

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 2023**

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 2023

CONTENT

	Page
Independent Auditor's Report	1 - 3
Consolidated Financial Statements (prepared in accordance with International Financial Reporting Standards as adopted by the EU)	
Consolidated Statement of Profit or Loss and Other Comprehensive Income	4
Consolidated Statement of Financial Position	6
Consolidated Statement of Changes in Equity	7
Consolidated Statement of Cash Flows	8
Notes to the Consolidated Financial Statements	10 – 68



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 2023, 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 2023;
- 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, comprising material accounting policy information and other explanatory information.

Basis for opinion

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

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

Independence

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

PricewaterhouseCoopers Slovensko, s.r.o., Karadžičova 2, 815 32 Bratislava, Slovak Republic
T: +421 259 350 111, www.pwc.com/sk/en

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

Reporting on other information including the Annual Report

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

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

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

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

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

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

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

Responsibilities of management and those charged with governance 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.

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

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

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

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

4 April 2024
Bratislava, Slovak Republic



1
2
3
4
5
6
7
8
9
10
11
12
13
14
15
16
17
18
19
20
21
22
23
24
25
26
27
28
29
30
31
32
33
34
35
36
37
38
39
40
41
42
43
44
45
46
47
48
49
50
51
52
53
54
55
56
57
58
59
60
61
62
63
64
65
66
67
68
69
70
71
72
73
74
75
76
77
78
79
80
81
82
83
84
85
86
87
88
89
90
91
92
93
94
95
96
97
98
99
100

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

<i>(EUR'000)</i>	Note	Year Ended 31 December 2023	Year Ended 31 December 2022
Continuing operations			
Revenues	5	717,035	880,613
Raw materials and consumables	6	(493,050)	(575,449)
Transportation costs		(58,203)	(67,871)
Changes in inventories of finished goods and work in progress		(11,484)	2,944
Other services	7	(38,029)	(33,537)
Personnel expenses	8	(53,044)	(52,559)
Depreciation, amortisation expenses	12,13,26	(56,193)	(55,671)
Other operating expenses and income	9	37	549
Operating profit		7,069	99,019
Finance income	10	1,160	405
Finance costs	10	(1,701)	(958)
Finance costs - net	10	(541)	(553)
Share of profit/(loss) of joint ventures accounted for using the equity method	15	45	(96)
Profit before income tax		6,573	98,370
Income tax expense	11	(1,423)	(15,174)
Net profit from continuing operations		5,150	83,196
Net (loss)/profit from discontinued operations	14	(49,209)	837
Net (loss)/profit for the reporting period		(44,059)	84,033
Net (loss)/profit for the reporting period attributable to:		(44,059)	84,033
- Holders of the parent company's shares		(44,148)	83,976
- Non-controlling interests		89	57

1
2
3
4
5
6
7
8
9
10
11
12
13
14
15
16
17
18
19
20
21
22
23
24
25
26
27
28
29
30
31
32
33
34
35
36
37
38
39
40
41
42
43
44
45
46
47
48
49
50
51
52
53
54
55
56
57
58
59
60
61
62
63
64
65
66
67
68
69
70
71
72
73
74
75
76
77
78
79
80
81
82
83
84
85
86
87
88
89
90
91
92
93
94
95
96
97
98
99
100

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

<i>(EUR'000)</i>	Note	Year Ended 31 December 2023	Year Ended 31 December 2022
Other comprehensive income			
<i>Items that may be reclassified to profit or loss:</i>			
Total items that may be reclassified to profit or loss		-	-
<i>Items that will not be reclassified to profit or loss:</i>			
Gains/(losses) from revaluation of defined benefit plans, net of tax – continuing operations	21	9	375
Gains/(losses) from revaluation of defined benefit plans, net of tax – discontinued operations	21	5	2,838
Total items that will not be reclassified to profit or loss		14	3,213
Other comprehensive income, net of tax		14	3,213
Total Comprehensive income/(loss) for the year		(44,045)	87,246
Total comprehensive income/(loss) for the year attributable to:		(44,045)	87,246
- Holders of the parent company's shares		(44,134)	87,189
- Non-controlling interests		89	57
Total comprehensive income/(loss) for the year attributable to holders of the parent company's shares		(44,134)	87,189
- continuing operations		5,070	83,514
- discontinued operations	14	(49,204)	3,675

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

<i>(EUR'000)</i>	<i>Note</i>	<i>31 December 2023</i>	<i>31 December 2022</i>
Assets			
Non-current assets			
Intangible assets	12	1,869	2,666
Property, plant and equipment	13	639,036	712,214
Right-of-use assets	26	25,795	28,504
Investments accounted for using the equity method	15	385	341
Other investments	28	150	150
Financial assets at FVTPL	28	-	145
Deferred tax assets	23	326	280
Financial assets at amortized costs	28	295	295
Trade and other receivables	17	-	290
		667,856	744,885
Current assets			
Inventories	16	67,166	167,100
Trade and other receivables	17	94,029	135,181
Current income tax assets		839	7
Cash and cash equivalents	18	25,975	5,239
Receivables from Cash pooling	28,29	41,875	101,882
		229,884	409,409
TOTAL ASSETS		897,740	1,154,294
Equity and liabilities			
Capital and reserves			
Share capital	19	153,855	153,855
Other reserves	20	89,517	95,128
Retained earnings		424,497	463,020
Equity attributable to the parent company's owners		667,869	712,003
Non-controlling interests		452	363
TOTAL EQUITY		668,321	712,366
Non-current liabilities			
Borrowings	22,29	13,333	43,174
Lease liabilities	26	19,448	21,415
Employee benefit plan obligations	21	3,732	22,701
Deferred tax liabilities	23	39,936	39,286
Provisions	24	2,543	2,534
Other non-current liabilities	25	-	313
		78,992	129,423
Current liabilities			
Liabilities from Cash pooling	28,29	-	48,756
Borrowings	22	6,667	10,076
Lease liabilities	26	2,397	2,570
Trade and other payables	25	141,344	242,451
Current tax liabilities		19	8,073
Provisions	24	-	573
Derivative financial instruments		-	6
		150,427	312,505
TOTAL LIABILITIES		229,419	441,928
TOTAL EQUITY AND LIABILITIES		897,740	1,154,294

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

<i>(EUR'000)</i>	<i>Share capital</i>	<i>Other reserves</i>	<i>Retained earnings</i>	<i>Total equity attributable to the parent company's owners</i>	<i>Non-controlling interest</i>	<i>Total</i>
Balance as at 1 January 2022	153,855	91,915	379,044	624,814	306	625,120
Profit for the current year	-	-	83,976	83,976	57	84,033
Other comprehensive income	-	3,213	-	3,213	-	3,213
Gains/(losses) from revaluation of defined benefit plans, net of tax	-	3,213	-	3,213	-	3,213
Total comprehensive income for the year	-	3,213	83,976	87,189	57	87,246
Balance as at 31 December 2022	153,855	95,128	463,020	712,003	363	712,366
Loss for the current year	-	-	(44,148)	(44,148)	89	(44,059)
Other comprehensive income	-	14	-	14	-	14
Gains/(losses) from revaluation of defined benefit plans, net of tax	-	14	-	14	-	14
Total comprehensive loss for the year	-	14	(44,148)	(44,134)	89	(44,045)
Reclassification of funds associated with discontinued operations	-	(5,625)	5,625	-	-	-
Balance as at 31 December 2023	153,855	89,517	424,497	667,869	452	668,321

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 2023

<i>(EUR'000)</i>	Note	Year Ended 31 December 2023	Year Ended 31 December 2022 (restated)
Operating activities			
Profit before tax from continuing operations		6,573	98,370
(Loss)/profit before tax from discontinued operations	14	(49,171)	1,792
(Loss)/profit before tax including discontinued operations		(42,598)	100,162
Non-cash transactions			
- Depreciation, amortisation	12,13,26	56,193	55,671
- Gain on the sale of property, plant and equipment		(18)	(60)
- Loss on disposal of discontinued operations	14	46,164	-
- Interest costs		1,701	958
- Interest income		(1,160)	(405)
- Share of profit/(loss) of joint ventures		(45)	96
- (Decrease)/increase in provisions		(167)	(210)
- Other non-cash transactions		1,331	4,512
Operating cash flows before movements in working capital		61,401	160,724
Effect of movements in working capital			
- Decrease/(increase) of inventories	16	25,056	(34,728)
- Decrease/(increase) of receivables	17	8,398	(2,616)
- (Decrease)/increase of payables	25	(51,066)	36,756
Cash flows from operating activities before taxation and interest		43,789	160,136
Interest paid		(1,584)	(927)
Income tax receipts/(payments)		(8,677)	(1,951)
Cash flows from operating activities, net – continuing operations		33,528	157,258
Cash flows from operating activities, net – discontinued operations		(6,766)	(44,160)
Cash flows from operating activities, net		26,762	113,098
Investing activities			
Payments for property, plant and equipment and intangible assets	12,13	(30,228)	(30,123)
Proceeds from sale of property, plant and equipment		-	63
Interest received		1,160	406
Decrease/(increase) in assets from Cash pooling	28,29	56,594	(60,923)
Cash flows from investing activities, net - continuing operations		27,526	(90,577)
Cash flows from investing activities, net - discontinued operations		(764)	(278)
Cash flows from investing activities, net		26,762	(90,855)

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 2023

<i>(EUR'000)</i>	Note	Year Ended 31 December 2023	Year Ended 31 December 2022 (restated)
Financing activities			
Proceeds from borrowings	22	-	3,410
Repayment of borrowings	22	(10,076)	(64,936)
Payments of lease liabilities	26	(2,581)	(2,128)
Share-based payments		(60)	(34)
Cash flows from financing activities, net - continuing operations		(12,717)	(63,688)
Cash flows from financing activities, net - discontinued operations		(20,071)	45,641
Cash flows from financing activities, net		(32,788)	(18,047)
Net increase in cash and cash equivalents		20,736	4,196
Cash and cash equivalents at the beginning of the year	18	5,239	1,043
Cash and cash equivalents at the end of the year	18	25,975	5,239

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

1. GENERAL INFORMATION

a) Essential Information on the Parent Company

Business name and seat	Mondi SCP, a.s. Tatranská cesta 3 034 17 Ružomberok
Date of establishment	7 September 1995
Date of incorporation (according to the Commercial Register)	1 October 1995
Business activity of the parent company and its consolidated subsidiaries and joint ventures (hereinafter only the "Group")	<ul style="list-style-type: none"> - Production of paper and cardboard; - Production of pulp - Production of products from paper and cardboard; - Saw production, wood waterproofing; - Production of wood wrappings; - Production of corrugated paper, cardboard, cardboard and paper 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> 31 December 2023	<i>Year Ended</i> 31 December 2022
Average number of employees	1,399	2,088
<i>of which: managers</i>	<i>21</i>	<i>22</i>

The reason of Average number of employees drop-down is their reduction connected to discontinued operations (note 14).

c) Approval of the 2022 Consolidated Financial Statements

The 2022 consolidated financial statements of Mondi SCP, a. s. were approved at the General Shareholders' Meeting held on 31 May 2023 and filed subsequently with the Court Register. The loss for 2022 was transferred on account of retained earnings based on the Shareholders' resolution. No dividend was declared nor paid in 2023.

The Board of Directors may propose to the Company's shareholders the amendment of the financial statements even after their approval by the General Meeting of shareholders. However, according to §16, sections 9 to 11 of the Slovak Act on Accounting No. 431/2002 Coll. 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.

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

d) Members of the Parent Company's Bodies

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

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

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

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

During years ending 31 December 2023 and 31 December 2022 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. Mondi, plc., is an ultimate controlling company.

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 effective for the first time in 2023

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

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

- *Effective date:* The effective date of IFRS 17 (incorporating the amendments) has been deferred by two years to annual reporting periods beginning on or after 1 January 2023; and the fixed expiry date of the temporary exemption from applying IFRS 9 in IFRS 4 has also been deferred to annual reporting periods beginning on or after 1 January 2023.
- *Expected recovery of insurance acquisition cash flows:* An entity is required to allocate part of the acquisition costs to related expected contract renewals, and to recognise those costs as an asset until the entity recognises the contract renewals. Entities are required to assess the recoverability of the asset at each reporting date, and to provide specific information about the asset in the notes to the financial statements.
- *Contractual service margin attributable to investment services:* Coverage units should be identified, considering the quantity of benefits and expected period of both insurance coverage and investment services, for contracts under the variable fee approach and for other contracts with an 'investment-return service' under the general model. Costs related to investment activities should be included as cash flows within the boundary of an insurance contract, to the extent that the entity performs such activities to enhance benefits from insurance coverage for the policyholder.
- *Reinsurance contracts held – recovery of losses:* When an entity recognises a loss on initial recognition of an onerous group of underlying insurance contracts, or on addition of onerous underlying contracts to a group, an entity should adjust the contractual service margin of a related group of reinsurance contracts held and recognise a gain on the reinsurance contracts held. The amount of the loss recovered from a reinsurance contract held is determined by multiplying the loss recognised on underlying insurance contracts and the percentage of claims on underlying insurance contracts that the entity expects to recover from the reinsurance contract held. This requirement would apply only when the reinsurance contract held is recognised before or at the same time as the loss is recognised on the underlying insurance contracts.

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

3. SIGNIFICANT ACCOUNTING PRINCIPLES

a) Statement of Compliance

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

b) Basis of Preparation of the Consolidated Financial Statements

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

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

These financial statements were prepared under the going concern assumption.

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

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

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

c) Subsidiaries and Joint ventures

(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 acquisition 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 at 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 reserves".

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 a joint venture 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.

d) 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 mother company 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 current period except for differences arising on the translation of non-monetary items in respect of which gains and losses are recognised directly in other comprehensive income.

e) Financial instruments

Financial assets and financial liabilities are 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 gross carrying amount of the financial instrument. The effective interest rate discounts cash flows of variable interest instruments to the next interest repricing date, except for the premium or discount which reflects the credit spread over the floating rate specified in the instrument, or other variables that are not reset to market rates. Such premiums or discounts are amortised over the whole expected life of the instrument. The present value calculation includes all fees paid or received between parties to the contract that are an integral part of the effective interest rate.

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.

f) Transaction Costs

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

g) Property, Plant and Equipment

(i) Own Assets

Property, plant and equipment (hereinafter "non-current tangible assets") are stated at cost less any subsequent accumulated depreciation and provisions (accumulated impairment losses). The cost includes all directly-attributable costs of bringing the asset into working condition for its intended use.

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	25 - 40 years
Plant and equipment	4 - 20 years
Vehicles	4 - 12 years
Fixtures and fittings	4 - 12 years

Depreciation is charged evenly on a straight-line basis.

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

h) Intangible Assets

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

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

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.

i) 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, less loss allowance.

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.

j) Inventories

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

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

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

A loss allowance is created for slow moving and obsolete inventory.

k) Cash and Cash Equivalents

Cash and cash equivalents comprise cash in hand and demand deposits, 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.

l) Impairment of Non-financial Assets

At each reporting date, the Group assesses whether there is any indication that 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, but so that the increased carrying amount does not exceed the carrying amount that would have been determined had no impairment loss been recognised for the asset (cash-generating unit) in prior years. A reversal of an impairment loss is recognised immediately in the statement of profit or loss and other comprehensive income.

m) Dividends

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

n) Interest-Bearing loans and Borrowings

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

o) Leases

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-of-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.

A right-of-use asset 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-of-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.

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

Depreciation of a right-of-use asset is presented in the statement of profit or loss and other comprehensive income from the beginning of the lease term to either the end of the asset's life or the end of the lease period, whichever comes first. The lease period 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	25-40 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.

p) Employee Benefit Plans obligation

(i) 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.

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

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

q) Mandatory Insurance and Social Security and Pension Schemes

The 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.

r) 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.

s) Emission Rights

Green energy subsidies are received based on the quantity of generated green energy 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.

t) Trade and Other Payables

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

u) Revenue Recognition

Revenue from contracts with customers

(i) Goods Sold and Merchandise

For sales of goods and merchandise, revenues are recognized, when control of the products has transferred, which is usually the moment when the goods are delivered to the customer to the contractually agreed location, and no significant uncertainties remain regarding the collection of consideration, associated costs and possible claims or returning of goods. Revenues are stated net of taxes and discounts. No revenue is recognised if there are significant uncertainties regarding the settlement of the consideration due, the associated costs or the possible return of goods, or the continuous involvement of the Group in managing the goods.

Other revenues

(i) 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.

(ii) Government Grants

A government grant is recognised in the statement of financial position where there is a reasonable assurance that the grant will be received and that the Group complies with the conditions attached thereto. Grants for the reimbursement are recognized as income over the period necessary to compensate for the systematic grant with the costs on which payment of the grant is intended.

v) Income Tax

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

Current tax is based on the taxable profit for the year. Taxable profit differs from profit as reported in the statement of profit or loss and other comprehensive income because it excludes items of income and expense that are taxable or deductible in another years and it further excludes items that are not taxable or deductible. The 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.

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

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

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

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 are described below. 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 from continuing operations of EUR 5,750 thousand (2022: EUR 5,819 thousand). Should the estimated full useful life of non-current tangible assets be longer by 10%, the Group would record depreciation charge of non-current tangible assets from continuing operations lower by EUR 4,705 thousand (2022: EUR 4,761 thousand).

(ii) Impact of possible changes in key assumptions

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

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

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

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

	<i>Year ended</i> <i>31 December 2023</i>
Growth intensity for the final value calculation	1%
Weighted average pre-tax interest rate	9.39%

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

Key assumptions:

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

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

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

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

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

b) Correction of errors related to previous accounting periods

- (i) *Correction of an error in the presentation of movements in assets and liabilities from cash pooling .*

According to IAS7(16) only expenditures that result in a recognised asset in the statement of financial position are eligible for classification as investing activities.

Group analysed cash pool position for each cash pool balance and summarized whether there was any part which should be presented as financing (our liability) or investing (our receivable). When there was a change in position during the year (from asset to liability) this was split into investing resp. financing part accordingly.

Error did not have impact on prior year Consolidated Statement of Profit or Loss and Other Comprehensive Income and Consolidated Statement of Financial Position and therefore third statement of financial position is not presented.

The error has been corrected in accordance with IAS 8, paragraph 42, by restating each of the affected financial statement line items for the prior periods as follows:

<i>Consolidated Statement of Cash Flows (EUR'000) (extract)</i>	<i>31 December 2022 (original)</i>	<i>restatement</i>	<i>31 December 2022 (restated)</i>
Investing activities			
Proceeds from liabilities from cash pooling	27,005	(27,005)	-
Cash flows on investing activities, net	(63,850)	(27,005)	(90,855)
Financing activities			
Proceeds from liabilities from cash pooling*	-	27,005	27,005
Cash flows from financing activities, net	(45,052)	27,005	(18,047)

* The activity is presented in line Cash flows (used in)/from financing activities, net - discontinued operations since its the part of discontinued operations.

5. REVENUES

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

<i>(EUR'000)</i>	<i>Year Ended 31 December 2023</i>	<i>Year Ended 31 December 2022</i>
Revenue from contracts with customers		
Revenues from the sale of group's main activity products	674,967	852,708
Revenues from the sale of group's secondary activities products	16,838	19,168
Revenues from services	3,779	3,547
Total revenue from contracts with customers	695,584	875,423
Other revenues		
Revenues from green energy sales and CO2 emissions	21,451	5,190
Total other revenues	21,451	5,190
Total	717,035	880,613

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

The decrease in revenue from the sale of production from the main activities compared to the previous year was caused mainly by a significant decrease in prices, especially office paper and packaging paper prices from Paper Machine 19.

The total amount of paper sold was approximately 8% lower compared to last year, the share of office paper in the total quantity sold was 64% in both years, packaging paper from Paper Machine 1 accounted for 7% of total sales, packaging paper from the new Paper Machine 19 accounted for 29% of total sales.

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

<i>(EUR'000)</i>	<i>Year Ended 31 December 2023</i>	<i>Year Ended 31 December 2022</i>
Office paper	460,831	578,296
Packaging paper – PS19	126,569	185,985
Packaging paper– PS1	58,880	69,157
Pulp	28,687	19,270
Total	674,967	852,708

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

Analysis of revenues from contracts with customers from production sales from principal and secondary 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 point in time, typically when the goods are delivered to a contractually agreed location. Customer payment terms do not include significant financial components.

Transport revenue

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

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

Revenues from contracts with customers outside the Mondi Group by country and region (except revenues from services):

<i>(EUR'000)</i>	<i>Year Ended 31 December 2023</i>	<i>Year Ended 31 December 2022</i>
Slovakia	36,489	53,189
Eastern Europe	22,670	11,025
Western Europe	7,433	4,864
Asia, Australia	26	-
Total	66,618	69,078

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

<i>(EUR'000)</i>	<i>Year Ended 31 December 2023</i>	<i>Year Ended 31 December 2022</i>
Pulp	27,405	14,335
Paper	22,632	36,671
Revenues from the sales of production from the principal activities of the Group	50,037	51,006
Energy	10,448	9,794
Wood	3,739	5,191
Paper for recycling	650	513
Other	1,744	2,574
Revenues from the sales of production from the secondary activities of the Group	16,581	18,072
Total	66,618	69,078

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

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

None of the external customers had sales of more than 10% of total external sales in any one year.

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

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

<i>(EUR'000)</i>	<i>Year Ended 31 December 2023</i>	<i>Year Ended 31 December 2022</i>
Paper	623,648	796,767
Pulp	1,282	4,935
Revenues from the sales of production from the principal activities of the Group	624,930	801,702
Other	257	1,096
Revenues from the sales of production from the secondary activities of the Group	257	1,096
Total	625,187	802,798

6. RAW MATERIALS AND CONSUMABLES

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

<i>(EUR'000)</i>	<i>Year Ended 31 December 2023</i>	<i>Year Ended 31 December 2022</i>
Raw materials, direct and auxiliary materials (wood, pulp, chemicals, others)	352,006	354,178
Energy	62,488	145,981
Maintenance, felts and screens	46,974	40,614
Packaging	12,829	14,267
Other (operating overhead, water, manufacturing services, other)	18,753	20,409
Total	493,050	575,449

7. CONSUMPTION OF OTHER SERVICES

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

<i>(EUR'000)</i>	<i>Year Ended 31 December 2023</i>	<i>Year Ended 31 December 2022</i>
Management and marketing services	7,195	5,466
Insurance	5,464	4,341
IT and telecommunication services	4,350	2,856
Legal, advisory and auditing services	4,056	3,888
Hire of employees, contractor costs, outsourcing	3,988	4,285
Care of non-productive objects, heating	2,237	1,566
Safety and health at work	1,827	1,695
Other selling expenses	1,436	2,450
Personnel services, travel expenses	870	716
Advertising costs	818	888
Services connected with the liquidation of long-term assets	769	810
Cleaning of technological equipment	627	684
Taxes and fees	552	561
Maintenance of roads, communications and green spaces	434	343
Low value and short term leases	419	859
Transport of third parties	248	258
Other	2,739	1,871
Total	38,029	33,537

Legal, advisory and auditing services contain fees paid to the auditor in the amount of EUR 124 thousand (2022: EUR 227 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 2023</i>	<i>Year Ended 31 December 2022</i>
Wages	38,401	38,240
Social expenses and other personal expenses	14,643	14,319
Total	53,044	52,559

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>Year Ended 31 December 2023</i>	<i>Year Ended 31 December 2022</i>
Proceeds on sale of property, plant and equipment	18	60
Proceeds from insurance claims	10	145
Other	9	344
Total	37	549

10. FINANCE INCOME AND FINANCE COSTS

Analysis of finance income of the Group for the period:

<i>Finance income</i>	<i>Year Ended 31 December 2023</i>	<i>Year Ended 31 December 2022</i>
Interest income	1,160	405
Total finance income	1,160	405

Analysis of finance costs of the Group for the period:

<i>Finance costs</i>	<i>Year Ended 31 December 2023</i>	<i>Year Ended 31 December 2022</i>
Interest expense	1,701	958
Total finance costs	1,701	958

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

11. INCOME TAX

Group's income tax analysis for:

<i>(EUR'000)</i>	<i>Note</i>	<i>Year Ended 31 December 2023</i>	<i>Year Ended 31 December 2022</i>
Current tax		546	9,042
Deferred tax	23	877	6,132
Income tax for the year		1,423	15,174

The current income tax was calculated on the taxable profit at 21% rate applied in the Slovak Republic, the same as in 2022.

Deferred income tax was calculated on the taxable profit at 21% rate applied in the Slovak Republic, the same as in 2022.

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

	<i>Year Ended 31 December 2023</i>		<i>Year Ended 31 December 2022</i>	
	<i>(EUR'000)</i>	<i>%</i>	<i>(EUR'000)</i>	<i>%</i>
(Loss)/profit before tax	(42,598)		100,162	
Share of profit/(loss) of joint ventures	45		(96)	
(Loss)/profit before tax adjusted for share in profit/(loss) of joint ventures	(42,643)		100,258	
Tax calculated at the local income tax rate	(8,955)	21	21,054	21
Permanent differences	10,439		(140)	
Tax relief	-		(5,496)	
Accruals and other differences	(61)		(244)	
Income tax and effective tax rate	1,423	(3,3)	15,174	15.1

As part of the reconciliation of total tax with accounting profit for 2023, in permanent differences the Group reported impact of loss on sale of Austrian companies in tax amount of EUR 10,326 thousand.

In 2022, the Group applied income tax relief of EUR 5,496 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. In 2023, the claim for tax relief provisionally failed as the parent company reported a tax loss.

The final tax relief for 2023 will be calculated in the preparation of the parent company's tax return for 2023.

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

Analysis of current tax receivable/(liability):

<i>(EUR'000)</i>	<i>Year Ended</i> <i>31 December 2023</i>	<i>Year Ended</i> <i>31 December 2022</i>
As at 1 January	(8,066)	(1,017)
Discontinued operations	754	43
Payment of commitment from previous year	7,667	595
Current year's expense	(101)	(14,165)
Last year's expense	(356)	(372)
Advances paid for the current year	1,011	1,356
Withholding tax	(89)	(1)
Tax relief	-	5,495
As at 31 December	820	(8,066)

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

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

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

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

12. INTANGIBLE ASSETS

Analysis of the Group's intangible assets for the year ended 31 December 2023:

<i>(EUR'000)</i>	<i>Goodwill</i>	<i>Software</i>	<i>Assets acquired</i>	<i>Total</i>
Cost				
As at 1 January 2023	512	25,368	95	25,975
Additions	-	-	463	463
Transfers	-	301	(214)	87
Disposals	-	(142)	-	(142)
Reclassification	-	14	(157)	(143)
Discontinued operations	-	(15,672)	-	(15,672)
As at 31 December 2023	512	9,869	187	10,568
Accumulated Amortisation and impairment				
As at 1 January 2023	310	22,999	-	23,309
Annual amortisation/Impairment charge	-	600	-	600
Disposals	-	(142)	-	(142)
Discontinued operations	-	(15,068)	-	(15,068)
As at 31 December 2023	310	8,389	-	8,699
Carrying amount				
As at 1 January 2023	202	2,369	95	2,666
As at 31 December 2023	202	1,480	187	1,869

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

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

<i>(EUR'000)</i>	<i>Goodwill</i>	<i>Software</i>	<i>Assets acquired</i>	<i>Total</i>
Cost				
As at 1 January 2022	512	24,183	25	24,720
Additions	-	-	945	945
Transfers	-	1,020	(867)	153
Disposals	-	(65)	-	(65)
Reclassification	-	-	(8)	(8)
Discontinued operations	-	230	-	230
As at 31 December 2022	512	25,368	95	25,975
Accumulated Amortisation and impairment				
As at 1 January 2022	169	22,464	-	22,633
Annual amortisation/impairment charge	141	499	-	640
Disposals	-	(65)	-	(65)
Discontinued operations	-	101	-	101
As at 31 December 2022	310	22,999	-	23,309
Carrying amount				
As at 1 January 2022	343	1,719	25	2,087
As at 31 December 2022	202	2,369	95	2,666

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

The software has a finite useful life during which it is amortised. The software is amortised over a period of four years.

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

13. PROPERTY, PLANT AND EQUIPMENT

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

<i>(EUR'000)</i>	<i>Land and Buildings</i>	<i>Machines and Equipment</i>	<i>Assets acquired and Advance Payments</i>	<i>Other Non- Current Tangible Assets</i>	<i>Total</i>
Cost					
As at 1 January 2023	452,150	1,702,691	20,143	62,592	2,237,576
Additions	-	-	31,771	-	31,771
Disposals	(382)	(35,056)	-	(86)	(35,524)
Transfers	3,690	22,494	(26,438)	167	(87)
Reclassification	(1,083)	1,240	(14)	-	143
Discontinued operations	(122,887)	(356,534)	(774)	(43,439)	(523,634)
As at 31 December 2023	331,488	1,334,835	24,688	19,234	1,710,245
Accumulated depreciation and impairment					
As at 1 January 2023	230,712	1,244,666	-	49,984	1,525,362
Annual depreciation charge	8,930	42,598	-	883	52,411
Disposals	(382)	(35,056)	-	(86)	(35,524)
Reclassification	(14)	14	-	-	-
Discontinued operations	(92,257)	(340,483)	-	(38,300)	(471,040)
As at 31 December 2023	146,989	911,739	-	12,481	1,071,209
Carrying amount					
As at 1 January 2023	221,438	458,025	20,143	12,608	712,214
As at 31 December 2023	184,499	423,096	24,688	6,753	639,036

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

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).

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

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

<i>(EUR'000)</i>	<i>Land and Buildings</i>	<i>Machines and Equipment</i>	<i>Assets acquired and Advance Payments</i>	<i>Other Non- Current Tangible Assets</i>	<i>Total</i>
Cost					
As at 1 January 2022	446,403	1,692,151	17,412	62,749	2,218,715
Additions	-	-	21,234	-	21,234
Disposals	(177)	(3,566)	-	(832)	(4,575)
Transfers	5,964	12,049	(18,323)	157	(153)
Reclassification	-	8	-	-	8
Discontinued operations	(40)	2,049	(180)	518	2,347
As at 31 December 2022	452,150	1,702,691	20,143	62,592	2,237,576
Accumulated depreciation and impairment					
As at 1 January 2022	220,979	1,204,776	-	49,367	1,475,122
Annual depreciation charge	8,754	42,500	-	936	52,190
Disposals	(177)	(3,564)	-	(830)	(4,571)
Discontinued operations	1,156	954	-	511	2,621
As at 31 December 2022	230,712	1,244,666	-	49,984	1,525,362
Carrying amount					
As at 1 January 2022	225,424	487,375	17,412	13,382	743,593
As at 31 December 2022	221,438	458,025	20,143	12,608	712,214

14. SUBSIDIARIES

Overview of the Group's subsidiaries as at 31 December 2023:

<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 (inactive company)	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
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

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

<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 (inactive company)	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

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

Discontinued operations

(i) description

As at 27 February 2023, the Group has sold its interests in two Austrian companies, Mondi Neusiedler GmbH and Ybbstaler Zellstoff GmbH. The sale was carried out within the Mondi Group, prior to the sale the parent company made an additional cash contribution to the equity of Mondi Neusiedler GmbH in the amount of EUR 30,600 thousand.

Both subsidiaries are presented as discontinued operations. The financial information relating to the discontinued operations at the date of sale is set out below.

(ii) financial performance indicators

Analysis of the performance of discontinued operations over the period:

<i>(EUR'000)</i>	<i>Year ended 31 December 2023</i>	<i>Year ended 31 December 2022</i>
Income	48,647	371,338
Expense	(51,758)	(369,667)
(Loss)/profit before taxation	(3,111)	1,671
Income tax expense	(12)	(925)
Net (loss)/profit	(3,123)	746
Consolidation adjustments – unrealized profit elimination, net	78	91
Loss on sale of subsidiaries	(46,164)	-
(Loss)/profit from discontinued operations	(49,209)	837
Actuarial loss on provisions for long-term employee benefits	5	2,838
Other comprehensive income	5	2,838
Comprehensive income/(expense) from discontinued operations, after tax	(49,204)	3,675

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

(iii) details of the sale of subsidiaries

Analysis of the result on the sale of discontinued operations for the period:

<i>(EUR'000)</i>	<i>31 December 2023</i>	<i>31 December 2022</i>
Reimbursement received	-	-
Carrying amount of net assets sold	46,164	-
Profit/(Loss) from sale of discontinued operations	(46,164)	-
Income tax on the sale of discontinued operations	-	-
Net profit/(loss) loss from the sale of discontinued operations	(46,164)	-

Analysis of the carrying value of the net assets of the discontinued operations at the date of sale 27 February 2023:

<i>(EUR'000)</i>	<i>27 February 2023</i>
Non-current assets	53,534
Current assets	106,829
hereof: cash and cash equivalents	2
Total assets	160,363
Non-current liabilities	42,789
Current liabilities	71,410
Total liabilities	114,199
Net assets	46,164

15. INVESTMENTS IN JOINT VENTURES

Overview of the Group's joint ventures as at 31 December 2023:

<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 (EUR'000)</i>	
					<i>2023</i>	<i>2022</i>
RECOPAP, s. r. o.	Bratislavská 18, Zohor	Sorting and pressing of waste paper	50	50	220	177
East Paper, s. r. o.	Rastislavova 98, Košice	Waste management business	51	50	165	164

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

During the year ended 31 December 2023, 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>	<i>31 December 2023</i>	<i>31 December 2022</i>
Raw materials, consumables and spare parts	45,476	82,403
Finished goods	14,249	35,220
Work in progress and semi-finished goods	7,377	48,214
Merchandise	64	1,263
Total	67,166	167,100

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

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

As at 31 December 2023, the Group recorded loss allowance in the amount of EUR 20,553 thousand (2022: EUR 31,512 thousand) for obsolete and slow-moving inventory based on testing 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.

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

Movements in the loss allowance for inventories:

<i>(EUR'000)</i>	<i>Year ended 31 December 2023</i>	<i>Year ended 31 December 2022</i>
As at 1 January	31,512	27,152
Charge	1,830	3,468
Use and release	(540)	(226)
Discontinued operations	(12,249)	1,118
As at 31 December	20,553	31,512

17. TRADE AND OTHER RECEIVABLES

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

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

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

<i>(EUR'000)</i>	<i>31 December 2023</i>	<i>31 December 2022</i>
Receivables from the sale of goods and services	82,075	106,649
Non-income tax receivables	7,800	20,215
Advances provided	2,832	7,514
Other receivables	322	803
Total	94,029	135,181

The Group created a loss allowance for estimated irrecoverable receivables from the sale of goods and other receivables in the amount of EUR 155 thousand (2022: EUR 148 thousand).

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

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

<i>(EUR'000)</i>	<i>31 December 2023</i>	<i>31 December 2022</i>
Within maturity	93,967	134,882
Overdue	207	454
Total	94,174	135,336

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

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

No collateral or other forms of security were received by the Group in respect of its receivables. Risk of no collection 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.

<i>(EUR'000)</i>	<i>31 December 2023</i>	<i>31 December 2022</i>
Cash and cash equivalents	25,975	5,239
Total	25,975	5,239

19. SHARE CAPITAL

Share capital was issued in the form of bearer shares. As at 31 December 2023 and 2022, the total number of issued shares was 4,635,034 and the nominal value per share was EUR 33.193919. All of the Company's shares were paid. None of the Company's shares are quoted on the stock exchange.

20. OTHER COMPONENTS OF EQUITY

The other components of equity as at 31 December 2023 consisted of capital reserves funds (non-distributable) and other capital reserves (distributable).

Analysis of capital reserves funds (non-distributable):

<i>(EUR'000)</i>	<i>31 December 2023</i>	<i>31 December 2022</i>
Legal reserve fund	48,330	48,330
Statutory funds	36,152	36,152
Other contributions not increasing the share capital	3,068	3,068
Other funds within capital funds	1,861	1,861
As at 31 December	89,411	89,411

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

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

Analysis of other capital reserves (distributable):

<i>(EUR'000)</i>	<i>31 December 2023</i>	<i>31 December 2022</i>
Employee benefit funds	106	(428)
Difference arising on acquisition of Austrian companies	-	6,425
Investment held for sale revaluation reserve	-	(276)
Other funds within capital funds	-	(4)
As at 31 December	106	5,717

Employee benefit funds within other capital reserves increased on amount EUR 14 thousand, net.

Other capital reserves from discontinued operations amounted EUR (5,625) thousand were reclassified from other capital reserves to profit and loss reserve on the sale of discontinued operations (see note 14). From this amount EUR (6,425) thousand represents the difference on the acquisition of Mondi Neusiedler and Ybbstaler Zellstoff posted to other capital reserves on acquisition date as this acquisition was the transaction under common control. By reason of sale this difference was reclassified to profit and loss reserve what is in line with the Group accounting policy.

21. EMPLOYEE BENEFIT PLANS

The Group operates defined benefit pension plans such as retirement benefits for all its employees.

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 2023 and 31 December 2022, this plan applied to all Group employees.

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

Other long-term employee benefits obligation

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

Neither as at 31 December 2023 nor as at 31 December 2022, employees of 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 retirement payment and other long-term employee benefits based on an actuarial valuation.

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

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

Investment risk (Asset volatility)

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

Interest risk

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

Longevity risk

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

Salary risk

The present value of 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 2023

(EUR '000)	<i>Pension Benefits</i>	<i>Retirement Payment & Jubilee Benefit</i>	<i>Total</i>
Less than a year	-	90	90
Between one and two years	-	93	93
Between two to five years	-	315	315
After five years	-	5,750	5,750
Total	-	6,248	6,248

31 December 2022

(EUR '000)	<i>Pension Benefits</i>	<i>Retirement Payment & Jubilee Benefit</i>	<i>Total</i>
Less than a year	142	2,390	2,532
Between one and two years	217	685	902
Between two to five years	528	4,744	5,272
After five years	826	17,922	18,748
Total	1,713	25,741	27,454

The average duration of defined employee benefits liabilities is 15 years (2022: 15 years).

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

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

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 2024 are EUR 88 thousand.

Amounts recognised in the consolidated statement of financial position:

<i>(EUR'000)</i>	31 December 2023	31 December 2022
Total employee benefits assets	-	-
<hr/>		
<i>(EUR'000)</i>	31 December 2023	31 December 2022
Pension benefits	-	2,305
Entitlement to lump-sum payment upon retirement	1,875	15,043
Payable from other non-current employee benefits	1,857	5,353
Total employee benefits liabilities	3,732	22,701

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

<i>(EUR'000)</i>	31 December 2023			31 December 2022		
	Austria	Slovakia	Total	Austria	Slovakia	Total
Pension benefits	-	-	-	2,305	-	2,305
Entitlement to lump-sum severance payment upon retirement	-	1,875	1,875	13,299	1,744	15,043
Payable from other non-current employee benefits	-	1,857	1,857	3,305	2,048	5,353
Total	-	3,732	3,732	18,909	3,792	22,701

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:

<i>(EUR'000)</i>	Plan Liabilities		Plan Assets		Net Liability	
	2023	2022	2023	2022	2023	2022
As at 1 January	22,701	29,053	-	-	22,701	29,053
Included in the statement of profit or loss						
Current service costs	246	124	-	-	246	124
Interests	117	31	-	-	117	31
Paid benefits	(112)	(289)	-	-	(112)	(289)
Cancellation of provisions	(301)	(10)	-	-	(301)	(10)
Included in the other comprehensive income						
Revaluation gains/(losses)	(10)	(478)	-	-	(10)	(478)
Discontinued operations	(18,909)	(5,730)	-	-	(18,909)	(5,730)
As at 31 December	3,732	22,701	-	-	3,732	22,701

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

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

Key actuarial assumptions:

	<i>Year ended 31 December 2023</i>	<i>Year ended 31 December 2022</i>
Real discount rate p. a.	3.7%	3%
Inflation	2.8%	2.2% - 3.3%
Staff turnover p.a	1.0%	1.0% - 3.1%
Retirement age, men/women	64/64	60 - 64/60 - 64
Mortality and disability table	SK2012	Pagler & Pagler
Expected growth of wages	2.3%	3.0%
Future growth of pensions	n/a	2.0%

Sensitivity analysis for the year ended 31 December 2023:

	<i>Sensitivity 1</i>	<i>The Main Assumption</i>	<i>Sensitivity 2</i>
Discount rate	2.7%	3.7%	4.7%
Net liability of defined employee benefits (without liabilities from other non-current benefits)	3,933	3,732	3,561
Inflation	1.8%	2.8%	3.8%
Net liability of defined employee benefits (without liabilities from other non-current benefits)	3,933	3,732	3,561

Sensitivity analysis for the year ended 31 December 2022:

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

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

22. BORROWINGS

Group's current loans analysis:

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

Movement of current loans from third parties:

<i>(EUR'000)</i>	<i>Year ended 31 December 2023</i>	<i>Year ended 31 December 2022</i>
As at 1 January	10,076	14,031
Loan payments	(10,076)	(7,365)
Drawdown of loans	-	3,410
Reclassification from non-current loans	6,667	-
As at 31 December	6,667	10,076

Group's non-current loans analysis:

<i>(EUR'000)</i>	<i>Note</i>	<i>31 December 2023</i>	<i>31 December 2022</i>
Long-term bank loans		13,333	20,000
Other non-current loans from related parties – discontinued operations	29	-	23,174
Total		13,333	43,174

Movement of non-current loans from third parties:

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

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

Movement of non-current loans from related parties:

<i>(EUR'000)</i>	<i>Year ended 31 December 2023</i>	<i>Year ended 31 December 2022</i>
As at 1 January	23,174	25,413
Loan payments	-	(2,814)
Interest accrued	-	575
Discontinued operations	(23,174)	-
As at 31 December	-	23,174

In 2021, the Group draw a long-term loan in UniCredit Bank Czech Republic and Slovakia, a. s. at the amount of EUR 70,000 thousand to finance the general needs of the Group. Interest rate of 6M EURIBOR + 0,29% p.a. is applied.

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

The loan agreement does not contain any covenants.

23. DEFERRED TAX ASSET AND LIABILITY

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

<i>Deferred tax asset</i>	<i>Difference in NBV of Non- current Assets</i>	<i>Difference in provisions, valuation allowances and other temporary differences</i>	<i>Tax Loss</i>	<i>Total</i>
As at 1 January 2023	-	220	60	280
Recognised in the profit or loss	-	77	(6)	71
Recognised in equity	-	1	-	1
Discontinued operations	-	(26)	-	(26)
As at 31 December 2023	-	272	54	326

<i>Deferred tax liability</i>	<i>Difference in NBV of Non- current Assets</i>	<i>Difference in provisions, valuation allowances and other temporary differences</i>	<i>Tax Loss</i>	<i>Total</i>
As at 1 January 2023	47,055	(7,769)	-	39,286
Recognised in the profit or loss	5,542	(450)	(4,144)	948
Recognised in equity	-	3	-	3
Discontinued operations	(459)	158	-	(301)
As at 31 December 2023	52,138	(8,058)	(4,144)	39,936

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

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

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

<i>Deferred tax asset</i>	<i>Difference in NBV of Non-current Assets</i>	<i>Difference in provisions, valuation allowances and other temporary differences</i>	<i>Tax Loss</i>	<i>Total</i>
As at 1 January 2022	2	291	80	373
Recognised in the profit or loss	(3)	(36)	(20)	(59)
Recognised in equity	-	(5)	-	(5)
Discontinued operations	1	(30)	-	(29)
As at 31 December 2022	-	220	60	280

<i>Deferred tax liability</i>	<i>Difference in NBV of Non-current Assets</i>	<i>Difference in provisions, valuation allowances and other temporary differences</i>	<i>Tax Loss</i>	<i>Total</i>
As at 1 January 2022	40,281	(7,290)	-	32,991
Recognised in the profit or loss	6,718	(645)	-	6,073
Recognised in equity	-	95	-	95
Discontinued operations	56	71	-	127
As at 31 December 2022	47,055	(7,769)	-	39,286

Deferred tax assets ageing structure:

<i>(EUR'000)</i>	<i>31 December 2023</i>	<i>31 December 2022</i>
- over 12 months	326	280
Total	326	280

Deferred tax liabilities ageing structure:

<i>(EUR'000)</i>	<i>31 December 2023</i>	<i>31 December 2022</i>
- over 12 months	52,138	47,055
- due within 12 months	(12,202)	(7,769)
Total	39,936	39,286

24. PROVISIONS

Movement of a non-current provisions for current reporting period:

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

Movement of a non-current provisions for previous reporting period:

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

In 2022, the use of the non-current provision for the restoration of the landfill represented the rehabilitation of costs for monitoring the first and second stages of the landfill in the amount of EUR 35 thousand.

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

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

The provision balance for the first stage of the landfill is EUR 15 thousand, this has been closed and is being used to reimburse the costs associated with its monitoring.

The second stage of the landfill, that has a balance of EUR 996 thousand, was scheduled to close by the end of 2017 and its restoration started in 2018 and still remains. The provision was calculated using a discount rate of 8% and an average annual inflation of 4.4%.

The third stage of the landfill, for which the provision of EUR 1,523 thousand is created, was initially planned to close by the end of 2025, a new assumption for its closure is the first half of 2024. The provision was calculated using a discount rate of 6.97% and an average annual inflation of 1.4%.

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

Movements of current provisions:

<i>(EUR'000)</i>	<i>Provision for claims</i>	<i>Current Provisions</i>
As at 1 January 2023	573	573
Discontinued operations	(573)	(573)
As at 31 December 2023	-	-

<i>(EUR'000)</i>	<i>Provision for claims</i>	<i>Current Provisions</i>
As at 1 January 2022	790	790
Discontinued operations	(217)	(217)
As at 31 December 2022	573	573

25. TRADE AND OTHER PAYABLES

Overview of trade and other payables:

<i>(EUR'000)</i>	<i>31 December 2023</i>	<i>31 December 2022</i>
Trade payables	121,651	213,533
Trade payables of an investment nature	8,045	7,161
Other payables	11,648	21,757
Total	141,344	242,451

Breakdown of trade payables by maturity:

<i>Item</i>	<i>Within Maturity Period</i>	<i>Retentive</i>	<i>Maturity Within 365 Days Overdue</i>	<i>Over 365 Days Overdue</i>	<i>Total</i>
As at 31 December 2023					
Trade payables (including CAPEX trade payables)	118,292	4,479	6,925	-	129,696
As at 31 December 2022					
Trade payables (including CAPEX trade payables)	203,791	4,290	12,108	505	220,694

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

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

Other current payables comprise the following items:

<i>(EUR'000)</i>	<i>31 December 2023</i>	<i>31 December 2022</i>
Payables to employees, from social security insurance and other taxes	8,487	18,767
Accrued liabilities	2,895	2,649
Social fund	203	260
Other	63	81
Total	11,648	21,757

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

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

<i>(EUR'000)</i>	<i>31 December 2023</i>	<i>31 December 2022</i>
Government grants – discontinued operations	-	313
Total	-	313

26. LEASES

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

The main rental conditions are listed below:

Lease contracts are generally concluded for fixed period; machinery and equipment for 4 to 15 years; land for a longer period of 30 years or more. The rental terms are agreed on an individual basis and include fixed payment terms; when the lease payment is usually agreed for a current period for machinery and equipment on monthly basis, for land it is a longer period. Leases do not contain components that are not related to the lease of an asset with a right-of-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.

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

The most significant lease agreement is the agreement concluded between the parent company Mondi SCP, a. s., and Linde GAS, k. s., for the supply of oxygen and ozone, which also includes the lease of equipment for the production of compressed oxygen and ozone. The rental period is agreed for 15 years from 2019, after the end of the rental period the equipment remains the property of the lessor, the contract does not include an option to purchase the leased object after the end of the rental period. Fixed monthly payments for the media are agreed, which also include rental payments and also fixed monthly payments for maintenance, which are not part of the lease obligations.

Right-of-use assets

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

<i>(EUR'000)</i>	<i>Land and Buildings</i>	<i>Machinery and Equipment</i>	<i>Other Tangible Fixed Assets</i>	<i>Total</i>
Cost				
As at 1 January 2023	133	33,470	4,391	37,994
Additions	22	497	2,527	3,046
Modification and cancellation of lease agreements	-	(221)	(2,903)	(3,124)
Discontinued operations	-	(1,609)	(69)	(1,678)
As at 31 December 2023	155	32,137	3,946	36,238
Accumulated depreciation and impairment				
As at 1 January 2023	55	8,316	1,119	9,490
Annual depreciation	34	2,233	915	3,182
Modification and cancellation of lease agreements	-	(221)	(777)	(998)
Discontinued operations	-	(1,220)	(11)	(1,231)
As at 31 December 2023	89	9,108	1,246	10,443
Carrying amount				
As at 1 January 2023	78	25,154	3,272	28,504
As at 31 December 2023	66	23,029	2,700	25,795

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

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

<i>(EUR'000)</i>	<i>Land and Buildings</i>	<i>Machinery and Equipment</i>	<i>Other Tangible Fixed Assets</i>	<i>Total</i>
Cost				
As at 1 January 2022	204	32,962	1,509	34,675
Additions	-	227	3,173	3,400
Modification and cancellation of lease agreements	(71)	-	(359)	(430)
Discontinued operations	-	281	68	349
As at 31 December 2022	133	33,470	4,391	37,994
Accumulated depreciation and impairment				
As at 1 January 2022	40	6,155	826	7,021
Annual depreciation	42	2,190	609	2,841
Modification and cancellation of lease agreements	(27)	-	(326)	(353)
Discontinued operations	-	(29)	10	(19)
As at 31 December 2022	55	8,316	1,119	9,490
Carrying amount				
As at 1 January 2022	164	26,807	683	27,654
As at 31 December 2022	78	25,154	3,272	28,504

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

In 2023, additions to assets with a right-of-use amounted to EUR 3,046 thousand (in 2022: EUR 3,400 thousand). The most significant additions were mobile boiler room rentals, land rentals, and automobiles.

Lease liabilities

Analysis of maturity of undiscounted lease liabilities:

<i>(EUR'000)</i>	<i>31 December 2023</i>	<i>31 December 2022</i>
Less than a year	3,067	3,390
Between one and five years	10,424	10,825
After five years	11,825	13,952
Total	25,316	28,167

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

Lease liabilities by residual maturity:

<i>(EUR'000)</i>	<i>31 December 2023</i>	<i>31 December 2022</i>
Current liabilities	2,397	2,570
Non-current liabilities	19,448	21,415
Total	21,845	23,985

The total lease payments for 2023 amounted to EUR 2,581 thousand (in 2022: EUR 2,416 thousand).

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

<i>(EUR'000)</i>	<i>Year ended 31 December 2023</i>	<i>Year ended 31 December 2022</i>
Annual depreciation and impairment	(3,182)	(2,841)
Interest on lease liabilities	(676)	(668)
Low value and short-term leases	(419)	(859)
Proceeds from derecognised leased asset	2,144	77
Modification and cancellation of lease agreements	(2,127)	(76)
Discontinued operations	(101)	(529)
Total	(4,361)	(4,896)

27. CAPITAL RISK MANAGEMENT

The Company manages its capital with the aim to ensure that it is able to continue on a going concern basis as a healthy business to achieve the maximum return for the shareholders by optimising the ratio between external and own funds.

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

<i>(EUR'000)</i>	<i>31 December 2023</i>	<i>31 December 2022</i>
Debt (i)	41,845	125,991
Cash and cash equivalent and Assets from Cash pooling	67,850	107,121
Net debt	(26,005)	18,870
Equity	668,321	712,366
Net debt to equity ratio	(4%)	3%

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

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

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. There are no targets regarding dividend pay-outs.

28. FINANCIAL RISK MANAGEMENT

Financial assets

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

<i>(EUR'000)</i>	<i>Financial assets at FVTPL</i>	<i>Financial assets at Amortised Cost</i>
31 December 2023		
Receivables (including assets from cash pooling)	-	135,904
Long-term loans granted	-	295
Cash and cash equivalents	-	25,975
Financial assets	-	162,174

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

<i>(EUR'000)</i>	<i>Financial assets at FVTPL</i>	<i>Financial assets at Amortised Cost</i>
31 December 2022		
Receivables (including assets from cash pooling)	-	237,352
Other non-current financial assets	145	-
Long-term loans granted	-	295
Cash and cash equivalents	-	5,239
Financial assets	145	242,886

Group's non-current financial assets movements analysis:

Other non-current financial assets as at 31 December 2022 represented long-term realizable securities in the Austrian subsidiary Mondi Neusiedler, GmbH.

In 2022, an impairment charge of EUR 598 thousand was recorded against non-current financial assets, while a substantial part was subsequently sold, the proceeds from the sale amounting to EUR 3,666 thousand. No profit or loss was realised on the sale.

<i>(EUR'000)</i>	<i>Year ended 31 December 2023</i>	<i>Year ended 31 December 2022</i>
As at 1 January	145	4,409
Discontinued operations	(145)	(4,624)
As at 31 December	-	145

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

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

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

<i>(EUR'000)</i>	<i>Year ended 31 December 2023</i>	<i>Year ended 31 December 2022</i>
Gains/(losses) from discontinued operations recognized in the statement of profit of loss	(145)	(598)
Interest on a long-term loan from discontinued operations	18	23
Total	(127)	(575)

Financial liabilities:

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

<i>(EUR'000)</i>	<i>Financial liabilities at FVTPL</i>	<i>Financial liabilities at Amortised Cost</i>
31 December 2023		
Trade payables (including CAPEX payables)	-	129,695
Borrowings	-	20,000
Lease liabilities	-	21,845
Financial liabilities	-	171,450

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 2022		
Liabilities from financial derivatives	6	-
Trade payables (including CAPEX payables)	-	220,695
Borrowings	-	53,250
Liabilities from cash pooling	-	48,756
Lease liabilities	-	23,985
Other financial liabilities	-	313
Financial liabilities	6	346,999

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.

The use of financial derivatives is governed by the Group's policies and approved by the Group's Board of Directors, which provide written principles on foreign exchange risk, interest rate risk, credit risk, the use of derivative financial and non-financial instruments, and the investment of excess liquidity.

The Group is not involved in trading with financial instruments and it does not use derivative financial instruments for speculative purposes.

Market Risk

Market risk includes interest rate risk and exchange rate risk.

• **Interest Rate Risk**

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

Interest Rate Sensitivity

The Group did not draw a current and non-current loan from related parties as well as bank loans and was exposed to only immaterial interest rate risk during 2022. Therefore, no sensitivity analysis was performed. As at 31 December 2023, 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 2023, 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. Considering 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 analyse, 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.

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

Analysis of receivables:

<i>(EUR'000)</i>	<i>31 December 2023</i>	<i>31 December 2022</i>
Receivables due – gross carrying amount	82,367	106,006
Receivables overdue – gross carrying amount	207	470
<i>of which less 30 days overdue</i>	15	65
<i>of which over 30 days overdue</i>	192	389
Loss allowance	145	155
Total trade receivables (Note 17)	82,719	106,321

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

<i>(EUR'000)</i>	<i>31 December 2023</i>	<i>31 December 2022</i>
Total external trade receivables	4,024	8,709
Insured receivables	(3,373)	(8,364)
Total unsecured external trade receivables	651	345

Analysis of bank accounts by rating:

<i>(EUR'000)</i>	<i>31 December 2023</i>	<i>31 December 2022</i>
Baa3 (Moody's)	25,975	5,239
Total	25,975	5,239

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.

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

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>	<i>Weighted Average Effective Interest Rate</i>	<i>Up to 1 Month</i>	<i>1-3 Months</i>	<i>3 Months – 1 year</i>	<i>1-5 years</i>	<i>5 Years and More</i>	<i>Total</i>
31 December 2023							
Interest-free		98,834	-	29,921	941	-	129,696
Floating interest rate instruments		-	-	3,067	10,424	11,825	25,316
Floating interest rate instruments	6M EURIBOR + 0.29%	-	-	6,667	13,333	-	20,000
Total		98,834	-	39,655	24,698	11,825	175,012

<i>(EUR'000)</i>	<i>Weighted Average Effective Interest Rate</i>	<i>Up to 1 Month</i>	<i>1-3 Months</i>	<i>3 Months – 1 year</i>	<i>1-5 years</i>	<i>5 Years and More</i>	<i>Total</i>
31 December 2022							
Interest-free		176,384	295	42,008	2,007	-	220,694
Floating interest rate instruments	€ STR + 0.65%	-	-	48,756	23,174	-	71,930
Floating interest rate instruments		-	-	3,390	10,825	13,952	28,167
Floating interest rate instruments	6M EURIBOR + 0.29%	-	-	6,666	20,000	-	26,666
Floating interest rate instruments	€ STR + 0.40% p. a.	3,410	-	-	-	-	3,410
Total		179,794	295	100,820	56,006	13,952	350,867

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

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

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

29. RELATED PARTY TRANSACTIONS

a) Shareholders Structure

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

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

b) Business and Other Transactions

During the year 2023, 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 2023 /As at 31 December 2023</i>			
	<i>Sales of Goods and Services</i>	<i>Purchase of Goods and Services</i>	<i>Receivables</i>	<i>Payables</i>
<i>Company</i>				
Joint ventures	5	1,588	-	339
Other related parties	664,641	145,636	79,604	18,023
Total	667,646	147,224	79,604	18,362

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 2022 /As at 31 December 2022</i>			
	<i>Sales of Goods and Services</i>	<i>Purchase of Goods and Services</i>	<i>Receivables</i>	<i>Payables</i>
<i>Company</i>				
Joint ventures	6	2,901	-	75
Other related parties	1,175,166	216,779	101,151	30,638
Total	1,175,172	219,680	101,151	30,713

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

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

c) Purchase and sale of property, plant and equipment

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

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

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

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

d) Other transactions

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

<i>Company</i>	<i>Year ended 31 December 2023 /As at 31 December 2023</i>			
	<i>Interests income</i>	<i>Interests expense</i>	<i>Receivables</i>	<i>Payables</i>
Group Shareholders Investing activities	-	9	-	-
Other related parties Investing activities	696	-	42,170	-
Total	696	9	42,170	-

Other transactions with the related parties for previous reporting period:

<i>Company</i>	<i>Year ended 31 December 2022 /As at 31 December 2022</i>			
	<i>Interests income</i>	<i>Interests expense</i>	<i>Receivables</i>	<i>Payables</i>
Group Shareholders Investing activities	-	48	-	-
Other related parties Investing activities	406	181	98,644	48,756
Financing activities (Note 22)	-	575	-	23,174
Total	406	804	98,644	71,930

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

Investing activities represent the Group's cash pooling operations with assets.

Financing activities represent long-term loan related operations and the Group's cash pooling operations with liabilities. Further details are described in note 22.

Movement of cash pool liabilities from related parties:

<i>(EUR'000)</i>	<i>Year ended 31 December 2023</i>	<i>Year ended 31 December 2022</i>
As at 1 January	48,756	21,751
Interest expense	-	48
Interest paid	-	(48)
Repayments	-	(21,600)
Discontinued operations	(48,756)	48,605
As at 31 December	-	48,756

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 uncollectible 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>	<i>Year Ended 31 December 2023</i>	<i>Year Ended 31 December 2022</i>
Salaries and short-term employee benefits	1,890	1,657
Health and social insurance	472	676
Share based payments	59	34
Total	2,421	2,367

31. CONTINGENT LIABILITIES

a) *Litigation and Potential Losses*

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

c) *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 allowances to the Slovak Environmental Office to offset actual greenhouse gas emissions.

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

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 for the 2022 reporting period by 30 April 2023.

The Group received the emission rights for 2023 (reporting period) in April 2023.

c) Bank guarantees

UniCredit Bank Czech Republic and Slovakia, a. s., provided Slovwood Ružomberok, a. s., with a bank guarantee up to the amount of EUR 25,000 thousand to secure the obligations arising 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., provided Slovwood Ružomberok, a. s., with a bank guarantee up to the amount of EUR 30 thousand to secure the obligations arising from customs procedures. In the event of default of debt, 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 2023 is amounted to EUR 17,288 thousand (as at 31 December 2022: EUR 21,735 thousand).

32. POST- BALANCE SHEET EVENTS

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


MATJAŽ GORJUP

MILOSLAV ČURILLA

Prepared on:
1 March 2024

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

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

**Signature of a Member
of the Statutory Body of
the Reporting
Enterprise:**

Approved on:







Delivering
SUSTAINABLE
SOLUTIONS

About Mondi

Mondi is a global leader in packaging and paper, contributing to a better world by producing products that are sustainable by design.

We employ 22,000 people in more than 30 countries and operate an integrated business with expertise spanning the entire value chain, enabling us to offer our customers a broad range of innovative solutions for consumer and industrial end-use applications. Sustainability is at the centre of our strategy, with our ambitious commitments to 2030 focused on circular driven solutions, created by empowered people, taking action on climate.

In 2023, Mondi had revenues of €7.3 billion and underlying EBITDA of €1.2 billion. Mondi has a premium listing on the London Stock Exchange (MNDI), where the Group is a FTSE100 constituent, and also has a secondary listing on the JSE Limited (MNP).

Mondi Group owns 51% of Mondi SCP's shares. 49% of Mondi SCP's shares are owned by ECO-INVESTMENT, a private investment holding company headquartered in Prague.



More than
143 years of
PAPER MAKING
tradition in Slovakia

MONDI SCP

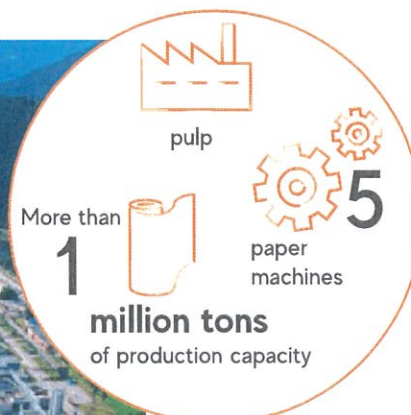
(RUŽOMBEROK)

is the largest integrated paper and pulp mill in the Slovak Republic and is also one of the largest employers in the Liptov region.

Mondi SCP is a fully integrated paper and pulp mill, producing uncoated fine paper, kraft paper (packaging grades), containerboard and market pulp.

Portfolio

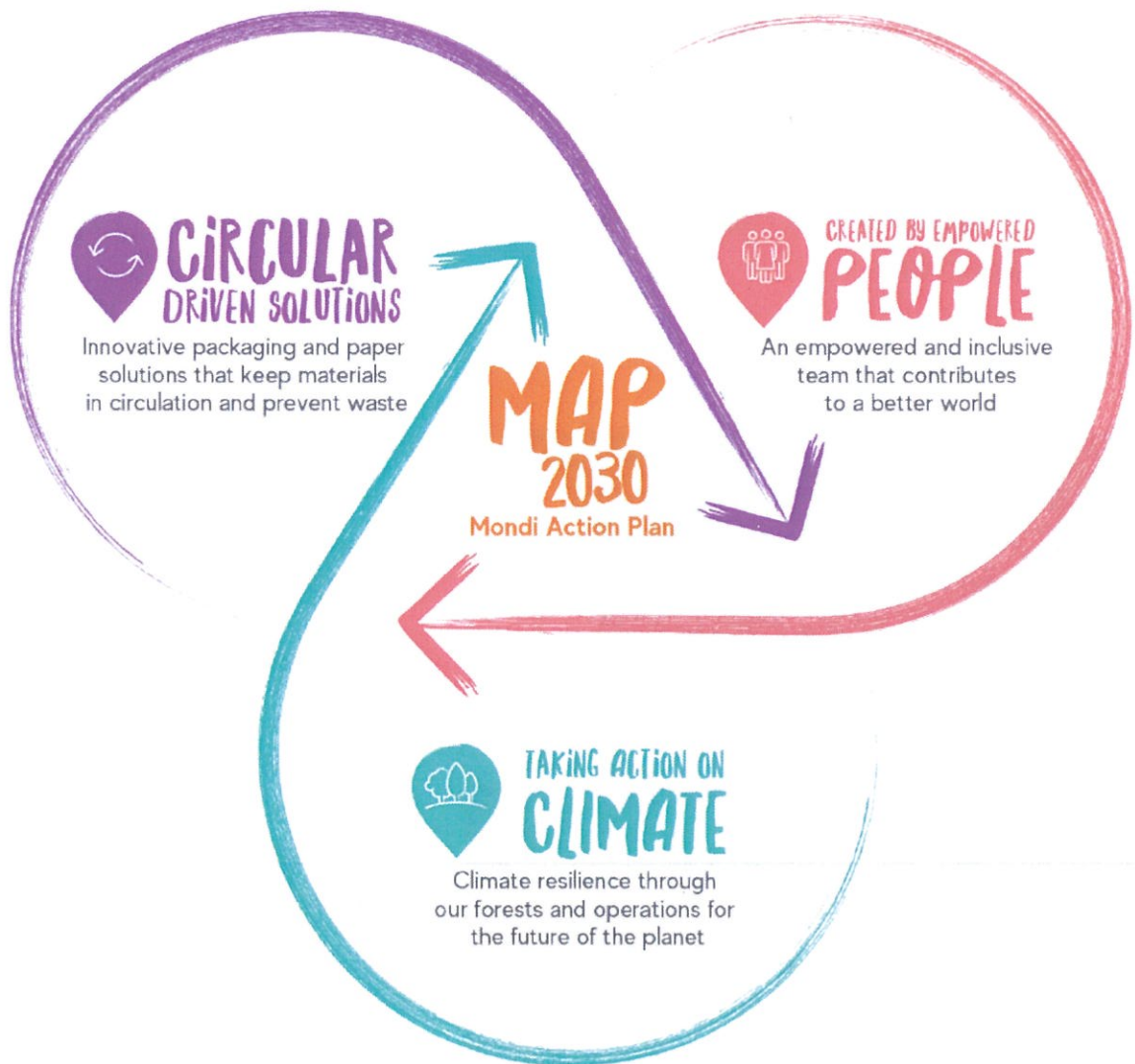
- **Uncoated fine paper grades:**
professional printing and office paper for a great variety of printing applications like digital, flexo, offset, etc.
- **Packaging grades:**
 - white, calendered kraft papers for excellent printability
 - containerboards



SUSTAINABILITY

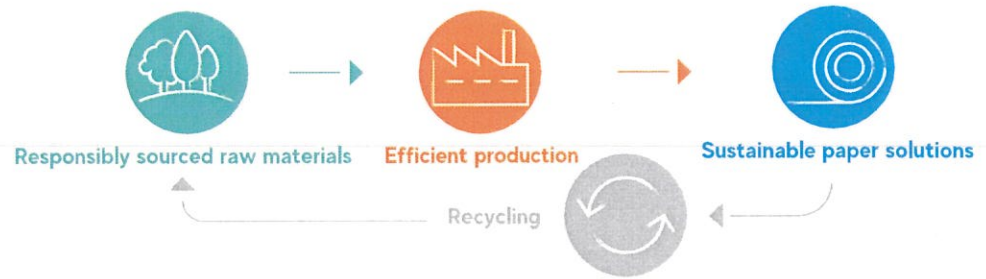
IN THE CENTRE OF OUR ATTENTION

At Mondi, we have a strong foundation of setting and delivering against sustainability targets. Our Mondi Action Plan 2030 (MAP2030) sustainability framework outlines our key commitments for the coming years. Our mill actively participates in the fulfilment of common goals.



Built on Responsible Business Practices

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



Circular driven solutions

In the area of circular driven solutions from our ambitious MAP2030 goals, we have found new possibilities for the use of waste, which until today was only deposited in a landfill, but had no further use in industry.

This includes waste such as dregs sludge and coarse fraction of ash which are now successfully used in the cement industry.

During 2023, the pulp mill brought solutions with visible results in the form of a reduction in heat and electricity consumption, which is also one of the indicators of sustainable development.

Mondi SCP has also successfully performed SURE (Sustainable Resources Verification Scheme) certification audit by the certification company Control Union Certifications Germany GmbH.



This certification system is based on the requirements of the RED II (Renewable Energy Directive) 2018/2001 (EU). Its goal is to ensure the sustainable and responsible use of biomass in the energy sector, to use energy from renewable sources and to contribute to the reduction of greenhouse gas emissions. The sustainability certificate enables Mondi SCP a.s. to comply with the requirements set in RED II.

FOCUSED ON PEOPLE

Employer of choice

Our aim is to be an employer of choice and support our people in realising their full potential. Through career opportunities, we respond to our evolving industry and society and support the growth of everyone at Mondi. Our aim is to attract, develop and retain the right people for each job position. Especially in Mondi SCP we are proud how we are working and attracting students and the young generation.





Maturity exam in Mondi SCP

Eleven chemist operator dualists have their high school exams in the mill. They spent four years diving into theory and gaining practical skills. In the first and second year, students completed their professional practice at the Polytechnical High school. In the third and fourth year, the students already started practical training in production, where assigned instructors were dedicated to them. Thanks to the rotation, the students were able to try out work at different organisational units to understand the entire pulp and paper production process.



SAFETY ALWAYS FIRST

WE TAKE CARE OF EACH OTHER

Fundamental to our culture is to take care of ourselves and each other, and provide a working environment that values safety, health and mental wellbeing.

Despite the strong safety culture, 2023 was a very challenging year for Mondi SCP in terms of number of reported safety incidents. Of the eleven incidents reported in the year, we experienced a contractor fatality. Right after the incident, we conducted an internal investigation and derived several measures such as:

1. The introduction of **"Safety Camp"** - regular bi-weekly meeting of directors where solutions to improve safety are discussed and suggested.
2. Directors visited operations and workplaces to identify what is not working from the point of view of health and safety, what rules cannot be maintained, or which does not bring us value from the OSH point of view.
3. Three working group were created focused on plant lubrication processes, truck driver safety compliance, contractor compliance and recording of violations and penalties.
4. Campaign on **MoRo moving and rotating equipment** - training conducted by foremen and execution of engagement table by foremen with the participation of managers and directors.

We successfully implemented a project within the framework of Top Risk Projects, where it was a matter of relocating the ventilation with the upper head to a position where there is better access and safe handling of the load.



Work safe.
Home safe.
Everybody, every day.

We were also actively involved in conducting audits by leaders, foremen and we fulfilled the set plan.

There was also a high level of involvement in the Guardian Angel initiative.





Our employees can report a near misses and stop dangerous behaviour. We continued to work closely with our contractors and involved them in safety inspections of workers at our workplaces.

In May 2023, Mondi SCP held its annual Making a Difference Day which is an inspiring occasion for employees to come together. Among plenty other activities we for example focused on personal actions on health and safety or environment.



CONVERSATIONS

WITH VARIOUS STAKEHOLDERS



In aim to always move forward and improve in each area, a SEAT (Socio-Economic Assessment Toolbox) was carried out at Mondi SCP. This process is a series of face-to-face, open dialogues with our stakeholders, facilitated by an independent third party. Its aim is to understand the perception and impacts of Mondi SCP - both within the company and in the region.

The meetings included 29 dedicated conversations within total 94 stakeholders included employees, neighbours, representatives of the local communities, municipal and media representatives, customers, contractors and others. A number of positive evaluations emerged from the discussions.

The following summary reflects key findings from Mondi SCP's Stakeholder Engagement Conversations. The findings have been evaluated in terms of frequency of the issues raised and severity of those issues and include both the positive sentiments as well as the concerns raised by stakeholders. Anonymity was prioritised, and conversations were transparent and positively received.

- **A stable and reliable partner** – stakeholders reflected on Mondi's long-term cooperation, timely payments and, in particular, its firm adherence to contractual agreements.
- **Support for communities** – stakeholders extended thanks to Mondi for its ongoing community investment and support in the region.

Overall positive feedback

- **Employees are professional and qualified** – this sentiment was shared by external, long-standing partners as well as employees.
- **High standards of health and safety** – Mondi's strong culture of 'safety first' (applicable to employees, contractors and visitors alike) was appreciated by all.
- **Investment in new technologies and significant environmental advancements** – Mondi's ongoing investment in mill technologies and, in particular, the resulting improvements in air quality and emissions were noted, with appreciation.



Challenges and concerns

- **Effective external and internal communication** – concern was raised at the limited proactive communication shared by the mill (both internally and externally), especially regarding ‘good news’ activities and impacts. Some stakeholders also felt that information regarding environmental topics was not easily accessible or effectively communicated.
- **Responding to industry and job market developments** – stakeholders shared a concern regarding the unwillingness of the younger generations to partake in manual labour and/or shift work. Some business partners also expressed concern regarding the impact of the current business context on long-term planning efforts.
- **Optimisation project** – at the time of the Stakeholder Engagement Conversations, the mill was running a cost-optimisation project which employees raised as an area of concern.



Mondi SCP confirms its ongoing investment in health and safety, production improvements, environmental advancements, and strengthening its role as a valued member of the community. To remain an attractive employer for the younger generation, Mondi SCP continues to engage and collaborate with educational institutions, as well as strengthen Mondi's corporate brand. Similarly, the mill's management takes heed of the concerns raised and is committed to generating an action plan for improvement.

FINANCIAL STATEMENTS 2023





MONDI SCP GROUP KEY INDICATORS

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

As of February 27, 2023, Mondi SCP Group sold shares in its two Austrian subsidiaries, Mondi Neusiedler GmbH and Ybbstaler Zellstoff GmbH to Mondi AG.

Mondi SCP delivered a resilient operational performance in 2023 as a result of our compelling customer service and delivery, supported by our scale, quality asset base, integrated model and breadth of products, customers and end-markets. Our integrated business model and strong operational performance enabled us to manage inflationary and market pressures.

BASIC FINANCIAL INDICATORS (IFRS) in thousands of EUR	Mondi SCP Group		Mondi SCP	
	2023	2022	2023	2022
Earnings from sales and services and other earnings	717 035	880 613	712 782	874 298
Net profit	(44 059)	84 033	(25 908)	16 322
Total assets	897 740	1 154 294	900 392	1 000 268
Non-current assets	667 856	744 885	671 247	694 545
Current assets	229 884	409 409	229 145	305 723
Total liabilities	897 740	1 154 294	900 392	1 000 268
Total payables	668 321	441 928	305 106	305 106
Equity	712 366	712 366	669 265	695 162
Average number of employees	1 399	2 088	1 321	1 376

Net profit decreased compared to 2022 due to weak demand for our products in all segments followed by pressure on selling prices. Input prices increased year-on-year specially for wood and chemicals while energy prices decreased and stabilized during the year. This led to decrease of operating margins.

However, despite difficult market situation Mondi SCP delivered a positive result from continuous operations and generated cash from operating activities of 27 mil.€.

European uncoated fine paper market demand was significantly lower compared to the prior year driven by weak economic conditions. Selling prices declined during the year, however the rate of decline slowed as we progressed through the period. Containerboard sales volumes were impacted by the backdrop of softer market demand specially for white grades. Selling prices were lower in the year with sharp declines during the first half followed by a period of stabilisation in the second half.

In the first quarter of 2024, selling prices are generally lower than the averages achieved in the second half of 2023. In response to improved demand reflected in strong order books, we announced price increases in February 2024 across our range of containerboard grades. Input costs remain elevated compared to historical levels but have broadly stabilised since the end of 2023.

We are the supplier of choice for our customers, leveraging our leading positions in Central Europe. Our business remains well placed, with our customers valuing us as a supplier of choice and recognising the strength of our leadership positions, underpinned by a broad product portfolio, integrated asset base and excellent service.

The Mondi Action Plan 2030 (MAP2030) is our sustainability framework to 2030, focusing on three action areas, and built on our purpose of contributing to a better world by making innovative packaging and paper solutions that are sustainable by design.

We offer our customers a broad range of sustainable packaging and paper products. These contribute towards addressing the global challenges of climate change and plastic pollution with the efficient use of natural resources, to keep materials in circulation and eliminate waste in a circular bioeconomy.

We have a long track record of delivering on climate action and continue to make good progress towards achieving our Net-Zero commitment by 2050. We continue to focus on climate resilience, maintaining zero deforestation in our wood supply, sourcing wood responsibly, and safeguarding biodiversity and water resources in our operations and beyond.

Management put procedures in place for identifying, evaluating, and managing the risks and establish effective systems and controls to manage these risks. Our internal controls aim to provide reasonable assurance as to the accuracy, reliability and integrity of our financial information, non-financial disclosures and the Mondi SCP Group's compliance with applicable laws, regulations and internal policies as well as the effectiveness of internal processes.

During the year, the risk related to energy security and related input costs was reduced with an assessed decrease in both impact and likelihood. Stabilisation of European energy markets, which are adapting to the impact of the war in Ukraine and a high inflationary environment, and a proven operational and financial performance through a period of energy price and supply volatility in 2022 and 2023 supports confidence in the Mondi SCP Group's risk mitigating and planning activities.

Our principal operational risks relate to the following:

- Cost and availability of raw materials
- Energy security and related input costs
- Technical integrity of our operating assets
- Environmental impact
- Employee and contractor health and safety
- Attraction and retention of key skills and talent
- Cyber security risk

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

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

The management of the company will propose the 2023 profit distribution at the Annual General Meeting.

Mondi group

SUBSIDIARIES

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

The former 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.

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 2023 SLOWWOOD Ružomberok, a.s. purchased volume slightly lower than in 2022. Almost the entire volume of the purchased wood was delivered to Mondi SCP, a.s. while the largest share was hardwood pulpwood.

SLOVPAPER RECYCLING s.r.o.

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

SLOVPAPER COLLECTION s.r.o.

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

OBALY SOLO, s.r.o.

Obaly S O L O, s.r.o. is a subsidiary of Mondi SCP, a.s. and owns minority shares of Slovpaper recycling s.r.o. Obaly S O L O, s.r.o. sold its share in Mondi Neusiedler GmbH to Mondi AG with date of 27th February 2023.

MONDI NEUSIEDLER GmbH

Mondi SCP Group has owned a 100% stake in Mondi Neusiedler GmbH with the company seat in Hausmending, Austria. The main production segment is high-quality office paper, tinted paper and professional printing papers. Effective February 27th 2023 Mondi SCP Group sold its share in Mondi Neusiedler to Mondi AG.

YBBSTALER ZELLSTOFF GmbH

Mondi SCP Group has owned 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. Effective from January 1st 2023 YBBSTALER ZELLSTOFF merged with Mondi Neusiedler.

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

After December 31, 2023, there are no significant events occurred which would affect the group's assets and liabilities recognised in these financial statements.

Ružomberk, 31 March 2024

Background

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

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

The current legislation under the Commission Delegated Regulation (EU) 2021/2139 of 4 June 2021 ("Climate Delegated Act") sets conditions under which an economic activity qualifies as contributing substantially to climate change mitigation or climate change adaptation and causes no significant harm to any of the other environmental objectives. The Commission Delegated Regulation (EU) 2021/2178 of 6 July 2021 ("Delegated Act on disclosures") specifies the content and presentation of information to be disclosed by undertakings and the methodology to comply with that disclosure obligation. Commission delegated regulation 2022/1214 valid from 1 January 2023 amended delegated regulation 2021/2139 with two additional economic activities, which are not applicable for Mondi SCP.

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

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

EU Taxonomy-related accounting principles

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

Definitions:

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

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

Taxonomy-eligible and Taxonomy-aligned economic activities

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

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

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

Taxonomy-eligible economic activities

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

4.15 District heating/cooling distribution

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

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

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

4.20 Cogeneration of heat/cool and power from bioenergy

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

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

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

Minimum safeguards

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

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

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

Template: Proportion of turnover from products or services associated with Taxonomy-aligned economic activities – disclosure covering year 2023

Presented in Euro thousands (€'000)

Economic activities	NACE Codes	Absolute turnover	Proportion of turnover	Substantial contribution criteria										DNSH criteria ('Does Not Significantly Harm')			Minimum safeguards	Taxonomy-aligned proportion of turnover, year 2023	Category (enabling activity)	Category (transitional activity)
				Climate change mitigation	Climate change adaptation	Water and marine resources	Circular economy	Pollution	Biodiversity and ecosystems	Climate change mitigation	Climate change adaptation	Water and marine resources	Circular economy	Pollution	Biodiversity and ecosystems					
A. Taxonomy-Eligible Activities																				
A.1. Environmentally sustainable activities (Taxonomy-aligned)																				
Turnover of environmentally sustainable activities (Taxonomy-aligned) (A.1.)			0%															0%		
A.2. Taxonomy-Eligible but not environmentally sustainable activities (not Taxonomy-aligned activities)																				
Cogeneration of heat and power from renewable non-fossil gaseous and liquid fuels			-	0%																
Construction, extension and operation of water collection, treatment and supply systems			305	0%																
District heating/cooling distribution			5 157	1%																
Cogeneration of heat/cool and power from bioenergy			-	0%																
Turnover of Taxonomy-eligible but not environmentally sustainable activities (not Taxonomy-aligned activities) (A.2.)			5 462	0%																
Total (A.1 + A.2)			5 462	0,76%																
B. Taxonomy-non-eligible activities																				
Turnover of Taxonomy-non-eligible activities (B)			711 573	99%																
Total (A + B)			717 034	100%																

Determination of the turnover KPI:

Denominator: turnover Mondi SCP, a.s. consolidated financial statement, Note 5

Numerator: revenue for each Taxonomy-aligned activity as per related customers

Template: Proportion of CapEx from products or services associated with Taxonomy-aligned economic activities – disclosure covering year 2023

Presented in Euro thousands (€'000)

Economic activities	NACE Codes	Absolute CapEx	Proportion of CapEx	Substantial contribution criteria										DNSH criteria ('Does Not Significantly Harm')			Taxonomy-aligned proportion of CapEx, year 2023	Category (enabling activity)	Category (transitional activity)
				Climate change mitigation	Climate change adaptation	Water and marine resources	Circular economy	Pollution	Biodiversity and ecosystems	Climate change mitigation	Climate change adaptation	Water and marine resources	Circular economy	Pollution	Biodiversity and ecosystems	Minimum safeguards			
A. Taxonomy-Eligible Activities																			
A.1. Environmentally sustainable activities (Taxonomy-aligned)																			
CapEx of environmentally sustainable activities (Taxonomy-aligned) (A.1.)			0%														0%		
A.2. Taxonomy-Eligible but not environmentally sustainable activities (not Taxonomy-aligned activities)																			
Cogeneration of heat and power from renewable non-fossil gaseous and liquid fuels	D35.11, D35.30	4 207	13%																
Construction, extension and operation of water collection, treatment and supply systems	E36.00, F42.99	1 158	4%																
District heating/cooling distribution	D35.30	-	0%																
Cogeneration of heat/cool and power from bioenergy	D35.11, D35.30	531	2%																
CapEx of Taxonomy-eligible but not environmentally sustainable activities (not Taxonomy-aligned activities) (A.2.)		5 896	2%																
Total (A.1 + A.2)		5 896	18,3%																
B. Taxonomy-non-eligible activities																			
CapEx of Taxonomy-non-eligible activities (B)		26 339	82%																
Total (A + B)		32 235	100%																

Determination of the Capex KPI:

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

Template: Proportion of OpEx from products or services associated with Taxonomy-aligned economic activities – disclosure covering year 2023

Presented in Euro thousands (€'000)				Substantial contribution criteria							DNSH criteria ('Does Not Significantly Harm')							Taxonomy-aligned proportion of OpEx, year 2023		
Aeconomic activities	NACE Codes	Absolute OpEx	Proportion of OpEx	Climate change mitigation	Climate change adaptation	Water and marine resources	Circular economy	Pollution	Biodiversity and ecosystems	Climate change mitigation	Climate change adaptation	Water and marine resources	Circular economy	Pollution	Biodiversity and ecosystems	Minimum safeguards	Category (enabling activity)	Category (transitional activity)		
A. Taxonomy-Eligible Activities																				
A.1. Environmentally sustainable activities (Taxonomy-aligned)																				
OpEx of environmentally sustainable activities (Taxonomy-aligned) (A.1.)		-	0%																0%	
A.2. Taxonomy-Eligible but not environmentally sustainable activities (not Taxonomy-aligned activities)																				
Cogeneration of heat and power from renewable non-fossil gaseous and liquid fuels	D35.11, D35.30	10 593	20%																	
Construction, extension and operation of water collection, treatment and supply systems	E36.00, F42.99	3 587	7%																	
District heating/cooling distribution	D35.30	-	0%																	
Cogeneration of heat/cool and power from bioenergy	D35.11, D35.30	2 547	5%																	
OpEx of Taxonomy-eligible but not environmentally sustainable activities (not Taxonomy-aligned activities) (A.2.)		16 727	31%																	
Total (A.1 + A.2)		16 727	31%																	
B. Taxonomy-non-eligible activities																				
OpEx of Taxonomy-non-eligible activities (B)		36 964	69%																	
Total (A + B)		53 690	100%																	

Determination of the OpEx KPI:

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

Proportion of the Taxonomy eligible and aligned economic activities as per EU Taxonomy - disclosure covering year 2023 (turnover, CapEx, OpEx)

Year ending 31.12.2023	Total (EUR)	Proportion of Taxonomy-eligible (not-aligned) economic activities	Proportion of Taxonomy-aligned economic activities	Proportion of Taxonomy-non-eligible economic activities
Turnover	717 034	0,76%	0,00%	99,24%
CapEx	32 235	15,02%	0,00%	84,98%
OpEx	53 690	28,94%	0,00%	71,06%

For more information on Mondi Group Sustainable Development report can be found in „Sustainable Development report 2023“.

Mondi SCP, a.s.
Tatranská cesta 3
034 17 Ružomberok, Slovakia
+421 44 436 22 22

mondislovensko.com

