

Mondi SCP, a. s.

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

**FOR THE YEAR ENDED
31 DECEMBER 2021**

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Independent Auditor's Report

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

Our opinion

In our opinion, the consolidated financial statements present fairly, in all material respects, the consolidated financial position of Mondi SCP, a.s. (the "Company") and its subsidiaries (together - the "Group") as at 31 December 2021, and the Group's consolidated financial performance and consolidated cash flows for the year then ended in accordance with International Financial Reporting Standards as adopted by the European Union.

What we have audited

The Group's consolidated financial statements comprise:

- the consolidated statement of financial position as at 31 December 2021;
- the consolidated statement of profit or loss and other comprehensive income for the year then ended;
- the consolidated statement of changes in equity for the year then ended;
- the consolidated statement of cash flows for the year then ended; and
- the notes to the consolidated financial statements, which include significant accounting policies and other explanatory information.

Basis for opinion

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

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

Independence

We are independent of the Group in accordance with the International Code of Ethics for Professional Accountants (including International Independence Standards) issued by the International Ethics Standards Board for Accountants (IESBA Code) and the ethical requirements of the Act 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 consolidated financial statements in the Slovak Republic. We have fulfilled our other ethical responsibilities in accordance with the IESBA Code and the ethical requirements of Act on Statutory Audit.

Reporting on other information including the Annual Report

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

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

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

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

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

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

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

Management's responsibilities for the consolidated financial statements

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

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

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

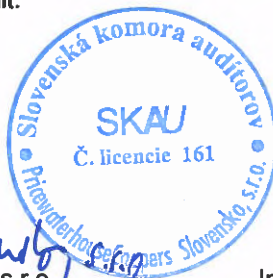
Our objectives are to obtain reasonable assurance about whether the consolidated financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not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

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

- Identify and assess the risks of material misstatement of the consolidated financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Group's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.

- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the consolidated financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Group to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the consolidated financial statements, including the disclosures, and whether the consolidated financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance of the Group audit. We remain solely responsible for our audit opinion.

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



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Ing. Eva Hupková, FCCA
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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.
CONSOLIDATED 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
Continuing operations			
Revenues	5	888,150	690,632
Raw materials and consumables	6	(640,076)	(443,541)
Transportation costs		(70,726)	(47,071)
Changes in inventories of finished goods and work in progress		23,400	(3,793)
Other services	7	(48,479)	(39,596)
Personnel expenses	8	(95,734)	(90,772)
Depreciation, amortisation expenses	12,13,26	(57,653)	(51,862)
Other operating expenses and income	9	3,802	8,005
Operating profit		2,684	22,002
Finance income		157	118
Finance costs	10	(2,174)	(2,164)
Share of profit of joint ventures accounted for using the equity method	15	60	(70)
Profit before income tax		727	19,886
Income tax expense	11	(2,894)	(579)
Net profit for the reporting period		(2,167)	19,307
Other comprehensive income			
<i>Items reclassified to profit or loss:</i>			
Net change in hedging derivatives, net of tax		-	2
Total items reclassified to profit or loss		-	2
<i>Items not reclassified to profit or loss:</i>			
Gains/(losses) from revaluation of defined benefit plans, net of tax	21	182	822
Total items not reclassified to profit or loss:		182	822
Other comprehensive income, net of tax		182	824
Comprehensive (expense)/income for the year		(1,985)	20,131
Net profit for the reporting period attributable to:		(2,167)	19,307
- Non-controlling interests		25	(9)
- Holders of the parent company's shares		(2,192)	19,316
Comprehensive income for the year attributable to:		(1,985)	20,131
- Non-controlling interests		25	(9)
- Holders of the parent company's shares		(2,010)	20,140

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

<i>(EUR'000)</i>	<i>Note</i>	<i>31 December 2021</i>	<i>31 December 2020</i>
Assets			
Non-current assets			
Intangible assets	12	2,087	1,522
Property, plant and equipment	13	743,593	732,966
Non-current assets with a right to use	26	27,654	28,857
Investments in Joint Ventures accounted for using the equity method	15	437	377
Other investments	28	150	-
Other financial assets accounting using FVTPL	28	4,409	4,268
Deferred tax assets	23	373	1,022
Long-term loans provided	28	295	-
Trade and other receivables	17	696	-
		779,694	769,012
Current assets			
Inventories	16	114,243	93,888
Trade and other receivables	17	120,415	86,070
Current tax assets	11	-	2,533
Cash and cash equivalents	18	1,043	425
Assets from Cash pooling	29	40,959	-
Derivative financial instruments		12	13
		276,672	182,929
TOTAL ASSETS		1,056,366	951,941
Equity and liabilities			
Capital and reserves			
Share capital	19	153,855	153,855
Other reserves	20	91,915	91,733
Retained earnings		379,044	381,236
Equity attributable to the parent company's owners		624,814	626,824
Non-controlling interests		306	281
TOTAL EQUITY		625,120	627,105
Non-current liabilities			
Loans and credits	22,29	81,413	34,832
Leasing commitments	26	20,481	21,300
Employee benefit plan obligations	21	29,053	33,847
Deferred tax liabilities	23	32,991	32,169
Provisions	24	2,569	2,519
Other non-current liabilities	25	244	269
		166,751	124,936
Current liabilities			
Liabilities from Cash pooling	29	21,751	43,624
Loans and credits	22	14,031	19
Leasing commitments	26	1,937	2,135
Trade and other payables	25	224,961	153,416
Current tax liabilities	11	1,017	-
Provisions	24	789	699
Derivative financial instruments		9	7
		264,495	199,900
TOTAL LIABILITIES		431,246	324,836
TOTAL EQUITY AND LIABILITIES		1 056,366	951,941

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

<i>(EUR'000)</i>	Share capital	Other reserves	Retained earnings	Total equity attributable to the parent company's owners	Non-controlling Interest	Total
Balance as at 1 January 2020	153 855	84 022	368 807	606 684	290	606 974
Profit for the current year	-	-	19,316	19,316	(9)	19,307
Other comprehensive income						
Actuarial loss on provisions from employee benefits program	-	7,709	(6 887)	822	-	822
Revaluation of hedging derivatives	-	2	-	2	-	2
Total comprehensive income after tax for the year	-	7,711	12,429,	20,140	(9)	20,131
Balance as at 31 December 2020	153,855	91,733	381,236	626,824	281	627,105
Loss for the current year	-	-	(2 192)	(2 192)	25	(2 167)
Other comprehensive income						
Actuarial gain on provisions from employee benefits program	-	182	-	182	-	182
Total comprehensive expense after tax for the year	-	182	(2 192)	(2 010)	25	(1 985)
Balance as at 31 December 2021	153,855	91,915	379,044	624,814	306	625,120

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

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

(EUR'000)	Note	Year Ended 31 December 2021	Year Ended 31 December 2020
Operating activities			
Profit before income tax		727	19,886
Non-cash transactions			
- Depreciation, amortisation	12,13,26	57,653	51,862
- Loss/(profit) from the sale of non-current assets	9, 27	(47)	(80)
- Financial liability revaluation	9	-	(4 821)
- Impairment of financial assets		(141)	(86)
- Interest costs		2,174	2,164
- Interest income		(16)	(32)
- Dividends received from joint ventures		(60)	70
- Changes in other provisions		(4,647)	(1,282)
- Changes in provision to inventory		813	1,049
- Other non-cash transactions		(3)	(9)
Operating cash flows before movements in working capital		56,453	68,721
Effect of movements in working capital			
- Decrease/(increase) of inventories	16	(21,165)	7,085
- Decrease/(increase) of receivables	17	(35,044)	7,582
- Decrease/(increase) of payables	25	83,139	70
Cash flows from operating activities before taxation and interest		83,383	83,458
Interest paid		(1,193)	(851)
Income/(expense) tax expense paid		2,106	(2,441)
Cash flows from operating activities, net		84,296	80,166
Investing activities			
Payments for the purchase of property, plant and equipment and intangible assets	12,13	(77,633)	(157 951)
Payments on the acquisition of subsidiaries		(150)	-
Payments for loan related costs	29	(295)	-
Payments on the purchase of part of the enterprise		-	(229)
Proceeds from sales of tangible assets		54	455
Interest received		14	3
Decrease/(increase) in Assets from cash pooling	29	(40,959)	54,390
(Decrease)/Increase in Liabilities from cash pooling	29	(21,873)	28,642
Cash flows from investing activities, net		(140,842)	(74,690)
Financing activities			
Loans drawing	22	70,028	-
Loan repayments	22	(10,221)	(5)
Payments of lease obligations	26	(2,683)	(5,571)
Share-based payments		(57)	(64)
Revenues from state subsidies		97	-
Cash flows from financing activities, net		57,164	(5,640)
Net increase/(decrease) in cash and cash equivalents		618	(164)
Cash and cash equivalents at the beginning of the year	18	425	589
Cash and cash equivalents at the end of the year	18	1,043	425

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

1. GENERAL INFORMATION

a) Essential Information on the Parent Company

Business name and seat	Mondi SCP, a. s. Tatranská cesta 3 034 17 Ružomberok
Date of establishment	7 September 1995
Date of incorporation	1 October 1995
(according to the Commercial Register)	
Business activity of the parent company and its consolidated subsidiaries and joint ventures (hereinafter only the "Group")	- Production of pulp - Production of paper and cardboard products; - Saw production, wood waterproofing; - Production of wood wrappings; - Production of corrugated paper, cardboard and - Cardboard wrapping materials; - Manufacture of printing templates; - Other printing industry services, graphic designs; - Locksmithing, metalworking; - Wiring; - Operating of railway and transport by rail, and related services performed by a rail transport operator; - Handling waste in the scope of waste treatment; - Designs of electric appliances; - Wholesale with timber; - Mediation of wood trade; - Waste transport and disposal and - Other.

b) Employees

	<i>Year Ended</i> <i>31 December 2021</i>	<i>Year Ended</i> <i>31 December 2020</i>
Average number of employees	2,073	2,020
<i>of which: managers</i>	<i>20</i>	<i>20</i>

c) Approval of the 2020 Consolidated Financial Statements

The 2020 consolidated financial statements of Mondi SCP, a.s. were approved at the General Shareholders' Meeting held on 31 May 2021 and filed subsequently with the Court Register. 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. as amended, an entity's accounting records cannot be reopened after the financial statements have been prepared and approved. If, after the financial statements have been approved, management identifies that the comparative information would not be consistent, the Slovak Act on Accounting No. 431/2002 Coll. as amended, allows entities to restate comparative information in the accounting period in which the relevant facts are identified.

d) Members of the Parent Company's Bodies

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

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

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

Body	Function	Name
Boards of Directors	Chairman	Miloslav Čurilla
	Vice-Chairman	Peter Orsich 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
	Vice-Chairman	Milan Fišo
	Member	Ján Krasuľa
Executive Management	President	Bernhard Peschek

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

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

During years ending 31 December 2021 and 31 December 2020 there was no change in the structure of shareholders and their share in the share capital.

f) Consolidated Financial Statements for Mondi Group

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

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

Mondi SCP, a.s. is a subsidiary of Mondi SCP Holdings, B. V., based in Maastricht, the Netherlands, which owns a 51% shareholding in the Company's registered capital.

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

The consolidated financial statements are available at the seat of this company.

2. APPLICATION OF NEW AND REVISED INTERNATIONAL FINANCIAL REPORTING STANDARDS

Standards, interpretations and revised standards applied by the Company for the first time in 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 Group 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 Group 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 Group is currently assessing the impact of the amendments on its financial statements.

Standards, interpretations, and revised standards effective on and after 1 January 2022 and which were not early adopted by the Group

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

Classification of liabilities as current or non-current – Amendments to IAS 1 (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 Group 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 Group 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.

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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 Group 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 Group 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 Group 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 Group 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 Group 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 Group 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 Group 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 Group 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 consolidated 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.

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

b) Basis of Preparation of the Consolidated Financial Statements

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

The rapid spread of COVID-19 has materially impacted the Mondi SCP business in 2020. 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 Group is not an unlimited liability partner in another company.

d) Accounting policies

(i) Subsidiaries

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

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

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

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

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

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

Acquisition of subsidiaries under common control

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

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

(ii) Joint ventures

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

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

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

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

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

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

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

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

e) Foreign Currency

(i) Functional and presentation currency of the financial statements

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

(ii) Transactions in Foreign Currencies

Transactions in foreign currencies are translated into euros using the rates on the exchange rate list of the European Central Bank (ECB) that are valid on the transaction date. Monetary items denominated in foreign currencies are retranslated at the rates prevailing on the reporting date. Exchange differences arising on the retranslation of monetary items are included in the statement of profit or loss and other comprehensive income for the period. Non-monetary items denominated in foreign currencies, which are stated at historical cost, are translated at the foreign exchange rate ruling at the date of transaction.

Non-monetary items carried at fair value that are denominated in foreign currencies are translated to the reporting currency at the rates prevailing on the date when the fair value was determined. Exchange differences arising on the retranslation of non-monetary items are included in the statement of profit or loss and other comprehensive income for the period except for differences arising on the translation of non-monetary items in respect of which gains and losses are recognised directly in other comprehensive income.

f) Financial instruments

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

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

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

Transaction costs are incremental costs that are directly attributable to the acquisition, issue or disposal of a financial instrument. An incremental cost is cost that would not have been incurred if the transaction had not taken place. Transaction costs include fees and commissions paid to agents (including employees acting as selling agents), advisors, brokers and dealers, levies by regulatory agencies and securities exchanges, and transfer taxes and duties. Transaction costs do not include debt premiums or discounts, financing costs or internal administrative or holding costs.

Amortized cost is the amount for which a financial instrument was recognized on initial recognition less any principal repayments plus accrued interest and for financial assets less any write-down for expected credit losses ("ECL"). Accrued interest includes amortisation of transaction costs deferred at initial recognition and of any premium or discount to maturity amount using the effective interest method. Accrued interest income and accrued interest expense, including both accrued coupon and amortised discount or premium (including fees deferred at origination, if any), are not presented separately and are included in the carrying values of related items in the statement of financial position.

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

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

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

Financial assets - classification and subsequent valuation - business model. The business model reflects the way the Group manages assets for the purpose of generating cash flows, i.e. whether it is the purpose of the Group to: (i) exclusively collect contractual cash flows from these assets (held for the purpose of collecting contractual cash flows), or (ii) collecting contractual cash flows from the sale of assets (held for the purpose of collecting contractual cash flows from selling these assets) or if none of the items (i) and (ii) is applicable, financial assets are classified as part of an "other" business model and measured at fair value through profit or loss. („FVTPL“).

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

Financial assets - classification and subsequent valuation - cash flow characteristics. If the business model is intended to hold assets to collect contractual cash flows or to hold financial assets to collect cash flows and sales, the Group assesses whether cash flows represent solely principal and payments of interest ("SPPI"). In making this assessment, the Group assesses whether the contractual cash flows are consistent with the underlying loan arrangements, i. j. interest includes only taking into account credit risk, time value of money, other underlying credit risks and profit margins. If the terms and conditions impose a risk or volatility exposure that is inconsistent with the underlying lending arrangements, the financial asset is classified and measured on an FVTPL basis. The SPPI assessment is carried out on initial recognition of the asset and is not subsequently reviewed.

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

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

Impairment of Financial Assets - Allowance for Expected Credit Losses („ECL“).

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

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

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

g) Transaction Costs

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

h) Property, Plant and Equipment

(i) Own Assets

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

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

(ii) Subsequent Expenditures

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

(iii) Depreciation

Buildings	12 - 40 years
Plant and equipment	4 - 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.

i) Intangible Assets

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

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

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

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

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

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

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

j) Trade and other receivables

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

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

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

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

k) Inventories

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

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

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

A provision is created for slow moving and obsolete inventory.

l) Cash and Cash Equivalents

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

m) Impairment of Non-financial Assets

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

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

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

n) Dividends

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

o) Interest-Bearing loans and Borrowings

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

p) Leases

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

An asset with a right to use is initially measured at cost and includes the amount of the initial measurement of the lease obligation, any lease payments made before the start date, and an estimate of the costs incurred by the lessee to dismantle and remove the asset and to restore the location where it is located or restore the asset to the condition required by the lease conditions. Subsequently, the right to use assets is measured at cost less accumulated depreciation and accumulated revaluation losses adjusted for revaluation of the lease obligation as a result of a reassessment of the lease, a change in the extent of the lease or a change in the lease payment.

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

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

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

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

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

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

q) Employee Benefit Plans obligation

(i) Costs of Pension Schemes

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

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

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

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

(ii) Other Post-Employment Benefits

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

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

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

Such liabilities are annually calculated by third party qualified actuaries.

(iii) Retirement Payment

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

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

(iv) Other long term employee benefits

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

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

r) Mandatory Insurance and Social Security and Pension Schemes

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

s) Provisions

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

t) Emission Rights

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

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

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

u) Trade and Other Payables

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

v) Revenue Recognition

Revenue from contracts with customers

(i) Goods Sold and Merchandise

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

(ii) Sales of services

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

Other revenues

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

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

w) Expenses

(i) Finance Costs and Income

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

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

x) Government Grants

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

y) Income Tax

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

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

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

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

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

Deferred tax is calculated at the tax rates that are expected to apply in the period in which the liability is settled or the asset realised. The expected tax rate of 21% and 25% effective in the Slovak Republic and Austria, respectively, valid for the following years was used to calculate deferred income tax. Deferred tax is charged or credited to profit or loss, except when it relates to items charged or credited directly to equity, in which case the deferred tax is also dealt with in equity.

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

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

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

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

z) Comparatives

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

The comparative has been corrected by restating each of the affected financial statement line items for the prior periods as follows:

Consolidated Statement of cash flows (extract) (EUR'000)	Year ended 31 December 2020 (original)	restatement	Year ended 31 December 2020 (restated)
Decrease/increase in Assets/Liabilities from cash pooling	83,032	(83,032)	-
Decrease/(increase) in Assets from cash pooling	-	54,390	54,390
(Decrease)/Increase in Liabilities from cash pooling	-	28,642	28,642

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

a) Critical accounting estimates

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

(i) Useful Lives

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

The Group makes estimates and assumptions concerning the future. The resulting accounting estimates will, by definition, rarely equal the related actual results. Estimates and assumptions that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year is economic useful life of non-current tangible assets. The economic useful life of tangible fixed assets stated in Note 3 h) was based on the best estimate of the Group's management. Should the estimated full useful life of non-current tangible assets be shorter by 10%, the Group would record additional annual depreciation charge of non-current tangible assets of EUR 6,093 thousand (2020: EUR: 5,346 thousand). Should the estimated full useful life of non-current tangible assets be longer by 10%, the Group would record depreciation charge lower by EUR 4,994 thousand (2020: EUR 4,383 thousand).

(ii) Calculation of employee benefits obligation

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

5. REVENUES

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

(EUR'000)	Year Ended 31 December 2021	Year Ended 31 December 2020
Revenue from contracts with customers		
Revenues from the sale of group's main activity products	858,461	656,671
Revenues from the sale of group's secondary activities products	15,842	15,183
Revenues from services, other revenues	4,316	5,211
Total revenue from contracts with customers	878,619	677,065
Other revenues		
Revenues from green energy sales and CO2 emissions	9,531	13,567
Total other revenues	9,531	13,567
Total	888,150	690,632

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

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

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

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

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

(EUR'000)	Year Ended 31 December 2021	Year Ended 31 December 2020
Slovakia	35,110	31,652
East Europe	31,032	46,185
West Europe	11,704	12,406
Asia, Australia	5,196	3,087
Total	83,042	93,330

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

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

(EUR'000)	Year Ended 31 December 2021	Year Ended 31 December 2020
Pulp	47,376	62,211
Paper	21,715	19,535
Revenues from the sales of production from the principal activities of the Group	69,091	81,746
Energy	7,875	6,400
Wood	2,315	1,813
Paper for recycling	1,714	1,835
Other	2,047	1,536
Revenues from the sales of production from the secondary activities of the Group	13,951	11,584
Total	83,042	93,330

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

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

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

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

(EUR'000)	Year Ended 31 December 2021	Year Ended 31 December 2020
Mondi Paper Sales, Austria	779,384	567,335
Mondi Syktyvkar, Russia	10,039	7,640
Mondi Swiecie, Poland	1,670	3,520
Mondi Stambolijski, Bulgaria	115	-
Euro Waste, Czech Republic	46	27
Richards Bay, South Africa	7	-
Mondi Frantschach, Austria	-	2
Total	791,261	578,524

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

(EUR'000)	Year Ended 31 December 2021	Year Ended 31 December 2020
Paper	789,370	574,925
Revenues from the sales of production from the principal activities of the Group	789,370	574,925
Paper for recycling	1,130	2,424
Wood	618	1,123
Other	143	52
Revenues from the sales of production from the secondary activities of the Group	1,891	3,599
Total	791,261	578,524

6. RAW MATERIALS AND CONSUMABLES

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

(EUR'000)	Year Ended 31 December 2021	Year Ended 31 December 2020
Raw materials, direct and auxiliary materials (wood, pulp, chemicals, others)	412,218	318,890
Energy	131,924	45,039
Maintenance, felts and screens	48,447	42,521
Packages	24,846	19,996
Other (operating overhead, merchandise, manufacturing services, other)	22,641	17,095
Total	640,076	443,541

7. OTHER SERVICES

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

<i>(EUR'000)</i>	<i>Year Ended 31 December 2021</i>	<i>Year Ended 31 December 2020</i>
Management and marketing services	12,805	10,037
IT and telecommunication services	3,553	3,322
Insurance	4,921	2,154
Legal, advisory and auditing services	3,467	3,875
Outsourcing	3,459	3,029
Safety and health at work	2,674	2,515
Selling costs	2,560	1,523
Hire of employees and contractor costs	2,534	2,168
Rent	1,529	1,195
Maintenance of non-production facilities	1,496	1,333
Transport of third parties	1,146	975
Cleaning of technological equipment	1,122	1,032
Taxes and fees	1,114	1,055
Personnel services, travel expenses	1,024	784
Advertising costs	779	762
Other	4,287	3,837
Total	48,479	39,596

Legal, advisory and auditing services contain fees paid to the auditor in the amount of EUR 206 thousand (2020: EUR 241 thousand).

8. PERSONNEL EXPENSES

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

<i>(EUR'000)</i>	<i>Year Ended 31 December 2021</i>	<i>Year Ended 31 December 2020</i>
Wages	71,468	68,343
Social expenses and other personal expenses	24,266	22,429
Total	95,734	90,772

9. OTHER OPERATING EXPENSES AND INCOME

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

<i>(EUR'000)</i>	<i>Note</i>	<i>Year Ended 31 December 2021</i>	<i>Year Ended 31 December 2020</i>
Gain on revaluation of the variable consideration regarding the acquisition financial investments	25	-	4,821
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		47	80
Insurance benefits		-	54
Excise duty on natural gas from previous years		(786)	-
Bonuses to suppliers from previous years		(240)	-
Other		(77)	(54)
Total		3,802	8,005

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

10. FINANCE INCOME AND FINANCE COSTS

Analysis of finance income and finance costs of the Group for the year:

<i>Finance costs</i>	<i>Note</i>	<i>Year Ended 31 December 2021</i>	<i>Year Ended 31 December 2020</i>
Interest expense		2,174	2,135
Interest expense related to the contingent consideration from the acquisition of financial investments (discount)	25	-	29
Total finance costs		2,174	2,164

11. INCOME TAX

Group's income tax analysis for:

<i>(EUR'000)</i>	<i>Note</i>	<i>Year Ended 31 December 2021</i>	<i>Year Ended 31 December 2020</i>
Current tax		1,444	2,489
Deferred tax	23	1,450	(1,910)
Income tax for the year		2,894	579

Income tax is calculated at 21% rate applied in the Slovak Republic and 25% applied in Austria (2020: 21% in the Slovak Republic and 25% in Austria) of the taxable profit.

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

	Year Ended		Year Ended	
	31 December 2021		31 December 2020	
	(EUR'000)	%	(EUR'000)	%
Profit before tax	727		19,886	
Share of profit/(loss) of joint ventures	60		(70)	
Profit before tax adjusted for share in profit/(loss) of joint ventures	667		19,956	
Tax calculated at the local income tax rate	140	21	4,191	21
Difference in overseas tax rate	(450)	25	140	25
Permanent differences	136		(6)	
Temporary differences not included in deferred tax	(2,203)		(2,280)	
Tax loss not included in deferred tax receivable	6,034		-	
Amortization of tax loss not included in deferred tax in prior periods	-		(228)	
Tax relief	(655)		(1,235)	
Accruals and other differences	(108)		(3)	
Income tax and effective tax rate	2,894	(433.9)	579	2.9

Within the permanent differences for 2021, the Group reported a tax loss on the company Mondi Neusiedler, GmbH, which is not included in deferred tax assets of EUR 6,043 thousand (2020: EUR 0).

In 2021, the Group applied income tax relief of EUR 656 thousand received under the investment aid provided in the total amount of EUR 48,836 thousand for the realization of an investment project related to the acquisition of a new paper machine and the related infrastructure (2020: EUR 1,234 thousand).

The final tax relief for 2021 will be calculated in the preparation of the tax return for 2021.

Analysis of current tax receivable/(liability):

(EUR'000)	2021	2020
As at 1 January	2,533	2,582
Payment of commitment/(Receipt of receivable) from previous year	(3,003)	(1,862)
Last year's expense	(1,914)	(2,029)
Current year's expense	(185)	(1,695)
Advances paid for the current year	897	4,302
Tax relief	655	1,235
As at 31 December	(1,017)	2,533

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

12. INTANGIBLE ASSETS

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

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

Analysis of the Group's intangible assets for the year ended 31 December 2020:

<i>(EUR'000)</i>	<i>Goodwill</i>	<i>Other intangible assets</i>	<i>Total</i>
Cost			
As at 1 January 2020	371	23,738	24,109
Additions	141	690	831
Transfers and reclassification	-	3	3
Disposals	-	(1,262)	(1,262)
As at 31 December 2020	512	23,169	23,681
Accumulated Amortisation and impairments			
As at 1 January 2020	169	22,811	22,980
Annual amortisation	-	441	441
Disposals	-	(1,262)	(1,262)
As at 31 December 2020	169	21,990	22,159
Carrying amount			
As at 1 January 2020	202	927	1,129
As at 31 December 2020	343	1,179	1,522

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

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

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

The amortisation period for other intangible assets is four years.

The Group as at 31 December 2021 have intangible assets in acquisition and advances for intangible assets in the amount of EUR 25 thousand (2020: EUR 5 thousand).

13. PROPERTY, PLANT AND EQUIPMENT

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

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

Additions to non-current tangible assets mainly comprise acquisition of new paper machine PM19 at the Ružomberok plant.

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

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

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

<i>(EUR'000)</i>	<i>Land and Buildings</i>	<i>Machines and Equipment</i>	<i>Assets under Construction and Advance Payments</i>	<i>Other Non- Current Tangible Assets</i>	<i>Total</i>
Cost					
As at 1 January 2020	348,864	1,470,359	156,467	53,554	2,029,244
Additions	2	61	140,283	7	140,353
Disposals	(265)	(2,495)	-	(696)	(3,456)
Transfers and reclassification	9,253	33,000	(45,078)	2,822	(3)
As at 31 December 2020	357,854	1,500,925	251,672	55,687	2,166,138
Accumulated depreciation and impairment					
As at 1 January 2020	204,592	1,135,894	-	47,415	1,387,901
Annual depreciation charge	7,727	39,360	-	1,467	48,554
Impairment	-	-	-	-	-
Disposals	(109)	(2,491)	-	(683)	(3,283)
As at 31 December 2020	212,210	1,172,763	-	48,199	1,433,172
Carrying amount					
As at 1 January 2020	144,272	334,465	156,467	6,139	641,343
As at 31 December 2020	145,644	328,162	251,672	7,488	732,966

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

<i>Insured Object</i>	<i>Type of Insurance</i>	<i>Amount</i>	
		<i>31 December 2021</i>	<i>31 December 2020</i>
Passenger vehicles	Against theft, motor hull insurance	82	82
Property, plant and equipment	Against natural disasters	2,845,727	2,800,126
Plant and equipment	Against machine breakage	2,124,102	2,096,242
Inventories	Against natural disasters	108,549	109,743

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

14. SUBSIDIARIES

Overview of the Group's subsidiaries as at 31 December 2021:

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

During the year 2021, the parent company and the company Obaly S O L O, s. r. o., made an additional contribution to Mondi Neusiedler, GmbH, in the total amount of EUR 15,000 thousand, aliquoted according to its ownership interest in that company.

During the year ended 31 December 2021, there were no other changes in the structure of subsidiaries and their ownership interests.

In 2021 and 2020, subsidiary Obaly S O L O, s. r. o. did not carry out business activities, as at 1 October 2019 it transferred a part of the company "Production Activities" to the parent company.

15. INVESTMENTS IN JOINT VENTURES

Overview of the Group's joint ventures as at 31 December 2021:

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

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

During the year ended 31 December 2021, there were no changes in the structure of investments in joint ventures and their ownership interests.

16. INVENTORIES

Overview of the Group's inventories:

<i>(EUR'000)</i>	31 December 2021	31 December 2020
Raw materials, consumables and spare parts	44,534	48,076
Work in progress and semi-finished goods	32,475	23,806
Finished goods	36,759	21,726
Merchandise	475	280
Total	114,243	93,888

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

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

As at 31 December 2021, the Group recorded provisions in the amount of EUR 27,152 thousand (2020: EUR 26,342 thousand) for obsolete and slow-moving inventory based on an assessment of the net realisable value of inventories at the year-end.

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

Movements in the provision for inventories:

<i>(EUR'000)</i>	2021	2020
As at 1 January	26,342	25,320
Charge	1,047	1,228
Use and release	(237)	(206)
As at 31 December	27,152	26,342

17. TRADE AND OTHER RECEIVABLES

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

<i>(EUR'000)</i>	31 December 2021	31 December 2020
Other receivables	696	-
Total	696	-

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

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

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

(EUR'000)	31 December 2021	31 December 2020
Receivables from the sale of finished goods and services	100,956	71,655
Tax receivables	16,447	12,722
Advance payments made	1,395	977
Other receivables	1,617	716
Total	120,415	86,070

The Group created a provision for estimated irrecoverable receivables from the sale of finished goods and other receivables in the amount of EUR 148 thousand (2020: EUR 144 thousand). The management believes that the carrying amount of trade and other receivables approximates their fair value.

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

(EUR'000)	31 December 2021	31 December 2020
Within maturity	119,180	84,536
Overdue	1,383	1,678
Total	120,563	86,214

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

The Group recorded no receivables under lien.

18. CASH AND CASH EQUIVALENTS

Cash and cash equivalents comprise bank accounts and cash on hand, including the Group's cash and current bank deposits with original maturity not exceeding three months. The carrying amount of the assets approximates their fair value.

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

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

(EUR'000)	31 December 2021	31 December 2020
Cash and cash equivalents	1,043	425
Total	1,043	425

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

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

20. OTHER COMPONENTS OF EQUITY

As at 31 December 2020, other components of equity consisted of capital funds and other funds.

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

Other funds include funds created from actuarial gain on employee benefits after termination of employment EUR (3,645) thousand and the difference arising from the acquisition of Austrian companies Mondi Neusiedler and Ybbstaller Zellstoff in amount EUR 6,425 thousand and Other funds in amount (EUR 276 thousand). The total amount of other funds was EUR 2,504 thousand.

21. EMPLOYEE BENEFIT PLANS

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

Pension benefits

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

Retirement pension obligation

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

As at 31 December 2021, this plan applied to all Group employees (as at 31 December 2020 not applied to the employees of subsidiaries Slovpaper Recycling, s. r. o. and Slovpaper Collection, s. r. o.).

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

Other long-term employee benefits obligation

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

As at 31 December 2021, employees of subsidiaries Slovpaper Recycling, s. r. o. and Slovpaper Collection, s. r. o. were not included in the other long-term employee benefit plan.

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

Defined benefit plans typically expose the Group to the following actuarial risks:

Investment risk (Asset volatility)

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

Interest risk

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

Longevity risk

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

Salary risk

The present value of the net retirement benefit liability/asset is calculated by reference to the expected future salaries of plan participants. An increase in the salary of the plan participants will increase the plan liabilities.

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

31 December 2021

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

31 December 2020

(EUR '000)	<i>Pension Benefits</i>	<i>Retirement Payment & Jubilee Benefit</i>	<i>Total</i>
Less than a year	234	2,135	2,369
Between one and two years	120	1,034	1,154
Between two to five years	368	5,508	5,876
After five years	3,036	30,383	33,419
Total	3,758	39,060	42,818

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The average duration of defined employee benefits liabilities is 15 years (2020: 15 years).

It is expected that the Group's share of contributions will increase as the plans' members age. The expected contributions to be paid to defined benefit pension plans, other post-employment benefits and the other non-current benefits during 2022 are EUR 2,847 thousand.

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

(EUR'000)	31 December 2021	31 December 2020
Fair value of liabilities not covered by the funds	29,053	33,847
Fair value of liabilities covered by the funds	-	-
Total fair value of liabilities	29,053	33,847
Fair value of fund assets	-	-
Net value of employee benefits liabilities	29,053	33,847

Amounts recognised in the consolidated statement of financial position:

(EUR'000)	31 December 2021	31 December 2020
Total employee benefits assets	-	-

(EUR'000)	31 December 2021	31 December 2020
Pension benefits	3,465	7,107
Entitlement to lump-sum payment upon retirement	19,131	20,272
Payable from other non-current employee benefits	6,457	6,468
Total employee benefits liabilities	29,053	33,847

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

(EUR'000)	31 December 2021			31 December 2020		
	Austria	Slovakia	Total	Austria	Slovakia	Total
Pension benefits	3,465	-	3,465	7,107	-	7,107
Entitlement to lump-sum payment upon retirement	17,035	2,095	19,130	18,189	2,083	20,272
Payable from other non-current employee benefits	4,139	2,319	6,458	4,280	2,188	6,468
Total	24,639	4,414	29,053	29,576	4,271	33,847

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

(EUR'000)	Plan Liabilities		Plan Assets		Net Liability	
	2021	2020	2021	2020	2021	2020
As at 1 January	33,847	35,721	-	-	33,847	35,721
Included in the statement of profit or loss						
Current service costs	1,469	1,052	-	-	1,469	1,052
Interests	145	241	-	-	145	241
Past service costs	(3,016)	-	-	-	(3,016)	-
Paid benefits	(3,190)	(2,337)	-	-	(3,190)	(2,337)
Cancellation of provisions	-	(23)	-	-	-	(23)
Included in the other comprehensive income						
Revaluation gains/(losses)	(202)	(807)	-	-	(202)	(807)
As at 31 December	29,053	33,847	-	-	29,053	33,847

Key actuarial assumptions:

	Year ended 31 December 2021	Year ended 31 December 2020
Real discount rate p. a.	0.6%	0.6%
Inflation	2.2% – 3.2%	1.5% - 1.7%
Staff turnover p.a	1.0 % - 3.1%	1.0 % - 3.1%
Retirement age, men/women	60 - 63/60 - 63	60 - 63/60 - 63
Mortality and disability table	Pagler & Pagler	Pagler & Pagler
Future growth of wages	2.5%	2.5%
Future growth of pensions	2.0%	2.0%

Sensitivity analysis for the year ended 31 December 2021:

	Sensitivity 1	The Main Assumption	Sensitivity 2
Discount rate	(0.4%)	0.6%	1.6%
Net liability of defined employee benefits (without liabilities from other non-current benefits)	25,169	22,596	20,496
Inflation	0% - 2.2%	2.2% - 3.2%	3.2% - 4.2%
Net liability of defined employee benefits (without liabilities from other non-current benefits)	20,503	22,596	25,122

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Sensitivity analysis for the year ended 31 December 2020:

	Sensitivity 1	The Main Assumption	Sensitivity 2
Discount rate	(0.4%)	0.6%	1.6%
Net liability of defined employee benefits (without liabilities from other non-current benefits)	31,393	27,379	24,254
Inflation	0.5%-0.7%	1.5%-1.7%	2.5%-2.7%
Net liability of defined employee benefits (without liabilities from other non-current benefits)	24,327	27,379	31,649

22. LOANS AND CREDITS

Group's current loans analysis:

(EUR'000)	31 December 2021	31 December 2020
Short-term bank loans	14,003	19
Overdraft	28	-
Total	14,031	19

Movement of current loans from third parties:

(EUR'000)	2021	2020
As at 1 January	19	-
Reclassification	(16)	(5)
Drawdown of loans	14,028	24
As at 31 December	14,031	19

Group's non-current loans analysis:

(EUR'000)	Note	31 December 2021	31 December 2020
Long-term bank loans		56,000	-
Other non-current loans from related parties	29	25,413	34,832
Total		81,413	34,832

Movement of non-current loans from third parties:

(EUR'000)	2021	2020
As at 1 January	-	-
Drawdown of loans	56,000	-
As at 31 December	56,000	-

Movement of non-current loans from related parties:

(EUR'000)	2021	2020
As at 1 January	34,832	33,886
Loan payments	(10,205)	-
Interest accrued	786	946
As at 31 December	25,413	34,832

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

As at 31 December 2021 and 31 December 2020, the Group drew an operating loan within the Mondi Group granted by Mondi Finance plc., London.

23. DEFERRED TAX ASSET AND LIABILITY

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

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

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

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

<i>Deferred tax asset</i>	<i>Difference in NBV of Non-current Assets</i>	<i>Other Temporary Differences</i>	<i>Tax Loss</i>	<i>Total</i>
As at 1 January 2020	-	408	71	479
Recognised in the profit or loss	(315)	182	676	543
As at 31 December 2020	(315)	590	747	1,022

<i>Deferred tax liability</i>	<i>Difference in NBV of Non-current Assets</i>	<i>Other Temporary Differences</i>	<i>Tax Loss</i>	<i>Total</i>
As at 1 January 2020	39,952	(6,401)	-	33,551
Recognised in the profit or loss	(1,988)	621	-	(1,367)
Recognised in equity	-	(15)	-	(15)
As at 31 December 2020	37,964	(5,795)	-	32,169

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

Deferred tax assets ageing structure:

(EUR'000)	31 December 2021	31 December 2020
- over 12 months	373	1,022
Total	373	1,022

Deferred tax liabilities ageing structure:

V tis. €	31 December 2021	31 December 2020
- over 12 months	40,281	37,964
- due within 12 months	(7,290)	(5,795)
Total	32,991	32,169

24. PROVISIONS

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

(EUR'000)	2021	2020
As at 1 January	2,519	2,459
Additions	50	96
Use	-	(36)
As at 31 December	2,569	2,519

Additions to non-current provision for the restoration of a landfill represents the recognition of interest to adjust the provision to net present value as at 31 December 2021 in the amount of EUR 50 thousand.

The use of the provision represents the cost of monitoring of the storage yard.

Environmental provision is made for the reclamation of landfills pursuant to the applicable environmental legislation in the Slovak Republic. The Group owns and operates the three stages of the landfill where it is legally obliged to reclaim them after their capacity has been reached. The Group creates the provision for the estimated future payments based on the expected date of closure of these landfills.

The provision balance for the first stage of the landfill is EUR 31 thousand, this has been closed and is being used to remedy the costs associated with its monitoring. The second stage of the landfill, which has a balance of EUR 1,015 thousand was closed according to the plan by the end of 2017, and restoration started in 2018. 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 a provision of EUR 1,523 thousand is created, was planned to close by the end of 2025. The new estimated closing is planned in the end of 2022. It used a discount rate of 6.97% and an average annual inflation of 1.4%.

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Movements of current provisions:

<i>(EUR'000)</i>	<i>Onerous Contracts Provision</i>	<i>Current Provisions Total</i>
As at 1 January 2021	699	699
Creation	229	229
Release	(138)	(138)
As at 31 December 2021	790	790

<i>(EUR'000)</i>	<i>Onerous Contracts Provision</i>	<i>Current Provisions Total</i>
As at 1 January 2020	637	637
Use	138	138
Release	(76)	(76)
As at 31 December 2020	699	699

25. TRADE AND OTHER PAYABLES

Overview of trade and other payables:

<i>(EUR'000)</i>	<i>31 December 2021</i>	<i>31 December 2020</i>
Trade payables	190,321	111,447
Trade payables of an investment nature	15,694	27,347
Other payables	18,946	14,622
Total	224,961	153,416

Breakdown of trade payables by maturity:

<i>Item</i>	<i>Within Maturity Period</i>	<i>Retentive</i>	<i>Maturity Within Maturity Period</i>	<i>Over 365 Days Overdue</i>	<i>Within Maturity Period</i>
As at 31 December 2021					
Trade payables (including of an investment nature)	186,888	7,689	11,367	71	206,015
As at 31 December 2020					
Trade payables (including of an investment nature)	114,492	10,385	13,886	31	138,794

In 2021 retentive trade payables in amount of EUR 6,380 thousand were overdue up to one year after the maturity, in amount of EUR 1,309 thousand – overdue over one year after the maturity (in 2020 overdue up to one year in amount of EUR 10,385 thousand, overdue over one year in amount of EUR 3,190 thousand).

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Other current payables comprise the following items:

<i>(EUR'000)</i>	31 December 2021	31 December 2020
Payables to employees, from social security insurance and other taxes	15,183	12,298
Accrued liabilities	2,671	260
Social fund	697	699
Other	395	1,365
Total	18,946	14,622

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

Other non-current liabilities comprise the following:

<i>(EUR'000)</i>	31 December 2021	31 December 2020
Government grants	244	211
Other	-	58
Total	244	269

26. LEASES

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

Assets with a right to use

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

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

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

<i>(EUR'000)</i>	<i>Land and Buildings</i>	<i>Machinery and Equipment</i>	<i>Other Tangible Fixed Assets</i>	<i>Total</i>
Cost				
As at 1 January 2021	204	32,406	2,387	34,997
Additions	-	81	465	546
Disposals	(136)	(94)	(1,477)	(1,707)
As at 31 December 2021	68	32,393	1,375	33,836
Accumulated depreciation and impairment				
As at 1 January 2021	129	1,872	1,768	3,769
Annual depreciation and impairment	3	2,450	412	2,865
Disposals	(123)	(94)	(1,438)	(1,655)
As at 31 December 2021	9	4,228	742	4,979
Carrying amount				
As at 1 January 2021	75	30,534	619	31,228
As at 31 December 2021	59	28,165	633	28,857

Additions to assets with the right to use amounted to EUR 1,749 thousand (in 2020: EUR 546 thousand). The most significant increase were the modification of the contract with Linde for the lease of equipment for the production of oxygen and ozone, lease of a mobile boiler room, lease of land and the passenger cars.

Lease commitments

Analysis of maturity of undiscounted lease commitments:

<i>(EUR'000)</i>	<i>31 December 2021</i>	<i>31 December 2020</i>
Less than a year	2,838	2,776
Between one and five years	8,596	8,270
After five years	15,509	17,136
Total	26,943	28,182

Lease commitments by residual maturity:

<i>(EUR'000)</i>	<i>31 December 2021</i>	<i>31 December 2020</i>
Current liabilities	1,937	2,135
Non-current liabilities	20,481	21,300
Total	22,418	23,435

Total payments for the lease in 2021 amounted to EUR 2,683 thousand (in 2020: EUR 5,571 thousand).

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

(EUR '000)	31 December 2021	31 December 2020
Annual depreciation and impairment	(2,886)	(2,865)
Interest on lease commitments	(668)	(758)
Current rental costs and the cost of rentals assets with low value	(1,528)	(1,196)
Revenue from derecognised leased asset	81	55
Value of derecognised leased asset	(66)	(51)
Total	(5,067)	(4,815)

The Group leases various machinery and equipment 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 Group. The Group may terminate these contracts without giving any reason, the notice period being 3 months. Lease contracts do not contain any liabilities, and leased assets cannot be used as collateral for loans or credits.

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

The most significant lease agreement is the agreement concluded between the parent company Mondi SCP, a. s., and Linde GAS, k. s., for the supply of oxygen and ozone, which also includes the lease of equipment for the production of compressed oxygen and ozone. The rental period is agreed for 15 years, 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.

27. CAPITAL RISK MANAGEMENT

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

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

(EUR'000)	31 December 2021	31 December 2020
Debt (i)	139,613	101,910
Cash and cash equivalent and Assets from Cash-pooling	42,002	425
Net debt	97,611	101,485
Equity	625,120	627,105
Net debt to equity ratio	16%	16%

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

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

28. FINANCIAL RISK MANAGEMENT

Financial assets

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

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

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

<i>(EUR'000)</i>	<i>Assets at FVTPL</i>	<i>Assets at Amortised Cost</i>
31 December 2020		
Receivables (including assets from cash-pooling)	-	88,603
Non-current financial assets	4,268	-
Receivables from financial derivatives	13	-
Cash and cash equivalents	-	425
Financial assets	4,281	89,028

Group's non-current financial assets movements analysis:

As at 31 December 2021 other non-current financial assets are non-current available-for-sale securities. There was no sale in 2021 and a provision for non-current financial assets was created.

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

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

<i>(EUR'000)</i>	<i>2021</i>	<i>2020</i>
Gains/(losses) recognized in the statement of other comprehensive income	141	86
Interest on a long-term loan	1	-
Total	142	86

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

Financial liabilities:

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

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

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

<i>(EUR'000)</i>	<i>Liabilities at FVTPL</i>	<i>Liabilities at Amortised Cost</i>
31 December 2020		
Liabilities from financial derivatives	7	-
Trade and other payables	-	153,416
Loans and credits	-	34,851
Liabilities from cash-pooling	-	43,624
Leasing commitments	-	23,435
Other financial liabilities	-	269
Financial liabilities	7	255,595

a) Financial Risk Factors

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

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

Market Risk

Market risk includes interest rate risk and exchange rate risk

• **Interest Rate Risk**

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

Interest Rate Sensitivity

The Group drew a current and non-current loan from related parties as well as bank loans and was exposed to only immaterial interest rate risk during 2021. Therefore, no sensitivity analysis was performed. As at 31 December 2021, the Group has no open interest rate derivatives.

• **Foreign Currency Risk**

The share of monetary assets and liabilities denominated in a foreign currency to the total liabilities/assets has not been significant and represents a minor currency risk for the Group. Therefore, no sensitivity analysis was performed. The Group ensures that its net exposure is maintained at an acceptable level by buying or selling foreign currencies at spot rates when it is necessary to address current fluctuations. As at 31 December 2021, the Group has no open derivative transaction.

Credit Risk

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

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

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

Analysis of receivables:

(EUR'000)	31 December 2021	31 December 2020
Impaired receivables	149	145
Receivables due but not impaired	99,425	69,833
Receivables overdue but not impaired	1,382	1,677
<i>of which 30 days overdue</i>	1,229	1,566
<i>of which over 30 days overdue</i>	153	111
Total trade receivables (Note 17)	100,956	71,655

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

<i>(EUR'000)</i>	31 December 2021	31 December 2020
Total external trade receivables	9,981	11,566
Insured receivables	(8,466)	(9,642)
Total unsecured external trade receivables	1,515	1,924

Analysis of bank accounts by rating:

<i>(EUR'000)</i>	31 December 2021	31 December 2020
Baa2 (Moody's)	1,043	425
Total	1,043	425

Liquidity Risk

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

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

<i>(EUR'000)</i>	Weighted Average Effective Interest Rate	Up to 1 Month	1-3 Months	3 Months – 1 year	1-5 years	5 Years and More	Total
31 December 2020							
Interest-free	-	155,605	11,237	57,741	1,395	-	225,978
Floating interest rate instruments	6M EURIBOR + 0.29%	-	-	14,000	56,000	-	70,000
Floating interest rate instruments	EONIA + 0.65%	-	-	21,751	25,413	-	47,164
Floating interest rate instruments		-	-	2,869	8,596	15,509	26,974
Total		155,605	11,237	96,361	91,404	15,509	370,116

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(EUR'000)	Weighted Average Effective Interest Rate	Up to 1 Month	1-3 Months	3 Months – 1 year	1-5 years	5 Years and More	Total
31 December 2020							
Interest-free	-	107,043	9,015	34,122	3,236	-	153,416
Floating interest rate instruments	EONIA + 0.5%	-	-	46,419	43,102	17,136	106,657
Total		107,043	9,015	80,541	46,338	17,136	260,073

The Group has access to overdraft facility 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.

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

The Group has drawn a long-term loan in the amount of EUR 70,000 thousand in UniCredit Bank Czech Republic and Slovakia, a.s. intended to finance the general needs of the company.

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

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

b) Fair Value Estimation

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

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

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

The Fair Value Hierarchy

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

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

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

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

Fair value revaluation at 31 December 2021:

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

Fair value revaluation at 31 December 2020:

<i>(EUR'000)</i>	<i>Level 1</i>	<i>Level 2</i>	<i>Level 3</i>
Non-current financial assets measured at fair value through profit or loss	4,268	-	-
Financial assets measured at fair value through profit or loss	13	-	-
Financial assets	4,281	-	-
Financial liabilities measured at fair value through profit or loss	7	-	-
Financial assets	7	-	-

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

29. RELATED PARTY TRANSACTIONS

a) Shareholders Structure

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

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

b) Business and Other Transactions

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

(EUR'000)	Year ended 31 December 2021			
	Sales of Goods and Services	Purchase of Goods and Services	Receivables	Payables
Company				
Joint ventures	4	965	-	164
Recopap, s. r. o.	2	2,274	-	279
East Paper, s. r. o.				
Other related parties				
Mondi Paper Sales GmbH	780,594	84,030	87,489	11,759
Mondi Syktyvkar OJSC	10,039	1,103	3,338	-
Mondi Finance plc.	7,659	-	-	-
Mondi Swiecie S.A.	1,670	5,468	63	-
Mondi AG	622	3,123	142	2,253
Mondi Uncoated Fine & Kraft Paper	358	7,484	71	2,563
Mondi Stambolijski	115	-	-	-
Euro Waste, a. s.	46	4,088	-	382
Mondi Bags Steti, a.s.	44	-	10	-
Mondi Steti, a. s.	20	27	-	-
Mondi Release Liner Austria GmbH	17	-	-	-
Richards Bay	7	-	7	-
Mondi Grünburg GmbH	3	50	1	-
Mondi South Africa division	1	-	-	-
Mondi Corrugated Swiecie, Sp. z o.o.	-	3,557	-	563
Mondi Packaging BZWP, Sp. z o. o.	-	1,076	-	162
Mondi Coating Steti, a.s.	-	748	-	158
Mondi Bad Rapenau	-	386	-	78
Swiecie Recykling sp. z o. o.	-	216	-	-
Mondi Plc.	-	180	-	-
Mondi Bupak s. r. o.	-	90	-	4
Mondi Eschengbach GmbH	-	74	-	-
Mondi Napiag GmbH	-	22	-	2
Mondi Industrial Bags GmbH	-	1	-	-
Mondi Coating GmbH	-	(15)	-	-
WOOD & PAPER a.s.	947	4,570	59	403
Papierholz Austria GmbH	314	11,124	53	1,596
PLWD, Sp. z o. o.	167	2,811	89	1,306
Harmanec-Kuvert, spol. s r. o.	4,310	-	153	-
Tvormica Papira SHP CELEX	3,807	-	898	-
SHP Slavošovce, a. s.	2,141	-	562	-
SCP-PSS, s. r. o.	1,429	3,260	273	663
SHP Harmanec, a. s.	671	-	13	-
Paloma, d. d.	615	-	88	-
FK INVEST, a. s.	83	204	83	158
ECO Invest SVK, a. s.	-	4,393	-	954
Total	815,685	141,309	93,392	23,447

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

<i>(EUR'000)</i>	<i>Year ended 31 December 2020</i>			
	<i>Sales of Goods and Services</i>	<i>Purchase of Goods and Services</i>	<i>Receivables</i>	<i>Payables</i>
Company				
Joint ventures				
Recopap, s. r. o.	1	722	-	179
East Paper, s. r. o.	4	132	-	47
Other related parties				
Mondi Paper Sales GmbH	568,717	53,971	57,604	6,320
Mondi Syktyvkar OJSC	7,640	-	2,041	-
Mondi Swiecie S.A.	3,520	5,109	406	1,128
Mondi Finance plc.	1,932	-	-	2
Mondi AG	397	2,264	104	1,564
Mondi Uncoated Fine & Kraft Paper	365	5,965	64	820
Mondi Bags Steti, a.s.	43	-	10	-
Euro Waste, a.s.	27	21	4	15
Mondi Release Liner Austria GmbH	6	-	-	-
Mondi Steti, a.s.	5	96	2	20
Mondi Frantschach GmbH	2	-	2	-
Mondi Grünburg GmbH	2	-	1	-
Mondi Corrugated Swiecie, Sp. z o. o.	-	3,447	-	647
Mondi Packaging BZWP, Sp. z o. o.	-	1,357	-	230
Mondi Coating Steti, a.s.	-	359	-	52
Mondi Plc.	-	153	-	23
Mondi Bupak, s. r. o.	-	61	-	4
Mondi Napiag GmbH	-	33	-	4
Mondi Coating GmbH	-	15	-	15
Papierholz Austria GmbH	575	966	67	1,737
WOOD & PAPER, a.s.	537	2,915	(8)	612
SHP Harmanec, a. s.	8,368	-	2,238	-
Harmanec-Kuvert, spol. s r. o.	2,878	-	-	-
SCP-PSS, s. r. o.	1,382	3,026	159	330
FK INVEST, a. s.	106	348	106	204
SHP Slavosovce, a.s.	73	-	-	-
ECO Invest SVK, a. s.	-	3,724	-	337
Total	596,580	84,684	62,800	14,290

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

Capitalized costs from related parties are also included in business and other transactions:

In 2021 were capitalized costs in total amount of EUR 147 thousand from the company Mondi AG. These costs are connected with new paper machine PM19 within the ECO+ project in the amount of EUR 359 thousand (2020: EUR 70 thousand).

Capitalized costs from Mondi Uncoated Fine & Craft GmbH were also related to the new paper machine PM19 within the ECO+ project in total amount of EUR 296 thousand (2020: EUR 618 thousand).

In 2019, the capitalized costs of Mondi Šteti amounted to EUR 17 thousand (2020: EUR 89 thousand).

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

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

Other transactions with the Group's related parties for previous reporting period:

<i>Company</i>	<i>Year Ended 31 December 2020</i>			
	<i>Interests income</i>	<i>Interests expense</i>	<i>Receivables</i>	<i>Payables</i>
Group Shareholders				
<i>Investing activities</i>				
ECO-INVESTMENT, a. s., Prague	-	25	-	17,700
Other related parties				
<i>Investing activities</i>				
Mondi Finance Limited	-	68	-	25,924
<i>Financing activities (Note 22)</i>				
Mondi Finance Limited	-	946	-	34,832
Total	-	1,039	-	78,456

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

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

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

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Movement of cash pool liabilities from related parties:

<i>(EUR'000)</i>	2021	2020
As at 1 January	43,624	14,982
Interest accrued	237	93
Interest paid	(237)	(93)
Repayments	(25,773)	(8,590)
Proceeds from cash pool	3,900	37,232
As at 31 December	21,751	43,624

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

30. REMUNERATIONS TO KEY MANAGEMENT PERSONNEL

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

<i>(EUR'000)</i>	Year Ended 31 December 2021	Year Ended 31 December 2020
Salaries and short-term employee benefits	2,202	2,177
Health and social insurance	883	875
Share based payments	57	64
Other long-term loans	2	4
Total	3,144	3,120

31. COMMITMENTS AND CONTINGENCIES

a) Litigation and Potential Losses

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

b) Emissions Allowances

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

The Group has decided to record received emissions rights using the net liability method. As it does not record any liability for actual emissions. The Group has received adequate emissions allowances to cover its actual emissions. The Group had an obligation to cover emissions rights for actually produced emissions. This obligation was fulfilled by delivering emissions rights by 30 April 2021 for the 2020 reporting period. The Group received emissions rights in September 2021 for the 2021 reporting 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, the Group is obliged to pay UniCredit Bank Czech Republic and Slovakia, a.s.

UniCredit Bank Czech Republic and Slovakia, a.s. issued bank guarantee in the total amount of EUR 5,000,000 to Stredoslovenská energetika, a. s. (SSE, a. s.) to secure liabilities resulting from the agreement concluded with Mondi SCP, a.s. and SSE, a. s. In the event of default, the Group is obliged to pay to UniCredit Bank Czech Republic and Slovakia, a.s.

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

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

d) Capital expenditures

The value of open investment contracts at 31 December 2021 is EUR 20,922 thousand (as at 31 December 2020: EUR 62,384 thousand).

32. 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:

1 March 2022

**Signature of the Person
Responsible for
Bookkeeping:**

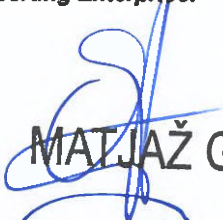
**Signature of the Person
Responsible for the
Preparation of the
Financial Statements:**

**Signature of a Member of
the Statutory Body of the
Reporting Enterprise or a
Natural Person Acting as
a Reporting Enterprise:**

Approved on:


LUCIA SCHATZ


OKSANA VERETIUK


MATJAŽ GORJUP

MILOSLAV ČURILLA

CHARTERED BY THE

12p 12

THE NATIONAL



Nosnosť 59 T

Váha traverzy 8 600 KG

PM19 START UP!
MONDI SCP RUŽOMBEROK
THE 1st PAPER ON THE REEL 26.1.2021

almet

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.

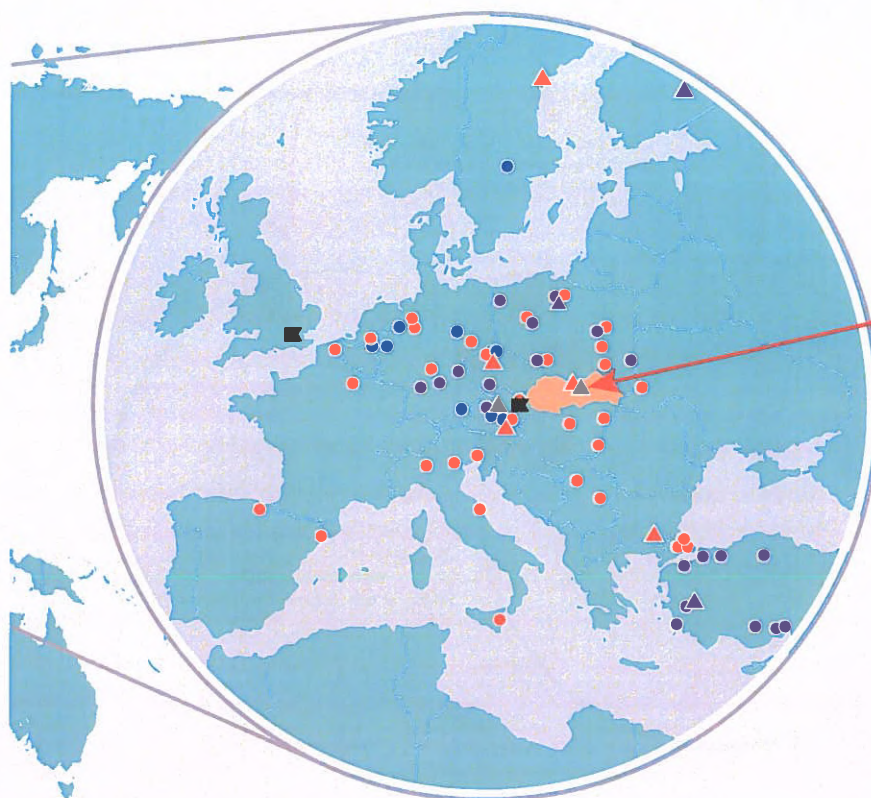


More than

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.



RUŽOMBEROK

Production capacity

580 000 t

uncoated fine paper

366 000 t

packaging paper

100 000 t

dried market pulp

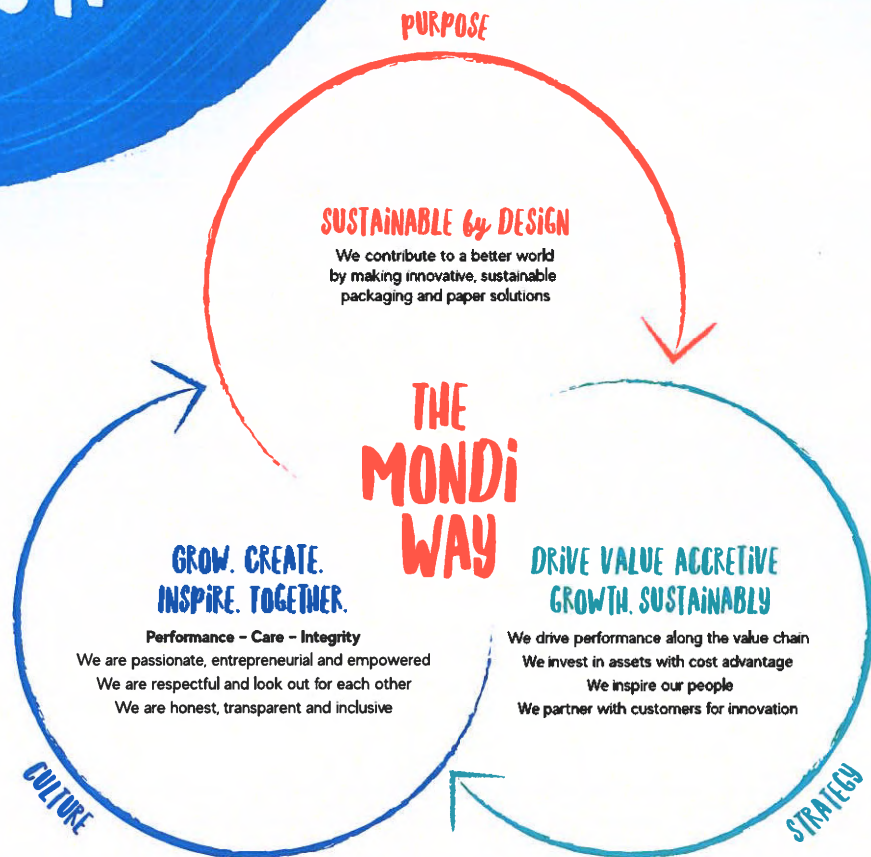
Employees

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 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.

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.

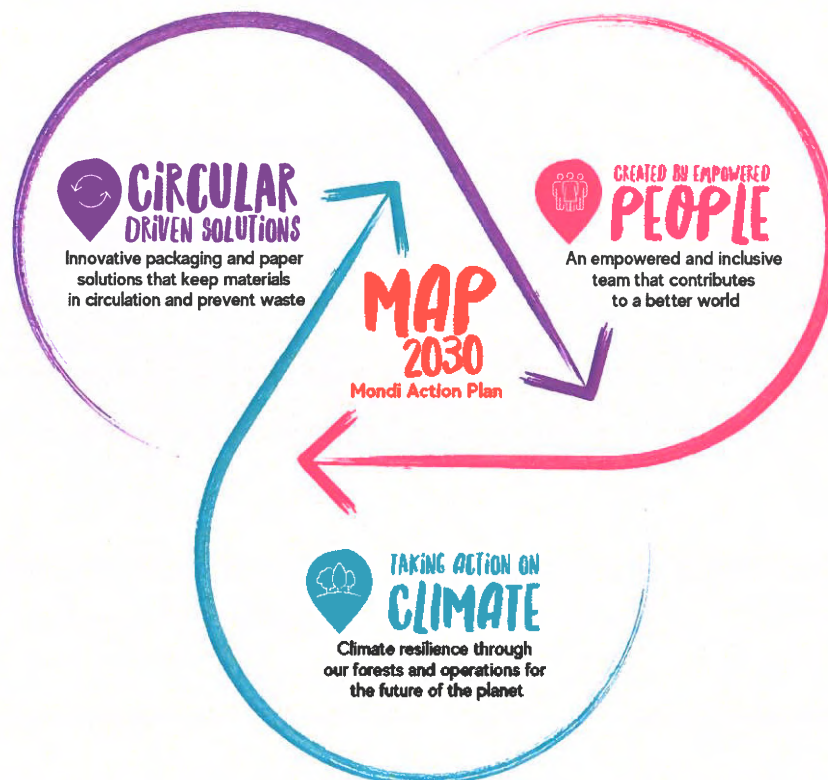


We drive value accretive growth, sustainably

COMMITMENTS + ACTION

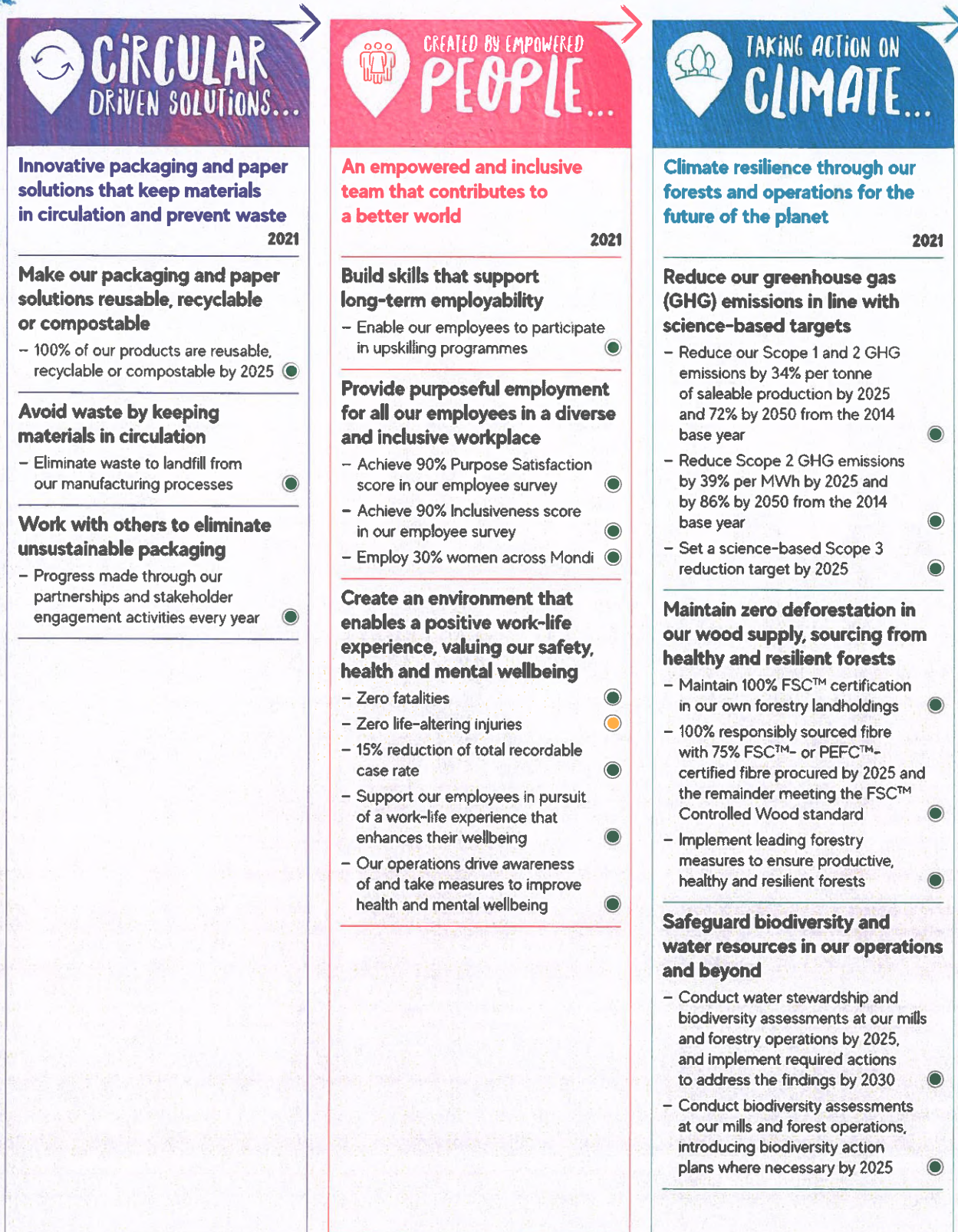
In January 2021 we launched the Mondi Action Plan (MAP2030), our new sustainability framework built on our purpose to contribute to a better world by making innovative packaging and paper solutions that are sustainable by design.

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.



Built on Responsible Business Practices

Business Ethics & Governance | Human Rights | Communities | Procurement | Environmental Impact



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 Filo, 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



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

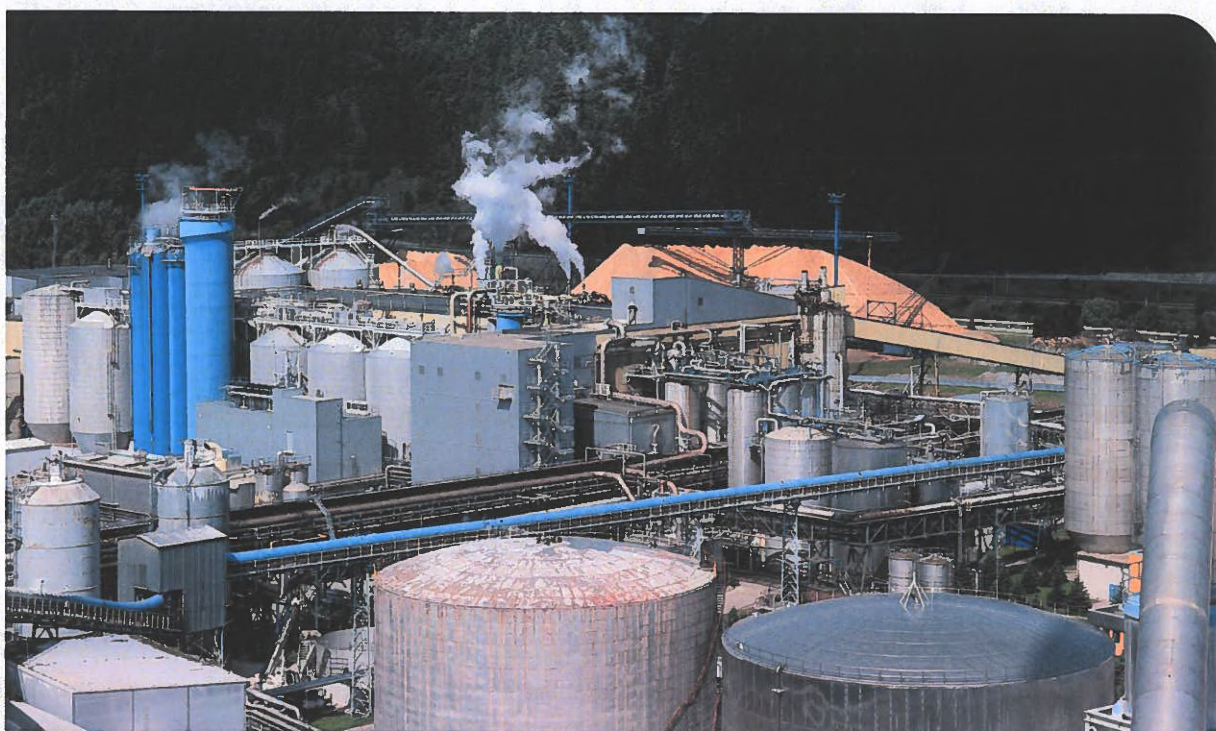


The launch of the pulp mill was an important milestone for the plant, which fundamentally changed the development of paper production in Ružomberok. The paper mill was ranked among the top industrial companies in Slovakia.

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 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.

SLOWWOOD RUŽOMBEROK, a.s.

SLOWWOOD 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.

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

In 2021 SLOWWOOD Ružomberok, a.s. purchased 2.1 million m³ 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.

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.

Ružomberok, 31 March 2022



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