase price including transport and other directly attributable costs less discounts and rebates receivable. These are valued on a first-in, first-out basis.

Cost in the case of retail goods for resale is determined using the weighted average method. Cost comprises the purchase price, including taxes and duties and transport and handling directly attributable to bringing the stock to its present location and condition.

Statement of Accounting Policies

Cost in the case of work-in-progress and finished goods comprises direct material and labour costs and an appropriate proportion of manufacturing overhead based on normal production levels. These are valued using the weighted average cost formula.

Estimated selling price less costs to sell represents the estimated selling price less costs to completion and all appropriate holding, selling and distribution expenses.

Provision is made for obsolete, slow moving or defective items where appropriate.

Taxation:

Current tax, including Irish corporation tax and foreign tax, is provided at amounts expected to be paid (or recovered) using the tax rates and laws that have been enacted or substantively enacted by the consolidated statement of financial position date.

Current tax assets and liabilities are offset only when there is a legally enforceable right to set off the amounts and the Society intends either to settle on a net basis or to realise the asset and settle the liability simultaneously.

Deferred Taxation:

Deferred taxation is provided in respect of all timing differences that have originated but not reversed at the consolidated statement of financial position date where transactions or events have occurred at that date that will result in an obligation to pay more, or right to pay less or to receive more tax. Timing differences are differences between the Society's taxable profits and its results as stated in the financial statements that arise from the inclusion of gains and losses in tax assessments in periods different from those in which they are recognised in the financial statements.

Deferred tax is provided on fair value adjustments in respect of non-trading quoted shares and investment properties.

Unrelieved tax losses and other deferred tax assets are recognised only to the extent that it is considered that it is more likely than not that there will be suitable future taxable profits from which the underlying timing differences can be deducted.

Deferred tax is measured on an undiscounted basis at the tax rates that are expected to apply in the periods in which the timing differences reverse based on tax rates and laws enacted or substantively enacted at the consolidated statement of financial position date.

Deferred tax liabilities are recognised for timing differences arising from investments in associates, except where the Society is able to control the reversal of the timing difference and it is probable that it will not reverse in the foreseeable future.

The tax expense or income is presented in the same component of the consolidated income statement or the consolidated statement of comprehensive (expense)/income or equity as the transaction or other event that resulted in the tax expense or income.

Capital Grants:

Grants receivable in respect of tangible assets are included in the financial statements when the amounts have been ascertained and are released to the consolidated income statement in equal annual instalments over the expected useful lives of the relevant assets.

Revenue Grants:

Revenue based grants are accounted for in the year in which the related expenditure is incurred and are dealt with directly through the consolidated income statement.

Government Grants:

Government grants are recognised at fair value in the consolidated income statement.

Provisions:

A provision is recognised when the Society has a legal or constructive obligation as a result of a past event and it is probable that an outflow of economic benefits will be required to settle the obligation. Provisions are charged against the profits of the Society, reviewed at each consolidated statement of financial position date and adjusted to reflect current best estimate. Where material, provisions are discounted.

Contingencies:

Contingent liabilities, arising as a result of past events, are not recognised as a liability because it is possible but not probable that the entity will be required to transfer economic benefits in settlement of the obligation or the amount cannot be reliably measured at the end of the financial year. Contingent liabilities are disclosed in the financial statements unless the probability of an outflow of resources is remote.

Contingent assets are not recognised. Contingent assets are disclosed in the financial statements when an inflow of economic benefits is probable.

Statement of Accounting Policies

Foreign Currencies:

Foreign currency transactions entered into by entities during the year have been translated at the foreign exchange rates at the time of these transactions.

Monetary assets and liabilities arising in foreign currencies have been translated at the foreign exchange rates at the consolidated statement of financial position date.

Exchange differences have been included in the consolidated income statement for the year, with the exception of exchange differences on monetary items receivable from or payable to a foreign operation for which settlement is neither planned nor likely to occur (therefore forming part of the net investment in the foreign operation), which are recognised in the consolidated statement of comprehensive (expense)/ income.

Employee Benefits:

Short Term Benefits

Short term benefits, including wages and salaries, paid holiday arrangements and other similar non-monetary benefits are recognised as an expense in the financial year in which Employees provide the related service. The Society operates a variable pay scheme for Employees. An expense is recognised in the consolidated income statement when the Society has a present legal or constructive obligation to make payments under the scheme as a result of past events and a reliable estimate of the obligation can be made.

Long Term Benefits

The Society operates an incentive plan for certain Members of the Executive Management Team based upon the achievement of business performance objectives over a three-year period. An expense is recognised in the consolidated income statement when the Society has a present legal or constructive obligation in place to make payments as a result of past events and a reliable estimate of the obligation can be made.

Defined Benefit Pension Plan

The Society operates a defined benefit pension plan for certain Employees. The asset recognised in the consolidated statement of financial position in respect of the defined benefit plan is the fair value of the plan assets less the present value of the defined benefit obligation at the end of each financial year.

The present value of the defined benefit obligation is determined by discounting the estimated future payments using market yields on high quality corporate bonds that are denominated in euro and that have terms approximating the estimated period of the future payments ('discount rate').

For defined benefit schemes the amounts charged to operating profit are the costs arising from employee services rendered during the relevant period, the cost of the plan introductions, benefit changes, settlements and curtailments. These are included as part of payroll costs. The net interest cost is charged to the consolidated income statement and included within finance costs.

Remeasurement comprising actuarial gains and losses and the return on scheme assets (excluding amounts included in net interest on the net defined benefit asset) are recognised in the consolidated statement of comprehensive (expense)/income.

Defined benefit schemes are funded, with the assets of the scheme held separately from those of the Society, in separate trustee administered funds. Pension scheme assets are measured at fair value and liabilities are measured on an actuarial basis using the projected unit credit method. Actuarial valuations are obtained at least triennially and are updated at each financial position date.

When the calculation of the defined benefit obligation and the fair value of the plan assets results in a potential asset for the Group, the recognised asset is limited to the present value of economic benefits available in the form of any future refunds. An asset is recognised only if the Group has an unconditional right to a refund in either of the following circumstances:

a. during the life of the plan, without assuming that the plan liabilities must be settled in order to obtain the refund, or

b. assuming the gradual settlement of the plan liabilities over time until all members have left the plan, or

c. assuming the full settlement of the plan liabilities in a single event (i.e. as a plan wind-up).

Statement of Accounting Policies

Defined Contribution Plan

The Society operates a defined contribution plan for Employees. A defined contribution plan is a pension plan under which the Society pays fixed contributions into a separate entity and has no legal or constructive obligation to pay further contributions or to make direct benefit payments to Employees if the fund does not hold sufficient assets to pay all employee benefits relating to employee service in the current and prior periods. The assets of the plan are held separately from the Society in independently administered funds.

For defined contribution pension schemes the amounts charged to the consolidated income statement in respect of pension costs and other post-retirement benefits, are the contributions payable in the year. Differences between the contributions payable in the year and contributions actually paid are shown as either accruals or prepayments in the consolidated statement of financial position.

Where the Society is a participating employer in a multi-employer defined benefit pension scheme and its share of the underlying assets and liabilities cannot be identified on a consistent and reasonable basis, the scheme is accounted for as a defined contribution scheme.

Critical Accounting Judgements and Key Sources of Estimation Uncertainty:

In the application of the Society's accounting policies, the Directors are required to make judgements, estimates and assumptions about the carrying amounts of assets and liabilities that are not readily apparent from other sources. The estimates and associated assumptions are based on historical experience and other factors that are considered to be relevant. Actual results may differ from these estimates.

The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised, if the revision affects only that period or in the period of the revision and future periods, if the revision affects both current and future periods.

Critical Judgements in Applying the Society's Accounting Policies

The following are the critical judgements, apart from those involving estimations (which are dealt with separately below), that the Society has made in the process of applying the Society's accounting policies and that have the most significant effect on the amounts recognised in the financial statements:

a) Revaluation of Investment Properties

The Society carries its investment properties at fair value, with changes in fair value being recognised in the consolidated income statement. The Society engaged independent professional commercial property consultants to determine the fair value at 31 December 2023. The determined fair value of the investment properties is most sensitive to the estimated yield as well as the long-term vacancy rate.

b) Defined Benefit Scheme

The cost of the defined benefit pension scheme is determined using actuarial valuations. The actuarial valuation involves making assumptions about discount rates, future salary increases, mortality rates and future pension increases.

Due to the complexity of the valuation, the underlying assumptions and the long-term nature of these plans, such estimates are subject to significant uncertainty. In determining the appropriate discount rate, management considers the interest rates of corporate bonds in the respective currency with at least AA rating, with extrapolated maturities corresponding to the expected duration of the defined benefit obligation.

The underlying bonds are further reviewed for quality and those having excessive credit spreads are removed from the population of bonds on which the discount rate is based, on the basis that they do not represent high quality bonds. The mortality rate is based on publicly available mortality tables for the specific country.

The Society made the decision only to pay discretionary benefits when the fund is in surplus and not to pay discretionary pension increases when the fund is in deficit. This has been communicated to the scheme Trustees. This discretionary increase assumption reflects the decision by the Society to only consent to discretionary increases when the scheme is in surplus, inflation up to an agreed cap. Further details are given in note 22.

The Group recognises an asset in relation to one of the Group's defined benefit plans as the Group has an unconditional right to a refund assuming the gradual settlement of the plan liabilities over time until all members have left the plan.

Statement of Accounting Policies

c) Hedge Accounting

The Group applies hedge accounting for transactions entered into to manage the cash flow exposures of borrowings. Interest rate swaps are held to manage the interest rate exposures and are designated as cash flow hedges of floating rate borrowings.

Key Sources of Estimation Uncertainty

The following estimates have had the most significant effect on amounts recognised in the financial statements:

a) Discount Factor in Calculating Present Values

A discount factor is used in the calculation of the present value of some of the assets and liabilities. This discount factor is based on management's estimation of the market rate of interest for similar assets/liabilities.

b) Stock

Included in note 3 is the impairment of stock recognised as an expense. This includes provision for obsolete, slow moving or defective stock items and adjustments to reflect the net realisable value of stock where appropriate. Estimated selling price less costs to sell represents the Society's best estimate of the realisable value that will be achieved in the market less costs in relation to completion and all appropriate holding, selling and distribution expenses.

c) Provisions

Provisions are recognised when the Society has a present obligation (legal or constructive) as a result of a past event, it is probable that the Society will be required to settle the obligation and a reliable estimate can be made of the amount of the obligation.

The amount recognised as a provision is the best estimate of the consideration required to settle the present obligation at the end of the reporting period, considering the risks and uncertainties surrounding the obligation. When a provision is measured using the cash flows estimated to settle the present obligation, its carrying amount is the present value of those cash flows (when the effect of the time value of money is material).

d) Useful Economic Lives of Intangible and Tangible Assets

The useful economic lives of intangible and tangible assets are key assumptions concerning the future at the reporting date. The useful economic lives and the residual values are reviewed annually. They are amended when necessary to reflect current estimates based on technological advancement, future investment, economic utilisation and physical condition of the assets. See notes 8 and 9 for the carrying amount of intangible and tangible assets.

e) Deferred Taxation

Management estimation is required to determine the amount of the deferred tax assets that can be recognised based upon likely timing and level of future taxable profits together with an assessment of the effect of future tax planning strategies. Further details are contained in note 21.

Financial Key Performance Indicators:

Dairygold uses several financial key performance indicators (KPI's) to measure the performance of the Society. These KPI's are financial measurements that are not required under Irish Generally Accepted Accounting Principles (Irish GAAP). These KPI's represent additional measures in assessing performance and for reporting both internally and to Shareholders while also help to inform decision making, assist effective goal setting and track progress in achieving the Society's strategic objectives.

The Society believes that the presentation of these KPI's provides useful supplemental information, which when viewed in conjunction with Irish GAAP financial information, provides Stakeholders with a more meaningful understanding of the underlying financial and operating performance of the Society.

These measurements are also used internally to evaluate the historical and planned future performance of the Society. None of these KPI's should be considered as an alternative to financial measurements derived in accordance with Irish GAAP. Some of the principal KPI's used by the Society are illustrated on page 2.

Notes to Financial Statements

for the year ended 31 December 2023

1. Financial management

The conduct of its ordinary business operations necessitates the Society holding and issuing financial instruments and derivative financial instruments. The main risks arising from issuing, holding and managing these financial instruments typically include currency risk, interest rate risk, price risk, liquidity and cash flow risk and credit risk. The Society's approach is to centrally manage these risks against comprehensive policy guidelines, which are summarised below.

The Society finances its operations by a mixture of retained profits, short to medium-term committed borrowings, Member Funding and short-term uncommitted borrowings. Risk management, other than price risk management, is carried out by a central treasury department (Group Treasury) under policies approved by the Board of Directors. Group Treasury identifies and evaluates the financial risks in close cooperation with the Society's business units. The Board provides principles for overall risk management covering areas such as liquidity risk, foreign exchange risk, interest rate risk, credit risk, use of derivative financial instruments and investment of excess liquidity.

Market risk

(a) Currency risk

Although the Society is based in Ireland with the euro as the functional currency, it has geographic investment and operating exposures outside the eurozone. As a result, currency movements, particularly movements in the sterling/euro exchange rate and US dollar/euro exchange rate, can affect the Society's consolidated statement of financial position and consolidated income statement. The Society also has transactional currency exposures that arise from sales or purchases by an operating unit in currencies other than the unit's operating functional currency. Group Treasury assists the Society's entities in managing their foreign exchange risk against their functional currency. Society entities are required to hedge material foreign exchange risk exposure through Group Treasury. Group Treasury monitors and manages these currency exposures on a continuous basis, using appropriate currency derivative instruments.

Between 31 December 2023 and 1 January 2024, if the euro had weakened/strengthened by 5% against the US dollar with all other variables held constant, post-tax profit for the year would not have been materially impacted as a result of foreign exchange gains/losses on translation of US dollar denominated hedged trade receivables.

(b) Interest rate risk

The Society's objective in relation to interest rate management is to minimise the impact of interest costs in order to protect reported profitability. This is achieved by determining a strategy against a number of policy guidelines in consultation with our professional advisors, which focus on:

(a) the amount of floating rate indebtedness anticipated over such a period; and

(b) the consequent sensitivity of interest costs to interest rate movements on this indebtedness and the resultant impact on reported profitability.

The Society borrows at floating rates of interest and constantly reviews the resulting exposure to interest rate fluctuations.

In 2023, the Society began pursuing an interest rate hedging strategy to mitigate its exposure to movements in interest rates.

Notes to Financial Statements

for the year ended 31 December 2023

1. Financial management (continued)

(c) Price risk

The Society is exposed to share price risk because of investments held by the Society in listed and unlisted shares on the consolidated statement of financial position. The Acquisitions and Investments Committee has a role in monitoring and managing this risk. The impact of a 5% increase or decrease in listed equity prices at year end would have resulted in a €1.0m gain/loss (2022: €1.6m gain/loss).

The Society's objective is to minimise commodity price risk. Price risk management strategies include, entering back to back arrangements with Customers, index linked contracts with Customers and limited use of future contracts. In 2023, the Society commenced the use of some hedging instruments to manange risk in relation to commodity price fluctuations.

(d) Liquidity and cash flow risk

The Society's objective is to maintain a balance between the continuity of funding and flexibility through the use of borrowings with a range of maturities. In order to preserve the continuity of funding, the Society's policy is that, at a minimum, committed facilities should be available at all times to meet the full extent of its anticipated finance requirements, arising in the ordinary course of business, during the succeeding 12 month period. This means that at any time the lenders providing facilities in respect of the finance requirements are committed up to the date of renewal of such facilities. For further details regarding the Society's borrowing facilities, see note 17.

(e) Credit risk

Credit risk is managed on a Society wide basis. Credit risk arises from cash and cash equivalents, derivative financial instruments and deposits with banks and financial institutions, as well as credit exposures to Customers, including outstanding receivables and committed transactions.

The Society's credit risk management policy in relation to trade receivables involves continuously assessing the financial reliability of Customers, taking into account their financial position, past experience and other factors. The utilisation of credit limits is regularly monitored, and credit risk is covered by credit insurance.

Capital risk management

The Society's objectives when managing capital are to safeguard the Society's ability to continue as a going concern in order to provide returns for Shareholders, benefits for other Stakeholders and to maintain an optimal capital structure to reduce the cost of capital. Total capital is calculated based on capital employed as shown in the consolidated statement of financial position which amounted to €459.0m (2022: €457.8m).

In order to maintain or adjust the capital structure, the Society may adjust the amount of share interest paid to Shareholders, return capital to Shareholders, issue new shares or sell assets to increase or reduce debt.

The Society monitors debt on the basis of interest cover and debt to EBITDA ratios. At 31 December 2023, the Society's net bank debt/adjusted EBITDA ratio was 2.94 times (2022: 1.97 times), which is deemed by management to be satisfactory. Adjusted EBITDA for the purpose of financing ratios is as per the Society's financing agreements.

Notes to Financial Statements

for the year ended 31 December 2023

2. Turnover

	2023 €'000	2022 €'000
Turnover: group and share of joint ventures'	**1,427,039**	1,677,760
Less: share of joint ventures' turnover	**(34,520)**	(30,593)
Group turnover	**1,392,519**	1,647,167
Geographical analysis by destination:		
Ireland	**472,078**	511,672
United Kingdom	**237,756**	270,435
Rest of Europe	**427,718**	537,758
Rest of World	**254,967**	327,302
	1,392,519	1,647,167
Principal activities by class of business:		
Food ingredients	**1,027,372**	1,245,726
Agri business	**325,516**	388,496
Financial and property	**39,631**	12,945
	1,392,519	1,647,167
Analysis of turnover by category:		
Sale of goods	**1,331,159**	1,615,169
Rendering of services	**21,454**	18,746
Others including sale of shares and property activities	**39,906**	13,252
	1,392,519	1,647,167

3. Operating profit

	2023 €'000	2022 €'000
Operating profit is stated after charging/(crediting):		
Research and development expenditure	**1,749**	1,236
Foreign exchange (gain)/loss	**(713)**	1,559
Amortisation of intangible assets - Note 8	**3,304**	1,515
Impairment of intangible assets (included in operating costs) - Note 8	**-**	310
Depreciation of tangible assets - Note 9	**29,066**	27,741
Impairment of plant and machinery (included in operating costs) - Note 9	**-**	85
Loss/(profit) on disposal of tangible assets - Note 9	**25**	(20)
Capital grants amortisation - Note 20	**(1,250)**	(1,304)
Cost of stock recognised as an expense	**1,119,362**	1,340,516
Impairment of stock recognised as an expense - Note 13	**3,700**	10,300

Notes to Financial Statements

for the year ended 31 December 2023

3. Operating profit (continued)

Key performance indicator - EBITDA

Earnings before interest, taxation, depreciation and amortisation ('EBITDA') is used by management and the Board of the Society as a key performance indicator.

	2023 €'000	2022 €'000
Operating profit	**23,925**	40,153
Grant amortisation	**(1,250)**	(1,304)
Intangible asset amortisation	**3,304**	1,515
Depreciation	**29,066**	27,741
Impairment	**-**	395
EBITDA	**55,045**	68,500

4. Net profit/(loss) on financial assets at fair value through profit and loss

	2023 €'000	2022 €'000
Profit/(loss) on shares measured at fair value - Note 12	**2,586**	(3,427)

5. Finance costs

	2023 €'000	2022 €'000
Interest payable and similar charges:		
Bank interest payable and similar charges	**(22,030)**	(9,950)
Share of joint ventures' net interest payable	**(524)**	(120)
	(22,554)	(10,070)
Interest receivable and similar income:		
Bank interest receivable	**100**	14
Net interest receivable and similar income relating to pension - Note 22	**2,242**	501
Unwinding of the discount factor for receivables	**50**	95
	2,392	610

Notes to Financial Statements

for the year ended 31 December 2023

6. Payroll costs

	2023 Number	2022 Number
The weekly average number of employees:		
Dairygold Food Ingredients	**751**	716
Dairygold Agri Business	**589**	575
	1,340	1,291

	€'000	€'000
Payroll costs comprise:		
Wages and salaries	**75,427**	74,130
Social welfare costs	**7,765**	7,402
Other retirement benefit costs - Note 22	**6,300**	6,173
	89,492	87,705

7. Taxation charge on profit on ordinary activities

Tax charge included in the consolidated income statement	2023 €'000	2022 €'000
Corporation tax:		
Irish tax	**(815)**	(526)
Foreign tax	**(347)**	(1,186)
	(1,162)	(1,712)
Prior year provision movement:		
Irish tax	**(47)**	(283)
Foreign tax	**779**	(1)
	732	(284)
Tax charge	**(430)**	(1,996)
Share of associates' tax	**1**	-
Share of joint ventures' tax	**(65)**	(60)
Total corporation tax	**(494)**	(2,056)
Deferred tax charge - Note 21:		
Origination and reversal of timing differences	**(2,446)**	(2,425)
Total tax	**(2,940)**	(4,481)

Notes to Financial Statements

for the year ended 31 December 2023

7. Taxation charge on profit on ordinary activities (continued)

Tax credit/(charge) relating to items recognised in the consolidated statement of comprehensive (expense)/income

The tax credit/(charge) is made up as follows:

	2023 €'000	2022 €'000
Deferred tax associated with movement on the defined benefit pension scheme - Note 21	**436**	(2,023)

Reconciliation of tax charge

The tax assessed for the year is different from the standard rates of corporation tax in the Republic of Ireland for the financial year ended 31 December 2023 of 12.5% (2022: 12.5%). The differences are explained as follows:

	2023 €'000	2022 €'000
Profit on ordinary activities before tax	**6,464**	27,684
Tax on profit on ordinary activities at standard Irish corporation tax rate	**(808)**	(3,460)
Effects of:		
Expenses (disallowed)/allowed for tax purposes	**(103)**	913
Research and development tax credits	**54**	322
Excess capital allowances over depreciation	**419**	1,079
Income subject to higher tax rates (non-trading income)	**(289)**	(355)
Non taxable income	**12**	21
Losses brought forward utilised	**-**	283
Share of associates' tax	**1**	-
Share of joint ventures' tax	**(65)**	(60)
Chargable gain	**(58)**	(24)
Income tax	**(14)**	(14)
Adjustments in respect of previous periods	**732**	(284)
Higher tax rates (overseas)	**(375)**	(477)
Deferred tax - origination and reversal of timing differences	**(2,446)**	(2,425)
Taxation charge on profit on ordinary activities	**(2,940)**	(4,481)

Pillar two legislation comes into effect for Dairygold for the accounting period ended 31 December 2024. The Ultimate parent entity for the Group will be required to operate the Income Inclusion Rule in respect of all constituent entities in the Group, subject to the application of the Transitional CbCR safe harbour rule. As the Pillar Two legislation was not effective at 31 December 2023, the Group has no related current tax exposure. If the Pillar Two legislation had applied for the year ending 31 December 2023, it would not be expected to have a material impact on the consolidated financial statements of the Group. The Group applied the exception to recognising and disclosing information about deferred tax assets related to Pillar Two income taxes as provided in the amendments to FRS102 issued in July 2023.

Notes to Financial Statements

for the year ended 31 December 2023

8. Intangible assets

	Goodwill €'000	Software development costs €'000	Construction in progress €'000	Total €'000
Cost				
At 1 January 2022	-	9,948	2,999	12,947
Additions	-	1,700	178	1,878
Impairment	-	(310)	-	(310)
Disposals	-	(1,387)	-	(1,387)
Transferred from CIP	-	2,780	(2,780)	-
Translation adjustment	-	(28)	-	(28)
At 31 December 2022	-	12,703	397	13,100
Additions	-	1,158	1,351	2,509
Acquisitions	48,985	-	-	48,985
Disposals	-	(573)	-	(573)
Transferred from CIP	-	243	(243)	-
Translation adjustment	-	8	-	8
At 31 December 2023	**48,985**	**13,539**	**1,505**	**64,029**
Accumulated amortisation				
At 1 January 2022	-	5,170	-	5,170
Charged during the year	-	1,515	-	1,515
Disposals	-	(1,387)	-	(1,387)
Translation adjustment	-	(18)	-	(18)
At 31 December 2022	-	5,280	-	5,280
Charged during the year	1,596	1,708	-	3,304
Disposals	-	(573)	-	(573)
Translation adjustment	-	2	-	2
At 31 December 2023	**1,596**	**6,417**	**-**	**8,013**
Net book value				
At 31 December 2023	**47,389**	**7,122**	**1,505**	**56,016**
At 31 December 2022	-	7,423	397	7,820

Included in disposals for the year are retirements of intangible assets which are no longer in use, with a net book value of €nil (2022: €nil). These assets had a total cost of €0.57m (2022: €1.39m) and related accumulated amortisation of €0.57m (2022: €1.39m).

During 2023, the Group purchased intangible assets, including intellectual property and customer lists, as part of the acquisition of Vita Actives Limited. The cost of the assets acquired in excess of the identifiable fair value of the net assets has been included in goodwill for the year.

Notes to Financial Statements

for the year ended 31 December 2023

9. Tangible assets

	Land & buildings €'000	Development assets €'000	Plant & machinery €'000	Motor vehicles €'000	Construction in progress €'000	Total €'000
Cost						
At 1 January 2022	233,011	5,934	323,060	8,455	41,799	612,259
Additions	2,538	84	5,350	369	17,296	25,637
Impairment	-	-	(85)	-	-	(85)
Disposals	(3,731)	-	(18,828)	(118)	-	(22,677)
Transferred from investment properties	558	-	-	-	-	558
Transferred from CIP	3,363	-	13,478	446	(17,287)	-
Translation adjustments	(485)	-	(888)	-	-	(1,373)
At 31 December 2022	235,254	6,018	322,087	9,152	41,808	614,319
Additions	6,809	176	7,143	394	35,872	50,394
Acquisitions	-	-	190	-	-	190
Disposals	(549)	(155)	(5,260)	(238)	-	(6,202)
Transferred from CIP	6,222	-	24,867	216	(31,305)	-
Translation adjustments	186	-	394	-	-	580
At 31 December 2023	**247,922**	**6,039**	**349,421**	**9,524**	**46,375**	**659,281**
Accumulated depreciation						
At 1 January 2022	73,448	-	187,433	6,848	-	267,729
Charged during the year	7,509	-	19,623	609	-	27,741
Disposals	(3,731)	-	(18,810)	(113)	-	(22,654)
Translation adjustments	(163)	-	(653)	-	-	(816)
At 31 December 2022	77,063	-	187,593	7,344	-	272,000
Charged during the year	7,819	-	20,586	661	-	29,066
Disposals	(483)	-	(4,820)	(234)	-	(5,537)
Translation adjustments	62	-	227	-	-	289
At 31 December 2023	**84,461**	**-**	**203,586**	**7,771**	**-**	**295,818**
Net book value						
At 31 December 2023	**163,461**	**6,039**	**145,835**	**1,753**	**46,375**	**363,463**
At 31 December 2022	158,191	6,018	134,494	1,808	41,808	342,319

Retirements: included in disposals for the year are retirements of tangible assets which are no longer in use, with a net book value of €nil (2022: €nil). These assets had a total cost and related accumulated depreciation of €3.1m (2022: €22.7m) respectively.

Disposals: the loss on the disposals of tangible assets to third parties was €0.025m (2022: profit of €0.020m).

The net carrying amount of assets held under finance leases included in land and buildings is €4.8m (2022: €5.1m).

During 2023, the Group purchased tangible assets as part of the acquisition of Vita Actives Limited. The cost of the assets acquired has been included in tangible assets for the year.

Notes to Financial Statements

for the year ended 31 December 2023

9. Tangible assets (continued)

Investment properties	2023 €'000	2022 €'000
Valuation		
At 1 January	**39,975**	36,850
Additions	**1,705**	2,495
Disposals	**-**	(736)
Transfer to tangible assets	**-**	(558)
Revaluations	**4,395**	1,924
At 31 December	**46,075**	39,975

Investment properties are stated at open market value at 31 December 2023. The Directors have taken appropriate independent advice from Power Property, professional commercial property consultants and have taken into account general market indicators when considering the valuation of investment property assets at 31 December 2023.

10. Investments in joint ventures

	2023 €'000	2022 €'000
Share of net assets - 1 January	**8,069**	7,805
Share of net results	**(342)**	273
Share of joint ventures' reserves movements	**(47)**	(9)
Share of net assets - 31 December	**7,680**	8,069
Loans to joint ventures - Note 31	**175**	169
Balance - 31 December	**7,855**	8,238

The joint ventures have been included in the financial statements at cost of the investment plus the Society's share of post-acquisition reserves and adjusted for any dividends received.

Details of the joint ventures are included in Note 33 to these financial statements.

Notes to Financial Statements

for the year ended 31 December 2023

11. Investments in associates

	2023 €'000	2022 €'000
Share of net assets - 1 January	**424**	461
Share of net results	**(140)**	(37)
Balance - 31 December	**284**	424

The associates have been included in the financial statements at cost of the investment plus the Society's share of post-acquisition reserves and adjusted for any dividends received.

Details of the associates are included in Note 33 to these financial statements.

12. Other investments

	2023 €'000	2022 €'000
Unquoted		
Shares at cost - 1 January and 31 December	**413**	413
Quoted		
Shares at fair value - 1 January	**31,762**	35,260
Additions	**22,871**	13,343
Disposals	**(37,995)**	(13,414)
Increase/(decrease) in fair value quoted shares	**2,586**	(3,427)
Shares at fair value - 31 December	**19,224**	31,762
Loan stock		
Loan stock at fair value - 1 January	**1,564**	1,879
Redemptions net of additions	**(321)**	(400)
Unwinding of the discount factor	**32**	85
Loan stock at fair value - 31 December	**1,275**	1,564
Total	**20,912**	33,739

In the opinion of the Board of Directors, the value of the unquoted investments is not less than that shown above.

Fair value in respect of the quoted financial assets was determined with reference to the quoted market price at the reporting date. Where quoted prices were unavailable, the price for a recent transaction for an identical asset was referenced in determining fair value.

Included in the quoted shares at fair value above is an amount of €0.6m (2022: €2.0m) of cash. This amount has not been reclassified to cash and cash equivalents as it is held for reinvestment in quoted shares.

The loan stock refers to unconverted loan stock received from Ornua based on the Society's trading activity with it.

Notes to Financial Statements

for the year ended 31 December 2023

13. Stocks

	2023 €'000	2022 €'000
Raw materials	**21,133**	25,219
Finished goods	**128,298**	165,415
Goods for resale	**18,887**	26,872
Expense stocks	**8,698**	7,493
	177,016	224,999

There is no material difference between the above amounts and the replacement cost of stocks.

The amount expensed in the year in respect of stocks, whereby the estimated selling price less costs to sell was lower than the cost, was €3.7m (2022: €10.3m).

14. Debtors

	2023 €'000	2022 €'000
Trade debtors	**101,041**	124,358
Other debtors	**6,849**	2,453
Prepayments and accrued income	**25,871**	31,066
Amounts due from related parties	**6,738**	8,455
Corporation tax	**1,202**	1,384
VAT	**3,307**	4,977
	145,008	172,693

The invoice discounting facility of €90.0m is secured on certain trade debtors. All debtor values are shown in the consolidated statement of financial position at their gross value.

The Society, through the use of a debtor factoring arrangement, has transferred substantially all of the credit risk and derecognised €27.6m (2022: €25.6m) of trade debtors at year-end.

Notes to Financial Statements

for the year ended 31 December 2023

15. Creditors falling due within one year

	2023 €'000	2022 €'000
Bank overdrafts and invoice discounting	**40,600**	42,407
Bank loans - Note 17	**33,000**	-
Loan notes (including interest accrued) - Note 17	**4,057**	-
Revolving fund (including interest accrued) - Note 17	**6,496**	104
Trade creditors	**65,038**	69,405
Derivative financial instruments	**2,753**	369
Provisions, accruals and deferred income	**110,437**	147,484
Amounts due to related parties	**2,103**	2,681
PAYE and PRSI	**2,731**	2,568
Loan stock - Note 19	**95**	107
	267,310	265,125

16. Creditors falling due after more than one year

	2023 €'000	2022 €'000
Bank loans - Note 17	**84,000**	100,000
Loan notes (including interest accrued) - Note 17	**14,159**	17,074
Revolving fund (including interest accrued) - Note 17	**25,161**	25,356
Convertible stock - Note 18	**216**	216
Loan stock - Note 19	**112**	104
	123,648	142,750

17. Loans

	2023 €'000	2022 €'000
Loans repayable, included within creditors, are analysed as follows:		
Bank loans	**117,000**	100,000
Loan notes (including interest accrued)	**18,216**	17,074
Revolving fund (including interest accrued)	**31,657**	25,460
	166,873	142,534

Notes to Financial Statements

for the year ended 31 December 2023

17. Loans (continued)

The above loans are repayable as follows:	Bank loans €'000	Loan notes €'000	Revolving fund €'000
Year ending 31 December 2024	33,000	4,057	6,496
Year ending 31 December 2025	8,000	4,947	6,639
Year ending 31 December 2026	8,000	5,209	8,607
Year ending 31 December 2027	8,000	4,003	5,201
Year ending 31 December 2028	60,000	-	4,714
	117,000	**18,216**	**31,657**

Bank Facilities

The Society completed a refinancing of banking facilities on 14 March 2023. Banking facilities of €360.0m are now in place with syndicate members Bank of Ireland, AIB, HSBC, Rabobank and ING Bank N.V.

Bank Loans

The Society has entered into bank guarantees on behalf of its subsidiaries. The amounts guaranteed at the consolidated statement of financial position date were €157.6m (2022: €142.4m) and they are secured by fixed and floating charges on the assets of the Society and its subsidiaries. The interest rate applying to the bank loans is EURIBOR plus a margin of between 1.50% to 3.05%. The terms of the bank loans restrict the Society from making significant acquisitions or disposals without the consent of the banks.

Loan Notes

During 2020, Members and Employees were offered the opportunity to invest on a voluntary basis in a Loan Note. The scheme commenced in 2020 and there was an option for the Loan Note to run for three years or five years. The Society received €8.0m of Loan Notes during 2020. During 2021, Members and Employees were again offered the opportunity to invest on a voluntary basis in a Loan Note. There was an option for the Loan Note to run for three years or five years. The Loan Note was fully subscribed. The Society received €8.0m of Loan Notes during 2021. No Loan Notes were issued in 2022 or 2023.

Members and Employees who subscribed to the three-year Loan Note will be repaid their investment in full plus accumulated interest on the third anniversary of their investment. The interest rate applying to the Loan Note is 3-month EURIBOR plus 3.0%. Interest is accrued on an annual basis. Members and Employees who subscribed to the five-year Loan Note will be repaid their investment in full plus accumulated interest on the fifth anniversary of their investment. The interest rate applying to the Loan Note is 3-month EURIBOR plus 3.5%. Interest is accrued on an annual basis.

In January 2024, €4.1m of the 2020 three-year Loan Note was repaid including interest of €0.5m.

Revolving Fund

During 2021, the Society initiated a voluntary Revolving Fund with circa 80% of Milk Suppliers contributing. Contributions will be made over five years from 2021 to 2025. The interest rate applying to contributions is 3-month EURIBOR plus 2.75%. Interest is accrued on an annual basis.

During 2023, the Society received €4.6m in Revolving Fund contributions.

Notes to Financial Statements

for the year ended 31 December 2023

18. Convertible stock

	2023 €'000	2022 €'000
At 1 January and 31 December	**216**	216

'A' convertible stock can be converted into ordinary shares based on conditions set out in the rules of the Society and subject to agreements at the time of the stock issue.

19. Loan stock

	2023 €'000	2022 €'000
At 1 January	**211**	429
Arising on share redemption - Note 23	**110**	17
Loan stock repayment	**(114)**	(235)
At 31 December	**207**	211
Falling due within one year - Note 15	**95**	107
Falling due after more than one year - Note 16	**112**	104

20. Capital grants

	2023 €'000	2022 €'000
At 1 January	**11,216**	8,868
Received during the year	**957**	3,652
Credited to consolidated income statement	**(1,250)**	(1,304)
At 31 December	**10,923**	11,216

Grants of €10.7m (2022: €9.7m) which have been received under agreements between the Society, its subsidiaries and Enterprise Ireland may become repayable should certain circumstances set out in the agreements occur.

Notes to Financial Statements

for the year ended 31 December 2023

21. Deferred taxation

	2023 €'000	2022 €'000
At 1 January	**18,136**	13,688
Charged to consolidated income statement - Note 7	**2,446**	2,425
(Credited)/charged to consolidated statement of comprehensive income - Note 7	**(436)**	2,023
At 31 December	**20,146**	18,136

	2023 €'000	2022 €'000
An analysis of the deferred tax balance is as follows:		
Timing differences	**8,302**	6,711
Unutilised tax losses	**(399)**	(20)
Tax on increase in market value of quoted shares	**135**	-
Tax on revaluation of investment properties	**5,704**	4,605
Tax on defined benefit pension surplus	**6,404**	6,840
At 31 December	**20,146**	18,136

The Society had an unrecognised deferred tax asset of €0.8m (2022: €0.8m) at the end of the year. This asset has not been recognised due to uncertainty surrounding the timing of future profits.

22. Pension asset

Dairygold Pension Schemes

The Society operates and contributes to a number of externally funded defined benefit and defined contribution pension schemes in Ireland.

Dairygold Co-Operative Society Limited Pension Plan 2010 ('Plan')

The Plan was established as a result of the merger of four defined benefit pension plans sponsored by the Society. The accounting calculations reported herein relate to this Plan and are based on accounting policies, actuarial methods and assumptions which are consistent with the requirements of FRS 102 and were selected by the Society having taken advice from Mercer who are the Society's professional pension service providers.

The cash contributions payable to the Plan are determined from full actuarial valuations undertaken by the Scheme Actuary at intervals not exceeding three years. The last such valuation of the Plan was undertaken as at 1 January 2022 in accordance with generally accepted actuarial principles and assumptions. The principal assumptions used in the valuation of liabilities were that investment return would vary over time with an average return of circa 0.81% per annum and that increases to benefits that are linked to inflation would also vary over time with an average inflation rate of circa 2.10% per annum assumed. At the effective date of that valuation, the value of the assets was €301.8m which was sufficient to cover approximately 104.00% of the benefits that had accrued to Members. The valuation report is not available for public inspection.

Notes to Financial Statements

for the year ended 31 December 2023

22. Pension asset (continued)

The main financial assumptions employed in the accounting valuation as at 31 December are:

	2023	2022
Inflation rate increase	**2.30%**	2.55%
Deferred pension revaluation	**2.25%***	2.50%*
Pension payment increase	**2.15%****	2.25%**
Discount rate	**3.50%**	4.10%

* For a period of seven years from 31 March 2018 for Members who are current Employees, revaluation each year will be statutory revaluation plus 0.50% subject to a minimum of 2.50% for the first two years and 2.00% for the remaining five years. A maximum rate of 4.00% will apply throughout the period.

** Discretionary pension increases are assumed at 2.00% while guaranteed increases are at 2.25%. The average rate is shown here.

Interest income on plan assets:
Interest income on plan assets for 2023 has been determined using an interest rate of 4.10% (2022: 1.30%) which is derived from the discount rate from the previous year end.

Discount rate assumption:
In setting the discount rate, as with all other assumptions, the Society obtained independent actuarial advice from Mercer. The discount rate is set by reference to the yield on high (AA rated) quality bonds denominated in euro with duration equivalent to the duration of the liabilities.

Mercer has advised that the discount rate selected of 3.50% (2022: 4.10%) reflects the market yield on high quality corporate bonds at 31 December 2023. They have confirmed that they are satisfied that the approach taken is in accordance with the requirements of FRS 102.

Mortality assumptions:
Membership of the Society's pension plan is too small to allow a statistical analysis of mortality experience suitable for facilitating a scheme specific projection of future experience. In the circumstances, standard mortality tables have been employed. These tables include allowance for projected future improvements in mortality rates.

The assumption adopted in the accounting calculations is consistent with Mercer's best practice. This assumption would be regarded by Mercer to be best estimate and is in line with its assumption adopted by many Irish public limited companies.

The assumed life expectations on retirement at age 65 are noted below:

Weighted average life expectancy:	**As at December 2023**		As at December 2022	
	Male	**Female**	Male	Female
Members age 65 (current life expectancy)	**22.6**	**24.4**	22.6	24.3
Members age 40 (life expectancy from age 65)	**24.8**	**26.7**	24.7	26.6

Notes to Financial Statements

for the year ended 31 December 2023

22. Pension asset (continued)

The sensitivities regarding the principal assumptions used to measure the scheme liabilities are set out below:

Assumption	**Change in assumption**	**% Impact on scheme liabilities**
Discount rate	Decrease by 0.25%	Increase by 3.57%
Rate of inflation	Decrease by 0.50%	Decrease by 4.13%
Rate of mortality	Members live for 1 year longer	Increase by 3.72%

Plan assets

The weighted average asset allocation at the year end was as follows:	**2023**	2022
Equities and other growth assets	**4.9%**	4.3%
Bonds	**86.3%**	83.8%
Properties and infrastructure	**4.2%**	11.5%
Cash	**4.6%**	0.4%
	100.0%	100.0%

The plan assets have not been invested in any of the Society's own financial instruments nor in properties or other assets used by the Society.

The overall surplus in the scheme at 31 December is:

	2023 €'000	2022 €'000
Equities and other growth assets	**12,010**	10,018
Bonds	**208,570**	196,619
Properties and infrastructure	**10,037**	27,014
Cash	**10,994**	883
Fair value of assets	**241,611**	234,534
Present value of scheme liabilities	**(190,379)**	(179,815)
Closing pension asset	**51,232**	54,719

The amounts included within operating profit of the consolidated income statement for the year are as follows:

	2023 €'000	2022 €'000
Cost arising from employee service in the reporting period	**373**	353
Administrative expenses	**491**	525
Total charged within operating profit	**864**	878

Notes to Financial Statements

for the year ended 31 December 2023

22. Pension asset (continued)

The amounts included within finance charges of the consolidated income statement for the year are as follows:

	2023 €'000	2022 €'000
Interest income on plan assets	**9,446**	3,857
Interest on past service scheme liabilities	**(7,204)**	(3,356)
Net interest receivable and similar income relating to pension	**2,242**	501

The analysis of amounts recognised in the consolidated statement of comprehensive (expense)/income are as follows:

	2023 €'000	2022 €'000
Return/(loss) on plan assets (excluding amounts included in net interest cost)	**5,916**	(62,317)
Experience losses arising on the scheme liabilities	**(1,749)**	(12,635)
Changes in assumptions underlying the present value of pension scheme liabilities	**(9,828)**	90,576
Remeasurement (losses)/gains recognised in other comprehensive (expense)/income	**(5,661)**	15,624

Movement in pension scheme assets:	2023 €'000	2022 €'000
Value at 1 January	**234,534**	300,397
Return on assets	**9,446**	3,857
Return/(loss) on plan assets (excluding amounts included in net interest cost)	**5,916**	(62,317)
Employer contributions	**796**	936
Benefit payments and expenses	**(9,081)**	(8,339)
Value at 31 December	**241,611**	234,534

Movement in pension scheme liabilities:	2023 €'000	2022 €'000
Value at 1 January	**(179,815)**	(261,861)
Cost (excluding interest):		
(i) Cost arising from employee service in the reporting period	**(373)**	(353)
Interest expense	**(7,204)**	(3,356)
Cash flows		
(i) Benefit payments from plan assets	**8,217**	7,461
(ii) Insurance premiums for risk benefits	**373**	353
Remeasurements		
(i) Effect of the changes in the assumptions	**(9,828)**	90,576
(ii) Effect of experience adjustments	**(1,749)**	(12,635)
Value at 31 December	**(190,379)**	(179,815)

Notes to Financial Statements

for the year ended 31 December 2023

22. Pension asset (continued)

Irish Co-Operative Societies Pension Scheme

The Society also participates in an industry wide Irish Co-Operative Societies Pension Scheme. This is a multi-employer defined benefit scheme. However, as the underlying assets and liabilities attributable to individual employers cannot be identified on a consistent and reasonable basis, the Society is accounting for the pension scheme as if it were a defined contribution scheme in accordance with FRS 102. The charge in the consolidated income statement in respect of this plan was €0.1m (2022: €0.1m).

The last Actuarial Funding Certificate and Funding Standard Reserve Certificate for the Scheme were completed as at 1 January 2023. These certificates confirmed that the Scheme satisfied both the Funding Standard and Funding Standard Reserve requirements at that effective date.

Defined Contribution Schemes

Following the closure of the Defined Benefit Plan on 31 March 2018 to future service, the active Members of this Plan began contributing to the Defined Contribution Plan from 1 April 2018.

Pension Cost

The total pension cost to the operating profit was €6.3m (2022: €6.2m) which comprised of a charge of €0.9m (2022: €0.9m) in respect of the defined benefit pension scheme, as noted above, and a cost of €5.4m (2022: €5.3m) in respect of the defined contribution schemes (which includes €0.1m (2022: €0.1m) regarding the Irish Co-Operative Societies Pension Scheme noted above). Valuations have been performed in accordance with the requirements of FRS 102, as at 31 December 2023. Scheme liabilities have been calculated using a consistent projected unit valuation method and compared to the scheme's assets at the valuation date.

23. Share capital

Ordinary shares of €1 each	**2023 €'000**	2022 €'000
Issued and fully paid		
At 1 January	**103,982**	100,809
Shares issued	**2,144**	3,216
Transfer from bonus reserve to share capital	**1,130**	894
Shares redeemed	**(1,434)**	(943)
Reinstatement of previously cancelled shares - in accordance with Rule 15	**-**	6
At 31 December	**105,822**	103,982

	2023 €'000	2022 €'000
Cash paid	**(1,324)**	(926)
Arising as loan stock - Note 19	**(110)**	(17)
Shares redeemed	**(1,434)**	(943)

Notes to Financial Statements

for the year ended 31 December 2023

23. Share capital (continued)

From 2013 onwards, the Society has accelerated the payment of the value of shares redeemed, whereby the value of shares redeemed up to €10,000 or 40% of such value, if greater, is paid in cash in that year. The balance is transferred to a loan stock account, which is being paid in equal instalments over the following three years.

In common with other Societies incorporated under the Industrial and Provident Societies Acts, 1893 to 2021, the Society does not have an authorised share capital. The Society rules make provision for the issue of shares at the discretion of the Board and for the issue of convertible stock and loan stock. Any issues have taken place at par.

Minimum shareholding

Since January 2013, all Milk Suppliers are required to acquire and maintain a minimum shareholding in the Society of 4.0 cent per litre of milk supply (4,000 shares per 100,000 litres of milk supply). A shareholding monthly deduction of 0.5 cent per litre is charged to Milk Suppliers whose shareholding is below the threshold based on their previous calendar years milk supply.

A Milk Supplier is not required to make a contribution to Minimum Shareholding when the Society quoted milk price is less than 30.0 cent per litre (VAT inclusive), in any given month.

24. Share interest

	2023 €'000	2022 €'000
Share interest paid @ 1.25% (2022: 1.25%)		
Ordinary share capital	**(1,321)**	(1,282)

The Board has recommended that share interest of 1.25% be paid on the share capital, loan stock and bonus shares at 31 December 2023. This will amount to €1.3m (2022: €1.3m) and is subject to approval at the Annual General Meeting.

25. Reserves

The profit and loss account reserve represents the cumulative profits and losses of the Society.

The transfer from the profit and loss account reserve to the bonus reserve is in accordance with Rules 77 and 78 of the Society, which allows for the establishment of a reserve from which allocations of fully paid-up bonus shares in the Society may be made.

During the year, the Board transferred 1.1m shares from the bonus reserve to share capital.

During 2023, the Society began to initiate a hedging strategy, the purpose of which is to mitigate Dairygold's exposure to movements in interest rates and movements in commodity prices in a cost effective manner. Open hedge positions are marked to market at year end and posted to a reserve on the balance sheet.

Hedge reserve	**2023 €'000**	2022 €'000
At 1 January	**-**	-
Hedging loss	**(3,040)**	-
At 31 December	**(3,040)**	-

The hedge reserve is used to record transactions arising from the group's cash flow hedging arrangements.

Notes to Financial Statements

for the year ended 31 December 2023

26. Non-controlling interests

	2023 €'000	2022 €'000
At 1 January	**4,984**	4,998
Acquisitions	**5,818**	-
Profit after tax and total comprehensive income	**1,698**	11
Dividends paid	**(32)**	(25)
At 31 December	**12,468**	4,984

27. Reconciliation of operating profit to net cash inflow from operating activities

	2023 €'000	2022 €'000
EBITDA - Note 3	**55,045**	68,500
Profit on the revaluation of investment properties	**(4,395)**	(1,924)
Difference between current service pension cost and payments made	**68**	(58)
Cash related to exceptional items	**(593)**	(826)
Working capital movements		
Decrease/(increase) in stocks	**54,573**	(66,088)
Decrease/(increase) in debtors	**34,612**	(34,414)
(Decrease)/increase in creditors	**(58,188)**	59,660
Foreign exchange differences	**506**	(1,605)
Taxation		
Corporate income tax payment	**(252)**	(4,673)
Net cash inflow from operating activities	**81,376**	18,572

Analysis of changes in net debt	**At 1 January 2023 €'000**	**Cash flow €'000**	**At 31 December 2023 €'000**
Cash and bank balances	10,092	3,049	**13,141**
Bank overdrafts and invoice discounting	(42,407)	1,807	**(40,600)**
Bank loans due within one year	-	(33,000)	**(33,000)**
Bank loans due after one year	(100,000)	16,000	**(84,000)**
	(132,315)	(12,144)	**(144,459)**

Notes to Financial Statements

for the year ended 31 December 2023

28. Acquisition of a subsidiary

During 2023, Dairygold Health and Nutrition Limited completed an acquisition of a subsidiary, Vita Actives Limited, which is 59% owned.

	Book value acquired €'000	Fair value adjustments €'000	Value acquired €'000
Tangible assets	112	-	112
Stocks	3,887	-	3,887
Debtors	4,361	-	4,361
Bank	2,295	-	2,295
Creditors	(1,885)	-	(1,885)
Bank loans	(396)	-	(396)
Goodwill	-	48,985	48,985
Value acquired:	**8,374**	**48,985**	**57,359**

Satisfied by:	**€'000**
Consideration paid	46,326
Consideration deferred	11,033
	57,359

Cash impact of acquisition:	**€'000**
Consideration paid	46,326
Bank and bank loans acquired	(3,219)
	43,107

29. Cash at bank and in hand

	2023 €'000	2022 €'000
Cash at bank and in hand	**13,141**	10,092

Cash in hand and bank overdraft balances are netted where a right of offset exists. Cash held in non-wholly owned subsidiaries where there is no right of offset are disclosed as cash and cash equivalents.

30. Commitments

Future investments and capital expenditure approved by the Board and not provided for in these financial statements amounted to €84.0m (2022: €102.6m).

At the year end, the Society had forward purchase commitments for certain raw materials amounting to €15.0m (2022: €53.4m) which are not provided for in the financial statements.

Notes to Financial Statements

for the year ended 31 December 2023

31. Related party transactions

The Society's related parties, as defined by FRS 102, the nature of the relationships and the extent of transactions with them are summarised below. The Society views key management personnel, Directors, close members of their family and companies controlled by them, joint venture undertakings, associate undertakings and non-wholly owned subsidiaries as related parties under the standard.

The Society purchases goods and services from its joint ventures and associates and sells goods and services to its joint ventures and associates on standard commercial terms. The purchases from and sales to the joint ventures and associates during 2023 amounted to €15,123,000 (2022: €15,663,000) and €10,097,000 (2022: €9,571,000) respectively.

The trading balances outstanding by and to the Society amounted to €1,992,000 (2022: €2,265,000) and €6,702,000 (2022: €8,011,000) respectively at the year end. The Society has provided a loan of €175,000 (2022: €169,000) to its joint venture, Malting Company of Ireland Limited.

The Society purchases and sells goods and services from and to a non-wholly owned subsidiary, Munster Cattle Breeding Group Limited and its subsidiaries, on standard commercial terms. During 2023, the sales to Munster Cattle Breeding Group Limited and its subsidiaries amounted to €1,063,000 (2022: €809,000). The trading balances outstanding to the Society amounted to €nil (2022: €395,000) at the year end.

In the ordinary course of business, the Society trades on standard commercial terms with some key management and Directors (including close family members) in their capacity as farmers, and with companies which are considered related to the Society by virtue of common Directors and close family members of some management and/or Directors having control or joint control over these companies. The aggregate level of purchases from and sales to these related parties during the year amounted to €5,861,000 (2022: €8,383,000) and €2,642,000 (2022: €2,749,000) respectively. The trading balances outstanding by and to the Society amounted to €112,000 (2022: €416,000) and €36,000 (2022: €48,000) respectively at the year end. No specific reserve has been required in 2023 for bad or doubtful debts in respect of amounts owed by these related parties. A sister of a Director of the Society was employed by the Society during the year on standard terms of employment for that Division.

Directors, close family members and key management of the Society, in aggregate, had Loan Note balances of €820,000 (2022: €762,000) owing to them at the year end, inclusive of accrued interest. During the year, no Loan Note balances (2022: €nil) were repaid to Directors, close family members and key management of the Society and remain due on their scheduled repayment date.

Directors and close family members of the Society, in aggregate, had Revolving Fund balances of €305,000 (2022: €228,000) owing to them at the year end, inclusive of accrued interest. During the year, Revolving Fund balances of €nil (2022: €5,000) were repaid to Directors and close family members of the Society on their scheduled repayment date.

Payments made by the Society to the pension schemes are included in Note 22. No amounts were prepaid or owing to the schemes at the end of the year.

Notes to Financial Statements

for the year ended 31 December 2023

31. Related party transactions (continued)

Key Management Personnel Remuneration

The following sets out the key management remuneration of €4.4m (2022: €4.1m) analysed between the Senior Leadership Team and the Board of Directors.

	2023 Number	2022 Number
Senior Leadership Team	**10**	9
	€'000	€'000
Basic salaries	**2,083**	1,887
Performance related pay	**947**	918
Other emoluments	**246**	233
Employer's PRSI	**368**	342
Employer's pension and retirement fund contributions	**309**	290
	3,953	3,670

	2023 Number	2022 Number
Board of Directors	**12**	12
	€'000	€'000
Directors' fees	**446**	446

Performance Related Pay incorporates payments to certain Members of the Senior Leadership Team, based on the achievement of certain performance targets included in the Strategic Growth Delivery and Reward Schemes (Long Term Incentive Plan) and a GRID (Getting Results in Dairygold) payment reflecting business performance in 2023.

32. Contingent assets and contingent liabilities

Contingent assets

During the year, a Group company entered into an agreement to sell a property to a third party in 2025, subject to certain conditions being met in 2025. The sale has not been recognised in these financial statements.

Contingent liabilities

Certain sales to Ornua are based on "on account" prices and are subject to adjustment when the prices are finally agreed. Provision is made as and when required for future deficits in the product categories.

The Society under Section 357 (1)(b) of the Companies Act 2014, has given an irrevocable guarantee to meet all commitments entered into by its Irish subsidiaries, including amounts shown as liabilities in the statutory financial statements of the Irish subsidiaries for the financial year ended 31 December 2023 and as a result the subsidiaries are exempted from filing their individual financial statements with the Irish Companies Registration Office.

Notes to Financial Statements

for the year ended 31 December 2023

33. Principal operating subsidiaries, joint ventures and associates

Subsidiaries	Country of incorporation	% Holding	Activity
Agricola Properties Limited	Ireland	100.0%	Property
Dairygold Agri Business Limited	Ireland	100.0%	Procuring, distributing and retailing of agri and non agri supplies and farm inputs
Dairygold Deutschland Handlesgesellschaft mbH	Germany	100.0%	Sales and distribution
Dairygold Asia Limited	China	100.0%	Marketing
Dairygold Finance Designated Activity Company	Ireland	100.0%	Finance company
Dairygold Food Ingredients Limited	Ireland	100.0%	Dairy ingredients
Dairygold Food Ingredients (U.K.) Limited	U.K.	100.0%	Dairy ingredients
Dairygold Health and Nutrition Limited	Ireland	100.0%	Dairy ingredients
Munster Cattle Breeding Group Limited	Ireland	66.0%	AI and farm services
Vita Actives Limited	Ireland	59.0%	Food ingredients
Watfore Limited	Ireland	100.0%	Property

Joint Ventures	Country of incorporation	% Holding	Activity
Co-Operative Animal Health Limited	Ireland	50.0%	Farm services
Malting Company of Ireland Limited	Ireland	50.0%	Malting

Associates	Country of incorporation	% Holding	Activity
National Cattle Breeding Centre Limited	Ireland	20.0%	AI services

The Companies and Societies operate principally in the countries of incorporation. Only the principal operating subsidiaries are listed above. The names and addresses of the registered offices of all the subsidiaries, joint ventures and associates are available from the Group Company Secretary of Dairygold Co-Operative Society Limited.

34. Future operating leases

	2023 €'000	2022 €'000
Future operating lease income		
The total future minimum lease receipts under non-cancellable operating leases are as follows:		
Leases that expire:		
- within one year	**105**	241
- between one and five years	**342**	611
- after five years	**7,574**	8,176
At 31 December	**8,021**	9,028

Notes to Financial Statements

for the year ended 31 December 2023

34. Future operating leases (continued)

	2023 €'000	2022 €'000
Future operating lease expense		
The total future minimum lease payments under non-cancellable operating leases are as follows:		
Leases that expire:		
- within one year	**57**	42
- between one and five years	**823**	987
- after five years	**411**	-
At 31 December	**1,291**	1,029

35. Government assistance

In 2023, the Society received a government training grant of €0.4m (2022: €nil) and a government energy credit of €0.2m (2022: €0.4m).

36. Events since the end of the financial year

No post balance sheet events have occurred since the year end that require reporting in the financial statements.

37. Approval of financial statements

The financial statements were approved for issue and signed by the Board of Directors on 15 March 2024.

Five Year Historical Information

(Supplementary information not covered by the Independent Auditor's Report)

Five Year Consolidated Income Statement

	2023 €'000	2022 €'000	2021 €'000	2020 €'000	2019 €'000
TURNOVER	**1,392,519**	1,647,167	1,169,398	1,016,815	1,020,398
EBITDA	**55,045**	68,500	57,643	53,775	56,616
OPERATING PROFIT	**23,925**	40,153	30,351	26,007	35,751
Share of joint ventures	**248**	453	589	627	623
Share of associates	**(133)**	(35)	(38)	40	36
Exceptional items	**-**	-	-	(4,794)	737
Net gains/(losses) on financial assets at fair value through profit and loss	**2,586**	(3,427)	4,405	(1)	978
Net interest payable	**(20,162)**	(9,460)	(6,429)	(6,909)	(6,585)
PROFIT before taxation	**6,464**	27,684	28,878	14,970	31,540
Taxation	**(2,940)**	(4,481)	(4,517)	(2,790)	(881)
PROFIT after taxation	**3,524**	23,203	24,361	12,180	30,659

Five Year Consolidated Statement of Financial Position

	2023 €'000	2022 €'000	2021 €'000	2020 €'000	2019 €'000
Net assets employed:					
Fixed assets	**494,605**	432,515	435,138	408,146	412,334
Stocks	**177,016**	224,999	158,912	131,215	152,239
Debtors	**145,008**	172,693	136,895	100,201	122,844
Creditors	**(233,358)**	(265,468)	(216,487)	(142,218)	(164,115)
Net bank debt	**(144,459)**	(132,315)	(108,237)	(119,203)	(157,934)
Capital grants	**(10,923)**	(11,216)	(8,868)	(10,010)	(9,019)
Deferred taxation	**(20,146)**	(18,136)	(13,688)	(10,830)	(7,729)
Pension asset	**51,232**	54,719	38,536	30,407	24,393
	458,975	457,791	422,201	387,708	373,013
Financed by:					
Shareholders' funds	**446,507**	452,807	417,203	382,895	368,434
Non-controlling interests	**12,468**	4,984	4,998	4,813	4,579
TOTAL CAPITAL EMPLOYED	**458,975**	457,791	422,201	387,708	373,013

Five Year Historical Information

(Supplementary information not covered by the Independent Auditor's Report)

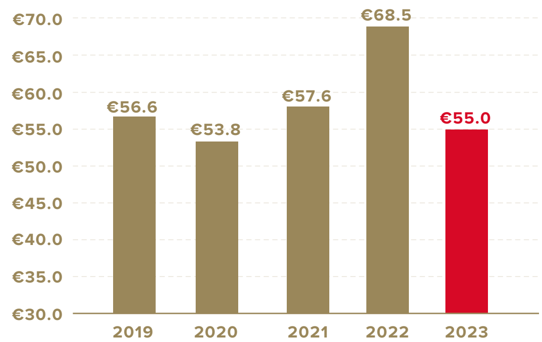
Five Year Consolidated Cash Flow

	2023 €'000	2022 €'000	2021 €'000	2020 €'000	2019 €'000
EBITDA:					
Operating profit	**23,925**	40,153	30,351	26,007	35,751
Amortisation of intangible assets	**3,304**	1,515	1,317	1,361	1,204
Depreciation	**29,066**	27,741	27,401	26,114	20,437
Impairment of tangible assets	**-**	85	-	1,597	375
Impairment of intangible assets	**-**	310	89	-	-
Grant amortisation	**(1,250)**	(1,304)	(1,515)	(1,304)	(1,151)
EBITDA	**55,045**	68,500	57,643	53,775	56,616
Investments	**(78,090)**	(38,780)	(33,967)	(30,971)	(64,281)
Working capital	**30,997**	(40,842)	(14,303)	25,833	(21,487)
Finance costs	**(19,338)**	(8,691)	(5,857)	(6,658)	(6,422)
Equity share interest paid	**(1,321)**	(1,282)	(1,236)	(1,219)	(1,185)
Equity financing	**674**	2,029	2,086	560	466
Member funding	**4,555**	4,073	8,355	3,136	2,369
Taxation (paid)/receipt	**(252)**	(4,673)	(1,408)	48	890
Other	**(4,920)**	(2,807)	(2,235)	(4,266)	(14,866)
(Decrease)/increase in cash in the year	**(12,650)**	(22,473)	9,078	40,238	(47,900)
Non cash movements	**506**	(1,605)	1,888	(1,507)	1,323
Movement in net debt	**(12,144)**	(24,078)	10,966	38,731	(46,577)
Net bank debt at 1 January	**(132,315)**	(108,237)	(119,203)	(157,934)	(111,357)
NET BANK DEBT AT 31 DECEMBER	**(144,459)**	(132,315)	(108,237)	(119,203)	(157,934)

Financial Performance Overview

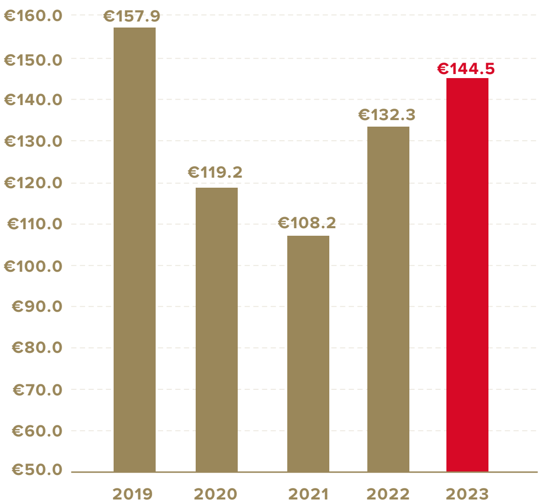
(Supplementary information not covered by the Independent Auditor's Report)

EBITDA €million

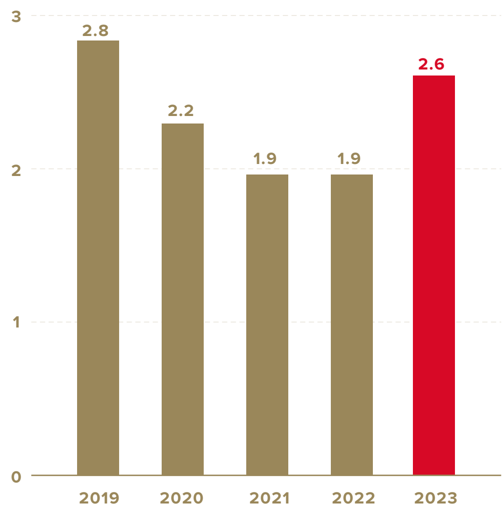


Operating Profit €million

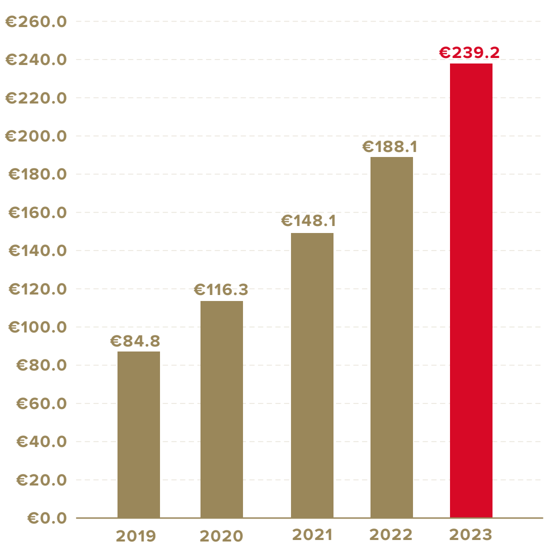
Net Bank Debt €million



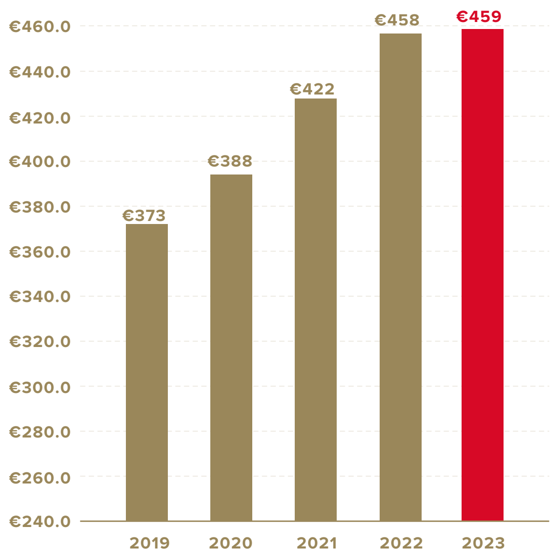
Net Bank Debt: EBITDA



Cumulative Capital Investment €million



Net Asset Value €million



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