29 February 2024

MACFARLANE GROUP PLC

(“MACFARLANE GROUP”, “THE COMPANY”, “THE GROUP”)

ANNUAL RESULTS 2023

Group profit before tax ahead of previous year

FINANCIAL HIGHLIGHTS

	2023	2022	Increase/ (Decrease)
	£000	£000	%
Statutory measures			
Revenue	280,714	290,431	(3%)
Gross profit	105,681	98,057	8%
Operating profit	22,068	21,496	3%
Profit before tax	20,280	19,934	2%
Profit for the year	14,974	15,637	(4%)
Interim and proposed final dividend (pence)	3.59p	3.42p	5%
Basic earnings per share (pence)	9.44p	9.89p	(5%)
Alternative performance measures ①			
Adjusted operating profit	27,637	25,073	10%
Adjusted profit before tax	25,849	23,511	10%

① See notes to the financial information below for reconciliation of Alternative Performance Measures (before charging amortisation and deferred contingent consideration adjustments) to Statutory Measures.

- Group revenue reduced by 3% versus 2022 to £280.7m.
- Adjusted Group profit before tax grew 10% from £23.5m to £25.8m.
- Group profit before tax at £20.3m increased by 2% after charging £1.5m for deferred contingent consideration related to the acquisition of PackMann Gessellschaft fur Verpackungen und Dienstleistungen mbH (‘PackMann’), which delivered a stronger operating performance than previously anticipated.
- Basic and diluted earnings per share were 9.44p per share (2022: 9.89p per share) and 9.34p per share (2022: 9.78p per share) respectively largely due the higher tax rate of 23.5% in 2023 (2022: 19.0%).

Packaging Distribution

- Packaging Distribution revenue decreased by 6% to £244.9m (2022: £259.7m).
- Weak demand from customers in the UK and Ireland and sales price deflation were partially offset by a stronger new business performance, good sales momentum in Europe and the benefits of the acquisitions of PackMann in May 2022 and Gottlieb Packaging Materials Limited (‘Gottlieb’) in April 2023, which are both performing well.
- Gross margins increased to 35.7% (2022: 32.1%) reflecting effective management of input price changes which has offset inflationary increases in some operating costs.
- Adjusted operating profit increased by 6% to £21.0m (2022: £19.9m) and operating profit decreased by 3% to £16.5m (2022: £17.1m), after charging £1.5m for deferred contingent consideration adjustments.

FINANCIAL HIGHLIGHTS

Manufacturing Operations

- Manufacturing Operations delivered revenue growth of 16% to £35.8m (2022: £30.8m).
- A.E. Sutton Limited ('Suttons'), acquired in February 2023, and B&D 2010 Group Limited ('B&D Group'), acquired at the end of September 2023, made strong contributions offsetting the slower demand in certain industrial markets.
- Adjusted operating profit increased by 27% to £6.6m (2022: £5.2m) and operating profit increased by 26% to £5.6m (2022: £4.4m).

Group

- Net cash inflow from operating activities of £33.5m (2022: £18.0m) reflects strong working capital management.
- Net bank funds were £0.5m on 31 December 2023, following a net cash inflow of £4.0m in the year, even after £16.6m (2022: £11.9m) of investment in acquisitions and capital expenditure.
- The Group is operating well within its bank facility of £35.0m and relevant covenants which run until 31 December 2025.
- Pension Scheme surplus of £9.9m at 31 December 2023 (31 December 2022: £10.2m). Following conclusion of the 2023 triennial valuation nil contributions are required from 1 January 2024 forward.
- Board proposes a final dividend of 2.65p per share (2022: 2.52p per share) payable on 30 May 2024, taking the total dividend for 2023 to 3.59p per share (2022: 3.42p per share) up 5% on 2022.

CHAIR'S STATEMENT

I am pleased to report that, against a backdrop of challenging market conditions, Macfarlane Group PLC has once again demonstrated the resilience of its business model and achieved another year of profit growth in 2023. In addition, we have made good progress against our ESG objectives.

Trading

Group profit before tax in 2023 was ahead of the previous year. This profit growth has been achieved through the completion of three high quality acquisitions, effective management of input prices, good progress in Europe and stronger new business momentum which has offset weak customer demand in the UK and Ireland, sales price deflation and inflation in operating costs.

We funded £16.6m (2022: £11.9m) of acquisition and capital investment activity through our existing bank facilities due to the Group's continued strong operating cash flows. Net bank funds at 31 December 2023 were £0.5m.

The pension scheme remains in surplus and, following conclusion of the latest triennial valuation, company contributions have been reduced to £nil.

This robust performance has been achieved through the continued commitment and dedication of all our Macfarlane colleagues and I thank them for their efforts.

Environment, Social and Governance ("ESG")

Our updated ESG Strategy focuses on: reducing the environmental impact of our operations; guiding and supporting our customers to achieve their sustainability objectives; caring for our colleagues; and investing in and engaging with our communities.

In 2023, the Group made progress on our commitment to reducing the Group's impact on the environment through: further electrification of our delivery fleet; extending the use of renewable energy; increasing the support we offer to our customers, including on sustainable packaging, through the opening of our second Innovation Lab; and improving our portfolio of sustainable packaging products.

CHAIR'S STATEMENT

Board Changes

Bob McLellan, Senior Independent Director, retired from the Board at the end of December 2023 and the Board would like to thank Bob for his invaluable contribution over the past 10 years. The recruitment process for a Non-Executive Director has commenced and an announcement will be made in due course when a suitable candidate has been appointed.

James Baird, Audit Committee Chair, has been appointed Senior Independent Director.

Proposed Dividend

The Board proposes a final dividend of 2.65 pence per share, amounting to a full year dividend of 3.59 pence per share (2022: 3.42 pence per share), an increase of 5%. Subject to the approval of shareholders at the Annual General Meeting on Tuesday 7 May 2024 the final dividend will be paid on Thursday 30 May 2024 to those shareholders on the register at Friday 10 May 2024 (ex dividend date 9 May 2024).

Outlook

We expect the year ahead to remain challenging due to uncertainty over customer demand. However, we are confident that we will continue to make progress in 2024 through strong new business momentum, a well-developed pipeline of potential acquisitions, the continued effective management of input prices and operational efficiencies.

Further enquiries:	Macfarlane Group		Tel: 0141 333 9666
	Aleen Gulvanessian	Chair	
	Peter Atkinson	Chief Executive	
	Ivor Gray	Finance Director	
	Spreng Thomson		
	Callum Spreng		Mob: 07803 970103

Legal Entity Identifier (LEI): 213800LVRYDERSJAAZ73

Notes to Editors:

- Macfarlane Group PLC has been listed on the Premium segment of the Main Market of the London Stock Exchange (LSE: MACF) since 1973 with over 70 years' experience in the UK packaging industry.
- Through its two divisions, Macfarlane Group services a broad range of business customers, supplying them with high quality protective packaging products which help customers reduce supply chain costs, improve operational efficiencies and sustainability and enhance their brand presentation. The divisions are:
  - **Packaging Distribution** – **Macfarlane Packaging Distribution** is the leading UK distributor of a comprehensive range of protective packaging products; and
  - **Manufacturing Operations - Macfarlane Design and Manufacture** is a UK market leader in the design and production of protective packaging for high value and fragile products.
- Headquartered in Glasgow, Scotland, Macfarlane Group employs over 1,000 people at 39 sites, principally in the UK, as well as in Ireland, Germany and the Netherlands.
- Macfarlane Group supplies more than 20,000 customers, principally in the UK and Europe.
- In partnership with 1,700 suppliers, Macfarlane Group distributes and manufactures 600,000+ lines supplying to a wide range of sectors, including: retail e-commerce; consumer goods; food; logistics; mail order; electronics; defence; medical; automotive; and aerospace.

BUSINESS REVIEW
Group

Group revenue reduced by 3% and we grew adjusted operating profit by 10% in 2023 with weak demand from customers in the UK and Ireland, sales price deflation, and inflation in operating costs being offset by an improved new business performance, effective management of changes in input prices, strong organic growth in Europe, and the execution of three good quality acquisitions. Operating profit grew by 3% after a charge of £1.5m for deferred contingent consideration related to the acquisition of PackMann, which delivered a stronger operating performance than previously anticipated. The Group has also made progress against its ESG objectives details which will be set out in the Annual Report and Accounts 2023.

Group performance	**Revenue** **2023** **£000**	**Adjusted operating profit** ➀ **2023** **£000**	**Operating profit** **2023** **£000**	Revenue 2022 £000	Adjusted operating profit ➀ 2022 £000	Operating profit 2022 £000
Segment						
Packaging Distribution	**244,938**	**21,044**	**16,511**	259,651	19,868	17,094
Manufacturing Operations	**35,776**	**6,593**	**5,557**	30,780	5,205	4,402
Continuing operations	**280,714**	**27,637**	**22,068**	290,431	25,073	21,496
% of Revenue		**9.8%**	**7.9%**		8.6%	7.4%

➀ See notes to the financial information below for reconciliation of Alternative Performance Measures (before charging amortisation and deferred contingent consideration adjustments) to Statutory Measures.

2024 Outlook

The Group's businesses all have strong market positions with low customer concentration and differentiated product and service offerings, providing both value and sustainability to our customers. We have a flexible business model, and we effectively implement our strategic plan, which is reflected in consistent profit and cash generation over a sustained period.

Our future performance continues to depend on our effectiveness in growing revenue and managing input prices, increasing efficiencies, and bringing high quality acquisitions into the Group. There will continue to be challenges in 2024. However, our strategy and business model have proved to be resilient and despite these challenges we expect 2024 to be another year of growth for the Group.

BUSINESS REVIEW
Macfarlane Group's trading activities comprise **Packaging Distribution** and **Manufacturing Operations**.

Macfarlane's Packaging Distribution business is the UK's leading specialist distributor of protective packaging materials, with a growing presence in Europe. Macfarlane operates a stock and serve supply model in the UK, Ireland, the Netherlands, and Germany from 27 Regional Distribution Centres ("RDCs") and three satellite sites, supplying industrial and retail customers with a comprehensive range of protective packaging materials on a local, regional, and national basis.

Competition in the packaging distribution market is from local and regional protective packaging specialist companies as well as national and international distribution generalists who supply a range of products, including protective packaging materials.

Macfarlane competes effectively on a local basis through its strong focus on customer service, its breadth and depth of product offering and through the recruitment and retention of high-quality staff with good local market knowledge. On a national and international basis, Macfarlane has market focus, expertise and a breadth of product and service knowledge, all of which enable it to compete effectively against non-specialist packaging distributors.

Packaging Distribution benefits its customers by enabling them to ensure their products are cost-effectively protected in transit and storage through the supply of a comprehensive product range, single source stock and serve supply, just–in-time delivery, tailored stock management programmes, electronic trading and independent advice on both packaging materials and packing processes. Through the 'Significant Six' ① sales approach we reduce our customers' 'Total Cost of Packaging', improve their sustainability performance and reduce their carbon footprint. This is achieved through supplying effective packaging solutions, optimising warehousing and transportation, reducing damages and returns, and improving packaging efficiency.

① "Significant Six" represents the six key costs in a customers' packing process being transport, warehousing, administration, damages and returns, productivity and customer experience.

Packaging Distribution	**2023**	2022	**2023**
	£000	£000	**Change**
Revenue	**244,938**	259,651	**(6%)**
Cost of sales	**157,458**	176,193	**(11%)**
Gross margin	**87,480**	83,458	**5%**
Operating expenses	**66,436**	63,590	**4%**
Adjusted operating profit ①	**21,044**	19,868	**6%**
Amortisation	**2,983**	2,774	
Deferred contingent consideration	**1,550**	-	
Operating profit	**16,511**	17,094	**(3%)**

① See notes to the financial information below for reconciliation of Alternative Performance Measures (before charging amortisation and deferred contingent consideration adjustments) to Statutory Measures.

The main features of Packaging Distribution's performance in 2023 were:

- Decrease in revenue of 6% versus 2022 resulting from:
  - Some weakness in demand from customers in the UK and Ireland due to the cost-of-living impact;
  - More normalised e-commerce revenue post-Covid;
  - Sales price deflation as experienced across the industry;
  - Strong organic growth in Europe through the 'Follow the Customer' strategy; and
  - Revenue growth from the acquisitions of PackMann in May 2022 and Gottlieb in April 2023.

BUSINESS REVIEW

- New business increased by 24% versus 2022 with a positive impact from the opening of the new Northern Innovation Lab.
- Effective management of input price changes has enabled us to improve gross margins to 35.7% (2022: 32.1%).
- Operating costs increased by 4%, particularly reflecting inflation in energy and labour costs and represented 27.1% of revenue (2022: 24.5%).
- Adjusted operating profit increased by 6% versus 2022 and as a percentage of revenue has improved to 8.6% (2022: 7.7%).
- Operating profit has reduced by 3% due to a charge of £1.5m for deferred contingent consideration related to the acquisition of PackMann, which has delivered a stronger operating performance than previously anticipated.

Future

Our plans for 2024 are focused on growing revenue and improving profitability through the following actions:

- Accelerate new business momentum through effective use of our leading sales tools and processes – "Packaging Optimiser" ②, Significant Six and our Innovation Labs.
- Accelerate the progress we have made in Europe through our "Follow the Customer" programme and the PackMann acquisition.
- Execute our second major site consolidation in the East Midlands.
- Supplement organic growth through progressing further high-quality acquisitions in the UK and Europe.
- Support our customers to reduce their carbon footprint through offering more sustainable packaging solutions.
- Continue to effectively manage input price changes.
- Strengthen our key supplier relationships.
- Develop both sales and cost synergies through the relationship with our Manufacturing Operations.
- Achieve benefits from our information technology investments in Microsoft Dynamics, and Warehouse Management.
- Introduce improvements to our web-based solutions to provide customers with more effective online access to our full range of products and services.
- Reduce operating costs through efficiency programmes in sales, logistics and administration.
- Maintain our focus on working capital management to facilitate future investment and manage effectively the ongoing bad debt risk within the current economic environment.

① Packaging Optimiser is a Macfarlane developed software tool that measures the financial and carbon benefits of the Significant Six selling approach.

Manufacturing Operations comprises our Macfarlane Packaging Design and Manufacture business, GWP, acquired in February 2021, Suttons acquired in March 2023, and B&D Group acquired in September 2023.

Manufacturing Operations designs, manufactures, assembles, and distributes bespoke protective packaging solutions for customers requiring cost-effective methods of protecting high value products in storage and transit. The primary raw materials are corrugate, timber and foam. The businesses operate from five manufacturing sites, in Grantham, Westbury, Swindon, Salisbury and Southampton, supplying both directly to customers and through the national RDC network of the Packaging Distribution business.

Key market sectors are defence, aerospace, medical equipment, electronics, automotive, e-commerce retail and household equipment. The markets we serve are highly fragmented, with a range of locally based competitors. We differentiate our market offering through technical expertise, design capability, industry accreditations and national coverage through the Packaging Distribution business.

BUSINESS REVIEW

Manufacturing Operations	2023 £000	2022 £000	2023 Change
Revenue	**40,929**	35,045	**17%**
Inter-segment revenue	**5,153**	4,265	**21%**
External revenue	**35,776**	30,780	**16%**
Cost of sales	**17,575**	16,181	**9%**
Gross margin	**18,201**	14,599	**25%**
Operating expenses	**11,608**	9,394	**24%**
Adjusted operating profit ①	**6,593**	5,205	**27%**
Amortisation	**1,051**	803	
Deferred contingent consideration	**(15)**	-	
Operating profit	**5,557**	4,402	**26%**

① See notes to the financial information below for reconciliation of Alternative Performance Measures (before charging amortisation and deferred contingent consideration adjustments) to Statutory Measures.

Good growth in adjusted operating profit of 27% and operating profit of 26% in Manufacturing Operations has been achieved, despite slowing demand in certain industrial sectors and sales price deflation as experienced across the industry.

The main features of the performance of Manufacturing Operations in 2023 were:

- A strong contribution from the acquisitions of Suttons in February 2023 and B&D Group in September 2023.
- New business increased by 11% in 2023.
- Some weakness in demand from existing customers.
- Effective management of input pricing to offset increasing operating expenses, particularly energy and labour.
- GWP developing as an in-house supplier to Macfarlane Packaging Distribution.

Future

Priorities for Manufacturing Operations in 2024 are to:

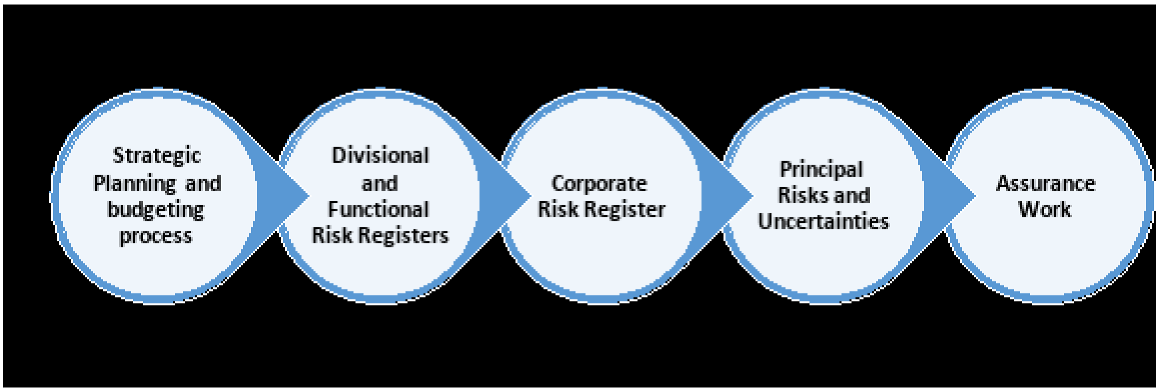
- Increase momentum of new business growth in target sectors, e.g. medical, aerospace and defence.
- Prioritise new sales activity in our higher added-value bespoke composite pack product range.
- Work with our customers to effectively manage material price changes.
- Continue to strengthen the relationship with our Packaging Distribution businesses to create both sales and cost synergies.
- Achieve both sales and cost synergies through closer working with the recently acquired businesses – Suttons and B&D Group.
- Supplement organic growth through progressing further high-quality acquisitions in the UK.

BUSINESS REVIEW

RISKS AND UNCERTAINTIES

The principal risks and uncertainties faced by the Group and the factors mitigating these risks are detailed below. These risks are addressed within an overall governance framework including clear and delegated authorities, business performance monitoring and appropriate insurance cover for a wide range of potential risks. There is a dependence on good quality local management, which is supported by an investment in training and development and ongoing performance evaluation.

Risks are identified and assessed through a range of "top down" and "bottom up" analyses that are updated on a regular basis. This in turn provides the basis for making informed risk-based decisions regarding the scope and focus of assurance work, as described in the report of the Audit Committee in the Annual Report 2023. In addition to scheduled updates from Finance, Health & Safety, IT, Sales, Procurement and other business functions, the Board and Audit Committee may seek assurance work in other areas from time to time, either from internal sources or externally commissioned work.



We continue to evolve our risk management processes to ensure they are robust, effective, and integrated within our decision-making processes. We have included a brief description of how we assess that each risk level has changed. For risks shown as [← →] the risk level is broadly similar between 2022 and 2023. If the risk is shown as [↑ ↓] the risk level has increased or decreased respectively during 2023 and is being addressed accordingly through mitigating actions by management.

We recognise the need to constantly review the risks and uncertainties faced by the Group and ensure that any emerging risks are being identified and actions being taken to mitigate. We have not added any new risks in 2023. However, we recognise that Artificial Intelligence ("AI") is an emerging technology that is likely to have an impact on the Group. At this stage we view AI as an opportunity for the Group to improve the efficiency and effectiveness of our operations. The Group is introducing AI, through its Customer Relationship system, to identify patterns in customer needs which will allow our customer service teams to respond more effectively with packaging solutions that the customer needs when they are required. We will keep AI under review to assess the likely risk and benefit to the Group going forward.

Risk Description	Mitigating Factors	Change in Risk Level
Strategic changes in the market Failure to respond to strategic shifts in the market, including the impact of weaknesses in the economy as well as disruptive behaviour from competitors and changing customer needs (e.g. changing customer priorities between online and physical buying) could limit the Group's ability to continue to grow revenues. We monitor this through Net Promoter Score (see ESG Report in the Annual Report 2023), an annual customer satisfaction survey (see ESG Report in the Annual Report 2023) and interaction with customers at our Innovation Labs.	The Group has a well-diversified customer base, giving protection from changes in specific industry sectors, as well as a flexible business model with a strong value proposition to meet the changing needs of customers. The Group strives to maintain high service levels for customers ensuring that customer needs are met. The Group continues to invest in information technology, including its Customer Relationship Management and Warehouse Management systems, while also enhancing its service offering and range of products. These tools are intended to strengthen our business model by supporting customer service teams in managing the complex and changing needs of customers and to respond to the increasingly competitive and dynamic operating environment. The Group maintains strong partnerships with key suppliers to ensure that a broad range of products is available to respond to customers' requirements, including any changes in their environmental and sustainability priorities. Maintaining close relationships with key suppliers in the protective packaging market enables us to understand and evaluate key trends and adapt our business model accordingly.	No change ← → Group businesses have been impacted by inflation in operating costs and have continued to experience volatility in input prices across all product categories. These challenges are being managed effectively. The Group's improvement in adjusted operating profit margin demonstrates the effectiveness of the management's ability to manage these market dynamics. During 2023 the Group has experienced weaker demand from customers across most industry sectors. This is offset by organic growth in Europe, improvement in new business performance, strong cost control and effective management of changes in input prices. During 2024, the Group expects to continue realising the benefits of its investments in information technology tools, particularly through the continued roll-out and refinement of our Customer Relationship Management and Warehouse Management systems.

Risk Description	Mitigating Factors	Change in Risk Level
Impact of environmental changes The markets we operate in are changing, with: • customers increasingly aware of the environmental impact of their packaging; • increasing environmental regulatory requirements for packaging suppliers, such as the Plastic Tax introduced from April 2022 and the introduction of the Extended Producer Responsibility ("EPR") requirements; • increasing likelihood of disruption to the operations of the Group through extreme weather events such as flooding, storm damage and water stress, impacting the business directly and disrupting supply chains; • investors looking to invest in companies that demonstrate strong environmental credentials; and • UK Government's commitment to net zero carbon emissions by 2050 and the profound changes this will drive across the economy. If the Group is not proactive and transparent in how it is responding to this agenda, this could lead to a loss of employees, customers and investors. Additionally, there is a transition risk, i.e. that we do not progress our strategy at the right pace; or we take actions that prove to be incorrect as technology advances. The key measure the Group monitors is Scope 1 and 2 CO_2 emissions. The Group is currently in the process of measuring its Scope 3 emissions and is aiming to report those during 2024.	Sustainability considerations are central to the organisation's value proposition as a distributor, utilising our resource, expertise and business assets to support customers to use less packaging and more sustainable alternatives through our Significant Six selling proposition A full-time Head of Sustainability joined us in January 2023. He chairs the Environment, Social and Governance ("ESG") committee consisting of senior managers from across the Group. The Group has committed to the development of a transition plan towards net-zero and, on an ongoing basis, reviews all relevant developments and available technologies to support that transition. A new sustainability strategy has been developed setting out the key priorities for the Group that are most relevant to the business and which will be key to mitigating both the transition and physical risks in this area (see ESG Report in the Annual Report 2023). The ESG committee oversees progress against this strategy and the associated targets, addressing challenges proactively. The committee reports directly to the Board. Regular reviews of our sustainability strategy are carried out at Board level to challenge performance against key milestones, as well as to ensure that priorities are aligned with stakeholder objectives. This is overseen via Key Performance Indicators and regular reporting from the Head of Sustainability to the Executive on progress against our priorities.	**Increase ↑** The Group recognises the increased significance of our environmental obligations and has continued to make progress, including; • Extending the introduction of fully electric trucks to our fleet to 9 in 2024 (2023: 5); • Investment in solar panels at sites with high energy use. Solar panels were installed during 2023 at the Group's manufacturing site in Grantham with a target of installing solar panels at the Group's Swindon manufacturing site during 2024 subject to a viability study; • Opening our Northern Innovation lab to significantly expand capacity to support customers in meeting their sustainability requirements; • The Group's Head of Sustainability leading on the impact of environmental regulatory change, focusing on preparing the business for compliance with the UK's EPR regulations and the Group's capability to support customers; • Ongoing actions to support our customers to reduce their CO_2 emissions, including using our 'Packaging Optimiser' tool; and • Undertaking Scope 3 mapping to baseline our entire carbon footprint and to develop reduction targets aligned to a net zero pathway. See the detailed ESG Report in the Annual Report 2023.

Risk Description	Mitigating Factors	Change in Risk Level
Raw material prices The Group's businesses are impacted by commodity-based raw material prices and manufacturer energy costs, with profitability sensitive to input price changes including currency fluctuations. The principal components are corrugated paper, polythene films, timber, and foam, with changes to paper and oil prices having a direct impact on the price we pay to our suppliers. This risk is monitored through our procurement teams interacting with key suppliers and management regularly reviewing the effectiveness of our price change programmes by monitoring gross margins by customer.	The Group works closely with its supplier and customer base to effectively manage the scale and timing of price changes and any resultant impact on profit. Our IT systems monitor and measure effectiveness in these changes. Where possible, alternative supplier relationships are maintained to minimise supplier dependency. We work with customers to redesign packs and reduce packing cost to mitigate the impact of cost increases, including switching to alternative products to minimise the impact of the Plastic Tax introduced in April 2022. The Group has a well-established supplier relationship management process which is subject to periodic management review and internal audit.	No change ← → Input prices have continued to change throughout 2023 primarily due to volatility in timber, paper and polymer prices and the impact of rising fuel and energy costs. The business has managed these challenges robustly and gross margins have improved throughout 2023, reflecting the effort of our teams to mitigate these increases. Pricing during 2023 stabilised and, in the case of paper, reduced markedly. However, this remains uncertain due to the general economic landscape. We continue to work on educating our customers about Total Cost Management as the method to add value/reduce costs.

Risk Description	Mitigating Factors	Change in Risk Level
Acquisitions The Group's growth strategy has included a number of acquisitions in recent years. There is a risk that such acquisitions may not be available on acceptable terms in the future. It is possible that acquisitions will not be successful due to the loss of key people or customers following acquisition or acquired businesses not performing at the level expected. This could potentially lead to impairment of the carrying value of the related goodwill and other intangible assets. Execution risks around the failure to successfully integrate acquisitions following conclusion of the earn-out period also exist. This is monitored through regular reporting of acquisition prospects and post-acquisition performance by executive management, with reporting to the Board.	The Group carefully reviews potential acquisition targets, ensuring that the focus is on high-quality businesses which complement the Group's existing profile and provide good opportunities for growth. Having completed a number of acquisitions in recent years, the Group has well-established due diligence and integration processes and procedures, while only acquiring well-established quality businesses which will perform well in the Group. The Group's management information system enables effective monitoring of post-acquisition performance with earn-out mechanisms also mitigating risk in the post-acquisition period. Goodwill and other intangible assets are tested annually for impairment.	No change 🡐 🡒 The Group has made 18 acquisitions since 2014, including three in 2023. The Group has a strong pipeline of potential protective packaging acquisition opportunities in both the UK and Northern Europe. European acquisitions are inherently higher risk due to cultural differences, challenges in realising operational synergies and, in some cases, less depth in local management expertise and support compared to previous UK-based acquisitions. However, there are also important strategic opportunities for the Group in terms of extending service coverage for existing and new customers as well as integration synergies.
Property The Group has a property portfolio comprising 1 owned site and 52 leased sites. This multi-site portfolio gives rise to risks in relation to ongoing lease costs, dilapidations, and fluctuations in value. This risk is monitored on a regular basis and reported to the Board through internal reporting and input from external advisors.	The Group adopts a proactive approach to managing property costs and exposures. Where a site is non-operational the Group seeks to assign, sell or sub-lease the building to mitigate the financial impact. If this is not possible, rental voids are provided on vacant properties taking into consideration the likely period of vacancy and incentives to re-let. The Group engages with external property advisers to assess the level of provisioning required for dilapidations and negotiate to minimise the final costs.	**No change 🡐 🡒** Our property consolidation strategy has continued during 2023. There is no outstanding work on finalising exit costs following the expiry of leases. There are known future exits from three existing operating sites. Provisions have been established to cover the anticipated exit costs. The Group currently has no vacant or sub-let properties.

Risk Description	Mitigating Factors	Change in Risk Level
Cyber-security The increasing frequency and sophistication of cyber-attacks is a risk which potentially threatens the confidentiality, integrity and availability of the Group's data and IT systems. These attacks could also cause reputational damage and fines in the event of personal data being compromised. This risk is monitored through an ongoing program of compliance and controls auditing with input from external advisors.	The Group continually invests in its IT infrastructure to protect against cyber-security threats. This includes regular testing of IT Disaster Recovery Plans. We engage the services of a cyber-security partner to perform regular penetration tests to assess potential vulnerabilities within our security arrangements. This is complemented by a program of cyber-security awareness training to ensure that all staff are aware of the potential threats caused by deliberate and unauthorised attempts to gain access to our systems and data.	**No change 🡸 🡺** Remote working practices are the norm, with the Group adopting hybrid home/office flexibility for its employees. This is a feature within the Group's risk to cyber-security attacks. The Group continues to invest in prevention/detection software and education programmes to mitigate the risks of cyber-security attacks. The frequency and sophistication of cyber-attacks is anticipated to continue to evolve, and the Group is committed to continually investing in upgrading its infrastructure to respond to the changing threats. The Group continues to perform regular assessments of its cyber-security resilience and make changes to our defences.
Financial liquidity, debt covenants and interest rates The Group needs access to funding to meet its trading obligations and to support organic growth and acquisitions. There is a risk that the Group may be unable to obtain funds and that such funds will only be available on unfavourable terms. The Group's borrowing facility comprises a committed facility of up to £35m. This includes requirements to comply with specified covenants, with a breach potentially resulting in Group borrowings being subject to more onerous conditions.	The Group's borrowing facility comprises a committed facility of £35m with Bank of Scotland PLC, which finances our trading requirements and supports controlled expansion, providing a medium-term funding platform for growth. The facility runs until 31 December 2025. The Group regularly monitors net bank debt and forecast cash flows to ensure that it will be able to meet its financial obligations as they fall due. Compliance with covenants is monitored on a monthly basis and sensitivity analysis is applied to forecasts to assess the impact on covenant compliance.	**No change 🡸 🡺** The Group has proved to be strongly cash generative in 2023 and has operated well within its existing bank facilities throughout the year. Interest rates payable by the Group have increased from 5.25% at 31 December 2022 to 7.00% at 31 December 2023. Interest rates are expected to remain high for some time. The increases in rates, which are in line with the market, do not increase the risk of the Group being unable to obtain funds and the Group operates well within the specific covenant which requires the Group to generate EBITDA on a rolling twelve-month basis greater than 3 times interest cost.

Risk Description	Mitigating Factors	Change in Risk Level
Working capital The Group has a significant investment in working capital in the form of trade receivables and inventories. There is a risk that this investment is not fully recovered. This risk is monitored through detailed reporting to local and executive management, which is reviewed in summary form by the Board.	Credit risk is controlled by applying rigour to the management of trade receivables by Head of Credit Control and the credit control team and is subject to additional scrutiny from the Group Finance Director and Group Financial Controller in line with the Group's credit risk process. All aged debts are assessed using the Expected Credit Loss model, and appropriate provisions are made. Customers in sectors likely be significantly impacted by the current economic challenges, particularly those exposed to reduced consumer demand and significant increases in operating costs (e.g. energy, fuel etc) are closely monitored and, where necessary, actions taken to reduce exposure to potential bad debts or stock write-offs. Inventory levels and order patterns are regularly reviewed and risks arising from holding bespoke stocks are managed by obtaining order cover from customers.	**No change 🡐 🡒** Bad debt write-offs in 2023 have increased from 2022, albeit still at a relatively low level. The Expected Credit Loss allowance reflects the low level of historic bad debts in the Group. Aged stock over 6 months old has decreased in 2023 primarily due to weaker demand across most of the sectors the Group serves. The Group is continually working to reduce stock over 6 months and has adequate provisioning to cover any potential stock obsolescence. The economic environment will remain challenging in 2024. Management will continue to take all appropriate steps to mitigate this risk and limit the need for additional provisions or write-offs.

Risk Description	Mitigating Factors	Change in Risk Level
Defined benefit pension scheme The Group's defined benefit pension scheme is sensitive to a number of key factors including volatility in equity and bond/gilt markets, the discount rates used to calculate the scheme's liabilities and mortality assumptions. Small changes in these assumptions could cause significant movements in the pension surplus. This risk is monitored through regular input from external pension advisors, including six monthly IAS19 reviews and triennial actuarial valuations.	The scheme was closed to new members in 2002. Benefits for active members were amended by freezing pensionable salaries at April 2009 levels. A Pension Increase Exchange option is available to offer flexibility to new pensioners in both the level of pension at retirement and the rate of future increases. The investment profile is regularly reviewed to ensure continued matching of investments with the scheme's liability profile. The scheme invests in Liability Driven Investments ("LDI") which hedge the scheme against movements in the discount rate and inflation. These are leveraged instruments which require active investments and divestments to maintain the level of leverage. The scheme was closed to future accrual during 2022.	**Decrease** ↓ The IAS 19 valuation of the Group's defined benefit pension scheme as at 31 December 2023 estimated the scheme surplus to be £9.9m, compared to a surplus of £10.2m at 31 December 2022. The triennial actuarial valuation at 1 May 2023 was completed in February 2024. Due to the positive funding position of the scheme, there is no requirement for the Group to make further deficit repair contributions. The Group is working with trustees to prepare the scheme for buy-out. This process is not expected to be completed during 2024.

Risk Description	Mitigating Factors	Change in Risk Level
Uncertain economic environment Given the range of prolonged geopolitical and economic uncertainties within the UK and other markets, there is an ongoing risk this will adversely affect our ability to deliver upon agreed strategic initiatives. We may also need to adapt our business quickly in order to limit the impact upon the Group's results, prospects and reputation. This risk is monitored through regular review of trading forecasts and market conditions, considered at executive management and Board level.	A twice yearly viability assessment and sensitivity analyses is performed by management. The Group's borrowing facility comprises a committed facility of £35m with Bank of Scotland PLC, which finances our trading requirements and supports controlled expansion, providing a medium-term funding platform for growth. The Group regularly monitors net bank debt and forecast cash flows to ensure that it will be able to meet its financial obligations as they fall due. Compliance with covenants is monitored on a monthly basis and sensitivity analysis is applied to forecasts to assess the impact on covenant compliance. The Group has scope to curtail capital expenditure and acquisition investment to preserve cash, if required. In the event of a significant reduction in customer demand the Group would take rigorous actions to reduce operating costs and working capital investment.	**No change 🡐 🡒** The UK economy has experienced challenging economic conditions during 2023 and there is no expectation that the current low growth environment will improve significantly in 2024. As seen across many of the markets in which the Group operates, the Group has experienced a reduction in demand for its products in 2023 and has responded through control of operating costs, effective management of input prices and accelerating new business performance. The Group is prepared to continue to manage its cost base should demand remain challenging in 2024. The Group is experiencing rising operating costs particularly, energy, fuel and employee costs and increased interest rates. While the risk of further inflation remains, the year on year impact has been reducing and the impact on 2024 is expected to reduce. To mitigate this risk, executive management monitors monthly revenue and cost performance and market trends closely and has action plans to respond to any significant or prolonged trading pressures.

There are a number of other risks that we manage which are not considered key risks. These are mitigated in ways common to all businesses and not specific to Macfarlane Group.

Viability statement

The Board is required to formally assess that the Group has adequate resources to continue in operational existence for the foreseeable future and as such can continue to adopt the going concern basis of accounting. The Board is also required to state that it has a reasonable expectation that the Group will continue in operation and meet its longer-term liabilities as they fall due.

To support this statement, the Board is required to consider the Group's current financial position, its strategy, the market outlook and its principal risks. The Board's assessment of the principal risks facing the Group and how these risks affect the Group's prospects are set out above. The review also includes consideration of how these risks could prevent the Group from achieving its strategic plan and the potential impact these risks could have on the Group's business model, future performance, solvency, and liquidity over the next three years (starting from 1 January 2024).

The Board considers the Group's viability as part of its ongoing programme to manage risk. Each year the Board reviews the Group's strategic plan for the forthcoming three-year period and challenges the Executive team on the plan's risks. The plan reflects the Group's businesses, which have a broad spread of customers across a range of different sectors with some longer-term contracts in place. The assessment period of three years is consistent with the Board's review of the Group strategy, including assumptions around future growth rates for our business and acceptable levels of performance.

Financial modelling and scenarios

The Group's existing bank facilities comprise a £35m committed facility, an increase of £5m during 2023, with Bank of Scotland PLC, which is available until December 2025. The Group has performed well during 2023, despite the ongoing challenging market conditions, which gives confidence in the strength of the underlying business model. The Directors have also considered the longer-term economic outlook for the UK. Given the current uncertainty of the economic outlook we have modelled a 'severe but plausible downside' scenario as described below. In forming conclusions, the Directors have also considered potential mitigating actions that the Group could take to preserve liquidity and ensure compliance with its financial covenants.

A detailed financial model covering a three-year period is maintained and regularly updated. This model enables sensitivity analysis, which includes flexing the main assumptions, including future revenue growth, gross margins, operating costs, finance costs and working capital management. The results of flexing these assumptions, both individually and in aggregate, are used to determine whether additional bank facilities will be required during the three-year period and whether the Group will remain in compliance with the covenants relating to the current facility. Whilst the current facilities are committed until December 2025, we have assumed the Group will be able to negotiate a new facility or extend the existing facility on terms similar to those currently in place beyond this time.

We have modelled a range of scenarios, including a central case, a downside scenario, a severe but plausible downside and a reverse stress test, over the three-year horizon. The 'severe but plausible downside' scenario is conservative in assuming, compared to the central case, revenue reductions of 10% and gross margin reductions at the rate of 2% in each of the three years, with no reduction in costs. Even under this scenario, and before reflecting any mitigating actions available to Group management, the Group forecasts compliance with all financial covenants throughout the period and would not require any additional sources of financing.

The Group has also modelled a reverse stress test scenario. This models the decline in revenue that the Group would be able to absorb before breaching any financial covenants. Such a scenario, and the sequence of events that could lead to it, is considered to be remote, as it requires revenue reductions of c.22% per annum between 2024 and 2026, compared to the central case, before there is a breach in financial covenants in the period under review and is calculated before reflecting any mitigating actions.

Even in the severe but plausible scenario, Macfarlane Group is forecast to have sufficient liquidity to continue trading, comfortably meeting its financial covenants and operating within the level of its facilities for the foreseeable future. The reverse stress test modelling has shown that a c.26% reduction in revenue in 2024 compared to 2023 could lead to a breach of covenants in the period under review. However, in this scenario, management would also be able to take significant mitigating actions to reduce its costs, conserve cash and prevent a breach in financial covenants.

Viability statement

Conclusions

For this reason, the Board considers it appropriate for the Group to adopt the going concern basis in preparing its financial statements.

The Board also has a reasonable expectation that the Group will continue in operation and meet its longer-term liabilities as they fall due.

Cautionary Statement

The Chair's Statement and the Business Review set out above have been prepared to provide additional information to members of the Company to assess the Group's strategy and the potential for the strategy to succeed. It should not be relied on by any other party or for any other purpose.

This report and the financial statements contain certain forward-looking statements relating to operations, performance and financial status. By their nature, such statements involve risk and uncertainty because they relate to events and depend upon circumstances that will occur in the future. There are a number of factors, including both economic and business risk factors, that could cause actual results or developments to differ materially from those expressed or implied by these forward-looking statements.

These statements are made by the Directors in good faith based on the information available to them up to the time of their approval of this report. Nothing in this Preliminary Announcement should be construed as a profit forecast or an invitation to deal in the securities of the Group.

Responsibility Statement of the Directors

The responsibility statement below has been prepared in connection with the Company's full annual report for the year ending 31 December 2023. Certain parts of the full Annual Report are not included within this announcement.

The Directors of Macfarlane Group PLC are

A. Gulvanessian	Chair)
P.D. Atkinson	Chief Executive
I. Gray	Finance Director
J.W.F. Baird	Non-Executive Director and Senior Independent Director
L.D. Whyte	Non-Executive Director

To the best of the knowledge of the Directors (whose names and functions are set out above):

- The financial statements, prepared in accordance with International Financial Reporting Standards, give a true and fair view of the assets, liabilities, financial position and profit for the Company and the undertakings included in the consolidation taken as a whole;
- The Strategic Report, incorporated into the Directors' Report in the Annual Report, includes a fair review of the development and performance of the business and the position of the Company and the undertakings included in the consolidation taken as a whole, together with a description of the principal risks and uncertainties that they face; and
- Pursuant to Disclosure and Transparency Rules, Chapter 4, the directors consider that the Company's annual report and financial statements, taken as a whole, are fair, balanced and understandable and provide information necessary for the shareholders to assess the Company's and the Group's position and performance, business model and strategy.

Peter Atkinson **Chief Executive**	**Ivor Gray** **Finance Director**
29 February 2024	29 February 2024

Macfarlane Group PLC

Consolidated income statement

For the year ended 31 December 2023

	Note	2023 £000	2022 £000
Continuing operations			
Revenue	3	**280,714**	290,431
Cost of sales		**(175,033)**	(192,374)
Gross profit		**105,681**	98,057
Distribution costs		**(10,485)**	(10,736)
Administrative expenses		**(73,128)**	(65,825)
Operating profit	3	**22,068**	21,496
Finance costs	4	**(1,788)**	(1,562)
Profit before tax		**20,280**	19,934
Tax	5	**(5,306)**	(4,210)
Profit for the year from continuing operations	7	**14,974**	15,724
Discontinued operations			
Loss from discontinued operations		**-**	**(87)**
Profit for the year		**14,974**	15,637
Earnings per share from continuing operations			
Basic	7	**9.44p**	9.94p
Diluted	7	**9.34p**	9.84p
Earnings per share from continuing and discontinued operations			
Basic	7	**9.44p**	9.89p
Diluted	7	**9.34p**	9.78p

Consolidated statement of comprehensive income

For the year ended 31 December 2023

	Note	2023 £000	2022 £000
Items that may be reclassified to profit or loss			
Foreign currency translation differences - foreign operations		**(45)**	45
Items that will not be reclassified to profit or loss			
Remeasurement of pension scheme liability	10	**(1,967)**	(82)
Tax recognised in other comprehensive income			
Tax on remeasurement of pension scheme liability	11	**492**	21
Other comprehensive expense for the year, net of tax		**(1,520)**	(16)
Profit for the year		**14,974**	15,637

Total comprehensive income for the year	**13,454**	15,621

Macfarlane Group PLC

Consolidated statement of changes in equity

For the year ended 31 December 2023

	Note	Share Capital £000	Share Premium £000	Revaluation Reserve £000	Own Shares £000	Translation Reserve £000	Retained Earnings £000	Total £000
At 1 January 2022		**39,453**	**13,148**	**70**	**-**	**171**	**42,052**	**94,894**
Comprehensive income								
Profit for the year		-	-	-	-	-	15,637	15,637
Foreign currency translation differences		-	-	-	-	45	-	45
Remeasurement of pension liability	10	-	-	-	-	-	(82)	(82)
Tax on remeasurement of pension liability	11	-	-	-	-	-	21	21
Total comprehensive income		-	-	-	-	45	15,576	15,621
Transactions with shareholders								
Dividends	6	-	-	-	-	-	(5,102)	(5,102)
New shares issued		131	425	-	(7)	-	(549)	-
Credit for share-based payments		-	-	-	-	-	607	607
Total transactions with shareholders		131	425	-	(7)	-	(5,044)	(4,495)
At 31 December 2022		39,584	13,573	70	(7)	216	52,584	106,020
Comprehensive income								
Profit for the year		**-**	**-**	**-**	**-**	**-**	**14,974**	**14,974**
Foreign currency translation differences		**-**	**-**	**-**	**-**	**(45)**	**-**	**(45)**
Remeasurement of pension liability	10	**-**	**-**	**-**	**-**	**-**	**(1,967)**	**(1,967)**
Tax on remeasurement of pension liability	11	**-**	**-**	**-**	**-**	**-**	**492**	**492**
Total comprehensive income		**-**	**-**	**-**	**-**	**(45)**	**13,499**	**13,454**
Transactions with shareholders								
Dividends	6	**-**	**-**	**-**	**-**	**-**	**(5,484)**	**(5,484)**
New shares issued		**154**	**408**	**-**	**(9)**	**-**	**(553)**	**-**
Credit for share-based payments		**-**	**-**	**-**	**-**	**-**	**586**	**586**
Total transactions with shareholders		**154**	**408**	**-**	**(9)**	**-**	**(5,451)**	**(4,898)**
At 31 December 2023		**39,738**	**13,981**	**70**	**(16)**	**171**	**60,632**	**114,576**

Macfarlane Group PLC

Consolidated balance sheet at 31 December 2023

	Note	2023 £000	2022 £000
Non-current assets			
Goodwill and other intangible assets		**87,495**	75,685
Property, plant and equipment		**9,210**	7,863
Right of Use assets		**35,001**	33,938
Other receivables		**35**	38
Deferred tax assets	11	**335**	105
Retirement benefit obligations	10	**9,921**	10,199
Total non-current assets		**141,997**	127,828
Current assets			
Inventories		**17,523**	22,608
Trade and other receivables		**53,792**	59,347
Current tax asset		**225**	675
Cash and cash equivalents	9	**7,691**	5,706
Total current assets		**79,231**	88,336
Total assets	3	**221,228**	216,164
Current liabilities			
Trade and other payables		**50,623**	54,577
Provisions		**401**	1,769
Current tax liability		**983**	304
Lease liabilities	9	**7,307**	6,641
Bank borrowings	9	**7,164**	9,143
Total current liabilities		**66,478**	72,434
Net current assets		**12,753**	15,902
Non-current liabilities			
Deferred tax liabilities	11	**9,472**	8,222
Deferred contingent consideration		**504**	-
Provisions		**1,329**	1,560
Lease liabilities	9	**28,869**	27,928
Total non-current liabilities		**40,174**	37,710
Total liabilities	3	**106,652**	110,144
Net assets		**114,576**	106,020
Equity			
Share capital	12	**39,738**	39,584
Share premium	12	**13,981**	13,573
Revaluation reserve		**70**	70

Own shares		**(16)**	(7)
Translation reserve		**171**	216
Retained earnings		**60,632**	52,584
Total equity	3	**114,576**	106,020

Macfarlane Group PLC
Consolidated cash flow statement
For the year ended 31 December 2023

	Note	2023 £000	2022 £000
Profit/(loss) before tax from:			
Continued operations		**20,280**	19,934
Discontinued operations		**-**	(87)
Total Operations		**20,280**	19,847
Adjustments for:			
Amortisation of intangible assets		**4,034**	3,577
Depreciation of property, plant and equipment and ROU assets		**9,574**	9,040
Deferred contingent consideration adjustment		**1,535**	-
(Profit)/Loss on disposal of property, plant and equipment		**(3)**	71
Loss on disposal of subsidiaries		**-**	87
Share-based payments		**586**	607
Finance costs		**1,788**	1,562
Operating cash flows before movements in working capital		**37,794**	34,791
Decrease in inventories		**5,733**	1,025
Decrease in receivables		**7,453**	285
Decrease in payables		**(7,021)**	(9,027)
Decrease in provisions		**(1,599)**	(249)
Adjustment for pension scheme funding		**(1,179)**	(1,838)
Cash generated by operations		**41,181**	24,987
Income taxes paid		**(5,374)**	(5,251)
Interest paid		**(2,298)**	(1,738)
Cash inflow from operating activities		**33,509**	17,998
Investing activities			
Acquisitions, net of cash acquired	8	**(14,466)**	(8,655)
Proceeds from sale of subsidiaries		**-**	166
Proceeds on disposal of property, plant and equipment		**90**	181
Purchases of property, plant and equipment		**(2,175)**	(3,285)
Cash outflow from investing activities		**(16,551)**	(11,593)
Financing activities			
Dividends paid	6	**(5,484)**	(5,102)
Repayment on bank borrowing facility		**(2,323)**	(865)
Repayments of leases		**(7,510)**	(7,215)
Cash outflow from financing activities		**(15,317)**	(13,182)
Net increase/(decrease) in cash and cash equivalents		**1,641**	(6,777)
Cash and cash equivalents at beginning of year		**5,346**	12,123
Cash and cash equivalents at end of year		**6,987**	5,346

Reconciliation to consolidated cash flow statement	Note	2023 £000	2022 £000
Cash and cash equivalents per the consolidation balance sheet	9	**7,691**	**5,706**
Bank overdraft		**(704)**	**(360)**
Balances per consolidated cash flow statement		**6,987**	**5,346**

Bank overdrafts are included in cash and cash equivalents because they form an integral part of the Group's cash management.

1. General information

The financial information set out herein does not constitute the Company's statutory accounts as defined in Section 435 of the Companies Act 2006 and has been extracted from the full statutory accounts for the years ended 31 December 2023 and 2022.

The financial statements for 2023 were approved by the Board of Directors on 29 February 2024. The auditor's report on the statutory financial statements for the year ended 31 December 2023 was unqualified pursuant to Section 498 of the Companies Act 2006 and did not contain a statement under sub-section 498 (2) or (3) of that Act.

The financial information for 2022 is derived from the statutory accounts for 2022 which have been delivered to the registrar of companies. The auditor has reported on the 2022 accounts; their report was (i) unqualified, (ii) did not include a reference to any matters to which the auditor drew attention by way of emphasis without qualifying their report and (iii) did not contain a statement under section 498 (2) or (3) of the Companies Act 2006.

2. Basis of preparation

The Group's business activities, together with the factors likely to affect its future development, performance and financial position are set out above.

The Group's principal financial risks in the medium term relate to liquidity and credit risk. Liquidity risk is managed by ensuring that the Group's day-to-day working capital requirements are met by having access to committed banking facilities with suitable terms and conditions to accommodate the requirements of the Group's operations. Credit risk is managed by applying considerable rigour in managing the Group's trade receivables. The Directors believe that the Group is adequately placed to manage its financial risks effectively, despite any economic uncertainty.

The Group's has a committed borrowing facility of £35m with Bank of Scotland PLC in place until December 2025. The facility bears interest at normal commercial rates and carries standard financial covenants in relation to interest cover and levels of headroom over certain trade receivables of the Group.

The Directors are of the opinion that the Group's cash forecasts and revenue projections, which they believe are based on appropriate market data and past experience taking account of reasonably possible changes in trading performance given current market and economic conditions, show that the Group should be able to operate within the current facility and comply with its banking covenants. The Directors have modelled a range of scenarios, including a central case, a downside scenario, a severe but plausible downside and a reverse stress test, over the three-year horizon, as set out in the Viability statement on set out above.

After making enquiries, the directors have a reasonable expectation that the Company and the Group have adequate resources to continue in operational existence for at least the next twelve months. For this reason, they continue to adopt the going concern basis in preparing the financial statements for the year ended 31 December 2023.

Key sources of estimation uncertainty

The preparation of financial statements requires management to make estimates and assumptions that affect the amounts reported for assets and liabilities as at the balance sheet date and the amounts reported for revenues and expenses during the year. Due to the nature of estimation, the actual outcomes may well differ from these estimates. The directors have assessed the impact of climate change and consider that this does not have a significant impact on these financial statements. The key sources of estimation uncertainty that have a significant effect on the carrying amounts of assets and liabilities in the next twelve months are discussed below:

Retirement benefit obligations

The determination of any defined benefit pension scheme liability is based on assumptions determined with independent actuarial advice. The key assumptions used include discount rate and inflation rate, for which a sensitivity analysis is provided in Note 10. The directors consider that those sensitivities represent reasonable sensitivities which could occur in the next financial year.

2. Basis of preparation (continued)

Key sources of estimation uncertainty (continued)

Valuation of deferred contingent consideration

The valuation of deferred contingent consideration at both acquisition date and the balance sheet date is measured at fair value. This involves the assessment of forecast future cash flows against earn-out targets agreed with the sellers of acquired businesses over a period of up to two years. This assessment is based on the directors' best estimate using the information available at the effective dates outlined above. However, there remains a risk that the actual payment differs from the amount assumed as consideration within the PPA accounting as detailed in note 8 and from the amount recorded as a liability at the balance sheet date. Deferred contingent considerations are recognised as a liability in trade and other payables and are remeasured to fair value of £4.0m at the balance sheet date, of which £0.5m is due in more than one year, based on a range of outcomes between £Nil and £5.4m. Trading in the post-acquisition period supports the remeasured value of £4.0m.

Critical accounting judgements

Property provisions

Property provisions of £1.7m have been recognised as at 31 December 2023 (2022: £3.3m), representing the directors' best estimate of dilapidations on property leases. The directors have made the judgement that no provision is required for certain property leases where there is no intention to exit, having considered a number of factors including the extent of modifications to the property, the terms of the lease agreement, and the condition of the property.

No other significant critical judgements have been made in the current or prior year.

Alternative performance measures

In measuring the financial performance and position, the financial measures used in certain limited cases include those which have been derived from the reported results in order to eliminate factors which due to their unusual nature and size distort year-on-year comparisons to a material extent and/or provide useful information to stakeholders. Where such items arise, the directors will classify such items as separately disclosed and provide details of these items to enable users of the accounts to understand the impact on the financial statements.

To the extent that a measurement under Generally Accepted Accounting Principles ("GAAP") is adjusted for a separately disclosed item, this is referred to as an Alternative Performance Measure ("APM"). We believe that the APMs defined below, and the comparable GAAP measurement, provides a useful basis for measuring the financial performance and position.

In addition to the various performance measures defined under IFRS, the Group reports adjusted operating profit and adjusted profit before tax as measures to assist in understanding the underlying performance of the Group and its businesses when compared to similar companies. Adjusted operating profit and adjusted profit before tax are not defined under IFRS and, as a result, do not comply with Generally Accepted Accounting Practice ("GAAP") and are therefore known as APMs. Accordingly, these measures, which are not designed to be a substitute for any of the IFRS measures of performance, may not be directly comparable with other companies' APMs.

Adjusted operating profit is defined as operating profit before customer relationships and brand values amortisation and deferred contingent consideration adjustments.

Adjusted profit before tax is defined as profit before tax, customer relationships and brand values amortisation, and deferred contingent consideration adjustments.

2. Basis of preparation (continued)

Alternative performance measures (continued)

	Alternative performance measures	Customer relationship/ brand values amortisation	Deferred contingent consideration adjustments	Statutory measures	
	£000	£000	£000	£000	
Year to 31 December 2023					
Adjusted operating profit	27,637	(4,034)	(1,535)	22,068	Operating profit
Adjusted profit before tax	25,849	(4,034)	(1,535)	20,280	Profit before tax
Year to 31 December 2022					
Adjusted operating profit	25,073	(3,577)	-	21,496	Operating profit
Adjusted profit before tax	23,511	(3,577)	-	19,934	Profit before tax

Net bank funds/(debt) also represents an APM as defined and reconciled to the statutory measure in note 9.

3. Segmental information

The Group's principal business segment is **Packaging Distribution,** comprising the distribution of packaging materials and supply of storage and warehousing services in the UK. This comprises 87% of Group revenue and 75% of Group operating profit. The Group's **Manufacturing Operations** segment comprises the design, manufacture and assembly of timber, corrugated and foam-based packaging materials in the UK. This comprises 13% of Group revenue and 25% of Group operating profit.

		2023	2022
		£000	£000
Group segment –Revenue			
Packaging Distribution		**244,938**	259,651
Manufacturing Operations		**40,929**	35,045
Inter-segment revenue	Manufacturing Operations	**(5,153)**	(4,265)
External revenue		**280,714**	290,431
Packaging Distribution		**21,044**	19,868
Manufacturing Operations		**6,593**	5,205
Adjusted operating profit		**27,637**	25,073
Packaging Distribution		**16,511**	17,094
Manufacturing Operations		**5,557**	4,402
Operating profit		**22,068**	21,496
Finance costs		**(1,788)**	(1,562)
Profit before tax		**20,280**	19,934
Tax		**(5,306)**	(4,210)
Profit for the year		**14,974**	15,724

Profit for the year	**14,974**	15,637

Macfarlane Group PLC

Notes to the financial information

For the year ended 31 December 2023

3. Segmental information (continued)

	Assets	**Liabilities**	**Net assets**
	£000	**£000**	**£000**
Group segments			
Packaging Distribution	**176,740**	**(94,757)**	**81,983**
Manufacturing Operations	**44,488**	**(11,895)**	**32,593**
Net assets 2023	**221,228**	**(106,652)**	**114,576**

	Assets	Liabilities	Net assets
	£000	£000	£000
Packaging Distribution	188,866	(102,937)	85,929
Manufacturing Operations	27,298	(7,207)	20,091
Net assets 2022	216,164	(110,144)	106,020

	2023	2022
	£000	£000
Packaging Distribution		
Revenue	**244,938**	259,651
Cost of sales	**(157,458)**	(176,193)
Gross profit	**87,480**	83,458
Net operating expenses	**(66,436)**	(63,590)
Adjusted operating profit	**21,044**	19,868
Amortisation and deferred contingent consideration adjustments	**(4,533)**	(2,774)
Operating Profit	**16,511**	17,094

Manufacturing Operations

	2023	2022
	£000	£000
Revenue	**35,776**	30,780
Cost of sales	**(17,575)**	(16,181)
Gross profit	**18,201**	14,599
Net operating expenses	**(11,608)**	(9,394)
Adjusted operating profit	**6,593**	5,205
Amortisation and deferred contingent consideration adjustments	**(1,036)**	(803)

Operating profit	**5,557**	4,402

4. Finance costs

	2023 £000	2022 £000
Interest on bank borrowings	**878**	616
Interest on leases	**1,420**	1,122
Net interest income on retirement benefit obligation (see note 10)	**(510)**	(176)
Total finance costs	**1,788**	1,562

5. Tax

	2023 £000	2022 £000
Current tax		
United Kingdom corporation tax at 23.5% (2022: 19.0%)	**5,615**	3,680
Foreign tax	**460**	253
Adjustments in respect of prior-years	**(38)**	(21)
Total current tax	**6,037**	3,912
Deferred tax		
Current year	**(731)**	207
Adjustments in respect of prior-years	**-**	91
Total deferred tax (see note 11)	**(731)**	298
Total tax charge	**5,306**	4,210

The standard rate of tax based on the UK average rate of corporation tax is 23.5% (2022: 19%). The increase in 2023 is due to the corporation tax rate increasing from 19% to 25% effective from 1 April 2023. Taxation for other jurisdictions is calculated at the rates prevailing in these jurisdictions.

The actual tax charge for the current and previous year varies from the standard rate of tax on the results in the consolidated income statement for the reasons set out in the following reconciliation:

	2023 £000	2022 £000
Profit before tax from continuing operations	**20,280**	19,934
Loss before tax from discontinued operations	**-**	(87)
Profit before tax from total operations	**20,280**	19,847
Tax on profit at 23.5% (2022: 19.0%)	**4,766**	3,771
Factors affecting tax charge for the year:-		
Difference in rate for deferred tax (25%) on pensions	**25**	120
Non-deductible expenses	**487**	189
Difference on overseas tax rates	**66**	60

Changes in estimates related to prior years	**(38)**	70
Tax charge for the year	**5,306**	4,210
Tax attributable to continuing operations	**5,306**	4,210
Tax attributable to discontinued operations	**-**	-
Tax charge for the year	**5,306**	4,210
Effective rate of tax for the year	**26.2%**	21.2%

6. Dividends

	2023	2022
	£000	£000
Amounts recognised as distributions to equity holders in the year:		
Final dividend for the year ended 31 December 2022 of 2.52 per share (2021 – 2.33p per share)	**3,990**	**3,677**
Interim dividend for the year ended 31 December 2023 of 0.94p per share (2022 – 0.90p per share)	**1,494**	1,425
	5,484	5,102

A proposed dividend of 2.65p per share will be paid on 30 May 2024 to those shareholders on the register at 10 May 2024 (ex dividend date 9 May 2024). This is subject to approval by shareholders at the Annual General Meeting on 7 May 2024 and therefore has not been included as a liability in these financial statements.

7. Earnings per share

The calculation of the basic and diluted earnings per share is based on the following data:

	2023	2022
	£000	£000
Earnings for the purposes of earnings per share		
Profit for the year from continuing operations	**14,974**	15,724
Loss from discontinued operations	**-**	(87)
Profit for the year from continuing and discontinued operations	**14,974**	15,637

Number of shares in issue for the purposes of calculating basic and diluted earnings per share	**2023 No. of shares '000**	2022 No. of shares '000
Weighted average number of shares in issue for the purposes of basic earnings per share		
Weighted average number of shares in issue	**158,542**	158,162
Effect of Long-Term Incentive Plan awards in issue	**1,788**	1,661
Weighted average number of shares in issue for the purposes of calculating diluted earnings per share	**160,330**	159,823
Basic Earnings per share from continuing operations	**9.44p**	9.94p
Diluted Earnings per share from continuing operations	**9.34p**	9.84p
Basic Earnings per share from discontinued operations	**-p**	(0.06)p
Diluted Earnings per share from discontinued operations	**-p**	(0.05)p

Basic Earnings per share from continuing and discontinued operations	**9.44p**	9.89p
Diluted Earnings per share from continuing and discontinued operations	**9.34p**	9.78p

8. Acquisitions

On 3 March 2023, Macfarlane Group UK Limited ("MGUK") acquired 100% of A.E. Sutton Limited, for a total potential consideration of £13.7m and inherited net cash/bank balances of £5.3m. Full potential contingent consideration of £2.5m is payable in the second quarters of 2024 and 2025, subject to certain trading targets being met in the two twelve-month periods ending on 29 February 2024 and 28 February 2025 respectively.

On 28 April 2023, MGUK acquired 100% of A & G Holdings Limited, the parent company of Gottlieb Packaging Materials Limited, for a total potential consideration of £4.3m and inherited net cash/bank balances of £0.9m. Full potential contingent consideration of £0.8m is payable in the second quarters of 2024 and 2025, subject to certain trading targets being met in the two twelve-month periods ending on 30 April 2024 and 2025 respectively.

On 29 September 2023, MGUK acquired 100% of B&D 2010 Group Limited ("B&D"), for a total potential consideration of £5.4m and inherited net cash/bank balances of £1.8m. Full potential contingent consideration of £0.55m is payable in the third quarter of 2024, subject to certain trading targets being met in the twelve-month period ending on 30 September 2024.

£2.1m was paid in 2023 to the sellers of GWP Holdings Limited, acquired in 2021, as the profit target was met for the twelve-month period ending 28 February 2023. £0.8m was held back subject to conclusion of an outstanding warranty claim.

£0.8m was paid in 2023 to the sellers of Carters (Cornwall) Limited, acquired in 2021, as the profit target was met for the twelve-month period ending 31 March 2023.

Contingent considerations are recognised as a liability in trade and other payables and are remeasured to fair value of £4.0m at the balance sheet date, of which £0.5m is due in more than one year, based on a range of outcomes between £Nil and £5.4m. Trading in the post-acquisition period supports the remeasured value of £4.0m. The £4.0m relates to the acquisitions of PackMann (£1.5m), Suttons (£1.3m), Gottlieb (£0.7m) and B&D Group (£0.5m).

The impact of the acquisitions of Suttons, Gottlieb and B&D on 2023 results and if the acquisitions had been completed on the first day of 2023 are set out below:

	From date of acquisition		**If completed 1 January 2023**	
	Revenue	**Profit**	**Revenue**	**Profit**
	£000	**£000**	**£000**	**£000**
Suttons	**6,065**	**1,594**	**7,278**	**1,912**
Gottlieb	**3,323**	**589**	**4,984**	**883**
B&D	**750**	**150**	**3,000**	**600**

8. Acquisitions (continued)

Fair values assigned to net assets acquired and consideration paid and payable are set out below:

	Suttons £000	Gottlieb £000	B&D £000	Prior Year Acquisitions £000	2023 Total £000
Net assets acquired					
Other intangible assets	**4,061**	**2,028**	**2,388**	**-**	**8,477**
Tangible assets (inc. Right of Use assets)	**2,078**	**163**	**314**	**-**	**2,555**
Inventories	**203**	**371**	**74**	**-**	**648**
Trade and other receivables	**740**	**782**	**373**	**-**	**1,895**
Cash and bank balances	**5,255**	**939**	**1,781**	**-**	**7,975**
Trade and other payables	**(814)**	**(1,002)**	**(566)**	**-**	**(2,382)**
Current tax liabilities	**(260)**	**(101)**	**(108)**	**-**	**(469)**
Lease liabilities (note 9)	**(1,375)**	**(146)**	**(280)**	**-**	**(1,801)**
Deferred tax liabilities (note 11)	**(1,135)**	**(511)**	**(597)**	**-**	**(2,243)**
Net assets acquired	**8,753**	**2,523**	**3,379**	**-**	**14,655**
Goodwill arising on acquisition	**3,698**	**1,657**	**2,012**	**-**	**7,367**
Total consideration	**12,451**	**4,180**	**5,391**	**-**	**22,022**
Contingent consideration on acquisitions					
Current year	**(1,265)**	**(717)**	**(514)**	**-**	**(2,496)**
Prior years	**-**	**-**	**-**	**2,915**	**2,915**
Total cash consideration	**11,186**	**3,463**	**4,877**	**2,915**	**22,441**
Net cash outflow arising on acquisitions					
Cash consideration	**(11,186)**	**(3,463)**	**(4,877)**	**(2,915)**	**(22,441)**
Cash and bank balances acquired	**5,255**	**939**	**1,781**	**-**	**7,975**
Net cash outflow - acquisitions	**(5,931)**	**(2,524)**	**(3,096)**	**(2,915)**	**(14,466)**

9. Analysis of changes in net debt

	Cash &cash equivalents £000	Bank borrowing £000	Lease liabilities £000	Total debt £000
At 1 January 2023	5,706	(9,143)	(34,569)	(38,006)
Cash movements	1,985	1,979	7,510	**11,474**
Non-cash movements				
New leases	-	-	(3,021)	**(3,021)**
Acquisitions	-	-	(1,801)	**(1,801)**
Disposal	-	-	227	**227**
Lease modifications	-	-	(4,562)	**(4,562)**
Exchange movements	-	-	40	**40**
At 31 December 2023	**7,691**	**(7,164)**	**(36,176)**	**(35,649)**
Due within one year	7,691	(7,164)	(7,307)	(6,780)
Due after more than one year	-	-	(28,869)	(28,869)
At 31 December 2023	**7,691**	**(7,164)**	**(36,176)**	**(35,649)**
Net bank funds 2023	**7,691**	**(7,164)**		**527**
Net bank debt 2022	5,706	(9,143)		(3,437)

Cash and cash equivalents (which are presented as a single class of asset on the face of the balance sheet) comprise cash at bank and other short-term highly liquid investments with maturity of three months or less.

10. Pension scheme

Macfarlane Group PLC sponsors a defined benefit pension scheme for former UK employees – the Macfarlane Group PLC Pension & Life Assurance Scheme (1974) ("the Scheme"). One of the trading subsidiaries, Macfarlane Group UK Limited is also a sponsoring employer of the Scheme. The Scheme is currently in surplus and disclosure of the respective proportions of the Group surplus are included and disclosed in the financial statements of each of the two participating employers.

The Scheme is an HMRC registered pension scheme, administered by a Board of Trustees composed of employer-nominated representatives and member-nominated Trustees which is legally separate from the Group. The Scheme's investments are held separately from those of the Group in managed funds under the supervision of the Trustees. The Trustees are required by law to act in the interest of all classes of beneficiary in the Scheme and are responsible for investment policy and the administration of benefits. Macfarlane Group PLC, based on legal opinion provided, has an unconditional right to a refund of surplus assets assuming the full settlement of plan liabilities in the event of a wind up of the Scheme. Furthermore, in the ordinary course of business the trustees have no rights to unilaterally wind up the Scheme, or otherwise augment the benefits due to members of the Scheme. Based on these rights, any net surplus in the Scheme is recognised in full.

The Scheme provides qualifying employees with an annual pension of 1/60 of pensionable salary for each completed years' service on attainment of a normal retirement age of 65. Pensionable salaries were frozen for the remaining active members at the levels current at 30 April 2009 with the change taking effect from 30 April 2010. As a result no further salary inflation applies for active members who elected to remain in the Scheme. Active members' benefits also include life assurance cover, with the payment of these benefits at the discretion of the Trustees of the Scheme. The Scheme was closed to new entrants during 2002. The Scheme was closed to future accrual on 30 November 2022 with the 3 remaining active members transferring to the Group's defined contribution pension scheme.

10. Pension scheme (continued)

On leaving active service a deferred member's pension is revalued from the time of withdrawal until the pension is drawn. Revaluation in deferment is statutory and since 2010 has been revalued on the Consumer Price Index ("CPI") measure of inflation. Revaluation of pensions in payment is a blend of fixed increases and inflationary increases depending on the relevant periods of accrual of benefit. For pensions in payment, the inflationary increase is currently based on the Retail Price Index ("RPI") measure of inflation or based on Limited Price Indexation ("LPI") for certain defined periods of service.

During 2012, Macfarlane Group PLC agreed with the Board of Trustees to amend benefits for pensioner, deferred and active members in the Scheme by offering a Pension Increase Exchange ("PIE") option to pensioner members and a PIE option to all other members at retirement after 1 May 2012.

In June 2023, the UK High Court issued a ruling in the case of Virgin Media Limited v NTL Pension Trustees II Limited and others relating to the validity of certain historical pension changes. This case may have implications for other defined benefit schemes in the UK, although is subject to possible appeal in 2024. At the balance sheet, it was unknown if, or to what extent, this ruling will impact the Scheme and therefore no adjustment has been made in accounting for the pension surplus. The Company will monitor the case alongside the Trustees of the Scheme.

Balance sheet disclosures

The Scheme's qualified actuary from Aon carries out triennial valuations using the Projected Unit Credit Method to determine the level of deficit/surplus. For the most recent triennial valuation at 1 May 2023, the results of this valuation showed that the market value of the relevant investments of the Scheme was £71,900,000 and represented 109% of the actuarial value of benefits that had accrued to members.

The investment classes held by the Scheme and the Scheme surplus, based on the results of the actuarial valuation as at 1 May 2023, updated to the year-end are as shown below:

	2023 **£000**	2022 £000
Investment class		
Equities	**-**	20,287
Multi-asset diversified funds	**10,198**	12,674
Liability-driven investment funds	**32,052**	23,352
Multi-asset credit funds	**9,824**	-
Securitised credit funds	**13,047**	-
Secured property income fund	**-**	5,670
European loan fund	**-**	6,546
Other (cash and similar assets)	**7,402**	1,957
Fair value of Scheme investments	**72,523**	70,486
Present value of Scheme liabilities	**(62,602)**	(60,287)
Scheme surplus	**9,921**	10,199

The Trustees review the investments of the Scheme on a regular basis and consult with the Company regarding any proposed changes to the investment profile. Liability-Driven Investment Funds are intended to provide a match of 100% against the impact of movements in inflation on pension liabilities and against the impact of movements in interest-rates on pension liabilities. During 2023 adjustments were made between investments to maintain the overall allocations in line with the Trustees' strategic asset allocation.

10. Pension scheme (continued)

The ability to realise the Scheme's investments at, or close to, fair value was considered when setting the investment strategy. 100% (2022: 83%) of the Scheme's investments can be realised at fair value on a daily or weekly basis. The remaining investments have monthly or quarterly liquidity. However, whilst the regular income from these helps to meet the Scheme's cash flow needs, they are not expected to be realised at short notice from a strategic perspective. The present value of the Scheme liabilities is derived from cash flow projections and the expected return of the assets over a long period and is thus inherently uncertain.

The Scheme's liabilities were calculated on the following bases as required under IAS 19:

Assumptions	**2023**	2022
Discount rate	**4.50%**	4.80%
Rate of increase in salaries	**0.00%**	0.00%
Inflation assumption (RPI)	**3.20%**	3.40%
Inflation assumption (CPI)	**2.70%**	2.80%
Life expectancy beyond normal retirement age of 65		
Male currently aged 55 (years)	**22.3**	22.6
Female currently aged 55 (years)	**24.0**	24.2
Male currently aged 65 (years)	**21.8**	22.0
Female currently aged 65 (years)	**23.3**	23.4

Movement in scheme surplus	**2023 £000**	2022 £000
At 1 January	**10,199**	8,267
Current service costs	**-**	(42)
Administration costs incurred	**(71)**	-
Past service cost (curtailed due to closure of scheme/disposal of business)	**-**	(111)
Employer contributions	**1,250**	1,991
Net finance income (see note 4)	**510**	176
Remeasurement of pension scheme liability	**(1,967)**	(82)
At 31 December	**9,921**	10,199

Funding

UK pension legislation requires that pension schemes are funded prudently. Following the triennial actuarial valuation of the Scheme at 1 May 2023, the Company agreed with the Pension Scheme Trustees, that no contributions were required. The next triennial actuarial valuation is due at 1 May 2026.

Sensitivity to key assumptions

The key assumptions used for IAS 19 are discount rate, inflation and mortality. If different assumptions were used, then this could have a material effect on the results disclosed. Assuming all other assumptions are held static then a movement in the following key assumptions would affect the level of the deficit as shown below:

Assumptions	**2023 £000**	2022 £000
Discount rate movement of +3.0%	**22,531**	14,101

Inflation rate movement of +0.25%	**(599)**	(375)
Mortality movement of +0.1 year in age rating	**141**	88

10. Pension scheme (continued)

Positive figures reflect a reduction in the Scheme liabilities and therefore a reduction in the Scheme deficit or increase in the Scheme surplus. The sensitivity information has been prepared using the same method as adopted when adjusting the results of the latest funding valuation to the balance sheet date and is consistent with the approach adopted in previous years.

The sensitivities shown reflect average movements in the assumptions in the last three years. All information assumes that the average duration of Scheme liabilities is twelve years.

11. Deferred tax

	2023	2022
	£000	£000
At 1 January	**(8,117)**	(7,453)
Transfer to Corporation Tax		-
Acquisitions (note 8)	**(2,243)**	(387)
Credited/(Charged) in income statement (see note 5)	**731**	(298)
Credited in other comprehensive income		
Remeasurement of pension scheme liability	**492**	21
At 31 December	**(9,137)**	(8,117)
Deferred tax assets		
On accelerated capital allowances/timing differences	**335**	94
Corporation tax losses	**-**	11
Disclosed as deferred tax assets	**335**	105
Deferred tax liabilities		
On accelerated capital allowances/timing differences	**(1,072)**	(908)
On retirement benefit obligations	**(2,481)**	(2,551)
On other intangible assets	**(5,919)**	(4,763)
Disclosed as deferred tax liabilities	**(9,472)**	(8,222)
At 31 December	**(9,137)**	(8,117)

12. Share capital

	2023	2022
	£000	£000
Allotted, issued and fully paid:		
At 1 January	**39,584**	39,453
New shares issued	**154**	131
At 31 December	**39,738**	39,584

Share premium

At 1 January	**13,573**	13,148
New shares issued	**408**	425
At 31 December	**13,981**	13,573

The Company has one class of ordinary shares of 25p each, which carry no right to fixed income. Each ordinary share carries one vote in any General Meeting of the Company.

On 30 August 2023, the Company issued 615,000 ordinary shares of 25p at a value of 91.40p to settle 2020 share awards under the Company's 2016 Performance Share Plan.

13. Related party transactions

Transactions between the Company and its subsidiaries, which are related parties, have been eliminated on consolidation and are not disclosed.

Details of individual and collective remuneration of the Company's Directors and dividends received by the Directors for calendar year 2023 will be disclosed in the Group's 2023 Annual Report and Accounts.

The directors are satisfied that there are no other related party transactions occurring during the year which require disclosure.

14. Post balance sheet events

There are no post balance sheet events to be disclosed.

15. Posting to shareholders and Annual General Meeting

The Annual Report and Accounts will be sent to shareholders on Friday 5 April 2024 and will be available to members of the public at the Company's Registered Office from Friday 26 April 2024.

The Annual General Meeting will take place at 12 noon on Tuesday 7 May 2024.