27 February 2025

MACFARLANE GROUP PLC

("MACFARLANE GROUP", "THE COMPANY", "THE GROUP")

ANNUAL RESULTS 2024

Group profit in line with market consensus

FINANCIAL HIGHLIGHTS

	2024 £000	2023 £000	Increase/ (Decrease) %
Statutory measures			
Revenue	270,437	280,714	(4%)
Gross profit	105,372	105,681	0%
Operating profit	23,597	22,068	7%
Profit before tax	20,896	20,280	3%
Profit for the year	15,530	14,974	4%
Interim and proposed final dividend (pence)	3.66p	3.59p	2%
Diluted earnings per share (pence)	9.74p	9.34p	4%
Alternative performance measures ①			
Adjusted operating profit	27,402	27,637	(1%)
Adjusted profit before tax	24,969	25,849	(3%)
Adjusted diluted earnings per share (pence)	11.56p	12.21p	(5%)

① See notes to the financial information below for reconciliation of Alternative Performance Measures to Statutory Measures.

- Group revenue reduced by 4% to £270.4m (2023: £280.7m).
- Group profit before tax increased by 3% to £20.9m (2023: £20.3m).
- Group adjusted operating profit as a percentage of revenue improved to 10.1% (2023: 9.8%).
- Basic and diluted earnings per share were 9.76p per share (2023: 9.44p per share) and 9.74p per share (2023: 9.34p per share) respectively.

Packaging Distribution

- Packaging Distribution revenue decreased by 7% to £228.8m (2023: £244.9m).
- Continued weak customer demand and selling price deflation have been partially offset by a strong new-business performance and the benefit of the acquisitions of Gottlieb in April 2023 and Allpack Direct in March 2024.
- Gross margins increased to 37.1% (2023: 35.7%) reflecting effective management of input-price changes.
- Operating expenses reduced by 3% through management action.
- Adjusted operating profit decreased by 4% to £20.2m (2023: £21.0m).
- Operating profit increased by 5% to £17.3m (2023: £16.5m) due to the net effect of changes to the fair value of deferred contingent consideration related to acquisitions.

FINANCIAL HIGHLIGHTS

Manufacturing Operations

- Manufacturing Operations achieved revenue growth of 16% to £41.7m (2023: £35.8m) reflecting:
  - contributions from B&D Group, Suttons and Polyformes, acquired across 2023 and 2024; and
  - marginally lower organic sales due to selling price deflation.
- Gross margins have remained strong at 43.2% (2023: 44.5%) with some attrition due to selling price deflation.
- Operating expenses are being well controlled with the 14% increase due to the impact of acquisitions.
- Adjusted operating profit increased 10% to £7.2m (2023: £6.6m).
- Operating profit increased 13% to £6.3m (2023: £5.6m).

Group

- Net cash inflow from operating activities of £25.4m (2023: £33.5m) reflects the unwinding of opening working capital through 2023 due to the easing of supply-chain constraints and stability through 2024.
- Net bank debt was £1.9m on 31 December 2024, following a net cash outflow of £2.4m in the year, after £15.0m (2023: £16.6m) of investment in acquisitions and capital expenditure.
- The Group negotiated an improved banking facility of £40.0m during 2024 which is committed until November 2027, with options to extend to November 2029.
- The pension scheme surplus was £9.6m at 31 December 2024 (31 December 2023: £9.9m) with the Group not required to make further contributions.
- Board proposes a final dividend of 2.70p per share (2023: 2.65p per share) payable on 13 June 2025, taking the total dividend for 2024 to 3.66p per share (2023: 3.59p per share) up 2% on 2023.

CHAIR'S STATEMENT

The markets in which Macfarlane Group PLC operates have been challenging throughout 2024 and the management team has responded effectively, enabling the business to produce a profit performance for the year in line with market consensus.

We have also made good progress on implementing our sustainability agenda which has resulted in a further reduction in our carbon footprint.

The performance of the Group in 2024 has been achieved through the hard work and commitment of our people and I thank them for all their efforts, energy and enthusiasm.

Financial

The Group has delivered resilient financial results through improvement in new-business development, the completion of two high-quality acquisitions and effective control of operating costs. These actions have enabled us to offset sales price deflation and weaker demand. Management's effective response to the difficult trading conditions is demonstrated through the improvement in the operating profit margin.

The Group's strong operating cash flows enabled the continued allocation of capital to invest in the business, fund good-quality acquisitions, progressive dividend payments as well as maintaining a low level of net bank debt.

The Group has negotiated an improved borrowing facility of £40m with Bank of Scotland PLC and HSBC UK Bank plc. This facility, which is available until November 2027, provides options to extend it by a further two years and by an additional £20m. It will support the continuing investment in the Group's organic growth and acquisition strategy in the medium term.

The pension scheme remains in surplus and, following conclusion of the latest triennial valuation, the company is no longer making contributions to the scheme.

Sustainability

In 2024, the Group achieved a reduction in its Scope 1 and 2 carbon emissions and completed the mapping of its Scope 3 emissions. The Group is committed to reducing its direct impact on the environment through further electrification of our delivery fleet and expanding the use of renewable energy.

We continue to support our customers to help them navigate packaging regulations and to ensure their products are effectively protected using the minimum amount of packaging, made from the most sustainable materials and packed using the most cost-effective processes.

Board Changes

On 1 January 2025, David Stirling was appointed to the Board as an independent Non-Executive Director following the retirement of Bob McLellan on 31 December 2023. Having previously been Group CEO of Zotefoams plc, David brings extensive listed-company and protective packaging industry experience which will be of significant benefit to the Board.

Proposed Dividend

The Board proposes a final dividend of 2.70 pence per share, amounting to a full-year dividend of 3.66 pence per share (2023: 3.59 pence per share), an increase of 2% on 2023. Subject to the approval of shareholders at the Annual General Meeting on Tuesday 13 May 2025, the final dividend will be paid on Friday 13 June 2025 to those shareholders on the register on Friday 16 May 2025 (ex-dividend date 15 May 2025).

Outlook

We expect 2025 to be another challenging year within the markets in which we operate, particularly with increased employment costs resulting from the recent UK budget and the introduction by the UK Government of Extended Producer Responsibility ("EPR") fees. Management is taking actions to mitigate these incremental costs and we are working with our customers to help them manage the impact of EPR.

We start 2025 with new-business momentum as customers increasingly recognise the added-value we can offer both on an environmental and cost-savings basis. The recently-announced purchase of The Pitreavie Group Limited ("Pitreavie") demonstrates our continued ability to identify and execute high-quality acquisitions and we have a strong pipeline of opportunities.

We are well positioned to continue our profitable growth in 2025.

<u>**Further enquiries:**</u>	**Macfarlane Group**		Tel: 0141 333 9666
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	Peter Atkinson	Chief Executive	
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Legal Entity Identifier (LEI): 213800LVRYDERSJAAZ73

<u>**Notes to Editors:**</u>

- 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 43 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 4% and adjusted operating profit by 1% in 2024 with continued weak demand from customers, sales price deflation and inflation in operating costs being offset by an improved new business performance, effective management of changes in input prices and the execution of two good quality acquisitions. Operating profit grew by 7% due to the net effect of changes in the fair value of deferred contingent consideration related to acquisitions (2024: credit £0.8m; 2023 charge £1.5m). The Group has also made progress against its ESG objectives, details of which will be set out in the Annual Report and Accounts 2024.

Group performance	**Revenue** 2024 £000	**Adjusted operating profit** ➀ 2024 £000	**Operating profit** 2024 £000	Revenue 2023 £000	Adjusted operating profit ➀ 2023 £000	Operating profit 2023 £000
Segment						
Packaging Distribution	**228,763**	**20,158**	**17,331**	244,938	21,044	16,511
Manufacturing Operations	**41,674**	**7,244**	**6,266**	35,776	6,593	5,557
Group total	**270,437**	**27,402**	**23,597**	280,714	27,637	22,068
% of Revenue		**10.1%**	**8.7%**		9.8%	7.9%

➀ See notes to the financial information below for reconciliation of Alternative Performance Measures to Statutory Measures.

2025 Outlook

The Group continues to invest in actions to grow sales both organically and through acquisitions. Despite the challenging market conditions the Group is well positioned to benefit from improvements in the macroeconomic outlook.

Our strategy and business model have proved to be resilient and we expect 2025 to be another year of growth for the Group, underpinned by the acquisition of Pitreavie at the start of 2025 which enhances both our Packaging Distribution and Manufacturing operations, the strong new business pipeline building on the progress made in 2024 and planned mitigation actions to offset the pending increases in employment and regulatory costs impacting the UK.

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 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	**2024**	2023	**2024**
	£000	£000	**Change**
Revenue	**228,763**	244,938	**(7%)**
Cost of sales	**(143,890)**	(157,458)	**(9%)**
Gross margin	**84,873**	87,480	**(3%)**
Operating expenses	**(64,715)**	(66,436)	**(3%)**
Adjusted operating profit ①	**20,158**	21,044	**(4%)**
Amortisation	**(3,082)**	(2,983)	
Deferred contingent consideration	**255**	(1,550)	
Operating profit	**17,331**	16,511	**5%**

① See notes to the financial information below for reconciliation of Alternative Performance Measures to Statutory Measures.

The main features of Packaging Distribution's performance in 2024 were:

- Organic revenue reduced by 8% compared to 2023 due to:
  - Weak demand environment and selling price deflation; offset by
  - New business 23% higher than 2023, with continued success from our Innovation Labs and Significant Six programme.
- Revenue growth of £4.0m from the acquisitions of Allpack Direct in March 2024 and Gottlieb in April 2023.
- Effective management of input prices resulting in an improvement in gross margin to 37.1% (2023: 35.7%).
- Operating costs decreased by 3%, despite inflation in property and labour costs, and represented 28.3% of revenue (2023: 27.1%).

BUSINESS REVIEW

- Improvement in adjusted operating profit as a percentage of revenue to 8.8% (2023: 8.6%).
- Adjusted operating profit decreased by 4% in 2024 due to the factors above whilst operating profit increased by 5% due to the net effect of changes to the fair value of deferred contingent consideration related to acquisitions.

Future

The priorities for Packaging Distribution in 2025 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.
- Realise the benefits of the new distribution centre in the East Midlands.
- Progress further high-quality acquisitions in the UK and Europe.
- Support our customers to manage the impact of Extended Producer Responsibility legislation and 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, including the recent acquisition of Pitreavie.
- Achieve benefits from our information technology investments.
- Relaunch our web-based solutions offer 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 and, where possible, mitigate the impact of increases in National Insurance Contributions and National Minimum Wage.
- Maintain our focus on working capital management to facilitate future investment and manage effectively the ongoing bad debt risk within the current economic environment.

② 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, B&D Group acquired in September 2023 and Polyformes acquired in July 2024.

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 components we use are corrugate, timber, foam and specialist cases. The businesses operate from six manufacturing sites, in Grantham, Westbury, Swindon, Salisbury, Chatteris and Leighton Buzzard, and a sales/design office in Barnstaple supplying both directly to customers and through the national RDC network of the Packaging Distribution business.

Key market sectors are aerospace, space, 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.

Manufacturing Operations	2024 £000	2023 £000	2024 Change
Revenue	**47,458**	40,929	**16%**
Inter-segment revenue	**(5,784)**	(5,153)	**12%**
External revenue	**41,674**	35,776	**16%**
Cost of sales	**(21,175)**	(17,575)	**20%**
Gross margin	**20,499**	18,201	**13%**
Operating expenses	**(13,255)**	(11,608)	**14%**
Adjusted operating profit ①	**7,244**	6,593	**10%**
Amortisation	**(1,528)**	(1,051)	
Deferred contingent consideration	**550**	15	
Operating profit	**6,266**	5,557	**13%**

① See notes to the financial information below for reconciliation of Alternative Performance Measures to Statutory Measures.

The main features of Manufacturing Operations performance in 2024 were:

- Increase in revenue of £6.5m, with growth from Suttons and B&D Group acquired in 2023 and Polyformes acquired in 2024 being offset by selling price deflation.
- As expected, selling price deflation caused the gross margin to weaken slightly compared to 2023.
- Higher operating expenses, due to the impact of the acquisitions.
- Increase in adjusted operating profit of 10% but decrease in adjusted operating profit as a percentage of revenue to 15.3% (2023: 16.1%) due to selling price deflation.

The priorities for Manufacturing Operations in 2025 are to:

- Increase momentum of new business growth in target sectors, e.g. medical, aerospace and space.
- 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 strengthening 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 referred to above as well as Pitreavie acquired at the start of 2025.
- 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 2024. In addition to scheduled updates from Finance, Health & Safety, IT, Sales, Procurement, Sustainability 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 2023 and 2024. If the risk is shown as [↑ ↓] the risk level has increased or decreased respectively during 2024 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 2024 although we continue to keep Artificial Intelligence (“AI”) and related technology developments 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, changing customer needs (e.g. changing customer priorities between online and physical buying) and the increasing regulatory interventions targeted at improving sustainability could limit the Group's ability to continue to grow revenues or potentially contribute to a failure to meet market expectations.
We monitor this through Net Promoter Score (see Sustainability Report in the Annual Report 2024), an annual customer satisfaction survey (see Sustainability Report in the Annual Report 2024) and regular interaction with customers including at our Innovation Labs.
In addition, the Board monitors strategic market developments including significant regulatory changes.
Strategic changes in the market related to sustainability are covered below.
	• 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. While enhancing its service offering and range of products, the Group continues to invest in design, testing and information technology. 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.
		Increase ↑
		• Group businesses have been impacted by weak demand for packaging in a number of key markets which has resulted in increased competitor pressure.
		• The Group has experienced increasing competitive activity from corrugate manufacturers entering the distribution space as declining volumes put pressure on their traditional customer base.
		• The Group has also experienced significant benchmarking activity across its major customers. The effect of this is being partially offset by improvement in new business performance, strong cost control and effective management of changes in input prices.
		• During 2025, the Group expects to return to revenue growth with a strong new business pipeline supported by investment in the Group's World Class training programme and investment in additional experienced sales resource in our National Accounts teams.
		• The Group is responding to strategic changes in the market through its:
		  ◦ Follow the Customer programme in Europe;
		  ◦ Significant Six selling proposition supported by it's the Packaging Optimiser; and
		  ◦ the development of its web-site.

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.	• 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. • Mitigating factors set out in the financial liquidity, debt covenants and interest rates risk set out below also apply to the Uncertain economic environment risk. • 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.	**No change 🡸 🡺** • The UK and EU economies continued to experience challenging economic conditions during 2024. • The Group has experienced weak demand for its products across many of the markets in which it operates. The Group 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 2025. • The impact on the Group's operating costs from 1 April 2025 as a result of increases to National Insurance Contributions and the National Minimum Wage, announced in the November 2024 UK Budget is c£1.5m per annum. • While the risk of high inflation has reduced in 2024, the Group has a higher operating cost base as a result of significant inflation through 2022 and 2023.

<table>
<tr><th>Risk Description</th><th>Mitigating Factors</th><th>Change in Risk Level</th></tr>
<tr><td>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 in 2022 and the introduction of the Extended Producer Responsibility (“EPR”) levy in 2025;
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 that is likely to 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 and markets transition.
The Executive interact with investors twice per annum giving them the opportunity to assess the Group’s progress against their expectations.
The key measure the Group monitors is Scope 1 and 2 CO_2 emissions. The Group also assessed its Scope 3 emissions in 2024.</td><td>Sustainability considerations are central to the organisation’s value proposition, utilising our resource, expertise and business assets to support customers to use less packaging and provide more sustainable alternatives through our Significant Six selling proposition.
The Group has a sustainability strategy setting out the key priorities that are most relevant to the business and which will be key to mitigating both the transition and physical risks in this area, as set out in the Sustainability Report in the Annual Report 2024.
The Group has a Head of Sustainability who chairs the Environment, Social and Governance (“ESG”) committee consisting of senior leaders from across the Group.
The ESG committee oversees progress against the strategy and the associated targets, addressing challenges proactively. The committee reports directly to the Board.
The Group has established a working group to help prepare for the implications of EPR regulation and resulting fees due to commence in 2025.
The Group discloses and reports on climate issues and mitigations in line with the Task Force on Climate-related Financial Disclosures (‘TCFD’) best practice framework in the Annual Report 2024.
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.</td><td>No change ← →
The Group recognises the 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 2024 at the Group’s manufacturing site in Swindon;
Utilising the Innovation Labs to support customers in meeting their specific sustainability requirements and providing educational seminars focused on key environmental issues, including upcoming regulations;
Ongoing actions to support our customers to reduce their CO_2 emissions, including using our ‘Packaging Optimiser’ tool;
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 building the Group’s capability to support customers; and
The Group’s Scope 3 emissions have been mapped to provide a baseline of our entire carbon footprint. Engagement has begun with suppliers on carbon reduction.
See the detailed Sustainability Report in the Annual Report 2024.</td></tr>
</table>

Risk Description	Mitigating Factors	Change in Risk Level
Supply Chain The Group's businesses are impacted by disruption to our supply chains as well as inflationary pressures. In particular, changes to commodity-based raw material prices, manufacturer energy costs, foreign exchange movements as well as increased bureaucracy, freight and tariff costs related to imports; lead to increases to supplier input pricing and the potential for erosion of profitability within the Group's businesses if we are unable to pass these onto customers. 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 continue to benchmark our supplier base to ensure we have a broad view across the packaging sector. • 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 packaging regulation including the Plastics Tax and the upcoming EPR legislation. • 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 2024 primarily due to movements in timber, paper and polymer prices. The business has managed these challenges robustly and gross margins have improved in 2024, reflecting the effort of our teams to mitigate these increases. • Pricing of paper, which has the largest impact on the Group, increased in H2 2024. However, future pricing trends remain uncertain due to the general weak market demand. • Over a long term period of volatile raw material pricing, the consistency of our gross margin performance demonstrates the effectiveness of our price management programme. • Supply conditions have been stable throughout 2024 with good availability of supplier capacity, due to weak market demand, and lead times have remained within acceptable parameters. • We continue to support our customers on 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. • 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 20 acquisitions since 2014, including two in 2024 as well as concluding the Pitreavie acquisition in January 2025. • 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 the potential effects of cultural differences, challenges in realising operational synergies and having less depth in local management and support compared to UK-based acquisitions. However, there are also important strategic opportunities for the Group in terms of extending service coverage with our organic "Follow the Customer" programme as well as other integration synergies. • The Group has strengthened its European management team with the appointment of a Managing Director from 1 January 2025, with significant experience running European operations and successfully executing acquisitions.

Risk Description	Mitigating Factors	Change in Risk Level
Property The Group has a property portfolio comprising 1 owned site, 1 long leasehold and 55 short leasehold 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.	**Increase ↑** • Our property consolidation strategy has continued during 2024. 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. • While the Group is managing its exposure to dilapidations and similar property costs, the risk to the Group’s future strategy and performance in relation to property matters is increasing. The availability of suitable properties of the size and quality that the Group requires is becoming increasingly challenging. • In addition, rent reviews on existing properties have ranged from 15% to 101% through 2023 and 2024, resulting in increases to operating costs. This reflects the significant increase in market rental rates for properties in the locations and size that the Group occupies.

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 ← → • The Group was awarded Cyber Essentials by the National Security Centre during 2024 and is working towards achieving Cyber Essentials Plus in 2025. This demonstrates the Group's commitment to continuous improvement. • The Group continues to invest in prevention/detection software and education programmes to mitigate the risks of cyber-security attacks. • With increasing geo-political uncertainties, 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.

Risk Description	Mitigating Factors	Change in Risk Level
Financial liquidity, debt covenants and interest rates The Group needs access to funding to meet its trading obligations, to support organic growth and execute 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 £40m. This includes requirements to comply with specified covenants, with a breach potentially resulting in Group borrowings being subject to more onerous conditions. 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.	• The Group's borrowing facility comprises a committed facility of £40m, which finances our trading requirements and supports controlled expansion, providing a medium-term funding platform for growth. • A twice yearly viability assessment and sensitivity analyses is performed by management. • Compliance with covenants is monitored on a monthly basis and sensitivity analysis is applied to forecasts to assess the impact on covenant compliance. • The Board reviews the Group's capital allocation strategy and policy on a regular basis.	**Decrease** 🡻 • The Group continued to generate strong operating cash flows in 2024, which were invested in maintenance and value-adding capital expenditure, earnings accretive acquisitions and dividends to shareholders with the Group operating well within its bank facilities throughout the year. • The Group re-financed its banking facilities in 2024 with Bank of Scotland PLC and HSBC UK Bank plc, with an enhanced £40m revolving credit facility now in place until November 2027, with options to extend until November 2028 and 2029. The new facility has standard covenants for Net Debt/EBITDA and EBITA/Net Finance Charges which the Group operates well within. • Interest rates payable by the Group have decreased during 2024 but are expected to remain high for some time.

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 the 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 who operate in sectors that are likely be significantly impacted by the current economic challenges, particularly those exposed to reduced consumer demand and increases in operating costs, are closely monitored. Where necessary, actions are taken to reduce our 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 contract or order cover from customers.	No change 🡐 🡒 • Bad debt write-offs in 2024 were broadly in line with 2023 and remain 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 2024 primarily due to weaker demand and good management control. The Group is continually working to reduce stock over 6 months and has adequate provisioning to cover any potential stock obsolescence. • The economic environment is expected to remain challenging in 2025. 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 bond/gilt markets, the discount rates used to calculate the scheme's liabilities, inflation 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. There is potential for increased defined benefit obligations as a result of the Virgin Media case. This is monitored through specific interaction with external advisors. Given the well-funded position of the Scheme the associated risks have reduced significantly. However, given the complexity and age of the Scheme there remains some likelihood of unknown events that could result in a reassessment of the Scheme's defined benefit obligations e.g. the Virgin Media case.	• The scheme was closed to new members in 2002. Benefits for active members were amended by freezing pensionable salaries at April 2009 levels. The scheme was closed to future accrual during 2022. • 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 Group uses external advisers to provide guidance and support, where required, including e.g. understanding and assessing the implications of the Virgin Media case.	No change ← → • The IAS 19 valuation of the Group's defined benefit pension scheme as at 31 December 2024 estimated the scheme surplus to be £9.6m, compared to a surplus of £9.9m at 31 December 2023. • 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 2025. • The Group sets out its assessment of the potential implications of the Virgin Media case in notes to the financial information below.

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.

BUSINESS REVIEW

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 2025).

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. 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 £40m committed facility with Bank of Scotland PLC and HSBC UK Bank plc, which is available until November 2027 with options to extend to November 2029. The Group has performed resiliently during 2024, 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 November 2027 we have assumed the Group will take up the option to extend the existing facility for a further two years which will be on the same terms currently in place.

We have modelled a range of scenarios, including a base 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 base 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.16% per annum between 2025 and 2027, compared to the base 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. However, in this scenario, management would also be able to take significant mitigating actions to reduce its costs and conserve cash.

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 2024. 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
D.B. Stirling	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

27 February 2025

Ivor Gray
Finance Director

27 February 2025

Macfarlane Group PLC

Consolidated income statement

For the year ended 31 December 2024

	Note	**2024 £000**	2023 £000
Continuing operations			
Revenue	3	**270,437**	280,714
Cost of sales		**(165,065)**	(175,033)
Gross profit		**105,372**	105,681
Distribution costs		**(11,165)**	(10,485)
Administrative expenses		**(70,610)**	(73,128)
Operating profit	3	**23,597**	22,068
Net finance costs	4	**(2,701)**	(1,788)
Profit before tax		**20,896**	20,280
Tax	5	**(5,366)**	(5,306)
Profit for the year		**15,530**	14,974
Earnings per share from continuing operations			
Basic	7	**9.76p**	9.44p
Diluted	7	**9.74p**	9.34p

Consolidated statement of comprehensive income

For the year ended 31 December 2024

	Note	**2024 £000**	2023 £000
Items that may be reclassified to profit or loss			
Foreign currency translation differences - foreign operations		**(150)**	(45)
Items that will not be reclassified to profit or loss			
Remeasurement of pension scheme liability	10	**(362)**	(1,967)
Tax recognised in other comprehensive income			
Tax on remeasurement of pension scheme liability	11	**91**	492
Other comprehensive expense for the year, net of tax		**(421)**	(1,520)
Profit for the year		**15,530**	14,974
Total comprehensive income for the year		**15,109**	13,454

Macfarlane Group PLC
Consolidated statement of changes in equity
For the year ended 31 December 2024

	Note	Share Capital £000	Share Premium £000	Revaluation Reserve £000	Own Shares £000	Translation Reserve £000	Retained Earnings £000	Total £000
At 1 January 2023		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)	-
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
Comprehensive income								
Profit for the year		**-**	**-**	**-**	**-**	**-**	**15,530**	**15,530**
Foreign currency translation differences		**-**	**-**	**-**	**-**	**(150)**	**-**	**(150)**
Remeasurement of pension liability	10	**-**	**-**	**-**	**-**	**-**	**(362)**	**(362)**
Tax on remeasurement of pension liability	11	**-**	**-**	**-**	**-**	**-**	**91**	**91**
Total comprehensive income		**-**	**-**	**-**	**-**	**(150)**	**15,259**	**15,109**
Transactions with shareholders								
Dividends	6	**-**	**-**	**-**	**-**	**-**	**(5,750)**	**(5,750)**
New shares issued		**162**	**515**	**-**	**(21)**	**-**	**(656)**	**-**
Purchase of own shares		**-**	**-**	**-**	**(392)**	**-**	**-**	**(392)**
Share-based payments		**-**	**-**	**-**	**-**	**-**	**(270)**	**(270)**
Total transactions with shareholders		**162**	**515**	**-**	**(413)**	**-**	**(6,676)**	**(6,412)**
At 31 December 2024		**39,900**	**14,496**	**70**	**(429)**	**21**	**69,215**	**123,273**

Macfarlane Group PLC

Consolidated balance sheet at 31 December 2024

	Note	**2024**	2023
		£000	£000
Non-current assets			
Goodwill and other intangible assets		**97,970**	87,495
Property, plant and equipment		**10,607**	9,210
Right of Use assets		**41,077**	35,001
Other receivables		**35**	35
Deferred tax assets	11	**145**	335
Retirement benefit obligations	10	**9,636**	9,921
Total non-current assets		**159,470**	141,997
Current assets			
Inventories		**19,049**	17,523
Trade and other receivables		**55,015**	53,792
Current tax asset		**469**	225
Cash and cash equivalents	9	**12,928**	7,691
Total current assets		**87,461**	79,231
Total assets	3	**246,931**	221,228
Current liabilities			
Trade and other payables		**50,263**	50,623
Provisions		**1,044**	401
Current tax liability		**1,035**	983
Lease liabilities	9	**7,223**	7,307
Bank borrowings	9	**14,846**	7,164
Total current liabilities		**74,411**	66,478
Net current assets		**13,050**	12,753
Non-current liabilities			
Deferred tax liabilities	11	**10,937**	9,472
Deferred contingent consideration		**2,330**	504
Provisions		**327**	1,329
Lease liabilities	9	**35,653**	28,869
Total non-current liabilities		**49,247**	40,174
Total liabilities	3	**123,658**	106,652
Net assets		**123,273**	114,576
Equity			
Share capital	12	**39,900**	39,738
Share premium	12	**14,496**	13,981
Revaluation reserve		**70**	70
Own shares		**(429)**	(16)
Translation reserve		**21**	171
Retained earnings		**69,215**	60,632
Total equity	3	**123,273**	114,576

Macfarlane Group PLC
Consolidated cash flow statement
For the year ended 31 December 2024

	Note	**2024**	2023
		£000	£000
Profit before tax		**20,896**	20,280
Adjustments for:			
Amortisation of intangible assets		**4,610**	4,034
Depreciation of property, plant and equipment and ROU assets		**10,757**	9,574
Deferred contingent consideration adjustment		**(805)**	1,535
Loss/(profit) on disposal of property, plant and equipment		**39**	(3)
Share-based (credit)/charge		**(270)**	586
Net finance costs		**2,701**	1,788
Operating cash flows before movements in working capital		**37,928**	37,794
(Increase)/decrease in inventories		**(646)**	5,733
Decrease in receivables		**1,883**	7,453
Decrease in payables		**(2,233)**	(7,021)
Decrease in provisions		**(359)**	(1,599)
Other non-cash movements		**(150)**	-
Adjustment for pension scheme funding		**361**	(1,179)
Cash generated by operations		**36,784**	41,181
Deferred contingent consideration paid		**(1,492)**	-
Income taxes paid		**(6,773)**	(5,374)
Net finance costs paid		**(3,091)**	(2,298)
Cash inflow from operating activities		**25,428**	33,509
Investing activities			
Acquisitions, net of cash acquired	8	**(10,600)**	(14,466)
Proceeds on disposal of property, plant and equipment		**45**	90
Purchases of property, plant and equipment		**(2,925)**	(2,175)
Cash outflow from investing activities		**(13,480)**	(16,551)
Financing activities			
Dividends paid	6	**(5,750)**	(5,484)
Purchase of own shares		**(392)**	-
Drawdown/(repayment) on bank borrowing facility		**8,386**	(2,323)
Repayments of leases		**(8,251)**	(7,510)
Cash outflow from financing activities		**(6,007)**	(15,317)
Net increase in cash and cash equivalents		**5,941**	1,641
Cash and cash equivalents at beginning of year		**6,987**	5,346
Cash and cash equivalents at end of year		**12,928**	6,987

		2024	2023
Reconciliation to consolidated cash flow statement		**£000**	£000
Cash and cash equivalents per the consolidation balance sheet	9	**12,928**	7,691
Bank overdraft		**-**	(704)
Balances per consolidated cash flow statement		**12,928**	6,987

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 2024 and 2023.

The financial statements for 2024 were approved by the Board of Directors on 27 February 2025. The auditor's report on the statutory financial statements for the year ended 31 December 2024 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 2023 is derived from the statutory accounts for 2023 which have been delivered to the registrar of companies. The auditor has reported on the 2023 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 £40m with Bank of Scotland PLC and HSBC Bank UK plc in place until November 2027. The facility bears interest at normal commercial rates and carries standard financial covenants in relation to interest cover and leverage.

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 base 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 above.

After making enquiries, the directors have a reasonable expectation that the Company and the Group have adequate resources to continue in operational existence at least for 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 2024.

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 relevant dates. 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 £5.5m at the balance sheet date, of which £2.3m is due in more than one year, based on a range of outcomes between £Nil and £7.3m. Trading in the post-acquisition period supports the remeasured value of £5.5m.

Critical accounting judgements

Property provisions

Property provisions of £1.4m have been recognised as at 31 December 2024 (2023: £1.7m), 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 are 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 underlying financial performance and position of the Group and its businesses when compared to similar companies.

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.

Adjusted diluted earnings per share is defined as diluted earnings per share before, customer relationships and brand values amortisation per share and related tax per share and deferred contingent consideration adjustments per share.

2. Basis of preparation (continued)

Alternative performance measures (continued)

	Alternative performance measures	Customer relationship/ brand values amortisation	Deferred contingent consideration adjustments	Tax	Statutory measures	
	£000	£000	£000	£000	£000	
Year to 31 December 2024						
Adjusted operating profit	27,402	(4,610)	805	-	23,597	Operating profit
Adjusted profit before tax	24,969	(4,610)	537	-	20,896	Profit before tax
Adjusted diluted earnings per share (pence)	11.56p	(2.89)p	0.34p	0.73p	9.74p	Diluted earnings per share (pence)
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
Adjusted diluted earnings per share (pence)	12.21p	(2.51)p	(0.96)p	0.60p	9.34p	Diluted earnings per share (pence)

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 85% of Group revenue and 73% 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 15% of Group revenue and 27% of Group operating profit.

		2024	2023
		£000	£000
Group segment –Revenue			
Packaging Distribution		**228,763**	244,938
Manufacturing Operations		**47,458**	40,929
Inter-segment revenue	Manufacturing Operations	**(5,784)**	(5,153)
External revenue		**270,437**	280,714
Packaging Distribution		**20,158**	21,044
Manufacturing Operations		**7,244**	6,593
Adjusted operating profit		**27,402**	27,637
Packaging Distribution		**17,331**	16,511
Manufacturing Operations		**6,266**	5,557
Operating profit		**23,597**	22,068
Finance costs		**(2,701)**	(1,788)
Profit before tax		**20,896**	20,280
Tax		**(5,366)**	(5,306)
Profit for the year		**15,530**	14,974

3. Segmental information (continued)

	Assets	Liabilities	Net assets
	£000	**£000**	**£000**
Group segments			
Packaging Distribution	**189,768**	**(110,832)**	**78,936**
Manufacturing Operations	**57,163**	**(12,826)**	**44,337**
Net assets 2024	**246,931**	**(123,658)**	**123,273**

	Assets	Liabilities	Net assets
	£000	£000	£000
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

	2024	2023
	£000	£000
<u>Packaging Distribution</u>		
Total and external revenue	**228,763**	244,938
Cost of sales	**(143,890)**	(157,458)
Gross profit	**84,873**	87,480
Net operating expenses	**(64,715)**	(66,436)
Adjusted operating profit	**20,158**	21,044
Amortisation and deferred contingent consideration adjustments	**(2,827)**	(4,533)
Operating Profit	**17,331**	16,511

<u>Manufacturing Operations</u>

	2024	2023
	£000	£000
Total revenue	**47,458**	40,929
Inter-segment revenue	**(5,784)**	(5,153)
External revenue	**41,674**	35,776
Cost of sales	**(21,175)**	(17,575)
Gross profit	**20,499**	18,201
Net operating expenses	**(13,255)**	(11,608)
Adjusted operating profit	**7,244**	6,593
Amortisation and deferred contingent consideration adjustments	**(978)**	(1,036)
Operating profit	**6,266**	5,557

4. Net finance costs

	2024 £000	2023 £000
Interest on bank borrowings	**950**	878
Interest on leases	**1,921**	1,420
Net interest income on retirement benefit obligation (see note 10)	**(438)**	(510)
Finance charge relating to deferred contingent consideration	**268**	-
Net finance costs	**2,701**	1,788

5. Tax

	2024 £000	2023 £000
Current tax		
United Kingdom corporation tax at 25.0% (2023: 23.5%)	**5,363**	5,615
Foreign tax	**795**	460
Adjustments in respect of prior years	**(58)**	(38)
Total current tax	**6,100**	6,037
Deferred tax		
Current year	**(899)**	(731)
Adjustments in respect of prior years	**165**	-
Total deferred tax (see note 11)	**(734)**	(731)
Total tax charge	**5,366**	5,306

The standard rate of tax based on the UK average rate of corporation tax is 25.0% (2023: 23.5%). The increase in 2024 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:

	2024 £000	2023 £000
Profit before tax	**20,896**	20,280
Tax on profit at 25.0% (2023: 23.5%)	**5,224**	4,766
Factors affecting tax charge for the year:-		
Difference in rate for deferred tax (25%) on pensions	**-**	25
Deferred contingent consideration adjustments not allowable for tax	**(134)**	360
Non-deductible expenses	**100**	127
Difference on overseas tax rates	**69**	66
Changes in estimates related to prior years	**107**	(38)
Tax charge for the year	**5,366**	5,306
Effective rate of tax for the year	**25.7%**	26.2%

6. Dividends

	2024	2023
	£000	£000
Amounts recognised as distributions to equity holders in the year:		
Final dividend for the year ended 31 December 2023 of 2.65 per share (2022 – 2.52p per share)	**4,221**	3,990
Interim dividend for the year ended 31 December 2024 of 0.96p per share (2023 – 0.94p per share)	**1,529**	1,494
	5,750	5,484

A proposed dividend of 2.70p per share totalling £4,300,000 will be paid on 13 June 2025 to those shareholders on the register at 16 May 2025 (ex dividend date 15 May 2025). This is subject to approval by shareholders at the Annual General Meeting on 13 May 2025 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:

	2024	2023
	£000	£000
Earnings for the purposes of earnings per share		
Profit for the year	**15,530**	14,974

Number of shares in issue for the purposes of calculating basic and diluted earnings per share	**2024 No. of shares '000**	2023 No. of shares '000
Weighted average number of shares in issue	**159,461**	158,542
Less shares held by the EBT	**(278)**	-
Weighted average number of shares in issue for the purposes of basic earnings per share	**159,183**	158,542
Effect of Long-Term Incentive Plan awards in issue	**340**	1,788
Weighted average number of shares in issue for the purposes of calculating diluted earnings per share	**159,523**	160,330
Basic Earnings per share	**9.76p**	9.44p
Diluted Earnings per share	**9.74p**	9.34p

8. Acquisitions

On 13 March 2024, Macfarlane Group UK Limited ("MGUK") acquired 100% of Allpack Packaging Supplies Limited ("Allpack Direct"), for a total potential consideration of £5.5m and inherited net cash/bank balances of £1.9m. Full potential contingent consideration of £0.75m is payable in the second quarter of 2025, subject to certain trading targets being met in the twelve-month periods ending on 28 February 2025.

On 6 July 2024, MGUK acquired 100% of Polyformes Limited ("Polyformes"), for a total potential consideration of £11.6m and inherited net cash/bank balances of £0.6m. Full potential contingent consideration of £4.8m is payable in the third quarters of 2025 and 2026, subject to certain trading targets being met in the two twelve-month periods ending on 30 June 2025 and 2026 respectively.

£1.5m was paid in 2024 to the sellers of PackMann Gesellschaft für Verpackungen und Dienstleistungen mbH ("PackMann"), acquired in 2022, as the profit targets were met for the twelve-month periods ending 31 May 2023 and 31 May 2024.

£1.25m was paid in 2024 to the sellers of A.E. Sutton Limited ("Suttons"), acquired in 2023, as the profit target was met for the twelve-month period ending 29 February 2024.

£0.25m was paid in 2024 to the sellers of A & G Holdings Limited ("Gottlieb"), acquired in 2023, as the profit target was met for the twelve-month period ending 30 April 2024.

Contingent considerations are recognised as a liability in trade and other payables and are remeasured to fair value of £5.5m at the balance sheet date, all due within one year, based on a range of outcomes between £Nil and £7.3m. Trading in the post-acquisition period supports the remeasured value of £5.5m. The £5.5m relates to the acquisitions of Gottlieb (£0.5m), Allpack Direct (£0.5m) and Polyformes (£4.5m). The settlement of the amount initially recognised upon acquisition is reflected in cash flows from investing activities, with the element of the payment relating to any subsequent remeasurement included within cash flows from operating activities.

The impact of the acquisitions of Allpack Direct and Polyformes on 2024 results and if the acquisitions had been completed on the first day of 2024 are set out below:

	From date of acquisition		**If completed 1 January 2024**	
	Revenue	**Profit**	**Revenue**	**Profit**
	£000	**£000**	**£000**	**£000**
Allpack Direct	**2,442**	**525**	**2,930**	**630**
Polyformes	**5,335**	**822**	**10,670**	**1,644**

8. Acquisitions (continued)

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

	Allpack Direct £000	Polyformes £000	Prior Year Acquisitions £000	2024 Total £000
Net assets acquired				
Other intangible assets	2,277	7,166	-	**9,443**
Tangible assets (inc. ROU assets)	24	2,125	-	**2,149**
Inventories	185	695	-	**880**
Trade and other receivables	1,084	1,802	-	**2,886**
Cash and bank balances (note 9)	1,862	621	-	**2,483**
Trade and other payables	(324)	(1,855)	-	**(2,179)**
Current tax liabilities	(185)	(307)	-	**(492)**
Lease liabilities	-	(1,709)	-	**(1,709)**
Deferred tax liabilities (note 11)	(575)	(1,905)	-	**(2,480)**
Net assets acquired	4,348	6,633	-	**10,981**
Goodwill arising on acquisition	1,093	4,549	-	**5,642**
Total consideration	5,441	11,182	-	**16,623**
Contingent consideration on acquisitions				
Current year	(701)	(4,344)	-	**(5,045)**
Prior years	-	-	2,997	**2,997**
Total cash consideration	4,740	6,838	2,997	**14,575**
Net cash outflow arising on acquisitions				
Cash consideration	(4,740)	(6,838)	(2,997)	**(14,575)**
Cash and bank balances acquired	1,862	621	-	**2,483**
Net cash outflow - acquisitions	(2,878)	(6,217)	(2,997)	**(12,092)**
Net cash outflow arising on acquisitions				
Net cash flow from operating activities	-	-	(1,492)	**(1,492)**
Net cash flow from investing activities	(2,878)	(6,217)	(1,505)	**(10,600)**
Net cash outflow - acquisitions	(2,878)	(6,217)	(2,997)	**(12,092)**

9. Analysis of changes in net debt

	Cash &cash equivalents £000	Bank borrowing £000	Lease liabilities £000	Total debt £000
At 1 January 2024	7,691	(7,164)	(36,176)	**(35,649)**
Cash movements	2,754	(7,682)	8,251	**3,323**
Non-cash movements				
New leases	-	-	(11,208)	**(11,208)**
Acquisitions	2,483	-	(1,709)	**774**
Disposal	-	-	107	**107**
Lease modifications	-	-	(2,210)	**(2,210)**
Exchange movements	-	-	69	**69**
At 31 December 2024	**12,928**	**(14,846)**	**(42,876)**	**(44,794)**
Due within one year	12,928	(14,846)	(7,223)	(9,141)
Due after more than one year	-	-	(35,653)	(35,653)
At 31 December 2024	**12,928**	**(14,846)**	**(42,876)**	**(44,794)**
Net bank debt 2024	**12,928**	**(14,846)**		**(1,918)**
Net bank funds 2023	7,691	(7,164)		527

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 other ("the Virgin Media case") relating to the validity of certain historical pension changes. The ruling was upheld at the Court of Appeal in July 2024. After seeking external legal advice the Group has concluded that they are not aware of any issues that would require any adjustment to the defined benefit obligations and no further action is required at this stage.

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:

	2024	2023
	£000	£000
Investment class		
Multi-asset diversified funds	**2,879**	10,198
Liability-driven investment funds	**32,589**	32,052
Multi-asset credit funds	**10,234**	9,824
Securitised credit funds	**16,895**	13,047
Other (cash and similar assets)	**1,511**	7,402
Fair value of Scheme investments	**64,108**	72,523
Present value of Scheme liabilities	**(54,472)**	(62,602)
Scheme surplus	**9,636**	9,921

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 2024 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% (2023: 100%) 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	**2024**	2023
Discount rate	**5.50%**	4.50%
Rate of increase in salaries	**0.00%**	0.00%
Inflation assumption (RPI)	**3.20%**	3.20%
Inflation assumption (CPI)	**2.80%**	2.70%
Life expectancy beyond normal retirement age of 65		
Male currently aged 55 (years)	**22.3**	22.3
Female currently aged 55 (years)	**24.1**	24.0
Male currently aged 65 (years)	**21.8**	21.8
Female currently aged 65 (years)	**23.4**	23.3

Movement in scheme surplus	**2024** **£000**	2023 £000
At 1 January	**9,921**	10,199
Administration costs incurred	**(361)**	(71)
Employer contributions	**-**	1,250
Net finance income (see note 4)	**438**	510
Remeasurement of pension scheme liability	**(362)**	(1,967)
At 31 December	**9,636**	9,921

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	**2024** **£000**	2023 £000
Discount rate movement of +3.0%	**19,505**	22,531
Inflation rate movement of +0.25%	**(521)**	(599)
Mortality movement of +0.1 year in age rating	**123**	141

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

	2024	2023
	£000	£000
At 1 January	**(9,137)**	(8,117)
Transfer to Corporation Tax		
Acquisitions (note 8)	**(2,480)**	(2,243)
Credited in income statement (see note 5)	**734**	731
Credited in other comprehensive income		
Remeasurement of pension scheme liability	**91**	492
At 31 December	**(10,792)**	(9,137)
Deferred tax assets		
On accelerated capital allowances/timing differences	**145**	335
Disclosed as deferred tax assets	**145**	335
Deferred tax liabilities		
On accelerated capital allowances/timing differences	**(1,406)**	(1,072)
On retirement benefit obligations	**(2,409)**	(2,481)
On other intangible assets	**(7,122)**	(5,919)
Disclosed as deferred tax liabilities	**(10,937)**	(9,472)
At 31 December	**(10,792)**	(9,137)

12. Share capital

	2024	2023
	£000	£000
Allotted, issued and fully paid:		
At 1 January	**39,738**	39,584
New shares issued	**162**	154
At 31 December	**39,900**	39,738
Share premium		
At 1 January	**13,981**	13,573
New shares issued	**515**	408
At 31 December	**14,496**	13,981

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 19 March 2024, the Company issued 648,000 ordinary shares of 25p at a value of 104.40p to settle 2021 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 2024 will be disclosed in the Group's 2024 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

On 10 January 2025, MGUK acquired 100% of the protective packaging manufacturer and distributor The Pitreavie Group Limited and its subsidiary Pitreavie Packaging Limited ("Pitreavie") based in Scotland for a maximum cash consideration of £18.0m, including a deferred contingent consideration of £4.0m payable over two years. In addition, an estimated completion adjustment was paid to MGUK of £3.4m with net debt inherited of £4.1m.

Pitreavie is a leading player in Scotland in the design, manufacturing and distribution of protective packaging, primarily in the food & drink, energy, electronics and industrial sectors, with more than 150 employees.

Due to the recent nature of the acquisition and size of the transaction, the Group is in preliminary stages of its fair value assessment of the assets required and the liability assumed under IFRS 3 Business Combinations. The completed fair value exercise and provisional disclosures will be reported in the Group's 2025 interim results.

15. Posting to shareholders and Annual General Meeting

The Annual Report and Accounts will be sent to shareholders on Friday 11 April 2025 and will be available to members of the public at the Company's Registered Office from Friday 2 May 2025.

The Annual General Meeting will take place at 12 noon on Tuesday 13 May 2025.