

Registration number: 00677556

# **LINPAC Group Holdings Limited**

## **Annual Report and Financial Statements**

for the year ended 31 December 2021

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## LINPAC Group Holdings Limited

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## LINPAC Group Holdings Limited

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### Company Information

**Directors** A R Barnett  
M A Richards

**Registered number** 00677556

**Registered office** Linpac  
Wakefield Road  
Featherstone  
Pontefract  
West Yorkshire  
WF7 5DE  
United Kingdom

**Solicitors** Linklaters LLP  
One Silk Street  
London  
EC2V 8HQ

**Bankers** Lloyds Bank plc.  
25 Gresham Street  
London  
E2CV 7HN

**Independent auditor** Deloitte LLP  
Statutory Auditor  
1 City Square  
Leeds  
West Yorkshire  
LS1 2AL  
United Kingdom

## LINPAC Group Holdings Limited

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### **Strategic Report** for the year ended 31 December 2021

The directors of LINPAC Group Holdings Limited (the "Company") present their Strategic Report together with the audited financial statements of the Company for the year ended 31 December 2021.

#### **Principal activity**

The Company is a group financing company holding intercompany indebtedness with other group Kleopatra Holdings 2 S.C.A. companies and hosts the costs for the management of the group.

Throughout these financial statements, the term 'Group' refers to Kleopatra Holdings 2 S.C.A and its consolidated subsidiaries.

#### **Business review**

##### ***Fair review of business***

The profit for the financial year was £870,102,000 (2020: loss of £12,972,000). The significant swing from loss to profit for the financial year, is attributable to a reversal of impairment in loans owed by group undertakings of £824,549,000 (2020: £nil), a dividend income of £15,753,000 (2020: £nil) and an income on investments of £29,769,000 (2020: £nil) (refer note 7). During the year, the directors paid an aggregate final cash dividend of £12,306,000 (2020: £nil) and dividend in specie of £1,076,694,000 (2020: £nil) to LINPAC Finance Limited. Included in the profit for the year are net exceptional expenses totalling £1,818,000 (2020: £4,041,000). Most of these costs are related to restructuring projects.

The net assets of the Company at the year-end were £382,124,000 (2020: net liabilities of £61,593,000). A change in accounting policy of investment valuation from cost method to fair value method led to a revaluation gain of £662,615,000 (2020: £nil).

The ultimate parent company is Kleopatra Holdings 1 S.C.A. The new Group's results are consolidated within Kleopatra Holdings 2 S.C.A. The ultimate controlling party is Strategic Value Partners LLP.

The immediate parent undertaking of LINPAC Group Holdings Limited remains LINPAC Finance Limited.

##### ***Principal risks and uncertainties***

From the perspective of the Company, the principal risks and uncertainties are integrated with the principal risks of the group and are not managed separately. Accordingly, the principal risks and uncertainties of Kleopatra Holdings 2 S.C.A., which include those of the Company, are discussed in the Directors' Report in Kleopatra Holdings 2 S.C.A. annual report, which does not form part of this report (see note 23). Such risks are managed on a group basis.

There was no significant impact due to Brexit and COVID-19 during the year. The directors continue to monitor the situation, however no material adverse impact on this Company is expected due to the straightforward nature of the entity.

The risk associated with the recent developments in the Ukraine is mitigated through the directors and senior members of the management team monitoring the market conditions and economic trends within its investments to ensure appropriate action is taken.

## LINPAC Group Holdings Limited

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### Strategic Report

for the year ended 31 December 2021 (continued)

#### **Key performance indicators ("KPIs")**

Given the straightforward nature of the business, the Company's directors are of the opinion that analysis using KPIs is not necessary for an understanding of the development, performance or position of the business. The Kleopatra Holdings 2 S.C.A. annual report includes details of the KPIs that are used across the group.

#### **Section 172(1) Statement**

The directors of the Company have performed their duty under Section 172(1) (a - f) of the Companies Act 2006, they have acted in the way that in good faith, would be most likely to promote the success of the Company for the benefit of its members as a whole. Further information on all of the Group's policies can be found on the kpfilms website. In performing their duties under section 172, the directors of the Company have had regard to the matters set out in section 172 (1) (a - f) as follows:

##### **a) The likely consequences of any decision in the long term.**

The Company acts to ensure the 'sustainable protection of everyday needs'.

During the financial year, the Company has taken commercial, operational and strategic decisions which the directors consider are for the benefit of the Company, with a view to promoting its long term success and sustainability. An example of this decision is the preparation, review and approval of the annual budget which drives the Group's/Company's long-term strategy and success, together with continued investment to ensure long-term growth and sustainability.

##### **b) The interests of the Group's employees.**

It is recognised that the Group's success is because of its employees' outstanding talent, knowledge, experience, leadership and teamwork.

The Group supports its people and communities by promoting diversity, employee health, safety and well-being, and engaging with the communities where it operates.

Regular individual and team meetings are held and an integrated 'Talent Management System' exists to ensure the continued development of the Group's employees. Regular meetings are held with the Trade Union at Featherstone.

##### **c) The need to foster the Company's business relationships with suppliers, customers and others.**

The Company, through the directors, engages with each stakeholder at the appropriate level of detail and frequency depending on the specific requirements and level of influence and interest.

##### **d) The impact of the Company's operations on the community and the environment.**

The Company and Group launched a 'Positive Plastics Pledge' in 2018. It sees a future in which it optimises the resources it uses to ensure it has the lowest carbon footprint possible, where packaging is designed for recyclability, using recycled materials and sustainable sources, where recycling is widely understood and supported, and where used plastic is valued as a resource. More information on this and awards that the Company has won can be found on the kpfilms website.

## LINPAC Group Holdings Limited

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### Strategic Report

for the year ended 31 December 2021 (continued)

**e) The desirability of the Company maintaining a reputation for high standards of business conduct.**

The Company and Group is committed to customer satisfaction, which is achieved by maintaining the highest standards of health and safety, sustainability, environmental and energy management, and quality and product safety. All products are designed, purchased, manufactured and distributed in compliance with the highest standards.

To ensure the Company continues to achieve our commitments, it has a Risk Management System (RMS) tool that drives these high standards across all manufacturing plants. The tool was established and implemented to help comprehensively manage risks throughout all of the operations by giving information and direction to local managers.

The RMS applies to the support functions, including: design, purchasing, manufacture, distribution and procurement.

In addition, the Company and Group has a code of conduct which all employees follow.

**f) The need to act fairly as between members of the Company.**

The Board regularly meets with the shareholders and investors to give an opportunity for direct engagement.

Approved by the Board of directors on 7/24/2023 ..... and signed on its behalf by:

DocuSigned by:

Alan Richards

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M A Richards

Director

## LINPAC Group Holdings Limited

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### Directors' Report

for the year ended 31 December 2021

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

#### Directors of the Company

The directors who held office during the year and upto the date of approval of financial statements were as follows:

A R Barnett

M A Richards

J A Jones (resigned 8 March 2021)

#### Directors' indemnities

The Company maintains liability insurance for its directors and officers in accordance with the Articles of the Company. The Company has also provided an indemnity for its directors, which is a qualifying third party indemnity provision for the purposes of the Companies Act 2006. The indemnity was in place during the financial year and at the time of approval of the financial statements.

#### Dividends

The directors paid a total dividend of £1,089,000,000 (2020: £nil) to LINPAC Finance Limited of which £12,306,000 (equivalent of €14,300,000) was a cash dividend and £1,076,694,000 was dividend in specie.

#### Future developments

The level of activity in the Company is expected to remain on similar levels over the coming twelve months.

#### Going concern

The directors have considered the going concern status of the Company and have a reasonable expectation that the Company has adequate resources and financial support from Kleopatra Holdings 2 S.C.A., to continue in operational existence for the foreseeable future. Therefore, they continue to adopt the going concern basis in preparing the annual report and financial statements. Kleopatra Holdings 2 S.C.A. has confirmed in writing that it will continue to provide financial support for the foreseeable future and for a period of twelve months from the date of approval of the financial statements. Please refer to the accounting policies section for further information.

#### Financial risk management

Management of the Company and the execution of its strategy are subject to a number of financial risks, including currency risk, liquidity risk and interest rate risk. These are normally reviewed by the Board and appropriate processes are put in place to monitor and mitigate them. This risk management process is carried out at a strategic and at an operational level, covering all primary disciplines of the Company's significant businesses.

##### *Currency risk*

The Company experienced some currency volatility following the UK referendum on EU membership, however the effects on the bottom line were limited in the year. The Company is well located geographically in relation to its markets, which also provides production flexibility, and has a relatively balanced revenue and cost portfolio, which creates a natural hedge. The Company has some direct and indirect exposure to the UK market and will continue to monitor the effects of a UK withdrawal from the European Union.

## LINPAC Group Holdings Limited

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### **Directors' Report**

**for the year ended 31 December 2021 (continued)**

#### **Financial risk management (continued)**

##### *Liquidity risk*

By the use of established short term and longer term forecasting processes, the Company ensures that sufficient committed facilities are in place to meet the requirements of the business. This takes into account cash flows from operations and the Company's holdings of cash and cash equivalents. Sufficient liquidity headroom exists to meet current forecast requirements.

##### *Interest rate risk*

The Company's interest rate risk principally arises from its term loan bank debt where the interest is subject to variable rates dependent on EURIBOR. This risk has historically been mitigated by the use of interest rate swaps, but currently no such instruments are in place. The directors constantly review this position and will take appropriate action to address this risk if required.

#### **Employees**

The Group is an equal opportunity employer. Policies and practices are established where considered necessary to ensure that, as far as possible, no job applicant or employee receives less favourable treatment on racial grounds or on grounds of gender, age or marital status, or is disadvantaged by unjustifiable conditions or requirements.

It is the policy of the Group to provide equal opportunities in the appointment, training and career development of disabled persons and training of employees who have become disabled while employed by the Group, having regard to their particular aptitudes and abilities.

It is the policy of the Group to keep employees involved and informed about developments within, and the state of affairs of the Group as appropriate.

The Group communicates the Group-wide information to employees via a monthly newsletter, together with a quarterly 'Town Hall' web update.

#### **Non adjusting events after the financial period**

There were no post balance sheet events after the reporting date.

#### **Disclosure of information to the auditor**

Each director has taken steps that they ought to have taken as a director in order to make themselves aware of any relevant audit information and to establish that the Company's auditor is aware of that information. The directors confirm that there is no relevant information that they know of and of which they know the auditor is unaware.

This confirmation is given and should be interpreted in accordance with the provision of s418 of the Companies Act 2006.



## LINPAC Group Holdings Limited

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### Directors' Report

for the year ended 31 December 2021 (continued)

#### Reappointment of auditor

The auditor, Deloitte LLP have indicated their willingness to be reappointed for another term and appropriate arrangements have been put in place for them to be deemed reappointed as auditor.

Approved by the Board of directors on 7/24/2023  
signed on its behalf by:

DocuSigned by:

*Alan Richards*

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M A Richards

Director

## LINPAC Group Holdings Limited

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### Directors' Responsibility Statement

The directors are responsible for preparing the Annual Report and the financial statements in accordance with applicable law and regulation.

Company law requires the directors to prepare financial statements for each financial year. Under that law the directors have elected to prepare the financial statements in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards and applicable law), including FRS 101 "Reduced Disclosure Framework". Under company law the directors must not approve the 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 the financial statements, the directors are required to:

- select suitable accounting policies and then apply them consistently;
- make judgements 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; and
- prepare the 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 enable them to ensure that the financial statements comply with the Companies Act 2006.

The directors 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.

## LINPAC Group Holdings Limited

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### **Independent Auditor's Report to the Members of LINPAC Group Holdings Limited**

#### **Report on the audit of the financial statements**

##### **Opinion**

In our opinion the financial statements of LINPAC Group Holdings Limited (the 'company'):

- give a true and fair view of the state of the Company's affairs as at 31 December 2021 and of its profit for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards, comprising FRS 101 "Reduced Disclosure Framework", and applicable law); and
- have been prepared in accordance with the requirements of the Companies Act 2006.

We have audited the financial statements which comprise:

- the profit and loss account;
- the statement of comprehensive income;
- the balance sheet;
- the statement of changes in equity; and
- the related notes 1 to 25.

The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards, including Financial Reporting Standard 101 "Reduced Disclosure Framework" (United Kingdom Generally Accepted Accounting Practice).

##### **Basis for opinion**

We conducted our audit in accordance with International Standards on Auditing (UK) (ISAs (UK)) 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 the ethical requirements that are relevant to our audit of the financial statements in the UK, including the Financial Reporting Council's (the 'FRC's') Ethical Standard, 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 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.

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

## LINPAC Group Holdings Limited

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### **Independent Auditor's Report to the Members of LINPAC Group Holdings Limited (continued)**

#### **Other information**

The other information comprises the information included in the annual report, other than the financial statements and our auditor's report thereon. The director is responsible for the other information contained within the annual report. Our opinion on the financial statements does not cover the other information and, except to the extent otherwise explicitly stated in our report, we do not express any form of assurance conclusion thereon.

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 such material inconsistencies or apparent material misstatements, we are required to determine whether this gives rise to a material misstatement in the financial statements themselves. 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 in respect of these matters.

#### **Responsibilities of directors**

As explained in the directors' responsibilities statement, the directors are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view, and for such internal control as the directors 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.

#### **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 (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.

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](http://www.frc.org.uk/auditorsresponsibilities). This description forms part of our auditor's report.

## LINPAC Group Holdings Limited

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### Independent Auditor's Report to the Members of LINPAC Group Holdings Limited (continued)

#### **Extent to which the audit was considered capable of detecting irregularities, including fraud**

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.

We considered the nature of the entity's industry and its control environment, and reviewed the entity's documentation of their policies and procedures relating to fraud and compliance with laws and regulations. We also enquired of management and the directors about their own identification and assessment of the risks of irregularities, including those that are specific to the company's business sector.

We obtained an understanding of the legal and regulatory framework that the entity operates in, and identified the key laws and regulations that:

- had a direct effect on the determination of material amounts and disclosures in the financial statements. These included UK Companies Act, pensions legislation, tax legislation; and
- do not have a direct effect on the financial statements but compliance with which may be fundamental to the entity's ability to operate or to avoid a material penalty. These included GDPR, Health & Safety at Work Act, Employment Rights Act.

We discussed among the audit engagement team including relevant internal specialists such as tax, valuations, IT and pensions regarding the opportunities and incentives that may exist within the organisation for fraud and how and where fraud might occur in the financial statements.

In common with all audits under ISAs (UK), we are also required to perform specific procedures to respond to the risk of management override. In addressing the risk of fraud through management override of controls, we tested the appropriateness of journal entries and other adjustments; assessed whether the judgements made in making accounting estimates are indicative of a potential bias; and evaluated the business rationale of any significant transactions that are unusual or outside the normal course of business.

In addition to the above, our procedures to respond to the risks identified included the following:

- reviewing financial statement disclosures by testing to supporting documentation to assess compliance with provisions of relevant laws and regulations described as having a direct effect on the financial statements;
- performing analytical procedures to identify any unusual or unexpected relationships that may indicate risks of material misstatement due to fraud;
- enquiring of management and in-house legal counsel concerning actual and potential litigation and claims, and instances of non-compliance with laws and regulations; and
- reading minutes of meetings of those charged with governance.

## LINPAC Group Holdings Limited

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### Independent Auditor's Report to the Members of LINPAC Group Holdings Limited (continued)

#### Report on other legal and regulatory requirements

##### Opinions on other matters prescribed by the Companies Act 2006

In our opinion, based on the work undertaken in the course of the audit:

- The information given in the Strategic Report and the Directors' Report for the financial year for which the financial statements are prepared is consistent with the financial statements; and
- the Strategic Report and the Directors' Report have been prepared in accordance with applicable legal requirements.

In the light of the knowledge and understanding of the Company and its environment obtained in the course of the audit, we have not identified any material misstatements in the Strategic Report or the Directors' Report.

##### Matters on which we are required to report by exception

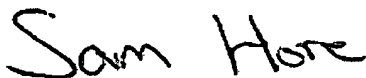
Under the Companies Act 2006 we are required to report in respect of the following matters if, in our opinion:

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

We have nothing to report in respect of these matters.

#### Use of our report

This report is made solely to the company's members, as a body, in accordance with Chapter 3 of Part 16 of the Companies Act 2006. 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.



.....  
**Sam Hore, FCA (Senior Statutory Auditor)**  
For and on behalf of Deloitte LLP  
Statutory Auditor  
Leeds, United Kingdom

Date: **24 July 2023**.....

## LINPAC Group Holdings Limited

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### Profit and Loss Account for the year ended 31 December 2021

	<i>Note</i>	<i>2021</i> <i>£ 000</i>	<i>2020</i> <i>£ 000</i>
Other operating income	5	11,385	6,673
Income from shares in group undertakings	6	15,753	-
Income from investments	7	29,769	-
Reversal of impairment on group loans	15	824,549	-
Administrative expenses (including exceptional items of £1,818,000 (2020: £4,041,000))	9	<u>(11,764)</u>	<u>(17,068)</u>
<b>Operating profit/(loss)</b>	8	869,692	(10,395)
Other interest receivable and similar income	11	11,950	4,046
Interest payable and similar charges	11	<u>(11,865)</u>	<u>(6,546)</u>
<b>Profit/(loss) on ordinary activities before taxation</b>		869,777	(12,895)
Tax on profit/(loss) on ordinary activities	12	<u>325</u>	<u>(77)</u>
<b>Profit/loss for the year</b>		<u><u>870,102</u></u>	<u><u>(12,972)</u></u>

The above results were derived from continuing operations.

The notes on pages 18 to 44 form an integral part of these financial statements.

## LINPAC Group Holdings Limited

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### Statement of Comprehensive Income for the Year Ended 31 December 2021

	<i>Note</i>	<i>2021</i> <i>£ 000</i>	<i>2020</i> <i>£ 000</i>
Profit/(loss) for the year		870,102	(12,972)
Revaluation gain on fair value of investment	15	662,615	-
<b>Other comprehensive income for the year</b>		662,615	-
<b>Total comprehensive income/(expense) for the year</b>		<u>1,532,717</u>	<u>(12,972)</u>

The notes on pages 18 to 44 form an integral part of these financial statements.



# LINPAC Group Holdings Limited

## Balance Sheet

as at 31 December 2021

		2021	*As restated 2020
	Note	£ 000	£ 000
<b>Fixed assets</b>			
Intangible assets	13	287	327
Property, plant and equipment	14	542	617
Investments	15	1,622,310	661,861
Right-of-use assets	16	202	743
		<u>1,623,341</u>	<u>663,548</u>
<b>Current assets</b>			
Debtors: amounts due within one year	17	1,504	724
Debtors: amounts due in more than one year	17	1,061	722
Income tax asset		83	83
Cash and cash equivalents		655	72
		<u>3,303</u>	<u>1,601</u>
<b>Creditors: amounts falling due within one year</b>	18	<u>(731,852)</u>	<u>(373,916)</u>
<b>Net current liabilities</b>		<u>(728,549)</u>	<u>(372,315)</u>
<b>Total assets less current liabilities</b>		894,792	291,233
<b>Creditors: amounts falling due after more than one year</b>	19	<u>(512,668)</u>	<u>(352,826)</u>
<b>Net assets/(liabilities)</b>		<u>382,124</u>	<u>(61,593)</u>
<b>Equity</b>			
Called up share capital	21	13	77,751
Share premium reserve	24	-	11,735
Other reserves		(401)	(401)
Accumulated losses		<u>382,512</u>	<u>(150,678)</u>
<b>Shareholders' funds/(deficit)</b>		<u>382,124</u>	<u>(61,593)</u>

\*See note 24 for further details.

The notes on pages 18 to 44 form an integral part of these financial statements.

## LINPAC Group Holdings Limited

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### Balance Sheet

as at 31 December 2021 (continued)

Approved by the Board of directors on 7/24/2023  
..... and signed on its behalf by:

DocuSigned by:

*Alan Richards*

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M A Richards

Director

The notes on pages 18 to 44 form an integral part of these financial statements.

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## LINPAC Group Holdings Limited

### Statement of Changes in Equity for the year ended 31 December 2021

	<i>Called up share capital £ 000</i>	<i>Share premium £ 000</i>	<i>Foreign currency translation reserve £ 000</i>	<i>Revaluation reserve £ 000</i>	<i>Retained earnings £ 000</i>	<i>Shareholders' (deficit)/fund £ 000</i>
At 1 January 2020	89,486	-	(401)	-	(137,706)	(48,621)
Loss for the year	-	-	-	-	(12,972)	(12,972)
Share capital correction*	(11,735)	11,735	-	-	-	-
At 31 December 2020 (As restated)	<u>77,751</u>	<u>11,735</u>	<u>(401)</u>	<u>-</u>	<u>(150,678)</u>	<u>(61,593)</u>
At 1 January 2021 (As restated)	77,751	11,735	(401)	-	(150,678)	(61,593)
Profit for the year	-	-	-	-	870,102	870,102
Revaluation gain on fair value of investment (note 15)	-	-	-	662,615	-	662,615
Total comprehensive income	-	-	-	662,615	870,102	1,532,717
Bonus share issued (note 21)	1,184,626	-	-	(662,615)	(522,011)	-
Share capital reduction (note 21)	(1,262,364)	-	-	-	1,262,364	-
Share premium cancellation (note 21)	-	(11,735)	-	-	11,735	-
Dividends	-	-	-	-	(1,089,000)	(1,089,000)
At 31 December 2021	<u>13</u>	<u>-</u>	<u>(401)</u>	<u>-</u>	<u>382,512</u>	<u>382,124</u>

\*See note 24 for further details.

The notes on pages 18 to 44 form an integral part of these financial statements.

## LINPAC Group Holdings Limited

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### Notes to the Financial Statements

for the year ended 31 December 2021

#### 1 General information

LINPAC Group Holdings Limited (the "Company") is a group financing company holding intercompany indebtedness with other group Kleopatra Holdings 2 S.C.A. companies and hosts the costs for the management of the Group. The principal activity of the Company is detailed in the Strategic Report on pages 2.

The Company is a private company limited by share capital incorporated and domiciled in England, United Kingdom and registered in England and Wales under the Companies Act 2006.

The address of its registered office is: Linpac, Wakefield Road, Featherstone, Pontefract, West Yorkshire, WF7 5DE, United Kingdom.

#### 2 Accounting policies

##### *Summary of significant accounting policies*

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

##### **Basis of preparation**

The financial statements of LINPAC Group Holdings Limited have been prepared in accordance with Financial Reporting Standard 101, 'Reduced Disclosure Framework' ("FRS 101"). The financial statements have been prepared under the historical cost convention and in accordance with the Companies Act 2006.

The preparation of financial statements in conformity with FRS 101 requires the use of certain critical accounting estimates. It also requires management to exercise its judgement in the process of applying the Company'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 3.

The financial statements are presented in 'Pounds Sterling' (£), which is also the Company's functional currency and the currency of the primary economic environment in which the Company operates.

##### *Summary of disclosure exemptions*

The following exemptions from the requirements of IFRS have been applied in the preparation of these financial statements, in accordance with the FRS 101. Where relevant, equivalent disclosures have been given in the consolidated financial statements of Kleopatra Holdings 2 S.C.A and can be obtained as disclosed in note 23.

- Paragraph 38 of IAS 1, 'Presentation of financial statements' comparative information requirements in respect of paragraph 79(a)(iv) of IAS 1;
- Paragraphs 10(d), 10(1), 16, 38A, 38B-D, 40A-D, 111 and 134-136 of IAS 1;
- The requirements of IAS 7 Statement of Cash Flows;

## LINPAC Group Holdings Limited

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### Notes to the Financial Statements

for the year ended 31 December 2021 (continued)

#### 2 Accounting policies (continued)

##### *Summary of disclosure exemptions (continued)*

- Paragraph 30 and 31 of IAS 8 'Accounting policies, changes in accounting estimates and errors' (requirement for the disclosure of information when an entity has not applied a new IFRS that has been issued but is not yet effective);
- Paragraphs 91 to 99 of IFRS 13, 'Fair value measurement' (disclosure of valuation techniques and inputs used for fair value measurement of assets and liabilities);
- Paragraph 17 of IAS 24, 'Related party disclosures' (key management compensation);
- The requirements in IAS 24, 'Related party disclosures' to disclose related party transactions entered into between two or more members of a Group;
- The requirements of the second sentence of paragraph 110 and paragraphs 113(a), 114, 115, 118, 119(a) to (c), 120 to 127 and 129 of IFRS 15 'Revenue from Contracts with Customers';
- The requirements of IFRS 7 Financial Instruments: Disclosures, provided that equivalent disclosures are included in the consolidated financial statements of the Group in which the entity is consolidated; and
- The requirements of paragraphs 45(b) and 46 to 52 of IFRS 2 'Share-based Payment'.

##### **Going concern**

The directors have considered the going concern status of the Company and have a reasonable expectation that the Company has adequate resources and financial support from Kleopatra Holdings 2 S.C.A., to continue in operational existence for the foreseeable future. Therefore, they continue to adopt the going concern basis in preparing the annual report and financial statements. Kleopatra Holdings 2 S.C.A. has confirmed in writing that it will continue to provide financial support for the foreseeable future and for a period of twelve months from the date of approval of the financial statements.

The net assets of the Company at 31 December 2021 are £382m. Kleopatra Holdings 2 S.C.A. has cash at bank of £85.80m at 31 December 2021.

In determining the appropriate basis of preparation of the financial statements, the directors' are required to consider whether the Company can continue in operational existence for the foreseeable future. The Company's business activities, together with factors that are likely to affect its future development, financial performance and financial position are set out in the Strategic Report and Directors' Report. In addition, the material financial and operational risks and uncertainties that impact the Company's performance are outlined in the Strategic Report.

The directors have considered the position of the Company at the year, its recent trading performance and forecasts over a period of at least 12 months from the date of signing these financial statements. As a result of this process, at the time of approving the financial statements, the directors are of the opinion that it is appropriate to adopt the going concern basis of preparation of the financial statements.

## LINPAC Group Holdings Limited

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### Notes to the Financial Statements for the year ended 31 December 2021 (continued)

#### 2 Accounting policies (continued)

##### Consolidation

The Company is a wholly owned subsidiary of LINPAC Finance Limited. It is included in the consolidated financial statements of Kleopatra Holdings 2 S.C.A., which are publicly available. Therefore the Company is exempt by virtue of section 401 of the Companies Act 2006 from the requirement to prepare consolidated financial statements.

These financial statements are separate financial statements.

##### Foreign currencies

###### *a) Functional and presentation currency*

Transactions in foreign currencies are recorded at the rates in effect at the transaction date. Monetary assets and liabilities denominated in foreign currencies are retranslated at the rates ruling at the statement of financial position date. All differences are taken to the profit and loss account in the year in which they arise.

###### *b) Transactions and balance*

Foreign currency transactions are translated into the functional currency using the exchange rates prevailing at the dates of the transactions or valuations where items are re-measured. Foreign exchange gains and losses resulting from the settlement of such transactions and from the translation at year-end exchange rates of monetary assets and liabilities denominated in foreign currencies are recognized in the income statements, except when deferred in other comprehensive income as qualifying cash flow hedges and qualifying net investment hedges. Foreign exchange gains and losses that relate to borrowings and cash and cash equivalents are presented in the income statement within 'finance income or costs'.

##### Intangible assets

Intangible fixed assets are stated at historical cost less accumulated amortization and any accumulated impairment losses. Amortization is provided on all intangible fixed assets, at rates calculated to write off the cost less estimated residual value, over their expected useful lives as follows:

Computer software	over 10 years
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##### Property, plant and equipment

Property, plant and equipment is stated at historical cost less depreciation. Historical cost includes expenditure that is directly attributable to the acquisition of the items. Subsequent costs are included in the assets carrying amount or recognized as a separate asset, as appropriate, only when it is probable that future economic benefits associated with the item will flow to the group and the cost of the item can be measured reliably. The carrying amount of the replaced part is derecognized. All repairs and maintenance are charged to the income statement during the financial period in which they are incurred.

Land is not depreciated. Depreciation on other assets is calculated using the straight-line method to write-off the cost of each asset to its residual value over the estimated useful lives of the assets, which are as follows:

Furniture, fittings and equipment	10 years
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## LINPAC Group Holdings Limited

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### Notes to the Financial Statements for the year ended 31 December 2021 (continued)

#### 2 Accounting policies (continued)

##### Property, plant and equipment (continued)

Capital work-in-progress is not depreciated until such time as it has been completed and transferred to the other relevant category of tangible fixed assets.

Gains and losses on disposals are determined by comparing the proceeds with the carrying amount and are recognized with 'Administrative expenses' in the income statement.

##### Right-of-use assets and lease liabilities

The Company leases land and buildings for its office space as well as motor vehicles. The leases typically run for a period of 1 to 4 years. Several leases have termination clauses. Most of these clauses require notice period, typically from three to twelve months of notice.

The Company recognises right-of-use assets at the commencement date of the lease (i.e. the date the underlying asset is available for use). Right-of-use assets are measured at cost, less any accumulated depreciation and impairment losses, and adjusted for any remeasurement of lease liabilities. The cost of right-of-use assets includes the amount of lease liabilities recognised, initial direct costs incurred, and lease payments made at or before the commencement date less any lease incentives received. Unless the Company is reasonably certain to obtain ownership of the leased asset at the end of the lease term, the recognised right-of-use assets are depreciated on a straight-line basis over the shorter of its expected useful life and the lease term. Right-of-use assets are subject to impairment.

In the assessment of the lease term, the Company uses its incremental borrowing rate ("IBR") as the discount rate. When determining the IBR the following information is taken into account: the Company's credit rating, the collateral granted to the lessor, the term of lease arrangement and the amount and currency in which the borrowing is taking place. The Company's weighted average IBR applied to lease liabilities recognized in the statement of financial position as of 31 December 2021 is 5.82% (2020: 5.38%).

The Company has elected to apply the practical expedient to account for each lease component and any non-lease components as a single lease component. The Company has also elected not to recognize right-of-use assets and lease liabilities for short-term leases (i.e. less than 12 months) and leases of low-value assets. This will be applied to all eligible leases. The Company recognizes the lease payments associated with these leases as an expense on a straight-line basis over the lease term.

## LINPAC Group Holdings Limited

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### Notes to the Financial Statements for the year ended 31 December 2021 (continued)

#### 2 Accounting policies (continued)

##### **Impairment of non-financial assets**

The Company assesses at each reporting date whether there is an indication that an asset may be impaired. If any such indication exists, or when annual impairment testing for an asset is required, the Company makes an estimate of the asset's recoverable amount in order to determine the extent of the impairment loss. An asset's recoverable amount is the higher of an asset's or cash-generating unit's fair value less costs to sell and its value in use and is determined for an individual asset, unless the asset does not generate cash inflows that are largely independent of those from other assets or groups of assets. Where the carrying amount of an asset exceeds its recoverable amount, the asset is considered impaired and is written down to its recoverable amount. Impairment losses on continuing operations are recognised in the profit and loss account in those expense categories consistent with the function of the impaired asset.

For assets where an impairment loss subsequently reverses, the carrying amount of the asset or cash generating unit is increased to the revised estimate of its recoverable amount, not to exceed the carrying amount that would have been determined, net of depreciation, had no impairment losses been recognised for the asset or cash generating unit in prior years. A reversal of impairment loss is recognised immediately in the profit and loss account. The Company also assesses the right-of-use asset for impairment when such indicators exist.

##### **Investments in subsidiaries**

Investment in subsidiaries are recognised in the financial statements at fair value on a recurring basis and gain or loss on revaluation is recorded in revaluation reserve through Statement of Comprehensive income. Assessing the significance of a particular input to the fair value measurement in its entirety requires judgement, considering factors specific to the investment in subsidiary (Refer note 3). The investment held by the Company at 31 December 2021 has been valued per Level 3 inputs.

The value of investments is reviewed annually by the directors at each financial year end or more frequently if there is a triggering event. If such indication exists, the recoverable amount of the asset is reviewed in order to determine the amount of any impairment. The recoverable amount is the higher of its net selling price (fair value less selling costs) and its value in use. In estimating value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate which reflects the time value of money and the risks specific to the asset. Under IAS36, the impairment test is performed at a cash-generating unit level, being the "smallest identifiable group of assets that generate cash inflows that are largely independent of the cash inflows from other assets or groups of assets". An impairment loss is recognised immediately as part of operating expenses.

An impairment loss recognised in prior years is reversed if there has been a change in the estimates used to determine the asset's recoverable amount since the last impairment loss was recognised. However, the increased amount will not exceed the value that would have been determined had no impairment been recognised in prior year. A reversal of impairment loss is recognised immediately as part of operating income.



## LINPAC Group Holdings Limited

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### Notes to the Financial Statements for the year ended 31 December 2021 (continued)

#### 2 Accounting policies (continued)

##### Financial assets

Financial assets include cash and cash equivalents and trade and other receivables.

##### *Trade and other receivables*

Trade and other receivables are primarily for amounts due from other group companies for services performed in the ordinary course of business. If collection is expected in one year or less (or in the normal operating cycle of the business if longer), they are classified as current assets. If not, they are presented as non-current assets.

Trade and other receivables are recognized initially at fair value and subsequently measured at amortised cost using the effective interest method, less provision for impairment.

##### *Cash and cash equivalents*

In the consolidated statement of cash flows, cash and cash equivalents includes cash in hand, deposits held at call with banks and overdrafts. In the consolidated statement of financial position, bank overdrafts are shown within borrowings in current liabilities.

##### *Impairment of financial assets*

In accordance with IFRS 9, the Company applies expected credit loss (ECL) model for the measurement and recognition of impairment loss on financial assets measured at amortised cost e.g. investments, loans and bank balance.

ECL is the weighted average of difference between all contractual cash flows that are due to the Company in accordance with the contract and all the cash flows that the Company expects to receive, discounted at the original effective interest rate, with the respective risks of default occurring as the weights. When estimating the cash flows, the Company is required to consider:

- All contractual terms of the financial assets (including prepayment and extension) over the expected life of the assets; and
- Cash flows from the sale of collateral held or other credit enhancements that are integral to the contractual terms.

##### Creditors

Creditors are obligations to pay for services that have been acquired in the ordinary course of business from suppliers. Creditors are classified as current liabilities if payment is due within one year or less. Creditors are recognized initially at fair value and subsequently measured at mortised cost using the effective interest method.

##### Loans and borrowings

After initial recognition, interest-bearing loans and borrowings are subsequently measured at amortised cost using the EIR method. Gains and losses are recognised in profit or loss when the liabilities are derecognised as well as through the EIR amortisation process.

Amortised cost is calculated by considering any discount or premium on acquisition and fees or costs that are an integral part of the EIR. The EIR amortisation is included as finance costs in the statement of profit and loss.

## LINPAC Group Holdings Limited

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### Notes to the Financial Statements for the year ended 31 December 2021 (continued)

#### 2 Accounting policies (continued)

##### Loans and borrowings (continued)

###### *De-recognition*

A financial liability is derecognised when the obligation under the liability is discharged or cancelled or expires. When an existing financial liability is replaced by another from the same lender on substantially different terms, or the terms of an existing liability are substantially modified, such an exchange or modification is treated as the de-recognition of the original liability and the recognition of a new liability. The difference in the respective carrying amounts is recognised in the statement of profit or loss.

###### *Provisions*

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

Provisions are measured at the directors' best estimate of the expenditure required to settle the obligation at the reporting date and are discounted to present value where the effect is material.

###### *Current and deferred income tax*

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

Deferred income tax is recognised on temporary differences arising between the tax bases of assets and liabilities and their carrying amounts in the financial statements and on unused tax losses or tax credits in the company. Deferred income tax is determined using tax rates and laws that have been enacted or substantively enacted by the reporting date.

The carrying amount of deferred tax assets are reviewed at each reporting date and a valuation allowance is set up against deferred tax assets so that the net carrying amount equals the highest amount that is more likely than not to be recovered based on current or future taxable profit.

The current income tax charge is calculated on the basis of the tax laws enacted or substantially enacted at the statement of financial position date in the countries where the Company and its subsidiaries operate and generate taxable income. The current tax payable is based on taxable profit for the year.

Deferred income tax is recognised on temporary differences arising between the tax bases of assets and liabilities and their carrying amounts in the consolidated financial statements. Deferred income tax assets are recognised only to the extent that it is probable that future taxable profit will be available against which the temporary differences can be utilised.

Deferred income tax is calculated at the tax rates that are expected to apply in the period when the liability is settled or the asset is realised.

## LINPAC Group Holdings Limited

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### Notes to the Financial Statements for the year ended 31 December 2021 (continued)

#### 2 Accounting policies (continued)

##### Other operating income

Other operating income consists of central charges issued to other group companies and is recognised on the basis of work completed.

According to IFRS 15, sales revenue is measured at the amount the entity expects to receive and recognize in exchange for goods and services when control of the agreed goods or services and the benefits obtainable from them are transferred to the customer. Control can be transferred at a certain point in time or over a period of time.

##### Finance cost

Finance costs are charged to Profit and loss account over the term of the debt using the effective interest method so that the amount charged is at a constant rate on the carrying amount.

##### Interest income

Interest income is recognised using the effective interest method. When a loan and receivable is impaired, the Company reduces the carrying amount to its recoverable amount, being the estimated future cash flow discounted at the original effective interest rate of the instrument, and continues unwinding the discount as interest income. Interest income on impaired loan and receivables is recognised using the original effective interest rate.

##### Exceptional items

Exceptional items are disclosed separately in the financial statements where it is necessary to do so to provide further understanding of the financial performance of the Company. The principal events which may give rise to these items include business restructuring and closure costs, including related asset impairments and trading losses during the closure period, business acquisition and integration costs, gains or losses on disposal of businesses and property, significant litigation and tax claims, other losses, which, in managements judgement, could distort an assessment of underlying business performance.

##### Dividends

Dividend distribution to the Company's shareholders is recognised as a liability in the Company's financial statements in the period in which the dividends are approved by the Company's shareholders.

#### 3 Critical accounting judgements and key sources of estimation uncertainty

There are no critical judgements that have a significant effect on amounts recognised in the financial statements. The Company makes estimates and assumptions concerning the future. The resulting accounting estimates will, by definition, seldom equal the related actual results. The estimates and assumptions that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year are addressed below.

## LINPAC Group Holdings Limited

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### Notes to the Financial Statements for the year ended 31 December 2021 (continued)

#### 3 Critical accounting judgements and key sources of estimation uncertainty (continued)

##### Fair value measurement

The directors have reviewed the accounting policy in regard to the stated holding value of its investments in subsidiaries in order to measure the value reflected in the financial statements. Fair value is determined with the support of a third party to calculate a valuation range for the fair value of investments.

The valuation analysis concluded a midpoint value of £1,105,398,000 (equivalent to €1,315,950,000) which has been recognised on the balance sheet at 31 December 2021. Certain trading entities that Linpac Group Holdings Ltd holds investments in are valued using a combination of the income approach and the market approach, in addition to the net asset value (NAV) method. Other non-trading entities were valued exclusively using a NAV method.

Estimates are made in respect of the key assumptions applied in the valuation model. The key assumptions requiring estimation are the weighted average cost of capital (WACC), growth rates and the market approach EBITDA multiples. The key judgement inherent within the valuation methodology is the selection of the appropriate point within the range of valuations calculated by the third party valuation expert.

A sensitivity analysis rendered low and high range value indications of £1,065,876,000 to £1,144,920,000 (equivalent to €1,268,900,000 to €1,363,000,000). For sensitivity purposes, the valuation specialist adjusted the WACC, growth rate, and market approach EBITDA multiples of each trading entity to create the low and high value indications.

The following is a breakdown of key sensitivity assumptions pertaining to WACCs, growth rates, and EBITDA multiples.

The WACC for each income approach valuation was increased and decreased by 0.5% to create high and low indications. The following WACC assumptions were utilized to create the high and low value indications:

Name	Actual figures adopted in the year end valuation	Sensitivity figures
1. Linpac Packaging Limited	14.0%	13.5%/14.5%
2. Linpac Finance No.2		
- <i>Linpac Pontivity S.A.S.</i>	13.0%	12.5%/13.5%
3. Linpac Packaging Holdings S.L.		
- <i>Linpac Packaging Pravia S.A.</i>	14.0%	13.5%/14.5%
- <i>Pentaplast S.A.</i>	15.0%	14.5%/15.5%

## LINPAC Group Holdings Limited

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### Notes to the Financial Statements for the year ended 31 December 2021 (continued)

#### 3 Critical accounting judgements and key sources of estimation uncertainty (continued)

The terminal growth rate for each income approach valuation was increased and decreased by 1.0% to create high and low indications. The following terminal growth rates were utilized to create the high and low value indications for all trading entities:

- Actual figures adopted in the year end valuation: 2.0%,
- Sensitivity figures: 1.0%/3.0%.

The market approach EBITDA multiples for each valuation were increased and decreased by 0.5x to create high and low indications. The following EBITDA multiples were utilized to create the high and low value indications for all trading entities:

- Actual figures adopted in the year end valuation: 8.5x (next twelve months); 9.0x (trailing twelve months),
- Sensitivity figures: 8.0x/9.0x (next twelve months); 8.5x/9.5x (trailing twelve months).

#### 4 New and amended standards and interpretations

The amendments provide temporary reliefs which address the financial reporting effects when an interbank offered rate (IBOR) is replaced with an alternative nearly risk-free interest rate (RFR). The amendments include the following practical expedients:

- A practical expedient to require contractual changes, or changes to cash flows that are directly required by the reform, to be treated as changes to a floating interest rate, equivalent to a movement in a market rate of interest.
- Permit changes required by IBOR reform to be made to hedge designations and hedge documentation without the hedging relationship being discontinued.
- Provide temporary relief to entities from having to meet the separately identifiable requirement when an RFR instrument is designated as a hedge of a risk component.

These amendments had no impact on the financial statements of, nor is there expected to be any future impact to the Company.

## LINPAC Group Holdings Limited

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### Notes to the Financial Statements for the year ended 31 December 2021 (continued)

#### 4 New and amended standards and interpretations (continued)

##### *Amendments to IFRS 16 COVID-19 Related rent concessions*

On 28 May 2020, the IASB issued COVID-19-Related Rent Concessions - amendment to IFRS 16 Leases. The amendments provide relief to lessees from applying IFRS 16 guidance on lease modification accounting for rent concessions arising as a direct consequence of the COVID-19 pandemic. As a practical expedient, a lessee may elect not to assess whether a COVID-19 related rent concession from a lessor is a lease modification. A lessee that makes this election accounts for any change in lease payments resulting from the COVID-19 related rent concession the same way it would account for the change under IFRS 16, if the change were not a lease modification.

The amendment was intended to apply until 30 June 2021, but as the impact of the Covid-19 pandemic is continuing, on 31 March 2021, the IASB extended the period of application of the practical expedient to 30 June 2022. The amendment applies to annual reporting periods beginning on or after 1 April 2021.

The amendment applies to annual reporting periods beginning on or after 1 June 2020. Earlier application is permitted. This amendment had no impact on the financial statements of the Company.

#### 5 Other operating income

Arrived at after crediting:

	2021 £ 000	2020 £ 000
Management cost recharges	<u>11,385</u>	<u>6,673</u>

#### 6 Income from shares in group undertakings

	2021 £ 000	2020 £ 000
Income from shares in group undertakings	<u>15,753</u>	<u>-</u>

During the year, the Company received dividend amounting to £12,306,000 (2020: £nil) from LINPAC Packaging Limited and amounting to £3,447,000 (2020: £nil) from LINPAC Europe Limited.

## LINPAC Group Holdings Limited

### Notes to the Financial Statements for the year ended 31 December 2021 (continued)

#### 7 Income from investments

	2021 £ 000	2020 £ 000
Income from investments	29,769	-

During the year, LINPAC Finance (No.3) Limited finally and irrevocably waive an inter company receivable owed by the Company in aggregate amount of £29,769,000 (2020: £nil) and release the Company from all its liabilities and obligations as a result of which the Company waive all rights to receive interest on its investments in LINPAC Finance (No.3) Limited, on account of inter company debt and capital restructuring.

#### 8 Operating profit/loss

Arrived at after charging/(crediting):

	2021 £ 000	2020 £ 000
Depreciation expense	653	735
Amortisation expense on intangible assets	83	88
Staff costs	8,058	11,186
Foreign exchange gains	(2,929)	(8,759)
<b>Services provided by the Company's auditors and their associates</b>		
Fees payable to the Company's auditors and their associates for the audit	206	54

Depreciation shown in the table above includes depreciation relating to right of use assets of £559,000 (2020: £611,000).

No fees were payable to Company's auditor for any non-audit services.

#### 9 Exceptional administrative expenses

	2021 £ 000	2020 £ 000
Restructuring projects	1,818	4,041

During the year there were operating items that due to their size and nature have been recognised as exceptional in the Profit and loss account. The total cost of these items were £1,818,000 (2020: £4,041,000).

Most of the exceptional costs are related to one-off restructuring projects.

## LINPAC Group Holdings Limited

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### Notes to the Financial Statements

for the year ended 31 December 2021 (continued)

#### 10 Employees and directors

	2021 No.	2020 No.
The average monthly number of employees (excluding directors) during the year (all administrative) was:	<u>62</u>	<u>55</u>

The aggregate payroll costs (including directors' remuneration) were as follows:

	2021 £ 000	2020 £ 000
<b>Staff costs consist of:</b>		
Wages and salaries	7,089	10,126
Social security costs	725	831
Other pension costs	<u>244</u>	<u>229</u>
	<u>8,058</u>	<u>11,186</u>

Staff costs recharged to other group companies and included in the above disclosure amount to £908,000 (2020: £504,000).

The aggregate payroll costs (including directors' remuneration) were as follows:

	2021 £ 000	2020 £ 000
<b>Staff costs include emoluments of the executive directors as follows:</b>		
Salaries and other short term benefits	1,397	1,296
Contributions to money purchase pension schemes	<u>32</u>	<u>39</u>
	<u>1,429</u>	<u>1,335</u>

Emoluments include those in respect of directors who provide their services to and are remunerated by the Company.

The number of directors accruing benefits under the defined contribution scheme was 2 (2020: 2).

Details of highest paid director's remuneration are:

	2021 £ 000	2020 £ 000
Aggregate emoluments (excluding pension contribution)	<u>482</u>	<u>940</u>



# LINPAC Group Holdings Limited

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## Notes to the Financial Statements

for the year ended 31 December 2021 (continued)

### 11 Finance income/(costs) - net

	2021 £ 000	2020 £ 000
<b>Other interest receivable and similar income:</b>		
Interest income on loans owed by group undertakings	11,950	4,046
<b>Interest payable and similar charges:</b>		
Interest expense on loans owed to group undertakings	(11,809)	(4,722)
External borrowings	(31)	(1,769)
Interest on lease liabilities	(25)	(55)
Total finance cost	(11,865)	(6,546)
Net finance income/(cost)	85	(2,500)

### 12 Tax on loss

Tax charged in the profit and loss account	2021 £ 000	2020 £ 000
<b>Current taxation</b>		
Foreign tax suffered	14	-
<b>Deferred taxation</b>		
Deferred tax	(339)	77
<b>Tax (receipt)/expense in the profit and loss account</b>	<b>(325)</b>	<b>77</b>

The tax on profit before tax for the year is higher than the standard rate of corporation tax in the UK (2020: higher than the standard rate of corporation tax in the UK) of 19% (2020: 19%).

## LINPAC Group Holdings Limited

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### Notes to the Financial Statements for the year ended 31 December 2021 (continued)

#### 12 Tax on loss (continued)

The differences are reconciled below:

	2021 £ 000	2020 £ 000
Profit/(loss) before tax	<u>869,777</u>	<u>(12,895)</u>
Corporation tax at standard rate	165,258	(2,450)
Increase from effect of revenues exempt from taxation	(165,314)	-
Increase from effect of expenses not deductible in determining taxable profit	148	434
Increase/(decrease) arising from group relief tax reconciliation	1,104	(1,114)
(Decrease)/increase from transfer pricing adjustments	(1,614)	3,257
Increase arising from overseas tax suffered	14	-
Increase from amounts not recognised	353	-
(Decrease)/increase in current tax from unrecognised temporary difference from a prior period	(19)	39
Deferred tax credit relating to changes in tax rates or laws	<u>(255)</u>	<u>(89)</u>
Total tax (credit)/charge	<u>(325)</u>	<u>77</u>

In the Budget 2021, the government announced that the rate of Corporation Tax will increase to 25% from 1 April 2023 for businesses with profits of £250,000 or more. The rate will remain at 19% until that date. This new law was substantively enacted in May 2021. Deferred taxes at the balance sheet date have been measured using these enacted tax rates and reflected in these financial statements.

## LINPAC Group Holdings Limited

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### Notes to the Financial Statements for the year ended 31 December 2021 (continued)

#### 13 Intangible assets

	<i>Computer software £ 000</i>
<b>Cost</b>	
At 1 January 2021	1,161
Additions	173
Disposals	<u>(130)</u>
At 31 December 2021	<u>1,204</u>
<b>Amortisation</b>	
At 1 January 2021	834
Amortisation charge	<u>83</u>
At 31 December 2021	<u>917</u>
<b>Net book value</b>	
At 31 December 2021	<u>287</u>
At 31 December 2020	<u>327</u>

## LINPAC Group Holdings Limited

### Notes to the Financial Statements

for the year ended 31 December 2021 (continued)

#### 14 Property, plant and equipment

	<i>Land</i> <i>£ 000</i>	<i>Furniture, fittings and equipment</i> <i>£ 000</i>	<i>Total</i> <i>£ 000</i>
<b>Cost</b>			
At 1 January 2021	366	1,177	1,543
Additions	-	19	19
At 31 December 2021	366	1,196	1,562
<b>Depreciation</b>			
At 1 January 2021	-	926	926
Charge for the year	-	94	94
At 31 December 2021	-	1,020	1,020
<b>Carrying amount</b>			
At 31 December 2021	366	176	542
At 31 December 2020	366	251	617

#### 15 Investments

	<i>2021</i> <i>£ 000</i>	<i>2020</i> <i>£ 000</i>
Subsidiary undertakings	1,105,398	289,562
Loans owed by group undertakings	242,727	92,915
Amounts owed by group undertakings	274,185	279,384
	<u>1,622,310</u>	<u>661,861</u>

#### Amount owed by group undertakings

Amounts owed by group undertakings are unsecured, interest free and are repayable on demand. These represent amounts receivable from other group companies.

## LINPAC Group Holdings Limited

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### Notes to the Financial Statements

for the year ended 31 December 2021 (continued)

#### 15 Investments (continued)

##### Loans owed by group undertakings

Loans owed by group undertakings are unsecured and repayable on demand. Interest on these loans is charged at a combination of fixed rate and floating rate of 3.5% margin above SONIA. It also includes a loan of £89m denominated in US Dollars (\$122m).

During the year, the Company reversed a total impairment of £824,549,000 on loans owed by group undertakings of which £300,384,000 on LINPAC Finance Limited, £76,443,000 on LINPAC Finance (No.2) Limited and £447,722,000 on LINPAC Group Limited.

The directors do not expect the loans and amounts owed by group undertakings to be repaid within the next 12 months.

##### *Subsidiary undertakings* £ 000

##### **Cost**

At 1 January 2021	482,112
Additions	153,321
Waived off	(100)
Fair value gain	470,065
	<u>1,105,398</u>

At 31 December 2021

##### **Impairment provision**

At 1 January 2021	(192,550)
Impairment reversal on account of fair value gain	192,550
	<u>-</u>

At 31 December 2021

##### **Carrying amount**

At 31 December 2021	<u><u>1,105,398</u></u>
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##### **Additions**

During the year, the Company made an investment in LINPAC Finance (No.2) Limited amounting to £153,305,000 (2020: £nil) and in Klockner Pentaplast (Egypt) SAE amounting to £16,000 (2020: £nil).

##### **Disposals**

During the year, the Company waived off its investments in LINPAC Finance (No.3) Limited against the payable amounting to £100,000 (2020: £nil) to LINPAC Moulding Limited on account of the inter company debt and capital restructuring.

## LINPAC Group Holdings Limited

### Notes to the Financial Statements for the year ended 31 December 2021 (continued)

#### 15 Investments (continued)

##### Change in accounting policy

From the start of 2021, the Company changed its accounting policy regarding investment valuation from the cost method to the fair value method of accounting. Management takes the view that this policy provides reliable and more relevant information because it deals more accurately with the valuation of investments and is based on up-to-date values. The policy has been applied prospectively from the start of 2021 because it was not practicable to estimate the effects of applying the policy either retrospectively, or prospectively from the earlier date. Accordingly, the adoption of the new policy has no effect on prior years. The effect on the current year of this change in accounting policy of investment valuation is to increase the carrying amount of investment in subsidiary undertakings by creating a revaluation gain of £662,615,000, this includes reversal of prior year impairment of £192,550,000.

At the Balance Sheet date, the Company owned the following subsidiary undertakings:

Companies marked with an asterisk (\*) are held directly by LINPAC Group Holdings Limited.

Name of subsidiary	Registered address	Activity	Country of incorporation	% of share capital owned
LINPAC Europe Ltd*	Wakefield Road, Featherstone, West Yorkshire, W575DE, UK	Holding company	UK	100
LINPAC Finance (No. 2) Ltd*	Wakefield Road, Featherstone, West Yorkshire, W575DE, UK	Dormant company	UK	100
LINPAC Finance (No. 3) Ltd*	Wakefield Road, Featherstone, West Yorkshire, W575DE, UK	Dormant company	UK	100
LINPAC Holdings Deutschland GmbH	Bredenstrasse 11, 28195 Bremen, Germany	Holding company	Germany	100
LINPAC Holdings (Northern Europe) GmbH*	Bredenstrasse 11, 28195 Bremen, Germany	Holding company	Germany	100
LINPAC Mouldings Ltd	Wakefield Road, Featherstone, West Yorkshire, W575DE, UK	Dormant company	UK	100
LINPAC Mouldings GmbH	Bredenstrasse 11, 28195 Bremen, Germany	Holding company	Germany	100
LINPAC Packaging Australia Pty Ltd	28 Distribution Drive, Truganina VIC 3029, Australia	Plastic conversion	Australia	100
LINPAC Packaging BV	Saturnus 4-11, Industrial area IBF8448 CCHerenveen, Holland	Marketing	Netherlands	100

## LINPAC Group Holdings Limited

### Notes to the Financial Statements for the year ended 31 December 2021 (continued)

#### 15 Investments (continued)

LINPAC Packaging (Changzhou) Co Ltd	No 16, Fengqi Road, Wujin High-Tech Industrial Development Zone, Changzhou City, Jiangsu, China	Plastic conversion	China	100
LJNPAC Packaging China Holdings Ltd	Wakefield Road, Featherstone, West Yorkshire, W575DE, UK	Finance/Holding company	UK	100
LINPAC Packaging Dalidet SAS	Rue Abbé Angot, 53340 Ballée, France	Plastic conversion	France	100
LINPAC Packaging East	Lenin Street 223A, Orsha, Vitebsk Region, 211391, Belarus	Plastic conversion	Belarus	100
LINPAC Packaging GmbH	Deltastrasse 1, 27721 Ritterhude,	Plastic conversion	Germany	100
LINPAC Packaging Holdings SL	Vegafriosa, La Calzada, 33128 Pravia, Asturias, Spain	Holding company	Spain	100
LINPAC Packaging Kft	2045 Torokbalint, Depo 3, Hungary	Marketing	Hungary	100
LINPAC Packaging Ltd*	Wakefield Road, Featherstone, West Yorkshire, W575DE, UK	Plastic conversion	UK	100
LINPAC Packaging Italia Spa	Via Monte Pastello 40, San Giovanni Lupatoto, 37057 VR Italy	Holding company	Italy	100
LINPAC Packaging Pontivy SAS	Parc d'Activités de Kerguilloten 56920 Noyal-Pontivy, France	Plastic conversion	France	100
LINPAC Packaging Pravia SA	Vegafriosa, La Calida, 33128 Pravia, Asturias, Spain	Plastic conversion	Spain	100
LINPAC Packaging Production Sp.z.o.o	Bukowice 39, 56-120 Brzeg Dolny, Poland	Plastic company	Poland	100
LINPAC Packaging Provence SAS	Parc d'Activités de Kerguilloten 56920 Noyal-Pontivy, France	Holding company	France	100
LINPAC Packaging Rigid GmbH	Am Bahnhof Oegeln 3, 15848 Beeskow, Germany	Plastic conversion	Germany	100
LINPAC Packaging Romania Srl	Traian Vuia Street no 208, Cluj Napoca Cluj 400397, Romania	Marketing	Romania	100
LINPAC Trading RUS LLC	2 ya Melitopolskaya str. 4a, bld.40 Moscow, Russia 117623	Marketing	Russia	100
LINPAC Packaging Verona Srl	Via Monte Pastello 40, San Giovanni Lupatoto, 37057 VR, Italy	Plastic conversion	Italy	100
LINPAC Packaging Spol.S.r.o.	Cerna Silnice 1457, 295 01 Mnichovo Hradiste, Czech Republic	Distributor	Czech Republic	100

## LINPAC Group Holdings Limited

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### Notes to the Financial Statements for the year ended 31 December 2021 (continued)

#### 15 Investments (continued)

LINPAC Plastics GB Ltd	Wakefield road, featherstone, West Yorkshire, W57 5DE, UK	Dormant company	UK	100
Moldpack SL	Vegafriosa, la Calzada, 33128 Pravia, Asturias, Spain	Tooling	Spain	100
Overpack Embalagens SA	Z. Ind. de Ovar, Rua de Cabo Verde, 3881-902 Ovar, Portugal	Marketing	Portugal	100
LA 2012 Ltd*	Wakefield Road, Featherstone, West Yorkshire, W57 5DE, UK	Holding company	UK	100
Infia S.r.l	Via Caduti de Via Fani 85, Bertinoro, 47032, FC Italy	Plastic conversion	Italy	100
Infia Ibérica SL	Poligono S.P.1.2., Parcela 5, 46530	Marketing	Spain	75
Infia Plastic SL	Poligono S.P.1.2., Parcela 5, 46530	Plastic conversion	Spain	90
LINPAC Distribution SAS	Parc d'Activités de Kerguilton 56920, France	Marketing	France	100
PICNAL France SAS	Parc d'Activités de Kerguilton 56920, France	Holding company	France	100
LINPAC Packaging Sro	Vasinova 61, 94901, Nitra Slovakia	Marketing	Slovakia	100
OOO Smart Pack	Fedodosilskaya Street, 1/16, Moscow	Dormant	Russia	100
LINPAC Finco Ltd*	Wakefield Road, Featherstone, West Yorkshire, WF7 5DE	Holding	UK	100
Kloecknar Pentaplast, Ltda	Rodovia Raposo Tavares, Km 28.3, 06707-050, Cotia SP Brazil	Plant - COT	Brazil	100
Pentaplast Unipessoal, Lda	Rua de S.Roque, 70 Agua Longa 4825-116 Santo Tirso, Portugal	Plant - SAN	Portugal	100
Kloecknar Pentaplast Espana S.A.U	Pol. Ind.Skol. Ctra. C-35, P.K.65, 17451 Sant Feliu de Buixalleu (Girona), Spain	Plant - GIR	Spain	100
Kloeckner Pentaplast Gebze Ambalaj Meddeleri A.S	Gebze Organize San. Bölgesi (G.O.S.B) 1400 Sokak No. 1402, Çayırova-KOCAELİ Turkey	Plant - GEB	Turkey	100



## LINPAC Group Holdings Limited

### Notes to the Financial Statements for the year ended 31 December 2021 (continued)

#### 15 Investments (continued)

The associate of the Company is set out below:

Name of associate	Registered address	Activity	Country of incorporation	% of share capital owned
Infia UK Ltd	Beech Gate Peterborough Road, Whittlesey, Peterborough, England, PE7 1PD	Distributor	UK	42

In the opinion of the directors, the value of the Company's investments is not less than the amount at which they are stated in the statement of financial position. Investments are held in the form of ordinary shares.

#### 16 Right of use assets

The following table presents the amounts relating to right-of-use assets:

	<i>Motor vehicles</i> £ 000	<i>Land and buildings</i> £ 000	<i>Total</i> £ 000
<b>Cost</b>			
At 1 January 2021	380	1,522	1,902
Additions	18	-	18
At 31 December 2021	398	1,522	1,920
<b>Depreciation</b>			
At 1 January 2021	222	937	1,159
Charge for the year	91	468	559
At 31 December 2021	313	1,405	1,718
<b>Carrying amount</b>			
At 31 December 2021	85	117	202
At 31 December 2020	158	585	743
<b>Lease liability</b>			
	2021 £ 000	2020 £ 000	
At 1 January	781	1,177	
Additions during the year	18	177	
Effect from discounting at the incremental borrowing rate of 5.38%	25	55	
Lease payments for the period	(608)	(628)	
At 31 December	216	781	

# LINPAC Group Holdings Limited

## Notes to the Financial Statements for the year ended 31 December 2021 (continued)

### 16 Right of use assets (continued)

	Note	2021 £ 000	2020 £ 000
<b>Lease liabilities</b>			
Current	18	185	578
Non-current	19	31	203
		<u>216</u>	<u>781</u>

#### Future minimum lease payments as at 31 December are as follows:

	2021 £ 000	2020 £ 000
Due within 1 year	188	603
Later than 1 year and not later than 5 years	32	206
	<u>220</u>	<u>809</u>
Future finance charges	(4)	(28)
Carrying amount of lease liability	<u>216</u>	<u>781</u>

### 17 Debtors

	2021 £ 000	2020 £ 000
<b>Due within one year</b>		
Trade debtors	395	349
Prepayments and accrued income	1,109	375
	<u>1,504</u>	<u>724</u>

#### Due in more than one year

	2021 £ 000	2020 £ 000
Deferred tax assets (note 20)	<u>1,061</u>	<u>722</u>

## LINPAC Group Holdings Limited

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### Notes to the Financial Statements for the year ended 31 December 2021 (continued)

#### 18 Creditors: amounts falling due within one year

	2021 £ 000	2020 £ 000
Trade creditors	873	1,534
Accruals and deferred income	3,010	6,996
Amounts owed to group undertakings	3,385	3,745
Bank overdraft	-	5,424
Loans due to group undertakings	724,371	355,639
Lease liabilities	185	578
Provisions	28	-
	<u>731,852</u>	<u>373,916</u>

A cross-guarantee and set-off agreement exists in respect of overdrafts between the Company and other UK subsidiary companies of the indirect holding company, LINPAC Senior Holdings.

Amounts owed to group undertakings incur no interest and are repayable on demand. These represent amounts payable through the normal course of business to other group companies.

Loans due to group undertakings are unsecured and repayable on demand. Interest on these loans is charged at a combination of fixed rate and floating rate of 3.5% margin above SONIA. It also includes a loan of £159m denominated in US Dollars (215m).

#### 19 Creditors: amounts falling due after more than one year

	2021 £ 000	2020 £ 000
Loan due to group undertakings	512,637	352,623
Lease liabilities	31	203
	<u>512,668</u>	<u>352,826</u>

Loan due to group undertakings is unsecured and repayable on 31 December 2022. Interest on this loan is charged quarterly at a floating rate at a margin above SONIA. It also includes a loan of £146m denominated in Euros (€173m).

## LINPAC Group Holdings Limited

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### Notes to the Financial Statements

for the year ended 31 December 2021 (continued)

#### 20 Deferred tax

Deferred tax assets and liabilities

2021

	<i>Asset</i> £ 000
Accelerated tax depreciation	1,039
Other items	22
	<u>1,061</u>

2020

	<i>Asset</i> £ 000
Accelerated tax depreciation	719
Other items	3
	<u>722</u>

Deferred tax movement during the year:

	<i>At 1 January</i> 2021 £ 000	<i>Recognised in</i> <i>income</i> £ 000	<i>At 31 December</i> 2021 £ 000
Accelerated tax depreciation	719	320	1,039
Other items	3	19	22
Net tax assets/(liabilities)	<u>722</u>	<u>339</u>	<u>1,061</u>

## LINPAC Group Holdings Limited

### Notes to the Financial Statements for the year ended 31 December 2021 (continued)

#### 20 Deferred tax (continued)

Deferred tax movement during the prior year:

	<i>At 1 January 2020 £ 000</i>	<i>Recognised in income £ 000</i>	<i>At 31 December 2020 £ 000</i>
Accelerated tax depreciation	756	(37)	719
Other items	43	(40)	3
Net tax assets/(liabilities)	<u>799</u>	<u>(77)</u>	<u>722</u>

#### 21 Called up share capital

			<i>*As restated</i>
	<i>2021</i>		<i>2020</i>
	<i>No. 000</i>	<i>£000</i>	<i>No. 000</i>
			<i>£000</i>
Ordinary shares of £0.00001 each (2020 - £1 each)	1,262,377	13	77,751
	<u>1,262,377</u>	<u>13</u>	<u>77,751</u>

\*See note 24 for further details.

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

On 23 April 2021, the directors obtained an interim third party valuation for the fair value of the Company's investments in subsidiaries (see note 15) resulting in an interim revaluation reserve of £1,184,626,000.

On 3 June 2021, an ordinary resolution was passed to allot 1,184,625,607 ordinary shares at an aggregate nominal value of £1,184,625,607 through the revaluation reserve and on the same date, a special resolution was passed to reduce the share capital and share premium by £1,274,099,029 divided into (i) reducing its share capital from £1,262,376,608 to £12,623.77 (as detailed below in the accounts); and (ii) cancelling an aggregate amount of £11,735,045 from the Company's share premium account, and the amount by which the share capital is so reduced and the share premium so cancelled be credited to a reserve.

At 31 December 2021, an updated third party investment valuation was performed and this resulted in a reduction in the valuation of £522,011,000 resulting in a net revaluation uplift of £662,615,000 in the year (see note 15).

## LINPAC Group Holdings Limited

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### Notes to the Financial Statements for the year ended 31 December 2021 (continued)

#### 21 Called up share capital (continued)

*Ordinary shares movement during the year :*

	No. 000	Rate	£000
At 1 January 2021	77,751	1.00	77,751
Share capital issued at 3 June 2021	1,184,626	1.00	1,184,626
Share capital reduction at 3 June 2021	1,262,377	0.99999	(1,262,364)
At 31 December 2021	<u>1,262,377</u>	<u>0.00001</u>	<u>13</u>

#### 22 Related party transactions

The Company has taken advantage of the exemption granted by Financial Reporting Standard 101 not to disclose transactions with other wholly owned group companies.

Sales and purchases with related parties are made in the normal course of business and on an arm's length basis.

See note 10 for disclosure of the director's remuneration.

#### 23 Parent and ultimate parent undertaking

The Company's immediate holding company is LINPAC Finance Limited.

The Company's ultimate parent undertaking is Kleopatra Holdings 1 S.C.A, a company incorporated in Luxembourg. The Company's ultimate controlling party is Strategic Value Partners LLC. As at 31 December 2021 they manage funds holding 92.96% of the equity (2020: 92.96%).

Kleopatra Holdings 2 S.C.A. is the parent undertaking of the smallest and largest group to consolidate these financial statements. Copies of Kleopatra Holdings 2 S.C.A.'s consolidated financial statements can be obtained from the Company Secretary at the registered address of 46A Avenue John F. Kennedy, 1855 Luxembourg.

#### 24 Reclassification of comparative balances

Called up share capital of £89,486,000 which were previously shown at par in error, have been restated as share premium of £11,735,000 and called up share capital of £77,751,000 to appropriately reflect the nature of balances.

#### 25 Non adjusting events after the financial period

There were no non-adjusting events after the financial period.