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 2021

CONTENT

Independent Auditor's Report

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

Our opinion

In our opinion, the separate financial statements present fairly, in all material respects, the separate financial position of Mondi SCP, a.s. (the "Company") as at 31 December 2021, 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 2021;
- the separate statement of profit or loss and other comprehensive income for the year then ended;
- the separate statement of changes in equity for the year then ended;
- the separate statement of cash flows for the year then ended; and
- the notes to the separate financial statements, which include significant accounting policies and other explanatory information.

Basis for opinion

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

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

Independence

We are independent of the Company in accordance with the International Code of Ethics for Professional Accountants (including International Independence Standards) issued by the International Ethics Standards Board for Accountants (IESBA Code) and the ethical requirements of the Act on Statutory Audit No. 423/2015 and on amendments and supplements to 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 Act on Statutory Audit.

Reporting on other information including the Annual Report

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

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

In connection with our audit of the separate financial statements, our responsibility is to read the other information identified above and, in doing so, to 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.

Management's responsibilities for the separate financial statements

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

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

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

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

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

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

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

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

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

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

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

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

Ing. Eva Hupková, FCCA
SKAU licence No. 672

21 April 2022
Bratislava, Slovak Republic

Translation Note:

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

Mondi SCP, a. s.
SEPARATE STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME
for the year ended 31 December 2021

(EUR'000)	*Note*	*Year ended 31 December 2021*	*Year ended 31 December 2020*
Operating activities			
Revenues	5	595,941	447,927
Raw materials and consumables	6	(415,988)	(288,392)
Transportation costs		(48,808)	(30,393)
Changes in inventories of finished goods and work in progress		13,566	(3,127)
Other services	7	(36,040)	(28,005)
Personnel costs	8	(46,561)	(40,769)
Depreciation, amortisation expenses and impairment	12,13,24	(53,364)	(47,854)
Other operating income/(expenses), net	9	3,802	7,809
Operating profit		**12,548**	**17,196**
Finance income		14	55
Finance costs	10	(1,135)	(966)
Profit before income tax		**11,427**	**16,285**
Income tax expense	11	(1,806)	(1,208)
Net profit for the reporting period		**9,621**	**15,077**
Other comprehensive income/(expenses)			
Items reclassified to profit or loss:			
Net change in hedging derivatives, net of tax		-	2
Total items reclassified to profit or loss		-	2
Items not reclassified to profit or loss:			
Gains/(losses) from revaluation of defined benefit plans, net of tax	20	49	(58)
Total items not reclassified to profit or loss		49	(58)
Other comprehensive income/(expenses), net of tax		**49**	**(56)**
Comprehensive income for the year		**9,670**	**15,021**

Mondi SCP, a. s.
SEPARATE STATEMENT OF FINANCIAL POSITION
as at 31 December 2021

(EUR'000)	*Note*	*31 December 2021*	*31 December 2020*
Assets			
Non-current assets			
Intangible assets	12	1,172	537
Property, plant and equipment	13	690,672	682,009
Non-current assets with a right-of-use	24	27,575	28,770
Investments in subsidiaries	14	71,632	57,397
Trade and other receivables	16	696	-
		791,747	**768,713**
Current assets			
Inventories	15	63,272	53,412
Trade and other receivables	16	104,443	57,838
Current tax assets	11	-	2,303
Cash and cash equivalents	17	1,018	393
Assets from cash pooling	27,28	40,583	736
		209,316	**114,682**
TOTAL ASSETS		**1,001,063**	**883,395**
Equity and liabilities			
Capital and reserves			
Share capital	18	153,855	153,855
Other reserves	19	86,679	86,630
Retained earnings		437,950	428,329
TOTAL EQUITY		**678,484**	**668,814**
Non-current liabilities			
Long-terms loans and credits	21	56,000	-
Leasing commitments	25	20,481	21,300
Employee benefit plan obligations	20	4,202	4,084
Deferred tax liabilities	22	32,817	32,169
Provisions	23	2,569	2,518
		116,069	**60,071**
Current liabilities			
Short-terms loans and credits	21	14,028	-
Leasing commitments	25	1,858	2,040
Trade and other payables	24	160,932	109,342
Current tax liabilities	11	160	-
Liabilities from cash pooling	28	29,532	43,128
		206,510	**154,510**
TOTAL LIABILITIES		**322,579**	**214,581**
TOTAL EQUITY AND LIABILITIES		**1,001,063**	**883,395**

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

Mondi SCP, a. s.
SEPARATE STATEMENT OF CHANGES IN EQUITY
for the year ended 31 December 2021

(EUR'000)	*Share capital*	*Capital funds*	*Other funds*	*Retained earnings*	*Total*
Balance as at 1 January 2020	**153,855**	**87,550**	**(864)**	**413,252**	**653,793**
Profit for the current year	-	-	-	15,077	15,077
Other comprehensive income/(expenses)					
Actuarial loss on provisions from employee benefits program	-	-	(58)	-	(58)
Revaluation of hedging derivatives	-	-	2	-	2
Total comprehensive income after tax for the year	-	-	**(56)**	**15,077**	**15,021**
Balance as at 31 December 2020	**153,855**	**87,550**	**(920)**	**428,329**	**668,814**
Profit for the current year	-	-	-	9,621	9,621
Other comprehensive income/(expenses)					
Actuarial profit/(loss) on provisions from employee benefits program	-	-	49	-	49
Total comprehensive income after tax for the year	-	-	**49**	**9,621**	**9,670**
Balance as at 31 December 2021	**153,855**	**87,550**	**(871)**	**437,950**	**678,484**

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

Mondi SCP, a. s.
SEPARATE STATEMENT OF CASH FLOW
for the year ended 31 December 2021

(EUR'000)	Note	*Year ended 31 December 2021*	*Year ended 31 December 2020*
Operating activities			
Profit before tax		11,427	16,285
Non-cash transactions			
- Depreciation and impairment of non-current assets	12,13,25	53,364	47,854
- Loss/(profit) from the sale of non-current assets		(15)	(92)
- Interest income/expense charged to expenses		1,135	966
- Interest income/expense charged to income		(14)	(54)
- Financial liability revaluation	10,24	-	(4,575)
- Change of provisions		247	372
- Other non-cash transactions		160	(110)
Operating cash flows before movements in working capital		**66,304**	**60,646**
Effect of movements in working capital			
- Decrease/(increase) of inventories	15	(10,104)	7,200
- Decrease/(increase) of receivables	16	(47,304)	4,932
- Increase/(decrease) of payables	24	63,711	(10,282)
Cash flows from operating activities before taxation and interest		**72,607**	**62,496**
Interest paid		(1,064)	(819)
Income tax receipts/(payments)	11	1,291	(2,430)
Cash flows from operating activities, net		**72,834**	**59,247**
Investing activities			
Payments for the purchase of property, plant and equipment and intangible assets	12,13,24	(72,137)	(152,419)
Proceeds from sales of tangible fixed assets		-	455
Interest received		14	27
Capital contributions to subsidiaries	14	(14,235)	-
Decrease/(increase) in assets from cash pooling		(39,847)	58,196
Decrease/(increase) in liabilities from cash pooling		(13,595)	39,586
Cash flows on investing activities, net		**(139,800)**	**(54,155)**
Financial activities			
Income from loans and credits	21	70,028	-
Payments of lease commitments	25	(2,437)	(5,285)
Cash flows from/(on) financial activities, net		**67,591**	**(5,285)**
Net increase/(decrease) in cash and cash equivalents		**625**	**(193)**
Cash and cash equivalents at the beginning of the year	17	**393**	**586**
Cash and cash equivalents at the end of the year	17	**1,018**	**393**

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

1. GENERAL INFORMATION

a) Basic information about the Company

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

b) Employees

	Year ended 31 December 2021	*Year ended 31 December 2020*
Average number of employees	**1,358**	**1,312**
of which: management	*18*	*17*
other management (not employed)	*1*	*4*

c) Approval of the 2020 Financial Statements

The 2020 Financial Statements of Mondi SCP, a.s. were approved at the General Meeting of Shareholders held on 31 May 2021. The financial statements were then deposited in the Collection of Documents. The profit for 2020 was transferred to the retained earnings based on the Shareholders' resolution. No dividend was declared nor paid in 2021.

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

d) Members of the Company's Bodies

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

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

Members of the Company's Bodies during the financial year ended 31 December 2020:

Body	*Function*	*Name*
Boards of Directors	Chairman	Miloslav Čurilla
	Vice-chairman	Peter Orisich (till 19.3.2020)
	Vice-chairman	Gunilla Saltin (since 20.3.2020)
	Member	Bernhard Peschek
	Member	Miroslav Vajs
	Member	Gabriele Schalleger (till 11.11.2020)
	Member	Thomas Seidl (since 12.11.2020)
Supervisory Board		
	Chairman	Peter Josef Oswald (till 19.3.2020)
	Member	Andrew Charles Wallis King (since 20.3.2020)
	Vice-chairman	Milan Fiľo
	Member	Ján Krasuľa
Executive Management	President of the Company	Bernhard Peschek

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

Shareholders	*Share in Share Capital*		*Voting Rights*
	EUR'000	*in %*	*in %*
ECO-INVESTMENT, a. s., Praha	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 2021 and 31 December 2020.

f) Consolidated Financial Statements

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

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

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

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

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

2. APPLICATION OF NEW AND REVISED INTERNATIONAL FINANCIAL REPORTING STANDARDS

Standards, interpretations and revised standards effective for the first time for the year ending 31 December 2021

Covid-19-Related Rent Concessions – Amendments to IFRS 16 (issued on 28 May 2020 and effective for annual periods beginning on or after 1 June 2020). The amendments provided lessees (but not lessors) with relief in the form of an optional exemption from assessing whether a rent concession related to COVID-19 is a lease modification. Lessees can elect to account for rent concessions in the same way as they would if they were not lease modifications. In many cases, this will result in accounting for the concession as a variable lease payment. The practical expedient only applies to rent concessions occurring as a direct consequence of the COVID-19 pandemic and only if all of the following conditions are met: the change in lease payments results in revised consideration for the lease that is substantially the same as, or less than, the consideration for the lease immediately preceding the change; any reduction in lease payments affects only payments due on or before 30 June 2021; and there is no substantive change to other terms and conditions of the lease. If a lessee chooses to apply the practical expedient to a lease, it would apply the practical expedient consistently to all lease contracts with similar characteristics and in similar circumstances. The amendment is to be applied retrospectively in accordance with IAS 8, but lessees are not required to restate prior period figures or to provide the disclosure under paragraph 28(f) of IAS 8.

The Company assessed the impact of the amendments on its financial statements as immaterial.

Interest rate benchmark (IBOR) reform – phase 2 amendments to IFRS 9, IAS 39, IFRS 7, IFRS 4 and IFRS 16 (issued on 27 August 2020 and effective for annual periods beginning on or after 1 January 2021). The Phase 2 amendments address issues that arise from the implementation of the reforms, including the replacement of one benchmark with an alternative one. The amendments cover the following areas:

- Accounting for changes in the basis for determining contractual cash flows as a result of IBOR reform: For instruments to which the amortised cost measurement applies, the amendments require entities, as a practical expedient, to account for a change in the basis for determining the contractual cash flows as a result of IBOR reform by updating the effective interest rate using the guidance in paragraph B5.4.5 of IFRS 9. As a result, no immediate gain or loss is recognised. This practical expedient applies only to such a change and only to the extent it is necessary as a direct consequence of IBOR reform, and the new basis is economically equivalent to the previous basis. Insurers applying the temporary exemption from IFRS 9 are also required to apply the same practical expedient. IFRS 16 was also amended to require lessees to use a similar practical expedient when accounting for lease modifications that change the basis for determining future lease payments as a result of IBOR reform.

- End date for Phase 1 relief for non contractually specified risk components in hedging relationships: The Phase 2 amendments require an entity to prospectively cease to apply the Phase 1 reliefs to a non-contractually specified risk component at the earlier of when changes are made to the non-contractually specified risk component, or when the hedging relationship is discontinued. No end date was provided in the Phase 1 amendments for risk components.

- Additional temporary exceptions from applying specific hedge accounting requirements: The Phase 2 amendments provide some additional temporary reliefs from applying specific IAS 39 and IFRS 9 hedge accounting requirements to hedging relationships directly affected by IBOR reform.

- Additional IFRS 7 disclosures related to IBOR reform: The amendments require disclosure of: (i) how the entity is managing the transition to alternative benchmark rates, its progress and the risks arising from the transition; (ii) quantitative information about derivatives and non-derivatives that have yet to transition, disaggregated by significant interest rate benchmark; and (iii) a description of any changes to the risk management strategy as a result of IBOR reform.

The Company assessed the impact of the amendments on its financial statements as immaterial.

Amendment to IFRS 4 – deferral of IFRS 9 (issued on 25 June 2020 and effective for annual periods beginning on or after 1 January 2021). The amendments to IFRS 4 addressed the temporary accounting consequences of the different effective dates of IFRS 9 and the forthcoming IFRS 17. The amendments to IFRS 4 extended the expiry date of the temporary exemption from applying IFRS 9 until 2023 in order to align the effective date of IFRS 9 with the new IFRS 17. The fixed expiry date of the temporary exemption from applying IFRS 9 in IFRS 4 has been deferred to annual reporting periods beginning on or after 1 January 2023.

The Company assessed the impact of the amendments on its financial statements as immaterial.

Standards, interpretations and revised standards effective after 1 January 2022 and which the Group has not applied earlier

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

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

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

The European Commission has not yet approved this amendment. The Group is currently assessing the impact of the amendments on its financial statements.

IFRS 17 "Insurance Contracts"(issued on 18 May 2017 and effective for annual periods beginning on or after 1 January 2021). IFRS 17 replaces IFRS 4, which has given companies dispensation to carry on accounting for insurance contracts using existing practices. As a consequence, it was difficult for investors to compare and contrast the financial performance of otherwise similar insurance companies. IFRS 17 is a single principle-based standard to account for all types of insurance contracts, including reinsurance contracts that an insurer holds. The standard requires recognition and measurement of groups of insurance contracts at: (i) a risk-adjusted present value of the future cash flows (the fulfilment cash flows) that incorporates all of the available information about the fulfilment cash flows in a way that is consistent with observable market information; plus (if this value is a liability) or minus (if this value is an asset) (ii) an amount representing the unearned profit in the group of contracts (the contractual service margin). Insurers will be recognising the profit from a group of insurance contracts over the period they provide insurance coverage, and as they are released from risk. If a group of contracts is or becomes loss-making, an entity will be recognising the loss immediately.

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

Classification of liabilities as current or non-current – Amendments to IAS 1 (issued on 23 January 2020 and effective for annual periods beginning on or after 1 January 2022). These narrow scope 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. Management's expectations whether they will subsequently exercise the right to defer settlement do not affect classification of liabilities. The right to defer only exists if the entity complies with any relevant conditions as of the end of the reporting period. A liability is classified as current if a condition is breached at or before the reporting date even if a waiver of that condition is obtained from the lender after the end of the reporting period. Conversely, a loan is classified as non-current if a loan covenant is breached only after the reporting date. In addition, the amendments include clarifying the classification requirements for debt a company might settle by converting it into equity. 'Settlement' is defined as the extinguishment of a liability with cash, other resources embodying economic benefits or an entity's own equity instruments. There is an exception for convertible instruments that might be converted into equity, but only for those instruments where the conversion option is classified as an equity instrument as a separate component of a compound financial instrument.

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

Proceeds before intended use, Onerous contracts – cost of fulfilling a contract, Reference to the Conceptual Framework – narrow scope amendments to IAS 16, IAS 37 and IFRS 3, and Annual Improvements to IFRSs 2018-2020 – amendments to IFRS 1, IFRS 9, IFRS 16 and IAS 41 (issued on 14 May 2020 and effective for annual periods beginning on or after 1 January 2022).

The amendment to IAS 16 prohibits an entity from deducting from the cost of an item of PPE any proceeds received from selling items produced while the entity is preparing the asset for its intended use. The proceeds from selling such items, together with the costs of producing them, are now recognised in profit or loss. An entity will use IAS 2 to measure the cost of those items. Cost will not include depreciation of the asset being tested because it is not ready for its intended use. The amendment to IAS 16 also clarifies that an entity is 'testing whether the asset is functioning properly' when it assesses the technical and physical performance of the asset. The financial performance of the asset is not relevant to this assessment. An asset might therefore be capable of operating as intended by management and subject to depreciation before it has achieved the level of operating performance expected by management.

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

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

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

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

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

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

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

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

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

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

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

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

IFRS 1 allows an exemption if a subsidiary adopts IFRS at a later date than its parent. The subsidiary can measure its assets and liabilities at the carrying amounts that would be included in its parent's consolidated financial statements, based on the parent's date of transition to IFRS, if no adjustments were made for consolidation procedures and for the effects of the business combination in which the parent acquired the subsidiary. IFRS 1 was amended to allow entities that have taken this IFRS 1 exemption to also measure cumulative translation differences using the amounts reported by the parent, based on the parent's date of transition to IFRS. The amendment to IFRS 1 extends the above exemption to cumulative translation differences, in order to reduce costs for first-time adopters. This amendment will also apply to associates and joint ventures that have taken the same IFRS 1 exemption.
The requirement for entities to exclude cash flows for taxation when measuring fair value under IAS 41 was removed. This amendment is intended to align with the requirement in the standard to discount cash flows on a post-tax basis.

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

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

- *Effective date:* The effective date of IFRS 17 (incorporating the amendments) has been deferred by two years to annual reporting periods beginning on or after 1 January 2023; and the fixed expiry date of the temporary exemption from applying IFRS 9 in IFRS 4 has also been deferred to annual reporting periods beginning on or after 1 January 2023.

- *Expected recovery of insurance acquisition cash flows:* An entity is required to allocate part of the acquisition costs to related expected contract renewals, and to recognise those costs as an asset until the entity recognises the contract renewals. Entities are required to assess the recoverability of the asset at each reporting date, and to provide specific information about the asset in the notes to the financial statements.

- *Contractual service margin attributable to investment services*: Coverage units should be identified, considering the quantity of benefits and expected period of both insurance coverage and investment services, for contracts under the variable fee approach and for other contracts with an 'investment-return service' under the general model. Costs related to investment activities should be included as cash flows within the boundary of an insurance contract, to the extent that the entity performs such activities to enhance benefits from insurance coverage for the policyholder.

- *Reinsurance contracts held – recovery of losses: When an entity recognises a loss on initial recognition of an onerous group of underlying insurance contracts, or on addition of onerous underlying contracts to a group, an entity should adjust the contractual service margin of a related group of reinsurance contracts held and recognise a gain on the reinsurance contracts held. The amount of the loss recovered from a reinsurance contract held is determined by multiplying the loss recognised on underlying insurance contracts and the percentage of claims on underlying insurance contracts that the entity expects to recover from the reinsurance contract held. This requirement would apply only when the reinsurance contract held is recognised before or at the same time as the loss is recognised on the underlying insurance contracts.*

- *Other amendments:* Other amendments include scope exclusions for some credit card (or similar) contracts, and some loan contracts; presentation of insurance contract assets and liabilities in the statement of financial position in portfolios instead of groups; applicability of the risk mitigation option when mitigating financial risks using reinsurance contracts held and non-derivative financial instruments at fair value through profit or loss; an accounting policy choice to change the estimates made in previous interim financial statements when applying IFRS 17; inclusion of income tax payments and receipts that are specifically chargeable to the policyholder under the terms of an insurance contract in the fulfilment cash flows; and selected transition reliefs and other minor amendments.

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

Classification of liabilities as current or non-current, deferral of effective date – Amendments to IAS 1 (issued on 15 July 2020 and effective for annual periods beginning on or after 1 January 2023). *The amendment to IAS 1 on classification of liabilities as current or non-current* was issued in January 2020 with an original effective date 1 January 2022. However, in response to the Covid-19 pandemic, the effective date was deferred by one year to provide companies with more time to implement classification changes resulting from the amended guidance.

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

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

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

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

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

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

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

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

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

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

The Company is currently assessing the impact of the amendments 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 2021 to 31 December 2021 in accordance with International Financial Reporting Standards (IFRS) as adopted by the EU and in accordance with the Slovak Act on Accounting No. 431/2002 Coll. IFRS as adopted by the EU do not differ from IFRS as issued by the International Accounting Standards Board (IASB), except for certain standards and interpretations, which were not endorsed by the EU, as stated above. In accordance with the Slovak Act on Accounting No. 431/2002 Coll. as amended, the Company is also required to prepare consolidated financial statements in accordance with IFRS as adopted by the EU.

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

b) Basis of Preparation of the Financial Statements

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

The rapid spread of COVID-19 has materially impacted the Mondi SCP business in 2021. Since the start of the COVID-19 pandemic, the health, safety and welfare of the employees have remained the top priority. The Management and the Board continue to monitor the exposure and the impact of COVID-19 on Mondi SCP and evaluates and imposes actions to mitigate the risk. In future, these actions will enable Mondi SCP to be dynamic in its reaction to the risk of a pandemic as it develops.

These financial statements were prepared under the going concern assumption.

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

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

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

c) Unlimited Liability

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

d) Foreign Currency

(i) Functional and presentation currency of the financial statements

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

(ii) Transactions in foreign currencies

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

e) Financial Instruments

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

f) Transaction Costs

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

g) Property, Plant and Equipment

(i) Own Assets

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

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

(ii) Subsequent Expenditures

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

(iii) Depreciation

Buildings	12 - 40 years
Plant and equipment	4 - 20 years
Transportation means	4 - 12 years
Fixtures and fittings	4 - 12 years

Depreciation is charged evenly on a straight-line basis.

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

h) Non-current Intangible Assets

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

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

i) Investments in Subsidiaries

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

j) Trade and Other Receivables

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

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

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

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

k) Inventories

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

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

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

A provision is created for slow moving and obsolete inventory.

l) Cash and Cash Equivalents

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

m) Impairment of Non-financial Assets

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

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

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

n) Dividends

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

o) Interest-Bearing loans and Borrowings

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

p) Employee Benefit Plans obligation

(i) Retirement Payment

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

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

(ii) Other long-term employee benefits

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

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

q) Mandatory Insurance and Social Security and Pension Schemes

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

r) Provisions

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

s) Emission Rights

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

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

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

t) Trade and Other Payables

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

u) Revenue Recognition

Revenue from contracts with customers

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

(ii) Sales of Services

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

Other Revenue

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

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

v) Expenses

Finance Costs and Income

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

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

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

w) Leases

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

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

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

Land	12-40 years
Machinery and equipment	4-20 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.

x) Government Grants

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

y) Income Tax

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

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

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

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

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

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

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

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

Many areas of Slovak tax law (such as transfer-pricing regulations) 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.

Comparatives

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

The data have been adjusted by adjusting each of the affected lines of the financial statements for the previous period as follows:

Separate Statement of Cash Flow (extract) (EUR'000)	*Note*	*Year ended 31 December 2020 (original)*	*Adjustment*	*Year ended 31 December 2020 (after adjustment)*
Decrease/increase in assets/liabilities from cash pooling		97,782	(97,782)	-
(Increase)/decrease in assets from cash pooling		-	58,196	58,196
(Decrease)/increase in liabilities from cash pooling		-	39,586	39,586

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 5,493 thousand (2020: EUR: 4,743 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 4,494 thousand (2020: EUR 3,881 thousand).

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

As described further in the accounting policies in note m), financial investments are assessed for impairment at least annually. In performing the impairment test, the recoverable amount is the higher of the fair value less costs to dispose and value-in-use.

Subsidiary Mondi Neusiedler GmbH.,Austria, is a cash-generating unit, the recoverable amount of which is its value in use. The recoverable amount of the financial investment was determined by the Company using the discounted future cash flow method based on the approved plans of the subsidiary in the following accounting periods. The Company used a pre-tax discount rate of 8.35% when calculating the recoverable amount.

Assumptions used for for value-in-use calculations to which the recoverable amount is most sensitive were:

	2021	*2020*
Growth rate for calculating the terminal value	0%	0%
Weighted average pre-tax discount rate	8.35%	8.35%

Key assumptions:
(i) Cash flow forecasts which are derived from the budget most recently approved by the Board covering three-year period to 31 December 2024.
(ii) Sales volumes, sale prices and variable input cost assumptions in the budget are derived from a combination of economic forecasts for the regions in which the entity operates, industry forecasts for the regions in which the entity operates, industry forecasts for individual product lines, interal management projections, historical performance, and announced and expected industry capacity changes.
(iii) Cahs flow projections beyond three years are based on internal management projection taking into consideration industry forecasts and growth rates in the regions in which the entity operates. Growth rates (as per table above) are applied to the entity for all years beyond the budget period
(iv) Capital expenditure forecasts are based on historical experience and include expenditure necessary to maintain the assets in their current condition.

The pre-tax discount rate is derived from the Mondi Group´s weighted average cost of capital. In determining the discount rate applicable to each entity, adjustment are made to reflect the impacts of country risk. For Austria 0% country risk was considered.

If the pre-tax discount rate applied to the cash flow projections of this CGU had been 0.5% higher than management´s estimates (8.85% instead of 8.35%), the Company would have to recognize an impairment against financial investment Mondi Neusiedler GmbH., of Eur 2,313 thousand.

Management has considered and assessed reasonably possible changes for other key assumptions and have not identified any instances that could cause the carrying amount of the financial investment to exceed its recoverable amount.

In the prior year, there were no impairment indicators identified and also no reasonably possible changes in any of the key assuptions that would have resulted in an impairment write-down in the subsidiary.

5. REVENUES

Analysis of the Company's revenues for the year:

(EUR'000)	*Year ended 31 December 2021*	*Year ended 31 December 2020*
Revenues from contracts with customers		
Revenues from the sale of Company's main activity products	576,140	422,000
Revenues from the sale of Company's secondary activities products	10,163	7,971
Revenues from provision of services	3,643	4,389
Total revenues from contracts with customers	**589,946**	**434,360**
Other revenues		
Revenues from green energy sales and CO2 emissions	5,995	13,567
Total other revenues	**5,995**	**13,567**
Total	**595,941**	**447,927**

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. Other revenues are mainly revenues from the provision of services.

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

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

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

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

(EUR'000)	*Year ended 31 December 2021*	*Year ended 31 December 2020*
Slovakia	34,241	30,722
Eastern Europe	26,990	42,071
Western Europe	525,065	357,178
South Africa	7	-
Total	**586,303**	**429,971**

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

(EUR'000)	*Year ended 31 December 2021*	*Year ended 31 December 2020*
Paper	532,363	359,218
Pulp	43,777	62,782
Revenues from the sale of Company's production from the main activities	**576,140**	**422,000**
Energy	7,900	6,401
Other	2,263	1,570
Revenues from the sale of Company's secondary activities products	**10,163**	**7,971**
Total	**586,303**	**429,971**

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

(EUR'000)	*Year ended 31 December 2021*	*Year ended 31 December 2020*
Paper	35,406	53,223
Pulp	21,715	19,438
Revenues from the sale of Company's production from the main activities	**57,121**	**72,661**
Energy	7,875	6,399
Other	1,965	1,518
Revenues from the sale of Company's secondary activities products	**9,840**	**7,917**
Total	**66,961**	**80,578**

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 neither in 2020 nor 2021. No costs arising from customer contracts were capitalised. The Company does not disclose information on other performance obligations under contracts with customers that have an original expected duration of 1 year or less than permitted by IFRS 15.

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

(EUR'000)	*Year ended 31 December 2021*	*Year ended 31 December 2020*
Paper	510,648	339,780
Pulp	8,371	9,559
Revenues from the sale of Company's production from the main activities	**519,019**	**349,339**
Other	324	54
Revenues from the sale of Company's secondary activities products	**324**	**54**
Total	**519,343**	**349,393**

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

(EUR'000)	*Year ended 31 December 2021*	*Year ended 31 December 2020*
Mondi Paper Sales, Gmbh, Austria	510,241	339,621
Mondi Neusiedler, GmbH, Austria	8,371	9,559
Mondi Syktyvkar, Russia	461	209
SLOVWOOD Ružomberok, a. s., Slovakia	257	-
Richards Bay, South Africa	7	-
Strážna služba VLA-STA, s. r. o., Slovakia	5	4
Mondi Swiecie, SA, Poland	1	-
Total	**519,343**	**349,393**

6. RAW MATERIALS AND CONSUMABLES

Analysis of raw materials and consumables:

(EUR'000)	*Year ended 31 December 2021*	*Year ended 31 December 2020*
Raw materials, direct and auxiliary materials (wood, pulp, chemicals, others)	270,698	206,990
Energy	86,699	33,023
Maintenance	34,153	29,494
Packages	11,720	8,923
Other (manufacturing services, water, other)	12,718	9,962
Total	**415,988**	**288,392**

7. CONSUMPTION OF OTHER SERVICES

Analysis of consumption of other services:

(EUR'000)	*Year ended 31 December 2021*	*Year ended 31 December 2020*
Management and marketing services	8,969	6,452
Outsourcing	3,459	3,029
Legal, advisory and auditing services	2,499	2,892
IT and telecommunication services	2,302	2,089
Safety and health at work	2,085	2,055
Outsourcing of employees and contractors' fees	2,258	2,049
Insurance	3,534	1,552
Maintenance of non-production facilities	1,496	1,333
Selling costs	2,248	1,036
Rent	1,284	943
Advertising costs	619	652
Cleaning of technological equipment	603	586
Taxes and fees	556	567
Personnel services, travel expenses	719	549
Other	3,409	2,221
Total	**36,040**	**28,005**

Legal, advisory and auditing services include expenses for auditing services in the amount of EUR 93 thousand (2020: EUR 88 thousand).

8. PERSONNEL COSTS

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

(EUR'000)	*Year ended 31 December 2021*	*Year ended 31 December 2020*
Wages	33,000	29,029
Social costs	11,979	10,587
Other	1,582	1,153
Total	**46,561**	**40,769**

9. OTHER OPERATING INCOME AND EXPENSES

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

(EUR'000)	*Year ended 31 December 2021*	*Year ended 31 December 2020*
Gain on revaluation of the financial liability regarding the acquisition of subsidiaries	-	4,575
State compensation for electricity prices for the previous year	3,093	3,104
Gain on litigation for previous years	1,483	-
Return of insurance premium from previous years	282	-
Profit/(loss) on sale of non-current assets	15	92
Compensation from insurance company	-	16
Excise duty on natural gas from previous years	(786)	-
Bonuses to suppliers from previous years	(240)	-
Other	(45)	22
Total	**3,802**	**7,809**

The proceeds of the litigation represent a settled litigation with Fortischem, Nováky, for the supply of chemicals relating to previous years, which was conducted by the Mondi Group.

10. FINANCIAL INCOME AND FINANCIAL COSTS

Analysis of financial costs for the period:

(EUR'000)	*Note*	*Year ended 31 December 2021*	*Year ended 31 December 2020*
Interest expense		1,135	938
Interest expense related to the contingent consideration from the acquisition of Austrian subsidiaries (unwinding of the discount)	24	-	28
Total financial costs		**1,135**	**966**

11. INCOME TAX

Analysis of income tax for the period:

(EUR'000)	*Note*	*Year ended 31 December 2021*	*Year ended 31 December 2020*
Current tax		1,171	2,539
Deferred tax	22	635	(1,331)
Income tax for the year		**1,806**	**1,208**

Income tax is calculated at 21% rate of the taxable profit for 2021 and 2020.

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

	Year ended 31 December 2021 (EUR'000)	*%*	*Year ended 31 December 2020 (EUR'000)*	*%*
Profit before tax	11,427		16,285	
Tax calculated at the local income tax rate	2,400	21.0	3,420	21.0
Permanent differences	223		(895)	
Tax relief	(656)		(1,234)	
Accruals and other differences	(161)		(83)	
Income tax and effective tax rate for the year	**1,806**	**15.8**	**1,208**	**7.4**

Permanent differences include a deferred tax of EUR (961) thousand, which is attributable to the revaluation of financial investments in Austrian companies in 2020.

In 2021, the Company applied income tax relief of EUR 656 thousand (2020: EUR 1,234 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 2021 will be taken during preparation of the tax return for 2021.

Analysis of current tax receivable/(liability):

(EUR'000)	*2021*	*2020*
As at 1 January	2,303	2,412
Payment of commitment/(Receipt of receivable) from previous year	(2,157)	(1,803)
Last year's expense	(146)	(609)
Current year's expense	(1,680)	(3,164)
Advances paid for the current year	866	4,233
Tax relief	654	1,234
As at 31 December	**(160)**	**2,303**

12. INTANGIBLE ASSETS

Analysis of intangible assets for the year ended 31 December 2021 and 31 December 2020:

(EUR'000)	*Intangible assets*	
	2021	**2020**
Cost		
As at 1 January	7,544	7,971
Additions	501	227
Transfers and reclassification	466	142
Disposals	(60)	(796)
As at 31 December	**8,451**	**7,544**
Accumulated Amortisation		
As at 1 January	7,007	7,567
Charge for the year	332	236
Disposals	(60)	(796)
As at 31 December	**7,279**	**7,007**
Carrying amount		
As at 1 January	**537**	**404**
As at 31 December	**1,172**	**537**

Intangible assets comprise software and acquired intangible assets (software).

Intangible assets have limited useful lives over which they are amortised..

The amortisation period for software is four years.

Non-current intangible assets under construction as at 31 December 2021 amounted to EUR 26 thousand (as at 31 December 2020: EUR 5 thousand).

13. PROPERTY, PLANT AND EQUIPMENT

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

(EUR'000)	*Land and Buildings*	*Machines and Equipment*	*Assets under Construction and Advances Paid*	*Other Non-Current Tangible Assets*	*Total*
Cost					
As at 1 January 2021	235,302	1,148,248	250,895	13,446	1,647,891
Additions	-	-	59,515	-	59,515
Disposals	(600)	(9,395)	-	(98)	(10,093)
Transfers and reclassification	88,772	198,625	(293,952)	6,465	(90)
As at 31 December 2021	**323,474**	**1,337,478**	**16,458**	**19,813**	**1,697,223**
Accumulated depreciation and impairment					
As at 1 January 2021	122,201	832,844	-	10,837	965,882
Annual depreciation charge and impairment	8,277	41,280	-	828	50,385
Disposals	(600)	(9,395)	-	(97)	(10,092)
Reclassification	-	376	-	-	376
As at 31 December 2021	**129,878**	**865,105**	**-**	**11,568**	**1,006,551**
Carrying amount					
As at 1 January 2021	**113,101**	**315,404**	**250,895**	**2,609**	**682,009**
As at 31 December 2021	**193,596**	**472,373**	**16,458**	**8,245**	**690,672**

Analysis of property, plant and equipment for the year ended 31 December 2020:

(EUR'000)	*Land and Buildings*	*Machines and Equipment*	*Assets under Construction and Advances Paid*	*Other Non-Current Tangible Assets*	*Total*
Cost					
As at 1 January 2020	226,390	1,119,532	155,937	13,024	1,514,883
Additions	-	-	134,628	-	134,628
Disposals	(265)	(1,104)	-	(109)	(1,478)
Transfers and reclassification	9,177	29,820	(39,670)	531	(142)
As at 31 December 2020	**235,302**	**1,148,248**	**250,895**	**13,446**	**1,647,891**
Accumulated depreciation and impairment					
As at 1 January 2020	115,874	795,827	-	10,482	922,183
Annual depreciation charge and impairment	6,437	38,121	-	464	45,022
Disposals	(110)	(1,104)	-	(109)	(1,323)
As at 31 December 2020	**122,201**	**832,844**	**-**	**10,837**	**965,882**
Carrying amount					
As at 1 January 2020	**110,516**	**323,705**	**155,937**	**2,542**	**592,700**
As at 31 December 2020	**113,101**	**315,404**	**250,895**	**2,609**	**682,009**

Addition to non-current assets mainly comprise expenditures for the realization of an investment plan connected with the acquisition of a new paper machine and related infrastructure.

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

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

Insured Object	*Type of Insurance*	*Insurance amount* *31 December 2021*	*31 December 2020*
Passenger vehicles	Against theft, motor hull	82	82
Property, plant and equipment	Against natural disasters	1,757,645	1,712,044
Machines and equipment	Machine breakage	1,283,574	1,255,714
Inventories	Against natural disasters	59,023	60,257

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

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

14. INVESTMENTS IN SUBSIDIARIES

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

Name and registered office of the Company	*Cost (EUR'000)*	*Valuation Allowance (EUR'000)*	*Nominal Value per Share (EUR)*	*Share in Share Capital (%)*	*Equity* (EUR'000)*	*Profit/(Loss) for the Current Year* (EUR'000)*
Obaly S O L O, s. r. o., Ružomberok, SK	3,935	-	-	100	4,850	3
SLOVWOOD Ružomberok, a. s., Ružomberok, SK	393	-	3,319,39	66	899	71
Strážna služba VLA-STA, s. r. o., Ružomberok, SK	6	-	-	100	258	59
Mondi Neusiedler GmbH, Hausmening, Austria	64,570	(4,143)	-	94.90	7,382	(15,117)
Ybbstaler Zellstoff GmbH, Kematen, Austria	6,376	-	-	94.90	7,716	2,638
Slovpaper Recycling, s. r. o., Ružomberok, SK	495	-	-	85	(292)	82
Total	**75,775**	**(4,143)**	**x**	**x**	**x**	**x**

Overview of the Company's subsidiaries at 31 December 2020:

Name and registered office of the Company	***Cost (EUR'000)***	***Valuation Allowance (EUR'000)***	***Nominal Value per Share (EUR)***	***Share in Share Capital (%)***	***Equity* (EUR'000)***	***Profit/(Loss) for the Current Year* (EUR'000)***
Obaly S O L O, s. r. o., Ružomberok, SK	3,935	-	-	100	4,847	(17)
SLOVWOOD Ružomberok, a. s., Ružomberok, SK	393	-	3,319.39	66	828	(25)
Strážna služba VLA-STA, s. r. o., Ružomberok, SK	6	-	-	100	195	4
Mondi Neusiedler GmbH, Hausmening, Austria	50,335	(4,143)	-	94.90	7,389	6,483
Ybbstaler Zellstoff GmbH, Kematen, Austria	6,376	-	-	94.90	5,059	(2,298)
Slovpaper Recycling, s. r. o., Ružomberok, SK	495	-	-	85	(374)	(248)
Total	**61,540**	**(4,143)**	**x**	**x**	**x**	**x**

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

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

As at 31 December 2021 and 31 December 2020, the Company has no associates and joint ventures.

Analysis of the investments movement in subsidiaries for the year ended 31 December 2021 and 31 December 2020:

(EUR'000)	**2021**	**2020**
Cost		
As at 1 January	61,540	61,540
Additions	14,235	-
As at 31 December	**75,775**	**61,540**
Valuation allowance		
As at 1 January	4,143	4,143
Additions	-	-
As at 31 December	**4,143**	**4,143**
Carrying amount		
As at 1 January	**57,397**	**57,397**
As at 31 December	**71,632**	**57,397**

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

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

15. INVENTORIES

Overview of inventories:

(EUR'000)	*31 December 2021*	*31 December 2020*
Raw materials, consumables and spare parts	27,252	31,170
Work in progress and semi-finished goods	15,982	11,908
Finished goods	20,038	10,334
Total	**63,272**	**53,412**

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

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

As at 31 December 2021, the Company recorded provisions in the amount of EUR 16,022 thousand (2020: EUR 15,778 thousand) for obsolete and slow-moving inventories based on a detailed analysis of individual items of inventories. The analysis was prepared by the Company as at the year-end which was based on an assessment of the net realisable value of inventories.

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

Movements in the provisions for inventories:

(EUR'000)	*2021*	*2020*
As at 1 January	15,778	15,391
Additions	445	431
Used and released	(201)	(44)
As at 31 December	**16,022**	**15,778**

16. TRADE AND OTHER RECEIVABLES

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

(EUR'000)	*31 December 2021*	*31 December 2020*
Other receivables	696	-
Total	**696**	**-**

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

Overview of data on current trade receivables and other receivables:

(EUR'000)	*31 December 2021*	*31 December 2020*
Receivables from the sale of finished goods and services	94,116	49,445
Tax receivables	8,578	7,475
Advances provided	1,332	912
Other receivables	417	6
Total	**104,443**	**57,838**

As at 31 December 2021 the Company has a provision for estimated irrecoverable receivables from the sale of finished goods and other receivables in the amount of EUR 109 thousand (2020: EUR 107 thousand).

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

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

(EUR'000)	*31 December 2021*	*31 December 2020*
Within maturity	103,230	56,377
Overdue	1,322	1,568
Total	**104,552**	**57,945**

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

17. CASH AND CASH EQUIVALENTS

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

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

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

(EUR'000)	*31 December 2021*	*31 December 2020*
Cash and cash equivalents	1,018	393
Total	**1,018**	**393**

18. SHARE CAPITAL

Share capital was issued in the form of bearer shares. As at 31 December 2021 and 2020, the total number of issued shares was 4,635,034 with nominal value per share in amount of EUR 33.193919. All of the Company's shares were paid. None of the Company's shares is quoted on the stock exchange.

19. OTHER COMPONENTS OF EQUITY

As at 31 December 2021, other components of equity consisted of capital reserves funds and other capital reserves.

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

Other reserves consist of actuarial loss on employee benefits after termination of employment, a fund for revaluing the investment at the formation of Obaly S O L O, s. r. o., and a fund for the difference arising from the purchase of part Obaly S O L O, s. r. o., in total EUR (871) thousand as at 31 December 2021.

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 2020, the scheme applied to all Company's employees. As at the above date, the scheme was not funded, i.e. there were no assets specifically allocated to cover liabilities resulting from the scheme.

Employee benefit plans are subject to the following risks:

Investment risk (Asset volatility)

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

Interest risk

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

Longevity risk

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

Salary risk

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

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

(EUR'000)	*As at 31 December 2021*	*As at 31 December 2020*
Within one year	95	73
1 – 2 years	73	124
2 – 5 years	284	283
Over 5 years	3,012	3,053
Total	**3,464**	**3,533**

Key actuarial assumptions:

	Year ended 31 December 2021	*Year ended 31 December 2020*
Real discount rate p.a.	0.6%	0.6%
Inflation	3.2%	1.7%
Labour turnover p.a.	1.0%	1.0%
Retirement age, men/women	63/63	63/63
Mortality and disability table	For the Slovak Republic for year 2012	For the Slovak Republic for year 2012
Expected increase in wages	2.5%	2.5%
Future growth of pensions	2.0%	2.0%

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

(EUR'000)	*Payable from Entitlement to Retirement Payment*	*Payable from Jubilee Benefits*	*Total*
As at 1 January 2021	2,002	2,082	4,084
Additions	68	335	403
Use	(70)	(215)	(285)
As at 31 December 2021	**2,000**	**2,202**	**4,202**

Movements in employee benefit plan obligation for the year ended 31 December 2020:

(EUR'000)	*Payable from Entitlement to Retirement Payment*	*Payable from Jubilee Benefits*	*Total*
As at 1 January 2020	1,880	2,181	4,061
Additions	182	105	287
Use	(60)	(204)	(264)
As at 31 December 2020	**2,002**	**2,082**	**4,084**

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

(EUR'000)	*Year ended 31 December 2021*	*Year ended 31 December 2020*
Profit for the current year		
Defined benefit pension obligation	(179)	51
Other comprehensive income/(expense)		
Actuarial profit/(loss) on provisions from employee benefits program	62	(73)
Total	**(117)**	**(22)**

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

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

Sensitivity analysis for defined benefit obligation from the entitlement to retirement payment for the year ended 31 December 2020:

	Sensitivity 1	*The main assumption*	*Sensitivity 2*
Discount rate	(0.4%)	0.6%	1.6%
Net liability on defined benefit pension obligation (from severance claim)	2,248	2,002	1,794
Inflation	0.7%	1.7%	2.7%
Net liability on defined benefit pension obligation (from severance claim)	1,782	2,002	2,257

The sensitivity analysis of payable from severance benefit for the years ended 31 December 2021 and 31 December 2020 showed that the change of +/- 1% of the discount rate and the inflation did not have a significant impact on the value of the net liability from the defined employee benefits.

21. LOANS AND CREDITS

The Company's current loans analysis:

(EUR'000)	*31 December 2021*	*31 December 2020*
Short-term bank loans	14,000	-
Overdraft	28	-
Total	**14,028**	-

Movement of current loans from third parties:

(EUR'000)	*2021*	*2020*
As at 1 January	-	-
Drawdown of loans	14,028	-
As at 31 December	**14,028**	-

The Company's non-current loans analysis:

(EUR'000)	*31 December 2021*	*31 December 2020*
Long-term bank loans	56,000	-
Total	**56,000**	-

Movement of non-current loans from third parties:

(EUR'000)	*2021*	*2020*
As at 1 January	-	-
Drawdown of loans	56,000	-
Interest expense	109	-
Interest paid	(109)	-
As at 31 December	**56,000**	-

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 loan agreement contains no covenants.

22. DEFERRED TAX LIABILITY

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

(EUR'000)	*Difference in Net Book Value of Non-current Assets*	*Difference in reserves, provisions and other temporary differences*	*Total*
As at 1 January 2021	37,963	(5,794)	32,169
Recognised in the profit or loss	1,914	(1,279)	635
Recognised in equity	-	12	12
As at 31 December 2021	**39,877**	**(7,061)**	**32,816**

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

(EUR'000)	*Difference in Net Book Value of Non-current Assets*	*Difference in reserves, provisions and other temporary differences*	*Total*
As at 1 January 2020	39,900	(6,385)	33,515
Recognised in the profit or loss	(1,745)	414	(1,331)
Recognised in equity	-	(15)	(15)
Reclassified	(192)	192	-
As at 31 December 2020	**37,963**	**(5,794)**	**32,169**

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

(EUR'000)	*As at 31 December 2021*	*As at 31 December 2020*
Deferred tax liabilities	39,877	37,963
Deferred tax assets	(7,061)	(5,794)
Total	**32,816**	**32,169**

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

Deferred tax liabilities and assets ageing structure:

(EUR'000)	*31 December 2021*	*31 December 2020*
Deferred tax liabilities		
- due over 12 months	46,112	39,630
- due within 12 months	(6,235)	(1,667)
Subtotal	**39,877**	**37,963**
Deferred tax assets		
- due over 12 months	(4,809)	(4,439)
- due within 12 months	(2,252)	(1,355)
Subtotal	**(7,061)**	**(5,794)**
Total	**32,816**	**32,169**

23. PROVISIONS

Overview of current year provisions data:

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

Overview of previous year provisions data:

(EUR'000)	*Provisions for the restoration of a landfill*
As at 1 January 2020	2,459
Additions	96
Use	(37)
Transfers/Releases	-
As at 31 December 2020	**2,518**

Additions to non-current provisions for the restoration of a landfill are related to forward of interest to adjust the provision to net present value as at 31 December 2021 in the amount of EUR 51 thousand (in 2020 in the amount of EUR 96 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 31 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 1,014 thousand, was scheduled to close by the end of 2017 and its restoration started in 2018. The provision was calculated using a discount rate of 8% and an average annual inflation of 4.4%. The third stage of the landfill, for which the provision of EUR 1,523 thousand is created, was initially planned to close by the end of 2025, a new assumption for its closure is the end of 2022. The provision was calculated using a discount rate of 6.97% and an average annual inflation of 1.4%.

24. TRADE AND OTHER PAYABLES

Overview of trade payables and other payables:

(EUR'000)	*31 December 2021*	*31 December 2020*
Trade payables	135,252	74,576
CAPEX trade payables	13,974	26,096
Other payables	11,706	8,670
Total	**160,932**	**109,342**

Breakdown of trade payables by maturity:

(EUR'000)	*Maturity*				
	Due within Maturity Period	***Restraint***	***Up to 365 Days Overdue***	***Over 365 Days Overdue***	***Total***
As at 31 December 2021					
Trade payables (including CAPEX payables)	132,971	7,689	8,495	71	**149,226**
As at 31 December 2020					
Trade payables (including CAPEX payables)	83,202	10,385	7,054	31	**100,672**

In 2021, the retention up to one year after the maturity was in the amount of EUR 6,380 thousand, over one year after the maturity in the amount of EUR 1,308 thousand (2020: up to one year in the amount of EUR 7,195 thousand, over one year in the amount of EUR 3,190 thousand).

Other current payables comprise the following:

(EUR'000)	***31 December 2021***	***31 December 2020***
Payables to employees, from social security insurance and other taxes	8,306	6,532
Accrued liabilities	2,669	1,232
Social fund	646	646
Other	85	260
Total	**11,706**	**8,670**

The Company's recorded payables were not secured as a lien.

During the year, the Social Fund amounted to EUR 350 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 350 thousand.

By the end of 2020, an non-current part of liability from the purchase of two Austrian subsidiaries was reported by the Company to Mondi AG under an other non-current liabilities. The payable was set based on the anticipated EBITDA ratios of the acquired subsidiaries over the following six-year period from the date of acquisition exceeding the agreed EBITDA amount in 2016, net of dividends paid and adjusted to the present value.

The amount payable depends on the expected operating results of the acquired subsidiaries.

Movement of the non-current portion of payable associated with the acquisition of financial investments:

(EUR'000)	*2021*	*2020*
As at 1 January	-	4,575
Interest expense associated with payable from acquisition of financial investments (discounting)	-	28
(Gain)/loss from revaluation of a financial liability at fair value through profit or loss	-	(4,603)
As at 31 December	**-**	**-**

25. LEASES

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

Assets with a Right to Use

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

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

The analysis of movements of the Company's leased assets with the right to use for the year ended 31 December 2020:

(EUR'000)	*Land and Buildings*	*Machinery and Equipment*	*Other Non-current Tangible Assets*	*Total*
Cost				
As at 1 January 2020	121	31,079	2,332	33,532
Additions	-	63	465	528
Disposals	(54)	-	(1,422)	(1,476)
As at 31 December 2020	**67**	**31,142**	**1,375**	**32,584**
Accumulated depreciation and impairment				
As at 1 January 2020	59	876	1,730	2,665
Annual depreciation and impairment	3	2,188	405	2,596
Disposals	(54)	-	(1,393)	(1,447)
As at 31 December 2020	**8**	**3,064**	**742**	**3,814**
Carrying amount				
As at 1 January 2020	**62**	**30,203**	**602**	**30,867**
As at 31 December 2020	**59**	**28,078**	**633**	**28,770**

Increase in assets with a right to use amounted to EUR 1,515 thousand in 2021 (in 2020: EUR 528 thousand). The most significant increase in assets with a right to use were the rental of a mobile boiler room, land and cars.

Leasing commitments

Maturity analysis of undiscounted cash flows:

(EUR'000)	*As at 31 December 2021*	*As at 31 December 2020*
Due within 1 year	2,710	2,681
From 1 to 5 years	8,596	8,270
Due over 5 years	15,509	17,136
Total undiscounted liability	**26,815**	**28,087**

Lease commitments by residual maturity:

(EUR'000)	*As at 31 December 2021*	*As at 31 December 2020*
Current	1,858	2,040
Non-current	20,481	21,300
Total Leasing Commitments	**22,339**	**23,340**

The total lease payments for 2021 were EUR 2,437 thousand (in 2020: EUR 5,285 thousand).

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

(EUR'000)	*Year ended 31 December 2021*	*Year ended 31 December 2020*
Annual depreciation and impairment	(2,647)	(2,596)
Interest related to lease commitments	(665)	(748)
The cost of short-term rentals and of rentals assets with low value	(1,284)	(944)
Revenue from disposal of assets with a right-of-use	76	29
Net book value of disposed assets with the right-of-use	(61)	(29)
Total	**(4,581)**	**(4,288)**

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

The main rental conditions are listed below:

Lease contracts are generally concluded for fixed period; machinery and equipment for 4 to 15 years; land for a longer period of 30 years or more. The rental terms are agreed on an individual basis and include fixed payment terms; when the lease payment is usually agreed for a current period for machinery and equipment on monthly basis, for land it is a longer period. Leases do not contain components that are not related to the lease of an asset with a right to use (maintenance, insurance), and therefore do not include variable payments related to these components. Machinery and equipment, vehicles and land are classified as separate asset classes with rights to use in accordance with IFRS 16.
Lease contracts can be terminated in general only by mutual agreement or by notice from the Company. The Company may terminate these contracts without giving any reason, the notice period being 3 months. Lease contracts do not contain any liabilities, and leased assets cannot be used as collateral for loans or credits.

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

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

26. CAPITAL RISK MANAGEMENT

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

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

(EUR'000)	*31 December 2021*	*31 December 2020*
Debt (i)	121,899	66,467
Cash and cash equivalent and Assets from cash pooling	41,601	1,129
Net debt	80,298	65,338
Equity	678,484	668,814
Net debt to equity ratio	**12%**	**10%**

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

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

27. FINANCIAL RISK MANAGEMENT

Categories of Financial Instruments

Financial assets:

(EUR'000)	*Assets at FVTPL*	*Assets at Amortised Cost*
31 December 2021		
Receivables including cash pooling assets	-	145,722
Cash and cash equivalents	-	1,018
Financial assets	**-**	**146,740**
31 December 2020		
Receivables including cash pooling assets	-	60,877
Cash and cash equivalents	-	393
Financial assets	**-**	**61,270**

Financial liabilities:

(EUR'000)	*Liabilities at FVTPL*	*Liabilities at Amortised Cost*
31 December 2021		
Trade and other payables	-	160,932
Leasing commitments	-	22,339
Financial liabilities	**-**	**183,271**
31 December 2020		
Trade and other payables	-	109,343
Leasing commitments	-	23,340
Financial liabilities	**-**	**132,683**

a) Financial Risk Factors

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

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

Market Risk

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

- **Interest Rate Risk**

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

Interest Rate Sensitivity

The Company draw a long-term bank loan in 2021, and the Company's management assessed the interest rate risk as insignificant. Therefore, no sensitivity analysis was performed.

As at 31 December 2021, the Company has no open interest rate derivatives.

- **Foreign Currency Risk**

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

As at 31 December 2021 the Company had no open derivative transactions.

Credit risk

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

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

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

Analysis of receivables:

(EUR'000)	*31 December 2021*	*31 December 2020*
Impaired receivables	109	106
Receivables due but not impaired	92,685	47,771
Receivables overdue but not impaired	1,322	1,568
of which less 30 days overdue	*1,208*	*1,496*
of which over 30 days overdue	*114*	72
Total trade receivables (Note 16)	**94,116**	**49,445**

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

(EUR'000)	*31 December 2021*	*31 December 2020*
Total external trade receivables	8,644	9,723
Insured receivables	(7,927)	(9,157)
Total unsecured external trade receivables	**717**	**566**

Analysis of bank accounts by rating:

(EUR'000)	*As at 31 December 2021*	*As at 31 December 2020*
Baa2 (Moody's)	1,018	393
Total	**1,018**	**393**

Liquidity risk

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

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

(EUR'000)	*Weighted Average Effective Interest Rate*	*Up to 1 Month*	*1 – 3 Months*	*3 Months – 1 year*	*1 – 5 Years*	*More than 5 years*	*Total*
31 December 2021							
Interest-free	-	113,500	6,172	40,025	1,395	-	161,092
Variable interest rate instruments	6M EURIBOR + 0.29%	-	-	14,000	56,000	-	70,000
Variable interest rate instruments	EONIA + 0.65%	-	-	29,532	-	-	29,532
Variable interest rate instruments				2,738	8,596	15,509	26,843
Total	-	**113,500**	**6,172**	**86,295**	**65,991**	**15,509**	**287,467**
31 December 2020							
Interest-free	-	59,802	4,454	41,849	3,237	-	109,342
Variable interest rate instruments	EONIA + 0.5%			43,128	-	-	43,128
Variable interest rate instruments		-	-	2,681	8,270	17,136	28,087
Total	-	**59,802**	**4,454**	**87,658**	**11,507**	**17,136**	**180,557**

The Company has access to credit lines within cash pooling mechanism provided by ECO-INVESTMENT, a.s. (EUR 21,600 thousand) and Mondi Finance plc. (EUR 22,482 thousand); as at the date of the statement of financial position, the total undrawn amount is EUR 22,482 thousand.

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

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

As at 31 December 2021, the Company reported higher current assets than current liabilities. Management does not see the risk regarding the financial position of the Company, liquidity for the repayment of liabilities based on the positive future development of the Company.

b) Fair Value Estimation

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

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

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

The Fair Value Hierarchy

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

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

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

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

Fair value revaluations

As at 31 December 2021 and 31 December 2020, the Company does not record financial instruments at fair value.

28. RELATED PARTY TRANSACTIONS

a) Shareholders Structure

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

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

b) Business Transactions

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

(EUR'000)	*Year ended 31 December 2021*			
Company	*Sales of Goods and Services*	*Purchase of Goods and Services*	*Receivables*	*Payables*
Subsidiaries				
Mondi Neusiedler, GmbH	8,371	-	240	-
SLOVWOOD Ružomberok, a. s.	612	118,208	43	14,481
Slovpaper recycling, s. r. o.	190	27,173	23	3,065
Strážna služba VLA-STA, s. r. o.	76	1,281	10	127
Slovpaper collection, s. r. o.	11	-	1	-
Obaly S O L O , s. r. o.	2	-	2	-
Subtotal	**9,262**	**146,662**	**319**	**17,673**
Other related parties				
Mondi Paper Sales GmbH	511,349	60,333	84,988	8,360
Mondi Finance plc	4,123	-	-	-
Mondi AG	545	1,084	124	463
Mondi Syktyvkar OJSC	461	1,103	86	-
Mondi Uncoated Fine & Kraft Paper GmbH	180	5,856	46	1,907
Mondi Bags Steti a. s.	44	-	10	-
Mondi Steti a. s.	20	27	-	-
Mondi Richards Bay	7	-	7	-
Mondi Swiecie SA	1	-	-	-
Mondi Corrugated Swiecie Sp.z o.o.	-	3,557	-	563
Mondi Coating Steti a. s.	-	545	-	121
Mondi Grunburg GmbH	-	3	-	-
Mondi Industrial Bags, GmbH	-	1	-	-
Mondi Coating, GmbH	-	(15)	-	-
Harmanec-Kuvert, s. r. o.	4,310	-	153	-
Tvornica Papira SHP Celex	3,807	-	898	-
SHP Slavošovce, a. s.	2,141	-	562	-
SCP-PSS, s. r. o.	1,429	3,259	273	661
SHP Harmanec, a. s.	671	-	13	-
Paloma, d. d.	615	-	88	-
ECO Invest SVK, a. s.	-	4,393	-	954
Subtotal	**529,703**	**80,146**	**87,248**	**13,029**
Total	**538,965**	**226,808**	**87,567**	**30,702**

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

(EUR'000)	*Year ended 31 December 2020*			
Company	*Sales of Goods and Services*	*Purchase of Goods and Services*	*Receivables*	*Payables*
Subsidiaries				
Mondi Neusiedler, GmbH	9,559	-	780	-
SLOVWOOD Ružomberok, a. s.	337	116,267	25	19,081
Slovpaper recycling, s. r. o.	195	543	40	184
Strážna služba VLA-STA, s. r. o.	81	1,268	9	130
Obaly S O L O , s. r. o.	8	-	2	-
Subtotal	**10,180**	**118,078**	**856**	**19,395**
Other related parties				
Mondi Paper Sales, GmbH	340,892	37,918	38,826	3,728
Mondi Finance plc.	1,932	-	-	2
Mondi AG	312	502	68	77
Mondi Syktyvkar OJSC	209	-	24	-
Mondi Uncoated Fine & Kraft Paper, GmbH	191	4,300	40	203
Mondi Bags Steti, a. s.	43	-	10	-
Mondi stetí, a. s.	3	96	1	20
Slovpaper collection, a. s.	3	-	4	-
Mondi Corrugated Swiecie, Sp.z o.o.	-	3,447	-	647
Mondi Coating Steti a. s.	-	232	-	32
Mondi Coating, GmbH	-	15	-	15
SHP Harmanec, a. s.	8,368	-	2,238	-
Harmanec-Kuvert, s. r. o.	2,878	-	-	-
SCP-PSS, s. r. o.	1,382	3,026	159	328
ECO Invest SVK, a. s.	-	3,724	-	337
Subtotal	**356,213**	**53,260**	**41,370**	**5,389**
Total	**366,393**	**171,338**	**42,226**	**24,784**

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

In 2021, capitalized costs invoiced from Mondi AG connected with the project of the new PM19 paper machine under the ECO+ project were in the amount of EUR 359 thousand (in 2020: EUR 70 thousand).

The capitalized costs invoiced by Mondi Uncoated Fine & Kraft Paper GmbH amounted to EUR 296 thousand and they were also connected with the project of the new PM19 paper machine within the ECO+ project (in 2020: EUR 618 thousand).

From the company Mondi Štetí in 2021 capitalised costs were in the amount of EUR 17 thousand (in 2020: EUR 89 thousand).

From the company Strážna služba VLA-STA, s. r. o., in 2021 capitalised costs were in the amount of EUR 17 thousand (2020: EUR 173 thousand).

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

c) Other transactions

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

For the current year:

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

For the previous year:

(EUR'000)	*Year ended 31 December 2020*			
Company	***Interest Income***	***Interest Expense***	***Receivables to Related Parties from Cash Pooling***	***Payables to Related Parties from Cash Pooling***
Shareholders				
ECO-INVESTMENT, a. s., Praha	-	25	-	17,700
Subsidiaries				
Obaly S O L O, s. r. o.	-	8	-	3,207
Strážna služba VLA-STA, s. r. o.	-	1	-	375
SLOVWOOD Ružomberok, a. s.	18	3	-	5,874
Slovpaper Recycling, s. r. o.	5	-	487	-
Other related parties				
Mondi Finance Limited	-	34	-	15,972
Slovpaper Collection, s. r. o.	-	-	249	-
Total	**23**	**71**	**736**	**43,128**

29. COMPENSATION OF KEY MANAGEMENT PERSONNEL

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

Body	***Year ended 31 December 2021***	***Year ended 31 December 2020***
Salaries and short-term employee benefits	1,394	1,359
Contributions and social insurance	527	524
Share payments	12	3
Other long - term benefits	2	4
Total	**1,935**	**1,890**

30. COMMITMENTS AND CONTINGENCIES

a) *Litigation and Potential Losses*

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

b) *Emissions Rights*

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

The Company decided to record emissions rights received using the net liability method; it does not record any liability for actual emissions on the basis that the Group has received adequate emissions rights to cover its actual emissions. The Company had an obligation to deliver emissions rights for actually produced emissions. This obligation was satisfied by delivering emissions rights by 30 April 2021 for the 2020 compliance period. The Company received emissions rights in September 2021 for the 2021 reference/compliance period.

c) *Bank Guarantees*

UniCredit Bank Czech Republic and Slovakia, a.s. issued bank guarantees to Slovenská elektrizačná prenosová sústava, a.s. (SEPS, a.s.) in the total amount of EUR 129,996 and EUR 96,480 to secure liabilities resulting from the agreement made between Mondi SCP, a.s. and SEPS, a.s. In the event of default non-payment of the debt, the Company is obliged to pay UniCredit Bank Czech Republic and Slovakia, a.s.

UniCredit Bank Czech Republic and Slovakia, a.s. provided Stredoslovenská energetika, as (SSE, as) a bank guarantee up to EUR 5,000,000 to secure its obligations under the agreement made between Mondi SCP, as and SSE, as In the event of default, the Company would be obliged to pay UniCredit Bank Czech Republic and Slovakia, a.s..

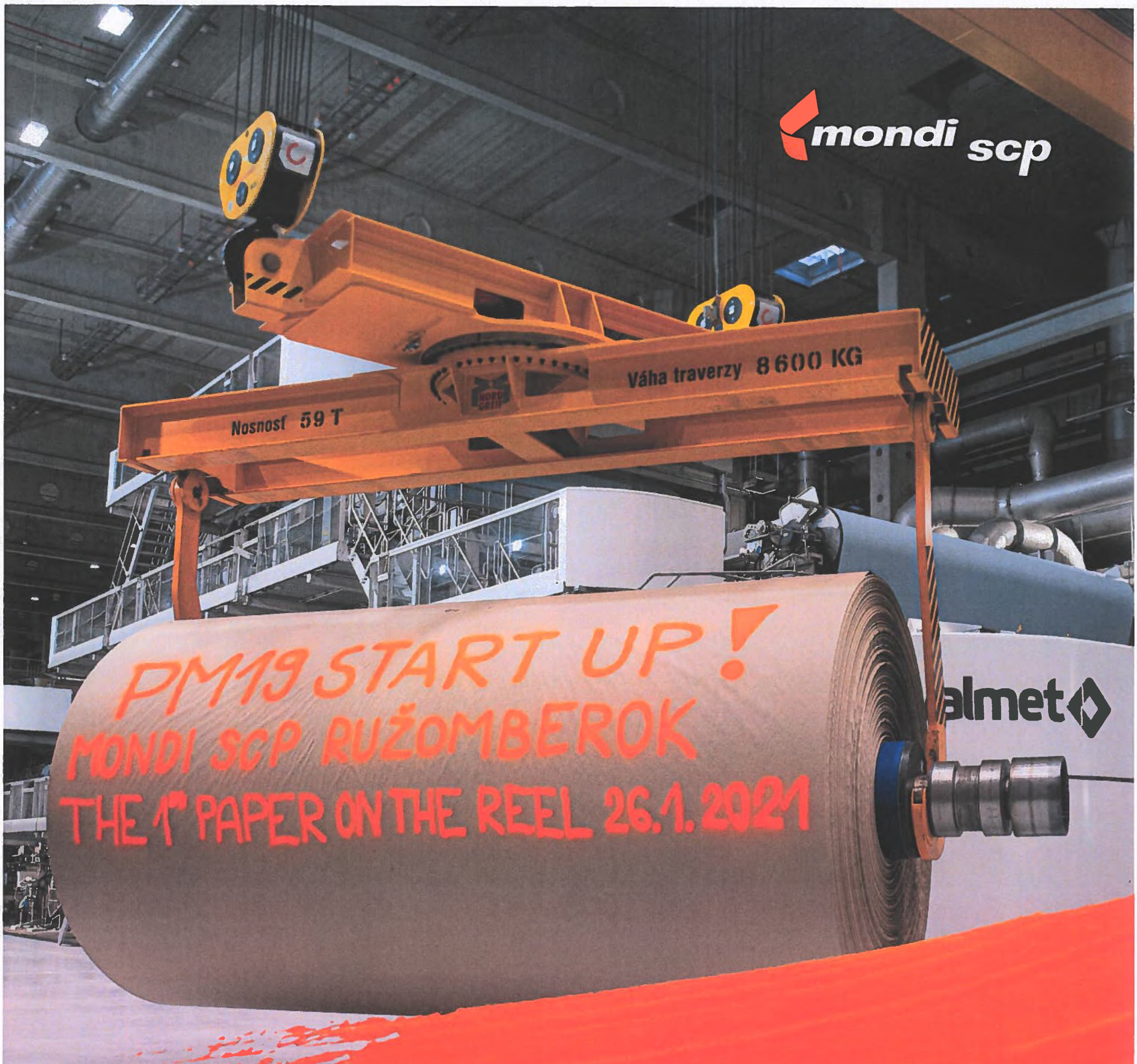
d) *Capital Expenditures*

The value of open investment contracts as at 31 December 2021 is amounted to EUR 19,209 thousand (as at 31 December 2020 amounted to EUR 61,139 thousand).

31. POST- BALANCE SHEET EVENTS

The Company is deeply concerned by the crisis in Ukraine and is shocked by its humanitarian impact. We express our deepest sympathy to all those affected by the ongoing conflict, and we are adding our voice to those who are calling for an urgent stop. We are in regular dialogue with our customers and suppliers and actively monitor this rapidly evolving situation, the international response and the consequences for the Company. However, the extent of the consequences of these events on the Company is currently not fully predictable.

Prepared on:	*Signature of the Person Responsible for Bookkeeping:*	*Signature of the Person Responsible for the Preparation of the Financial Statements:*	*Signature of a Member of the Statutory Body of the Reporting Enterprise or a Natural Person Acting as a Reporting Enterprise:*
1 March 2022			
Approved on:	LUCIA SCHOLTZ	**OKSANA VERETIUK**	MATJAŽ GORJUP
			MILOSLAV ČURILLA



SUSTAINABLE PACKAGING

Mondi SCP
Annual report 2021

Mondi SCP, located in Ružomberok, Slovakia, is part of Mondi Group, a global leader in packaging and paper employing around 26,500 people at over 100 production sites across more than 30 countries, with key operations located in Europe, North America and Africa.

More than

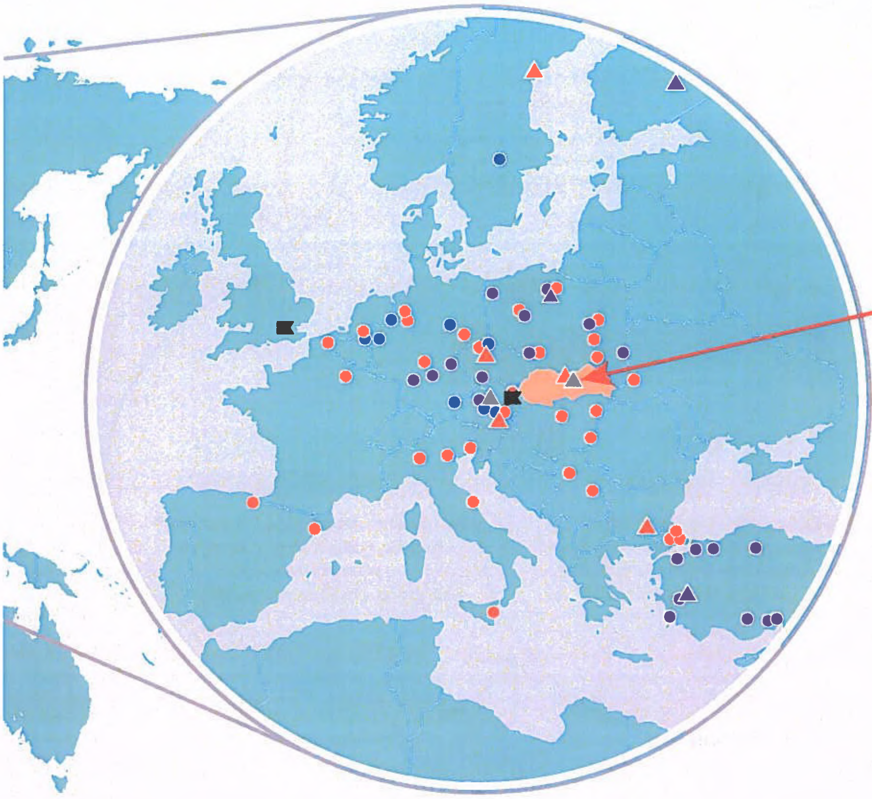
140 years of PAPER MAKING

tradition in Slovakia

Mondi SCP shares are 51% owned by Mondi Group and 49% by ECO-INVESTMENT, a.s., a private investment holding company headquartered in Prague. Established in 1996, ECO-INVESTMENT has been operating successfully in the market for more than 20 years. The company invests primarily in Slovakia and the Czech Republic. The portfolio of ECO-INVESTMENT includes investments in paper, packaging, food, energy, real estate and services.

mondi

ECO INVESTMENT



RUŽOMBEROK

Production capacity

580 000 t
uncoated fine paper

366 000 t
packaging paper

100 000 t
dried market pulp

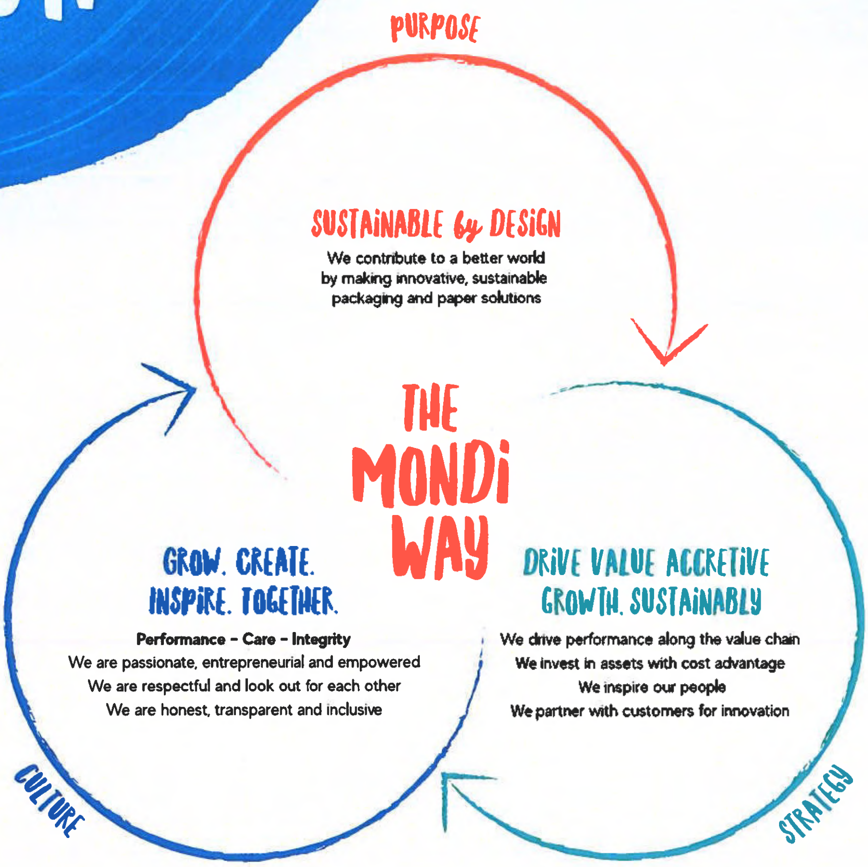
Employees

1400

Mondi SCP is the biggest integrated pulp and paper mill in the Slovak Republic with annual production capacity of 580,000 tonnes of uncoated fine paper, 366,000 tonnes of packaging paper (including the new 300,000 tonne containerboard machine which started up in 2021) and around 100,000 tonnes of dried market pulp. The new paper machine is expanding the product offering with sustainable solutions for corrugated packaging applications. The largest private employer in the region, Mondi SCP currently employs close to 1,400 employees and several thousand others through its supply chain.

PURPOSE + VALUE CREATION

The Mondi Way connects purpose, strategy and culture to our business model



Paper solutions that are sustainable by design. We do this through the execution of our strategy, delivering value accretive growth in a sustainable way for all of our stakeholders. Our Our purpose is to contribute to a better world by making innovative, sustainable packaging and strategic value drivers underpin this strategy and build on the competitive advantages we enjoy today, setting a clear roadmap for investment and operational decisions in the future.

We foster a culture that connects, guides and inspires our people to achieve Mondi's purpose. Three values Performance – Care – Integrity underpin our culture, empowering our people to be passionate and entrepreneurial in a respectful and inclusive way. The dedication and commitment of our employees is essential to delivering on our strategic priorities as we contribute to a better world.

Mondi strategy

SUSTAINABILITY + GROWTH

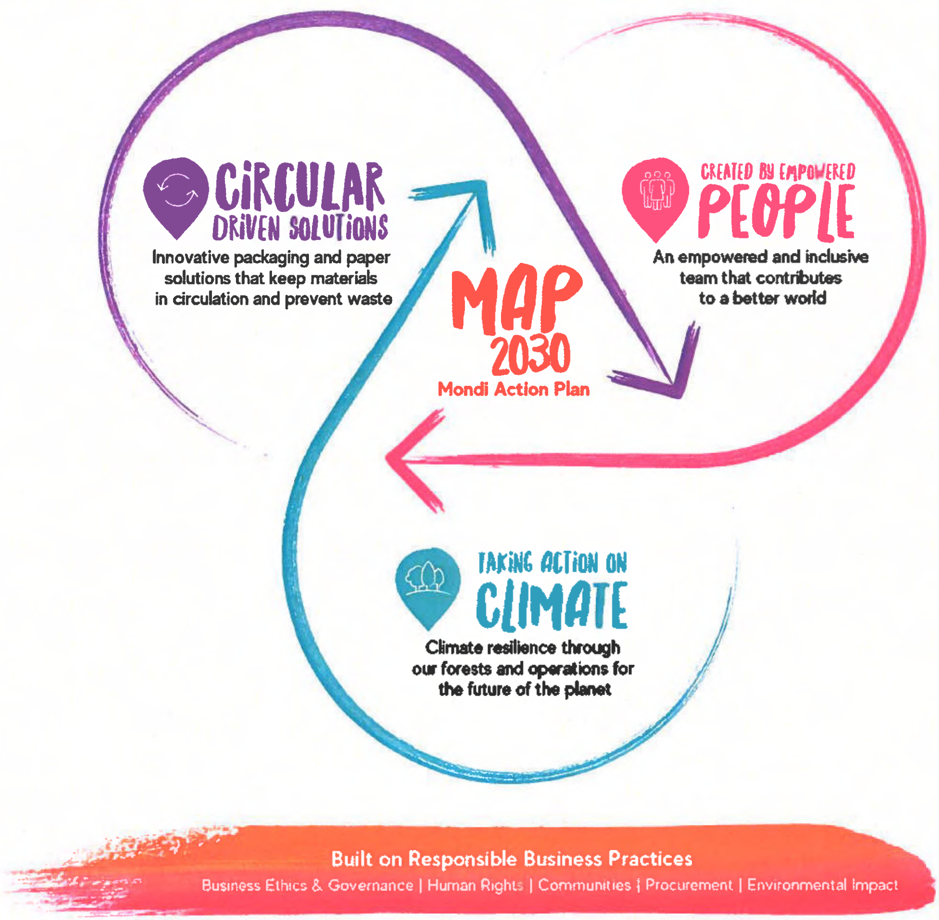
Our strategy is to deliver value accretive growth sustainably leveraging our four strategic value drivers. Sustainability is at the centre of our strategy and drives our decision-making in line with our purpose. This strategic approach builds on the competitive advantages we have today, and guides our investment and operational decisions so that we can continue creating value in a sustainable way into the future for all our stakeholders.

We drive value accretive growth, sustainably

COMMITMENTS + ACTION

In January 2021 we launched the Mondi Action Plan (MAP2030), our new sustainability framework built on our purpose to contribute to a better world by making innovative packaging and paper solutions that are sustainable by design.

MAP2030 builds on our strong progress made to date and sets out the actions we need to take over the next decade to achieve our ambitious sustainability goals. MAP2030 comprises three ambitious action areas focused on our products, people and planet. These action areas are supported by a set of responsible business ethics and governance, human rights, communities, procurement and environmental impact. For each of these areas, we have established commitments and targets to guide our progress. All commitments run until 2030 and some have milestones defined by 2025, or earlier.



CIRCULAR DRIVEN SOLUTIONS...

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

2021

Make our packaging and paper solutions reusable, recyclable or compostable

- 100% of our products are reusable, recyclable or compostable by 2025 — On track

Avoid waste by keeping materials in circulation

- Eliminate waste to landfill from our manufacturing processes — On track

Work with others to eliminate unsustainable packaging

- Progress made through our partnerships and stakeholder engagement activities every year — On track

CREATED BY EMPOWERED PEOPLE...

An empowered and inclusive team that contributes to a better world

2021

Build skills that support long-term employability

- Enable our employees to participate in upskilling programmes — On track

Provide purposeful employment for all our employees in a diverse and inclusive workplace

- Achieve 90% Purpose Satisfaction score in our employee survey — On track
- Achieve 90% Inclusiveness score in our employee survey — On track
- Employ 30% women across Mondi — On track

Create an environment that enables a positive work-life experience, valuing our safety, health and mental wellbeing

- Zero fatalities — On track
- Zero life-altering injuries — Slightly behind target
- 15% reduction of total recordable case rate — On track
- Support our employees in pursuit of a work-life experience that enhances their wellbeing — On track
- Our operations drive awareness of and take measures to improve health and mental wellbeing — On track

TAKING ACTION ON CLIMATE...

Climate resilience through our forests and operations for the future of the planet

2021

Reduce our greenhouse gas (GHG) emissions in line with science-based targets

- Reduce our Scope 1 and 2 GHG emissions by 34% per tonne of saleable production by 2025 and 72% by 2050 from the 2014 base year — On track
- Reduce Scope 2 GHG emissions by 39% per MWh by 2025 and by 86% by 2050 from the 2014 base year — On track
- Set a science-based Scope 3 reduction target by 2025 — On track

Maintain zero deforestation in our wood supply, sourcing from healthy and resilient forests

- Maintain 100% FSC™ certification in our own forestry landholdings — On track
- 100% responsibly sourced fibre with 75% FSC™- or PEFC™-certified fibre procured by 2025 and the remainder meeting the FSC™ Controlled Wood standard — On track
- Implement leading forestry measures to ensure productive, healthy and resilient forests — On track

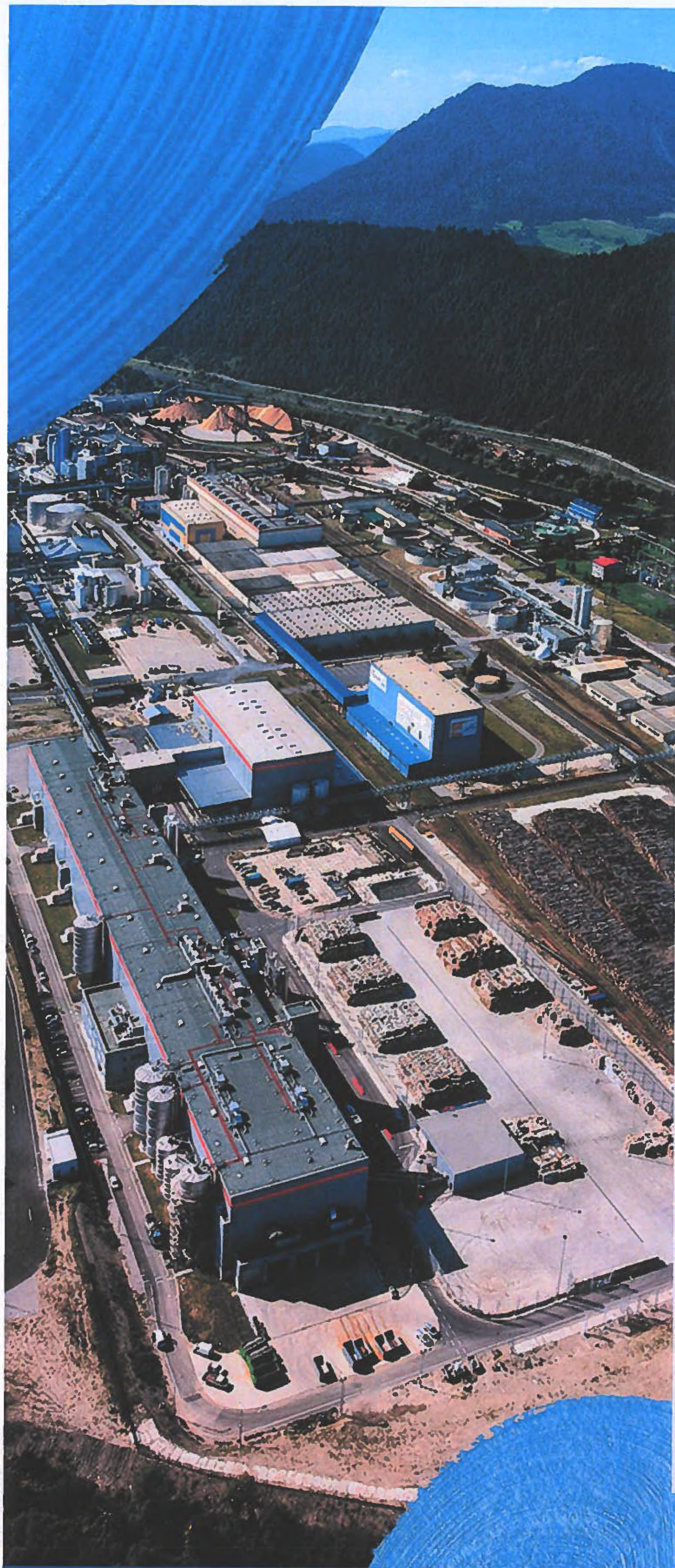
Safeguard biodiversity and water resources in our operations and beyond

- Conduct water stewardship and biodiversity assessments at our mills and forestry operations by 2025, and implement required actions to address the findings by 2030 — On track
- Conduct biodiversity assessments at our mills and forest operations, introducing biodiversity action plans where necessary by 2025 — On track

Key On track · Slightly behind target · Not on track · In development

Mondi SCP as part Mondi Group participates in the fulfillment of common targets defined by Mondi Group.

2021 OVERVIEW



CONTINUING BUSINESS DURING COVID-19

In 2021 the coronavirus pandemic continued to be part of our lives. It was another year characterised by measures and restrictions to prevent the spread of the virus. Despite this difficult time, Mondi SCP remained fully operational. We took all necessary steps to protect our employees, contractors, customers and the community. We continued to maintain our supply chain and provide uninterrupted delivery of products to our customers – many of which are considered essential and include food and healthcare companies. Mondi SCP also has a responsibility to maintain vital services to communities in the region. These services include energy production, waste water treatment, heat supply and waste management.

Mondi SCP implemented governmental initiatives to prevent the spread of COVID-19. Colleagues regularly disinfected the premises, measured body temperatures, minimised contact, supported remote working where possible, made mask wearing mandatory, encouraged regular handwashing, digitised communication and increased awareness through communication campaigns. The company also regularly organised voluntary testing for all employees at the mill.

NEW PM19 MACHINE

Our company organised two events during 2021 to celebrate the start of production on a new paper machine PM19. PM19 is part of Mondi's extensive €370 million mill modernisation programme. With production capacity of 300,000 tonnes per year, the machine is able to supply customers with an innovative and sustainable containerboard grade called kraft top white.

Mondi SCP introduced a new PM19 containerboard machine

In May we organised a press conference with the Minister of Economy, Richard Sulík, where we officially introduced PM19.
In September we held an official ribbon--cutting ceremony to celebrate our PM19. Representatives of both shareholders – Andrew King, CEO of Mondi Group and Milan Fiľo, President ECO-INVESTMENT a.s., with Bernhard Peschek, Managing Director Mondi SCP and Miloslav Čurilla, Chairman of the Board of Directors Mondi SCP, attended the event. Together they welcomed Minister of Agriculture of the Slovak Republic Samuel Vlčan, Managing Director of the State Forests Tibor Kőszeghy, and Mayor of Ružomberok Igor Čombor.

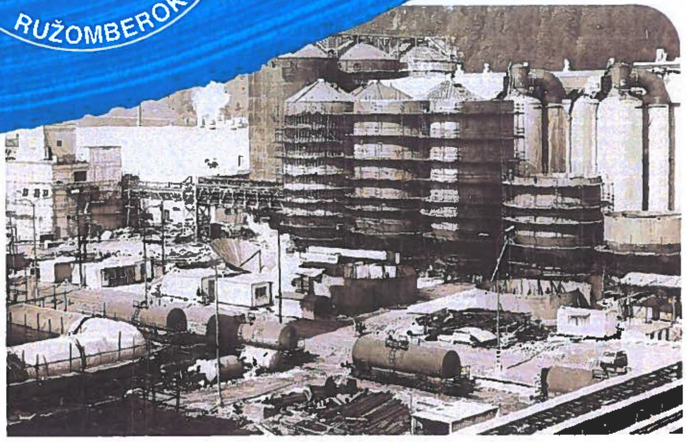
As the biggest wood processor in Slovakia, Mondi SCP has for many years been contributing high added value to a domestic renewable raw material, which comes either from FSC/PEFC-certified sustainable forests or from controlled wood sources.

Apart from wood, the new paper machine opens up new processing capacities for paper for recycling. Kraft top white combines the strength, printability and appearance benefits of a white fresh fibre top layer with the advantages of a recycled fibre bottom layer. At full capacity, the paper machine will be able to use more than 200,000 tonnes of paper for recycling from Slovakia per year. This is great news for the Slovak circular economy, and keeps materials in circulation and helps to prevent waste.

Important milestones

Ružomberok pulp mill celebrated the 40th anniversary of its establishment

SEVEROSLOVENSKÉ CELULÓZKY A PAPIERNE RUŽOMBEROK

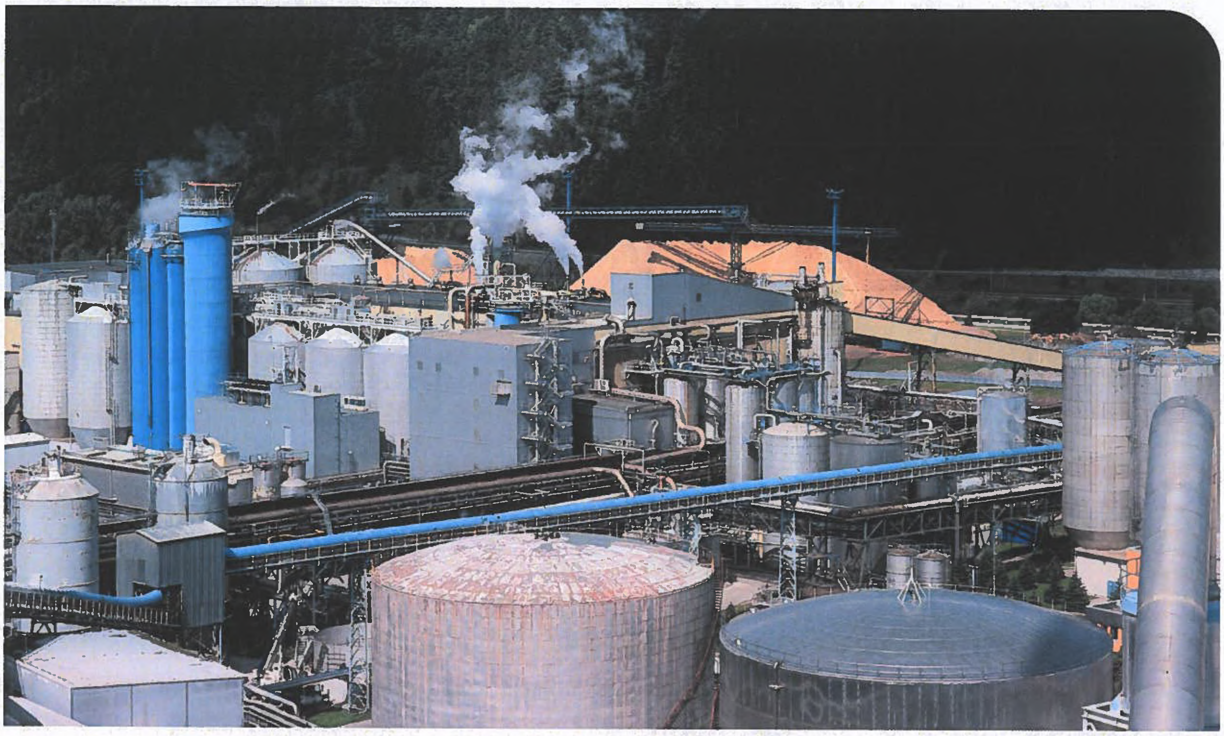


On 29 August 2021, exactly 40 years had passed since the pulp mill in Ružomberok produced the first unbleached coniferous sulphate cellulose.

The launch of the pulp mill was an important milestone for the plant, which fundamentally changed the development of paper production in Ružomberok. The paper mill was ranked among the top industrial companies in Slovakia.

The most recent major modernisation of the pulp mill since its construction was completed in 2019. This upgrade affected almost every part of the plant and increased the production of bleached pulp from 1,620 tonnes to around 2,000 tonnes per day. It was part of the mill's extensive €370 million investment programme.

The mill's 40th anniversary was commemorated by former employees who, at the invitation of the current management team, recalled stories about the construction and early pulp production at the mill.



MEETING AFTER 40 YEARS

THE NEW PRESIDENT OF MONDI SCP

Matjaž Gorjup

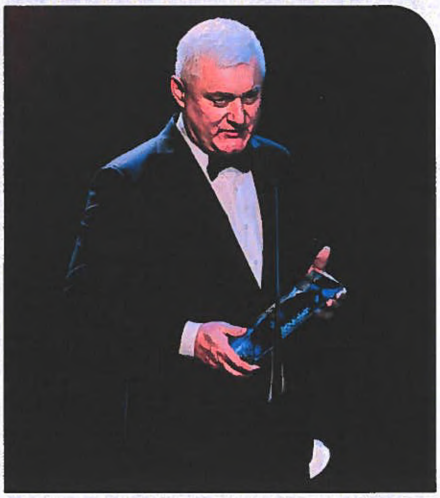
On 15 November 2021, Matjaž Gorjup succeeded Bernhard Peschek as president of the Mondi SCP paper mill.

Matjaž Gorjup, a native of Slovenia, brings vast managerial experience in the field of industry to Mondi SCP. Matjaž joined Mondi from printing company Viappiani Printing LTD in Italy, where he held the position of CEO. Matjaž understands the paper and packaging industry and has practical experience in managing large organisations. He has extensive experience in leading people, and speaks several languages, including some Slovak.

His priority will be to continue the development of Mondi SCP as a successful company within Slovakia, a stable employer of choice, a strong partner for the region and a producer of first-class products for our customers.

TREND INVESTOR OF THE YEAR 2021 AWARD

For 24 years, the weekly economic magazine TREND has been awarding the TOP TREND awards for exceptional business and entrepreneurial results for major Slovak companies.



In November 2021, the magazine organised a gala evening at the Slovak National Theatre during which it presented six awards to the most successful companies and managers in Slovakia in 2020. The Mondi SCP paper mill won the Investor of the Year category. TREND magazine based its decision on the investment in the new PM19 paper machine and the extensive mill modernisation programme worth €370 million. This was the largest investment in the company's history.

Miloslav Čurilla, Chairman of the Board of Directors of Mondi SCP, accepted the award at the gala dinner.

COOPERATION WITH POLYTECHNIC SCHOOL

Mondi SCP welcomed the first dualists from the chemist-operator field

The co-operation between Mondi SCP and the Secondary Vocational Polytechnic School in Ružomberok (SOŠP) continued in 2021. In 2019, the school and the company jointly opened the study field of chemist-operator, which is included in the dual education system. For students, this means that they receive more practical teaching than theory. In the first and second year, they complete practical training in the chemistry classroom at the school, and from the third year onward they gain experience in the plant. In October, the first 11 dualists, who were divided into smaller groups, gradually became acquainted with the plant production. They gained laboratory, control room (paper machine) and water management experience.

Students were mentored by Mondi SCP employees. Before starting their internship, the students receive guidance and all the necessary protective equipment. Their guides explain the process of pulp and paper production. A great motivation for students is the corporate scholarship from Mondi SCP, which includes a monthly allowance based on the results achieved, regular attendance and good behaviour.

In addition to dualists, Mondi SCP trains students twice a week in the fields of mechanics- mechatronics, mechanics of machines and equipment, and mechanics-electrical engineering.

mondi scp

SOŠ POLYTECHNICKÁ

MONDI SCP GROUP KEY INDICATORS

Mondi SCP, a.s. prepares its standalone and consolidated financial statements in accordance with the International Financial Reporting Standards (IFRS) as adopted by the EU.

PULP AND PAPER PRODUCTION DEVELOPMENT

in thousands of tonnes	2021	2020
Pulp	669	599
Paper	1 122	806

* Including Mondi Neusiedler and Ybbstaler

Mondi SCP Group delivered a robust performance in 2021, with strong demand across all our product groups. Underlying EBITDA of €59 million was in line with our expectations.

Pulp production was up 12% to 669,386 tonnes in 2021 as a result of the successful ramp-up of our investments in the pulp mill expansion.

Our capital investment programme to generate value-accretive growth, enhance our cost competitiveness and deliver sustainability benefits is progressing well. The new PM19 paper machine started up at the end of March 2021 with commercial production of the innovative product Kraft Top White, which is produced from two layers of paper: white virgin fibre as a top layer and recycled fibre on the bottom.

In 2021 paper production reached 1,122,181 tonnes, a 28% increase over the prior year's level. We drove volume growth in the containerboard segment after the strong start-up of the PM19 paper machine. Uncoated fine paper volumes were also up, with our customers recognising the stability of a long-term supplier, the sustained quality of our products and our reliable and consistent service. Selling prices were up across the entire business, and most significantly in the uncoated fine paper and containerboard segments. Our purpose is to contribute to a better world by making innovative, sustainable packaging and paper solutions. This better world is one in which everyday products are designed to minimise waste and maximise resource efficiency as part of a truly circular economy, supported by responsible and sustainable business practices. In our efforts to achieve this, we build on our position as a leading partner for ambitious customers, talented employees, responsible suppliers and industry associations that support cross-sector innovation. Our consistent and long-term strategy underpins our ability to grow and drive our business forward.

Principal risks

The Mondi Board is responsible for the effectiveness of risk management activities and internal control processes. It has put procedures in place for identifying, evaluating, and managing the risks faced by the Mondi SCP Group. Risk management is by its nature a dynamic and ongoing process. Successfully identifying and mitigating the potential impact of risks on our business and appropriately setting our risk appetite are critical to ensuring we continue to generate long-term value for our stakeholders.

Pandemic risk

COVID-19 continues to impact the way we do business due to various health, social and economic measures implemented by authorities to combat the pandemic. The health, safety and welfare of the Mondi SCP Group employees and our communities remain our top priority.

Operational risks

We focus on operational excellence and investment in our people, and are committed to the responsible use of resources. Our principal operational risks relate to the cost and availability of raw materials, energy security and related input costs, environmental impact, employee and contractor health and safety, and attraction and retention of key skills and talent.

Compliance risk

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

Key changes in the year

During the year, we enhanced our understanding of the risks and implications related to climate change and identified it as a driver of long-term structural changes to pricing and availability of timber. Consequently, the cost and availability of raw materials risk was updated to reflect an increase in anticipated likelihood of occurrence of the risk. The risk to energy security and related input costs was rated higher due to an increase in volatility in energy pricing and supply.

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

BASIC FINANCIAL INDICATORS (IFRS) in thousands of EUR	Mondi SCP Group		Mondi SCP	
	2021	2020	2021	2020
Earnings from sales and services and other earnings	888 150	690 632	595 941	447 927
Net profit	- 3 057	19 307	9 621	15 077
Total assets	1 055 476	951 941	1 001 063	883 395
Non-current assets	779 991	769 012	791 747	768 713
Current assets	275 485	182 929	209 316	114 682
Total liabilities	1 055 476	951 941	883 395	883 395
Total payables	431 246	324 836	322 579	214 581
Equity	624 230	627 105	678 484	668 814
Average number of employees	2 073	2 020	1 358	1 312

Mondi SCP Group's operating profit stabilised in 2021 in line with our expectations. The business saw generally good demand in containerboard and kraft paper and a recovery in uncoated fine paper products. There is strong demand for this commodity on world markets, which forces our customers to place their orders long in advance.

Input costs increased substantially year-on-year, in particular energy, paper for recycling and transport costs. Energy costs gradually increased during the first half of the year from the very low levels seen in 2020, before rising sharply at the end of the third quarter as a result of significant increases in the price of European gas and electricity. The increase in current assets is mainly driven by higher receivables due to sales of the products from the new paper machine, higher inventories and higher cash. Mondi SCP Group duly fulfilled its obligations towards all its creditors in 2021.

The management of the company will propose the 2021 profit distribution at the Annual General Meeting.

Mondi group

SUBSIDIARIES

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

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

The differences between IFRS and SAS or Austrian Accounting Standards are immaterial for the comments describing the development of the individual companies.

The subsidiaries of Mondi SCP Group were closely connected with their parent company as a substantial part of their production and performance was realised directly with the parent company. Mondi SCP Group thus used the competitive advantage of this connection to contribute to the results of the whole Group.

MONDI NEUSIEDLER GmbH

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

YBBSTALER ZELLSTOFF GmbH

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

SLOVWOOD RUŽOMBEROK, a.s.

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

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

In 2021 SLOVWOOD Ružomberok, a.s. purchased 2.1 million m^3 of wood, which is slightly higher than in 2020. Almost the entire volume of the purchased wood was delivered to Mondi SCP, a.s. while the largest share was hardwood pulpwood.

SLOVPAPER RECYCLING s.r.o.

In 2017 Mondi SCP Group acquired a 100% stake in Slovpaper Recycling s.r.o. with the company seat in Ružomberok, Slovakia. The company collects and trades recycled paper mainly for parent company Mondi SCP, a.s. and only 7% to external partners. Slovpaper Recycling s.r.o. has a share in two joint ventures. All activities of the company are carried out with the full support and in cooperation with the parent company Mondi SCP, a.s.

Ružomberok, 31 March 2022

SLOVPAPER COLLECTION s.r.o.

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

OBALY SOLO, s.r.o.

Obaly SOLO, s.r.o. is a subsidiary of Mondi SCP, a.s. and owns minority shares of Mondi Neusiedler GmbH and Ybbstaler Zellstoff GmbH.

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

Mondi is profoundly concerned about the crisis unfolding in Ukraine and is shocked by the humanitarian impact. We express our deepest sympathy to all those impacted by the ongoing hostilities, adding our voice to those calling for an urgent cessation. We are in regular dialogue with our customers and suppliers and actively monitoring this rapidly evolving situation, the international response and the implications for the Mondi SCP Group. However, the extent of the consequences of these events on the company cannot be fully predicted at this time.

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