
Long-form Audit Report

(Translation)

Mondi Finance Europe GmbH,
Vienna

Long-form Audit Report on the Financial Statements
as at 31 December 2020

We draw attention to the fact that the English translation of this long-form audit report according to section 273 UGB (Austrian Company Code) is presented for the convenience of the reader only and that the German wording is the only legally binding version.

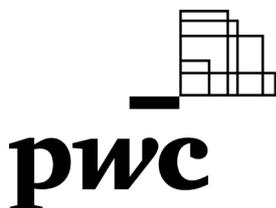
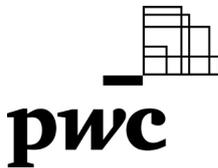


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To the
Management Board and the
Members of the Supervisory Board of
Mondi Finance Europe GmbH
Marxergasse 4A
1030 Vienna

LONG-FORM AUDIT REPORT ON THE FINANCIAL STATEMENTS AS AT 31 DECEMBER 2020 (TRANSLATION)

1. Engagement and Performance

At the ordinary general meeting dated 29 September 2020 of Mondi Finance Europe GmbH, Vienna, we were elected and appointed as auditor for the financial year 2020. The Company, represented by the Management Board, concluded an engagement letter with us to audit the financial statements as at 31 December 2020, including the accounting system and the management report pursuant to sections 269 et seq. UGB (Austrian Company Code). Prior to our election as auditor, we issued a declaration on our independence pursuant to section 270 UGB.

The audited company is a public interest entity in accordance with section 189a UGB and is required to set up a Supervisory Board. The Company is therefore considered as a large corporation within the meaning of section 221 UGB.

The audited company is a listed entity in accordance with ISA 220.7 (g) and is required to set up a supervisory board.

This audit is statutory pursuant to section 268 UGB.

The prior-year financial statements were not audited. This is an initial audit.

Auditor responsible for the proper performance of the engagement is Mr. Günter Wiltschek, Austrian Certified Public Accountant.

The audit included assessing whether statutory requirements and additional provisions of the articles of association were adhered to concerning the preparation of the financial statements. The management report is to be assessed whether it is consistent with the financial statements and whether it was prepared in accordance with the applicable legal regulations.

As regards the reporting according to Article 11 of Regulation (EU) No. 537/2014 (EU Regulation), reference is made to the separate report to the Audit. The reporting according to Article 11 of the Regulation mentioned is not part of this report.

We conducted our audit in accordance with the EU Regulation and the legal requirements and Generally Accepted Standards on Auditing as applied in Austria. These standards require the application of the International Standards on Auditing (ISAs), issued by the International Auditing and Assurance Standards Board (IAASB).

We draw attention to the fact that the audit is to provide reasonable assurance as to the accuracy of the financial statements. Absolute assurance is not attainable due to the inherent limitations of any internal control system and due to the sample-based test nature of an audit, there is an unavoidable risk that material misstatements in the financial statements remain undetected. Areas which are generally covered in special engagements were not included in our scope of work.

We performed the audit, with interruptions, from November to December 2020 (interim audit) as well as from January to March 2021 (final audit) in Vienna. Data was exchanged via platforms provided by us as well as via e-mail and mail. Interviews were conducted via telephone as well as via video conferencing. The audit was substantially completed at the date of this report.

Our audit is based on the engagement letter concluded with the Company, an integral part of which are the General Conditions of Contract for the Public Accounting Professions ("AAB") issued by the Austrian Chamber of Tax Advisers and Auditors on 18 April 2018 (refer to Appendix 5). These General Conditions of Contract do not only apply between the Company and the auditor, but also towards third parties. Section 275 UGB applies with regard to our responsibility and liability as auditor towards the Company and towards third parties.

2. Breakdown and Description of Significant Items in the Financial Statements

The breakdown and description of all significant financial statement items are included in the notes to the financial statements and in the management report. We therefore refer you to the respective disclosures by the Management Board in the notes to the financial statements and in the management report.

Figures in the tables may be rounded by +/- one unit (EUR, %, etc.) for calculatory reasons.

3. Summary of Audit Findings

3.1. Compliance of the Accounting System, the Financial Statements and of the Management Report

In performing our audit, we obtained evidence that the statutory requirements, the additional provisions of the articles of association and Generally Accepted Accounting Principles in Austria have been complied with.

In line with our risk and control based audit approach and to the extent we considered necessary for the purpose of expressing an opinion, we considered internal controls related to sub-processes of the financial reporting process as part of our audit.

With regard to the compliance of the financial statements and the management report with all applicable statutory requirements, we refer to the auditor's report.

3.2. Information Provided

We were allowed to inspect the Company's documents, contracts and correspondence. All the information required was provided by the Company's management and by the respective operative employees. A letter of representation signed by the Company's management has been included in our working papers.

3.3. Statement on Matters Pursuant to Section 273 Para. 2 and 3 UGB (Execution of Reporting Obligation)

3.3.1. Information Pursuant to Section 273 Para. 3 UGB (Assumption of a Reorganization Requirement)

URG (Austrian Corporate Restructuring Act) ratios:	31 December 2020
Equity ratio (section 23 URG) (at least 8%)	0.03 %
Theoretical payback period for debts (section 24 URG) (max. 15 years)	Approx. 4,000 years

We established that the formal criteria for assuming a reorganization requirement as provided under section 22 para. 1 subsec. 1 URG were met and the Management Board as well as the Supervisory Board were notified thereof by letter dated 15 December 2020.

Apart from that, during our audit, we did not note any facts which indicate that there could be substantial doubt about the Company's ability to continue as a going concern or which indicate a material deterioration of the Company's performance nor which might indicate a material offence of the Company's management or its employees against Austrian law or the Company's articles of association. We did not note any material weaknesses in the internal controls over the financial reporting process.

We draw attention to the fact that the English translation of this auditor's report according to section 274 UGB (Austrian Company Code) is presented for the convenience of the reader only and that the German wording is the only legally binding version.

4. Auditor's Report

Report on the Financial Statements

Audit Opinion

We have audited the financial statements of Mondi Finance Europe GmbH, Vienna, which comprise the balance sheet as at 31 December 2020, the income statement for the financial year then ended and the notes.

In our opinion, the accompanying financial statements comply with legal requirements and give a true and fair view of the financial position of the Company as at 31 December 2020, and of its financial performance for the financial year then ended in accordance with Austrian Generally Accepted Accounting Principles.

Basis for Opinion

We conducted our audit in accordance with Regulation (EU) No. 537/2014 (hereinafter EU Regulation) and Austrian Generally Accepted Standards on Auditing. Those standards require the application of the International Standards on Auditing (ISAs). Our responsibilities under those provisions and standards are further described in the "Auditor's Responsibilities for the Audit of the Financial Statements" section of our report. We are independent of the Company in accordance with Austrian Generally Accepted Accounting Principles and professional requirements, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained until the date of the auditor's report is sufficient and appropriate to provide a basis for our opinion by this date.

Other Matter

We draw attention to the fact that the financial statements of Mondi Finance Europe GmbH, Vienna, for the financial year ended 31 December 2019 were not audited.

Our audit opinion is not modified in respect of this matter.

Key Audit Matters

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

We have structured key audit matters as follows:

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

1. Recoverability of loans to affiliated companies

- Description

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

As at 31 December 2020, loans to affiliated companies amounted to EUR 750.0 million (prior year: EUR 0.00), thus making up 98% (prior year: 0%) of total assets. Loans to affiliated companies are stated at acquisition cost or are to be written down to the lower fair value at the balance sheet date if the diminution in value is expected to be permanent, with a write-down also permissible if the diminution in value is not expected to be permanent.

When evaluating whether a diminution in value of loans to affiliated companies is possibly permanent, the Management Board is required to assess the probability of default and the financial standing of the borrower.

Given the Company's main activity as financial services provider within the Mondi Group, the recoverability of loans to affiliated companies is regarded as a key audit matter.

- Audit approach and key observations

When evaluating the recoverability of loans to affiliated companies, we

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

The reporting and valuation of the loan as well as the presentation and the disclosures in the notes comply with general principles and with UGB.

- Reference to related disclosures

For further information, we refer to the notes to the financial statements of Mondi Finance Europe GmbH, chapter II. Accounting and valuation methods as well as chapter III. Comments on the balance sheet.

Responsibilities of Management and the Audit Committee for the Financial Statements

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

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

The Audit Committee is responsible for overseeing the Company's financial reporting process.

Auditor's Responsibilities for the Audit of the Financial Statements

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

As part of an audit in accordance with the EU Regulation and with Austrian Generally Accepted Standards on Auditing, which require the application of ISAs, we exercise professional judgment and maintain professional skepticism throughout the audit.

We also:

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

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

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

We also provide the Audit Committee with a statement that we have complied with all relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

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

Report on Other Legal and Regulatory Requirements

Comments on the Management Report for the Company

Pursuant to Austrian Generally Accepted Accounting Principles, the management report is to be audited as to whether it is consistent with the financial statements and as to whether the management report was prepared in accordance with the applicable legal regulations

Management is responsible for the preparation of the management report in accordance with Austrian Generally Accepted Accounting Principles.

We conducted our audit in accordance with Austrian standards on auditing for the audit of the management report.

Opinion

In our opinion, the management report for the Company was prepared in accordance with the applicable legal regulations and is consistent with the financial statements.

Statement

Based on the findings during the audit of the financial statements and due to the obtained understanding concerning the Company and its circumstances no material misstatements in the management report came to our attention.

Additional Information in Accordance with Article 10 of the EU Regulation

We were elected as statutory auditor at the ordinary general meeting dated 29 September 2020. We were appointed by the Management Board on 13 October 2020. We have audited the Company since the financial year 2020.

We confirm that the audit opinion in the “Report on the Financial Statements” section is consistent with the additional report to the Audit Committee referred to in Article 11 of the EU Regulation.

We declare that no prohibited non-audit services (Article 5 para. 1 of the EU Regulation) were provided by us and that we remained independent of the audited company in conducting the audit.

Responsible Engagement Partner

Responsible for the proper performance of the engagement is Günter Wiltschek, Austrian Certified Public Accountant.

Vienna
26 March 2021

PwC Wirtschaftsprüfung GmbH

signed:

Günter Wiltschek
Austrian Certified Public Accountant

This report is a translation of the original report in German, which is solely valid. Publication and sharing with third parties of the financial statements together with our auditor’s report is only allowed if the financial statements and the management report are identical with the German audited version. This auditor’s report is only applicable to the German and complete financial statements with the management report. For deviating versions, the provisions of section 281 para. 2 UGB apply.

Appendices

Balance sheet as at 31 December 2020
(Translation)

(in EUR)

Assets**Shareholder's equity and liabilities**

	31/12/2020	31/12/2019		31/12/2020	31/12/2019
		EUR '000			EUR '000
A. FIXED ASSETS			A. SHAREHOLDER'S EQUITY		
I. <u>Financial assets</u>			I. <u>Share capital called up and paid in</u>	35,000.00	35.0
1. Loans to affiliated companies	<u>750,000,000.00</u>	<u>0.0</u>	II. <u>Earnings reserves</u>		
thereof with a remaining maturity of more than one year EUR 750,000,000 (prior year: EUR 0k)			1. Statutory reserve	3,500.00	0.0
B. CURRENT ASSETS			III. <u>Unappropriated retained earnings/Cumulative losses</u>	<u>177,884.47</u>	<u>-5.5</u>
I. <u>Receivables and other assets</u>			(thereof cumulative losses brought forward EUR 5,459.83 (prior year: EUR 0k))	216,384.47	29.5
1. Receivables from affiliated companies	13,719,126.67	32.5	B. ACCRUALS AND PROVISIONS		
thereof with a remaining maturity of more than one year EUR 0.00 (prior year: EUR 0k)			I. Other accruals and provisions	<u>22,356.00</u>	<u>3.0</u>
2. Other receivables and assets	<u>500.00</u>	<u>0.0</u>	C. ACCOUNTS PAYABLE		
thereof with a remaining maturity of more than one year EUR 0.00 (prior year: EUR 0k)	13,719,626.67	32.5	thereof with a remaining maturity of less than one year EUR 13,480,886.20 (prior year: EUR 0k)		
C. PREPAID EXPENSES AND DEFERRED CHARGES			thereof with a remaining maturity of more than one year EUR 750,000,000.00 (prior year: EUR 0k)		
1. Discount	<u>3,323,671.87</u>	<u>0.0</u>	I. Bonds, thereof convertible EUR 0.00	750,000,000.00	0.0
			thereof with a remaining maturity of more than one year EUR 750,000,000.00 (prior year: EUR 0k)		
			II. Trade payables	48.00	0.0
			thereof with a remaining maturity of less than one year EUR 48.00 (prior year: EUR 0k)		
			thereof with a remaining maturity of more than one year EUR 0.00 (prior year: EUR 0k)		
			III. Payables to affiliated companies	60,461.49	0.0
			thereof with a remaining maturity of less than one year EUR 60,461.49 (prior year: EUR 0k)		
			IV. Other liabilities	<u>13,420,376.71</u>	<u>0.0</u>
			thereof with a remaining maturity of less than one year EUR 13,420,376.71 (prior year: EUR 0k)		
			thereof with a remaining maturity of more than one year EUR 0.00 (prior year: EUR 0k)	763,480,886.20	0.0
			D. DEFERRED INCOME	<u>3,323,671.87</u>	<u>0.0</u>
	<u><u>767,043,298.54</u></u>	<u><u>32.5</u></u>		<u><u>767,043,298.54</u></u>	<u><u>32.5</u></u>

Income statement for the financial year**from 01/01/2020 - 31/12/2020****(Translation)**

(in EUR)

	2020	2019 EUR '000
1. Income from long-term loans (thereof from affiliated companies: EUR 13,702,910.96; prior year: EUR 0.00)	13,702,910.96	0.0
2. Other interest and similar income (thereof from affiliated companies EUR 2,743,828.13; prior year: EUR 0.00)	2,743,828.13	0.0
3. Interest expenses for bonds	-13,420,376.71	0.0
4. Interest and similar expenses (thereof relating to affiliated companies: EUR 0.00; prior year: EUR 0.01)	-2,743,828.13	0.0
5. FINANCIAL RESULT (Subtotal of lines 1 to 4)	282,534.25	0.0
6. Other operating income Other	12,277.75	0.0
7. Other operating expenses (thereof taxes not included in line 10 EUR 0.00; prior year: EUR 0.00)	-47,506.21	-5.5
8. OPERATING RESULT (subtotal of lines 6 to 7)	-35,228.46	-5.5
9. NET OPERATING INCOME (LOSS) (Subtotal of lines 5 and 8)	247,305.79	-5.5
10. Taxes on income	-60,461.49	0.0
11. NET INCOME/LOSS FOR THE YEAR	186,844.30	-5.5
12. Appropriation to statutory reserve	-3,500.00	0.0
13. Prior period cumulative losses brought forward	-5,459.83	0.0
14. UNAPPROPRIATED RETAINED EARNINGS/CUMULATIVE LOSSES	177,884.47	-5.5

Notes to the financial statements
pursuant to section 236 UGB
as at 31 December 2020
(Translation)

I. General information

These financial statements have been prepared in accordance with the provisions of the UGB (Austrian Company Code) as amended.

The Company's financial year covers the period from 1 January 2020 to 31 December 2020.

II. Accounting and valuation methods

The financial statements, prepared under Austrian generally accepted accounting principles, present a true and fair view of the assets and liabilities, the financial situation of the Company as at 31 December 2020, as well as the results of its operations for the year then ended. The principle of completeness was observed in preparing the financial statements.

Accounting, valuation as well as classification of the individual items in the financial statements were carried out in accordance with the general provisions under sections 195 to 211 UGB, taking into account the special provisions applicable to corporations pursuant to sections 222 to 235 et seq. UGB. The income statement was prepared using the total expenditure format.

The principle of individual valuation was applied in the valuation of assets and liabilities, and the Company's ability to continue as a going concern was assumed.

The previously applied accounting and valuation methods have been maintained.

Taking into account the principle of prudence, the Company only reported the profits realized at the balance sheet date. All identifiable risks and impending losses were taken into account accordingly.

Estimates are based on prudent assessment. If statistical experience exists for similar circumstances, it was taken into account by the Company in its estimates.

Loans are stated at acquisition cost. However, sustained and material diminutions in value, if any, are stated at the lower current value. In the financial year 2020, it was not necessary to do so.

Receivables are stated at nominal value. If a risk regarding the recoverability is identified for individual receivables, a provision for specific doubtful accounts is set up. This was not the case in the financial year under review.

Other accruals and provisions are set up in the amount of their expected utilization. Accruals and provisions take into account all identifiable risks and uncertain liabilities. Other accruals were stated at the best possible estimate of the settlement amount.

Taking into account the principle of prudence, accounts payable are stated at the settlement amount.

Receivables and payables denominated in foreign currencies are translated using the reference rates of the Austrian central bank at the balance sheet date. At the balance sheet date, no receivables or payables in foreign currencies existed.

III. Comments on the balance sheet

FINANCIAL ASSETS

The item “loans to affiliated companies” solely includes a loan in the amount of EUR 750,000,000.00 with a term of 8 years granted to Mondi Finance plc on 1 April 2020. The loan bears an annual interest rate of 2.425% and the interest coupon was agreed to be due on 1 April each year, with the last interest coupons due on 1 April 2028.

Current assets

Receivables from affiliated companies include a cash pool receivable from Mondi Finance plc (EUR 16,215.71; prior year: EUR 32,540.17) as well as accrued interest resulting from the loan granted to Mondi Finance plc (EUR 13,702,910.96; prior year: EUR 0.00).

All receivables are due within one year.

All items recognized under other receivables will affect cash flow only after the balance sheet date.

Prepaid expenses and deferred charges

This item entirely consists of the capitalized discount resulting from the difference between the issue price and the repayment amount of the bond issued on 1 April 2020. The discount is scheduled to be written down over the term of the bond which amounts to 8 years.

Shareholder's equity

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

In 2020, the statutory reserve was set up at the full amount pursuant to section 229 UGB.

Accruals and provisions

This item includes a provision for consulting fees as well as a provision for expenses for the audit of the financial statements.

In 2020, accruals and provisions developed as follows:

	Balance 01/01/2020	Utilization	Release	Addition	Balance 31/12/2020
	EUR	EUR	EUR	EUR	EUR
Other accruals and provisions					
Tax consulting	3,000.00	969.00	0.00	3,969.00	6,000.00
Audit of the financial statements	0.00	0.00	0.00	11,520.00	11,520.00
Miscellaneous	0.00	0.00	0.00	4,836.00	4,836.00
	3,000.00	969.00	0.00	20,325.00	22,356.00

Accounts payable

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

Other liabilities include accrued interest for the bond's interest coupon due on 1 April 2021.

Payables to affiliated companies entirely consist of the tax allocation 2020 to be paid to Mondi AG and resulting from the tax group.

All items recognized under other liabilities will affect cash flow only after the balance sheet date.

Collateral securities for payables amount to EUR 0.00.

Except for the bond, all liabilities are due within one year.

Deferred income

The amount of this item corresponds to the discount relating to the bond which was subsequently passed on to Mondi Finance plc in the course of the loan. Deferred income is scheduled to be released over the term of the loan.

IV. Comments on income statement items

Other operating expenses mainly include fees for tax consulting services, fees for the audit of the financial statements and other consulting fees.

Interest income from Mondi Finance plc is stated under income from long-term loans.

The item "other interest and similar income" includes financing costs resulting from the issuance of the bond and passed on to Mondi Finance plc as well as the premium for the financial year 2020.

Interest expenses for bonds result from the bond bearing an interest of 2.375%.

The item "interest and similar expenses" consists of financing costs relating to the bond as well as the write-down of the discount for the financial year 2020.

V. Other disclosures

Tax group:

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

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

Contingent liabilities

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

Consolidated financial statements

Mondi plc., London, UK, is the Company's parent company that prepares the consolidated financial statements for the smallest and largest group of companies. The Company and all significant subsidiaries are included in these consolidated financial statements. The consolidated financial statements are filed with the Registrar of Companies (England and Wales).

Relations to affiliated companies

Within the Mondi Group, Mondi Finance Europe GmbH renders financial services to companies in which Mondi plc indirectly or directly holds participating interests.

Derivative financial instruments

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

Expenses for the auditor

Expenses for the auditor amount to EUR 16,000.00 (prior year: EUR 0.00k).

Subsequent events

No material events occurred between the end of the financial year and the time the financial statements were prepared. No material changes in the Company's course of business are expected to occur in 2021. From today's point of view, the further development of the coronavirus crisis will also not have any impact on Mondi Finance Europe GmbH.

Staff

The Company does not have any employees.

Appropriation of retained earnings

As at 31 December 2020, unappropriated retained earnings amount to EUR 177,884.47 and are not subject to a distribution prohibition. The Company proposes to carry forward the amount to the next financial year.

Supervisory Board:

Günter Schmutzer, Chairman (since 21/12/2020)

James Paterson (since 21/12/2020)

Peter Orisich (since 21/12/2020)

Management Directors

In the financial year under review, the managing directors did not receive any remuneration from Mondi Finance Europe GmbH. No advances nor loans were granted to members of the Management Board and the Supervisory Board in the financial year 2020.

The following managing directors represented the Company in 2020:

Matthias Florian

Andreas Resei

Walter Seyser

Vienna, 26 March 2021

The Management Board

signed:

Matthias Florian

signed:

Andreas Resei

signed:

Walter Seyser

Movements in fixed assets (Section 226 para. 1 UGB)
(Translation)

	Acquisition/Production cost			Accumulated amortization/depreciation				Net book value		
	Balance 01/12/2019	Additions	Disposals	Balance 31/12/2020	Balance 01/12/2019	Additions	Disposals	Balance 31/12/2020	Balance 31/12/2020	Balance 01/12/2019
	EUR	EUR	EUR	EUR	EUR	EUR	EUR	EUR	EUR	EUR
I. Financial assets										
1. Loans to affiliated companies	0.00	750,000,000.00	0.00	750,000,000.00	0.00	0.00	0.00	0.00	750,000,000.00	0.00

Mondi Finance Europe GmbH, Vienna
Management Report as at 31 December 2020
(Translation)

Mondi Finance Europe GmbH is a company of the Mondi Group whose corporate purpose is to globally render financial services to companies in which Mondi plc indirectly or directly holds participating interests. These financial services include procuring, providing and managing financing and investments, supporting group companies in the processing of financing projects and investments as well as issuing and taking out financing instruments.

On 1 April 2020, Mondi Finance Europe GmbH, issued a bond in the amount of EUR 750,000,000.00 for the purposes of financing the Mondi Group. The bond is listed at the London Stock Exchange, matures on 1 April 2028 and bears an annual fixed interest rate of 2.375%. It was determined that the interest coupons are to be paid on 1 April each year.

On 1 April 2020, the entire funds resulting from the issuance of the bond were passed on to Mondi Finance plc in the form of a long-term loan which Mondi Finance plc uses for its own financing purposes. The term of the loan also amounts to 8 years. The annual interest rate is based on the same conditions plus a mark-up of 5 basis points.

The financing costs resulting from the issuance of the bond (EUR 2,400,000.00) as well as the discount (EUR 3,667,500.00) were borne by Mondi Finance plc.

Other operating expenses amount to EUR 47,506.21 and are above the level of the prior year (EUR 5,459.82), which was also the year when the Company was established and did not perform any operating activities.

The Company's financial result amounts to EUR 282,534.25. It includes interest expenses for the bond, the financing costs as well as part of the discount for the financial year 2020. Income consists of interest income for the long-term loan to Mondi Finance plc, which bears an interest of 2.375% plus the 5 basis points agreed as well as the costs for the issuance of the bond that were passed on to Mondi Finance plc.

Net income for the year amounts to EUR 186,844.30 and was mainly generated through the mark-up to the interest rate.

The low equity ratio of 0.03% in accordance with section 23 URG (Austrian Corporate Restructuring Act) is due to the liability resulting from the bond in the amount of EUR 750,000,000.00. From our point of view, there is no reorganization requirement despite the equity ratio of less than 8% as the Company states a corresponding long-term receivable from Mondi Finance plc on the assets side of the balance sheet, and, moreover, Mondi plc has issued an irrevocable guarantee covering the total amount of the loan that is valid for its whole term. PwC Transaction Services Wirtschaftsprüfung GmbH confirmed to the Management Board in an expert opinion obtained in accordance with Section 26 URG that a reorganization is not required.

In the financial year 2020, the Company generated a net cash outflow from operating activities of EUR 16,324.46, a net cash outflow from investing activities of EUR 743,932,500.00 and a net cash inflow from financing activities of EUR 743,948,824.46.

Financing

The Company's running expenses are financed through an intra-group cash pooling system. The Group's financing activities were described in detail in the first paragraphs of the management report.

Financial instruments

In the financial year under review, Mondi Finance Europe GmbH did not use any derivative financial instruments. Any hedging transactions that might incur would be processed by Mondi Finance plc in London.

Other non-derivative financial instruments in place mainly include long-term loans to affiliated companies and receivables from affiliated companies, liabilities resulting from the bond, trade receivables and payables to affiliated companies.

Market values of financial instruments correspond to the book values and are not subject to any considerable market risk.

As regards these financial instruments, there is no considerable cash flow or liquidity risk. Default risk of the capitalized financial instruments can also be regarded as quite limited.

Risk of interest rate fluctuations

The Group's interest rate risk is managed centrally by Mondi Finance plc. Mondi Finance Europe GmbH's risk of interest rate fluctuations can be regarded as extremely low, as both for the bond and the loan granted, a fixed interest rate was agreed.

Outlook for 2021 and COVID

No material changes in the Company's course of business are expected to occur in 2021. On 1 April 2021, the first interest coupon of the bond will be due, and payment of the interest receivable by Mondi Finance plc can be expected for the same date. From today's point of view, the further development of the coronavirus crisis should also not have any impact on Mondi Finance Europe GmbH's course of business.

Research and development

Mondi Finance Europe GmbH does not conduct any research and development activities and does not operate any branches.

There are no significant environmental and staff issues.

Vienna, 26 March 2021

The Management Board

signed:
Matthias Florian

signed:
Andreas Resei

signed:
Walter Seyser

General Conditions of Contract for the Public Accounting Professions (AAB 2018)

Recommended for use by the Board of the Chamber of Tax Advisers and Auditors, last recommended in its decision of April 18, 2018

Preamble and General Items

(1) Contract within the meaning of these Conditions of Contract refers to each contract on services to be rendered by a person entitled to exercise profession in the field of public accounting exercising that profession (de facto activities as well as providing or performing legal transactions or acts, in each case pursuant to Sections 2 or 3 Austrian Public Accounting Professions Act (WTBG 2017). The parties to the contract shall hereinafter be referred to as the "contractor" on the one hand and the "client" on the other hand).

(2) The General Conditions of Contract for the professions in the field of public accounting are divided into two sections: The Conditions of Section I shall apply to contracts where the agreeing of contracts is part of the operations of the client's company (entrepreneur within the meaning of the Austrian Consumer Protection Act. They shall apply to consumer business under the Austrian Consumer Protection Act (Federal Act of March 8, 1979 / Federal Law Gazette No. 140 as amended) insofar as Section II does not provide otherwise for such business.

(3) In the event that an individual provision is void, the invalid provision shall be replaced by a valid provision that is as close as possible to the desired objective.

SECTION I

1. Scope and Execution of Contract

(1) The scope of the contract is generally determined in a written agreement drawn up between the client and the contractor. In the absence of such a detailed written agreement, (2)-(4) shall apply in case of doubt:

(2) When contracted to perform tax consultation services, consultation shall consist of the following activities:

- a) preparing annual tax returns for income tax and corporate tax as well as value-added tax (VAT) on the basis of the financial statements and other documents and papers required for taxation purposes and to be submitted by the client or (if so agreed) prepared by the contractor. Unless explicitly agreed otherwise, documents and papers required for taxation purposes shall be produced by the client.
- b) examining the tax assessment notices for the tax returns mentioned under a).
- c) negotiating with the fiscal authorities in connection with the tax returns and notices mentioned under a) and b).
- d) participating in external tax audits and assessing the results of external tax audits with regard to the taxes mentioned under a).
- e) participating in appeal procedures with regard to the taxes mentioned under a).

If the contractor receives a flat fee for regular tax consultation, in the absence of written agreements to the contrary, the activities mentioned under d) and e) shall be invoiced separately.

(3) Provided the preparation of one or more annual tax return(s) is part of the contract accepted, this shall not include the examination of any particular accounting conditions nor the examination of whether all relevant concessions, particularly those with regard to value added tax, have been utilized, unless the person entitled to exercise the profession can prove that he/she has been commissioned accordingly.

(4) In each case, the obligation to render other services pursuant to Sections 2 and 3 WTBG 2017 requires for the contractor to be separately and verifiably commissioned.

(5) The aforementioned paragraphs (2) to (4) shall not apply to services requiring particular expertise provided by an expert.

(6) The contractor is not obliged to render any services, issue any warnings or provide any information beyond the scope of the contract.

(7) The contractor shall have the right to engage suitable staff and other performing agents (subcontractors) for the execution of the contract as well as to have a person entitled to exercise the profession substitute for him/her in executing the contract. Staff within the meaning of these Conditions of Contract refers to all persons who support the contractor in his/her operating activities on a regular or permanent basis, irrespective of the type of underlying legal transaction.

(8) In rendering his/her services, the contractor shall exclusively take into account Austrian law; foreign law shall only be taken into account if this has been explicitly agreed upon in writing.

(9) Should the legal situation change subsequent to delivering a final professional statement passed on by the client orally or in writing, the contractor shall not be obliged to inform the client of changes or of the consequences thereof. This shall also apply to the completed parts of a contract.

(10) The client shall be obliged to make sure that the data made available by him/her may be handled by the contractor in the course of rendering the services. In this context, the client shall particularly but not exclusively comply with the applicable provisions under data protection law and labor law.

(11) Unless explicitly agreed otherwise, if the contractor electronically submits an application to an authority, he/she acts only as a messenger and this does not constitute a declaration of intent or knowledge attributable to him/her or a person authorized to submit the application.

(12) The client undertakes not to employ persons that are or were staff of the contractor during the contractual relationship, during and within one year after termination of the contractual relationship, either in his/her company or in an associated company, failing which he/she shall be obliged to pay the contractor the amount of the annual salary of the member of staff taken over.

2. Client's Obligation to Provide Information and Submit Complete Set of Documents

(1) The client shall make sure that all documents required for the execution of the contract be placed without special request at the disposal of the contractor at the agreed date, and in good time if no such date has been agreed, and that he/she be informed of all events and circumstances which may be of significance for the execution of the contract. This shall also apply to documents, events and circumstances which become known only after the contractor has commenced his/her work.

(2) The contractor shall be justified in regarding information and documents presented to him/her by the client, in particular figures, as correct and complete and to base the contract on them. The contractor shall not be obliged to identify any errors unless agreed separately in writing. This shall particularly apply to the correctness and completeness of bills. However, he/she is obliged to inform the client of any errors identified by him/her. In case of financial criminal proceedings he/she shall protect the rights of the client.

(3) The client shall confirm in writing that all documents submitted, all information provided and explanations given in the context of audits, expert opinions and expert services are complete.

(4) If the client fails to disclose considerable risks in connection with the preparation of financial statements and other statements, the contractor shall not be obliged to render any compensation insofar as these risks materialize.

(5) Dates and time schedules stated by the contractor for the completion of the contractor's products or parts thereof are best estimates and, unless otherwise agreed in writing, shall not be binding. The same applies to any estimates of fees: they are prepared to best of the contractor's knowledge; however, they shall always be non-binding.

(6) The client shall always provide the contractor with his/her current contact details (particularly the delivery address). The contractor may rely on the validity of the contact details most recently provided by the client, particularly have deliveries made to the most recently provided address, until such time as new contact details are provided.

3. Safeguarding of Independence

(1) The client shall be obliged to take all measures to prevent that the independence of the staff of the contractor be jeopardized and shall himself/herself refrain from jeopardizing their independence in any way. In particular, this shall apply to offers of employment and to offers to accept contracts on their own account.

(2) The client acknowledges that his/her personal details required in this respect, as well as the type and scope of the services, including the performance period agreed between the contractor and the client for the services (both audit and non-audit services), shall be handled within a network (if any) to which the contractor belongs, and for this purpose transferred to the other members of the network including abroad for the purpose of examination of the existence of grounds of bias or grounds for exclusion and conflicts of interest. For this purpose the client expressly releases the contractor in accordance with the Data Protection Act and in accordance with Section 80 (4) No. 2 WTBG 2017 from his/her obligation to maintain secrecy. The client can revoke the release from the obligation to maintain secrecy at any time.

4. Reporting Requirements

(1) (Reporting by the contractor) In the absence of an agreement to the contrary, a written report shall be drawn up in the case of audits and expert opinions.

(2) (Communication to the client) All contract-related information and opinions, including reports, (all declarations of knowledge) of the contractor, his/her staff, other performing agents or substitutes ("professional statements") shall only be binding provided they are set down in writing. Professional statements in electronic file formats which are made, transferred or confirmed by fax or e-mail or using similar types of electronic communication (that can be stored and reproduced but is not oral, i.e. e.g. text messages but not telephone) shall be deemed as set down in writing; this shall only apply to professional statements. The client bears the risk that professional statements may be issued by persons not entitled to do so as well as the transfer risk of such professional statements.

(3) (Communication to the client) The client hereby consents to the contractor communicating with the client (e.g. by e-mail) in an unencrypted manner. The client declares that he/she has been informed of the risks arising from the use of electronic communication (particularly access to, maintaining secrecy of, changing of messages in the course of transfer). The contractor, his/her staff, other performing agents or substitutes are not liable for any losses that arise as a result of the use of electronic means of communication.

(4) (Communication to the contractor) Receipt and forwarding of information to the contractor and his/her staff are not always guaranteed when the telephone is used, in particular in conjunction with automatic telephone answering systems, fax, e-mail and other types of electronic communication. As a result, instructions and important information shall only be deemed to have been received by the contractor provided they are also received physically (not by telephone, orally or electronically), unless explicit confirmation of receipt is provided in individual instances. Automatic confirmation that items have been transmitted and read shall not constitute such explicit confirmations of receipt. This shall apply in particular to the transmission of decisions and other information relating to deadlines. As a result, critical and important notifications must be sent to the contractor by mail or courier. Delivery of documents to staff outside the firm's offices shall not count as delivery.

(5) (General) In writing shall mean, insofar as not otherwise laid down in Item 4. (2), written form within the meaning of Section 886 Austrian Civil Code (ABGB) (confirmed by signature). An advanced electronic signature (Art. 26 eIDAS Regulation (EU) No. 910/2014) fulfills the requirement of written form within the meaning of Section 886 ABGB (confirmed by signature) insofar as this is at the discretion of the parties to the contract.

(6) (Promotional information) The contractor will send recurrent general tax law and general commercial law information to the client electronically (e.g. by e-mail). The client acknowledges that he/she has the right to object to receiving direct advertising at any time.

5. Protection of Intellectual Property of the Contractor

(1) The client shall be obliged to ensure that reports, expert opinions, organizational plans, drafts, drawings, calculations and the like, issued by the contractor, be used only for the purpose specified in the contract (e.g. pursuant to Section 44 (3) Austrian Income Tax Act 1988). Furthermore, professional statements made orally or in writing by the contractor may be passed on to a third party for use only with the written consent of the contractor.

(2) The use of professional statements made orally or in writing by the contractor for promotional purposes shall not be permitted; a violation of this provision shall give the contractor the right to terminate without notice to the client all contracts not yet executed.

(3) The contractor shall retain the copyright on his/her work. Permission to use the work shall be subject to the written consent by the contractor.

6. Correction of Errors

(1) The contractor shall have the right and shall be obliged to correct all errors and inaccuracies in his/her professional statement made orally or in writing which subsequently come to light and shall be obliged to inform the client thereof without delay. He/she shall also have the right to inform a third party acquainted with the original professional statement of the change.

(2) The client has the right to have all errors corrected free of charge if the contractor can be held responsible for them; this right will expire six months after completion of the services rendered by the contractor and/or – in cases where a written professional statement has not been delivered – six months after the contractor has completed the work that gives cause to complaint.

(3) If the contractor fails to correct errors which have come to light, the client shall have the right to demand a reduction in price. The extent to which additional claims for damages can be asserted is stipulated under Item 7.

7. Liability

(1) All liability provisions shall apply to all disputes in connection with the contractual relationship, irrespective of the legal grounds. The contractor is liable for losses arising in connection with the contractual relationship (including its termination) only in case of willful intent and gross negligence. The applicability of Section 1298 2nd Sentence ABGB is excluded.

(2) In cases of gross negligence, the maximum liability for damages due from the contractor is tenfold the minimum insurance sum of the professional liability insurance according to Section 11 WTBG 2017 as amended.

(3) The limitation of liability pursuant to Item 7. (2) refers to the individual case of damages. The individual case of damages includes all consequences of a breach of duty regardless of whether damages arose in one or more consecutive years. In this context, multiple acts or failures to act that are based on the same or similar source of error as one consistent breach of duty if the matters concerned are legally and economically connected. Single damages remain individual cases of damage even if they are based on several breaches of duty. Furthermore, the contractor's liability for loss of profit as well as collateral, consequential, incidental or similar losses is excluded in case of willful damage.

(4) Any action for damages may only be brought within six months after those entitled to assert a claim have gained knowledge of the damage, but no later than three years after the occurrence of the (primary) loss following the incident upon which the claim is based, unless other statutory limitation periods are laid down in other legal provisions.

(5) Should Section 275 Austrian Commercial Code (UGB) be applicable (due to a criminal offense), the liability provisions contained therein shall apply even in cases where several persons have participated in the execution of the contract or where several activities requiring compensation have taken place and irrespective of whether other participants have acted with intent.

(6) In cases where a formal auditor's report is issued, the applicable limitation period shall commence no later than at the time the said auditor's report was issued.

(7) If activities are carried out by enlisting the services of a third party, e.g. a data-processing company, any warranty claims and claims for damages which arise against the third party according to law and contract shall be deemed as having been passed on to the client once the client has been informed of them. Item 4. (3) notwithstanding, in such a case the contractor shall only be liable for fault in choosing the third party.

(8) The contractor's liability to third parties is excluded in any case. If third parties come into contact with the contractor's work in any manner due to the client, the client shall expressly clarify this fact to them. Insofar as such exclusion of liability is not legally permissible or a liability to third parties has been assumed by the contractor in exceptional cases, these limitations of liability shall in any case also apply to third parties on a subsidiary basis. In any case, a third party cannot raise any claims that go beyond any claim raised by the client. The maximum sum of liability shall be valid only once for all parties injured, including the compensation claims of the client, even if several persons (the client and a third party or several third parties) have sustained losses; the claims of the parties injured shall be satisfied in the order in which the claims have been raised. The client will indemnify and hold harmless the contractor and his/her staff against any claims by third parties in connection with professional statements made orally or in writing by the contractor and passed on to these third parties.

(9) Item 7. shall also apply to any of the client's liability claims to third parties (performing agents and vicarious agents of the contractor) and to substitutes of the contractor relating to the contractual relationship.

8. Secrecy, Data Protection

(1) According to Section 80 WTBG 2017 the contractor shall be obliged to maintain secrecy in all matters that become known to him/her in connection with his/her work for the client, unless the client releases him/her from this duty or he/she is bound by law to deliver a statement.

(2) Insofar as it is necessary to pursue the contractor's claims (particularly claims for fees) or to dispute claims against the contractor (particularly claims for damages raised by the client or third parties against the contractor), the contractor shall be released from his/her professional obligation to maintain secrecy.

(3) The contractor shall be permitted to hand on reports, expert opinions and other written statements pertaining to the results of his/her services to third parties only with the permission of the client, unless he/she is required to do so by law.

(4) The contractor is a data protection controller within the meaning of the General Data Protection Regulation ("GDPR") with regard to all personal data processed under the contract. The contractor is thus authorized to process personal data entrusted to him/her within the limits of the contract. The material made available to the contractor (paper and data carriers) shall generally be handed to the client or to third parties appointed by the client after the respective rendering of services has been completed, or be kept and destroyed by the contractor if so agreed. The contractor is authorized to keep copies thereof insofar as he/she needs them to appropriately document his/her services or insofar as it is required by law or customary in the profession.

(5) If the contractor supports the client in fulfilling his/her duties to the data subjects arising from the client's function as data protection controller, the contractor shall be entitled to charge the client for the actual efforts undertaken. The same shall apply to efforts undertaken for information with regard to the contractual relationship which is provided to third parties after having been released from the obligation to maintain secrecy to third parties by the client.

9. Withdrawal and Cancellation („Termination“)

(1) The notice of termination of a contract shall be issued in writing (see also Item 4. (4) and (5)). The expiry of an existing power of attorney shall not result in a termination of the contract.

(2) Unless otherwise agreed in writing or stipulated by force of law, either contractual partner shall have the right to terminate the contract at any time with immediate effect. The fee shall be calculated according to Item 11.

(3) However, a continuing agreement (fixed-term or open-ended contract on – even if not exclusively – the rendering of repeated individual services, also with a flat fee) may, without good reason, only be terminated at the end of the calendar month by observing a period of notice of three months, unless otherwise agreed in writing.

(4) After notice of termination of a continuing agreement and unless otherwise stipulated in the following, only those individual tasks shall still be completed by the contractor (list of assignments to be completed) that can (generally) be completed fully within the period of notice insofar as the client is notified in writing within one month after commencement of the termination notice period within the meaning of Item 4. (2). The list of assignments to be completed shall be completed within the termination period if all documents required are provided without delay and if no good reason exists that impedes completion.

(5) Should it happen that in case of a continuing agreement more than two similar assignments which are usually completed only once a year (e.g. financial statements, annual tax returns, etc.) are to be completed, any such assignments exceeding this number shall be regarded as assignments to be completed only with the client's explicit consent. If applicable, the client shall be informed of this explicitly in the statement pursuant to Item 9. (4).

10. Termination in Case of Default in Acceptance and Failure to Cooperate on the Part of the Client and Legal Impediments to Execution

(1) If the client defaults on acceptance of the services rendered by the contractor or fails to carry out a task incumbent on him/her either according to Item 2. or imposed on him/her in another way, the contractor shall have the right to terminate the contract without prior notice. The same shall apply if the client requests a way to execute (also partially) the contract that the contractor reasonably believes is not in compliance with the legal situation or professional principles. His/her fees shall be calculated according to Item 11. Default in acceptance or failure to cooperate on the part of the client shall also justify a claim for compensation made by the contractor for the extra time and labor hereby expended as well as for the damage caused, if the contractor does not invoke his/her right to terminate the contract.

(2) For contracts concerning bookkeeping, payroll accounting and administration and assessment of payroll-related taxes and contributions, a termination without prior notice by the contractor is permissible under Item 10. (1) if the client verifiably fails to cooperate twice as laid down in Item 2. (1).

11. Entitlement to Fee

(1) If the contract fails to be executed (e.g. due to withdrawal or cancellation), the contractor shall be entitled to the negotiated compensation (fee), provided he/she was prepared to render the services and was prevented from so doing by circumstances caused by the client, whereby a merely contributory negligence by the contractor in this respect shall be excluded; in this case the contractor need not take into account the amount he/she obtained or failed to obtain through alternative use of his/her own professional services or those of his/her staff.

(2) If a continuing agreement is terminated, the negotiated compensation for the list of assignments to be completed shall be due upon completion or in case completion fails due to reasons attributable to the client (reference is made to Item 11. (1)). Any flat fees negotiated shall be calculated according to the services rendered up to this point.

(3) If the client fails to cooperate and the assignment cannot be carried out as a result, the contractor shall also have the right to set a reasonable grace period on the understanding that, if this grace period expires without results, the contract shall be deemed ineffective and the consequences indicated in Item 11. (1) shall apply.

(4) If the termination notice period under Item 9. (3) is not observed by the client as well as if the contract is terminated by the contractor in accordance with Item 10. (2), the contractor shall retain his/her right to receive the full fee for three months.

12. Fee

(1) Unless the parties explicitly agreed that the services would be rendered free of charge, an appropriate remuneration in accordance with Sections 1004 and 1152 ABGB is due in any case. Amount and type of the entitlement to the fee are laid down in the agreement negotiated between the contractor and his/her client. Unless a different agreement has verifiably been reached, payments made by the client shall in all cases be credited against the oldest debt.

(2) The smallest service unit which may be charged is a quarter of an hour.

(3) Travel time to the extent required is also charged.

(4) Study of documents which, in terms of their nature and extent, may prove necessary for preparation of the contractor in his/her own office may also be charged as a special item.

(5) Should a remuneration already agreed upon prove inadequate as a result of the subsequent occurrence of special circumstances or due to special requirements of the client, the contractor shall notify the client thereof and additional negotiations for the agreement of a more suitable remuneration shall take place (also in case of inadequate flat fees).

(6) The contractor includes charges for supplementary costs and VAT in addition to the above, including but not limited to the following (7) to (9):

(7) Chargeable supplementary costs also include documented or flat-rate cash expenses, traveling expenses (first class for train journeys), per diems, mileage allowance, copying costs and similar supplementary costs.

(8) Should particular third party liabilities be involved, the corresponding insurance premiums (including insurance tax) also count as supplementary costs.

(9) Personnel and material expenses for the preparation of reports, expert opinions and similar documents are also viewed as supplementary costs.

(10) For the execution of a contract wherein joint completion involves several contractors, each of them will charge his/her own compensation.

(11) In the absence of any other agreements, compensation and advance payments are due immediately after they have been requested in writing. Where payments of compensation are made later than 14 days after the due date, default interest may be charged. Where mutual business transactions are concerned, a default interest rate at the amount stipulated in Section 456 1st and 2nd Sentence UGB shall apply.

(12) Statutory limitation is in accordance with Section 1486 of ABGB, with the period beginning at the time the service has been completed or upon the issuing of the bill within an appropriate time limit at a later point.

(13) An objection may be raised in writing against bills presented by the contractor within 4 weeks after the date of the bill. Otherwise the bill is considered as accepted. Filing of a bill in the accounting system of the recipient is also considered as acceptance.

(14) Application of Section 934 ABGB within the meaning of Section 351 UGB, i.e. rescission for *laesio enormis* (lesion beyond moiety) among entrepreneurs, is hereby renounced.

(15) If a flat fee has been negotiated for contracts concerning bookkeeping, payroll accounting and administration and assessment of payroll-related taxes and contributions, in the absence of written agreements to the contrary, representation in matters concerning all types of tax audits and audits of payroll-related taxes and social security contributions including settlements concerning tax assessments and the basis for contributions, preparation of reports, appeals and the like shall be invoiced separately. Unless otherwise agreed to in writing, the fee shall be considered agreed upon for one year at a time.

(16) Particular individual services in connection with the services mentioned in Item 12. (15), in particular ascertaining whether the requirements for statutory social security contributions are met, shall be dealt with only on the basis of a specific contract.

(17) The contractor shall have the right to ask for advance payments and can make delivery of the results of his/her (continued) work dependent on satisfactory fulfillment of his/her demands. As regards continuing agreements, the rendering of further services may be denied until payment of previous services (as well as any advance payments under Sentence 1) has been effected. This shall analogously apply if services are rendered in installments and fee installments are outstanding.

(18) With the exception of obvious essential errors, a complaint concerning the work of the contractor shall not justify even only the partial retention of fees, other compensation, reimbursements and advance payments (remuneration) owed to him/her in accordance with Item 12.

(19) Offsetting the remuneration claims made by the contractor in accordance with Item 12. shall only be permitted if the demands are uncontested and legally valid.

13. Other Provisions

(1) With regard to Item 12. (17), reference shall be made to the legal right of retention (Section 471 ABGB, Section 369 UGB); if the right of retention is wrongfully exercised, the contractor shall generally be liable pursuant to Item 7. or otherwise only up to the outstanding amount of his/her fee.

(2) The client shall not be entitled to receive any working papers and similar documents prepared by the contractor in the course of fulfilling the contract. In the case of contract fulfillment using electronic accounting systems the contractor shall be entitled to delete the data after handing over all data based thereon – which were prepared by the contractor in relation to the contract and which the client is obliged to keep – to the client and/or the succeeding public accountant in a structured, common and machine-readable format. The contractor shall be entitled to an appropriate fee (Item 12. shall apply by analogy) for handing over such data in a structured, common and machine-readable format. If handing over such data in a structured, common and machine-readable format is impossible or unfeasible for special reasons, they may be handed over in the form of a full print-out instead. In such a case, the contractor shall not be entitled to receive a fee.

(3) At the request and expense of the client, the contractor shall hand over all documents received from the client within the scope of his/her activities. However, this shall not apply to correspondence between the contractor and his/her client and to original documents in his/her possession and to documents which are required to be kept in accordance with the legal anti-money laundering provisions applicable to the contractor. The contractor may make copies or duplicates of the documents to be returned to the client. Once such documents have been transferred to the client, the contractor shall be entitled to an appropriate fee (Item 12. shall apply by analogy).

(4) The client shall fetch the documents handed over to the contractor within three months after the work has been completed. If the client fails to do so, the contractor shall have the right to return them to the client at the cost of the client or to charge an appropriate fee (Item 12. shall apply by analogy) if the contractor can prove that he/she has asked the client twice to pick up the documents handed over. The documents may also further be kept by third parties at the expense of the client. Furthermore, the contractor is not liable for any consequences arising from damage, loss or destruction of the documents.

(5) The contractor shall have the right to compensation of any fees that are due by use of any available deposited funds, clearing balances, trust funds or other liquid funds at his/her disposal, even if these funds are explicitly intended for safekeeping, if the client had to have anticipated the counterclaim of the contractor.

(6) To secure an existing or future fee payable, the contractor shall have the right to transfer a balance held by the client with the tax office or another balance held by the client in connection with charges and contributions, to a trust account. In this case the client shall be informed of the transfer. Subsequently, the amount secured may be collected either after agreement has been reached with the client or after enforceability of the fee by execution has been declared.

14. Applicable Law, Place of Performance, Jurisdiction

(1) The contract, its execution and the claims resulting from it shall be exclusively governed by Austrian law, excluding national referral rules.

(2) The place of performance shall be the place of business of the contractor.

(3) In absence of a written agreement stipulating otherwise, the place of jurisdiction is the competent court of the place of performance.

SECTION II

15. Supplementary Provisions for Consumer Transactions

(1) Contracts between public accountants and consumers shall fall under the obligatory provisions of the Austrian Consumer Protection Act (KSChG).

(2) The contractor shall only be liable for the willful and grossly negligent violation of the obligations assumed.

(3) Contrary to the limitation laid down in Item 7. (2), the duty to compensate on the part of the contractor shall not be limited in case of gross negligence.

(4) Item 6. (2) (period for right to correction of errors) and Item 7. (4) (asserting claims for damages within a certain period) shall not apply.

(5) Right of Withdrawal pursuant to Section 3 KSChG:

If the consumer has not made his/her contract statement in the office usually used by the contractor, he/she may withdraw from the contract application or the contract proper. This withdrawal may be declared until the contract has been concluded or within one week after its conclusion; the period commences as soon as a document has been handed over to the consumer which contains at least the name and the address of the contractor as well as instructions on the right to withdraw from the contract, but no earlier than the conclusion of the contract. The consumer shall not have the right to withdraw from the contract

1. if the consumer himself/herself established the business relationship concerning the conclusion of this contract with the contractor or his/her representative,

2. if the conclusion of the contract has not been preceded by any talks between the parties involved or their representatives, or

3. in case of contracts where the mutual services have to be rendered immediately, if the contracts are usually concluded outside the offices of the contractors, and the fee agreed upon does not exceed €15.

In order to become legally effective, the withdrawal shall be declared in writing. It is sufficient if the consumer returns a document that contains his/her contract declaration or that of the contractor to the contractor with a note which indicates that the consumer rejects the conclusion or the maintenance of the contract. It is sufficient if this declaration is dispatched within one week.

If the consumer withdraws from the contract according to Section 3 KSChG,

1. the contractor shall return all benefits received, including all statutory interest, calculated from the day of receipt, and compensate the consumer for all necessary and useful expenses incurred in this matter,

2. the consumer shall pay for the value of the services rendered by the contractor as far as they are of a clear and predominant benefit to him/her.

According to Section 4 (3) KSChG, claims for damages shall remain unaffected.

(6) Cost Estimates according to Section 5 Austrian KSChG:

The consumer shall pay for the preparation of a cost estimate by the contractor in accordance with Section 1170a ABGB only if the consumer has been notified of this payment obligation beforehand.

If the contract is based on a cost estimate prepared by the contractor, its correctness shall be deemed warranted as long as the opposite has not been explicitly declared.

(7) Correction of Errors: Supplement to Item 6.:

If the contractor is obliged under Section 932 ABGB to improve or complement his/her services, he/she shall execute this duty at the place where the matter was transferred. If it is in the interest of the consumer to have the work and the documents transferred by the contractor, the consumer may carry out this transfer at his/her own risk and expense.

(8) Jurisdiction: Shall apply instead of Item 14. (3)

If the domicile or the usual residence of the consumer is within the country or if he/she is employed within the country, in case of an action against him/her according to Sections 88, 89, 93 (2) and 104 (1) Austrian Court Jurisdiction Act (JN), the only competent courts shall be the courts of the districts where the consumer has his/her domicile, usual residence or place of employment.

(9) Contracts on Recurring Services:

(a) Contracts which oblige the contractor to render services and the consumer to effect repeated payments and which have been concluded for an indefinite period or a period exceeding one year may be terminated by the consumer at the end of the first year, and after the first year at the end of every six months, by adhering to a two-month period of notice.

(b) If the total work is regarded as a service that cannot be divided on account of its character, the extent and price of which is determined already at the conclusion of the contract, the first date of termination may be postponed until the second year has expired. In case of such contracts the period of notice may be extended to a maximum of six months.

(c) If the execution of a certain contract indicated in lit. a) requires considerable expenses on the part of the contractor and if he/she informed the consumer about this no later than at the time the contract was concluded, reasonable dates of termination and periods of notice which deviate from lit. a) and b) and which fit the respective circumstances may be agreed.

(d) If the consumer terminates the contract without complying with the period of notice, the termination shall become effective at the next termination date which follows the expiry of the period of notice.