



# **Mondi Finance Europe GmbH**

(Company Number: FN 523221 v)

## **IFRS FINANCIAL STATEMENTS**

**for the  
year ended 31 December 2022**

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## Registered Address

Marxergasse 4a  
1030 Vienna  
Austria

## Bankers

Deutsche Bank AG  
Branch office Vienna  
Fleischmarkt 1  
1010 Vienna  
Austria

## Independent auditors

**PwC**  
Wirtschaftsprüfung GmbH  
Donau-City-Straße 7  
1220 Vienna  
Austria

# Independent auditors' report to the members of the management board of Mondi Finance Europe GmbH (the "Company")

To the  
Management Board of  
Mondi Finance Europe GmbH  
Marxergasse 4A  
1030 Vienna

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## Our opinion

In our opinion, the financial statements give a true and fair view of the financial position of Mondi Finance Europe GmbH (the Company) as at 31 December 2022, and of its financial performance and its cash flows for the year then ended in accordance with IFRS as adopted by the United Kingdom.

## What we have audited

The Company's financial statements comprise:

- the statement of financial position as at 31 December 2022;
- the statement of profit and loss and other comprehensive income for the year then ended;
- the statement of changes in equity for the year then ended;
- the cash flow statement for the year then ended; and
- the notes to the financial statements, which include significant accounting policies and other explanatory information.

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## Basis for opinion

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

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

## Independence

We are independent of the Company in accordance with the ethical requirements of the Austrian Generally Accepted Accounting Principles and professional requirements that are relevant to our audit of the financial statements in Austria. We have fulfilled our other ethical responsibilities in accordance with the ethical requirements of the Austrian Generally Accepted Accounting Principles and professional requirements.

As provided under Section 275 (2) UGB (liability provision regarding the audit of financial statements of small and medium-sized companies), our responsibility and liability towards the Company and any third parties arising from the audit are limited to a total of EUR 2 million.

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## Key audit matters

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the financial statements of the current period. These matters were addressed in the context of our audit of the financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

We have structured key audit matters as follows:

- Description
- Audit approach and key observations
- Reference to related disclosures

### 1. Loans receivable due from related parties

- Description

In 2020, the Company issued a bond at the London Stock Exchange (regulated market) and granted a long-term loan to Mondi Finance plc, Addlestone, UK, which performs financing activities within the Mondi Group.

As at 31 December 2022, loans receivable due from related parties amounted to EUR 745.9 million (prior year: EUR 745.2 million), thus making up 98% (prior year: 98%) of total assets. Loans receivable due from related parties are measured at amortised cost using the effective interest rate method, less expected credit losses.

Given the Company's main activity as financial services provider within the Mondi Group, the recoverability of loans receivable due from related parties is regarded as a key audit matter.

- Audit Approach and Key Observations

When evaluating the recoverability of loans receivable due from related parties, we

- obtained the underlying contracts and used them to check the classification as loan,
- checked whether the contractual agreements have been presented and disclosed properly in the financial statements,
- obtained confirmations of the contractual party for the amounts outstanding at the balance sheet date,
- analysed management's assessment of the recoverability of the loan,
- and examined whether there are any indications for a diminution in value, using the available (interim) financial statements of the borrower.

The reporting and valuation of the loan as well as the presentation and the disclosures in the notes comply with IFRS as adopted by the United Kingdom.

- Reference to Related Disclosures  
Management has disclosed this key audit matter under Note 12 Medium and long term borrowings and Note 20 Accounting policies.

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

Management is responsible for the preparation of the financial statements that give a true and fair view in accordance with IFRS as adopted by the United Kingdom, and for such internal control as management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

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

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

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

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

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

We also provide those charged with governance with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable actions taken to eliminate threats or safeguards applied.

From the matters communicated with those charged with governance, we determine those matters that were of most significance in the audit of the financial statements of the current period and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

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The engagement partner on the audit resulting in this independent auditor's report is Alexander Riavitz, Austrian Certified Public Accountant.

21 April 2023

**PwC Wirtschaftsprüfung GmbH**

**Alexander Riavitz**  
**Austrian Certified Public Accountant**

**signed**

# Statement of profit and loss and other comprehensive income

## for the year ended 31 December 2022

	€	Note	2022	2021
Interest income			18,912,852.71	18,893,691.00
Interest expense			(18,537,499.00)	(18,519,712.42)
<b>Net interest income</b>		<b>4</b>	<b>375,353.71</b>	<b>373,978.58</b>
Operating expenses		2	(23,266.75)	(121,780.89)
<b>Operating profit</b>			<b>352,086.96</b>	<b>252,197.69</b>
<b>Profit before tax</b>			<b>352,086.96</b>	<b>252,197.69</b>
Income tax expense		5	(88,192.49)	(63,304.42)
<b>Profit for the period</b>			<b>263,894.47</b>	<b>188,893.27</b>
Other comprehensive income			-	-
<b>Total comprehensive income for the year</b>			<b>263,894.47</b>	<b>188,893.27</b>

# Statement of financial position

## as at 31 December 2022

	€	Note	2022	2021
Loans receivable due from related parties		10	745,881,029.00	745,156,713.00
<b>Total non-current assets</b>			<b>745,881,029.00</b>	<b>745,156,713.00</b>
Accrued interest on loan receivable from related parties		6	13,640,625.00	13,640,625.00
Other receivables from related parties		7	499,679.50	216,995.91
Current tax receivables		8	853.95	0.00
<b>Total current assets</b>			<b>14,141,158.45</b>	<b>13,857,620.91</b>
<b>Total assets</b>			<b>760,022,187.45</b>	<b>759,014,333.91</b>
Accrued interest on medium and long term borrowings		11	(13,383,375.00)	(13,389,303.00)
Other liability due to related parties		9	(88,192.49)	(63,304.42)
<b>Total current liabilities</b>			<b>(13,471,567.49)</b>	<b>(13,452,607.42)</b>
Medium and long term borrowings		12	(745,883,709.00)	(745,158,710.00)
<b>Total non-current liabilities</b>			<b>(745,883,709.00)</b>	<b>(745,158,710.00)</b>
<b>Total liabilities</b>			<b>(759,355,276.49)</b>	<b>(758,611,317.42)</b>
<b>Net assets</b>			<b>666,910.96</b>	<b>403,016.49</b>
<b>Equity</b>				
Share capital		13	35,000.00	35,000.00
Statutory reserve		13	3,500.00	3,500.00
Retained earnings			628,410.96	364,516.49
<b>Total equity</b>			<b>666,910.96</b>	<b>403,016.49</b>

These financial statements on pages 7 to 18 were approved by the board of directors on 21 April 2023.

They were signed on behalf of the board by:

Matthias Florian  
Director  
  
signed

Walter Seyser  
Director  
  
signed

Hasan Kuas  
Director  
  
signed



## Statement of changes in equity for the year ended 31 December 2022

	€	Share Capital	Statutory Reserve	Retained earnings	Total Equity
At 1 January 2021		35,000.00	3,500.00	175,623.22	214,123.22
Profit for the year		-	-	188,893.27	188,893.27
Other comprehensive income for the year		-	-	-	-
Total comprehensive income for the year		-	3,500.00	188,893.27	188,893.27
<b>At 31 December 2021</b>		<b>35,000.00</b>	<b>3,500.00</b>	<b>364,516.49</b>	<b>403,016.49</b>
Profit for the year		-	-	263,894.47	263,894.47
Other comprehensive income for the year		-	-	-	-
Total comprehensive income for the year		-	-	263,894.47	263,894.47
<b>At 31 December 2022</b>		<b>35,000.00</b>	<b>3,500.00</b>	<b>628,410.96</b>	<b>666,910.96</b>

# Cash flow statement

## for the year ended 31 December 2022

€	2022	2021
<b>Cash flows from operating activities</b>		
Cash receipts from related parties (incl interest received)	18,218,585.41	18,301,256.89
Cash paid to related parties (cash pool funding)	(351,593.67)	(374,998.58)
Cash paid to suppliers	(54,491.74)	(114,381.89)
Cash paid to borrowers (paid interests)	(17,812,500.00)	(17,812,501.42)
<b>Cash generated from operations</b>	<b>0.00</b>	<b>(625.00)</b>
Income taxes paid	0.00	(125.00)
Income taxes received	0.00	750.00
<b>Net Cash from operating activities</b>	<b>0.00</b>	<b>0.00</b>
<b>Cash flows from investing activities</b>	<b>0.00</b>	<b>0.00</b>
<b>Cash flows from financing activities</b>	<b>0.00</b>	<b>0.00</b>
<b>Net increase in cash and cash equivalents</b>	<b>0.00</b>	<b>0.00</b>
<b>Cash and cash equivalents at beginning of period</b>	<b>0.00</b>	<b>0.00</b>
<b>Cash and cash equivalents at end of period</b>	<b>0.00</b>	<b>0.00</b>
<b>Calculated Cash and cash equivalents at end of period</b>	<b>0.00</b>	<b>0.00</b>

The Company's bank account is used for all payments to external suppliers and tax authorities and gets funded through an intra-group cash pooling account. These cash relevant transactions are reported in the cash flow statement.

All intercompany payments including payments on interest received on loans and interest paid on borrowings are done through the cash pooling account. The deposit that is held within the group cash pool account is disclosed as intercompany receivables in financial assets.

# Notes to the financial statements for the year ended 31 December 2022

## 1 Basis of preparation

Mondi Finance Europe GmbH (the "Company") is a limited liability company incorporated in Austria. The Company's ultimate parent company and ultimate controlling entity is Mondi plc. The Mondi Group consolidated financial statements as of 31 December 2022 and financial statements as of 31 December 2022 are available at: [www.mondigroup.com](http://www.mondigroup.com).

The company's financial statements have been prepared in compliance with IFRS as adopted by the United Kingdom. The financial statements are prepared on the historical cost basis. First time adoption according to IFRS 1 was applied for the financial statements as of 31 December 2021. Historical cost is generally based on the fair value of the consideration given in exchange for the assets. The principal accounting policies are described in note 20. They have all been applied if applicable consistently throughout the year and the preceding year.

The financial statements are separate financial statements in accordance with IAS 27 and have been prepared on a going concern basis. The financial statements are presented in Euros, which is the currency of the primary economic environment in which the Company operates (its functional currency).

Critical accounting judgements and key estimates

The preparation of the financial statements of Mondi Finance Europe GmbH includes the use of estimates and assumptions. Although the estimates used are based on management's best information about current circumstances and future events and actions, actual results may differ from those estimates. The calculation of loss allowance for ECL is a critical accounting judgement and significant accounting estimate with a significant risk of a material change to the carrying value of assets and liabilities within the next year in terms of IAS 1, 'Presentation of Financial Statements'.

## 2 Operating expenses

Other operating expenses mainly consists of lawyer expenses, fees for tax consulting services and other consulting fees.

None of the directors received any remuneration during the year (2021: nil EUR) in respect of their services to the Company and the Company had no employees during the current and prior years.

## 3 Auditors remuneration

Fees payable to PwC Wirtschaftsprüfung GmbH for the audit of the Company's annual financial statements are EUR 20,111.00 (2021 EUR 18,000.00)

## 4 Net interest income

Interest income results from long-term loan granted to Mondi Finance plc. Further details are provided in note 10 Loans receivable due from related parties.

Interest expense results from the Eurobond bearing an interest of 2.375%.

# Notes to the financial statements

## for the year ended 31 December 2022

### 5 Income tax expense

#### Analysis of tax charge for the year

The Company's total tax charge for the year can be reconciled to the tax on the Company's profit before tax at the average AT corporation tax rate of 25% (2021: 25%), as follows:

€ thousand	2022	2021
<b>Profit before tax</b>	<b>352,086.96</b>	<b>252,197.69</b>
Expected tax charge	(88,021.74)	(63,049.42)
Effect of timing differences and tax losses for which no deferred tax asset was recognised	(170.75)	(255.00)
<b>Total tax charge for the year</b>	<b>(88,192.49)</b>	<b>(63,304.42)</b>

### 6 Accrued interest on loan receivable from related parties

Accrued interest on loan receivable from related parties represents accrued interest resulting from the loan granted to Mondi Finance plc (EUR 13,640,625.00; 2021 EUR 13,640,625.00).

### 7 Other receivables from related parties

This position includes a cash pool receivable from Mondi Finance plc (EUR 499,679.50; 2021 EUR 216,995.91). For details please refer to in the cash flow statement.

### 8 Current tax receivables

This position includes VAT for November & December 2022.

All receivables are due within one year.

All items recognized under receivables will affect cash flow only after the balance sheet date. The loan is measured using the amortised cost method as it is held for the collection of cash flows and therefore meets the SPPI conditions under IFRS 9.

### 9 Other liability due to related parties

Other liability due to related parties consists of the tax allocation 2022 to be paid to Mondi AG and resulting from the tax group.

In 2020 Mondi Finance Europe GmbH applied for inclusion in the tax group within the meaning of section 9 KStG (Austrian Corporate Income Tax Act), with Mondi AG as head of tax group.

Pursuant to the tax allocation agreement concluded between the head of the tax group and the Austrian group members, the Company is required to pay a tax allocation to the head of the tax group at the amount of the corporate income tax due on the taxable profit (determined pursuant to the provisions of the KStG and the EStG (Austrian Income Tax act) and using the corporate income tax rate applicable in the respective financial year. If, in a financial year, the Company generates a loss determined pursuant to the provisions of the KStG and the EStG, the head of the tax group is required to pay a tax allocation to the Company at the amount that results from multiplying this loss with the corporate income tax rate applicable in the respective financial year.

# Notes to the financial statements

## for the year ended 31 December 2022

### 10 Loans receivable due from related parties

The item "loans receivable" solely includes a loan in the amount of EUR 745,881,029.00 (2021 EUR 745,156,713.00): with a term of 8 years granted to Mondi Finance plc on 1 April 2020. The loan bears an annual interest rate of 2.425% and the interest coupon was agreed to be due on 1 April each year, with the last interest coupons due on 1 April 2028.

The fair value of the loan receivable due from related parties is a reasonable approximation of the fair value of the Eurobond – please refer to Note 12 Medium and long term borrowings.

### 11 Accrued interest on medium and long term borrowings

This position includes accrued interest for the bond's interest coupon due on 1 April (EUR 13,359,375.00; 2021: EUR 13,359,375.00).

Furthermore the position also includes accruals for audit fees, tax consulting and other consulting fees for 2022 (EUR 24,000.00; 2021 EUR 29,928.00).

### 12 Medium and long term borrowings

On 1 April 2020, Mondi Finance Europe GmbH issued the Eurobonds for a nominal amount of EUR 750,000,000.00 with the interest coupon due each year on 1 April. The Eurobond bears an interest of 2.375% matures on 1 April 2028 and is not convertible. It is listed at the London Stock Exchange.

The fair values of the Eurobonds represent level 1 fair values and are estimated with reference to the last price quoted in the secondary market. The fair value of the Eurobonds comprised of EUR 691,433,000.00 as of 31 December 2022 (31 December 2021: EUR 828,214,000.00).

### 13 Share capital

As at the balance sheet date, the Company's share capital is fully paid in and amounts to EUR 35,000.00

In the year 2020 Mondi Finance Europe GmbH had the legal obligation to allocate 5 % of the profit for the period to the statutory reserve until this amounts to 10% of the share capital. As the reserve was set up at the full amount pursuant to section 229 UGB already in the year ended 31 December 2020 no further allocation has to be made.

There were no dividends declared or paid in the current year (2021: nil).

### 14 Related party transactions

Substantially all of Mondi Finance Europe GmbH assets is the loan to Mondi Finance Plc. For the details of the loan receivables due from related party refer to the note 10. The transactions are contracted on an arms-length basis.

The managing directors did not receive any remuneration from Mondi Finance Europe GmbH in the past financial year. No advances or loans were granted to members of management or the Supervisory Board in the 2022 financial year.

In December 2020, an application was made for Mondi Finance Europe GmbH to be included in the tax group of companies within the meaning of Section 9 KStG with Mondi AG as the group parent.

### 15 Events occurring after 31 December 2022

No material events occurred between the end of the financial year and the time the financial statements were prepared. No material changes in the Company's course of business are expected to occur in 2023.

# Notes to the financial statements

## for the year ended 31 December 2022

### 16 Ultimate parent undertaking

The immediate parent company and controlling party is Mondi AG, a Company incorporated in Austria and registered in Vienna. Copies of the latest financial statements of Mondi AG may be obtained from the directors, Marxergasse 4A, 1030 Vienna.

The ultimate parent company and ultimate controlling entity is Mondi plc, a Company incorporated in Great Britain and registered in England and Wales. Mondi plc is the parent undertaking of the largest and smallest group which includes the Company and for which Group financial statements are prepared. Financial statements for Mondi plc may be obtained from the Company secretary, Ground Floor, Building 5, The Heights, Brooklands, Weybridge, Surrey KT 13 0NY.

### 17 Contingent liabilities:

As at the balance sheet date, the Company did not have any contingent liabilities.

### 18 Financial Risks

Mondi Finance Europe GmbH is a finance vehicle which primary business is raising money for the purpose of on-lending to other members of the Group. Substantially of all of Mondi Finance Europe GmbH assets is the loan to Mondi Finance Plc which in turn provide financing to other members of the Group. The ability of Mondi Finance Plc to satisfy its obligation in respect of the loan depend upon the payments made to it by other members of the Group. The financial risks of Mondi Finance Europe GmbH have to be considered in the context of the Group.

The Group's trading and financing activities expose it to various financial risks that, if left unmanaged, could adversely impact current or future earnings. Although not necessarily mutually exclusive, these financial risks are categorized separately according to their different generic risk characteristics and include market risk (foreign exchange risk and interest rate risk), credit risk and liquidity risk. The Group is actively engaged in the management of all of these financial risks in order to minimize their potential adverse impact on the Group's financial performance, including on the financial statements of Mondi Finance Europe GmbH.

The principles, practices and procedures governing the Group-wide financial risk management process have been approved by the Board and are overseen by the Executive Committee. In turn, the Executive Committee delegates authority to a central treasury function (Group treasury) for the practical implementation of the financial risk management process across the Group and for ensuring that the Group's entities adhere to specified financial risk management policies. Group treasury continually reassesses and reports on the financial risk environment; identifying, evaluating and hedging financial risks by entering into derivative contracts with counterparties where appropriate.

On stand-alone basis of Mondi Finance Europe GmbH the credit risk which is the risk of non-fulfilling the payment obligation by Mondi Finance Plc is mitigated with the irrevocable guarantee from Mondi Plc. According to the guarantee Mondi Plc undertakes to pay Mondi Finance Europe GmbH in case of trigger event, i.e. non-fulfilling of payment obligation by Mondi Finance Plc, the amount up to EUR 770 Mio. The guarantee is valid until May 1, 2028.

The intercompany loan to Mondi Finance Plc is considered as low credit risk since the borrower has a strong capacity to meet its contractual cash flow obligations in the near term, and adverse changes in economic and business conditions in the longer term might, but will not necessarily, reduce the ability of the borrower to fulfil its obligations.

12-month expected credit loss has been applied to the intercompany loan. However, due to the Group's solid credit rating (Baa1 / BBB+), strong cash flow generation and sufficient cash balance, the probability of default is tending to be zero. Therefore, the expected credit loss is considered immaterial and has not been recognized.

The Eurobond bears a fixed interest of 2.375% and held at amortised cost. As a result, the Company is not exposed to the risk of significant changes of the interest rates and the carrying value of fixed rate debt is not sensitive to changes in credit conditions in the relevant debt markets and there is, therefore, no exposure to fair value interest rate risk.

The Eurobond with the carrying amount of EUR 745,883,709.00 (2021 EUR 745,158,710.00) matures at 1 April 2028. The 2.375% interest which amounts EUR 17,812,500.00 (EUR 17,812,500.00) is paid annually at 1 April.

# Notes to the financial statements

## for the year ended 31 December 2022

The maturity analysis of the Company's borrowings is as follows:

2022 / €	< 1 year	1-2 years	2-5 years	>5 years	Total
Bond	0.00	0.00	0.00	750,000,000.00	750,000,000.00
<b>Total borrowings</b>	<b>0.00</b>	<b>0.00</b>	<b>0.00</b>	<b>750,000,000.00</b>	<b>750,000,000.00</b>
Interest on borrowings	17,812,500.00	17,812,500.00	53,437,500.00	4,453,125.00	93,515,625.00
<b>Total undiscounted cash flows</b>	<b>17,812,500.00</b>	<b>17,812,000.00</b>	<b>53,437,500.00</b>	<b>754,453,125.00</b>	<b>843,515,625.00</b>

2021 / €	< 1 year	1-2 years	2-5 years	>5 years	Total
Bond	0.00	0.00	0.00	750,000,000.00	750,000,000.00
<b>Total borrowings</b>	<b>0.00</b>	<b>0.00</b>	<b>0.00</b>	<b>750,000,000.00</b>	<b>750,000,000.00</b>
Interest on borrowings	17,812,500.00	17,812,500.00	53,437,500.00	22,265,625.00	111,328,125.00
<b>Total undiscounted cash flows</b>	<b>17,812,500.00</b>	<b>17,812,000.00</b>	<b>53,437,500.00</b>	<b>772,265,625.00</b>	<b>861,328,125.00</b>

### 19 Movement in net debt

	€	Assets/Cash	Non current liabilities	Total net debt
<b>At 1 January 2021</b>		0.00	(744,451,499.00)	<b>(744,451,499.00)</b>
Cash received		18,302,006.89	0.00	<b>18,302,006.89</b>
Cash paid		(18,302,006.89)	0.00	<b>(18,302,006.89)</b>
Interest expense		0.00	(18,519,711.00)	<b>(18,519,711.00)</b>
Interest paid		0.00	17,812,500.00	<b>17,812,500.00</b>
<b>At 31 December 2021</b>		<b>0.00</b>	<b>(745,158,710.00)</b>	<b>(745,158,710.00)</b>
Cash received		18,218,585.41	0.00	<b>18,218,585.41</b>
Cash paid		(18,218,585.41)	0.00	<b>(18,218,585.41)</b>
Interest expense		0.00	(18,537,499.00)	<b>(18,537,499.00)</b>
Interest paid		0.00	17,812,500.00	<b>17,812,500.00</b>
<b>At 31 December 2022</b>		<b>0.00</b>	<b>(745,883,709.00)</b>	<b>(745,883,709.00)</b>

### 20 Accounting policies

#### Basis of preparation

##### Going concern

After making enquiries, the directors have formed a judgement that, at the time of approving the financial statements, there are no material uncertainties that cast doubt on the Company's going concern status. The directors believe that the Company will continue to act in line with its principal business activity as a treasury entity supporting the Group's operations. The ultimate parent company confirmed their intention to provide financial support to Mondi Finance Europe GmbH so as to enable it to operate as a going concern and to meet its liabilities as they fall due for at least 12 months from the date of approval of the financial statements. The directors have also considered the Company's forecasts, projections, compliance with debt covenants, and assessment of the plausible future impact of the covid-19 pandemic in making this assessment.

# Notes to the financial statements

## for the year ended 31 December 2022

### Foreign currency transactions

Foreign currency transactions are recorded in the functional currency at the exchange rates ruling on the dates of the transactions. At each reporting date, monetary assets and liabilities that are denominated in foreign currencies are translated at the rates prevailing on the reporting date. Gains and losses arising on translation are included in the Income statement and are classified as either operating or financing depending on the nature of the monetary item giving rise to them.

At the balance sheet date, no receivables or payables in foreign currencies exist.

### Interest income (note 4)

Interest income is recognised when it is probable that the economic benefits will flow to the Company and the amount of income can be measured reliably. Interest income is accrued on a time proportion basis, by reference to the principal outstanding and at the applicable effective interest rate.

### Tax (note 5)

The tax expense represents the sum of the current tax charge. Mondi Finance Europe GmbH has no deferred tax charge.

#### Current tax

Current tax, including only AT corporation tax, is provided at amounts expected to be paid (or recovered) using the tax rates and laws that have been enacted or substantively enacted by the reporting date. The tax currently payable is based on taxable profit for the year. Taxable profit differs from net profit as reported in the profit and loss account because it excludes items of income or expense that are taxable or deductible in other years and it further excludes items that are never taxable or deductible.

#### Deferred tax

Deferred tax is the tax expected to be payable or recoverable on differences between the carrying amount of assets and liabilities in the Company's financial statements and the corresponding tax bases used in the computation of taxable profit and is accounted for using the balance sheet liability method. 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.

The carrying amount of deferred tax assets is reviewed at each reporting date. The carrying amount is reduced to the extent that it is no longer probable that sufficient taxable profit will be available to allow all or part of the asset to be recovered within a reasonable period of time. Similarly, it is increased to the extent that it is probable that sufficient taxable profit will be available in the future for all or part of the deferred tax asset to be recovered within a reasonable period of time.

Deferred tax is calculated at the tax rates that are expected to apply in the year when the liability is settled or the asset is realised. Deferred tax is charged or credited to the Income statement, except when it relates to items charged or credited directly to other comprehensive income and accumulated in equity, in which case the deferred tax is also taken directly to other comprehensive income and accumulated in equity.

Deferred tax assets and liabilities are offset when they relate to income taxes levied by the same tax authority and the Company intends to settle its current tax assets and liabilities on a net basis.

### Accrued interest on loan receivable from related parties (note 6), Accrued interest on medium and long term borrowings (note 11), Medium and long term borrowings (note 12)

Financial assets and financial liabilities are initially recognised at fair value and are subsequently carried at amortised cost using the effective interest rate method.

No receivables or payables arising from financial derivatives exist at the balance sheet date.

Financial assets and financial liabilities are recognized in the Company's Statement of financial position when the Company becomes party to the contractual provisions of the instrument.

Financial assets and financial liabilities are initially measured at fair value. 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, as appropriate, 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 profit or loss.



# Notes to the financial statements

## for the year ended 31 December 2022

### Loans receivable (Note 10)

Loans and receivables are measured on initial recognition at fair value, and are subsequently measured at amortised cost using the effective interest rate method, less expected credit losses.

### Impairment loan and other receivables

As per IFRS 9, an Expected Credit Loss (ECL) model is used to assess receivables for impairment. ECL is the present value of all cash shortfalls over the expected life of a receivable. Expected credit losses are based on historical loss experience on receivables, adjusted to reflect information about current economic conditions and reasonable and supportable forecasts of future economic conditions. At the date of initial recognition, the credit losses expected to arise over the lifetime of a receivable are recognised as an impairment through the Income statement.

The Company measures loss allowances at an amount equal to lifetime ECLs. Except for the following, which are measured at 12-month ECLs:

- Debt securities that are determined to have low credit risk at the reporting date; and
- Other debt securities and bank balances for which credit risk (i.e. the risk of default occurring over the expected life of the financial instrument) has not increased significantly since initial recognition

12-month ECLs are the portion of ECLs that result from default events that are possible within the 12 months after the reporting date (or a shorter period if the expected life of the instrument is less than 12 months).

More details on the expected credit losses are provided in the note 18 Financial risks.

### Cash and cash equivalents

Cash and cash equivalents comprise cash on hand and demand deposits, together with short-term, highly liquid investments of a maturity of three months or less from the date of acquisition that are readily convertible to a known amount of cash and that are subject to an insignificant risk of changes in value. Bank overdrafts are shown within short-term borrowings in current liabilities in the Statement of financial position. Cash pooling receivables are included within other receivables from related parties.

### 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 in the principal or, in its absence, the most advantageous market to which the company has access at that date. The fair value of a liability reflects its non-performance risk.

Level 1: The fair value of financial instruments traded in active markets (such as Eurobond) is based on quoted market prices at the end of the reporting period. These instruments are included in level 1.

Level 2: The fair value of financial instruments that are not traded in an active market is determined using valuation techniques that maximise the use of observable market data and rely as little as possible on entity-specific estimates. If all significant inputs required to fair value an instrument are observable, the instrument is included in level 2.

Level 3: If one or more of the significant inputs is not based on observable market data, the instrument is included in level 3.

# Notes to the financial statements

## for the year ended 31 December 2022

### New accounting policies, early adoption and future requirements

#### *Amendments to published Standards effective during 2022*

The following amendments to Standards have been adopted for the financial year beginning on 1 January 2022, and have had no significant impact on the Company's results:

- Annual improvements to IFRS Standards 2018-2020 cycle
- Amendments to IAS 16 – Property, Plant and Equipment – Proceeds before Intended Use
- Amendments to IAS 37 – Provisions, Contingent Liabilities and Contingent Assets – Onerous Contracts – Cost of Fulfilling a Contract
- Amendments to IFRS 3 – Business Combinations – References to the Conceptual Framework

#### *Amendments to published Standards effective for the financial year beginning on 1 January 2023*

The following amendments to Standards will be effective for the financial year beginning on 1 January 2023 and were adopted by the UK Endorsement Board. The standard and the amendments are not expected to have a significant impact on the Company's results:

- IFRS 17 Insurance Contracts
- Amendments to IAS 8 – Accounting Policies, Changes in Accounting Estimates and Errors – Definition of Accounting Estimates
- Amendments to IAS 1 – Presentation of Financial Statements and IFRS Practice Statement 2 – Disclosure of Accounting Policies
- Amendments to IAS 12 – Income Taxes – Deferred Tax related to Assets and Liabilities arising from a Single Transaction

The following amendments to Standards will be effective for the financial year beginning on 1 January 2024 and were adopted by the UK Endorsement Board. The standard and the amendments are not expected to have a significant impact on the Company's results:

- Amendments to IAS 1 – Presentation of Financial Statements - Classification of Liabilities as Current or Non-current
- Amendments to IFRS 16 Leases – Lease Liability in a Sale and Leaseback