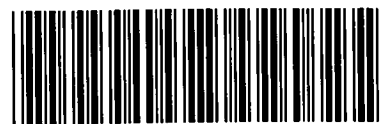


**GRAPHIC PACKAGING INTERNATIONAL FOODSERVICE EUROPE
LIMITED**

ANNUAL REPORT AND FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2021

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GRAPHIC PACKAGING INTERNATIONAL FOODSERVICE EUROPE LIMITED

COMPANY INFORMATION

Directors	Lauren Tashma Jean-Francois Roche Stephen Richard Sherger Eveline Maria Van De Rovaart , resigned 4 November 2022)
Registered number	00497043
Registered office	Units 10 & 11 Navigation Park Road One Winsford Cheshire CW7 3RL
Independent auditors	PricewaterhouseCoopers LLP Central Square 29 Wellington Street Leeds LS1 4DL
Bankers	J.P. Morgan Chase & Co 25 Bank Street London E14 5JP Bank of America 2 King Street London EC1A 1HQ
Solicitors	Shoosmiths 2 Colmore Square 38 Colmore Circus Queensway Birmingham B4 6BJ

GRAPHIC PACKAGING INTERNATIONAL FOODSERVICE EUROPE LIMITED

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GRAPHIC PACKAGING INTERNATIONAL FOODSERVICE EUROPE LIMITED

STRATEGIC REPORT FOR THE YEAR ENDED 31 DECEMBER 2021

The directors present their strategic report on the affairs of the company for the year ended 31 December 2021. The directors, in preparing this report, have complied with s414c of the Companies Act 2006.

Business review and future developments

The principal activity of the company continues to be that of the manufacture and sale of disposable paper products for the food industry.

In 2021 sales increased by 9%, and the overall loss before taxation for the year decreased by 12%. The increase in sales during 2021 is owing to a full 12 month trading position in comparison to 2020 when the plant was closed for a period due to the Covid 19 pandemic.

We continuously seek to improve our operating performance with an emphasis on health and safety, asset performance and operating costs.

During 2022 the company intends to focus primarily on its core markets. All industry data indicates demand for foodservice packaging throughout Europe will increase over the coming years. The company intends to focus on maximising their share of this sector growth.

Financial key performance indicators

The key financial and other performance indicators during the year were as follows:-

	2021 £'000	2020 £'000	Change %
Turnover	7,177	6,603	9%
EBITDA	-113	-249	-55%
Loss for the financial year	-618	-703	-12%
Net assets	3,879	4,497	-14%
Average number of employees	36	34	6%

GRAPHIC PACKAGING INTERNATIONAL FOODSERVICE EUROPE LIMITED

**STRATEGIC REPORT (CONTINUED)
FOR THE YEAR ENDED 31 DECEMBER 2021**

Principal risks and uncertainties

The process of risk management is addressed through a framework of policies, procedures and internal controls. Compliance with regulation, legal and ethical standards is a high priority for the company and management take on an important oversight role in this regard.

While COVID 19 has impacted operations in 2021, the health & safety of our workforce and continuation of supply to our customers has been our focus. The company has been able to adapt its procedures to ensure production continues whilst adhering to government guidelines. Debtors have been managed tightly to ensure the risk of bad debts is mitigated, however we continue to monitor all customers more closely by understanding the industry sector they supply.

Some reliance is placed on the supply of products from the USA and the associated lead times to fulfil customer demand.

Price risk

The company is exposed to commodity price risk as a result of its operations. However, given the size of the operations and the nature of the price risks this risk is managed through normal procurement processes within the business. The directors will revisit appropriateness of this policy should the price risks change in size or nature.

Competitive Pressure

Competitive pressure in the UK and Europe is a continuing risk for the company, which could result in it losing turnover. To manage this risk, the company strives to provide added-value products and services to its customers, utilising lean manufacturing processes, with regular capital expenditure in state of the art equipment, prompt response times in the supply of products and services and in the handling of customer queries, and through the maintenance of strong relationships with customers.

Liquidity risk

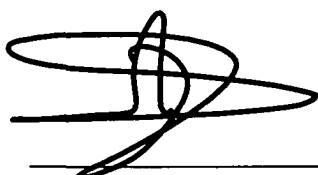
The company has entered into an agreement with its parent company to fund the company with long term debt finance that is designated to ensure the company has sufficient available funds for future operations (see Going Concern and the European cash pool facility).

Foreign exchange transactional currency exposure

The company is exposed to currency exchange rate risks due to a proportion of its payables and receivables being denominated in non-Sterling currencies. The net exposure of each currency is monitored and managed by using foreign currency loans or overdrafts and these risks are not deemed to be material.

This report was approved by the board on 20 December 2022 and signed on its behalf.

Jean-Francois Roche
Director



GRAPHIC PACKAGING INTERNATIONAL FOODSERVICE EUROPE LIMITED

**DIRECTORS' REPORT
FOR THE YEAR ENDED 31 DECEMBER 2021**

The directors present their report and the audited financial statements for the year ended 31 December 2021.

Principal activities

Graphic Packaging International Foodservice Europe Limited is a limited company incorporated in the UK.

The principal activity of the company is the manufacture and sale of disposable paper products for the food industry.

Business review

The directors are satisfied with the results for the year. Equipment investment made in 2021 will enable the business to expand the industry sectors it supplies going forward and improve the prospects for the coming years.

Results and dividends

The loss for the year, after taxation, amounted to £618k (2020 - loss £703k).

The directors do not recommend payment of a dividend (2020 - £nil).

Going concern

The company has historically made an operating loss but the levels of EBITDA mean that the business generates cash before investing activities. Despite the challenges of COVID 19 the business, whose products are principally used by suppliers to the retail food industry, has traded well through 2021 and 2022 to date.

The company has moved from its own separate banking arrangements during 2020 to depositing sterling amount held and generated by the company into the group's European cash pool. These amounts and further funding if required are available for the company to draw down on demand. The company has no external debt. The directors have considered the profit projections and cash flow forecasts for a period of 12 months from the date of signing of these financial statements. The expectation is that the company will continue to contribute to the European cash pool over that time frame but due to the fluctuations of its working capital cycle and investments in new plant there may be periods where the company needs access to the amounts deposited in the European cash pool.

The formal cash pooling agreement gives the company the right to borrow sums from the European cash pool instead of arranging an external bank overdraft. The company has also obtained a letter of support from its ultimate parent which would give access to additional funds in the unlikely event that the funds in the European pool can not be accessed as expected or are not sufficient to enable amounts to be borrowed.

Interest rates are not expected to have a significant impact on the total Graphic Packaging Corporation. Inflation has been significant in 2022 and further is expected in 2023. The majority of raw material inflation has been recovered to date. Other inflationary pressures are mitigated by operational savings. Energy inflation is significant and is also expected to be recovered. Energy reduction initiatives have been started and further opportunities explored. Our supply chain has not experienced any direct impact as a result of the Ukraine war other than global inflation.

In assessing the ability of the ultimate parent to support the company if needed the directors have received and reviewed a copy of the group management's going concern assessments which are produced as each set of quarterly results are released to the US market in accordance with ASC 205-40-50. The directors note that the US parent has considerable net current assets and very high levels of liquidity due to a combination of cash reserves and access to undrawn but committed facilities.

Given the above the directors have a reasonable expectation that the company has adequate resources and if

**DIRECTORS' REPORT (CONTINUED)
FOR THE YEAR ENDED 31 DECEMBER 2021**

needed further financial support to continue in operational existence for the foreseeable future. Thus, the financial statements have been prepared on a going concern basis.

Directors' responsibilities statement

The directors are responsible for preparing the Annual report and the audited financial statements in accordance with applicable law and regulations.

Company law requires the directors to prepare audited financial statements for each financial year. Under that law the directors have elected to prepare the audited financial statements in accordance with applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice), including Financial Reporting Standard 102 'The Financial Reporting Standard applicable in the UK and Republic of Ireland'. Under company law the directors must not approve the audited financial statements unless they are satisfied that they give a true and fair view of the state of affairs of the Company and of the profit or loss of the Company for that period.

In preparing these audited financial statements, the directors are required to:

- select suitable accounting policies for the Company's financial statements and then apply them consistently;
- make judgments and accounting estimates that are reasonable and prudent;
- state whether applicable UK Accounting Standards have been followed, subject to any material departures disclosed and explained in the financial statements;
- prepare the audited financial statements on the going concern basis unless it is inappropriate to presume that the Company will continue in business.

The directors are responsible for keeping adequate accounting records that are sufficient to show and explain the Company's transactions and disclose with reasonable accuracy at any time the financial position of the Company and to enable them to ensure that the audited financial statements comply with the Companies Act 2006. They are also responsible for safeguarding the assets of the Company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

Directors

The directors who served during the year were:

Lauren Tashma
Jean-Francois Roche
Stephen Richard Sherger
Eveline Maria Van De Roovaart , resigned 4 November 2022)

Future developments

Details of future developments can be found in the Strategic Report on page 2 and form part of this report by cross-reference.

GRAPHIC PACKAGING INTERNATIONAL FOODSERVICE EUROPE LIMITED

DIRECTORS' REPORT (CONTINUED)
FOR THE YEAR ENDED 31 DECEMBER 2021

Disclosure of information to auditors

Each of the persons who are directors at the time when this Directors' Report is approved has confirmed that:

- so far as the director is aware, there is no relevant audit information of which the Company's auditors are unaware, and
- the director has taken all the steps that ought to have been taken as a director in order to be aware of any relevant audit information and to establish that the Company's auditors are aware of that information.

Independent Auditors

The auditors, PricewaterhouseCoopers LLP, will be proposed for reappointment in accordance with section 485 of the Companies Act 2006.

This report was approved by the board on 20 December 2022 and signed on its behalf.

Jean-Francois Roche
Director



Independent auditors' report to the members of Graphic Packaging International Foodservice Europe Limited

Report on the audit of the financial statements

Opinion

In our opinion, Graphic Packaging International Foodservice Europe Limited's financial statements:

- give a true and fair view of the state of the company's affairs as at 31 December 2021 and of its loss for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards, comprising FRS 102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland", and applicable law); and
- have been prepared in accordance with the requirements of the Companies Act 2006.

We have audited the financial statements, included within the Annual report and financial statements (the "Annual Report"), which comprise: the balance sheet as at 31 December 2021; the profit and loss account and the statement of changes in equity for the year then ended; and the notes to the financial statements, which include a description of the significant accounting policies.

Basis for opinion

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

Independence

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

Conclusions relating to going concern

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

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.

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

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

Reporting on other information

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

Independent auditors' report to the members of Graphic Packaging International Foodservice Europe Limited (continued)

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

With respect to the Strategic report and Directors' report, we also considered whether the disclosures required by the UK Companies Act 2006 have been included.

Based on our work undertaken in the course of the audit, the Companies Act 2006 requires us also to report certain opinions and matters as described below.

Strategic report and Directors' report

In our opinion, based on the work undertaken in the course of the audit, the information given in the Strategic report and Directors' report for the year ended 31 December 2021 is consistent with the financial statements and has been prepared in accordance with applicable legal requirements.

In light of the knowledge and understanding of the company and its environment obtained in the course of the audit, we did not identify any material misstatements in the Strategic report and Directors' report.

Responsibilities for the financial statements and the audit

Responsibilities of the directors for the financial statements

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

In preparing the financial statements, the directors are responsible for 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 the directors either intend to liquidate the company or to cease operations, or have no realistic alternative but to do so.

Auditors' responsibilities for the audit of the financial statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditors' report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs (UK) 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.

Irregularities, including fraud, are instances of non-compliance with laws and regulations. We design procedures in line with our responsibilities, outlined above, to detect material misstatements in respect of irregularities, including fraud. The extent to which our procedures are capable of detecting irregularities, including fraud, is detailed below.

Based on our understanding of the company and industry, we identified that the principal risks of non-compliance with laws and regulations related to UK tax legislation, health and safety legislation and employment law, and we considered the extent to which non-compliance might have a material effect on the financial statements. We also considered those laws and regulations that have a direct impact on the financial statements such as the Companies Act 2006.

Independent auditors' report to the members of Graphic Packaging International Foodservice Europe Limited (continued)

We evaluated management's incentives and opportunities for fraudulent manipulation of the financial statements (including the risk of override of controls), and determined that the principal risks were related to posting journal entries to manipulate financial performance, management bias through judgements and assumptions in significant accounting estimates and significant one-off or unusual transactions. Audit procedures performed by the engagement team included:

- discussions with management and those charged with governance, including consideration of known or suspected instances of non-compliance with laws and regulations and fraud;
- evaluation of management's controls designed to prevent and detect fraudulent financial reporting;
- testing accounting estimates that we deemed to present a risk of material misstatement, including assessing the data, methods and assumptions applied by management in the development of each estimate;
- identifying and testing journal entries using a risk-based targeting approach for unexpected account combinations or unusual words or phrases in the journal description; and
- reviewing financial statement disclosures and testing to supporting documentation, where appropriate, to assess compliance with applicable laws and regulations.

There are inherent limitations in the audit procedures described above. We are less likely to become aware of instances of non-compliance with laws and regulations that are not closely related to events and transactions reflected in the financial statements. Also, the risk of not detecting a material misstatement due to fraud is higher than the risk of not detecting one resulting from error, as fraud may involve deliberate concealment by, for example, forgery or intentional misrepresentations, or through collusion.

A further description of our responsibilities for the audit of the financial statements is located on the FRC's website at: www.frc.org.uk/auditorsresponsibilities. This description forms part of our auditors' report.

Use of this report

This report, including the opinions, has been prepared for and only for the company's members as a body in accordance with Chapter 3 of Part 16 of the Companies Act 2006 and for no other purpose. We do not, in giving these opinions, accept or assume responsibility for any other purpose or to any other person to whom this report is shown or into whose hands it may come save where expressly agreed by our prior consent in writing.

Other required reporting

Companies Act 2006 exception reporting

Under the Companies Act 2006 we are required to report to you if, in our opinion:

- we have not obtained all the information and explanations we require for our audit; or
- adequate accounting records have not been kept by the company, or returns adequate for our audit have not been received from branches not visited by us; or
- certain disclosures of directors' remuneration specified by law are not made; or
- the financial statements are not in agreement with the accounting records and returns.

We have no exceptions to report arising from this responsibility.



Tom Yeates (Senior Statutory Auditor)
for and on behalf of PricewaterhouseCoopers LLP
Chartered Accountants and Statutory Auditors
Leeds

20 December 2022

GRAPHIC PACKAGING INTERNATIONAL FOODSERVICE EUROPE LIMITED

PROFIT AND LOSS ACCOUNT FOR THE YEAR ENDED 31 DECEMBER 2021

	Note	2021 £000	2020 £000
Turnover	4	7,177	6,603
Cost of sales		(6,650)	(5,745)
Gross profit		527	858
Administrative expenses		(1,145)	(1,562)
Operating loss	5	(618)	(704)
Interest receivable and similar income	8	-	1
Loss before tax		(618)	(703)
Loss for the financial year		(618)	(703)

All activity has arisen from continuing operations. The company has no recognised gains or losses in either year other than the loss for that year as shown above. Accordingly a separate statement of comprehensive income has not been presented.

GRAPHIC PACKAGING INTERNATIONAL FOODSERVICE EUROPE LIMITED
REGISTERED NUMBER: 00497043

BALANCE SHEET
AS AT 31 DECEMBER 2021

	Note	2021 £000	2020 £000
Fixed assets			
Tangible assets	10	3,089	3,040
		<u>3,089</u>	<u>3,040</u>
Current assets			
Stocks	11	2,166	2,013
Debtors: amounts falling due after more than one year	12	251	251
Debtors: amounts falling due within one year	12	915	623
Cash at bank and in hand		2,643	1,474
		<u>5,975</u>	<u>4,361</u>
Creditors: amounts falling due within one year	13	(5,185)	(2,904)
Net current assets		<u>790</u>	<u>1,457</u>
Total assets less current liabilities		<u>3,879</u>	<u>4,497</u>
Net assets		<u><u>3,879</u></u>	<u><u>4,497</u></u>
Capital and reserves			
Called up share capital	15	3,439	3,439
Profit and loss account		440	1,058
Total equity		<u><u>3,879</u></u>	<u><u>4,497</u></u>

The financial statements on pages 9 to 23 were approved and authorised for issue by the board and were signed on its behalf on 20 December 2022.

Jean-Francois Roche
Director

The notes on pages 12 to 23 form part of these financial statements.



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**STATEMENT OF CHANGES IN EQUITY
FOR THE YEAR ENDED 31 DECEMBER 2021**

	Called up share capital £000	Profit and loss account £000	Total equity £000
At 1 January 2020	3,439	1,761	5,200
Comprehensive expense for the year			
Loss for the year	-	(703)	(703)
Total comprehensive expense for the year	-	(703)	(703)
At 31 December 2020	3,439	1,058	4,497
Comprehensive expense for the year			
Loss for the year	-	(618)	(618)
Total comprehensive expense for the year	-	(618)	(618)
At 31 December 2021	3,439	440	3,879

GRAPHIC PACKAGING INTERNATIONAL FOODSERVICE EUROPE LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2021**

1. General information

Graphic Packaging International Foodservice Europe Limited (the Company) is a private Company limited by shares incorporated in the United Kingdom under the Companies Act 2006 and is registered in England and Wales (or Wales). The address of the Company's registered office is shown on page 1.

2. Accounting policies

2.1 Basis of preparation of financial statements

The financial statements have been prepared under the historical cost convention unless otherwise specified within these accounting policies and in accordance with Financial Reporting Standard 102, the Financial Reporting Standard applicable in the UK and the Republic of Ireland and the Companies Act 2006.

The preparation of financial statements in compliance with FRS 102 requires the use of certain critical accounting estimates. It also requires management to exercise judgment in applying the Company's accounting policies (see note 3).

The following principal accounting policies have been applied:

2.2 Going concern

The company has historically made an operating loss but the levels of EBITDA mean that the business generates cash before investing activities. Despite the challenges of COVID 19 the business, whose products are principally used by suppliers to the retail food industry, has traded well through 2021 and 2022 to date.

The company has moved from its own separate banking arrangements during 2020 to depositing sterling amount held and generated by the company into the group's European cash pool. These amounts and further funding if required are available for the company to draw down on demand. The company has no external debt. The directors have considered the profit projections and cash flow forecasts for a period of 12 months from the date of signing of these financial statements. The expectation is that the company will continue to contribute to the European cash pool over that time frame but due to the fluctuations of its working capital cycle and investments in new plant there may be periods where the company needs access to the amounts deposited in the European cash pool.

The formal cash pooling agreement gives the company the right to borrow sums from the European cash pool instead of arranging an external bank overdraft. The company has also obtained a letter of support from its ultimate parent which would give access to additional funds in the unlikely event that the funds in the European pool can not be accessed as expected or are not sufficient to enable amounts to be borrowed.

Interest rates are not expected to have a significant impact on the total Graphic Packaging Corporation. Inflation has been significant in 2022 and further is expected in 2023. The majority of raw material inflation has been recovered to date. Other inflationary pressures are mitigated by operational savings. Energy inflation is significant and is also expected to be recovered. Energy reduction initiatives have been started and further opportunities explored. Our supply chain has not experienced any direct impact as a result of the Ukraine war other than global inflation.

In assessing the ability of the ultimate parent to support the company if needed the directors have received and reviewed a copy of the group management's going concern assessments which are produced as each set of quarterly results are released to the US market in accordance with ASC 205-40-50. The directors note that the US parent has considerable net current assets and very high levels of liquidity due to a combination of cash reserves and access to undrawn but committed facilities.

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2021**

2. Accounting policies (continued)

2.2 Going concern (continued)

Given the above the directors have a reasonable expectation that the company has adequate resources and if needed further financial support to continue in operational existence for the foreseeable future. Thus, the financial statements have been prepared on a going concern basis.

2.3 Foreign currency translation

Functional and presentation currency

The Company's functional and presentational currency is GBP.

Transactions and balances

Foreign currency transactions are translated into the functional currency using the spot exchange rates at the dates of the transactions.

At each period end foreign currency monetary items are translated using the closing rate. Non-monetary items measured at historical cost are translated using the exchange rate at the date of the transaction and non-monetary items measured at fair value are measured using the exchange rate when fair value was determined.

2.4 Turnover

Revenue is recognised to the extent that it is probable that the economic benefits will flow to the Company and the revenue can be reliably measured. Revenue is measured as the fair value of the consideration received or receivable, excluding discounts, rebates, value added tax and other sales taxes. The following criteria must also be met before revenue is recognised:

Sale of goods

Revenue from the sale of goods is recognised when all of the following conditions are satisfied:

- the Company has transferred the significant risks and rewards of ownership to the buyer;
- the Company retains neither continuing managerial involvement to the degree usually associated with ownership nor effective control over the goods sold;
- the amount of revenue can be measured reliably;
- it is probable that the Company will receive the consideration due under the transaction; and
- the costs incurred or to be incurred in respect of the transaction can be measured reliably.

2.5 Operating leases

Rentals paid under operating leases are charged to profit or loss on a straight-line basis over the lease term.

Benefits received and receivable as an incentive to sign an operating lease are recognised on a straight-line basis over the lease term, unless another systematic basis is representative of the time pattern of the lessee's benefit from the use of the leased asset.

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2021

2. Accounting policies (continued)

2.6 Interest income

Interest income is recognised in profit or loss using the effective interest method.

2.7 Pensions

Defined contribution pension plan

The Company operates a defined contribution plan for its employees. A defined contribution plan is a pension plan under which the Company pays fixed contributions into a separate entity. Once the contributions have been paid the Company has no further payment obligations.

The contributions are recognised as an expense in profit or loss when they fall due. Amounts not paid are shown in accruals as a liability in the Balance Sheet. The assets of the plan are held separately from the Company in independently administered funds.

2.8 Current and deferred taxation

The tax expense for the year comprises current and deferred tax. Tax is recognised in profit or loss except that a charge attributable to an item of income and expense recognised as other comprehensive income or to an item recognised directly in equity is also recognised in other comprehensive income or directly in equity respectively.

The current income tax charge is calculated on the basis of tax rates and laws that have been enacted or substantively enacted by the balance sheet date in the countries where the Company operates and generates income.

Deferred tax balances are recognised in respect of all timing differences that have originated but not reversed by the balance sheet date, except that:

- The recognition of deferred tax assets is limited to the extent that it is probable that they will be recovered against the reversal of deferred tax liabilities or other future taxable profits; and
- Any deferred tax balances are reversed if and when all conditions for retaining associated tax allowances have been met.

Deferred tax balances are not recognised in respect of permanent differences except in respect of business combinations, when deferred tax is recognised on the differences between the fair values of assets acquired and the future tax deductions available for them and the differences between the fair values of liabilities acquired and the amount that will be assessed for tax. Deferred tax is determined using tax rates and laws that have been enacted or substantively enacted by the balance sheet date.

2.9 Tangible assets

Tangible fixed assets under the cost model are stated at historical cost less accumulated depreciation and any accumulated impairment losses. Historical cost includes expenditure that is directly attributable to bringing the asset to the location and condition necessary for it to be capable of operating in the manner intended by management.

GRAPHIC PACKAGING INTERNATIONAL FOODSERVICE EUROPE LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2021**

2. Accounting policies (continued)

2.9 Tangible assets (continued)

Depreciation is charged so as to allocate the cost of assets less their residual value over their estimated useful lives, using the straight-line method.

Depreciation is provided on the following basis:

Plant and machinery	- 5 - 12 years straight line
Fixtures and fittings	- 3 - 10 years straight line

The assets' residual values, useful lives and depreciation methods are reviewed, and adjusted prospectively if appropriate, or if there is an indication of a significant change since the last reporting date.

Gains and losses on disposals are determined by comparing the proceeds with the carrying amount and are recognised in profit or loss.

Assets in the course of construction contains capital projects which have been approved but are currently in progress. These assets will transfer to the Fixed Asset Register once the asset is confirmed operational. The depreciation starts in the following month of the asset being capitalised in the fixed asset register

2.10 Stocks

Stocks are stated at the lower of cost and net realisable value, being the estimated selling price less costs to complete and sell. Cost is based on the cost of purchase on a first in, first out basis. Work in progress and finished goods include labour and attributable overheads.

At each balance sheet date, stocks are assessed for impairment. If stock is impaired, the carrying amount is reduced to its selling price less costs to complete and sell. The impairment loss is recognised immediately in profit or loss.

2.11 Debtors

Short-term debtors are measured at transaction price, less any impairment. Loans receivable are measured initially at fair value, net of transaction costs, and are measured subsequently at amortised cost using the effective interest method, less any impairment.

2.12 Cash and cash equivalents

Cash is represented by cash in hand and deposits with financial institutions repayable without penalty on notice of not more than 24 hours. Cash equivalents are highly liquid investments that mature in no more than three months from the date of acquisition and that are readily convertible to known amounts of cash with insignificant risk of change in value.

2.13 Creditors

Short-term creditors are measured at the transaction price. Other financial liabilities, including bank loans, are measured initially at fair value, net of transaction costs, and are measured subsequently at amortised cost using the effective interest method.

GRAPHIC PACKAGING INTERNATIONAL FOODSERVICE EUROPE LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2021

2. Accounting policies (continued)

2.14 Financial instruments

The Company only enters into basic financial instrument transactions that result in the recognition of financial assets and liabilities like trade and other debtors and creditors, loans from banks and other third parties, loans to related parties and investments in ordinary shares.

3. Judgments in applying accounting policies and key sources of estimation uncertainty

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

Critical judgements in applying the group's accounting policies

The company does not make any critical judgements in applying the entity's accounting policies.

4. Turnover

An analysis of turnover by class of business is as follows:

	2021 £000	2020 £000
Sales of packaging	7,177	6,603
	<u>7,177</u>	<u>6,603</u>

Analysis of turnover by country of destination:

	2021 £000	2020 £000
United Kingdom	4,093	3,213
Rest of Europe	1,834	2,366
Rest of the world	1,250	1,024
	<u>7,177</u>	<u>6,603</u>

All turnover is derived from the sale of packaging.

GRAPHIC PACKAGING INTERNATIONAL FOODSERVICE EUROPE LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2021**

5. Operating loss

The operating loss is stated after charging:

	2021 £000	2020 £000
Depreciation - tangible assets	505	453
Operating lease rentals - property and equipment	297	264
Foreign exchange	66	26
Auditors' remuneration - audit of the company's annual financial statements	21	20
	<u> </u>	<u> </u>

6. Employees

Staff costs were as follows:

	2021 £000	2020 £000
Wages and salaries	1,248	1,168
Social security costs	63	64
Other pension costs	94	87
	<u> </u>	<u> </u>
	<u>1,405</u>	<u>1,319</u>

The average monthly number of employees, including the directors, during the year was as follows:

	2021 No.	2020 No.
Production	27	25
Administration	9	9
	<u> </u>	<u> </u>
	<u>36</u>	<u>34</u>

7. Directors' remuneration

During 2021 nil (2020: nil) directors were members of a money purchase pension scheme.

The Directors' apportionment of emoluments for the year for services to all UK companies was £38k (2020: £48k) which was paid out of Graphic Packaging International Europe UK Limited. In 2021 all the directors are also directors of other group companies. Their remaining emoluments are paid by other group companies. The qualifying services provided by the directors to this Company during the year were negligible compared to their total group wide responsibilities and so no value has been apportioned to those services.

GRAPHIC PACKAGING INTERNATIONAL FOODSERVICE EUROPE LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2021**

8. Interest receivable and similar income

	2021 £000	2020 £000
Interest receivable	-	1
	<u>-</u>	<u>1</u>
	<u>-</u>	<u>1</u>

9. Tax on loss

	2021 £000	2020 £000
Total current tax	<u>-</u>	<u>-</u>
Deferred tax		
Origination and reversal of timing differences	79	29
Effect of tax rate change on opening balances	(79)	(29)
Total deferred tax	<u>-</u>	<u>-</u>
Taxation on loss	<u>-</u>	<u>-</u>

GRAPHIC PACKAGING INTERNATIONAL FOODSERVICE EUROPE LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2021**

9. Tax on loss (continued)

Factors affecting tax charge for the year

The tax assessed for the year is higher than (2020 - *higher than*) the standard rate of corporation tax in the UK of 19% (2020 - 19%). The differences are explained below:

	2021	2020
	£000	£000
Loss before tax	(618)	(703)
Loss before tax multiplied by standard rate of corporation tax in the UK of 19% (2020 - 19%)	(117)	(134)
Effects of:		
Expenses not deductible for tax purposes, other than goodwill amortisation and impairment	-	1
Deferred tax not recognised	39	(21)
Remeasurement of deferred tax for changes in tax rates	(88)	(40)
Group relief	166	194
Total tax charge for the year	-	-

Factors that may affect future tax charges

An increase in the UK corporation tax rate from 19% to 25% (effective 1 April 2023) was substantively enacted on 24 May 2021. Deferred tax at 31 December 2021 has been calculated based on the rate that will be in force when the timing differences are expected to reverse.

GRAPHIC PACKAGING INTERNATIONAL FOODSERVICE EUROPE LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2021**

10. Tangible assets

	Plant and machinery £000	Fixtures and fittings £000	Construction in Progress £000	Total £000
Cost or valuation				
At 1 January 2021	6,819	77	506	7,402
Additions	554	-	-	554
Transfers between classes	504	-	(504)	-
At 31 December 2021	7,877	77	2	7,956
Depreciation				
At 1 January 2021	4,320	42	-	4,362
Charge for the year on owned assets	496	9	-	505
At 31 December 2021	4,816	51	-	4,867
Net book value				
At 31 December 2021	3,061	26	2	3,089
At 31 December 2020	2,499	35	506	3,040

11. Stocks

	2021 £000	2020 £000
Raw materials and consumables	1,363	923
Work in progress (goods to be sold)	99	81
Finished goods and goods for resale	704	1,009
	2,166	2,013

The carrying value of stocks are stated net of impairment losses totalling £NIL (2020 - £NIL) . Impairment losses totalling £NIL (2020 - £NIL) were recognised in profit and loss.

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2021**

12. Debtors

	2021 £000	2020 £000
Due after more than one year		
Deferred tax asset	251	251
	<u>251</u>	<u>251</u>
Due within one year		
Trade debtors	831	470
Amounts owed by group undertakings	2	-
VAT recoverable	-	64
Prepayments and accrued income	82	89
	<u>915</u>	<u>623</u>

All amount owed by group undertakings are payable on demand and non-interest bearing.

13. Creditors: Amounts falling due within one year

	2021 £000	2020 £000
Trade creditors	292	218
Amounts owed to parent undertakings	4,418	2,232
Amounts owed to associated group undertakings	74	110
Corporation tax	26	61
Other taxation and social security	118	-
Accruals and deferred income	257	283
	<u>5,185</u>	<u>2,904</u>

All amount owed to group undertakings are payable on demand and non-interest bearing.

GRAPHIC PACKAGING INTERNATIONAL FOODSERVICE EUROPE LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2021**

14. Deferred taxation

	2021	<i>2020</i>
	£000	<i>£000</i>
At beginning of year	251	<i>251</i>
At end of year	251	<i>251</i>

The deferred tax asset is made up as follows:

	2021	<i>2020</i>
	£000	<i>£000</i>
Accelerated capital allowances	94	<i>119</i>
Tax losses carried forward	155	<i>132</i>
Short term timing differences	2	<i>-</i>
	251	<i>251</i>

15. Called up share capital

	2021	<i>2020</i>
	£000	<i>£000</i>
Allotted, called up and fully paid		
3,439,399 (2020 - 3,439,399) Ordinary shares of £1.00 each	3,439	<i>3,439</i>

16. Pension commitments

The company operates defined contribution retirement benefit schemes for qualifying employees. The total expense charged to profit or loss in the year ended 31 December 2021 was £94k (2020 - £87k).

GRAPHIC PACKAGING INTERNATIONAL FOODSERVICE EUROPE LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2021**

17. Commitments under operating leases

At 31 December 2021 the Company had future minimum lease payments due under non-cancellable operating leases for each of the following periods:

	2021	2020
	£000	£000
Within 1 year	334	284
Between 2 and 5 years	1,310	610
After 5 years	1,081	-
	2,725	894

18. Controlling party

The directors regard Graphic Packaging Holding Company, a company whose principal place of business is at 1500 Riveredge Parkway N Suite 100, Atlanta, Georgia 30328, USA as the ultimate parent company and ultimate controlling party.

The Company's immediate parent undertaking is Graphic Packaging International Ltd, a company incorporated in the United Kingdom.

The smallest and largest group of which the company is a member and for which group financial statements are prepared is Graphic Packaging Holding Company. A copy of the consolidated financial statements can be obtained from:

Graphic Packaging Holding Company
1500 Riveredge Parkway,
Suite 100,
Atlanta,
Georgia 30328,
USA

As a wholly owned subsidiary of Graphic Packaging Holding Company the company has taken the exemption given under FRS 102 section 33 "Related party disclosures" for wholly owned subsidiaries not to disclose related party transactions with other group companies.