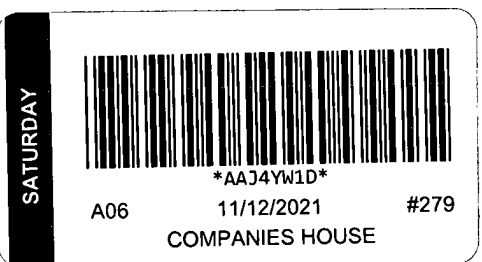


Registration number: 00677556

LINPAC Group Holdings Limited

Annual Report and Financial Statements

for the year ended 31 December 2020



LINPAC Group Holdings Limited

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LINPAC Group Holdings Limited

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

LINPAC Group Holdings Limited

Strategic Report

for the year ended 31 December 2020

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 2020.

Principal activity and business review

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 loss for the financial year was £12,972,000 (2019: £3,971,000). The significant increase in loss for the financial year is attributable to reduced Other income of £6,673,000 (2019: £9,046,000) and, increased Administrative expenses before exceptional items of £13,027,000 (2019: £9,826,000) due to drop in management recharges. During the year, management took the decision, not to recharge certain entities within the group and to retain these costs centrally. The directors do not recommend the payment of a dividend within the year ended 31 December 2020 (2019: £nil). Included in the loss for the year are net exceptional expenses totalling £4,041,000 (2019: £2,120,000). Most of these costs are related to restructuring projects.

The net liabilities of the Company at the year-end were £61,593,000 (2019: £48,621,000).

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.

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

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 22). 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.

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.

LINPAC Group Holdings Limited

Strategic Report

for the year ended 31 December 2020 (continued)

Approved by the Board on 09/12/2021 and signed on its behalf by:



M A Richards
Director

LINPAC Group Holdings Limited

Directors' Report

for the year ended 31 December 2020

The Directors present their Annual report and the audited financial statements for the year ended 31 December 2020.

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

J A Jones (resigned 8 March 2021)

M A Richards (appointed 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 do not recommend the payment of a dividend for the year ended 31 December 2020 (2019: £nil).

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

Directors' Report

for the year ended 31 December 2020 (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

Subsequent to December 31, 2020, the external debt in the KP Group has been refinanced, consequently existing loan in Klockner Pentaplast, USA were repaid and new loan facility is obtained. In order to right-size debt and improve distributable profit in UK group entities, the management has embarked upon, with professional assistance with PWC, simplifying debt structure in LINPAC Senior Holdings Limited, LINPAC Group Limited, LINPAC Finance Limited and LINPAC Group Holdings Limited. This involves elimination of negative reserve, in those companies, to facilitate inter-company elimination. All transactions were carried out at fair market value.

Disclosure of information to the auditors

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

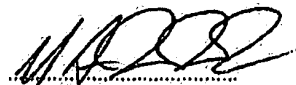
Directors' Report

for the year ended 31 December 2020 (continued)

Reappointment of auditors

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 auditors.

Approved by the Board on 9/2/21 and signed on its behalf by:



M A Richards
Director

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, 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

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 2020 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 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 balance sheet;
- the statement of changes in equity; and
- the related notes 1 to 24.

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.

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 more fully 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. This description forms part of our auditor's report.

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 those charged with governance about their own identification and assessment of the risks of irregularities. 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

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

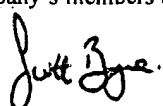
Under the Companies Act 2006 we are required to report in respect of the following matters if, in our opinion:

- 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.



.....
Scott Bayne (Senior Statutory Auditor)
For and on behalf of Deloitte LLP
Statutory Auditor
Leeds, United Kingdom

09/12/2021
Date:.....

LINPAC Group Holdings Limited

Profit and Loss Account

for the year ended 31 December 2020

	Note	2020 £ 000	2019 £ 000
Other operating income	5	6,673	9,046
Administrative expenses before exceptional items		(13,027)	(9,826)
Exceptional administrative expenses	7	<u>(4,041)</u>	<u>(2,120)</u>
Operating loss	6	(10,395)	(2,900)
Other interest receivable and similar income	9	4,046	3,054
Interest payable and similar charges	9	<u>(6,546)</u>	<u>(4,360)</u>
Loss on ordinary activities before taxation		(12,895)	(4,206)
Tax on loss on ordinary activities	10	<u>(77)</u>	<u>235</u>
Loss and total comprehensive (expense) for the financial year		<u><u>(12,972)</u></u>	<u><u>(3,971)</u></u>

There is no other comprehensive income for the year and therefore no separate Statement of Comprehensive Income was prepared.

The above results were derived from continuing operations.

The notes on pages 16 to 41 form an integral part of these financial statements.

LINPAC Group Holdings Limited

Balance Sheet

as at 31 December 2020

		2020	*As restated
	Note	£ 000	2019 £ 000
Fixed assets			
Intangible assets	11	327	182
Property, plant and equipment	12	617	683
Investments	13	661,861	811,281
Right-of-use assets	14	743	1,178
		<u>663,548</u>	<u>813,324</u>
Current assets			
Debtors: amounts due within one year	15	724	5,968
Debtors: amounts due in more than one year	15	722	799
Income tax asset		83	83
Cash and cash equivalents		72	1,187
		<u>1,601</u>	<u>8,037</u>
Creditors: amounts falling due within one year	16	<u>(373,916)</u>	<u>(539,195)</u>
Net current liabilities		<u>(372,315)</u>	<u>(531,158)</u>
Total assets less current liabilities		291,233	282,166
Creditors: amounts falling due after more than one year	17	<u>(352,826)</u>	<u>(330,787)</u>
Net liabilities		<u>(61,593)</u>	<u>(48,621)</u>
Equity			
Called up share capital	19	89,486	89,486
Other reserves		(401)	(401)
Accumulated losses		<u>(150,678)</u>	<u>(137,706)</u>
Shareholders' deficit		<u>(61,593)</u>	<u>(48,621)</u>

The notes on pages 16 to 41 form an integral part of these financial statements.

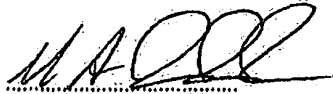
LINPAC Group Holdings Limited

Balance Sheet

as at 31 December 2020 (continued)

*Certain prior year balances have been restated, see note 24 for details.

Approved by the Board on 9/2/21 and signed on its behalf by:



M A Richards
Director

The notes on pages 16 to 41 form an integral part of these financial statements.

LINPAC Group Holdings Limited

Statement of Changes in Equity for the year ended 31 December 2020

	<i>Called up share capital £ 000</i>	<i>Foreign currency translation reserve £ 000</i>	<i>Retained earnings £ 000</i>	<i>Total £ 000</i>
At 1 January 2019	89,486	(401)	(133,735)	(44,650)
Loss for the year	-	-	(3,971)	(3,971)
At 31 December 2019	<u>89,486</u>	<u>(401)</u>	<u>(137,706)</u>	<u>(48,621)</u>
At 1 January 2020	89,486	(401)	(137,706)	(48,621)
Loss for the year	-	-	(12,972)	(12,972)
At 31 December 2020	<u>89,486</u>	<u>(401)</u>	<u>(150,678)</u>	<u>(61,593)</u>

The notes on pages 16 to 41 form an integral part of these financial statements.

LINPAC Group Holdings Limited

Notes to the Financial Statements

for the year ended 31 December 2020

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 22.

- 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

Notes to the Financial Statements

for the year ended 31 December 2020 (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 liabilities of the Company at 31 December 2020 are £61.593m. Kleopatra Holdings 2 S.C.A. has cash at bank of £123.1m at 31 December 2020.

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

Notes to the Financial Statements

for the year ended 31 December 2020 (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 400 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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Property, plant and equipment (continued)

Notes to the Financial Statements

for the year ended 31 December 2020 (continued)

2 Accounting policies (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 adopted IFRS 16 as from 1 January 2019. Under IFRS 16 the majority of the leases became on-balance sheet liabilities with underlying right-of-use assets.

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 2020 is 5.38% (2019: 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

Notes to the Financial Statements

for the year ended 31 December 2020 (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 exists.

Investments in subsidiaries

Investments in subsidiaries are held at cost less accumulated impairment losses.

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.

LINPAC Group Holdings Limited

Notes to the Financial Statements for the year ended 31 December 2020 (continued)

2 Accounting policies (continued)

Financial assets (continued)

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 amortised 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.

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.

LINPAC Group Holdings Limited

Notes to the Financial Statements for the year ended 31 December 2020 (continued)

2 Accounting policies (continued)

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.

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.

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.

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.

3 Critical accounting estimates and judgements

The Company makes estimates and assumptions concerning the future. The resulting accounting estimates will, by definition, seldom equal the related actual results. There are no key sources of estimation uncertainty and no critical judgements were made in the process of applying the Company's accounting policies.

LINPAC Group Holdings Limited

Notes to the Financial Statements

for the year ended 31 December 2020 (continued)

4 New and amended standards and interpretations

The following new and revised IFRS, which became effective for annual periods beginning on or after 1 January 2020, have been adopted in these financial statements. The application of these revised IFRS has not had any material impact on the amounts reported for the current and prior years but may affect the accounting for future transactions or arrangements.

Amendments to IAS 1 and IAS 8 Definition of Material

The amendments provide a new definition of material that states, "information is material if omitting, misstating or obscuring it could reasonably be expected to influence decisions that the primary users of general purpose financial statements make on the basis of those financial statements, which provide financial information about a specific reporting entity." The amendments clarify that materiality will depend on the nature or magnitude of information, either individually or in combination with other information, in the context of the financial statements. A misstatement of information is material if it could reasonably be expected to influence decisions made by the primary users.

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

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 applies to annual reporting periods beginning on or after 1 June 2020. Earlier application is permitted.

No rent waivers were taken to the statement of comprehensive income this year in regards to the decision to elect to apply the practical expedient available as per Amendments to IFRS 16 COVID-19 Related Rent concessions.

LINPAC Group Holdings Limited

Notes to the Financial Statements

for the year ended 31 December 2020 (continued)

5 Other operating income

Arrived at after crediting:

	2020 £ 000	2019 £ 000
Management cost recharges	<u>6,673</u>	<u>9,046</u>

6 Operating loss

Arrived at after charging/(crediting):

	2020 £ 000	2019 £ 000
Depreciation expense	735	755
Amortisation expense on intangible assets	88	-
Staff costs	11,186	6,694
Foreign exchange gains	(8,759)	(2,501)
Services provided by the company's auditors and their associates		
Fees payable to the company's auditors and their associates for the audit	<u>54</u>	<u>87</u>

Depreciation shown in the table above includes depreciation relating to right of use assets of £611,000 (2019: £548,000).

7 Exceptional administrative expenses

	2020 £ 000	2019 £ 000
Restructuring projects	<u>4,041</u>	<u>2,120</u>

During the year there were operating items that due to their size and nature have been recognised as exceptional in the Income Statement. The total cost of these items were £4,041,340 (2019: £2,120,000).

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

LINPAC Group Holdings Limited

Notes to the Financial Statements

for the year ended 31 December 2020 (continued)

8 Employees and directors

	2020 No.	2019 No.
The average monthly number of employees (excluding directors) during the year (all administrative) was:	<u>55</u>	<u>56</u>

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

	2020 £ 000	2019 £ 000
Staff costs consist of:		
Wages and salaries	10,126	5,944
Social security costs	831	566
Other pension costs	<u>229</u>	<u>184</u>
	<u>11,186</u>	<u>6,694</u>

Staff costs recharged to other group companies and included in the above disclosure amount to £504,000 (2019: £634,000).

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

	2020 £ 000	2019 £ 000
Staff costs include emoluments of the executive directors as follows:		
Salaries and other short term benefits	1,296	3,064
Contributions to money purchase pension schemes	<u>39</u>	<u>99</u>
	<u>1,335</u>	<u>3,163</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 (2019: 3).

LINPAC Group Holdings Limited

Notes to the Financial Statements

for the year ended 31 December 2020 (continued)

8 Employees and directors (continued)

Details of highest paid director's remuneration are:

	2020 £ 000	2019 £ 000
Aggregate emoluments (excluding pension contribution)	<u>940</u>	<u>1,155</u>

9 Finance costs - net

	2020 £ 000	2019 £ 000
Other interest receivable and similar income:		
Interest income on loans owed by group undertakings	4,046	3,054
Interest payable and similar charges:		
Interest expense on loans owed to group undertakings	(4,722)	(4,124)
External borrowings	(1,769)	(172)
Interest on lease liabilities	<u>(55)</u>	<u>(64)</u>
Total finance cost	<u>(6,546)</u>	<u>(4,360)</u>
Net finance cost	<u>(2,500)</u>	<u>(1,306)</u>

LINPAC Group Holdings Limited

Notes to the Financial Statements

for the year ended 31 December 2020 (continued)

10 Tax on loss

Tax charged/(credited) in the profit and loss account

	2020 £ 000	2019 £ 000
Deferred taxation		
Deferred tax on profits for the year	<u>77</u>	<u>(235)</u>

The tax on profit before tax for the year is higher than the standard rate of corporation tax in the UK (2019 - higher than the standard rate of corporation tax in the UK) of 19% (2019 - 19%).

The differences are reconciled below:

	2020 £ 000	2019 £ 000
Loss before tax	<u>(12,895)</u>	<u>(4,206)</u>
Corporation tax at standard rate	(2,450)	(799)
Increase from effect of expenses not deductible in determining taxable profit	434	7
Decrease arising from group relief tax reconciliation	(1,114)	(3,585)
Increase from transfer pricing adjustments	3,257	4,282
Increase/(decrease) in current tax from unrecognised temporary difference from a prior period	39	(150)
Deferred tax (credit)/expense relating to changes in tax rates or laws	<u>(89)</u>	<u>10</u>
Total tax charge/(credit)	<u>77</u>	<u>(235)</u>

The Finance (No.2) Act 2015 reduced the main rate of UK corporation tax to 19%, effective from 1 April 2017. A further reduction in the UK corporation tax rate to 17% was expected to come into effect from 1 April 2020 (as enacted by Finance Act 2016 on 15 September 2016). However, legislation introduced in the Finance Act 2020 (enacted on 22 July 2020) repealed the reduction of the corporation tax, thereby maintaining the current rate of 19%. Deferred taxes on the balance sheet have been measured at 19% which represents the future corporation tax rate that was enacted at the balance sheet date.

The UK Budget 2021 announcements on 3rd March 2021 included measures to support economic recovery as a result of the ongoing COVID-19 pandemic. These included an increase to the UK's main corporation tax rate to 25%, which is due to be effective from 1st April 2023. The Finance Bill 2021 was substantively enacted on 24th May 2021 and given Royal Assent on 10th June 2021. However as this was not substantively enacted at the balance sheet date this has not been reflected in the measurement of deferred tax balances at the period end.

LINPAC Group Holdings Limited

Notes to the Financial Statements for the year ended 31 December 2020 (continued)

11 Intangible assets

	<i>Computer software £ 000</i>
Cost	
At 1 January 2020	928
Additions	233
At 31 December 2020	<u>1,161</u>
Amortisation	
At 1 January 2020	746
Amortisation charge	88
At 31 December 2020	<u>834</u>
Net book value	
At 31 December 2020	<u>327</u>
At 31 December 2019	<u>182</u>

LINPAC Group Holdings Limited

Notes to the Financial Statements for the year ended 31 December 2020 (continued)

12 Property, plant and equipment

	<i>Land £ 000</i>	<i>Furniture, fittings and equipment £ 000</i>	<i>Total £ 000</i>
Cost			
At 1 January 2020	366	1,119	1,485
Additions	-	58	58
At 31 December 2020	366	1,177	1,543
Depreciation			
At 1 January 2020	-	802	802
Charge for the year	-	124	124
At 31 December 2020	-	926	926
Carrying amount			
At 31 December 2020	366	251	617
At 31 December 2019	366	317	683

13 Investments

	<i>2020 £ 000</i>	<i>*As restated 2019 £ 000</i>
Subsidiary undertakings	289,562	165,071
Loans owed by group undertakings	92,915	362,135
Amounts owed by group undertakings	279,384	284,075
	<u>661,861</u>	<u>811,281</u>

LINPAC Group Holdings Limited

Notes to the Financial Statements for the year ended 31 December 2020 (continued)

13 Investments (continued)

Amounts 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.

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 LIBOR. It also includes a loan of £89m denominated in US Dollars (\$122m).

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

*Certain prior year balances have been restated, see note 24 for details.

	2020 £ 000	2019 £ 000
<i>Subsidiary undertakings</i>		
Cost		
At 1 January	357,621	357,621
Additions	124,491	-
At 31 December	482,112	357,621
Impairment provision		
At 31 December	(192,550)	(192,550)
Carrying amount		
At 31 December	289,562	165,071

The Company made additional investments in LINPAC Europe Limited and LINPAC Finco Limited during the year.

LINPAC Group Holdings Limited

Notes to the Financial Statements for the year ended 31 December 2020 (continued)

13 Investments (continued)

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

Name of subsidiary	Registered address	Activity	Country of incorporation	% of share capital owned
LINPAC Europe Ltd	Wakefield Road, Featherstone, West Yorkshire, W575DE, UK	Dormant 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 CCHeerenvveen, Holland	Marketing	Netherlands	100
LINPAC Packaging (Changzhou) Co Ltd	No 16, Fengqi Road, Wujin High-Tech Industrial Development Zone, Changzhou City, Jiangsu, China	Plastic conversion	China	100
LINPAC 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 Group Holdings Limited

Notes to the Financial Statements for the year ended 31 December 2020 (continued)

13 Investments (continued)

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, W57 5DE, 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 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

LINPAC Group Holdings Limited

Notes to the Financial Statements

for the year ended 31 December 2020 (continued)

13 Investments (continued)

Infia Plastic SL	Poligono S.P.1.2., Parecela 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
ООО 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 Meddeler A.S	Gebze Organize San. Bölgesi (G.O.S.B) 1400 Sokak No. 1402, Çayırova-KOCAELİ Turkey	Plant - GEB	Turkey	100

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.

LINPAC Group Holdings Limited

Notes to the Financial Statements for the year ended 31 December 2020 (continued)

14 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
Cost			
At 1 January 2020	262	1,464	1,726
Additions	<u>118</u>	<u>58</u>	<u>176</u>
At 31 December 2020	<u>380</u>	<u>1,522</u>	<u>1,902</u>
Depreciation			
At 1 January 2020	92	456	548
Charge for the year	<u>130</u>	<u>481</u>	<u>611</u>
At 31 December 2020	<u>222</u>	<u>937</u>	<u>1,159</u>
Carrying amount			
At 31 December 2020	<u>158</u>	<u>585</u>	<u>743</u>
At 31 December 2019	<u>170</u>	<u>1,008</u>	<u>1,178</u>

LINPAC Group Holdings Limited

Notes to the Financial Statements for the year ended 31 December 2020 (continued)

14 Right of use assets (continued)

Lease liability

	2020 £ 000	2019 £ 000
At 1 January	1,177	1,625
Additions during the year	177	101
Effect from discounting at the incremental borrowing rate of 5.38%	55	64
Lease payments for the period	(628)	(613)
At 31 December	781	1,177

	Note	2020 £ 000	2019 £ 000
Lease liabilities			
Current	16	578	573
Non-current	17	203	604
		781	1,177

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

	2020 £ 000	2019 £ 000
Due within 1 year	603	573
Later than 1 year and not later than 5 years	206	604
	809	1,177
Future finance charges	(28)	-
Carrying amount of lease liability	781	1,177

LINPAC Group Holdings Limited

Notes to the Financial Statements

for the year ended 31 December 2020 (continued)

15 Debtors

	2020	<i>*As restated</i>
	£ 000	2019 £ 000
Due within one year		
Trade debtors	349	-
Prepayments and accrued income	375	5,968
	<u>724</u>	<u>5,968</u>

*Certain prior year balances of have been restated, see note 24 for details.

Due in more than one year

	2020	2019
	£ 000	£ 000
Deferred tax assets	<u>722</u>	<u>799</u>

16 Creditors: amounts falling due within one year

	2020	2019
	£ 000	£ 000
Trade creditors	1,534	453
Accruals and deferred income	6,996	3,258
Amounts owed to group undertakings	3,745	1,198
Bank overdraft	5,424	3,269
Loans due to group undertakings	355,639	530,444
Lease liabilities	578	573
	<u>373,916</u>	<u>539,195</u>

LINPAC Group Holdings Limited

Notes to the Financial Statements for the year ended 31 December 2020 (continued)

16 Creditors: amounts falling due within one year (continued)

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 LIBOR. It also includes a loan of £238m denominated in US Dollars (375m).

17 Creditors: amounts falling due after more than one year

	2020 £ 000	<i>*As restated</i> 2019 £ 000
Loan due to group undertakings	352,623	330,183
Lease liabilities	203	604
	<u>352,826</u>	<u>330,787</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 LIBOR. It also includes a loan of £119m denominated in Euros (€159m).

*Certain prior year balances of have been restated, see note Reclassification of comparative balances for details.

LINPAC Group Holdings Limited

Notes to the Financial Statements for the year ended 31 December 2020 (continued)

18 Deferred tax

Deferred tax assets and liabilities

	<i>Asset</i> £ 000
2020	
Accelerated tax depreciation	719
Provisions	-
Other items	3
	<u>722</u>
2019	<i>Asset</i> £ 000
Accelerated tax depreciation	429
Provisions	-
Other items	370
	<u>799</u>

Deferred tax movement during the year:

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

LINPAC Group Holdings Limited

Notes to the Financial Statements

for the year ended 31 December 2020 (continued)

18 Deferred tax (continued)

Deferred tax movement during the prior year:

	<i>At 1 January 2019 £ 000</i>	<i>Recognised in income £ 000</i>	<i>At 31 December 2019 £ 000</i>
Accelerated tax depreciation	429	-	429
Provisions	-	-	-
Other items	135	235	370
Net tax assets/(liabilities)	<u>564</u>	<u>235</u>	<u>799</u>

19 Called up share capital

Allotted, called up and fully paid shares

	<i>2020 No. 000</i>	<i>£000</i>	<i>2019 No. 000</i>	<i>£000</i>
Ordinary shares of £1 each	<u>89,486</u>	<u>89,486</u>	<u>89,486</u>	<u>89,486</u>

20 Contingent liabilities

In prior years, cross-border Group relief has been claimed in the UK, using losses arising in non-UK entities. HMRC has enquired into these claims. Following a CJEU ruling in February 2015 the EU loss claims were provisionally withdrawn. In the absence of the EU loss claims, the Company would instead ordinarily have claimed group relief from other UK companies to reduce taxable profits to £nil. HMRC has refused to accept the original group relief claims. Without such group relief from other UK entities, the withdrawal of the EU loss claims will lead to a tax liability of circa £11,100,000 plus interest (2019: £11,100,000 plus interest). The Company lodged an appeal to the First Tier Tribunal and judicial review proceedings to the High Court (which is stayed pending the First Tier Tribunal appeal) against HMRC's refusal with the hearing heard on 6 & 7 March 2019. The Company lodged an appeal to the First Tier Tribunal against HMRC's refusal and, by judgement dated 31 January 2020, the First Tier Tribunal agreed with the Company's position. HMRC subsequently agreed on 19 March 2020 that no further appeal would be made against the First Tier Tribunal decision. Consequently, no additional tax is payable by the Company and this matter is now closed.

An assessment was made by HMRC against a subsidiary within the Group in relation to VAT for the period 1 January 2009 to 30 June 2015 totalling £5,900,000. The Company engaged in discussions with HMRC in relation to the assessment and reached a settlement of £354k plus interest. At the date of these financial statements, HMRC have now issued agreement to the methodology proposed by the Company for the period from 1 July 2015 to date. The Company is now applying the methodology agreed with HMRC and expects the additional VAT due in the region of £200,000.

LINPAC Group Holdings Limited

Notes to the Financial Statements for the year ended 31 December 2020 (continued)

21 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 8 for disclosure of the director's remuneration.

22 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 2020 they manage funds holding 92.96% of the equity (2019: 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.

23 Non adjusting events after the financial period

Subsequent to December 31, 2020, the external debt in the KP Group has been refinanced, consequently existing loan in Klockner Pentaplast, USA were repaid and new loan facility is obtained. In order to right-size debt and improve distributable profit in UK group entities, the management has embarked upon, with professional assistance with PWC, simplifying debt structure in LINPAC Senior Holdings Limited, LINPAC Group Limited, LINPAC Finance Limited and LINPAC Group Holdings Limited. This involves elimination of negative reserve, in those companies, to facilitate inter-company elimination. All transactions were carried out at fair market value.

LINPAC Group Holdings Limited

Notes to the Financial Statements for the year ended 31 December 2020 (continued)

24 Reclassification of comparative balances

Loans owed by group undertakings

Loans owed by group undertakings of £362,135,000, which were previously reported within Current assets as Debtors: amounts due within one year in error, have been restated as investments to appropriately reflect the nature of the balances that are intended for use on a continuing basis in the entities' activities.

Amount owed by group undertakings

Amount owned by group undertakings of £17,699,000, which were previously reporting within Current assets as Debtors: amounts due within one year in error, have been restated as investments to appropriately reflect the nature of the balances that are intended for use on a continuing basis in the entities' activities.

Creditors of £266,376,000 which relate to intercompany loans that were being presented incorrectly on a net basis in Amounts owed by group undertakings have been reclassified as Creditors: amounts falling due after more than one year as the underlying intercompany loans were set under different contractual obligations but were offset in error.