

**Mondi SCP, a. s.**

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

**FOR THE YEAR ENDED  
31 DECEMBER 2023**

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## Independent Auditor's Report

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

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### Our opinion

In our opinion, the separate financial statements present fairly, in all material respects, the separate financial position of Mondi SCP, a.s. (the "Company") as at 31 December 2023, and the Company's separate financial performance and separate cash flows for the year then ended in accordance with International Financial Reporting Standards as adopted by the European Union.

### What we have audited

The Company's separate financial statements comprise:

- the separate statement of financial position as at 31 December 2023;
- the separate statement of profit or loss and other comprehensive income for the year then ended;
- the separate statement of changes in equity for the year then ended;
- the separate statement of cash flows for the year then ended; and
- the notes to the separate financial statements, comprising material accounting policy information and other explanatory information.

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### Basis for opinion

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

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

### Independence

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

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The firm's ID No.: 35 739 347. The firm is registered in the Commercial Register of Bratislava III City Court, Ref. No.: 16611/B, Section: Sro.  
IČO spoločnosti je 35 739 347. Spoločnosť je zapísaná v Obchodnom registri Mestského súdu Bratislava III, pod Vložkou č.: 16611/B, Oddiel: Sro.



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## Reporting on other information including the Annual Report

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

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

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

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

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

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

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

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## Responsibilities of management and those charged with governance for the separate financial statements

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

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

Those charged with governance are responsible for overseeing the Company's financial reporting process.

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

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



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

- Identify and assess the risks of material misstatement of the separate financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the separate financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Company to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the separate financial statements, including the disclosures, and whether the separate financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

We communicate with those charged with governance 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.*  
PricewaterhouseCoopers Slovensko, s.r.o.  
SKAU licence No. 161

*Havald*  
Ing. Peter Havald, FCCA  
UDVA licence No. 1071

4 April 2024  
Bratislava, Slovak Republic





**Mondi SCP, a. s.**  
**SEPARATE STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME**  
**for the year ended 31 December 2023**

<i>(EUR'000)</i>	<i>Note</i>	<i>Year ended 31 December 2023</i>	<i>Year ended 31 December 2022</i>
<b>Operating activities</b>			
Revenues	5	712,782	874,298
Raw materials and consumables	6	(490,973)	(576,654)
Transportation costs		(57,960)	(67,175)
Changes in inventories of finished goods and work in progress		(11,476)	2,926
Other services	7	(39,023)	(34,434)
Personnel costs	8	(50,517)	(49,914)
Depreciation, amortisation expenses and impairment	12,13,25	(56,155)	(55,490)
Other operating income/(expenses), net	9	129	5,187
<b>Operating profit</b>		<b>6,807</b>	<b>98,744</b>
Finance income	10	1,226	463
Finance costs	10	(2,060)	(975)
Loss on sale of financial investment	14	(30,600)	-
Impairment loss on a financial investment	4,14	-	(66,803)
<b>Finance costs, net</b>		<b>(31,434)</b>	<b>(67,315)</b>
<b>Profit/(loss) before income tax</b>		<b>(24,627)</b>	<b>31,429</b>
Income tax expense	11	(1,281)	(15,107)
<b>Net profit/(loss) for the reporting period</b>		<b>(25,908)</b>	<b>16,322</b>
<b>Other comprehensive income/(expenses)</b>			
<i>Items that may be reclassified to profit or loss:</i>			
Total items that may be reclassified to profit or loss		-	-
<i>Items that will not be reclassified to profit or loss:</i>			
Gains/(losses) from revaluation of defined benefit plans, net of tax	20	11	356
Total items that will not be reclassified to profit or loss		11	356
<b>Other comprehensive income/(expenses), net of tax</b>		<b>11</b>	<b>356</b>
<b>Total comprehensive income/(loss) for the year</b>		<b>(25,897)</b>	<b>16,678</b>



**Mondi SCP, a. s.**  
**SEPARATE STATEMENT OF FINANCIAL POSITION**  
**as at 31 December 2023**

<i>(EUR'000)</i>	<i>Note</i>	<i>31 December 2023</i>	<i>31 December 2022</i>
<b>Assets</b>			
<b>Non-current assets</b>			
Intangible assets	12	1,618	1,786
Property, plant and equipment	13	639,005	659,583
Right-of-use assets	25	25,795	28,057
Investments in subsidiaries	14	4,829	4,829
Trade and other receivables	16	-	290
		<b>671,247</b>	<b>694,545</b>
<b>Current assets</b>			
Inventories	15	67,260	88,613
Trade and other receivables	16	93,194	106,803
Current income tax assets	11	820	-
Cash and cash equivalents	17	25,975	5,237
Receivables from cash pooling	27,28	41,896	105,070
		<b>229,145</b>	<b>305,723</b>
<b>TOTAL ASSETS</b>		<b>900,392</b>	<b>1,000,268</b>
<b>Equity and liabilities</b>			
<b>Capital and reserves</b>			
Share capital	18	153,855	153,855
Other reserves	19	87,046	87,035
Retained earnings		428,364	454,272
<b>TOTAL EQUITY</b>		<b>669,265</b>	<b>695,162</b>
<b>Non-current liabilities</b>			
Borrowings	21	13,333	20,000
Lease liabilities	25	19,448	21,166
Employee benefit plan obligations	20	3,549	3,607
Deferred tax liabilities	22	39,936	38,985
Provisions	23	2,543	2,534
		<b>78,809</b>	<b>86,292</b>
<b>Current liabilities</b>			
Borrowings	21	6,667	10,076
Lease liabilities	25	2,397	2,368
Trade and other payables	24	124,548	196,299
Current income tax liabilities	11	-	7,254
Liabilities from Cash pooling	27,28	18,706	2,817
		<b>152,318</b>	<b>218,814</b>
<b>TOTAL LIABILITIES</b>		<b>231,127</b>	<b>305,106</b>
<b>TOTAL EQUITY AND LIABILITIES</b>		<b>900,392</b>	<b>1,000,268</b>

**Mondi SCP, a. s.**  
**SEPARATE STATEMENT OF CHANGES IN EQUITY**  
**for the year ended 31 December 2023**

<i>(EUR'000)</i>	<i>Share capital</i>	<i>Capital funds</i>	<i>Other funds</i>	<i>Retained earnings</i>	<i>Total</i>
<b>Balance as at 1 January 2022</b>	<b>153,855</b>	<b>87,550</b>	<b>(871)</b>	<b>437,950</b>	<b>678,484</b>
Net Profit for the reporting period	-	-	-	16,322	16,322
Other comprehensive income/(expenses)					
<i>Gains/(losses) from revaluation of defined benefit plans, net of tax</i>	-	-	356	-	356
<b>Total comprehensive income for the year</b>	<b>-</b>	<b>-</b>	<b>356</b>	<b>16,322</b>	<b>16,678</b>
<b>Balance as at 31 December 2022</b>	<b>153,855</b>	<b>87,550</b>	<b>(515)</b>	<b>454,272</b>	<b>695,162</b>
Net Loss for the reporting period	-	-	-	(25,908)	(25,908)
Other comprehensive income/(expenses)					
<i>Gains/(losses) from revaluation of defined benefit plans, net of tax</i>	-	-	11	-	11
<b>Total comprehensive (loss) for the year</b>	<b>-</b>	<b>-</b>	<b>11</b>	<b>(25,908)</b>	<b>(25,897)</b>
<b>Balance as at 31 December 2023</b>	<b>153,855</b>	<b>87,550</b>	<b>(504)</b>	<b>428,364</b>	<b>669,265</b>

**Mondi SCP, a. s.**  
**SEPARATE STATEMENT OF CASH FLOW**  
**for the year ended 31 December 2023**

<b>(EUR'000)</b>	<b>Note</b>	<b>Year ended 31 December 2023</b>	<b>Year ended 31 December 2022</b>
<b>Operating activities</b>			
<b>Profit/(loss) before tax</b>		(24,627)	31,429
<b>Non-cash transactions</b>			
- Depreciation, amortisation	12,13,25	56,155	55,490
- Loss/(profit) from the sale of property, plant and equipment		(17)	(60)
- Impairment loss on financial investment	4,14	-	66,803
- Loss on sale of financial investment	14	30,600	-
- Interest expense	10	2,060	975
- Interest income	10	(1,226)	(463)
- (Decrease)/increase in provisions	15,16	(154)	(209)
- Other non-cash transactions		1,278	3,287
<b>Operating cash flows before movements in working capital</b>		<b>64,069</b>	<b>157,252</b>
<b>Effect of movements in working capital</b>			
- Decrease/(increase) of inventories	15	20,064	(28,581)
- Decrease/(increase) of receivables	16	13,910	(2,000)
- Increase/(decrease) of payables	24	(73,759)	43,304
<b>Cash flows from operating activities before taxation and interest</b>		<b>24,284</b>	<b>169,975</b>
Interest paid		(1,949)	(946)
Income tax receipts/(payments)	11	(8,408)	(1,939)
<b>Cash flows from operating activities, net</b>		<b>13,927</b>	<b>167,090</b>
<b>Investing activities</b>			
Payments for the purchase of property, plant and equipment and intangible assets	12,13,25	(30,219)	(30,115)
Proceeds from sales of property, plant and equipment		-	63
Interest received		1,226	463
Capital contributions to subsidiaries	14	(30,600)	-
(Increase)/decrease in assets from Cash pooling	27,28	63,174	(64,487)
<b>Cash flows from investing activities, net</b>		<b>3,581</b>	<b>(94,076)</b>
<b>Financial activities</b>			
Proceeds from borrowings	21	-	3,410
Repayment of borrowings	21	(10,076)	(43,362)
Payments of lease liabilities	25	(2,582)	(2,128)
(Decrease)/increase in liabilities from Cash pooling	28	15,888	(26,715)
<b>Cash flows from financial activities, net</b>		<b>3,230</b>	<b>(68,795)</b>
<b>Net increase in cash and cash equivalents</b>		<b>20,738</b>	<b>4,219</b>
Cash and cash equivalents at the beginning of the year	17	5,237	1,018
<b>Cash and cash equivalents at the end of the year</b>	<b>17</b>	<b>25,975</b>	<b>5,237</b>

**Mondi SCP, a. s.**  
**NOTES TO SEPARATE FINANCIAL STATEMENTS**  
**for the year ended 31 December 2023**

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**1. GENERAL INFORMATION**

**a) Basic information about the Company**

<b>Business name and seat</b>	Mondi SCP, a.s. Tatranská cesta 3 034 17 Ružomberok
<b>Date of establishment</b>	7 September 1995
<b>Date of incorporation (according to the Commercial Register)</b>	1 October 1995
<b>ID number</b>	31 637 051
<b>Tax identification number</b>	SK2022431116
<b>Business activity of the Company</b>	- Paper and cardboard production, - Production of pulp, - Production of products from paper and cardboard, - Wholesale of wood, - Heat and electricity generation and distribution, etc.

**b) Employees**

	<i>Year ended</i> <b>31 December 2023</b>	<i>Year ended</i> <b>31 December 2022</b>
<b>Average number of employees</b>	<b>1,321</b>	<b>1,376</b>
<i>of which: management</i>	<i>19</i>	<i>19</i>
<i>other management (not employed)</i>	<i>1</i>	<i>1</i>

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**c) Approval of the 2022 Financial Statements**

The 2022 Financial Statements of Mondi SCP, a.s. were approved at the General Meeting of Shareholders held on 31 May 2023. The financial statements were then deposited in the Collection of Documents. The profit for 2022 was transferred to the retained earnings based on the Shareholders' resolution. No dividend was declared nor paid in 2023.

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

**Mondi SCP, a. s.**  
**NOTES TO SEPARATE FINANCIAL STATEMENTS**  
**for the year ended 31 December 2023**

**d) Members of the Company's Bodies**

Members of the Company's Bodies during the financial year ended 31 December 2023 and 31 December 2022:

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

There were no changes in the Company's Bodies during the year ended 31 December 2023 and 31 December 2022.

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

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

There was no change in the structure of shareholders and their status in the share capital during the years ended 31 December 2023 and 31 December 2022.

**f) Consolidated Financial Statements**

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

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

The consolidated financial statements for the highest 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. Mondi, plc., is an ultimate controlling company.

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

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

## 2. APPLICATION OF NEW AND REVISED INTERNATIONAL FINANCIAL REPORTING STANDARDS

### Standards, interpretations and revised standards effective for the first time in 2023

**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 insurance 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.

**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.

**Mondi SCP, a. s.**  
**NOTES TO SEPARATE FINANCIAL STATEMENTS**  
**for the year ended 31 December 2023**

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- *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.*

**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.

**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, 'Disclosure of Accounting policies' was also amended to provide guidance on how to apply the concept of materiality to accounting policy disclosures.

***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.

***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 at the same time. 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.

***International Tax Reform – Pillar Two Model Rules - Amendments to IAS 12 Income taxes (issued on May 23, 2023).*** In May 2023, the IASB issued limited amendment to IAS 12, 'Income Taxes'. This amendment was introduced in response to the imminent implementation of the Pillar Two model rules released by the Organization for Economic Co-operation and Development's (OECD) as a result of international tax reform. The amendments provide a temporary exception from the requirement to recognize and disclose deferred taxes arising from enacted or substantively enacted tax law that implements the Pillar Two model rules. In accordance with IASB effective date, the companies may apply the exception immediately. The new disclosure requirements are effective for annual period beginning on or after 1 January 2023.

**Standard, interpretations and revised standards effective after 1 January 2024 and which the Group has not applied earlier.**

***IFRS 14, Amendments to IFRS 16 Leases: Lease Liability in a Sale and Leaseback (issued on 22 September 2022 and effective for annual periods beginning on or after 1 January 2024).*** The amendments relate to the sale and leaseback transactions that satisfy the requirements in IFRS 15 to be accounted for as a sale. The amendments require the seller-lessee to subsequently measure liabilities arising from the transaction and in a way that it does not recognise any gain or loss related to the right of use that it retained. This means deferral of such a gain even if the obligation is to make variable payments that do not depend on an index or a rate.

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

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

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

**Amendments to IAS 7 Statement of Cash Flows and IFRS 7 Financial Instruments: Disclosures: Supplier Finance Arrangements (issued on 25 May 2023).** In May 2023, the IASB responded to concerns from users of financial statements about inadequate or misleading disclosure of financing arrangements and amended IAS 7 and IFRS 7, which now require disclosure of an entity's supplier finance arrangements. These amendments require the disclosures information about supplier finance arrangements that would enable the users of financial statements to assess the effects of those arrangements on the entity's liabilities and cash flows and on the entity's exposure to liquidity risk. The purpose of the additional disclosure requirements is to enhance the transparency of the supplier finance arrangements. The amendments do not affect the recognition or measurement principles but only introduce additional disclosure requirements. The new disclosure requirements are effective for annual period beginning on or after 1 January 2024.

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

**Lack of Exchangeability - Amendments to IAS 21 (issued on 15 August 2023).** In August 2023, the IASB amended IAS 21 to add requirements to help entities to determine whether a currency is exchangeable into another currency, and the spot exchange rate to use when it is not. An entity is impacted by the amendments when it has a transaction or an operation in a foreign currency that is not exchangeable into another currency at a measurement date for a specified purpose. The amendments to IAS 21 do not provide detailed requirements on how to estimate the spot exchange rate, but set out a framework to determine it at the measurement date. When an entity first applies the new requirements, it is not permitted to restate comparative information. The entity is required to translate the affected amounts at estimated spot exchange rates at the date of application, with an adjustment to retained earnings or to the reserve for cumulative translation differences.

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

### **3. SIGNIFICANT ACCOUNTING PRINCIPLES**

#### **a) Statement of Compliance**

The financial statements represent the annual separate financial statements of Mondi SCP, a.s., which have been prepared for the reporting period from 1 January 2023 to 31 December 2023 in accordance with International Financial Reporting Standards (IFRS) as adopted by the EU and in accordance with the Slovak Act on Accounting No. 431/2002 Coll. IFRS as adopted by the EU do not differ from IFRS as issued by the International Accounting Standards Board (IASB), except for certain standards and interpretations, which were not endorsed by the EU, as stated above. In accordance with the Slovak Act on Accounting No. 431/2002 Coll. as amended, the Company is also required to prepare consolidated financial statements in accordance with IFRS as adopted by the EU.

#### **b) Basis of Preparation of the Financial Statements**

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

In February 2023, 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) Foreign Currency**

##### *(i) Functional and presentation currency of the financial statements*

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

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(ii) *Transactions in foreign currencies*

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

**d) Financial Instruments**

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

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

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

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

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

*The effective interest 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 gross 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.

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**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 Company 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 Company'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 Company manages assets for the purpose of generating cash flows, i.e. whether it is the purpose of the Company 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 Company's operations to achieve the objective set for the portfolio available on the valuation date. The factors considered by the Company 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 Company is intended to hold financial assets to maturity and to collect contractual cash flows.

**Financial assets - classification and subsequent valuation - cash flow characteristics.** If the business model is intended to hold assets to collect contractual cash flows or to hold financial assets to collect cash flows and sales, the Company assesses whether cash flows represent solely principal and payments of interest ("SPPI"). In making this assessment, the Company 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 Company 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 Company 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 Company 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 Company 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 Company 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.

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**Financial assets - depreciation.** The Company will write off all or part of the financial assets when the Company has used all the practical options for recovering those assets and there is no reasonable expectation of recovering those assets.

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

**e) Transaction Costs**

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

**f) 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

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

*(ii) Subsequent Expenditures*

Subsequent expenditures incurred to replace a component of non-current tangible assets that is accounted for individually, including inspections and overhaul expenditure, are capitalised if it is probable that the future economic benefits embodied with the items will flow to the Company exceeding its original performance and the cost of the item can be measured reliably. Other subsequent expenditures are capitalised only when they increase the future economic benefits embodied in the item of assets exceeding their original performance. All 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	25 - 40 years
Plant and equipment	4 - 20 years
Vehicles	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.

**g) Intangible Assets**

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

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

**h) Investments in Subsidiaries**

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

**i) Trade and Other Receivables**

Trade receivables are initially measured at fair value and are subsequently carried at the carrying amount obtained using the effective interest rate method, less loss allowance.

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

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

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

**j) 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 loss allowance is created for slow moving and obsolete inventory.

**k) Cash and Cash Equivalents**

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

**l) Impairment of Non-financial Assets**

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

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

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

**m) Dividends**

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

**n) 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.

**o) Leases**

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

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

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

Land	25-40 years
Machinery and equipment	4-20 years
Vehicles	4-12 years

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

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

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

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

**p) Employee Benefit Plans obligation**

**(i) Retirement Payment**

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

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

(ii) Other long-term employee benefits

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

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

**q) Mandatory Insurance and Social Security and Pension Schemes**

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

**r) Provisions**

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

**s) Emission Rights**

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

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

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

**t) Trade and Other Payables**

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

**u) Revenue Recognition**

***Revenue from contracts with customers***

*(i) Sale of Products and Goods*

For sales of 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. 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.

***Other Revenue***

*(i) Sale of Green Energy and Greenhouse Gas Emission Rights*

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

*(ii) Government Grants*

A government grant is recognised in the statement of financial position where there is a reasonable assurance 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.

**v) Income Tax**

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

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

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

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

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

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

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

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

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

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

##### **a) Critical Accounting Judgements**

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

###### *(i) Useful Lives*

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

The economic useful life of tangible fixed assets stated in the Note 3 g) was based on the best estimate of the Company's management. Should the estimated full useful life of non-current tangible assets be shorter by 10%, the Company would record additional depreciation charge of non-current tangible assets of EUR 5,750 thousand (2022: EUR 5,819 thousand). Should the estimated full useful life of non-current tangible assets be longer by 10%, the Company would record depreciation charge lower by EUR 4,705 thousand (2022: EUR 4,761 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 22.

###### *(iii) Impact of possible changes in key assumptions - impairment of financial investments*

As at 31 December 2022, the Company has identified indicators for impairment of financial investments in both Austrian subsidiaries Mondi Neusiedler, GmbH, and Ybbstaler Zellstoff, GmbH.

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

###### *(iv) Impact of possible changes in key assumptions - impairment of non-financial assets*

As further described in accounting policy (I), non-financial assets are tested for impairment at least annually. In assessing impairment testing, recoverable amount is the higher of fair value less costs of disposal or value in use.

Management considers Mondi SCP as one CGU due to the high interconnections of supporting asset, personnel structure, connecting material and energy flows. Management decisions are not made along the lines of business units but along how the overall mill can most efficiently use its resources and sales channels to maximize its overall business performance.

The Mondi SCP Company represents a cash-generating unit whose recoverable amount represents its value in use. The Company, in annual review of the value of the cash-generating unit, identified indicators of impairment loss and, on this basis, performed a test to determine the recoverable amount of the cash-generating unit through a value in use model. The Company determined the recoverable amount of the cash-generating unit using the discounted future cash flow method based on the subsidiary's approved plans in subsequent accounting periods. For calculation of the recoverable amount, the Group used a pre-tax discount rate of 9.39%.

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The assumptions used in calculating the value in use, where the recoverable value is most sensitive, were:

	<b>2023</b>
Growth intensity for the final value calculation	1%
Weighted average pre-tax interest rate	9.39%

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**Key assumptions:**

- (i) Cash flow projections resulting from the most up-to-date plan approved by the Group's authorities covering the three-year period to 31 December 2026.
- (ii) Sales volumes, selling prices and variable cost assumptions in the plan are derived from a combination of economic forecasts for the regions in which the subsidiary operates, forecasts for the industry in which the subsidiary operates, forecasts for sales of individual products, management's internal projections, historical performance and reported expected changes in industry capacity.
- (iii) Cash flow projections for the three-year period are based on management's internal projection taking into account forecasts and the intensity of growth in the regions in which the subsidiary operates. The growth intensity (as per the table above) is applied over the entire projection period.
- (iv) Expenditures for the acquisition of fixed assets are based on historical experience and include expenditures necessary to maintain fixed assets in working order.

The weighted pre-tax interest rate is derived from the weighted average interest rate on Mondi Group's capital. The determination of the interest rate applicable to each entity takes into account the impact of the respective country risk. For Slovakia, this risk is 1%.

Even if the pre-tax interest rate used in the cash flow projection of that cash-generating unit had been 0.5% higher than management's assumption (9.89% instead of 9.39%), the Group would not have been required to recognise an impairment of the non-financial assets.

The Group's management has made a reasonable assessment and estimate of possible changes in other key assumptions and has not identified any instances that would result in the carrying amount of the above cash-generating unit exceeding its recoverable amount.

No indicators of impairment of non-financial assets or sufficient changes in key assumptions were identified in the prior year to result in impairment.

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**5. REVENUES**

Analysis of the Company's revenues for the year:

<i>(EUR'000)</i>	<i>Year ended 31 December 2023</i>	<i>Year ended 31 December 2022</i>
<b>Revenues from contracts with customers</b>		
Revenues from the sale of Company's main activity products	674,967	852,708
Revenues from the sale of Company's secondary activities products	12,200	12,393
Revenues from provision of services	4,164	4,006
<b>Total revenues from contracts with customers</b>	<b>691,331</b>	<b>869,107</b>
<b>Other revenues</b>		
Revenues from green energy sales and CO2 emissions	21,451	5,191
<b>Total other revenues</b>	<b>21,451</b>	<b>5,191</b>
<b>Total</b>	<b>712,782</b>	<b>874,298</b>

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

The increase in revenue from the sale of production from the main activities compared to the previous year was caused mainly by a significant increase in prices, especially office paper and also by the increase packaging paper prices.

The total amount of paper sold was approximately the same compared to last year, the share of office paper in the total quantity sold was 63% (the same as in 2022), packaging paper from Paper Machine 1 accounting for 8% of total sales (the same as in 2022), and packaging paper from the new Paper Machine 19 accounting for 29% of total sales (the same as in 2022).

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

<i>(EUR'000)</i>	<i>Year ended 31 December 2023</i>	<i>Year ended 31 December 2022</i>
Office paper	460,832	578,296
Packaging paper – PS19	126,568	185,985
Packaging paper– PS1	58,880	69,157
Pulp	28,687	19,270
<b>Total</b>	<b>674,967</b>	<b>852,708</b>

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

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

**Transport revenue**

Transport revenue is considered distinct when the Company provides transport services after the point in time when control of goods has passed to the customer. Such revenue is recognised over time.

The Company provides transport services after control of certain goods has passed to the customer. The Company generated transport revenue of Eur 54,692 thousand (2022: Eur 64,657 thousand), which was recognised over time. The stage of completion is used to determine the amount of revenue recognised, which is based on the transportation days completed at the reporting date relative to the total expected delivery days.

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

<i>(EUR'000)</i>	<i>Year ended 31 December 2023</i>	<i>Year ended 31 December 2022</i>
Western Europe	631,326	805,167
Slovakia	35,858	52,227
Eastern Europe	19,983	7,707
<b>Total</b>	<b>687,167</b>	<b>865,101</b>

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

<i>(EUR'000)</i>	<i>Year ended 31 December 2023</i>	<i>Year ended 31 December 2022</i>
Paper	646,280	833,438
Pulp	28,687	19,270
<b>Revenues from the sale of Company's production from the main activities</b>	<b>674,967</b>	<b>852,708</b>
Energy	10,452	9,799
Other	1,748	2,594
<b>Revenues from the sale of Company's secondary activities products</b>	<b>12,200</b>	<b>12,393</b>
<b>Total</b>	<b>687,167</b>	<b>865,101</b>

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

<i>(EUR'000)</i>	<i>Year ended 31 December 2023</i>	<i>Year ended 31 December 2022</i>
Paper	22,632	36,671
Pulp	27,405	14,335
<b>Revenues from the sale of Company's production from the main activities</b>	<b>50,037</b>	<b>51,006</b>
Energy	10,448	9,794
Other	1,693	2,534
<b>Revenues from the sale of Company's secondary activities products</b>	<b>12,141</b>	<b>12,328</b>
<b>Total</b>	<b>62,178</b>	<b>63,334</b>

None of the external customers had revenues higher than 10% of the total external revenues for both years.

The Company has no significant assets or liabilities arising from contracts with customers. No costs arising from customer contracts were capitalised.

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

<i>(EUR'000)</i>	<i>Year ended 31 December 2023</i>	<i>Year ended 31 December 2022</i>
Paper	623,648	796,767
Pulp	1,282	4,935
<b>Revenues from the sale of Company's production from the main activities</b>	<b>624,930</b>	<b>801,702</b>
<b>Revenues from the sale of Company's secondary activities products</b>	<b>59</b>	<b>65</b>
<b>Total</b>	<b>624,989</b>	<b>801,767</b>

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**6. RAW MATERIALS AND CONSUMABLES**

Analysis of raw materials and consumables:

<i>(EUR'000)</i>	<i>Year ended 31 December 2023</i>	<i>Year ended 31 December 2022</i>
Raw materials, auxiliary materials (wood, pulp, recycled paper, chemicals, others)	355,690	358,440
Energy	62,528	150,639
Maintenance	46,974	40,614
Packages	12,829	14,267
Other (manufacturing services, water, other)	12,952	12,694
<b>Total</b>	<b>490,973</b>	<b>576,654</b>

**7. CONSUMPTION OF OTHER SERVICES**

Analysis of consumption of other services:

<i>(EUR'000)</i>	<i>Year ended 31 December 2023</i>	<i>Year ended 31 December 2022</i>
Management and marketing services	6,523	4,866
Hiring employees, contractor costs, outsourcing	5,418	5,658
Insurance	5,409	4,297
IT and telecommunication services	4,334	2,841
Legal, advisory and auditing services	3,985	3,796
Care of non-productive objects, heating	2,237	1,566
Safety and health at work	1,819	1,682
Costs associated with sales	1,435	2,450
Personnel services, travel expenses	824	683
Services connected with the liquidation of long-term assets	769	810
Advertising costs	718	790
Cleaning of technological equipment	625	683
Taxes and fees	551	558
Rent	361	803
Other	4,015	2,951
<b>Total</b>	<b>39,023</b>	<b>34,434</b>

Legal, advisory and auditing services include expenses for auditing services in the amount of EUR 101 thousand (2022: EUR 104 thousand).

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**8. PERSONNEL COSTS**

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

<i>(EUR'000)</i>	<i>Year ended 31 December 2023</i>	<i>Year ended 31 December 2022</i>
Wages	35,457	35,501
Social costs	12,959	12,907
Other	2,101	1,506
<b>Total</b>	<b>50,517</b>	<b>49,914</b>

**9. OTHER OPERATING INCOME AND EXPENSES**

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

<i>(EUR'000)</i>	<i>Year ended 31 December 2023</i>	<i>Year ended 31 December 2022</i>
Miscellaneous non-recurring income	112	-
State compensation for electricity prices	-	4,647
Excise duty on natural gas	-	95
Other	17	445
<b>Total</b>	<b>129</b>	<b>5,187</b>

**10. FINANCIAL INCOME AND FINANCIAL COSTS**

Analysis of financial income for the period:

<i>(EUR'000)</i>	<i>Year ended 31 December 2023</i>	<i>Year ended 31 December 2022</i>
Interest income	1,226	463
<b>Total financial income</b>	<b>1,226</b>	<b>463</b>

Analysis of financial costs for the period:

<i>(EUR'000)</i>	<i>Year ended 31 December 2023</i>	<i>Year ended 31 December 2022</i>
Interest expense	2,060	975
<b>Total financial costs</b>	<b>2,060</b>	<b>975</b>

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**11. INCOME TAX**

Analysis of income tax for the period:

<i>(EUR'000)</i>	<i>Note</i>	<i>Year ended 31 December 2023</i>	<i>Year ended 31 December 2022</i>
Current tax		333	9,033
Deferred tax	22	948	6,074
<b>Income tax for the year</b>		<b>1,281</b>	<b>15,107</b>

Income tax is calculated at 21% rate of the taxable profit for 2023 and 2022.

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

	<i>Year ended 31 December 2023 (EUR'000)</i>	<i>%</i>	<i>Year ended 31 December 2022 (EUR'000)</i>	<i>%</i>
Profit before tax	(24,627)		31,429	
Tax calculated at the local income tax rate	(5,172)	21.0	6,600	21.0
Permanent differences	6,538		14,228	
Tax relief	-		(5,495)	
Accruals and other differences	(85)		(226)	
<b>Income tax and effective tax rate for the year</b>	<b>1,281</b>	<b>(5.2)</b>	<b>15,107</b>	<b>48.1</b>

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

Permanent differences for 2023 include tax in the amount of EUR 6,426 thousand, which is due to the loss from sale of interests in subsidiaries Mondi Neusiedler, GmbH and Ybbstaler Zellstoff, GmbH (see note 14).

In 2023, the Company recorded tax loss and therefore has not claimed income tax relief (2022: 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.

The final decision on the application of the tax relief for 2023 will be taken during preparation of the tax return for 2023.

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Analysis of current tax receivable/(liability):

<i>(EUR'000)</i>	<i>Year ended 31 December 2023</i>	<i>Year ended 31 December 2022</i>
As at 1 January	(7,254)	(160)
Current year's expense	(88)	(14,090)
Last year's expense	(245)	(438)
Tax relief	-	5,495
Payment of commitment/(Receipt of receivable) from previous year	7,499	598
Advances paid for the current year, withholding tax	908	1,341
<b>As at 31 December</b>	<b>820</b>	<b>(7,254)</b>

***Amendments to IAS 12 Income taxes: International Tax Reform – Pillar Two Model Rules***

The Company falls within the scope of the OECD Pillar Two Model Rules. The Pillar Two legislation has been adopted in the Slovak jurisdiction in which the Mondi SCP Company is incorporated and will take effect from 1 January 2025. As the Pillar Two legislation was not effective at the reporting date, the Company has no related current tax exposure. The Company applies the exemption to recognise and disclose information on deferred tax assets and liabilities related to Pillar Two income taxes as set out in the amendments to IAS 12 issued in May 2023.

Under the legislation, the Company is required to pay additional tax for the difference between the effective tax rate per jurisdiction and the minimum rate of 15%. All companies within the Company have an effective tax rate exceeding 15%.

In addition, it is expected that the additional Pillar Two tax may be triggered in jurisdictions where the Company benefits from tax incentives for capital investments or tax holidays. However, initial assessments suggest that any potential additional tax liability under Pillar Two would not have a significant impact on the Company's overall effective tax rate, but ultimately this will depend on the amount of tax incentives available to the Company from year to year. Therefore, quantitative information that would indicate a potential liability to Pillar Two cannot be reasonably estimated at this time. The Company is continuing its assessment and expects to complete the assessment in 2024.

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**12. INTANGIBLE ASSETS**

Analysis of intangible assets for the year ended 31 December 2023 and 31 December 2022:

<i>(EUR'000)</i>	<i>Intangible assets</i>	
	<i>Year ended 31 December 2023</i>	<i>Year ended 31 December 2022</i>
<b>Cost</b>		
As at 1 January	9,475	8,451
Additions	463	943
Transfers	(56)	146
Disposals	(142)	(65)
<b>As at 31 December</b>	<b>9,740</b>	<b>9,475</b>
<b>Accumulated Amortisation</b>		
As at 1 January	7,689	7,279
Charge for the year	575	475
Disposals	(142)	(65)
<b>As at 31 December</b>	<b>8,122</b>	<b>7,689</b>
<b>Carrying amount</b>		
As at 1 January	1,786	1,172
As at 31 December	1,618	1,786

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

Non-current intangible acquired assets as at 31 December 2023 amounted to EUR 188 thousand (as at 31 December 2022: EUR 96 thousand).

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**13. PROPERTY, PLANT AND EQUIPMENT**

Analysis of property, plant and equipment for the year ended 31 December 2023:

<i>(EUR'000)</i>	<i>Land and Buildings</i>	<i>Machines and Equipment</i>	<i>Assets acquired and Advance Payments</i>	<i>Other Non-Current Tangible Assets</i>	<i>Total</i>
<b>Cost</b>					
As at 1 January 2023	329,261	1,345,969	19,369	19,138	1,713,737
Additions	-	-	31,764	-	31,764
Disposals	(382)	(34,944)	-	(85)	(35,411)
Transfers	3,690	22,645	(26,445)	167	57
Reclassification	(1,083)	1,083	-	-	-
<b>As at 31 December 2023</b>	<b>331,486</b>	<b>1,334,753</b>	<b>24,688</b>	<b>19,220</b>	<b>1,710,147</b>
<b>Accumulated depreciation and impairment</b>					
As at 1 January 2023	138,455	904,030	-	11,669	1,054,154
Annual depreciation charge and impairment	8,930	42,585	-	884	52,399
Disposals	(382)	(34,944)	-	(85)	(35,411)
Reclassification	(14)	14	-	-	-
<b>As at 31 December 2023</b>	<b>146,989</b>	<b>911,685</b>	<b>-</b>	<b>12,468</b>	<b>1,071,142</b>
<b>Carrying amount</b>					
As at 1 January 2023	190,806	441,939	19,369	7,469	659,583
As at 31 December 2023	184,497	423,068	24,688	6,752	639,005

Other Non-current tangible assets comprise tools, furniture, vehicles, low value assets.

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

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

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

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

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

#### 14. INVESTMENTS IN SUBSIDIARIES

Overview of the Company's subsidiaries at 31 December 2023:

<i>Name and registered office of the Company</i>	<i>Cost (EUR'000)</i>	<i>Valuation Allowance (EUR'000)</i>	<i>Nominal Value per Share (EUR)</i>	<i>Share in Share Capital (%)</i>	<i>Equity* (EUR'000)</i>	<i>Profit/(Loss) for the Current Year* (EUR'000)</i>
Obaly S O L O, s. r. o., Ružomberok, SK	3,935	-	-	100	2,630	(2,229)
SLOWWOOD Ružomberok, a. s., Ružomberok, SK	393	-	3,319.39	66	1,330	260
Strážna služba VLA-STA, s. r. o., Ružomberok, SK	6	-	-	100	357	57
Slovpaper Recycling, s. r. o. Ružomberok, SK	495	-	-	85	(208)	29
<b>Total</b>	<b>4,829</b>	<b>-</b>	<b>x</b>	<b>x</b>	<b>x</b>	<b>x</b>

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

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

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

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

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

As at 31 December 2023 and 31 December 2022, the Company has no associates and joint ventures.

Analysis of the investments movement in subsidiaries for the year ended 31 December 2023 and 31 December 2022:

<i>(EUR'000)</i>	<i>Year ended 31 December 2023</i>	<i>Year ended 31 December 2022</i>
<b>Cost</b>		
As at 1 January	75,775	75,775
Additions	-	-
Disposals	(70,946)	-
<b>As at 31 December</b>	<b>4,829</b>	<b>75,775</b>
<b>Valuation allowance</b>		
As at 1 January	70,946	4,143
Additions	-	66,803
Disposals	(70,946)	-
<b>As at 31 December</b>	<b>-</b>	<b>70,946</b>
<b>Carrying amount</b>		
As at 1 January	4,829	71,632
As at 31 December	4,829	4,829

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

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As at 27 February 2023, the Company has sold its interests in two Austrian companies, Mondi Neusiedler GmbH and Ybbstaler Zellstoff GmbH. The sale was carried out within the Mondi Group.

The Company made an additional contribution to the equity of the subsidiary Mondi Neusiedler GmbH., Austria, of EUR 30,600 thousand after the balance sheet date.

Information regarding the impairment of investments in subsidiaries in 2022 is provided in note 4a) (iii).

The loss on the sale of interests in the two Austrian subsidiaries amounts to EUR 30,600 thousand.

Analysis of the result on the sale of financial investments for the period:

<i>(EUR'000)</i>	<i>Year ended 31 December 2023</i>	<i>Year ended 31 December 2022</i>
Reimbursement received	-	-
Carrying amount of financial investments	30,600	-
<b>Profit/(Loss) from the sale</b>	<b>(30,600)</b>	-
<b>Income tax expense</b>	-	-
<b>Profit/(Loss) for the sale after tax</b>	<b>(30,600)</b>	-

## 15. INVENTORIES

Overview of inventories:

<i>(EUR'000)</i>	<i>31 December 2023</i>	<i>31 December 2022</i>
Raw materials, consumables and spare parts	45,563	49,667
Work in progress and semi-finished goods	7,436	19,693
Finished goods	14,261	19,253
<b>Total</b>	<b>67,260</b>	<b>88,613</b>

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

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

As at 31 December 2023, the Company recorded loss allowance in the amount of EUR 20,552 thousand (2022: EUR 19,263 thousand) for obsolete and slow-moving inventories based on a detailed analysis of individual items of inventories. The analysis was prepared by the Company as at the year-end which was based on an assessment of the net realisable value of inventories.

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

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Movements in the loss allowance for inventories:

<i>(EUR'000)</i>	<i>Year ended 31 December 2023</i>	<i>Year ended 31 December 2022</i>
As at 1 January	19,263	16,022
Additions	1,830	3,468
Used and released	(540)	(226)
<b>As at 31 December</b>	<b>20,553</b>	<b>19,264</b>

**16. TRADE AND OTHER RECEIVABLES**

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

<i>(EUR'000)</i>	<i>31 December 2023</i>	<i>31 December 2022</i>
Other receivables	-	290
<b>Total</b>	<b>-</b>	<b>290</b>

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

Overview of data on current trade receivables and other receivables:

<i>(EUR'000)</i>	<i>31 December 2023</i>	<i>31 December 2022</i>
Receivables from the sale of goods and services	82,439	87,739
Non-income taxes receivables	7,707	17,270
Advances provided	2,735	1,165
Other receivables	313	629
<b>Total</b>	<b>93,194</b>	<b>106,803</b>

As at 31 December 2023 the Company has a loss allowance for estimated irrecoverable receivables from the sale of goods and other receivables in the amount of EUR 144 thousand (2022: EUR 155 thousand).

The management believes that the carrying amount of trade and other receivables approximates their fair value.

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

<i>(EUR'000)</i>	<i>31 December 2023</i>	<i>31 December 2022</i>
Within maturity	93,144	106,506
Overdue	194	452
<b>Total</b>	<b>93,338</b>	<b>106,958</b>

No collateral or other forms of security were received by the Company in respect of its receivables. Risk of no collection is covered by the insurance program of the Mondi Group and EXIM Bank.

The Company recorded no receivables secured by a lien.

#### **17. CASH AND CASH EQUIVALENTS**

Cash and cash equivalents comprise bank accounts and cash on hand, including the Company'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 Company's asset handling.

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

<i>(EUR'000)</i>	<i>31 December 2023</i>	<i>31 December 2022</i>
Cash and cash equivalents	25,975	5,237
<b>Total</b>	<b>25,975</b>	<b>5,237</b>

#### **18. SHARE CAPITAL**

Share capital was issued in the form of bearer shares. As at 31 December 2023 and 2022, 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.

#### **19. OTHER COMPONENTS OF EQUITY**

As at 31 December 2023, other components of equity consisted of capital reserves funds and other capital reserves.

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

Analysis of capital reserves funds (non-distributable):

<i>(EUR'000)</i>	<b>31 December 2023</b>	<b>31 December 2022</b>
Legal reserve fund	48,330	48,330
Statutory funds	36,152	36,152
Other contributions not increasing the share capital	3,068	3,068
<b>Total</b>	<b>87,550</b>	<b>87,550</b>

Statutory funds represent specific development fund established following the law valid before the privatization of the mother company. Management will decide on its usage in the future.

Analysis of other reserves (distributable):

<i>V tis. €</i>	<b>31. december 2023</b>	<b>31. december 2022</b>
Employee benefit reserve	96	85
Revaluation reserve on incorporating Obaly S O L O, s. r. o.	(238)	(238)
Merger reserve Obaly S O L O, s. r. o.	(362)	(362)
<b>Celkom</b>	<b>(504)</b>	<b>(515)</b>

Other reserves consist of fund from actuarial loss on employee benefits after termination of employment, a fund for revaluing the investment at the formation of Obaly S O L O, s. r. o., and a fund for the difference arising from the purchase of part business Obaly S O L O, s. r. o., in total EUR (504) thousand as at 31 December 2023.

## **20. EMPLOYEE BENEFIT PLAN OBLIGATIONS**

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

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

Employee benefit plans are subject to the following risks:

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*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.

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

<b>(EUR'000)</b>	<b>As at 31 December 2023</b>	<b>As at 31 December 2022</b>
Within one year	86	76
1 – 2 years	91	65
2 – 5 years	305	305
Over 5 years	3,685	3,409
<b>Total</b>	<b>4,167</b>	<b>3,855</b>

Key actuarial assumptions:

	<b>Year ended 31 December 2023</b>	<b>Year ended 31 December 2022</b>
Real discount rate p.a.	3.7%	3.0%
Inflation	2.8%	3.3%
Labour turnover p.a.	1%	1.0%
Retirement age, men/women	64/64	64/64
Mortality and disability table	For Slovak Republic for the year 2012	For Slovak Republic for the year 2012
Expected increase in wages	2.3%	3.0%
Future growth of pensions	n/a	n/a

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Movements in the employee benefit plan obligations for the year ended 31 December 2023:

<i>(EUR'000)</i>	<i>Payable from Entitlement to Retirement Payment</i>	<i>Payable from Jubilee Benefits</i>	<i>Total</i>
As at 1 January 2023	1,667	1,940	3,607
Additions	147	213	360
Use	(28)	(390)	(418)
<b>As at 31 December 2023</b>	<b>1,786</b>	<b>1,763</b>	<b>3,549</b>

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

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

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

<i>(EUR'000)</i>	<i>Year ended 31 December 2023</i>	<i>Year ended 31 December 2022</i>
<i>Profit/(loss) for the current year</i>		
Defined benefit pension obligation	(44)	144
<i>Other comprehensive (expense)/income</i>		
Actuarial (loss)/profit on provisions from employee benefits program	(14)	451
<b>Total</b>	<b>(58)</b>	<b>595</b>

Sensitivity analysis of the severance benefit obligation for the year ended 31 December 2023:

	<i>Sensitivity 1</i>	<i>The main assumption</i>	<i>Sensitivity 2</i>
Discount rate	2.7%	3.7%	4.7%
Net liability of defined employee benefits (from severance benefits) (in th. Eur)	3,739	3,549	3,386
Inflation	1.8%	2.8%	3.8%
Net liability of defined employee benefits (from severance benefits) (in th. Eur)	3,365	3,549	3,761

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Sensitivity analysis of the severance benefit obligation for the year ended 31 December 2022:

	<b>Sensitivity 1</b>	<b>The main assumption</b>	<b>Sensitivity 2</b>
Discount rate	2.0%	3.0%	4.0%
Net liability of defined employee benefits (from severance benefits) (in th. Eur)	1,854	1,667	1,508
Inflation	2.3%	3.3%	4.3%
Net liability of defined employee benefits (from severance benefits) (in th. Eur)	1,489	1,667	1,873

The sensitivity analysis of payable from severance benefit for the years ended 31 December 2023 and 31 December 2022 showed that the change of +/- 1% of the discount rate and the inflation did not have a significant impact on the value of the net liability from the defined employee benefits.

## 21. BORROWINGS

The Company's current loans analysis:

<b>(EUR'000)</b>	<b>31 December 2023</b>	<b>31 December 2022</b>
Short-term bank loans	6,667	6,666
Overdraft	-	3,410
<b>Total</b>	<b>6,667</b>	<b>10,076</b>

Movement of current loans from third parties:

<b>(EUR'000)</b>	<b>Year ended 31 December 2023</b>	<b>Year ended 31 December 2022</b>
As at 1 January	10,076	14,028
Loan payments	(10,076)	(7,362)
Drawdown of loans	-	3,410
Reclassification from non-current loans	6,667	-
<b>As at 31 December</b>	<b>6,667</b>	<b>10,076</b>

The Company's non-current loans analysis:

<b>(EUR'000)</b>	<b>31 December 2023</b>	<b>31 December 2022</b>
Long-term bank loans	13,333	20,000
<b>Total</b>	<b>13,333</b>	<b>20,000</b>

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Movement of non-current loans from third parties:

<i>(EUR'000)</i>	<i>Year ended 31 December 2023</i>	<i>Year ended 31 December 2022</i>
As at 1 January	20,000	56,000
Interest accrued	895	208
Interest paid	(895)	(208)
Loan payments	-	(36,000)
Reclassification	(6,667)	-
<b>As at 31 December</b>	<b>13,333</b>	<b>20,000</b>

In 2021 year the Company draw a long-term loan in UniCredit Bank Czech Republic and Slovakia, a.s. in the amount of EUR 70,000 thousand to finance the general needs of the Company. The interest rate is 6M EURIBOR + 0.29% p.a.

The balance of the loan as at 31 December 2023 amounts to EUR 20,000 thousand.

The loan agreement contains no covenants.

## 22. DEFERRED TAX LIABILITY

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

<i>(EUR'000)</i>	<i>Difference in NBV of Non-current Assets</i>	<i>Difference in provisions, valuation allowances and other temporary differences</i>	<i>Tax Loss</i>	<i>Total</i>
As at 1 January 2023	46,595	(7,610)	-	38,985
Recognised in the profit or loss	5,542	(450)	(4,144)	948
Recognised in equity	-	3	-	3
<b>As at 31 December 2023</b>	<b>52,137</b>	<b>(8,057)</b>	<b>(4,144)</b>	<b>39,936</b>

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

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

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

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

<b>(EUR'000)</b>	<b>31 December 2023</b>	<b>31 December 2022</b>
Deferred tax liabilities	52,137	46,595
Deferred tax assets	(12,201)	(7,610)
<b>Total</b>	<b>39,936</b>	<b>38,985</b>

Deferred tax liabilities and assets ageing structure:

<b>(EUR'000)</b>	<b>31 December 2023</b>	<b>31 December 2022</b>
<b>Deferred tax liabilities</b>		
- due over 12 months	52,137	51,599
- due within 12 months	-	(5,004)
<b>Subtotal</b>	<b>52,137</b>	<b>46,595</b>
<b>Deferred tax assets</b>		
- due over 12 months	(4,144)	(5,146)
- due within 12 months	(8,057)	(2,464)
<b>Subtotal</b>	<b>(12,201)</b>	<b>(7,610)</b>
<b>Total</b>	<b>39,936</b>	<b>38,985</b>

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**23. PROVISIONS**

Overview of current reporting period provisions data:

<i>(EUR'000)</i>	<i>Provisions for the restoration of a landfill</i>	<i>Other non-current provisions</i>	<i>Total</i>
As at 1 January 2023	2,534	-	2,534
Additions	-	9	9
Use	-	-	-
<b>As at 31 December 2023</b>	<b>2,534</b>	<b>9</b>	<b>2,543</b>

Overview of previous reporting period provisions data:

<i>(EUR'000)</i>	<i>Provisions for the restoration of a landfill</i>	<i>Other non-current provisions</i>	<i>Total</i>
As at 1 January 2022	2,569	-	2,569
Additions	-	-	-
Use	(35)	-	(35)
<b>As at 31 December 2022</b>	<b>2,534</b>	<b>-</b>	<b>2,534</b>

The decrease in the non-current provision for the restoration of a landfill are represents to the cost of monitoring the landfill, there were none as at 31 December 2023 (as at 31 December 2022 in the amount of EUR 35 thousand).

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

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

The provision balance for the first stage of the landfill is EUR 14 thousand, this has been closed and is being used to reimburse the costs associated with its monitoring.

The second stage of the landfill, that has a balance of EUR 997 thousand, was scheduled to close by the end of 2017 and its restoration started in 2018 and still remains. The provision was calculated using a discount rate of 8% and an average annual inflation of 4.4%.

The third stage of the landfill, for which the provision of EUR 1,523 thousand is created, was initially planned to close by the end of 2022, a new assumption for its closure is the first half of 2024. The provision was calculated using a discount rate of 6.97% and an average annual inflation of 1.4%.

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**24. TRADE AND OTHER PAYABLES**

Overview of trade payables and other payables:

<i>(EUR'000)</i>	<i>31 December 2023</i>	<i>31 December 2022</i>
Trade payables	106,581	178,236
Trade payables of an investment nature	8,045	6,037
Other payables	9,922	12,026
<b>Total</b>	<b>124,548</b>	<b>196,299</b>

Breakdown of trade payables by maturity:

<i>(EUR'000)</i>	<i>Maturity</i>				<i>Total</i>
	<i>Due within Maturity Period</i>	<i>Retentive</i>	<i>Up to 365 Days Overdue</i>	<i>Over 365 Days Overdue</i>	
<b>As at 31 December 2023</b>					
Trade payables (including of an investment nature)	104,904	4,479	5,243	-	114,626
<b>As at 31 December 2022</b>					
Trade payables (including of an investment nature)	171,774	4,290	7,777	432	184,273

In 2023 retentive trade payables in amount of EUR 3,349 thousand were overdue up to one year after the maturity, in amount of EUR 1,130 thousand – overdue over one year after the maturity (in 2022 overdue up to one year in amount of EUR 2,789 thousand, overdue over one year in amount of EUR 1,501 thousand).

Other current payables comprise the following:

<i>(EUR'000)</i>	<i>31 December 2023</i>	<i>31 December 2022</i>
Payables to employees, from social security insurance and other taxes	6,808	9,383
Accrued liabilities	2,892	2,351
Social fund	160	214
Other	62	78
<b>Total</b>	<b>9,922</b>	<b>12,026</b>

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

## **25. LEASES**

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

The main rental conditions are listed below:

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

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

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

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

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**Right-of-use assets**

The analysis of movements of the Company's leased right-of-use assets for the year ended 31 December 2023:

<i>(EUR'000)</i>	<i>Land and Buildings</i>	<i>Machinery and Equipment</i>	<i>Other Non-current Tangible Assets</i>	<i>Total</i>
<b>Cost</b>				
As at 1 January 2023	135	31,861	4,322	36,318
Additions	22	497	2,527	3,046
Modification and cancellation of lease agreements	-	(221)	(2,903)	(3,124)
<b>As at 31 December 2023</b>	<b>157</b>	<b>32,137</b>	<b>3,946</b>	<b>36,240</b>
<b>Accumulated depreciation and impairment</b>				
As at 1 January 2023	55	7,096	1,110	8,261
Annual depreciation and impairment	34	2,233	914	3,181
Modification and cancellation of lease agreements	-	(221)	(776)	(997)
<b>As at 31 December 2023</b>	<b>89</b>	<b>9,108</b>	<b>1,248</b>	<b>10,445</b>
<b>Carrying amount</b>				
As at 1 January 2023	80	24,765	3,212	28,057
As at 31 December 2023	68	23,029	2,698	25,795

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

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

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Analysis of bank accounts by rating:

<i>(EUR'000)</i>	<b>31 December 2023</b>	<b>31 December 2022</b>
Baa3 (Moody's)	25,975	5,237
<b>Total</b>	<b>25,975</b>	<b>5,237</b>

**Liquidity risk**

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

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

<i>(EUR'000)</i>	<i>Weighted Average Effective Interest Rate</i>	<i>Up to 1 Month</i>	<i>1 – 3 Months</i>	<i>3 Months – 1 year</i>	<i>1 – 5 Years</i>	<i>More than 5 years</i>	<i>Total</i>
<b>31 December 2023</b>							
Interest-free		94,040	-	19,645	941	-	114,626
Variable interest rate instruments		-	-	3,067	10,424	11,825	25,316
Variable interest rate instruments	6M EURIBOR + 0.29%	-	-	6,667	13,333	-	20,000
Variable interest rate instruments	€ STR + 0.65%	-	-	18,706	-	-	18,706
<b>Total</b>		<b>94,040</b>	<b>-</b>	<b>48,085</b>	<b>24,698</b>	<b>11,825</b>	<b>178,648</b>
<b>31 December 2022</b>							
Interest-free		161,305	-	21,034	1,934	-	184,273
Variable interest rate instruments		-	-	3,096	10,637	13,882	27,615
Variable interest rate instruments	6M EURIBOR + 0.29%	-	-	6,666	20,000	-	26,666
Variable interest rate instruments	€ STR + 0.40%	3,410	-	-	-	-	3,410
Variable interest rate instruments	€ STR + 0.65%	-	-	2,817	-	-	2,817
<b>Total</b>		<b>164,715</b>	<b>-</b>	<b>33,613</b>	<b>32,571</b>	<b>13,882</b>	<b>244,781</b>

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

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

As at 31 December 2023, the Company reported higher current assets than current liabilities. Management does not see the risk regarding the financial position of the Company, liquidity for the repayment of liabilities based on the positive future development of the Company.

**28. RELATED PARTY TRANSACTIONS**

**a) Shareholders Structure**

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

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

**b) Business Transactions**

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

<i>(EUR'000)</i>	<b><i>Year ended 31 December 2023 / as at 31 December 2023</i></b>			
	<b><i>Sales of Goods and Services</i></b>	<b><i>Purchase of Goods and Services</i></b>	<b><i>Receivables</i></b>	<b><i>Payables</i></b>
<b><i>Company</i></b>				
Subsidiaries	2,036	208,614	82	14,349
Other related parties	662,499	93,669	79,097	10,272
<b>Total</b>	<b>664,535</b>	<b>302,283</b>	<b>79,179</b>	<b>24,621</b>

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

<i>(EUR'000)</i>	<b><i>Year ended 31 December 2022 / as at 31 December 2022</i></b>			
	<b><i>Sales of Goods and Services</i></b>	<b><i>Purchase of Goods and Services</i></b>	<b><i>Receivables</i></b>	<b><i>Payables</i></b>
<b><i>Company</i></b>				
Subsidiaries	5,592	218,090	380	44,120
Other related parties	820,300	103,433	83,298	13,169
<b>Total</b>	<b>825,892</b>	<b>321,523</b>	<b>83,678</b>	<b>57,289</b>

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

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

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

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**c) Purchase and sale of property, plant and equipment**

There were no related party purchases or sales of property, plant and equipment in 2023. Property, plant and equipment in the amount of EUR 60 thousand were sold to other related party in 2022.

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

<b>Company</b>	<b>Year ended 31 December 2023</b>	<b>Year ended 31 December 2022</b>
Other related parties	130	(217)
<b>Total</b>	<b>130</b>	<b>(217)</b>

The capitalized costs from related parties represent costs related to the new PM19 paper machine project under the ECO+ project.

**d) Other transactions**

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

For the current reporting period:

<b>Company</b>	<b>Year ended 31 December 2023 / as at 31 December 2023</b>			
	<b>Interest Income</b>	<b>Interest Expense</b>	<b>Receivables to Related Parties from Cash Pooling</b>	<b>Payables to Related Parties from Cash Pooling</b>
Shareholders	-	9	-	-
Subsidiaries	82	366	-	18,706
Other related parties	680	-	41,896	-
<b>Total</b>	<b>762</b>	<b>375</b>	<b>41,896</b>	<b>18,706</b>

For the previous reporting period:

<b>Company</b>	<b>Year ended 31 December 2022 / as at 31 December 2022</b>			
	<b>Interest Income</b>	<b>Interest Expense</b>	<b>Receivables to Related Parties from Cash Pooling</b>	<b>Payables to Related Parties from Cash Pooling</b>
Shareholders	-	49	-	-
Subsidiaries	78	20	6,586	2,817
Other related parties	385	-	98,484	-
<b>Total</b>	<b>463</b>	<b>69</b>	<b>105,070</b>	<b>2,817</b>

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**for the year ended 31 December 2023**

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**29. COMPENSATION OF KEY MANAGEMENT PERSONNEL**

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

<b>Body</b>	<b>Year ended 31 December 2023</b>	<b>Year ended 31 December 2022</b>
Salaries and short-term employee benefits	1,796	1,565
Contributions and social insurance	450	592
Share payments	59	34
<b>Total</b>	<b>2,305</b>	<b>2,191</b>

**30. COMMITMENTS AND CONTINGENCIES**

**a) Litigation and Potential Losses**

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

**b) Emissions 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 Slovak Parliament in order to implement the related EU Directive in Slovakia. Under this legislation, the Company is required to deliver emissions allowances to the Slovak Environmental Office to offset actual greenhouse gas emissions.

The Company decided to record emissions rights received using the net liability method; it does not record any liability for actual emissions on the basis that the Company has received adequate emissions rights to cover its actual emissions. The Company had an obligation to deliver emissions rights for actually produced emissions. This obligation was fulfilled by delivering emissions rights for the 2022 reporting period by 30 April 2023. The Company received the emission rights for 2023 (reporting period) in April 2023.

**c) Bank Guarantees**

As at 31.12.2023, Mondi SCP, a. s. has no bank guarantees issued.

**d) Capital Expenditures**

The value of open investment contracts as at 31 December 2023 is amounted to EUR 17,288 thousand (as at 31 December 2022 amounted to EUR 21,735 thousand).

**31. POST- BALANCE SHEET EVENTS**

There have been no other material events subsequent to 31 December 2023 that would affect the Company's assets and liabilities reported in these financial statements.

**Prepared on:**

1 March 2024

**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:**



**MATJAZ GORJUP**



**MILOSLAV ČURILLA**

**Approved on:**