Mondi plc

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Full year results for the year ended 31 December 2023

"Resilient performance with strong cash generation. Growth investments on track."

Mondi, a market leader in sustainable packaging and paper, today announces its results for the 12 months to 31 December 2023. All figures presented and commentary provided is related to the Group's continuing operations only unless otherwise specified.

Highlights

- **A resilient performance with strong cash flow**
    - Underlying EBITDA of €1,201 million (2022: €1,848 million), with margin of 16.4% (2022: 20.8%)
    - Strong cash generation with cash generated from operations increasing to €1,312 million (2022: €1,292 million)
    - Group revenue of €7,330 million (2022: €8,902 million)
    - Basic underlying earnings per share of 107.8 euro cents (2022: 195.6 euro cents)
    - Return on capital employed (ROCE) of 12.8% (2022: 23.7%)
- **Robust balance sheet with net debt to underlying EBITDA at 0.3 times; pro-forma at 1.0 times[1] (2022: 0.5 times)**
- **Good progress towards delivering €1.2 billion of organic growth investments on time and on budget**
- **Advancing our sustainability performance through the Mondi Action Plan 2030 (MAP2030)**
- **Recommended full year ordinary dividend of 70.0 euro cents per share (2022: 70.0 euro cents per share)**
- **Completed sale of Russian assets, concluding the Group's exit from Russia**
    - Net proceeds distributed to shareholders on 13 February 2024 by way of a special dividend of €1.60 per share
    - An associated 10 for 11 share consolidation on 29 January 2024

Notes:
1 Net debt at 31 December 2023 includes the proceeds received from the disposal of the Group's previously owned Russian operations. The pro-forma basis takes into account the special dividend distributed after year end and is therefore a closer representation of leverage today.

Andrew King, Mondi Group Chief Executive Officer, said:

"Mondi delivered a resilient 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.

"While underlying EBITDA of €1,201 million was lower than the very strong performance in the prior year, our cash generation remained ahead of last year at €1,312 million.

"This strong cash generation gives us the strategic flexibility to continue investing in our business through-cycle, supported by our confidence in the long-term structural growth of the markets we operate in and our leading positions within them. We continue to make good progress in delivering our organic growth projects, which remain on track and on budget. We expect these projects to deliver a meaningful EBITDA contribution from 2025.

"In the first quarter of 2024, selling prices are generally lower than the averages achieved in the second half of 2023. However, we are seeing improvements in our order books and are implementing price increases across our range of paper grades. Input costs remain elevated compared to historical levels but have broadly stabilised since the end of 2023.

"We remain well positioned to capitalise as demand improves with our strong operational leverage and organic growth investment projects.

"It is our continued confidence in the future of our business which has resulted in the Board recommending a total ordinary dividend for the year of 70.0 euro cents per share, in line with 2022."

Financial summary

€ million, except for percentages and per share measures	Year ended 31 December 2023	Year ended 31 December 2022	Change %	Six months ended 31 December 2023	Six months ended 31 December 2022	Change %
From continuing operations						
Group revenue	**7,330**	8,902	(18)	**3,449**	4,397	(22)
Underlying EBITDA[2]	**1,201**	1,848	(35)	**521**	906	(42)
Cash generated from operations	**1,312**	1,292	2			
Basic underlying earnings per share[2] (euro cents)	**107.8**	195.6	(45)			
Basic earnings per share (euro cents)	**103.5**	244.5	(58)			
Total ordinary dividend per share (euro cents)	**70.0**	70.0	—			
Underlying EBITDA margin[2]	**16.4%**	20.8%				
Return on capital employed (ROCE)[2]	**12.8%**	23.7%				

Notes:
2 The Group presents certain measures that are not defined or specified according to International Financial Reporting Standards. Refer to the Alternative Performance Measures (APMs) section at the end of this document for further detail.

Delivering on our strategy

Group performance review

Mondi delivered underlying EBITDA of €1,201 million in the year (2022: €1,848 million). Group revenue was down on lower selling prices and sales volumes as a result of softer market demand and the impact of customer destocking, which abated over the course of the year. The Group's underlying EBITDA margin was 16.4% (2022: 20.8%).

Corrugated Packaging delivered underlying EBITDA of €310 million in the year, down 53% on the prior year (2022: €662 million). Underlying EBITDA margin was lower at 13.6% as a result of selling prices declining more than input costs. Containerboard sales volumes were broadly stable despite the backdrop of softer market demand, while in Corrugated Solutions, good margin management supported a stable year on year financial performance.

Flexible Packaging's underlying EBITDA was €637 million, 20% lower than the previous year (2022: €797 million), mainly as a result of lower sales volumes. Underlying EBITDA margin was 16.5%. Although profitability was lower than the very strong performance in 2022, the business showed resilience due to its high level of integration across the kraft paper and paper bag value chain together with its exposure to consumer-focused markets.

Uncoated Fine Paper delivered underlying EBITDA of €289 million in the year, down 32% (2022: €427 million) largely due to lower selling prices. Underlying EBITDA margin was 22.4%. Our geographic and product diversification supported our performance with higher uncoated fine paper and pulp sales volumes in South Africa mitigating lower European volumes.

Return on capital employed (ROCE) was lower at 12.8% (2022: 23.7%), reflecting the lower profitability in the year. This lower profitability, together with lower net finance costs, resulted in basic underlying earnings per share of 107.8 euro cents (2022: 195.6 euro cents).

The Group continued to exhibit its strong cash-generative characteristics with cash generated from operations increasing in the year to €1,312 million (2022: €1,292 million). This strong through-cycle cash generation continues to support our ongoing investment in the business and ensures we are well positioned to meet future demand for sustainable packaging and paper products.

Investing for value accretive growth

Our capital investment programme is focused on meeting the growing demand for sustainable packaging; enhancing our product offering, quality and service to customers; strengthening our cost competitiveness; and improving our environmental footprint. Given our confidence in the long-term structural growth of the packaging markets we operate in, and our leading positions within them, we seek to invest through the cycle to deliver value accretive growth.

We are making good progress on our €1.2 billion of approved investments in organic growth projects, which remain on track and on budget. These projects are diversified across our value chain, products and geographic reach and comprise €0.6 billion of investments in Corrugated Packaging and €0.6 billion of investments in Flexible Packaging. By the end of 2024, we expect to have invested around 80% of the approved amount. We expect these projects to deliver a meaningful EBITDA contribution from 2025.

In Corrugated Packaging, most of these projects are at, or close to, start up including investments at our Kuopio mill (Finland), Świecie mill (Poland) and Polish corrugated solutions plants. Our Duino mill (Italy) is expected to start up in 2025 as planned. In Flexible Packaging, we continue to make progress on our pipeline, with most projects, including the new paper machine at Štětí (Czech Republic), expected to ramp up from 2025. We expect our projects to take two to three years to achieve full production following their commissioning, delivering mid-teen returns through-cycle when fully operational.

In addition, we have recently completed the acquisition of the Hinton Pulp mill in Alberta (Canada) for a total consideration of USD 5 million. The mill has the capacity to produce around 250,000 tonnes of pulp per annum and will provide the Group with access to local, high-quality fibre from a well-established wood basket. We intend to invest in the mill to improve productivity and sustainability performance and, subject to pre-engineering and permitting, expand the facility primarily with a new kraft paper machine which will integrate our paper bag operations in the Americas and support future growth.

Progressing towards achieving our MAP2030 sustainability commitments

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.

Circular Driven Solutions

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. In 2023, 85% of our packaging and paper revenue was from reusable, recyclable or compostable products, up from 74% in 2020, our baseline year for this target. Our Corrugated Packaging and Uncoated Fine Paper product portfolios are already at 100%, while in Flexible Packaging we currently have sustainable packaging solutions available, or identified and in development, for 94% of their product portfolio based on revenue, and are continuing our efforts to develop sustainable solutions for the small number of remaining products.

In addition, we collaborate across our business to identify opportunities to achieve our long-term target of eliminating waste to landfill from our manufacturing processes. In 2023, we successfully reduced our specific waste to landfill by 44% compared to the 2020 baseline mainly by finding alternative uses for waste that was previously landfilled.

Created by Empowered People

Our goal is to be an employer of choice by empowering our people to realise their potential and contribute to Mondi's ongoing success. Through engagement, such as the Group-wide Employee Survey and development initiatives, including training and upskilling programmes, we support our employees to build skills that support long-term employability and provide purposeful employment in a diverse and inclusive workplace.

The safety and health of our people always comes first. We have committed to reduce our Total Recordable Case Rate (TRCR) by 15% by 2030 against a 2020 baseline, along with targets for zero fatalities and life-altering injuries. We continue to be among industry leaders with a 0.64 TRCR performance in 2023, which represents a 4% improvement on our 2020 baseline. We however deeply regret the fatality at our Ružomberok facility (Slovakia) in late November. In addition, there were four life-altering injuries at our operations in the year. Our thoughts go out to those involved, and to their families, friends and work colleagues. All incidents are investigated and actions taken where necessary to prevent reoccurrence.

Taking Action on Climate

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. In the near term, our targets, approved by the Science Based Targets initiative, commit us to reduce absolute Scope 1 and 2 greenhouse gas (GHG) emissions by 46.2% and Scope 3 GHG emissions by 27.5% by 2030 from a 2019 base year. In 2023, compared to our 2019 baseline, we have reduced our absolute Scope 1 and 2 GHG emissions by 22% and our Scope 3 emissions by 21%, on track to meet our 2030 targets.

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.

Ordinary dividend

We have a disciplined capital allocation policy ensuring we can invest in the business through the cycle for long-term growth and deliver attractive returns, while supporting the ordinary dividend.

The Board has recommended a final 2023 ordinary dividend of 46.67 euro cents per share. The final dividend, together with the interim dividend, amount to a total dividend for the year of 70.0 euro cents per share, in line with 2022 (70.0 euro cents per share). Maintaining the dividend per share in line with last year reflects our strong cash flow, robust balance sheet and the Board’s confidence in the future of the business.

The final dividend is subject to the approval of the shareholders of Mondi plc at the Annual General Meeting scheduled for Friday 3 May 2024 and, if approved, will be paid on Tuesday 14 May 2024 to shareholders on the register at the close of business on Friday 5 April 2024.

Business unit review

Corrugated Packaging

Mondi is a leading producer of corrugated packaging with a cost-competitive asset base and strong customer offering focused on quality and reliability. We are the leading virgin containerboard producer in Europe and the largest containerboard producer in emerging Europe. Our virgin containerboard is a high-quality product with excellent properties for specialised end-use applications, ideal to meet our customers' needs around the globe.

We are also a leading corrugated solutions producer across central and emerging Europe. We leverage our integrated production network and partner with our customers to create fully recyclable corrugated boxes and packaging.

€ million, except for percentages	Year ended 31 December 2023	Year ended 31 December 2022	Change %	Six months ended 31 December 2023	Six months ended 31 December 2022	Change %
Segment revenue	**2,280**	2,991	(24)	**1,093**	1,427	(23)
Underlying EBITDA	**310**	662	(53)	**122**	287	(57)
Underlying EBITDA margin (%)	**13.6%**	22.1%		**11.2%**	20.1%	
Capital expenditure cash payments	**326**	212		**194**	126	
Capital employed	**2,318**	2,162				
ROCE (%)	**7.7%**	25.3%				

Corrugated Packaging delivered underlying EBITDA of €310 million in the year, down 53% on the prior year (2022: €662 million). Underlying EBITDA margin was lower at 13.6% as a result of selling prices declining more than input costs.

Containerboard sales volumes were broadly stable despite the backdrop of softer market demand and the impact from our project-related shuts in the fourth quarter of the year, a reflection of our strong cost position, strength in niche products, and global reach of our sales infrastructure. 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 response to improved demand reflected in strong order books, we announced price increases in February 2024 across our range of containerboard grades.

In Corrugated Solutions, good margin management supported a stable year on year financial performance despite 3% lower box volumes compared to the prior year in the face of lower demand.

At the end of the year, we started up the €125 million investment project at our Kuopio mill (Finland). This project will increase semi-chemical fluting capacity by 55,000 tonnes when fully ramped up, enhance product quality, drive cost competitiveness, and strengthen the mill’s environmental performance.

We also have several other capital investment projects that are expected to start up during 2024. These projects include our €95 million debottlenecking project at Świecie (Poland) which will increase capacity by 55,000 tonnes per annum when fully ramped up, together with expansion projects at our Simet and Warsaw corrugated solutions plants in Poland that will support growth and enhance our product and service offering.

Our €200 million investment at Duino (Italy) to convert the existing paper machine into a high-quality, cost-competitive recycled containerboard machine with an annual capacity of 420,000 tonnes is ongoing. Start-up of the machine is expected, as planned, for 2025.

Flexible Packaging

We are a global flexible packaging producer, integrated across the value chain with a unique portfolio of solutions. As a global leader in the production of kraft paper and paper bags, our well-invested mills produce high-quality kraft paper that is converted into strong, lightweight paper-based packaging. With our high level of integration across the value chain, our customers come to us for scale, security of supply and global reach.

We are also a leading producer of consumer flexible packaging in Europe and have broad coating capabilities which together provide an extensive and unique range of paper, plastic and hybrid packaging solutions.

€ million, except for percentages	Year ended 31 December 2023	Year ended 31 December 2022	Change %	Six months ended 31 December 2023	Six months ended 31 December 2022	Change %
Segment revenue	**3,866**	4,299	(10)	**1,804**	2,217	(19)
Underlying EBITDA	**637**	797	(20)	**294**	381	(23)
Underlying EBITDA margin (%)	**16.5%**	18.5%		**16.3%**	17.2%	
Capital expenditure cash payments	**425**	223		**271**	138	
Capital employed	**3,167**	3,035				
ROCE (%)	**14.4%**	20.9%				

Flexible Packaging's underlying EBITDA was €637 million, 20% lower than the previous year (2022: €797 million), mainly as a result of lower sales volumes. Underlying EBITDA margin was 16.5%. Although profitability was lower than the very strong performance in 2022, the business showed resilience due to its high level of integration across the kraft paper and paper bag value chain together with its exposure to consumer-focused markets.

Sales volumes across our kraft paper and paper bag value chain were lower in the year as a result of weaker demand in line with softer economic conditions. While prices declined over the course of the year, our service and product offering, and high level of integration resulted in 2023 pricing remaining, on average, similar to 2022 levels. Current pricing is below average 2023 price levels. In kraft paper, we are implementing price increases on the back of improving order books which we expect to take effect from the second quarter of 2024.

Consumer Flexibles and Functional Paper and Films delivered a stable financial performance as we continue to offer our customers a broad range of innovative packaging solutions.

We continue to invest across our platform. We are making good progress with our €400 million investment in a new 210,000 tonne per annum kraft paper machine at Štětí (Czech Republic) with start-up expected in 2025 and ramp up to 2027, together with a number of investments across our converting plant network which remain on track and on budget. These projects include expanding and upgrading the global reach of our paper bag network, investments to consolidate our leading position in European pet food packaging, and projects to enhance our European coating capabilities.

In addition, we have recently completed the acquisition of the Hinton Pulp mill in Alberta (Canada) for a total consideration of USD 5 million. The mill has the capacity to produce around 250,000 tonnes of pulp per annum and will provide the Group with access to local, high-quality fibre from a well-established wood basket.

Uncoated Fine Paper

Our Uncoated Fine Paper business produces a wide range of home, office, converting and professional printing papers at our mills in central Europe and South Africa. We are the supplier of choice for our customers, leveraging our leading positions in these regions. In South Africa, we also produce and sell market pulp to customers around the world.

€ million, except for percentages	Year ended 31 December 2023	Year ended 31 December 2022	Change %	Six months ended 31 December 2023	Six months ended 31 December 2022	Change %
Segment revenue	**1,292**	1,613	(20)	**602**	820	(27)
Underlying EBITDA	**289**	427	(32)	**121**	256	(53)
Underlying EBITDA margin (%)	**22.4%**	26.5%		**20.1%**	31.2%	
Forestry fair value gain	**128**	169		**42**	139	
Capital expenditure cash payments	**79**	64		**55**	26	
Capital employed	**1,095**	1,091				
ROCE (%)	**20.6%**	34.7%				

Uncoated Fine Paper delivered underlying EBITDA of €289 million in the year, down 32% (2022: €427 million) largely due to lower selling prices. Underlying EBITDA margin was 22.4%. Our geographic and product diversification supported our performance with higher uncoated fine paper and pulp sales volumes in South Africa mitigating lower European volumes.

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. We successfully implemented price increases in early 2024.

In response to the ongoing structural decline in demand for uncoated fine paper in Europe, we streamlined production by permanently closing an uncoated fine paper machine at our unintegrated Neusiedler operations in Austria during the year.

In South Africa, uncoated fine paper market conditions were broadly stable on the prior year. The business received income from an insurance claim in the year relating to the floods in South Africa during 2022.

Pulp sales volumes were higher following the start-up of the rebuilt recovery boiler at our integrated Richards Bay mill (South Africa) in the prior year. Market pulp prices declined sharply during the year followed by modest increases towards the end of the year.

The non-cash forestry fair value gain was lower in the year at €128 million (2022: €169 million).

Our Uncoated Fine Paper 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.

Finance review

Group performance

Mondi delivered Group revenue of €7,330 million (2022: €8,902 million) and underlying EBITDA of €1,201 million (2022: €1,848 million) resulting in a lower underlying EBITDA margin at 16.4% (2022: 20.8%).

Overall sales volumes and selling prices were lower compared to the previous year. So far in 2024, selling prices are lower than average 2023 prices levels. We are seeing improvements in our order books and implementing price increases across our range of paper grades.

Input costs were lower compared to the prior year with higher wood unit costs more than offset by lower energy and paper for recycling costs. Wood prices declined over the course of the year from their peak levels recorded in early 2023 but remained, on average, higher than the prior year. Following record levels in 2022, energy prices in Europe reduced and remained materially lower in 2023. Paper for recycling prices were also significantly lower. As we enter 2024, input costs are broadly stable compared to the end of 2023, and below average 2023 price levels.

Personnel, maintenance and other net operating expenses were lower in the year with ongoing cost reduction initiatives and insurance income more than offsetting inflationary cost pressures. The non-cash forestry fair value gain was €128 million (2022: €169 million).

Depreciation, amortisation and impairment underlying charges of €411 million were broadly similar to the prior year (2022: €405 million). We expect a charge in 2024 of around €425-450 million.

Net finance costs of €73 million were lower than the prior year (2022: €143 million) driven by an increase in investment income as a result of higher cash balances and interest rates, and currency mix effects. In 2024, following the special dividend distribution and related decrease in investment income, we expect net finance costs of around €100 million.

The Group recognised a €27 million special item charge (before tax) in the year in respect of the closure of a paper machine and streamlining capacity of the finishing lines at the Neusiedler operations in Austria (2022: €242 million gain before tax in respect of the sale of the Personal Care Components business).

The underlying tax charge for the year was €167 million (2022: €296 million) giving an effective tax rate of 23.6% (2022: 22.5%). In 2024, we expect an effective tax rate of around 23-24%.

Basic underlying earnings per share were 107.8 euro cents (2022: 195.6 euro cents) reflecting the lower profitability in the year mitigated by lower net finance costs. After taking the effect of special items into account, basic earnings per share were 103.5 euro cents (2022: 244.5 euro cents).

Cash flow

Cash generated from operations was €1,312 million (2022: €1,292 million), reflecting the Group's continued strong cash-generating capability. Working capital improved with a net inflow of €229 million in the year on the back of lower inventory levels (2022: outflow of €419 million). As a percentage of revenue, working capital ended the year at 14.8% (2022: 14.4%), slightly above our 12-14% through-cycle range, as expected at this point in the cycle.

Capital expenditure was in line with our expectations, at €830 million (2022: €508 million) as a result of investing in our organic growth projects directed towards growing our packaging businesses. We expect our total capital expenditure in 2024 to be €800-900 million as we continue to invest in our organic growth projects. Thereafter, in the absence of further significant organic growth opportunities, we would expect capital expenditure to trend towards depreciation levels following the completion of our current approved projects.

Tax paid was €178 million (2022: €196 million) and total interest paid was €103 million (2022: €127 million) including derivative interest. We paid ordinary dividends to shareholders of €345 million (2022: €321 million) in the year.

The Group received proceeds of €806 million from the disposal of its Russian operations in the year. After taking into account the associated transaction and other costs, the Group distributed the net proceeds by way of a €1.60 per share special dividend to shareholders on 13 February 2024.

Liquidity, treasury and borrowings

Mondi retains a strong financial position. Including receipt of the proceeds from the disposal of the Group's Russian operations, net debt at 31 December 2023 was €419 million, with net debt to underlying EBITDA at 0.3 times (31 December 2022: €1,011 million, 0.5 times). Adjusting for the special dividend paid in February 2024, the pro-forma net debt and net debt to underlying EBITDA was €1,195 million and 1.0 times, respectively.

At 31 December 2023, Mondi's liquidity position was €2.3 billion, comprising €754 million of undrawn committed debt facilities and cash and cash equivalents of €1,592 million. Adjusting for the special dividend paid in February 2024, the Group retains a strong liquidity position of €1.6 billion. The weighted average maturity of the Group's committed debt facilities was 2.8 years at the end of the year with the only significant short-term repayment relating to the Group's €500 million Eurobond that matures in April 2024. Our financing agreements do not contain financial covenants.

The Group maintained its investment grade credit ratings. In May 2023, Standard & Poor’s upgraded the Group's credit rating from BBB+ to A- (stable outlook). Moody’s Investors Service reaffirmed the Group's credit rating at Baa1 (stable outlook) during the year.

Discontinued operations' disposal and distribution of net proceeds with share consolidation

The Group's previously owned Russian operations were, since June 2022, accounted for as discontinued operations.

In June 2023, the Group received proceeds of €30 million following the completion of the sale of its three Russian packaging converting operations and in October 2023, the Group completed the sale of the Syktyvkar mill, its most significant facility in the country, and received proceeds of €776 million from the disposal. These disposals concluded the Group's exit from Russia.

The loss after tax from discontinued operations was €655 million in the year. This included a loss on disposal, net of related transaction costs and tax, of €756 million, of which €633 million related to the reclassification of the foreign currency translation reserve, which was recycled through the income statement on the date of disposal.

The net proceeds, comprising total proceeds as outlined above of €806 million, less the associated transaction and other costs, were distributed to shareholders on 13 February 2024 by way of a special dividend of €1.60 per share.

Refer to note 15 in the notes to the condensed consolidated financial statements for further information.

Following the approval of the special dividend in early 2024, and in order to maintain comparability of Mondi’s share price before and after payment so far as possible, the Group completed a share consolidation on 29 January 2024 whereby shareholders received 10 new ordinary shares for every 11 existing ordinary shares held.

Principal risks

The Board is responsible for the effectiveness of the Group's risk management activities and internal control processes. It has put procedures in place for identifying, evaluating, and managing the risks faced by the Group. In combination with the Audit Committee, the Board conducted, over the course of the year, a robust assessment of the Group's principal and emerging risks to which Mondi is exposed and it is satisfied that the Group has effective systems and controls in place to manage these risks within the risk appetite levels established.

Risk management is by its nature a dynamic and ongoing process. Risk management is of key importance given the diversity of the Group's locations, markets and production processes. Our internal controls aim to provide reasonable assurance as to the accuracy, reliability and integrity of our financial information, non-financial disclosures and the Group's compliance with applicable laws, regulations and internal policies as well as the effectiveness of internal processes.

Key changes in the year

The Group's most significant risks are long term in nature. The assessment of the principal risks is updated annually to reflect the developments in our strategic priorities and Board discussions on emerging risks.

In 2023, a review of the Group's approach to the assessment of risk appetite was performed. The review considered various risk appetite methodologies and settled on an optimal approach which enables risk owners to use and own the risk appetite in a practical manner. The Group utilises a four-point risk appetite rating scale against which the residual risk of each principal risk can be considered. Where a difference is identified between the risk appetite and residual risk rating, the risk owner provides an explanation for and a chosen approach to address the differential to the Executive Committee and the Board.

A detailed risk assurance map is used to present our principal risks to the Board, Audit Committee and Sustainable Development Committee, facilitating comprehensive discussions on risk. The Board, in combination with the Audit Committee, is satisfied that the review performed has enhanced the Group's approach to risk management. The Group remains committed to the continuous improvement of risk assessment, risk management and risk reporting.

The key significant changes to the Group's principal risks identified during 2023 are set out below.

The pandemic risk has been removed as a separate Group principal risk and incorporated as part of the Employee and contractor health and safety risk, though it is part of the risk consideration embedded in all the principal risks.

The Group is making good progress towards our MAP2030 commitments. Consequently, the climate change risk rating was reduced due to the assessed impact on Mondi after climate mitigation and adaptation initiatives are considered. The assessment is supported by the Group's capital investment programme which is focussed on growing capacity through more sustainable means of production and is designed to help us meet our science-based Net-Zero targets.

The tax risk rating was reduced with an assessed decrease in both impact and likelihood. The assessed rating is supported by initiatives taken in recent years to reduce complexity in our legal structure and the Group's risk occurrence track record.

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 Group's risk mitigating and planning activities. Additionally, during the year the Group implemented initiatives to further reduce dependence on natural gas in our mills.

Emerging risks

The Board continues to highlight the execution of major capital expenditure projects as an emerging risk. The emerging risk is managed through mitigating activities such that the residual risk exposure is not considered significant. All capital expenditure projects are planned in detail with contingency plans in place in order to avoid cost overruns, design and building defects and to ensure employee and contractor safety. Post-investment reviews are conducted on major capital expenditure projects to evaluate the project execution against the original plan and identify lessons learnt. We will continue to monitor potential risks relating to executing major capital expenditure projects in the year ahead.

Strategic risks

The industries and geographies in which we operate expose us to specific long-term risks which are accepted by the Board as a consequence of the Group's chosen strategy and operating footprint.

We continue to monitor recent capacity announcements, demand developments and how consumers are demanding more sustainable packaging. We continue to develop our understanding of climate change risks and its impact whilst continuing to improve our disclosures and improve our responses.

The Executive Committee and Board monitor our exposure to these risks and evaluate investment decisions against our overall exposures so that our strategic capital allocation takes advantage of the opportunities arising from our deliberate exposure to such risks.

Our principal strategic risks relate to the following:

- Industry productive capacity
- Product substitution
- Fluctuations and variability in selling prices or gross margins
- Country risk
- Climate change risks

Financial risks

We aim to maintain an appropriate capital structure and to manage our financial risk exposures in compliance with all laws and regulations.

An attentive approach to financial risk management remains in response to tax risks and ongoing short-term currency volatility.

Our principal financial risks relate to the following:

- Capital structure
- Currency risk
- Tax risk

Operational risks

As a Group we focus on operational excellence and investment in our people and are committed to the responsible use of resources.

Our investments to improve our energy efficiency, engineer out our most significant safety risks and improve operating efficiencies reduce the likelihood of operational risk events.

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

Compliance 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.

Our principal compliance risk relates to reputational risk.

A more detailed description of our principal risks can be found in the Group's 2022 Integrated Report. The 2023 Integrated Report is planned to be published in March 2024.

Going concern

The directors have reviewed the Group's budget and considered the assumptions contained in the budget, including consideration of the principal risks which may impact the Group's performance in the 18 months following the balance sheet date and considerations of the period immediately thereafter.

The assessment of going concern has been based on the Group's continuing operations. Any impact from discontinued operations or proceeds from disposal are fully excluded from the assessment. The net proceeds from the sale of the Group's Russian assets have been returned to shareholders by way of a special dividend on 13 February 2024 and are hence excluded from the going concern assessment.

The Group has a strong balance sheet. At 31 December 2023, the Group had a liquidity position of €2,346 million, comprising €754 million of undrawn committed debt facilities and cash and cash equivalents of €1,592 million available, which included proceeds from the disposal of discontinued operations of €806 million. As the Group's debt facilities and loan agreements contain no financial covenants, in performing its going concern assessment the directors have focused on liquidity, which was adjusted to exclude the net proceeds from the disposal of discontinued operations, given that these were distributed to shareholders by way of a special dividend in February 2024.

The current and possible future impact from the macroeconomic environment on the Group's activities and performance has been considered by the Board in preparing its going concern assessment. The base case forecasts for the Group, being those arising over the 18 month going concern assessment period as reflected in the Group's 2024-2026 plan, were sensitised to reflect a severe but plausible downside scenario on Group performance.

The scenario testing assumed severe but plausible volume and margin reductions happening in combination and was carried out against Mondi's current committed debt facilities, and on the assumption that the Group's €500 million Eurobond maturing in April 2024 will not be refinanced. However, the Group has a track record of successfully accessing both the bank and debt capital markets for funding and is expecting to be able to refinance the facilities if needed.

In the severe but plausible downside scenario, including no assumed refinancing of the Group's debt, the Group has sufficient liquidity headroom through the whole period covered by the going concern assessment.

In addition to its modelled downside going concern scenario, the Board has reverse stress tested the model to determine the extent of downturn which would result in no liquidity headroom. A decline of 48% to the planned underlying EBITDA in the period until 30 June 2025, well in excess of that contemplated in the severe but plausible downside scenario, would need to persist throughout the observed period to result in no liquidity headroom, which is considered very unlikely. This reverse stress test also does not incorporate mitigating actions such as reductions and deferrals of capital and operational expenditure or cash preservation responses, which the Group would implement in the event of a severe and extended revenue decline.

Following its assessment, the directors have formed a judgement, at the time of approving the condensed consolidated financial statements for the year ended 31 December 2023, that there are no material uncertainties that cast doubt on the Group's going concern status and that it is a reasonable expectation that the Group has adequate resources to continue in operational existence for the foreseeable future. For this reason, the Group continues to adopt the going concern basis in preparing the condensed consolidated financial statements for the year ended 31 December 2023.

Enquiries

Investors/analysts:

Fiona Lawrence Mondi Group Head of Investor Relations	+44 742 587 8683

Media:

Chris Gurney Mondi Group Head of Corporate Communication	+44 799 004 3764
Richard Mountain FTI Consulting	+44 790 968 4466

Results presentation details

A webinar will be held today at 09:00 (GMT), 10:00 (CET), 11:00 (SAST).

Please register for the event using this link:

https://storm-virtual-uk.zoom.us/webinar/register/WN_wI1Hs-puQr-0vpOmmXY4IQ

Once registered, you will receive a confirmation email from 'MONDI Events' with the webinar link and ID.

A replay will be available on our website within a couple hours after the end of the live results presentation.

For any queries, please email ir@mondigroup.com

Directors' responsibility statement

The Group annual financial statements have been audited in accordance with the applicable requirements of the Companies Act 2006.

The responsibility statement has been prepared in connection with the Group's Integrated report and financial statements 2023, extracts of which are included within this announcement.

The directors confirm that to the best of their knowledge:

- the condensed consolidated financial statements are derived from the audited consolidated financial statements of the Group, prepared in accordance with UK-adopted International Accounting Standards and with the requirements of the Companies Act 2006 as applicable to companies reporting under those standards (they do not contain sufficient information to comply with International Financial Reporting Standards);
- the Group's consolidated financial statements, prepared in accordance with UK-adopted International Accounting Standards, give a true and fair view of the assets, liabilities, financial position and profit of the Group;
- the Strategic report included within the Group's Integrated report and financial statements 2023 includes a fair review of the development and performance of the business and the position of the Group, together with a description of the principal risks and uncertainties it faces;
- the Integrated report and financial statements 2023, taken as a whole, is fair, balanced and understandable and provides the information necessary for shareholders to assess the Group's position and performance, business model and strategy;
- there have been no significant individual related party transactions during the year; and
- there have been no significant changes in the Group's related party relationships from that reported in the half-year results for the six months ended 30 June 2023.

The Group's condensed consolidated financial statements, and related notes, including this responsibility statement, were approved by the Board and authorised for issue on 21 February 2024 and were signed on its behalf by:

Andrew King
Director

Mike Powell
Director

Audited financial information

The condensed consolidated financial statements and notes 1 to 21 for the year ended 31 December 2023 are derived from the Group annual financial statements which have been audited by PricewaterhouseCoopers LLP. The unmodified audit report is available for inspection at the Group's registered office.

Condensed consolidated income statement

for the year ended 31 December 2023

€ million	Notes	2023 Underlying	2023 Special items (Note 4)	2023 Total	2022 Underlying	2022 Special items (Note 4)	2022 Total
From continuing operations							
Group revenue	3	**7,330**	**—**	**7,330**	**8,902**	**—**	**8,902**
Materials, energy and consumables used		(3,971)	—	(3,971)	(4,728)	—	(4,728)
Variable selling expenses		(618)	—	(618)	(741)	—	(741)
Gross margin		2,741	—	2,741	3,433	—	3,433
Maintenance and other indirect expenses		(374)	—	(374)	(346)	—	(346)
Personnel costs		(1,087)	(9)	(1,096)	(1,077)	—	(1,077)
Other net operating expenses		(79)	(14)	(93)	(162)	—	(162)
Gain on disposal of businesses, net of related transaction costs		—	—	—	—	242	242
EBITDA	3	**1,201**	**(23)**	**1,178**	**1,848**	**242**	**2,090**
Depreciation, amortisation and impairments		(411)	(4)	(415)	(405)	—	(405)
Operating profit	3	**790**	**(27)**	**763**	**1,443**	**242**	**1,685**
Net (loss)/profit from joint ventures		(5)	—	(5)	1	—	1
Impairment of investments in joint ventures		(5)	—	(5)	—	—	—
Net monetary gain arising from hyperinflationary economies		2	—	2	17	—	17
Investment income	6	45	—	45	6	—	6
Foreign currency gains/(losses)	6	1	—	1	(5)	—	(5)
Finance costs	6	(119)	—	(119)	(144)	—	(144)
Profit before tax		709	(27)	682	1,318	242	1,560
Tax (charge)/credit	7	(167)	6	(161)	(296)	(5)	(301)
Profit from continuing operations		**542**	**(21)**	**521**	**1,022**	**237**	**1,259**
From discontinued operations							
(Loss)/profit from discontinued operations	15			(655)			266
(Loss)/profit for the year				**(134)**			**1,525**
Attributable to:							
Non-controlling interests				**19**			**73**
Shareholders				**(153)**			**1,452**

Earnings per share (EPS) attributable to shareholders euro cents	Notes	2023	2022
From continuing operations			
Basic EPS	8	**103.5**	**244.5**
Diluted EPS	8	**103.5**	**244.4**
Basic underlying EPS	8	**107.8**	**195.6**
Diluted underlying EPS	8	**107.8**	**195.6**
From continuing and discontinued operations			
Basic EPS	8	**(31.5)**	**299.3**
Diluted EPS	8	**(31.5)**	**299.2**

Condensed consolidated statement of comprehensive income

for the year ended 31 December 2023

€ million	2023 Before tax amount	2023 Tax credit	2023 Net of tax amount	2022 Before tax amount	2022 Tax charge	2022 Net of tax amount
(Loss)/profit for the year			**(134)**			**1,525**
Items that may subsequently be or have been reclassified to the condensed consolidated income statement						
Fair value gains arising from cash flow hedges of continuing operations	—	—	—	1	—	1
Fair value gains arising from cash flow hedges of discontinued operations (see note 15)	—	—	—	1	—	1
Exchange differences on translation of continuing non-euro operations	(70)	—	(70)	35	—	35
Exchange differences on translation of discontinued non-euro operations (see note 15)	(227)	—	(227)	72	—	72
Reclassification of foreign currency translation reserve to the condensed consolidated income statement on disposal of businesses of continuing operations	—	—	—	(4)	—	(4)
Reclassification of foreign currency translation reserve to the consolidated income statement on disposal of businesses of discontinued operations (see note 15)	633	—	633	—	—	—
Items that will not subsequently be reclassified to the condensed consolidated income statement						
Remeasurements of retirement benefits plans of continuing operations	(23)	7	(16)	8	(3)	5
Remeasurements of retirement benefits plans of discontinued operations (see note 15)	—	—	—	1	—	1
Other comprehensive income/(expense) for the year	**313**	**7**	**320**	**114**	**(3)**	**111**
Other comprehensive income/(expense) attributable to:						
Non-controlling interests			**(3)**			**6**
Shareholders			**323**			**105**
Total comprehensive income attributable to:						
Non-controlling interests			**16**			**79**
Shareholders			**170**			**1,557**
Total comprehensive income/(expense) attributable to shareholders arises from:						
Continuing operations			**419**			**1,217**
Discontinued operations			**(249)**			**340**
Total comprehensive income for the year			**186**			**1,636**

Condensed consolidated statement of financial position

as at 31 December 2023

€ million	Notes	2023	2022
Property, plant and equipment		4,619	4,167
Goodwill		765	769
Intangible assets		68	64
Forestry assets	10	519	485
Investments in joint ventures		8	18
Financial instruments		28	25
Deferred tax assets		24	34
Net retirement benefits asset		5	8
Other non-current assets		5	8
Total non-current assets		**6,041**	**5,578**
Inventories		1,049	1,359
Trade and other receivables		1,254	1,448
Current tax assets		14	9
Financial instruments		14	4
Cash and cash equivalents	16b	1,592	1,067
		3,923	3,887
Assets held for sale	15	—	1,382
Total current assets		**3,923**	**5,269**
Total assets		**9,964**	**10,847**
Short-term borrowings	12	(559)	(102)
Trade and other payables		(1,219)	(1,525)
Current tax liabilities		(78)	(137)
Provisions		(21)	(22)
Financial instruments		(4)	(10)
		(1,881)	(1,796)
Liabilities directly associated with assets held for sale	15	—	(325)
Total current liabilities		**(1,881)**	**(2,121)**
Medium- and long-term borrowings	12	(1,460)	(1,970)
Net retirement benefits liability	13	(159)	(155)
Deferred tax liabilities		(322)	(307)
Provisions		(27)	(27)
Other non-current liabilities		(19)	(13)
Total non-current liabilities		**(1,987)**	**(2,472)**
Total liabilities		**(3,868)**	**(4,593)**
Net assets		**6,096**	**6,254**
Equity			
Share capital		97	97
Own shares		(17)	(16)
Retained earnings		5,434	5,895
Other reserves		141	(182)
Total attributable to shareholders		**5,655**	**5,794**
Non-controlling interests in equity		441	460
Total equity		**6,096**	**6,254**

The Group's condensed consolidated financial statements, including related notes 1 to 21, were approved by the Board and authorised for issue on 21 February 2024 and were signed on its behalf by:

Andrew King
Director

Mike Powell
Director

Condensed consolidated statement of changes in equity

for the year ended 31 December 2023

€ million	Equity attributable to shareholders	Non-controlling interests	Total equity
At 1 January 2022	4,544	386	**4,930**
Total comprehensive income for the year:	1,557	79	**1,636**
Profit for the year	1,452	73	**1,525**
Other comprehensive income	105	6	**111**
Hyperinflation monetary adjustment	16	1	**17**
Transactions with shareholders in their capacity as shareholders			
Dividends	(321)	(9)	**(330)**
Purchases of own shares	(7)	—	**(7)**
Mondi share schemes' charge	11	—	**11**
Disposal of businesses	(4)	—	**(4)**
Other movements in non-controlling interests	(2)	3	**1**
At 31 December 2022	**5,794**	**460**	**6,254**
Total comprehensive income for the year:	170	16	**186**
(Loss)/profit for the year	(153)	19	**(134)**
Other comprehensive income/(expense)	323	(3)	**320**
Hyperinflation monetary adjustment	14	1	**15**
Transactions with shareholders in their capacity as shareholders			
Dividends (see note 9)	(345)	(7)	**(352)**
Purchases of own shares	(8)	—	**(8)**
Mondi share schemes' charge	9	—	**9**
Non-controlling interests bought out	21	(29)	**(8)**
At 31 December 2023	**5,655**	**441**	**6,096**

Equity attributable to shareholders

€ million	2023	2022	At 1 January 2022
Share capital	97	97	97
Own shares	(17)	(16)	(18)
Retained earnings	5,434	5,895	4,749
Cumulative translation adjustment reserve	(520)	(859)	(953)
Post-retirement benefits reserve	(53)	(35)	(40)
Share-based payment reserve	19	17	16
Cash flow hedge reserve	1	1	(1)
Merger reserve	667	667	667
Other sundry reserves	27	27	27
Total	**5,655**	**5,794**	**4,544**

Condensed consolidated statement of cash flows

for the year ended 31 December 2023

€ million	Notes	2023	2022
Cash flows from operating activities			
Cash generated from continuing operations	16a	1,312	1,292
Dividends received from other investments		2	2
Income tax paid		(178)	(196)
Net cash generated from operating activities of discontinued operations	15	223	350
Net cash generated from operating activities		**1,359**	**1,448**
Cash flows from investing activities			
Investment in property, plant and equipment	3	(830)	(508)
Investment in intangible assets		(16)	(12)
Investment in forestry assets	10	(48)	(49)
Proceeds from the disposal of property, plant and equipment		25	7
Proceeds from the disposal of financial asset investments		2	5
Acquisition of businesses, net of cash and cash equivalents	14	(37)	—
Proceeds from the disposal of businesses, net of cash and cash equivalents		—	642
Loans advanced to related and external parties		(1)	—
Interest received		38	6
Other investing activities		17	9
Net cash generated from/(used in) investing activities of discontinued operations	15	368	(68)
Net cash (used in)/generated from investing activities		**(482)**	**32**
Cash flows from financing activities			
Repayment of other medium- and long-term borrowings	16c	—	(53)
Proceeds from short-term borrowings[1]	16c	16	44
Repayment of short-term borrowings[1]	16c	(33)	(53)
Repayment of lease liabilities	16c	(22)	(21)
Interest paid	16c	(50)	(60)
Dividends paid to shareholders	9	(345)	(321)
Dividends paid to non-controlling interests	9	(7)	(9)
Purchases of own shares		(8)	(7)
Non-controlling interests bought out		(8)	—
Net cash outflow from debt-related derivative financial instruments	16c	(77)	(83)
Other financing activities		—	1
Net cash used in financing activities of discontinued operations	15	(7)	(10)
Net cash used in financing activities		**(541)**	**(572)**
Net increase in cash and cash equivalents		**336**	**908**
Cash and cash equivalents at beginning of year		1,381	455
Cash movement in the year	16c	336	908
Effects of changes in foreign exchange rates	16c	(125)	18
Cash and cash equivalents at end of year	16b	**1,592**	**1,381**

Note:

1 Net repayment of short-term borrowings as presented previously has been further analysed to separately show proceeds from, and repayment of, short-term borrowings.

Notes to the condensed consolidated financial statements
for the year ended 31 December 2023

1 Basis of preparation

These condensed consolidated financial statements as at and for the year ended 31 December 2023 comprise Mondi plc and its subsidiaries (referred to as 'the Group'), and the Group's share of the results and net assets of its associates and joint ventures.

The Group's condensed consolidated financial statements have been derived from the audited consolidated financial statements of the Group, prepared in accordance with UK-adopted International Accounting Standards and with the requirements of the Companies Act 2006 as applicable to companies reporting under those standards. The Group's condensed consolidated financial statements do not contain sufficient information to comply with International Financial Reporting Standards (IFRSs).

The financial information set out in these condensed consolidated financial statements does not constitute the Company's statutory accounts for the years ended 31 December 2023 or 2022 but is derived from those accounts. Statutory accounts for 2022 have been delivered to the Registrar of Companies, and those for 2023 will be delivered in due course. The auditors have reported on those accounts; their report was (i) unqualified, (ii) did not include a reference to any matters to which the auditors drew attention by way of emphasis without qualifying their report and (iii) did not contain a statement under section 498 (2) or (3) of the Companies Act 2006. Copies of the unqualified auditors' report on the Integrated report and financial statements 2023 are available for inspection at the registered office of Mondi plc.

The condensed consolidated financial statements have been prepared on a going concern basis as discussed in the commentary under the heading 'Going concern' which is incorporated by reference into these condensed consolidated financial statements.

The condensed consolidated financial statements have been prepared under the historical cost basis of accounting, as modified by forestry assets, pension assets, certain financial assets and financial liabilities held at fair value through profit and loss, assets acquired and liabilities assumed in a business combination and accounting in hyperinflationary economies.

2 Accounting policies

The same accounting policies and Alternative Performance Measures (APMs), methods of computation and presentation have been followed in the preparation of the condensed consolidated financial statements for the year ended 31 December 2023 as were applied in the preparation of the Group's annual financial statements for the year ended 31 December 2022, except as follows:

- A number of amendments to IFRS became effective for the financial period beginning on 1 January 2023, but the Group did not have to change its accounting policies or make any retrospective adjustments as a result of adopting these amendments.

Alternative Performance Measures
The Group presents certain measures of financial performance, position or cash flows that are not defined or specified according to IFRSs and UK-adopted International Accounting Standards. These measures, referred to as Alternative Performance Measures (APMs), are defined at the end of this document.

3 Operating segments

The Group's operating segments are reported in a manner consistent with the internal reporting provided to the Executive Committee, the chief operating decision-making body. The operating segments are managed based on the nature of the underlying products produced by those businesses and, consistent with prior year, comprise three distinct segments. In 2022, the Group disposed of its Personal Care Components business.

The Group's previously owned operations in Russia are reported as discontinued operations and no longer reported to the Executive Committee, and hence not disclosed for all periods presented in this note. The discontinued operations' net (loss)/profit and cash flows are presented separately in the condensed consolidated income statement and condensed consolidated statement of cash flows for all periods presented. Financial information relating to the discontinued operations is provided in note 15.

3 Operating segments (continued)

Year ended 31 December 2023[1]

€ million, unless otherwise stated	Corrugated Packaging	Flexible Packaging	Uncoated Fine Paper	Corporate	Personal Care Components (divested)	Intersegment elimination	Total continuing operations
Segment revenue	2,280	3,866	1,292	—	—	(104)	**7,334**
Internal revenue[2]	(23)	(33)	(52)	—	—	104	**(4)**
External revenue	2,257	3,833	1,240	—	—	—	**7,330**
Underlying EBITDA	310	637	289	(35)	—	—	**1,201**
Depreciation and impairments[3]	(144)	(183)	(66)	(1)	—	—	**(394)**
Amortisation	(7)	(8)	(2)	—	—	—	**(17)**
Underlying operating profit/(loss)	159	446	221	(36)	—	—	**790**
Special items before tax	—	—	(27)	—	—	—	**(27)**
Capital employed	2,318	3,167	1,095	(65)	—	—	**6,515**
Trailing 12-month average capital employed	2,057	3,068	1,075	(65)	—	—	**6,135**
Additions to non-current non-financial assets	379	427	129	—	—	—	**935**
Capital expenditure cash payments	326	425	79	—	—	—	**830**
Underlying EBITDA margin (%)	*13.6*	*16.5*	*22.4*	—	—	—	***16.4***
Return on capital employed (%)	*7.7*	*14.4*	*20.6*	—	—	—	***12.8***
Average number of employees (thousands)[4]	6.5	11.6	2.8	0.1	—	—	**21.0**

Year ended 31 December 2022[1]

€ million, unless otherwise stated	Corrugated Packaging	Flexible Packaging	Uncoated Fine Paper	Corporate	Personal Care Components (divested)	Intersegment elimination	Total continuing operations
Segment revenue	2,991	4,299	1,613	—	181	(143)	**8,941**
Internal revenue[2]	(51)	(51)	(68)	—	(12)	143	**(39)**
External revenue	2,940	4,248	1,545	—	169	—	**8,902**
Underlying EBITDA	662	797	427	(39)	1	—	**1,848**
Depreciation and impairments[3]	(133)	(181)	(70)	(1)	(3)	—	**(388)**
Amortisation	(7)	(8)	(2)	—	—	—	**(17)**
Underlying operating profit/(loss)	522	608	355	(40)	(2)	—	**1,443**
Special items before tax	—	—	—	—	242	—	**242**
Capital employed	2,162	3,035	1,091	(67)	—	—	**6,221**
Trailing 12-month average capital employed	2,062	2,916	1,022	(78)	175	—	**6,097**
Additions to non-current non-financial assets	235	242	115	—	9	—	**601**
Capital expenditure cash payments	212	223	64	—	9	—	**508**
Underlying EBITDA margin (%)	*22.1*	*18.5*	*26.5*	—	*0.6*	—	***20.8***
Return on capital employed (%)	*25.3*	*20.9*	*34.7*	—	*(1.1)*	—	***23.7***
Average number of employees (thousands)[4]	6.4	11.5	2.9	0.1	0.5	—	**21.4**

Notes:
1 See definitions of APMs at the end of this document.
2 Total continuing operations' internal revenue relates to transactions with discontinued operations.
3 Includes only impairment not classified as special items.
4 Presented on a full-time employee equivalent basis.

3 Operating segments (continued)

External revenue by location of production and by location of customer

€ million	External revenue by location of production 2023	External revenue by location of production 2022	External revenue by location of customer 2023	External revenue by location of customer 2022
Africa				
South Africa	656	667	495	498
Rest of Africa	95	74	395	436
Africa total	751	741	890	934
Western Europe				
Austria	1,301	1,640	159	203
Germany	579	808	954	1,188
UK	3	3	192	230
Rest of Western Europe	792	888	1,691	1,988
Western Europe total	2,675	3,339	2,996	3,609
Emerging Europe				
Czech Republic	657	820	252	286
Poland	1,275	1,587	722	851
Türkiye	426	589	486	693
Rest of emerging Europe	887	1,089	521	629
Emerging Europe total	3,245	4,085	1,981	2,459
Russia	—	—	5	30
North America	561	634	825	1,000
South America	3	2	94	157
Asia and Australia	95	101	539	713
Total Group revenue from continuing operations	**7,330**	**8,902**	**7,330**	**8,902**

4 Special items

The Group separately discloses special items, an APM as defined at the end of this document, on the face of the condensed consolidated income statement to assist its stakeholders in understanding the underlying financial performance achieved by the Group on a basis that is comparable from year to year.

€ million	2023	2022
Operating special items		
Impairment of assets	(4)	—
Restructuring and closure costs:		
Personnel costs	(9)	—
Other restructuring and closure costs	(14)	—
Gain on disposal of business, net of related transaction costs	—	242
Total special items before tax	**(27)**	**242**
Tax credit/(charge) (see note 7)	6	(5)
Total special items	**(21)**	**237**

The operating special items resulted in a cash outflow from operating activities of €10 million for the year ended 31 December 2023 (2022: €8 million). In the prior year, the net cash received from the sale of the Personal Care Components business totalled €642 million and was presented within cash flows from investing activities.

To 31 December 2023
The special items during the year ended 31 December 2023 comprised:

- Uncoated Fine Paper
  - Closure of a paper machine and streamlining the capacity of the finishing lines at the Neusiedler operations in Austria. Restructuring and closure costs of €23 million and related impairment of assets of €4 million were recognised.

To 31 December 2022
The special items during the year ended 31 December 2022 comprised:

- Personal Care Components (divested)
  - €242 million gain on the sale of the PCC business to Nitto Denko Corporation. Transaction costs of €6 million were also recognised in the prior year and were not treated as a special item.

5 Write-down of inventories to net realisable value

€ million	2023	2022
Within materials, energy and consumables used		
Write-down of inventories to net realisable value	(77)	(65)
Aggregate reversal of previous write-downs of inventories	45	40

6 Net finance costs

€ million	2023	2022
Investment income		
Investment income	**45**	**6**
Net foreign currency gains/(losses)		
Net foreign currency gains/(losses)	**1**	**(5)**
Finance costs		
Interest expense		
Interest on bank overdrafts and loans	(115)	(133)
Interest on lease liabilities	(7)	(7)
Net interest expense on net retirement benefits liability	(8)	(6)
Total interest expense	**(130)**	**(146)**
Less: Interest capitalised	11	2
Total finance costs	**(119)**	**(144)**
Net finance costs	**(73)**	**(143)**

7 Taxation

The Group's effective rate of tax before special items for the year ended 31 December 2023 was 23.6% (2022: 22.5%).

€ million	2023	2022
UK corporation tax at 23.5% (2022: 19%)	—	—
Overseas tax	135	248
Current tax in respect of prior years	(13)	(8)
Current tax	**122**	**240**
Deferred tax in respect of the current year	62	64
Deferred tax in respect of prior years	(24)	(4)
Deferred tax attributable to a change in the rate of domestic income tax	7	(4)
Tax charge before special items	**167**	**296**
Current tax on special items	(6)	5
Tax (credit)/charge on special items (see note 4)	**(6)**	**5**
Tax charge for the year	**161**	**301**
Current tax charge	116	245
Deferred tax charge	45	56

On 24 May 2021, legislation was substantively enacted in the UK to increase the corporate tax rate from 19% to 25% with effect from 1 April 2023. The 23.5% UK corporation tax rate referenced in the table above reflects the average tax rate that has applied during 2023.

The Group is within the scope of the OECD Pillar 2 model rules. As of 31 December 2023, the effective tax rate in the majority of countries in which the Group operates exceeds the 15% minimum tax rate threshold required under Pillar 2. In certain jurisdictions, notably in Bulgaria and Hungary, there are potential impacts from this tax, given their current statutory tax rates are 10% and 9% respectively. In addition, it is expected that additional Pillar 2 tax may be triggered in jurisdictions in which the Group benefits from tax incentives on capital investments or tax holidays but this will ultimately depend year on year on the quantum of tax incentives available to the Group. Therefore, quantitative information to indicate potential exposure to Pillar 2 is currently not reasonably estimable. The Group continues to progress on the assessment and expects to complete it in 2024.

8 Earnings per share (EPS)

euro cents	EPS attributable to shareholders 2023	2022
From continuing operations		
Basic EPS	103.5	244.5
Diluted EPS	103.5	244.4
Basic underlying EPS	107.8	195.6
Diluted underlying EPS	107.8	195.6
From continuing and discontinued operations		
Basic EPS	(31.5)	299.3
Diluted EPS	(31.5)	299.2
Basic headline EPS	145.3	264.3
Diluted headline EPS	145.3	264.2

The calculation of basic and diluted EPS, basic and diluted underlying EPS and basic and diluted headline EPS is based on the following data:

€ million	Earnings 2023	2022
(Loss)/profit for the year attributable to shareholders	**(153)**	**1,452**
Arises from:		
Continuing operations	502	1,186
Discontinued operations (see note 15)	(655)	266
Special items attributable to shareholders (see note 4)	27	(242)
Related tax (see note 4)	(6)	5
Total earnings for the year (prior to special items)	**(132)**	**1,215**
Arises from:		
Continuing operations	523	949
Discontinued operations (see note 15)	(655)	266
Gain on disposal of property, plant and equipment	(13)	(2)
Insurance reimbursements for property damages	(27)	—
Restructuring and closure costs (see note 4)	(23)	—
Impairments not included in special items	3	11
Loss on disposal of businesses from discontinued operations (see note 15)	756	—
Impairments included in loss/profit from discontinued operations (see note 15)	113	57
Related tax	28	1
Headline earnings for the year	**705**	**1,282**

million	Weighted average number of shares 2023	2022
Basic number of ordinary shares outstanding	**485.1**	**485.1**
Effect of dilutive potential ordinary shares	—	0.1
Diluted number of ordinary shares outstanding	**485.1**	**485.2**

Underlying earnings, total earnings (prior to special items) and headline earnings represent APMs which are defined at the end of this document.

On 13 February 2024, the Group returned the net proceeds from the sale of the Group's Russian assets to its shareholders by way of a special dividend (see note 9). In addition, in order to maintain the comparability, so far as possible, of Mondi plc’s share price before and after the special dividend, the special dividend was accompanied by a share consolidation, which took effect on 29 January 2024, resulting in shareholders receiving 10 new ordinary shares for every 11 existing ordinary shares. The weighted average number of ordinary shares outstanding for 2023 and 2022, respectively, is based on the number of existing ordinary shares throughout the relevant years (i.e. before share consolidation).

9 Dividends

An interim dividend for the year ended 31 December 2023 of 23.33 euro cents per ordinary share was paid on Friday 29 September 2023 to those shareholders on the register of Mondi plc on Friday 25 August 2023.

A proposed final dividend for the year ended 31 December 2023 of 46.67 euro cents per ordinary share will be paid on Tuesday 14 May 2024 to those shareholders on the register of Mondi plc on Friday 5 April 2024.

The final dividend proposed has been recommended by the Board and is subject to shareholder approval at the Annual General Meeting scheduled for 3 May 2024.

	2023		2022	
	euro cents per share	€ million	euro cents per share	€ million
Final ordinary dividend paid in respect of the prior year	48.33	231	45.00	218
Interim ordinary dividend paid in respect of the current year	23.33	114	21.67	103
Total ordinary dividends paid		**345**		**321**
Final ordinary dividend proposed to shareholders[1]	**46.67**	**206**	**48.33**	**234**

Note:
1 The 2023 final ordinary dividend proposed of 46.67 euro cents per share is based on the new ordinary shares issued after share consolidation, as described below.

On 13 February 2024, the Group returned the net proceeds from the sale of the Group's Russian assets to shareholders by way of a special dividend of €1.60 per existing ordinary share. In addition, in order to maintain the comparability, so far as possible, of Mondi plc's share price before and after the special dividend, the special dividend was accompanied by a share consolidation, which took effect on 29 January 2024, resulting in shareholders receiving 10 new ordinary shares for every 11 existing ordinary shares.

Dividend timetable
The proposed final dividend for the year ended 31 December 2023 of 46.67 euro cents per share will be paid in accordance with the following timetable:

Last date to trade shares cum-dividend	
JSE Limited	Tuesday 2 April 2024
London Stock Exchange	Wednesday 3 April 2024
Shares commence trading ex-dividend	
JSE Limited	Wednesday 3 April 2024
London Stock Exchange	Thursday 4 April 2024
Record date	Friday 5 April 2024
Last date for receipt of Dividend Reinvestment Plan (DRIP) elections by Central Securities Depository Participants	Thursday 11 April 2024
Last date for DRIP elections to UK Registrar and South African Transfer Secretaries	
South African Register	Friday 12 April 2024
UK Register	Friday 19 April 2024
Annual General Meeting	Friday 3 May 2024[1]
Payment date	Tuesday 14 May 2024
DRIP purchase settlement date (subject to market conditions and the purchase of shares in the open market)	
UK Register	Thursday 16 May 2024
South African Register	Monday 20 May 2024
Currency conversion date	
ZAR/euro	Thursday 22 February 2024
Euro/sterling	Tuesday 23 April 2024

Note:
1 Results of the Annual General Meeting to be held are expected to be released on or around Friday 3 May 2024.

Share certificates on Mondi plc's South African register may not be dematerialised or rematerialised between Wednesday 3 April 2024 and Friday 5 April 2024, both dates inclusive, nor may transfers between the UK and South African registers of Mondi plc take place between Wednesday 27 March 2024 and Friday 5 April 2024, both dates inclusive.

Information relating to the dividend tax to be withheld from Mondi plc shareholders on the South African branch register will be announced separately, together with the ZAR/euro exchange rate to be applied, on or shortly after Thursday 22 February 2024.

10 Forestry assets

€ million	2023	2022
At 1 January	485	348
Investment in forestry assets	48	49
Fair value gains	128	169
Felling costs	(87)	(78)
Currency movements	(55)	(3)
At 31 December	**519**	**485**
Mature	359	309
Immature	160	176

The fair value of forestry assets is a level 3 measure in terms of the fair value measurement hierarchy (see note 19), consistent with prior years. The fair value of forestry assets is determined using a market based approach.

11 Leases

The Group has entered into various lease agreements. The Group's right-of-use assets were €116 million at 31 December 2023 (2022: €119 million) and the related depreciation charge was €26 million (2022: €25 million).

12 Borrowings

The principal loan arrangements in place are the following:

€ million	Maturity	Interest rate %	2023	2022
Financing facilities				
Syndicated Revolving Credit Facility	June 2028[1]	EURIBOR + margin	750	750
€500 million Eurobond	April 2024	1.500%	500	500
€600 million Eurobond	April 2026	1.625%	600	600
€750 million Eurobond	April 2028	2.375%	750	750
Long Term Facility Agreement	December 2026	EURIBOR + margin	20	27
Other	Various	Various	4	8
Total committed facilities			**2,624**	**2,635**
Drawn			(1,870)	(1,878)
Total committed facilities available			**754**	**757**

Note:
1 In April 2023 the Group opted for a one-year extension on the facility, which moved the maturity from June 2027 to June 2028.

The Group's Eurobonds incur a fixed rate of interest. Swap agreements are utilised by the Group to raise non-euro-denominated currency to fund subsidiaries liquidity needs thereby exposing the Group to floating interest rates.

The €750 million 5-year revolving multi-currency credit facility agreement (RCF) incorporates key sustainability targets linked to MAP2030, classifying the facility as a Sustainability Linked Loan. Under the terms of the agreement, the margin will be adjusted according to the Group's performance against specified sustainability targets.

Short-term liquidity needs are met by cash and the RCF. As at 31 December 2023, the Group had no financial covenants in any of its financing facilities.

	2023			2022		
€ million	Current	Non-current	Total	Current	Non-current	Total
Secured						
Bank loans and overdrafts	—	—	—	1	—	1
Lease liabilities	21	104	125	19	109	128
Total secured	21	104	**125**	20	109	**129**
Unsecured						
Bonds	500	1,345	1,845	—	1,843	1,843
Bank loans and overdrafts	38	11	49	82	18	100
Total unsecured	538	1,356	**1,894**	82	1,861	**1,943**
Total borrowings	**559**	**1,460**	**2,019**	**102**	**1,970**	**2,072**
Committed facilities drawn			1,870			1,878
Uncommitted facilities drawn			149			194

13 Retirement benefits

All assumptions related to the Group's defined benefit schemes and post-retirement medical plan liabilities were re-assessed individually for the year ended 31 December 2023. Due to changes in assumptions and exchange rate movements, the net retirement benefits liability increased by €4 million and the net retirement benefits asset decreased by €3 million. The assets backing the defined benefit scheme liabilities reflect their market values as at 31 December 2023. Net remeasurement losses arising from changes in assumptions and return on plan assets amounting to €16 million have been recognised in the condensed consolidated statement of comprehensive income.

14 Business combinations

To 31 December 2023
On 12 January 2023, the Group completed the acquisition of the Duino mill near Trieste (Italy) from the Burgo Group. The mill operated one paper machine producing lightweight coated mechanical paper. During the year, production was permanently stopped and a €200 million investment to convert the existing paper machine into a 420,000 tonne per annum high-quality, cost-competitive recycled containerboard machine commenced, with start-up expected in 2025. For the year ended 31 December 2023, the mill generated revenue of €21 million and a loss after tax of €11 million, which have been included in the condensed consolidated income statement. The loss is primarily attributable to the annual depreciation of property, plant and equipment and expenses for the integration of the mill into the Group's structure.

Details of the net assets acquired, as adjusted from book to fair value, are as follows:

€ million	Book value	Revaluation	Fair value
Net assets acquired			
Property, plant and equipment	39	(2)	37
Intangible assets	1	—	1
Deferred tax asset	1	(1)	—
Inventories	4	13	17
Total assets	**45**	**10**	**55**
Net retirement benefits liability	(3)	—	(3)
Other provisions	—	(13)	(13)
Total liabilities	**(3)**	**(13)**	**(16)**
Net assets acquired	**42**	**(3)**	**39**
Gain on bargain purchase			(2)
Net cash paid per condensed consolidated statement of cash flows			**37**

Transaction costs of €2 million were charged to other net operating expenses in the condensed consolidated income statement.

The purchase price allocation resulted in a gain on bargain purchase of €2 million as the fair value of net assets acquired was in excess of the consideration paid. The gain on bargain purchase is attributable to the need for investment. This corresponds with the Group's investment plans to convert the paper machine and the limited reusability of certain assets after the conversion and the future costs associated with the mill while the conversion is pending. The gain was recognised in other net operating expenses in the condensed consolidated income statement.

The fair values of assets acquired and liabilities assumed in business combinations are level 3 measures in terms of the fair value measurement hierarchy. Property, plant and equipment has been measured at fair value using relevant valuation methods accepted under IFRS 13, 'Fair Value Measurement', with related deferred tax adjustments. Management has considered the impact of environmental and climate risks on the estimated fair values of Duino's property, plant and equipment. These considerations did not have a material impact.

To 31 December 2022
There were no business combinations during the year ended 31 December 2022.

15 Russian operations (discontinued operations)

On 4 May 2022, the Board decided to divest the Group's Russian assets and subsequently concluded, in June 2022, that the Russian operations satisfied the criteria to be classified as held for sale and that they should also be classified as discontinued operations.

With the completion of the disposal of its Russian packaging converting operations and its Syktyvkar mill on 30 June 2023 and 4 October 2023 respectively, as further described below, the Group has concluded its exit from Russia and the net proceeds from the sale of its Russian assets were distributed to shareholders on 13 February 2024 by way of a special dividend (see notes 9 and 21 for further details).

Syktyvkar mill

On 12 August 2022, the Group entered into an agreement to sell its Syktyvkar mill, comprising JSC Mondi Syktyvkar together with two affiliated entities, to Augment Investments Limited (Augment).

On 5 June 2023, following discussions with Augment on its lack of progress in gaining the necessary approval from the Russian Federation's Government Sub-Commission for the Control of Foreign Investments to complete this transaction, the Group withdrew from the agreement with Augment.

At that time, the Board remained committed to the divestment of the Syktyvkar mill. Following the withdrawal, the Group entered into dialogue with a number of potential buyers and the Group had received conditional offers for the Syktyvkar mill. In approximating a fair value less costs to sell as at 30 June 2023 in the context of the Group's half-year results for the period then ended, the Board considered the offers received to date and also obtained an independent valuation by an authorised valuer in Russia. As reported at the half year, the available information suggested a range of fair values, and there were ongoing negotiations with the potential buyers about various aspects of their offers which meant that the final offer price and the associated assets within the perimeter of the transaction were not, in the case of all offers, clearly defined. Based on all information available at the time of the half-year results being published, the Group impaired the Syktyvkar mill by €97 million, net of related tax, to its estimated fair value less costs to sell as at 30 June 2023.

On 17 September 2023, the Group announced that it had entered into an agreement to sell its Syktyvkar mill to Sezar Invest LLC (Sezar Invest) for a total cash consideration of RUB 80 billion. The disposal was completed and ownership of the Syktyvkar mill was transferred to Sezar Invest on 4 October 2023 after the Group had received RUB 57 billion (€547 million) into its London bank account and a letter of credit for the remaining RUB 23 billion. The final two instalments of the consideration for RUB 23 billion (€229 million) were received in November and December 2023 respectively, resulting in total proceeds received in cash of €776 million.

€ million	2023
Proceeds from the disposal of business, net of cash and cash equivalents	389
Cash and cash equivalents disposed	387
Consideration in cash	**776**
Carrying amount of net assets disposed	(875)
Loss on reclassification of foreign currency translation reserve	(599)
Related transaction costs[1]	(12)
Loss on disposal of business, net of related transaction costs and tax	**(710)**

Note:
1 Excludes transaction costs of €4 million already recognised in the prior year.

The carrying amounts of assets and liabilities of the Syktyvkar mill as at the date of sale (4 October 2023) were:

€ million	4 October 2023
Property, plant and equipment	584
Intangible assets	4
Inventories	93
Trade and other receivables	47
Cash and cash equivalents	387
Total assets	**1,115**
Borrowings	(77)
Trade and other payables	(94)
Current tax liabilities	(17)
Provisions	(9)
Net retirement benefits liability	(10)
Deferred tax liabilities	(33)
Total liabilities	**(240)**
Carrying amount of net assets disposed	**875**

15 Russian operations (discontinued operations) (continued)

Packaging converting operations

On 30 June 2023, the Group completed the sale of its three Russian packaging converting operations to the Gotek Group for a consideration of RUB 1.6 billion resulting in proceeds of €30 million. The three packaging converting operations comprise a corrugated solutions plant, LLC Mondi Lebedyan, and two consumer flexibles plants, LLC Mondi Aramil and LLC Mondi Pereslavl.

€ million	2023
Proceeds from the disposal of business, net of cash and cash equivalents	12
Cash and cash equivalents disposed	18
Consideration in cash	**30**
Carrying amount of net assets disposed	(40)
Loss on reclassification of foreign currency translation reserve	(34)
Related transaction costs	(2)
Loss on disposal of business, net of related transaction costs and tax	**(46)**

The carrying amounts of assets and liabilities of the Russian packaging converting operations as at the date of sale (30 June 2023) were:

€ million	30 June 2023
Inventories	18
Trade and other receivables	33
Cash and cash equivalents	18
Total assets	**69**
Trade and other payables	(24)
Current tax liabilities	(2)
Deferred tax liabilities	(3)
Total liabilities	**(29)**
Carrying amount of net assets disposed	**40**

Financial performance

The financial performance and cash flow information of the discontinued operations are set out in the tables below and cover the period until the respective dates of disposal in 2023:

€ million	2023	2022
External revenue	709	1,178
Expenses[1]	(561)	(820)
Profit before tax	**148**	**358**
Related tax charge[1]	(47)	(92)
Profit for the year of discontinued operations	**101**	**266**
Loss on sale of business, net of related transaction costs and tax	(756)	—
(Loss)/profit from discontinued operations attributable to shareholders	**(655)**	**266**
Fair value gains arising from cash flow hedges of discontinued operations	—	1
Exchange differences on translation of discontinued non-euro operations	(227)	72
Reclassification of foreign currency translation reserve to consolidated income statement on disposal of businesses of discontinued operations	633	—
Remeasurements of retirement benefits plans of discontinued operations	—	1
Other comprehensive income from discontinued operations attributable to shareholders	**406**	**74**
Total comprehensive (expense)/income from discontinued operations attributable to shareholders	**(249)**	**340**

Note:

1 Includes impairment of assets of €97 million (2022: €57 million), comprising impairment of €113 million (2022: €57 million) and related deferred tax credit of €16 million (2022: €nil).

15 Russian operations (discontinued operations) (continued)

Earnings per share (EPS) from discontinued operations attributable to shareholders

euro cents	2023	2022
Basic EPS	(135.0)	54.8
Diluted EPS	(135.0)	54.8

Cash flow statement

€ million	2023	2022
Net cash generated from operating activities	223	350
Net cash generated from/(used in) investing activities[1]	368	(68)
Net cash used in financing activities	(7)	(10)
Net increase in cash and cash equivalents of discontinued operations	**584**	**272**

Note:
1 Includes proceeds from the sale of the Russian operations of €806 million (2022: €nil) less cash disposed of €405 million (2022: €nil).

Assets and liabilities classified as held for sale

The following assets and liabilities were classified as held for sale in relation to the discontinued operations:

€ million	2023	2022
Property, plant and equipment	—	805
Goodwill	—	34
Intangible assets	—	4
Deferred tax assets	—	1
Inventories	—	131
Trade and other receivables	—	87
Cash and cash equivalents	—	320
Total assets held for sale	**—**	**1,382**
Borrowings	—	(102)
Trade and other payables	—	(131)
Current tax liabilities	—	(14)
Provisions	—	(14)
Net retirement benefits liability	—	(12)
Deferred tax liabilities	—	(52)
Total liabilities directly associated with assets classified as held for sale	**—**	**(325)**

The cumulative foreign exchange loss recognised in other comprehensive income in relation to the discontinued operations as at 31 December 2023 was €nil (2022: loss of €405 million).

16 Consolidated cash flow analysis

(a) Reconciliation of profit before tax to cash generated from operations

€ million	2023	2022
Profit before tax from continuing operations	**682**	**1,560**
Depreciation and amortisation	408	394
Impairment of property, plant and equipment (not included in special items)	3	11
Share-based payments	9	11
Net cash flow effect of current and prior year special items	17	(253)
Net finance costs	73	143
Net monetary gain arising from hyperinflationary economies	(2)	(17)
Net loss/(profit) from joint ventures	5	(1)
Impairment of investments in joint ventures	5	—
Decrease in provisions	(17)	(1)
Decrease in net retirement benefits	(19)	(12)
Net movement in working capital	229	(419)
Decrease/(increase) in inventories	389	(254)
Decrease/(increase) in operating receivables	56	(472)
(Decrease)/increase in operating payables	(216)	307
Fair value gains on forestry assets	(128)	(169)
Felling costs	87	78
Net gain on disposal of property, plant and equipment	(13)	(2)
Insurance reimbursements for property damages	(17)	(8)
Other adjustments	(10)	(23)
Cash generated from continuing operations	**1,312**	**1,292**

(b) Cash and cash equivalents

€ million	2023	2022
Cash and cash equivalents per condensed consolidated statement of financial position	1,592	1,067
Bank overdrafts included in short-term borrowings	—	(6)
Cash and cash equivalents held by continuing operations (see note 16c)	**1,592**	**1,061**
Cash and cash equivalents classified as assets held for sale (see note 15)	—	320
Cash and cash equivalents per condensed consolidated statement of cash flows	**1,592**	**1,381**

The cash and cash equivalents of €1,592 million (2022: €1,067 million) include money market funds of €840 million (2022: €595 million) valued at fair value through profit and loss, with the remaining balance carried at amortised cost.

The Group operates in certain countries where the existence of exchange controls or access to hard currency may restrict the use of certain cash balances outside of those countries. These restrictions are not expected to have any material effect on the Group's ability to meet its ongoing obligations.

The fair values of cash and cash equivalents carried at amortised cost approximate their carrying values presented.

16 Consolidated cash flow analysis (continued)

(c) Movement in net debt

The Group's net debt position is as follows:

€ million	Cash and cash equivalents	Current financial asset investments[1]	Debt due within 1 year[2]	Debt due after 1 year	Debt-related derivative financial instruments[1]	Total net debt
At 1 January 2022	455	1	(106)	(2,104)	(9)	**(1,763)**
Cash flow	908	—	32	53	82	**1,075**
Cash movement from continuing operations	636	—	—	—	—	**636**
Proceeds from borrowings	—	—	(44)	—	—	**(44)**
Repayment of borrowings	—	—	53	53	—	**106**
Repayment of lease liabilities	—	—	21	—	—	**21**
Net cash outflow from debt-related derivative financial instruments	—	—	—	—	83	**83**
Discontinued operations	272	—	2	—	(1)	**273**
Additions to lease liabilities	—	—	(15)	(35)	—	**(50)**
Disposal of lease liabilities	—	—	1	4	—	**5**
Movement in unamortised loan costs	—	—	—	(2)	—	**(2)**
Net movement in fair value of derivative financial instruments	—	—	—	—	(80)	**(80)**
Reclassification	—	—	(21)	21	—	**—**
Assets and liabilities classified as held for sale	(320)	—	3	99	—	**(218)**
Currency movements	18	—	10	(6)	—	**22**
At 31 December 2022	**1,061**	**1**	**(96)**	**(1,970)**	**(7)**	**(1,011)**
Cash flow	336	—	40	—	77	**453**
Cash movement from continuing operations	(248)	—	—	—	—	**(248)**
Proceeds from borrowings	—	—	(16)	—	—	**(16)**
Repayment of borrowings	—	—	33	—	—	**33**
Repayment of lease liabilities	—	—	22	—	—	**22**
Net cash outflow from debt-related derivative financial instruments	—	—	—	—	77	**77**
Discontinued operations	584	—	1	—	—	**585**
Additions to lease liabilities	—	—	(14)	(18)	—	**(32)**
Disposal of lease liabilities	—	—	2	6	—	**8**
Movement in unamortised loan costs	—	—	(1)	(2)	—	**(3)**
Net movement in fair value of derivative financial instruments	—	—	—	—	(63)	**(63)**
Reclassification	—	—	(519)	519	—	**—**
Elimination of assets and liabilities previously classified as held for sale	320	—	(1)	(23)	—	**296**
Currency movements	(125)	—	30	28	—	**(67)**
At 31 December 2023	**1,592**	**1**	**(559)**	**(1,460)**	**7**	**(419)**

Notes:

1 Included in financial instruments in the condensed consolidated statement of financial position.

2 Excludes bank overdrafts of €nil (2022: €6 million), which are included in cash and cash equivalents (see note 16b).

The Group incurred interest expense of €122 million (2022: €140 million) in relation to bank overdrafts, loans and lease liabilities. Included in this expense is €53 million (2022: €67 million) relating to forward exchange rates on derivative contracts and interest paid on borrowings of €50 million (2022: €60 million).

17 Capital commitments

Capital expenditure contracted for at the end of the financial year but not recognised as liabilities is as follows:

€ million	2023	2022
Intangible assets	2	2
Property, plant and equipment	632	441
Total capital commitments	**634**	**443**

18 Contingent liabilities

The Group's contingent liabilities as at 31 December 2023 were €3 million (2022: €11 million). No acquired contingent liabilities have been recorded in the Group's condensed consolidated statement of financial position for either year presented.

19 Fair value measurement

Assets and liabilities that are measured at fair value, or where the fair value of financial instruments has been disclosed in the notes to the condensed consolidated financial statements, are based on the following fair value measurement hierarchy:

- Level 1 – quoted prices (unadjusted) in active markets for identical assets or liabilities
- Level 2 – inputs other than quoted prices included within level 1 that are observable for the asset or liability, either directly (that is, as prices) or indirectly (that is, derived from prices)
- Level 3 – inputs for the asset or liability that are not based on observable market data (that is, unobservable inputs)

The assets measured at fair value on level 3 of the fair value measurement hierarchy are the Group's forestry assets as set out in note 10 and certain assets acquired or liabilities assumed in business combinations as set out in note 14.

There have been no transfers of assets or liabilities between levels of the fair value hierarchy during the year.

The fair values of financial instruments that are not traded in an active market (for example, over-the-counter derivatives) are determined using generally accepted valuation techniques. These valuation techniques maximise the use of observable market data and rely as little as possible on Group specific estimates.

Specific valuation methodologies used to value financial instruments include the following:

- The fair values of interest rate swaps and foreign exchange contracts are calculated as the present value of expected future cash flows based on observable yield curves and exchange rates.
- The fair values of the Group's commodity price derivatives are calculated as the present value of expected future cash flows based on observable market data.
- Other techniques, including discounted cash flow analysis, are used to determine the fair values of other financial instruments.

Except as detailed below, the carrying values of financial instruments at amortised cost as presented in the condensed consolidated financial statements approximate their fair values.

	Carrying amount		Fair value	
€ million	2023	2022	2023	2022
Financial liabilities				
Borrowings	2,019	2,072	1,983	1,956

20 Related party transactions

The Group and its subsidiaries, in the ordinary course of business, enter into various sale, purchase and service transactions with associated undertakings in which the Group has a material interest. These transactions are under terms that are no less favourable than those arranged with third parties. These transactions, in total, are not considered to be significant. Transactions between Mondi plc and its subsidiaries, which are related parties, and transactions between its subsidiaries have been eliminated on consolidation. There have been no significant changes to related parties as disclosed in note 32 of the Group's annual financial statements for the year ended 31 December 2022.

21 Events occurring after 31 December 2023

Aside from the final ordinary dividend proposed for 2023 (see note 9), there have been the following material reportable events since 31 December 2023:

- On 5 February 2024, the Group announced the completion of the acquisition of Hinton Pulp mill in Alberta (Canada) from West Fraser Timber Co. Ltd (West Fraser) for a total consideration of USD 5 million. The mill has the capacity to produce around 250,000 tonnes of pulp per annum and will provide the Group with access to local, high-quality fibre from a well-established wood basket as part of a long-term partnership with West Fraser. The Group intends to invest in the mill to improve productivity and sustainability performance and, subject to pre-engineering and permitting, expand the facility primarily with a new kraft paper machine which will integrate its paper bag operations in the Americas and support future growth.
- On 13 February 2024, the Group returned the net proceeds from the sale of the Group's Russian assets to shareholders by way of a special dividend of €1.60 per existing ordinary share. In addition, in order to maintain the comparability, so far as possible, of Mondi plc's share price before and after the special dividend, the special dividend was accompanied by a share consolidation, which took effect on 29 January 2024, resulting in shareholders receiving 10 new ordinary shares for every 11 existing ordinary shares. To effect the share consolidation, the Group issued 3 additional ordinary shares prior to the record date for the share consolidation, increasing the number of ordinary shares from 485,553,780 ordinary shares to 485,553,783 ordinary shares, so that the number of the existing ordinary shares in issue at the time of the consolidation was exactly divisible by 11, such that there was no remaining fraction of a share. Following the share consolidation, the total number of ordinary shares issued decreased by 44,141,253 ordinary shares from 485,553,783 ordinary shares to 441,412,530 ordinary shares, while the total nominal value of the share capital of the Group remained unchanged at €97 million.

Production statistics

		2023	2022
Continuing operations			
Containerboard	000 tonnes	2,312	2,383
Kraft paper	000 tonnes	1,085	1,309
Uncoated fine paper	000 tonnes	855	913
Pulp	000 tonnes	3,218	3,566
Internal consumption	000 tonnes	2,741	3,103
Market pulp	000 tonnes	477	463
Corrugated solutions	million m^2	1,880	1,937
Paper bags	million units	5,414	5,994
Consumer flexibles	million m^2	1,818	2,039
Functional paper and films	million m^2	2,667	3,279

Exchange rates

	Average		Closing	
Versus euro	**2023**	**2022**	**2023**	**2022**
South African rand (ZAR)	19.96	17.21	20.35	18.10
Czech koruna (CZK)	24.00	24.57	24.72	24.12
Polish zloty (PLN)	4.54	4.69	4.34	4.68
Pound sterling (GBP)	0.87	0.85	0.87	0.89
Russian rouble (RUB)	92.47	73.94	100.00	78.43
Turkish lira (TRY)[1]	25.76	17.41	32.65	19.96
US dollar (USD)	1.08	1.05	1.11	1.07

Note:
1 The Group has applied hyperinflation accounting for its subsidiaries in Türkiye.

Alternative Performance Measures

The Group presents certain measures of financial performance, position or cash flows in the condensed consolidated financial statements that are not defined or specified according to IFRSs and UK-adopted International Accounting Standards in order to provide additional performance-related measures to its stakeholders. These measures, referred to as Alternative Performance Measures (APMs), are prepared on a consistent basis for all periods presented in this report.

By their nature, the APMs used by the Group are not necessarily uniformly applied by peer companies and therefore may not be comparable with similarly defined measures and disclosures applied by other companies. Such measures should not be viewed in isolation or as a substitute to the equivalent IFRSs measure.

Internally, the Group and its operating segments apply the same APMs in a consistent manner in planning and reporting on performance to management and the Board. Three of the Group's APMs, underlying EBITDA, basic underlying EPS and ROCE, link to the Group's strategy and form part of the executive directors' and senior management's remuneration targets.

The most significant APMs used by the Group are described below, together with a reconciliation to the equivalent IFRSs. The reconciliations are based on Group figures and represent the continuing operations of the Group, unless otherwise stated. The reporting segment equivalent APMs are measured in a consistent manner.

APM description and purpose	Financial statement reference	Closest IFRS equivalent measure
Special items		
Special items are generally material, non-recurring items from continuing operations that exceed €10 million. The Audit Committee regularly assesses the monetary threshold of €10 million on a net basis and considers the threshold in the context of both the Group as a whole and individual operating segment performance. The Group separately discloses special items on the face of the condensed consolidated income statement to assist its stakeholders in understanding the underlying financial performance achieved by the Group on a basis that is comparable from year to year. Examples of special item charges or credits include, but are not limited to, significant restructuring programmes, impairment of assets or cash-generating units, profits or losses from the disposal of businesses, and the settlement of significant litigation or claims. Subsequent adjustments to items previously recognised as special items, including any related credits received subsequently, continue to be reflected as special items in future periods even if they do not exceed the quantitative reporting threshold. Subsequent adjustments to items, or charges and credits on items that are closely related, which previously did not qualify for reporting as special items, continue to be reported in the underlying result even if the cumulative net charge/ credit over the years exceeds the €10 million quantitative reporting threshold.	Note 4	None
Underlying EBITDA		
Operating profit before special items, depreciation, amortisation and impairments not recorded as special items provides a measure of the cash-generating ability of the Group's continuing operations that is comparable from year to year.	Condensed consolidated income statement	Operating profit
Underlying EBITDA margin		
Underlying EBITDA expressed as a percentage of Group revenue (segment revenue for operating segments) provides a measure of the cash-generating ability of the Group's continuing operations relative to revenue.		None

APM calculation:

€ million, unless otherwise stated	2023	2022
Underlying EBITDA (see condensed consolidated income statement)	1,201	1,848
Group revenue (see condensed consolidated income statement)	7,330	8,902
Underlying EBITDA margin (%)	**16.4**	**20.8**

APM description and purpose	Financial statement reference	Closest IFRS equivalent measure
Underlying operating profit		
Operating profit before special items provides a measure of operating performance of the Group's continuing operations that is comparable from year to year.	Condensed consolidated income statement	Operating profit

APM description and purpose	Financial statement reference	Closest IFRS equivalent measure
Underlying operating profit margin		
Underlying operating profit expressed as a percentage of Group revenue (segment revenue for operating segments) provides a measure of the profitability of the Group's continuing operations relative to revenue.		None

APM calculation:

€ million, unless otherwise stated	2023	2022
Underlying operating profit (see condensed consolidated income statement)	790	1,443
Group revenue (see condensed consolidated income statement)	7,330	8,902
Underlying operating profit margin (%)	**10.8**	**16.2**

Underlying profit before tax		
Profit before tax and special items. Underlying profit before tax provides a measure of the Group's continuing operations' profitability before tax that is comparable from year to year.	Condensed consolidated income statement	Profit before tax
Effective tax rate		
Underlying tax charge expressed as a percentage of underlying profit before tax. A measure of the tax charge of the Group's continuing operations relative to its profit before tax expressed on an underlying basis.		None

APM calculation:

€ million, unless otherwise stated	2023	2022
Tax charge before special items (see note 7)	167	296
Underlying profit before tax (see condensed consolidated income statement)	709	1,318
Effective tax rate (%)	**23.6**	**22.5**

Underlying earnings (and per share measure)		
Net profit after tax before special items arising from the Group's continuing operations that is attributable to shareholders. Underlying earnings (and the related per share measure based on the basic, weighted average number of ordinary shares outstanding) provides a measure of the Group's continuing operations' earnings.	Note 8	Profit for the period attributable to shareholders (and per share measure)
Total earnings (prior to special items)		
Net profit after tax before special items arising from the Group's continuing and discontinued operations that is attributable to shareholders. Total earnings provides a measure of the Group's earnings.	Note 8	Profit for the period attributable to shareholders
Headline earnings (and per share measure)		
The presentation of headline earnings (and the related per share measure based on the basic, weighted average number of ordinary shares outstanding) is mandated under the Listings Requirements of the JSE Limited and is calculated in accordance with Circular 1/2023, 'Headline Earnings', as issued by the South African Institute of Chartered Accountants.	Note 8	Profit for the period attributable to shareholders (and per share measure)

APM description and purpose	Financial statement reference	Closest IFRS equivalent measure
Dividend cover		
Basic underlying EPS from continuing operations divided by total ordinary dividend per share paid and proposed provides a measure of the Group's earnings relative to ordinary dividend payments. The final ordinary dividend per share proposed in respect of the financial year ended 31 December 2023 is based on the new ordinary shares after the share consolidation which took effect on 29 January 2024, whereas basic underlying EPS, the interim dividend per share paid in respect of the current year and the comparative information are based on the existing ordinary shares before the share consolidation (see note 9).		None

APM calculation:

euro cents, unless otherwise stated	2023	2022
Basic underlying EPS (see note 8)	107.8	195.6
Total ordinary dividend per share (see note 9)	70.0	70.0
Dividend cover (times)	**1.5**	**2.8**

APM description and purpose	Financial statement reference	Closest IFRS equivalent measure
Capital employed (and related trailing 12-month average capital employed)		
Capital employed comprises total equity and net debt. Trailing 12-month average capital employed is the average monthly capital employed over the last 12 months adjusted for spend on major capital expenditure projects which are not yet in production. These measures provide the level of invested capital in the business. Trailing 12-month average capital employed is used in the calculation of return on capital employed.	Note 3	Total equity
Return on capital employed (ROCE)		
Trailing 12-month underlying operating profit, including share of associates' and joint ventures' net profit/(loss), divided by trailing 12-month average capital employed. ROCE provides a measure of the efficient and effective use of capital in the business and is presented on the basis of the Group's continuing operations for comparability.		None

APM calculation:

€ million, unless otherwise stated	2023	2022
Underlying operating profit (see condensed consolidated income statement)	790	1,443
Underlying net (loss)/profit from joint ventures (see condensed consolidated income statement)	(5)	1
Underlying profit from operations and joint ventures	785	1,444
Trailing 12-month average capital employed of continuing operations (see note 3)	6,135	6,097
ROCE (%)	**12.8**	**23.7**

APM description and purpose	Financial statement reference	Closest IFRS equivalent measure
Net debt		
A measure comprising short-, medium- and long-term interest-bearing borrowings and the fair value of debt-related derivatives less cash and cash equivalents, net of overdrafts, and current financial asset investments. Net debt provides a measure of the Group's net indebtedness or overall leverage.	Note 16c	None
Net debt to underlying EBITDA		
Net debt divided by trailing 12-month underlying EBITDA. A measure of the Group's net indebtedness relative to its cash-generating ability.		None

APM calculation:

€ million, unless otherwise stated	2023	2022
Net debt (see note 16c)	419	1,011
Underlying EBITDA (see condensed consolidated income statement)	1,201	1,848
Net debt to underlying EBITDA (times)	**0.3**	**0.5**

APM description and purpose	Financial statement reference	Closest IFRS equivalent measure
Net debt and net debt to underlying EBITDA at 31 December 2023 include the proceeds received from the disposal of the Group's previously owned Russian operations in 2023 but exclude the special dividend distributed on 13 February 2024. The Group therefore presents pro-forma net debt and net debt to underlying EBITDA for 2023 which is calculated as follows:		

APM calculation:

€ million, unless otherwise stated	2023
Net debt (see note 16c)	419
Net proceeds on disposal of discontinued operations	776
Pro-forma net debt	**1,195**
Underlying EBITDA (see condensed consolidated income statement)	1,201
Pro-forma net debt to underlying EBITDA (times)	**1.0**

Working capital as a percentage of revenue

Working capital, defined as the sum of trade and other receivables and inventories less trade and other payables, expressed as a percentage of annualised Group revenue, which is calculated based on an extrapolation of average monthly year-to-date revenue. A measure of the Group's continuing operations' effective use of working capital relative to revenue.		None

APM calculation:

€ million, unless otherwise stated	2023	2022
Inventories (see condensed consolidated statement of financial position)	1,049	1,359
Trade and other receivables (see condensed consolidated statement of financial position)	1,254	1,448
Trade and other payables (see condensed consolidated statement of financial position)	(1,219)	(1,525)
Working capital	1,084	1,282
Group revenue (see condensed consolidated income statement)	7,330	8,902
Working capital as a percentage of revenue (%)	**14.8**	**14.4**

Gearing

Net debt expressed as a percentage of capital employed of continuing operations provides a measure of the financial leverage of the Group's continuing operations.		None

APM calculation:

€ million, unless otherwise stated	2023	2022
Net debt (see note 16c)	419	1,011
Capital employed of continuing operations	6,515	6,221
Gearing (%)	**6.4**	**16.3**

Forward-looking statements

This document includes forward-looking statements. All statements other than statements of historical facts included herein, including, without limitation, those regarding Mondi's financial position, business strategy, market growth and developments, expectations of growth and profitability and plans and objectives of management for future operations, are forward-looking statements. Forward-looking statements are sometimes identified by the use of forward-looking terminology such as "believe", "expects", "may", "will", "could", "should", "shall", "risk", "intends", "estimates", "aims", "plans", "predicts", "continues", "assumes", "positioned" or "anticipates" or the negative thereof, other variations thereon or comparable terminology. Such forward-looking statements involve known and unknown risks, uncertainties and other factors which may cause the actual results, performance or achievements of Mondi, or industry results, to be materially different from any future results, performance or achievements expressed or implied by such forward-looking statements. Such forward-looking statements and other statements contained in this document regarding matters that are not historical facts involve predictions and are based on numerous assumptions regarding Mondi's present and future business strategies and the environment in which Mondi will operate in the future. These forward-looking statements speak only as of the date on which they are made.

No assurance can be given that such future results will be achieved; various factors could cause actual future results, performance or events to differ materially from those described in these statements. Such factors include in particular but without any limitation: (1) operating factors, such as continued success of manufacturing activities and the achievement of efficiencies therein, continued success of product development plans and targets, changes in the degree of protection created by Mondi's patents and other intellectual property rights and the availability of capital on acceptable terms; (2) industry conditions, such as strength of product demand, intensity of competition, prevailing and future global market prices for Mondi's products and raw materials and the pricing pressures thereto, financial condition of the customers, suppliers and the competitors of Mondi and potential introduction of competing products and technologies by competitors; and (3) general economic conditions, such as rates of economic growth in Mondi's principal geographical markets or fluctuations of exchange rates and interest rates.

Mondi expressly disclaims a) any warranty or liability as to accuracy or completeness of the information provided herein; and b) any obligation or undertaking to review or confirm analysts' expectations or estimates or to update any forward-looking statements to reflect any change in Mondi's expectations or any events that occur or circumstances that arise after the date of making any forward-looking statements, unless required to do so by applicable law or any regulatory body applicable to Mondi, including the JSE Limited and the LSE. Any reference to future financial performance included in this announcement has not been reviewed or reported on by the Group's auditors.

Editors' notes

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).

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