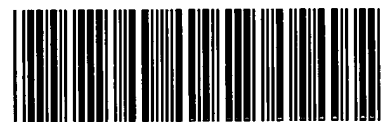


KITE PACKAGING GROUP HOLDINGS LIMITED
GROUP STRATEGIC REPORT,
REPORT OF THE DIRECTORS AND
CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2022

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KITE PACKAGING GROUP HOLDINGS LIMITED

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for the year ended 31 December 2022**

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KITE PACKAGING GROUP HOLDINGS LIMITED

COMPANY INFORMATION
for the year ended 31 December 2022

DIRECTORS:	B.G. McInnes (Chairman) L.W. Durham C.G. McInnes B.A. Stiefel
SECRETARY:	M-B. Ashe
REGISTERED OFFICE:	Puma Park 102-106 Scimitar Way Coventry CV3 4GB
REGISTERED NUMBER:	06510008 (England and Wales)
AUDITORS:	Dafferns LLP Chartered Accountants Statutory Auditor One Eastwood Harry Weston Road Binley Business Park Coventry CV3 2UB
BANKERS:	Lloyds Bank Plc 125 Colmore Row Birmingham B3 3SD

KITE PACKAGING GROUP HOLDINGS LIMITED

GROUP STRATEGIC REPORT for the year ended 31 December 2022

The directors present their Strategic Report of the Company and the Group for the year ended 31 December 2022.

OVERVIEW

2022 was a very busy year at the KPGH Group dealing with:

- packaging demand starting to slow, and in some sectors drop markedly, as the “Covid Packaging Demand Bubble” ended in the final quarter of 2021.
- volatile pricing for both paper and plastic products. These peaked towards the end of Q1 2022. Thereafter Plastic prices dropped back slightly, however Paper prices held up through the summer and then fell rapidly towards the year end. Overall, we believe there was modest price inflation over the year.
- inbound packaging product supply issues which started to ease from the beginning of 2022 and by Q4 there was actually an excess in supply, as demand dropped.
- very volatile prices throughout the year of packaging recovery notes (PRN's) which had to be navigated by Kite's Packaging Compliance Division.
- operating costs rising due to significant inflation in wages, energy and transport costs.
- the biggest single project of the year which was the relocation in Q3 of Kite's Central Teams, the National Distribution Centre, Kite's Compliance Division and the online business, kitepackaging.co.uk, to their new stunning home at the Kite Campus, Coventry. The logistics and scale of this move were considerable – the move of c.18,000 pallets of stock and the relocation of 200 teammates – and that it was achieved without the loss of any staff (but many long hours!) or a drop-off in customer service is a testament to all involved.

Notwithstanding all this activity, the KPGH Group produced exceptional results:

- Sales increased by 13.8% to £162.1m. It is worth noting that all this growth was organic.
- Operating Profit increased by 11.1% to £27.8m (2021: £25.0m).

The KPGH Group's properties, all of which are occupied by KPGH Group companies, remained unchanged through 2022 with only a modest upward revaluation at December 2022 of £330k.

Unusually, 2022 also saw significant capital expenditure:

- on a large number of new 18t trucks and
- of £4.2m at the new Kite Campus, which is a leased property. This has given the KPGH Group big efficiencies and operational benefits, as well as creating an exceptional working and training environment for Kite's most important asset, our people.

This capital expenditure is reflected in the increase in Tangible Fixed Assets.

Despite the large capex spend, cash generation was very strong and at the year-end cash on hand stood at £19.0m (2021: £7.3m), reflecting the record results as well as the financial characteristics of the KPGH Group and management's tight control of net trading assets.

It is a great testament to the Kite team that in 2022 they not only dealt with a very volatile market (both supply and demand) as well as some major operational changes, but also delivered all-time record results.

KITE PACKAGING GROUP HOLDINGS LIMITED

GROUP STRATEGIC REPORT for the year ended 31 December 2022

PRINCIPAL RISKS AND UNCERTAINTIES

The principal risks and uncertainties facing the Company and the factors mitigating against these risks are as follows:

RISK

MITIGATING FACTOR

<u>Trade receivables</u> The KPGH Group has several large customers who at any time can each owe well in excess of £100,000 on trade account.	The KPGH Group monitors the credit worthiness of all major customers on an on-going basis. Further, no customer represents more than 5% of the total trade debtor book at any time.
<u>Cost price fluctuations of packaging</u> The KPGH Group is exposed to fluctuations in cost prices of packaging from suppliers and also to exchange rate volatility on the purchases of imported products.	All the major participants in the UK packaging distribution market face these issues and generally move rapidly to raise selling prices to recover input price increases. Price decreases however could result in packaging stock on hand being held at a higher cost than prevailing market selling prices. This exposure is mitigated by the KPGH Group's high stock turns. Furthermore, the KPGH Group has no customers which enjoy fixed long-term prices.
<u>Cost price fluctuations of PRN's</u> The KPGH Group is exposed to fluctuations in the price of packaging recovery notes (PRN's) acquired to meet the Compliance Division's members' obligations.	The KPGH Group ensures that at the end of every quarter it is not materially long or short of any PRN's.
<u>Supplier failure</u> As a distributor, the KPGH Group is exposed to the possible closure or failure of a manufacturer-supplier of packaging. The Compliance Division is also exposed to the potential failure of a PRN supplier.	The KPGH Group ensures that it has alternative sources of supply, at competitive prices, for all its core packaging products as well as PRN's.
<u>Financial liquidity & interest rates</u> The KPGH Group may need access to short-term funding for its working capital in which case the KPGH Group would be exposed to interest rate increases on such borrowings.	The KPGH Group manages the quantum of any interest-bearing debt (when required) and its repayment profile. In addition, the KPGH Group has a committed, significant receivables finance facility available, at a competitive market interest rate. This facility is in excess of the KPGH Group's foreseeable needs and is currently not utilised.

KITE PACKAGING GROUP HOLDINGS LIMITED

GROUP STRATEGIC REPORT for the year ended 31 December 2022

PRINCIPAL RISKS AND UNCERTAINTIES - continued

RISK

MITIGATING FACTOR

<p><u>Properties</u></p> <p>The KPGH Group faces the risk of fire, flood, civil disturbance and theft resulting in damage to, or loss of, stock and building fabric, as well as disruption to operations, adverse environmental impact or harm to personnel.</p> <p>The KPGH Group also occupies 4 properties leased from 3rd party landlords which give rise to a risk of rental increases and end-of-lease dilapidations.</p>	<p>The KPGH Group has in place risk assessments and fire management plans to mitigate these risks, as well as relevant insurance policies.</p> <p>The leases are on agreed terms for future rentals and the properties are well maintained by the KPGH Group thereby lowering the risk of significant dilapidation claims. In addition, the KPGH Group makes a monthly financial provision for such future potential dilapidation claims.</p>
<p><u>People</u></p> <p>The KPGH Group operates with a decentralised, partnership model. Local decision making could result in the KPGH Group facing an unanticipated risk.</p> <p>The KPGH Group also faces the potential risk of the loss of key personnel.</p>	<p>The KPGH Group operates a very comprehensive reporting regime with tight financial controls. Authority levels are clearly documented and monitored for adherence.</p> <p>The KPGH Group ensures that its remuneration programme is in line with the market while its employee share-ownership model also acts as a major financial incentive for key personnel.</p>
<p><u>IT Systems</u></p> <p>The KPGH Group operates its own IT systems across all operations and therefore faces the risk of IT software and / or hardware failure, as well as security failures and cyber-attacks.</p>	<p>The KPGH Group operates a continuous IT upgrade and replacement programme to ensure that security and performance are not compromised. In addition, the Group operates a full suite of security applications for its IT systems and routinely undertakes penetration testing. Operationally critical hardware and software functions are held at a secure off-site data centre together with a secondary back up site, both of which are managed on a 24/7 basis.</p>

KITE PACKAGING GROUP HOLDINGS LIMITED

GROUP STRATEGIC REPORT for the year ended 31 December 2022

SECTION 172(1) STATEMENT

The Directors consider that they have acted in a manner that is most likely to promote the success of the KPGH Group for the benefit of shareholders as a whole, and in doing so, have had regard to all the stakeholders and the matters set out in Section 172 of the Companies Act 2006.

The Directors view the key company stakeholders and methods of engagement as:

STAKEHOLDER GROUP

PRINCIPAL METHODS OF ENGAGEMENT

Shareholders	Kite communicates regularly with all its shareholders. It also believes passionately in the employee share ownership model operated by its ultimate holding company Kite Packaging Group Holdings.
Employees	Two-way communication with employees is a high priority in Kite and continues through a variety of methods and channels to ensure employees are fully informed about current issues related to the business. (See section "Employees" below for further information.)
Customers	Kite prides itself on working closely with its customers to understand and fulfil their requirements, offering efficient, effective and competitive solutions for their packaging needs.
Suppliers	Kite believes strongly in having a long-term, mutually beneficial partnership relationship with its suppliers. Its strong balance sheet also provides assurance to suppliers that Kite is not a credit risk.

Within this report the Directors have recorded how they have considered the above in the decisions they have taken during the financial year.

EMPLOYEES

During 2022 the KPGH Group's average number of employees rose to 399 (2021:337), as the business expanded.

The KPGH Group's employee share-ownership model remains a keystone to the whole business and it was pleasing that during 2022 the number of employees participating in the KPGH Group Shareholder Incentive Plan grew to 287.

The KPGH Group believes strongly that its employees are the single biggest differentiator from our competitors. Their dedication and commitment cannot be over-stated, and our 2022 results are a credit to them all.

Acknowledging the critical part that its employees play in every facet of its business, the KPGH Group recognises that discrimination is unacceptable and is an equal opportunity employer treating all prospective and existing staff without favour. The KPGH Group is committed to providing opportunities and training for people with disabilities to be employed whenever suitable positions are available.

Two-way communication with employees is a high priority in the KPGH Group and continues through a variety of methods and channels to ensure employees are fully informed about current issues related to the business.

KITE PACKAGING GROUP HOLDINGS LIMITED

GROUP STRATEGIC REPORT for the year ended 31 December 2022

PROPERTIES

The KPGH Group has a significant property portfolio which was valued at £22.0m at the year end and comprises 6 freehold properties and 1 long-leasehold property. All the KPGH Group's properties are occupied by Kite Packaging operations and internal rentals are paid by the occupying businesses to the relevant property-owning company to ensure fair cost attribution to operations. It also means that the majority of Kite's operations have security of location and are not exposed to excessive rent increases from, or dilapidation exposure to, third party landlords.

BALANCE SHEET

As reviewed earlier, in 2022 the KPGH Group had significant capex - on new trucks and the new Kite Campus - which is reflected in the increase in Tangible Fixed Assets. As always, strong focus on balance sheet management took place in 2022 with Net Trading Assets (stock + trade debtors – trade creditors) showing a modest increase to £14.8m (2021: £11.8m). Even after these cash outflows, the KPGH Group's cash generation was excellent helped by the record trading results, and at the year-end Cash on hand stood at £19.0m (2021: £7.3m).

KPGH's strong balance sheet with Consolidated Shareholders' Equity of £60.0m (2021: £41.1m) should continue to give customers confidence that we can invest to support their business with Kite, and suppliers assurance that Kite is not a credit risk. It also means that the KPGH Group has the financial resources to make significant investments for growth.

DIVIDEND

The Directors recommend a final dividend of 30p per share in respect of 2022, payable in late June 2023, subject to shareholder approval at the Annual General Meeting.

KEY PERFORMANCE INDICATORS

Within each of its business activities, the Kite Group closely monitors:

- a) Sales and sales growth
- b) % Trading Gross profit: Sales
- c) % Operating expenses: Sales
- d) % Operating profit: Sales

Key performance indicators b) and c) are extremely important and are not disclosed for competitive reasons.

FUTURE DEVELOPMENTS AND R&D

As part of its service offering, the KPGH Group routinely designs and develops bespoke solutions for its key accounts. This R&D is predominantly carried out by the KPGH Group's in-house Packaging Technologists, Specialist Product & Solution Engineers, Data Specialists, Web Development and Programming teams. The KPGH Group continues to have success in developing and bringing to market new and innovative products within its standard product range. Where appropriate the KPGH Group seeks to protect its intellectual capital and know-how through patents and registered designs.

KITE PACKAGING GROUP HOLDINGS LIMITED

GROUP STRATEGIC REPORT for the year ended 31 December 2022

ENVIRONMENT

The KPGH Group is committed to minimising its impact on the Environment and has maintained ISO14001 accreditation since 2008. Recent regulatory reviews including the Energy Savings Opportunity Scheme (ESOS) and Streamlined Energy and Carbon Reporting (SECR), and our own reviews have assisted the Company in identifying improvements to reduce GHG emissions (CO₂e).

The annual quantity of energy consumed and GHG emissions from activities for which the KPGH Group is responsible for are:

By type of emission	2022 Emissions tCO ₂ e	2021 Emissions tCo ₂ e	2022 Consumed kWh	2021 Consumed kWh
Scope 1 which includes fuel and gas consumed	1,228	1,105	5,050,791	4,690,481
Scope 2 which includes electricity consumption across our sites	259	249	1,336,786	1,172,658
Scope 3 where we have identified our grey fleet as contributing	196	138	598,654	442,161
Total	1,683	1,492	6,986,231	6,305,300

Our intensity ratio of t CO₂e per £'000 turnover was 0.0104 for the year (2021: 0.0105). We aim to reduce this year on year. The methodology of calculating our GHG emissions uses GHG Protocol Corporate Standards and the latest government conversion factors for company reporting.

Through our ISO14001 initiatives we have implemented improvements such as solar panels, water recycling, LED lighting and new sky lights. We have maintained our carbon neutral status for Scope 1 and 2, and business travel and delivery by third party carriers in Scope 3, and where necessary through certified carbon off-set programmes.

CORPORATE SOCIAL RESPONSIBILITY

The KPGH Group always seeks to uphold the highest standards with regard to the environment, labour and human rights, ethics and sustainable procurement. We are currently working on bringing our policies, actions and results together into a cohesive and progressive sustainable system and report.

STRATEGY

The KPGH Group's strategy remains unchanged with our 3 key business units serving the UK packaging distribution market:

- Compliance Division. The Division supports its customer-members in complying with the Packaging Waste Regulations, which are evolving into the Extended Producer Regulations in 2023. Kite is the only packaging distributor in the UK which offers this added-value service to its customers.
- Regional Distribution Centres. Kite's 8 RDCs, which operate on a geographical territory basis, provide service & solutions to large customers who generally require mainly customer-specific packaging products.
- Kite-on-line. KOL sells and supplies a comprehensive range of standard packaging products to B2B customers, on either a pre-paid or credit account basis, via its website - kitepackaging.co.uk - and fulfils orders from its National Distribution Centre at Puma Park in Coventry.

KITE PACKAGING GROUP HOLDINGS LIMITED

GROUP STRATEGIC REPORT for the year ended 31 December 2022

OUTLOOK

In 2021, Kite Packaging had to deal with severe warehouse space constraints, especially at Kite's National Distribution & Fulfilment Centre in Coventry. This was addressed with the move to the new Kite campus in Coventry in Q3 2022. This property has been leased for 15 years and is a newly-built 189,000 sq ft modern warehouse facility. Kite's previous warehouse complex (about 3 miles away) has been retained giving Kite Packaging around 360,000 sq ft of warehouse capacity in the Coventry area which will enable it to initiate several sales growth strategies in 2023.

In 2023 the KPGH Group will also undertake other property initiatives with:

- its Midlands RDC relocating to our vacated and upgraded old facility in Coventry.
- its Portsmouth RDC moving to a significantly larger leased unit.
- the move of the Sittingbourne RDC to a significantly larger freehold property which is in the final stages of refurbishment.
- the move of Kite's new Manchester RDC into its own leased property.

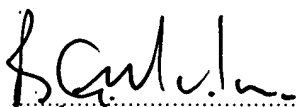
All of these RDC property moves will alleviate one of the major constraints to the KPGH Group's further growth.

The other major constraint is people recruitment. The KPGH Group has its own culture, and recruiting people successfully into operational roles has been difficult. The KPGH Group will therefore continue to invest strongly (c.£1 million in 2023) in its "grow our own" people strategy through its:

- Graduate Development Programme
- Telesales Academy
- Field Sales Academy
- Management Apprenticeship Programme

These programmes will continue to grow talent for the Kite team which is the KPGH Group's biggest and key differentiator in the industry, and the prime reason for the KPGH Group's performance and growth which we see continuing into 2023, albeit against a backdrop of softening demand.

ON BEHALF OF THE BOARD:



B.G. McInnes - Director

Date: 9 May 2023

KITE PACKAGING GROUP HOLDINGS LIMITED

REPORT OF THE DIRECTORS for the year ended 31 December 2022

The directors present their Report together with the Financial Statements of the Company for the year ended 31 December 2022.

PRINCIPAL ACTIVITIES

The principal activities of the Group in the year under review were those of supplying packaging materials and related services.

DIVIDENDS

A dividend of 20p per Ordinary share (all classes) was paid in June 2022 in respect of 2021 results.

The directors recommend a final dividend of 30p per share in respect of 2022, payable in late June 2023 subject to shareholder approval at the Annual General Meeting.

DIRECTORS

The directors shown below have held office during the whole of the period from 1 January 2022 to the date of this report.

B.G. McInnes
L.W. Durham
C.G. McInnes
B.A. Stiefel

Other changes in directors holding office are as follows:

G.J. Roediger - resigned 12 April 2022

DISCLOSURE IN THE STRATEGIC REPORT

Future developments, research and development, an environmental statement and policies relating to employees are set out in the Group Strategic Report in accordance with s414C(11) CA 2006.

STATEMENT OF DIRECTORS' RESPONSIBILITIES

The directors are responsible for preparing the Group Strategic Report, the Report of the Directors and the Financial Statements in accordance with applicable law and regulations.

Company law requires the directors to prepare Financial Statements for each financial year. Under that law the directors have elected to prepare the Financial Statements in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards and applicable law). 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 the Group and of the profit or loss of the Group for that period. In preparing these 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 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 and the Group's transactions and disclose with reasonable accuracy at any time the financial position of the Company and the Group, and enable them to ensure that the Financial Statements comply with the Companies Act 2006. They are also responsible for safeguarding the assets of the Company and the Group and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

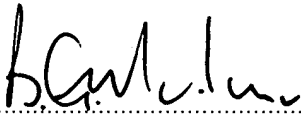
KITE PACKAGING GROUP HOLDINGS LIMITED

**REPORT OF THE DIRECTORS
for the year ended 31 December 2022**

STATEMENT AS TO DISCLOSURE OF INFORMATION TO AUDITORS

So far as the directors are aware, there is no relevant audit information (as defined by Section 418 of the Companies Act 2006) of which the Group's auditors are unaware, and each director has taken all the steps that he or she ought to have taken as a director in order to make himself or herself aware of any relevant audit information and to establish that the Group's auditors are aware of that information.

ON BEHALF OF THE BOARD:

A handwritten signature in black ink, appearing to read 'B.G. McInnes', is written over a dotted line.

B.G. McInnes - Director

Date: 9 May 2023

REPORT OF THE INDEPENDENT AUDITORS TO THE MEMBERS OF KITE PACKAGING GROUP HOLDINGS LIMITED

Opinion

We have audited the financial statements of Kite Packaging Group Holdings Limited (the 'Parent Company') and its subsidiaries (the 'Group') for the year ended 31 December 2022 which comprise the Consolidated Income Statement, Consolidated Other Comprehensive Income, Consolidated Balance Sheet, Company Balance Sheet, Consolidated Statement of Changes in Equity, Company Statement of Changes in Equity, Consolidated Cash Flow Statement and Notes to the Consolidated Cash Flow Statement and Notes to the Financial Statements, including a summary of significant accounting policies. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards, including Financial Reporting Standard 102 'The Financial Reporting Standard applicable in the UK and Republic of Ireland' (United Kingdom Generally Accepted Accounting Practice).

In our opinion the financial statements:

- give a true and fair view of the state of the Group's and of the Parent Company affairs as at 31 December 2022 and of the Group's profit for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice; and
- have been prepared in accordance with the requirements of the Companies Act 2006.

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 Auditors' responsibilities for the audit of the financial statements section of our report. We are independent of the Group in accordance with the ethical requirements that are relevant to our audit of the financial statements in the UK, including 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 group's and the parent 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.

Other information

The directors are responsible for the other information. The other information comprises the information in the Group Strategic Report and the Report of the Directors, but does not include the financial statements and our Report of the Auditors thereon.

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.

In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated. If we identify 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 this regard.

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 Group Strategic Report and the Report of the Directors for the financial year for which the Financial Statements are prepared is consistent with the Financial Statements; and
- the Group Strategic Report and the Report of the Directors have been prepared in accordance with applicable legal requirements.

REPORT OF THE INDEPENDENT AUDITORS TO THE MEMBERS OF KITE PACKAGING GROUP HOLDINGS LIMITED

Matters on which we are required to report by exception

In the light of the knowledge and understanding of the group and the parent company and its environment obtained in the course of the audit, we have not identified material misstatements in the Group Strategic Report or the Report of the Directors.

We have nothing to report in respect of the following matters where the Companies Act 2006 requires us to report to you if, in our opinion:

- adequate accounting records have not been kept by the parent company, or returns adequate for our audit have not been received from branches not visited by us; or
- the parent company 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.

Responsibilities of directors

As explained more fully in the Statement of Directors' Responsibilities set out on page 9, 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 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 group's and the parent 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 group or the parent company or to cease operations, or have no realistic alternative but to do so.

Auditors' responsibilities for the audit of the financial statements

Our objectives are to obtain reasonable assurance about whether the Financial Statements as a whole are free from material misstatement, whether due to fraud or error, and to issue a Report of the Auditors 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.

The extent to which our procedures are capable of detecting irregularities, including fraud is detailed below:

- Enquiry of management and those charged with governance around actual and potential litigation and claims;
- Enquiry of entity staff in compliance functions to identify any instances of non-compliance with laws and regulations;
- Reviewing minutes of meetings of those charged with governance;
- Reviewing financial statement disclosures and testing to supporting documentation to assess compliance with applicable laws and regulations; and
- Performing audit work over the risk of management override of controls, including testing of journal entries and other adjustments for appropriateness, evaluating the business rationale of significant transactions outside the normal course of business and reviewing accounting estimates for bias.

Because of the inherent limitations of an audit, there is a risk that we will not detect all irregularities, including those leading to a material misstatement in the Financial Statements or non-compliance with regulations. This risk increases the more that compliance with a law or regulation is removed from the events and transactions reflected in the Financial Statements, as we will be less likely to become aware of instances of non-compliance. The risk is also greater regarding irregularities occurring due to fraud rather than error, as fraud involves intentional concealment, forgery, collusion, omission or misrepresentation.

A further description of our responsibilities for the audit of the Financial Statements is located on the Financial Reporting Council's website at www.frc.org.uk/auditorsresponsibilities. This description forms part of our Report of the Auditors.

**REPORT OF THE INDEPENDENT AUDITORS TO THE MEMBERS OF
KITE PACKAGING GROUP HOLDINGS LIMITED**

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 a Report of the Auditors 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.



Geoffrey Cox BA FCA (Senior Statutory Auditor)
for and on behalf of Dafferns LLP
Chartered Accountants
Statutory Auditor
One Eastwood
Harry Weston Road
Binley Business Park
Coventry
CV3 2UB

Date: 9 May 2023

KITE PACKAGING GROUP HOLDINGS LIMITED

**CONSOLIDATED
INCOME STATEMENT
for the year ended 31 December 2022**

	Notes	2022 £'000	2021 £'000
TURNOVER	4	162,059	142,442
Cost of sales		<u>(115,307)</u>	<u>(99,539)</u>
GROSS PROFIT		46,752	42,903
Administrative expenses		<u>(19,149)</u>	<u>(18,020)</u>
		27,603	24,883
Other operating income		<u>121</u>	<u>67</u>
OPERATING PROFIT	6	27,724	24,950
Exceptional items	7	<u>17</u>	<u>(344)</u>
		27,741	24,606
Interest receivable and similar income		<u>38</u>	<u>150</u>
		27,779	24,756
Gain/loss on revaluation of assets		<u>-</u>	<u>(75)</u>
		27,779	24,681
Interest payable and similar expenses	8	<u>-</u>	<u>(10)</u>
PROFIT BEFORE TAXATION		27,779	24,671
Tax on profit	9	<u>(5,156)</u>	<u>(4,794)</u>
PROFIT FOR THE FINANCIAL YEAR		<u>22,623</u>	<u>19,877</u>
Profit attributable to: Owners of the parent		<u>22,623</u>	<u>19,877</u>

The notes form part of these financial statements

KITE PACKAGING GROUP HOLDINGS LIMITED

**CONSOLIDATED
OTHER COMPREHENSIVE INCOME
for the year ended 31 December 2022**


	Notes	2022 £'000	2021 £'000
PROFIT FOR THE YEAR		22,623	19,877
OTHER COMPREHENSIVE INCOME			
Revaluation of property		330	995
Deferred tax relating to other comprehensive income		<u>(80)</u>	<u>(371)</u>
OTHER COMPREHENSIVE INCOME FOR THE YEAR, NET OF INCOME TAX		<u>250</u>	<u>624</u>
TOTAL COMPREHENSIVE INCOME FOR THE YEAR		<u><u>22,873</u></u>	<u><u>20,501</u></u>
Total comprehensive income attributable to: Owners of the parent		<u><u>22,873</u></u>	<u><u>20,501</u></u>

The notes form part of these financial statements

CONSOLIDATED BALANCE SHEET
31 December 2022

	Notes	2022 £'000	2021 £'000
FIXED ASSETS			
Intangible assets	12	3,586	4,490
Tangible assets	13	<u>28,484</u>	<u>24,377</u>
		<u>32,070</u>	<u>28,867</u>
CURRENT ASSETS			
Stocks	15	12,858	12,119
Debtors	16	23,307	19,862
Cash & cash equivalents		<u>19,030</u>	<u>7,309</u>
		55,195	39,290
CREDITORS			
Amounts falling due within one year	17	<u>(24,971)</u>	<u>(25,702)</u>
NET CURRENT ASSETS		<u>30,224</u>	<u>13,588</u>
TOTAL ASSETS LESS CURRENT LIABILITIES		62,294	42,455
PROVISIONS FOR LIABILITIES	22	<u>(2,088)</u>	<u>(1,325)</u>
NET ASSETS		<u>60,206</u>	<u>41,130</u>
CAPITAL AND RESERVES			
Called up share capital	23	1,907	1,907
Share premium	24	10,222	10,222
Revaluation reserve	24	4,291	4,041
Capital redemption reserve	24	100	100
Retained earnings	24	<u>43,686</u>	<u>24,860</u>
SHAREHOLDERS' FUNDS		<u>60,206</u>	<u>41,130</u>

The financial statements were approved by the Board of Directors and authorised for issue on 9 May 2023 and were signed on its behalf by:



 B.G. McInnes - Director

The notes form part of these financial statements

COMPANY BALANCE SHEET
31 December 2022

	Notes	2022 £'000	2021 £'000
FIXED ASSETS			
Investments	14	<u>23,883</u>	<u>23,783</u>
		<u>23,883</u>	<u>23,783</u>
CURRENT ASSETS			
Debtors	16	3,387	-
Cash & cash equivalents		<u>4</u>	<u>2</u>
		3,391	2
CREDITORS			
Amounts falling due within one year	17	<u>(49)</u>	<u>(46)</u>
NET CURRENT ASSETS/(LIABILITIES)		<u>3,342</u>	<u>(44)</u>
TOTAL ASSETS LESS CURRENT LIABILITIES		27,225	23,739
CREDITORS			
Amounts falling due after more than one year	18	<u>-</u>	<u>(3,437)</u>
NET ASSETS		<u>27,225</u>	<u>20,302</u>
CAPITAL AND RESERVES			
Called up share capital	23	1,907	1,907
Share premium	24	10,222	10,222
Capital redemption reserve	24	100	100
Retained earnings	24	<u>14,996</u>	<u>8,073</u>
SHAREHOLDERS' FUNDS		<u>27,225</u>	<u>20,302</u>
Company's profit for the financial year		<u>10,720</u>	<u>20,563</u>

The financial statements were approved by the Board of Directors and authorised for issue on 9 May 2023 and were signed on its behalf by:



B.G. McInnes - Director

The notes form part of these financial statements

KITE PACKAGING GROUP HOLDINGS LIMITED

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY
for the year ended 31 December 2022

	Called up share capital £'000	Retained earnings £'000	Share premium £'000
Balance at 1 January 2021	1,907	35,284	10,222
Changes in equity			
Dividends	-	(30,301)	-
Total comprehensive income	-	19,877	-
Balance at 31 December 2021	<u>1,907</u>	<u>24,860</u>	<u>10,222</u>
Changes in equity			
Dividends	-	(3,797)	-
Total comprehensive income	-	22,623	-
Balance at 31 December 2022	<u>1,907</u>	<u>43,686</u>	<u>10,222</u>
	Revaluation reserve £'000	Capital redemption reserve £'000	Total equity £'000
Balance at 1 January 2021	3,417	100	50,930
Changes in equity			
Dividends	-	-	(30,301)
Total comprehensive income	624	-	20,501
Balance at 31 December 2021	<u>4,041</u>	<u>100</u>	<u>41,130</u>
Changes in equity			
Dividends	-	-	(3,797)
Total comprehensive income	250	-	22,873
Balance at 31 December 2022	<u>4,291</u>	<u>100</u>	<u>60,206</u>

The notes form part of these financial statements

KITE PACKAGING GROUP HOLDINGS LIMITED

**COMPANY STATEMENT OF CHANGES IN EQUITY
for the year ended 31 December 2022**

	Called up share capital £'000	Retained earnings £'000	Share premium £'000	Capital redemption reserve £'000	Total equity £'000
Balance at 1 January 2021	1,907	17,811	10,222	100	30,040
Changes in equity					
Dividends	-	(30,301)	-	-	(30,301)
Total comprehensive income	-	20,563	-	-	20,563
Balance at 31 December 2021	<u>1,907</u>	<u>8,073</u>	<u>10,222</u>	<u>100</u>	<u>20,302</u>
Changes in equity					
Dividends	-	(3,797)	-	-	(3,797)
Total comprehensive income	-	10,720	-	-	10,720
Balance at 31 December 2022	<u>1,907</u>	<u>14,996</u>	<u>10,222</u>	<u>100</u>	<u>27,225</u>

The notes form part of these financial statements

KITE PACKAGING GROUP HOLDINGS LIMITED

**CONSOLIDATED CASH FLOW STATEMENT
for the year ended 31 December 2022**

	Notes	2022 £'000	2021 £'000
Cash flows from operating activities			
Cash generated from operations	1	25,515	20,880
Interest paid		-	(10)
Tax paid		<u>(4,915)</u>	<u>(4,778)</u>
Net cash from operating activities		<u>20,600</u>	<u>16,092</u>
 Cash flows from investing activities			
Purchase of tangible fixed assets		(5,154)	(4,920)
Sale of tangible fixed assets		34	9
Purchase of subsidiary		-	(2,507)
Cash acquired		-	865
Interest received		<u>38</u>	<u>150</u>
Net cash from investing activities		<u>(5,082)</u>	<u>(6,403)</u>
 Cash flows from financing activities			
Loan repayments in period		-	(3,964)
Dividends paid		<u>(3,797)</u>	<u>(30,301)</u>
Net cash from financing activities		<u>(3,797)</u>	<u>(34,265)</u>
 Increase/(decrease) in cash and cash equivalents		<u>11,721</u>	<u>(24,576)</u>
Cash and cash equivalents at beginning of year	2	<u>7,309</u>	<u>31,885</u>
 Cash and cash equivalents at end of year	2	<u><u>19,030</u></u>	<u><u>7,309</u></u>

The notes form part of these financial statements

KITE PACKAGING GROUP HOLDINGS LIMITED

**NOTES TO THE CONSOLIDATED CASH FLOW STATEMENT
for the year ended 31 December 2022**

1. RECONCILIATION OF PROFIT BEFORE TAXATION TO CASH GENERATED FROM OPERATIONS

	2022	2021
	£'000	£'000
Profit before taxation	27,779	24,671
Depreciation charges	1,084	856
Loss/(profit) on disposal of fixed assets due to relocation	254	(9)
Loss on revaluation of fixed assets	-	75
Amortisation of goodwill and patents	904	781
Impairment loss	5	-
Finance costs	-	10
Finance income	<u>(38)</u>	<u>(150)</u>
	29,988	26,234
Increase in stocks	(739)	(6,718)
Increase in trade and other debtors	(3,023)	(4,411)
(Decrease)/increase in trade and other creditors	<u>(711)</u>	<u>5,775</u>
Cash generated from operations	<u>25,515</u>	<u>20,880</u>

2. CASH AND CASH EQUIVALENTS

The amounts disclosed on the Cash Flow Statement in respect of cash and cash equivalents are in respect of the following:

Year ended 31 December 2022

	31/12/22	1/1/22
	£'000	£'000
Cash and cash equivalents	<u>19,030</u>	<u>7,309</u>

Year ended 31 December 2021

	31/12/21	1/1/21
	£'000	£'000
Cash and cash equivalents	<u>7,309</u>	<u>31,885</u>

3. ANALYSIS OF CHANGES IN NET FUNDS

	At 1/1/22	Cash flow	At 31/12/22
	£'000	£'000	£'000
Net cash			
Cash at bank and in hand	<u>7,309</u>	<u>11,721</u>	<u>19,030</u>

The notes form part of these financial statements

KITE PACKAGING GROUP HOLDINGS LIMITED

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS for the year ended 31 December 2022

1. STATUTORY INFORMATION

Kite Packaging Group Holdings Limited is a private company, limited by shares, registered in England and Wales. The company's registered number and registered office address can be found on the Company Information page.

The Financial Statements are presented in pounds sterling which is the functional currency of the Company and rounded to the nearest £1,000.

2. STATEMENT OF COMPLIANCE

These Financial Statements have been prepared in accordance with Financial Reporting Standard 102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland" and the Companies Act 2006.

3. ACCOUNTING POLICIES

Basis of preparing the financial statements

The Financial Statements have been prepared under the historical cost convention as modified by the revaluation of certain assets.

Basis of consolidation

The consolidated Financial Statements incorporate the accounts of the Company and all of its subsidiaries. The subsidiaries have been accounted for under the equity accounting method.

Turnover

Turnover is measured at the fair value of the consideration received or receivable, excluding discounts, rebates, value added tax and other sales taxes.

Turnover from the sale of goods is recognised when significant risks and rewards of ownership of the goods have transferred to the buyer, the amount of turnover can be measured reliably, it is probable that the economic benefits associated with the transaction will flow to the Company and the costs incurred or to be incurred in respect of the transaction can be measured reliably. This is usually on dispatch of the goods.

Revenue from the rendering of services is recognised in the period in which services are delivered.

Intangible fixed assets

Goodwill arising on:

- the acquisition on 31 March 2008 of Kite Packaging Group Limited is being amortised over 20 years.
- the acquisition of a business in February 2015 has been categorised between customer base which was amortised over 5 years and brand name which was written off over 12 months.
- the acquisition of a business in June 2016 has been attributed to the customer base and is being amortised over 7 years.
- the acquisition of a business in July 2017 has been categorised between customer base which is being amortised over 7 years and acquiring market share in a specific range of products which is being amortised over 10 years.
- the acquisition of a business in September 2021 has been attributed to the customer base and is being amortised over 7 years.

KITE PACKAGING GROUP HOLDINGS LIMITED

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS - continued for the year ended 31 December 2022

3. ACCOUNTING POLICIES - continued

Tangible fixed assets

Tangible fixed assets (excluding freehold and leasehold property) are recognised at cost and subsequently measured at historical cost less accumulated depreciation and any accumulated impairment losses.

Freehold and leasehold property is shown at fair value, with changes in fair value being recognised in Other Comprehensive Income. The Group engages independent valuation specialists to determine the fair value at each year end, and uses a valuation model using a rate per sq ft based on market evidence for similar properties.

Repairs and maintenance costs are charged to the income statement in the period in which they are incurred.

Depreciation is provided at the following annual rates in order to write off the cost of each asset over its estimated useful life.

Plant & machinery	14% - 50% on cost
Fixtures & fittings	7% - 33% on cost
Motor vehicles	14% - 33% on cost
Computer equipment	10% - 50% on cost

Any gains and losses on the disposal of tangible fixed assets are recognised in the income statement in the year that the disposal takes place.

Stocks

Stocks are stated at the lower of cost and estimated selling price less direct costs which includes all costs in bringing the product to its current location and condition and is maintained on a first in, first out basis.

As stocks are sold, the carrying amount of those stocks is recognised as an expense in the year in which the related revenue is recognised.

At each reporting date, stocks are assessed for impairment and due allowances are made for obsolete and slow-moving items to reduce the carrying amount of these goods to their estimated selling price less direct costs. The amount of any write-down is recognised as an expense in the year that the write-down occurs. The reversal of any previous write-downs is recognised as an expense, in the year that the reversal occurs.

Taxation

Taxation for the year comprises current and deferred tax. Tax is recognised in the Consolidated Income Statement, except to the extent that it relates to items recognised in other comprehensive income or directly in equity.

Current or deferred taxation assets and liabilities are not discounted.

Current tax is recognised at the amount of tax payable using the tax rates and laws that have been enacted or substantively enacted by the balance sheet date.

Deferred tax

Deferred tax is recognised in respect of all timing differences that have originated but not reversed at the balance sheet date.

Timing differences arise from the inclusion of income and expenses in tax assessments in periods different from those in which they are recognised in financial statements. Deferred tax is measured using tax rates and laws that have been enacted or substantively enacted by the year end and that are expected to apply to the reversal of the timing difference.

KITE PACKAGING GROUP HOLDINGS LIMITED

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS - continued for the year ended 31 December 2022

3. ACCOUNTING POLICIES - continued

Research and development

Expenditure on research and development is written off in the year in which it is incurred.

Foreign currencies

Assets and liabilities in foreign currencies are translated into pounds sterling at the rates of exchange ruling at the balance sheet date. Transactions in foreign currencies are translated into sterling at the rate of exchange ruling at the date of transaction. Exchange differences are taken into account in arriving at the operating result.

Pension costs and other post-retirement benefits

The Group operates a defined contribution pension scheme. Contributions payable to the Group's pension scheme are charged to the income statement in the period to which they relate.

Debtors and creditors receivable / payable within one year

Debtors and creditors with no stated interest rate and receivable or payable within one year are recorded at transaction value. Any losses arising from impairment are recognised in the income statement in administrative expenses.

Leasing commitments

Rentals paid under operating leases are charged to the statement of comprehensive income on a straight line basis over the period of the lease, except where another systematic basis better represents the time pattern of the Company's benefit.

Investments in subsidiaries

Investment in subsidiary undertakings are shown at cost.

4. TURNOVER

The turnover and profit before taxation are attributable to the principal activities of the Group.

An analysis of turnover by class of business is given below:

	2022 £'000	2021 £'000
Sales of goods	149,765	137,517
Compliance fees and PRN sales	12,282	4,866
Rental income	12	59
	<u>162,059</u>	<u>142,442</u>

An analysis of turnover by geographical market is given below:

	2022 £'000	2021 £'000
United Kingdom	160,763	141,295
Europe	982	940
Rest of the World	314	207
	<u>162,059</u>	<u>142,442</u>

KITE PACKAGING GROUP HOLDINGS LIMITED

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS - continued
for the year ended 31 December 2022

5. EMPLOYEES AND DIRECTORS

	2022	2021
	£'000	£'000
Wages and salaries	14,300	13,034
Social security costs	1,458	1,226
Other pension costs	692	578
	<u>16,450</u>	<u>14,838</u>

The average number of employees during the year was as follows:

2022	2021
<u>399</u>	<u>337</u>

Key management personnel compensation in the year totalled £2,289k (2021: £1,908k).

	2022	2021
	£	£
Directors' remuneration	<u>87,690</u>	<u>93,199</u>

6. OPERATING PROFIT

The operating profit is stated after charging/(crediting):

	2022	2021
	£'000	£'000
Depreciation - owned assets	1,084	856
Loss/(profit) on disposal of fixed assets due to relocation	254	(9)
Goodwill amortisation	904	782
Auditors' remuneration	7	7
Audit of accounts of subsidiary companies	18	18
Taxation compliance services	6	6
Other non-audit services	21	20
Operating leases - motor vehicles and forklift trucks	98	29
Operating leases - property	<u>1,035</u>	<u>479</u>

7. EXCEPTIONAL ITEMS

	2022	2021
	£'000	£'000
Award of free SIP shares	-	344
Roof repairs at group-owned property	<u>(17)</u>	<u>-</u>

During the year, provisions relating to roof repairs that had initially been recognised as an exceptional item in 2020 were released. In 2021, the KPG Holdings Ltd SIP Trust awarded free shares to qualifying employees through the HMRC-approved SIP Scheme. Kite Packaging Limited, a Group subsidiary, bore the cost of this share award.

8. INTEREST PAYABLE AND SIMILAR EXPENSES

	2022	2021
	£'000	£'000
Loan interest	<u>-</u>	<u>10</u>

KITE PACKAGING GROUP HOLDINGS LIMITED

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS - continued
for the year ended 31 December 2022

9. TAXATION

Analysis of the tax charge

The tax charge on the profit for the year was as follows:

	2022 £'000	2021 £'000
Current tax:		
UK corporation tax	4,515	4,668
Prior year adjustment	<u>(42)</u>	<u>(19)</u>
Total current tax	4,473	4,649
Deferred tax:		
Current year charge	<u>683</u>	<u>145</u>
Tax on profit	<u><u>5,156</u></u>	<u><u>4,794</u></u>

Reconciliation of total tax charge included in profit and loss

The tax assessed for the year is higher than the standard rate of corporation tax in the UK. The difference is explained below:

	2022 £'000	2021 £'000
Profit before tax	<u>27,779</u>	<u>24,671</u>
Profit multiplied by the standard rate of corporation tax in the UK of 19% (2021 - 19%)	5,278	4,687
Effects of:		
Expenses not deductible for tax purposes	11	49
R&D Enhancement	(221)	(200)
Prior year adjustment – current tax	(42)	(19)
Prior year adjustment – deferred tax	7	22
Goodwill amortisation	172	149
Super-deduction capital allowances	(211)	-
Changes in tax rates and rounding	<u>162</u>	<u>106</u>
Total tax charge	<u><u>5,156</u></u>	<u><u>4,794</u></u>

Tax effects relating to effects of other comprehensive income

	2022	
	Gross	Tax
	£'000	£'000
Revaluation of property	<u>330</u>	<u>(80)</u>
		<u>250</u>
	2021	
	Gross	Tax
	£'000	£'000
Revaluation of property	<u>995</u>	<u>(371)</u>
		<u>624</u>

KITE PACKAGING GROUP HOLDINGS LIMITED

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS - continued
for the year ended 31 December 2022

10. INDIVIDUAL INCOME STATEMENT

As permitted by Section 408 of the Companies Act 2006, the Income Statement of the parent company is not presented as part of these financial statements.

11. DIVIDENDS

	2022 £'000	2021 £'000
Final dividends on ordinary shares		
2021 - 10p per share (final 2020)	-	1,879
2021 - 150p per share (interim 2021)	-	28,422
2022 - 20p per share (final 2021)	<u>3,797</u>	<u>-</u>
	<u>3,797</u>	<u>30,301</u>

12. INTANGIBLE FIXED ASSETS

Group

COST

At 1 January 2022
and 31 December 2022

Goodwill
£'000

12,031

AMORTISATION

At 1 January 2022
Amortisation for year

7,541
904

At 31 December 2022

8,445

NET BOOK VALUE

At 31 December 2022

3,586

At 31 December 2021

4,490

KITE PACKAGING GROUP HOLDINGS LIMITED

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS - continued
for the year ended 31 December 2022

13. TANGIBLE FIXED ASSETS

Group

	Freehold property £'000	Long leasehold property £'000	Plant and machinery £'000
COST OR VALUATION			
At 1 January 2022	17,031	4,675	1,968
Additions	-	-	630
Disposals due to relocation	-	-	(778)
Revaluations	-	330	-
Impairment	-	(5)	-
Transfer	-	-	(7)
At 31 December 2022	<u>17,031</u>	<u>5,000</u>	<u>1,813</u>
DEPRECIATION			
At 1 January 2022	-	-	1,463
Charge for year	-	-	282
Eliminated on disposal	-	-	(707)
At 31 December 2022	<u>-</u>	<u>-</u>	<u>1,038</u>
NET BOOK VALUE			
At 31 December 2022	<u>17,031</u>	<u>5,000</u>	<u>775</u>
At 31 December 2021	<u>17,031</u>	<u>4,675</u>	<u>505</u>

	Fixtures and fittings £'000	Motor vehicles £'000	Computer equipment £'000	Totals £'000
COST OR VALUATION				
At 1 January 2022	2,138	2,317	1,840	29,969
Additions	3,474	721	329	5,154
Disposals due to relocation	(921)	(354)	(66)	(2,119)
Revaluations	-	-	-	330
Impairment	-	-	-	(5)
Transfer	-	-	7	-
At 31 December 2022	<u>4,691</u>	<u>2,684</u>	<u>2,110</u>	<u>33,329</u>
DEPRECIATION				
At 1 January 2022	1,494	1,272	1,363	5,592
Charge for year	282	276	244	1,084
Eliminated on disposal	(715)	(354)	(55)	(1,831)
At 31 December 2022	<u>1,061</u>	<u>1,194</u>	<u>1,552</u>	<u>4,845</u>
NET BOOK VALUE				
At 31 December 2022	<u>3,630</u>	<u>1,490</u>	<u>558</u>	<u>28,484</u>
At 31 December 2021	<u>644</u>	<u>1,045</u>	<u>477</u>	<u>24,377</u>

KITE PACKAGING GROUP HOLDINGS LIMITED

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS - continued
for the year ended 31 December 2022

13. TANGIBLE FIXED ASSETS - continued

Group

Cost or valuation at 31 December 2022 is represented by:

	Freehold property	Long leasehold property	Plant and machinery
	£'000	£'000	£'000
Valuation change in 2015	593	-	-
Valuation change in 2016	197	(40)	-
Valuation change in 2017	792	134	-
Valuation change in 2018	632	862	-
Valuation change in 2019	455	(4)	-
Valuation change in 2020	125	192	-
Valuation change in 2021	695	225	-
Valuation change in 2022	-	330	-
Cost	<u>13,542</u>	<u>3,301</u>	<u>1,813</u>
	<u>17,031</u>	<u>5,000</u>	<u>1,813</u>

	Fixtures and fittings	Motor vehicles	Computer equipment	Totals
	£'000	£'000	£'000	£'000
Valuation change in 2015	-	-	-	593
Valuation change in 2016	-	-	-	157
Valuation change in 2017	-	-	-	926
Valuation change in 2018	-	-	-	1,494
Valuation change in 2019	-	-	-	451
Valuation change in 2020	-	-	-	317
Valuation change in 2021	-	-	-	920
Valuation change in 2022	-	-	-	330
Cost	<u>4,691</u>	<u>2,684</u>	<u>2,110</u>	<u>28,141</u>
	<u>4,691</u>	<u>2,684</u>	<u>2,110</u>	<u>33,329</u>

Land and buildings were valued on a fair value basis on 31 December 2022 by BNP Paribas Real Estate.

If land and buildings had not been revalued they would have been included at the following historical cost:

	2022	2021
	£'000	£'000
Cost	<u>16,843</u>	<u>16,848</u>

KITE PACKAGING GROUP HOLDINGS LIMITED

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS - continued
for the year ended 31 December 2022

14. FIXED ASSET INVESTMENTS

	Company	
	2022	2021
	£'000	£'000
Shares in group undertakings	10,333	10,133
Loans to group undertakings	<u>13,550</u>	<u>13,650</u>
	<u>23,883</u>	<u>23,783</u>

Additional information is as follows:

Company

	Shares in group undertaking £'000
COST	
At 1 January 2022	10,133
Additions	<u>200</u>
At 31 December 2022	<u>10,333</u>
NET BOOK VALUE	
At 31 December 2022	<u>10,333</u>
At 31 December 2021	<u>10,133</u>

Company

	Loans to group undertaking £'000
At 1 January 2022	13,650
Repayment in year	<u>(100)</u>
At 31 December 2022	<u>13,550</u>

KITE PACKAGING GROUP HOLDINGS LIMITED

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS - continued for the year ended 31 December 2022

14. FIXED ASSET INVESTMENTS - continued

The company holds 100% of the issued share capital of the following companies:-

<u>Name of Company</u>	<u>Principal activity</u>
Kite Packaging Group Limited	Holding company
Kite Packaging Properties 1 Limited	Property investment company
Kite Packaging Properties 2 Limited	Property investment company
Kite Packaging Properties 3 Limited	Property investment company
Kite Packaging Properties 4 Limited	Property investment company
Kite Packaging Properties 5 Limited	Property investment company
Kite Packaging Properties (Sittingbourne) Limited	Property investment company
Kite Packaging Properties (Shredhouse) Limited	Property investment company
Kite Packaging Properties 6 Limited	Dormant
Flying Investments Limited	Dormant

Kite Packaging Group Limited holds 100% of the issued share capital of the following companies:-

Kite Packaging Limited	Packaging materials distributor
Kite Environmental Solutions Limited	Packaging regulation compliance scheme
Paperpak Limited	Packaging regulation compliance scheme
Kite Consulting Limited	Dormant

Kite Packaging Limited holds 100% of the issued share capital of the following company:-
Shredhouse Limited Dormant

The registered office of all companies listed above is Puma Park, 102-106 Scimitar Way, Coventry, England, CV3 4GB.

15. STOCKS

	Group	
	2022	2021
	£'000	£'000
Goods for resale	<u>12,858</u>	<u>12,119</u>

An impairment expense of £107k (2021: £86k) relating to slow-moving and obsolete stock was recognised in cost of sales.

16. DEBTORS

	Group		Company	
	2022	2021	2022	2021
	£'000	£'000	£'000	£'000
Amounts falling due within one year:				
Trade debtors	20,233	18,225	-	-
Other debtors	1,252	619	-	-
Tax	508	86	-	-
Prepayments	<u>1,314</u>	<u>932</u>	<u>-</u>	<u>-</u>
	<u>23,307</u>	<u>19,862</u>	<u>-</u>	<u>-</u>

KITE PACKAGING GROUP HOLDINGS LIMITED

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS - continued
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16. DEBTORS - continued

	Group		Company	
	2022	2021	2022	2021
	£'000	£'000	£'000	£'000
Amounts falling due after more than one year:				
Amounts owed by group undertakings	<u>-</u>	<u>-</u>	<u>3,387</u>	<u>-</u>
Aggregate amounts	<u>23,307</u>	<u>19,862</u>	<u>3,387</u>	<u>-</u>

17. CREDITORS: AMOUNTS FALLING DUE WITHIN ONE YEAR

	Group		Company	
	2022	2021	2022	2021
	£'000	£'000	£'000	£'000
Trade creditors	18,283	18,541	-	-
Tax	124	144	33	38
Social security and other taxes	3,554	2,788	-	-
Other creditors	1,256	2,411	1	-
Accrued expenses	<u>1,754</u>	<u>1,818</u>	<u>15</u>	<u>8</u>
	<u>24,971</u>	<u>25,702</u>	<u>49</u>	<u>46</u>

18. CREDITORS: AMOUNTS FALLING DUE AFTER MORE THAN ONE YEAR

	Company	
	2022	2021
	£'000	£'000
Amounts owed to group undertakings	<u>-</u>	<u>3,437</u>

19. LEASING AGREEMENTS

Minimum lease payments fall due as follows:

Group	Non-cancellable operating leases	
	2022	2021
	£'000	£'000
Within one year	1,486	565
Between one and five years	7,475	739
In more than five years	<u>13,838</u>	<u>203</u>
	<u>22,799</u>	<u>1,507</u>

During the year, Kite Packaging Limited, a Group subsidiary, entered into a 15-year operating lease for the premises of the new Kite Campus at Puma Park in Coventry.

20. SECURED DEBTS

The Group has a receivables finance facility with Lloyds Bank, secured against trade debtors. This facility is currently not utilised. As part of this arrangement, the Group has also entered into an all asset debenture in favour of Lloyds Bank.

KITE PACKAGING GROUP HOLDINGS LIMITED

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS - continued
for the year ended 31 December 2022

21. FINANCIAL INSTRUMENTS

	Group	
	2022	2021
	£'000	£'000
Financial assets		
Financial assets that are debt instruments measured at amortised cost	<u>21,485</u>	<u>18,844</u>
Financial liabilities		
Financial liabilities measured at amortised cost	<u>19,538</u>	<u>20,951</u>

Financial assets measured at amortised cost comprise trade debtors and other debtors.

Financial liabilities measured at amortised cost comprise trade creditors and other creditors.

22. PROVISIONS FOR LIABILITIES

	Group	
	2022	2021
	£'000	£'000
Deferred tax		
Accelerated capital allowances	2,227	1,423
Short term timing differences	<u>(139)</u>	<u>(98)</u>
	<u>2,088</u>	<u>1,325</u>

Group		Deferred tax
		£'000
Balance at 1 January 2022		1,325
Accelerated capital allowances		804
Short term timing differences		<u>(41)</u>
Balance at 31 December 2022		<u>2,088</u>

23. CALLED UP SHARE CAPITAL

Allotted, issued and fully paid:				
Number:	Class:	Nominal value:	2022	2021
			£'000	£'000
19,072,860	A Ordinary	10p	<u>1,907</u>	<u>1,907</u>

KITE PACKAGING GROUP HOLDINGS LIMITED

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS - continued
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24. RESERVES

Group

	Retained earnings £'000	Share premium £'000	Revaluation reserve £'000	Capital redemption reserve £'000	Totals £'000
At 1 January 2022	24,860	10,222	4,041	100	39,223
Profit for the year	22,623	-	-	-	22,623
Dividends	(3,797)	-	-	-	(3,797)
Property revaluations	-	-	250	-	250
At 31 December 2022	<u>43,686</u>	<u>10,222</u>	<u>4,291</u>	<u>100</u>	<u>58,299</u>

Company

	Retained earnings £'000	Share premium £'000	Capital redemption reserve £'000	Totals £'000
At 1 January 2022	8,073	10,222	100	18,395
Profit for the year	10,720	-	-	10,720
Dividends	(3,797)	-	-	(3,797)
At 31 December 2022	<u>14,996</u>	<u>10,222</u>	<u>100</u>	<u>25,318</u>

Share premium - represents the premium arising on the issue of shares net of any issue costs.

Revaluation reserve - represents the cumulative changes in the fair value of land and buildings, net of any deferred tax.

Capital redemption reserve - represents the redemption or purchase of the Company's own shares. This is a non-distributable reserve.

Retained earnings - represents cumulative profits and losses, net of dividends, and any other adjustments.

25. CAPITAL COMMITMENTS

	2022 £'000	2021 £'000
Contracted but not provided for in the financial statements	<u>1,016</u>	<u>644</u>

KITE PACKAGING GROUP HOLDINGS LIMITED

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26. KPG HOLDINGS LIMITED SIP TRUST AND EMPLOYEE SHARE TRUST

The Kite Group operates an HMRC-approved Shareholder Incentive Plan (SIP). All employees with six month's service are eligible to participate in the Plan. The KPG Holdings Limited SIP Plan 2004 (SIP):

- holds employee contributions to the SIP
- holds allocated SIP shares on behalf of the employees
- acquires SIP shares from employee leavers (including retirees) and voluntary sales
- holds unallocated shares.

KPGH shares held by SIP Trust	2022 shares	2021 shares
- shares held on behalf of employees	1,110,617	1,212,447
- unallocated shares	<u>167,097</u>	<u>78,709</u>
	<u>1,277,714</u>	<u>1,291,186</u>

The Kite Group also operates a separate Employee Benefit Trust (EBT). The EBT holds shares outside the SIP, effectively as treasury shares.

KPGH shares held by EST	2022 shares	2021 shares
Unallocated shares	<u>39,753</u>	<u>135,993</u>