VIABILITY STATEMENT

As required by section 4 of the UK Corporate Governance Code, the Directors have taken into account forecasts to assess the future funding requirements of the Group, and compared them with the level of committed available borrowing facilities.

A period of three years has been adopted as this is the time frame used by the Board as our strategic and planning horizon. The assessment of viability has been made with reference to the Group's current position and long-term future prospects, our strategy, management of principal risks, and also the Board's assessment of the outlook in the marketplace, all of which are covered in detail within the Strategic Report.

The Board considers its strategy and risks on strategy away-days, and revisits these annually when considering the next year's budget. The three-year plan considers revenue and earnings growth and how this impacts on cash flows and key ratios. Operational plans and financing options are considered as part of this process.

In preparing the plan, we adopt a prudent forecast in respect of organic sales growth, but assume other initiatives, in line with the published strategy.

The plan is stress tested by applying the following severe but plausible downside scenarios:

Scenario 1

Macroeconomic conditions or a period of operational disruption due to external factors, such as a cyber incident, or internal factors such as disruption due to the implementation of a new ERP system, lead to a decline in sales

Decreases in revenues have been applied over the three-year plan period.

Scenario 2

Commodity prices and/or exchange rates or raw material shortages lead to a significant and sustained increase in resin prices that cannot be mitigated through selling price increases

Increases in resin costs have been applied over the three-year plan period.

Scenario 3

Scenario 1 and 2 combined

There is a possibility that both of the above scenarios could materialise at the same time; therefore, we have assessed the combined impact through the three-year plan period.

The Board considers these tests to be sufficient to test the viability of the Group given our size and the markets we operate within. As described in Principal Risks and Uncertainties above, we have measures in place to help mitigate the impact of these events should they occur.

The Group has a £75 million Revolving Credit Facility. Monthly cash flow projections show significant headroom throughout the period to December 2026. The facility includes standard covenants for leverage and interest cover, which are measured twice per annum at June and December. The projections also show good headroom on the covenants at each measurement date to December 2026.

The Directors confirm that we have a reasonable expectation that the Company and the Group will continue in operation and meet our liabilities as they fall due in the next three years.

Going concern

The Directors have reviewed the Company's and the Group's forecast and projections, which demonstrate that the Company and the Group will have sufficient headroom on our bank facilities for the foreseeable future, for the avoidance of doubt being a period of more than 12 months from the date of signing this Strategic Report, and that the likelihood of breaching the related covenants in this period is remote. See page 134 for further details.

Accordingly, the Directors continue to adopt the going concern basis in preparing the Annual Financial Statements.

This Strategic Report was approved by the Board on 19 March 2024 and signed on its behalf by:

Darren Waters
Chief Executive

Michael Scott
Chief Financial Officer