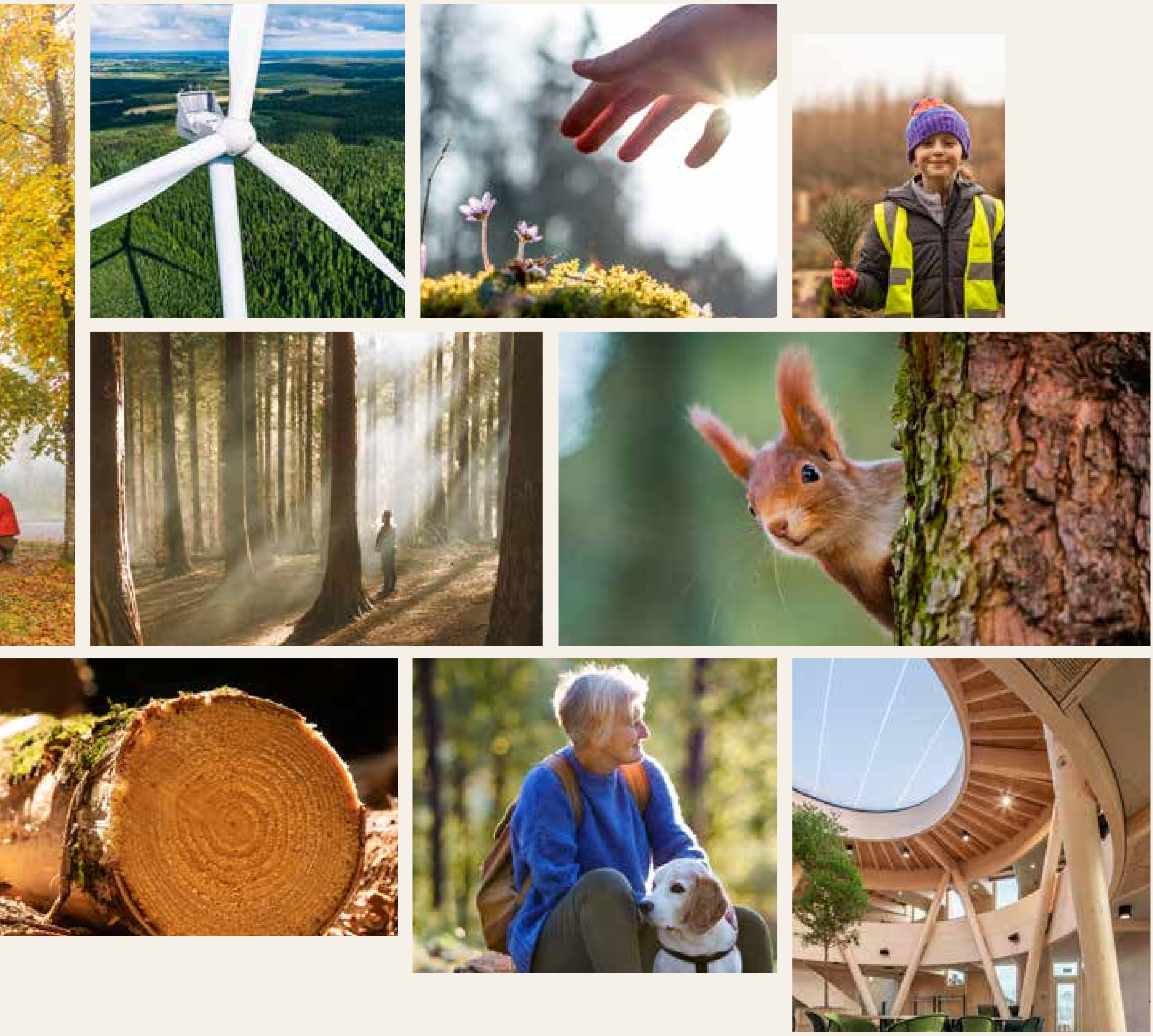
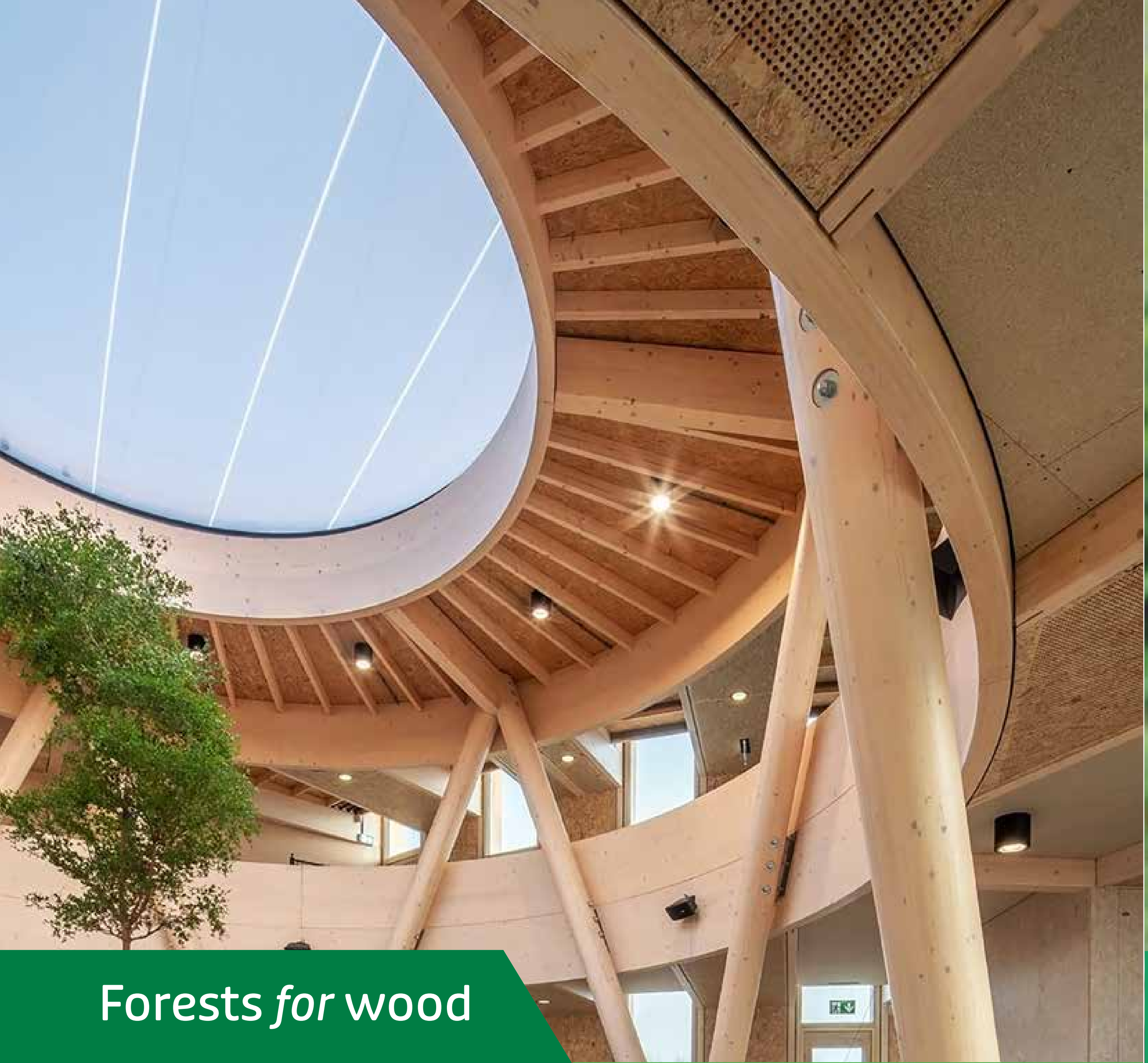
COILLTE

A Greener Future *for* All



Annual Report 2021



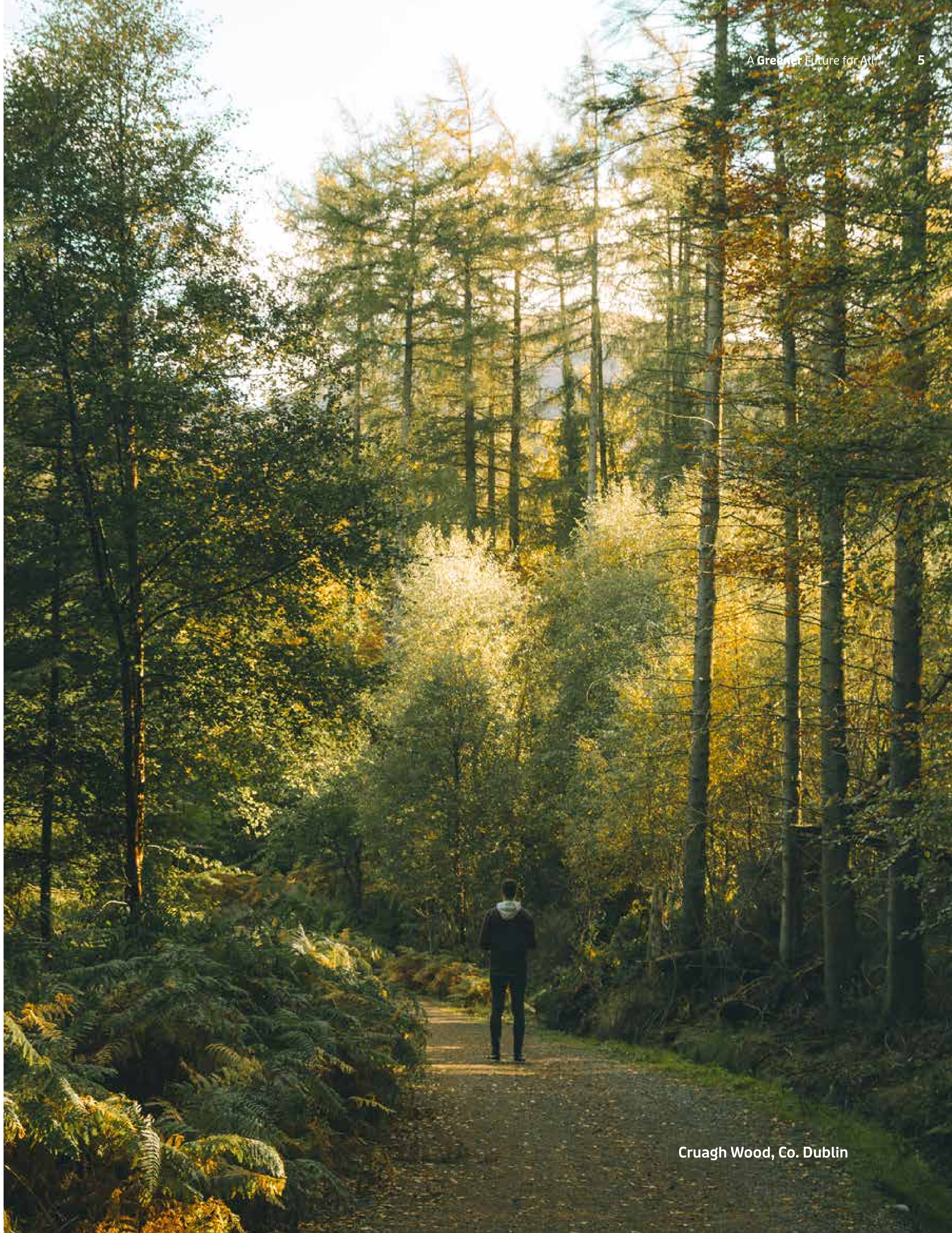
Forests *for* wood

Forests *for* people

Forests *for* nature

Forests *for* climate

Table of contents



Cruagh Wood, Co. Dublin

Our Vision

Our vision is to create a sustainable future for all.

Our Mission

Our mission is to deliver the multiple benefits of our forests to society.

Our Purpose

Our purpose is to manage the state forests on behalf of the people of Ireland.

Our Values

Empowerment, Simplicity, Outward looking, Respect, Responsible.

Who we are

Coillte, Ireland's semi-state forestry company, is responsible for managing 440,000 hectares of primarily forested land, making it Ireland's largest forest manager and largest provider of outdoor recreation.

Coillte also 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 for climate, wood, nature and people.

What we do

- We provide sustainable materials to build homes and workplaces
- We invest in the rural communities in which we are rooted
- We provide healthy spaces for us all to enjoy
- We deliver multiple benefits from our forests and land for climate, wood, nature and people
- We protect and enhance the environment
- We develop green energy to power homes and businesses

Gougane Barra, Co. Cork

Financial Performance

Operating Cashflow

€'million

Turnover

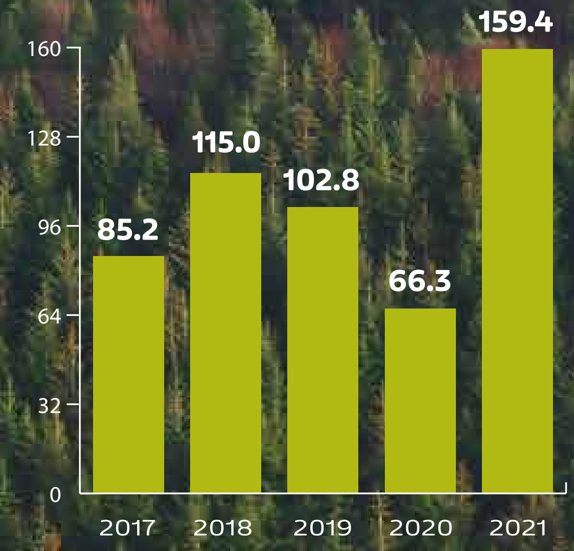
€'million

Cash/(Net Debt)

€'million

EBITDA

€'million



Chair's Statement

I am pleased to present Coillte's Annual Report and Accounts for 2021.

Coillte's Annual Report and Accounts 2021

We recognise the important role which Coillte can play in helping Ireland achieve its climate action targets at a critical time for all and we note the ongoing discussions in respect of Ireland's first ever carbon budget under the Climate Action Plan.

Our forestry strategic vision creates an exciting future for Coillte and our stakeholders.
Our ambition is to grow new forests while managing our existing forests to enhance their ability to capture carbon. Additionally we will continue to deliver sustainable wood products to support the bioeconomy, we plan to enhance and restore biodiversity along with creating additional recreational spaces for visitors to our forests to enjoy. Rooted in a scientific analysis, our vision is designed to result in the potential capture of 28m tonnes of CO_2 from the environment by 2050 and to sustainably balance and deliver the multiple benefits of forestry across four strategic pillars: climate, wood, nature and people. We will consult widely on this strategic vision and, as always, continue engaging with our Shareholders on how we best balance economic, social and environmental objectives. The results of the analysis carried out to date and from the consultation process will then be used to inform the development of a strategic plan to deliver our vision to ensure a greener future for all through the realisation of the multiple benefits of forestry.

In early 2021, the Covid-19 pandemic and the forestry licence crisis provided the backdrop to the Group's operations. As the year progressed, the volume of licenced material improved and ultimately resulted in sawlog sales volumes in 2021 being consistent with 2020 levels, albeit well down on 2019 levels. Challenges remain, particularly in respect of Coillte's road permits and more generally, the significant licencing backlog continues to be a concern across the industry.

Project Woodland, a key initiative launched by Minister of State Pippa Hackett, focused on addressing forestry operational challenges while also creating a shared vision and national approach for Irish forestry, is critical to addressing these difficulties in a sustainable way. We continue to contribute to this Project and look forward to its outputs, which we believe will be pivotal to rebuilding confidence in the sector following a protracted period of difficulty.

Despite the ongoing challenges posed by the Covid-19 pandemic, Coillte remained fully operational throughout 2021 and, in addition to developing our forestry vision, a series of important strategic initiatives were substantially progressed. I would like, on behalf of the Board, to congratulate the Coillte team for responding so positively to these difficult circumstances and for ensuring that at all times the focus was on working to meet the requirements of our stakeholders.

Our financial performance in 2021 was very strong on the back of exceptional pricing and strong global demand for sawnwood and timber related products in our core markets, as well as significant global supply chain constraints which resulted in a supply imbalance. Cumulative dividends of €30m in respect of 2021's outturn were recommended for payment to our Shareholder, the Group's largest ever annual dividend. While the market environment for 2022 is currently demonstrating strong demand for forest related products, an increasing concern for the Group is the impact of high inflation on our cost base, with inflation levels accelerating in a number of key areas, which is being exacerbated by the Russian invasion of Ukraine. We are carefully managing the impact of these inflationary pressures on our cost base.

In 2021, we planted over 22 million trees across 9,000 hectares of restocked forest. We also significantly advanced our €45m upgrade of SMARTPLY's drying plant. We launched a new not-for-profit "Nature Partners CLG" with Forestry Partners to create new native woodlands at scale across Ireland. We progressed a number of other biodiversity initiatives including the restoration of alluvial woodlands at Hazelwood Forest in Co. Sligo, while we also selected a pilot site and commenced consultation at Derryclare, Co. Galway to explore options for the redesign and rehabilitation of Wild Western Peatlands. In response to Ireland's ever increasing recreational needs, we also constructed a further 20km of new mountain bike trails across the estate.

In respect of joint venture and other investments, in 2021, we established a joint venture with the ESB, "FuturEnergy Ireland" which aims to develop 1GW (gigawatt) of renewable energy by 2030. Additionally, albeit impacted by Covid-19 and operational challenges, construction continued on the world's first Tricoya wood chip acetylation facility in Hull, in which we have a minority investment.

There were a number of changes at Board level over the last year. Jerry Houlihan retired in May 2021 having served on the board for 7 years, while Imelda Hurley and Frank Hayes were appointed to the Board in January 2022. Jerry and my other Board colleagues showed exceptional commitment and dedication to the challenging work of the Board in 2021. I would like to thank them most sincerely for that, and to welcome Imelda and Frank, who bring a wealth of knowledge and experience to the Board.

And finally, I would like to look forward. 2022 is a year focused on continuing to deliver strong operational outcomes, engaging on the Group's new forestry strategic vision and progressing our current strategic projects, including opening our flagship recreational offering, "Beyond the Trees Avondale". This visitor destination in Avondale Forest Park, Co. Wicklow will showcase the evolution of Irish forestry and will include features such as a stunning Treetop Walk and a 38m high Viewing Tower. We look forward to 2022 as a year during which Coillte will continue to make a positive contribution to all by delivering the multiple benefits of forestry, recognising that the easing of Covid-19 restrictions will allow our organisation and key stakeholders to reconnect in a meaningful way. As we do that, I would like to acknowledge and 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, they provide us with continued strong support, for which we are very grateful.

Bernie Gray
Chair

Avondale Forest Park, Co. Wicklow

Chief Executive's Review

Forestry has never been more relevant in terms of the challenges of our time.

Ticknock Forest, Co. Dublin

While forests have long been acknowledged as providers of green spaces for the public to enjoy, it is only in more recent times that their relevance, as the provider of renewable construction materials for sustainable housing and their importance in tackling the global climate and biodiversity crises has been more clearly established.

With increasing recognition of the benefits that trees and well-managed forests can deliver, we are acutely aware of Coillte's potential to enable solutions to many of our nation's challenges. Recognising this, I am pleased that in 2021, not only did we deliver strongly as a business, but we also developed a new forestry strategic vision. This vision will see us play a leading role in the delivery of solutions to the climate and biodiversity challenges while also ensuring a strong supply of sustainably produced timber.

Group Financial Performance

Coillte entered 2021 with extreme supply chain difficulties driven by a lack of licenced material due to the forestry licencing crisis. The early stages of the year were focused on mobilising all licenced timber to allow customers to remain fully operational. As the year progressed, the level of licenced volume issued by the Department of Agriculture, Food and Marine (DAFM) increased and the Forestry Appeals Committee, having fully implemented modified procedures legislated for in the Forestry (Miscellaneous Provisions) Act 2020, increased the number of appeals heard. The combined impact of these actions improved our level of licenced timber and resulted in sawlog volumes for 2021 being consistent with 2020 levels. While licencing challenges remain, DAFM and Project Woodland have brought a sustained focus on forestry licencing during the past year and thankfully, Coillte entered 2022 having returned much of our forestry operations to more normalised activity levels. That said, the backlog in road permits remains a significant challenge to our business.

Against this backdrop, Coillte achieved sawlog sales volumes of 1.4m m^3 and strong MEDITE SMARTPLY production levels. During 2021, end market prices for timber and panel board products reached record levels, driven by high demand in the construction and home improvement sectors coupled with a global supply and demand imbalance which created a series of supply challenges in key markets.

When taken together, the above factors resulted in the Group achieving a record financial performance in 2021. EBITDA earnings were €159m and we recorded Operating Cash of €73m. This performance enabled the Group to make a significant contribution to our Shareholder with cumulative dividends recommended for payment to the Exchequer of €30m in respect of our 2021 outturn.

2021 Highlights

Forestry Strategic Vision

Forestry by its nature is very long-term and while the operational challenges of 2021 were ever present, so too was the need to bring sustained focus on the vision for Coillte's forests and lands. We have now developed a new forestry strategic vision, the creation of which took a science-based approach to determine how we could best balance and deliver the multiple benefits from our forests and lands for Irish society. In undertaking this work, we commissioned Red-C research to better understand the views of the public and took specific account of the Programme for Government and Climate Action targets as key considerations for our future vision.

Our engagements and research highlighted climate change and biodiversity as key concerns, while at the same time revealing the value placed on Coillte as a provider of sustainable wood products, a supporter of rural jobs and a destination of choice for forest recreation. Our new vision is underpinned by a series of statements which outline our ambitions to create new forests and to enhance the capture of carbon from our existing forests, to deliver valuable wood products, to enhance biodiversity and nature, and to create a greater number of recreational areas for citizens and tourists to enjoy. Fundamental to the delivery of this vision is a financially strong and commercially successful Coillte which, in the years ahead, can continue to attract and retain outstanding talent, invest in technology and innovation and focus on operational efficiency improvement.

We believe the range of innovative and ambitious actions we have identified will transform Coillte's contribution to society. We plan to engage widely on this vision with our consultation process set to launch in May 2022 and taking account of the input received through that process, we look forward to making significant progress towards developing a related strategic plan in 2022.

Delivering the Multiple Benefits of Forestry for Society

While our new strategic vision refines how we will balance and deliver the multiple benefits of forestry in the future, we have in recent years increasingly focused on these multiple benefits, as follows:

Forests for Climate

Coillte's forests contribute to mitigating the climate crisis by providing a natural carbon sink and store while trees are growing and delivering a substitution benefit when sustainable wood products are used instead of fossil-based products.

During 2021, Coillte replanted over 9,000 hectares of forests with over 22 million plants from our nurseries. This recommenced the cycle of carbon sequestration and sustainable timber production which is so vital to the ongoing delivery of green building products and to meeting Ireland's climate goals.

In November 2021, following receipt of regulatory approval from the Competition and Consumer Protection Commission and consent from our Shareholder Departments, Coillte and ESB established a joint venture, FuturEnergy Ireland (FEI). FEI's objective is to deliver more than 1GW of new renewable energy, enough to power half a million homes by 2030. This makes Coillte a key player in Ireland's transition to a more sustainable future in electricity generation, a central component of the 2020 Programme for Government, Ireland's Climate Action Plan and the National Development Plan (2021-30).

Forests for Wood

Sales of sawlog to our sawmill customers at 1.4m m^3 were in line with 2020 levels, albeit back from 1.6m m^3 in 2019, a year not impacted by licencing challenges. Our MEDITE SMARTPLY panel board operations, which produce MDF and OSB, were focused on optimising production levels during 2021 while also progressing the second phase of the SMARTPLY renewal programme. Commissioning is set to commence on this €45m investment in the second quarter of 2022 and when complete, will further underpin the future competitiveness of SMARTPLY.

Construction of the world's first Tricoya wood chip acetylation facility continues in Hull. A series of construction and Covid-19 related difficulties have significantly delayed completion and the project team now expect commissioning to commence in 2022. This project, in which Coillte is a minority partner, is a collaboration with INEOS and Accsys Technologies. MEDITE will be the key off-taker for the Tricoya chip supply from the plant. This is a ground-breaking new construction material that will allow MEDITE to be used in new applications, displacing products such as concrete, steel and plastics.

Forests for Nature

Coillte manages 90,000 hectares of our estate with biodiversity as the primary objective. Our BIOForest project, which focuses on these 90,000 hectares moved into a new phase in 2021, with work focusing on enhancing the biodiversity value of a series of high priority ecological sites. Works undertaken included invasive species removal and habitat restoration in ecologically sensitive areas.

Coillte Nature also continued to make substantial progress. Focused on delivering large scale projects on a not-for-profit basis, it undertook nationally important biodiversity enhancements at Hazelwood, Co. Sligo and enabled further urban forest conversion in the Dublin Mountains. It also continued to advance projects focused on the rehabilitation of ecosystem services in the Wild Western Peatlands and the Midlands Native Woodland.

A new not-for-profit "Nature Partners CLG" was launched in collaboration with Forestry Partners CLG to deliver new non-commercial native woodlands funded by the issuance of green certificates. We are pleased that AXA Insurance Ireland has funded the first issuance of €2m, which will go towards the establishment of 200 hectares of new native woodlands.

Forests for People

Our 12 Forest Parks, 260 Recreation Areas and c.6,000 properties are all open to the public to access and see at least 18 million visits annually. During 2021, we continued to experience increased visitor numbers as people sought refuge in the great outdoors during the pandemic. Strong visitor levels continue today and underline the important role our forests play in supporting peoples' mental and physical wellbeing along with the importance of Coillte continuing to deliver 'forests for people'.

Against this backdrop, we continued investing in the recreational value of our estate. During 2021, we commenced the redevelopment of Avondale Forest Park in Co. Wicklow in partnership with Fáilte Ireland and erlebnis akademie AG (EAK). This new exhilarating visitor destination showcases the evolution of Irish forestry, celebrates the Parnell Family, features a new Tree Top Walk and Tower, and also includes a new Seed Café. A key feature of this redevelopment has been our commitment to ensuring it is as accessible and inclusive as possible. We look forward to welcoming visitors to Avondale during Summer 2022.

We also further progressed the Dublin Mountains Makeover project which is carefully converting our Dublin Mountain forests from 'forests for wood' to 'forests for people'. Additionally, our mountain biking offering was significantly extended with a number of new trail sections opened including in Coolaney Co. Sligo, Slieve Blooms in Co. Laois and Offaly and Ballinastoe in Co. Wicklow.


Lough Key Forest Park, Co.Roscommon

Sustainability

Our single largest carbon impact relates to the management of our forests and lands with the result that our forestry strategic vision work encompassed extensive carbon modelling. During 2021, we also made considerable progress on a range of sustainability initiatives aimed at developing and implementing a Group sustainability framework. We signed up to the Task Force on Climate Related Financial Disclosures and will incorporate these disclosures into our annual report over the next number of years. We progressed a carbon emissions assessment across all Coillte's operations and will finalise this assessment in 2022. Building on that assessment, we will work towards certifying Coillte's emissions and carbon reduction targets through the Science Based Targets initiative (SBTi). This process will help to further develop our understanding of Coillte's carbon footprint and climate related financial risks and opportunities.

Our People

As a society and as an industry, the last few years have been unprecedented. I know that during this period the asks we made of Team Coillte were enormous. Our people met these challenges with dedication, determination, stoicism and in no small measure with innovation and ingenuity. I am incredibly grateful to all my colleagues for 'Keeping Coillte Safe and Moving' during these difficult times and, in doing so, ensuring we entered 2022 with a sustainable, vibrant and viable organisation from which we can best deliver a sustainable future for all.

In 2021, we further increased our focus on Diversity, Equity and Inclusion (DEI) by signing the ELEVATE, Business in the Community Ireland (BITCI) inclusive work pledge. We also launched an Ability Campaign (#SeeTheAbility) to highlight the importance and acceptance of anyone with any form of disability within Coillte. We will build on these important initiatives in the years ahead as we work to deliver a diverse, equitable and inclusive organisation.

2022 Outlook

Coillte is part of a forestry sector that has an important and relevant future for which we must be very ambitious. The year ahead will see us concentrate on the important work of communicating and consulting on our forestry strategic vision. As we do that, we also look forward to the outputs from Project Woodland which is focused on creating a shared vision and national approach for Irish Forestry.

While much of last year's operational focus was on industry challenges and the Covid-19 pandemic, the current geopolitical situation in Ukraine and Russia has quickly emerged as a defining feature of 2022 and one which is already having wide-ranging impacts. Albeit the market environment is currently demonstrating solid demand for forest related products, the impact of the high inflationary environment on our cost base is of significant concern and it is difficult to predict what impact the ongoing geopolitical tensions may have on the macroeconomic environment and on international timber flows and pricing. While there are many unknowns, we anticipate that our financial returns in 2022 will reflect a material reduction on the record high levels achieved in 2021.

Thank You

By any measure, 2021 will be remembered as a year when the pandemic continued to challenge the way we live and work. While 2022 has brought a sense of hope, in reflecting on 2021, I recognise the enormous contribution of all front-line workers and everyone involved in helping Ireland navigate these difficult times – thank you.

As an industry, we faced our own challenges and I am most grateful to our customers, contractors, suppliers, our other key partners and stakeholders for your support during 2021. Engagement with our Shareholders, the Minister for Agriculture, Food and Marine and the Minister for Public Expenditure and Reform, along with Department officials and advisors in NewERA is of the utmost importance to Coillte and I am very thankful for the ongoing committment and support received.

And finally, I am truly grateful for the strong support of our Chair, Board and Team Coillte, who all worked to adapt to every challenge we faced. Your commitment to Coillte gives me the confidence that we can deliver on our very ambitious forestry strategic vision in the years ahead. I look forward to continuing to reconnect in person with you all during 2022.

Imelda Hurley
Chief Executive

Gougane Barra, Co. Cork

Our New Forestry Strategic Vision

Identifying the Right Objectives: The Multiple Benefits of Forests

Coillte is responsible for managing 440,000 hectares of Ireland's forests and lands including Ireland's largest carbon store. In today's world, the management of a large carbon store brings significant responsibilities and, in recent years, Coillte has increasingly recognised the important role it plays in meeting Ireland's climate targets. Aligned with the need to deliver climate-based solutions is the need to provide sustainable wood products to help meet Ireland's housing demand and support the growing bioeconomy. Furthermore, the biodiversity crisis is receiving growing global attention, as is the role that forests can play in providing valuable habitats for nature. The recent pandemic has also clearly demonstrated the important role that forests play in people's lives, as so many choose to visit our forests to enjoy the outdoor experience.

Against this backdrop, in 2020, Coillte outlined an overall Group vision, to 'create a sustainable future from our forests and lands'. 2021 was a year when Coillte brought sustained focus on the development of a new forestry strategic vision which would underpin the Group vision. This work encompassed a science-based analysis of how Coillte could balance and deliver the multiple benefits of forestry for Irish society. Additionally, Red-C research was undertaken to better understand the views of the public and we took specific account of the Programme for Government and the Climate Action targets as key considerations for our future vision.

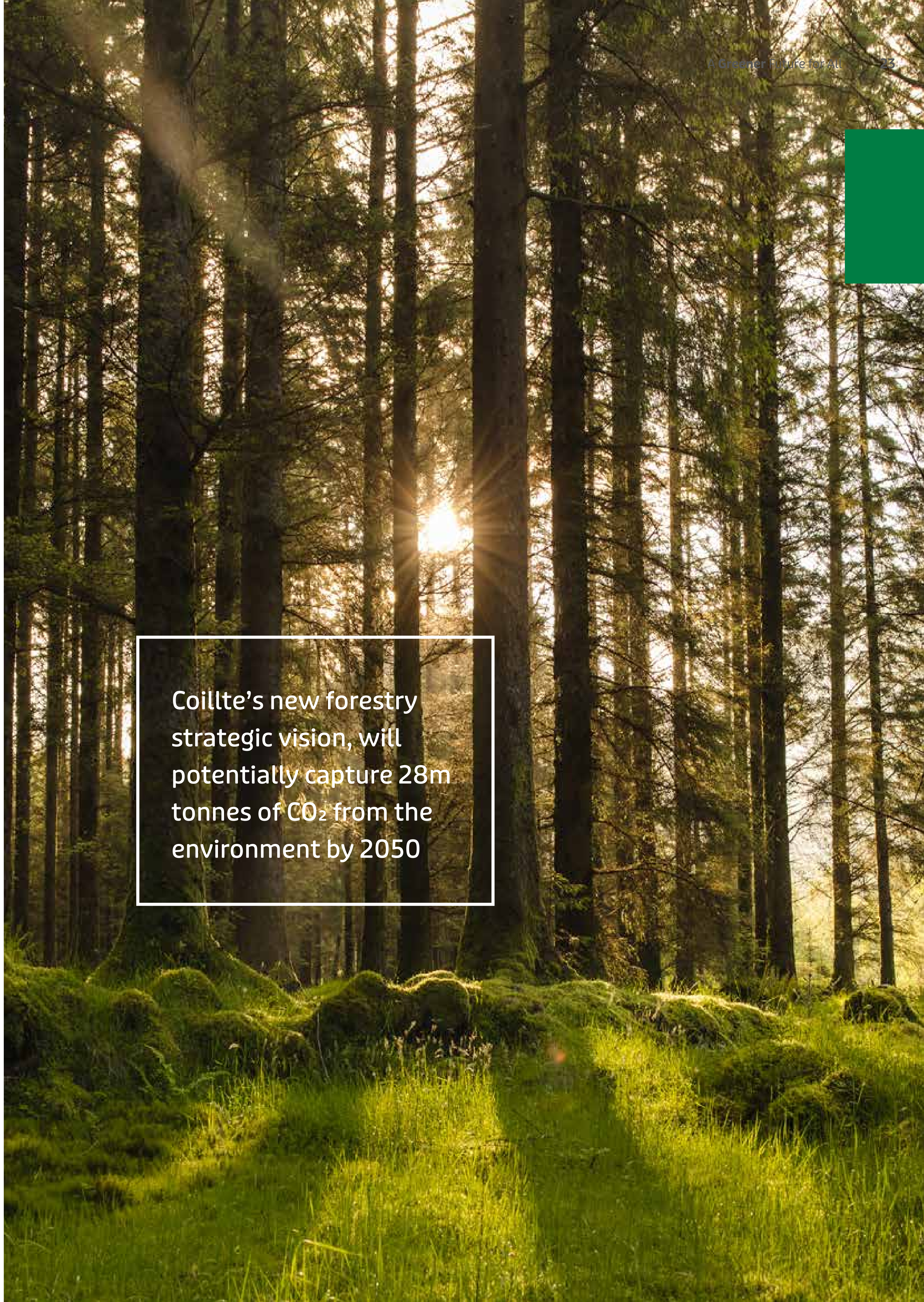
Our New Forestry Strategic Vision

Taking a science-based approach along with a consideration of public attitudes and societal needs, Coillte developed a new forestry strategic vision underpinned by a series of ambition statements. This vision would see us capturing a potential 28m tonnes of CO_2 from the environment by 2050 while balancing and delivering the multiple benefits from Ireland's state forests across our four strategic pillars: Climate, Wood, Nature and People.

Consultation is central to our new strategic vision. As a result, in May 2022 Coillte will commence engagements with key stakeholders and the public, to seek their views on our vision and to ensure it is aligned with the needs of Irish society. This consultation process will further inform the development of a strategic plan for the future forest estate. This strategic plan will be subject to a Strategic Environmental Assessment (SEA).

In summary, Coillte's new forestry strategic vision aims to bring more focus to climate action, setting ambitious new targets on biodiversity and recreation, while continuing to deliver sustainable wood products to meet the needs of society.

This new vision includes a series of strategic ambitions, which are outlined on pages 24-25.



Coillte's Forestry Strategic Ambitions*

Forests *for* **Climate**

Enable the creation of **100,000 hectares** of **new forests**, half of which will be native woodlands, which will sink **18m tonnes of CO_2** by **2050**

Manage the existing Forest Estate to increase carbon store by **10m tonnes of CO_2** by **2050**

Redesign **30,000 hectares** of Peatland Forests for climate and ecological benefits by **2050**

Generate an additional **1 Gigawatt** of renewable wind energy to power **500,000 homes** by **2030**

Forests *for* **Wood**

Produce **25m** cubic metres of certified **Irish timber**, to support the construction of 300,000 homes by **2030**

Promote the use and benefits of wood products to increase the level of **timber homes** from **20% to 80%** by **2050**

Forests *for* **Nature**

Enhance and restore biodiversity by increasing the area of our estate managed primarily for nature from **20% to 30%** by **2025**

Transform areas of our forests so that **50% of estate is managed primarily for Nature** in the **long-term**

Forests *for* **People**

Enable the investment of **€100m** in world-class **Visitor Destinations** to support growth in tourism and recreation by **2030**

Double the number of **Recreation Areas** to **500**, benefitting local communities and people's wellbeing

Create **1,200 new jobs** in rural communities to support the just transition to a low carbon economy

**Note: carbon estimates are based on assumptions that can potentially change over time which may mean that these numbers may be higher or lower.*

Our Highlights

Financial

The Coillte Group achieved a record financial performance for the year with EBITDA of €159m and Operating Cash of €73m. This enabled the Group to recommend dividends of €30m (interim dividend paid of €25m along with a proposed final dividend of €5m subject to Shareholder approval) for payment to its Shareholders in respect of 2021, the largest dividend in Coillte's history.

The Group enters 2022 on a strong financial footing, with net cash of €31m and available debt facilities of €180m. While the businesses that Coillte operate are very capital intensive, this strong financial footing positions the Group well to continue its capital investment programme while also making a meaningful contribution in delivering the multiple benefits of our forests to society.

Coillte entered 2021 against the backdrop of a challenging operating environment, largely as a result of the forestry licencing crisis with the Group unable to hold its first timber auction until April 2021. However, the volume of felling licences issued increased as the year progressed and 1.4m m^3 of sawlog was ultimately sold to its sawmill customers, a level consistent with 2020 levels albeit significantly lower than the 1.6m m^3 sold in 2019. The financial performance of 2021 was driven by exceptionally strong global demand for sawnwood and other timber related products resulting in record pricing levels. The forestry sector, like many others, was impacted by significant pandemic supply chain constraints.

These constraints resulted in a supply imbalance in our key markets, with global demand for forest products being well in excess of supply. Additionally, a greater focus on climate change initiatives focused on the transition from fossil fuel-based construction materials, towards sustainably produced timber products continued to support global demand.

The market environment for 2022 is currently demonstrating strong demand for forest related products as more consumers look to substitute fossil-based products with timber. Although demand is strong, a key concern for the Group is the increasing cost base, as inflationary pressures which had been evident during 2021 significantly accelerated in early 2022, driven in particular by geo-political tensions. At this juncture, it is anticipated that inflationary pressures will impact the Group's 2022 financial performance and lead to a material reduction on 2021's financial outturn.

Forest

Glencree Forest, Co. Wicklow

The Forest business delivered a very strong commercial performance in 2021 despite the backdrop of Covid-19 and domestic supply difficulties which impacted for much of the year. This performance was largely driven by timber prices which rose to record highs due to increased demand in the construction and home improvement sectors in both the UK and Ireland. Additionally, a global demand and supply imbalance led to European sawnwood products being redirected from the UK into North America.

Sawlog volume sales of 1.4m m^3 were achieved during 2021 with an improvement in the rate at which felling licences were processed as the year progressed, while the Coillte ecology team made significant progress in responding to the new regulatory procedures for felling licences and road permits. Ultimately forestry licencing issues impacted the level of timber production and timber sales volumes achieved during the year and at this juncture certain challenges remain, most particularly the availability of road permits.

Looking ahead to 2022, the demand for timber products remains strong, however, like many sectors inflationary cost pressures are an increasing concern.

In addition to timber production and sales, the Coillte Forest division also manages all aspects of the Group's forestry business. This includes tree-planting, forest management and protection, biodiversity protection, and outdoor recreation. During 2021, the following notable achievements of the division included:

- Successful full certification standards audits were carried out for FSC® (Forest Stewardship Council) and PEFC™ (Programme for the Endorsement of Forest Certification). These certifications confirm that Coillte's timber products are sustainably and responsibly produced and also demonstrates excellence in forest management.
- A successful retention of ISO 45001 standard in occupational health and safety.
- A first certification of Coillte to ISO 50001 Energy Management System standards. This certification focuses on reducing energy consumption and supports Coillte to achieve its sustainability targets.
- The commencement of the construction of the re-development of Avondale Forest Park (Avondale) in May 2021. Significant progress has been made on "Beyond the Trees Avondale" and the new exhilarating visitor destination in Co. Wicklow will open in Summer, 2022. The €16 million project, a partnership between Coillte, Fáilte Ireland and EAK will transform Avondale into a unique family attraction and a key new destination in Ireland's Ancient East. It will feature a Treetop Walk and 38m high Viewing Tower, a renovated walled garden, a playground and sensory garden, a new Seed Café along with the Coillte Pavilion which will provide an engaging educational space highlighting the multiple benefits of forests. All areas at "Beyond the Trees Avondale" including the Treetop walk and Viewing Tower will be fully accessible.
- Significant demand for recreation across the Coillte estate continued during 2021 with visitor numbers increasing by more than 25% at our most popular recreational sites. We responded to that demand by investing almost €3.5 million in partnership with the Department of Rural and Community Development in the maintenance and enhancement of recreation facilities across the estate. New mountain biking trail sections were opened in Coolaney, Slieve Blooms and Ballinastoe despite the pandemic halting construction for the first six months of the year. All of these new trail centres saw strong visitor numbers upon opening with 180,000 riders recorded across our five centres in 2021 and much positive feedback was received. Looking forward, a design plan for five new mountain bike trail head buildings is now in place and expected to progress through planning in 2022.
- Coillte's BIOForest project moved into the implementation phase in 2021. Works progressed on ecologically important sites within the network of the 90,000 hectares of biodiversity and nature areas on the estate. The focus in 2021 was on implementing Continuous Cover Forestry (CCF), invasive species removal and habitat restoration in these ecologically important areas.

Looking ahead to 2022, the demand for timber products remains strong, however, like many sectors inflationary cost pressures are an increasing concern

MEDITE SMARTPLY

MEDITE SMARTPLY, Coillte's panel board business is the market leading manufacturer of environmentally produced, sustainable timber construction panels.

2021 represented a record year for MEDITE SMARTPLY. The construction and building product markets experienced a high level of demand which was met with a reduced supply and a series of global supply issues along with significant raw material cost challenges.

Meeting and optimising these challenges required MEDITE SMARTPLY not only to remain fully operational but to focus on further increases in production and continued process improvement. This unique situation demonstrated the agility and dedication of MEDITE SMARTPLY through careful management of allocations to customers and going above and beyond to ensure continuity of supply.

Sustainability continued to be a key emphasis. In 2021, a range of sustainability assessments were undertaken to gain a better understanding of where our operations have the most significant societal and environmental impact along with understanding our position in the market in relation to competitors and stakeholders. A materiality assessment was carried out, to identify the main sustainability risks and opportunities and to inform key sustainability objectives and create a roadmap for future actions. At the end of the year, a carbon emissions assessment commenced with results to be finalised in 2022.

As part of the sustainability plan, MEDITE SMARTPLY supplied SMARTPLY products to a social housing project at COP26 in Glasgow. The COP26 House was built as a zero-carbon social house, demonstrating the benefits of building with wood.

As part of our sustainability plan, we supplied SMARTPLY products to a social housing project at COP26 in Glasgow.

The MEDITE Makes It Real campaign launch was a market first, with the creation of an end user community to engage with everyday users of MEDITE. The campaign was broadcast on TV, radio and out of home channels alike, driving brand awareness further throughout the market.

The MEDITE SMARTPLY division continues into 2022 in a strong position, whilst also being mindful that agility is key in a cyclical market.

- MEDITE remains strong in all markets, driven by homeowners investing in their properties and reflective of traditional markets restarting. MEDITE TRICOYA EXTREME (MTX) continues to enjoy robust sales and will benefit from a focus in 2022 as brand awareness increases in anticipation of increased production in 2023. This is supported by our presence at the RHS Chelsea Flower Show, in order to showcase our innovative and sustainable product range, which sees MTX as the centrepiece.
- The SMARTPLY investment to upgrade the drying plant, thereby increasing capacity, remains on track for Q2 2022, having met all the key milestones in 2021. This substantial investment enables us to improve carbon intensity, modernise the plant and increase reliability, whilst optimising production, thus supporting market growth.
- MEDITE SMARTPLY is now in the second year of a 3-year safety plan and performance continues to improve year on year, which is paramount to the business.
- The continual drive towards new product development supports the evolution of Speciality & Technical ranges, strengthening differentiation from competitors and demonstrating innovation. An early 2022 introduction of a new product into the market, SMARTPLY SURE STEP, highlights the ability of the business to react quickly to market opportunities and validates our strive for relevance.

In 2022, MEDITE SMARTPLY will also continue to support its growth strategy by developing programmes around evolving our sustainability proposition, building a technical leadership position, increasing brand awareness in the market as a whole and ensuring the customer experience programme remains on track.

Land Solutions

Major achievements of the Land Solutions division in 2021 included the successful transfer of its renewable energy team and associated assets to a new joint venture with ESB, FuturEnergy Ireland; Coillte Nature collaborating with Forestry Partners to launch a new not-for-profit Nature Partners CLG, which will see the establishment of native woodlands at scale in communities across Ireland; and the Group achieving the highest level of land acquisitions since the 1990's.

Ballygannon Wood, Co. Wicklow

Property Acquisitions

During 2021, Coillte bought 407 hectares of immature conifer forests. These forests, which are mainly 20 years or older and of high Yield Class, will add to the productive capacity of the estate. In addition, 177 hectares of bare land was purchased. For 2022, the division's ambitions are even greater, working with partners to secure more forests and land to deliver the multiple benefits of forestry.

Coillte Nature

In 2021, the division continued to develop the Coillte Nature operations and had positive developments under the four themes of Afforesting, Restoring, Regenerating and Rehabilitating. Under Afforesting, in collaboration with Forestry Partners, a new not-for-profit Nature Partner CLG, was set up which enables corporates to support the planting of new native woodlands and an application was made for over 200 hectares of new woodlands in partnership with Bord na Móna. On Restoring, further work was completed at the Hazelwood site in Sligo, with a significant area of 29 hectares beneath the native woodland canopy being cleared of rhododendron, cherry laurel and other invasive species.

Under the Regenerating theme, the Dublin Mountains transformation project was extremely busy with the first 6 hectares replanted, 30 hectares harvested, and site preparation completed to enable further planting in 2022. Finally, as part of the Rehabilitating theme, for the Wild Western Peatlands projects, a plan was developed for the first pilot site. For more detail on these projects see Forests for Nature section.

Strategic Investments and Asset Management

The Land Solutions division continued to manage and co-ordinate strategic investments on behalf of Coillte. Key investments currently being managed include the Group's 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). This facility will make long-lasting Tricoya woodchips that will be used at our MEDITE operation. The current project timeline is to move to commissioning in 2022 after experiencing Covid and construction related delays. Additionally, with a series of renewable energy development interests having been successfully transferred to the FuturEnergy Ireland joint venture, Coillte's management of this joint venture will form part of the Land Solutions portfolio going forward.

Group Sustainability

A new Group Sustainability team was established in 2021 with a remit to develop a sustainability framework and a series of ambitious targets. The first step of that process is an interpretation of the EU and Irish policy which will facilitate the development of sustainability and climate-related disclosures. This includes a full assessment of Coillte's carbon emissions, and a certification of carbon commitments through the Science Based Targets initiative (SBTi). In October 2021, Coillte signed up to the Task Force on Climate-related Financial Disclosures (TCFD) and will incorporate disclosures into future annual reports. This will allow the development of a better understanding of climate related financial risks and opportunities and identify ways to adapt to the changing environment. By supporting the TCFD initiative, Coillte is also supporting a good business practice that will ultimately support Ireland in its transition to a low-carbon economy.

A new Group Sustainability team was established in 2021 with a remit to develop a sustainability framework and a series of ambitious targets

Our People

Coillte Colleagues and Covid-19

Covid-19 continued to impact colleague work practices in 2021, particularly for those normally based in our offices. 'Keeping Coillte Safe and Moving' remained a key theme of our CEO's weekly email to colleagues and highlighted how resilient and adaptable the different parts of the business were despite the ongoing challenges posed by the pandemic.

Due to production requirements, MEDITE SMARTPLY operated on-site throughout the pandemic. Colleague safety was the absolute priority and initiatives, including regular antigen-testing, restructuring of some production roles, and adherence to careful close contact rules helped them maintain a safe workplace with limited disruption to production. Meanwhile in Coillte Forest and Land Solutions, work continued safely outside while desk-based colleagues continued to work remotely for the majority of the year.

Our offices reopened in September welcoming back colleagues who elected to be based there.

Feedback from a comprehensive staff survey conducted in 2020, showed that the majority of colleagues favour a more flexible working model of office and remote working. The development of Coillte's future working model post Covid-19 is ongoing with colleague workshops and engagement sessions informing our future model which is expected to be delivered during 2022.

Wellbeing during the Pandemic

In 2021, to support colleagues manage the ongoing challenges posed by Covid-19, Coillte developed a program of events and supports, which included the following:

- World Mental Health Day

  In recognition of World Mental Health Day, Coillte hosted a panel discussion on mental health inviting Charlie Burke, Coillte's Recreation Administrator to speak about Woodlands for Health and the Green Ribbon campaign and Noeleen Wills MIAHIP, Development Officer, Mental Health Ireland to speak about the five ways to wellbeing.

"Keeping Coillte safe and moving" was a key theme of 2021

- Parenting support during the Pandemic

  Coillte invited Dr. David Coleman a practicing clinical psychologist, television presenter, and author to speak to colleagues about "Keeping Kids Emotionally Resilient in a Pandemic". David shared his knowledge of children's emotional wellbeing, with a view to giving colleagues the practical skills and confidence to help their children and teenagers to become emotionally resilient in the face of whatever ups and downs life, and the pandemic, throws their way.

- Employee Assistance Programme

  In 2021, Coillte launched a new Employee Assistance Programme (EAP) with Spectrum Life, the largest provider of health and wellness services in Ireland. The EAP is a free, confidential, counselling and wellbeing support to colleagues, partner/spouse, and any dependent children aged over 16.

Five ways to wellbeing

Health and Safety

At Coillte, the health and safety of colleagues is our absolute priority. Coillte's health and safety management systems are fully accredited and certified to the ISO 45001 standard.

In recognition of the challenges posed by Covid-19, Coillte's Covid-19 response plan was kept fully aligned with the government's National Protocol updates at all times. Remote working by colleagues and hygiene control measures continued during 2021.


Portumna Forest Park, Co. Galway

Diversity, Equity and Inclusion

Coillte values having a diverse, equitable and inclusive workplace where everyone is welcome. We believe that having an inclusive organisation with diversity of perspectives and experience, enhances our decision-making and ultimately our performance. Our Diversity, Equity, and Inclusion (DEI) committee is made up of employees across the Group who deliver key DEI initiatives in line with our culture and values.

Despite the continuing challenges posed by Covid-19 in 2021, the DEI committee remained dedicated to the roll out of a number of impactful initiatives including:

- **Business in the Community Ireland**

  In May 2021, Coillte along with 44 of Ireland's largest companies publicly committed to improve inclusivity and diversity in our workplace by signing up to the ELEVATE, Business in the Community Ireland (BITCI) inclusive workplace pledge. As part of this pledge, Coillte committed to draft a DEI strategy along with the design and roll out of inclusive leadership training to Coillte colleagues. The DEI committee will soon launch its new 2022-2024 strategy. As of December 2021, 45 senior leaders had attended inclusive leadership training.

- **Celebrating International Women and Men's Day**

  The International Women's Day Global theme for 2021 was "Choose to Challenge". The Coillte team was delighted to host Lord Mayor of Dublin, Hazel Chu who led a very open discussion with colleagues about her career, challenges, achievements, and her experience of diversity and inclusion in society.

  To mark International Men's Day in November 2021, Coillte invited Dr. Eddie Murphy a psychologist on RTE's Operation Transformation to speak to colleagues about "Building Resilience and Tackling everyday Challenges" focusing on physical and mental wellbeing.

- **Pride**

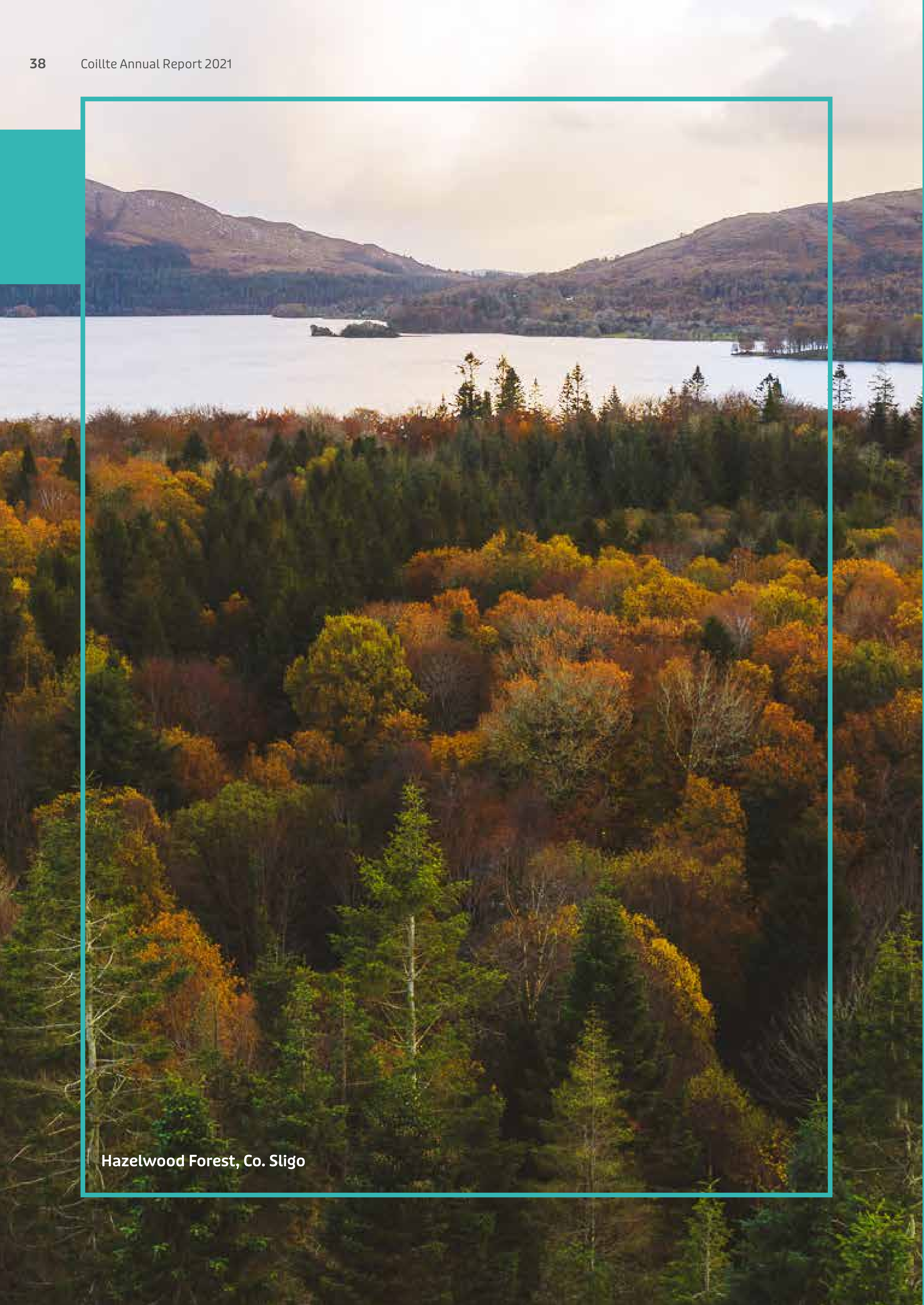
  In recognition of Pride Month, Coillte partnered with Dublin Pride, a not-for-profit organisation dedicated to promoting diversity and inclusion in society and championing equality for all people. Coillte participated in the Dublin Pride virtual parade and displayed banners recognising Pride month across a number of Coillte Forests. Coillte wrapped up Pride month by hosting Donal Óg Cusack, RTE Pundit/Former Cork Hurler to speak to colleagues about "Diversity and GAA".

We believe that having an inclusive organisation with diversity of perspectives and experience, enhances our decision making and ultimately our performance.

Coillte is committed to improving gender balance across the business. Representation is strong at a senior level and the Board of Directors of Coillte at 31 December 2021 had 43% female and 57% male members. Both the Chair and CEO of Coillte are female.

Coillte has implemented a number of initiatives to promote gender balance more broadly across the workforce. Our recruitment policy is to ensure applications have at least one third split of both genders. Since 2019, our Medite Smartply's apprenticeship recruitment policy has been to feature inclusive advertising to attract talent from both female and male graduate pools.

Our Coillte Forest Graduate Programme has actively sought a balance of 50:50 male: female graduates in recent years to ensure that the next generation of foresters has strong female representation.



Hazelwood Forest, Co. Sligo

Forests For Climate

The climate emergency is recognised as the greatest challenge we face as a society and there is now an urgent need for Ireland to meet stretching climate action targets.

The Irish forestry sector and Coillte have an important role to play in the achievement of these targets.

The Benefits of Forests for Climate

Ireland's forests represent the largest carbon sink and store, with over 310 million tonnes of carbon stored in trees and soils. Forests are a stabilising force for the climate and are one of the most important solutions to address the effects of climate change.

We recognise the key role that forests and timber products play in the carbon cycle with their unique ability to Sink, Store, and Substitute carbon as illustrated in Figure 1.

As a Sink – forests ability to remove carbon dioxide from the atmosphere;

As a Store – forests ability to store carbon in the wood biomass and soil; and

As a Substitute – replacing or substituting fossil-based products (such as concrete and steel) with wood.

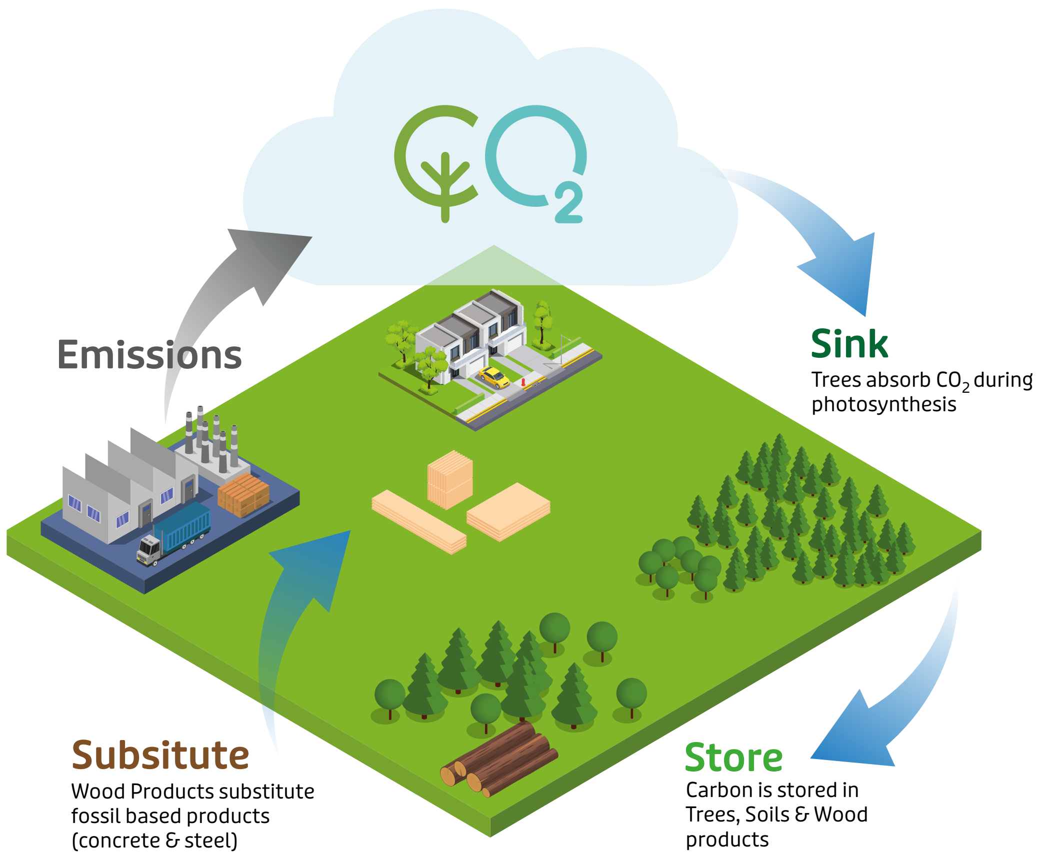


Figure 1: Forest Carbon Cycle and the climate benefits of trees

As a Sink

Ireland's forests are a fantastic sink for CO_2 and through photosynthesis absorb carbon dioxide from the atmosphere. The Climate Action Plan recognises the importance of forests and timber, and the positive impact they make in sequestering and storing carbon. The rate of sequestration ('sinking') fluctuates over time due to changes in the age profiles of the trees on our forest estate and from soils. We have the capacity to increase the carbon sink by planting trees and creating new forests.

- Conifers grow very well in Ireland and sink CO_2 at a rate of c. 6.9 tCO_2 eq. ha/year.
- Broadleaves sink CO_2 more slowly at a rate of c. 2.6 tCO_2 eq. ha/year.

Therefore, conifers are excellent at combating climate change as they sink CO_2 quickly but actively managed broadleaves also play an important role as they provide a very good long-term store of carbon.

As a Store

The national forest estate is a large carbon store (c.312 Mt CO_2[1]) and it is imperative that this is protected, enhanced and expanded. Carbon modelling and determining the carbon profile for the Coillte estate is highly complex and constantly evolving, as new datasets and models become available. During 2021, experts in the fields of forest carbon accounting and peatland forestry were engaged to better understand the carbon profile of the estate and to identify appropriate land-use and silviculture approaches to improve our carbon performance over the longer term.

[1] Ireland's National Forest Inventory 2017 – Main Findings, DAFM

Through the research undertaken and associated carbon modelling, measures have been identified to improve the long-term carbon-store in our forest estate. These include the active management and expansion of our current forest, and the redesign of some of our peatland forests.

As a Substitute

Harvested wood products are a very valuable, renewable and sustainable alternative to fossil-based materials. Therefore, wood products can substitute the use of concrete and steel in our built-environment. Wood products are also a long-term, stable store of carbon. These benefits have been assessed and integrated within our carbon modelling analysis. Research into the 'substitution benefits' of Irish wood products was commissioned by Coillte and undertaken by Dr. Peter Holmgren, a leading forest and climate expert. His research identified Irish wood products have an average product displacement factor of c.0.77 CO_2/m^3. This represents the amount of carbon dioxide emissions that are avoided when a cubic metre of timber is used instead of a conventional fossil-based product. Therefore, it is clear that the use of wood products has a very significant benefit in mitigating climate change, and it is important that we continue to increase the use of wood as a sustainable, renewable and carbon-friendly product.

Midlands Native Woodland

The Midlands Native Woodland is a collaboration project with Bord na Móna to establish native pioneer woodland on parts of the midlands raised cutaway bog at Baunmore, Co. Kilkenny, complementing the overall bog rewetting programme that is currently underway by Bord na Móna.

The primary approach to the rehabilitation of this site is to rewet the bog to benefit both its biodiversity and carbon storage values. However, on some higher and dryer sections, where rewetting is not an option, Coillte Nature has been trialling the seeding and planting of native trees and shrubs, complementing the natural regeneration happening elsewhere. The aim is to speed up this regeneration process and stabilise the bare peat in order to reduce soil erosion and CO_2 emissions.

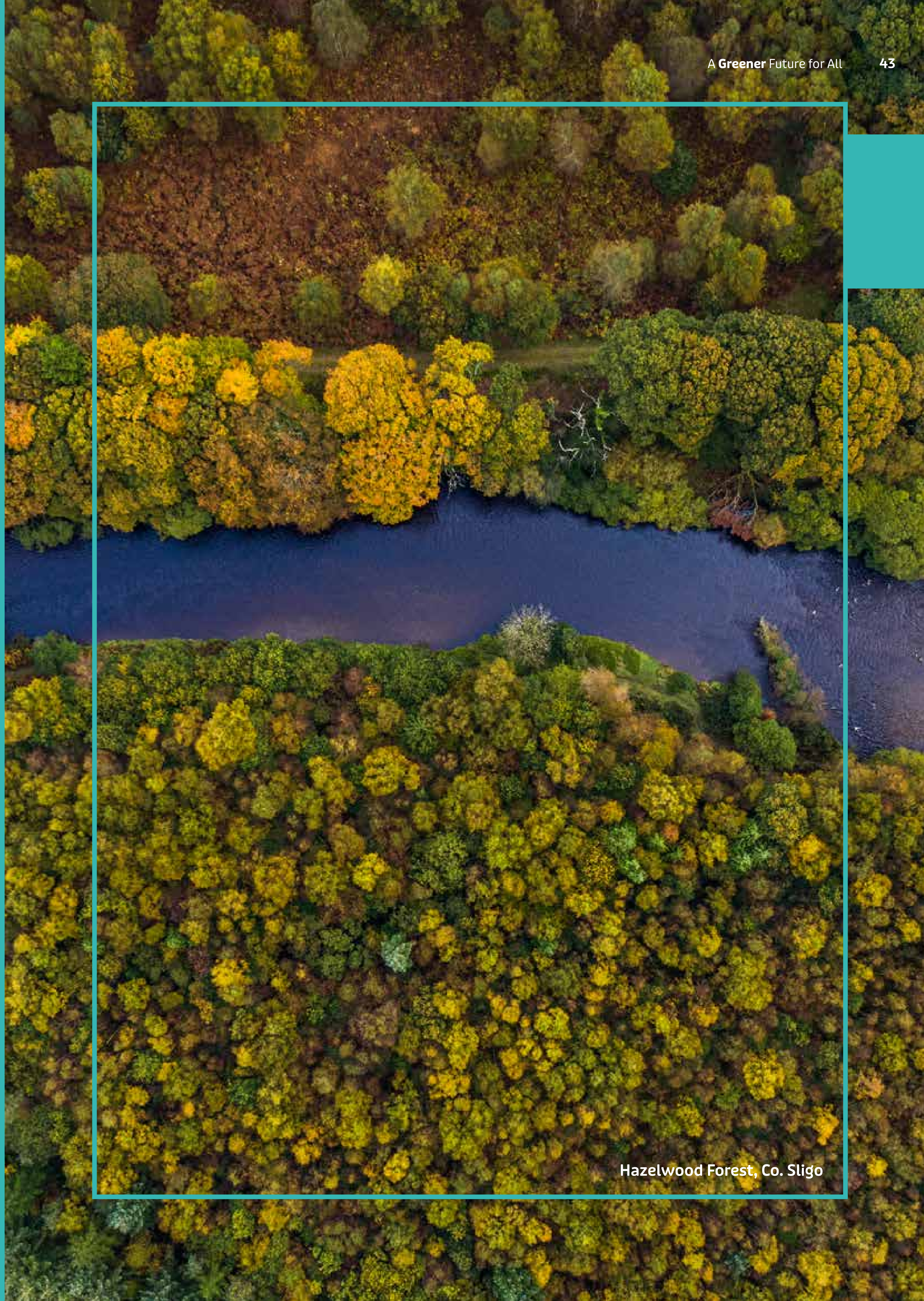
Over the last year, significant work went into compiling and submitting a Form 1 Afforestation Application for just over 200 hectares (about 5% of the total site) and an Environmental Impact Assessment (EIA) report to DAFM.

In 2020, extensive trials were carried out to determine the best approach for afforestation of the site, with over 100 plots of seeding and planting of native tree and shrub species. During 2021, the progress of the trials were assessed, which informed the afforestation application and will determine how best to proceed with this project.

The key findings from the trials are:

- There was excellent planting establishment rate with over 90% survival rate
- Initial results show that the seeding done in spring was more successful than that done in autumn
- Seedling mortality was high in the first year of growth due to exposure, mainly wind and water erosion but also drought at times
- Planting on deep peat, such as that over 1 metre deep is not to be recommended for this project

In December 2021, acorns were sown and young oak trees were planted in test plots, as an addition to the existing trials.



Hazelwood Forest, Co. Sligo

FuturEnergy Ireland Joint Venture With ESB

Coillte was pleased to join forces with the ESB and launch its new joint venture company FuturEnergy Ireland in November 2021. This is an important development in renewable energy in Ireland that will help the country deliver on its green energy targets, achieving net zero emissions by 2050, as set out in the Government's Climate Action Plan.

FuturEnergy Ireland will actively drive Ireland's transition to a low carbon economy by developing 1GW of wind energy projects by 2030, enough to power more than 500,000 homes. The new company is dedicated to developing best-in-class, commercially successful wind farms which will play a core role in a green economic recovery by creating jobs in rural areas and growing a green industrial sector, while also funding local development and enhancing local community amenities.

FuturEnergy Ireland will actively drive Ireland's transition to a low carbon economy by developing 1GW of wind energy projects by 2030

Pictured at the launch of FuturEnergy Ireland in November 2021 were (from left): Jim Dollard, ESB Executive Director, Generation and Trading, Minister Pippa Hackett, Peter Lynch, Managing Director, FuturEnergy Ireland, Minister Eamon Ryan and Imelda Hurley, CEO, Coillte.

National Tree Week

In 2021, Coillte was once again the main sponsor for National Tree Week. Since 1989, Coillte has donated trees every year to the Tree Council of Ireland to celebrate all things trees during a week in March, chosen as the time of year when it is ideal to plant trees. One of the primary aims of National Tree Week 2021 was to raise awareness among the public of the benefits of trees and forests to help with climate change. Despite the restrictions of the pandemic a number of virtual events were held.

At least 15,000 trees from Coillte nurseries have been planted each year, by schools, local community groups and county councils all across Ireland meaning that National Tree Week has seen almost half a million trees planted since inception.

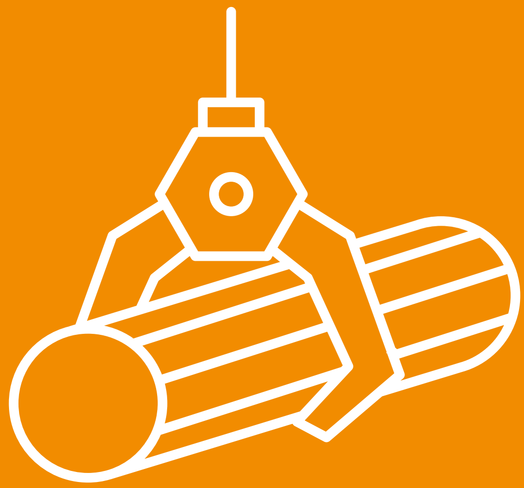
More recently, Coillte has also partnered with the Easy Treesie Project, which aims, to plant one million trees with Ireland's one million school children and their communities by 2023.

The project is part of the global UNESCO backed Plant for the Planet's "trilliontreecampaign.org" challenge. By the end of 2021, the project had planted 250,000 trees, 200,000 of which were supplied by Coillte.

Forests For Wood

Coillte is Ireland's largest producer of certified wood, a natural, renewable and sustainable resource used to build our homes.

The wider forestry sector supports 12,000 jobs and contributes €2.3bn to the national economy, and is predicted to double in size over the next decade.



The Importance of Wood

We need wood for our buildings and for many of the products we use every day while wood products are both sustainable and renewable. Wood products require less energy to produce than many other common materials so using wood as a substitute is better for our environment.

Ireland's forest products sector is recognised as a European market leader and produces a range of quality wood and wood-based panel products for both the domestic and export construction and joinery markets. Woodbased panel products manufactured by Medite Smartply include OSB and MDF. No part of the tree goes to waste and at the end of life, our wood products can be recycled to support the circular economy.

Coillte promotes a 'wood first' policy to drive the use of wood as a natural, sustainable and low carbon alternative to other common building products through education, training, marketing and promotion.

Beyond Zero Homes

MEDITE SMARTPLY played a vital role in the build of the COP26 House, a zero carbon, timber frame building, built by a collective group of suppliers named Beyond Zero Homes.

The members of Beyond Zero Homes are united by a common goal that goes beyond zero carbon: to demonstrate how beautiful, affordable, healthy homes can be developed with minimal impact on the environment throughout their lifecycle, to help us meet our climate commitments.

The project showcased low carbon, circular solutions in building and living during the 2021 UN Climate Change Conference in Glasgow, demonstrating how the climate emergency can be met with sustainable products and building strategies that are already in existence.

The one-bedroom house was specifically designed to use homegrown C-16 Spruce to avoid the need for imported timber, lending itself perfectly to the specification of SMARTPLY OSB.

The build featured the integration of SMARTPLY PROPASSIV, a structural OSB panel with integrated vapour control and air barrier properties for use as structural sheathing in timber frame structures. Additionally, SMARTPLY ULTIMA was incorporated for the internal flooring and underside boarding, while SMARTPLY STRONGDECK was used for the internal mezzanine level flooring.

The construction was based on a 1.2m grid, allowing it to be easily panelised and prefabricated, or even self-built on site by two people, driving potential emissions from construction down even further. The design was adapted from one of Roderick James Architect's signature designs, the barn house.

While the house was designed with small scale, rural self-build developments in mind, the potential for it to become the future of sustainable residential building is real, as it can be adapted to larger scale developments and offsite prefabrication.

COP 26 House, UN Climate Change Conference, Glasgow

Wood Promotion and Holmgren Report

During 2021, Coillte commissioned and received the results of research into the substitution benefits of Irish wood products, with this work carried out by leading international forest and climate expert Dr. Peter Holmgren.

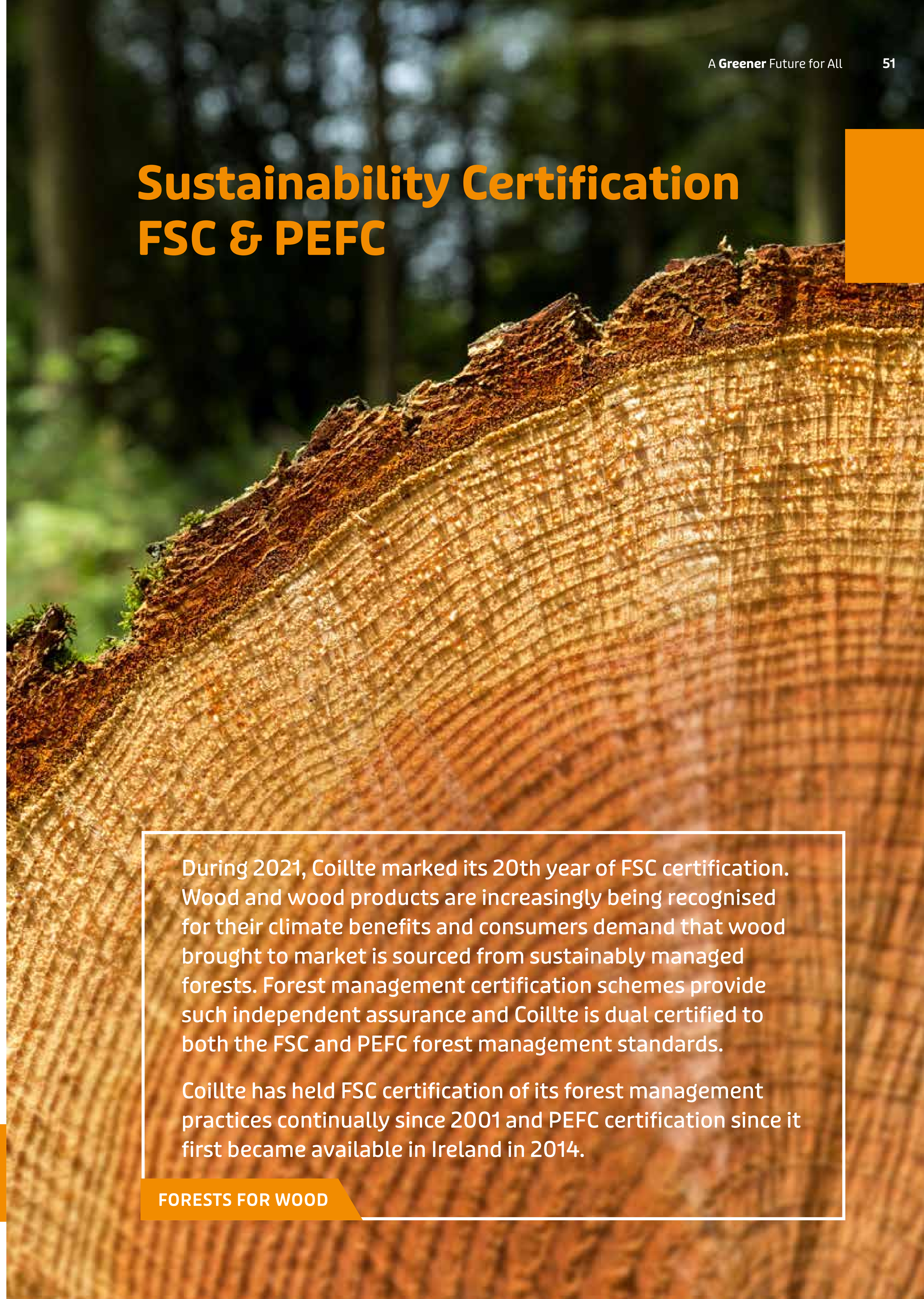
Examining the potential for forestry and wood to reduce Ireland's carbon emissions, Dr Holmgren found that using homegrown timber and wood-based products in construction, fencing, packaging and energy, delivers significant benefits in terms of carbon and climate change. The analysis found that for every cubic metre of wood used, there is a displacement effect of c.0.77t of CO_2 emissions, from not using equivalent fossil-based products.

This research provides an insight into the true climate benefits of Ireland's forests and forest products. Not alone are the forests we grow absorbing carbon dioxide from the atmosphere but the products we produce from our forests have a major impact in displacing carbon intensive products across our economy.

Productive forests and the products they supply make a triple contribution to climate change – forests absorb carbon as they grow; timber products lock away this carbon; and they also displace products that store high levels of CO_2 in their manufacture.

As Ireland transitions to a low carbon economy, the environmental benefits that using more wood delivers can lead the drive to net-zero 2050 as we switch to more sustainable materials to decarbonize our built environment. Promoting a better understanding of the benefits of using wood and providing guidance and support to our design professionals will drive the demand for the wood products of the future.

As Ireland transitions to a low carbon economy, the environmental benefits that using more wood delivers can lead the drive to net-zero 2050



Sustainability Certification FSC & PEFC

During 2021, Coillte marked its 20th year of FSC certification. Wood and wood products are increasingly being recognised for their climate benefits and consumers demand that wood brought to market is sourced from sustainably managed forests. Forest management certification schemes provide such independent assurance and Coillte is dual certified to both the FSC and PEFC forest management standards.

Coillte has held FSC certification of its forest management practices continually since 2001 and PEFC certification since it first became available in Ireland in 2014.

FORESTS FOR WOOD

MEDITE® makes it real

January 2021 saw the launch, by MEDITE SMARTPLY, of a brand new digital platform for MDF enthusiasts looking for a leading, versatile new material.

MEDITE SMARTPLY's new members-only community became available for joiners, carpenters, furniture makers, or anyone with an interest in MDF. The aim was to create a forum for all, whether in industry and already fans of MEDITE MDF or those just discovering it, to share ideas, gain inspiration and meet other similar professionals and enthusiasts. Members also have first access to exclusive news, updates and other exclusive content.

The campaign was launched in the UK and Ireland with a six-week TV and radio campaign, supported by billboards and advertisements on vans. It was reinforced by a media plan and a digital execution, to ensure the right target audience was being reached. In May 2021, the campaign was launched in Holland.

The response has so far exceeded all expectations and is driving brand awareness within the world of MDF. Inspirational projects have been shared giving great insight into the infinite possibilities of using MDF. The campaign will continue into 2022 with some exciting developments planned.

Nurseries supplied a record number of plants in 2021

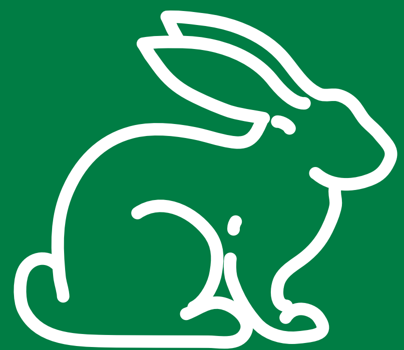
Our nurseries supplied 22.1 million plants to our forest establishment teams during 2021. This was the highest plant number supplied in over a decade.

FORESTS FOR WOOD

Forests For Nature

Forestry has never been more relevant in terms of the challenges of our time. Well-managed forests deliver multiple benefits to society across a wide range of areas such as climate, wood, nature and people.

Our forests are incredibly important for nature and biodiversity. Many of Ireland's wild plants and animals make their home in Irish forests. More forests are required, to provide and expand the areas of habitat that many species require.



Coillte Nature

Coillte Nature is working to enhance and restore existing areas of important biodiversity in our estate, by undertaking significant projects of scale.

Coillte Nature is the not-for-profit branch of Coillte. We are building on 30 years' experience in forestry, land management and habitat restoration to deliver real impact on the climate and biodiversity crises through innovative projects-of-scale across four strategic themes:

- Afforesting our landscapes by planting new native woodlands
- Restoring important biodiversity areas
- Regenerating urban forests
- Rehabilitating ecosystem services.

New Native Woodlands

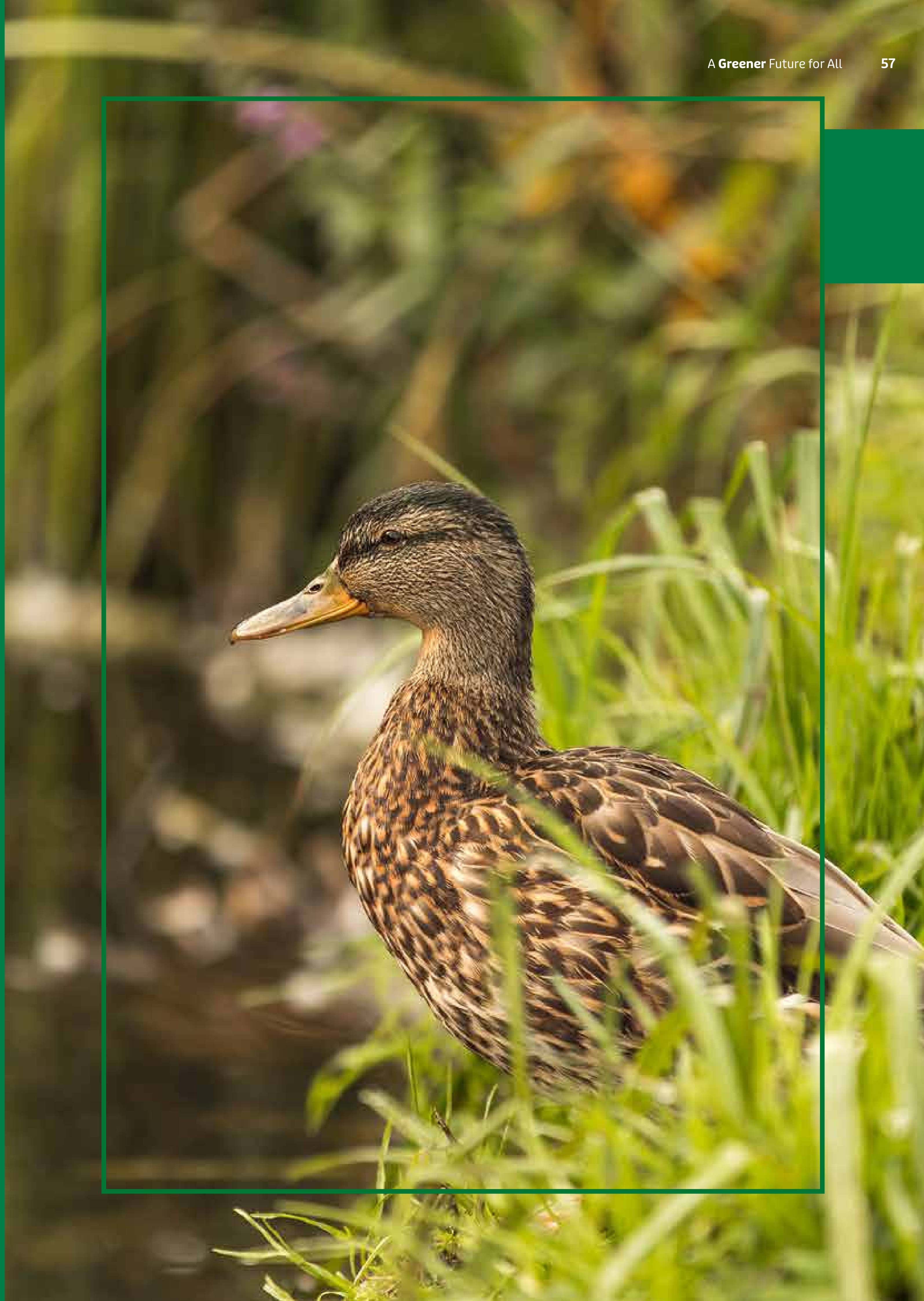
This year, in collaboration with Forestry Partners CLG, Coillte launched a new not-for-profit, Nature Partners CLG (Nature Partners), which will see the establishment of new native woodlands at scale in communities across Ireland.

In partnership with business and government, Nature Partners will increase the native tree cover on the island and manage these woodlands as natural spaces and public amenities. This initiative harnesses private and public financing and is supported by DAFM's Forestry Programme.

The operational focus of 2021 was primarily on acquiring unforested land to plant with new native woodlands which will provide a range of benefits including:

- Biodiversity: Native woodlands provide valuable habitats for a range of plants, animals, birds and insects.
- Wellbeing & Community Amenity: These woodlands will be open access to the public, providing spaces for recreation, relaxation and education.
- Carbon: These woodlands will sequester and store carbon.

Additionally, 2021 focused on fundraising for the delivery of these new native woodlands and saw Nature Partners partnering with AXA Insurance Ireland who contributed funding of €2m. This investment, arranged by Bank of Ireland, is going towards the establishment of 200 hectares of new open-access native woodlands across Ireland.



Biodiversity Management

Coillte manages 90,000 hectares of the estate with biodiversity and nature as the primary objective. In recent years these lands have been carefully classified according to a variety of biodiversity values. The BIOForest Project, which aims to enhance and restore large areas of biodiversity, continued throughout 2021 with restoration work being completed in several sites across the country.

Carrickbarrett and Cloonshanville are part of the network of biodiversity areas throughout the estate managed each year as part of Coillte's BIOForest project.

Carrickbarrett, near Pontoon, Co. Mayo, is a rare forest of ancient origins. Like many other native forests around the country, Carrickbarrett was converted to a more productive conifer forest during the last century. More recently however, Coillte recognised its biodiversity value, and a management plan was developed which recognises this biodiversity value. This plan will see a gradual increase in the proportion of native trees and shrubs emerging in the forest canopy through a Continuous Cover Forestry (CCF) management approach. The first CCF thinning was conducted during 2021. Conifers were selected and marked for either removal or retention, delivering value both from a biodiversity and silvicultural point of view.

Cloonshanville bog, located to the east of Frenchpark in Co. Roscommon, is designated as Special Area of Conservation due to the unique quality of its raised bog habitat. During the 20th century, conifers were planted on Cloonshanville, in an effort to convert the bogs to more productive uses. In an EU LIFE project during the 2000's, Coillte removed the conifers and blocked the forest drains, with the aim of re-wetting the raised bog and improving its overall ecology. Since then, however, conifer trees have spread naturally out onto the restored bog. An ecological assessment recommended that these young trees needed to be removed because they could potentially dry out the restored bog in the future.

In 2021, Coillte in partnership with the National Parks and Wildlife Service carried out the work of tree removal in order to protect and enhance this important habitat.

Restoring Hazelwood

Garavogue River, Lough Gill, Co. Sligo

On the banks of the Garavogue river and Lough Gill in Co. Sligo, Hazelwood is an alluvial woodland of European importance.

At the National Biodiversity Conference in 2019, Coillte announced that it would invest in rehabilitating and restoring this special woodland. In 2020, this work commenced with Coillte Nature working closely with the National Parks and Wildlife Service to develop a management plan for the site as it is within a Special Area of Conservation.

In 2021, work got underway on a large scale at Hazelwood with a significant area of 29 hectares cleared of invasive species such as rhododendron and cherry laurel from beneath the native woodland canopy.

As well as having high biodiversity value, Hazelwood is heavily used for recreation and for these reasons, it is planned that the remaining areas of productive conifer woodlands will be phased out over time.

As the conifers mature, they will be felled and replanted with native woodland. One such area of new native woodland was planted in April 2020 and is now well established with tree species including birch, willow, rowan, alder and Scots pine. A new looped walking trail is also being developed alongside this area of native woodland

Wild Western Peatlands

In 2020, DAFM announced €7m funding for the Wild Western Peatlands (WWP), an exciting project to explore options for the redesign and rehabilitation of 2,100 hectares of western peatlands forests. The aim of this project is to maximise the ecosystem services of such sites through the enhancement of biodiversity, sequestration of carbon, and improvement of water quality.

Wild Western Peatlands, Derryclare, Connemara, Co. Galway

This year, a shortlist of WWP sites was drawn up with sites across five western seaboard counties identified as potential early-stage locations for this important project. The first of these at Derryclare, Co. Galway saw surveying and planning begin. This will be a long-term project for Derryclare and work started on the ground in 2021 with hydrological, ecological and LiDAR surveying to assess the current state of the site.

Currently, the majority of the site is planted with conifers for timber production. However, our surveying has shown that there is great potential for the ecological restoration of blanket bog and wet heath habitats, with many peatland plants found on site.

A range of management scenarios are being considered for different parts of the site depending on topography, peat depth, drainage, plant communities present, level of modification and proximity to water courses. Where possible, the preferred option is to restore areas of blanket bog and wet heath, but other options are also being considered such as establishing low-density native woodland, restructuring existing conifer plantations or leaving open areas along watercourses. Mapping was carried out of 'target habitats,' or the type of habitats that should be aimed for in the redesign of the property.

Following the mapping exercise and a key stakeholder consultation process, the Coillte Nature team has developed a draft management plan for the Derryclare site. The plan outlines management scenarios for different parts of the site, describing current and target habitats while outlining required actions to achieve target habitats.

In the long term, it is expected that the learnings and solutions from this project will inform the management of similar areas of high ecological value into the future.

Donadea Forest Park, Co. Kildare

Forests For People

Coillte is responsible for 440,000 hectares of forests and lands, including wild bogs, mountains, rivers and beaches – waiting to be explored and enjoyed.

With 12 forest parks, 260 recreation areas and more than 3,000km of waymarked trails, Coillte is Ireland's largest provider of outdoor recreation.

Beyond The Trees Avondale

In May 2021, construction began on 'Beyond the Trees Avondale', the re-development of Avondale Forest Park. This flagship €16 million project will open in summer 2022, providing an iconic, world class visitor destination in Rathdrum, Co Wicklow. A partnership of Coillte, Fáilte Ireland and erlebnis akademie AG (EAK) is transforming Avondale into a unique family attraction and a key new destination in Ireland's Ancient East.

Beyond the Trees Avondale main attractions will include:

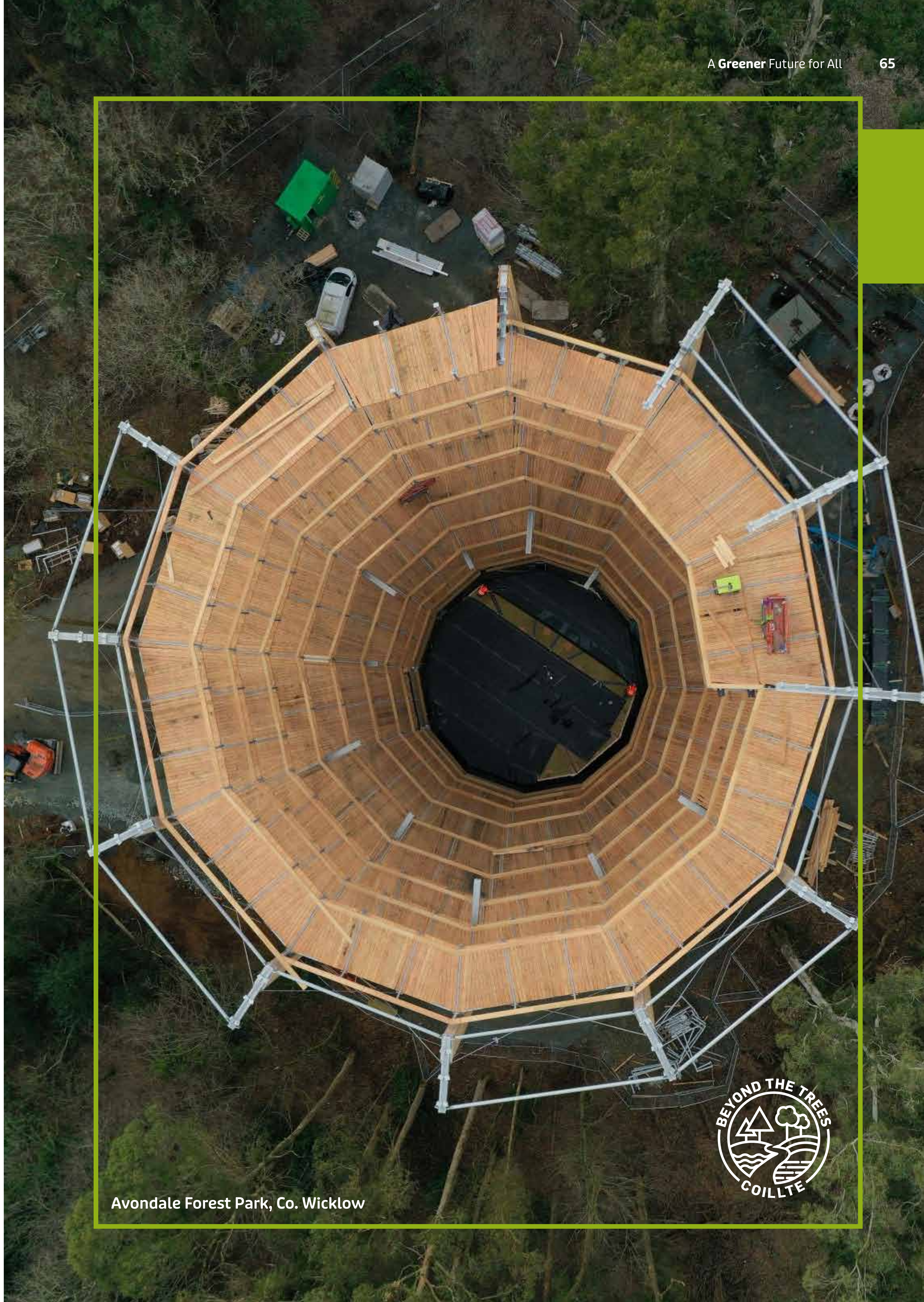
- A unique 1.2km Treetop walkway with breath-taking views. The walkway will finish at a new 38 metre (c.12 storey high) wooden viewing tower offering visitors spectacular 360-degree views of Avondale and the surrounding countryside
- An innovative slide from the top of the Treetop walk platform which will delight adults and children alike who choose to slide their way down
- A state-of-the-art visitor centre with a new Seed café and restaurant
- A rejuvenated walled garden and a separate new sensory garden
- Avondale House brought back to life with stories of its past and present
- A state-of-the-art education space, the Coillte Pavilion, which will highlight the importance of Forests for Climate, Wood, Nature and People
- An extensive network of tracks and trails through the beautiful 500-acre forest park
- A high level of accessibility with a key focus of this destination being inclusivity.

A key aspect of the development is the innovative use of Irish timber, from Irish grown Douglas Fir in the Treetop Walk and Tower, to Irish sitka spruce Gulam beams in the Seed Café and Pavilion and MEDITE TRICOYA EXTREME in the cladding of the buildings.

Coillte colleagues, contractors and designers have taken great care to ensure the facilities at Beyond the Trees Avondale will be fully accessible. The attraction designs are targeted at being wheelchair and pushchair accessible so that everyone can come and enjoy Avondale.

Additionally, a new forest management plan is being progressed to rejuvenate the century old original forest plots and enhance the overall biodiversity of the forest park.


Treetop walk


Avondale Forest Park, Co. Wicklow

Dublin Mountains Makeover

The Dublin Mountains Makeover project is focused on transitioning forests located close to Dublin city, from forests with a primary focus of wood production, to forests which in the future will have a primary focus of delivering for people and nature.

Originally planted in the 1940's to 1960's, Coillte's Dublin Mountain forests cover an area of over 900 hectares across nine forests. Given the large area identified for transitioning to forests for people and nature, this project will take place over a number of years and will be achieved mainly through the use of two silvicultural approaches: Continuous Cover Forestry (CCF) and Remove and Replant (R&R).

CCF management involves regular thinning instead of clear felling. Thinning ensures a permanent forest cover is kept at all times, while also creating a more diverse, multi-structural and multi-aged forest that will be more resilient and last into the future.

R&R involves sitka spruce and lodgepole pine trees being removed, with the area being replanted with native species such as Scots pine, birch, rowan, oak and holly. These species enhance habitats for nature and bring autumn colours to the hills.

In April 2021, the six hectares that were cleared at Cruagh Woods in 2020 under R&R management, were replanted with native woodlands. This new area, as well as two others planted at Ticknock the previous winter, have thrived. Despite the sometimes harsh conditions on these exposed mountain slopes, the young woodlands are now well established, and are open to the public.

There are also plans to track the level of success we achieve in terms of biodiversity. 32 long-term biodiversity monitoring plots have been set up across the Dublin Mountains Makeover area, both in forested areas and on blanket bog and heathland.
Future surveys are planned every three to five years to identify any changes in biodiversity as the makeover continues.

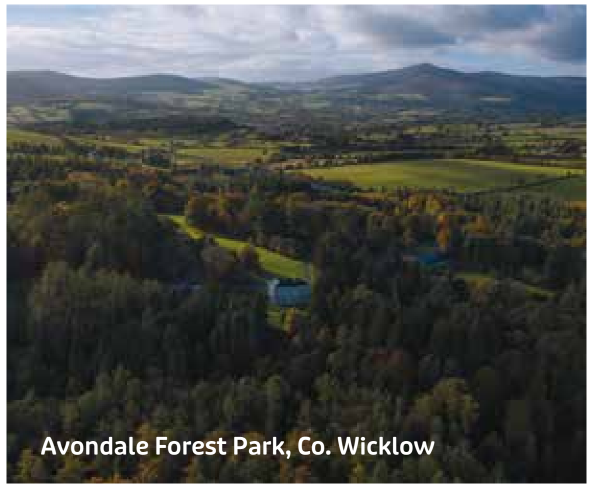
Woodlands for Health

Woodlands for Health is a nature-based wellbeing intervention developed by the Coillte Recreation Team. In development since an initial pilot in 2012, Woodlands for Health is an example of how the environmental, health and sports sector can work together to benefit participants' mental and physical health. It involves adult patients experiencing mental health challenges being prescribed forest activities by the Health Service Executive /Mental Health Services. Current locations include Cavan, Cork, Donegal, Kerry, Kildare, Laois, Limerick, Mayo, Roscommon, Sligo, Wexford, and Wicklow.

The concept of using woodlands as a form of Eco Therapy has grown rapidly over the last 20 years throughout Europe. A previous pilot project at Avondale evaluated by the HSE and University College Dublin, found participants improved their mood by 75 per cent and sleep by 68 per cent, while suicidal thoughts declined by 82 per cent.

In 2018, a national partnership was formed between Coillte, Mental Health Ireland and Get Ireland Walking to deliver the project nationally and we are grateful to the Coillte colleagues and retired members who support the delivery and sustainability of these programmes.

Restrictions imposed during the Covid-19 pandemic saw many in-person events cancelled during 2020 but in September 2021, the programme of woodland walks continued with walks held at Coillte's Donadea Forest Park, Glengarra Forest, Tintern Abbey and Avondale Forest Park.


Avondale Forest Park, Co. Wicklow

WOODLANDS FOR HEALTH

New Mountain Bike Trails

2021 saw the further expansion of Coillte's mountain bike trail network, offering even more routes and trails to be explored throughout the Coillte estate.

At the Slieve Bloom Baunreagh mountain bike trail site in Co. Laois, Coillte constructed 5km of new trails, and 7km of new trails were constructed at the Slieve Bloom Kinnitty mountain bike trail site in Co. Offaly.

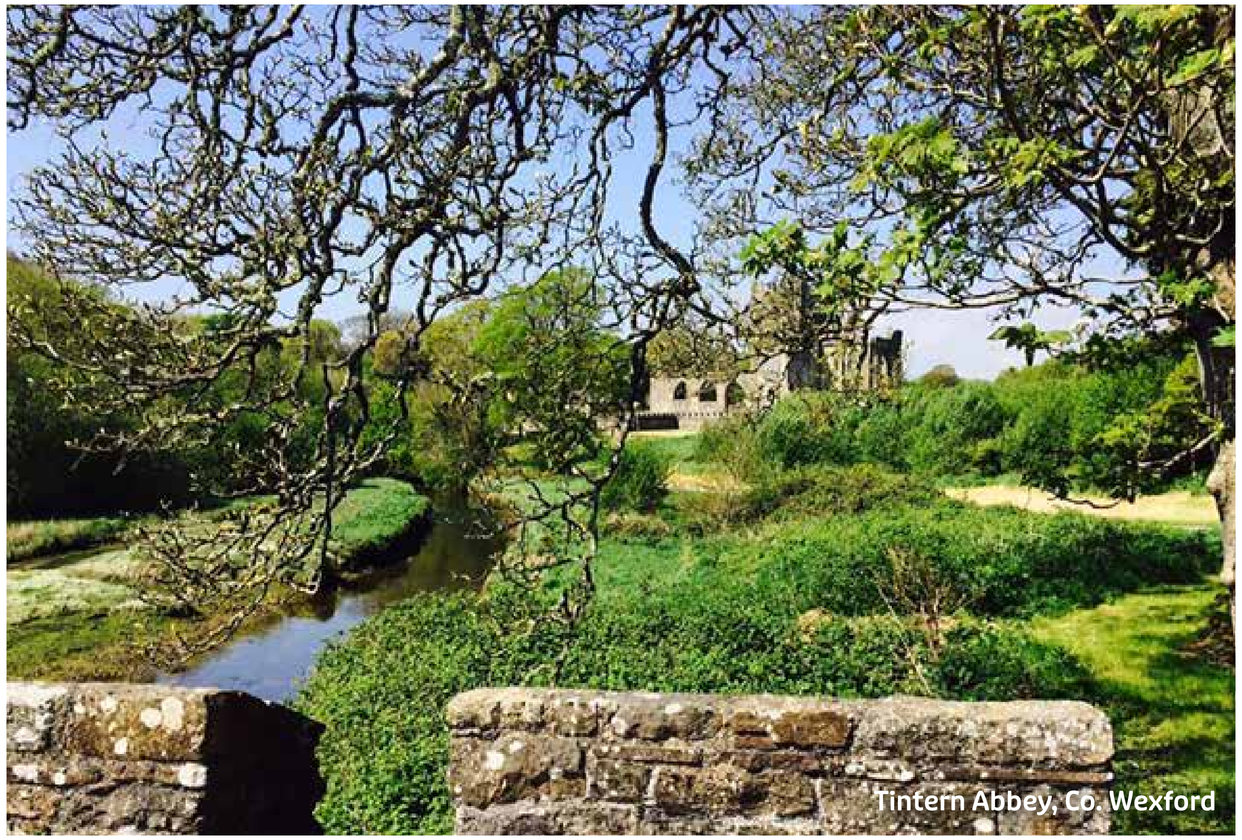
A further 3km of new trails were constructed at the Ballinastoe mountain bike trail site in Co. Wicklow. Construction here is ongoing, and these trails will be completed in May 2022, adding to the existing trail network.

The Coolaney mountain bike trail in Co. Sligo saw a further 5km of new trails constructed in 2021. Material used in the construction of these trails had to be flown in by helicopter, as it is a particularly challenging site, with difficult ground conditions.

In 2021, Coillte's recreation team carried out several procurement competitions and appointed a design team to commence the planning and construction of five trail head buildings. These trail head buildings will be built in the following sites: Ticknock in the Dublin mountains, Baunreagh Co.Laois, Ballinastoe Co. Wicklow, Coolaney Co. Sligo, and in Ballyhouras Co. Limerick. Construction of these trail heads is expected to take place over the coming two to three years.

Ballyhoura Mountain Bike Centre, Co. Limerick

RDS Community Woodlands Award 2021



Tintern Abbey, Co. Wexford

In 2021, Coillte's Tintern Forest, won the prestigious RDS Community Woodland Award.

The award is presented annually to projects 'involving the communal ownership and/or management of forests and woodlands which have been established and managed in a sustainable way that is beneficial to the local economy and/or environment.'

Tintern Forest is a mixed woodland which wraps around the historic Tintern Abbey just off the Hook Peninsula in south Co. Wexford.

Over the last decade Coillte has become involved with the local community on a number of projects including walking paths, sensory paths, foot bridges, upgraded car parks, toilet facilities and a very impressive restoration of the walled garden, from what was a completely overgrown site in 2010.

This work, completed through substantial voluntary input from the local community, as well as with the support of Coillte, has resulted in a significant increase in visitor numbers. Indeed, with over 180,000 recorded visits in 2021, Tintern is now one of the most visited sites in county Wexford.

Tintern Forest is managed by Coillte as a Biodiversity area, with harvesting activity at a minimum, and plans are in place for it to be managed under Continuous Cover Forestry.

Knockdrinna Forest, Co. Kilkenny

Sustainability

Forestry and Coillte have never been more relevant in terms of the challenges of our time. We're focused on delivering the best possible balance across the multiple benefits of forestry and ensuring that we're delivering a greener future for all.

Sustainability

In 2021, Coillte appointed a Chief Sustainability Officer and Group Sustainability Manager, to be supported by a sustainability team. These appointments represent Coillte's increased focus on the implementation of the enhanced sustainability and climate-related governance process.

The objectives of the team are:

- To develop and implement a Group wide sustainability framework and strategy supported by ambitious sustainability targets.
- To work with key sustainability stakeholders across all Coillte divisions to mobilise and lead a sustainability network that links sustainability within the divisions.
- To interpret EU and Irish policy to understand the implications for Coillte and the forestry sector of the Climate Action Bill, Climate Action Plan and other sustainability initiatives.
- To develop sustainability and climate-related disclosures in line with international reporting frameworks.
- To establish a strong governance structure to deliver and support our sustainability ambitions.

Following extensive research into best practice a sustainability and climate-related governance process was introduced in 2021 and will continue to be enhanced over the coming years:

The Group's sustainability and climate related governance process is detailed on page 73.

Killykeen Forest Park

Coillte's Sustainability Governance

STRATEGIC DIRECTION AND OVERSIGHT

Coillte Board	Approves sustainability ambition and targets Receives quarterly updates on sustainability and climate related risks Takes climate into account while making investment decisions Ensures that business strategy considers sustainability
Coillte Operating Executive	Develops and recommends to the Board sustainability ambition and targets Takes climate risks and opportunities into account while making investment decisions and when making recommendations to the Board Receives monthly updates on sustainability and climate related risks Approves targets and sustainability disclosures
Chief Sustainability Officer (CSO)	Chief Sustainability Officer is a member of the Operating Executive Team Owner of delivering Group's sustainability framework Oversees the implementation of sustainability strategy Reports to Operating Executive (monthly) and to the Board (quarterly) on sustainability and climate-related issues
Group Sustainability Manager	Group Sustainability Manager is responsible for the development of Coillte's Sustainability Framework and delivery of sustainability projects Recommends and develops targets and market disclosures in areas most material to Coillte Identifies & evaluates matters impactful to the successful delivery of the sustainability strategy Provides leadership in implementation of sustainability strategy
Group Sustainability Committee	This committee is being established in Q2 of 2022 Will evaluate and prioritise sustainability projects to Operating Executive Will oversee the implementation of sustainability strategy across divisions
Green Teams	MEDITE SMARTPLY Green Team; Coillte Forest Green Teams – being established in Q2 of 2022 Will capture sustainability opportunities and initiatives; support identification and development of sustainability projects Will link to sustainability actions in the divisions Will support implementation i.e. processes, controls, reporting on sustainability performance & disclosures
Working Groups	Led by senior business leaders from across the Group Responsible for day to day management of climate-related risks Deliver relevant actions related to sustainability projects and targets Promote sustainability and climate change awareness within their business area

REPORTING AND INFORMATION FLOW

Commitment To Framework Of The Financial Stability Board Task Force On Climate-Related Financial Disclosures (TCFD)

Task Force on Climate-related Financial Disclosures (TCFD)

In October 2021, Coillte joined more than 2,500 organisations around the world in declaring its support for the Financial Stability Board (FSB) Task Force on Climate-related Financial Disclosures (TCFD). This demonstrates Coillte's recognition of the growing climate crisis and its increasing impact on businesses and livelihoods around the world. As the custodians of forests and land, Coillte is aware of the direct impact on the climate in terms of how the Coillte estate is managed and the products it produces.
The TCFD framework will facilitate Coillte in developing a better understanding of its climate-related financial risks and opportunities. It will also help in identifying potential actions, to adapt to the changing environment and to reduce Coillte's carbon footprint.

A long term strategy, pro-active risk management and strong governance are particularly important in forestry.

Given that a tree grows for between 40 and 100 years, Coillte needs to ensure that careful consideration is given as to the possible climate change scenarios in this period. This will be crucial not only for the sustainability of the organisation, but also to ensure that Coillte can continue to deliver the multiple benefits of forestry.

Although this report wasn't prepared to meet the TCFD framework requirements, Coillte has committed to implementing recommendations to improve climate related disclosures and to achieve full compliance with the framework within the next three years.

The TCFD's implementation path is outlined on the opposite page:

Harvesting in the Wicklow Mountains

2021

- Signed up to TCFD
- Carried out a double materiality assessment
- Group risk register updated to include climate-related risks
- Carbon analysis carried out for our land and forest estate
- Climate and sustainability material issues built into Coillte's strategic vision
- First stage of Group's sustainability governance process implemented (appointment of Chief Sustainability Officer and Group Sustainability Manager)

2022

- Carry out a range of sustainability baseline assessments
- Establish baseline carbon emissions for the Group
- Make submission of commitment to Science Based Targets initiative (SBTi)
- Set targets and create carbon reduction scenarios
- Implement second stage of sustainability governance process (Group Sustainability Committee and Divisional Green Teams)
- Develop climate related awareness campaign across the Group, e.g. e-learning programme, sustainability hub, internal climate change updates

2023

- Review Sustainability Governance structure and extend it across the Group
- Launch environmental 2030 targets including SBTi's
- Carry out climate scenario analysis and identified key risks and opportunities with stakeholders
- Provide a quantitative description on the potential cost of climate related issues on the business strategy and impact on Group's finances
- Update climate risk register
- Finalise emissions reduction roadmaps for all business areas
- Establish divisional and business area environmental key performance indicators

2024

- Obtain verification for SBTi from the SBTi initiative
- TCFD reporting fully developed across 11 disclosures

TCFD TASK FORCE ON CLIMATE-RELATED FINANCIAL DISCLOSURES

Coillte's contribution to Sustainable Development

The 2030 Agenda for Sustainable Development, adopted by all United Nations Member States in 2015, provides a shared blueprint for peace and prosperity for people and the planet, now and into the future. At its heart are 17 Sustainable Development Goals (SDGs), which together recognise that ending poverty and other deprivations must go hand-in-hand with strategies that improve health and education, reduce inequality, and spur economic growth – all while tackling climate change and working to preserve our oceans and forests.

Coillte used UN Sustainable Development Goals as a framework to initiate a materiality assessment process and to identify the multiple benefits of forestry.

Through this process it was recognised that forestry supports 9 of the 17 UN SDGs including Climate Action and Clean Energy, Good Health and Wellbeing, Life on Land, as well as providing Economic Growth through the production of innovative and sustainable timber products.

Having identified these SDG's, work was undertaken as part of a materiality assessment and the forestry strategic vision to determine how to optimise, balance and deliver multiple benefits of forestry. Those benefits were summarised by the four pillar objectives of: forests for climate, forests for wood, forests for nature and forests for people.

Forestry supports 9 of the UN SDGs

UN GOALS

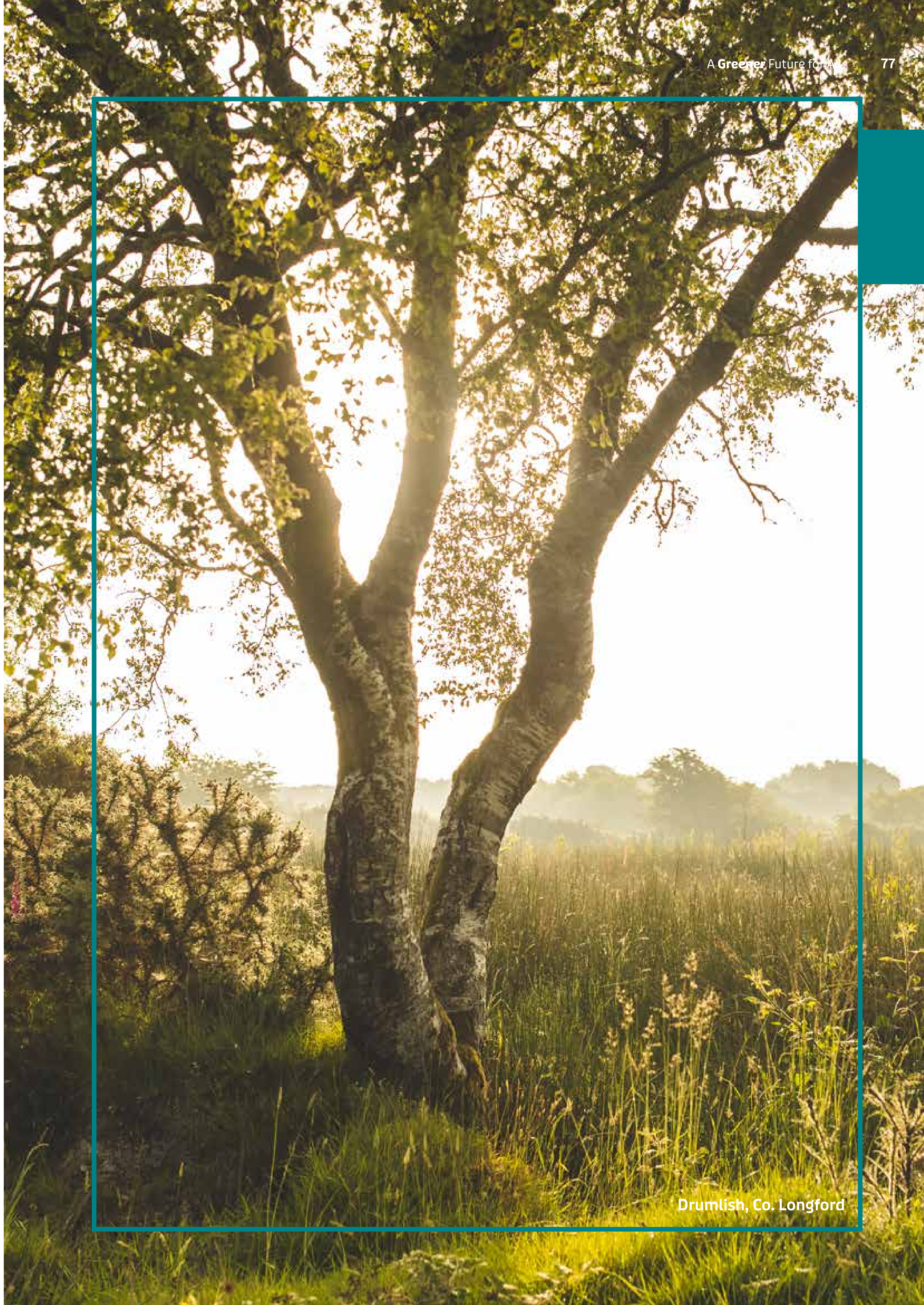
- Good Health & Wellbeing
- Clean Water & Sanitation
- Affordable & Clean Energy
- Work & Economic Growth
- Innovation & Infrastructure
- Sustainable Construction
- Consumption & Production
- Climate Action
- Life on Land

FOREST VALUES

- Climate Change Mitigation
- Water & Soil Protection
- Habitats for Naure & Wildlife
- Sustainable Products
- Health & Wellbeing
- Rural Economy & Job Creation

OBJECTIVES

UN Sustainable Development Goals



Drumlish, Co. Longford

Materiality
Sustainability Materiality Assessment

Coillte's materiality assessment journey and methodology

Coillte's vision is to deliver a sustainable future for all. Sustainable forest management has been a key pillar of how Coillte has managed its forests and lands since the turn of the century. Coillte complies with two forest management certification schemes, namely FSC® (Forest Stewardship Council®), and PEFC™ (Programme for the Endorsement of Forest Certification). We are also committed to carrying out all our operations in full compliance with applicable laws, directives and regulations.

Coillte is conscious of the impact its forests, lands and operations have on Irish society, the environment and the economy and the need for Coillte to remain commercially viable to enable the delivery of a sustainable future for all. To ensure the Group's work is focused on the most material sustainability issues, Coillte commenced an extensive materiality assessment process in 2020.

Curraghchase, Co. Limerick

This process has several stages, and below are the actions completed to date:

Stage 1 (2019-2020) – Foundations

- Stakeholder mapping.
- Preliminary internal and external survey to determine the areas in which the Group has the most positive and negative contributions to sustainable development. The questions in the survey were aligned with the United Nations Sustainable Development Goals.
- Most material issues identified as: climate, biodiversity, healthy society, sustainable products, rural jobs & business resilience.
- Initial findings led to the development of the new forestry strategic vision, focused on delivering the multiple benefits of forestry.

Stage 2 (2020 – 2021) – Research

- Research into sectoral best practice and engagement with a number of stakeholders and international forestry companies and land use/forestry carbon emissions experts.
- Public attitudes surveys carried out across 2,000 people on the public's perception of forestry, forest functions and societal expectations of forests.
- Alignment with the relevant Irish and EU Policy, e.g., Climate Action Plan 2021, EU Forestry Strategy.
- Detailed carbon analysis and development of Coillte's forestry strategic vision with environmental and social factors as core considerations.

Stage 3 (Q4-2021 Q1-2022) – Internal workshops and prioritisation

- Second round of internal materiality assessments completed across all Coillte divisions.
- Workshops held with 60 key internal stakeholders. Dedicated to Environment, Society and Governance (ESG), these workshops set the scene for and explained the concept of materiality.
- The workshops enabled informed responses from attendees on a range of topics including (i) material issues that could impact on Coillte's financial performance and (ii) impact on factors including people, the environment and the economy.
- Stakeholders supported their decisions with a list of sectoral material issues aligned to the Sustainability Accounting Standard Boards (SASB) framework. This list was further extended by issues identified during the research stage and survey participants were also offered options to add other material topics, not included on the list.
- The workshop responses were scored with divisional materiality lists created and further refined with follow-up workshops. A summary Group materiality list was created and rated by Coillte's Operating Executive Team.
- The final Group Materiality list was presented to the Audit and Risk Committee (ARC) to ensure that all identified material issues are captured in the Group's Risk Register.

Stage 4 (2022) – Expansion of the consultation process

- External consultations with key stakeholders on Coillte's strategic ambitions, to include further discussion on materiality assessment.

MATERIALITY

Sustainability Materiality Assessment

Results of Double Materiality Assessment

In line with the recommendations of the Non-Financial Reporting Directive (NFRD), Coillte's materiality assessment considered two aspects of sustainability:

- How material issues affect Coillte's business performance, position in the marketplace and development opportunities (inward impact); and,
- How Coillte's business impacts on people and the environment (outward impact).

Opposite are the most impactful material sustainability issues identified through the process:

Ballintemple Nursery, Co. Carlow

Inward impact on the business

Climate Change Impact on Forest Asset	Climate change can have a direct impact on Coillte's forests through risks such as pest infestation, fire, drought and storms. Significant adverse weather events could damage our forests and impact forest operations which would lead a reduction in operating profit and increased costs associated with clean-up operations.
Attracting Labour to the Industry	Inability to attract skilled labour and expertise to the industry poses a risk to successful execution of the Group strategy and the long-term growth of the industry. It could limit availability of contractors, create staff shortages, affect workload and successions planning. It could also lead to upward pressure on costs.
Environmental Regulatory Demands	Forest operations (harvesting, afforestation and roading) are subject to licence under the 2014 Forestry Act. Disruption to this licencing process over the last number of years has had a significant impact on the industry. The potential for new environmental regulations could impact further our forest, panels or renewable energy businesses.
Relationship with Stakeholders	The company can only deliver its Group strategy with the support of its stakeholders. The view of our stakeholders can influence the future of the company and the forestry sector. This could impact on the long term viability of the Group.
Market Volatility and Economic Downturn	Coillte's economic sustainability is highly dependant on commodity products in the construction sector which is prone to cyclical changes in demand and pricing. These cycles vary in severity and can have mild or severe impact on our revenue and our cost base through inflation. It is therefore important that the Group's value proposition is recognised as low-carbon, sustainable and competitive.
Climate Change Transition	EU and national climate targets will require a change to our business model. The transition to a zero-carbon and biodiversity-focused economy could lead to new regulations, carbon taxes and deployment of new technology. This will create both risks and opportunities and can have an impact on both operating profit and costs.

The material issues listed above represent the most significant sustainability risks to the economic viability of the Group and have the potential to negatively impact Coillte's vision, to deliver a sustainable future for all by delivering the multiple benefits of forestry. These material issues are regarded as principal risks which are tracked in the Risk Management Disclosure (see pages 95 – 110).

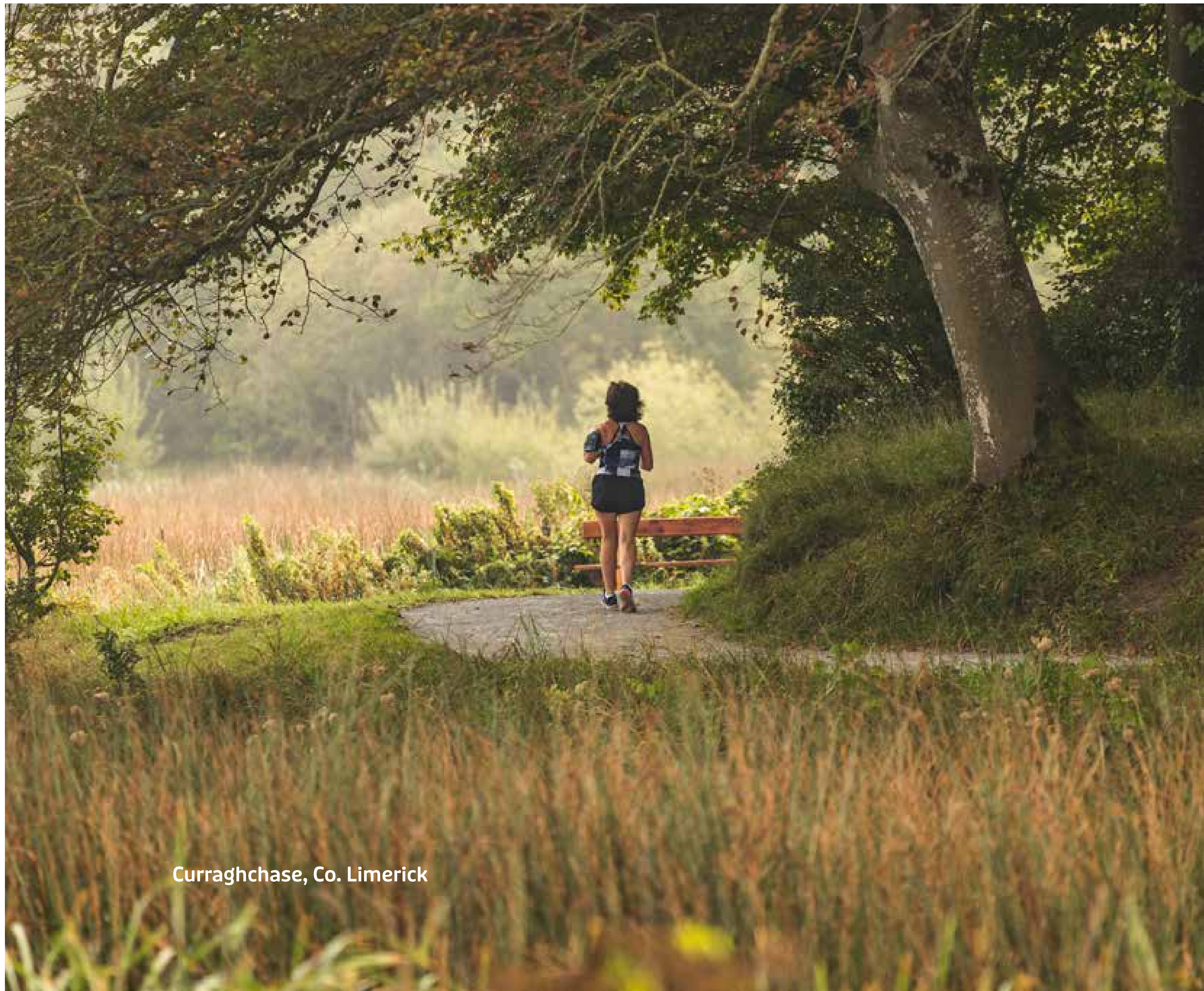
Outward impact on the environment and the society

Growing Demand for Wood and Low-carbon Construction Materials	It is expected that the demand for long-life and low-carbon construction materials will continue to increase over the coming years. As the largest roundwood and panelboard producer in the country, Coillte will have an important role to play in supplying these products.
Access to Outdoor Recreation	The link between people's wellbeing and outdoor recreation is becoming more evident. Coillte's 'open access' policy provides a variety of c.6,000 properties of recreational spaces for society. These play an important role in supporting people's physical and mental health.
Climate Change Impact on Forest Asset	As Ireland's largest forest and land owner, Coillte has a key role to play in addressing risks associated with and enabling solutions to the climate crisis. By building resilience into forest plans and monitoring abiotic and biotic risks, we can mitigate the potential negative effects of the changing climate and severe weather events.
Greenhouse Gases Emissions	Coillte has an important role to play in reducing greenhouse gas emissions. Coillte's forests provide a stable carbon store and new forests can act as a sink. Wood produced in our forests is a climate friendly construction product. Our aim is to carry out a carbon emission assessment across all our activities and develop a transition plan which will support us in reducing carbon in our supply chain.
Renewable Energy	In November 2021, Coillte and ESB established a joint venture, called FuturEnergy Ireland, with the main objective to deliver more than 1GW of new renewable energy by 2030. This joint venture will play a significant role in meeting Ireland's commitment to decarbonise its electricity generation and in delivering the State's target of generating 70% of its electricity from renewable energy by 2030.
Biodiversity Enhancement	Coillte is the largest manager of land-based natural capital in Ireland. Across the forest estate today, 20% is managed with biodiversity as the primary objective. As part of the strategic vision for the forest estate, a new target will be developed to enhance and expand the level of biodiversity on the estate.
Social impact and Relationship with Local Communities	Coillte and the forest industry supports employment and development in rural areas. Coillte participates in various educational programmes supporting environmental and forest education. During 2022, Coillte will also have extensive engagement with stakeholders on the new forestry strategic vision.

The material issues listed opposite represent the areas in which Coillte has the most significant long-term sustainability impact on the economy, the environment and society.

They are aligned with the Group's strategic vision and objectives – Forests for Climate, Forests for Wood, Forests for Nature and Forests for People. Coillte can potentially have either a net positive or a negative impact across all of the identified areas, therefore, they need to be monitored closely.

Over the coming months, Coillte will discuss and rate those material issues with its key external stakeholders and subsequently implement a plan with targets and measures to monitor progress.



Curraghchase, Co. Limerick

World of Work Programme, Duiske College, Co. Kilkenny

Outward impact on the environment and the society

Energy Efficiency

Coillte's energy efficiency is managed by an internal Steering Group supported by an energy manager. The Steering Group meets quarterly and reports its findings to Coillte's Operating Executive Team.

During 2021, Coillte successfully implemented its Energy Management System to the ISO 50001 Energy Efficiency standard and was awarded certification by NSAI. ISO accreditation is in place across all Coillte's divisions.

In 2021, a new system was implemented for tracking and graphically representing Coillte's monthly energy bills by cost, kWh and carbon emissions. This system, facilitates the compilation of monthly energy performance reports.

MEDITE SMARTPLY trialled photovoltaic (PV) panels at its two factories. This pilot allows MEDITE SMARTPLY to gain knowledge and experience on the operation and maintenance of these panels before a potential large-scale installation.

Climate and Sustainability Awareness

Along with developing and implementing a Group sustainability framework, a key objective for the Sustainability Team is to raise awareness of climate change and the importance of all aspects of sustainability across Coillte.

Several initiatives and platforms have helped introduce sustainability concepts to employees. Coillte's internal social media platform Yammer, has been a useful tool to informally share relevant stories about climate change, energy management and sustainability initiatives with colleagues.

Engagement has taken place through workshops, gathering feedback and suggestions on sustainable business opportunities and models. A refreshment of the Group's intranet has provided an opportunity to create an area for sustainability, climate and circular economy articles, documents, podcasts and film clips.

To give further support to this area, an e-learning model was conceptually approved in 2021 and will be developed and rolled out to colleagues in 2022.

World of Work Programme

As part of our commitment to improving awareness of the forestry sector and the multiple benefits which derive from forestry, Coillte partnered with Duiske College in Graiguenamanagh, Co. Kilkenny to participate in the Business Action on Education initiative. Coordinated by Business in the Community Ireland (BITCI), this nationwide scheme employs a variety of programmes to develop partnerships between local schools and businesses in support of educational progression and inclusion.

Through this programme, Coillte is collaborating with a class of 26 Second Year students of Duiske College. Over a series of visits, the students have been introduced to the work of Coillte and to the many roles and opportunities within the forestry sector.

Board of Directors

Bernie Gray, Chair

Ms. Bernie Gray 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 and the Accountability Board of the Civil Service. She has held a number of non- executive roles in the public and not for profit sectors including former Chairperson of Eirgrid and member of the Governing Authority of DCU.

Imelda Hurley

Imelda Hurley was appointed CEO of Coillte in November 2019 and appointed to the Board in January 2022. She is an experienced executive and non-executive director having been a board member in public company, state owned, private equity and venture capital backed businesses. Prior to joining Coillte, Imelda was Chief Financial Officer at Origin Enterprises plc and, earlier in her career, held a range of senior leadership positions including Chief Financial Officer & Head of Sustainability at PCH International and Group Finance Director at Greencore Group plc.
She is currently a non-executive director of Dole plc and IBEC and has recently agreed to become a Patron of Chapter Zero Ireland, a community of non-executive directors that lead Irish boardroom discussions on the impacts of climate change.
Imelda is a Fellow of the Institute of Chartered Accountants and an alumna of Harvard Business School.

Gerry Gray

Gerry was appointed to the board in 2018 and is Chair of the Audit and Risk Committee. 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. He is currently a Medite nominated Director of Tricoya Technologies Limited (TTL) and Tricoya UK Limited (TUK).

Frank Hayes

Frank was appointed to the Coillte Board in January 2022. He has more than 40 years' experience in international business and served as Director of Corporate Affairs in Kerry Group from 1991 to 2018. A graduate in Agricultural Science BAgrSc (Hons) from University College Dublin, he also served as Agriculture & Food Attaché at the Irish Embassy in London from 1982 to 1991.

Patrick Eamon King

Patrick Eamon was appointed to the board in 2018 and is the Chair of the Board's Investment Committee. He has worked in corporate development roles in a number of UK and Irish public 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.

Kevin Mc Carthy

Kevin was appointed to the Board in May 2020. Kevin represented workers on the Fórsa/IMPACT executive between 2013 and 2020 and was elected as an employee director by Fórsa in 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. 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.

Gerard Murphy

Gerard was appointed to the Board in December 2019. Gerard brings with him extensive forestry experience having worked in a variety of senior roles within the forest sector. He held the position of Managing Director in Coillte Forest Division for nine years and most recently Managing Director of the Land Solutions division until his retirement in September 2019. Gerard is currently a Coillte nominated Director of FuturEnergy Ireland (FEI). He has also held a number of non-executive positions in not-for-profit organisations, as well as being a council member of COFORD and EUSTAFOR. He holds a BAgrSc (Forestry) and an MBA from UCD, as well as a Diploma in Company Direction (IOD) and a Graduate Diploma in Science from the Australian National University.

Julie Murphy-O'Connor

Julie was appointed to the Board in 2013 and is Chair of the Board's Remuneration Committee. She is a partner in the Dispute Resolution Department in Matheson. Her practice includes advising stakeholders in relation to shareholder disputes and corporate restructuring. She is co-author of the Commercial Law Association's Practitioners' Guide to the Commercial Court in Ireland and the Law Society' Insolvency Manual.

Eleanor O'Neill

Eleanor was appointed to the Coillte Board in 2019. She is a senior IT Consultant with extensive experience in Digital Transformation, Operational Management, Cybersecurity, Mergers & Acquisitions. She has more than 30 years' experience in senior executive roles in technology multinationals, Symantec, Visio, Microsoft, Marrakech, and Digital Equipment Corporation. Eleanor also serves as a Non-Executive director of Children's Health Ireland (CHI) and the National Transport Authority (NTA). Eleanor is an Engineering graduate of NUI Galway. In addition, she has post graduate qualifications in Systems Analysis from NUIG, Cybersecurity from UCD and Corporate Governance from the Institute of Directors Ireland.

COILLTE CUIDEACHTA GHNÍOMHAÍOCHTA AINMNITHE

STATUTORY FINANCIAL STATEMENTS

For the financial year ended 31 December 2021

Report of Directors

The Directors have pleasure in presenting their annual report together with the audited financial statements for the financial year ended 31 December 2021.

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 Our Highlights 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 the combined impact of significant supply chain constraints driven by a series of factors including the continuing global impact of the pandemic which caused a supply imbalance in certain markets coupled with strong global demand for sawnwood and related timber products. This performance was also delivered against the backdrop of a very challenging operating environment particularly in the earlier part of 2021 when our business was also significantly constrained by forestry licencing challenges. Looking forward, due to the uncertainty caused by the current geopolitical situation in Ukraine and Russia, it is difficult to accurately predict what impact this may have on global trade flows, cost inflation and foreign exchange rates, and how this might impact the Group in 2022.

Group turnover at €422.4m in 2021, is a c.48% increase on 2020 largely driven by increased end market pricing. Operating costs increased by €46.5m year on year. Other operating gains reflect the contribution from other asset sales of €13.4m (2020: €8.8m) were recorded during the year. Operating profit (before exceptional items and revaluation gains) increased from €29.1m in 2020 to €124.4m in 2021. The results for 2021 include a net exceptional gain of €6.8m (2020: €1.3m loss).

An interim dividend of €0.0396 per share, totalling €25.0m, was authorised by the Board and paid in December 2021. The Board recommend a final dividend of €0.00792 per share totalling €5.0m, relating to 2021's financial performance, bringing total proposed dividends in respect of 2021 to €30.0m. Total dividends paid in the year ended 31 December 2020 amounted to €2.3m, paid in December 2020.

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

Report of Directors

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 2021:

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

Jerry Houlihan resigned from the Board on 23 May 2021.

Mr. Dominic Reilly was appointed as Company Secretary on an interim basis from 1 November 2020 and resigned on 1 September 2021. Ms. Deirdre Coleman was appointed as Company Secretary on 1 September 2021.

The Directors and Secretary as at 31 December 2021 have no interests in the shares of the Company or its subsidiaries.

Report of Directors

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

The Directors are responsible for preparing the Annual 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 applicable Accounting Standards have been followed, subject to any material departures disclosed and explained in the financial statements;
- Assess the Group and Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern; and
- Use the going concern basis of accounting unless they either intend to liquidate the Group or Company or to cease operations, or have no realistic alternative but to do so.

The Directors are responsible for keeping adequate accounting records which disclose with reasonable accuracy at any time the assets, liabilities, financial position and profit or loss of the Company and which enable them to ensure that the financial statements are prepared in accordance with the applicable accounting framework and comply with the provisions of the Companies Act 2014. They are responsible for such internal controls as they determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error, and have general responsibility for taking such steps as are reasonably open to them to safeguard the assets of the Group and to prevent and detect fraud and other irregularities.

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

The Directors are responsible for ensuring that the corporate governance statement on pages 111 to 117 reflects the Group's compliance with the 2016 Code of Practice for the Governance of State Bodies.

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

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 .

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. Coillte CGA was in full compliance with the Code of Practice for the financial period.

Board of Directors

During the financial year, the Board consisted of a non-executive Chair, six non-executive Directors and one worker representative Director. The Chair and the majority of the non-executive board members (with the exception of the worker representative 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 five 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 twelve occasions in 2021. 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 the latest management accounts in advance of each meeting, with detailed comparison of actual to budget included in these accounts. Board papers are circulated electronically to the Directors sufficiently in advance of each meeting to allow adequate time for review and consideration prior to Board and Committee meetings. 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.

Conflicts of interest

Board members make annual disclosures of any potential or actual conflicts of interest under the Ethics in Public Office Act 1995. In addition, Board members are responsible for notifying the Company Secretary on an ongoing basis should they become aware of any change in their circumstances regarding conflicts of interest, as detailed in the Coillte Group Code of Business Conduct for Employees and Directors.

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 of Directors

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 2021.

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 venture and associate undertakings

A list of subsidiary, joint venture and associate undertakings as at 31 December 2021 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 their willingness to continue in office.

On behalf of the Board

Bernie Gray
Chair

Eleanor O'Neill
Director

Date: 31 March 2022

Statement on Internal Control and Risk Management

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 2021 and up to the date of approval of the financial statements.

Capacity to Handle Risk

Coillte CGA has an Audit and Risk Committee (ARC) comprising three non-executive Board members and one Worker Representative Director, 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.

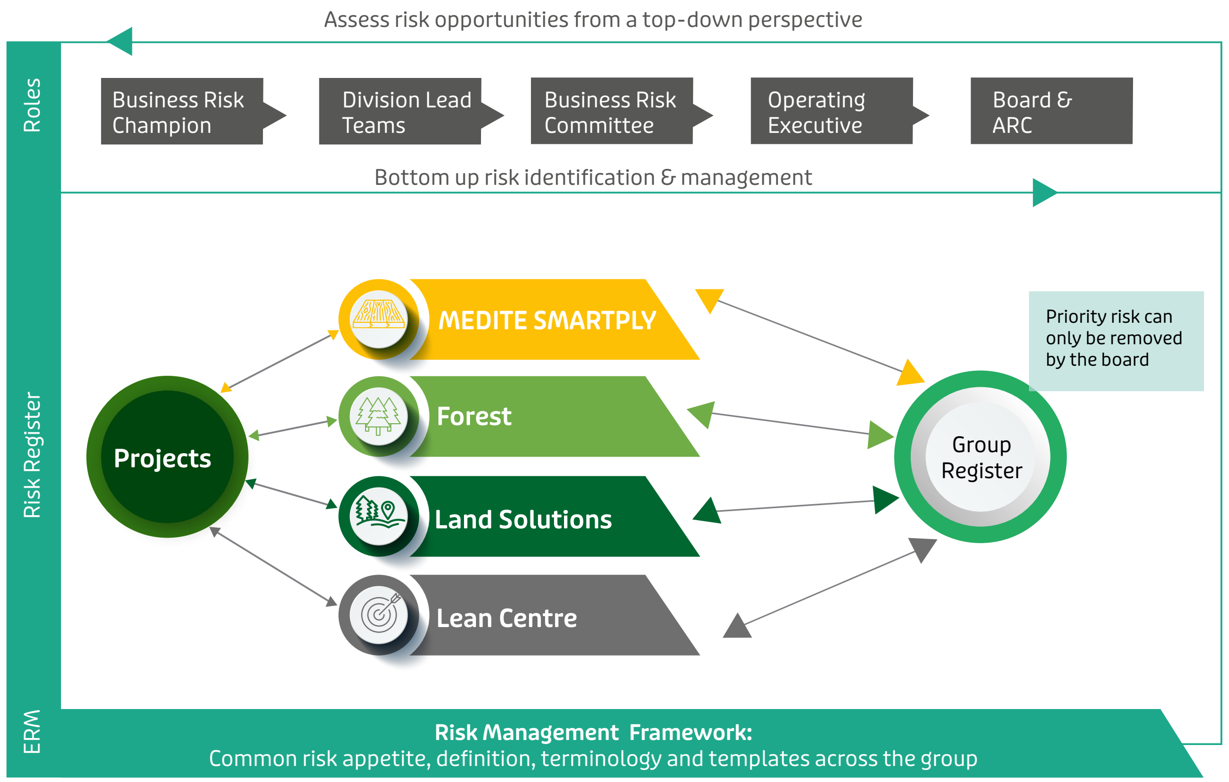
Approach to Risk Management

As part of running a successful and growing business, Coillte recognises that managing risk and opportunity can help 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.

Statement on Internal Control and Risk Management

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 shown in the table and model below:



Statement on Internal Control and Risk Management

Oversight	
Board	Ultimately responsible for risk management across Coillte and for ensuring that an effective system of internal control is maintained. Sets the risk appetite and ensures risks are managed within appetite.
Audit & Risk Committee	Responsible for monitoring and providing challenge on the principal risks and opportunities facing the Group. Receives regular updates on risk management strategies, mitigation and action plans.
First line of Defence	
CEO and Operating Executive	Management is responsible for the identification and evaluation of significant risks together with the implementation of suitable internal controls.
Management Risk Committee	Committee responsible for setting risk strategy and ensuring risks and opportunities are consistently managed across the Group.
Second Line of Defence	
Division Lead Team	Responsible for identifying and managing divisional risks, ensuring risk management frameworks are operating effectively and capturing upside of risk, where possible.
Business Risk Champions	Leads risk management within the division. Responsible for regular reporting of risks.
Third Line of Defence	
Assurance and Compliance	Assurance and Compliance provide independent assurance over the control environment.

Roles and Responsibilities within the Risk Management Framework

Board	• Approves the Group's strategy based on an understanding of the risks and opportunities facing the Group • Reviews and monitors the key risks facing the organisation • Approves the Groups risk appetite, policy and framework • Ensures the Group has an effective risk management and internal control systems in place • Approves the delegation of authority
Audit & Risk Committee	• Assess the Group's risk framework on behalf of the Board • Ensure risks present accurate reflection of risk landscape • Review and monitor high level risks (closure, categorisation, rating and ranking) and the mitigating actions in place • Sets the programme of work for Assurance and Compliance for reviewing internal control and risk management systems • Review whistleblowing arrangements and the company code of conduct
CEO and Operating Executive	• Drives culture of risk management • Develop and implement the Group risk framework that is appropriate to Coillte and its business environment • Ensure that the necessary resources are allocated to managing risk • Assigning authority, responsibility and accountability at appropriate levels within the organisation • Align risk management with the Group's objectives, strategy and culture • Communicate the value of risk management to the organisation and its stakeholders • Identification and evaluation of significant risks applicable to the business, together with the implementation of suitable internal controls
Division Lead Teams	• Identification and evaluation of significant risks applicable to the business • Implementation of suitable internal controls and KPIs • Ensure employees are aware of the risk management policy and foster a culture where risks can be identified and escalated • Documents processes and procedures • Delivers training on key risk areas and policy
Chief Risk Officer	• Continuously improving risk management policy, strategy and supporting framework • Chairs the Management Risk Committee and escalates risks from the Divisions to Operating Executive, ARC/Board • Updates the Corporate risk register and advises Business Risk Champions of amendments • Facilitates annual review of categorisation, rating and ranking criteria • Reviews and updates Risk Policy and communicates policy to staff
Business Risk Champions	• Advise CRO of changes to Division Risk Register • Facilitate monthly review of Division Risk Register and consider any new risks • Participate in the Management Risk Committee • Act as a change agent and facilitate the resolution of risk related problems
Management Risk Committee	• Ensures risks present an accurate reflection of Coillte's risk landscape • Ensures risks are consistently categorised, ranked and rated across the Group • Identifies and co-ordinates risk training • Identify and share best practices for managing risk
Assurance and Compliance	• Reviews the risk management and internal control processes • Develops risk based internal audit plans which is approved by the ARC • Provide independent and objective assurance on risk matters to the ARC • Conduct an annual control effectiveness assessment, identify controls, KPIs, any further actions proposed to mitigate the risk

Statement on Internal Control and Risk Management

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 or 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 our 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 structures on financial controls, business forecasting, health & safety, training, employee welfare, 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, certification etc. 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. The Board and Operating Executive also assess risks and opportunities from a top-down approach and 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 the business 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 internal audit 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 and divisional levels. Risk is assessed in a systematic and collaborative way, drawing on the knowledge and views of stakeholders. Group risks are reviewed quarterly by the Board.

Divisional Risk Register

Each division maintains its own risk register and is updated as part of the monthly division meetings. Any material developments and emerging risks are escalated to the Group register.

Group Risk 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.

Statement on Internal Control and Risk Management

The risk assessment process 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 and
- Monitoring and review.

Statement on Internal Control and Risk Management

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 and Risk Management

Emerging Risks

The risk management framework enables the Group to identify, analyse and manage emerging risks to help ascertain exposures as soon as possible. This is managed as part of the process that identifies the principal risks. Emerging risks are monitored and reviewed in conjunction with principal risks. Key emerging risks include supply chain challenges, which could limit the Group's access to materials and key equipment spare parts and disrupt supplies to customers and bare land access, which could impact the Group's ability to deliver afforestation targets.

Principal Risks

The principal risks are tracked and opportunities that have the potential to have a significant impact upon the Group's strategic objectives are set out below, together with an indication of the strategic objective to which they relate, the principal mitigations, developments in relation to the risk during 2021 and areas of focus for 2022.

Statement on Internal Control and Risk Management

Strategic

Forestry Regulation	
Risk Description	Coillte's main forestry activities (afforestation, harvesting & roading) are subject to licence under the 2014 Forestry Act.
Impact	Regulatory impacts on the flow of felling licences and road permits. Any disruption in the licensing process can disrupt timber supply and Coillte's ambition to increase afforestation.
Mitigations	The Group has put a timber supply planning process in place that leverages an internal Environmental Risk Assessment (ERA) system to ensure Coillte creates high quality applications that meet the regulatory requirements.
2021 Developments & 2022 Areas of Focus	The Group will continue to engage with the Department with regard to licencing and proactively monitor regulatory developments over 2022. Coillte continues to develop and enhance its ERA system to improve forest planning based on the latest science and regulation.

Renewable Energy Market and Regulation	
Risk Description	The Group has significant renewable energy assets in development on Coillte land which are subject to various laws and regulations from planning to noise and market mechanisms for the energy sector.
Impact	Any changes in the energy market and regulation can have a direct impact on the financial viability of FuturEnergy Ireland's or third party renewable projects on Coillte land. This can lead to an impairment in the asset and/or reduced profitability.
Mitigations	The Group through its joint venture, FuturEnergy Ireland, has dedicated resources which focus on understanding regulatory changes in this sector and ensuring our projects take account of these regulations.
2021 Developments & 2022 Areas of Focus	The Group will continue to proactively monitor and engage with regulatory, political and economic developments during 2022.

Climate Wood Nature People

Statement on Internal Control and Risk Management

Strategic

Stakeholder management	
Risk Description	The view of our stakeholders is a key success factor in delivering our strategy.
Impact	The Company cannot deliver the Group's strategy or complete strategic investments without stakeholder support. This could impact on the long term viability of the Group.
Mitigations	The Group has open channels of communication with key stakeholders.
2021 Developments & 2022 Areas of Focus	The Group has commenced an investment in its communication and will increase the level of consultation with stakeholders.

Capital Investment	
Risk Description	The Group's strategy is reliant on the delivery of a number of significant capital projects.
Impact	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 confidence from our shareholders.
Mitigations	The Investment Committee and dedicated resources manage key large scale capital projects.
2021 Developments & 2022 Areas of Focus	The Group has a number of active capital projects which are being monitored and reviewed by established governance committees. These projects will continue in 2022.

Climate Wood Nature People

Statement on Internal Control and Risk Management

Financial

Market Volatility and Economic Downturn	
Risk Description	The Group is highly dependent on commodity products in the construction sector which are highly cyclical and influenced by global and national markets.
Impact	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.
Mitigations	The Directors will revisit the appropriateness of this hedging policy should the Group's operations change in size or nature.
2021 Developments & 2022 Areas of Focus	During 2022 as part of its strategy the Group will focus on increasing the use of timber used in construction and developing higher value products which are less exposed to cyclical commodity markets.

Legal Disputes	
Risk Description	The Group has a number of ongoing legal disputes.
Impact	An unfavourable outcome of these disputes could cause financial loss to the Group and reputational damage.
Mitigations	The Group has adequate provisions in place and an active engagement process.
2021 Developments & 2022 Areas of Focus	The Group is continuing to engage and will seek to resolve any disputes.

Global Pandemic	
Risk Description	Global pandemics can disrupt the way our economies and society work.
Impact	Covid-19 has had a significant impact on the way we work and do our business.
Mitigations	The Group has a Covid-19 Steering Committee, which manages all communications to employees and contractors on the impact of restrictions on the way we work and health and safety implications.
2021 Developments & 2022 Areas of Focus	During 2021 the impact of Covid 19 on the business continued to be mitigated by on site testing and working from home. Ensuring compliance with Covid guidelines to enable continuality of operations will remain a focus for the Group during 2022.

Statement on Internal Control and Risk Management

Operational

Climate Change Impact on the Forest Asset	
Risk Description	Climate change can have a direct impact on Coillte's forests through risks such as pest, disease, fire, drought and storms.
Impact	A significant event in this area results 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 costs. It also puts a strain on the organisation.
Mitigations	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 Business Area Units (BAUs). There is also a Fire Management Improvement Plan in place along with a training programme.
2021 Developments & 2022 Areas of Focus	In 2021, the Group increased its focus on Biotic risk and is participating in the Department of Agriculture Food and the Marine's Protecting Resilient Forests research project.

Attracting Labour to the Industry	
Risk Description	Inability to attract people to work in the industry and the business.
Impact	Risk to successful execution of the Group Strategy and the long-term growth of the industry. It could lead to upward pressure on costs.
Mitigations	The Group's people strategy is multi-faceted and includes the use of specialist recruitment agencies to attract staff with expertise and through the engagement with third Level Educational Institutions aims to attract high quality forestry graduates.
2021 Developments & 2022 Areas of Focus	A number of new staff were recruited during 2021. The Group will continue to focus on this area during 2022.

Climate Wood Nature People

Statement on Internal Control and Risk Management

Operational

Health and Safety	
Risk Description	The forest and panels sector and the construction of wind farms are industries where health and safety risks are inherently prominent.
Impact	A serious health and safety incident could have a significant impact on welfare of our employees, contractors or partners. It could also impact the Group's operational and financial performance, as well as the Group's reputation.
Mitigations	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; and 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.
2021 Developments & 2022 Areas of Focus	An annual improvement plan is developed by the health and safety committee and reviewed by the Coillte Board.

Talent Management and Succession Planning	
Risk Description	The ability to retain and develop talent is key to the success of the Group.
Impact	A poor talent management and succession planning process will limit our ability to execute the strategy.
Mitigations	The Group has a number of actions in place ranging from the development of internal talent as part of a performance management process and employee engagement and wellbeing strategies to retain and develop our people.
2021 Developments & 2022 Areas of Focus	During 2021, a Learning and Development forum and an online learning portal were implemented and a two way mentoring programme was launched.

Statement on Internal Control and Risk Management

Operational

Key Equipment Failure	
Risk Description	Failure of key equipment.
Impact	Failure of key equipment could result in significant capacity constraints and or extended plant stoppages.
Mitigations	Condition of ageing equipment is monitored through a structured and centralised Maintenance Management System. Capital expenditure plans are reviewed and implemented annually.
2021 Developments & 2022 Areas of Focus	During 2021, investment projects in respect of new boiler system and upgrading of equipment were launched.

Climate Change Transition	
Risk Description	EU and national climate targets will require a change to the business model.
Impact	The transition to a zero carbon and bio-diversity focused economy could lead to new regulation, carbon taxes and deployment of new technology.
Mitigations	Monitoring of EU and national targets. Participation in developing national climate actions for forestry.
2021 Developments & 2022 Areas of Focus	During 2021, the Group developed a new land use strategy to address a number of these challenges and opportunities. A new sustainability team was also created that will develop climate targets and reporting.

Climate Wood Nature People

Statement on Internal Control and Risk Management

Operational

Cyber Security	
Risk Description	Cyber Security Infiltration and Data Leakage.
Impact	Potential extended outage of critical technology and systems from cyber attacks or financial loss as a result of a successful phishing exercise.
Mitigations	The Group continues to improve and invest in information security process and services which further increase our protection against IT system infiltration.
2021 Developments & 2022 Areas of Focus	Cyber security phishing and awareness programme rolled out to all staff during 2021. The Group will continue in 2022 to improve and invest in information security process and services.

Statement on Internal Control and Risk Management

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 2021, 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 2021 that require disclosure in the financial statements.

Bernie Gray	**Eleanor O'Neill**
Chair	Director

Date: 31 March 2022

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 specif ically 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 disposal of assets (other than property) to a single purchaser with a value of €2,000,000 and above;
- 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 Union pay agreements exceeding 3 years in duration and an increased cost exceeding €1,500,000 in value for the duration of the agreement;
- 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 2021 annual plan and budget was carried out in December 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.

Governance Statement and Board Members' Report

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 2021 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. 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)
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	Worker Representative Director	19 May 2020
Frank Hayes	Ordinary Member	21 January 2022
Imelda Hurley (CEO)	Ordinary Member	24 January 2022

The Board continually strives to improve its effectiveness. This is done on an informal, ongoing basis by discussion amongst Board members with feedback to the Chair. The Board conducts an annual evaluation of its own performance and that of its Committees. The evaluation provides assurance that the Board is committed to the highest standards of governance. The evaluation is led by the Chair and supported by the Company Secretary. In addition, an external evaluation of Board effectiveness is conducted every three years, with an independently facilitated evaluation carried out in late 2021/early 2022. The purpose of the external evaluation was to review the Board's performance as a whole and identify any potential areas for improvement. The external evaluation confirmed that the Board is operating effectively.

Governance Statement and Board Members' Report

Three committees of the Board were in existence during 2021, as follows:

Audit and Risk Committee

Members during 2021: Gerard Gray (Chair), Eleanor O'Neill, Gerard Murphy and Kevin McCarthy.

The Audit and Risk Committee comprises non-executive Directors and the Worker Representative Director and operates under formal terms of reference. It met on four occasions in 2021. 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 2021 were Julie Murphy-O'Connor (Chair), Bernie Gray and Patrick Eamon King. It met on five occasions in 2021.

Investment Committee

The role of the Investment Committee is 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 2021 were Patrick Eamon King (Chair), Gerard Gray, Gerard Murphy and Jerry Houlihan (resigned 23 May 2021). It met on six occasions in 2021.

Governance Statement and Board Members' Report

Schedule of Attendance, Fees and Expenses

A schedule of attendance at the Board meetings for 2021 is set out below, together with the fees and expenses received by each member:

	Board Meetings attended (12 held)	Fees €'000	Salary €'000	Pension Contribution €'000	Taxable Benefits €'000	2021 Total €'000	2020 Total [1] €'000
Directors							
Bernie Gray	11/12	22	-	-	-	22	17
Julie Murphy -O'Connor [2]	12/12	-	-	-	-	-	-
Jerry Houlihan [3]	5/5	-	-	-	-	-	10
Gerard Gray	12/12	13	-	-	-	13	10
Patrick Eamon King	12/12	13	-	-	-	13	10
Eleanor O'Neill	11/12	13	-	-	-	13	10
Gerard Murphy	12/12	13	-	-	-	13	10
Kevin McCarthy	12/12	13	66	9	-	88	71
		87	**66**	**9**	**-**	**162**	**138**
Chief Executive							
Imelda Hurley [4]		**-**	**224**	**56**	**24**	**304**	**300**
		87	**290**	**65**	**24**	**466**	**438**

[1] Board fees in respect of 2020 reflect a 20% voluntary reduction.
[2] Ms. Murphy-O'Connor waived all emoluments in 2021 and 2020.
[3] Mr. Houlihan resigned from the Board on 23 May 2021.
[4] Ms. Hurley was appointed to the Board on 24 January 2022.

Key Management Personnel Changes

Mr. Gerard Britchfield resigned as Chief Financial Officer on 31 May 2021. Mr. Dominic Reilly was appointed as Chief Financial Officer on 1 June 2021.

Ms. Tara Flynn resigned as Group HR Director on 14 July 2021. Ms. Ruth D'Alton was appointed as Group HR Director on 20 September 2021.

Mr. Peter Lynch resigned from Coillte CGA in November 2021 to take up his role as CEO of FuturEnergy Ireland Development DAC on 26 November 2021.

Governance Statement and Board Members' Report

Disclosures Required by 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	2021	2020
€50,000	€74,999	**283**	279
€75,000	€99,999	**160**	139
€100,000	€124,999	**55**	33
€125,000	€149,999	**8**	7
>€150,000		**5**	7

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.

Governance Statement and Board Members' Report

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.

	2021	2020
	€'000	€'000
Legal advice	**617**	363
Financial/actuarial advice	**175**	283
Marketing	**1,552**	557
Human Resources	**17**	13
Business Improvement	**898**	1,294
Other	**192**	118
Total Consultancy	**3,451**	2,628

	2021	2020
	€'000	€'000
Consultancy costs capitalised	**603**	1,244
Consultancy costs charged to the profit and loss account	**2,848**	1,384
	3,451	2,628

Consultancy costs exclude exceptional costs of €6,986,000 associated with the sale of the Groups windfarm development portfolio and other exceptional costs outlined in note 9 to the financial statements.

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.

	2021	2020
	€'000	€'000
Legal proceedings	**549**	360
Conciliation and arbitration payments	**-**	-
Settlements	**231**	384
	780	744

Travel and Subsistence Expenditure

Travel and subsistence expenditure incurred during the reporting period was:

		2021	2020
		€'000	€'000
Domestic			
-	Board*	**1**	2
-	Employees	**1,092**	1,144
International			
-	Board*	**-**	-
-	Employees	**122**	135
		1,215	1,281

* comprises travel and subsistence expenses payable directly to Board members.

Hospitality Expenditure

Hospitality expenditure incurred during the reporting period was as follows:

	2021	2020
	€'000	€'000
Staff hospitality	**116**	17
Client hospitality	**89**	117
	205	134

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
Chair

Eleanor O'Neill
Director

Date: 31 March 2022

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 2021, 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 2021 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.

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

Other information

The 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, 2021 Highlights section, the Chairperson's Statement, the Chief Executive's Review, the Business Overview, the Director's Report, the Statement of Internal Control and Risk Management and the Governance Statement and Board Members' Report. The financial statements and our auditor's report thereon do not comprise part of the other information. Our opinion on the financial statements does not cover the other information and, accordingly, we do not express an audit opinion or, except as explicitly stated below, any form of assurance conclusion thereon.

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

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

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

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 95 to 110 does not reflect the Group's compliance with paragraph 1.9 (iv) 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 92, 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 http://www.iaasa.ie/Publications/Auditing-standards/International-Standards-on-Auditing-for-use-in-Ire/Description-of-the-auditor-s-responsibilities-for.

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

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

Colm O'Sé
for and on behalf of
KPMG, Chartered Accountants,
Statutory Audit Firm

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

Date: 4 April 2022

Group Profit and Loss Account

Financial year ended 31 December 2021	Notes	2021 €'000	2020 €'000
Turnover	5	**422,393**	285,261
Cost of sales		**(230,271)**	(199,054)
Gross profit		**192,122**	86,207
Distribution costs		**(29,615)**	(24,549)
Administrative expenses		**(51,584)**	(41,347)
Other operating gains	10	**13,427**	8,774
Operating Profit before exceptional items and revaluation gains		**124,350**	29,085
Gain on revaluation of investment properties	16	**3,822**	-
Exceptional items	9	**6,794**	(1,278)
Operating profit	6	**134,966**	27,807
Share of joint venture losses	18	**(350)**	-
Share of associate losses	18	**(573)**	(335)
Profit before interest and taxation		**134,043**	27,472
Interest receivable and similar income	11	**1**	11
Interest payable and similar charges	11	**(2,044)**	(1,984)
Profit on ordinary activities before taxation		**132,000**	25,499
Tax on profit on ordinary activities	13	**(14,911)**	(3,859)
Profit for the financial year		**117,089**	21,640

Group Statement of Other Comprehensive Income

Financial year ended 31 December 2021	Notes	2021 €'000	2020 €'000
Profit for the financial year		**117,089**	21,640
Other comprehensive income/(expenses):			
Re-measurement of net defined benefit pension liability	14	**31,130**	2,883
Movement on deferred tax relating to defined benefit pension liability	13	**(1,372)**	77
Effective portion of changes in fair value of cash flow hedges			
Fair value movement on cash flow hedges	23	**(167)**	524
Cash flow hedges – reclassification to profit and loss account	23	**(919)**	1,397
Deferred tax effect of fair value movement on cash flow hedges	13	**(7)**	7
Share of other comprehensive income/(expenses) of associates	18	**50**	(603)
Other comprehensive income for the financial year, net of tax		**28,715**	4,285
Total comprehensive income for the financial year		**145,804**	25,925

Group Balance Sheet

At 31 December 2021	Notes	2021 €'000	2020 €'000
Fixed assets			
Intangible assets	15	**11,385**	12,431
Tangible assets	16	**660,217**	629,284
Biological assets	17	**887,656**	870,517
Investments	18	**-**	13,895
		1,559,258	1,526,127
Current assets			
Stocks	19	**33,695**	27,102
Debtors	20	**119,870**	119,973
Cash at bank and in hand		**121,071**	61,348
		274,636	208,423
Creditors - amounts falling due within one financial year	21	**(84,570)**	(70,610)
Net current assets		**190,066**	137,813
Total assets less current liabilities		**1,749,324**	1,663,940
Creditors - amounts falling due after more than one financial year	22	**(90,000)**	(89,780)
Provisions for liabilities	24	**(40,703)**	(43,303)
Deferred government grants	25	**(120,760)**	(122,399)
Net assets before pension liability		**1,497,861**	1,408,458
Defined benefit pension liability	14	**(12,243)**	(43,644)
Net assets		**1,485,618**	1,364,814
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	**(1,368)**	(275)
Retained earnings	27	**685,781**	563,884
Shareholders' funds		**1,485,618**	1,364,814

The notes on pages 128 to 179 are an integral part of these financial statements. The financial statements on pages 120 to 179 were authorised for issue by the Board of Directors on 31 March 2022 and were signed on its behalf by:

Bernie Gray
Chair

Eleanor O'Neill
Director

Company Balance Sheet

At 31 December 2021	Notes	2021 €'000	2020 €'000
Fixed assets			
Intangible assets	15	**11,371**	12,408
Tangible assets	16	**527,372**	516,523
Biological assets	17	**887,656**	870,517
Investments	18	**79,740**	79,740
		1,506,139	1,479,188
Current assets			
Stocks	19	**3,929**	3,317
Debtors	20	**177,526**	179,134
Cash at bank and in hand		**85,299**	60,358
		266,754	242,809
Creditors - amounts falling due within one financial year	21	**(44,747)**	(110,068)
Net current assets		**222,007**	132,741
Total assets less current liabilities		**1,728,146**	1,611,929
Creditors - amounts falling due after more than one financial year	22	**(90,000)**	(89,780)
Provisions for liabilities	24	**(34,517)**	(39,845)
Deferred government grants	25	**(120,760)**	(122,399)
Net assets before pension liability		**1,482,869**	1,359,905
Defined benefit pension liability	14	**(16,126)**	(41,406)
Net assets		**1,466,743**	1,318,499
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	**(605)**	(122)
Retained earnings	27	**666,143**	517,416
Shareholders' funds		**1,466,743**	1,318,499

The notes on pages 128 to 179 are an integral part of these financial statements. The financial statements on pages 120 to 179 were authorised for issue by the Board of Directors on 31 March 2022 and were signed on its behalf by:

Bernie Gray
Chair

Eleanor O'Neill
Director

Group Statement of Cash Flows

Financial year ended 31 December 2021	Notes	2021 €'000	2020 €'000
Net cash inflow from operating activities before taxation paid	31	**119,936**	39,341
Taxation paid		**(11,076)**	(3,519)
Net cash inflow generated from operating activities		**108,860**	35,822
Cash flows from investing activities			
Additions to intangible assets	15	**(789)**	(2,483)
Additions to tangible assets	16	**(48,269)**	(31,369)
Additions to biological assets	17	**(32,872)**	(35,798)
Additions to financial assets	18	**-**	(3,055)
Distributions from associate undertakings		**469**	1,313
Amounts advanced to joint venture undertakings		**(2,960)**	-
Amounts received from/(advanced to) associate undertakings		**2,740**	(2,271)
Proceeds from disposals of tangible and intangible assets		**15,234**	9,733
Proceeds from sale of wind farm development portfolio net of associated costs		**43,444**	-
Other exceptional cash item		**-**	(752)
Receipt of capital government grants	20/25	**219**	111
Net cash outflow from investing activities		**(22,784)**	(64,571)
Cash flows from financing activities			
Increase in borrowings	31	**220**	244
Net interest paid	31	**(1,573)**	(1,364)
Dividends paid	12	**(25,000)**	(2,300)
Net cash outflow from financing activities		**(26,353)**	(3,420)
Net increase/(decrease) in cash and cash equivalents		**59,723**	(32,169)
Cash and cash equivalents at 1 January		**61,348**	93,517
Cash and cash equivalents at 31 December	31	**121,071**	61,348

Company Statement of Cash Flows

Financial year ended 31 December 2021	Notes	2021 €'000	2020 €'000
Net cash inflow from operating activities before taxation paid	32	**63,281**	17,768
Taxation paid		**(5,983)**	(2,003)
Net cash inflow generated from operating activities		**57,298**	15,765
Cash flows from investing activities			
Additions to intangible assets	15	**(789)**	(2,465)
Additions to tangible assets		**(18,189)**	(9,541)
Additions to biological assets	17	**(32,872)**	(35,798)
Amounts (advanced to)/received from subsidiary undertakings	20/21	**(83,266)**	8,030
Distributions from associate undertakings		**469**	1,313
Amounts advanced to joint venture undertakings		**(2,960)**	-
Amounts received from/(advanced to) associate undertakings		**2,740**	(2,271)
Distributions from subsidiaries		**70,000**	1,102
Proceeds from disposals of tangible assets		**15,124**	9,844
Proceeds from sale of wind farm development portfolio net of associated costs		**43,444**	-
Other exceptional cash item		**-**	(752)
Receipt of capital government grants	20/25	**219**	111
Net cash outflow from investing activities		**(6,080)**	(30,427)
Cash flows from financing activities			
Increase in borrowings	31	**220**	244
Net interest paid		**(1,497)**	(1,351)
Dividends paid	12	**(25,000)**	(2,300)
Net cash outflow from financing activities		**(26,277)**	(3,407)
Net increase/(decrease) in cash and cash equivalents		**24,941**	(18,069)
Cash and cash equivalents at 1 January		**60,358**	78,427
Cash and cash equivalents at 31 December		**85,299**	60,358

Group Statement of Changes in Equity

Financial year ended 31 December 2021	Notes	Called-up share capital presented as equity €'000	Undenominated capital €'000	Cash-flow hedge reserve €'000	Profit and loss account €'000	Total €'000
At 1 January 2021		**795,060**	**6,145**	**(275)**	**563,884**	**1,364,814**
Profit for the financial year		**-**	**-**	**-**	**117,089**	**117,089**
Other comprehensive (expenses)/ income for the financial year		**-**	**-**	**(1,093)**	**29,808**	**28,715**
Total comprehensive (expenses)/ income for the financial year		**-**	**-**	**(1,093)**	**146,897**	**145,804**
Transactions with shareholders recorded directly in equity:						
Dividends paid	12	**-**	**-**	**-**	**(25,000)**	**(25,000)**
At 31 December 2021		**795,060**	**6,145**	**(1,368)**	**685,781**	**1,485,618**
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

Company Statement of Changes in Equity

Financial year ended 31 December 2021	Notes	Called-up share capital presented as equity €'000	Undenominated capital €'000	Cash-flow hedge reserve €'000	Profit and loss account €'000	Total €'000
At 1 January 2021		**795,060**	**6,145**	**(122)**	**517,416**	**1,318,499**
Profit for the financial year		**-**	**-**	**-**	**149,003**	**149,003**
Other comprehensive (expenses)/ income for the financial year		**-**	**-**	**(483)**	**24,724**	**24,241**
Total comprehensive (expenses)/ income for the financial year		**-**	**-**	**(483)**	**173,727**	**173,244**
Transactions with shareholders recorded directly in equity:						
Dividends paid	12	**-**	**-**	**-**	**(25,000)**	**(25,000)**
At 31 December 2021		**795,060**	**6,145**	**(605)**	**666,143**	**1,466,743**
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

Notes to the Financial Statements

1. Company Information

Coillte CGA 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 €149,003,000 (2020: €21,775,000).

(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

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 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 (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

Notes to the Financial Statements

(j) Intangible assets

Computer software is stated at cost less accumulated amortisation and accumulated impairment losses. Software is amortised over its estimated useful life, of between two and five 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 installations, 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 2021:

- 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.

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 12 months and as a current asset or current liability if the remaining maturity of the derivative is less than 12 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.

Notes to the Financial Statements

(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.

(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 2021. 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

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 judgement and estimation 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 schemes.

Notes to the Financial Statements

(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.

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

	Forest		Land Solutions		MEDITE SMARTPLY		Group	
	2021	2020	**2021**	2020	**2021**	2020	**2021**	2020
	€'000	€'000	**€'000**	€'000	**€'000**	€'000	**€'000**	€'000
Group turnover								
Continuing operations:								
Republic of Ireland	**140,956**	112,918	**4,602**	5,741	**30,395**	21,545	**175,953**	140,204
United Kingdom	**17,748**	10,278	**71**	35	**176,732**	106,615	**194,551**	116,928
Rest of the World	**392**	39	**-**	-	**76,544**	57,477	**76,936**	57,516
Inter-segment sales*	**(25,047)**	(29,387)	**-**	-	**-**	-	**(25,047)**	(29,387)
Sales to third parties	**134,049**	93,848	**4,673**	5,776	**283,671**	185,637	**422,393**	285,261

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

Notes to the Financial Statements

6. Operating profit

	2021	2020
	€'000	€'000
Operating profit has been arrived at after charging/(crediting):		
Depreciation (note 16)	**19,428**	20,625
Depletion (note 17)	**13,344**	13,200
Amortisation of grants (note 25)	**(1,843)**	(1,757)
Amortisation of intangible assets (note 15)	**1,825**	2,035
Operating lease charges	**1,395**	1,400
Research and development expenditure	**502**	346
Operating lease rental income	**(3,505)**	(2,727)
Impairment of trade and other receivables	**153**	338
Inventory recognised as an expense	**206,707**	179,443
Impairment of inventory / (Reversal of Impairment) (included in 'cost of sales')	**441**	(613)
Gain on revaluation of investment property (note 16)	**(3,822)**	-
Exceptional items (note 9)	**6,794**	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	
	2021	2020	2021	2020
	€'000	€'000	€'000	€'000
Audit of the financial statements	**225**	228	**169**	170
Other assurance services	**15**	41	**23**	41
Tax advisory services	**219**	233	**186**	225
Other non-audit services	**119**	50	**119**	50
	578	552	**497**	486

Notes to the Financial Statements

7. Emoluments of Directors

	2021	2020
	€'000	€'000
Emoluments	**153**	129
Contributions to retirement benefits schemes	**9**	9
Total	**162**	138

Retirement benefits were accruing for 2021 to one Director (2020: one), 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 840 (2020: 816).

	2021	2020
	€'000	€'000
Staff costs comprise:		
Wages and salaries	**60,221**	49,626
Social insurance costs	**5,760**	5,094
Other retirement benefit costs	**6,788**	6,325
	72,769	61,045
Less: Own work capitalised	**(10,155)**	(10,474)
Charge to profit and loss account	**62,614**	50,571
Other retirement benefit costs comprise:		
Defined contribution scheme pension costs (note 14)	**1,967**	1,532
Defined benefit scheme pension costs (note 14)	**4,821**	4,793
	6,788	6,325

Principally during Quarter Two 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, during 2021, 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. The Group did not avail of the Covid-19 Temporary Wage Subsidy Scheme in 2021.

Notes to the Financial Statements

Wages and Salaries	**2021**	2020
	€'000	€'000
Wages and salaries comprise:		
Basic pay	**48,987**	43,230
Overtime	**4,755**	3,824
Allowances	**6,479**	2,572
	60,221	49,626

Key management compensation	**2021**	2020
	€'000	€'000
Short term benefits	**1,693**	1,719
Post-employment benefits	**130**	115
	1,823	1,834

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 2021, some for part of the year (2020: six).

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. During the year, two (2020: three) key management personnel were 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.

Notes to the Financial Statements

9. Exceptional items

	2021	2020
	€'000	€'000
Recognised in arriving at operating profit:		
Profit on the disposal of a 50% stake in windfarm development portfolio (note A)	**30,251**	-
Impairment of associate investments (note B)	**(13,567)**	-
Recognition of deferred costs associated with projects (note C)	**(2,823)**	-
Impairment of tangible assets (note D)	**(5,067)**	-
Impairment of biological assets (note E)	**(2,000)**	-
Depletion & related costs re Forest Fires (note F)	**-**	(1,278)
	6,794	(1,278)

A. Profit on the disposal of windfarm development portfolio

During 2021, the Group transferred its interest in its windfarm development portfolio to FuturEnergy Ireland Development DAC and subsequently sold a 50% interest to ESB Wind Development Limited ("ESB") resulting in a 50:50 joint venture company (note 18). The profit relating to this transaction was €30.3m.

B. Impairment of associate investments

The Group has reviewed the carrying value of certain investments. As a consequence of the review, the Group has written down these assets to their recoverable amount by including an impairment charge of €13.6m in the profit and loss account.

C. Recognition of deferred costs associated with projects

The Group has reviewed the carrying value of deferred costs relating to strategic initiatives. As a consequence of the review, the Group has released costs of €2.8m to the profit and loss account relating to these initiatives.

D. Impairment of tangible assets

The Group has reviewed the carrying value of certain tangible assets. As a consequence of the review, the Group has written down these assets to their recoverable amount by including an impairment charge of €5.1m in the profit and loss account.

E. Impairment of biological assets

The Group has reviewed the carrying value of its investment in certain biological assets. Following this review, the Group was written down the assets to their recoverable amount by including an impairment charge of €2.0m in Group's profit and loss account.

F. 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 €13.4 million (2020: €8.8 million).

11. Interest payable and similar charges

	2021	2020
	€'000	€'000
Interest receivable and similar income		
Interest receivable	**(1)**	(11)
Interest payable and similar charges		
Interest on bank overdrafts and loans, and other related bank costs	**1,570**	1,323
Net interest expense on pension deficit (note 14)	**451**	639
Unwind of discount (note 24)	**23**	22
Other finance costs	**474**	661
Total interest payable	**2,044**	1,984
Net interest expense	**2,043**	1,973

12. Dividends

Equity dividends declared and paid on ordinary shares:

	2021	2020
	€'000	€'000
Interim dividend of €0.0396 per share for the financial year ended 31 December 2021	**25,000**	-
Interim and final dividend of €0.00365 per share for the financial year ended 31 December 2020	**-**	2,300
	25,000	2,300

An interim dividend of €0.0396 per share totalling €25.0m was authorised by the Board and paid in December 2021. The Board recommended a final dividend of €0.00792 per share totalling €5.0m, relating to 2021's financial performance. Total dividends paid in the year ended 31 December 2020 amounted to €2.3m.

Notes to the Financial Statements

13. Taxation

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

	2021	2020
	€'000	€'000
Current tax:		
Corporation tax at 12.5%	**12,641**	3,010
Less: Woodlands relief	**(6,683)**	(2,109)
Irish corporation tax	**5,958**	901
Foreign tax	**32**	27
Adjustment in respect of prior financial years	**371**	243
Taxation on disposal of fixed assets at 33%	**4,238**	2,542
Total current tax	**10,599**	3,713
Deferred tax:		
Pension timing difference	**(222)**	(380)
Trade losses utilised	**2,808**	-
Revaluation of investment properties	**1,261**	-
Prior year under provision	**-**	64
Other timing differences	**465**	462
Total deferred tax	**4,312**	146
Total taxation on profit on ordinary activities	**14,911**	3,859

Notes to the Financial Statements

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

	2021	2020
	€'000	€'000
Current tax:	**-**	-
Deferred tax:		
Pension timing difference	**1,372**	(77)
Other timing differences	**7**	(7)
Total tax charge / (credit) included in the statement of other comprehensive income	**1,379**	(84)

(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:

	2021	2020
	€'000	€'000
Profit on ordinary activities before tax	**132,000**	25,499
Profit on ordinary activities multiplied by the standard rate of tax in the Republic of Ireland of 12.5%	**16,500**	3,187
Effects of:		
Woodlands relief	**(6,683)**	(2,109)
Expenses non-deductible for tax purposes	**2,798**	183
Differences between capital allowances and depreciation	**7**	8
Higher rates of tax on certain activities	**5,573**	2,162
Foreign tax	**-**	2
Tax exempt income (other than woodland profit)	**(3,998)**	-
Adjustments in respect of prior financial years	**371**	307
Other	**343**	119
	14,911	3,859

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 projected unit credit method and the last full valuations were carried out as at 1 January 2021 (Medite Europe DAC) and 31 December 2020 (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 (including discount rates) and the rates of increase in remuneration and pensions. It was assumed that the rate of return on investments would on average exceed annual inflation increases by 0.3% (Coillte CGA) and 0.4% (Medite Europe DAC) in the last full valuations and that pension increases which will follow the Eurozone HICP (Harmonised Index of Consumer Prices) swap curve 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 €311.2 million (Coillte CGA – 31 December 2020) and €43.5 million (Medite Europe DAC – 1 January 2021). The excess in the Coillte CGA scheme, inclusive of the Funding Standard Reserve, at 31 December 2020 was €22.9 million while there was a €0.7 million deficit in the Medite Europe DAC scheme, inclusive of the Funding Standard Reserve, at 1 January 2021.

The valuations indicated that the actuarial value of the total scheme assets was sufficient to cover 100% 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 had the objective of returning the scheme to full solvency on a Minimum Funding Standard basis by 31 December 2020 and required Coillte to make significant additional contributions and employees to increase their contributions. This objective was achieved.
A funding agreement which varied some of the terms of the funding proposal was agreed with the Trustees in July 2014. This agreement put 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 with the final payment under the agreement being made in March 2022. In addition, the funding agreement also noted 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:

	2021	2020
	€'000	€'000
Current service cost	**4,821**	4,793
Less: Capitalised expenses	**(1,155)**	(1,185)
Total charge in operating profit	**3,666**	3,608
Net interest expense	**451**	639
Total profit and loss account charge	**4,117**	4,247

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

	2021	2020
	€'000	€'000
Return on scheme assets excluding interest income	**32,947**	17,769
Actuarial losses	**(1,817)**	(14,886)
Re-measurement gains recognised in the statement of other comprehensive income	**31,130**	2,883

Expected contributions for the financial year ending 31 December 2022 are €5,480,000.

Notes to the Financial Statements

Movement in scheme assets and liabilities

	Pension assets	Pension liabilities	Pension deficit
	€'000	€'000	€'000
At 1 January 2021	**354,896**	**(398,540)**	**(43,644)**
Benefits paid from plan assets	**(12,373)**	**12,373**	**-**
Employer contributions paid	**5,543**	**-**	**5,543**
Contributions by plan participants	**1,052**	**(1,052)**	**-**
Current service cost	**-**	**(4,821)**	**(4,821)**
Interest income/(expense)	**3,874**	**(4,325)**	**(451)**
Re-measurement gains/(losses)			
-Actuarial loss	**-**	**(1,817)**	**(1,817)**
-Return on plan assets excluding interest income	**32,947**	**-**	**32,947**
As at 31 December 2021	**385,939**	**(398,182)**	**(12,243)**
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 loss	-	(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)

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 2021, the deficit in the Coillte CGA scheme was €16.1 million (2020: deficit of €41.4 million) and the Medite Europe DAC scheme was in a surplus position of €3.9 million (2020: deficit of €2.2 million).

Notes to the Financial Statements

The fair value of the plan assets was:

	2021	2020
	€'000	€'000
Equities	**100,567**	94,657
Bonds	**207,561**	161,967
Property	**41,250**	40,109
Other	**36,561**	58,163
Total market value of assets	**385,939**	354,896

The actual return on plan assets was:

	2021	2020
	€'000	€'000
Actual return on plan assets	**36,821**	22,433

Notes to the Financial Statements

Principal actuarial assumptions at the balance sheet date:

	2021	2020
Rate of increase in salaries	**2.40%**	1.80%
Rate of increase in pension payments		
- Coillte CGA	**1.90%**	1.30%
- Medite Europe DAC	**0.00%**	0.00%
Discount rate	**1.40%**	1.10%
Price inflation	**1.90%**	1.30%
Post-retirement mortality*		
Current pensioners at 65 - Male	**22.5**	22.6
Current pensioners at 65 - Female	**24.2**	24.5
Future pensioners at 65 - Male	**24.2**	24.3
Future pensioners at 65 - Female	**26.0**	26.3

* 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 €1,967,000 (2020: €1,532,000) and contributions of €116,000 (2020: €98,000) were not transferred to the funds until after the financial year end.

Notes to the Financial Statements

15. Intangible assets

A. Group

		Software €'000
Cost		
At 1 January 2021		**20,687**
Additions	**(i)**	**789**
Disposals - cost		**(507)**
At 31 December 2021		**20,969**
Accumulated amortisation		
At 1 January 2021		**(8,256)**
Amortisation		**(1,825)**
Disposals - amortisation		**497**
At 31 December 2021		**(9,584)**
Net book amounts		
At 31 December 2021	**(ii)**	**11,385**
At 31 December 2020		**12,431**

Cost	
At 1 January 2020	19,595
Additions	2,483
Disposals - cost	(1,391)
At 31 December 2020	20,687
Accumulated amortisation	
At 1 January 2020	(7,467)
Amortisation	(2,035)
Disposals - amortisation	1,246
At 31 December 2020	(8,256)
Net book amounts	
At 31 December 2020	12,431
At 31 December 2019	12,128

Notes to the Financial Statements

B. Company

		Software €'000
Cost		
At 1 January 2021		**19,206**
Additions	**(i)**	**789**
Disposals - cost		**(507)**
At 31 December 2021		**19,488**
Accumulated amortisation		
At 1 January 2021		**(6,798)**
Amortisation		**(1,816)**
Disposals - amortisation		**497**
At 31 December 2021		**(8,117)**
Net book amounts		
At 31 December 2021	**(ii)**	**11,371**
At 31 December 2020		**12,408**

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

(i) Software includes €0.1m (2020: €2.3m) of assets in the course of construction. In accordance with FRS 102 these additions have not been amortised.
(ii) Intangible assets include software costs incurred in developing the Group's Forest Management System, with a carrying value of €8.1 million (2020: €9.2 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 2021	(i)	357,337	35,575	25,702	332,872	218,957	970,443
Additions	(ii)	5,171	4,382	-	9,110	34,741	53,404
Impairments	(iii)	-	-	-	-	(5,067)	(5,067)
Gain on revaluation		-	-	3,822	-	-	3,822
Disposals		(1,655)	(57)	-	-	(645)	(2,357)
At 31 December 2021		360,853	39,900	29,524	341,982	247,986	1,020,245
Accumulated depreciation							
At 1 January 2021		-	(28,703)	-	(196,034)	(116,422)	(341,159)
Charge for financial year		-	(1,640)	-	(8,278)	(9,510)	(19,428)
Disposals		-	10	-	-	549	559
At 31 December 2021		-	(30,333)	-	(204,312)	(125,383)	(360,028)
Net book amounts							
At 31 December 2021		360,853	9,567	29,524	137,670	122,603	660,217
At 31 December 2020		357,337	6,872	25,702	136,838	102,535	629,284

Notes to the Financial Statements

	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	(ii)	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

Notes to the Financial Statements

B. Company

	Notes	Land €'000	Buildings €'000	Investment Properties €'000	Forest roads & bridges €'000	Machinery & equipment €'000	Total €'000
Cost							
At 1 January 2021	(i)	345,555	11,747	25,702	332,872	9,271	725,147
Additions		5,171	2,931	-	9,110	677	17,889
Gain on revaluation	(ii)	-	-	3,822	-	-	3,822
Disposals		(1,655)	(57)	-	-	(534)	(2,246)
At 31 December 2021		349,071	14,621	29,524	341,982	9,414	744,612
Accumulated depreciation							
At 1 January 2021		-	(5,009)	-	(196,034)	(7,581)	(208,624)
Charge for financial year		-	(243)	-	(8,278)	(544)	(9,065)
Disposals		-	10	-	-	439	449
At 31 December 2021		-	(5,242)	-	(204,312)	(7,686)	(217,240)
Net book amounts							
At 31 December 2021		349,071	9,379	29,524	137,670	1,728	527,372
At 31 December 2020		345,555	6,738	25,702	136,838	1,690	516,523

Notes to the Financial Statements

	Notes	Land €'000	Buildings €'000	Investment Properties €'000	Forest roads & bridges €'000	Machinery & equipment €'000	Total €'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	(ii)	(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

(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) The Group's tangible fixed assets include €59.7m (2020: €35.5m) of assets in the course of construction. In accordance with FRS102 depreciation of these additions has not yet commenced.
The Company's tangible fixed assets include €0.1m of assets in the course of construction. In accordance with FRS102 depreciation of these additions has not yet commenced.

(iii) The Group has reviewed the carrying value of certain tangible assets. As a consequence of the review, the Group has written down these assets to their recoverable amount by including an impairment charge of €5.1m (2020: €NIL) in the profit and loss account.

(iv) At 31 December 2021 €10.4 million (2020: €5.3 million) of total additions was unpaid and included within creditors due within one financial year.

Notes to the Financial Statements

The carrying value of land comprises:

	Group		Company	
	2021	2020	**2021**	2020
	€'000	€'000	**€'000**	€'000
Investment properties at fair value	**29,524**	25,702	**29,524**	25,702
Other land at cost	**360,853**	357,337	**349,071**	345,555
	390,377	383,039	**378,595**	371,257

The Group's investment properties predominantly comprise of land rented to wind-farm operators under long-term lease agreements. The fair value of the investment properties at 31 December 2021 was determined by the Directors using the independent valuations carried out by CBRE based on an open market valuation in accordance with the RICS Valuation – Global Standards (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 significant assumptions made relating to the valuation include:

• Future rental income stream. The rental income is partially contingent on the performance of the wind-farm.

• A yield range of 6.5% to 10.0% has been applied.

Investment properties: Group and Company

	2021	2020
	€'000	€'000
At 1 January	**25,702**	25,702
Surplus on revaluation	**3,822**	-
At 31 December	**29,524**	25,702

The historic cost of investment properties at 31 December 2021 was €0.5 million (2020: €0.5 million).

Notes to the Financial Statements

17. Biological assets

Group and Company

	Notes	**2021**	**2020**
		€'000	**€'000**
Cost			
At 1 January	(i)/(ii)	**933,491**	911,419
Additions		**32,872**	35,798
Depletion	(iii)	**(13,344)**	(13,726)
At 31 December		**953,019**	933,491
Accumulated impairment			
At 1 January		**(62,974)**	(62,974)
Provision for impairment	(iv)	**(2,389)**	-
At 31 December		**(65,363)**	(62,974)
Net book amounts			
At 31 December		**887,656**	870,517

(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 365,347 hectares of forestland in the Republic of Ireland and approximately 15,746 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 and has been recognised as part of exceptional costs in 2020.

(iv) The Group has reviewed the carrying value of its investment in certain biological assets. Following this review, the Group was written down the assets to their recoverable amount by including a total impairment charge of €2.4m in Group's profit and loss account, with €2.0m being an exceptional impairment and €0.4m being an impairment in the normal course of business.

Notes to the Financial Statements

18. Investments

Subsidiary undertakings, joint ventures and associates

A. Group

	Notes	2021 €'000	2020 €'000
Joint venture undertakings	(a)	**-**	-
Associate undertakings	(b)	**-**	13,895
		-	13,895

	Notes	2021 €'000	2020 €'000
(a) Investments in joint ventures			
At 1 January		**-**	-
Additions	(i)	**-**	-
Share in loss of joint venture	(ii)	**(350)**	-
Reclassification of joint venture to provisions (note 24)	(ii)	**350**	-
At 31 December		**-**	-

	Notes	2021 €'000	2020 €'000
(b) Investments in associates			
At 1 January		**13,895**	11,330
Additions	(iii)	**-**	3,055
Impairment of investment	(iv)	**(13,567)**	-
Share in loss of associates	(v)	**(573)**	(335)
Share in other comprehensive income / (expenses) of associates	(v)	**50**	(603)
Reclassification of associates to provisions (note 24)	(v)	**195**	448
At 31 December		**-**	13,895

Notes to the Financial Statements

(i) During the year, the Group entered into a joint venture with ESB to develop renewable energy projects. The joint venture entity is FuturEnergy Ireland Development DAC. The Group's equity investment in relation to this joint venture is €1 with shareholder loans of €19,531,000 having been extended to the FuturEnergy Ireland Development Holdings DAC. These loans are disclosed separately in note 20.

(ii) The Group's share of its joint venture losses amounted to €350,000 in 2021.

Where the Group's share of profits in a joint venture is positive, the carrying amount of the Group's investment in that joint venture is recognised in investments.

Where the Group's share of losses in a joint venture exceeds the Group's investment in the joint venture, the carrying amount of the Group's investment in that joint venture is reduced to €NIL and the remaining balance is recognised in provisions for liabilities. At 31 December 2021 the amount included in provisions for liabilities in relation to joint ventures amounted to €350,000 (2020: €NIL).

(iii) During 2020, the Group invested a further €3,055,000 in its combined investments.

(iv) The Group has reviewed the carrying value of certain investments. As a consequence of the review, the Group has written down these assets to their recoverable amount by including an impairment charge of €13.6m in the profit and loss account.

(v) The Group's share of its associates' losses amounted to €573,000 in 2021 (2020: €335,000) and its share of its associates' other comprehensive income amounted to €50,000 in 2021 (2020: expenses €603,000).

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 2021, investments in associates with a positive investment value amounted to €NIL (2020: €13,895,000).

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 2021 the amount included in provisions for liabilities in relation to associates amounted €746,000 (2020: €551,000).

Notes to the Financial Statements

B. Company

	Notes	Subsidiary undertakings €'000	Associate undertakings €'000	Total €'000
Unlisted shares				
At 1 January 2021 and 31 December 2021	(i)	**78,856**	**884**	**79,740**
At 1 January 2020 and 31 December 2020		78,856	884	79,740

(i) During the year, the Group entered into a joint venture with ESB to develop renewable energy projects. The joint venture entity is FuturEnergy Ireland Development DAC. The Group's equity investment in relation to this joint venture is €1 with shareholder loans of €19,531,000 having been extended to the FuturEnergy Ireland Development Holdings DAC. These loans are disclosed separately in note 20.

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, X91PX75, Ireland.
Medite Europe DAC	100	Medium density fibreboard (MDF) manufacture	Redmondstown, Clonmel, Co. Tipperary, E91V584, Ireland.
Medite Smartply UK Limited	100	MEDITE SMARTPLY marketing	Persimmon House, Anchor Boulevard, Crossways Business Park, Dartford, Kent, DA26QH, 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, F52PY66, Ireland.
FuturEnergy Ireland Development Holdings DAC	50	Wind energy	Riverside One, Sir John Rogerson's Quay, Dublin 2, D02X576, Ireland.

Associated Undertakings	% Held	Principal Activities	Registered Office and Country of Incorporation
Sliabh Bawn Wind Holdings DAC	37.5	Wind energy	Dublin Road, Newtownmountkennedy, Co. Wicklow, A63DN25, Ireland.
Tricoya Technologies Limited	11.3	Development and licencing of intellectual property	Brettenham House, 19 Lancaster Place, London, WC2E 7EN, UK.
Tricoya UK Limited	8.2	Production and sale of acetylated wood chips	Brettenham House, 19 Lancaster Place, London, WC2E 7EN, UK.

Member	% Held	Principal Activities	Registered Office and Country of Incorporation
Nature Partners CLG	n/a	Native forestry trust	Riverside One, Sir John Rogerson's Quay, Dublin 2, D02X576, Ireland.

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	
	2021	2020	**2021**	2020
	€'000	€'000	**€'000**	€'000
Raw materials and consumables	**5,673**	8,576	**747**	822
Spare parts	**4,916**	4,927	**-**	-
Finished goods	**23,106**	13,599	**3,182**	2,495
	33,695	27,102	**3,929**	3,317

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	
	2021	2020	**2021**	2020
	€'000	€'000	**€'000**	€'000
Trade debtors	**62,717**	36,926	**28,564**	16,490
Amounts owed by subsidiary undertakings	**-**	-	**82,268**	68,911
Amounts owed by associate undertakings	**-**	1,355	**12,055**	14,795
Amounts owed by joint venture undertakings (note 18)	**19,531**	-	**19,531**	-
Forest plantations to be planted (note 24)	**24,394**	30,590	**24,394**	30,590
Deferred tax (note 24)	**1,335**	3,597	**1,332**	1,985
Derivative financial instruments (note 23)	**8**	201	**-**	48
Grants receivable	**426**	441	**426**	441
Other debtors	**6,759**	44,193	**6,677**	44,148
Prepayments	**4,700**	2,670	**2,279**	1,726
	119,870	119,973	**177,526**	179,134

Trade debtors are stated after provisions for impairment of €1,657,000 (2020: €2,546,000).
Amounts owed by subsidiary, joint venture 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	
	2021	2020	**2021**	2020
	€'000	€'000	**€'000**	€'000
Trade creditors	**13,606**	10,393	**9,480**	7,762
Taxation and social insurance	**5,419**	4,384	**2,474**	2,644
Accruals	**62,435**	55,476	**26,170**	23,592
Derivative financial instruments (note 23)	**1,652**	324	**458**	36
Amounts owed to subsidiary undertakings	**-**	-	**6,092**	76,001
Amounts owed to associate undertakings	**1,385**	-	**-**	-
Amounts owed to joint venture undertakings	**73**	33	**73**	33
	84,570	70,610	**44,747**	110,068

	Group		Company	
	2021	2020	**2021**	2020
	€'000	€'000	**€'000**	€'000
Taxation and social insurance comprise:				
PAYE/PRSI	**2,257**	2,161	**873**	939
VAT	**2,425**	1,161	**985**	243
Corporation and capital gains tax	**92**	569	**(16)**	981
Other	**645**	493	**632**	481
	5,419	4,384	**2,474**	2,644

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 €3,783,000 (2020: €2,332,000) 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, joint venture and associate 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	
	2021	2020	**2021**	2020
	€'000	€'000	**€'000**	€'000
Loans, all repayable after more than five years	**90,000**	89,780	**90,000**	89,780

Loans and other debt comprises:

	Group		Company	
	2021	2020	**2021**	2020
	€'000	€'000	**€'000**	€'000
Details of loans and other debt				
EIB facility	**90,000**	90,000	**90,000**	90,000
Transaction costs deferred	**-**	(220)	**-**	(220)
	90,000	89,780	**90,000**	89,780

Group Facilities

	Available Facility	Drawn Down as at 31 December 2021
	€'m	€'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 (2020: €95m) as at 31 December 2021.

Notes to the Financial Statements

23. Financial instruments

A. Financial assets and liabilities:	Group		Company	
	2021	2020	**2021**	2020
	€'000	€'000	**€'000**	€'000
Financial assets measured at fair value through profit or loss:				
Forward foreign currency contracts	**8**	201	**-**	48
Financial assets that are debt instruments measured at amortised cost:				
Trade debtors (note 20)	**62,717**	36,926	**28,564**	16,490
Amounts owed by subsidiary undertakings (note 20)	**-**	-	**82,268**	68,911
Amounts owed by joint venture undertakings (note 20)	**19 ,531**	-	**19,531**	-
Amounts owed by associate undertakings (note 20)	**-**	1,355	**12,055**	14,795
Other debtors (note 20)	**6,759**	44,193	**6,677**	44,148
Grants receivable (note 20)	**426**	441	**426**	441
	89,433	82,915	**149,521**	144,785
Financial liabilities measured at fair value through profit or loss:				
Forward foreign currency contracts	**(1,652)**	(324)	**(458)**	(36)
Financial liabilities that are debt instruments measured at amortised costs:				
Trade creditors (note 21)	**(13,606)**	(10,393)	**(9,480)**	(7,762)
Amounts owed to subsidiary undertakings (note 21)	**-**	-	**(6,092)**	(76,001)
Amounts owed to associate undertakings (note 21)	**(1,385)**	-	**-**	-
Amounts owed to joint venture undertakings (note 21)	**(73)**	(33)	**(73)**	(33)
Loans (note 22)	**(90,000)**	(89,780)	**(90,000)**	(89,780)
	(105,064)	(100,206)	**(105,645)**	(173,576)

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 2021, all of the outstanding vanilla forward contracts will mature within 12 months (2020: 12 months) of the financial year end, with €72.2m to mature in 2022. The Group is contracted to sell Stg £61.9 million (2020: Stg £34.0 million) and receive a fixed euro amount in return.

As at 31 December 2021 the Group had average rate forward contracts outstanding for a notional amount of Stg £29.5 million (2020: Stg £13.8 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 2021, the forward foreign currency contracts have a negative fair value of €620,000 (2020: €915,000 positive). During 2021, a hedging loss of €167,000 (2020: €524,000 gain) was recognised in the statement of other comprehensive income for changes in the fair value of the forward foreign currency contracts and a loss of €919,000 (2020: €1,397,000 gain) 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 2021, 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 Stg £29.5 million (2020: Stg £13.8 million), where the Company will pay the difference of the average exchange rate based on known observations and the strike price. At 31 December 2021, the forward foreign currency contracts have a negative fair value of €0.5m (2020: €NIL).

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	Joint venture undertakings	Associate undertakings	Legal and other provisions	Deferred tax	Total
	€'000	€'000	€'000	€'000	€'000	€'000
At 1 January 2021	**30,590**	**-**	**551**	**3,762**	**8,400**	**43,303**
Additions	**16,239**	**350**	**195**	**506**	**3,429**	**20,719**
Amounts charged against the provision	**(22,435)**	**-**	**-**	**(546)**	**-**	**(22,981)**
Unused amounts reversed	**-**	**-**	**-**	**(361)**	**-**	**(361)**
Unwind of discount	**-**	**-**	**-**	**23**	**-**	**23**
At 31 December 2021	**24,394**	**350**	**746**	**3,384**	**11,829**	**40,703**
At 1 January 2020	37,478	-	103	3,670	9,224	50,475
Additions	16,420	-	448	1,106	-	17,974
Amounts charged against the provision	(23,308)	-	-	(866)	(824)	(24,998)
Unused amounts reversed	-	-	-	(170)	-	(170)
Unwind of discount	-	-	-	22	-	22
31 December 2020	30,590	-	551	3,762	8,400	43,303

Notes to the Financial Statements

B. Company

	Provision for replanting clear felled forest plantations	Legal and other provisions	Deferred tax	Total
	€'000	€'000	€'000	€'000
At 1 January 2021	**30,590**	**907**	**8,348**	**39,845**
Additions	**16,239**	**13**	**1,261**	**17,513**
Amounts charged against the provision	**(22,435)**	**(406)**	**-**	**(22,841)**
At 31 December 2021	**24,394**	**514**	**9,609**	**34,517**
At 1 January 2020	37,478	1,156	8,348	46,982
Additions	16,420	170	-	16,590
Amounts charged against the provision	(23,308)	(419)	-	(23,727)
At 31 December 2020	30,590	907	8,348	39,845

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.

Notes to the Financial Statements

Deferred tax

The deferred tax in the balance sheet is as follows:

	Group		Company	
	2021	2020	**2021**	2020
	€'000	€'000	**€'000**	€'000
Included in debtors (note 20)	**1,335**	3,597	**1,332**	1,985
Included in provisions for liabilities (note 24)	**(11,829)**	(8,400)	**(9,609)**	(8,348)
	(10,494)	(4,803)	**(8,277)**	(6,363)

The net deferred tax liability comprises:

	Group		Company	
	2021	2020	**2021**	2020
	€'000	€'000	**€'000**	€'000
Losses carried forward	**-**	3,504	**-**	-
Accelerated capital allowances	**(1,452)**	(2,218)	**-**	-
Defined benefit pension	**(200)**	1,456	**519**	1,172
Derivative financial instruments	**(46)**	(13)	**-**	-
Revaluation of investment properties	**(9,609)**	(8,348)	**(9,609)**	(8,348)
Other timing difference	**813**	816	**813**	813
	(10,494)	(4,803)	**(8,277)**	(6,363)

Notes to the Financial Statements

25. Deferred government grants

Group & Company

The deferred tax in the balance sheet is as follows:

	Forestation €'000	Forest roads €'000	Other €'000	Total €'000
At 1 January 2021	**100,832**	**21,448**	**119**	**122,399**
Movement during the year	**(15)**	**219**	**-**	**204**
	100,817	**21,667**	**119**	**122,603**
Amortised during the year	**(848)**	**(990)**	**(5)**	**(1,843)**
At 31 December 2021	**99,969**	**20,677**	**114**	**120,760**
At 1 January 2020	101,562	22,377	125	124,064
Additions/disposals 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

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 10 or 20 years after the date of payment of the grant, failing which all grant monies or part thereof may be refundable.

Notes to the Financial Statements

26. Called up share capital

	2021 €'000	2020 €'000
Ordinary shares of €1.26 each Authorised – 1,000,000,000 shares	**1,260,000**	1,260,000
Allocated, issued and fully paid – 631,000,000 shares 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.

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 €19.4 million (2020: €16.9 million) of unrealised gains representing a gain on the revaluation of investment properties of €29.0 million (2020: €25.2 million) and a related deferred tax provision of €9.6 million (2020: €8.3 million). Up until such time as these are realised, these unrealised gains cannot be distributed to the shareholders by the Company.

Notes to the Financial Statements

28. Future capital expenditure not provided for

	2021	2020
	€'000	€'000
Contracted for	**24,463**	26,403
Authorised by the Directors but not contracted for	**58,336**	68,826
At 31 December	**82,799**	95,229

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	
	2021	2020	2021	2020
	€'000	€'000	€'000	€'000
Payments due:				
Within one financial year	**2,348**	2,021	**2,089**	1,796
Between two and five financial years	**6,259**	5,886	**5,994**	5,448
Over five financial years	**10,201**	8,281	**10,201**	8,281
	18,808	16,188	**18,284**	15,525

Included within the commitments, Smartply Europe DAC (Smartply) 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. Smartply has an option to terminate the lease on 25 July 2024. Smartply 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 2021, Smartply was committed to making an annual payment of €112,000 (2020: €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 wind-farm operators as investment properties as disclosed in note 16. The Group's significant lease arrangements have remaining terms of c.20 financial years. In addition to a minimum rent, the Group may receive a contingent rent based on the performance of individual wind-farms. 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	
	2021	2020
	€'000	€'000
Receipts due:		
Within one financial year	**2,740**	2,724
Between two and five financial years	**11,842**	11,239
Over five financial years	**49,584**	46,188
	64,166	60,151

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 2021, the maximum amount that the Group can be required to purchase is €9,351,665.

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	2021 €'000	2020 €'000
Profit for the financial year		**117,089**	21,640
Adjustments for:			
Amortisation of intangible assets	15	**1,825**	2,035
Depreciation of tangible assets	16	**19,428**	20,625
Profit on disposals of tangible assets	10	**(13,427)**	(8,774)
Gain on revaluation of investment properties	16	**(3,822)**	-
Other exceptional items	9	**23,457**	1,278
Profit on sale of wind farm development portfolio	9	**(30,251)**	-
Depletion of biological assets	17	**13,344**	13,200
Impairment of biological assets (non-exceptional)	17	**389**	-
Amortisation of grants	25	**(1,843)**	(1,757)
Share of associate losses	18	**573**	335
Share of joint venture losses	18	**350**	-
Interest payable	11	**1,570**	1,323
Interest receivable	11	**(1)**	(11)
Other finance costs	11	**474**	661
Taxation	13	**14,911**	3,859
Movement in provisions for liabilities[1]		**(378)**	92
Difference between pension charge and cash contributions		**(722)**	(3,832)
Working capital movements:			
Increase in stock		**(6,593)**	(3,168)
Increase in debtors[2]		**(23,459)**	(11,713)
Increase in creditors[3]		**7,022**	3,548
Net cash inflow from operating activities before taxation paid		**119,936**	39,431

[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 joint venture and associate undertakings, forest plantations to be planted, deferred tax asset, the change in fair value of derivative financial instruments (assets) recognised in the statement of other comprehensive income and renewable energy deferred costs treated as part of disposal in 2021.

[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. Interest paid

	2021 €'000	2020 €'000
Interest payable (note 11)	**1,570**	1,323
Interest receivable (note 11)	**(1)**	(11)
Movement on interest accruals	**4**	52
	1,573	1,364

C. Analysis of movement in net debt

	Balance 1 Jan €'000	Cash Flows €'000	Balance 31 Dec €'000
Cash at bank	61,348	**59,723**	121,071
Loans	(89,780)	**(220)**	(90,000)
	(28,432)	**59,503**	31,071

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

	2021 €'000	2020 €'000
Increase/(decrease) in cash in the financial year	**59,723**	(32,169)
Cash outflow on bank loans	**(220)**	(244)
	59,503	(32,413)
(Net debt)/funds at the beginning of the financial year	**(28,432)**	3,981
Net funds/(net debt) at the end of the financial year	**31,071**	(28,432)

Notes to the Financial Statements

32 . Note to Company Statement of Cash Flows

Reconciliation of profit to net cash inflow from operating activities

	Notes	2021 €'000	2020 €'000
Profit for the financial year		**149,003**	21,775
Adjustments for:			
Amortisation of intangible assets	15	**1,816**	1,959
Depreciation of tangible assets	16	**9,065**	9,203
Profit on disposals of tangible assets	10	**(13,317)**	(8,860)
Gain on revaluation of investment properties	16	**(3,822)**	-
Other exceptional items (non-cash)		**4,824**	1,278
Profit on sale of wind farm development portfolio	9	**(30,251)**	-
Dividends received from subsidiary undertakings		**(70,000)**	-
Depletion of biological assets	17	**13,344**	13,200
Impairment of biological assets (non-exceptional)	17	**389**	-
Amortisation of grants	25	**(1,843)**	(1,757)
Interest payable		**1,494**	1,308
Interest receivable		**(1)**	(9)
Other finance costs		**426**	635
Taxation		**6,249**	3,050
Movement in provisions for liabilities[1]		**(393)**	(249)
Difference between pension charge and cash contributions		**(329)**	(3,300)
Working capital movements:			
(Increase)/decrease in stock		**(612)**	356
Increase in debtors[2]		**(8,219)**	(13,459)
Increase/(decrease) in creditors[3]		**5,458**	(7,362)
Net cash inflow from operating activities before taxation paid		**63,281**	17,768

[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, joint venture and associate undertakings, forest plantations to be planted, deferred tax asset, the change in fair value of derivative financial instruments (assets) recognised in the statement of other comprehensive income and renewable energy deferred costs treated as part of disposal in 2021.

[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 31 March 2022.

TCFD REFERENCE

The Task Force on Climate-Related Financial Disclosures (TCFD) was created in 2015 by the Financial Stability Board (FSB) to develop consistent climate-related financial risk disclosures for use by companies, banks, and investors in providing information to stakeholders. Increasing the amount of reliable information on financial institutions' exposure to climate-related risks and opportunities will strengthen the stability of the financial system, contribute to greater understanding of climate risks and facilitate financing the transition to a more stable and sustainable economy.

Below is a reference table, listing where recommended disclosures have been referenced throughout Coillte's Annual Report.

TCFD Elements	TCFD Recommended Disclosures	Referenced
Governance	a. Board Oversight	Page 13-14 (Chair's Statement)
		Page 72-73
	b. Management's Role	Page 16 – 21 (Chief Executive's Review)
		Page 72-73
Strategy	a. Climate-Related Risks And Opportunities	Page 16-21 (Chief Executive's Review)
		Page 22-25
		Page 26
		Page 39-44
		Page 55-61
		Page 71-85
	b. Impact On The Organisations Businesses, Strategy, And Financial Planning	This Will Be Developed In 2023
	c. Resilience Of The Organisations Strategy	Page 16-21 (Chief Executive's Review)
		Page 22-25 (Strategic Vision)
		The Resilience Of The Organisations Strategy Will Be Developed Further During 2022 And 2023
Risk Management	a. Risk Identification & Assessment Process	Page 80-83 (Materiality Assessment)
	b. Risk Management Process	Page 95-110
	c. Integration Into Overall Risk Management	Page 95-110
Metrics & Targets	a. Climate-Related Metrics In Line With Strategy And Risk Management Process	To Be Developed During 2022 And 2023
	b. Scope 1, 2, 3 Ghg Metrics And Related Risks	To Be Developed During 2022 And 2023
	c. Climate-Related Targets And Performance Against Targets	To Be Developed During 2022 And 2023

Corporate Information

Registered Office

Dublin Road,
Newtownmountkennedy,
Co. Wicklow.

Company Secretary

Deirdre Coleman

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.
A63DN25
Tel: 1890 367 378
Fax: +353 1 2011199

Smartply Europe DAC

Belview,
Slieverue,
Waterford,
X91PX75.
Tel: +353 51 851233
Fax: +353 51851130

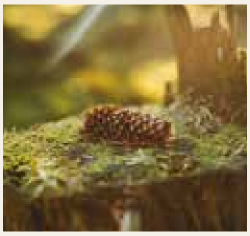
Medite Europe DAC

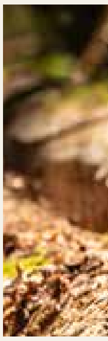
Redmondstown,
Clonmel,
Co. Tipperary.
E91V584
Tel: +353 52 6182300
Fax: +353 52 6121815

Medite Smartply UK Ltd

Persimmon House,
Anchor Boulevard,
Crossways Business Park
Dartford,
Kent DA2 6QH,
England.
Tel: +44 1322 424900
Fax: +44 1322 424920

COILLTE





Dublin Road,
Newtownmountkennedy,
Co. Wicklow,
Ireland.

T: 1890 367 378
E: info@coillte.ie
W: www.coillte.ie

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