Mondi SCP, a. s.

INDEPENDENT AUDITOR'S REPORT AND CONSOLIDATED 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 consolidated financial statements present fairly, in all material respects, the consolidated financial position of Mondi SCP, a.s. (the "Company") and its subsidiaries (together - the "Group") as at 31 December 2022, and the Group's consolidated financial performance and consolidated 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 Group's consolidated financial statements comprise:

- the consolidated statement of financial position as at 31 December 2022;
- the consolidated statement of profit or loss and other comprehensive income for the year then ended;
- the consolidated statement of changes in equity for the year then ended;
- the consolidated statement of cash flows for the year then ended; and
- the notes to the consolidated 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 consolidated 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 Group 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 Act on the Accounting No. 431/2002, as amended (hereafter the "Act on Statutory Audit") that are relevant to our audit of the consolidated 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 consolidated financial statements does not cover the other information.

In connection with our audit of the consolidated 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 consolidated 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 consolidated financial statements are prepared is consistent with the consolidated 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 Group 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 consolidated financial statements

Management is responsible for the preparation and fair presentation of the consolidated 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 consolidated financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the consolidated financial statements, management is responsible for assessing the Group'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 Group or to cease operations, or has no realistic alternative but to do so.

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

Our objectives are to obtain reasonable assurance about whether the consolidated 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 consolidated 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 consolidated 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 Group'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 Group'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 consolidated 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 Group to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the consolidated financial statements, including the disclosures, and whether the consolidated financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance of the Group audit. We remain solely responsible for our audit opinion.

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.

(EUR'000)	Note	Year Ended 31 December 2022	Year Ended 31 December 2021
Continuing operations			
Revenues	5	1,247,011	888,150
Raw materials and consumables	6	(863,319)	(640,076)
Transportation costs		(90,333)	(70,726)
Changes in inventories of finished goods and work in progress		14,417	23,400
Other services	7	(49,074)	(48,479)
Personnel expenses	8	(101,996)	(95,734)
Depreciation, amortisation expenses	12,13,26	(60,237)	(57,653)
Other operating expenses and income	9	5,895	3,802
Operating profit/(loss)		**102,364**	**2,684**
Finance income	10	(187)	157
Finance costs	10	(1,919)	(2,174)
Share of profit of joint ventures accounted for using the equity method	15	(96)	60
Profit/(loss) before income tax		**100,162**	**727**
Income tax expense	11	(16,129)	(2,894)
Net profit/(loss) for the reporting period		**84,033**	**(2,167)**
Other comprehensive income			
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	21	3,213	182
Total items not reclassified to profit or loss:		3,213	182
Other comprehensive income/(expense), net of tax		**3,213**	**182**
Comprehensive income/(expense) for the year		**87,246**	**(1,985)**
Net profit/(loss) for the reporting period attributable to:		**84,033**	**(2,167)**
- Non-controlling interests		57	25
- Holders of the parent company's shares		83,976	(2,192)
Comprehensive income/(expense) for the year attributable to:		**87,246**	**(1,985)**
- Non-controlling interests		57	25
- Holders of the parent company's shares		87,189	(2,010)

Mondi SCP, a. s.
CONSOLIDATED 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	2,666	2,087
Property, plant and equipment	13	712,214	743,593
Non-current assets with a right to use	26	28,504	27,654
Investments in Joint Ventures accounted for using the equity method	15	341	437
Other investments	28	150	150
Other financial assets accounting using FVTPL	28	145	4,409
Deferred tax assets	23	280	373
Long-term loans provided	28	295	295
Trade and other receivables	17	290	696
		744,885	**779,694**
Current assets			
Inventories	16	167,100	114,243
Trade and other receivables	17	135,181	120,415
Current tax assets	11	7	-
Cash and cash equivalents	18	5,239	1,043
Assets from Cash pooling	29	101,882	40,959
Derivative financial instruments		-	12
		409,409	**276,672**
TOTAL ASSETS		**1,154,294**	**1,056,366**
Equity and liabilities			
Capital and reserves			
Share capital	19	153,855	153,855
Other reserves	20	95,128	91,915
Retained earnings		463,020	379,044
Equity attributable to the parent company's owners		**712,003**	**624,814**
Non-controlling interests		363	306
TOTAL EQUITY		**712,366**	**625,120**
Non-current liabilities			
Loans and credits	22,29	43,174	81,413
Leasing commitments	26	21,415	20,481
Employee benefit plan obligations	21	22,701	29,053
Deferred tax liabilities	23	39,286	32,991
Provisions	24	2,534	2,569
Other non-current liabilities	25	313	244
		129,423	**166,751**
Current liabilities			
Liabilities from Cash pooling	29	48,756	21,751
Loans and credits	22	10,076	14,031
Leasing commitments	26	2,570	1,937
Trade and other payables	25	242,451	224,961
Current tax liabilities	11	8,073	1,017
Provisions	24	573	789
Derivative financial instruments		6	9
		312,505	**264,495**
TOTAL LIABILITIES		**441,928**	**431,246**
TOTAL EQUITY AND LIABILITIES		**1,154,294**	**1 056,366**

(EUR'000)	*Share capital*	*Other reserves*	*Retained earnings*	*Total equity attributable to the parent company's owners*	*Non-controlling interest*	*Total*
Balance as at 1 January 2021	**153,855**	**91,733**	**381,236**	**626,824**	**281**	**627,105**
Profit/Loss for the current year	-	-	(2,192)	(2,192)	25	(2,167)
Other comprehensive income *Actuarial loss on provisions from employee benefits program*	-	*182*	-	*182*	-	*182*
Total comprehensive profit/(loss) after tax for the year	-	**182**	**(2,192)**	**(2 010)**	**25**	**(1 985)**
Balance as at 31 December 2021	**153,855**	**91,915**	**379,044**	**624,814**	**306**	**625,120**
Profit/(Loss) for the current year	-	-	83,976	83,976	57	84,033
Other comprehensive income *Actuarial gain on provisions from employee benefits program*	-	*3,213*	-	*3,213*	-	*3,213*
Total comprehensive income/(expense) after tax for the year	-	**3,213**	**83,976**	**87,189**	**57**	**87,246**
Balance as at 31 December 2022	**153,855**	**95,128**	**463,020**	**712,003**	**363**	**712,366**

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

(EUR'000)	Note	Year Ended 31 December 2022	Year Ended 31 December 2021
Operating activities			
Profit/(loss) before income tax		100,162	727
Non-cash transactions			
- Depreciation, amortisation	12,13,26	60,237	57,653
- Loss/(profit) from the sale of non-current assets	9, 27	(828)	(47)
- Impairment of financial assets		598	(141)
- Interest costs		1,919	2,174
- Interest income		(411)	(16)
- Dividends received from joint ventures		96	(60)
- Changes in other provisions		(3,464)	(4,647)
- Changes in prosivion to inventory		4,367	813
- Other non-cash transactions		(55)	(3)
Operating cash flows before movements in working capital		**162,621**	**56,453**
Effect of movements in working capital			
- Decrease/(increase) of inventories	16	(57,217)	(21,165)
- Decrease/(increase) of receivables	17	(14,368)	(35,044)
- (Decrease)/increase of payables	25	26,023	83,139
Cash flows from operating activities before taxation and interest		**117,059**	**83,383**
Interest paid		(1,122)	(1,193)
Income/(expense) tax expense paid		(2,839)	2,106
Cash flows from operating activities, net		**113,098**	**84,296**
Investing activities			
Payments for the purchase of property, plant and equipment and intangible assets	12,13	(35,103)	(77,633)
Payments on the acquisition of subsidiaries		-	(150)
Payments for loan related costs	29	-	(295)
Income from the sale of tangible fixed assets		1,093	54
Interest received		412	14
Income from the sale of financial assets	28	3,666	-
Decrease/(increase) in assets from cash pooling	29	(60,923)	(40 959)
(Decrease)/Increase in liabilities from cash pooling	29	27,005	(21 873)
Cash flows on investing activities, net		**(63,850)**	**(140,842)**
Financing activities			
Loans drawing	22	3,410	70,028
Loan repayments	22	(46,177)	(10,221)
Payments of lease obligations	26	(2,416)	(2,683)
Share-based payments		(24)	(57)
Revenues from state subsidies		155	97
Cash flows (on)/from financing activities, net		**(45,052)**	**57,164**
Net increase/(decrease) in cash and cash equivalents		**4,196**	**618**
Cash and cash equivalents at the beginning of the year	18	1,043	425
Cash and cash equivalents at the end of the year	**18**	**5,239**	**1,043**

The accompanying notes from 1 to 32 are an integral part of these consolidated financial statements

1. GENERAL INFORMATION

a) Essential Information on the Parent 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
Business activity of the parent company and its consolidated subsidiaries and joint ventures (hereinafter only the "Group")	- Production of pulp - Production of paper and cardboard products; - Saw production, wood waterproofing; - Production of wood wrappings; - Production of corrugated paper, cardboard and - Cardboard wrapping materials; - Manufacture of printing templates; - Other printing industry services, graphic designs; - Locksmithing, metalworking; - Wiring; - Operating of railway and transport by rail, and - related services performed by a rail transport - operator; - Handling waste in the scope of waste treatment; - Designs of electric appliances; - Wholesale with timber; - Mediation of wood trade; - Waste transport and disposal and - Other.

b) Employees

	Year Ended 31 December 2022	*Year Ended 31 December 2021*
Average number of employees	**2,088**	**2,073**
of which: managers	*22*	*20*

c) Approval of the 2021 Consolidated Financial Statements

The 2021 consolidated financial statements of Mondi SCP, a.s. were approved at the General Shareholders' Meeting held on 25 May 2022 and filed subsequently with the Court Register. The loss for 2021 was transferred on account of accumulated losses 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. as amended, an entity's accounting records cannot be reopened after the financial statements have been prepared and approved. If, after the financial statements have been approved, management identifies that the comparative information would not be consistent, the Slovak Act on Accounting No. 431/2002 Coll. as amended, allows entities to restate comparative information in the accounting period in which the relevant facts are identified.

d) Members of the Parent Company's Bodies

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

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

Members of the Parent Company's Bodies during financial year ending 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 since 28.12.2021
	Vice-Chairman	Milan Fiľo till 27.12.2021
	Vice-Chairman	Miroslav Vajs since 28.12.2021
	Member	Ján Krasuľa
Executive Management	President	Bernhard Peschek till 15.10.2021
	President	Matjaž Gorjup since 15.10.2021

e) Structure of shareholders and their share in the Share Capital

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

During years ending 31 December 2022 and 31 December 2021 there was no change in the structure of shareholders and their share in the share capital.

f) Consolidated Financial Statements for Mondi Group

The Group consists of the parent Company Mondi SCP, a.s., subsidiaries and joint ventures presented in Notes 14 and 15.

Mondi SCP, a.s. prepares both separate financial statements and consolidated financial statements for the Group Mondi SCP, 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., based in Maastricht, the Netherlands, which owns a 51% shareholding in the Company's registered capital.

The consolidated financial statements for the biggest and the smallest 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 are available at the seat of this company.

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 Group'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 Group's financial statements.

Standard, interpretations and revised standards effective after 1 January 2023 and which the Group 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 Group 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 Group 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 Group 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 Group 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 Group 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 Group 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 Group 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 Group 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 consolidated 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.

The financial statements are intended for general use and information; they 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 Consolidated Financial Statements

The consolidated financial statements are prepared under the historical cost convention, except for certain financial instruments that are remeasured 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 Group is not an unlimited liability partner in another company.

d) Accounting policies

(i) Subsidiaries

The consolidated financial statements incorporate the financial statements of the Company and reporting entities (including special-purpose entities) controlled by the Company (hereinafter the "subsidiaries"). The right to control arises if the Company has the power, directly or indirectly, to govern the financial and operating policies of an entity so as to obtain benefits from its activities. The financial statements of the subsidiaries are included in the consolidated financial statements from the date that the control commences until the date when the control ceases.

The acquisition of subsidiaries is accounted for using the purchase method. The cost of the acquisition is measured at the aggregate of fair values, at the date of exchange, of the respective assets, liabilities incurred or assumed, and equity instruments issued by the Group in exchange for control of the subsidiary. The acquiree's identifiable assets, liabilities and contingent liabilities that meet the conditions for recognition under IFRS 3 are recognised at their fair values at the acquisition date, except for non-current assets (or disposal groups) that are classified as held for sale in accordance with IFRS 5 "Non-Current Assets Held for Sale and Discontinued Operations", which are recognised and measured at fair value less costs to sell.

Goodwill arising on consolidation is recognised as an asset and is initially measured at cost, being the excess of the cost of the business combination over the Group's interest in the net fair value of the identifiable assets, liabilities and contingent liabilities recognised. If, after reassessment, the Group's interest in the net fair value of the acquiree's identifiable assets, liabilities and contingent liabilities exceeds the cost of the business combination, the excess is recognised immediately in the statement of profit or loss and other comprehensive income.

Goodwill is initially recognised as an asset and is measured subsequently at cost less any accumulated impairment loss. For the purpose of impairment testing, goodwill is allocated to each of the Group's cash-generating units expected to benefit from the synergies of the business combination. The impairment of goodwill is tested annually or more frequently when there is an indication that the unit may be impaired. If the recoverable amount of the cash-generating unit is less than the carrying amount of the unit, the impairment loss is allocated first to reduce the carrying amount of the goodwill and then to other assets of the unit pro-rata on the basis of the carrying amount of each asset in the unit. An impairment loss recognised for goodwill is not reversed in a subsequent period. On the disposal of a subsidiary, the attributable amount of goodwill is included in the profit or loss on disposal.

All intra-group transactions, balances, unrealised profits or losses from transactions have been eliminated on consolidation.

Non-controlling interests in the equity of the consolidated subsidiaries are recognised separately from the Group's shares in equity. Non-controlling interests comprise the amount of such interests at the date of origin of the business combination and of the minority shareholders' share in changes in equity as of the combination date. A loss attributable to a non-controlling interest that exceeds the value of the minority interest in the subsidiary's equity is reversed against the Group's interest, except for the amount that represents the binding obligation of minority shareholders and can represent an additional investment to cover the losses. Non-controlling interests are recognised as a separate item in equity.

Acquisition of subsidiaries under common control

The acquisition of subsidiaries (being businesees in the meaning of IFRS 3) under common control is accounted for using predecessor accounting method. The predecessor accounting method is used prospectively from the acquisition date and the results of the acquiree are consolidated only from the date of the acquisition. Assets acquired and liabilities assumed are recognised using the carrying values from the common controlling party's consolidated financial statements. The difference between the cost of the business combination and the value of the Group's interest in the carrying amount of the identifiable assets, liabilities and contingent liabilities recognized in the acquired entity is recognized directly in equity under the line "Other equity".

A list of consolidated subsidiaries in the Group can be found in Note 14.

(ii) Joint ventures

Joint ventures are undertakings in which the group has joint control. Joint control means the power to take part in decisions on the financial and operational objectives of the Joint venture and the right to exercise joint control over such intentions. Investments in joint ventures are accounted for using the equity method from the date of the joint control until the date of its termination. Under the equity method, investments in joint ventures are recognized in the consolidated statement on financial position at acquisition cost adjusted for the Group's interest in changes in the joint venture's equity after the acquisition date, minus any write-off of individual investments. The losses of the joint venture that exceed the Group's share of the joint venture are not recognized.

Any excess of the cost of acquisition over the Group's share of the net fair value of identifiable assets, liabilities and contingent liabilities of the joint venture recognised at the date of acquisition is recognised as goodwill. The goodwill is included within the carrying amount of the investment and is assessed for impairment as part of the investment. Any excess of the Group's share of the net fair value of the identifiable assets, liabilities and contingent liabilities over the cost of acquisition, after reassessment, is recognised immediately in the statement of profit or loss and other comprehensive income.

Where a Group entity transacts with an associate of the Group, unrealised profits and losses are eliminated to the extent of the Group's interest in the relevant associate.

The Group's interest in the net assets of a joint venture is recognised in "Investments in Joint Ventures" in the accompanying consolidated statement of financial position, and the Group's share of the net profit of the associate is disclosed in "Share of Profit of Joint Ventures" in the accompanying statement of profit or loss and other comprehensive income.

A list of consolidated joint ventures in the Group can be found in Note 15.

(iii) Profit/loss on disposal of subsidiaries and joint ventures

Gain or loss on sale of shares in subsidiaries is determined as the difference between subsidiary's net asset value adjusted for unwritten-off portion of goodwill and the sale price.

Profit or loss on sale of interests in joint ventures is the difference between carrying amount and their sale price.

e) Foreign Currency

(i) Functional and presentation currency of the financial statements

Items included in the Group's financial statements are measured using the currency of the primary economic environment in which the Group operates ("the functional currency"). The consolidated financial statements are presented in EUR, which is the functional currency and also the presentation currency of the Group'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 items 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 items 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 arising on the retranslation of non-monetary items are included in the statement of profit or loss and other comprehensive income for the 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.

f) Financial instruments

Financial assets and financial liabilities are recognized in the Group's statement of financial position when the Group becomes a contractual party to the financial instrument.

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

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. The best evidence of fair value is price in an active market. An active market is market in which transactions for the asset or liability take place with sufficient frequency and sufficient volume to provide pricing information on an ongoing basis.

Transaction costs are incremental costs that are directly attributable to the acquisition, issue or disposal of a financial instrument. An incremental cost is cost that would not have been incurred if the transaction had not taken place. Transaction costs include fees and commissions paid to agents (including employees acting as selling agents), advisors, brokers and dealers, levies by regulatory agencies and securities exchanges, and transfer taxes and duties. Transaction costs do not include debt premiums or discounts, financing costs or internal administrative or holding 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 write-down for expected credit losses ("ECL"). Accrued interest includes amortisation of transaction costs deferred at initial recognition and of any premium or discount to maturity amount using the effective interest method. Accrued interest income and accrued interest expense, including both accrued coupon and amortised discount or premium (including fees deferred at origination, if any), are not presented separately and are included in the carrying values of related items in the statement of financial position.

The effective interest method is a method of allocating interest income or interest expense over the relevant period, so as to achieve a constant periodic rate of interest (effective interest rate) on the carrying amount. The effective interest rate is the rate that exactly discounts estimated future cash payments or receipts (excluding future credit losses) through the expected life of the financial instrument or a shorter period, if appropriate, to the net carrying amount of the financial instrument. The effective interest rate discounts cash flows of variable interest instruments to the next interest repricing date, except for the premium or discount which reflects the credit spread over the floating rate specified in the instrument, or other variables that are not reset to market rates. Such premiums or discounts are amortised over the whole expected life of the instrument. The present value calculation includes all fees paid or received between parties to the contract that are an integral part of the effective interest rate.

Initial recognition of financial instruments. All financial instruments are initially recognized at fair value adjusted for transaction costs. The fair value at 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 valuation - valuation categories. The Group classifies amortized cost financial assets at fair value through profit or loss ("FVTPL"). The classification and subsequent measurement of financial assets depends on: (i) the Group's business model of related asset management and (ii) properties of assets cash flows.

Financial assets - classification and subsequent valuation - business model. The business model reflects the way the Group manages assets for the purpose of generating cash flows, i.e. whether it is the purpose of the Group to: (i) exclusively collect contractual cash flows from these assets (held for the purpose of collecting contractual cash flows), or (ii) collecting contractual cash flows from the sale of assets (held for the purpose of collecting contractual cash flows from selling these assets) or if none of the items (i) and (ii) is applicable, financial assets are classified as part of an "other" business model and measured at fair value through profit or loss. („FVTPL").
The business model is designed for an asset group (at the portfolio level) based on all relevant evidence of the Group's operations to achieve the objective set for the portfolio available on the valuation date. The factors considered by the Group when determining a business model include the purpose and composition of the portfolio and past experience of how cash flows for the relevant assets have been collected. The business model used by the Group 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 intended to hold assets to collect contractual cash flows or to hold financial assets to collect cash flows and sales, the Group assesses whether cash flows represent solely principal and payments of interest ("SPPI"). In making this assessment, the Group assesses whether the contractual cash flows are consistent with the underlying loan arrangements, i. j. interest includes only taking into account credit risk, time value of money, other underlying credit risks and profit margins. 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 Group holds only trade receivables, cash pooling 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 Group at amortized cost.

Financial assets - reclassification. Financial instruments are reclassified only when the business model changes to portfolio management as a whole. This reclassification is applied prospectively and is applicable from the beginning of the first reporting period following the change of business model. The Group did not change its business model during the current period and did not perform any reclassifications.

Impairment of Financial Assets - Allowance for Expected Credit Losses („ECL").
The Group applies a simplified ECL model under IFRS 9 to trade receivables to assess impairment of receivables. ECL is defined as the present value of all impairments during the expected life of the receivable. The Group designates 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 Group will write off all or part of the financial assets when the Group has used all the practical options for recovering those assets and there is no reasonable expectation of recovering those assets.

Financial assets - derecognition. The Group 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 Group has transferred the rights to cash flows from the financial asset to another person.

g) 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 the consolidated statement of comprehensive statement.

h) 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 Group 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 other 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.

i) Intangible Assets

The Group owns intangible assets with both definite and indefinite useful lives.

Intangible assets acquired separately are stated at cost less accumulated amortisation and impairment provisions. Intangible assets are amortised over their useful lives, i.e. four years, using the straight-line method. The estimated 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.

Goodwill and intangible assets with indefinite useful lives are not amortised but are tested for impairment annually or more frequently if circumstances arise that indicate a potential impairment.

Goodwill is initially recognized as the excess of the consideration paid over the amount of the net identifiable assets acquired. If this consideration is less than the fair value of the net assets of the acquiree, the difference is recognized in the consolidated statement of profit or loss and other comprehensive income.

After initial recognition, goodwill is measured at cost less accumulated impairment losses as described in point n) of this paragraph.

For the purposes of the impairment test, goodwill is acquired in a business combination from the acquisition date allocated to each cash-generating unit.

j) Trade and other receivables

Trade receivables are initially measured at fair value and are subsequently recognised at the carrying amount obtained using the effective interest rate method, while their value is reduced by a provision.

The recoverable amount of Group 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 of trade receivables and other receivables less a provision. The Group applies a simplified IFRS 9 approach to trade receivables towards 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 in 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 Group'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 Group assesses the carrying amounts of its non-financial 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). Where it is not possible to estimate the recoverable amount of an individual asset, the Group 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. Where 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) Leases

Where there is a right to manage the use of an identified asset for more than one year, a right of use that represents the Group's right to use the underlying leased asset and a lease obligation that represents the company's obligation to pay the lease payments is recognized in the Group's balance sheet at the beginning lease.

An asset with a right to use is initially measured at cost and includes the amount of the initial measurement of the lease obligation, any lease payments made before the start date, and an estimate of the costs incurred by the lessee to dismantle and remove the asset and to restore the location where it is located or restore the asset to the 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 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 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 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

A lease obligation 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 sufficiently 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 interest rate that is easy to determine. If it is not easy to determine, the incremental interest rate is applied to the lessor.

The minimum lease payments are divided into the financial expense and the repayment of the liability. The financial expense is spread over the lease term so that a constant interest rate is recognized in respect of the residual amount of the liability. The interest component of the finance lease payments is recognized in the statement of profit or loss and other comprehensive income during the lease term 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.

q) Employee Benefit Plans obligation

(i) Costs of Pension Schemes

Some Group companies make contributions to a number of pension funds. Financing is usually made via contributions to insurance or management companies. The contributions are set based on actuarial calculations. The Group makes contributions to defined pension benefit funds and to defined contribution funds. As regards the defined benefit pension funds, the defined benefit amount an employee receives upon retirement usually depends on one or several factors, i.e. age, number of years worked and final salary. The defined contribution fund is a pension fund to which the Group makes fixed contributions. The Group has no statutory or other obligation to make additional contributions if the amount of the fund's assets is insufficient to pay all of the benefits to employees, to which they are entitled for the current and past periods.

The liability recognised in the balance sheet in relation to the defined benefit pension plan represents the present value of the defined benefit obligation as at the balance sheet date less the fair value of plan assets, net of unrecognized gains or losses from adjustments of actuarial estimates and unrecognized costs of the past service. The liability is calculated on an annual basis by third party actuaries using a Projected Unit Credit Method. The liability's present value is determined by discounting future estimated cash benefits using interest rates of high-quality corporate bonds denominated in a currency in which the benefits will be paid and whose maturity approximates maturity of the relevant pension liability. Plans' assets are measured using market values at the end of the reporting period.

Any increase in the present value of plan liabilities expected to arise from employee service during the year is charged to operating profit as service costs. Past service costs resulting from plan amendments or curtailments and gains or losses on settlements are charged to operating profit. A net interest expense or net interest income is calculated by applying the discount rate to the net defined benefit liability or asset and recognised in finance expenses or finance income.

Actuarial remeasurements of benefits are recognised in other comprehensive income and loss in the period in which they are earned or incurred.

(ii) Other Post-Employment Benefits

Some Group companies provide their employees with healthcare after retirement. An entitlement to such a benefit depends on certain conditions being met, i.e. an employee remaining in employment until they reach their retirement age and working a minimum number of years for the relevant company. Estimated expenditures are accrued over the employment period using the same accounting policy as for defined benefit pension plans.

Any increase in the present value of plan liabilities expected to arise from employee service during the year is charged to operating profit as service costs. Past service costs resulting from plan amendments or curtailments and gains or losses on settlements are charged to operating profit. A net interest expense or net interest income is calculated by applying the discount rate to the net defined benefit liability or asset and recognised in finance expenses or finance income.

Actuarial remeasurements of benefits are recognised in other comprehensive income and loss in the period in which they are earned or incurred.

Such liabilities are annually calculated by third party qualified actuaries.

(iii) Retirement Payment

The Group 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 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.

(iv) Other long term employee benefits

The Group 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 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 Group does not distinguish current and non-current portions of defined benefit obligations and presents the estimate as a whole within non-current liabilities.

r) Mandatory Insurance and Social Security and Pension Schemes

The Group 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.

s) Provisions

Provisions for liabilities are recognised when the Group 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.

t) Emission Rights

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

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

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

u) 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.

v) Revenue Recognition

Revenue from contracts with customers

(i) Goods Sold and Merchandise

For sales of goods and merchandise, revenues are recognised when all significant risks and rewards of ownership have been transferred to the buyer, which is usually the moment when the goods are delivered to the customer to the contractually agreed location, and no significant uncertainties remain regarding the collection of consideration, associated costs and possible claims or returning of goods. Revenues are stated net of taxes and discounts after eliminating sales within the Group. 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 Group in managing the goods.

(ii) Sales of services

Revenue from services is recognised when the services are provided, with respect to 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 revenues

(iii) *Sale of green energy and greenhouse gas emission allowances*

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 rights are quoted and sold on an active market.

w) Expenses

(i) Finance Costs and Income

Finance costs and income comprise interest payable on 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.

Interest income is recognised in the statement of profit or loss and other comprehensive income, in the year to which they are temporally and materially related, on an accrual basis using the effective yield method. Dividend income is recognised through profit and loss and other comprehensive income on the date when the dividend is declared.

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 Group 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 asset.

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 Group'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.

Deferred tax liabilities are recognized for taxable temporary differences which are a result of investments in subsidiaries and associates and for shares in joint ventures, except for cases when the Group controls the release of the temporary difference, while it is probable that the temporary difference will not be realized in near future.

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. The expected tax rate of 21% and 25% effective in the Slovak Republic and Austria, respectively, valid for the following years was used to calculate deferred income tax. Deferred tax is charged or credited to profit or loss, except when it relates to items charged or credited directly to equity, in which 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 Group intends to settle its current tax assets and liabilities on a net basis.

The Group 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 consolidated statement of financial position of the Group. 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 Group 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.

Certain areas of the Slovak tax law have not been sufficiently tested in practice. As a result, 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 become available. The Group's management is not aware of any circumstances that may give rise to a future material expense in this respect.

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, KEY SOURCES OF ESTIMATION UNCERTAINTY AND ERRORS

a) Critical accounting estimates

In the process of applying the Group's accounting policies, which are described in Note 3, the Group has made the following estimates 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 in accordance with their estimated actual useful life. The straight-line depreciation method is used (further details are described in Note 3 h).

The Group makes estimates and assumptions concerning the future. The resulting accounting estimates will, by definition, rarely equal the related actual results. Estimates and assumptions that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year is economic useful life of non-current tangible assets. The economic useful life of tangible fixed assets stated in Note 3 h) was based on the best estimate of the Group's management. Should the estimated full useful life of non-current tangible assets be shorter by 10%, the Group would record additional annual depreciation charge of non-current tangible assets of EUR 6,203 thousand (2021: EUR 6,093 thousand). Should the estimated full useful life of non-current tangible assets be longer by 10%,the Group would record depreciation charge lower by EUR 5,075 thousand (2021: EUR 4,994 thousand).

(ii) Calculation of employee benefits obligation

The Group recognises a significant amount as a provision for long-term employee benefits for its current employees. The valuation of this provision is sensitive to the assumptions used in the calculations, such as future levels of earnings and benefits, discount rates, fluctuations, retirement age, mortality and average life expectancy. Further details are described in Note 21. Assumptions used are based on Austrian indicators since employee benefit plans are used by Austrian subsidiaries.

5. REVENUES

An analysis of the Group's revenues for the year:

(EUR'000)	*Year Ended 31 December 2022*	*Year Ended 31 December 2021*
Revenue from contracts with customers		
Revenues from the sale of group's main activity products	1,211,194	858,461
Revenues from the sale of group's secondary activities products	21,114	15,842
Revenues from services, other revenues	4,936	4,316
Total revenue from contracts with customers	**1,237,244**	**878,619**
Other revenues		
Revenues from green energy sales and CO2 emissions	9,767	9,531
Total other revenues	**9,767**	**9,531**
Total	**1,247,011**	**888,150**

Revenues from the sale of Group's activity products include sales of office paper, wrapping paper and pulp. Revenues from the sale of group's secondary activities products include revenue from sales of energy, wood, paper for recycling 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 7% lower compared to last year, office paper accounted for 71% of the total amount sold (76% in 2021), packaging paper from Paper Machine 1 accounted for 6% of total sales (the same as in 2021), packaging paper from the new Paper Machine 19 accounted for 23% of total sales (19% in 2021).

Revenue from contracts with customers from 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	922,388	643,826
Packaging paper– PS1	69,157	51,500
Packaging paper – PS19	185,985	115,758
Cellulose	33,664	47,377
Total	**1,211,194**	**858,461**

Analysis of revenues from contracts with customers from production sales from principal and subsidiary activities:

The Group 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 significant financial components.

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

Revenues from contracts with customers outside the Mondi Group by country and region:

(EUR'000)	*Year Ended 31 December 2022*	*Year Ended 31 December 2021*
Slovakia	53,894	35,110
East Europe	16,234	31,032
West Europe	14,469	11,704
Asia, Australia	5,757	5,196
Total	**90,354**	**83,042**

Revenue from contracts with customers outside the Mondi Group by product (except Revenues from services, other revenues):

(EUR'000)	*Year Ended 31 December 2022*	*Year Ended 31 December 2021*
Pulp	33,664	47,376
Paper	36,671	21,715
Revenues from the sales of production from the principal activities of the Group	**70,335**	**69,091**
Energy	9,794	7,875
Wood	5,191	2,315
Paper for recycling	2,353	1,714
Other	2,681	2,047
Revenues from the sales of production from the secondary activities of the Group	**20,019**	**13,951**
Total	**90,354**	**83,042**

None of the external customers had sales of more than 10% of total external sales for both years.

The Group has no significant assets or liabilities arising from customer contracts in any one year. No customer contract costs were capitalized.

The Group does not disclose in the notes about other liabilities arising from contracts with customers that have an original expected duration of one year or less, as permitted by IFRS 15.

Revenues from contracts with the Mondi Group´s related parties by client:

(EUR'000)	*Year Ended 31 December 2022*	*Year Ended 31 December 2021*
Mondi Paper Sales, Austria	1,134,854	779,384
Mondi Syktyvkar, Russia	6,047	10,039
Mondi Swiecie, Poland	987	1,670
Euro Waste, Czech Republic	62	46
Mondi Štetí, Czech Republic	5	-
Mondi Stambolijski, Bulgaria	-	115
Richards Bay, South Africa	-	7
Total	**1,141,955**	**791,261**

Revenues from contracts with Mondi Group´s related parties by products:

(EUR'000)	*Year Ended 31 December 2022*	*Year Ended 31 December 2021*
Paper	1,140,859	789,370
Revenues from the sales of production from the principal activities of the Group	**1,140,859**	**789,370**
Paper for recycling	1,049	1,130
Wood	-	618
Other	47	143
Revenues from the sales of production from the secondary activities of the Group	**1,096**	**1,891**
Total	**1,141,955**	**791,261**

6. RAW MATERIALS AND CONSUMABLES

An analysis of raw materials and consumables of the Group for the year:

(EUR'000)	*Year Ended 31 December 2022*	*Year Ended 31 December 2021*
Raw materials, direct and auxiliary materials (wood, pulp, chemicals, others)	518,191	412,218
Energy	241,794	131,924
Maintenance, felts and screens	53,690	48,447
Packages	25,869	24,846
Other (operating overhead, merchandise, manufacturing services, other)	23,775	22,641
Total	**863,319**	**640,076**

7. CONSUMPTION OF OTHER SERVICES

An analysis of consumption of other services of the Group for the year:

(EUR'000)	*Year Ended 31 December 2022*	*Year Ended 31 December 2021*
Management and marketing services	8,743	12,805
Insurance	5,911	4,921
Legal, advisory and auditing services	5,087	3,467
IT and telecommunication services	4,666	3,553
Costs associated with sales	3,079	2,560
Hire of employees and contractor costs	2,897	2,543
Outsourcing	2,815	3,459
Safety and health at work	2,310	2,674
Maintenance of non-production facilities	1,566	1,496
Transport of third parties	1,276	1,146
Cleaning of technological equipment	1,244	1,122
Taxes and fees	1,172	1,114
Personnel services, travel expenses	1,069	1,024
Rent	1,068	1,529
Advertising costs	991	779
Services connected with the liquidation of long-term assets	810	593
Other	4,370	3,694
Total	**49,074**	**48,479**

Legal, advisory and auditing services contain fees paid to the auditor in the amount of EUR 248 thousand (2021: EUR 206 thousand).

8. PERSONNEL EXPENSES

Personal costs of the Group incurred in the reporting period include the following categories:

(EUR'000)	*Year Ended 31 December 2022*	*Year Ended 31 December 2021*
Wages	76,209	71,468
Social expenses and other personal expenses	25,787	24,266
Total	**101,996**	**95,734**

9. OTHER OPERATING EXPENSES AND INCOME

Other operating income and expenses of the Group 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
Profit / (loss) on sale of non-current assets	828	47
Bonuses to suppliers from previous years	240	(240)
Return of insurance premium from previous years	152	282
Excise duty on natural gas from previous years	95	(786)
Gain on litigation for previous years	-	1,483
Other	(67)	(77)
Total	**5,895**	**3,802**

Gain on litigation for 2021 year represents a closed lawsuit of the parent company with the company Fortischem, Nováky, regarding supply of chemicals in the previous years, which was run by the Group.

10. FINANCE INCOME AND FINANCE COSTS

Analysis of finance income of the Group for the period:

Finance income	*Year Ended 31 December 2022*	*Year Ended 31 December 2021*
Interest income	411	16
Increase/(Decrease) in the value of financial assets	(598)	141
Total finance income	**(187)**	**157**

Analysis of finance costs of the Group for the period:

Finance costs	*Year Ended 31 December 2022*	*Year Ended 31 December 2021*
Interest expense	1,919	2,174
Total finance costs	**1,919**	**2,174**

11. INCOME TAX

Group's income tax analysis for:

(EUR'000)	*Note*	*Year Ended 31 December 2022*	*Year Ended 31 December 2021*
Current tax		9,887	1,444
Deferred tax	23	6,242	1,450
Income tax for the year		**16,129**	**2,894**

The current income tax was calculated on the taxable profit at 21% rate applied in the Slovak Republic and 25% applied in Austria (2021: 21% in the Slovak Republic and 25% in Austria).

Deferred income tax was calculated on the taxable profit at 21% rate applied in the Slovak Republic and 24% applied in Austria since 2023 and 23% applied in Austria since 2024.

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	100,162		727	
Share of profit/(loss) of joint ventures	(96)		60	
Profit before tax adjusted for share in profit/(loss) of joint ventures	**100,258**		**667**	
Tax calculated at the local income tax rate	21,054	21	140	21
Difference in overseas tax rate	67	23,24,25	(450)	25
Permanent differences	106		136	
Temporary differences not included in deferred tax	(1,546)		(2,203)	
Tax loss not included in deferred tax receivable	2,076		6,034	
Deferred tax attributable to the tax rate change	(34)		-	
Tax relief	(5,495)		(655)	
Accruals and other differences	(99)		(108)	
Income tax and effective tax rate	**16,129**	**16.1**	**2,894**	**433.9**

As part of the reconciliation of total tax with accounting profit for 2022, the Group reported the impact of the tax loss at Mondi Neusiedler, GmbH, not included in the deferred tax asset, in the tax amount of EUR 2,076 thousand, compared to 2021 in the amount of EUR 6,034 thousand. Likewise, temporary differences not included in deferred tax relate to Mondi Neusiedler, GmbH.

In 2022, the Group applied income tax relief of EUR 5,495 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 (2021: EUR 655 thousand).

The final tax relief for 2022 will be calculated in the preparation of the parent company's tax return for 2022.

Analysis of current tax receivable/(liability):

(EUR'000)	*2022*	*2021*
As at 1 January	(1,017)	2,533
Payment of commitment/(Receipt of receivable) from previous year	1,390	(3,003)
Current year's expense	(15,011)	(1,914)
Last year's expense	(371)	(185)
Advances paid for the current year	1,449	897
Tax relief	5,495	655
As at 31 December	**(8,066)**	**(1,017)**

12. INTANGIBLE ASSETS

Analysis of the Group's intangible assets for the year ended 31 December 2022:

(EUR'000)	*Goodwill*	*Other intangible assets*	*Total*
Cost			
As at 1 January 2022	512	24,208	24,720
Additions	-	1,254	1,254
Transfers	-	151	151
Disposals	-	(150)	(150)
As at 31 December 2022	**512**	**25,463**	**25,975**
Accumulated Amortisation and impairments			
As at 1 January 2021	169	22,464	22,633
Annual amortisation	141	685	826
Disposals	-	(150)	(150)
As at 31 December 2022	**310**	**22,999**	**23,309**
Carrying amount			
As at 1 January 2022	**343**	**1,744**	**2,087**
As at 31 December 2022	**202**	**2,464**	**2,666**

Analysis of the Group's intangible assets for the year ended 31 December 2021:

(EUR'000)	*Goodwill*	*Other intangible assets*	*Total*
Cost			
As at 1 January 2021	512	23,169	23,681
Additions	-	653	653
Transfers	-	466	466
Disposals	-	(80)	(80)
As at 31 December 2021	**512**	**24,208**	**24,720**
Accumulated Amortisation and impairments			
As at 1 January 2021	169	21,990	22,159
Annual amortisation	-	554	554
Disposals	-	(80)	(80)
As at 31 December 2021	**169**	**22,464**	**22,633**
Carrying amount			
As at 1 January 2021	**343**	**1,179**	**1,522**
As at 31 December 2021	**343**	**1,744**	**2,087**

Goodwill represents intangible assets with indefinite useful lives, valued at cost less accumulated impairment losses.

Other intangible assets comprise software, licenses, rights for energy supplies and non-current intangible assets in acquisition. Such assets have limited useful lives over which they are amortised.

The amortisation period for other intangible assets is four years.

The Group as at 31 December 2022 have intangible assets in acquisition and advances for intangible assets in the amount of EUR 95 thousand (2021: EUR 25 thousand).

13. PROPERTY, PLANT AND EQUIPMENT

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

(EUR'000)	*Land and Buildings*	*Machines and Equipment*	*Assets under Construction and Advance Payments*	*Other Non-Current Tangible Assets*	*Total*
Cost					
As at 1 January 2022	446,403	1,692,151	17,412	62,749	2,218,715
Additions	-	-	25,301	-	25,301
Disposals	(503)	(4,270)	-	(1,516)	(6,289)
Transfers	6,250	14,810	(22,570)	1,359	(151)
As at 31 December 2022	**452,150**	**1,702,691**	**20,143**	**62,592**	**2,237,576**
Accumulated depreciation and impairment					
As at 1 January 2022	220,979	1,204,776	-	49,367	1,475,122
Annual depreciation charge	9,989	44,157	-	2,116	56,262
Disposals	(256)	(4,267)	-	(1,499)	(6,022)
As at 31 December 2022	**230,712**	**1,244,666**	**-**	**49,984**	**1,525,362**
Carrying amount					
As at 1 January 2022	**225,424**	**487,375**	**17,412**	**13,382**	**743,593**
As at 31 December 2022	**221,438**	**458,025**	**20,143**	**12,608**	**712,214**

Additions to non-current tangible assets mainly comprise expenses for the acquisition of long-term assets within the framework of ordinary annual investment projects in individual companies of the Group.

The Group did not recognise any pledged assets. The Group's assets are not subject to any liens that restrict the Group's handling of non-current assets.

The useful lives of relevant assets are described in Note 3 h).

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

(EUR'000)	*Land and Buildings*	*Machines and Equipment*	*Assets under Construction and Advance Payments*	*Other Non-Current Tangible Assets*	*Total*
Cost					
As at 1 January 2021	357,854	1,500,925	251,672	55,687	2,166,138
Additions	-	-	65,327	-	65,327
Disposals	(758)	(11,135)	-	(767)	(12,660)
Transfers and reclassification	89,307	202,361	(299,587)	7,829	(90)
As at 31 December 2021	**446,403**	**1,692,151**	**17,412**	**62,749**	**2,218,715**
Accumulated depreciation and impairment					
As at 1 January 2021	212,210	1,172,763	-	48,199	1,433,172
Annual depreciation charge	9,517	42,770	-	1,926	54,213
Disposals	(748)	(11,133)	-	(758)	(12,639)
Reclassification	-	376	-	-	376
As at 31 December 2021	**220,979**	**1,204,776**	**-**	**49,367**	**1,475,122**
Carrying amount					
As at 1 January 2021	**145,644**	**328,162**	**251,672**	**7,488**	**732,966**
As at 31 December 2021	**225,424**	**487,375**	**17,412**	**13,382**	**743,593**

Details of the type of insurance and insured amount of non-current assets and inventories (EUR '000):

Insured Object	*Type of Insurance*	*Amount* 31 December 2022	*Amount* 31 December 2021
Passenger vehicles	Against theft, motor hull insurance	77	82
Property, plant and equipment	Against natural disasters	3,146,957	2,845,727
Plant and equipment	Against machine breakage	2,337,253	2,124,102
Inventories	Against natural disasters	109,164	108,549

14. SUBSIDIARIES

Overview of the Group's subsidiaries as at 31 December 2022:

Name of Subsidiary	*Place of Registration and Operation*	*Principal Activity*	*Ownership Share in %*	*Year of First Consolidation*
Obaly S O L O, s r. o.	Tatranská cesta 3, 034 17 Ružomberok	Production and trading in paper goods (inactive company)	100	2001
Strážna služba VLA-STA, s r. o.	Tatranská cesta 3, 034 17 Ružomberok	Security services	100	2006
SLOVWOOD Ružomberok, a.s.	Tatranská cesta 3, 034 17 Ružomberok	Mediation in timber trade	66	2008
Mondi Neusiedler, GmbH	Hausmening, Austria	Production and trading in paper goods	100	2016
Ybbstaler Zellstoff, GmbH	Kematen, Austria	Production and trading in paper goods	100	2016
Slovpaper Recycling, s r. o.	Tatranská cesta 3, 034 17 Ružomberok	Waste management	100	2017
Slovpaper Collection, s. r. o.	Tatranská cesta 3, 034 17 Ružomberok	Waste management	100	2020

During the year ended 31 December 2022, there were no changes in the structure of subsidiaries and their ownership interests.

15. INVESTMENTS IN JOINT VENTURES

Overview of the Group's joint ventures as at 31 December 2022:

Name of Associate	*Place of Registration and Operation*	*Principal Activity*	*Ownership Share in %*	*Share in Voting Rights in %*	*The Carrying Value of The Investment*	
					2022	*2021*
RECOPAP, s. r. o.	Bratislavská 18, Zohor	Sorting and pressing of waste paper	50	50	177	241
East Paper, s. r. o.	Rastislavova 98, Košice	Waste management business	51	50	164	196

Investments in joint ventures were acquired in 2017 as part of the acquisition of 100% share of Slovpaper Recycling s.r.o. They are charged using the equity method.

During the year ended 31 December 2022, there were no changes in the structure of investments in joint ventures and their ownership interests.

16. INVENTORIES

Overview of the Group's inventories:

(EUR'000)	*31 December 2022*	*31 December 2021*
Raw materials, consumables and spare parts	82,403	44,534
Work in progress and semi-finished goods	48,214	32,475
Finished goods	35,220	36,759
Merchandise	1,263	475
Total	**167,100**	**114,243**

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

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

As at 31 December 2022, the Group recorded provisions in the amount of EUR 31,512 thousand (2021: EUR 27,152 thousand) for obsolete and slow-moving inventory based on an assessment of the net realisable value of inventories at the year-end.

Group entities re-assessed the recorded provisions for inventories and came to the conclusion that the amount of the provisions is sufficient.

Movements in the provision for inventories:

(EUR'000)	*2022*	*2021*
As at 1 January	27,152	26,342
Charge	5,650	1,047
Use and release	(1,290)	(237)
As at 31 December	**31,512**	**27,152**

17. TRADE AND OTHER RECEIVABLES

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

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

The Group's non-current other receivables represent a receivable from a litigation from previous periods, which was settled during 2021.

Overview of the Group's current trade and other receivables:

(EUR'000)	*31 December 2022*	*31 December 2021*
Receivables from the sale of finished goods and services	106,321	100,956
Tax receivables	20,215	16,447
Advance payments made	7,514	1,395
Other receivables	328	1,617
	803	
Total	**135,181**	**120,415**

The Group created a provision for estimated irrecoverable receivables from the sale of finished goods and other receivables in the amount of EUR 155 thousand (2022: EUR 148 thousand). 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	134,882	119,180
Overdue	454	1,383
Total	**153,336**	**120,563**

No collateral or other forms of security were received by the Group in respect of its receivables. Risk of noncollection is covered by the insurance program of the Mondi Group and EXIM Bank. Information about insurance coverage claims contains Note 28, section Credit Risk.

The Group recorded no receivables under lien.

18. CASH AND CASH EQUIVALENTS

Cash and cash equivalents comprise bank accounts and cash on hand, including the Group's cash and current 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 Group'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	5,239	1,043
Total	**5,239**	**1,043**

19. 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 and the nominal value per share was EUR 33.193919. All of the Company's shares were paid. None of the Company's shares are quoted on the stock exchange.

20. OTHER COMPONENTS OF EQUITY

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

Capital funds consisted of legal reserve fund in amount of EUR 48,330 thousand, statutory funds in amount of EUR 36,152 thousand, additional paid in capital in amount of EUR 3,068 thousand and other deposits not increasing the share capital in amount of EUR 1,861 thousand. The total amount of capital funds was EUR 89,411 thousand.

Other funds include funds created from actuarial gain on employee benefits after termination of employment EUR (432) thousand and the difference arising from the acquisition of Austrian companies Mondi Neusiedler and Ybbstaller Zellstof in amount EUR 6,425 thousand and Other funds in amount (EUR 276 thousand). The total amount of other funds was EUR 5,717 thousand.

21. EMPLOYEE BENEFIT PLANS

The Group provides retirement benefit plans for employees of both Austrian companies, as well as defined benefit retirement benefit plans for all its employees.

Pension benefits

The Group contributes to a pension plan for both Austrian companies.

Retirement pension obligation

The long-term employee benefits plans are a defined benefit Group plans whereby employees are entitled to a one-time retirement or disability pension contribution equal to a certain percentage of the company's average annual wage, depending on the conditions set.

As at 31 December 2022 and 31 December 2021, this plan applied to all Group employees.

To this date, the plan was called not covered by financial resources, which means, without specifically designated assets to cover the obligation arising from it.

Other long-term employee benefits obligation

The other long-term employee benefit obligation represents a commitment to regular jubilee remuneration, which the Group is required to pay.

Neither as at 31 December 2022 nor as at 31 December 2021, employees of subsidiaries of Slovpaper Collection, s. r. o. were not included in the other long-term employee benefit plan.

The Group estimated a provision for pensions, retirement payment and other long-term employee benefits based on an actuarial valuation.

Defined benefit plans typically expose the Group to the following actuarial 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 the net retirement benefit liability/asset is calculated by reference to the expected future salaries of plan participants. An increase in the salary of the plan participants will increase the plan liabilities.

The expected maturity analysis of undiscounted retirement benefits is as follows:

31 December 2022

(EUR '000)	*Pension Benefits*	*Retirement Payment & Jubilee Benefit*	*Total*
Less than a year	142	2,390	**2,532**
Between one and two years	217	685	**902**
Between two to five years	528	4,744	**5,722**
After five years	826	17,922	**18,748**
Total	**1,713**	**24,729**	**27,454**

31 December 2021

(EUR '000)	*Pension Benefits*	*Retirement Payment & Jubilee Benefit*	*Total*
Less than a year	137	2,980	**3,117**
Between one and two years	249	1,096	**1,345**
Between two to five years	565	5,787	**6,352**
After five years	660	30,672	**31,332**
Total	**1,611**	**40,535**	**42,146**

The average duration of defined employee benefits liabilities is 15 years (2021: 15 years).

It is expected that the Group's share of contributions will increase as the plans' members age. The expected contributions to be paid to defined benefit pension plans, other post-employment benefits and the other non-current benefits during 2023 are EUR 2,329 thousand.

The employee benefits plan liabilities recognised in the consolidated statement of financial position by categories:

(EUR'000)	*31 December 2022*	*31 December 2021*
Fair value of liabilities not covered by the funds	22,701	29,053
Fair value of liabilities covered by the funds	-	-
Total fair value of liabilities	22,701	29,053
Fair value of fund assets	-	-
Net value of employee benefits liabilities	**22,701**	**29,053**

Amounts recognised in the consolidated statement of financial position:

(EUR'000)	*31 December 2022*	*31 December 2021*
Total employee benefits assets	-	-

(EUR'000)	*31 December 2022*	*31 December 2021*
Pension benefits	2,305	3,465
Entitlement to lump-sum payment upon retirement	15,043	19,131
Payable from other non-current employee benefits	5,353	6,457
Total employee benefits liabilities	**22,701**	**29,053**

Country-based employee benefits plan liabilities recognized in the balance sheet:

(EUR'000)	*31 December 2022*			*31 December 2021*		
	Austria	Slovakia	Total	Austria	Slovakia	Total
Pension benefits	2,305	-	2,305	3,465	-	3,465
Entitlement to lump-sum payment upon retirement	13,299	1,744	15,043	17,035	2,096	19,131
Payable from other non-current employee benefits	3,305	2,048	5,353	4,139	2,318	6,457
Total	**18,909**	**3,792**	**22,701**	**24,639**	**4,414**	**29,053**

Charged to the consolidated statement of profit or loss and other comprehensive income according to changes in current value of liabilities and at fair value of plan assets:

(EUR'000)	*Plan Liabilities*		*Plan Assets*		*Net Liability*	
	2022	**2021**	**2022**	**2021**	**2022**	**2021**
As at 1 January	29,053	33,847	-	-	29,053	33,847
Included in the statement of profit or loss						
Current service costs	686	1,469	-	-	686	1,469
Interests	222	145	-	-	222	145
Past service costs	-	(3,016)	-	-	-	(3,016)
Paid benefits	(3,288)	(3,190)	-	-	(3,288)	(3,190)
Cancellation of provisions	(614)	-	-	-	(614)	-
Transfers within the Group	3	-			3	-
Included in the other comprehensive income						
Revaluation gains/(losses)	(3,361)	(202)	-	-	(3,361)	(202)
As at 31 December	**22,701**	**29,053**	-	-	**22,701**	**29,053**

Key actuarial assumptions:

	Year ended 31 December 2022	*Year ended 31 December 2021*
Real discount rate p. a.	3%	0.6%
Inflation	2.2% – 3.3%	2.2% – 3.2%
Staff turnover p.a	1.0 % - 3.1%	1.0 % - 3.1%
Retirement age, men/women	60 - 64/60 - 64	60 - 63/60 - 63
Mortality and disability table	Pagler & Pagler	Pagler & Pagler
Future growth of wages	3.0%	2.5%
Future growth of pensions	2.0%	2.0%

Sensitivity analysis for the year ended 31 December 2022:

	Sensitivity 1	*The Main Assumption*	*Sensitivity 2*
Discount rate	2.0%	3.0%	4.0%
Net liability of defined employee benefits (without liabilities from other non-current benefits)	18,988	17,348	15,963
Inflation	1.2% - 2.3%	2.2% - 3.3%	3.2% - 4.3%
Net liability of defined employee benefits (without liabilities from other non-current benefits)	15,937	17,348	18,996

Sensitivity analysis for the year ended 31 December 2021:

	Sensitivity 1	*The Main Assumption*	*Sensitivity 2*
Discount rate	(0.4)%	0.6%	1.6%
Net liability of defined employee benefits (without liabilities from other non-current benefits)	25,169	22,596	20,496
Inflation	1.2%-2.2%	2.2%-3.2%	3.2%-4.2%
Net liability of defined employee benefits (without liabilities from other non-current benefits)	20,503	22,596	25,122

22. LOANS AND CREDITS

Group's current loans analysis:

(EUR'000)	*31 December 2022*	*31 December 2021*
Short-term bank loans	6,666	14,003
Overdraft	3,410	28
Total	**10,076**	**14,031**

Movement of current loans from third parties:

(EUR'000)	*2022*	*2021*
As at 1 January	14,031	19
Reclassification	(7,365)	(16)
Drawdown of loans	3,410	14,028
As at 31 December	**10,076**	**14,031**

Group's non-current loans analysis:

(EUR'000)	*Note*	*31 December 2022*	*31 December 2021*
Long-term bank loans		20,000	56,000
Other non-current loans from related parties	29	23,174	25,413
Total		**43,174**	**81,413**

Movement of non-current loans from third parties:

(EUR'000)	*2022*	*2021*
As at 1 January	56,000	-
Drawdown of loans	-	56,000
Reclassification	(36,000)	-
As at 31 December	**20,000**	**56,000**

Movement of non-current loans from related parties:

(EUR'000)	*2022*	*2021*
As at 1 January	25,413	34,832
Loan payments	(2,814)	(10,205)
Interest accrued	575	786
As at 31 December	**23,174**	**25,413**

In 2021, the Group draw a long-term loan in UniCredit Bank Czech Republic and Slovakia, a.s. at the amount of EUR 70,000 thousand to finance the general needs of the Group. Interest rate of 6M EURIBOR + 0,29% p.a. is applied, as of 31.12.2022 the balance of the loan amounts to EUR 26,666 thousand. No covenants are included in the loan agreement.

As at 31 December 2022 and 31 December 2021, the Group drew an operating loan within the Mondi Group granted by Mondi Finance plc.

23. DEFERRED TAX ASSET AND LIABILITY

The following are the major deferred tax liabilities and assets recognised by the Group and their movements during the current reporting period.

Deferred tax asset	*Difference in NBV of Non-current Assets*	*Other Temporary Differences*	*Tax Loss*	*Total*
As at 1 January 2022	2	291	80	373
Recognised in the profit or loss	(2)	(66)	(20)	(88)
Recognised in equity	-	(5)	-	(5)
As at 31 December 2022	**-**	**220**	**60**	**280**

Deferred tax liability	*Difference in NBV of Non-current Assets*	*Other Temporary Differences*	*Total*
As at 1 January 2022	40,281	(7,290)	32,991
Recognised in the profit or loss	6,774	(620)	6,154
Recognised in equity	-	141	141
As at 31 December 2022	**47,055**	**(7,769)**	**39,286**

The following are the major deferred tax liabilities and assets recognised by the Group and their movements during the previous reporting periods.

Deferred tax asset	*Difference in NBV of Non-current Assets*	*Other Temporary Differences*	*Tax Loss*	*Total*
As at 1 January 2021	(315)	590	747	1 022
Recognised in the profit or loss	317	(297)	(667)	(647)
Recognised in equity	-	(2)	-	(2)
As at 31 December 2021	**2**	**291**	**80**	**373**

Deferred tax liability	*Difference in NBV of Non-current Assets*	*Other Temporary Differences*	*Total*
As at 1 January 2021	37,964	(5,795)	32,169
Recognised in the profit or loss	2,317	(1,514)	803
Recognised in equity	-	19	19
As at 31 December 2021	**40,281**	**(7,290)**	**32,991**

Deferred tax assets ageing structure:

(EUR'000)	*31 December 2022*	*31 December 2021*
- over 12 months	280	373
Total	**280**	**373**

Deferred tax liabilities ageing structure:

(EUR'000)	*31 December 2022*	*31 December 2021*
- over 12 months	47,055	40,281
- due within 12 months	(7,769)	(7,290)
Total	**39,286**	**32,991**

24. PROVISIONS

Movement of a non-current provision for restoration of a landfill:

(EUR'000)	*2022*	*2021*
As at 1 January	2,569	2,519
Additions	-	50
Use	(35)	-
As at 31 December	**2,534**	**2,569**

The use of the long-term provision for the reclamation of the landfill represents the rehabilitation of costs for monitoring the first and second stages of the landfill in the amount of EUR 35 thousand (the increase in 2021 represented the accounting of interest for adjusting the value of the reserve for the third stage of the landfill in the amount of EUR 50 thousand).

Environmental provision is made for the reclamation of landfills pursuant to the applicable environmental legislation in the Slovak Republic. The Group owns and operates the three stages of the landfill where it is legally obliged to reclaim them after their capacity has been reached. The Group 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 15 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 996 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 2025, 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%.

Movements of current provisions:

(EUR'000)	*Provision for claims*	*Current Provisions*
As at 1 January 2022	790	790
Creation	-	-
Release	(217)	(217)
As at 31 December 2022	**573**	**573**

(EUR'000)	*Provision for claims*	*Current Provisions*
As at 1 January 2021	699	699
Creation	229	229
Release	(138)	(138)
As at 31 December 2021	**790**	**790**

25. TRADE AND OTHER PAYABLES

Overview of trade and other payables:

(EUR'000)	*31 December 2022*	*31 December 2021*
Trade payables	213,533	190,321
Trade payables of an investment nature	7,161	15,694
Other payables	21,757	18,946
Total	**242,451**	**224,961**

Breakdown of trade payables by maturity:

Item	*Within Maturity Period*	*Retentive*	*Maturity Within 365 Days Overdue*	*Over 365 Days Overdue*	*Total*
As at 31 December 2022					
Trade payables (including of an investment nature)	203,791	4,290	12,108	505	**220,694**
As at 31 December 2021					
Trade payables (including of an investment nature)	186,888	7,689	11,367	71	**206,015**

In 2022 retentive trade payables in amount of EUR 2,789 thousand were overdue up to one year after the maturity, in amount of EUR 1,501 thousand – overdue over one year after the maturity (in 2021 overdue up to one year in amount of EUR 6,380 thousand, overdue over one year in amount of EUR 1,309 thousand).

Other current payables comprise the following items:

(EUR'000)	*31 December 2022*	*31 December 2021*
Payables to employees, from social security insurance and other taxes	18,767	15,183
Accrued liabilities	2,649	2,671
Social fund	260	697
Other	81	395
Total	**21,757**	**18,946**

The Group's recorded payables to creditors are not secured by a lien.

The Group's other non-current liabilities comprise the following:

(EUR'000)	*31 December 2022*	*31 December 2021*
Government grants	313	244
Total	**313**	**244**

26. LEASES

The Group has entered into various leasing contracts. Leases of buildings and land have an average lease term of 40 years, machines and equipment 12 years and other leased assets 4 years.

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 Group. The Group 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 Group, on the contrary, in the event of cancellation of the contract before the expiration of the lease period, the Group 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 from 2019, 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.

Assets with a right to use

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

(EUR'000)	Land and Buildings	Machinery and Equipment	Other Tangible Fixed Assets	Total
Cost				
As at 1 January 2022	204	32,962	1,509	34,675
Additions	-	869	3,241	4,110
Disposals	(71)	(361)	(359)	(791)
As at 31 December 2022	**133**	**33,470**	**4,391**	**37,994**
Accumulated depreciation and impairment				
As at 1 January 2022	40	6,155	826	7,021
Annual depreciation and impairment	42	2,487	620	3,149
Disposals	(27)	(326)	(327)	(680)
As at 31 December 2022	**55**	**8,316**	**1,119**	**9,490**
Carrying amount				
As at 1 January 2022	**164**	**26,807**	**683**	**27,654**
As at 31 December 2022	**78**	**25,154**	**3,272**	**28,504**

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

(EUR'000)	Land and Buildings	Machinery and Equipment	Other Tangible Fixed Assets	Total
Cost				
As at 1 January 2021	68	32,393	1,375	33,836
Additions	136	1,104	509	1,749
Disposals	-	(535)	(375)	(910)
As at 31 December 2021	**204**	**32,962**	**1,509**	**34,675**
Accumulated depreciation and impairment				
As at 1 January 2021	9	4,228	742	4,979
Annual depreciation and impairment	31	2,457	398	2,886
Disposals	-	(530)	(314)	(844)
As at 31 December 2021	**40**	**6,155**	**826**	**7,021**
Carrying amount				
As at 1 January 2021	**59**	**28,165**	**633**	**28,857**
As at 31 December 2021	**164**	**26,807**	**683**	**27,654**

The Group leases various machinery and equipment and also land under the ECO+ project for the PM19 paper machine and related infrastructure.

In 2022, additions to assets with the right to use amounted to EUR 4,110 thousand (in 2021: EUR 1,749 thousand). The most significant additions were mobile boiler room rentals, land rentals, and automobiles.

Lease commitments

Analysis of maturity of undiscounted lease commitments:

(EUR'000)	*31 December 2022*	*31 December 2021*
Less than a year	3,390	2,838
Between one and five years	10,825	8,596
After five years	13,952	15,509
Total	**28,167**	**26,943**

Lease commitments by residual maturity:

(EUR'000)	*31 December 2022*	*31 December 2021*
Current liabilities	2,570	1,937
Non-current liabilities	21,415	20,481
Total	**23,985**	**22,418**

Total payments for the lease in 2022 amounted to EUR 2,416 thousand (in 2021: EUR 2,683 thousand).

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

(EUR'000)	*31 December 2022*	*31 December 2021*
Annual depreciation and impairment	(3,149)	(2,886)
Interest on lease commitments	(680)	(668)
Current rental costs and the cost of rentals assets with low value	(1,068)	(1,528)
Revenue from derecognised leased asset	112	81
Value of derecognised leased asset	(111)	(66)
Total	**(4,896)**	**(5,067)**

27. CAPITAL RISK MANAGEMENT

The Group manages its capital to ensure that it is able to continue as a going concern 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)	*31 December 2022*	*31 December 2021*
Debt (i)	125,992	139,613
Cash and cash equivalent and Assets from Cash-pooling	107,121	42,002
Net debt	18,871	97,611
Equity	712,366	625,120
Net debt to equity ratio	**3%**	**16%**

(i) Debt is defined as current and non-current credits and loans, cash pool payables and lease commitments.

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

28. FINANCIAL RISK MANAGEMENT

Financial assets

Overview of Group's financial assets for the current reporting periods

(EUR'000)	*Assets at FVTPL*	*Assets at Amortised Cost*
31 December 2022		
Receivables (including assets from cash-pooling)	-	237,360
Other non-current financial assets	145	-
Long-term loans granted	-	295
Receivables from financial derivatives	-	-
Cash and cash equivalents	-	5,239
Financial assets	**145**	**242,894**

Overview of Group's financial assets for the previous reporting periods.

(EUR'000)	*Assets at FVTPL*	*Assets at Amortised Cost*
31 December 2021		
Receivables (including assets from cash-pooling)	-	162,070
Other non-current financial assets	4,409	-
Long-term loans granted	-	295
Receivables from financial derivatives	12	-
Cash and cash equivalents	-	1,043
Financial assets	**4,421**	**163,408**

Group's non-current financial assets movements analysis:

Other non-current financial assets as at 31 December 2022 represent long-term realizable securities. In 2022, an impairment charge of EUR 598 thousand was recorded against non-current financial assets, while a substantial part was subsequently sold, the proceeds from the sale amounting to EUR 3,666 tousand. No profit or loss was realised on the sale.

(EUR'000)	*2022*	*2021*
As at 1 January	4,409	4,268
Increase/(Decrease) of other non-current financial assets	(598)	141
Decrease	(3,666)	-
As at 31 December	**145**	**4,409**

Long-term loans granted represents a loan provided to a related company PLWD, sp. z o. o., Poland, by subsidiary SLOVWOOD Ružomberok, a. s.

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

(EUR'000)	*2022*	*2021*
Gains/(losses) recognized in the statement of other comprehensive income	(598)	141
Interest on a long-term loan	23	1
Total	**(575)**	**142**

Financial liabilities:

Overview of Group's financial liabilities for the current reporting periods.

(EUR'000)	*Liabilities at FVTPL*	*Liabilities at Amortised Cost*
31 December 2022		
Liabilities from financial derivatives	6	-
Trade and other payables	-	242,451
Loans and credits	-	53,250
Liabillities from cash-pooling	-	48,756
Leasing commitments	-	23,985
Other financial liabilities	-	313
Financial liabilities	**6**	**368,755**

Overview of Group's financial liabilities for the previous reporting periods.

(EUR'000)	*Liabilities at FVTPL*	*Liabilities at Amortised Cost*
31 December 2021		
Liabilities from financial derivatives	9	-
Trade and other payables	-	224,961
Loans and credits	-	95,444
Liabillities from cash-pooling	-	21,751
Leasing commitments	-	22,418
Other financial liabilities	-	244
Financial liabilities	**9**	**364,818**

a) Financial Risk Factors

The Group is exposed to a variety of financial risks, which include the effects of changes in foreign currency exchange rates and loan interest rates. The Group's overall risk management programme focuses on the unpredictability of financial markets and seeks to minimise potential adverse effects on the Group'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 Group's policies and approved by the Group's Board of Directors, which 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 Group 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 Group's operating income and operating cash flows are relatively independent of changes in market interest rates.

Interest Rate Sensitivity

The Group did not drew a current and non-current loan from related parties as well as bank loans and was exposed to only immaterial interest rate risk during 2022. Therefore, no sensitivity analysis was performed. As at 31 December 2022, the Group 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 Group. Therefore, no sensitivity analysis was performed. The Group 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 current fluctuations. As at 31 December 2022, the Group has no open derivative transaction.

Credit Risk

The management of the Group 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 programme of the Mondi Group. 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 Group did not limit the amount of credit exposure to any financial institution.

Group'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 Group. For smaller customers, prepayments are used. The methods used to analyze, evaluate and manage credit risk are effective and adequately eliminate credit risk.

The Group creates a write-off for impairment, which represents an estimate of Group losses resulting from trade and other receivables and investments. The Group creates a specific provision for receivables that assess individually and at the same time a general allowance for other receivables by applying ECL (expected credit losses), using lifetime expected losses.

Analysis of receivables:

(EUR'000)	*31 December 2022*	*31 December 2021*
Impaired receivables	171	149
Receivables due but not impaired	105,696	99,425
Receivables overdue but not impaired	454	1,382
of which 30 days overdue	65	1,229
of which over 30 days overdue	389	153
Total trade receivables (Note 17)	**106,321**	**100,956**

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

(EUR'000)	*31 December 2022*	*31 December 2021*
Total external trade receivables	8,709	9,981
Insured receivables	(8,364)	(8,466)
Total unsecured external trade receivables	**345**	**1,515**

Analysis of bank accounts by rating:

(EUR'000)	*31 December 2022*	*31 December 2021*
Baa3 (Moody's)	5,239	1,043
Total	**5,239**	**1,043**

Liquidity Risk

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

The following tables summarise the residual maturity of the Group'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 Group 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*	*5 Years and More*	*Total*
31 December 2022							
Interest-free		184,772	10,674	53,071	2,007	-	250,524
Floating interest rate instruments	€ STR + 0.65%	-	-	48,756	23,174	-	71,930
Floating interest rate instruments	-	-	-	3,390	10,825	13,952	28,167
Floating interest rate instruments	6M EURIBOR + 0.29%	-	-	6,666	20,000	-	26,666
Floating interest rate instruments	€ STR + 0.40% p.a.	3,410	-	-	-	-	3,410
Total		**188,182**	**10,674**	**111,883**	**56,006**	**13,952,**	**380,697**

(EUR'000)	*Weighted Average Effective Interest Rate*	*Up to 1 Month*	*1-3 Months*	*3 Months – 1 year*	*1-5 years*	*5 Years and More*	*Total*
31 December 2021							
Interest-free		155,605	11,237	57,741	1,395	-	225,978
Floating interest rate instruments	6M EURIBOR + 0.29%	-	-	14,000	56,000	-	70,000
Floating interest rate instruments	EONIA + 0.65%	-	-	21,751	25,413	-	47,164
Floating interest rate instruments		-	-	2,838	8,596	15,509	26,943
Floating interest rate instruments	EONIA + 0.40% p.a.	28	-	-	-	-	28
Floating interest rate instruments		-	-	3	-	-	3
Total		**155,633**	**11,237**	**96,333**	**91,404**	**15,509**	**370,116**

The Group has access to overdraft facility 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.

In accordance with the agreement between the Group and the bank, interest rate benchmark €STR (Euro Short Term Rate) is replacing EONIA interest rate benchmark on 3 January 2022. The change in the interest rate benchmark does not have significant impact to the financial instrument.

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

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

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 Group 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 Group for similar financial instruments.

The Fair Value Hierarchy

The Group 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 revaluation at 31 December 2022:

(EUR'000)	*Level 1*	*Level 2*	*Level 3*
Non-current financial assets measured at fair value through profit or loss	145	-	-
Financial assets measured at fair value through profit or loss	-	-	-
Financial assets	**145**	**-**	**-**
Financial liabilities measured at fair value through profit or loss	6	-	-
Financial liabilities	**6**	**-**	**-**

Fair value revaluation at 31 December 2021:

(EUR'000)	*Level 1*	*Level 2*	*Level 3*
Non-current financial assets measured at fair value through profit or loss	4,409	-	-
Financial assets measured at fair value through profit or loss	12	-	-
Financial assets	**4,421**	**-**	**-**
Financial liabilities measured at fair value through profit or loss	9	-	-
Financial liabilities	**9**	**-**	**-**

Fair value revaluation using significant unobservable inputs (level 3).

29. 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.

Transactions between the parent company and its subsidiaries, which are related parties of the Company, have been eliminated on consolidation and are not disclosed in these Notes. The details of the transactions between the Group and their related parties are disclosed below

b) Business and Other Transactions

During the year 2022, the Group entities entered into the following business transactions as part of operating activities with related parties that are joint venture or are not members of the Group:

(EUR'000)	*31 December 2022*			
Company	*Sales of Goods and Services*	*Purchase of Goods and Services*	*Receivables*	*Payables*
Joint ventures				
East Paper, s. r. o.	4	928	-	31
Recopap, s. r. o.	2	1,973	-	44
Other related parties				
Mondi Paper Sales GmbH	1,136,143	109,317	97,401	11,937
Mondi Finance plc.	9,773	-	-	-
Mondi Syktyvkar OJSC	6,047	1	-	-
Mondi Swiecie S.A.	996	2	111	-
Mondi AG	985	3,018	166	2,512
Mondi Uncoated Fine & Kraft Paper	391	5,647	72	2,638
Euro Waste, a.s.	62	1,150	4	-
Mondi Bags Steti, a.s.	47	-	11	-
Mondi Incnoat GmbH	28	-	-	-
Mondi Grünburg GmbH	17	-	2	-
Mondi Release Liner Austria GmbH	15	-	-	-
Mondi Steti, a.s.	5	10	-	-
Richards Bay PM2		6,680	-	-
Mondi Corrugated Swiecie, Sp. z o. o.	-	3,604	-	575
Mondi Coating Steti, a.s.	-	1,505	-	125
Mondi Plc.	-	198	-	(3)
Mondi Packaging BZWP, Sp. z o. o.	-	159	-	-
Mondi Bupak, s. r. o.	-	110	-	5
Mondi Bad Rapenau GmbH		39	-	-
Mondi Napiag GmbH	-	36	-	5
WOOD & PAPER, a.s.	1,772	13,022	13	4,699
Papierholz Austria GmbH	1,278	15,883	311	2,771
PLWD, Sp. z o. o.	652	48,508	4	4,001
Harmanec-Kuvert, spol. s r. o.	9,745	-	-	-
SHP Slavosovce, a. s.	3,453	-	1,403	-
SCP-PSS, s. r. o.	1,481	3,787	312	824
Tvornica Papira SHP CELEX	1,079	-	788	-
SHP Harmanec, a. s.	997	-	469	-
FK INVEST, a. s.	111	618	84	173
ECO Invest SVK, a. s.	-	3,222	-	351
Mestský futbalový klub, a. s.	-	240	-	-
Tauris, a. s.	-	23	-	25
Total	**1,175,172**	**219,680**	**101,151**	**30,713**

During the previous reporting period, the Group entities entered into the following business transactions as part of operating activities with related parties that are joint venture or are not members of the Group:

(EUR'000)	*31 December 2021*			
Company	***Sales of Goods and Services***	***Purchase of Goods and Services***	***Receivables***	***Payables***
Joint ventures				
Recopap, s. r. o.	4	965	-	164
East Paper, s. r. o.	2	2,274	-	279
Other related parties				
Mondi Paper Sales GmbH	780,594	84,030	87,489	11,759
Mondi Syktyvkar OJSC	10,039	1,103	3,338	-
Mondi Finance plc.	7,659	-	-	-
Mondi Swiecie S.A.	1,670	5,468	63	-
Mondi AG	622	3,123	142	2,253
Mondi Uncoated Fine & Kraft Paper	358	7,484	71	2,563
Mondi Stamboliljski	115	-	-	-
Euro Waste, a. s.	46	4,088	-	382
Mondi Bags Steti, a.s.	44	-	10	-
Mondi Steti, a. s.	20	27	-	-
Mondi Release Liner Austria GmbH	17	-	-	-
Richards Bay	7	-	7	-
Mondi Grünburg GmbH	3	50	1	-
Mondi South Africa division	1	-	-	-
Mondi Corrugated Swiecie, Sp. z o.o.	-	3,557	-	563
Mondi Packaging BZWP, Sp. z o. o.	-	1,076	-	162
Mondi Coating Steti, a.s.	-	748	-	158
Mondi Bad Rapenau GmbH	-	386	-	78
Swiecie Recykling sp. z o. o.	-	216	-	-
Mondi Plc.	-	180	-	-
Mondi Bupak s. r. o.	-	90	-	4
Mondi Eschengbach GmbH	-	74	-	-
Mondi Napiag GmbH	-	22	-	2
Mondi Industrial Bags GmbH	-	1	-	-
Mondi Coating GmbH	-	(15)	-	-
WOOD & PAPER a.s.	947	4,570	59	403
Papierholz Austria GmbH	314	11,124	53,	1,596
PLWD, Sp. z o. o.	167	2,811	89	1,306
Harmanec-Kuvert, spol. 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	3,260	273	663
SHP Harmanec, a. s.	671	-	13	-
Paloma, d. d.	615	-	88	-
FK INVEST, a. s.	83	204	83	158
ECO Invest SVK, a. s.	-	4,393	-	954
Total	**815,685**	**141,309**	**93,392**	**23,447**

Operating activities represent sale of paper, pulp and paper products, sale of energy, and provision of services.

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).

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).

d) Other transactions

Other transactions result from Group cash-pooling system, loans and credits with related parties and dividends flow towards Group Shareholders.

	31 December 2022			
Company	*Interests income*	*Interests expense*	*Receivables*	*Payables*
Group Shareholders				
Investing activities				
ECO Investment, a. s., Praha	-	48	-	-
Other related parties				
Investing activities				
Mondi Finance Limited	383	181	98,349	48,756
PLWD, sp. z o. o.	23	-	295	-
Financing activities (Note 22)	-	575	-	23,174
Mondi Finance Limited				
Total	**406**	**804**	**98,644**	**71,930**

Other transactions with the related parties for previous reporting period:

	31 December 2021			
Company	*Interests income*	*Interests expense*	*Receivables*	*Payables*
Group Shareholders				
Investing activities				
ECO Investment, a. s., Praha	-	178	-	21,600
Other related parties				
Investing activities				
Mondi Finance Limited	-	237	40,959	151
PLWD, sp. z o. o.	1	-	295	-
Financing activities (Note 22)				
Mondi Finance Limited	-	786	-	25,413
Total	1	**1,201**	**41,254**	**47,164**

Investing activities represent the assets and liabilities operations from cash-pooling towards the Group Shareholders.

In 2022 and 2021, the long-term loan provided to related company PLWD, sp. z o. o., a subsidiary of SLOVWOOD Ružomberok, a.s. is also reported as part of investment activities (details presented in Note 28).

Financing activities represent long-term loan related operations. Further details are described in note 22.

Movement of cash pool liabilities from related parties:

(EUR'000)	*2022*	*2021*
As at 1 January	21,751	43,624
Interest accrued	181	237
Interest paid	(181)	(237)
Repayments	(21,751)	(25,773)
Proceeds from cash pool	48,756	3,900
As at 31 December	**48,756**	**21,751**

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.

30. REMUNERATIONS TO KEY MANAGEMENT PERSONNEL

The salaries and remuneration of the Group's bodies were represented by short-term employee benefits as follows:

(EUR'000)	*Year Ended 31 December 2022*	*Year Ended 31 December 2021*
Salaries and short-term employee benefits	2,120	2,202
Health and social insurance	857	883
Share based payments	24	57
Other long-term loans	-	2
Total	**3,001**	**3,144**

31. CONTINGENT LIABILITIES

a) Litigation and Potential Losses

The Group 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 Allowances

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 National Council of the Slovak Republic in order to implement the related EU Directive in Slovakia. Under this legislation, the Group is required to deliver emissions rights to the Slovak Environmental Office to offset actual greenhouse gas emissions.

The Group has decided to record received emissions rights using the net liability method. As it does not record any liability for actual emissions. The Group has received adequate emissions allowances to cover its actual emissions. The Group had an obligation to cover emissions rights for actually produced emissions. This obligation was fulfilled by delivering emissions rights by 30 April 2023 for the 2022 reporting period. The Group received emissions rights in February and September 2022 for the year 2022.

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, the Group is obliged to pay UniCredit Bank Czech Republic and Slovakia, a.s.

UniCredit Bank Czech Republic and Slovakia, a.s. has provided a bank guarantee in the sum of EUR 15,500,000 to secure liabilities resulting from the agreement concluded with Lesy Slovenskej republiky, š.p. In the event of default of debt, the Group is obliged to pay UniCredit Bank Czech Republic and Slovakia, a.s.

UniCredit Bank Czech Republic and Slovakia, a.s. issued a bank guarantee of up to EUR 30,000 on behalf of Slovwood Ružomberok, a. s. to secure the obligations arising from customs procedures. In the event of default, the Group is obliged to pay to UniCredit Bank Czech Republic and Slovakia, a.s.

d) Capital expenditures

The value of open investment contracts at 31 December 2022 is EUR 21,735 thousand (as at 31 December 2021: EUR 20,922 thousand).

32. POST- BALANCE SHEET EVENTS

As of 27 February 2023, the Group 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: ***1 March 2023***	***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:***
Approved on:	Lucia Scholtz	**OKSANA VERETIUK**	MATJAŽ GORJUP **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

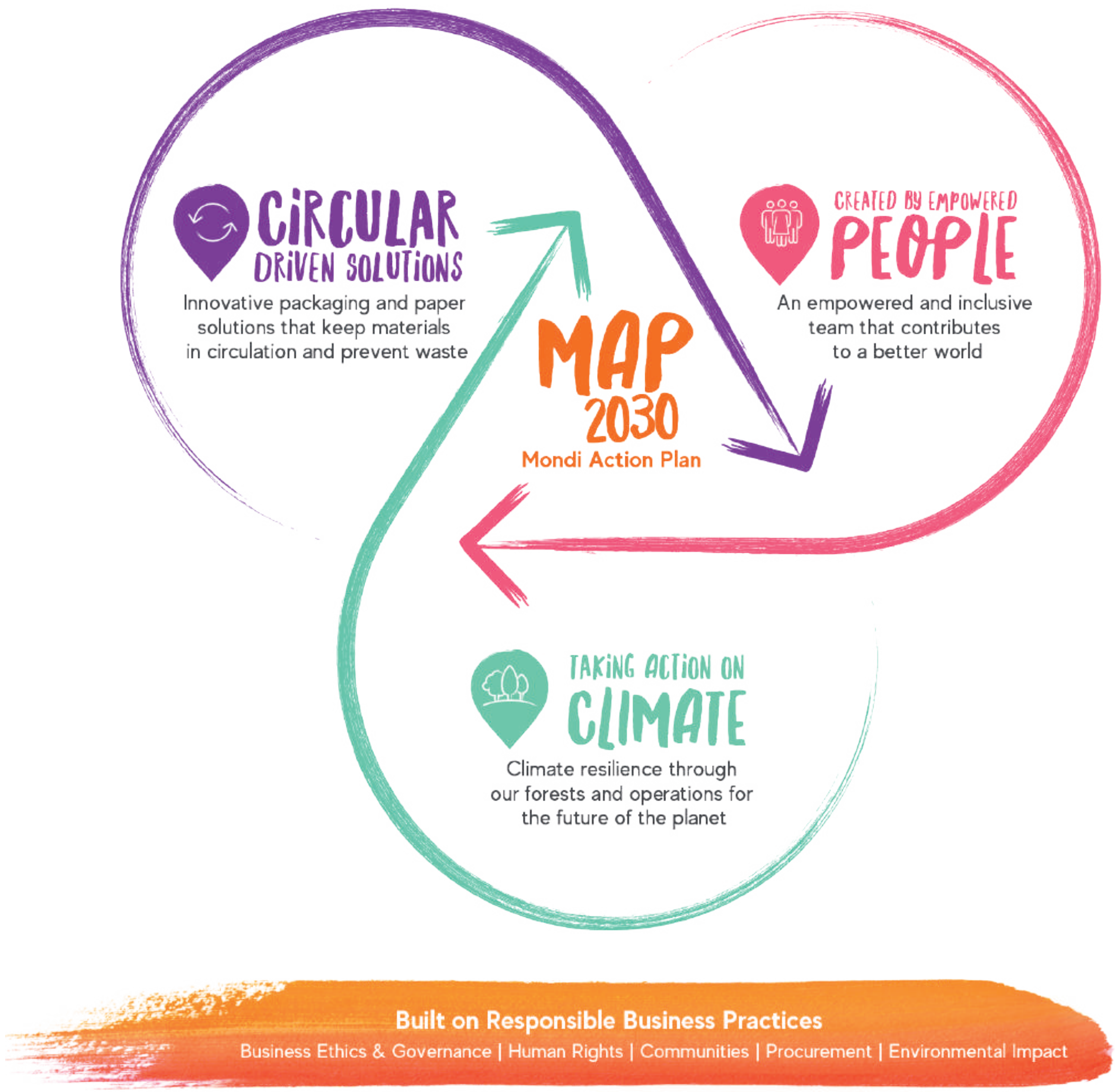
66 000 t

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 acitivty)
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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