Mondi SCP, a. s.

INDEPENDENT AUDITOR'S REPORT AND SEPARATE FINANCIAL STATEMENTS (PREPARED IN ACCORDANCE WITH INTERNATIONAL FINANCIAL REPORTING STANDARDS (IFRS) AS ADOPTED BY THE EU)

FOR THE YEAR ENDED
31 DECEMBER 2022

CONTENT

Independent Auditor's Report

To the Shareholders, Supervisory Board, and Board of Directors of Mondi SCP, a.s.:

Our opinion

In our opinion, the separate financial statements present fairly, in all material respects, the separate financial position of Mondi SCP, a.s. (the "Company") as at 31 December 2022, and the Company's separate financial performance and separate cash flows for the year then ended in accordance with International Financial Reporting Standards as adopted by the European Union.

What we have audited

The Company's separate financial statements comprise:

- the separate statement of financial position as at 31 December 2022;
- the separate statement of profit or loss and other comprehensive income for the year then ended;
- the separate statement of changes in equity for the year then ended;
- the separate statement of cash flows for the year then ended; and
- the notes to the separate financial statements, which include significant accounting policies and other explanatory information.

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (ISAs). Our responsibilities under those standards are further described in the Auditor's responsibilities for the audit of the separate financial statements section of our report.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Independence

We are independent of the Company in accordance with the International Code of Ethics for Professional Accountants (including International Independence Standards) issued by the International Ethics Standards Board for Accountants (IESBA Code) and the ethical requirements of the Act No. 423/2015 on Statutory Audit and on the amendments and supplements to the Act on Accounting No. 431/2002, as amended (hereafter the "Act on Statutory Audit") that are relevant to our audit of the separate financial statements in the Slovak Republic. We have fulfilled our other ethical responsibilities in accordance with the IESBA Code and the ethical requirements of the Act on Statutory Audit.

Reporting on other information including the Annual Report

Management is responsible for the other information. The other information comprises the Annual Report (but does not include the consolidated and separate financial statements and our auditor's reports thereon).

Our opinion on the separate financial statements does not cover the other information.

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

With respect to the Annual Report, we considered whether it includes the disclosures required by the Act on Accounting No. 431/2002, as amended (hereafter the "Accounting Act").

Based on the work undertaken in the course of our audit, in our opinion:

- the information given in the Annual Report for the financial year for which the separate financial statements are prepared, is consistent with the separate financial statements; and
- the Annual Report has been prepared in accordance with the Accounting Act.

In addition, in light of the knowledge and understanding of the Company and its environment obtained in the course of the audit, we are required to report if we have identified material misstatements in the Annual Report. We have nothing to report in this regard.

Responsibilities of management for the separate financial statements

Management is responsible for the preparation and fair presentation of the separate financial statements in accordance with International Financial Reporting Standards as adopted by the European Union, and for such internal control as management determines is necessary to enable the preparation of separate financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the separate financial statements, management is responsible for assessing the Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Company or to cease operations, or has no realistic alternative but to do so.

Auditor's responsibilities for the audit of the separate financial statements

Our objectives are to obtain reasonable assurance about whether the separate financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these separate financial statements.

As part of an audit in accordance with ISAs, we exercise professional judgment and maintain professional scepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the separate financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.

- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control.

- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.

- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the separate financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Company to cease to continue as a going concern.

- Evaluate the overall presentation, structure and content of the separate financial statements, including the disclosures, and whether the separate financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

We communicate with the management regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

PricewaterhouseCoopers Slovensko, s.r.o.
SKAU licence No. 161

Ing. Monika Smižanská, FCCA
UDVA licence No. 1015

Slovenská komora audítorov
SKAU
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PricewaterhouseCoopers Slovensko, s.r.o.

21 April 2023
Bratislava, Slovak Republic

Translation Note:

This version of our report is a translation from the original, which was prepared in Slovak. All possible care has been taken to ensure that the translation is an accurate representation of the original. However, in all matters of interpretation of information, views or opinions, the original language version of our report takes precedence over this translation.

Mondi SCP, a. s.
SEPARATE STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME
for the year ended 31 December 2022

(EUR'000)	*Note*	*Year ended 31 December 2022*	*Year ended 31 December 2021*
Operating activities			
Revenues	5	874,298	595,941
Raw materials and consumables	6	(576,654)	(415,988)
Transportation costs		(67,175)	(48,808)
Changes in inventories of finished goods and work in progress		2,926	13,566
Other services	7	(34,434)	(36,040)
Personnel costs	8	(49,914)	(46,561)
Depreciation, amortisation expenses and impairment	12,13,25	(55,490)	(53,364)
Other operating income/(expenses), net	9	5,187	3,802
Operating profit		**98,744**	**12,548**
Finance income	10	463	14
Finance costs	10	(975)	(1,135)
Impairment loss on a financial investment	4,14	(66,803)	-
Profit before income tax		**31,429**	**11,427**
Income tax expense	11	(15,107)	(1,806)
Net profit for the reporting period		**16,322**	**9,621**
Other comprehensive income/(expenses)			
Items reclassified to profit or loss:			
Total items reclassified to profit or loss		-	-
Items not reclassified to profit or loss:			
Gains/(losses) from revaluation of defined benefit plans, net of tax	20	356	49
Total items not reclassified to profit or loss		356	49
Other comprehensive income/(expenses), net of tax		**356**	**49**
Comprehensive income for the year		**16,678**	**9,670**

The accompanying notes from 1 to 31 are an integral part of these separate financial statements

Mondi SCP, a. s.
SEPARATE STATEMENT OF FINANCIAL POSITION
as at 31 December 2022

(EUR'000)	*Note*	*31 December 2022*	*31 December 2021*
Assets			
Non-current assets			
Intangible assets	12	1,786	1,172
Property, plant and equipment	13	659,583	690,672
Non-current assets with a right-of-use	25	28,057	27,575
Investments in subsidiaries	14	4,829	71,632
Trade and other receivables	16	290	696
		694,545	**791,747**
Current assets			
Inventories	15	88,613	63,272
Trade and other receivables	16	106,803	104,443
Cash and cash equivalents	17	5,237	1,018
Assets from cash pooling	27,28	105,070	40,583
		305,723	**209,316**
TOTAL ASSETS		**1,000,268**	**1,001,063**
Equity and liabilities			
Capital and reserves			
Share capital	18	153,855	153,855
Other reserves	19	87,035	86,679
Retained earnings		454,272	437,950
TOTAL EQUITY		**695,162**	**678,484**
Non-current liabilities			
Long-terms loans and credits	21	20,000	56,000
Leasing commitments	25	21,166	20,481
Employee benefit plan obligations	20	3,607	4,202
Deferred tax liabilities	22	38,985	32,817
Provisions	23	2,534	2,569
		86,292	**116,069**
Current liabilities			
Short-terms loans and credits	21	10,076	14,028
Leasing commitments	25	2,368	1,858
Trade and other payables	24	196,299	160,932
Current tax liabilities	11	7,254	160
Liabilities from cash pooling	28	2,817	29,532
		218,814	**206,510**
TOTAL LIABILITIES		**305,106**	**322,579**
TOTAL EQUITY AND LIABILITIES		**1,000,268**	**1,001,063**

The accompanying notes from 1 to 31 are an integral part of these separate financial statements

(EUR'000)	*Share capital*	*Capital funds*	*Other funds*	*Retained earnings*	*Total*
Balance as at 1 January 2021	**153,855**	**87,550**	**(920)**	**428,329**	**668,814**
Profit for the current year	-	-	-	9,621	9,621
Other comprehensive income/(expenses)					
Actuarial loss on provisions from employee benefits program	-	-	49	-	49
Total comprehensive income after tax for the year	**-**	**-**	**49**	**9,621**	**9,670**
Balance as at 31 December 2021	**153,855**	**87,550**	**(871)**	**437,950**	**678,484**
Profit for the current year	-	-	-	16,322	16,322
Other comprehensive income/(expenses)					
Actuarial profit/(loss) on provisions from employee benefits program	-	-	356	-	356
Total comprehensive income after tax for the year	**-**	**-**	**356**	**16,322**	**16,678**
Balance as at 31 December 2022	**153,855**	**87,550**	**(515)**	**454,272**	**695,162**

The accompanying notes from 1 to 31 are an integral part of these separate financial statements

Mondi SCP, a. s.
SEPARATE STATEMENT OF CASH FLOW
for the year ended 31 December 2022

(EUR'000)	*Note*	*Year ended 31 December 2022*	*Year ended 31 December 2021*
Operating activities			
Profit before tax		31,429	11,427
Non-cash transactions			
- Depreciation and impairment of non-current assets	12,13,25	55,490	53,364
- Loss/(profit) from the sale of non-current assets		(60)	(15)
- Impairment loss on financial investment	4,14	66,803	-
- Interest income/expense charged to expense		975	1 135
- Interest charged to income		(463)	(14)
- Change of provisions	15,16	3,287	247
- Other non-cash transactions		(209)	160
Operating cash flows before movements in working capital		**157,252**	**66,304**
Effect of movements in working capital			
- Decrease/(increase) of inventories	15	(28,581)	(10,104)
- Decrease/(increase) of receivables	16	(2,000)	(47,304)
- Increase/(decrease) of payables	24	43,304	63,711
Cash flows from operating activities before taxation and interest		**169,975**	**72,607**
Interest paid		(946)	(1,064)
Income tax receipts/(payments)	11	(1,939)	1,291
Cash flows from operating activities, net		**167,090**	**72,834**
Investing activities			
Payments for the purchase of property, plant and equipment and intangible assets	12,13,24	(30,115)	(72,137)
Proceeds from sales of tangible fixed assets		63	-
Interest received		463	14
Capital contributions to subsidiaries	14	-	(14,235)
(Increase)/decrease in assets from cash pooling		(64,487)	(39,847)
(Decrease)/increase in liabilities from cash pooling		(26,715)	(13,595)
Cash flows on investing activities, net		**(120,791)**	**(139,800)**
Financial activities			
Income from loans and credits	21	3,410	70,028
Loan repayments	21	(43,362)	-
Payments of lease commitments	25	(2,128)	(2,437)
Cash flows (on)/from financial activities, net		**(42,080)**	**67,591**
Net increase/(decrease) in cash and cash equivalents		**4,219**	**625**
Cash and cash equivalents at the beginning of the year	17	**1,018**	**393**
Cash and cash equivalents at the end of the year	**17**	**5,237**	**1,018**

1. GENERAL INFORMATION

a) Basic information about the Company

Business name and seat	Mondi SCP, a.s. Tatranská cesta 3 034 17 Ružomberok
Date of establishment	7 September 1995
Date of incorporation (according to the Commercial Register)	1 October 1995
ID number	31 637 051
Tax Identification number	SK2021431116
Business activity of the Company	- Paper and cardboard production, - Production of pulp, - Production of products from paper and cardboard, - Wholesale of wood, - Heat and electricity generation and distribution, etc.

b) Employees

	Year ended 31 December 2022	*Year ended 31 December 2021*
Average number of employees	**1,376**	**1,358**
of which: management	*19*	*18*
other management (not employed)	*1*	*1*

c) Approval of the 2021 Financial Statements

The 2021 Financial Statements of Mondi SCP, a.s. were approved at the General Meeting of Shareholders held on 25 May 2022. The financial statements were then deposited in the Collection of Documents. The profit for 2021 was transferred to the retained earnings based on the Shareholders' resolution. No dividend was declared nor paid in 2022.

The Board of Directors may propose to the Company's shareholders the amendment of the financial statements even after their approval by the General Meeting of Shareholders. However, according to §16, sections 9 to 11 of the Slovak Act on Accounting No. 431/2002 Coll., an entity's accounting records cannot be reopened after the financial statements have been prepared and approved. If, after the separate financial statements have been approved, management identifies that the comparative information would not be consistent, the Slovak Act on Accounting No. 431/2002 Coll. allows entities to restate comparative information in the accounting period in which the relevant facts are identified.

d) Members of the Company's Bodies

Members of the Company's Bodies during the financial year ended 31 December 2022:

Body	*Function*	*Name*
Boards of Directors	Chairman	Miloslav Čurilla
	Vice-chairman	Gunilla Saltin
	Member	Matjaž Gorjup
	Member	Robert Wagner
	Member	Thomas Seidl
Supervisory Board	Chairman	Andrew Charles Wallis King
	Vice-chairman	Miroslav Vajs
	Member	Ján Krasuľa
Executive Management	President of the Company	Matjaž Gorjup

Members of the Company's Bodies during the financial year ended 31 December 2021:

Body	*Function*	*Name*
Boards of Directors	Chairman	Miloslav Čurilla
	Vice-chairman	Gunilla Saltin
	Member	Bernhard Peschek (till 27.12.2021)
	Member	Matjaž Gorjup (since 28.12.2021)
	Member	Miroslav Vajs (till 27.12.2021)
	Member	Robert Wagner (since 28.12.2021)
	Member	Thomas Seidl
Supervisory Board	Chairman	Andrew Charles Wallis King
	Vice-chairman	Milan Fiľo (till 27.12.2021)
	Vice-chairman	Miroslav Vajs (since 28.12.2021)
	Member	Ján Krasuľa
Executive Management	President of the Company	Bernhard Peschek
	President of the Company	Matjaž Gorjup (since 15.10.2021)

e) Structure of shareholders and their share in the share capital

Shareholders	*Share in Share Capital* *EUR'000*	*in %*	*Voting Rights* *in %*
ECO-INVESTMENT, a. s., Prague	75,389	49	49
Mondi SCP Holdings B.V., Maastricht	78,466	51	51

There was no change in the structure of shareholders and their status in the share capital during the years ended 31 December 2022 and 31 December 2021.

f) Consolidated Financial Statements

Mondi SCP, a.s. Group consists of the subsidiaries and joint ventures presented in the Note 14. Mondi SCP, a.s. prepares both separate financial statements and consolidated financial statements for company Mondi SCP, a.s., in accordance with International Financial Reporting Standards (IFRS) as adopted by the EU and in accordance with the Slovak Act on Accounting No. 431/2002 Coll.

Mondi SCP, a.s. is a subsidiary of Mondi SCP Holdings B. V, with its registered office in Maastricht, the Netherlands, that owns a 51% share in the Company's registered capital.

The consolidated financial statements for the biggest group of companies are prepared by Mondi plc, with its registered office Building 1, 1st Floor, Aviator Park, Station Road, Addlestone, Surrey, KT15 2PG, Great Britain.

The consolidated financial statements for the smallest group of companies are prepared by Mondi SCP, a.s., with its registered office Tatranská cesta 3, Ružomberok.

The consolidated financial statements are available at the seats of these companies.

2. APPLICATION OF NEW AND REVISED INTERNATIONAL FINANCIAL REPORTING STANDARDS

Standards, interpretations and revised standars effective for the first time in 2022

Proceeds before intended use, Onerous contracts – cost of fulfilling a contract, Reference to the Conceptual Framework – narrow scope amendments to IAS 16, IAS 37 and IFRS 3, and Annual Improvements to IFRSs 2018-2020 – amendments to IFRS 1, IFRS 9, IFRS 16 and IAS 41 (issued on 14 May 2020 and effective for annual periods beginning on or after 1 January 2022). The amendment to IAS 16 prohibits an entity from deducting from the cost of an item of PPE any proceeds received from selling items produced while the entity is preparing the asset for its intended use. The proceeds from selling such items, together with the costs of producing them, are now recognised in profit or loss. An entity will use IAS 2 to measure the cost of those items. Cost will not include depreciation of the asset being tested because it is not ready for its intended use. The amendment to IAS 16 also clarifies that an entity is 'testing whether the asset is functioning properly' when it assesses the technical and physical performance of the asset. The financial performance of the asset is not relevant to this assessment. An asset might therefore be capable of operating as intended by management and subject to depreciation before it has achieved the level of operating performance expected by management.

The amendment to IAS 37 clarifies the meaning of 'costs to fulfil a contract'. The amendment explains that the direct cost of fulfilling a contract comprises the incremental costs of fulfilling that contract; and an allocation of other costs that relate directly to fulfilling. The amendment also clarifies that, before a separate provision for an onerous contract is established, an entity recognises any impairment loss that has occurred on assets used in fulfilling the contract, rather than on assets dedicated to that contract.

IFRS 3 was amended to refer to the 2018 Conceptual Framework for Financial Reporting, in order to determine what constitutes an asset or a liability in a business combination. Prior to the amendment, IFRS 3 referred to the 2001 Conceptual Framework for Financial Reporting. In addition, a new exception in IFRS 3 was added for liabilities and contingent liabilities. The exception specifies that, for some types of liabilities and contingent liabilities, an entity applying IFRS 3 should instead refer to IAS 37 or IFRIC 21, rather than the 2018 Conceptual Framework. Without this new exception, an entity would have recognised some liabilities in a business combination that it would not recognise under IAS 37. Therefore, immediately after the acquisition, the entity would have had to derecognise such liabilities and recognise a gain that did not depict an economic gain. It was also clarified that the acquirer should not recognise contingent assets, as defined in IAS 37, at the acquisition date.

The amendment to IFRS 9 addresses which fees should be included in the 10% test for derecognition of financial liabilities. Costs or fees could be paid to either third parties or the lender. Under the amendment, costs or fees paid to third parties will not be included in the 10% test.

Illustrative Example 13 that accompanies IFRS 16 was amended to remove the illustration of payments from the lessor relating to leasehold improvements. The reason for the amendment is to remove any potential confusion about the treatment of lease incentives.

IFRS 1 allows an exemption if a subsidiary adopts IFRS at a later date than its parent. The subsidiary can measure its assets and liabilities at the carrying amounts that would be included in its parent's consolidated financial statements, based on the parent's date of transition to IFRS, if no adjustments were made for consolidation procedures and for the effects of the business combination in which the parent acquired the subsidiary. IFRS 1 was amended to allow entities that have taken this IFRS 1 exemption to also measure cumulative translation differences using the amounts reported by the parent, based on the parent's date of transition to IFRS. The amendment to IFRS 1 extends the above exemption to cumulative translation differences, in order to reduce costs for first-time adopters. This amendment will also apply to associates and joint ventures that have taken the same IFRS 1 exemption.

The requirement for entities to exclude cash flows for taxation when measuring fair value under IAS 41 was removed. This amendment is intended to align with the requirement in the standard to discount cash flows on a post-tax basis.

The impact of these amendments had no effect on the Company's financial statements.

Covid-19-Related Rent Concessions – Amendments to IFRS 16 (issued on 31 March 2021 and effective for annual periods beginning on or after 1 April 2021). In May 2020 an amendment to IFRS 16 was issued that provided an optional practical expedient for lessees from assessing whether a rent concession related to COVID-19, resulting in a reduction in lease payments due on or before 30 June 2021, was a lease modification. An amendment issued on 31 March 2021 extended the date of the practical expedient from 30 June 2021 to 30 June 2022.

The impact of these amendments had no effect on the Company's financial statements.

Standards, interpretations and revised standards effective after 1 January 2023 and which the Company has not applied earlier.

IFRS 14, Regulatory Deferral Accounts (issued on 30 January 2014 and effective for annual periods beginning on or after 1 January 2016). IFRS 14 permits first-time adopters to continue to recognise amounts related to rate regulation in accordance with their previous GAAP requirements when they adopt IFRS. However, to enhance comparability with entities that already apply IFRS and do not recognise such amounts, the standard requires that the effect of rate regulation must be presented separately from other items. An entity that already presents IFRS financial statements is not eligible to apply the standard.

The European Commission has decided not to launch the endorsement process of this interim standard and to wait for the final standard.

Sale or Contribution of Assets between an Investor and its Associate or Joint Venture – Amendments to IFRS 10 and IAS 28 (issued on 11 September 2014 and effective for annual periods beginning on or after a date to be determined by the IASB). These amendments address an inconsistency between the requirements in IFRS 10 and those in IAS 28 in dealing with the sale or contribution of assets between an investor and its associate or joint venture. The main consequence of the amendments is that a full gain or loss is recognised when a transaction involves a business. A partial gain or loss is recognised when a transaction involves assets that do not constitute a business, even if these assets are held by a subsidiary. The Group is currently assessing the impact of the amendments on its financial statements.

The EU endorsement is postponed as the IASB effective date is deferred indefinitely.

IFRS 17 "Insurance Contracts"(issued on 18 May 2017 and effective for annual periods beginning on or after 1 January 2023). IFRS 17 replaces IFRS 4, which has given companies dispensation to carry on accounting for insurance contracts using existing practices. As a consequence, it was difficult for investors to compare and contrast the financial performance of otherwise similar insurance companies. IFRS 17 is a single principle-based standard to account for all types of insurance contracts, including reinsurance contracts that an insurer holds. The standard requires recognition and measurement of groups of insurance contracts at: (i) a risk-adjusted present value of the future cash flows (the fulfilment cash flows) that incorporates all of the available information about the fulfilment cash flows in a way that is consistent with observable market information; plus (if this value is a liability) or minus (if this value is an asset) (ii) an amount representing the unearned profit in the group of contracts (the contractual service margin). Insurers will be recognising the profit from a group of insurance contracts over the period they provide insurance coverage, and as they are released from risk. If a group of contracts is or becomes loss-making, an entity will be recognising the loss immediately.

The Company is currently assessing the impact of the new standard on its financial statements.

Amendments to IFRS 17 and an amendment to IFRS 4 (issued on 25 June 2020 and effective for annual periods beginning on or after 1 January 2023). The amendments include a number of clarifications intended to ease implementation of IFRS 17, simplify some requirements of the standard and transition. The amendments relate to eight areas of IFRS 17, and they are not intended to change the fundamental principles of the standard. The following amendments to IFRS 17 were made:

- *Effective date:* The effective date of IFRS 17 (incorporating the amendments) has been deferred by two years to annual reporting periods beginning on or after 1 January 2023; and the fixed expiry date of the temporary exemption from applying IFRS 9 in IFRS 4 has also been deferred to annual reporting periods beginning on or after 1 January 2023.
- *Expected recovery of insurance acquisition cash flows:* An entity is required to allocate part of the acquisition costs to related expected contract renewals, and to recognise those costs as an asset until the entity recognises the contract renewals. Entities are required to assess the recoverability of the asset at each reporting date, and to provide specific information about the asset in the notes to the financial statements.
- *Contractual service margin attributable to investment services*: Coverage units should be identified, considering the quantity of benefits and expected period of both insurance coverage and investment services, for contracts under the variable fee approach and for other contracts with an 'investment-return service' under the general model. Costs related to investment activities should be included as cash flows within the boundary of an insurance contract, to the extent that the entity performs such activities to enhance benefits from insurance coverage for the policyholder.
- *Reinsurance contracts held – recovery of losses:* When an entity recognises a loss on initial recognition of an onerous group of underlying insurance contracts, or on addition of onerous underlying contracts to a group, an entity should adjust the contractual service margin of a related group of reinsurance contracts held and recognise a gain on the reinsurance contracts held. The amount of the loss recovered from a reinsurance contract held is determined by multiplying the loss recognised on underlying insurance contracts and the percentage of claims on underlying insurance contracts that the entity expects to recover from the reinsurance contract held. This requirement would apply only when the reinsurance contract held is recognised before or at the same time as the loss is recognised on the underlying insurance contracts.
- *Other amendments:* Other amendments include scope exclusions for some credit card (or similar) contracts, and some loan contracts; presentation of insurance contract assets and liabilities in the statement of financial position in portfolios instead of groups; applicability of the risk mitigation option when mitigating financial risks using reinsurance contracts held and non-derivative financial instruments at fair value through profit or loss; an accounting policy choice to change the estimates made in previous interim financial statements when applying IFRS 17; inclusion of income tax payments and receipts that are specifically chargeable to the policyholder under the terms of an insurance contract in the fulfilment cash flows; and selected transition reliefs and other minor amendments.

The Company is currently assessing the impact of the new standard on its financial statements.

Amendments to IAS 1 and IFRS Practice Statement 2: Disclosure of Accounting policies (issued on 12 February 2021 and effective for annual periods beginning on or after 1 January 2023). IAS 1 was amended to require companies to disclose their material accounting policy information rather than their significant accounting policies. The amendment provided the definition of material accounting policy information. The amendment also clarified that accounting policy information is expected to be material if, without it, the users of the financial statements would be unable to understand other material information in the financial statements. The amendment provided illustrative examples of accounting policy information that is likely to be considered material to the entity's financial statements. Further, the amendment to IAS 1 clarified that immaterial accounting policy information need not be disclosed. However, if it is disclosed, it should not obscure material accounting policy information. To support this amendment, IFRS Practice Statement 2, 'Making Materiality Judgements' was also amended to provide guidance on how to apply the concept of materiality to accounting policy disclosures.

The Company is currently assessing the impact of the new standard on its financial statements.

Amendments to IAS 8: Definition of Accounting Estimates (issued on 12 February 2021 and effective for annual periods beginning on or after 1 January 2023). The amendment to IAS 8 clarified how companies should distinguish changes in accounting policies from changes in accounting estimates.

The Company is currently assessing the impact of the new standard on its financial statements.

Deferred tax related to assets and liabilities arising from a single transaction – Amendments to IAS 12 (issued on 7 May 2021 and effective for annual periods beginning on or after 1 January 2023). The amendments to IAS 12 specify how to account for deferred tax on transactions such as leases and decommissioning obligations. In specified circumstances, entities are exempt from recognising deferred tax when they recognise assets or liabilities for the first time. Previously, there had been some uncertainty about whether the exemption applied to transactions such as leases and decommissioning obligations – transactions for which both an asset and a liability are recognised. The amendments clarify that the exemption does not apply and that entities are required to recognise deferred tax on such transactions. The amendments require companies to recognise deferred tax on transactions that, on initial recognition, give rise to equal amounts of taxable and deductible temporary differences.

The Company is currently assessing the impact of the new standard on its financial statements.

Transition option to insurers applying IFRS 17 – Amendments to IFRS 17 (issued on 9 December 2021 and effective for annual periods beginning on or after 1 January 2023). The amendment to the transition requirements in IFRS 17 provides insurers with an option aimed at improving the usefulness of information to investors on initial application of IFRS 17. The amendment relates to insurers' transition to IFRS 17 only and does not affect any other requirements in IFRS 17. The transition requirements in IFRS 17 and IFRS 9 apply at different dates and will result in the following one-time classification differences in the comparative information presented on initial application of IFRS 17: accounting mismatches between insurance contract liabilities measured at current value and any related financial assets measured at amortised cost; and if an entity chooses to restate comparative information for IFRS 9, classification differences between financial assets derecognised in the comparative period (to which IFRS 9 will not apply) and other financial assets (to which IFRS 9 will apply). The amendment will help insurers to avoid these temporary accounting mismatches and, therefore, will improve the usefulness of comparative information for investors. It does this by providing insurers with an option for the presentation of comparative information about financial assets. When initially applying IFRS 17, entities would, for the purpose of presenting comparative information, be permitted to apply a classification overlay to a financial asset for which the entity does not restate IFRS 9 comparative information. The transition option would be available, on an instrument-by-instrument basis; allow an entity to present comparative information as if the classification and measurement requirements of IFRS 9 had been applied to that financial asset, but not require an entity to apply the impairment requirements of IFRS 9; and require an entity that applies the classification overlay to a financial asset to use reasonable and supportable information available at the transition date to determine how the entity expects that financial asset to be classified applying IFRS 9.

The Company is currently assessing the impact of the new standard on its financial statements.

Amendments to IFRS 16 Leases: Lease Liability in a Sale and Leaseback (issued on 22 September 2022 and effective for annual periods beginning on or after 1 January 2024). The amendments relate to the sale and leaseback transactions that satisfy the requirements in IFRS 15 to be accounted for as a sale. The amendments require the seller-lessee to subsequently measure liabilities arising from the transaction and in a way that it does not recognise any gain or loss related to the right of use that it retained. This means deferral of such a gain even if the obligation is to make variable payments that do not depend on an index or a rate.

The Company is currently assessing the impact of the new standard on its financial statements.

Classification of liabilities as current or non-current – Amendments to IAS 1 (originally issued on 23 January 2020 and subsequently amended on 15 July 2020 and 31 October 2022, ultimately effective for annual periods beginning on or after 1 January 2024). These amendments clarify that liabilities are classified as either current or non-current, depending on the rights that exist at the end of the reporting period. Liabilities are non-current if the entity has a substantive right, at the end of the reporting period, to defer settlement for at least twelve months. The guidance no longer requires such a right to be unconditional. The October 2022 amendment established that loan covenants to be complied with after the reporting date do not affect the classification of debt as current or non-current at the reporting date. Management's expectations whether they will subsequently exercise the right to defer settlement do not affect classification of liabilities. A liability is classified as current if a condition is breached at or before the reporting date even if a waiver of that condition is obtained from the lender after the end of the reporting period. Conversely, a loan is classified as non-current if a loan covenant is breached only after the reporting date. In addition, the amendments include clarifying the classification requirements for debt a company might settle by converting it into equity. 'Settlement' is defined as the extinguishment of a liability with cash, other resources embodying economic benefits or an entity's own equity instruments. There is an exception for convertible instruments that might be converted into equity, but only for those instruments where the conversion option is classified as an equity instrument as a separate component of a compound financial instrument.

The Company is currently assessing the impact of the new standard on its financial statements.

3. SIGNIFICANT ACCOUNTING PRINCIPLES

a) Statement of Compliance

The financial statements represent the annual separate financial statements of Mondi SCP, a.s., which have been prepared for the reporting period from 1 January 2022 to 31 December 2022 in accordance with International Financial Reporting Standards (IFRS) as adopted by the EU and in accordance with the Slovak Act on Accounting No. 431/2002 Coll. IFRS as adopted by the EU do not differ from IFRS as issued by the International Accounting Standards Board (IASB), except for certain standards and interpretations, which were not endorsed by the EU, as stated above. In accordance with the Slovak Act on Accounting No. 431/2002 Coll. as amended, the Company is also required to prepare consolidated financial statements in accordance with IFRS as adopted by the EU.

The financial statements are intended for general use. Information included in the financial statements are not intended for the purposes of any specific user or consideration of any specific transactions. Accordingly, users should not rely exclusively on these financial statements when making decisions.

b) Basis of Preparation of the Financial Statements

The financial statements were prepared under the historical cost convention, except for certain financial instruments that are premeasured to fair value. The principal accounting policies adopted are set out below. The reporting currency used in these financial statements is the euro (EUR) rounded to the nearest thousand (EUR '000) unless indicated otherwise.

In February 2022, political tensions in the region escalated, resulting in a military conflict between the Russian Federation and Ukraine, which significantly affected global events, negatively impacted commodity prices and financial markets, and contributed to an increase in the volatility of the business environment. The situation is still very unstable and the sanctions can be expected to have an impact, limiting the activities of companies operating in the region, as well as on the overall economic environment, in particular the limitation of supply and supply chains. However, the extent of the impact of these events on the Company cannot be fully assessed at this time. We believe that the current situation does not lead to a material uncertainty on the Company's ability to continue as a going concern. We consider the disclosures regarding these events in the Company's financial statements to be sufficient.
These financial statements were prepared under the going concern assumption.

The preparation of financial statements in conformity with IFRS as adopted by the EU requires management to make judgments, estimates and assumptions that affect the application of policies and reported amounts of assets and liabilities, income and expenses. The estimates and associated assumptions are based on historical experience and various other factors that are believed to be reasonable under the circumstances, the results of which form the basis of making the judgments about the carrying values of assets and liabilities that are not readily apparent from other sources. Actual results may differ from these estimates. Areas involving a higher degree of judgment or complexity, or areas where assumptions and estimates are significant to the financial statements, are discussed in Note 4.

The estimates and underlying assumptions are reviewed on an on-going basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised if the revision affects only that period or in the period of the revision and future periods if the revision affects both current and future periods.

The accounting policies set out below have been applied consistently to all periods presented in the financial statements.

c) Unlimited Liability

The Company is not a shareholder with unlimited liability in other legal entities.

d) Foreign Currency

(i) Functional and presentation currency of the financial statements

Items included in the Company's financial statements are measured using the currency of the primary economic environment in which the Company operates ("the functional currency"). The separate financial statements are presented in EUR, which is the functional currency and also the presentation currency of the Company's financial statements.

(ii) Transactions in foreign currencies

Transactions in foreign currencies are translated into euros using the rates on the exchange rate list of the European Central Bank (ECB) that are valid on the transaction date. Monetary assets and liabilities denominated in foreign currencies are retranslated at the rates prevailing on the reporting date. Exchange differences arising on the retranslation of monetary items are included in the statement of profit or loss and other comprehensive income for the period. Non-monetary assets and liabilities denominated in foreign currencies, which are stated at historical cost, are translated at the foreign exchange rate ruling at the date of transaction. Non-monetary items carried at fair value that are denominated in foreign currencies are translated to the reporting currency at the rates prevailing on the date when the fair value was determined. Exchange differences are included in the statement of profit or loss and other comprehensive income for the current financial period except for differences arising on the translation of non-monetary items in respect of which gains and losses are recognised directly in other comprehensive income.

e) Financial Instruments

Financial assets and financial liabilities are recognised in the Company's statement of financial position when the Company becomes a party of the contractual provisions of the financial instrument.

Financial assets and financial liabilities are initially recognized at fair value.

Fair value is the price that would be received on the sale of an asset or price paid to transfer a liability in a normal transaction between market participants at the measurement date. The best evidence of fair value is the price in an active market. An active market is a market in which an asset or liability transaction takes place often enough and in such a volume that it can provide price information on an ongoing basis.

Transaction costs are additional costs that can be directly attributed to the acquisition, issue or disposal of a financial instrument. Additional costs are those that would not have occurred if the transaction had not taken place. Transaction costs include fees and commissions paid to agents (including employees acting as sellers), advisors, intermediaries and traders, payments to regulatory agencies and stock exchanges, and given and transfer fees. Transaction costs do not include bonuses or discounts on debt instruments, financing costs or internal administrative costs or maintenance costs.

Amortized cost is the amount for which a financial instrument was recognized on initial recognition less any principal repayments plus accrued interest and for financial assets less any valuation allowance for expected credit losses („ECL"). Accrued interest includes the amortization of transaction costs accrued on initial recognition and any premium or discount on the debt instrument to maturity using the effective interest method. Accrued interest income and accrued interest expense, including accrued coupon and amortized debt instrument discount or premium (including any accrued charges), are not reported separately and are included in the carrying amounts of related items in the statement of financial position.

The effective interest rate method is a method of distributing interest income or interest expense over a given period so as to achieve a constant periodic interest rate (effective interest rate) of carrying amount. An effective interest rate is the rate that exactly discounts estimated future payments or receipts (excluding future credit losses) over the expected life of a financial instrument or a shorter period, where appropriate, to the gross carrying amount of the financial instrument. An effective interest rate discounts the cash flows of variable interest instruments until the next interest rate revaluation date other than a premium or discount on a debt instrument that reflects the credit spread above the floating rate specified by the instrument or other variables that are not revalued to reflect market rates. Such premiums or discounts on debt instruments are amortized over the entire estimated useful life of the instrument. The current value calculation includes all fees paid or received between the parties, which are an integral part of the effective interest rate.

Financial instruments - initial recognition. All financial instruments are initially recognized at fair value adjusted for transaction costs. The fair value on initial recognition is best demonstrated by the transaction price. A gain or loss on initial recognition is recognized only when there is a difference between fair value and transaction price that can be evidenced by other current market transactions of the same instrument or valuation technique whose inputs include only observable market data.

Financial assets - classification and subsequent measurement - valuation categories. The Company classifies amortized cost financial assets at fair value through the statement of profit or loss („FVTPL"). The classification and subsequent measurement of financial assets depends on: (i) the Company's business model of related asset management and (ii) the cash flow of the asset.

Financial assets - classification and subsequent valuation - business model. The business model reflects how the Company manages cash-generating assets, i.e. whether the Company's objective is to: (i) solely acquire contractual cash flows from the assets (holding for the purpose of acquiring contractual cash flows); or (ii) collect contractual cash flows and cash flows arising from the sale of assets (holding for the purpose of obtaining contractual cash flows and cash flows from the sale) or if neither (i) and (ii) is applicable, financial assets are classified as part of the "other" business model and valued through fair value through profit or loss („FVTPL").

The business model is designed for an asset Company (at the portfolio level) based on all relevant evidence of the Company's activities to achieve the objective set for the portfolio available on the valuation date. The factors, that the Company considers when determining the business model, include the purpose and composition of the portfolio and past experience of how the cash flows for the relevant assets have been collected. The business model used by the Company is intended to hold financial assets to maturity and to collect contractual cash flows.

Financial assets - classification and subsequent valuation - cash flow characteristics. If the business model is designed to hold assets to collect contractual cash flows or to hold financial assets to collect cash flows and sales, the Company assesses whether cash flows represent solely payments of principal and interest („SPPI"). In making this assessment, the Company assesses whether the contractual cash flows are in line with the underlying loan arrangements, i.e. interest includes only credit risk taking, money time value, other underlying credit risks and profit margin.

If the terms and conditions impose a risk or volatility exposure that is inconsistent with the underlying lending arrangements, the financial asset is classified and measured on an FVTPL basis. The SPPI assessment is carried out on initial recognition of the asset and is not subsequently reviewed.

The Company holds only trade receivables, cashpooling assets and cash and cash equivalents. The characteristics of these financial assets are short-term and contractual cash flows represent the principal and interest payments that reflect the time value of money and are therefore valued by the Company at amortized cost.

Financial assets - reclassification. Financial instruments are reclassified only when the business model is changed to manage the portfolio as a whole. This reclassification has a future effect and occurs from the beginning of the first reporting period following the change in the business model. The Company did not change its business model during the current period and did not perform any reclassifications.

Impairment of financial assets - provision for expected credit losses ("ECL"). The Company applies a simplified ECL model under IFRS 9 to trade receivables to assess impairment. ECL is defined as the present value of all impairments during the expected life of the receivable. The Company determines ECL, based on historical experience of impairment of trade receivables, adjusted for information about current economic conditions and reasonable estimates of future economic conditions. In the initial recognition of a receivable, credit losses expected by the total useful life of the receivable are recognized as a provision.

Financial assets – depreciation. The Company will write off the financial assets, in whole or in part, when the Company has exhausted all the practical means of recovering those assets and there is no reasonable expectation of recovering those assets.

Financial assets – reversal. The Company ceases to recognize financial assets when (i) the assets have been repaid or the right to cash flows from those assets has expired; or (ii) the Company has transferred cash flows from the financial asset to another person.

f) Transaction Costs

Transaction costs that are directly attributable to the acquisition or issue of financial assets and financial liabilities (other than financial assets and financial liabilities at fair value through profit or loss) are added to or deducted from the fair value of the financial assets or financial liabilities on initial recognition. Transaction costs directly attributable to the acquisition of financial assets or financial liabilities at fair value through profit or loss are recognised immediately in financial statements of the Company.

g) Property, Plant and Equipment

(i) Own Assets

Property, plant and equipment (hereinafter "non-current tangible assets") are stated at cost less any subsequent accumulated depreciation and provisions (accumulated impairment losses). The cost includes all directly-attributable costs of bringing the asset into working condition for its intended use. Internally developed non-current tangible assets are measured at own costs, which include the cost of the material, direct wages and overheads directly associated with the development of the non-current tangible assets up to the moment of putting the asset into use.

Significant components of property, plant and equipment with different useful lives are accounted for and depreciated on an individual basis taking into account its economic useful life.

(ii) Subsequent Expenditures

Subsequent expenditures incurred to replace a component of non-current tangible assets that is accounted for individually, including inspections and overhaul expenditure, are capitalised if it is probable that the future economic benefits embodied with the items will flow to the Company exceeding its original performance and the cost of the item can be measured reliably. Other subsequent expenditures are capitalised only when they increase the future economic benefits embodied in the item of assets exceeding their original performance. All ether expenditures made after the acquisition of non-current tangible assets to restore or maintain the extent of future economic benefits are recognised as expenses when incurred.

(iii) Depreciation

Buildings	12 - 40 years
Plant and equipment	4 - 25 years
Transportation means	4 - 12 years
Fixtures and fittings	4 - 12 years

Depreciation is charged evenly on a straight-line basis.

Gains or losses arising on the disposal or liquidation of an item of non-current tangible assets are fully reflected in the statement of profit or loss and other comprehensive income.

h) Non-current Intangible Assets

Non-current intangible assets acquired separately are stated at cost less accumulated amortisation and impairment provisions. Intangible assets are amortised over their expected useful lives on a straight-line basis, i.e. four years. The expected useful lives and method of amortisation are assessed at the end of each reporting period, with the impacts of changes in estimates reflected in the next reporting period.

Subsequent expenditures are capitalised only when it may be expected that this will increase the future economic benefits embodied in the specific asset to which they relate. All other expenditures are expensed as incurred.

i) Investments in Subsidiaries

Investments in subsidiaries represent investments in companies which are more than 50% of the company's capital or a share of more than 50% of the voting rights of the company. Acquisition of subsidiaries is recognised using the acquisition method. The acquisition price is the price at which the asset was procured and the costs associated with its acquisition (fees and commissions to brokers, consultants, stock exchanges). As at the date of preparation of the financial statements, the shares in the registered capital of the subsidiaries are retained in the original valuation, less the impairment allowance An investment in subsidiaries is a cash-generating unit, of which recoverable amount is its fair value less costs of disposal, or its value in use, depending which one is higher. The recoverable amount of the financial investment from its use is determined using the discounted future cash flow method based on the approved plans of the subsidiaries. Impairment of the investment in subsidiaries is classified in the income statement within financing activities in the line impairment loss on financial investment.

j) Trade and Other Receivables

Trade receivables are initially measured at fair value and are subsequently carried at the carrying amount obtained using the effective interest rate method, with a provision for impairment.

The recoverable amount of Company's receivables is calculated as the present value of expected future cash flows discounted at their original effective interest rate inherent in the asset. Short-term receivables are not discounted.

Receivables measured at amortized cost are presented in the statement of financial position as part of trade receivables and other receivables less a provision. The Company applies a simplified approach under IFRS 9 to trade receivables from third parties, i.e. measures ECL using lifetime expected losses.

Estimated recoverable amounts are based on historical experience, taking into account current economic conditions and reasonable and demonstrable forecasts of future economic conditions.

k) Inventories

Inventories are stated at the lower of cost or net realisable value. Net realisable value represents the estimated selling price less the estimated costs of completion and costs of sale.

Raw material is measured at the weighted average cost, which includes the cost of acquisition of the materials and other costs related to the acquisition that arose on bringing the assets to their current condition and location.

Work in progress, semi-finished goods and finished goods are measured at own costs, which include the costs of material, wages and salaries, other direct expenses and production overheads depending on the stage of completion of the inventory.

A provision is created for slow moving and obsolete inventory.

l) Cash and Cash Equivalents

Cash and cash equivalents comprise cash on hand and demand deposits, placements and other short-term highly liquid investments that are readily convertible to a known amount of cash and that are subject to an insignificant risk of changes in value. Overdraft facilities payable on demand, which form an integral part of the Company's cash management represent part of cash and cash equivalents for the purposes of the statement of cash flows.

m) Impairment of Non-financial Assets

At each reporting date, the Company assesses the carrying amounts of its tangible and intangible assets to determine whether there is any indication that those assets have suffered an impairment loss. If any such indication exists, the recoverable amount of the asset is estimated in order to determine the extent of the impairment loss (if any). If it is not possible to estimate the recoverable amount of an individual asset, the Company estimates the recoverable amount of the cash-generating unit to which the asset belongs. For an asset that does not generate largely independent cash inflows, the recoverable amount is determined for the cash-generating unit to which the asset belongs.

The recoverable amount is the higher of fair value less the costs to sell and the value in use. In assessing the value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset.

If the recoverable amount of an asset (or cash-generating unit) is estimated to be less than its carrying amount, the carrying amount of the asset (or cash-generating unit) is reduced to its recoverable amount. An impairment loss is recognised immediately in the statement of profit or loss and other comprehensive income. If an impairment loss subsequently reverses, the carrying amount of the asset (cash-generating unit) is increased to the revised estimate of its recoverable amount, except for the goodwill, but so that the increased carrying amount does not exceed the carrying amount that would have been determined had no impairment loss been recognised for the asset (cash-generating unit) in prior years. A reversal of an impairment loss is recognised immediately in the statement of profit or loss and other comprehensive income.

n) Dividends

Dividends are recognised as a liability in the period in which they are declared.

o) Interest-Bearing loans and Borrowings

Interest-bearing loans and borrowings are initially measured at fair value, and are subsequently measured at amortised cost, using the effective interest rate method.

p) Employee Benefit Plans obligation

(i) Retirement Payment

The Company operates a long-term employee benefit plan consisting of a lump-sum retirement payment for which no specified funds were allocated. Under IAS 19 "Employee Benefits", the expenses for employee benefits were determined using "Projected Unit Credit Method". The discounted present value of the defined benefit obligation is determined (a) by discounting the estimated future cash outflows using interest rates of high quality corporate bonds, which have terms to maturity approximating the terms of the related liability and (b) then attributing the calculated present value to the periods of service based on the plan's benefit formula.

Actuarial remeasurements on post-employment benefits arising from experience adjustments and changes in actuarial assumptions are charged or credited to other comprehensive income in the period in which they arise, and are immediately reclassified to retained earnings in the statement of changes in equity.

(ii) Other long-term employee benefits

The Company has an obligation to pay work anniversary long service bonuses. These obligations are recognised as liabilities estimated annually by independent actuaries using the Projected Unit Credit Method. The discounted present value of the defined benefit obligation is determined (a) by discounting the estimated future cash outflows using interest rates of high quality corporate bonds, which have terms to maturity approximating the terms of the related liability and (b) then attributing the calculated present value to the periods of service based on the plan's benefit formula. Actuarial remeasurements of the obligation to pay work anniversary long service bonuses are recognised in profit or loss for the year as employee benefits expense when incurred. Past service costs, if any, are expensed when incurred.

As explained in IAS 19, Employee Benefits, paragraph 133, the Company does not distinguish current and non-current portions of defined benefit obligations and presents the estimate as a whole within non-current liabilities.

q) Mandatory Insurance and Social Security and Pension Schemes

The Company is required to make contributions to various mandatory insurance schemes, in addition to the contributions made by employees. The expenses for social security are recognised through the statement of profit or loss and other comprehensive income in the period when the related salary cost is incurred.

r) Provisions

Provisions are recognised when the Company has a present legal or constructive obligation as a result of a past event and it is probable that an outflow of resources embodying economic benefits will be required to settle that obligation, and the amount of obligation can be estimated reliably. Provisions are measured on the basis of the Management's best estimate of the cost of the liability settlement as at the reporting date. Where the effect is material, provisions are determined by discounting the expected future cash flows using a pre-tax discount rate that reflects current market assessments of the time value of money and, where appropriate, the risks specific to the liability.

s) Emission Rights

Green energy subsidies are received based on the quantity of generated and used of electricity generated by eligible turbines for which a certification of the regulatory body is issued based on the requirements of the relevant legislation.

Emission rights granted are recorded at their nominal value, i.e. zero.

The Company had an obligation to deliver emissions rights for actually produced emissions. The Company has opted to record emission rights received using the net liability method. The Company does not record any liability for actual emissions rights on the basis that the Company has received adequate emission rights to cover its actual emissions.

t) Trade and Other Payables

Trade and other payables are initially measured at fair value and subsequently at amortised cost using the effective interest rate method.

u) Revenue Recognition

Revenue from contracts with customers

(i) Sale of Products and Goods
For sales of products and goods, revenues are recognised when all significant risks and rewards of ownership have been transferred to the buyer and no significant uncertainties remain regarding the collection of consideration, associated costs and possible claims or returning of products and goods. Revenues are stated net of taxes and discounts. No revenue is recognised if there are significant uncertainties regarding the settlement of the consideration due, the associated costs or the possible return of goods, or the continuous involvement of the Company in managing the goods.

(ii) Sales of Services

Revenue from services is recognized there, where the particular services were provided, depending on the degree of completion at the balance sheet date. Revenue from services is recognised in the accounting period in which the services are provided, with respect to the degree of completion of a particular transaction that is estimated on the basis of the service actually provided as a proportion of the total service to be provided.

Other Revenue

(iii) Sale of Green Energy and Greenhouse Gas Emission Rights

The revenues from the sale of green energy and greenhouse gas emission rights are recognized when all significant risks and rewards of ownership have been transferred to the buyer. The emission rights are quoted and sold on an active market.

v) Expenses

Finance Costs and Income

Finance costs and income comprise interest payable on received loans and borrowings calculated using the effective interest rate method, interest received, dividend income and foreign exchange gains and losses, and bank fees. Borrowing costs directly attributable to the acquisition of non-current tangible assets are recognised through profit and loss when incurred.

Financial expenses also include impairment of financial investments in subsidiaries (see point i) in this section of the notes).

Interest income is recognised in the statement of profit or loss and other comprehensive income on an accrual basis using the effective yield method. Dividend income is recognised through profit and loss on the date when the dividend is declared.

w) Leases

In case there is a right to classify the use of an identified asset for more than one year, the asset with the right of use, that represents the Company's right to use the underlying leased asset, and a lease liability that represents the Company's liability to pay the lease payments is recognized in the Company's balance sheet at the beginning of lease.

An asset with a right to use is initially measured at cost and includes the amount of the initial measurement of the lease liability, all lease payments made prior to the commencement date and an estimate of the costs incurred by the lessee in dismantling and removing the asset and in restoring the place in which it is located or when restoring an asset to a condition required by the lease conditions. Subsequently, the right to use assets is measured at cost less accumulated depreciation and accumulated revaluation losses adjusted for revaluation of the lease obligation as a result of a reassessment of the lease, a change in the extent of the lease or a change in the lease payment.

Depreciation/Amortisation of an asset with a right to use is presented in the statement of profit or loss and other comprehensive income from the beginning of the lease term to either the end of the asset's life or the end of the lease period, whichever comes first. The lease period is an irrevocable leasing period and includes an option to extend the lease where it is reasonably certain that the option will be exercised. Where a lease also includes a call option, the asset is depreciated/amortised over its useful life if it is reasonably certain that the call option will be exercised. Assets with a right of use are depreciated as follows:

Land	12-40 years
Machinery and equipment	4-25 years
Vehicles	4-12 years

The lease liability is measured at the present value of future lease payments net of rental discounts, including variable payments that depend on the index or rate and the call option price, if it is certain that the option will be exercised and the prices of the early termination of the lease if the lease term reflects the exercise of that option, discounted using the lease implicated interest rate that is easy to determine. If it is not easy to determine, the incremental interest rate is applied to the lessor.

Minimum lease payments are apportioned between the finance expense and the reduction of the outstanding liability. The finance expense is allocated to the whole lease period so as to produce a constant interest rate on the remaining balance of the liability. The interest expense component of finance lease payments is recognised through the statement of profit or loss and other comprehensive income using the effective interest rate method.

The carrying amount of the liability is revalued to reflect the reassessment of the lease, the change in the extent of the lease or the change in the lease payment.

Lease payments with a lease term of up to one year or small lease payments up to the value of total instalments in the present value of no more than EUR 10 thousand are charged on a straight-line basis over the lease term. Lease costs are presented as other services in the statement of profit or loss and other comprehensive income.

x) Government Grants

A government grant is recognised in the statement of financial position when it is certain that the grant will be received and that the Company complies with the conditions attached thereto. Grants for the reimbursement are recognized as income over the period necessary to compensate for the systematic grant with the costs on which payment of the grant is intended. Grants for the acquisition of non-current tangible assets are recognised through the statement of profit or loss and other comprehensive income in other income on a systematic basis over the useful life of the assets.

y) Income Tax

Income tax for the year represents current tax and deferred tax.

Current tax is based on the taxable profit for the year. Taxable profit differs from profit as reported in the statement of profit or loss and other comprehensive income because it excludes items of income and expense that are taxable or deductible in another years and it further excludes items that are not taxable or deductible. The Company's current tax liability is calculated using the tax rates that are valid or enacted until the preparation date of the statement of financial position.

Deferred tax assets and liabilities are provided, using a balance sheet method, on temporary differences between the tax bases of assets and liabilities and their values arising from the statement of financial position. Deferred tax liabilities are generally recognised for all taxable temporary differences and deferred tax assets are recognised to the extent that it is probable that taxable profits will be available against which deductible temporary differences can be utilised. Such assets and liabilities are not recognised if the temporary difference arises from goodwill or from the initial recognition (other than in a business combination) of other assets and liabilities in a transaction that affects neither the taxable profit nor the accounting profit.

The carrying amount of deferred tax assets is reviewed at each reporting date and reduced to the extent that it is no longer probable that sufficient taxable profits will be available to allow all or part of the asset to be recovered.

Deferred tax is calculated at the tax rates that are expected to apply in the period in which the liability is settled or the asset realised. In determining the deferred income tax, the expected tax rate applicable for the following years, i.e. 21%, was used. Deferred tax is charged or credited to profit or loss, except when it relates to items charged or credited directly to equity. In such case the deferred tax is also dealt with in equity.

Deferred tax assets and liabilities are offset when there is a legally-enforceable right to offset current tax assets against current tax liabilities and when they relate to income taxes levied by the same taxation authority and the Company intends to settle its current tax assets and liabilities on a net basis.

The Company applies income tax relief on the basis of a decision by the competent authority to implement investment plans related to the procurement of a new regeneration boiler and a new paper machine, including the related infrastructure. This income tax allowance is considered an investments tax incentive and is recognized as a reduction in the income tax as the credit is realized and a reduction in the income tax liability in the statement of financial position of the Company. No deferred tax asset is recognized when a tax credit arises.

Fulfilment of the conditions for the application of the relief is shown by the Company annually by the end of April of the current year for the previous year to the competent authority in the form of a report on the assessment of the eligible costs related to the project for which relief has been granted.

Many areas of Slovak tax law have not been sufficiently tested in practice, so there is some uncertainty as to how the tax authorities would apply them. The extent of this uncertainty cannot be quantified. The uncertainty will be reduced only if legal precedents or official interpretations are available. In relation to this, the Company's management is not aware of any circumstances that may give rise to a future material expense.

z) Comparatives

Some comparatives for the prior period in the current-year financial statements were changed in order to ensure better comparability with data presented for the current period. The changes in the presentation of the comparatives did not affect the total amount of assets, equity or the result of operations of the previous period.

4. CRITICAL ACCOUNTING JUDGMENTS AND KEY SOURCES OF ESTIMATION UNCERTAINTY AND ERRORS

a) Critical Accounting Judgements

In the process of applying the Company's accounting policies, which are described in the Note 3, the Company has made the following judgements on aspects that have the most significant effect on the amounts recognised in the financial statements. There are risks that potential adjustments in future periods relating to such matters will be necessary, including the following:

(i) Useful Lives

Non-current tangible and intangible assets are depreciated/amortized in accordance with their estimated actual useful life. The straight-line depreciation method is used (further details are described in the Note 3 g).

The economic useful life of tangible fixed assets stated in the Note 3 g) was based on the best estimate of the Company's management. Should the estimated full useful life of non-current tangible assets be shorter by 10%, the Company would record additional depreciation charge of non-current tangible assets of EUR 5,819 thousand (2021: EUR 5,493 thousand). Should the estimated full useful life of non-current tangible assets be longer by 10%, the Company would record depreciation charge lower by EUR 4,761 thousand (2021: EUR 4,494 thousand).

(ii) Significant estimate: impact of possible changes in key assumptions

As at 31.12.2022, the Company has identified indicators for impairment of financial investments in both Austrian subsidiaries Mondi Neusiedler, GmbH, and Ybbstaler Zellstoff, Gmbh.

The Company recognized the impairment loss in the amount of the residual values of financial investments in both Austrian subsidiaries in 2022.

5. REVENUES

Analysis of the Company's revenues for the year:

(EUR'000)	*Year ended 31 December 2022*	*Year ended 31 December 2021*
Revenues from contracts with customers		
Revenues from the sale of Company's main activity products	852,708	576,140
Revenues from the sale of Company's secondary activities products	12,393	10,163
Revenues from provision of services	4,006	3,643
Total revenues from contracts with customers	**869,107**	**589,946**
Other revenues		
Revenues from green energy sales and CO2 emissions	5,191	5,995
Total other revenues	**5,191**	**5,995**
Total	**874,298**	**595,941**

Revenues from the sale of Company's main activity products include sales of office paper, wrapping paper and pulp. Revenues from the sale of Company's secondary activities products include revenue from sales of energy, wood and material inventories.

The increase in revenue from the sale of production from the main activities compared to the previous year was caused mainly by a significant increase in prices, especially office paper and also by the increase packaging paper prices. The total amount of paper sold was approximately the same compared to last year, with office paper accounting for 63% of total sales (66% in 2021), packaging paper from Paper Machine 1 accounting for 8% of total sales (the same as in 2021), and packaging paper from the new Paper Machine 19 accounting for 29% of total sales (26% in 2021).

Revenue from contracts with customers from the sale of production of the Company's main activities by segment:

(EUR'000)	*Year ended 31 December 2022*	*Year ended 31 December 2021*
Office paper	578,296	365,105
Packaging paper– PS1	69,157	51,500
Packaging paper – PS19	185,985	115,758
Cellulose	19,270	43,777
Celkom	**852,708**	**576,140**

Analysis of revenues from the contracts with customers from the sale of main and secondary activities:

The Company mainly generates revenues from the sale of its own products, which are office paper, packaging paper and pulp. Revenue is generally recognized at a particular time, typically when the goods are delivered to a contractually agreed location. Customer payment terms do not include any significant financial components.

The Company provides transport services related to the delivery of goods to the customer before the transfer of control over the goods to the customer. These transport services do not constitute a separate obligation to fulfil and the Company has assessed them as insignificant.

Revenues from the contracts with customers (except the revenues from provision of services) by country and region:

(EUR'000)	*Year ended 31 December 2022*	*Year ended 31 December 2021*
Western Europe	805,167	525,065
Slovakia	52,227	34,241
Eastern Europe	7,707	26,990
South Africa	-	7
Total	**865,101**	**586,303**

Revenue from contracts with customers (except the revenues from provision of services) by products:

(EUR'000)	*Year ended 31 December 2022*	*Year ended 31 December 2021*
Paper	833,438	532,363
Pulp	19,270	43,777
Revenues from the sale of Company's production from the main activities	**852,708**	**576,140**
Energy	9,799	7,900
Other	2,594	2,263
Revenues from the sale of Company's secondary activities products	**12,393**	**10,163**
Total	**865,101**	**586,303**

Revenue from contracts with customers (except the revenues from provision of services) outside Mondi Group by products:

(EUR'000)	*Year ended 31 December 2022*	*Year ended 31 December 2021*
Paper	36,671	21,715
Pulp	14,335	35,406
Revenues from the sale of Company's production from the main activities	**51,006**	**57,121**
Energy	9,794	7,875
Other	2,534	1,965
Revenues from the sale of Company's secondary activities products	**12,328**	**9,840**
Total	**63,334**	**66,961**

None of the external customers had revenues higher than 10% of the total external revenues for both years. The Company has no significant assets or liabilities arising from contracts with customers. No costs arising from customer contracts were capitalised. The Company does not disclose information on other performance obligations under contracts with customers that have an original expected duration of 1 year or less than permitted by IFRS 15.

Revenue from contracts with related parties within the Mondi Group (except the revenues from provision of services) by products:

(EUR'000)	*Year ended 31 December 2022*	*Year ended 31 December 2021*
Paper	796,767	510,648
Pulp	4,935	8,371
Revenues from the sale of Company's production from the main activities	**801,702**	**519,019**
Revenues from the sale of Company's secondary activities products	**65**	**324**
Total	**801,767**	**519,343**

Revenue from contracts with related parties within the Mondi Group (except the revenues from provision of services) by customers:

(EUR'000)	*Year ended 31 December 2022*	*Year ended 31 December 2021*
Mondi Paper Sales, Gmbh, Austria	796,668	510,241
Mondi Neusiedler, GmbH, Austria	4,935	8,371
Other	164	731
Total	**801,767**	**519,343**

6. RAW MATERIALS AND CONSUMABLES

Analysis of raw materials and consumables:

(EUR'000)	*Year ended 31 December 2022*	*Year ended 31 December 2021*
Raw materials, auxiliary materials (wood, pulp, recycled paper, chemicals, others)	358,440	270,698
Energy	150,639	86,699
Maintenance	40,614	34,153
Packages	14,267	11,720
Other (manufacturing services, water, other)	12,694	12,718
Total	**576,654**	**415,988**

7. CONSUMPTION OF OTHER SERVICES

Analysis of consumption of other services:

(EUR'000)	*Year ended 31 December 2022*	*Year ended 31 December 2021*
Management and marketing services	4,866	8,969
Insurance	4,297	3,534
Legal, advisory and auditing services	3,796	2,499
Hiring employees and contractor costs	2,843	2,258
IT and telecommunication services	2,841	2,302
Outsourcing	2,815	3,459
Costs associated with sales	2,450	2,248
Safety and health at work	1,682	2,085
Maintenance of non-production facilities	1,566	1,496
Services connected with the liquidation of long-term assets	810	593
Rent	803	1,284
Advertising costs	790	619
Personnel services, travel expenses	683	719
Cleaning of technological equipment	683	603
Taxes and fees	558	556
Other	2,951	2,816
Total	**34,434**	**36,040**

Legal, advisory and auditing services include expenses for auditing services in the amount of EUR 104 thousand (2021: EUR 93 thousand).

8. PERSONNEL COSTS

Personnel costs incurred in the reporting period include the following categories:

(EUR'000)	*Year ended 31 December 2022*	*Year ended 31 December 2021*
Wages	35,501	33,000
Social costs	12,907	11,979
Other	1,506	1,582
Total	**49,914**	**46,561**

9. OTHER OPERATING INCOME AND EXPENSES

Other operating income and expenses for the period are as following:

(EUR'000)	*Year ended 31 December 2022*	*Year ended 31 December 2021*
State compensation for electricity prices for the previous year	4,647	3,093
Gain on litigation for previous years	-	1,483
Excise duty on natural gas from previous years	95	(786)
Other	445	12
Total	**5,187**	**3,802**

10. FINANCIAL INCOME AND FINANCIAL COSTS

Analysis of financial income for the period:

(EUR'000)	*Note*	*Year ended 31 December 2022*	*Year ended 31 December 2021*
Interest income		463	14
Total financial income		**463**	**14**

Analysis of financial costs for the period:

(EUR'000)	*Note*	*Year ended 31 December 2022*	*Year ended 31 December 2021*
Interest expense		975	1,135
Total financial costs		**975**	**1,135**

11. INCOME TAX

Analysis of income tax for the period:

(EUR'000)	*Note*	*Year ended 31 December 2022*	*Year ended 31 December 2021*
Current tax		9,033	1,171
Deferred tax	22	6,074	635
Income tax for the year		**15,107**	**1,806**

Income tax is calculated at 21% rate of the taxable profit for 2022 and 2021.

The total charge for the year can be reconciled to the accounting profit as follows:

	Year ended 31 December 2022		*Year ended 31 December 2021*	
	(EUR'000)	*%*	*(EUR'000)*	*%*
Profit before tax	31,429		11,427	
Tax calculated at the local income tax rate	6,600	21.0	2,400	21.0
Permanent differences	14,228		223	
Tax relief	(5,495)		(656)	
Accruals and other differences	(226)		(161)	
Income tax and effective tax rate for the year	**15,107**	**48,1**	**1,806**	**15.8**

Permanent differences for 2022 include tax in the amount of EUR 14,029 thousand, which is due to the reduction in the value of the financial investment in the Austrian companies Mondi Neusiedler, GmbH and Ybbstaler Zellstoff, GmbH.

In 2022, the Company applied income tax relief of EUR 5,495 thousand (2021: EUR 656 thousand), received under the investment aid provided in the total amount of EUR 48,836 thousand for the realization of an investment project related to the acquisition of a new paper machine and the related infrastructure.

The final decision on the application of the tax relief for 2022 will be taken during preparation of the tax return for 2022.

Analysis of current tax receivable/(liability):

(EUR'000)	*2022*	*2021*
As at 1 January	(160)	2,303
Current year's expense	(14,090)	(1,680)
Last year's expense	(438)	(146)
Tax relief	5,495	654
Payment of commitment/(Receipt of receivable) from previous year	598	(2,157)
Advances paid for the current year	1,341	866
As at 31 December	**(7,254)**	**(160)**

12. INTANGIBLE ASSETS

Analysis of intangible assets for the year ended 31 December 2022 and 31 December 2021:

(EUR'000)	***Intangible assets***	
	2022	**2021**
Cost		
As at 1 January	8,451	7,544
Additions	943	501
Transfers	146	466
Disposals	(65)	(60)
As at 31 December	**9,475**	**8,451**
Accumulated Amortisation		
As at 1 January	7,279	7,007
Charge for the year	475	332
Disposals	(65)	(60)
As at 31 December	**7,689**	**7,279**
Carrying amount		
As at 1 January	**1,172**	**537**
As at 31 December	**1,786**	**1,172**

Intangible assets comprise software and acquired intangible assets (software). Intangible assets have limited useful lives over which they are amortised. The amortisation period for software is four years.

Non-current intangible assets under construction as at 31 December 2022 amounted to EUR 96 thousand (as at 31 December 2021: EUR 26 thousand).

13. PROPERTY, PLANT AND EQUIPMENT

Analysis of property, plant and equipment for the year ended 31 December 2022:

(EUR'000)	*Land and Buildings*	*Machines and Equipment*	*Assets under Construction and Advances Paid*	*Other Non-Current Tangible Assets*	*Total*
Cost					
As at 1 January 2022	323,474	1,337,478	16,458	19,813	1,697,223
Additions	-	-	21,234	-	21,234
Disposals	(177)	(3,566)	-	(831)	(4,574)
Transfers	5,964	12,057	(18,323)	156	(146)
As at 31 December 2022	**329,261**	**1,345,969**	**19,369**	**19,138**	**1,713,737**
Accumulated depreciation and impairment					
As at 1 January 2022	129,878	865,105	-	11,568	1,006,551
Annual depreciation charge and impairment	8,754	42,488	-	932	52,174
Disposals	(177)	(3,563)	-	(831)	(4,571)
As at 31 December 2022	**138,455**	**904,030**	-	**11,669**	**1,054,154**
Carrying amount					
As at 1 January 2022	**193,596**	**472,373**	**16,458**	**8,245**	**690,672**
As at 31 December 2022	**190,806**	**441,939**	**19,369**	**7,469**	**659,583**

Analysis of property, plant and equipment for the year ended 31 December 2021:

(EUR'000)	*Land and Buildings*	*Machines and Equipment*	*Assets under Construction and Advances Paid*	*Other Non-Current Tangible Assets*	*Total*
Cost					
As at 1 January 2021	235,302	1,148,248	250,895	13,446	1,647,891
Additions	-	-	59,515	-	59,515
Disposals	(600)	(9,395)	-	(98)	(10,093)
Transfers	88,772	198,249	(293,952)	6,465	(466)
Reclassification	-	376	-	-	376
As at 31 December 2021	**323,474**	**1,337,478**	**16,458**	**19,813**	**1,697,223**
Accumulated depreciation and impairment					
As at 1 January 2021	122,201	832,844	-	10,837	965,882
Annual depreciation charge and impairment	8,277	41,280	-	828	50,385
Disposals	(600)	(9,395)	-	(97)	(10,092)
Reclassification	-	376	-	-	376
As at 31 December 2021	**129,878**	**865,105**	-	**11,568**	**1,006,551**
Carrying amount					
As at 1 January 2021	**113,101**	**315,404**	**250,895**	**2,609**	**682,009**
As at 31 December 2021	**193,596**	**472,373**	**16,458**	**8,245**	**690,672**

The increase in long-term assets was mainly represented by expenses for maintenance and development projects within the regular budget of the Company.

The useful lives of each type of asset are described in Note 3 g).

The method and amount of insurance of non-current intangible assets, non-current tangible assets and inventories is shown in the following table (EUR'000):

Insured Object	*Type of Insurance*	*Insurance amount* *31 December 2022*	*31 December 2021*
Passenger vehicles	Against theft, motor hull	77	82
Property, plant and equipment	Against natural disasters	2,057,741	1,757,645
Machines and equipment	Machine breakage	1,495,693	1,283,574
Inventories	Against natural disasters	60,493	59,023

The Company did not recognise any pledged assets. The Company's assets are not subject to any liens that restrict the Company's handling of intangible and tangible assets.

The Company does not have any tangible and intangible fixed assets owned by other entities.

14. INVESTMENTS IN SUBSIDIARIES

Overview of the Company's subsidiaries at 31 December 2022:

Name and registered office of the Company	*Cost (EUR'000)*	*Valuation Allowance (EUR'000)*	*Nominal Value per Share (EUR)*	*Share in Share Capital (%)*	*Equity* (EUR'000)*	*Profit/(Loss) for the Current Year* (EUR'000)*
Obaly S O L O, s. r. o., Ružomberok, SK	3,935	-	-	100	4,859	9
SLOVWOOD Ružomberok, a. s., Ružomberok, SK	393	-	3,319.39	66	1,069	165
Strážna služba VLA-STA, s. r. o., Ružomberok, SK	6	-	-	100	302	34
Mondi Neusiedler GmbH, Hausmening, Austria	64,570	(64,570)	-	94.90	8,203	(1,899)
Ybbstaler Zellstoff GmbH, Kematen, Austria	6,376	(6,376)	-	94.90	10,477	2,645
Slovpaper Recycling, s. r. o., Ružomberok, SK	495	-	-	85	(237)	49
Total	**75,775**	**(70,946)**	x	x	x	x

Overview of the Company's subsidiaries at 31 December 2021:

Name and registered office of the Company	*Cost (EUR'000)*	*Valuation Allowance (EUR'000)*	*Nominal Value per Share (EUR)*	*Share in Share Capital (%)*	*Equity* (EUR'000)*	*Profit/(Loss) for the Current Year* (EUR'000)*
Obaly S O L O, s. r. o., Ružomberok, SK	3,935	-	-	100	4,850	3
SLOVWOOD Ružomberok, a. s., Ružomberok, SK	393	-	3,319.39	66	899	71
Strážna služba VLA-STA, s. r. o., Ružomberok, SK	6	-	-	100	258	59
Mondi Neusiedler GmbH, Hausmening, Austria	64,570	(4,143)	-	94.90	7,382	(15,117)
Ybbstaler Zellstoff GmbH, Kematen, Austria	6,376	-	-	94.90	7,716	(2,638)
Slovpaper Recycling, s. r. o., Ružomberok, SK	495	-	-	85	(292)	82
Total	**75,775**	**(4,143)**	**x**	**x**	**x**	**x**

The Companies' voting rights are equal to the shares in the share capital.

*) *Equity and profit/(loss) for the current period according to the Slovak accounting standards for Slovak companies and according to IFRS for Austrian companies. The data is not verified by the auditor.*

As at 31 December 2022 and 31 December 2021, the Company has no associates and joint ventures.

Analysis of the investments movement in subsidiaries for the year ended 31 December 2022 and 31 December 2021:

(EUR'000)	**2022**	**2021**
Cost		
As at 1 January	75,775	61,540
Additions	-	14,235
As at 31 December	**75,775**	**75,775**
Valuation allowance		
As at 1 January	4,143	4,143
Additions	66,803	-
As at 31 December	**70,946**	**4,143**
Carrying amount		
As at 1 January	**71,632**	**57,397**
As at 31 December	**4,829**	**71,632**

In 2021, the Company made an additional contribution to the equity of the subsidiary Mondi Neusiedler GmbH., Austria, of EUR 14,235 thousand.

For impairment assessment and testing of investments in subsidiaries see more details in note 4 (ii).

15. INVENTORIES

Overview of inventories:

(EUR'000)	*31 December 2022*	*31 December 2021*
Raw materials, consumables and spare parts	49,667	27,252
Work in progress and semi-finished goods	19,693	15,982
Finished goods	19,253	20,038
Total	**88,613**	**63,272**

Cost of inventories charged as an expense is disclosed in Note 6.

The inventory listed in the table above is recognised net of provision.

As at 31 December 2022, the Company recorded provisions in the amount of EUR 19,263 thousand (2021: EUR 16,022 thousand) for obsolete and slow-moving inventories based on a detailed analysis of individual items of inventories. The analysis was prepared by the Company as at the year-end which was based on an assessment of the net realisable value of inventories.

The Company reassessed the recorded provisions for inventories and came to the conclusion that the amount of the provisions is sufficient.

Movements in the provisions for inventories:

(EUR'000)	*2022*	*2021*
As at 1 January	16,022	15,778
Additions	468	445
Used and released	(227)	(201)
As at 31 December	**19,263**	**16,022**

16. TRADE AND OTHER RECEIVABLES

Overview of the Company's non-current trade and other receivables:

(EUR'000)	*31 December 2022*	*31 December 2021*
Other receivables	290	696
Total	**290**	**696**

The Company's non-current other receivables represent a receivable from a litigation from previous periods, which was settled during 2021.
Overview of data on current trade receivables and other receivables:

(EUR'000)	*31 December 2022*	*31 December 2021*
Receivables from the sale of finished goods and services	87,739	94,116
Tax receivables	17,270	8,578
Advances provided	1,165	1,332
Other receivables	629	417
Total	**106,803**	**104,443**

As at 31 December 2022 the Company has a provision for estimated irrecoverable receivables from the sale of finished goods and other receivables in the amount of EUR 155 thousand (2021: EUR 109 thousand).

The amount of the provision was determined based on experience with the unsuccessful collection of such receivables in the past. The management believes that the carrying amount of trade and other receivables approximates their fair value.

The table below presents a breakdown of receivables from the sale of goods and services and other receivables by maturity (gross):

(EUR'000)	*31 December 2022*	*31 December 2021*
Within maturity	106,506	103,230
Overdue	452	1,322
Total	**106,958**	**104,552**

The Company received no collateral or other forms of security in respect of its receivables. Risk of no collection is covered by the insurance program of the Mondi Group and EXIM Bank. The Company recorded no receivables secured by a lien.

17. CASH AND CASH EQUIVALENTS

Cash and cash equivalents comprise balance on bank accounts and cash on hand including the Company's cash and short-term bank deposits with original maturity not exceeding three months. The carrying amount of the assets approximates their fair value.

No encumbrance is attached to cash and cash equivalents that would result in any restrictions of the Company's asset handling.

For the purpose of the statement of cash flows, cash and cash equivalents also include overdraft facilities.

(EUR'000)	*31 December 2022*	*31 December 2021*
Cash and cash equivalents	5,237	1,018
Total	**5,237**	**1,018**

18. SHARE CAPITAL

Share capital was issued in the form of bearer shares. As at 31 December 2022 and 2021, the total number of issued shares was 4,635,034 with nominal value per share in amount of EUR 33,193919. All of the Company's shares were paid. None of the Company's shares is quoted on the stock exchange.

19. OTHER COMPONENTS OF EQUITY

As at 31 December 2022, other components of equity consisted of capital reserves funds and other capital reserves.

The total amount of capital reserves funds was EUR 87,550 thousand. Capital reserves funds consisted in particular of the legal reserve fund in the amount of EUR 48,330 thousand, statutory reserves in the amount of EUR 36,152 thousand and additionally paid-up capital in the amount of EUR 3,068 thousand.

Other reserves consist of actuarial loss on employee benefits after termination of employment, a fund for revaluing the investment at the formation of Obaly S O L O, s. r. o., and a fund for the difference arising from the purchase of part Obaly S O L O, s. r. o., in total EUR (515) thousand as at 31 December 2022.

20. EMPLOYEE BENEFIT PLAN OBLIGATIONS

The Company estimated a provision for retirement payments and other long-term employee benefits based on an actuarial valuation.

The long-term employee benefit plan is a defined benefit scheme of the Company under which employees are entitled to a lump-sum benefit upon old age or disability retirement in an amount equalling a certain percentage of the annual Company average wage subject to defined requirements, and to regular loyalty benefits and jubilee bonuses. As at 31 December 2022, the scheme applied to all Company's employees. As at the above date, the scheme was not funded, i.e. there were no assets specifically allocated to cover liabilities resulting from the scheme.

Employee benefit plans are subject to the following risks:

Investment risk (Asset volatility)

The present value of the net retirement benefit liability/asset is calculated using a discount rate determined by reference to high-quality corporate bond yields. Currently, the plan assets have a relatively balanced investment in equity and bonds. Due to the non-current nature of the plan liabilities, the boards of trustees consider it appropriate that a reasonable portion of the plan assets should be invested in equities.

Interest risk

A decrease in the corporate bond interest rate will increase plan liabilities, however, this will be partially offset by an increase in the value of the plan's fixed rate debt instruments.

Longevity risk

The present value of the net retirement benefit liability/asset is calculated by reference to the best estimate of the mortality of plan participants both during and after their employment. An increase in the life expectancy of the plan participants will increase the plan liabilities.

Salary risk

The present value of net post-employment benefits is calculated by reference to the future earnings of plan participants. Increase of earnings of plan participants will increase the plan's liabilities.

Analysis of the expected maturity of undiscounted benefits (retirement) after the termination of employment is shown in the following table:

(EUR'000)	*As at 31 December 2022*	*As at 31 December 2021*
Within one year	76	95
1 – 2 years	65	73
2 – 5 years	305	284
Over 5 years	3,409	3,012
Total	**3,855**	**3,464**

Key actuarial assumptions:

	Year ended 31 December 2022	*Year ended 31 December 2021*
Real discount rate p.a.	3.0%	0.6%
Inflation	3.3%	3.2%
Labour turnover p.a.	1.0%	1.0%
Retirement age, men/women	64/64	63/63
Mortality and disability table	For the Slovak Republic for the year 2012	For the Slovak Republic for the year 2012
Expected increase in wages	3.0%	2.5%
Future growth of pensions	n/a	2.0%

Movements in the employee benefit plan obligations for the year ended 31 December 2022:

(EUR'000)	*Payable from Entitlement to Retirement Payment*	*Payable from Jubilee Benefits*	*Total*
As at 1 January 2022	2,000	2,202	4,202
Additions	131	12	143
Use and release	(464)	(274)	(738)
As at 31 December 2022	**1,667**	**1,940**	**3,607**

Movements in employee benefit plan obligation for the year ended 31 December 2021:

(EUR'000)	*Payable from Entitlement to Retirement Payment*	*Payable from Jubilee Benefits*	*Total*
As at 1 January 2021	2,002	2,082	4,084
Additions	129	335	464
Use and release	(131)	(215)	346
As at 31 December 2021	**2,000**	**2,202**	**4,202**

Amounts recognised in the statement of profit or loss and other comprehensive income:

(EUR'000)	*Year ended 31 December 2022*	*Year ended 31 December 2021*
Profit for the current year		
Defined benefit pension obligation	144	(179)
Other comprehensive income/(expense)		
Actuarial profit/(loss) on provisions from employee benefits program	451	62
Total	**595**	**(117)**

Sensitivity analysis for the defined benefit obligation from the entitlement to retirement payment for the year ended 31 December 2022:

	Sensitivity 1	***The main assumption***	***Sensitivity 2***
Discount rate	2.0%	3.0%	4.0%
Net liability on defined benefit pension obligation (from severance claim)	1,854	1,667	1,508
Inflation	2.3%	3.3%	4.3%
Net liability on defined benefit pension obligation (from severance claim)	1,489	1,667	1,873

Sensitivity analysis for defined benefit obligation from the entitlement to retirement payment for the year ended 31 December 2021:

	Sensitivity 1	***The main assumption***	***Sensitivity 2***
Discount rate	(0.4)%	0.6%	1.6%
Net liability on defined benefit pension obligation (from severance claim)	2,241	2,000	1,797
Inflation	2.2%	3.2%	4.2%
Net liability on defined benefit pension obligation (from severance claim)	1,785	2,000	2,250

The sensitivity analysis of payable from severance benefit for the years ended 31 December 2022 and 31 December 2021 showed that the change of +/- 1% of the discount rate and the inflation did not have a significant impact on the value of the net liability from the defined employee benefits.

21. LOANS AND CREDITS

The Company's current loans analysis:

(EUR'000)	*31 December 2022*	*31 December 2021*
Short-term bank loans	6,666	14,000
Overdraft	3,410	28
Total	**10,076**	**14,028**

Movement of current loans from third parties:

(EUR'000)	*2022*	*2021*
As at 1 January	14,028	-
Drawdown of loans	3,410	14,028
Loan payments	(7,362)	-
As at 31 December	**10,076**	**14,028**

The Company's non-current loans analysis:

(EUR'000)	*31 December 2022*	*31 December 2021*
Long-term bank loans	20,000	56,000
Total	**20,000**	**56,000**

Movement of non-current loans from third parties:

(EUR'000)	*2022*	*2021*
As at 1 January	56,000	-
Drawdown of loans	-	56,000
Interest expense	208	109
Interest paid	(208)	(109)
Loan payments	(36 000)	-
As at 31 December	**20,000**	**56,000**

In 2021 year the Company draw a long-term loan in UniCredit Bank Czech Republic and Slovakia, a.s. in the amount of EUR 70,000 thousand to finance the general needs of the Company. The interest rate is 6M EURIBOR + 0.29% p.a. The balance of the loan as of 31.12.2022 amounts to EUR 26,666 thousand. The loan agreement contains no covenants.

22. DEFERRED TAX LIABILITY

The following overview shows the major deferred tax liabilities and assets recognised by the Company, and the movements therein, during the current reporting period:

(EUR'000)	*Difference in Net Book Value of Non-current Assets*	*Difference in reserves, provisions and other temporary differences*	*Total*
As at 1 January 2022	39,877	(7,060)	32,817
Recognised in the profit or loss	6,718	(644)	6,074
Recognised in equity	-	94	94
As at 31 December 2022	**46,595**	**(7,610)**	**38,985**

The following overview shows the major deferred tax liabilities and assets recognised by the Company, and the movements therein, during the prior reporting period:

(EUR'000)	*Difference in Net Book Value of Non-current Assets*	*Difference in reserves, provisions and other temporary differences*	*Total*
As at 1 January 2021	37,963	(5,794)	32,169
Recognised in the profit or loss	1,914	(1,279)	635
Recognised in equity	-	13	13
As at 31 December 2021	**39,877**	**(7,060)**	**32,817**

All deferred tax assets and liabilities have been offset in accordance with the Company's accounting policy.

(EUR'000)	*As at 31 December 2022*	*As at 31 December 2021*
Deferred tax liabilities	46,595	39,877
Deferred tax assets	(7,610)	(7,060)
Total	**38,985**	**32,817**

Deferred income tax on items that are not recognised as an expense or income but as a part of equity was recognised against these equity items.

Deferred tax liabilities and assets ageing structure:

(EUR'000)	*As at 31 December 2022*	*As at 31 December 2021*
Deferred tax liabilities		
- due over 12 months	51,599	46,112
- due within 12 months	(5,004)	(6,235)
Subtotal	**46,595**	**39,877**
Deferred tax assets		
- due over 12 months	(5,146)	(4,809)
- due within 12 months	(2,464)	(2,251)
Subtotal	**(7,610)**	**(7,060)**
Total	**38,985**	**32,817**

23. PROVISIONS

Overview of current year provisions data:

(EUR'000)	*Provisions for the restoration of a landfill*
As at 1 January 2022	2,569
Additions	(35)
As at 31 December 2022	**2,534**

Overview of previous year provisions data:

(EUR'000)	*Provisions for the restoration of a landfill*
As at 1 January 2021	2,518
Additions	51
As at 31 December 2021	**2,569**

The decrease in the non-current provisions for the restoration of a landfill are related to the cost of monitoring the landfill as at 31 December 2022 in the amount of EUR 35 thousand (in 2021 in the amount of EUR 51 thousand related to recognition of interest to adjust the provision to net present value)

The environmental provision is made for the restoration of landfills pursuant to the applicable environmental legislation in the Slovak Republic.

The Company owns and operates the three stages of landfill where it is legally obliged to restore them after their capacity has been reached. The Company creates the provision for the estimated future payments based on the expected date of closure of these landfills.

The provision balance for the first stage of the landfill is EUR 14 thousand, this has been closed and is being used to reimburse the costs associated with its monitoring. The second stage of the landfill, that has a balance of EUR 997 thousand, was scheduled to close by the end of 2017 and its restoration started in 2018. The provision was calculated using a discount rate of 8% and an average annual inflation of 4.4%. The third stage of the landfill, for which the provision of EUR 1,523 thousand is created, was initially planned to close by the end of 2022, a new assumption for its closure is the first half of 2023. The provision was calculated using a discount rate of 6.97% and an average annual inflation of 1.4%.

24. TRADE AND OTHER PAYABLES

Overview of trade payables and other payables:

(EUR'000)	*As at 31 December 2022*	*As at 31 December 2021*
Trade payables	178,236	135,252
CAPEX trade payables	6,037	13,974
Other payables	12,026	11,706
Total	**196,299**	**160,932**

Breakdown of trade payables by maturity:

	Maturity				
(EUR'000)	*Due within Maturity Period*	*Restraint*	*Up to 365 Days Overdue*	*Over 365 Days Overdue*	*Total*
As at 31 December 2022					
Trade payables (including CAPEX payables)	171,774	4,290	7,777	432	**184,273**
As at 31 December 2021					
Trade payables (including CAPEX payables)	132,971	7,689	8,495	71	**149,226**

In 2022, the retention up to one year after the maturity was in the amount of EUR 2,789 thousand, over one year after the maturity in the amount of EUR 1,501 thousand (2021: up to one year in the amount of EUR 6,380 thousand, over one year in the amount of EUR 1,309 thousand).

Other current payables comprise the following:

(EUR'000)	*As at 31 December 2022*	*As at 31 December 2021*
Payables to employees, from social security insurance and other taxes	9,383	8,306
Accrued liabilities	2,351	2,669
Social fund	214	646
Other	78	85
Total	**12,026**	**11,706**

The Company's recorded payables were not secured as a lien. During the year, the Social Fund amounted to EUR 439 thousand was created according to the valid regulations and drawn mainly for the meals for the employees and regeneration of the workforce in amount of EUR 871 thousand.

25. LEASES

The Company has entered into various leasing contracts. Leases of buildings and land have an average lease term of 40 years, machines and equipment 15 years and other leased assets 4 years.

Assets with a Right to Use

The analysis of movements of the Company's leased assets with the right to use for the year ended 31 December 2022:

(EUR'000)	*Land and Buildings*	*Machinery and Equipment*	*Other Non-current Tangible Assets*	*Total*
Cost				
As at 1 January 2022	205	31,634	1,508	33,347
Additions	-	227	3,173	3,400
Disposals	(70)	-	(359)	(429)
As at 31 December 2022	**135**	**31,861**	**4,322**	**36,318**
Accumulated depreciation and impairment				
As at 1 January 2022	39	4,906	827	5,772
Annual depreciation and impairment	42	2,190	609	2,841
Disposals	(26)	-	(326)	(352)
As at 31 December 2022	**55**	**7,096**	**1,110**	**8,261**
Carrying amount				
As at 1 January 2022	**166**	**26,728**	**681**	**27,575**
As at 31 December 2022	**80**	**24,765**	**3,212**	**28,057**

The analysis of movements of the Company's leased assets with the right to use for the year ended 31 December 2021:

(EUR'000)	*Land and Buildings*	*Machinery and Equipment*	*Other Non-current Tangible Assets*	*Total*
Cost				
As at 1 January 2021	67	31,142	1,375	32,584
Additions	138	868	509	1,515
Disposals	-	(376)	(376)	(752)
As at 31 December 2021	**205**	**31,634**	**1,508**	**33,347**
Accumulated depreciation and impairment				
As at 1 January 2021	8	3,064	742	3,814
Annual depreciation and impairment	31	2,218	398	2,647
Disposals	-	(376)	(313)	(689)
As at 31 December 2021	**39**	**4,906**	**827**	**5,772**
Carrying amount				
As at 1 January 2021	**59**	**28,078**	**633**	**28,770**
As at 31 December 2021	**166**	**26,728**	**681**	**27,575**

Increase in assets with a right to use amounted to EUR 3,400 thousand in 2022 (in 2021: EUR 1,515 thousand). The most significant increase in assets with a right to use were the rental of forklifts and cars.

Leasing commitments

Maturity analysis of undiscounted cash flows:

(EUR'000)	*As at 31 December 2022*	*As at 31 December 2021*
Due within 1 year	3,096	2,710
From 1 to 5 years	10,637	8,596
Due over 5 years	13,882	15,509
Total	**27,615**	**26,815**

Lease commitments by residual maturity:

(EUR'000)	*As at 31 December 2022*	*As at 31 December 2021*
Current	2,368	1,858
Non-current	21,166	20,481
Total	**23,534**	**22,339**

The total lease payments for 2022 were EUR 2,128 thousand (in 2021: EUR 2,437 thousand).

The amount recognized through the statement of profit or loss and other comprehensive income:

(EUR'000)	*Year ended 31 December 2022*	*Year ended 31 December 2021*

Annual depreciation and impairment	(2,841)	(2,647)
Interest related to lease commitments	(668)	(665)
The cost of short-term rentals and of rentals assets with low value	(803)	(1,284)
Revenue from disposal of assets with a right-of-use	77	76
Net book value of disposed assets with the right-of-use	(76)	(61)
Total	**(4,311)**	**(4,581)**

The Company leases machinery and equipment, vehicles and also land under the ECO+ project for the PM19 paper machine and related infrastructure.

The main rental conditions are listed below:

Lease contracts are generally concluded for fixed period; machinery and equipment for 4 to 15 years; land for a longer period of 30 years or more. The rental terms are agreed on an individual basis and include fixed payment terms; when the lease payment is usually agreed for a current period for machinery and equipment on monthly basis, for land it is a longer period. Leases do not contain components that are not related to the lease of an asset with a right to use (maintenance, insurance), and therefore do not include variable payments related to these components. Machinery and equipment, vehicles and land are classified as separate asset classes with rights to use in accordance with IFRS 16.

Lease contracts can be terminated in general only by mutual agreement or by notice from the Company. The Company may terminate these contracts without giving any reason, the notice period being 3 months. Lease contracts do not contain any liabilities, and leased assets cannot be used as collateral for loans or credits.

The right to extend and terminate the contract is described above, the termination of the contract does not involve any further expenses of the Company, on the contrary, in the event of cancellation of the contract before the expiration of the lease period, the Company is entitled to repay proportional part of the rent already paid.

The most significant lease agreement is the agreement concluded between the parent company Mondi SCP, a.s., and Linde GAS, k. s., for the supply of oxygen and ozone, which also includes the lease of equipment for the production of compressed oxygen and ozone. The rental period is agreed for 15 years, after the end of the rental period the equipment remains the property of the lessor, the contract does not include an option to purchase the leased object after the end of the rental period. Fixed monthly payments for the media are agreed, which also include rental payments and also fixed monthly payments for maintenance, which are not part of the lease obligations.

26. CAPITAL RISK MANAGEMENT

The Company manages its capital to ensure that it is able to continue on a going concern basis as a healthy business with the aim of achieving the maximum return for the shareholders through an optimum debt and equity balance.

The gearing ratio at the year-end was as follows:

(EUR'000)	*As at 31 December 2022*	*As at 31 December 2021*
Debt (i)	56,427	121,899
Cash and cash equivalent and Assets from cash pooling	110,307	41,601
Net debt	(53,880)	80,298
Equity	695,162	678,484
Net debt to equity ratio	**(8%)**	**12%**

(i) Debt is defined as non-current and current loans and borrowings including leasing commitments and payables from cash-pooling.

The Payment department monitors the structure of the Company's capital on a regular basis. Based on these reviews and the approval by the General Meeting, the Company revises its overall capital structure by means of dividend pay-outs and the drawing of loans, and/or repayment of existing debts.

27. FINANCIAL RISK MANAGEMENT

Categories of Financial Instruments

Financial assets:

(EUR'000)	*Assets at FVTPL*	*Assets at Amortised Cost*
As at 31 December 2022		
Receivables including cash pooling assets	-	212,163
Cash and cash equivalents	-	5,237
Financial assets	**-**	**217,400**
As at 31 December 2021		
Receivables including cash pooling assets	-	145,722
Cash and cash equivalents	-	1,018
Financial assets	**-**	**146,740**

Financial liabilities:

(EUR'000)	*Liabilities at FVTPL*	*Liabilities at Amortised Cost*
As at 31 December 2022		
Trade and other payables	-	196,299
Credits and loans, including liabilities from cash-pooling	-	32,893
Leasing commitments	-	23,534
Financial liabilities	-	**252,726**
As at 31 December 2021		
Trade and other payables	-	160,932
Credits and loans, including liabilities from cash-pooling		99,560
Leasing commitments	-	22,339
Financial liabilities	-	**282,831**

a) Financial Risk Factors

The Company is exposed to a variety of financial risks, which include the effects of changes in foreign currency exchange rates and loan interest rates. The Company's overall risk management programme focuses on the unpredictability of financial markets and seeks to minimise potential adverse effects on the Company's financial performance. Following the adoption of the euro in Slovakia, the exchange rate risk was eliminated to a large extent.

The use of financial derivatives is governed by the Company's policies and approved by the Company's Board of Directors that provide written principles on foreign exchange risk, interest rate risk, credit risk, the use of derivative financial and non-financial instruments, and the investment of excess liquidity. The Company is not involved in trading with financial instruments and it does not use derivative financial instruments for speculative purposes.

Market Risk

Market risk includes: interest rate risk and exchange rate risk.

- **Interest Rate Risk**

The Company's operating income and operating cash flows are relatively independent of changes in market interest rates.

Interest Rate Sensitivity

The Company did not draw a long-term bank loan in 2022, and the Company's management assessed the interest rate risk as insignificant. Therefore, no sensitivity analysis was performed.

As at 31 December 2022, the Company has no open interest rate derivatives.

- **Foreign Currency Risk**

The share of monetary assets and liabilities denominated in a foreign currency to the total liabilities/assets has not been significant and represents a minor currency risk for the Company. Therefore, no sensitivity analysis was performed. The Company ensures that its net exposure is maintained at an acceptable level by buying or selling foreign currencies at spot rates when it is necessary to address short-term fluctuations.

As at 31 December 2022 the Company had no open derivative transactions.

Credit risk

The management of the Company has adopted a credit policy under which credit risk exposures are monitored on an on-going basis. Credit evaluations are performed on all customers requiring credit over a certain limit. The risk of non-collection of the receivables is covered by the insurance program of the Mondi Group and EXIM Bank. At the reporting date, there were no significant risk concentrations in the financial assets. Derivative and cash transactions are carried out only through high-credit quality financial institutions. The Company did not limit the amount of credit exposure to any financial institution.

Company's customer structure requires individual approach to credit risk assessment. Before the conclusion of the contractual relationship, the credit risk analysis is performed. Taking into account the results of the analysis and other risk-sensitive aspects, the customer is assigned a credit limit for trading, which may be external, provided by the insurance company or internal, provided by the Company. For smaller customers, prepayments are used. The methods used to analyse, evaluate and manage credit risk are effective and adequately eliminate credit risk.

The Company creates a write-off for impairment, which represents an estimate of Company losses resulting from trade and other receivables and investments. The Company creates a specific provision for receivables that assess individually and at the same time a general allowance for other receivables by applying the appropriate percentage rate based on historical data and payment statistics.

Analysis of receivables:

(EUR'000)	*As at 31 December 2022*	*As at 31 December 2021*
Impaired receivables	171	109
Receivables due but not impaired	87,115	92,685
Receivables overdue but not impaired	453	1,322
of which less 30 days overdue	*64*	*1,208*
of which over 30 days overdue	*389*	*114*
Total trade receivables (Note 16)	**87,739**	**94,116**

The Company secures trade receivables from external customers. The security table is illustrated by the following table:

(EUR'000)	*As at 31 December 2022*	*As at 31 December 2021*
Total external trade receivables	6,844	8,644
Insured receivables	(6,528)	(7,927)
Total unsecured external trade receivables	**316**	**717**

Analysis of bank accounts by rating:

(EUR'000)	*As at 31 December 2022*	*As at 31 December 2021*
Baa3 (Moody's)	5,237	1,018
Total	**5,237**	**1,018**

Liquidity risk

Prudent liquidity risk management assumes the maintenance of a sufficient amount of cash with adequate maturity, availability of financing through an appropriate amount of credit lines, and an ability to close open market positions. The Company maintains a sufficient amount of funds and marketable securities and has no open market positions.

The following tables summarise the residual maturity of the Company's non-derivative financial liabilities. The tables were prepared based on undiscounted cash flows from financial liabilities assuming the earliest possible dates on which the Company can be required to settle the liabilities.

(EUR'000)	*Weighted Average Effective Interest Rate*	*Up to 1 Month*	*1 – 3 Months*	*3 Months – 1 year*	*1 – 5 Years*	*More than 5 years*	*Total*
As at 31 December 2022							
Interest-free		161,305	5,637	34,677	1,934	-	203,553
Variable interest rate instruments		-	-	3,096	10,637	13,882	27,615
Variable interest rate instruments	6M EURIBOR + 0.29%	-	-	6,666	20,000	-	26,666
Variable interest rate instruments	€ STR + 0,40%	3,410	-	-	-	-	3,410
Variable interest rate instruments	€ STR + 0.65%	-	-	2,817	-	-	2,817
Total		**164,715**	**5,637**	**47,256**	**32,571**	**13,882**	**264,061**
As at 31 December 2021							
Interest-free		113,500	6,172	40,025	1,395	-	161,092
Variable interest rate instruments	6M EURIBOR + 0.29%	-	-	14,000	56,000	-	70,000
Variable interest rate instruments	EONIA + 0.65%	-	-	29,532	-	-	29,532
Variable interest rate instruments		-	-	2,710	8,596	15,509	26,815
Variable interest rate instruments	EONIA + 0,40% p.a.	28	-	-	-	-	28
Total		**113,528**	**6,172**	**86,267**	**65,991**	**15,509**	**287,467**

The Company has access to credit lines within cash pooling mechanism provided by ECO-INVESTMENT, a.s. (EUR 1,960 thousand) and Mondi Finance plc. (EUR 2,040 thousand); as at the date of the statement of financial position, the total undrawn amount is EUR 4,000 thousand.

Starting on 3 January 2022, the Company's bank applies a new €STR (Euro Short Term Rate) instead of the interest rate (EONIA) in accordance with the contractual documentation. The change has no significant effect on the financial instrument.

The Company assumes that the operating cash flows and proceeds from financial assets due will be used to settle other liabilities.

As at 31 December 2022, the Company reported higher current assets than current liabilities. Management does not see the risk regarding the financial position of the Company, liquidity for the repayment of liabilities based on the positive future development of the Company.

b) Fair Value Estimation

The fair values of publicly-traded derivative instruments and financial instruments are based on quoted market prices as at the reporting date.

To determine the fair values of non-traded derivative instruments and other financial instruments, the Company uses techniques and market assumptions based on the conditions existing on the market as at the reporting date. Other methods, mainly the estimated discounted value of future cash flows, are used to determine the fair value of the remaining financial instruments.

Face values less any estimated credit adjustments for financial assets and liabilities with a maturity of less than one year are assumed to approximate their fair values. The fair value of financial liabilities for disclosure purposes is estimated by discounting the future contractual cash flows at the current market interest rate available to the Company for similar financial instruments.

The Fair Value Hierarchy

The Company uses the following hierarchy to determine and recognize the fair value of financial instruments and non-financial assets using the valuation method:

Level 1: Quoted prices (unadjusted) in active markets for the same assets and liabilities.

Level 2: Other techniques where all purchases that have a significant effect on fair value are observable on the market, whether directly or indirectly.

Level 3: Techniques where inputs that have a significant impact on fair value are not based on observable market data.

Fair value revaluations

As at 31 December 2022 and 31 December 2021, the Company does not record financial instruments at fair value.

28. RELATED PARTY TRANSACTIONS

a) Shareholders Structure

Direct shareholders of the Company include: Mondi SCP Holdings B. V., with its registered office at Maastricht, the Netherlands, which owns a 51% share in the Company's share capital, and ECO-INVESTMENT, a.s., with its registered office at Náměstí Republiky 1037/3, Nové Město, 110 00 Prague 1, Czech Republic, which owns a 49% share in the Company's share capital.

The details of the transactions between the Company and other related parties are disclosed below.

b) Business Transactions

During the reporting period, the Company entered into the following business transactions with related parties:

(EUR'000)	*Year ended 31 December 2022*			
Company	*Sales of Goods and Services*	*Purchase of Goods and Services*	*Receivables*	*Payables*
Subsidiaries				
Mondi Neusiedler, GmbH	4,935	-	-	-
SLOVWOOD Ružomberok, a. s.	362	195,364	345	43,046
Slovpaper recycling, s. r. o.	200	21,312	22	770
Strážna služba VLA-STA, s. r. o.	84	1,414	9	304
Slovpaper collection, a. s.	9	-	1	-
Obaly S O L O , s. r. o.	2	-	3	-
Subtotal	**5,592**	**218,090**	**380**	**44,120**
Other related parties				
Mondi Paper Sales, GmbH	797,837	87,114	80,474	9,020
Mondi Finance plc.	5,197	-	-	-
Mondi AG	805	506	142	310
Mondi Uncoated Fine & Kraft Paper, GmbH	218	3,900	44	1,929
Mondi Syktyvkar OJSC	141	1	-	-
Mondi Bags Steti, a. s.	47	-	11	-
Mondi Štetí, a. s.	5	10	-	-
Mondi Corrugated Swiecie, Sp.z o.o.	-	3,604	-	575
Mondi Coating Steti a. s.	-	1,092	-	125
Mondi plc.	-	-	-	20
Harmanec Kuvert, spol. s r. o.	9,745	-	-	-
SHP Slavošovce, a. s.	2,749	-	1,058	-
SCP-PSS, s. r. o.	1,481	3,721	312	814
Tvornica papira SHP CELEX, a. d.	1,079	-	788	-
SHP Harmanec, a. s.	997	-	469	-
Paloma, d. d.	(1)	-	-	-
ECO Invest SVK, a. s.	-	3,222	-	351
Mestský futbalový klub, a.s.	-	240	-	-
Tauris, a. s.	-	23	-	25
Subtotal	**820,300**	**103,433**	**83,298**	**13,169**
Total	**825,892**	**321,523**	**83,678**	**57,289**

During the previous reporting period, the Company entered into the following business transactions with related parties:

(EUR'000)	*Year ended 31 December 2021*			
Company	***Sales of Goods and Services***	***Purchase of Goods and Services***	***Receivables***	***Payables***
Subsidiaries				
Mondi Neusiedler, GmbH	8,371	-	240	-
SLOVWOOD Ružomberok, a. s.	612	118,208	43	14,481
Slovpaper recycling, s. r. o.	190	27,173	23	3,065
Strážna služba VLA-STA, s. r. o.	76	1,281	10	127
Slovpaper collection, s. r. o.	11	-	1	-
Obaly S O L O , s. r. o.	2	-	2	-
Subtotal	**9,262**	**146,662**	**319**	**17,673**
Other related parties				
Mondi Paper Sales GmbH	511,349	60,333	84,988	8,360
Mondi Finance plc	4,123	-	-	-
Mondi AG	545	1,084	124	463
Mondi Syktyvkar OJSC	461	1,103	86	-
Mondi Uncoated Fine & Kraft Paper GmbH	180	5,856	46	1,907
Mondi Bags Steti a. s.	44	-	10	-
Mondi Steti a. s.	20	27	-	-
Mondi Richards Bay	7	-	7	-
Mondi Swiecie SA	1	-	-	-
Mondi Corrugated Swiecie Sp.z o.o.	-	3,557	-	563
Mondi Coating Steti a. s.	-	545	-	121
Mondi Grunburg GmbH	-	3	-	-
Mondi Industrial Bags, GmbH	-	1	-	-
Mondi Coating, GmbH	-	(15)	-	-
Harmanec-Kuvert, s. r. o.	4,310	-	153	-
Tvornica Papira SHP Celex	3,807	-	898	-
SHP Slavošovce, a. s.	2,141	-	562	-
SCP-PSS, s. r. o.	1,429	3,259	273	661
SHP Harmanec, a. s.	671	-	13	-
Paloma, d. d.	615	-	88	-
ECO Invest SVK, a. s.	-	4,393	-	954
Mestský futbalový klub, a.s.	-	240	-	-
Subtotal	**529,703**	**80,386**	**87,248**	**13,029**
Total	**538,965**	**227,048**	**87,567**	**30,702**

Business transactions represent sale of paper, pulp, sale of material, energy and provision of services.

The Board of Directors makes decisions on related party transactions. The amounts outstanding are unsecured and will be settled in cash. No guarantees have been given or received. No expenses have been recognised in the period for bad or doubtful debts in respect of the amounts owed by related parties.

c) Purchase and sale of investment property

Tangible fixed assets in the amount of EUR 60 thousand were sold to Mondi AG in 2022.

Capitalized costs from related parties are also included in investment transactions:

In 2022, Mondi AG capitalized costs in connection with the project of a new PM19 paper machine as part of the ECO+ project in the amount of EUR (191) thousand (EUR 359 thousand in 2021).

In 2022, costs from Mondi Uncoated Fine & Kraft Paper GmbH were capitalized in the amount of EUR (31) thousand, also in connection with the project of a new PM19 paper machine as part of the ECO+ project (EUR 296 thousand in 2021).

In 2022, costs from Mondi Štětí were capitalised in the amount of EUR 5 thousand (EUR 17 thousand in 2021).

In 2022, no costs were capitalised from the company Strážna služba VLA-STA, s. r. o. (EUR 17 thousand in 2021).

d) Other transactions

Other transactions result from the Company's cash pooling system with related parties and the dividend flow from its subsidiaries and related Parties.

For the current year:

(EUR'000)	*As at 31 December 2022*			
Company	***Interest Income***	***Interest Expense***	***Receivables to Related Parties from Cash Pooling***	***Payables to Related Parties from Cash Pooling***
Shareholders				
ECO-INVESTMENT, a. s., Prague	-	49	-	-
Subsidiaries				
Obaly S O L O, s. r. o.	-	14	-	2,479
Strážna služba VLA-STA, s. r. o.	-	3	-	338
SLOVWOOD Ružomberok, a. s.	72	2	6,145	-
Slovpaper Recycling, s. r. o.	6	1	401	-
Other related parties				
Mondi Finance Limited	383	-	98,349	-
Slovpaper Collection, s. r. o.	2	-	135	-
Total	**463**	**68**	**105,070**	**2,817**

For the previous year:

(EUR'000)	*As at 31 December 2021*			
Company	*Interest Income*	*Interest Expense*	*Receivables to Related Parties from Cash Pooling*	*Payables to Related Parties from Cash Pooling*
Shareholders				
ECO-INVESTMENT, a. s., Prague	-	178	-	21,600
Subsidiaries				
Obaly S O L O, s. r. o.	-	8	-	2,467
Strážna služba VLA-STA, s. r. o.	-	1	-	436
SLOVWOOD Ružomberok, a. s.	10	4	-	4,212
Slovpaper Recycling, s. r. o.	3	-	-	817
Other related parties				
Mondi Finance Limited	-	99	40,437	-
Slovpaper Collection, s. r. o.	1	-	145	-
Total	**14**	**290**	**40,582**	**29,532**

29. COMPENSATION OF KEY MANAGEMENT PERSONNEL

The salaries and remuneration of the Company's bodies and key members of the Company's management (Top Management) were represented by employee benefits as follows (EUR'000):

Body	*Year ended 31 December 2022*	*Year ended 31 December 2021*
Salaries and short-term employee benefits	1,565	1,394
Contributions and social insurance	592	527
Share payments	34	12
Other long - term benefits	-	2
Total	**2,191**	**1,935**

30. COMMITMENTS AND CONTINGENCIES

a) Litigation and Potential Losses

The Company is involved in a number of active and passive legal cases that arise from ordinary business activities. It is not expected that such activities should have, individually or in aggregate, a significant negative impact on the accompanying financial statements.

b) Emissions Rights

In 2005, the EU-wide greenhouse gas emissions rights trading scheme came into effect together with the Act on Emissions Rights Trading passed by the Slovak Parliament in order to implement the related EU Directive in Slovakia. Under this legislation, the Company is required to deliver emissions allowances to the Slovak Environmental Office to offset actual greenhouse gas emissions.

The Company decided to record emissions rights received using the net liability method; it does not record any liability for actual emissions on the basis that the Group has received adequate emissions rights to cover its actual emissions. The Company had an obligation to deliver emissions rights for actually produced emissions. This obligation was satisfied by delivering emissions rights by 30 April 2023 for the 2022 compliance period. The Company received emissions rights in February and September 2022 for the 2022 reference/compliance period.

c) Bank Guarantees

UniCredit Bank Czech Republic and Slovakia, a.s. issued bank guarantees to Slovenská elektrizačná prenosová sústava, a.s. (SEPS, a.s.) in the total amount of EUR 96,480 to secure liabilities resulting from the agreement made between Mondi SCP, a.s. and SEPS, a.s. In the event of default non-payment of the debt, the Company is obliged to pay UniCredit Bank Czech Republic and Slovakia, a.s.

d) Capital Expenditures

The value of open investment contracts as at 31 December 2022 is amounted to EUR 21,735 thousand (as at 31 December 2021 amounted to EUR 19,209 thousand).

31. POST- BALANCE SHEET EVENTS

As of 27 February 2023, the Company sold shares in two Austrian companies Mondi Neusiedler GmbH and Ybbstaler Zellstoff GmbH in favor of Mondi AG.

The reason was low profitability and the need to re-invest on refocused strategy of both companies.

Equity contribution to Mondi Neusiedler GmbH in amount of EUR 30,600 thousand took place after the balance sheet date.

There have been no other material events subsequent to 31 December 2022 that would affect the Company's assets and liabilities reported in these financial statements.

Prepared on:	*Signature of the Person Responsible for Bookkeeping:*	*Signature of the Person Responsible for the Preparation of the Financial Statements:*	*Signature of a Member of the Statutory Body of the Reporting Enterprise:*
1 March 2023	Lucia Scholtz	**OKSANA VERETIUK**	MATJAŽ GORJUP
Approved on:			**MILOSLAV ČURILLA**

Delivering SUSTAINABLE SOLUTIONS

Mondi SCP
Annual report 2022

Mondi SCP

is the largest integrated pulp and paper mill in the Slovak Republic with a production capacity of 580,000 tonnes of uncoated fine paper, 300,000 tonnes of containerboard and 66,000 tonnes of kraft paper.

Mondi SCP is part of Mondi Group (Mondi), a global leader in sustainable packaging and paper, employing around 22,000 people in more than 30 countries. Mondi is integrated across the value chain – from managing forests and producing pulp, paper and films, to developing and manufacturing sustainable consumer and industrial packaging solutions using paper where possible, plastic when useful. Mondi owns 51% of Mondi SCP's shares. 49% of Mondi SCP shares are owned by ECO-INVESTMENT, a private investment holding company headquartered in Prague.

Mondi SCP Production capacity

uncoated fine paper

580 000 t

containerboard

300 000 t

kraft paper

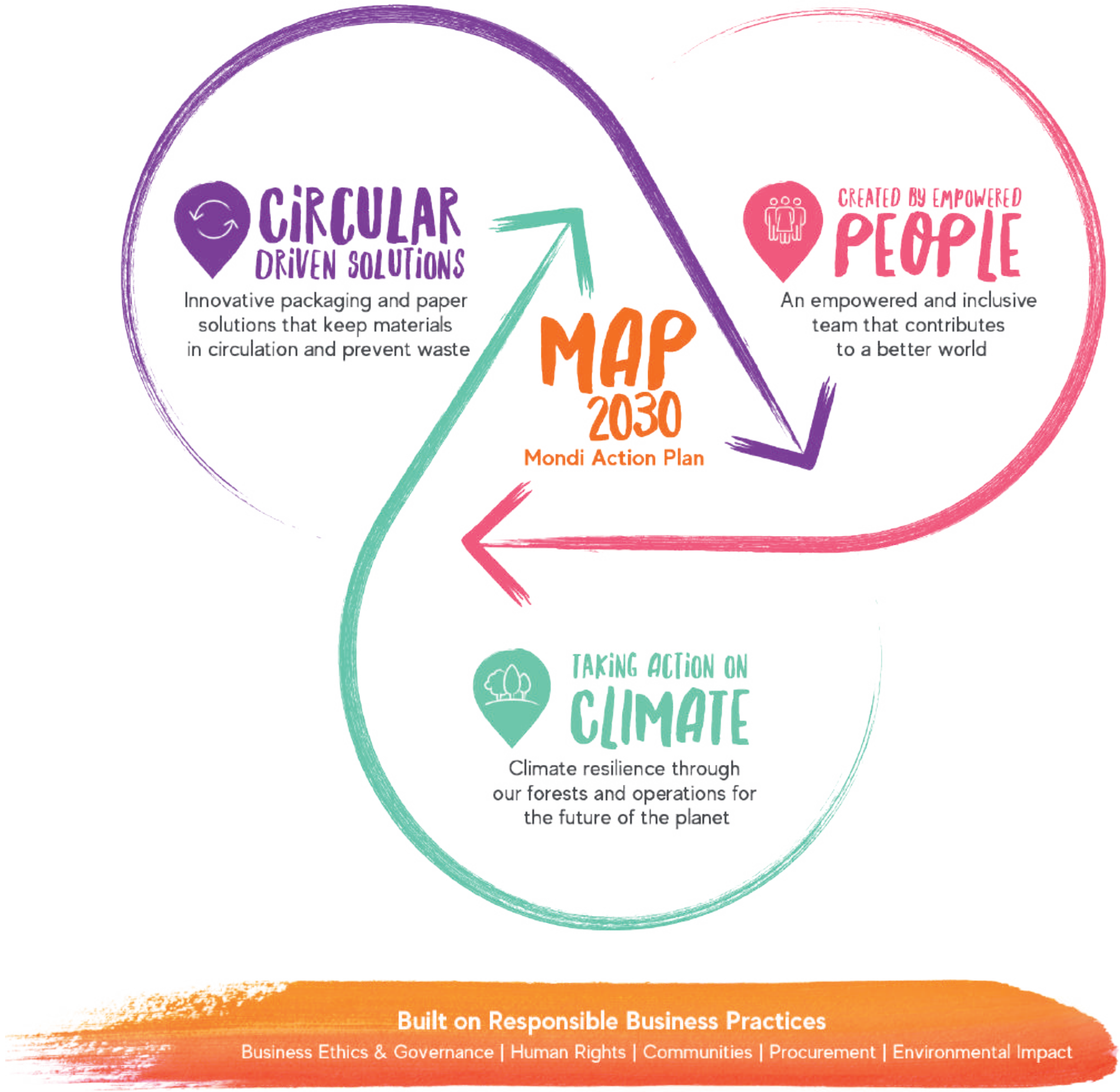
66 000 t

More than

142 years of PAPER MAKING

tradition in Slovakia

Mondi Action Plan 2030



Mondi's sustainability framework, Mondi Action Plan (MAP2030), is built on our purpose to contribute to a better world by making innovative packaging and paper solutions that are sustainable by design.

Our three MAP2030 action areas – Circular Driven Solutions, Created by Empowered People, Taking Action on Climate – are supported by a set of responsible business practices covering human rights, communities, responsible procurement and environmental performance. Each of these areas have commitments and targets for 2030, with some milestones set for 2025 or earlier.

CIRCULAR DRIVEN SOLUTIONS

Mondi offers an extensive portfolio of uncoated fine papers Cradle to Cradle Certified® at Bronze level

Mondi is proud to have its paper brands produced at Cradle to Cradle Certified® (Bronze level). The products meet the high standards and demanding requirements of this certification scheme which marks the step from a linear to a circular economy. This includes Mondi´s well-known professional printing brands Color Copy and PERGRAPHICA®, as well as its branded recycled papers, and a wide office paper portfolio IQ and Maestro®, of which IQ Economy+ and Maestro® Standard+ are produced at Mondi SCP.

Innovative packaging and paper solutions that keep materials in circulation and prevent waste

Mondi SCP is NATUR-PACK certified

Mondi SCP received the NATUR-PACK certificate for environmentally responsible producers. This certificate confirms that producers of packaging and non-packaging products fulfil the obligations arising from Act on Waste no. 79/2015 Coll. This certificate confirms that within the framework of the extended producer responsibility system, Mondi SCP conscientiously fulfils its obligations relating to the product during all phases of its life cycle.

By preventing waste and increasing the rate of recycling or reuse, Mondi SCP contributes to creating circular driven solutions.

EMPOWERED PEOPLE

Mondi SCP currently employs more than 1,400 employees. For stakeholders in the Liptov region of Slovakia, Mondi SCP is an attractive employer with a good reputation.

MADD

In the second quarter of 2022, Mondi held its annual **Making a Difference Day** (MADD) on a large scale for the first time since the outbreak of the pandemic. Mondi SCP's employees took part in various initiatives which included health checks, diversity and inclusion (D&I) activities, an alcohol awareness campaign, safety initiatives, or sport challenge.

Upskilling for long-term employability

As part of MAP2030, Mondi SCP is committed to building skills that support long-term employability and encourages its employees to participate in upskilling programmes and continuous trainings. Mondi SCP provided leadership trainings, professional trainings, trainings requested by law and language trainings. In 2022, an average of 18.8 hours of training was provided per employee. Fifty employees completed a language training.

Successful summer work for more than 100 students

Mondi SCP recognises the need to build up a talent pipeline and therefore the company focuses on various activities which support the relationships with the young generation. In summer 2022, Mondi SCP gladly welcomed **129 high school and university students** who decided to spend their summer holiday working at the company. In line with Mondi Group's commitment to increase the representation of women across the business, share of female students represented 55% out of total participants.

At the end of August 2022, Mondi SCP organised an afternoon feedback meeting with different workshops for the students. The outcome of these sessions enables the company to improve the organisation and communication of this project for subsequent years.

CREATED BY EMPOWERED PEOPLE

Cooperation with the Polytechnical High School in Ružomberok and the Slovak Technical University in Bratislava

Mondi SCP HR director Ivana Keyzlarova welcomed 22 students of the 3rd and 4th classes of the Polytechnical High School who started their professional practice at the mill under supervision of production specialists. The co-operation between Mondi SCP and the Polytechnical High School continued with a dual education program called ´Chemist-Operator´ in which 37 students participated. Cooperation with this specific high school intensified in recent years and Mondi SCP regularly hires graduates from this school. Moreover, the Mondi SCP branded chill-out zone directly in the school was met with great enthusiasm. It is meant to foster common mutual interests with technically educate high school students.

The second successful collaboration in 2022 was conducted with the Slovak Technical University in Bratislava. Mondi SCP offered scholarships to several students and rewarded the best bachelor and diploma theses. In March 2022, HR representatives and one technology specialist participated in ChemDay, a job fair for students of the Faculty of Chemical and Food Technology. Two female students from this university subsequently worked with Mondi SCP and became the faces of the new photo campaign.

The third year of REGIOCHEM, a regional competition of primary schools in Chemistry

Again in 2022, Mondi SCP supported REGIOCHEM, a regional competition, which brings together eighth graders in primary schools to tackle chemistry assignments. A total of 27 four-member teams took part. The top 5 advanced to the last round, which took place in the laboratory at the Polytechnical High School in Ružomberok. With this competition, Mondi SCP wants to show students that chemistry is an interesting subject. The competition also fosters creativity and teamwork, preparing them for the future employment.

Safety and health of our employees & contractor remains a high priority

2022 was the best year for Mondi SCP since 2017 in terms of the number of reported safety incidents. Of the eight incidents reported in the year, none had the potential for serious or fatal injury. We also successfully managed an annual shutdown without any incident.

We were able to meet all performance indicators from a safety perspective including management focused audits, first line managers task audits and goals for peer-to-peer observations. As part of reducing the most hazardous risks in the mill, we implemented four projects included in the Top Risk 2022. To raise awareness of safety at work, we introduced the "What's your reason to be safe?" campaign in which 150 employees and 16 contractors participated. We launched a new safety support program for contractors, where we had several meetings throughout the year to discuss different topics.

TAKING ACTION ON CLIMATE

In May 2022 Mondi SCP invited representatives of the Town of Ružomberok, mayors of surrounding villages, representatives of state administration bodies, non-profit organizations, and civic associations, as well as representatives of the media and the public to its traditional Environmental Day.

After a break of more than two years, they met again in person and listened to presentations on topics in the field of environment and health. The company also invited the citizens of the region to listen to the presentation led by the Regional Office of Public Health on the subject of Health awareness and behaviour of the inhabitants of the districts of Ružomberok and their comparison with the inhabitants of Slovakia. The program of Environmental Day also included the opening of a call for new environmental projects for 2022 under initiative – **Mondi SCP, The best neighbour**, which we have been actively supporting since 2011. Within this initiative, Mondi SCP financially supported chosen projects which municipalities, schools, civic and non-profit associations of Lower Liptov could participate.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RESPONSIBLE BUSINESS PRACTICES

Mondi SCP received a prestigious award – the National Award for Quality and Social Responsibility for 2022

Under the auspices of the Prime Minister of the Slovak Republic, Eduard Heger, a gala evening was held in November in the historic building of the National Council of the Slovak Republic in Bratislava. During this gala evening, the winners of the national competition in two categories, quality and social responsibility were awarded for the year 2022. Private companies, public administration bodies, and individuals also participated in the competition. Mondi SCP managed to receive awards in two categories – Quality and Social Responsibility, being the main winner in the social responsibility category. This award shows that we are truly unique in our comprehensive and long-term approach to caring for our employees, supporting our community, reducing our negative impact on the environment, and working with customers and suppliers.

mondi scp

Financial STATEMENTS 2022

MONDI SCP GROUP KEY INDICATORS

Mondi SCP, a.s. prepares its standalone and consolidated financial statements in accordance with the International Financial Reporting Standards (IFRS) as adopted by the EU. We produce home, office, professional printing and packaging papers on our mill.

Mondi SCP Group delivered a strong financial and operational performance across all key metrics. Underlying EBITDA was 163 mil.€, up 169%. Group revenue of 1 247 mil.€ was up 40% on the prior year.

Our integrated business model and strong operational performance enabled us to manage inflationary pressures and expand margins through price increases.

BASIC FINANCIAL INDICATORS (IFRS) in thousands of EUR	Mondi SCP Group		Mondi SCP	
	2022	2021	2022	2021
Earnings from sales and services and other earnings	1 247 011	888 150	874 298	595 941
Net profit	84 033	- 2 167	16 322	9 621
Total assets	**1 154 294**	**1 056 366**	**1 000 268**	**1 001 063**
Non-current assets	744 885	779 694	694 545	791 747
Current assets	409 409	276 672	305 723	209 316
Total liabilities	**1 154 294**	**1 056 366**	**1 000 268**	**883 395**
Total payables	441 928	431 246	305 106	322 579
Equity	712 366	625 120	695 162	678 484
Average number of employees	2 088	2 073	1 376	1 358

Cash generated from operating activities of 113 098€, up 25% on 2021 led to a further strengthened balance sheet.

Input costs increased materially year-on-year. Energy costs increased sharply during the year, driven predominantly by higher gas and electricity prices. We were able to mitigate the impact of these higher costs.

Wood costs were also materially higher on the comparable prior year period. Increasing demand for firewood as an alternative energy source to fossil fuels, coupled with reduced supply due to less calamity wood on the market and the impact of sanctions on the availability of Russian and Belarusian timber contributed to the market tightness impacting both cost and availability. Wood prices remain at elevated levels but are expected to soften as the year progresses.

Selling price increases were achieved in all segments in response to tight market conditions and inflationary pressures paired with the lower volumes in both pulp and paper production.

PULP AND PAPER PRODUCTION DEVELOPMENT*

in thousands of tonnes	2022	2021
Pulp	**601**	**669**
Paper	**1 023**	**1 122**

* Including Mondi Neusiedler and Ybbstaler

Paper sales volumes were lower in the year due to softening European demand towards the end of the year and temporary tightness in European wood availability which affected both our pulp and paper production.

Our purpose is to contribute to a better world by making innovative, sustainable packaging and paper solutions that are sustainable by design. Mondi MAP2030 is our sustainability framework built on the purpose. It focuses on three action areas: circular driven solutions, created by empowered people and taking action on climate. These are supported by a set of responsible business practices covering environmental performance, human rights, communities and procurement.

Our targets are ambitious, but we continue to make good progress with sustainability firmly embedded across the organisation and, thanks to our determination and philosophy of working with others across the value chain, to drive positive change at scale.

The Mondi SCP Group's most significant risks are long term in nature. The assessment of the risks are updated annually to reflect the developments in our strategic priorities. As a Mondi SCP Group we focus on operational excellence and investment in our people and are committed to the responsible use of resources.

Our principal operational risks relate to the following:
- Cost and availability of raw materials
- Energy security and related input costs
- Technical integrity of our operating assets
- Environmental impact
- Employee and contractor health and safety
- Attraction and retention of key skills and talent
- Cyber security risk

During the year, the risk to energy security and related input costs was increased.
In February 2022, there was an escalation of political tensions in the region, which resulted in a war conflict between the Russian Federation and Ukraine and significantly influenced global situation, negatively impacting commodity prices and financial markets, and contributed to increased volatility in the business environment. The situation still remains very unstable and can be influenced further, with the limitation of the activities of companies operating in the given region, as well as the consequences for the overall economy, primarily the limitation of suppliers and customers of chains. However, the size of the consequences of these events on the Company cannot be fully predicted at the given moment. We are confident that the current situation in Mondi SCP Group does not lead to an assumption of not being a going concern. We consider the disclosures regarding these events in the financial statements as sufficient.

Climate change continues to drive long-term structural changes to pricing and availability of wood. Consequently, the cost and availability of raw materials risk was updated to reflect an increase in the anticipated likelihood of occurrence of the risk.

A pandemic can impact the way we do business due to various health, social and economic measures implemented by authorities around the world. The health, safety and welfare of the employees and our communities is our top priority. Actions and other monitoring techniques developed during the COVID-19 pandemic enable the Mondi SCP Group to be dynamic in its reaction to the risk of a pandemic as it develops.

In relation with strategic risks we continue to develop our understanding of climate change risks and its impact whilst continuing to improve our disclosures and improve our responses. All capital expenditure projects are planned in detail with contingency plans in place in order to avoid cost overruns, design and building defects and to ensure employee and contractor safety.
Post-investment reviews are conducted on major capital expenditure projects to evaluate the project execution against the original plan and identify lessons learnt. We will continue to monitor potential risks relating to executing major capital expenditure projects in the year ahead.

We have a zero tolerance approach to non-compliance. Our strong culture and values underpin our approach. These are emphasised in every part of our business with a focus on integrity, honesty and transparency.

Mondi SCP does not have its own research and development (R&D) centre; these activities are carried out by other companies within Mondi Group. Mondi SCP did not acquire own treasury shares, temporary certificates, ownership interests and shares, or temporary certificates or ownership interests of a parent entity. Mondi SCP does not have a branch office in a foreign country.

Mondi group
SUBSIDIARIES

The subsidiaries – SLOVWOOD Ružomberok, a.s., Slovpaper Recycling s.r.o., Strážna služba VLA - STA, s.r.o. and Obaly S O L O, s.r.o. – are under obligation to prepare independent financial statements in accordance with Slovak Accounting Standards (SAS).

The subsidiary companies Mondi Neusiedler GmbH and Ybbstaler Zellstoff GmbH are under obligation to prepare independent financial statements in accordance with Austrian Accounting Standards.

The differences between IFRS and SAS or Austrian Accounting Standards are immaterial for the comments describing the development of the individual companies.
The subsidiaries of Mondi SCP Group were closely connected with their parent company as a substantial part of their production and performance was realised directly with the parent company. Mondi SCP Group thus used the competitive advantage of this connection to contribute to the results of the whole Group.

MONDI NEUSIEDLER GmbH

Since 2016 Mondi SCP Group has owned a 100% stake in Mondi Neusiedler GmbH with the company seat in Hausmening, Austria. The main production segment is high-quality office paper, tinted paper and professional printing papers. Mondi Neusiedler is important member of Mondi SCP Group with long history and continuous strategy to satisfy specific requests of specific customer´s high-quality office paper.

YBBSTALER ZELLSTOFF GmbH

In 2016 Mondi SCP Group acquired a 100% stake in Ybbstaler Zellstoff GmbH with the company seat in Kematen, Austria. The company produces pulp, mainly for the sister company Mondi Neusiedler GmbH.

SLOVWOOD RUŽOMBEROK, a.s.

SLOVWOOD Ružomberok, a.s. is a fully consolidated subsidiary of Mondi SCP, a.s. It is the largest trading company for wood and biomass on the Slovak market. It provides its clients with professional and competitive solutions while maintaining ethical values and sustainable development of the forests, where the company focuses on increasing the share of certified raw materials from sustainable forestry. All activities of the company are carried out with the full support and in cooperation with the parent company Mondi SCP, a.s.

SLOVWOOD Ružomberok, a.s. ensures supplies of wood used for the production of pulp from both domestic and foreign markets.

In 2022 SLOVWOOD Ružomberok, a.s. purchased 2.2 million m3 of wood, which is slightly higher than in 2021. Almost the entire volume of the purchased wood was delivered to Mondi SCP, a.s. while the largest share was hardwood pulpwood.

SLOVPAPER RECYCLING s.r.o.

In 2017 Mondi SCP Group acquired a 100% stake in Slovpaper Recycling s.r.o. with the company seat in Ružomberok, Slovakia. The company collects and trades recycled paper mainly for parent company Mondi SCP, a.s. and only 10% to external partners. Slovpaper Recycling s.r.o. has a share in two joint ventures.

SLOVPAPER COLLECTION s.r.o.

In 2020 Slovpaper Recycling s.r.o. acquired 100% ownership in the newly founded company Slovpaper Collection s.r.o., which acquired a depot business with the terminal in Trenčín on 1 October 2020. All activities of the company are carried out with the full support and in cooperation with the parent company Slovpaper recycling s.r.o. for which is an important business partner. Company is collecting and selling recycled paper and plastic also for external partners.

OBALY SOLO, s.r.o.

Obaly S O L O, s.r.o. is a subsidiary of Mondi SCP, a.s. and owns minority shares of Mondi Neusiedler GmbH, Ybbstaler Zellstoff GmbH and Slovpaper recycling s.r.o.

Events of particular importance that occurred after the end of the accounting period.

Effective February 27th 2023 Mondi SCP a.s. sold its stake in Mondi Neusiedler and Mondi Ybbstaler Zellstoff to Mondi AG.

Ružomberok, 31 March 2022

Background

The European Commission presented a new growth strategy in 2019, the European Green Deal with the aim to reduce net greenhouse gas emissions to zero by 2050 and to support economic growth through the most efficient and sustainable use of natural resources.

Regulation (EU) 2020/852 of the European Parliament and Council (the "Taxonomy Regulation") was introduced to create a common classification system for sustainable economic activities.

The current legislation under the Commission Delegated Regulation (EU) 2021/2139 of 4 June 2021 ("Climate Delegated Act") sets conditions under which an economic activity qualifies as contributing substantially to climate change mitigation or climate change adaptation and causes no significant harm to any of the other environmental objectives. The Commission Delegated Regulation (EU) 2021/2178 of 6 July 2021 ("Delegated Act on disclosures") specifies the content and presentation of information to be disclosed by undertakings and the methodology to comply with that disclosure obligation.

In Annual Reports for 2022, companies in scope of Taxonomy Regulation are obliged to report the share of Taxonomy-eligible and Taxonomy-aligned activities in their operations. Taxonomy-eligibility describes if an economic activity is included in the scope of activities recognised in the Climate Delegated Act. Taxonomy-alignment describes if an economic activity is sustainable based on defined science-based technical screening criteria specified for the activity. The criteria for 'substantial contribution' determine that the economic activity either has a substantial positive environmental impact or substantially reduces negative impacts on the environment. The criteria for 'do no significant harm' determine that the economic activity does not impede on the other environmental objectives from being reached, such that the activity has no significant negative impact on them. A taxonomy-aligned activity needs to be also carried out in compliance with the minimum safeguards, meaning that a sustainable activity respects basic human rights and follows good business conduct rules.

The Taxonomy Regulation is a developing regulation and does not yet cover all sustainable activities in the market.

EU Taxonomy-related accounting principles

The quantitative disclosure requirements of EU Taxonomy (KPIs) are presented in separate tables for turnover, capital expenditure (CapEx) and operating expenditure (OpEx) as defined in the Delegated Act on disclosures. The Taxonomy-eligible OpEx include the corresponding direct non-capitalised costs associated to the economic activities reported under Taxonomy-eligible. The Taxonomy-eligible CapEx include the investments related to assets or processes associated with respective economic activities.

Definitions:

- Turnover – Turnover is based on net sales of the Group as defined in the Group financial statements
- Capital Expenditure (CapEx) – additions to tangible and intangible fixed assets, before any depreciations, impairments, amortisation charges, re-measurements, revaluations and fair valuations during the financial year, including IFRS 16 lease additions.

- Operating Expenditure (OpEx) – expenditure consists of direct non-capitalised costs that relate to research and development, building renovation measures, short-term lease, maintenance and repair, and any other direct expenditures relating to the day-to-day servicing of assets, property, plant and equipment that are necessary to ensure the continued and effective functioning of such assets. This excludes expenditure relating to the day-to-day operation of property, plant and equipment such as: raw materials, cost of employees operating the machine and the cost of energy.

Taxonomy-eligible and Taxonomy-aligned economic activities

Mondi SCP Group has carried out the assessments for Taxonomy-eligibility and Taxonomy-alignment based on the best interpretation of the Taxonomy Regulation, the Climate Delegated Act and the currently available guidelines from the European Commission.

The assessment of the Taxonomy-eligible activities was done on group level by a group of experts for every economic activity. As a result of this assessment, we have concluded that 4 activities are Taxonomy-eligible activities, from which 2 were further assessed to determine possible Taxonomy-alignment. External consulting company supported us with the taxonomy-alignment assessment of Mondi SCP Group's two selected activities to determine whether they are meeting the criteria for substantial contribution to climate change mitigation and adaptation, do no significant harm sustainable use and protection of water and marine resources, transition to circular economy, pollution prevention and control, protection and restoration of biodiversity and ecosystems. Based on the assessment result none of these two activities was considered as taxonomy-aligned economic activity. Mondi SCP Group currently do not have information about our suppliers' taxonomy-aligned economic activities as they do not provide such an information. For upcoming reporting periods, we will require information from our suppliers on whether their outputs represent a Taxonomy-aligned economic activity.

Mondi SCP accounting system allows to determine Turnover, Capex and Opex per each economic activity. Production facilities of Mondi SCP are not used in an integrated manner and KPIs cannot be disaggregated.

Taxonomy-eligible economic activities

NACE Code	Activity number	Name of economic activity	Eligible activity	Aligned activity
D35.11, D35.30	4.19	Cogeneration of heat and power from renewable non-fossil gaseous and liquid fuels	x	
D35.11, D35.30	4.20	Cogeneration of heat/cool and power from bioenergy	x	
D35.30	4.15	District heating/cooling distribution	x	
E36.00, F42.99	5.1	Construction, extension and operation of water collection, treatment and supply systems	x	

4.15 District heating/cooling distribution

- Construction, refurbishment and operation of pipelines and associated infrastructure for distribution of heating and cooling. Steam pipes ending at a heat exchanger from where the steam is sold externally

4.19 Cogeneration of heat and power from renewable non-fossil gaseous and liquid fuels

- Construction and operation of combined heat and power generation facilities using non-fossil gaseous and liquid fuels of renewable origin. Mondi SCP Group generates heat in recovery boilers by burning black liquor. Electricity is produced in turbines using the heat from our recovery boilers.

4.20 Cogeneration of heat/cool and power from bioenergy

- Construction and operation of installations used for cogeneration of heat and power exclusively from biomass.

5.1 Construction, extension and operation of water collection, treatment and supply systems

- Industrial, demineralized & waste water treatment at Mondi SCP Group at its own water treatment facility, which is used for waste water from the town of Ruzomberok as well. Fresh water is treated for internal use only.

Minimum safeguards

The Taxonomy Regulation specifies that in addition to substantial contribution and 'do no-significant harm' criteria, an economic activity can be considered environmentally sustainable only if it is carried out in compliance with the minimum safeguards. The minimum safeguards prevent activities from being labelled sustainable if they for example violate human or labour rights, engage in corrupt, anti-competitive or non-compliant taxation practices. The compliance can be assessed from two angles according to the published guidance from Platform on Sustainable Finance: there are adequate processes and controls in place in the areas of human rights, corruption, taxation and fair competition and there are no breaches or violations existing.

Mondi SCP Group has assessed the compliance with minimum safeguards by reviewing the company processes for human rights, corruption, taxation and fair competition and investigated possible cases of violation by its subsidiaries or senior management.

While Mondi SCP Group acknowledges the importance of continuous improvement of the processes in these areas, the Group considers its processes to be on a robust level and with no violations to meet the alignment with the minimum safeguards.

Template: Proportion of turnover from products or services associated with Taxonomy-aligned economic activities – disclosure covering year 2022

Presented in Euro thousands (€'000)				Substantial contribution criteria						DNSH criteria ('Does Not Significantly Harm')									
Aconomic activities	NACE Codes	Absolute turnover	Proportion of turnover	Climate change mitigation	Climate change adaptation	Water and marine resources	Circular economy	Pollution	Biodeversity and ecosystems	Climate change mitigation	Climate change adaptation	Water and marine resources	Circular economy	Pollution	Biodiversity and ecosystems	Minimum safeguards	Taxonomy-aligned proportion of turnover, year 2022	Category (enabling acitivity)	Category (transitional acitivity)
A. Taxonomy-Eligible Activities																			
A.1. Environmentally sustainable activities (Taxonomy-aligned)																			
Turnover of environmentally sustainable activities (Taxonomy-aligned) (A.1.)																	0%		
A.2. Taxonomy-Eligible but not environmentally sustainable activities (not Taxonomy-aligned acitivities)		**-**	**0%**																
Cogeneration of heat and power from renewable non-fossil gaseous and liquid fuels	D35.11, D35.30	-	0%																
Construction, extension and operation of water collection, treatment and supply systems	E36.00, F42.99	344,41	0%																
District heating/cooling distribution	D35.30	3 249,20	0%																
Cogeneration of heat/cool and power from bioenergy	D35.11, D35.30	-	0%																
Turnover of Taxonomy-eligible but not environmentally sustainable acitivies (not Taxonomy-aligned activities) (A.2.)		**3 593,61**	**0%**																
Total (A.1 + A.2)		**3 593,61**	**0,29%**																
B. Taxonomy-non-eligible activities																			
Turnover of Taxonomy-non-eligible activities (B)		1 243 417,09	100%																
Total (A + B)		**1 247 010,70**	**100%**																

Determination of the turnover KPI:

Denominator: turnover Mondi SCP, a.s. consolidated financial statement, Note 5
Numerator: revenue for each Taxonomy-aligned activity as per related customers

Template: Proportion of CapEx from products or services associated with Taxonomy-aligned economic activities – disclosure covering year 2022

Presented in Euro thousands (€'000)				Substantial contribution criteria						DNSH criteria ('Does Not Significantly Harm')									
Aconomic activities	NACE Codes	Absolute CapEx	Proportion of CapEx	Climate change mitigation	Climate change adaptation	Water and marine resources	Circular economy	Pollution	Biodeversity and ecosystems	Climate change mitigation	Climate change adaptation	Water and marine resources	Circular economy	Pollution	Biodiversity and ecosystems	Minimum safeguards	Taxonomy-aligned proportion of CapEx, year 2022	Category (enabling acitivity)	Category (transitional acitivity)
A. Taxonomy-Eligible Activities																			
A.1. Environmentally sustainable activities (Taxonomy-aligned)																			
CapEx of environmentally sustainable activities (Taxonomy-aligned) (A.1.)																	0%		
A.2. Taxonomy-Eligible but not environmentally sustainable activities (not Taxonomy-aligned acitivities)		-	**0%**																
Cogeneration of heat and power from renewable non-fossil gaseous and liquid fuels	D35.11, D35.30	78,84	0%																
Construction, extension and operation of water collection, treatment and supply systems	E36.00, F42.99	122,17	0%																
District heating/cooling distribution	D35.30	-	0%																
Cogeneration of heat/cool and power from bioenergy	D35.11, D35.30	49,34	0%																
CapEx of Taxonomy-eligible but not environmentally sustainable acitivies (not Taxonomy-aligned activities) (A.2.)		**250,35**	**0%**																
Total (A.1 + A.2)		**250,35**	**0,9%**																
B. Taxonomy-non-eligible activities																			
CapEx of Taxonomy-non-eligible activities (B)		26 958,38	99%																
Total (A + B)		**27 208,73**	**100%**																

Determination of the Capex KPI:

Denominator: CapEx additions as per Mondi SCP, a.s. consolidated financial statement, Note 12-13
Numerator: taxonomy-aligned CapEx related to fixed asset additions for each activity determined by related cost centre

Template: Proportion of OpEx from products or services associated with Taxonomy-aligned economic activities – disclosure covering year 2022

Presented in Euro thousands (€'000)				Substantial contribution criteria						DNSH criteria ('Does Not Significantly Harm')									
Aconomic activities	NACE Codes	Absolute OpEx	Proportion of OpEx	Climate change mitigation	Climate change adaptation	Water and marine resources	Circular economy	Pollution	Biodeversity and ecosystems	Climate change mitigation	Climate change adaptation	Water and marine resources	Circular economy	Pollution	Biodiversity and ecosystems	Minimum safeguards	Taxonomy-aligned proportion of OpEx, year 2022	Category (enabling acitivity)	Category (transitional acitivity)
A. Taxonomy-Eligible Activities																			
A.1. Environmentally sustainable activities (Taxonomy-aligned)																			
OpEx of environmentally sustainable activities (Taxonomy-aligned) (A.1.)		-	0%														0%		
A.2. Taxonomy-Eligible but not environmentally sustainable activities (not Taxonomy-aligned acitivities)			**0%**																
Cogeneration of heat and power from renewable non-fossil gaseous and liquid fuels	D35.11, D35.30	4 175,18	8%																
Construction, extension and operation of water collection, treatment and supply systems	E36.00, F42.99	1 788,84	3%																
District heating/cooling distribution	D35.30	-	0%																
Cogeneration of heat/cool and power from bioenergy	D35.11, D35.30	1 178,43	2%																
OpEx of Taxonomy-eligible but not environmentally sustainable acitivies (not Taxonomy-aligned activities) (A.2.)		**7 142,45**	**13%**																
Total (A.1 + A.2)		**7 142,45**	**13%**																
B. Taxonomy-non-eligible activities																			
OpEx of Taxonomy-non-eligible activities (B)		46 547,87	87%																
Total (A + B)		**53 690,32**	**100%**																

Determination of the OpEx KPI:

Denominator: maintenance costs as per Mondi SCP, a.s. consolidated financial statement, Note 6
Numerator: taxonomy-aligned OpEx related to maintenance costs for each activity determined by cost centre

Proportion of Taxonomy-eligible and Taxonomy-aligned economic activities in total turnover, CapEX and OpEx - disclosure covering year 2022

Year ending 31.12.2022	Total (EUR)	Proportion of Taxonomy-eligible (not-aligned) economic activities	Proportion of Taxonomy-aligned economic activities	Proportion of Taxonomy-non-eligible economic activities
Turnover	1 247 010,70	0,29%	0,00%	99,71%
CapEx	27 208,73	0,92%	0,00%	99,08%
OpEx	53 690,32	13,30%	0,00%	86,70%

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