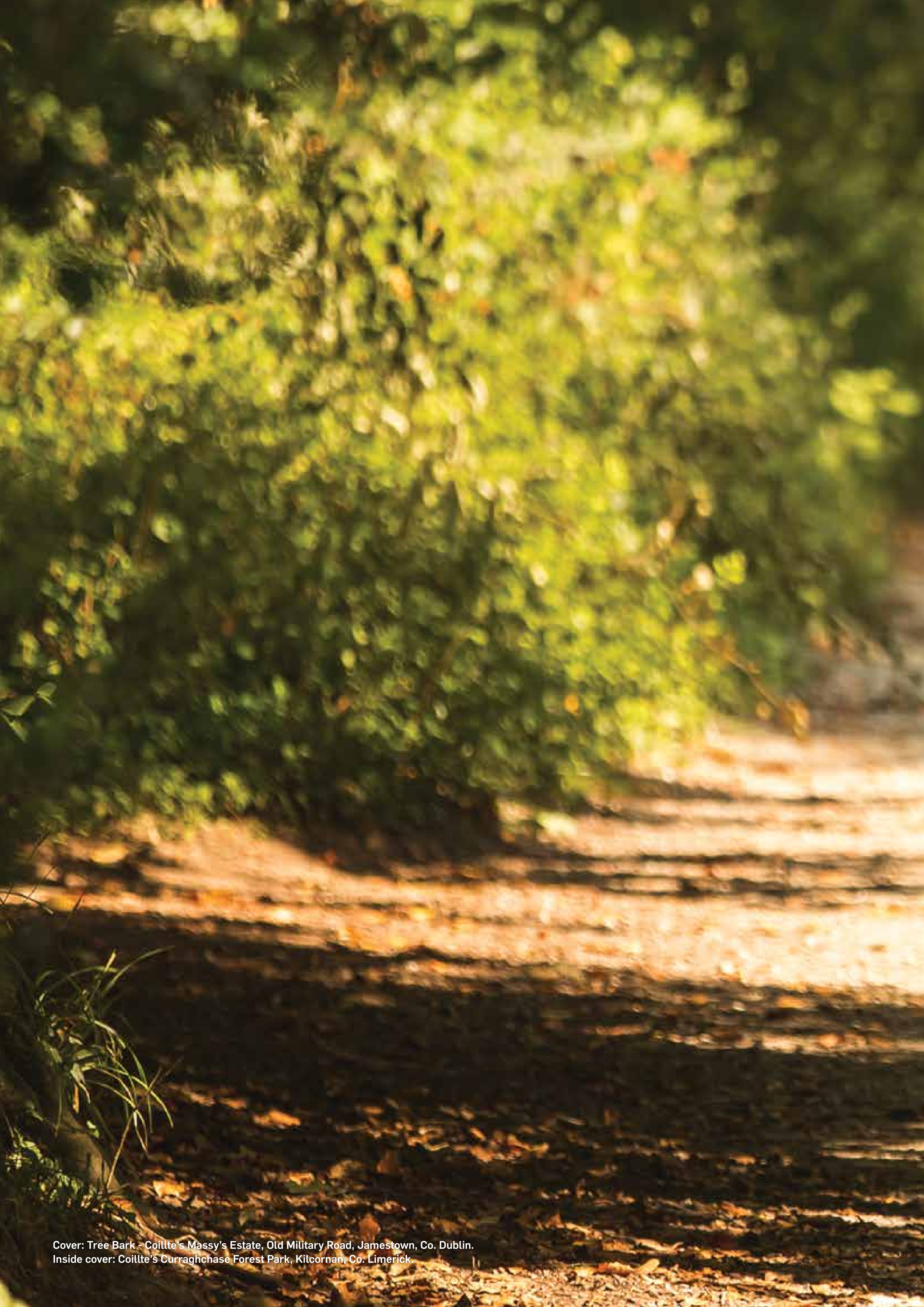
COILLTE
ANNUAL REPORT
2020

OUR FORESTS

COILLTE
GROW · TRANSFORM · SUSTAIN

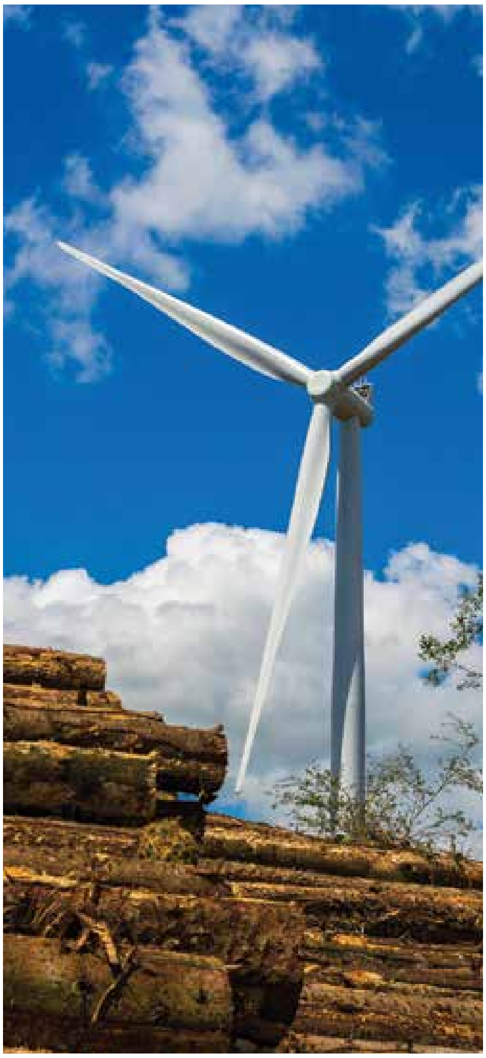


Cover: Tree Bark - Coillte's Massy's Estate, Old Military Road, Jamestown, Co. Dublin.
Inside cover: Coillte's Curraghchase Forest Park, Kilcornan, Co. Limerick.

OUR FUTURE

CONTENTS

All forest images captured in this year's report were photographed on the Coillte estate.




Our Vision

TO CREATE A SUSTAINABLE FUTURE FROM OUR FORESTS AND LAND.

Our Mission

TO WORK WITH NATURE TO CREATE ENDURING VALUE FROM OUR FORESTS AND LAND.

Our Purpose

TO DELIVER THE MULTIPLE BENEFITS FROM OUR FORESTS AND LAND WHILE LEAVING AN ENRICHED RESOURCE FOR THE NEXT GENERATION.

Our Values

EMPOWERMENT
SIMPLICITY
OUTWARD LOOKING
RESPECT
RESPONSIBLE

WHO WE ARE

COILLTE IS THE CUSTODIAN OF MORE THAN 440,000 HECTARES OF LAND, MAKING IT IRELAND'S LARGEST FOREST MANAGER AND LARGEST PROVIDER OF OUTDOOR RECREATION. IN ADDITION, COILLTE DEVELOPS GREEN ENERGY PROJECTS, PRODUCES PANEL BOARD AND DELIVERS NATURE CONSERVATION PROJECTS OF SCALE. WE ARE FOCUSED ON DELIVERING MULTIPLE BENEFITS FROM OUR FORESTS AND LAND.

WHAT WE DO

WE ARE FINANCIALLY SUSTAINABLE

WE PROVIDE SUSTAINABLE MATERIALS TO BUILD HOMES AND WORKPLACES

WE PROTECT AND ENHANCE THE ENVIRONMENT

WE INVEST IN THE RURAL COMMUNITIES IN WHICH WE ARE ROOTED

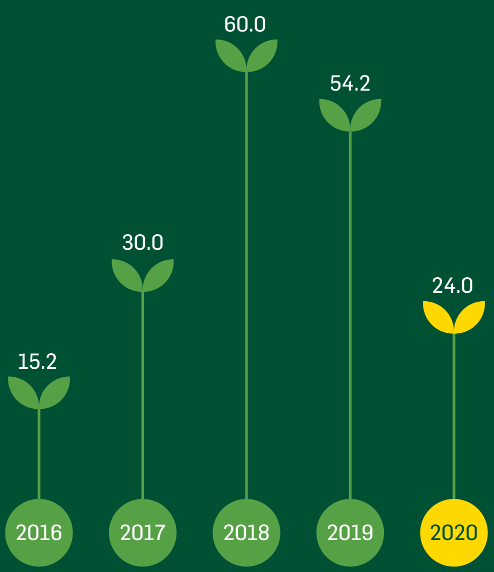
WE DEVELOP GREEN ENERGY TO POWER HOMES AND BUSINESSES

WE PROVIDE HEALTHY SPACES FOR US ALL TO ENJOY

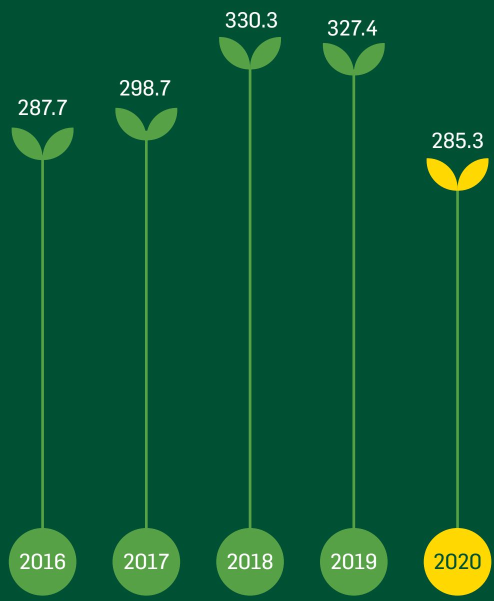
WE CLEAN THE AIR YOU BREATHE

FINANCIAL PERFORMANCE

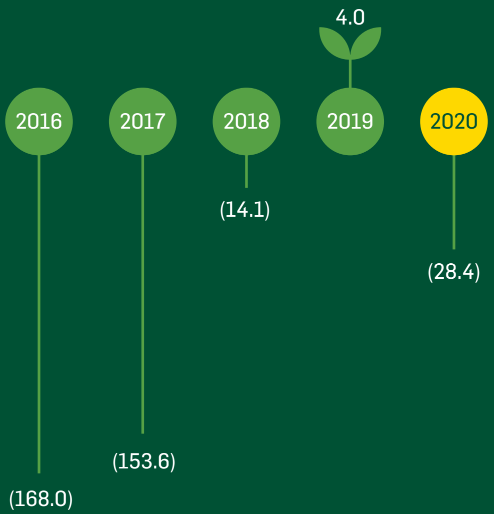
Operating cash flow
(€'million)



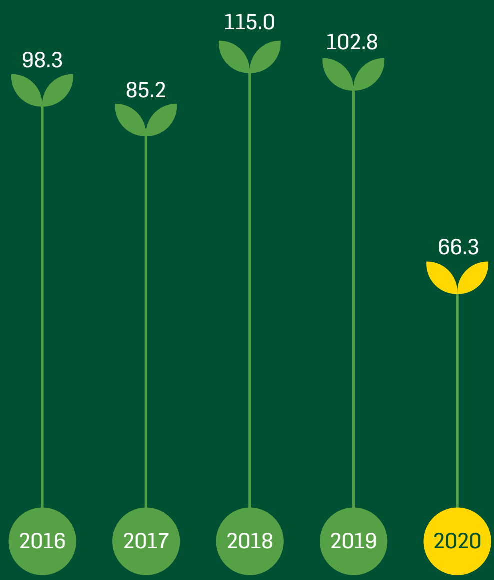
Turnover
(€'million)



Cash/(Net Debt)
(€'million)



EBITDA
(€'million)



2020 HIGHLIGHTS

EBITDA OF €66M
IN VERY CHALLENGING MARKET CONDITIONS

SUCCEEDED IN "KEEPING WOOD AND WOOD PRODUCTS MOVING" DURING THE COVID-19 AND FORESTRY LICENCE CRISES

VISITOR NUMBERS TO FOREST SITES DOUBLED TO TRIPLED ACROSS KEY SITES

ACHIEVED RECORD REFORESTATION LEVELS OF OVER 9,000ha PLANTING 22 MILLION TREES

COMMENCED THE DUBLIN MOUNTAINS MAKEOVER INITIATIVE DELIVERING FORESTS FOR PEOPLE AND NATURE

RECEIPT OF PLANNING FOR A NATIONAL VISITOR DESTINATION AT AVONDALE FOREST PARK

PLANNING APPLICATIONS SUBMITTED FOR C.350MW OF RENEWABLE ENERGY PROJECTS

COMMENCEMENT OF A C.€45M INVESTMENT AT SMARTPLY

CHAIR'S STATEMENT

I am pleased as Chair to present the
Annual Report and Accounts for Coillte for 2020.

I WOULD LIKE ON BEHALF OF THE BOARD TO COMMEND THE COILLTE TEAM ON THEIR RESPONSE TO COVID-19. THE ADAPTABILITY AND FLEXIBILITY OF STAFF WAS KEY TO MAINTAINING OUR BUSINESS THROUGHOUT THE YEAR.

Little did we think as we approached 2020 how the year would unfold. The potential impact of Brexit was overshadowed by Covid-19 and extreme difficulties with forestry licencing. Any one of these issues in itself would pose enormous challenges for any organisation – the three of them together posed unprecedented challenges for Coillte and the forestry sector as a whole. All of these issues were a critical focus for Coillte, requiring the organisation to adapt and flex to ensure business was sustained for Coillte and to support our customers in the forestry sector.

I'm happy to report that there has been some improvement in licencing, through the effort and ongoing dialogue between the team in Coillte and their counterparts in the Department of Agriculture, Food and the Marine (DAFM). The key requirement is to ensure that the improvements achieved are sustained, and outstanding areas are addressed on the basis of a robust and fit for purpose process. I welcome the establishment by Minister Hackett of Project Woodland to address this requirement, and in particular to develop a shared national vision of what Ireland wants from its trees and forests.

I would like on behalf of the Board to commend the Coillte team on their response to Covid-19. The adaptability and flexibility of staff was key to maintaining our business throughout the year, requiring innovation and imagination so that some of the resultant challenges were addressed successfully while maximising health and safety for everyone concerned. Covid-19 continues to be with us, and we will retain our vigilance in ensuring its effects are minimised for our staff.

Despite the challenges we faced, and because of the team effort, Coillte delivered a solid financial performance for the year, albeit below our initial expectations. We planted our highest number of trees ever with 22m trees planted across 9,168 hectares of restocked forest, commenced our investment in the €45m upgrade of SMARTPLY's drying plant and commenced the innovative rehabilitation of a cutaway bog on Bord na Móna lands. We also progressed a number of investments for the future so that we are well placed to develop our business in forest and wood processing, and to enable us to play our part in the achievement of national Climate Action targets. Key for us is ensuring financial sustainability to achieve our purpose, so that the multiple benefits from forests and land for the people of Ireland can be delivered while leaving an enriched resource for the next generation.

In this context, a key milestone was reached in early 2021 when the Competition and Consumer Protection Commission approved the transaction for the establishment of the new joint venture renewable energy development company with the ESB. We look forward to the establishment of the company in the first half of 2021 subject to Shareholder approvals. We also look forward in 2021 to the opening of our joint venture investment in a Tricoya manufacturing facility in Hull to expand Medite's product base, and the official opening of new mountain biking trails to respond to Ireland's ever increasing recreational needs. All in all, we look forward to 2021 as a year of recovery, but also of continuing development in Coillte's business and national contribution.

There were further changes in the Board in 2020, with the appointment of Kevin McCarthy. I would like to take this opportunity to thank Kevin and my Board colleagues for their exceptional commitment and dedication to the challenging work of the Board in 2020. I would also like to thank our customers, contractors and suppliers for their continued support and engagement. On behalf of the Board, I would also like to thank our Shareholders, the Minister for Agriculture, Food and the Marine and the Minister for Public Expenditure and Reform, together with their officials and advisors in NewERA, for their strong support in a year of significant challenge.

Bernie Gray
Chair

CHIEF EXECUTIVE'S REVIEW

My first full year as CEO of Coillte proved to be an extraordinary one. During 2020, the Coillte team had to navigate immense challenges, from a once-in-a-century pandemic to the threat of a no-deal Brexit to a forestry licencing crisis which resulted in major timber supply shortages.

Against this uniquely challenging backdrop, forestry and wood production have from the outset of the pandemic been deemed essential services. Being asked to operate as an essential service was, particularly in the early days, a challenge but most importantly an opportunity for Coillte to play our part in the national and global efforts needed to manage through this pandemic. Coillte colleagues, contractors and customers displayed an inspiring collective effort to keep timber moving and to keep each other safe – I am very grateful to everyone across the sector who played their part in making this happen.

The forestry licencing crisis was the most significant challenge faced by our sector. There were severe delays in the processing of forestry licences due to the introduction of a new regulatory regime by the Department of Agriculture, Food and the Marine (DAFM) (the Regulator) and because of an increase in appeals of forestry licences to the Forestry Appeals Committee (FAC). Both the Regulator and Coillte strived to adapt to the new requirements. Additionally, the FAC modified its own procedures following the enactment of emergency legislation, that being the Forestry (Miscellaneous Provisions) Act 2020. Despite this collective effort, Coillte's forestry licences were severely delayed and a consequent shortage of sawlog supplies and timber products ensued.

I am pleased to report that Coillte successfully navigated the evolving challenges experienced during 2020. Significant headwinds remain, most particularly the ongoing timber supply issues and the Covid-19 pandemic. That said, Coillte has never been more relevant in the context of the global challenges of our time, including the Climate and Biodiversity emergencies. As a result, 2021 will be a year focused on resolving sectoral challenges and enabling a focus on Coillte's potential contribution to these global issues.

Group Financial Performance

Coillte entered 2020 against the backdrop of a very challenging market environment. The forestry licencing crisis was an enduring feature in 2020 for the forestry sector and constrained sawlog supplies to all customers. Coillte's focus was on mobilising all licenced sawlog volume to endeavour to allow customers remain fully operational. However, the lack of approved forestry licences resulted in supply shortages, a consequent decline in sales and market share for the Irish forest products sector and led to significant supply chain inefficiencies.

The Covid-19 pandemic also had a serious adverse impact on our operations. Construction sites across Ireland and the UK were closed for much of the second quarter of 2020 as part of tight Covid-19 restrictions. As a result, demand for sawlog and for wood panel products declined significantly. That said, demand recovered strongly during the third and fourth quarters when construction sites were open, albeit that social distancing and new Covid-related safety protocols decreased productivity in the building sector.

Brexit uncertainty which persisted right up until year end, also contributed to a volatile operating environment, particularly in our core UK market. From Coillte's perspective, MEDITE SMARTPLY panel board would have been subject to tariffs in the event of a no-deal scenario and this created obvious uncertainty for that operation.

Despite these headwinds, Coillte delivered a very creditable financial performance, generating EBITDA of €66m and Operating Cash of €24m. This compares to EBITDA of €103m and Operating Cash of €54m in 2019. Through careful cash management and the implementation of cost containment measures, Coillte exited 2020 with net debt of €28m. This places us in a solid position as we face into 2021.

2020 Highlights

As custodian of over 1 million acres of State lands which are primarily forested, Coillte is focused on enabling the delivery of the multiple benefits of forestry, as follows:

Forests for Wood

Due to the impact of the forestry licencing crisis, log sales in the Forest division at 2.31m m^3 were 400k m^3 lower than 2019. Sales of sawlog to our sawmill customers were down by 230k m^3 and sales of pulpwood (primarily to our MEDITE SMARTPLY business) were down by 170k m^3.

A c.€45m investment in improving and upgrading the SMARTPLY OSB operation in Co. Waterford was significantly progressed during 2020. This investment is focused on the facilities dryers, energy plant and screens system. This is the second phase of the SMARTPLY Renewal Programme which, subject to Covid-19 restrictions, we anticipate advancing significantly during 2021. When combined with the investment already undertaken to replace the press and finishing system, this latest investment will underpin the future competitiveness of SMARTPLY, by realising significant cost savings and allowing that operation to increase production to keep pace with its customers' ambitious growth plans.

Notwithstanding further delays due to the pandemic, the construction of the world's first Tricoya wood chip acetylation facility in Hull is now approaching completion.

This important project is a joint venture with our partners INEOS (which acquired BP's equity shareholding in the joint venture in December 2020) and Accsys Technologies. MEDITE will be the key off taker for the Tricoya chip supply from the plant when it is up and running in 2021. This will enable us to significantly ramp up sales of MEDITE Tricoya Extreme, a ground-breaking new construction material that allows MEDITE to be used in new applications that will displace products such as concrete, plastics or metals. This material is continuing to exhibit strong demand and price development and is a cornerstone of MEDITE's future value-added strategy.

Forests for Nature

Coillte Nature, which is focused on delivering large scale projects on a not-for-profit basis in the areas of new native woodland creation, biodiversity enhancements of national importance and urban forest conversion made substantial progress during 2020. In particular:

- We progressed projects, in partnership with Bord na Móna, that involve planting native species in cutaway bogs in the midlands with a detailed Environmental Impact Assessment undertaken.
- We undertook significant restoration work at an alluvial forest at Hazelwood, on the shores of Lough Gill in Co. Sligo. This work is focused on removing invasive species such as Rhododendron in order to encourage revival of the unique natural flora and fauna associated with this site.
- Early-stage project plans were drawn up in respect of the restoration of bogs at a number of western peatland sites, subject to the funding for same being finalised with DAFM.
- Plans were advanced for a partnership that will launch a green certificate, enabling investors to finance the planting of new native woodlands in Ireland. We anticipate formally launching this certificate during the first half of 2021, subject to Shareholder approval.
- Work commenced on the Dublin Mountains Makeover, a key initiative in delivering 'forests for people and nature'. Further details are outlined below.

Forests for Climate

As well as providing wood for sustainable building products which lock in carbon, Ireland's forests provide an invaluable contribution as a natural carbon sink and store in the context of addressing Climate Change challenges. Despite the impact of the Covid-19 pandemic, we replanted over 9,100 ha of forests in 2020 (marginally higher than 2019 and a new record level for Coillte) thereby recommencing the cycle of carbon sequestration and sustainable timber production.

During 2020, we also advanced through the development cycle a significant number of renewable energy projects culminating in planning applications being made for c.350MW of on-shore wind farms across 7 projects. These projects will form part of the new joint venture which Coillte and the ESB anticipate operationalising during 2021. This venture aims to deliver more than 1 GW of new renewable energy by 2030, that being enough to power half a million homes. Importantly, it will play a significant role in meeting the State's target of generating 70% of its electricity from renewable energy by 2030, as part of Ireland's commitment to decarbonise its electricity generation. Regulatory approval for this venture has been received from the Competition and Consumer Protection Commission with both parties now in the process of seeking approval for the transaction from their respective Shareholders.

Forests for People

The substantial rise in visitor numbers to our estate during the Covid-19 pandemic has underlined the important role our forests play in providing access to the great green outdoors and, as a result, in supporting peoples' mental and physical wellbeing. Against this backdrop, 2020 was an important year for Coillte in advancing our objective of investing to improve the recreational value of our estate.

Work commenced on the Dublin Mountains Makeover project. This is a Coillte Nature project focused on carefully changing the primary objective of the Dublin Mountain forests from 'forests for wood' to 'forests for people'. As a result, commercial sawlog is being harvested as it matures and native trees are being planted in its place. We recognise that since these forests were last planted in the 1950s and 1960s that Dublin as an urban centre has grown towards the Dublin Mountains. Today these forests are an important recreation amenity for the people of Dublin and the general public more broadly. The project was formally launched in December by Pippa Hackett, the Minister of State with responsibility for land use and biodiversity.

In addition, full planning permission was granted for the redevelopment of the 500-acre Avondale Forest Park in Co. Wicklow as a national visitor destination that will showcase the evolution of Irish forestry and will celebrate the life and times of the Parnell Family. Covid-19 restrictions permitting, we aim to commence building works on site during 2021. We also completed an international standard mountain bike trail in the Slieve Bloom mountains and opened another at Coolaney in Co. Sligo.

DESPITE THE IMPACT OF THE COVID-19 PANDEMIC, WE REPLANTED OVER 9,100 ha OF FORESTS IN 2020.

Our Covid-19 Pandemic Journey

Forestry and the forest products sector were deemed essential services from the outset of the pandemic as wooden pallets were needed to move essential goods around the world and Coillte's panel board was used for emergency building works including the building of emergency hospitals. Being an essential service not only gave Coillte the opportunity to play an important role in Ireland's fight against Covid-19, but also gave us a great sense of purpose which helped carry the organisation through the more difficult days which 2020 presented. Coillte's highest priority throughout the pandemic has been on the health, safety and wellbeing of all our colleagues, contractors and everyone who interacts with us. Given the diverse footprint of our activities, we were clear that we must not only adhere to the letter but also to the spirit of all Covid-19 related restrictions. That resulted in a range of activities being significantly curtailed or suspended for periods of time during 2020.

In addition to being an essential service, Coillte was delighted to support the health and wellbeing of Irish citizens by maintaining the 'open access' status of our forests during the pandemic. As a result, during national and regional lockdowns, when the public was confined to their localities, our forests remained open for recreational use. With 12 Forest Parks, 260 Recreation Forests and c.6,000 properties across Ireland, Coillte provides an extensive recreation amenity. In the period March to December 2020, our top 50 forests experienced a c.40% increase in visits to 2.2m as many citizens sought refuge in the great outdoors. These numbers underline the importance of Coillte continuing to deliver 'forests for people' as we plan forward.

2021 Outlook

The market environment for 2021 remains challenging. While demand from our core markets of the UK and Ireland is reasonably strong, forestry licencing issues (now primarily related to road permits) are still restricting supply and the pandemic will continue to affect the full reopening of the economy for some time. Accordingly, Coillte is projecting that 2021 will be a year of recovery with a focus on continuing to keep all colleagues safe during the pandemic, navigating our way through the remaining licencing challenges, resuming normal supply arrangements with customers and continuing to deliver the multiple benefits of forestry.

The significant actions taken at the outset of the pandemic and during the extreme supply shortages of 2020 have been central to ensuring that a sustainable, viable and vibrant Coillte emerged from 2020.

Achieving this outcome has ensured that Coillte is, in the circumstances, in the best possible position as we enter 2021. We do so in a strong funding position, with modest debt levels and as such, are in a solid position to deliver forests for climate, for wood, for nature and for people and to enable our planned investment and growth strategy.

As a nation, we must increase our focus on enabling solutions to the climate and biodiversity emergencies. Against that backdrop, Coillte looks forward to engaging with the 'Project Woodland' team, a key project which is being led by Minister of State Pippa Hackett and which is focused on addressing current operational challenges while also creating a shared vision and national approach for Irish forestry. Additionally, Coillte will continue with our own work to identify potential solutions to assist in addressing these crises and looks forward to engaging with our Shareholders in this regard in due course.

Thank You

I want to start by thanking all those involved in Government, the HSE, the CMO, the Deputy CMO, all front-line workers and those pivotal to Ireland navigating the Covid-19 pandemic. On behalf of Team Coillte, thank you for helping us stay safe this past year. While I am especially thankful that all my colleagues are safe today, I recognise that the pandemic has brought an enormous sense of loss and am incredibly mindful of this as I write.

I am very grateful for the support of our Chair, our Board, our customers and our contractors who all worked to identify solutions to the multiple challenges our sector faced during 2020. I would like to echo the comments of our Chair in thanking all our stakeholders for their collective commitment, focus and support to the forestry sector at an inflection point for our industry.

Thank you to my Coillte colleagues who worked tirelessly to navigate the 'perfect storm' that 2020 presented and whose focus on keeping Coillte safe and moving was both extraordinary and humbling. Team Coillte's commitment to keeping our forests open and our timber supply chain operational has played a key role in supporting people's wellbeing and in ensuring that Irish forestry has a bright and sustainable future ahead. In time I look forward to meeting my colleagues and thanking them in person for their flexibility, adaptability and for their incredible resilience. For now, I am once again asking all colleagues to continue to follow all Government and HSE advice and to please support each other - Hold Firm, Stand Strong, Stay Safe.

Imelda Hurley
Chief Executive

OUR HIGHLIGHTS

FINANCIAL

Business Overview
Despite the year being dominated by the forestry licence crisis, Brexit and a pandemic, Coillte generated EBITDA of €66m and operating cash of €24m in 2020. Both EBITDA and operating cash were lower than in 2019, when Coillte reported EBITDA of €103m and operating cash of €54m, primarily because the volume of products sold declined at our forest business and at our MEDITE SMARTPLY business. However, given the operating environment, the financial results for the year were very solid, underscoring the resilience and adaptability of Coillte.

The Group ended this turbulent year on a financially strong note, with net debt of €28m drawn down against debt facilities of €180m. This provides us with a robust foundation for the ambitious growth and investment programme that Coillte is planning for the years ahead.

We believe that 2021 will be a year of recovery. While the underlying demand in our core markets of Ireland and the UK is relatively strong, the forestry licence crisis and the pandemic will continue to impede our performance for at least the first half of the year.

THE GROUP ENDED THIS TURBULENT YEAR ON A FINANCIALLY STRONG NOTE, WITH NET DEBT OF €28M DRAWN DOWN AGAINST DEBT FACILITIES OF €180M.

FOREST

Our forest business faced serious challenges in 2020, primarily caused by a lack of forestry licences, which directly affected timber production. As a result, the business's financial performance was considerably lower than in 2019. This was largely driven by a decline in timber sales volumes, caused by the difficulty in securing felling licences and road permits for our harvesting operations amid a new regulatory regime introduced by the Department of Agriculture, Food and the Marine (DAFM). Coillte responded to these new regulatory procedures by enhancing our appropriate assessment processes for all felling and road licences with a designated in-house project team and additional ecologists. However, the new regulatory procedures significantly reduced the rate at which DAFM processed licences and permits, which curbed the level of timber production and substantially curtailed supply to sawmills throughout 2020. Although there have been signs of improvements in the rate at which forestry licences are being processed by DAFM in recent months, continuing issues with the licencing of road permits will have an ongoing impact on timber production and sawmill supply well into 2021.

Despite the backdrop of domestic supply difficulties in 2020, Coillte did benefit from a significant recovery in timber prices throughout the year, particularly in the UK market. The year started with continued uncertainty over Brexit and an oversupply of sawnwood products from Europe flooding the UK market. However, the Covid-19 restrictions curtailed timber production across Europe in the early part of 2020, which restored equilibrium to the market, with resultant increases in timber prices. Consequently, the outlook for the timber market in 2021 is positive, with strong demand for timber products despite ongoing uncertainty around Covid-19 restrictions on the construction sector.

In addition to timber production and sales, Coillte's forest division also manages all aspects of the Group's forestry business, including tree-planting, forest management and protection, biodiversity protection, and outdoor recreation.

While 2020 was a challenging year for forest fire protection due to long spells of very dry weather during the Spring - there were 113 forest fires reported, up from 50 in 2019, with 260 hectares of forest damaged - other parts of the forest division generated several notable achievements in 2020:

- Coillte planted its largest number of trees ever, with 22m trees planted across 9,168 hectares of restocked forest.
- An excellent result obtained in the joint forest certification audit by the FSC® (Forest Stewardship Council) and PEFC™ (Programme for the Endorsement of Forest Certification) demonstrated Coillte's excellence in forest management, which ensures that our timber products are sustainably and responsibly produced. Coillte also successfully moved to the new ISO 45001 standard in occupational health and safety.
- Continued progress was made during the year in our BIOForest project, which aims to protect and enhance the 90,000 hectares of high biodiversity and nature areas in our estate. Using our bio-classification system, we can determine the importance of these habitats, and 2020 saw the ongoing development of detailed forest plans, implementation planning, and the training required to enhance and restore these sites. We look forward to progressing these plans in 2021.
- Our outdoor recreation initiatives in 2020 included moving through the planning, detailed design stage and Board approval of a major redevelopment of Avondale House and Forest Park in Co. Wicklow to create a new visitor destination of national scale. Construction will start in 2021 and the site is expected to open to the public in 2022.
- New mountain biking infrastructure was developed on our forest estate, with new trails in Coolaney, Co. Sligo, and in the Slieve Bloom Mountains, as well as enhancements of existing trails in Ticknock, Co. Dublin, and Ballinastoe, Co. Wicklow. Our new trails will officially open in 2021, but have already proven hugely successful, attracting high visitor numbers and helping to stimulate local economies.
- While Covid-19 has presented numerous challenges to the recreation team, it has also been the driver for the unprecedented increase in visitors to our forests, which offer much sought-after opportunities for mental and physical wellbeing.

AN EXCELLENT RESULT OBTAINED IN THE JOINT FOREST CERTIFICATION AUDIT BY THE FSC® AND PEFC™ DEMONSTRATED COILLTE'S EXCELLENCE IN FOREST MANAGEMENT.

ABOVE
Artistic conception of proposed viewing tower at Avondale forest park.

LEFT
New mountain bike track developed in the Slieve Bloom mountains.

LAND SOLUTIONS

The Land Solutions division enjoyed a good year in 2020 as it worked within the parameters of Covid-19 restrictions. This division has been on a new path as it moves its renewable energy assets – the largest part of its operation – into a new joint venture with the ESB.

During 2020, highlights for the rest of the Land Solutions business included the first full year of Coillte Nature and achievement of a record level of bare land and immature forest purchases by our property sales and acquisitions team, while the strategic investments and asset management team provided management and governance of our key investments.

Property Sales and Acquisitions

During 2020, Coillte continued to grow the overall productivity of the estate through the disposal of unproductive land and the acquisition of immature forests and bare land. In total, we sold 496 hectares, which generated proceeds of €9.9m, and we purchased 412 hectares. This is vital for Coillte's strategy of growing our forest estate and increasing our level of afforestation.

Coillte Nature

Coillte Nature was launched in 2019 as a not-for-profit division to deliver new native woodlands and to undertake biodiversity restoration projects at scale. The Coillte Nature team made an immediate impact in 2020, the first full year of operation.

In the Spring of 2020, work began on a world-first - the rehabilitation of a cutaway bog on Bord na Móna lands on the Kilkenny/Tipperary border. The summer saw the first phase of the Dublin Mountains Makeover, which involved the removal of non-native areas of the forest, with the support and understanding of forest visitors. The planting of the first native woodland in the Dublin Mountains Makeover was carried out in December. In the Autumn, Coillte Nature removed invasive species across 30 hectares of the Hazelwood Forest, an alluvial woodland and EU-protected habitat that lies on the shores of Lough Gill, Co. Sligo.

Strategic Investments and Asset Management

The Land Solutions division continued to make, manage and co-ordinate strategic investments on behalf of Coillte. Key investments currently being managed include our stake - in partnership with Accsys Technologies and INEOS - in the consortium that's building the world's first wood chip acetylation facility, located in Hull (UK). It will make long-lasting Tricoya woodchips that will be used at our MEDITE operation. Our other main investments that we are progressing are our renewable energy development interests and the upgrade of energy systems at our MEDITE SMARTPLY business.

Exploring the Bioeconomy

Keys areas of focus in 2020 included examining the potential opportunities for wood fibre in construction products, fuels and chemicals in the emerging and growing green economy. The unit has developed a strong external collaboration focus with partners across academia, State departments, agencies, and private companies as it explores how these innovations can be developed through partnerships and funding.

IN THE SPRING OF 2020, WORK BEGAN ON A WORLD-FIRST - THE REHABILITATION OF A CUTAWAY BOG ON BORD NA MÓNA LANDS ON THE KILKENNY/TIPPERARY BORDER.

RENEWABLE ENERGY

Despite the complications of operating in a Covid-19 environment for most of the year, Coillte made significant progress in 2020 in its renewable energy project portfolio.

After the new joint venture development company was successfully agreed with the ESB in late November 2019, an initial application for approval for the transaction from the Competition and Consumer Protection Commission (CCPC) was filed in early 2020. This approval from the mergers regulator was obtained from the CCPC in early 2021. As a result, the new joint venture development company is expected to be established in the first half of 2021, subject to Shareholder approvals.

The Coillte-ESB company will be a significant milestone event for our organisation. It will see our entire renewable energy team transfer into the new joint venture, which aims to deliver more than 1 GW of new renewable energy - mostly from onshore wind - by 2030.

This means Coillte will be an important enabler of Ireland's transition to a more sustainable future in electricity generation, a key component of the 2020 Programme for Government and the Climate Action Plan. The joint venture is being established at a time when awareness about the threats posed by climate change continue to increase: the European Green Deal set out a roadmap for the EU bloc to be carbon neutral by 2050, and the EU plans to spend €1 trillion to meet this commitment. There is also continued growth in Environmental, Social and Governance (ESG) investments in the financial markets, which is bringing about rapid changes to businesses. Lastly, the ambitious Programme for Government includes a commitment for Ireland to enact important climate legislation.

In 2020, one of Coillte's renewable energy projects (the Lenalea 30MW windfarm in Co Donegal, which Coillte is developing with SSE Renewables) also participated in the State's first Renewable Energy Support Scheme (RESS) auction. The RESS aims to incentivise the generation of renewable energy to help Ireland meet its climate targets and to speed up deployment of onshore wind and solar energy projects, including community-owned projects. The RESS auction system awards successful projects a guaranteed price for the electricity they generate. Securing a contract at the RESS auction put the project on course to finalise its investment decisions and commence construction in 2021.

MEDITE SMARTPLY

MEDITE SMARTPLY is Europe's leading provider of technically advanced wood panel products delivering outstanding sustainability credentials, unrivalled innovation, and industry leading customer service.

As an international business, our focus is on renewing and transforming our operational capability whilst maintaining everything which has resulted in our leading positions, in our chosen markets.

We aim to evolve our 'relevance' with our key customers through developing common ground, growing our scale and optimising value-added goods with our differentiated product offer.

2020 saw the achievement of numerous key successes. Agility within the business and strong customer relationships allowed us to mitigate the impacts of the pandemic which also included significant disruption to our supply chains which are more resilient as a result. We developed new strategic positions in France, achieved record volumes for SMARTPLY in mainland Europe, and realised one of our long-standing product development programmes with SMARTPLY MAX FR B. Our MEDITE business recovered strongly through the year supported by 3 new product introductions.

Furthermore, we broke ground on SMARTPLY's c.€45M investment to upgrade the drying plant, which will enhance resource efficiency and asset reliability while greatly increasing plant capacity.

We enter 2021 with good momentum, recognising that our business is cyclical and being diligent to anticipate future changes.

Government initiatives, sustained housebuilding programmes, consumer buying behaviours and the global demand for wood-based products are common themes acting as growth drivers, touching all our markets.

Preparations for Brexit resulted in minimal disruption although we remain vigilant to on-going consequences affecting our markets and customers.

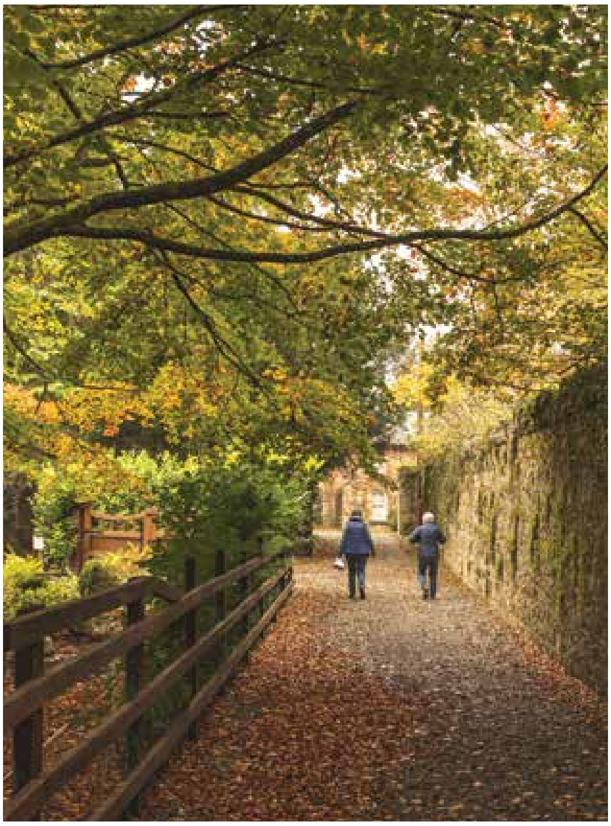
Our growth strategy and capital investment plans remain on schedule and we will continue to develop all these programmes during 2021. Additionally, we have several important projects underway which include a 'customer experience programme', executing our MEDITE Tricoya Extreme growth strategy (following the completion of the Hull facility during 2021) and developing our sustainability initiatives.

WE ENTER 2021 WITH GOOD MOMENTUM, RECOGNISING THAT OUR BUSINESS IS CYCLICAL AND BEING DILIGENT TO ANTICIPATE FUTURE CHANGES.

2.2 MILLION VISITS

TO COILLTE'S MOST POPULAR
LOCAL FORESTS SINCE MARCH 2020

COILLTE DURING COVID-19



Keeping Ireland Moving

Our forests became increasingly important and popular to visit with the public during Covid-19 restrictions. Many people enjoyed reconnecting with nature in their local areas. It's widely agreed fresh air and green outside spaces enhance people's mood, happiness and overall health.

Visitor numbers to some of Coillte's most popular recreational forests have doubled to tripled since lockdown began last year, depending on location.

- Overall, visitor numbers to our top 50 forests were 2.2 million from the beginning of March to the end of December 2020.
- This represents an overall increase of c.40% from 1.6 million for the same period in 2019.
- As Coillte has c.6,000 forest properties, the number of visitors across the nation's forests is a multiple of this.

Some forests like the Dublin Mountains, Rossmore in Monaghan and Donadea in Kildare experienced doubling or tripling of visitor numbers. The Dublin Mountains (of which Ticknock Forest accounts for the majority) is the most visited, followed by Rossmore Forest Park, Co. Monaghan and Donadea Forest Park in Co. Kildare.

VISITOR NUMBERS DOUBLED TO TRIPLED TO COILLTE'S LOCAL FORESTS DURING COVID-19 LOCKDOWN.

Coillte Designated an Essential Service

Forestry was named an essential service by the Government in March 2020, when restrictions aimed at curbing the spread of Covid-19 were first imposed. This enabled Coillte to keep its forests open to local visitors and also to continue harvesting wood amid demand for construction timber panels and other wood products made by our customers.

The Covid-19 pandemic also saw growth in online sales in Ireland surge in 2020 to five times the average annual growth experienced in 2017, 2018 and 2019, according to Wolfgang Digital. This explosion in online deliveries led to greater demand for the transport of goods nationally and abroad and saw an increasing demand for pallet wood production.

Health and Safety

Protocols

Health and safety was paramount as staff adapted to new remote working practices and hygiene control measures. Coillte's offices closed in March 2020 and will remain closed for an extended period in 2021. Our Covid-19 Response Team excelled during the year to keep our staff safe by providing clear, practical advice and weekly updates.

Management

Coillte's health and safety management systems are fully accredited and certified. In 2020, Coillte transitioned from OHSAS 18001 certification to ISO 45001 Safety Certification following the successful completion of an online safety system documentation audit conducted in April and field audits held in September.

The Safety Team developed a Safety Statement standard which was issued to our contractors early in 2020. There was a significant decrease in the number of employee accidents in 2020.

Safety Alerts and Notices were issued to contractors following accident investigations and certification audits. Four safety eLearning modules were rolled out to staff during 2020:

- Overhead Powerlines
- Working Alone
- H&S Induction
- COVID-19

The Working Alone eLearning safety module developed by Coillte and Cobblestone won the 2020 Excellence in Digital Learning Award from the Irish Institute of Training & Development. As part of our Safety Improvement Plan for 2020 a series of remote workshops were held on Behaviour Based Safety, facilitated by Ibec.

OUR COVID-19 RESPONSE TEAM EXCELLED DURING THE YEAR TO KEEP OUR STAFF SAFE BY PROVIDING CLEAR, PRACTICAL ADVICE AND WEEKLY UPDATES.

Coillte Staff and Covid-19 - The New Normal

Coillte's staff working practices changed significantly in 2020 with the onset of Covid-19. Staff adapted quickly and rose to the new challenge of remote working, with virtual meetings becoming the new normal.

Field based staff adopted new health and safety and hygiene protocols to protect themselves, their contractors and the public. Our IT team also worked tirelessly to ensure that the move to remote working for office based staff was implemented seamlessly. At MEDITE SMARTPLY, staff pivoted, adopting new hygiene practices to maintain a business as usual approach whilst ensuring the safety, health and welfare of all staff was always paramount.

'Keep Coillte Moving' was an ever present feature in our CEO's weekly email to staff and highlighted how different parts of the business were constantly adapting to the new challenges posed by Covid-19.

This has allowed Coillte to take the opportunity to assess what the future holds for staff in terms of future working models post Covid-19. A project team was established in H2 2020 with a view to assessing the benefits and challenges of working practices both previous to and during the Covid-19 restrictions.

The core objective of this project was to make a recommendation for the future working model for Coillte post Covid-19.

A comprehensive staff survey was conducted in Q4 2020. The output showed that the majority of staff now favour a more flexible working model of office and remote working into the future. This project is ongoing in 2021 and it is anticipated that any changes to our working model will be delivered in late 2021.

Pieta Virtual Wren Run 2020

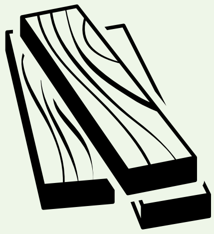
Coillte was the main sponsor of the 2020 Pieta Wren Run. Back for its 6th year, the Pieta Wren Run on St. Stephen's Day is an event where participants can Walk, Jog or Run 3km or 6km in solidarity with others all over Ireland and across the world in order to help raise mental health awareness.

Funds raised from the event are donated to Pieta and local community initiatives (50:50 basis). Our local beneficiaries for 2020 are Looscaun Parish Development, Woodford Tidy Towns, Mercy College, Davitts Camogie Club, Woodford Youth Club, Woodford Christmas Lights and Tommy Larkins GAA Club.

To accommodate the unprecedented circumstances in 2020 and to ensure people remain safe, the decision was taken to make the annual event virtual for this year. This meant that anyone could participate over the 24 hour period on St. Stephen's Day at any location.

'KEEP COILLTE MOVING', WAS AN EVER PRESENT CATCH PHRASE IN 2020.

OUR FORESTS



FOR WOOD

Coillte is Ireland’s largest producer of sustainably certified roundwood, the raw material that sawmill and panel board customers process into high-quality timber and timber products.

The forestry sector supports some 12,000 jobs - largely in rural Ireland - and contributes about €2.3bn to the national economy, and is predicted to double in size over the next decade.

COILLTE PRODUCES ABOUT 75% OF IRELAND'S TIMBER SUPPLY AND SITKA SPRUCE IS OUR MAIN COMMERCIAL TREE SPECIES.

Our key customers operate in sawmilling, wood-based panels, animal bedding, biomass and firewood. The wide range of uses that our customers have for our roundwood fall into three main categories:

- **Pulpwood**
  Wood-based panel products (MDF, OSB), animal bedding products, biomass and firewood
- **Small sawlog**
  Pallets and fencing for the Irish and UK markets
- **Large sawlog**
  Mainly construction carcassing grade timber for use in the Irish and UK construction markets

Coillte's wood production in 2020

- In 2020, Coillte produced 2.31m cubic metres of wood
- Some 1.42m cubic metres of that wood was sold as sawlog to our sawmill customers
- In all, Coillte sold enough construction timber to build 50,000 homes, based on using an average of 46 cubic metres of timber per home

2.31m

CUBIC METRES OF WOOD PRODUCED IN 2020

50,000

COILLTE SOLD ENOUGH CONSTRUCTION TIMBER TO BUILD 50,000 HOMES

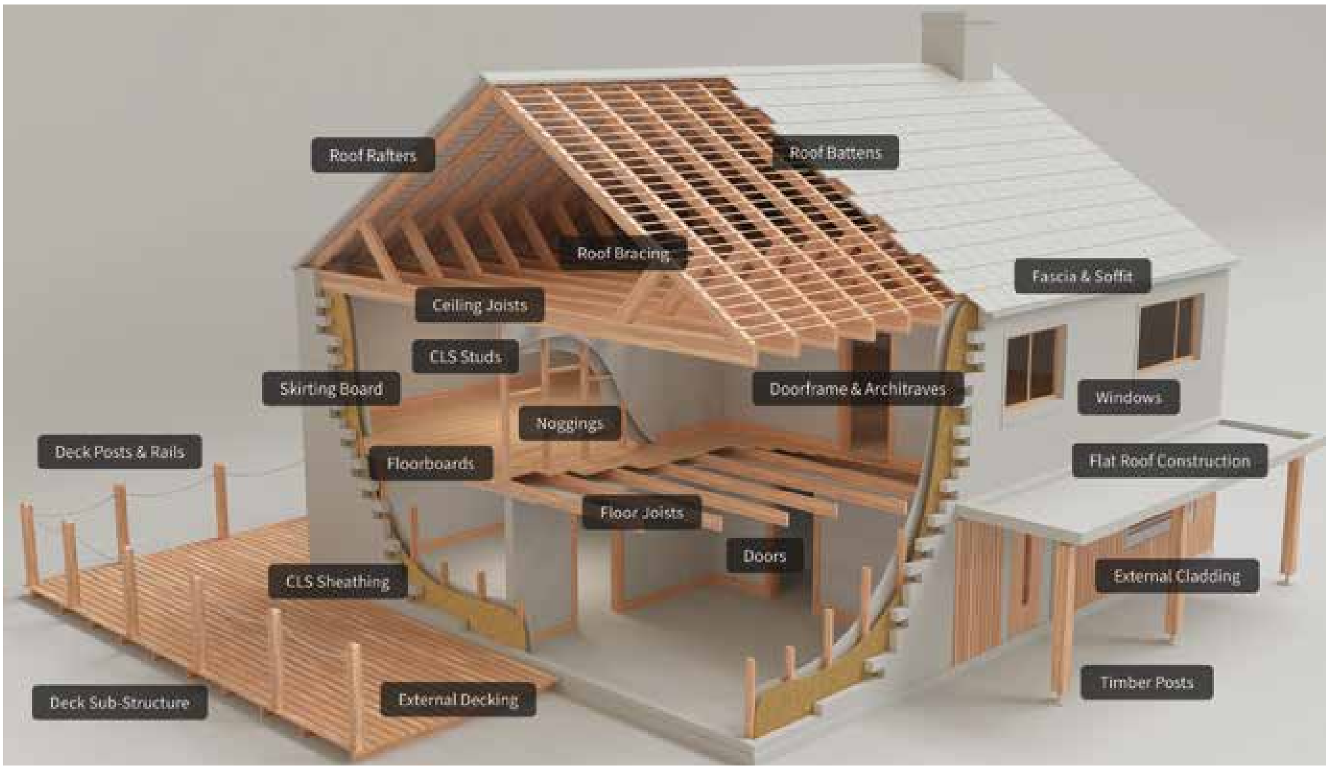
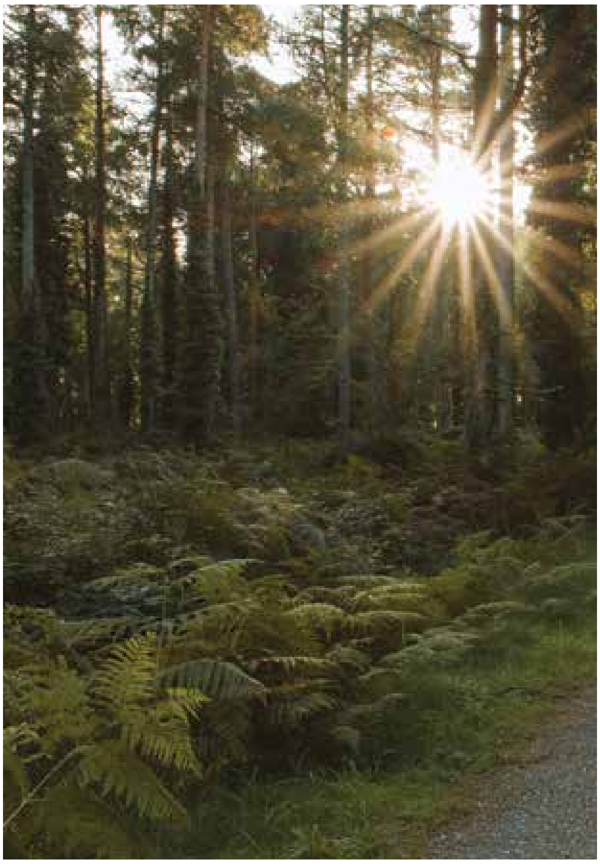


Diagram: Application of Irish Timber in house building.



Sustainable uses
Wood grown in Coillte forests is not just a valuable commodity; all of Coillte's timber and forest products are sustainably produced, so they contribute towards the mitigation of climate change by acting as a substitute for a vast range of synthetic materials derived from non-renewable sources.

As well as being used to make pallets to move essential goods around the world, to produce furniture and to manufacture fencing for our farms and our gardens, Coillte's wood is used to make the MDF and OSB panels extensively used in buildings.

Coillte's forests are a critical source of construction timber, necessary for the roofs and floors that go into the structures of our homes. Because Coillte's wood is fully renewable and sustainable, the construction materials it makes are a low-carbon alternative to extractive-based materials such as cement, plastic, and steel, thereby enabling developers and builders to reduce the carbon footprint of new housing. Indeed, the carbon benefits of building with wood are three times greater than conventional masonry builds, using eight fewer tonnes of carbon dioxide per housing unit, according to Coillte analysis of research carried out by Bangor University's Biocomposites Centre.

Sustainable forest management

Sustainable forest management is about getting the balance right between producing wood sustainably, protecting and enhancing nature, and creating attractive places for people to visit.

Our team work hard to deliver that balance. Coillte consults with independent ecologists to identify those forests that can be best managed for nature. By doing so, we can draw more visitors to our forests. Indeed, it was the need to be amongst nature that led to the number of visitors to some of our most popular recreational forests doubling or even tripling during the pandemic in 2020. Independent verification of Coillte's sustainable forest management practices is provided by forest certification audits by the Forest Stewardship Council (FSC) and the Programme for the Endorsement of Forest Certification (PEFC). In May 2020, during the first Covid-19 lockdown, the Soil Association carried out a dual FSC and PEFC audit of Coillte's forests in Co. Galway and Co. Clare. Four auditors conducted their assessments remotely from bases in parts of the UK and Romania. Field audits of active sites were conducted via phone conferences, during which photos were streamed back to the auditors for review.

At the conclusion of the audit, Coillte received just two minor corrective action requests, representing one of the best results in almost 20 years of FSC audits and six years of PEFC audits.

Photo: Pól O'Donncha, operations manager at Coillte's BAU 2 area in the Midwest, being audited remotely by phone on an active forest establishment site.

Project of the year

In October 2020, MEDITE SMARTPLY was shortlisted in the Project of the Year category at the annual Wood Protection Association (WPA) awards for its acoustic panel fitout of the Stephen Perse Foundation School in Cambridge. MEDITE SMARTPLY was nominated for its use of 530 MEDITE PREMIER FR MDF panels in a new state-of-the-art sports hall. The panels were especially chosen for their fire performance, acoustic performance, and sustainability.

The WPA is a not-for-profit trade association that champions the use of timber as a building material and promotes the development of technology that enhances the performance and value of sustainable softwood products.

IN OCTOBER 2020, MEDITE SMARTPLY WAS SHORTLISTED IN THE PROJECT OF THE YEAR CATEGORY AT THE ANNUAL WOOD PROTECTION ASSOCIATION (WPA) AWARDS.

Photo: MEDITE SMARTPLY, manufacturing facility in Redmondstown, Clonmel, Co. Tipperary.

SUPPORTING A SAFER, BRIGHTER FUTURE FOR TIMBER BUILDINGS.

SMARTPLY MAX FR B

Coillte's MEDITE SMARTPLY business, which has operations in Clonmel and Waterford, manufactures a versatile range of medium-density fibreboards (MDF) and oriented strand boards (OSB) that are used widely in construction.

In 2020, the business unveiled the latest addition to its range of sustainable wood building products, namely SMARTPLY MAX FR B. This market innovation brings increased safety and reliability to an industry that relies on safety and predictability.

SMARTPLY MAX FR B is the first Euroclass B board -- the maximum Euroclass rating for a wood panel – manufactured in the UK or Ireland that uses wood flakes treated with a flame-retardant solution before pressing. This ensures the flame retardance is integral to the board and that it maintains its structural integrity, unlike many post-treated alternatives, so it is the safer choice for use within timber-frame construction or in projects that require a large amount of timber product.

This is a solution that has potential in a huge range of applications and industries, from modern methods of construction such as off-site and timber-frame construction to light gauge steel and modular construction systems to temporary structures. SMARTPLY MAX FR B can be used in a timber-frame building when mitigation measures are required due to the distance from neighbouring buildings.

Manufactured using advanced resin technology that results in a high-performance no-added formaldehyde panel, SMARTPLY MAX FR B can enable architects, contractors and fabricators create safer, healthier environments. This includes not only the built environments created using the product, but also the natural environments left behind, because SMARTPLY MAX FR B is sustainably produced using timber from sustainably managed Irish forests.

One of the main motivations for MEDITE SMARTPLY in developing the product was to support a safer, brighter future for timber buildings, one that will enable the construction industry to work more sustainably and more efficiently.

OUR FORESTS

FOR NATURE

The climate and biodiversity emergencies pose the greatest challenge facing humanity. As Ireland's largest landowner, Coillte is in a position to deliver strategic solutions that help restore nature and improve the integrity of our life support systems.

All of Coillte's forests are sustainably managed and independently verified as such by the FSC and PEFC. As an integral part of sustainable forest management, 20% of Coillte's forests are managed primarily for the protection of wild species and habitats. In addition, in 2019, we launched a not-for-profit division called Coillte Nature to deliver large-scale solutions focused on making a contribution to addressing the biodiversity and climate crises.

Coillte Nature

Coillte Nature uses ecological best practice to restore, regenerate and rehabilitate nature across Ireland, through close collaboration with internal and external partners.

In doing so, Coillte Nature is building upon 32 years' experience in forestry, land management and habitat restoration to deliver a real impact through innovative projects-of-scale across four strategic themes:

1. **Reforesting** our landscapes by planting new native woodlands on un-forested land
2. **Restoring** important biodiversity areas by investing in major habitat improvements
3. **Regenerating** urban forests for the benefit of people and nature
4. **Rehabilitating** ecosystem services by bringing sensitive or degraded lands into better health

Progress has been swift: in October 2019, a diverse team was appointed from both inside and outside the organisation for Coillte Nature, and, in 2020, work began on a number of priority projects such as the Midlands Native Woodland project, the Hazelwood Forest project, and the Dublin Mountains Makeover project.

Restoring Hazelwood Forest

Hazelwood Forest lies at the heart of Yeats Country, on the shores of Lough Gill in Co. Sligo, where it overlooks the Lake Isle of Innisfree. A semi-natural treescape of 130 hectares, it features one of the finest alluvial woodlands in the entire country.

This EU-protected habitat is rich in water-loving native tree species such as willow, alder and ash, and is periodically flooded by the Garvoge river. However, it has been afflicted by the presence of rhododendron, an invasive shrub that casts dense shade on the understory and prevents young native trees, shrubs and ground flora from growing as they would in a healthy habitat.

Coillte Nature carried out a number of ecological studies to ensure best practice in restoring Hazelwood. It set out to remove the invasive species, to enable the natural regeneration of the alluvial habitat, and to support the wider woodland's biodiversity values through the reforestation of a former commercial plantation with native tree species.

In April 2020, we replaced an adjacent conifer plantation with new native species, namely birch, alder, Scots pine, rowan, willow and holly. Work to clear the invasive species commenced in late summer and ceased in early November, when weather conditions conspired against the contractor as site conditions became too wet. Coillte Nature also used Ecoplugs to control the regrowth of rhododendron and laurel on cut tree stumps.

Midlands Native Woodland Project

Many cutaway bogs in the Midlands require a delicate rehabilitation so that they can return to a healthy state. This means re-wetting bogs wherever possible. In cases where this is not possible - for instance, on higher, drier areas with shallower peat - native trees can help to minimise further carbon losses from the soil and support the establishment of a biodiverse habitat.

At the Littleton Bog complex on the border of Co. Kilkenny and Co. Tipperary, Coillte Nature is working with Bord na Móna to explore the ways such habitats can be created on a 338-hectare site. The overarching objective of the rehabilitation strategy is to re-wet cutaway bog, though unsuitable parts of the site - such as mounds, ridges, steep slopes and other raised areas - will be rehabilitated as native woodlands.

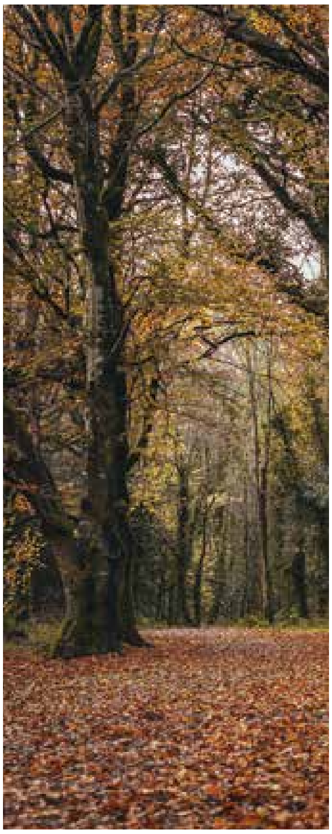
We are testing close-to-nature approaches to woodland planting on small areas by mimicking the native woodland habitat that grows naturally on the bog. Using a mix of native Irish and local species, including birch, willow, Scots pine, rowan and alder, extensive trials on more than 100 small plots were conducted in early 2020 to inform the Environmental Impact Assessment required by the Forest Service. We tested a range of novel afforestation methodologies, including seeding, planting bareroot trees, plugs, willow cuttings, as well as different site preparation treatments across a variety of peat depths and types. Coillte Nature is still learning from the results of these trials and further trials will be carried out over the next two years as we explore additional techniques.

The prospect of a potentially transformative solution for these degraded complex landscapes brings significant hope for emissions reduction, peat stabilisation, biodiversity, and recreation enhancement at a large scale. However, this is an ambitious and challenging project that requires a cautious, collaborative and adaptive management approach, and the team is engaging closely with stakeholders from the public, academic, practitioner and non-governmental sectors to deliver it.

DELIVERING REAL IMPACT ON THE CLIMATE AND BIODIVERSITY CRISES THROUGH INNOVATIVE PROJECTS OF SCALE.

RIGHT
Contractors removing invasive rhododendron plants.

BELOW
Coillte's Hazelwood forest.



ABOVE
A dense thicket of invasive rhododendron at Hazelwood forest.

LEFT
Coillte CEO Imelda Hurley plants a Scots pine tree in Ticknock as part of the Dublin Mountains Makeover.

Forest biodiversity management in action at Killinthomas Wood

Killinthomas is a mixed forest, with a canopy of conifers, ash trees and oak trees, just outside Rathangan village in Co. Kildare. It is associated with Thomas FitzGerald, the 10th Earl of Kildare, a leading figure in 16th-century Irish history who was known as Silken Thomas, though it is unknown whether the site was wooded when FitzGerald was alive.

Killinthomas is one of Coillte's "old woodland" sites, namely sites that have been continuously wooded since at least the first edition of the Ordnance Survey maps of 1830 to 1844. Coillte surveys have shown that these old woodland sites are of high conservation value. Some sites may have had continuous cover since ancient times. Killinthomas is mapped as a Coillte biodiversity area because it has a good range of native broadleaf trees, typical of oak/ash/hazel woodland, and has associated field layer flora. Mature oak trees are scattered throughout and there is a good diversity of native shrubs, such as hazel and spindle. As well as being a biodiversity area, Killinthomas is an amenity area for the local community, with a number of walks through the woodland.

The biodiversity area management plan for this area was that the woodland should be managed in a way that maintains the forest habitat and benefits its value for biodiversity. This would be done by improving structural diversity (i.e. creating a forest where trees of all different sizes are present), maximising its species diversity (i.e. the number of tree species present), and by promoting the development of native shrubs and ground flora. The BIOForest team recommended that the best way to achieve this was to manage Killinthomas through Continuous Cover Forestry (CCF). CCF is an approach to forest management where the forest canopy is always retained but individual or small groups of trees are removed at certain times to allow light to reach the forest floor and allow new seedlings to grow and develop.

With this approach, the forest develops over time into a multigenerational forest with different layers beneath the canopy and a greater diversity of species. This is achieved by mimicking natural processes in the forest, such as pockets of trees blowing over, thereby creating a gap and allowing new trees to grow in their place. CCF is not suitable for many sites due to issues such as windblow risk, but it is suitable for Killinthomas.

In 2020, Coillte embarked on the implementation of CCF management at Killinthomas. The biodiversity area management plan specified the intensity of tree removal that was required in different parts of the forest. The trees to be felled were carefully identified and were painted with different markings to inform the operations contractor how and why the trees are to be treated. For example, some trees are ring-barked, so that they die off in situ and create space for mature oak trees to age and develop into veterans, while other trees are removed, thereby creating small canopy gaps to promote natural development of a new generation of trees.

Some of the trees removed at Killinthomas were ash trees, which are used to make hurleys. Hurley ash trees need to be felled carefully so that their form and shape are suitable for crafting hurleys from the butts. This means Coillte can add value to a tree-felling operation within a biodiversity area, while also enhancing the biodiversity value of the forest.

OUR LAND IS ONE OF OUR MOST POWERFUL TOOLS IN RESPONDING TO THE CLIMATE CHALLENGE.

Wild Western Peatlands Project

Plans were progressed in 2020 for the Wild Western Peatlands project. The project, which is subject to funding, will see Coillte Nature restore and rehabilitate approximately 2,100 hectares of Atlantic blanket bog on the western seaboard, from Connemara and Mayo right up to Donegal.

Coillte Nature's aim is to take an ecological approach towards restoring and rehabilitating this sensitive landscape, which is currently planted with commercial spruce and pine forests. We'll do this by re-wetting bogs as much as possible and establishing pioneer native woodlands on the edges and slopes where re-wetting isn't possible. These sparse pioneer woodlands will feature hardy native Irish species such as birch and Scots pine, which are ecologically appropriate for such exposed sites.

BIOForest: A new way of managing Coillte's biodiversity areas

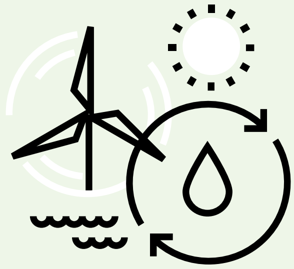
The Coillte estate is home to many biodiverse habitats and species, and Coillte manages these biodiversity areas in a way that enhances their value for nature.

These areas vary widely in terms of the habitat type present and their ecological value. Coillte has developed a procedure called BioClass to classify biodiversity areas according to their habitat type and overall ecological value. The BioClass procedure is based on national research on indicators of biodiversity in Irish forests. The benefit of BioClass is that the biodiversity information is summarised and provided to Coillte staff in an easily accessible manner.

About half of Coillte's biodiversity areas are forest habitats, namely native forests, broadleaf forests, mixed conifer-broadleaf and conifer forests. The other half are open habitats -- mostly bogs and heaths, with some specialised habitats such as limestone pavement and coastal habitats. Some biodiversity areas are of very high ecological value and are significant at national or international level, while others are of moderate value and are significant at a more local level.

The BioClass foundation work has recently been implemented in active management plans for Coillte's biodiversity areas, through a new project known as Coillte BIOForest. The Coillte BIOForest project combines the skills of foresters and ecologists to develop an operational plan that is both practical to implement and benefits biodiversity values. In some biodiversity areas, biodiversity enhancement works also result in trees being felled and timber being produced. To support the work of Coillte BIOForest, Coillte brought in consultant ecologists and foresters in 2020 to facilitate the rollout and implementation of management plans to protect and enhance Coillte's valuable and unique biodiversity resource.

OUR FORESTS



FOR CLIMATE

“Most forests on our planet have experienced some human impacts, yet they can still be healthy and wild. We can keep them this way whilst carefully extracting wood and other products and valuing them as they are. By managing them well, we can work with their natural resilience to keep them standing."

— Sir David Attenborough

Trees, carbon and climate change

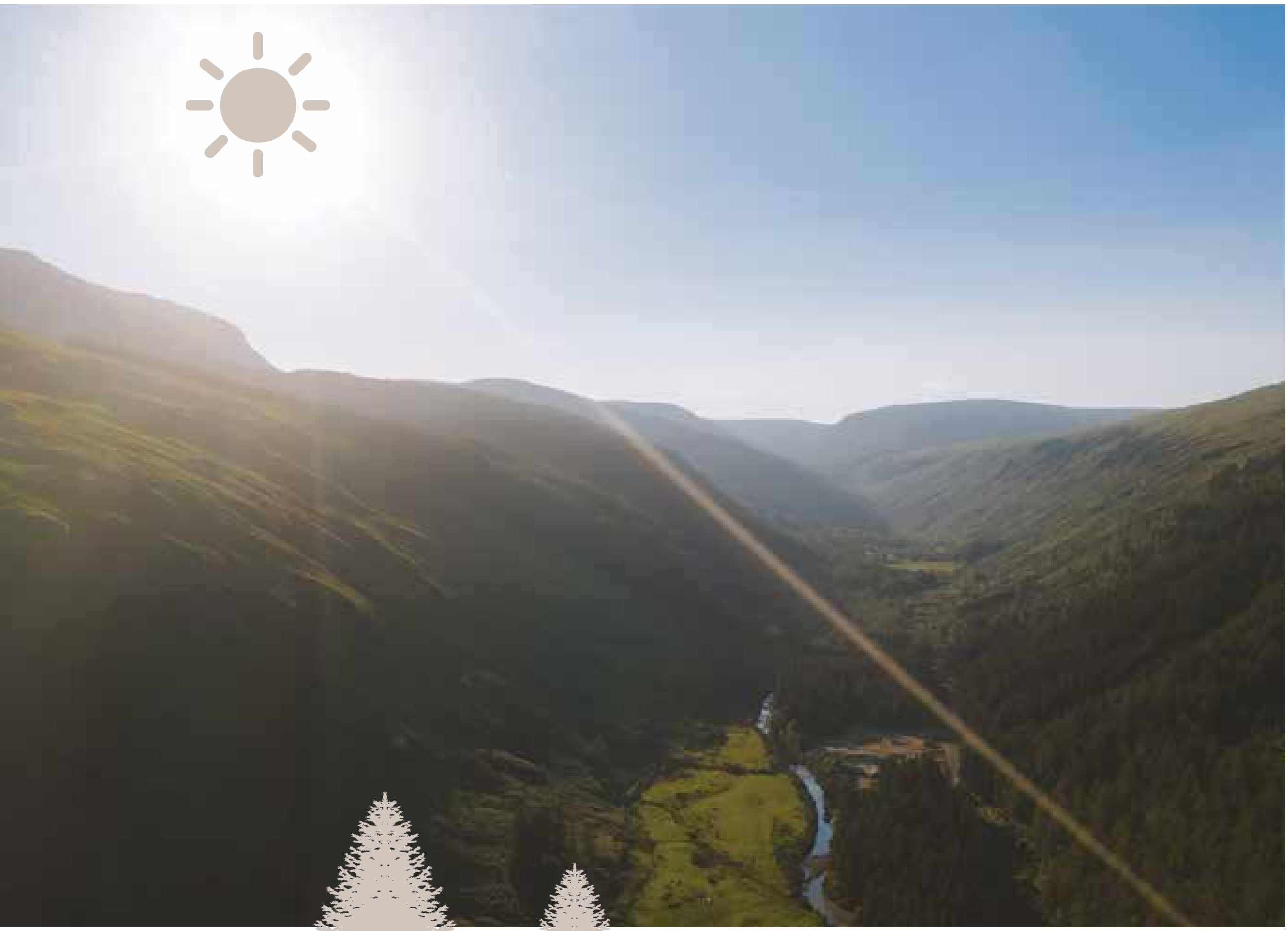
Trees are key to the battle against carbon dioxide, the main greenhouse gas that drives climate change.

As they grow, trees absorb carbon dioxide from the atmosphere. They convert this carbon into sugars and wood and release pure oxygen back into the atmosphere. This is incredibly valuable, ensuring forests with thousands of trees are both an effective carbon store and carbon sink.

Harvesting trees before they die naturally (and return their carbon to the atmosphere) locks the carbon into the wood and timber products. Replanting the trees then begins the cycle of carbon storage again.

Ireland's forests are our largest carbon sink, sequestering around 4m tonnes of carbon dioxide from the atmosphere every year - equivalent to 70% of the emissions from the cars on Irish roads. The total amount of carbon stored in Irish forests is also significant, with above and below ground stores estimated to hold more than 310m tonnes of carbon.

AS TREES GROW, THEY ABSORB AND STORE THE CARBON DIOXIDE EMISSIONS THAT ARE DRIVING GLOBAL HEATING.



Growing a new Irish bioeconomy

While global carbon emissions declined in 2020 as the pandemic put the brakes on economic and social activities, scientists expect a rebound as economies recover.

The world will need to continue shifting away from industries built on fossil fuels and their derivatives in favour of business models based upon renewable, natural and sustainable materials. This new bioeconomic model is focused on low-carbon growth and resource efficiency - an economy that puts biologically-derived resources at its centre.

This is where Irish forests can make their mark. Coillte manages a forest and land estate of c.440,000 hectares, which is equivalent to approximately 7% of the country's land. By supplying wood from sustainably managed forests (always replanting our trees), and integrating renewable energy sources such as wind and solar on our land in the right places, our business can enable a vibrant national bioeconomy.

The timber and timber products produced by Coillte also act as a low-carbon substitute to carbon-heavy products such as concrete and steel in the construction industry. Irish wood and wood products are used increasingly in our homes as roofs and floors and outdoors as decking and fencing.

Indeed, the switch from traditional construction models to the embracing of new technologies has released the potential of wood and wood products to create new innovative structures that once would have been thought impossible. In Norway, for example, the Treet (Norwegian for "the Tree") high-rise wooden building in Bergen proves that sustainable solutions for timber-based buildings can be achieved. When it was constructed in 2016, the Treet set a new record as the tallest timber building. Elsewhere in Scandinavia, a regular bus service between the Finnish cities of Kerava and Helsinki runs on biodiesel derived solely from tree resin.

Renewable energy

If Ireland is going to meet its binding national commitments on combatting climate change and de-carbonising the economy, we must develop successful renewable energy projects. Coillte has been at the forefront of this effort for more than 20 years and intends to continue this mission, both through partnerships in projects and by continuing to make suitable forest lands available.

The Irish government aims to meet the following targets by 2030 and developing onshore wind and other renewable energy capacity is key to delivering this ambition:

- 70% renewable electricity
- 30% reduction in carbon emissions
- 32.5% improvement in energy efficiency

Coillte has been a supporter of wind energy since the earliest days of the sector in Ireland in the 1990s. There are now wind farms producing 4GW of energy in operation in Ireland, and almost one-third of those wind farms are enabled via Coillte lands.

With the establishment of a renewable energy joint venture company with the ESB already underway, Coillte's own renewable energy development business will be progressing compelling project opportunities through that newly formed company.

As Ireland continues to promote new sectors, such as solar, storage and biomass, Coillte's Land Solutions team will ensure that our organisation can continue to be a key contributor in re-shaping Ireland's renewable energy supply landscape.

National Tree Week

The annual National Tree Week showcases the important role that trees and well-managed forests play in mitigating climate change.

Every March, Coillte links up with the Tree Council of Ireland for National Tree Week, and was once again the main sponsor of the event for 2020. The theme for the year was promoting tree health and the vital role that trees play in protecting our planet by taking on climate change and providing natural renewable resources. It also referenced the health benefits -- both physical and mental -- that trees and forests provide.

In March 2020, Coillte donated 30,000 native trees for planting during National Tree Week, twice as many as during previous years. Almost half a million trees have been planted during the annual event since National Tree Week first began in 1989.

In addition, Coillte also partnered with the Easy Treesie Project, which aims to plant 1 million trees with Ireland's 1 million school children and their communities by 2023. This project is part of the global Unesco-backed Plant for the Planet's www.trilliontreecampaign.org challenge. During 2020, Easy Treesie planted 100,000 native Irish trees supplied by Coillte.

As the start of National Tree Week 2020 coincided with the first Covid-19 lockdown, all public events were cancelled and were moved online instead.

MEDITE CLEAR

MEDITE CLEAR is a no added formaldehyde MDF, designed to help indoor air stay as clear as possible.

MEDITE CLEAR was developed for interior use in hospitals, schools, and other environments where the occupants of the building are especially sensitive. It contains the lowest levels of formaldehyde possible in wood products and offers anyone concerned with the effects of poor indoor air quality, no matter the environment, the chance to potentially improve it.

A versatile material, MEDITE CLEAR has been successfully used to create furniture, panelling, display cabinetry, and other components of public indoor spaces, creating happier and healthier environments for staff and visitors alike.

Located on Mick Delahunty Square, in the heart of Ireland's Ancient East, the Tipperary Museum of Hidden History officially opened following a launch in October 2019. Following a joint investment of €500,000 from Fáilte Ireland and Tipperary County Council, the museum's renovation featured the use of 169 panels within the remodelling of the venue's extensive display to the Tipperary public. It houses a collection of 25,000 artefacts from prehistory to present day, it is expected that it will attract at least 21,000 visitors over the next five years.

The entire floor has been completely re-designed and re-fitted with brand new display cases, plinths and stands. Over time, there is a definite tangible impact in the lifespan of an ancient or fragile artefact when it's housed in a case constructed with MEDITE CLEAR compared to one made with regular wood panels. It's a trustworthy product that has also proven to be extremely versatile and easy to work with in terms of machining and shaping.

"MEDITE CLEAR IS THE IDEAL PRODUCT FOR INTERIOR MUSEUM FIT OUTS. WE CAN BE CONFIDENT IN ITS LOW FORMALDEHYDE CONTENT, HELPING US TO PRESERVE OUR INCREDIBLY PRECIOUS ARTEFACTS."

Marie McMahon, curator for the Tipperary County Museum.

DID YOU KNOW?

CARBON DIOXIDE GAS CAUSES CLIMATE CHANGE

Growing trees actively removes carbon dioxide from the atmosphere and converts it to wood while at the same time releasing pure oxygen.

FOREST MANAGEMENT CAN HELP CLIMATE CHANGE

Coillte's sustainable forest management practices mean we always replant trees after they have been harvested, helping to remove more carbon dioxide.

WOOD AND WOOD PRODUCTS STORE CARBON

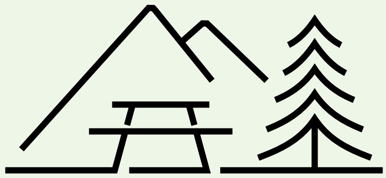
Choosing wood and wood products instead of non-renewable energy intensive products and fossil fuels helps reduce the effects of climate change.

FORESTS PLAY A VITAL ROLE IN COMBATING CLIMATE CHANGE

The country's forests represent the largest national carbon sink and store, sequestering some 4m tonnes of new carbon every year.


MAXXIS
MAXXIS
MAXXIS

OUR FORESTS



FOR PEOPLE

Coillte has an open forest policy, and welcomes visitors to all of its c.6,000 forest properties nationwide.

Coillte has 12 forest parks, 260 recreation forests and more than 3,000km of waymarked walking trails on its lands.

The Dublin Mountains Makeover

Coillte Nature is transforming 910 hectares across nine Coillte forests in the Dublin Mountains for people and nature through two novel forest management approaches: CCF (Continuous Cover Forestry) and R&R (Remove & Replant).

During June 2020 we embarked upon a CCF thinning in a beautiful stand of mature Sitka spruce at Ballyedmonduff. We removed individual trees to create space and light for seedlings to grow naturally and to increase the structural diversity of the forest stand. In this way, the large cathedral like spruce trees can be maintained on the landscape, enhancing the forests' recreational appeal.

Our next task was to make space for new native woodlands. In some parts of the Dublin Mountains, it's not possible to operate CCF and in others we want to change the species. That's why - in some places - we've opted for R&R instead: a technique whereby we clearfell the mature spruce and pine forest and replant it with new native woodland. First though, we survey the site and look at the soil type, ground flora and moisture regime to determine the most appropriate native woodland type and mix of species to plant.

In early December, we planted two areas with a mix of native trees. In the area closest to the car park we planted birch, Scots pine, oak, rowan and holly, which will develop into a pioneer birch woodland. In the area near the Red Barn, we planted the same mix of species but in different proportions. This area will develop into an oak-birch-holly woodland. These new native woodlands will see a greater diversity of species in the Dublin Mountains, enhance the habitat for wildlife and bring beautiful autumn colour to the hills. We are working with the Dublin Mountains Partnership to create new walking trails next year.

Avondale House and Forest Park

In 2020, in partnership with Fáilte Ireland, we progressed significantly with our plans and design stages for works to re-develop Avondale Forest Park and House into a state-of-the-art visitor destination.

The first phase of construction will commence in 2021, with an expected opening date of the newly re-developed Avondale House and Forest Park in 2022. Visitors will be able to explore two main themes; 'At Home with the Parnell's' which will celebrate the life and times of Charles Stewart Parnell, and his two sisters Anna and Fanny Parnell who co-founded the Ladies Land League in 1881.

The second theme, 'The Evolution of Forestry' will take a retrospective look through the history of the forest park from the 1700s to present day and beyond. Interactive educational technologies designed to promote learning will be deployed in the new Coillte Pavilion.

There will also be a state-of-the-art visitor centre on site that will offer a café and restaurant, before leading through the walled garden to the breath-taking 1.2km Tree Top walkway with a 38 metre viewing tower providing spectacular 360 degree views of the tree top canopy and Wicklow countryside.

From a forestry perspective, Avondale is considered the "Cradle of Irish Forestry" with a major phase of planting taking place in the early years of the twentieth century. Between 1905 and 1913, 100 species plots (55 conifers and 45 broadleaves) were planted across the estate in a style known as a "forest garden".

Avondale now contains many beautiful and productive woodlands and the estate currently includes 26 Irish champion trees and 12 Irish and UK champions. The story of Irish Forestry, through the decades, will be told in the new Irish Forestry Pavilion at Avondale.

Photo: Minister of State for Forestry Pippa Hackett (left) and Imelda Hurley, CEO Coillte, launching a native woodland in the Dublin Mountains at Coillte's Ticknock Forest.

Photo: Artistic conception of viewing tower at Avondale forest park.

Slieve Bloom Mountain Bike Trail Centre

Having developed a new strategic direction for off-road cycling in Ireland a number of years ago, Coillte embarked on a significant investment in the construction of five national-scale Mountain Bike (MTB) trail centres in 2020.

The project, funded by the Rural Regeneration and Development Fund and Fáilte Ireland, will see centres developed that set Ireland on the map internationally, by creating a series of short-break destinations for riders across seven counties.

One of the flagship sites straddles the vast forest and upland area of the Slieve Bloom Mountains in Laois and Offaly. Centred on two trailheads on either side of the mountains, the new trails will provide for the full spectrum of abilities and experience on mountain bikes. Easy-grade 'blue' trails open up off-roading to younger and less experienced riders, while expert-only 'black' grades cater for the highest levels of ability and physical challenge.

Visitor services have started to open to bring the trail experience to life as private enterprise looks to partner with the 'public good' services we provide in Coillte. New bike hire businesses and cafés have opened to service visitors needs and this will continue to grow as visitor numbers develop over the coming years. A key deliverable for the project is greater economic spend in rural villages and communities – this is already clearly evident in and around the Slieve Blooms and will grow as the project is fully built out by the end of 2023.

The network of trails that are being constructed in this project has seen four new start-up companies being established to work on the design and construction of these trails. An important element of their development is that new skills are being acquired and honed to leave long-lasting impacts in the community and open opportunities to contractors to further work in this area. Working with the local GAA club in Kinnitty, the project has been able to create sustainable access from the village to the trail network. The benefit of working with the local community is that a new dual-use walking and cycling route has been created on the club grounds, with many local residents using the facilities as part of their daily activity.

CABÜ By The Lakes

During the summer of 2020 CABÜ by the Lakes Holiday Village was launched at Killykeen, Co. Cavan. In May 2017, Coillte announced the sale of the 74 acre site at Killykeen which had 28 lodges to CABÜ the UK based modular building company, for the development of a unique holiday destination.

After a multimillion euro investment the site now offers visitors the opportunity to stay in CABÜ architect designed cabins whilst allowing access to an outdoor retreat. The original lodges were designed to show-case Irish timber and although the interior has been modernised, externally these avant-garde structures remain unchanged. The old tennis courts have been replaced by a "Sitooterie" - in effect a large outdoor dining lounge. There is a restaurant and shop on site, supplying local produce along with other necessities.

This holiday village will employ over 30 people on an ongoing basis. It's a great example of how the Land Solutions team are maximising the value of the Coillte estate and identifying opportunities and partnerships that can generate long term benefits for local communities.

A GREAT EXAMPLE OF HOW THE LAND SOLUTIONS TEAM ARE MAXIMISING THE VALUE OF THE COILLTE ESTATE.

DIVERSITY AND INCLUSION

Coillte is committed to creating an environment that promotes diversity and inclusion in the workplace. We welcome and encourage diversity in the workplace, through the work that we do, and the people that we deal with. We strongly believe that having an inclusive organisation with diversity of perspectives and experience, enhances our decision-making and ultimately our performance.

Despite the challenges posed by Covid-19 in 2020, Coillte's Diversity and Inclusion Committee remained extremely active spearheading a number of exciting initiatives.

Direct Provision Support

Coillte donated €10,000 to students in Direct Provision to further their college education. The funds were donated to the Dun Laoghaire Refugee Project and Irish Refugee Council. The funds supported eleven students and helped the students attend college courses, purchase laptops, books & stationery and also with transport fees to and from college.

We got really positive feedback and some amazing personal messages from the students who benefited and this really showed us the fact that helping in a relatively small way can have a huge impact!

Coillte and Remote Pride Celebrations 2020

Pride 2020 is the largest LGBTQ+ pride festival on the island of Ireland. The annual festival would normally culminate in a pride parade which is held on the last Saturday in June. While Coillte staff participated in the parade in 2019, 2020 saw Coillte celebrate Pride in a remote fashion. The overriding message was that Coillte is a company of acceptance and inclusion.

Celebrating International Men's Day & International Women's Day 2020

Coillte celebrated International Women's Day in March 2020 which was marked with open walks by staff. The International Women's Day campaign theme for 2020 is #EachforEqual, which promotes the concept that an "equal world is an enabled world" and "individually, we're all responsible for our own thoughts and actions - all day, every day." The walk in Newtownmountkenendy was led by Coillte's CEO Imelda Hurley and was followed by a cup of tea and some goodies.

To mark International Men's Day in November 2020, Coillte invited well known Tipperary hurling star Brendan Maher to speak remotely to staff on issues affecting men's health, both physical and mental. The three time All Ireland winner and three time All Star hurler spoke frankly and honestly about mental health issues and other matters concerning wellbeing.

MEDITE SMARTPLY and 20x20 in 2020

20×20 is about creating a cultural shift in our perception of girls and women in sport. There is so much to celebrate when it comes to women's sport in Ireland, but there isn't enough noise.

During 2020, MEDITE SMARTPLY sponsored a full camogie kit for Slieverue GAA & Camogie Club Under-12 and Under-10 team. This was a huge boost for the girls when playing their matches and they look forward to putting them to more use in 2021!

Covid-19 and Bereavement Workshops 2020

Coillte's Diversity and Inclusion Committee arranged bereavement workshops in 2020. Covid-19 impacted hugely on all aspects of the workplace and especially on employees who have experienced the death of a loved one or friend/colleague. Informed by research and best practice, these online workshops helped managers understand how grief can impact on employees and how best to provide effective support. They also provided participants with practical tips and skills to build a supportive work environment for staff wellbeing around grief.

Enabling Future Female Leaders in Coillte

Coillte recognises the value that a more diverse leadership can bring and the benefits that can be found from including multiple and different voices contributing to complex decision making. Coillte is now a member of the 30% Club, Ibec's Diversity and Inclusion Forum and the DCU Centre of Excellence for Diversity and Inclusion to keep up to date with latest developments in this space. Among the initiatives encouraging female employees to apply for promotional roles is the use of gender decoding of role profiles, interview guidelines and job advertisements. There is now a diversity and inclusion based equal opportunity statement on all job advertisements.

RIGHT
Coillte staff at Pride Parade 2019. Pride 2020 was celebrated virtually.

BELOW
Coillte's staff at Castlebar celebrate International Women's Day 2020 with a walk in the rain (photo pre Covid-19 restrictions).

ABOVE
MEDITE SMARTPLY sponsored camogie kit for Slieverue GAA & Camogie Club Under-12 and Under-10 team.

LEFT
MEDITE SMARTPLY staff mark Women's Day 2020; the #EachForEqual sign draws attention to the difference individuals can make. (photo pre Covid-19 restrictions).

BOARD OF DIRECTORS

Bernie Gray, Chair

Bernie is a management consultant and partner in Betterboards. She is an accountant and formerly held a number of senior management positions in Telecom Eireann, and was latterly HR Director.

She was appointed Chair of Coillte in 2019 and is currently a Board member of National Broadband Ireland, the Accountability Board of the Civil Service and the Governing Authority of DCU. She has held a number of non-executive roles including former Chairperson of Eirgrid, Board member of Business in the Community, Irish Payment Services Organisation, Public Appointments Service and Telecom Éireann (now eircom).

Board meetings attended 11/11

Julie Murphy-O'Connor

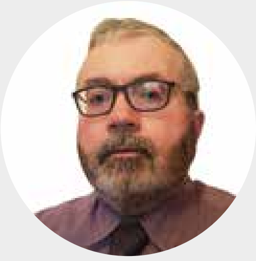
Julie was appointed to the Board in 2013. She is a Disputes Partner in Matheson specialising in corporate, financial services and cross-border disputes. She specialises in all aspects of contentious and non-contentious corporate restructuring and insolvency law matters and commercial litigation. She is a CEDR accredited mediator and Council member of the Irish Commercial Mediation Association.

Board meetings attended 11/11

Eleanor O'Neill

Eleanor was appointed to the Board in 2019. She has more than 30 years' experience in senior Information Technology, Digital transformation roles in international and indigenous technology companies including HP (formally Digital), Microsoft (formally Visio), Marrakech, Norton LifeLock (formally Symantec). Eleanor is currently on the Board of Children's Health Ireland. She holds a B. Eng from NUIG and a Diploma in Company Direction.

Board meetings attended 11/11



Kevin McCarthy

Kevin was appointed to the Board in May 2020. He began work with Coillte in October 2005 and is at present operations resource manager covering Donegal, West Leitrim and North Sligo. Prior to 2012 he held the role of area forest manager in North Donegal. Kevin represented workers on the Fórsa/IMPACT executive between 2013 and 2020 and was elected as an employee director by Fórsa in 2020. He graduated from Oregon State University in 1985 with a degree in Forest Management and is a technical member of the Society of Irish Foresters.

Board meetings attended 7/7

Jerry Houlihan

Jerry was appointed to the Board in 2014 having retired from the Kerry Group after almost 40 years with the company. During this time he had profit and operational responsibility for a number of different businesses within the overall ingredients business.

Board meetings attended 11/11

Patrick Eamon King

Patrick Eamon was appointed to the Board in 2018. He has worked in corporate development roles in a number of UK and Irish companies. He spent 13 years as Head of Corporate Development with Ardagh Group during a period of rapid growth and now works as a corporate development consultant with Paragon Group. He holds an Engineering degree from University College Dublin and an MBA from Trinity College Dublin.

Board meetings attended 11/11

Gerard Gray

Gerard was appointed to the Board in 2018. He has more than 35 years' experience working in senior financial and strategy roles in international blue chip organisations including PwC, Ford Motor Company and Pilkington. Now retired, Gerry holds a number of non-executive positions in the UK and Ireland.

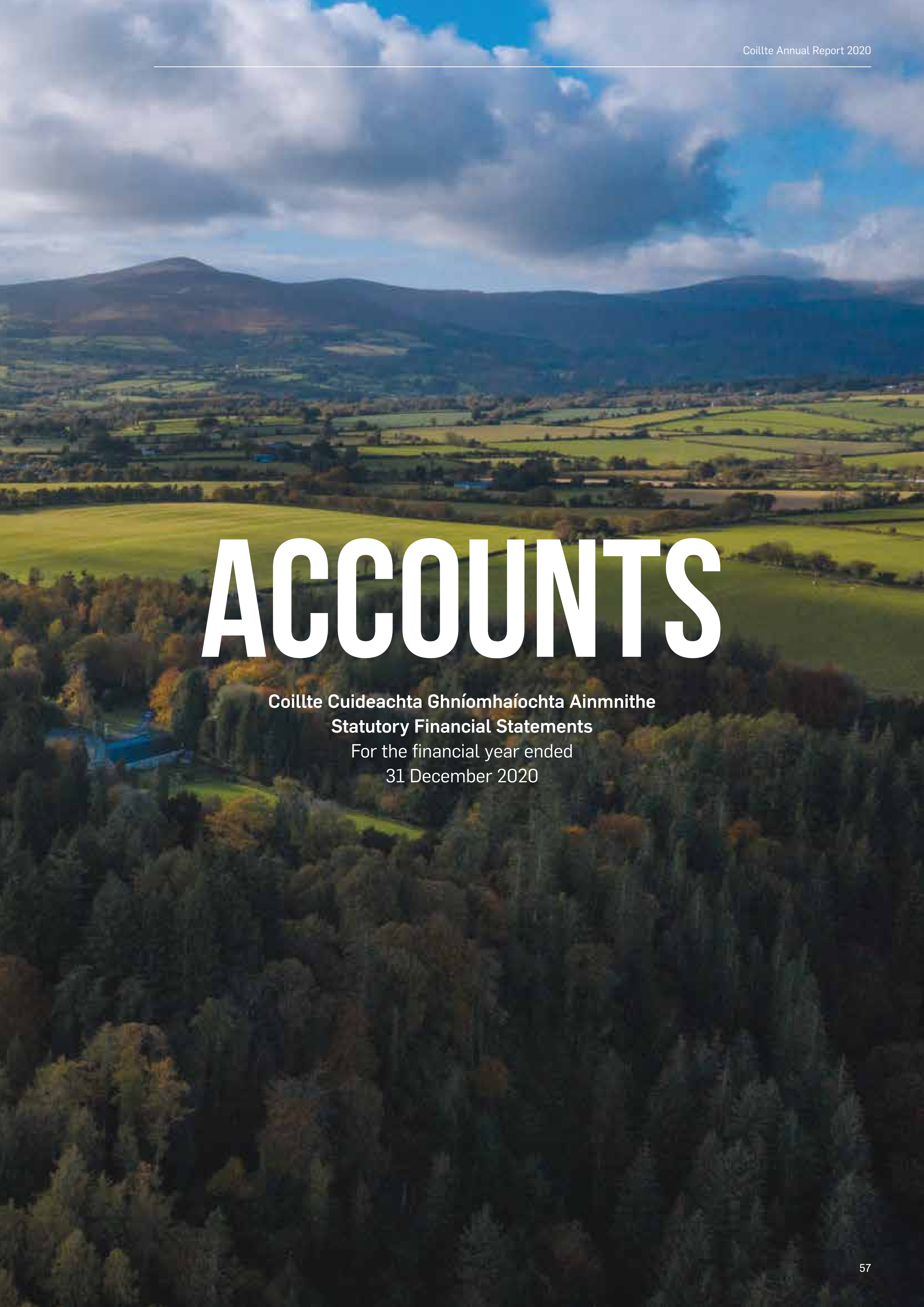
Board meetings attended 11/11

Gerard Murphy

Gerard was appointed to the Board in 2019. Gerard brings with him extensive experience having worked in a variety of senior roles within Coillte. He held the position of Managing Director in Coillte Forest Division for 9 years and during 2019 was Managing Director of the Land Solutions Business within Coillte. Gerard has a B.Agr.Sci (Forestry) and an MBA from UCD.

Board meetings attended 11/11

Photo: Aerial view of Avondale House & Forest Park, Rathdrum, Co. Wicklow.



ACCOUNTS

Coillte Cuideachta Ghníomhaíochta Ainmnithe
Statutory Financial Statements
For the financial year ended
31 December 2020

Report of the Directors

The Directors have pleasure in presenting their annual report together with the audited financial statements for the financial year ended 31 December 2020.

The Company

The Company was incorporated on 8 December 1988 and commenced trading on 1 January 1989 when it took over the forestry business formerly carried out by the Department of Agriculture, Food and the Marine. The related assets were acquired and liabilities assumed as at 1 January 1989.

One ordinary share is held by the Minister for Agriculture, Food and the Marine and the remainder of the issued share capital is held by the Minister for Public Expenditure and Reform.

Principal activities, review of the business and principal risks and uncertainties

The principal activities of the Group are forestry and forestry related activities, wood based panels, renewable energy and land development. The review of the business including principal risks and uncertainties as required by sections 326 and 327 of the Companies Act 2014 is included in the Chair's Statement, Chief Executive's Review and Business Overview sections of the Annual Report.

Results and dividends

Details of the results of the Group are set out in the profit and loss account and the related notes. These results reflect a number of specific challenges faced by the Group in 2020 including the impact of Covid-19 restrictions, the forestry licence crisis and Brexit uncertainties. Despite these challenges, the financial results were very credible and underscore the resilience and adaptability of the organisation. Group turnover at €285.3m in 2020, is a c.13% decrease on 2019 impacted by lower volumes and pricing. Operating costs decreased by €11.4m year on year largely as a result of lower sales volumes and a number of cost mitigation measures initiated by the Group during 2020. Other operating gains, reflective of the contribution from other asset sales of €8.8m (2019: €12.2m), were recorded during the year. Operating profit (before exceptional items) decreased from €63.3m in 2019 to €29.1m in 2020. The results for 2020 include exceptional costs of €1.3m (2019: €Nil) relating to the impact of forest fires. In addition, the Group received €1.3m (2019: €1.5m) in distributions from its windfarm investments during 2020.

A dividend of €0.00365 per share, totalling €2.3m, was authorised by the Board and paid in December 2020. Total dividends paid in the year ended 31 December 2019 amounted to €13.0m, paid in December 2019.

The full result for the year after dividend was transferred to reserves.

Directors and Company Secretary

All the Directors of the Company were appointed by the Minister for Agriculture, Food and the Marine.

The following Directors were in office during the financial year ended 31 December 2020:

Bernie Gray (Chair)	Jerry Houlihan
Julie Murphy-O'Connor	Gerard Gray
Patrick Eamon King	Eleanor O'Neill
Gerard Murphy	Kevin McCarthy

Kevin McCarthy was appointed to the Board on 19 May 2020.

Ms. Grainne McLaughlin resigned as Company Secretary on 1 November 2020. Mr. Dominic Reilly was appointed as Company Secretary on an interim basis from 1 November 2020.

The Directors and Secretary as at 31 December 2020 have no interests in the shares of the Company or its subsidiaries.

Report of the Directors

Statement of Directors' responsibilities in respect of the Directors' Report and the financial statements

The Directors are responsible for preparing the Directors' report and the financial statements in accordance with applicable law and regulations.

Company law requires the Directors to prepare financial statements for each financial year. Under that law the Directors have elected to prepare the Group and Company financial statements in accordance with FRS 102 "The Financial Reporting Standard applicable in the United Kingdom and Republic of Ireland" as applied in accordance with the provisions of the Companies Act 2014.

Under Company law the Directors must not approve the Group and Company financial statements unless they are satisfied that they give a true and fair view of the assets, liabilities and financial position of the Group and Company as at the end of the financial year and of the profit or loss of the Group for the financial year.

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

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

The Directors are responsible for keeping adequate accounting records that are sufficient to:

- Correctly record and explain the transactions of the Group and Company;
- Enable, at any time, the assets, liabilities, financial position and profit or loss of the Group and Company to be determined with reasonable accuracy; and
- Enable the Directors to ensure that the financial statements comply with the Companies Act 2014 and enable those financial statements to be audited.

The Directors are also responsible for safeguarding the assets of the Group and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

The Directors are responsible for preparing a Directors' report that complies with the requirements of the Companies Act 2014.

The Directors, in accordance with Section 225(2) of the Companies Act 2014, acknowledge their responsibility for securing the Company's compliance with its relevant obligations specified in that section arising from the Companies Act 2014 and Irish tax legislation ("relevant obligations"). In order to secure said compliance the Directors:

- Issued a compliance policy statement setting out the Company's policies in respect of compliance by the Company with its relevant obligations.
- Ensured that there are appropriate arrangements and structures in place and that they are satisfied that they provide reasonable assurance of compliance in all material respects with those obligations.
- Reviewed the existing arrangements and structures during the year to ensure they continue to provide reasonable assurance of compliance in all material respects with those obligations.

Report of the Directors

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

Corporate Governance

The Board of Coillte CGA is committed to the highest standards of corporate governance and is accountable to its shareholders for those standards. The Code of Practice for the Governance of State Bodies (2016 edition), issued by the Department of Public Expenditure and Reform, sets out the principles of corporate governance that apply to the Group and the Directors support the principles and provisions of the Code.

Board of Directors

During the financial year the Board consisted of a non-executive Chair and seven non-executive Directors. The Chair and the majority of the non-executive board members (with the exception of the employee Director) are independent of the Chief Executive and senior management. All the Directors are appointed to the Board by the Minister for Agriculture, Food and the Marine for a period not to exceed 5 financial years and their terms of office are set out in writing. The level of remuneration for the Board of Directors is also determined by the Minister and remuneration of non-executive Directors is not linked to performance.

The Board meets formally on a regular basis. It met on eleven occasions in 2020. It has a schedule of matters specifically reserved to it for decision and is satisfied that the direction and control of the Group is firmly in its hands. The Group's annual budget and rolling five year financial plan are reviewed and approved by the Board. The Board receives monthly management accounts promptly with detailed comparison of actual to budget.

Significant contracts, not in the normal course of business, major investments and capital expenditure are also subject to approval by the Board. Each non-executive Director brings independent judgement to bear on all matters dealt with by the Board including those relating to strategy, performance, resources and standards of conduct.

All members of the Board have access to the Company Secretary and the Group's and Company's professional advisors as required. This ensures that Board procedures are followed and that applicable rules and regulations are complied with. Each Director received appropriate briefing on being appointed to the Board.

Accounting records

The measures taken by the Directors to secure compliance with the Group and Company's obligation to keep adequate accounting records are the use of appropriate systems and procedures and employment of competent persons. The accounting records are kept at the Group's head office at Dublin Road, Newtownmountkennedy, Co. Wicklow.

Report under section 22 of the Protected Disclosures Act 2014

The Group has implemented a Protected Disclosures Policy in accordance with the requirements of the Protected Disclosures Act 2014.

Section 22 of the Protected Disclosures Act 2014 requires the Group to publish an Annual Report relating to protected disclosures made under the Protected Disclosures Act 2014. In accordance with this requirement, the Directors confirm that no protected disclosures were made during the financial year ending 31 December 2020.

Report of the Directors

Research and development

During the financial year, the Group continued its research and development programme in relation to its forestry activities and in expanding the application of its MEDITE SMARTPLY products.

Prompt payments regulation

The Directors acknowledge their responsibility for ensuring compliance, in all material respects, with the provisions of the Prompt Payment of Accounts Act, 1997 as amended by the European Communities (Late Payment in Commercial Transactions) (S.I. No. 580 of 2012) ('the Regulations').

Procedures have been implemented to identify the dates upon which invoices fall due for payment and for payments to be made by such dates.

Accordingly, the Directors are satisfied that the Company has complied with the requirements of the Regulations.

Subsidiary, joint adventure and associate undertakings

A list of subsidiary, joint venture and associate undertakings as at 31 December 2020 is set out in note 18.

Political donations

There were no political contributions which require disclosure under the Electoral Act, 1997.

Events since the end of the financial year

There have been no events between the balance sheet date and the date on which the financial statements were approved by the Board, which would require adjustment to the financial statements or any additional disclosure in the financial statements.

Relevant audit information

The Directors believe that they have taken all steps necessary to make themselves aware of any relevant audit information and have established that the Group's statutory auditors are aware of that information. In so far as the Directors are aware, there is no relevant audit information of which the Group's statutory auditors are unaware.

Auditors

The Auditor, KPMG, has indicated its willingness to continue in office.

On behalf of the Board

Bernie Gray
Chair

Gerard Gray
Director

Date: 1 April 2021

Statement on Internal Control

Scope of Responsibility

On behalf of Coillte CGA the Board acknowledges its responsibility for ensuring that an effective system of internal control is maintained along with having overall responsibility for risk management. The Board ensures that the Group's risk exposure remains proportional to the pursuit of its strategic objectives and to its longer term goal of creating shareholder value. This responsibility takes account of the requirements of the Code of Practice for the Governance of State Bodies (2016).

Management is responsible for the identification and evaluation of significant risks applicable to their areas of business, together with the implementation of suitable internal controls. These risks are assessed on a continuous basis and may arise because of control failures, disruption to IT systems, legal and regulatory issues, market conditions and natural catastrophes. Management also reports to the Board on major changes in the business and external environment which affect risk. Where areas of improvement in the system are identified, the Board considers the recommendations of management and the Audit and Risk Committee.

Purpose of the System of Internal Control

The system of internal control is designed to manage risk to a tolerable level rather than to eliminate it. The system can therefore provide only reasonable and not absolute assurance that assets are safeguarded, transactions authorised and properly recorded and that material errors or irregularities are either prevented or detected in a timely way.

The system of internal control, which accords with guidance contained in the Code of Practice for the Governance of State Bodies, has been in place in Coillte CGA for the year ended 31 December 2020 and up to the date of approval of the financial statements.

Capacity to Handle Risk

Coillte CGA has an Audit and Risk Committee comprising four non-executive Board members, with relevant expertise, one of whom is the Chair. Coillte CGA has also established an Assurance and Compliance function which is adequately resourced and conducts a programme of work agreed with the Audit and Risk Committee.

The Audit and Risk Committee operates under terms of reference which clearly outline its responsibilities with regard to internal controls and risk management systems.

Risk and Control Framework

As part of running a successful and growing business, Coillte recognises that managing risk and opportunity can help it in achieving its objectives, likewise failure to manage risk may prevent us from achieving our objectives. An effective risk management framework supports the business in the identification, evaluation and management of these risks and opportunities. We have developed our risk management framework to be integrated into the day-to-day activities and values of the business, structured to ensure risk management is consistent and comparable across the Group and is dynamic to account for risk and opportunity development in a timely manner. We also recognise that our risk profile is constantly evolving and therefore we regularly review our risk management framework, seeking input from our stakeholders.

Risk Management Framework

Coillte's approach to risk management combines a top-down strategic assessment of risk and risk appetite, which takes account of the external business environment and any changes to the business model, along with a bottom-up identification and reporting process arising from a review and assessment of the business unit risk registers. Coillte has adopted a risk management framework based on the principles of the "three lines of defence". The key elements of the framework are:

Statement on Internal Control

- The Board approves the Group strategy and all major strategic decisions. As part of this process, there is detailed discussion, analysis and consideration of all associated potential risks.
- During 2020, the Board adopted a new Risk Management Policy and Governance Framework to support its oversight of risk throughout the Group. The aim of this policy is to ensure that the Group's risk exposure is proportional to the pursuit of its strategic objectives and longer-term shareholder value.
- The Board has ultimate responsibility for risk management across Coillte and for ensuring that an effective system of internal control is maintained. It sets the risk appetite and ensures risks are managed within this appetite.
- The Audit and Risk Committee (ARC) acts on behalf of the Board in ensuring that enterprise risks and opportunities are properly identified, assessed, reported and controlled on behalf of the Board and advises the Board on its consideration of the overall risk appetite, risk tolerance and risk strategy of the Group.
- The Chief Executive and the Operating Executive are responsible for implementing Board decisions and managing risk and opportunities within the business areas. Senior management ensure there is an organisation structure with clear operating and reporting procedures, authorisation limits, segregation of duties and delegated authorities in place. There are specific management functions assigned responsibility for managing risks, either in full or as part of their overall responsibilities.
- We have a Management Risk Committee in place which is chaired by the Chief Risk Officer, and attended by the Company Secretary, Group HR Director, Chief Financial Officer and a Business Risk Champion from each of the divisions. These meetings provide a forum for a detailed review and discussion on risks and opportunities across the group.
- A comprehensive system of financial reporting is in place with annual budgets and long-term plans for the business that identify key risks and opportunities. Management monitor performance against budgets and report on it to the Board on a regular basis.
- There is a formal code of business conduct in place and this is communicated to staff.
- Assurance and Compliance provide the last line of defence in risk management. They conduct an annual control effectiveness assessment based on the key business risks and opportunities.
- A risk register process is embedded into the Group's business and forms part of ongoing management processes. Each division maintains its own risk register and it is updated as part of the monthly division meetings. Any material developments and emerging risks are escalated to the Group register.
- The Group register is a consolidation of the divisional risks and priority risks are reviewed with the Board and the ARC on a quarterly basis. Priority risks can only be removed from the Group register by the Board. Group risks are tracked on a heat map.

Risk Culture

It is critical that a good understanding of risk and its implications, both positive and negative, is embedded in our organisational culture. It is also critical that our culture promotes responsibility to identify, assess and manage risk in all areas of the business. Coillte's risk culture is underpinned by Our Values. Our people play a key role in managing risks across our business and activities every day. We do not see risk management as a separate oversight function within Coillte and it is embedded into how we manage our business. We have created policies and procedures to enhance risk awareness across the Group. We encourage our people to speak up in raising issues and opportunities and expect management to treat concerns seriously and professionally.

To embed a risk focused culture we have implemented processes in respect of financial controls, business forecasting, health & safety, training, employee welfare and contractor and stakeholder management. We have training in place for high risk activities for our employees and contractors in activities such as factory maintenance, use of equipment, harvesting, working alone and certification. The aim of this approach is to manage risks from the bottom up, identifying risks, dealing effectively with them at a local level and ensuring that material risks are notified and highlighted to the Board and the Operating Executive.

Statement on Internal Control

The Board and Operating Executive also assess risks and opportunities from a top-down perspective and assess the potential impact on the Group's strategy. As part of this top down approach, the Board and Operating Executive review risks with a high impact and low probability. The business will then look at these risks on a periodic basis to ensure that it is resilient to the potential impact.

The Audit and Risk Committee reviews the risk register as a standing meeting agenda item. This provides a challenge to Executive management on how risks are being mitigated and sets the tone from Board to management on risk management matters. Our Assurance and Compliance function plays a key role, providing additional oversight and reporting on how risks are being managed to the Audit and Risk Committee. This process of bottom-up and top-down analysis and oversight provides the basis for the monitoring and assessment of risks, including the identification of emerging risks.

Risk Assessment

Coillte maintains a risk register at Group, divisional and project level. Risk is assessed in a systematic and collaborative way, drawing on the knowledge and views of stakeholders. The risk assessment is forward looking and uses the best available information to identify risks, evaluate risks and develop mitigating actions. The key steps in the risk assessment stage are:
- Risk identification
- Risk analysis
- Risk evaluation
- Risk mitigations
- Monitoring and review

Risk identification
The purpose of risk identification is to find, recognise and describe risks and opportunities that might help or prevent Coillte from achieving its objectives. Coillte relies on all of its people to identify risk but it also supplements it with:
- Workshops with the Board as part of the Annual Strategy Review
- Ireland's National Risk Assessment
- World Economic Forum's annual 'Global Risks' Report
- Engagement with peer companies.

Risk analysis
The purpose of the risk analysis stage is to consider the residual risk or opportunity under the following headings:
- the effectiveness of existing controls
- the likelihood of events and consequences with the controls in place
- the nature and magnitude of consequences with controls in place

Risk evaluation
The purpose of the risk evaluation stage is to support the business in determining where additional action is required. This can lead to a decision to:
- do nothing further;
- consider risk treatment options;
- undertake further analysis to better understand the risk;
- maintain existing controls;
- reconsider objectives.

Risk mitigations
Selecting the most appropriate risk mitigation involves balancing the potential benefits derived in relation to the achievement of the objectives against costs, effort or disadvantages of implementation. Options for treating risk may involve one or more of the following:
- avoiding the risk by deciding not to start or continue with the activity that gives rise to the risk;
- taking or increasing the risk in order to pursue an opportunity;
- removing the risk source;
- changing the risk likelihood;
- changing the consequences;
- sharing the risk (e.g. through contracts, buying insurance);
- retaining the risk by informed decision.

Monitoring and review
The risks are documented in the division and Group register and updated and reviewed as part of the monthly division and Group meetings.

Statement on Internal Control

The key risks identified by the Board include:

Risk	Risk Description	Impact	Mitigation
Forestry Regulation	Our main forestry activities (afforestation, harvesting & refforestation, and roading) are subject to licence under the 2014 Forestry Act.	Any disruption in the licensing process can disrupt timber supply and our ambition to increase afforestation.	The Group has put a timber supply planning process in place that leverages an internal Environmental Risk Assessment system to ensure Coillte creates high quality applications that meet the regulatory requirements.
Renewable Energy Market and Regulation	The Group has significant renewable energy assets in development on Coillte land which are subject to various laws, regulations and market mechanisms for the energy sector.	Any changes in the energy market and regulation can have a direct impact on the financial position of our or third party renewable projects on Coillte land. This can lead to an impairment in the asset and/or reduced profitability.	The Group has dedicated resources which focus on understanding regulatory changes in this sector and ensuring our projects take account of these regulations.
Global Pandemic	Global pandemics can disrupt the way our economies and society work.	Covid-19 has had a significant impact on the way we work and do our business. It is difficult to predict the full impact of the pandemic and if it will trigger a sustained economic recession.	During the year, we established a Covid-19 Steering Committee. This group meets weekly and manages all communications to employees and contractors on the impact of restrictions on the way we work and health & safety implications.
Climate change	Climate change can have a direct impact on Coillte's forests through risks such as from pests, disease, fire, drought and storms.	A significant event in this area can result in direct economic loss through reduced operating profit and reduced value of forest assets. The Group also faces additional costs for clean-up or prevention. It also puts a strain on the employees in the organisation charged with responding to an event.	The Group has a dedicated National Estates Risk Manager in place who ensures there is a Biotic Risk Outbreak Management Plan developed and reviewed annually, a Windstorm Contingency Plan in place and that Fire Plans are in place for all BAUs. There is also a Fire Management Improvement Plan in place along with a training programme.

Statement on Internal Control

The key risks identified by the Board include:

Risk	Risk Description	Impact	Mitigation
Health and Safety	The forest and panels sector and the construction of wind farms are industries where health and safety risks are inherently prominent.	A serious health and safety incident could have a significant impact on the Group's operational and financial performance, as well as the Group's reputation.	Health and safety committees are in place in each part of the Group which are responsible for: • The implementation of safety legislation and guidelines. • The implementation of a safe system of work. • Safety reporting and investigation. • Safety improvement planning. • Appropriate training for all employees and contractors. • Internal safety audits. Additional reporting to the Board includes quarterly reviews of progress made against safety plans as well as a Group Forum twice a year which allows learnings to be shared and input from external experts on specific topics.
Ability to attract people to the industry	People are a key part of ensuring we have a viable industry.	An inability to attract people to work in the business and to retain and develop future leaders could impact on the delivery of the Group strategy and the long term growth of the industry. It could also lead to upward pressure on costs.	The Company has a number of actions in place ranging from the development of internal talent as part of a performance management process, use of specialist recruitment agencies to attract staff with expertise and employee engagement and wellbeing strategies to retain staff to ensure we are seen as an attractive Group to work in.
Capital Investments	The Group's strategy is reliant on the delivery of a number of significant capital projects.	Large scale capital projects have a significant cost and any delays in the delivery of the project can result in increased costs, reduced financial return and loss of confidence from our Shareholders.	To address this risk, a new Investment Committee has been created and dedicated resources are in place to manage key large scale capital projects.

Statement on Internal Control

The key risks identified by the Board include:

Risk	Risk Description	Impact	Mitigation
Key equipment failure	Failure of key equipment	Failure of key equipment could result in significant capacity constraints and or extended plant stoppages.	Condition of ageing equipment is monitored through a structured and centralised Maintenance Management System. Capital expenditure plans are reviewed and implemented annually.
Market Volatility and Economic slowdown	The Coillte Group is highly dependent on commodity products in the construction sector which are highly cyclical and influenced by global and national markets.	Depending on the severity of the cycle, it can lead to a mild or severe reduction in revenues. However, given the size of the Group's operations, the costs of hedging exposure to commodity product price risk exceed any potential benefits.	The Directors will revisit the appropriateness of this hedging policy should the Group's operations change in size or nature.
Foreign exchange risk	The Group is exposed to foreign exchange risks in the normal course of business, principally on sales denominated in Sterling.	Weakness in sterling can reduce the Group's revenues.	The Group's policy on mitigating the effect of this currency exposure is to hedge Sterling by entering into forward foreign exchange contracts based on expected sales in the UK market.

Statement on Internal Control

Ongoing Monitoring and Review

Formal procedures have been established for monitoring control processes and control deficiencies are communicated to those responsible for taking corrective action and to management and the Board, where relevant, in a timely way. We confirm that the following ongoing monitoring systems are in place:

- key risks and related controls have been identified and processes have been put in place to monitor the operation of those key controls and report any identified deficiencies,
- reporting arrangements have been established at all levels where responsibility for financial management has been assigned, and
- there are regular reviews by senior management of periodic and annual performance and financial reports which indicate performance against budgets/forecasts.

Procurement

The Board confirms that Coillte CGA has procedures in place to facilitate compliance with current procurement rules and guidelines and that, during the year ended 31 December 2020, Coillte CGA complied with those procedures.

Review of Effectiveness

The Board confirms that Coillte CGA has put in place appropriate procedures to monitor the effectiveness of its risk management and control procedures. Coillte CGA's monitoring and review of the effectiveness of the system of internal financial control is informed by the work of the internal and external auditors, the Audit and Risk Committee which oversees their work, and the senior management within Coillte CGA responsible for the development and maintenance of the internal financial control framework.

Internal Control Issues

No weaknesses in internal control were identified during the year ended 31 December 2020 that require disclosure in the financial statements.

Bernie Gray
Chair

Gerard Gray
Director

Date: 1 April 2021

Governance Statement and Board Members' Report

Governance

The Board of Coillte CGA was established under The Forestry Act, 1988. The Board is accountable to the Minister for Agriculture, Food and the Marine and is responsible for ensuring good governance and performs this task by setting strategic objectives and targets and taking strategic decisions on all key business issues. The regular day-to-day management, control and direction of Coillte CGA is the responsibility of the Chief Executive Officer (CEO) and the senior management team. The CEO and the senior management team follow the broad strategic direction set by the Board, and ensure that all Board members have a clear understanding of the key activities and decisions related to the Group, and of any significant risks likely to arise. The CEO acts as a direct liaison between the Board and management of Coillte CGA.

Board Responsibilities

Matters specifically reserved for Board decision are set out in the Register of Delegated Authority and include the following:

- Approval of acquisitions and disposal of property and land assets of Coillte or its subsidiaries of €2,000,000 or greater;
- Investments and capital project expenditure exceeding €3,000,000;
- Approval of delegated authority levels, treasury policies and risk management policies;
- Approval of terms of major contracts exceeding €1,500,000 in value and 3 years in duration;
- Approval of expenditure outside of the ordinary course of business exceeding €500,000;
- Approval of policy on determination of senior management remuneration;
- Appointment, remuneration and assessment of the performance of, and succession planning for, the CEO;
- Approval of annual budgets and corporate plans;
- Approval of dividend policy;
- Approval of asset sales to Directors or their families or connected persons;
- Pre-approval of all shareholder reserved matters;
- Approval of all loan facilities;
- Approval of authorised signatories for the Company Seal; and
- Approval of all corporate governance guidelines.

Standing items considered by the Board at each meeting include:

- declaration of interests,
- reports from committees,
- financial reports/management accounts and
- performance reports.

The Board is responsible for keeping adequate accounting records which disclose, with reasonable accuracy at any time, its financial position and enables it to ensure that the financial statements comply with Sections 281 – 285 of the Companies Act, 2014. The maintenance and integrity of the corporate and financial information on the Coillte CGA's website is the responsibility of the Board.

The Board is responsible for approving the annual plan and budget. An evaluation of the performance of Coillte CGA by reference to the 2020 annual plan and budget was carried out in January 2021.

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

The Board considers that the financial statements of Coillte CGA give a true and fair view of the financial performance of Coillte CGA for the year ended 31 December 2020 and of its financial position at that date.

Board Structure

The Board consists of a Chair and seven ordinary members all of whom are appointed by the Minister for Agriculture, Food and the Marine. The members of the Board were appointed for a period of five years, unless otherwise stated, and meet on a regular basis.

Governance Statement and Board Members' Report

The table below details the appointment date for current members:

Board Member	Role	Date Appointed
Bernie Gray	Chair	13 March 2019
Julie Murphy-O'Connor	Ordinary Member	24 June 2018 (reappointed)
Jerry Houlihan	Ordinary Member	24 May 2019 (reappointed, for 2 years)
Gerard Gray	Ordinary Member	26 February 2018
Patrick Eamon King	Ordinary Member	26 February 2018
Eleanor O'Neill	Ordinary Member	24 July 2019
Gerard Murphy	Ordinary Member	13 December 2019
Kevin McCarthy	Ordinary Member	19 May 2020

The Board carried out a self evaluation review in 2020 and intends to commission an independent Board Effectiveness and Evaluation Review in 2021.

Three committees of the Board were in existence during 2020, as follows:

Audit and Risk Committee

Members during 2020: Gerard Gray (Chair), Eleanor O'Neill (appointed in January 2020), Gerard Murphy (appointed in January 2020) and Kevin McCarthy (appointed in July 2020).

The Audit and Risk Committee comprises non-executive Directors and operates under formal terms of reference. It met on seven occasions in 2020. The role of the Audit and Risk Committee is to support the Board in relation to its responsibilities for issues of risk, control and governance and associated assurance. The Audit and Risk Committee is independent from the financial management of the organisation. In particular the Audit and Risk Committee ensures that the internal control systems, including internal audit activities, are monitored actively and independently. The Audit and Risk Committee reports formally to the Board after each meeting.

The Audit and Risk Committee may review any matters relating to the financial affairs of the Group, in particular, the annual financial statements, the financial control framework, the Assurance and Compliance function (including internal audit), reports of the external and internal auditors and proposed changes to accounting policies. The Chief Executive, Chief Financial Officer, the Assurance and Compliance Director and other senior managers are normally invited to attend these meetings as appropriate. The Audit and Risk Committee oversees the selection process for the appointment of the external auditors (which includes agreeing audit fees) and makes a recommendation to the Board in this regard. The Audit and Risk Committee meets with the external auditors to plan and subsequently review the results of the annual audit. The external auditors also meet privately with the Audit and Risk Committee. The Assurance and Compliance Director reports directly to the Audit and Risk Committee and the Audit and Risk Committee is responsible for approval of the internal audit plan. The Assurance and Compliance Director also meets privately with the Audit and Risk Committee.

A framework to formally identify risk and assess the effectiveness of internal controls has been established. The Assurance and Compliance function monitors the Group's control systems by examining financial reports, by testing the accuracy of the reporting of transactions and by otherwise obtaining assurance that the systems are operating in accordance with the Group's objectives. Management's response to significant risks identified and their reporting procedures are also evaluated.

Remuneration Committee

The role of the Remuneration Committee is to advise the Board with regard to policy on executive remuneration in the Group and to give guidance and advice to the CEO regarding the implementation of the Board's policy as applied to the senior management.

The members of the Committee during 2020 were Julie Murphy-O'Connor (Chair, appointed in February 2020), Bernie Gray and Patrick Eamon King. It met on six occasions in 2020.

Governance Statement and Board Members' Report

Investment Committee

The Board established an Investment Committee in April 2020. The role of the Investment Committee includes to advise the Board with regard to the status of existing strategic projects across the Group against project milestones, to recommend and advise on new projects of scale and to review the risk assessment of each Strategic Project.

The members of the Committee during 2020 were Patrick Eamon King (Chair), Gerard Gray, Gerard Murphy and Jerry Houlihan. All members were appointed to this committee in April 2020 upon formation of the committee. It met on six occasions in 2020.

Schedule of Attendance, Fees and Expenses

A schedule of attendance at the Board meetings for 2020 is set out below, together with the fees and expenses received by each member:

	Board Meetings attended	Fees[1]	Salary	Pension Contribution	Taxable Benefits	2020 Total	2019 Total
Directors	**(11 held)**	**€'000**	**€'000**	**€'000**	**€'000**	**€'000**	**€'000**
Bernie Gray	11/11	17	-	-	-	17	18
Julie Murphy - O'Connor[2]	11/11	-	-	-	-	-	-
Roisin Brennan[3]		-	-	-	-	-	4
Jerry Houlihan	11/11	10	-	-	-	10	13
Dermot Mulvihill[4]		-	-	-	-	-	6
Gerard Gray	11/11	10	-	-	-	10	13
Patrick Eamon King	11/11	10	-	-	-	10	13
Thomas O'Malley[5]		-	-	-	-	-	51
Fergal Leamy[6]		-	-	-	-	-	150
Eleanor O'Neill	11/11	10	-	-	-	10	6
Gerard Murphy	11/11	10	-	-	-	10	1
Kevin McCarthy[7]	7/7	7	55	9	-	71	-
		74	**55**	**9**	**-**	**138**	**275**
Chief Executive							
Imelda Hurley[8]		-	220	55	25	300	47
		74	**275**	**64**	**25**	**438**	**322**

[1] Board fees in respect of 2020 reflect a 20% voluntary reduction.
[2] Ms. Murphy-O'Connor waived all emoluments in 2020 and 2019.
[3] Ms. Brennan retired from the Board of Directors in April 2019.
[4] Mr. Mulvihill retired from the Board of Directors in July 2019.
[5] Mr. O'Malley retired from the Board of Directors in September 2019.
[6] Mr. Leamy retired as CEO and from the Board of Directors in June 2019.
[7] Mr. McCarthy was appointed to the Board in May 2020.
[8] Ms. Hurley was appointed Chief Executive in November 2019.

Key Management Personnel Changes

There were no key management personnel changes during 2020.

Governance Statement and Board Members' Report

Disclosures Required by the Code of Practice for the Governance of State Bodies (2016)

The Board is responsible for ensuring that Coillte CGA has complied with the requirements of the Code of Practice for the Governance of State Bodies ("the Code"), as published by the Department of Public Expenditure and Reform in August 2016. The following disclosures are required by the Code:

Employee Short-Term Benefits

Employees' short-term benefits in excess of €50,000 are categorised into the following bands:

Range		Number of Employees	
From	**To**	**2020**	2019
€50,000	€74,999	**279**	313
€75,000	€99,999	**139**	134
€100,000	€124,999	**33**	32
€125,000	€149,999	**7**	10
>€150,000		**7**	8

Note: For the purposes of this disclosure, short-term employee benefits in relation to services rendered during the reporting period include salary, overtime allowances and other payments made on behalf of the employee, but exclude employer's PRSI. Remuneration of key management, being those people having the authority and responsibility for planning, directing and controlling the activities of the Group, is separately disclosed in Note 8 and not included above.

Consultancy Costs

Consultancy costs include the cost of external advice to management that contributes to decision making or policy making and exclude outsourced 'business-as-usual' functions.

	2020 €'000	2019 €'000
Legal advice	**363**	325
Financial/actuarial advice	**283**	197
Marketing	**557**	637
Human Resources	**13**	88
Business Improvement	**1,294**	564
Other	**118**	203
Total Consultancy	**2,628**	2,014

	2020 €'000	2019 €'000
Consultancy costs capitalised	**1,244**	510
Consultancy costs charged to the profit and loss account	**1,384**	1,504
	2,628	2,014

Governance Statement and Board Members' Report

Disclosures Required by the Code of Practice for the Governance of State Bodies (2016)

Legal Proceedings and Settlements

The table below provides an analysis of amounts recognised as expenditure in the reporting period in relation to legal proceedings, settlements and conciliation and arbitration proceedings relating to contracts with third parties. This does not include expenditure incurred in relation to general legal advice received by Coillte CGA, which is disclosed in Consultancy costs above.

	2020 €'000	2019 €'000
Legal proceedings	**360**	130
Conciliation and arbitration payments	**-**	8
Settlements	**384**	162
	744	300

Travel and Subsistence Expenditure

Travel and subsistence expenditure incurred during the reporting period was:

	2020 €'000	2019 €'000
Domestic		
- Board*	**2**	22
- Employees	**1,144**	1,991
International		
- Board*	**-**	-
- Employees	**135**	397
	1,281	2,410

**comprises travel and subsistence expenses paid directly to Board members*

Hospitality Expenditure

Hospitality expenditure incurred during the reporting period was as follows:

	2020 €'000	2019 €'000
Staff hospitality	**17**	94
Client hospitality	**117**	224
	134	318

Compliance with Code of Practice for the Governance of State Bodies

Coillte CGA complies with the Code of Practice for the Governance of State Bodies, which sets out the principles of corporate governance which the Boards of State Bodies are required to observe.

Bernie Gray	Gerard Gray
Chair	Director

Date: 1 April 2021

Independent Auditor's Report to the Members of Coillte Cuideachta Ghníomhaíochta Ainmnithe

Report on the audit of the financial statements

Opinion

We have audited the financial statements of Coillte Cuideachta Ghníomhaíochta Ainmnithe ('the Company') and its consolidated undertakings (together 'the Group') for the year ended 31 December 2020, which comprise the Group profit and loss account, the Group statement of other comprehensive income, the Group and Company balance sheets, the Group and Company cash flow statements, the Group and Company statements of changes in equity and related notes, including the summary of significant accounting policies set out in note 3. The financial reporting framework that has been applied in their preparation is Irish Law and FRS 102 The Financial Reporting Standard applicable in the UK and Republic of Ireland issued in the United Kingdom by the Financial Reporting Council.

In our opinion:

- the Group and Company financial statements give a true and fair view of the assets, liabilities and financial position of the Group and Company as at 31 December 2020 and of the Group's profit for the year then ended;
- the financial statements have been properly prepared in accordance with FRS 102 The Financial Reporting Standard applicable in the UK and Republic of Ireland; and
- the financial statements have been properly prepared in accordance with the requirements of the Companies Act 2014.

Basis for opinion

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

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

Conclusions relating to going concern

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

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

Other information

The directors are responsible for the other information presented in the Annual Report together with the financial statements. The other information comprises the information included in the Financial Performance section, 2020 Highlights section, the Chair's Statement, the Chief Executive's Review, the Business Overview, the Director's Report, the Statement of Internal Control and the Governance Statement. The financial statements and our auditor's report thereon do not comprise part of the other information. Our opinion on the financial statements does not cover the other information and, accordingly, we do not express an audit opinion or, except as explicitly stated below, any form of assurance conclusion thereon.

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

Based solely on our work on the other information we report that:

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

Independent Auditor's Report to the Members of Coillte Cuideachta Ghníomhaíochta Ainmnithe

Opinions on other matters prescribed by the Companies Act 2014

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

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

Matters on which we are required to report by exception

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

Under the Code of Practice for the Governance of State Bodies ("the Code") we are required to report to you if the statement regarding the system of internal financial control required under the Code on pages 62 to 68 does not reflect the Group's compliance with paragraph 13.1 (iii) of the Code or if it is not consistent with the information of which we are aware from our audit work on the financial statements and we report if it does not. We have nothing to report in this regard.

Respective responsibilities and restrictions on use

Responsibilities of directors for the financial statements

As explained more fully in the directors' responsibilities statement set out on page 59, the directors are responsible for: the preparation of the financial statements including being satisfied that they give a true and fair view; such internal control as they determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error; assessing the Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern; and using the going concern basis of accounting unless they either intend to liquidate the Company or to cease operations, or have no realistic alternative but to do so.

Auditor's responsibilities for the audit of the financial statements

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

A fuller description of our responsibilities is provided on IAASA's website at: https://www.iaasa.ie/getmedia/b2389013-1cf6-458b-9b8f-a98202dc9c3a/Description_of_auditors_responsiblities_for_audit.pdf

The purpose of our audit work and to whom we owe our responsibilities

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

David Meagher
for and on behalf of
KPMG
Chartered Accountants, Statutory Audit Firm
1 Stokes Place
St. Stephen's Green
Dublin 2

Date: 1 April 2021

Group Profit and Loss Account

Financial year ended 31 December 2020	Notes	2020 €'000	2019 €'000
Turnover	5	**285,261**	327,435
Cost of sales		**(199,054)**	(205,629)
Gross profit		**86,207**	121,806
Distribution costs		**(24,549)**	(31,048)
Administrative expenses		**(41,347)**	(39,652)
Other operating gains	10	**8,774**	12,205
Operating Profit before exceptional items		**29,085**	63,311
Exceptional items	9	**(1,278)**	-
Operating profit	6	**27,807**	63,311
Share of associate losses	18	**(335)**	(26)
Profit before interest and taxation		**27,472**	63,285
Interest receivable and similar income	11	**11**	32
Interest payable and similar charges	11	**(1,984)**	(1,843)
Profit on ordinary activities before taxation		**25,499**	61,474
Tax on profit on ordinary activities	13	**(3,859)**	(2,906)
Profit for the financial year		**21,640**	58,568

Group Statement of Other Comprehensive Income

Financial year ended 31 December 2020	Notes	2020 €'000	2019 €'000
Profit for the financial year		**21,640**	58,568
Other comprehensive income/(expenses):			
Re-measurement of net defined benefit pension liability	14	**2,883**	2,227
Movement on deferred tax relating to defined benefit pension liability	13	**77**	(281)
Effective portion of changes in fair value of cash flow hedges			
Fair value movement on cash flow hedges	23	**524**	(2,604)
Cash flow hedges – reclassification to profit and loss account	23	**1,397**	(398)
Deferred tax effect of fair value movement on cash flow hedges	13	**7**	30
Share of other comprehensive expenses of associates	18	**(603)**	(110)
Other comprehensive income/(expense) for the financial year, net of tax		**4,285**	(1,136)
Total comprehensive income for the financial year		**25,925**	57,432

Group Balance Sheet

At 31 December 2020	Notes	2020 €'000	2019 €'000
Fixed assets			
Intangible assets	15	**12,431**	12,128
Tangible assets	16	**629,284**	615,154
Biological assets	17	**870,517**	848,445
Investments	18	**13,895**	11,330
		1,526,127	1,487,057
Current assets			
Stocks	19	**27,102**	23,934
Debtors	20	**119,973**	114,952
Cash at bank and in hand		**61,348**	93,517
		208,423	232,403
Creditors - amounts falling due within one financial year	21	**(70,610)**	(64,476)
Net current assets		**137,813**	167,927
Total assets less current liabilities		**1,663,940**	1,654,984
Creditors - amounts falling due after more than one financial year	22	**(89,780)**	(89,536)
Provisions for liabilities	24	**(43,303)**	(50,475)
Deferred government grants	25	**(122,399)**	(124,064)
Net assets before pension liability		**1,408,458**	1,390,909
Defined benefit pension liability	14	**(43,644)**	(49,720)
Net assets		**1,364,814**	1,341,189
Capital and reserves			
Called-up share capital presented as equity	26	**795,060**	795,060
Undenominated capital	27	**6,145**	6,145
Cash flow hedge reserve	27	**(275)**	(2,203)
Retained earnings	27	**563,884**	542,187
Shareholders' funds		**1,364,814**	1,341,189

The notes on pages 84 to 128 are an integral part of these financial statements. The financial statements on pages 76 to 128 were authorised for issue by the Board of Directors on 1 April 2021 and were signed on its behalf by:

Bernie Gray
Chair

Gerard Gray
Director

Company Balance Sheet

At 31 December 2020	Notes	2020 €'000	2019 €'000
Fixed assets			
Intangible assets	15	**12,408**	12,047
Tangible assets	16	**516,523**	517,025
Biological assets	17	**870,517**	848,445
Investments	18	**79,740**	79,740
		1,479,188	1,457,257
Current assets			
Stock	19	**3,317**	3,673
Debtors	20	**179,134**	173,281
Cash at bank and in hand		**60,358**	78,427
		242,809	255,381
Creditors - amounts falling due within one financial year	21	**(110,068)**	(109,646)
Net current assets		**132,741**	145,735
Total assets less current liabilities		**1,611,929**	1,602,992
Creditors - amounts falling due after more than one financial year	22	**(89,780)**	(89,536)
Provisions for liabilities	24	**(39,845)**	(46,982)
Deferred government grants	25	**(122,399)**	(124,064)
Net assets before pension liability		**1,359,905**	1,342,410
Defined benefit pension liability	14	**(41,406)**	(49,454)
Net assets		**1,318,499**	1,292,956
Capital and reserves			
Called-up share capital presented as equity	26	**795,060**	795,060
Undenominated capital	27	**6,145**	6,145
Cash flow hedge reserve	27	**(122)**	(1,042)
Retained earnings	27	**517,416**	492,793
Shareholders' funds		**1,318,499**	1,292,956

The notes on pages 84 to 128 are an integral part of these financial statements. The financial statements on pages 76 to 128 were authorised for issue by the Board of Directors on 1 April 2021 and were signed on its behalf by:

Bernie Gray
Chair

Gerard Gray
Director

Group Statement of Cash Flows

Financial year ended 31 December 2020	Notes	2020 €'000	2019 €'000
Net cash inflow from operating activities before taxation paid	31	**39,341**	85,397
Taxation paid		**(3,519)**	(5,870)
Net cash inflow from operating activities		**35,822**	79,527
Cash flows from investing activities			
Additions to intangible assets	15	**(2,483)**	(2,202)
Additions to tangible assets	16	**(31,369)**	(24,834)
Additions to biological assets	17	**(35,798)**	(33,828)
Additions to financial assets	18	**(3,055)**	(984)
Distributions from associate undertakings		**1,313**	1,500
Amounts advanced to associate undertakings		**(2,271)**	-
Proceeds from disposals of tangible and intangible assets		**9,733**	12,370
Other exceptional cash item		**(752)**	-
Receipt of capital government grants	20/25	**111**	218
Net cash outflow from investing activities		**(64,571)**	(47,760)
Cash flows from financing activities			
Increase in borrowings	31	**244**	244
Net interest paid	31	**(1,364)**	(711)
Dividends paid	12	**(2,300)**	(13,000)
Net cash outflow from financing activities		**(3,420)**	(13,467)
Net (decrease)/increase in cash and cash equivalents		**(32,169)**	18,300
Cash and cash equivalents at 1 January		**93,517**	75,217
Cash and cash equivalents at 31 December	31	**61,348**	93,517

Company Statement of Cash Flows

Financial year ended 31 December 2020	Notes	2020 €'000	2019 €'000
Net cash inflow from operating activities before taxation paid	32	**17,768**	58,454
Taxation paid		**(2,003)**	(4,646)
Net cash inflow generated from operating activities		**15,765**	53,808
Cash flows from investing activities			
Additions to intangible assets	15	**(2,465)**	(2,202)
Additions to tangible assets	16	**(9,541)**	(12,252)
Additions to biological assets	17	**(35,798)**	(33,828)
Amounts received from/(advanced to) subsidiary undertakings	20/21	**8,030**	(569)
Amounts advanced to associate undertakings		**(2,271)**	-
Distributions from associate undertakings		**1,313**	1,500
Distributions from subsidiaries		**1,102**	-
Proceeds from disposals of tangible assets		**9,844**	12,302
Other exceptional cash items		**(752)**	-
Receipt of capital government grants	20/25	**111**	218
Net cash outflow from investing activities		**(30,427)**	(34,831)
Cash flows from financing activities			
Increase in borrowings	31	**244**	244
Net interest paid		**(1,351)**	(710)
Dividends paid	12	**(2,300)**	(13,000)
Net cash outflow from financing activities		**(3,407)**	(13,466)
Net (decrease)/increase in cash and cash equivalents		**(18,069)**	5,511
Cash and cash equivalents at 1 January		**78,427**	72,916
Cash and cash equivalents at 31 December		**60,358**	78,427

Group Statement of Changes in Equity

Financial year ended 31 December 2020		Called-up share capital presented as equity	Undenominated capital	Cashflow hedge reserve	Profit and loss account	Total
	Notes	€'000	€'000	€'000	€'000	€'000
At 1 January 2020		**795,060**	**6,145**	**(2,203)**	**542,187**	**1,341,189**
Profit for the financial year		**-**	**-**	**-**	**21,640**	**21,640**
Other comprehensive income for the financial year		**-**	**-**	**1,928**	**2,357**	**4,285**
Total comprehensive income for the financial year		**-**	**-**	**1,928**	**23,997**	**25,925**
Transactions with shareholders recorded directly in equity:						
Dividends paid	12	**-**	**-**	**-**	**(2,300)**	**(2,300)**
At 31 December 2020		**795,060**	**6,145**	**(275)**	**563,884**	**1,364,814**
At 1 January 2019		795,060	6,145	769	494,783	1,296,757
Profit for the financial year		-	-	-	58,568	58,568
Other comprehensive (expense)/income for the financial year		-	-	(2,972)	1,836	(1,136)
Total comprehensive (expense)/income for the financial year		-	-	(2,972)	60,404	57,432
Transactions with shareholders recorded directly in equity:						
Dividends paid	12	-	-	-	(13,000)	(13,000)
At 31 December 2019		795,060	6,145	(2,203)	542,187	1,341,189

Company Statement of Changes in Equity

Financial year ended 31 December 2020	Notes	Called-up share capital presented as equity	Undenominated capital	Cashflow hedge reserve	Profit and loss account	Total
		€'000	€'000	€'000	€'000	€'000
At 1 January 2020		**795,060**	**6,145**	**(1,042)**	**492,793**	**1,292,956**
Profit for the financial year		**-**	**-**	**-**	**21,775**	**21,775**
Other comprehensive income for the financial year		**-**	**-**	**920**	**5,148**	**6,068**
Total comprehensive income for the financial year		**-**	**-**	**920**	**26,923**	**27,843**
Transactions with shareholders recorded directly in equity:						
Dividends paid	12	**-**	**-**	**-**	**(2,300)**	**(2,300)**
At 31 December 2020		**795,060**	**6,145**	**(122)**	**517,416**	**1,318,499**
At 1 January 2019		795,060	6,145	371	458,804	1,260,380
Profit for the financial year		-	-	-	45,438	45,438
Other comprehensive (expense)/income for the financial year		-	-	(1,413)	1,551	138
Total comprehensive (expense)/income for the financial year		-	-	(1,413)	46,989	45,576
Transactions with shareholders recorded directly in equity:						
Dividends paid	12	-	-	-	(13,000)	(13,000)
At 31 December 2019		795,060	6,145	(1,042)	492,793	1,292,956

Notes to the Financial Statements

1. Company Information

Coillte CGA (The Irish Forestry Board) was established under the Forestry Act, 1988.

Coillte CGA is a designated activity company limited by shares, that is to say a private company limited by shares registered under Part 16 of the Companies Act 2014. Coillte CGA is domiciled in Ireland and the address of its registered office is Dublin Road, Newtownmountkennedy, Co. Wicklow and the company number is 138108.

2. Statement of compliance

The Company and Group financial statements of Coillte CGA (the Group) have been prepared in accordance with Financial Reporting Standard 102, "The Financial Reporting Standard applicable in the United Kingdom and Republic of Ireland" ("FRS 102"), and with the Companies Act 2014.

3. Summary of significant accounting policies

The significant accounting policies applied in the preparation of these financial statements are set out below. These policies have been consistently applied to all the financial years presented, unless otherwise stated.

(a) Basis of preparation

The financial statements are prepared on a going concern basis, under the historical cost convention, as modified by the measurement at fair value of investment properties and certain financial assets and liabilities including derivative financial instruments.

The preparation of financial statements in conformity with FRS 102 requires the use of certain critical accounting estimates. It also requires management to exercise its judgement in the process of applying the Group's accounting policies. The areas involving a higher degree of judgement or complexity, or areas where assumptions and estimates are significant to the financial statements, are disclosed in note 4.

(b) Going concern

After making enquiries, the Directors have a reasonable expectation that the Group and Company have adequate resources to continue in operational existence for the foreseeable future. The Group and Company therefore continue to adopt the going concern basis in preparing the financial statements.

(c) Exemptions

As permitted by Section 304 of the Companies Act 2014, the Company is availing of the exemption from presenting its separate profit and loss account in these financial statements and from filing it with the Registrar of Companies. The Company's profit for the financial year was €21,775,000 (2019: €45,438,000).

(d) Consolidation and equity accounting

The Group financial statements consolidate the financial statements of the Company and all its subsidiary undertakings.

(i) Investments in subsidiaries

Subsidiaries are consolidated from the date of their acquisition, being the date on which the Group obtains control and continue to be consolidated until the date that such control ceases. Control comprises the power to govern the financial and operating policies of the investee so as to obtain benefits from its activities. All intra-group transactions, balances, income and expenses are eliminated in full on consolidation.

In the Company's individual financial statements, investments in subsidiaries are accounted for at cost less impairment. Dividend income is recognised when the right to receive payment is established.

(ii) Investments in joint ventures

Entities in which the Group holds an interest and which are jointly controlled by the Group and one or more other venturers under a contractual arrangement are treated as joint ventures.

Notes to the Financial Statements

In the Group financial statements, joint ventures are accounted for using the equity method. Investments in joint ventures are recognised initially in the consolidated balance sheet at the transaction price and subsequently adjusted to reflect the Group's share of total comprehensive income and equity of the joint venture, less any impairment. Any excess of the cost of acquisition over the Group's share of the net fair value of the identifiable assets, liabilities and contingent liabilities of the joint venture recognised at the date of acquisition, although treated as goodwill, is presented as part of the investment in the joint venture. Amortisation is charged so as to allocate the cost of goodwill over its estimated useful life, using the straight-line method. Losses in excess of the carrying amount of an investment in a joint venture are recorded as a provision only when the Group has incurred legal or constructive obligations or has made payments on behalf of the joint venture. Unrealised gains arising from transactions with joint ventures are eliminated to the extent of the Group's interest in the entity. Unrealised losses are eliminated in the same manner as unrealised gains, but only to the extent that there is no evidence of impairment.

In the Company's individual financial statements, investments in joint ventures are accounted for at cost less impairment. Dividend income is recognised when the right to receive payment is established.

(iii) Jointly controlled operations

Jointly controlled operations involve the use of assets and resources of the Group and other venturers rather than the establishment of a separate entity or financial structure separate from the Group and other venturers. Each venturer (including the Group) uses its own assets and incurs its own expenses and liabilities and raises its own finance.

In the financial statements, jointly controlled operations are accounted for by recognising the assets that the Group controls, the liabilities that it incurs, the expenses that it incurs and its share of the income that it earns from the sale of goods or services by the joint venture.

(iv) Investments in associate companies

Entities in which the Group holds an interest of less than 50% and has a demonstrable significant influence are treated as associate companies.

In the Group financial statements, associates are accounted for using the equity method. Investments in associates are recognised initially in the consolidated balance sheet at the transaction price and subsequently adjusted to reflect the Group's share of total comprehensive income and equity of the associate, less any impairment. Any excess of the cost of acquisition over the Group's share of the net fair value of the identifiable assets, liabilities and contingent liabilities of the associate recognised at the date of acquisition, although treated as goodwill, is presented as part of the investment in the associate. Amortisation is charged so as to allocate the cost of goodwill over its estimated useful life, using the straight-line method. Losses in excess of the carrying amount of an investment in an associate are recorded as a provision only when the Group has incurred legal or constructive obligations or has made payments on behalf of the associate. Unrealised gains arising from transactions with associates are eliminated to the extent of the Group's interest in the entity. Unrealised losses are eliminated in the same manner as unrealised gains, but only to the extent that there is no evidence of impairment.

In the Company's individual financial statements, investments in associates are accounted for at cost less impairment. Dividend income is recognised when the right to receive payment is established.

(e) Foreign currencies

(i) Functional and presentation currency

The Company's functional and presentation currency and the Group's presentation currency is the euro, denominated by the symbol "€" and, unless otherwise stated, the financial statements have been presented in thousands ('000).

Notes to the Financial Statements

(ii) Transactions and balances

Foreign currency transactions are translated into euro using the spot exchange rates at the dates of the transactions. Monetary assets and liabilities denominated in foreign currencies are retranslated at the exchange rates ruling at the reporting date. Non-monetary items that are measured in terms of historical cost in a foreign currency are not retranslated. Non-monetary items measured at fair value are measured using the exchange rate ruling when the fair value was determined.

Foreign currency gains and losses resulting from the settlement of transactions and from the translation at period-end exchange rates of monetary assets and liabilities denominated in foreign currencies are recognised in the profit and loss account.

(f) Revenue recognition

Revenue is measured at the fair value of the consideration received or receivable and represents the amount receivable for goods supplied or services rendered, net of returns, discounts and rebates allowed by the Group and value added taxes.

Where the consideration receivable in cash or cash equivalents is deferred, and the arrangement constitutes a financing transaction, the fair value of the consideration is measured as the present value of all future receipts using the imputed rate of interest.

The Group recognises revenue to the extent that revenue and related costs incurred or to be incurred are subject to reliable measurement, that it is probable that economic benefits will flow to the Group and that the significant risks and rewards of ownership have passed to the buyer, or in accordance with specific terms and conditions agreed with buyers.

Sale of goods and rendering of services

Revenue from the sale of standing timber is recognised in instalments over the course of the sales contract. Revenue from the sale of harvested timber is recognised when delivered to the mill gate. Revenue from the sale of MEDITE SMARTPLY products is recognised when the goods are delivered. All other revenue is recognised when the goods or services are delivered.

(g) Exceptional items

The Group classifies charges or credits that have a material impact on the Group's financial results as 'exceptional items'. These are disclosed separately to provide further understanding of the financial performance of the Group. Judgement is used by the Group in assessing the particular items, which by virtue of their materiality and/or nature, are disclosed in the Group profit and loss account and related notes as exceptional items. Such items may include restructuring costs including defined benefit pension scheme curtailments or past service costs/credits, profit or loss on disposal of operations, impairment of assets and accelerated amortisation of bank fees.

(h) Employee benefits

The Group provides a range of benefits to employees, including paid holiday arrangements and defined benefit and defined contribution pension plans.

(i) Short term benefits

Short term benefits, including holiday pay and other similar non-monetary benefits, are recognised as an expense in the period in which the service is received.

(ii) Defined benefit pension plans

The pension entitlements of the majority of employees in Coillte CGA and Medite Europe DAC (a subsidiary undertaking), are funded through separately administered defined benefit superannuation schemes. A defined benefit plan defines the pension benefit that the employee will receive on retirement usually dependent upon several factors including age, length of service and remuneration.

The liability recognised in the balance sheet in respect of the Group's defined benefit plans is the present value of the defined benefit obligation at the reporting date

Notes to the Financial Statements

less the fair value of the plans' assets at the reporting date. The defined benefit obligation is calculated using the projected unit credit method. The Group engages independent actuaries to calculate the obligation. A full actuarial valuation is undertaken every three financial years and is updated to reflect current conditions in the intervening periods. The present value of plan liabilities is determined by discounting the estimated future payments using a market yield on high quality corporate bonds that are denominated in euro and that have terms approximating the estimated period of the future payments ('discount rate'). The fair value of plan assets is measured in accordance with the FRS 102 fair value hierarchy, including the use of appropriate valuation techniques. The value of a net pension benefit asset is limited to the amount that may be recovered either through reduced contributions or agreed refunds from the scheme.

Actuarial gains and losses arising from experience adjustments and changes in actuarial assumptions are recognised in the statement of other comprehensive income. These amounts, together with the return on plan assets, less amounts included in net interest, are disclosed as 'Re-measurement of net defined benefit liability'. Re-measurements are not reclassified to the profit and loss account in subsequent periods.
The cost of defined benefit plans is recognised in the profit and loss account as employee costs, except where included in the cost of an asset. The cost comprises:
(a) the increase in pension benefit liability arising from employee service during the period; and
(b) the cost of plan introductions, benefit changes, curtailments and settlements.

The net interest cost is calculated by applying the discount rate to the net balance of the defined benefit obligation and the fair value of plan assets. This cost is recognised in the profit and loss account as a 'Finance expense'.

(iii) Defined contribution pension plans

Pension entitlements of employees of Smartply Europe DAC and Medite Smartply UK Limited (formerly Coillte Panel Products (UK) Limited) (both subsidiary undertakings) are funded through a separately administered defined contribution superannuation scheme. Pension entitlements of employees in Coillte CGA and Medite Europe DAC who are not members of the defined benefit superannuation scheme are funded through separately administered defined contribution schemes. The contributions are recognised as an expense in the profit and loss account as services are rendered.

(i) Taxation

Taxation expense comprises current and deferred tax recognised in the reporting period. Tax is recognised in the profit and loss account, except to the extent that it relates to items recognised in other comprehensive income or directly in equity. In this case tax is also recognised in other comprehensive income or directly in equity respectively.

(i) Current tax

Current tax is the amount of income tax payable in respect of the taxable profit for the financial year or prior financial years. Tax is calculated on the basis of tax rates and laws that have been enacted or substantively enacted by the period end.

(ii) Deferred tax

Deferred tax arises from timing differences that arise from the inclusion of income and expenses in tax assessments in periods different from those in which they are recognised in the financial statements.

Deferred tax is recognised on all timing differences at the reporting date except for certain exceptions. Unrelieved tax losses and other deferred tax assets are recognised only when it is probable that they will be recovered against the reversal of deferred tax liabilities or other future taxable profits.

Deferred tax is measured using tax rates and laws that have been enacted or substantively enacted by the period end and that are expected to apply to the reversal of the timing difference.

Notes to the Financial Statements

(j) Intangible assets

Goodwill arising on the acquisition of subsidiary undertakings by the Group is capitalised and amortised to the profit and loss account over its estimated useful life. This has been estimated at 10 years after taking account of the nature of the businesses acquired and the industry in which they operate.
Computer software is stated at cost less accumulated amortisation and accumulated impairment losses. Software is amortised over its estimated useful life, of between 2 and 5 financial years, on a straight line basis.

Where factors, such as technological advancement or changes in market price, indicate that the useful life has changed, the amortisation rate is amended prospectively to reflect the new circumstances.

The assets are reviewed for impairment if the above factors indicate that the carrying amount may be impaired.

(k) Tangible assets

Tangible assets, except for investment properties, are stated at cost less accumulated depreciation and accumulated impairment losses. Cost includes the original purchase price, related borrowing costs, costs directly attributable to bringing the asset to its working condition for its intended use, dismantling and restoration costs.

(i) Depreciation

Land is not depreciated. Depreciation on other assets is calculated, using the straight-line method, to allocate the cost over their estimated useful lives, as follows:

• Freehold buildings	20 to 50 years
• Forest roads and bridges	20 to 50 years
• Machinery and equipment	3 to 20 years

Depreciation on certain plant and installation, included in plant and machinery, is provided on a unit of production basis over the estimated useful lives of the assets. The following rates were being applied to these assets as at 31 December 2020:

• Plant and installations	range of 4% - 11%

The assets' useful lives are reviewed, and adjusted if appropriate, at the end of each reporting period. The effect of any change is accounted for prospectively.

(ii) Subsequent additions

Subsequent costs are included in an asset's carrying amount or recognised as a separate asset, as appropriate, only when it is probable that economic benefits associated with the item will flow to the Group and the cost can be measured reliably. Repairs, maintenance and minor inspection costs are expensed as incurred.

(iii) Assets in the course of construction

Assets in the course of construction are stated at cost. These assets are not depreciated until they are available for use.

(iv) Derecognition

Tangible assets are derecognised on disposal or when no future economic benefits are expected. Revenue from the sale of tangible assets is recognised when an unconditional contract has been signed. The difference between the net disposal proceeds and the carrying amount is recognised in the profit and loss account within 'Other operating gains'.

(v) Transfers to stock

Land which is identified during the accounting period as part of the Group's land dealing and development business is transferred to stock.

(l) Investment properties

Investment properties are measured at fair value with changes in fair value recognised in the profit and loss account.

(m) Biological assets

The Group's biological assets comprise of forest plantations and nursery plants and are measured at cost less any accumulated depletion and any accumulated impairment losses.

Notes to the Financial Statements

Biological assets taken over from the Department of Agriculture, Food and the Marine on Vesting Day (1 January 1989) are stated at cost based on the overall amount agreed between the Group and the Minister for Agriculture, Food and the Marine. Subsequent additions are stated at cost.

The Group capitalises the costs associated with establishing and maintaining its forest plantations. Direct costs are capitalised on the basis of the specific operations carried out. Indirect costs are capitalised by operation by reference to the proportion of the direct costs capitalised for which the individual management team has responsibility. The Group owns forest plantations established on leased land. Land rentals are treated as direct costs and are capitalised. When the annual rental paid is based on expected future profitability of these forest plantations, any interim revenues from thinning activities are deducted from the amount capitalised.

Depletion represents the costs of forest plantations clear felled and is calculated as the proportion that the area harvested bears to the total area of similar forest plantations. The amount of depletion charged to the profit and loss account is based on the original cost of the forest plantation at vesting day or, if the forest plantation was established post vesting day, the original establishment costs, plus an allocation of maintenance costs capitalised since that date.

Harvested timber is measured at the point of harvest at the lower of cost and estimated selling price less costs to sell.

Biological assets which are identified during the accounting period as part of the Group's land dealing and development business are transferred to stock.

(n) Borrowing costs

General and specific borrowing costs directly attributable to the acquisition, construction or production of qualifying assets, which are assets that necessarily take a substantial period of time to get ready for their intended use or sale, are added to the cost of those assets, until such time as the assets are substantially ready for their intended use or sale. The Group has elected to treat the date of transition to FRS 102 (1 January 2014) as the commencement date for the capitalisation of interest on qualifying assets.

All other borrowing costs are recognised in the profit and loss account in the period in which they are incurred.

(o) Leased assets

At inception the Group 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.

(i) Finance lease assets

Leases of assets that transfer substantially all the risks and rewards incidental to ownership are classified as finance leases.

Finance leases are capitalised at commencement of the lease as assets at the fair value of the leased asset or, if lower, the present value of the minimum lease payments calculated using the interest rate implicit in the lease. Where the implicit rate cannot be determined the Group's incremental borrowing rate is used. Incremental direct costs, incurred in negotiating and arranging the lease, are included in the cost of the asset.

Assets are depreciated over the shorter of the lease term and the estimated useful life of the asset. Assets are assessed for impairment at each reporting date.

The capital element of lease obligations is recorded as a liability on inception of the arrangement. Lease payments are apportioned between capital repayment and finance charge, using the effective interest rate method, to produce a constant rate of charge on the balance of the capital repayments outstanding.

(ii) Operating lease assets

Leases that do not transfer all the risks and rewards of ownership are classified as operating leases. Payments under operating leases are charged to the profit and loss account on a straight-line basis over the period of the lease.

Notes to the Financial Statements

(p) Impairment of non-financial assets

At each reporting date non-financial assets not carried at fair value are assessed 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 compared to the carrying amount of the asset (or asset's cash generating unit).

The recoverable amount of the asset (or asset's cash generating unit) is the higher of the fair value less costs to sell and value in use. Value in use is defined as the present value of future pre-tax and interest cash flows obtainable as a result of the asset's (or asset's cash generating unit) continued use. The pre-tax and interest cash flows are discounted using a pre-tax discount rate that represents the current market risk-free rate and the risks inherent in the asset.

If the recoverable amount of the asset (or asset's cash generating unit) is estimated to be lower than the carrying amount, the carrying amount is reduced to its recoverable amount. An impairment loss is recognised in the profit and loss account.

If an impairment loss subsequently reverses, 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 periods. A reversal of an impairment loss is recognised in the profit and loss account.

(q) Stocks

Stocks are stated at the lower of historical cost and estimated selling price less costs to complete and sell. Stocks sold are recognised as an expense in the period in which the related revenue is recognised.

Cost is determined using the first-in, first-out (FIFO) method or a weighted average cost formula. Cost includes the purchase price, including taxes and duties and transport and handling directly attributable to bringing the stock to its present location and condition. The cost of manufactured finished goods and work in progress includes design costs, raw materials, direct labour and other direct costs and related production overheads (based on normal operating capacity). A provision is made for obsolete, slow-moving or defective items where appropriate.

Non-critical spare parts, which are deemed to be of a consumable nature, are included within stocks and expensed when utilised.

(r) Cash and cash equivalents

Cash and cash equivalents includes cash in hand, deposits held at call with banks, other short term highly liquid investments with original maturities of three months or less and bank overdrafts. Bank overdrafts, when applicable, are shown within borrowings in current liabilities.

(s) Provisions and contingencies

(i) Provisions

Provisions are recognised when the Group has a present legal or constructive obligation as a result of past events, it is probable that an outflow of resources will be required to settle the obligation, and the amount of the obligation can be estimated reliably.

The amount recognised as a provision is the best estimate of the consideration required to settle the present obligation at the reporting date, taking into account the risks and uncertainties surrounding the obligation. Where the effect of the time value of money is material, the amount expected to be required to settle the obligation is recognised at present value using a pre-tax discount rate. The unwinding of the discount is recognised as a finance cost in the profit and loss account in the period it arises.

Notes to the Financial Statements

(ii) Replanting obligation

The Group has recognised a provision (liability) in respect of the replanting obligation attaching to clear felled forests and has also recognised a current asset, 'forest plantations to be planted', within debtors. The related costs are treated as an asset because future economic benefits are expected to flow to the Group. As the asset does not meet the definition of biological assets, they are treated as a current asset 'forest plantations to be planted' within debtors.

(iii) Contingencies

Contingent liabilities, arising as a result of past events, are not recognised when (i) it is not probable that there will be an outflow of resources or that the amount cannot be reliably measured at the reporting date or (ii) when the existence will be confirmed by the occurrence or non-occurrence of uncertain future events not wholly within the Group's control. 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.

(t) Government grants

Government grants are recognised at their fair value when it is reasonable to expect that the grants will be received and that all related conditions will be met, usually on submission of a valid claim for payment.

Government grants in respect of capital expenditure are credited to a deferred income account. These government grants are released to the profit and loss account over the expected useful lives of the relevant assets by equal annual instalments, except for forestry grants.

Grants in respect of afforestation costs which have been capitalised are released to the profit and loss account when the related forest plantations are clear felled.

Government grants of a revenue nature are deferred and credited to the profit and loss account over the period necessary to match them with the costs that they are intended to compensate.

(u) Financial instruments

The Group has chosen to adopt Sections 11 and 12 of FRS 102 in respect of financial instruments.

(i) Financial assets

Basic financial assets, including trade receivables, other receivables and cash and bank balances, are initially recognised at transaction price, unless the arrangement constitutes a financing transaction, where the transaction is measured at the present value of the future receipts discounted at a market rate of interest. Such assets are subsequently carried at amortised cost using the effective interest method.

At the end of each reporting period financial assets measured at amortised cost are assessed for objective evidence of impairment. If an asset is impaired the impairment loss is the difference between the carrying amount and the present value of the estimated cash flows discounted at the asset's original effective interest rate. The impairment loss is recognised in the profit and loss account.

If there is a decrease in the impairment loss arising from an event occurring after the impairment was recognised the impairment is reversed. The reversal is such that the current carrying amount does not exceed what the carrying amount would have been had the impairment not previously been recognised. The impairment reversal is recognised in the profit and loss account.

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

Notes to the Financial Statements

(ii) Financial liabilities

Basic financial liabilities, including trade and other payables, bank loans and loans from fellow group companies, are initially recognised at transaction price (including transaction costs), unless the arrangement constitutes a financing transaction, where the debt instrument is measured at the present value of the future receipts discounted at a market rate of interest.

Debt instruments are subsequently carried at amortised cost, using the effective interest method. Fees paid on the establishment of loan facilities are recognised as transaction costs of the loan to the extent that it is probable that some or all of the facility will be drawn down. In this case, the fee is deferred until the draw-down occurs. To the extent that there is no evidence that it is probable that some or all of the facility will be drawn down, the fee is capitalised as a prepayment for liquidity services and amortised over the period of the facility to which it relates.

Trade payables are obligations to pay for goods or services that have been acquired in the ordinary course of business from suppliers. Trade payables are classified as current liabilities if payment is due within one financial year or less. If not, they are presented as non-current liabilities. Trade payables are recognised initially at transaction price and subsequently measured at amortised cost using the effective interest method.

Financial liabilities are derecognised when the liability is extinguished, that is when the contractual obligation is discharged, cancelled or expires.

(iii) Derivative financial instruments

The Group uses derivative financial instruments (interest rate swaps and forward foreign currency contracts) to hedge its exposure to interest rate and foreign currency risks arising from operational and financing activities.

Derivative financial instruments, including interest rate swaps and forward foreign currency contracts, are not basic financial instruments. Derivative financial instruments are initially recognised at fair value on the date a derivative contract is entered into and are subsequently re-measured at their fair value.

The method of recognising the resulting gain or loss depends on whether the derivative is designated as a hedging instrument, and if so, the nature of the item being hedged. Changes in the fair value of derivatives for which the Group has not elected to apply hedge accounting are recognised in the profit and loss account in finance costs or income as appropriate.

(iv) Hedging

For the purposes of hedge accounting, the Group's hedges are designated as cash flow hedges (which hedge exposures to fluctuations in future cash flows derived from a particular risk associated with recognised assets or liabilities or highly probable forecast transactions).

The Group documents, at the inception of the transactions, the relationship between hedging instruments and hedged items, as well as its risk management objectives and strategy for undertaking various hedging transactions.

The fair values of various derivative instruments are disclosed in note 23 and the movements on the cash flow hedge reserve in equity are shown in the statement of other comprehensive income. The full fair value of a derivative is classified as a non-current asset or non-current liability if the remaining maturity of the derivative is more than twelve months and as a current asset or current liability if the remaining maturity of the derivative is less than twelve months.

(v) Research and development

All expenditure on research and development activities is written off to the profit and loss account in the financial year in which it is incurred.

(w) Distributions to equity shareholders

Dividends to the Group's shareholders are recognised as a liability in the financial statements in the period in which the dividends are approved by the Group's shareholders. These amounts are recognised in the statement of changes in equity.

Notes to the Financial Statements

(x) Emission rights

Emission allowances permit the Group to emit a specified amount of carbon compounds into the atmosphere, and may be purchased if emissions are expected to exceed a quota or sold if the quota is not reached. To the extent that excess emission rights are disposed of during a financial period, the profit or loss arising thereon is recognised immediately within cost of sales in the financial statements.

4. Critical accounting judgements and estimation uncertainty

Estimates and judgements are continually evaluated and are based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances. The areas involving a higher degree of judgement or complexity, or areas where assumptions and estimates are significant to the financial statements, include but are not limited to the following areas:

(i) Revaluation of investment properties

The Group carries its investment properties at fair value, with changes in fair value being recognised in the profit and loss account. The Group engaged independent valuation specialists to assist in determining the fair value at 31 December 2018. Due to the nature of the property and a lack of comparable market data, the valuation methodology is based on a discounted cash flow model. The determined fair value of the investment properties is most sensitive to the estimated yield and the expected future rental income stream. The key assumptions used to determine the fair value of investment properties are further explained in note 16.

(ii) Impairment of non-financial assets and goodwill

Non-financial assets not carried at fair value are assessed 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 compared to the carrying amount of the asset.

The recoverable amount of an asset (or asset's cash generating unit) is the higher of the fair value less costs to sell and value in use. These calculations require the use of estimates. The calculations are inherently judgmental and susceptible to change from period to period because they require the Group to make assumptions about future supply and demand, future sales prices, the achievement of cost savings, applicable exchange rates and an appropriate discount rate. If the Group fails to meet its forecasted sales levels or fails to achieve anticipated cost reductions, or if weak economic conditions prevail in its primary markets, the value in use of an asset (or an asset's cash generating unit) is likely to be adversely affected.

(iii) Pensions

The Group has an obligation to pay pension benefits to certain employees. The cost of these benefits and the present value of the obligation depend on a number of factors, including; life expectancy, salary and pension payment increases, asset valuations, inflation and the discount rate on corporate bonds. 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. Management estimates these factors in determining the net pension obligation on the balance sheet. The assumptions reflect historical experience and current trends and may differ from the actual data as a result of changes in economic and market conditions. See note 14 for the disclosures relating to the defined benefit pension scheme.

(iv) Useful economic lives of tangible assets

The annual depreciation charge for tangible assets is sensitive to changes in the estimated useful economic lives of the assets. The useful economic lives are re-assessed annually. They are amended when necessary to reflect current estimates, based on technological advancement, future investments, economic utilisation and the physical condition of the assets. See note 16 for the carrying amount of the Group's tangible assets. The useful economic lives for each class of assets are disclosed in the accounting policy set out in note 3.

Notes to the Financial Statements

(v) Depletion

Depletion represents the costs of forest plantations clear felled and is calculated as the proportion that the area harvested bears to the total area of similar forest plantations. The amount of depletion charged to the profit and loss account is based on the original cost of the forest plantation at vesting day or, if the forest plantation was established post vesting day, the original establishment costs, plus an allocation of maintenance costs capitalised since that date.

(vi) Impairment of debtors

The Group makes an estimate of the recoverable value when assessing impairment of trade and other debtors. Management considers factors including the insurance policy in place, the current credit rating of the debtor, the ageing profile of debtors and historical experience. See note 20 for the net carrying amount of the Group's debtors and associated impairment provision.

(vii) Provisions for liabilities

The determination of the Group's provisions for liabilities inevitably involves a high degree of judgment. Where provisions are deemed necessary, judgments are made in relation to the future cash outflows arising in connection with provisions made. The main judgmental areas in the Group relate to legal claims and restructuring related provisions. Management calculate these provisions factoring in the best information available and they make estimates based on their judgment.

Notes to the Financial Statements

5. Turnover

Analysis of turnover

The Group is organised into three operating divisions: Forest, Land Solutions and MEDITE SMARTPLY. The Forest Division is involved in the management of the Group's forestry business, including the establishment, management and protection of forests. Land Solutions is responsible for optimising the land resource, for Coillte Nature and for managing the Group's strategic investments and other value added initiatives. MEDITE SMARTPLY is a leading manufacturer and supplier of innovative and sustainable MDF and OSB panels.

The Group also has a Renewable Energy division which is a development business and focused primarily on onshore wind.

The table below is an analysis of turnover by division and by geography.

	Forest		Land Solutions		MEDITE SMARTPLY		Group	
	2020 €'000	2019 €'000	**2020 €'000**	2019 €'000	**2020 €'000**	2019 €'000	**2020 €'000**	2019 €'000
Group turnover								
Continuing operations:								
Republic of Ireland	**112,918**	131,964	**5,741**	4,107	**21,545**	26,101	**140,204**	162,172
United Kingdom	**10,278**	17,418	**35**	35	**106,615**	127,837	**116,928**	145,290
Rest of the World	**39**	77	**-**	-	**57,477**	53,476	**57,516**	53,553
Inter-segment sales*	**(29,387)**	(33,580)	**-**	-	**-**	-	**(29,387)**	(33,580)
Sales to third parties	**93,848**	115,879	**5,776**	4,142	**185,637**	207,414	**285,261**	327,435

**Representing sales from the Group's Forest division to its MEDITE SMARTPLY division.*

Notes to the Financial Statements

6. Operating profit

	2020 €'000	2019 €'000
Operating profit has been arrived at after charging/(crediting):		
Depreciation (note 16)	**20,625**	20,701
Depletion (note 17)	**13,200**	15,210
Amortisation of grants (note 25)	**(1,757)**	(1,822)
Amortisation of intangible assets (note 15)	**2,035**	2,042
Operating lease charges	**1,400**	1,446
Research and development expenditure	**346**	245
Operating lease rental income	**(2,727)**	(2,630)
Impairment of trade and other receivables	**338**	1,983
Inventory recognised as an expense	**179,443**	191,623
(Reversal of Impairment)/Impairment of inventory (included in 'cost of sales')	**(613)**	1,099
Exceptional items (note 9)	**1,278**	-

Remuneration (including expenses) for the statutory audit of the financial statements and other services carried out by the Group and Company's auditors is as follows:

	Group		Company	
	2020 €'000	2019 €'000	2020 €'000	2019 €'000
Audit of the financial statements	**228**	225	**170**	179
Other assurance services	**41**	27	**41**	27
Tax advisory services	**233**	103	**225**	88
Other non-audit services	**50**	16	**50**	16
	552	371	**486**	310

Notes to the Financial Statements

7. Emoluments of Directors

	2020 €'000	2019 €'000
Emoluments	**129**	247
Contributions to retirement benefits schemes	**9**	28
Total	**138**	275

Retirement benefits were accruing for part of 2020 to 1 Director (2019: 2), under a defined benefit scheme.

8. Employees and remuneration

The average number of persons employed by the Group (excluding joint venture and associate undertakings) during the year was 816 (2019: 807).

	2020 €'000	2019 €'000
Staff costs comprise:		
Wages and salaries	**49,626**	51,934
Social insurance costs	**5,094**	5,264
Other retirement benefit costs	**6,325**	5,435
	61,045	62,633
Less: Own work capitalised	**(10,474)**	(10,122)
Charge to profit and loss account	**50,571**	52,511
Other retirement benefit costs comprise:		
Defined contribution scheme pension costs (note 14)	**1,532**	1,394
Defined benefit scheme pension costs (note 14)	**4,793**	4,041
	6,325	5,435

Principally during Q2 of 2020, the Group was in receipt of Government Grants in the form of the Covid-19 Temporary Wage Subsidy Scheme amounting to €2.1m. The Group fully met the qualifying criteria established by Revenue in order to be eligible for this Scheme. However, in light of the stronger recovery than forecast in the second half of the year in key end markets for sawnwood and panel products, the Group's financial outturn for 2020 was better than anticipated. Accordingly, subsequent to year end, the Board took the decision to refund the amounts received under the Covid-19 Temporary Wage Subsidy Scheme, inclusive of related PRSI savings, in full to Revenue.

Notes to the Financial Statements

Wages and Salaries

	2020 €'000	2019 €'000
Wages and salaries comprise:		
Basic pay	**43,230**	44,790
Overtime	**3,824**	4,209
Allowances	**2,572**	2,935
	49,626	51,934

Key management compensation

	2020 €'000	2019 €'000
Short term benefits	**1,719**	1,613
Post-employment benefits	**115**	86
	1,834	1,699

The key management compensation amounts disclosed above represent compensation to those people having the authority and responsibility for planning, directing and controlling the activities of the Group and Company. These include the Board members and senior executives. Senior executives comprised the CEO plus six others during 2020 (2019: six, some for part of the year).

In accordance with the Code of Practice for the Governance of State Bodies, post-employment benefits relate to payments in respect of defined contribution schemes. Three key management personnel are members of the Coillte CGA defined benefit scheme and their entitlements in that regard do not extend beyond the terms of the model public service pension scheme.

9. Exceptional items

	2020 €'000	2019 €'000
Recognised in arriving at operating profit:		
Depletion & related costs re Forest Fires (note A)	**1,278**	-

A. Depletion & related costs in relation to forest fires

During 2020, there were a number of significant forest fires which affected c.260 hectares of forestry. The associated costs of fire-fighting and the accelerated depletion of the damaged biological assets totalled €1.3m and these were recognised as exceptional costs in 2020.

Notes to the Financial Statements

10. Other operating gains

Other operating gains, all of which relate to profits realised on the disposal of fixed assets, amount to €8.8 million (2019: €12.2 million).

11. Interest payable and similar charges

	2020 €'000	2019 €'000
Interest receivable and similar income		
Interest receivable	**(11)**	(32)
Interest payable and similar charges		
Interest on bank overdrafts and loans, and other related bank costs	**1,323**	761
Net interest expense on pension deficit (note 14)	**639**	1,060
Unwind of discount (note 24)	**22**	22
Other finance costs	**661**	1,082
Total interest payable	**1,984**	1,843
Net interest expense	**1,973**	1,811

12. Dividends

Equity dividends declared and paid on ordinary shares:

	2020 €'000	2019 €'000
Dividend of €0.00365 per share for the financial year ended 31 December 2020	**2,300**	-
Dividend of €0.02060 per share for the financial year ended 31 December 2019	**-**	13,000
	2,300	13,000

A dividend of €0.00365 per share totalling €2.3m was authorised by the Board and paid in December 2020. Total dividends paid in the year ended 31 December 2019 amounted to €13.0m.

Notes to the Financial Statements

13. Taxation

(a) Tax expense included in the profit and loss account:

	2020 €'000	2019 €'000
Current tax:		
Corporation tax at 12.5%	3,010	7,010
Less: Woodlands relief	(2,109)	(5,174)
Irish corporation tax	901	1,836
Foreign tax	27	23
Adjustment in respect of prior financial years	243	(1,066)
Taxation on disposal of fixed assets at 33%	2,542	5,556
Total current tax	3,713	6,349
Deferred tax:		
Pension timing difference	(380)	31
Prior year underprovision	64	-
Deferred tax assets not previously recognised	-	(2,557)
Other timing differences	462	(917)
Total deferred tax	146	(3,443)
Total taxation on profit on ordinary activities	3,859	2,906

Notes to the Financial Statements

(b) Tax (income)/expense included in the statement of other comprehensive income:

	2020 €'000	2019 €'000
Current tax:	-	-
Deferred tax:		
Pension timing difference	**(77)**	281
Other timing differences	**(7)**	(30)
Total tax (credit)/charge included in the statement of other comprehensive income	**(84)**	251

(c) Reconciliation of tax charge

The tax assessed for the period is higher than the standard rate of corporation tax in the Republic of Ireland. The differences are explained below:

	2020 €'000	2019 €'000
Profit on ordinary activities before tax	**25,499**	61,474
Profit on ordinary activities multiplied by the standard rate of tax in the Republic of Ireland of 12.5%	**3,187**	7,684
Effects of:		
Woodlands relief	**(2,109)**	(5,174)
Expenses non-deductible for tax purposes	**183**	521
Differences between capital allowances and depreciation	**8**	3
Higher rates of tax on certain activities	**2,162**	4,050
Foreign tax	**2**	36
Deferred tax at higher rate	**-**	(505)
Deferred tax assets not previously recognised	**-**	(2,557)
Adjustments in respect of prior financial years	**307**	(1,066)
Other	**119**	(86)
	3,859	2,906

Notes to the Financial Statements

14. Pensions

A. Defined benefit pension scheme

The Group operates defined benefit pension schemes in Coillte CGA and Medite Europe DAC for the majority of those entities' employees, with assets held in separately administered funds.

The pension costs relating to the Group's defined benefit schemes are assessed in accordance with the advice of independent qualified actuaries. The valuations were based on the attained age and the projected unit credit method and the last full valuations were carried out as at 1 January 2018 (Medite Europe DAC) and 31 December 2017 (Coillte CGA).

The assumptions which have the most significant effect on the results of the actuarial valuations are those relating to the rate of return on investments and the rates of increase in remuneration and pensions. It was assumed that the rate of return on investments would on average exceed annual remuneration increases by 1.25% (Coillte CGA) and 1.4% (Medite Europe DAC) in the last full valuations and that pension increases of 1.75% would be paid by Coillte CGA. No provision was made for future pension increases in Medite Europe DAC.

The market value of the assets in the Group's defined benefit schemes at the respective valuation dates was €271.1 million (Coillte CGA – 31 December 2017) and €34.4 million (Medite Europe DAC – 1 January 2018) and the deficits in the schemes, inclusive of the Funding Standard Reserve, at those dates were €23.7 million (Coillte CGA) and €4.6 million (Medite Europe DAC).

The valuations indicated that the actuarial value of the total scheme assets was sufficient to cover 92% of the benefits that had accrued to the members of the combined scheme, inclusive of the Funding Standard Reserve, as at the valuation dates. Coillte CGA and Medite Europe DAC contribute to their respective scheme on behalf of members at a rate of 25% and 15.4% respectively. The actuarial reports of both schemes are available to scheme members, but not for public inspection.

The payment of pre-Vesting Day pension entitlements of employees retiring after Vesting Day, which is the liability of the Minister for Public Expenditure and Reform, has been delegated to the Company by the Minister for Agriculture, Food and the Marine under section 44 of the Forestry Act, 1988. Payments made by the Company in accordance with such delegation are reimbursed by the Minister for Public Expenditure and Reform.

A funding proposal in respect of the Coillte CGA scheme was approved by the Pensions Authority in 2010. The funding proposal has the objective of returning the scheme to full solvency on a Minimum Funding Standard basis by 31 December 2020. Whilst we are confident that the funding proposal has delivered a successful outcome, a final assessment from the Scheme actuary in this regard is still outstanding at the time of signing the financial statements. The funding proposal required Coillte to make significant additional contributions and employees to increase their contributions. A funding agreement which varied some of the terms of the funding proposal was agreed with the Trustees in July 2014. This agreement puts in place a number of alternative measures to the transfer of non-cash assets, which was part of the original funding proposal. These alternative measures include further Company cash contributions. The Company has also given the Trustees security over €20m of forestry assets that would be available to the Trustees in certain circumstances. These include the Company terminating its liability to the scheme or not making contributions to the scheme, the wind up of the scheme or the Company ceasing business. In addition, the funding agreement notes that the Company intends to limit future increases in pensions in payment to increases in the Consumer Price Index. The Trustees have notified the Pensions Authority of these changes and the Pensions Authority have confirmed they are satisfied with them.

A funding proposal in respect of the Medite Europe DAC Scheme was approved by the Pensions Authority in July 2015. This proposal has the objective of returning the scheme to full solvency on a Minimum Funding Standard basis by 2023 and involved significant additional cash contributions by that company, additional employee contributions and benefit changes for members.

Notes to the Financial Statements

The amounts recognised in the profit and loss account are as follows:

	2020 €'000	2019 €'000
Current service cost	**4,793**	4,041
Less: Capitalised expenses	**(1,185)**	(1,007)
Total charge in operating profit	**3,608**	3,034
Net interest expense	**639**	1,060
Total profit and loss account charge	**4,247**	4,094

The amounts recognised in the statement of other comprehensive income are as follows:

	2020 €'000	2019 €'000
Return on scheme assets excluding interest income	**17,769**	29,817
Actuarial losses	**(14,886)**	(27,590)
Re-measurement gains recognised in the statement of other comprehensive income	**2,883**	2,227

Expected contributions for the financial year ending 31 December 2021 are €5,578,000.

Notes to the Financial Statements

Movement in scheme assets and liabilities

	Pension assets €'000	Pension liabilities €'000	Pension deficit €'000
At 1 January 2020	**333,683**	**(383,403)**	**(49,720)**
Benefits paid from plan assets	**(10,696)**	**10,696**	**-**
Employer contributions paid	**8,625**	**-**	**8,625**
Contributions by plan participants	**1,045**	**(1,045)**	**-**
Current service cost	**-**	**(4,599)**	**(4,599)**
Administration expenses	**(194)**	**-**	**(194)**
Interest income/(expense)	**4,664**	**(5,303)**	**(639)**
Re-measurement gains/losses			
- Actuarial gains	**-**	**(14,886)**	**(14,886)**
- Return on plan assets excluding interest income	**17,769**	**-**	**17,769**
As at 31 December 2020	**354,896**	**(398,540)**	**(43,644)**
At 1 January 2019	299,576	(354,689)	(55,113)
Benefits paid from plan assets	(11,027)	11,027	-
Employer contributions paid	8,267	-	8,267
Contributions by plan participants	1,087	(1,087)	-
Current service cost	-	(3,799)	(3,799)
Administration expenses	(242)	-	(242)
Interest income/(expense)	6,205	(7,265)	(1,060)
Re-measurement gains/(losses)			
- Actuarial loss	-	(27,590)	(27,590)
- Return on plan assets excluding interest income	29,817	-	29,817
As at 31 December 2019	333,683	(383,403)	(49,720)

For the purposes of disclosure the assets and liabilities of the Coillte CGA and Medite Europe DAC defined benefit schemes have been combined. At 31 December 2020, the deficit in the Coillte CGA scheme was €41.4 million (2019: deficit of €49.5 million) and the deficit in the Medite Europe DAC scheme was €2.2 million (2019: deficit of €0.2 million).

Notes to the Financial Statements

The fair value of the plan assets was:

	2020 €'000	2019 €'000
Equities	**94,657**	105,074
Bonds	**161,967**	150,752
Property	**40,109**	31,037
Other	**58,163**	46,820
Total market value of assets	**354,896**	333,683

The actual return on plan assets was:

	2020 €'000	2019 €'000
Actual return on plan assets	**22,433**	36,022

Principal actuarial assumptions at the balance sheet date:

	2020	2019
Rate of increase in salaries	**1.80%**	1.80%
Rate of increase in pension payments		
- Coillte CGA	**1.30%**	1.30%
- Medite Europe DAC	**0.00%**	0.00%
Discount rate	**1.10%**	1.40%
Price inflation	**1.30%**	1.30%
Post-retirement mortality*		
Current pensioners at 65 - Male	**22.6**	22.5
Current pensioners at 65 - Female	**24.5**	24.4
Future pensioners at 65 - Male	**24.3**	24.2
Future pensioners at 65 - Female	**26.3**	26.2

** Assumptions regarding future mortality are based on published statistics and experience.*

B. Defined contribution pension scheme

The Group also contributes to a number of defined contribution pension schemes on behalf of certain employees who are not members of the defined benefit schemes. The assets of these schemes are held separately from those of the Group or Company in independently administered schemes. The pension cost for the period amounted to €1,532,000 (2019: €1,394,000) and contributions of €98,000 (2019: €120,000) were not transferred to the funds until after the financial year end.

Notes to the Financial Statements

15. Intangible assets

A. Group	Software €'000	Goodwill €'000	Total €'000
Cost			
At 1 January 2020	19,595	1,176	20,771
Additions	2,483	-	2,483
Disposals – cost	(1,391)	-	(1,391)
At 31 December 2020	20,687	1,176	21,863
Accumulated amortisation			
At 1 January 2020	(7,467)	(1,176)	(8,643)
Amortisation	(2,035)	-	(2,035)
Disposals – amortisation	1,246	-	1,246
At 31 December 2020	(8,256)	(1,176)	(9,432)
Net book amounts			
At 31 December 2020	12,431	-	12,431
At 31 December 2019	12,128	-	12,128
Cost			
At 1 January 2019	20,250	1,176	21,426
Additions	2,202	-	2,202
Disposals – cost	(2,857)	-	(2,857)
At 31 December 2019	19,595	1,176	20,771
Accumulated amortisation			
At 1 January 2019	(8,282)	(1,176)	(9,458)
Amortisation	(2,042)	-	(2,042)
Disposals - amortisation	2,857	-	2,857
At 31 December 2019	(7,467)	(1,176)	(8,643)
Net book amount			
At 31 December 2019	12,128	-	12,128
At 31 December 2018	11,968	-	11,968

Notes to the Financial Statements

B. Company

	Software €'000
Cost	
At 1 January 2020	**18,132**
Additions	**2,465**
Disposals – cost	**(1,391)**
At 31 December 2020	**19,206**
Accumulated amortisation	
At 1 January 2020	**(6,085)**
Amortisation	**(1,959)**
Disposals - amortisation	**1,246**
At 31 December 2020	**(6,798)**
Net book amounts	
At 31 December 2020	**12,408**
At 31 December 2019	**12,047**
Cost	
At 1 January 2019	18,787
Additions	2,202
Disposals – cost	(2,857)
At 31 December 2019	18,132
Accumulated amortisation	
At 1 January 2019	(6,948)
Amortisation	(1,994)
Disposals - amortisation	2,857
At 31 December 2019	(6,085)
Net book amounts	
At 31 December 2019	12,047
At 31 December 2018	11,839

Intangible assets include software costs incurred in developing the Group's Forest Management System, with a carrying value of €9.2 million (2019: €9.7 million). There are no other individual material intangible assets. Amortisation of Intangible assets is included in cost of sales and administrative expenses. The estimated useful lives are disclosed in note 3(j).

Notes to the Financial Statements

16. Tangible assets

A. Group	Notes	Land	Buildings	Investment Properties	Forest roads & bridges	Machinery & equipment	Total
		€'000	€'000	€'000	€'000	€'000	€'000
Cost							
At 1 January 2020	(i)	**356,715**	**35,295**	**25,702**	**325,380**	**194,896**	**937,988**
Additions		**930**	**375**	**-**	**7,492**	**26,772**	**35,569**
Disposals		**(308)**	**(95)**	**-**	**-**	**(2,711)**	**(3,114)**
At 31 December 2020		**357,337**	**35,575**	**25,702**	**332,872**	**218,957**	**970,443**
Accumulated depreciation							
At 1 January 2020		**-**	**(27,036)**	**-**	**(187,842)**	**(107,956)**	**(322,834)**
Charge for financial year		**-**	**(1,690)**	**-**	**(8,192)**	**(10,743)**	**(20,625)**
Disposals		**-**	**23**	**-**	**-**	**2,277**	**2,300**
At 31 December 2020		**-**	**(28,703)**	**-**	**(196,034)**	**(116,422)**	**(341,159)**
Net book amounts							
At 31 December 2020		**357,337**	**6,872**	**25,702**	**136,838**	**102,535**	**629,284**
At 31 December 2019		**356,715**	**8,259**	**25,702**	**137,538**	**86,940**	**615,154**
Cost							
At 1 January 2019	(i)	354,424	35,615	25,702	316,912	182,335	914,988
Additions		2,456	765	-	8,468	13,045	24,734
Disposals		(165)	(1,085)	-	-	(484)	(1,734)
At 31 December 2019		356,715	35,295	25,702	325,380	194,896	937,988
Accumulated depreciation							
At 1 January 2019		-	(26,905)	-	(179,707)	(97,090)	(303,702)
Charge for financial year		-	(1,216)	-	(8,135)	(11,350)	(20,701)
Disposals		-	1,085	-	-	484	1,569
At 31 December 2019		-	(27,036)	-	(187,842)	(107,956)	(322,834)
Net book amounts							
At 31 December 2019		356,715	8,259	25,702	137,538	86,940	615,154
At 31 December 2018		354,424	8,710	25,702	137,205	85,245	611,286

Notes to the Financial Statements

B. Company	Notes	Land	Buildings	Investment Properties	Forest roads & bridges	Machinery & equipment	Total
		€'000	€'000	€'000	€'000	€'000	€'000
Cost							
At 1 January 2020	(i)	**344,933**	**11,541**	**25,702**	**325,380**	**9,979**	**717,535**
Additions		**930**	**301**	**-**	**7,492**	**818**	**9,541**
Disposals		**(308)**	**(95)**	**-**	**-**	**(1,526)**	**(1,929)**
At 31 December 2020		**345,555**	**11,747**	**25,702**	**332,872**	**9,271**	**725,147**
Accumulated depreciation							
At 1 January 2020		**-**	**(4,792)**	**-**	**(187,842)**	**(7,876)**	**(200,510)**
Charge for financial year		**-**	**(240)**	**-**	**(8,192)**	**(771)**	**(9,203)**
Disposals		**-**	**23**	**-**	**-**	**1,066**	**1,089**
At 31 December 2020		**-**	**(5,009)**	**-**	**(196,034)**	**(7,581)**	**(208,624)**
Net book amounts							
At 31 December 2020		**345,555**	**6,738**	**25,702**	**136,838**	**1,690**	**516,523**
At 31 December 2019		**344,933**	**6,749**	**25,702**	**137,538**	**2,103**	**517,025**
Cost							
At 1 January 2019	(i)	342,642	11,142	25,702	316,914	9,344	705,744
Additions		2,456	399	-	8,466	931	12,252
Disposals		(165)	-	-	-	(296)	(461)
At 31 December 2019		342,933	11,541	25,702	325,380	9,979	717,535
Accumulated depreciation							
At 1 January 2019		-	(4,549)	-	(179,707)	(7,352)	(191,608)
Charge for financial year		-	(243)	-	(8,135)	(820)	(9,198)
Disposals		-	-	-	-	296	296
At 31 December 2019		-	(4,792)	-	(187,842)	(7,876)	(200,510)
Net book amounts							
At 31 December 2019		344,933	6,749	25,702	137,538	2,103	517,025
At 31 December 2018		342,642	6,593	25,702	137,207	1,992	514,136

Notes to the Financial Statements

(i) Tangible assets taken over from the Department of Agriculture, Food and the Marine on Vesting Day (1 January 1989) are stated at cost, based on the overall amount agreed between the Group and the Minister for Agriculture, Food and the Marine. Subsequent additions are stated at cost.

(ii) At 31 December 2020 €5.3 million (2019: €1.1 million) of total additions was unpaid and included within creditors due within one financial year.

The carrying value of land comprises:

	Group		Company	
	2020 €'000	2019 €'000	**2020 €'000**	2019 €'000
Investment properties at fair value	**25,702**	25,702	**25,702**	25,702
Other land at cost	**357,337**	356,715	**345,555**	344,933
	383,039	382,417	**371,257**	370,635

The Group's investment properties predominantly comprise of land rented to windfarm operators under long term lease agreements. Investment properties were independently valued by CBRE as at 31 December 2018 on an open market valuation basis in accordance with the RICS Valuation – Global Standards 2017 (Red Book) published by the Royal Institution of Chartered Surveyors. The valuer noted that values are subject to changes on account of market adjustments and other factors, and that values in the future may therefore be higher or lower than at the valuation date. The fair value of the investment properties at 31 December 2020 was determined by the Directors using the same assumptions as those applied by CBRE at 31 December 2018. There has been no change in the fair value of these investments properties at 31 December 2020.

The significant assumptions made relating to the valuation include:

- Future rental income stream. The rental income is partially contingent on the performance of the windfarm.
- A yield range of 8.5% to 10.3% has been applied.

Investment properties: Group and Company

	2020 €'000	2019 €'000
At 1 January and 31 December	**25,702**	25,702

The historic cost of investment properties at 31 December 2020 was €0.5 million (2019: €0.5 million).

Notes to the Financial Statements

17. Biological assets

Group and Company

	Notes	2020 €'000	2019 €'000
Cost			
At 1 January	(i)/(ii)	**911,419**	892,801
Additions		**35,798**	33,828
Depletion	(iii)	**(13,726)**	(15,210)
At 31 December		**933,491**	911,419
Accumulated impairment			
At 1 January and 31 December		**(62,974)**	(62,974)
Net book amounts			
At 31 December		**870,517**	848,445

(i) The Group's forest assets are reported as (a) biological assets, that is, standing forest plantations, and (b) land and forest roads & bridges assets (see note 16). The Group's forest holdings comprise approximately 360,635 hectares of forestland in the Republic of Ireland and approximately 16,590 hectares of standing forest plantations established on leased land.

(ii) Trustees of the superannuation pension scheme have security over €20 million of forestry assets that would be available to the Trustees in certain circumstances (see note 14).

(iii) During 2020, there were a number of significant forest fires which affected c.260 hectares of forestry. The associated accelerated depletion costs of the damaged biological assets was €0.5m (2019: €nil) and has been recognised as part of exceptional costs in the current year.

Notes to the Financial Statements

18. Investments

Subsidiary undertakings, joint ventures and associates

A. Group

	2020 €'000	2019 €'000
Associate undertakings	**13,895**	11,330
	13,895	11,330

	Notes	2020 €'000	2019 €'000
At 1 January		**11,330**	10,709
Additions	(i)	**3,055**	984
Share in loss of associates	(ii)	**(335)**	(26)
Share in other comprehensive expenses of associates	(ii)	**(603)**	(110)
Reclassification of associates to provisions (note 24)	(ii)	**448**	(227)
At 31 December		**13,895**	11,330

(i) During 2020 the Group invested a further €3,055,000 (2019: €984,000) in its combined investments in Tricoya Technologies Limited and Tricoya UK Limited.

(ii) The Group's share of its associates' losses amounted to €335,000 in 2020 (2019: €26,000) and its share of its associates' other comprehensive expenses amounted to €603,000 in 2020 (2019: €110,000).

Where the Group's share of profits in an associate is positive, the carrying amount of the Group's investment in that associate is recognised in investments. In 2020 investments in associates with a positive investment value amounted to €13,895,000 (2019: €11,330,000).

Where the Group's share of losses in an associate exceeds the Group's investment in the associate, the carrying amount of the Group's investment in that associate is reduced to €nil and the remaining balance is recognised in provisions for liabilities. At 31 December 2020 the amount included in provisions for liabilities in relation to associates amounted to €551,000 (2019: €103,000).

B. Company

	Subsidiary undertakings €'000	Associate undertakings €'000	Total €'000
Unlisted shares			
At 1 January 2020 and 31 December 2020	**78,856**	**884**	**79,740**
At 1 January 2019 and 31 December 2019	78,856	884	79,740

Notes to the Financial Statements

Listing of the Group's subsidiary, joint venture and associate undertakings

Subsidiary Undertakings	% Held	Principal Activities	Registered Office and Country of Incorporation
Smartply Europe DAC	100	Oriented strand board (OSB) manufacture	Belview, Slieverue, Co. Waterford, Ireland.
Medite Europe DAC	100	Medium density fibreboard (MDF) manufacture	Redmondstown, Clonmel, Co. Tipperary, Ireland.
Medite Smartply UK Limited (formerly Coillte Panel Products (UK) Limited)	100	MEDITE SMARTPLY marketing	Persimmon House, Anchor Boulevard, Crossways Business Park, Dartford, Kent, UK.

Joint Venture Undertakings	% Held	Principal Activities	Registered Office and Country of Incorporation
Moylurg Rockingham DAC	50	Forest recreation	Lough Key Forest and Activity Park, Boyle, Co. Roscommon, Ireland.

Associate Undertakings	% Held	Principal Activities	Registered Office and Country of Incorporation
Sliabh Bawn Wind Holdings DAC	37.5	Wind energy	Dublin Road, Newtownmountkennedy, Co. Wicklow, Ireland.
Tricoya Technologies Limited	11	Development and licencing of intellectual property	Brettenham House, 19 Lancaster Place, London, WC2E 7EN, UK.
Tricoya UK Limited	8	Production and sale of acetylated wood chips	Brettenham House, 19 Lancaster Place, London, WC2E 7EN, UK.

In accordance with Section 357 of the Companies Act 2014, the Company has guaranteed the liabilities of its wholly owned subsidiaries and, as a result, these subsidiaries have been exempted from the provisions of Section 347 and Section 348 of the Companies Act 2014.

Notes to the Financial Statements

19. Stocks

	Group		Company	
	2020 €'000	2019 €'000	**2020 €'000**	2019 €'000
Raw materials and consumables	**8,576**	5,624	**822**	871
Spare parts	**4,927**	4,999	**-**	-
Finished goods	**13,599**	13,311	**2,495**	2,802
	27,102	23,934	**3,317**	3,673

The value of stock is shown net of any provisions for obsolescence and impairment. The replacement cost of stocks does not materially differ from the valuation computed on a first-in first-out basis.

20. Debtors

	Group		Company	
	2020 €'000	2019 €'000	**2020 €'000**	2019 €'000
Trade debtors	**36,926**	42,319	**16,490**	20,011
Amounts owed by subsidiary undertakings	**-**	-	**68,911**	70,312
Amounts owed by associate undertakings	**1,355**	397	**14,795**	13,837
Forest plantations to be planted (note 24)	**30,590**	37,478	**30,590**	37,478
Deferred tax (note 24)	**3,597**	4,474	**1,985**	2,221
Derivative financial instruments (note 23)	**201**	67	**48**	2
Grants receivable	**441**	460	**441**	460
Corporation tax	**-**	-	**-**	66
Other debtors	**44,193**	27,945	**44,148**	27,945
Prepayments	**2,670**	1,812	**1,726**	949
	119,973	114,952	**179,134**	173,281

Trade debtors are stated after provisions for impairment of €2,546,000 (2019: €1,751,000).

Amounts owed by subsidiary and associate undertakings are unsecured, interest free, have no fixed date of repayment and are repayable on demand.

Notes to the Financial Statements

21. Creditors: amounts falling due within one financial year

	Group		Company	
	2020	2019	**2020**	2019
	€'000	€'000	**€'000**	€'000
Trade creditors	**10,393**	11,347	**7,762**	9,425
Taxation and social insurance	**4,384**	3,730	**2,644**	1,456
Accruals	**55,476**	46,954	**23,592**	28,446
Derivative financial instruments (note 23)	**324**	2,412	**36**	914
Amounts owed to subsidiary undertakings	**-**	-	**76,001**	69,372
Amounts owed to joint venture undertakings	**33**	33	**33**	33
	70,610	64,476	**110,068**	109,646

	2020	2019	**2020**	2019
	€'000	€'000	**€'000**	€'000
Taxation and social insurance comprise:				
PAYE/PRSI	**2,161**	1,928	**939**	852
VAT	**1,161**	1,146	**243**	345
Corporation and capital gains tax	**569**	375	**981**	-
Other	**493**	281	**481**	259
	4,384	3,730	**2,644**	1,456

Trade and other creditors are payable at various dates in the next three months after the end of the financial year, in accordance with the creditors' usual and customary credit terms. Trade creditors of €2,332,000 (2019: €3,989,000) have reserved title to goods supplied.

Creditors for tax and social insurance are payable in the timeframe set down in the relevant legislation.

Amounts due to subsidiary and joint venture undertakings are unsecured, interest free, have no fixed date of repayment and are repayable on demand.

Notes to the Financial Statements

22. Creditors: amounts falling due after more than one financial year

Bank Loans	Group		Company	
	2020 €'000	2019 €'000	**2020 €'000**	2019 €'000
Loans, all repayable after more than five years	**89,780**	89,536	**89,780**	89,536

Loans and other debt comprises:	Group		Company	
	2020 €'000	2019 €'000	**2020 €'000**	2019 €'000
Details of loans and other debt				
EIB facility	**90,000**	90,000	**90,000**	90,000
Transaction costs deferred	**(220)**	(464)	**(220)**	(464)
	89,780	89,536	**89,780**	89,536

Group Facilities

	Available Facility €'m	Drawn Down as at 31 December 2020 €'m
The Group has a total of €185m of facilities available to it at year end comprising:		
• a syndicated revolving credit facility ('RCF') (i)	90.0	-
• a bank overdraft facility	5.0	-
• a European Investment Bank facility (ii)	90.0	90.0

(i) The RCF was originally negotiated in 2016 and has a seven year term to 2023. Drawings incur interest at a margin of between 1% and 2.5%, depending on the performance of the Group in the previous reporting period. The margin is in addition to the floating Euribor charge, and a commitment fee is payable on any unutilised portion of the facility at a rate of 0.35% of the applicable margin.

(ii) In December 2016, the Group entered into a 10 year facility agreement for €90m with the European Investment Bank, which was drawn in January 2017 at a fixed rate of 0.743% for a period of six years, after which the Group can decide to enter into a fixed or floating rate calculation basis for the remaining four years of the agreement.

The Group had undrawn facilities of €95m (2019: €95m) as at 31 December 2020.

Notes to the Financial Statements

23. Financial instruments

A. Financial assets and liabilities:	Group		Company	
	2020 €'000	2019 €'000	**2020 €'000**	2019 €'000
Financial assets measured at fair value through profit or loss:				
Forward foreign currency contracts	**201**	67	**48**	2
Financial assets that are debt instruments measured at amortised costs:				
Trade debtors (note 20)	**36,926**	42,319	**16,490**	20,011
Amounts owed by subsidiary undertakings (note 20)	**-**	-	**68,911**	70,312
Amounts owed by joint venture/associate undertakings (note 20)	**1,355**	397	**14,795**	13,837
Other debtors (note 20)	**44,193**	27,945	**44,148**	27,945
Grants receivable (note 20)	**441**	460	**441**	460
	82,915	71,121	**144,785**	132,565
Financial liabilities measured at fair value through profit or loss:				
Forward foreign currency contracts	**(324)**	(2,412)	**(36)**	(914)
Financial liabilities that are debt instruments measured at amortised costs:				
Trade creditors (note 21)	**(10,393)**	(11,347)	**(7,762)**	(9,425)
Amounts owed to subsidiary undertakings (note 21)	**-**	-	**(76,001)**	(69,372)
Amounts owed to joint venture undertakings (note 21)	**(33)**	(33)	**(33)**	(33)
Loans (note 22)	**(89,780)**	(89,536)	**(89,780)**	(89,536)
	(100,206)	(100,916)	**(173,576)**	(168,366)

Notes to the Financial Statements

B. Derivative financial instruments:

Group

The Group uses forward foreign currency contracts to hedge currency exposure on highly probable forecasted sales transactions. The Group has elected to apply hedge accounting.

Forward foreign currency contracts

The Group uses a combination of financial instruments being vanilla forward contracts and average rate forward contracts.

At 31 December 2020, all of the outstanding vanilla forward contracts will mature within 12 months (2019: 12 months) of the financial year end, with €37.7m to mature in 2021. The Group is contracted to sell Stg £34.0 million (2019: Stg £53.6 million) and receive a fixed euro amount in return.

As at 31 December 2020 the Group had average rate forward contracts outstanding for a notional amount of £13.8 million (2019: £19.0 million), where the Group will pay the difference of the average exchange rate based on known observations and the strike price.

The forward foreign currency contracts are measured at fair value, which is determined using valuation techniques that utilise observable inputs. The key assumptions used in valuing the derivatives are the forward exchange rates for Euro /Stg£ and Euro/US$. At 31 December 2020, the forward foreign currency contracts have a positive fair value of €915,000 (2019: €2,345,000 negative). During 2020, a hedging gain of €524,000 (2019: €2,604,000 loss) was recognised in the statement of other comprehensive income for changes in the fair value of the forward foreign currency contracts and €1,397,000 (2019: €398,000) was reclassified from the hedge reserve to the profit and loss account.

Interest rate swaps

The Group's interest rate exposure is managed via the €90.0 million European Investment Bank facility, which was drawn in early 2017 at a fixed rate of 0.743% for a period of six years.

Company

The Company uses forward foreign currency contracts to hedge currency exposure on highly probable forecasted sales transactions. The Company has elected to apply hedge accounting.

Forward foreign currency contracts

At 31 December 2020, all of the outstanding contracts will mature within 12 months of the financial year end. The Company has entered into average rate forwards for a notional amount of £13.8 million (2019: £19.0 million), where the Company will pay the difference of the average exchange rate based on known observations and the strike price.

At 31 December 2020, the forward foreign currency contracts have a fair value of €nil (2019: €0.9 million negative).

Interest rate swaps

The Company's interest rate exposure is managed via the €90.0 million European Investment Bank facility, which was drawn in early 2017 at a fixed rate of 0.743% for a period of six years.

Notes to the Financial Statements

24. Provisions for liabilities

A. Group

	Provision for replanting clear felled forest plantations	Associate undertakings	Legal and other	Deferred tax provisions	Total
	€'000	€'000	€'000	€'000	€'000
At 1 January 2020	**37,478**	**103**	**3,670**	**9,224**	**50,475**
Additions	**-**	**448**	**1,106**	**-**	**1,554**
Amounts charged against the provision	**(6,888)**	**-**	**(866)**	**(824)**	**(8,578)**
Unused amounts reversed	**-**	**-**	**(170)**	**-**	**(170)**
Unwind of discount	**-**	**-**	**22**	**-**	**22**
At 31 December 2020	**30,590**	**551**	**3,762**	**8,400**	**43,303**

	Provision for replanting clear felled forest plantations	Associate undertakings	Legal and other	Deferred tax provisions	Total
	€'000	€'000	€'000	€'000	€'000
At 1 January 2019	42,449	330	2,915	9,700	55,394
Additions	-	-	1,088	-	1,088
Amounts charged against the provision	(4,971)	(227)	(284)	(476)	(5,958)
Unused amounts reversed	-	-	(71)	-	(71)
Unwind of discount	-	-	22	-	22
At 31 December 2019	37,478	103	3,670	9,224	50,475

B. Company

	Provision for replanting clear felled forest plantations	Legal and other provisions	Deferred tax	Total
	€'000	€'000	€'000	€'000
At 1 January 2020	**37,478**	**1,156**	**8,348**	**46,982**
Additions	**-**	**170**	**-**	**170**
Amounts charged against the provision	**(6,888)**	**(419)**	**-**	**(7,307)**
At 31 December 2020	**30,590**	**907**	**8,348**	**39,845**
At 1 January 2019	42,449	1,064	8,348	51,861
Additions	-	220	-	220
Amounts charged against the provision	(4,971)	(128)	-	(5,099)
At 31 December 2019	37,478	1,156	8,348	46,982

Notes to the Financial Statements

Replanting provision

Section 49(3) of the Forestry Act 1946 and Section 17(4) of the Forestry Act 2014 provide for a statutory replanting obligation in respect of all felling licences issued to the Group. A provision has been recognised for replanting clear felled forests over the next two financial years. The related costs are recognised as a current asset, 'forest plantations to be planted', within debtors (note 20).

Legal and other provisions

The Group employs an in-house team to manage all claims against the Group. It has also established a Liability Provisions Committee that meets four times a financial year to assess the provisions for legal claims proposed by the in-house legal team. The committee is made up of senior management and a representative of the Group's insurance brokers.

The utilisation of the provision is dependent on the timing of settlement of outstanding claims.

Deferred tax

The deferred tax in the balance sheet is as follows:

	Group		Company	
	2020 €'000	2019 €'000	**2020 €'000**	2019 €'000
Included in debtors (note 20)	**3,597**	4,474	**1,985**	2,221
Included in provisions for liabilities (note 24)	**(8,400)**	(9,224)	**(8,348)**	(8,348)
	(4,803)	(4,750)	**(6,363)**	(6,127)

The net deferred tax liability comprises:

	Group		Company	
	2020 €'000	2019 €'000	**2020 €'000**	2019 €'000
Losses carried forward	**3,504**	3,504	**-**	-
Accelerated capital allowances	**(2,218)**	(2,394)	**-**	-
Defined benefit pension	**1,456**	1,439	**1,172**	1,408
Derivative financial instruments	**(13)**	236	**-**	-
Revaluation of investment properties	**(8,348)**	(8,348)	**(8,348)**	(8,348)
Other timing difference	**816**	813	**813**	813
	(4,803)	(4,750)	**(6,363)**	(6,127)

Notes to the Financial Statements

25. Deferred government grants

Group & Company	Forestation €'000	Forest roads €'000	Other €'000	Total €'000
At 1 January 2020	**101,562**	**22,377**	**125**	**124,064**
Received during the year	**(17)**	**109**	**-**	**92**
	101,545	**22,486**	**125**	**124,156**
Amortised during the year	**(713)**	**(1,038)**	**(6)**	**(1,757)**
At 31 December 2020	**100,832**	**21,448**	**119**	**122,399**
At 1 January 2019	102,310	23,219	131	125,660
Addition/disposals during the year	9	217	-	226
	102,319	23,436	131	125,886
Amortised during the year	(757)	(1,059)	(6)	(1,822)
At 31 December 2019	101,562	22,377	125	124,064

Forestry government grants
The Group has received capital government grants for afforestation and for building forest roads. Government grants received become repayable if certain conditions, as set out in the agreements, are not adhered to. The most significant of these conditions relates to afforestation grants. Plantations must be adequately maintained and protected for a period of ten or twenty years after the date of payment of the grant, failing which all grant monies or part thereof may be refundable.

26. Called up share capital

	2020 €'000	2019 €'000
Ordinary shares of €1.26 each		
Authorised	**1,260,000**	1,260,000
Allocated, issued and fully paid – presented as equity	**795,060**	795,060

There is a single class of ordinary shares. There are no restrictions on the distribution of dividends or the repayment of capital.

Notes to the Financial Statements

27. Other reserves

Undenominated capital

During the financial year ended 31 December 2001, in accordance with the Economic and Monetary Union Act, 1998, the share capital was redenominated into Euro and the nominal value was renominalised to €1.26. Consequently the issued and fully paid share capital was reduced by €6,145,000 and that amount was transferred to the capital conversion reserve fund.

Cash flow hedge reserve

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

Retained earnings

Retained earnings of the Group and Company include €16.9 million of unrealised gains representing a gain on the revaluation of investment properties of €25.2 million and a related deferred tax provision of €8.3 million. Up until such time as these are realised, these unrealised gains cannot be distributed to the shareholders by the Company.

28. Future capital expenditure not provided for

	2020 **€'000**	2019 €'000
Contracted for	**26,403**	3,154
Authorised by the Directors but not contracted for	**68,826**	103,139
At 31 December	**95,229**	106,293

Notes to the Financial Statements

29. Leases

Operating lease agreements where the Group is lessee

The Group and Company had the following future minimum lease payments under non-cancellable operating leases for each of the following periods:

	Group		Company	
	2020 €'000	2019 €'000	**2020 €'000**	2019 €'000
Payments due:				
Within one financial year	**2,021**	2,112	**1,796**	1,863
Between two and five financial years	**5,886**	6,341	**5,448**	5,655
Over five financial years	**8,281**	10,450	**8,281**	10,450
	16,188	18,903	**15,525**	17,968

Included within the commitments, Smartply Europe DAC leases 60 acres on which its facility is constructed from Waterford Harbour Commissioners and Kilkenny County Council. The lease agreement expires in 2034, it is renewable at five financial year intervals thereafter and it provides for rent reviews every five years. The company has an option to terminate the lease on 25 July 2024. The company has a commitment, under the terms of the lease, to ship a certain agreed tonnage of finished product through the Port of Waterford each financial year. At 31 December 2020 the company was committed to making an annual payment of €112,000 (2019: €112,000) in respect of these lease obligations. On cessation of the lease and vacating the site, the company is required to remove all plant, equipment, rolling stock and inventory and to give the lessor clear and vacant possession of the premises, foundations and fixtures. A provision has been made for this decommissioning liability. This provision is contained within other provisions (see note 24).

Notes to the Financial Statements

Operating lease agreements where the Group is lessor

The Group holds land rented to windfarm operators as investment properties as disclosed in note 16. The Group's significant lease arrangements have remaining terms of c.21 financial years. In addition to a minimum rent, the Group may receive a contingent rent based on the performance of the individual windfarms. The minimum rent is adjusted for increases in the Consumer Price Index annually or every five years.

The Group and Company's future minimum rentals receivable under non-cancellable operating leases are as follows:

	Group & Company	
	2020 €'000	2019 €'000
Receipts due:		
Within one financial year	**2,724**	2,467
Between two and five financial years	**11,239**	10,663
Over five financial years	**46,188**	46,684
	60,151	59,814

30. Contingencies and commitments

Group and Company

A. The Irish Forestry Unit Trust

The trust deed of the Irish Forestry Unit Trust (the Trust) commits the Group to providing liquidity to the fund if it is needed. This commitment would require the purchase of forest assets, initially leased to the Trust by the Group, from the Trust representing up to 15% of the value of the Trust. This is subject to an annual limit of the lesser of 5% of the value of the fund or €4,444,083. The Group's maximum commitment to acquire forest assets reduces as the initial leased assets are clearfelled and the underlying lands revert to Coillte. At 31 December 2020, the maximum amount that the Group can be required to purchase is €10,759,105.

B. Immature Forest Asset

Trustees of the superannuation pension scheme have security over €20 million of forestry assets that would be available to the Trustees in certain circumstances (note 14).

Notes to the Financial Statements

31. Notes to Group Statement of Cash Flows

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

	Notes	**2020 €'000**	2019 €'000
Profit for the financial year		**21,640**	58,568
Adjustments for:			
Amortisation of intangible assets	15	**2,035**	2,042
Depreciation of tangible assets	16	**20,625**	20,701
Profit on disposals of tangible assets		**(8,774)**	(12,205)
Other exceptional items	9	**1,278**	-
Depletion of biological assets	17	**13,200**	15,210
Amortisation of grants	25	**(1,757)**	(1,822)
Share of associate losses		**335**	26
Interest payable	11	**1,323**	761
Interest receivable	11	**(11)**	(32)
Other finance costs	11	**661**	1,082
Taxation	13	**3,859**	2,906
Movement in provisions for liabilities[1]		**92**	755
Difference between pension charge and cash contributions		**(3,832)**	(4,226)
Working capital movements:			
(Increase)/decrease in stock		**(3,168)**	212
Increase in debtors[2]		**(11,713)**	(4,004)
Increase in creditors[3]		**3,548**	5,423
Net cash inflow from operating activities before taxation paid		**39,341**	85,397

[1] *Excluding provision for replanting clear felled forest plantations, associate undertakings and provision for deferred tax.*

[2] *Excluding capital grants receivable, corporation tax, amounts owed by associate undertakings, forest plantations to be planted, deferred tax asset and the change in fair value of derivative financial instruments (assets) recognised in the statement of other comprehensive income.*

[3] *Excluding overdrafts and loans, corporation tax, capital creditors, leases, the change in fair value of derivative financial instruments (liabilities) recognised in the statement of other comprehensive income.*

Notes to the Financial Statements

B. Net interest paid

	2020 €'000	2019 €'000
Interest payable (note 11)	**1,323**	761
Interest receivable (note 11)	**(11)**	(32)
Movement on interest accruals	**52**	(18)
	1,364	711

C. Analysis of movement in net debt

	Balance 1 Jan €'000	Cash Flows €'000	Balance 31 Dec €'000
Cash at bank	93,517	**(32,169)**	61,348
Loans	(89,536)	**(244)**	(89,780)
	3,981	**(32,413)**	**(28,432)**

D. Reconciliation of net cash flow to movement in net debt

	2020 €'000	2019 €'000
(Decrease)/increase in cash in the financial year	**(32,169)**	18,300
Cash outflow on bank loans	**(244)**	(244)
	(32,413)	18,056
Cash/(net debt) at the beginning of the financial year	**3,981**	(14,075)
(Net debt)/cash at the end of the financial year	**(28,432)**	3,981

Notes to the Financial Statements

32. Note to Company Statement of Cash Flows

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

	Notes	2020 €'000	2019 €'000
Profit for the financial year		**21,775**	45,438
Adjustments for:			
Amortisation of intangible assets	15	**1,959**	1,994
Depreciation of tangible assets	16	**9,203**	9,198
Profit on disposals of tangible assets		**(8,860)**	(12,137)
Other exceptional items (non-cash)	9	**1,278**	-
Depletion of biological assets	17	**13,200**	15,210
Amortisation of grants	25	**(1,757)**	(1,822)
Interest payable		**1,308**	748
Interest receivable		**(9)**	(20)
Other finance costs		**635**	1,049
Taxation		**3,050**	3,776
Movement in provisions for liabilities[1]		**(249)**	92
Difference between pension charge and cash contributions		**(3,300)**	(3,751)
Working capital movements:			
Decrease/(increase) in stock		**356**	(355)
Increase in debtors[2]		**(13,459)**	(4,013)
Decrease/(increase) in creditors[3]		**(7,362)**	3,047
Net cash inflow from operating activities before taxation paid		**17,768**	58,454

[1] *Excluding provision for replanting clear felled forest plantations, associate undertakings and provision for deferred tax.*

[2] *Excluding capital grants receivable corporation tax, amounts owed by subsidiary, associate undertakings, forest plantations to be planted, deferred tax asset and the change in fair value of derivative financial instruments (assets) recognised in the statement of other comprehensive income.*

[3] *Excluding overdrafts and loans, corporation tax, capital creditors, leases, the change in fair value of derivative financial instruments (liabilities) recognised in the statement of other comprehensive income.*

Notes to the Financial Statements

33. Related Party Transactions

Group

A. The ownership of the Company

One ordinary share is held by the Minister for Agriculture, Food and the Marine and the remainder of the issued share capital is held by the Minister for Public Expenditure and Reform.

In accordance with Paragraph 33.11 of FRS 102, the Group is exempt from disclosing related party transactions with another entity that is a related party because the Irish Government has control, joint control or significant influence over both the Group and that entity.

B. Key management compensation

The total key management compensation is disclosed in note 8.

Company

Other than the transactions disclosed above, the Company's other related party transactions were with wholly owned subsidiaries and so have not been disclosed.

34. Comparative amounts

The prior year comparatives have been regrouped in line with current presentation.

35. Post Balance Sheet Events

There have been no events between the balance sheet date and the date on which the financial statements were approved by the Board, which require adjustment to the financial statements or any additional disclosure in the financial statements.

36. Approval of Financial Statements

The Directors approved the financial statements on 1 April 2021.

Corporate Information

Registered Office

Dublin Road,
Newtownmountkennedy,
Co. Wicklow.

Company Secretary

Dominic Reilly

Auditors

KPMG
Chartered Accountants & Registered Auditors

Bankers

Bank of Ireland
Ulster Bank
Allied Irish Banks
Rabobank Ireland
Danske Bank
European Investment Bank

Insurance Brokers

Marsh Ireland

Solicitors

Arthur Cox
Byrne Wallace
BLM
Eversheds Sutherland
Fieldfisher
McCann FitzGerald
Mason Hayes & Curran
Matheson
A&L Goodbody
DWF
Holmes O'Malley Sexton
Philip Lee

Coillte Head Office

Dublin Road,
Newtownmountkennedy,
Co. Wicklow.

Tel: 1890 367 378
Fax: +353 1 2011199

Smartply Europe DAC

Belview,
Slieverue,
Waterford.

Tel: +353 51 851233
Fax: +353 51851130

Medite Europe DAC

Redmondstown,
Clonmel,
Co. Tipperary.

Tel: +353 52 6182300
Fax: +353 52 6121815

Medite Smartply UK Ltd

Persimmon House,
Anchor Boulevard,
Crossways Business Park
Dartford,
Kent DA2 6QH,
England.

Tel: +44 1322 424900
Fax: +44 1322 424920

Photography
joeladrigan.com

Design
stephensmithdesign.com

Print
neogen.ie

Cover:
300gsm Edixion Uncoated

Text:
140gsm Edixion Uncoated

Edixion is FSC® Certified

COILLTE
GROW · TRANSFORM · SUSTAIN

Coillte
Dublin Road
Newtownmountkennedy
Co. Wicklow
Ireland

Tel: 1890 367 378
Email: info@coillte.ie
www.coillte.ie

FSC
www.fsc.org
MIX
Paper from responsible sources
FSC® C164890