



Leading in
Consumer Packaging

CREATING VALUE TOGETHER

Contents

Management Report

- 2 Positioning of the MM Group and the Divisions
- 8 Development in the Year 2022
- 19 Research and Development
- 23 Risk Management
- 33 Disclosures according to Section 243 a Para. 1 of the Austrian Commercial Code
- 34 Consolidated Non-Financial Statement according to Section 267 a of the Austrian Commercial Code
- 35 Outlook

36 **Consolidated Financial Statements**

132 **Management Report and Annual Financial Statements of Mayr-Melnhof Karton AG (German Version)**

165 **Consolidated Corporate Governance Report**

174 **Statement of the Management Board**

Management Report

1 POSITIONING OF THE MM GROUP AND THE DIVISIONS

Group

Leading in Consumer Packaging

The MM Group (MM) is a leading global producer of cartonboard and folding cartons for consumer goods with an attractive offer in kraft papers and uncoated fine papers for various end applications. MM has a long-term orientation and promotes sustainable development through innovative, recyclable packaging and paper products.

After MM has moved with the MM Board & Paper division into the group of European leading suppliers of virgin fiber-based cartonboard with the strategic acquisitions of the cartonboard and paper mills MM Kwidzyn and MM Kotkamills in 2021, alongside to its already leading European position in recycled fiber-based cartonboard, the strategy to gain a stronger presence in the resilient and growing market of secondary pharma packaging was pursued in 2022 with the acquisition of Essentra Packaging and Eson Pac. The MM Packaging division is thus not only a leading producer of folding cartons in Europe, but also holds a leading market position in several countries outside Europe.

Both divisions of the MM Group, MM Board & Paper and MM Packaging, are managed with independent profit responsibility and supply each other at arm's length. In 2022, MM Board & Paper supplied around 15 % of its cartonboard sales to MM Packaging. The majority of cartonboard and paper production is however sold outside the Group. MM Packaging bought more than one quarter of the tonnage processed internally from MM Board & Paper.

Sustainability and circular economy – part of our business model

Demand for cartonboard and cartonboard packaging correlates to a high extent with private consumption, especially of daily consumer goods, and therefore shows a relative resilience.

Cartonboard is mainly used as a raw material for the production of folding carton packaging. Folding cartons are, besides plastics, the most important primary packaging material for everyday consumer goods and in particular fulfill sustainability criteria. In addition to the attractive presentation of the consumer goods and their protection, folding carton packaging is characterized especially by its sustainable production from renewable fiber materials that can be recycled many times. A responsible circular economy is thus an integral part of the MM Group's business.

Global presence – regional focus on Europe

Due to transport costs and service demands, the business of MM Packaging has a mainly regional character, whereby in addition to our production focus in Europe we are also present in North and South America and have local productions in individual Asian countries. Although we also sell our European cartonboard and paper production over longer distances worldwide, the focus of this business is also on Europe, as global cartonboard trade is of only minor importance.

Kraft papers are sold in particular to the food/gastronomy industry and the laminate industry, uncoated fine papers (office and printing papers) especially to paper/office supply retailers in Europe.

Focus on growth and value creation through sustainability, innovation and efficiency

The creation of long-term growth perspectives and value are at the center of the strategic orientation of the MM Group. Improved competitiveness through economies of scale and state-of-the-art technology as well as the focus on sustainability and innovation are to contribute significantly in this direction.

Following the acquisition of two large sites in the Board & Paper division in 2021, MM Packaging made its strategic entry into the resilient and growing market for pharma packaging in 2022, with the objective of exploiting attractive value enhancement potential and synergies in the following years. In parallel, production at the smaller cartonboard machine in Kolicvevo was discontinued in the 4th quarter of 2022 in order to increase structural efficiency, after disposal of three small cartonboard mills in the two previous years. In addition, the structures in the Packaging division are also continuously adjusted to market requirements.

In 2021, MM launched the most extensive investment program to date, comprising a large number of projects focusing on growth, cost efficiency and technological innovation at major competitive sites of both divisions. In 2022, these measures could already contribute to further organic growth in the Packaging division. In contrast, the largest investments to date in state-of-the-art technology, product development and sustainability will be implemented in 2023 in the division MM Board & Paper at the sites Frohnleiten, Neuss and Kolicvevo.

With the strategic transformation of MM, not only the producing units are strengthened, but also the central Group functions have taken a significant development step forward in order to secure the newly adopted size dimension and to systematically utilize potentials. In this context, the importance of sustainability and innovation as differentiation criteria on the market is particularly taken into account by using modern systems. In this way, MM also wants to seize the opportunities arising from the replacement of plastic packaging by recyclable packaging. A comprehensive harmonization and optimization of systems and processes in the course of digitalization aims at controlling the value creation process of MM even better and more reliably in the long term. Also in 2022, the management team of MM was further extended and supplemented by high-potentials in line with increased requirements.

MM Board & Paper

Leading cartonboard producer with an attractive offer in kraft papers and uncoated fine papers

With a total annual production capacity of 2.0 million tonnes of cartonboard, the division MM Board & Paper is the biggest cartonboard producer in Europe (excluding liquid packaging cartonboard). A varied range of cartonboard products for a wide spectrum of applications with a focus on the packaging area is manufactured at six locations in Europe. Approx. 65 % of the cartonboard capacity is accounted for by coated recycled fiber-based cartonboard and approx. 35 % by virgin fiber-based cartonboard. Furthermore, the division has an annual capacity of approximately 260,000 tonnes of kraft paper and 390,000 tonnes of uncoated fine paper. Recycled fibers, which are purchased from external suppliers, account for approx. 48 % of the fibers used per year. Another approx. 23 % of the fibers used are groundwood pulp, most of which we produce ourselves at our cartonboard mills and in the division's own fiber mill FollaCell in Norway. Pulp, which accounts for approx. 29 % of the fiber demand, is produced to approx. 74 % by the Group, while approx. 26 % is purchased externally.

Cartonboard and paper – a wide range of applications

Cartonboard products of MM Board & Paper are used as packaging material in numerous consumer goods markets for daily needs. The main areas of application are Food & Specialities, which account for around 89 % of sales, as well as the premium sector (Pharma & Healthcare, Beauty & Personal Care, etc.) with a sales share of 11 %. Kraft papers are sold in particular to the food/gastronomy industry and the laminate industry, uncoated fine papers (office and printing papers) mainly to paper/office supply retailers. In order to optimally satisfy specific requirements of individual market segments, MM Board & Paper's main product groups – recycled fiber-based cartonboard, virgin fiber-based cartonboard, white coated recycling liner (high-quality printable and finishable top layer for corrugated board products in low grammage), packaging kraft paper as well as saturating kraft paper – have been set up as separate units within the sales organization. To safeguard supply capability, the Supply Chain & Sales Operations function in particular was significantly strengthened in 2022.

The main market of MM Board & Paper is Europe, where approximately 92 % of the sales volume was sold in 2022. In addition, a worldwide sales network is maintained, supplying more than 2,000 customers in around 110 countries. These are in particular printing businesses in the medium-sized and highly fragmented European folding carton industry as well as consumer goods producers and the previously mentioned customers in the paper sector.

Growth through efficiency, sustainability and innovative products

As a key factor for further growth, not only the most comprehensive investment programs to date have been launched for the Frohnleiten, Neuss and Kolicevo sites, but also projects at the new acquisitions MM Kotkamills and MM Kwidzyn have already been initiated. The objective is to align the product range to new opportunities on the market through state-of-the-art technology and to become even more competitive with greater efficiency and sustainability. A well-coordinated process between innovation, product development, and commercialization aims at both the continuous improvement of existing solutions and processes as well as the development of new applications and market potentials. MM Board & Paper pursues an approach that takes into account aspects from the entire value chain. High quality, functionality, safety, and sustainability of our products as well as comprehensive competence and state-of-the-art services characterize the range of products offered by Board & Paper.

Plastic substitution through innovative fiber-based solutions

Cartonboard and paper are the preferred packaging materials among consumers and regulators. Therefore, major retailers and brand owners have committed themselves to avoiding the use of unnecessary plastic in packaging. MM Board & Paper's aim is to create new possibilities for replacing plastic packaging with environmentally friendly, innovative solutions made of cartonboard and paper and to increase the functionalities without using further plastics. With this ambition, we are developing novel barrier concepts to facilitate the use of cartonboard as an alternative packaging material for a wide range of food products including liquid, chilled, frozen and/or greasy foods. The impact of this trend on our cartonboard and paper sales remains difficult to estimate. However, our aim is to use this as an advantage in order to grow faster than the market.

Concentration on high-performance locations

In the period 2020-2022, MM has concentrated its production at high-performance sites. By the end of 2022, production is carried out on seven high-performance cartonboard machines and four paper machines at six locations. Each of the machines is adapted to provide specific product qualities: three to recycled fiber-based cartonboard, two to virgin fiber-based cartonboard, one to white coated recycling liner and another cartonboard machine flexibly produces both recycled and virgin fiber-based cartonboard grades. In addition, two paper machines produce uncoated fine paper and two further machines produce packaging kraft paper and saturating kraft paper, respectively. The cartonboard machines are continuously further developed according to the state of the art with a focus on growth potential and competitive strength.

Fibers and energy central factors

Recovered paper is the strategically most important raw material for the production of coated recycled fiber-based cartonboard, groundwood pulp for virgin fiber-based cartonboard and pulp for kraft and fine papers. Additionally, energy, chemicals, and logistics are other significant cost factors. High-quality printability of cartonboard is reached through the application of a coating made from chalk, fillers, and binders to the outer surface of cartonboard.

MM Board & Paper purchases recycled fibers at large in Europe, predominantly on the spot market. In addition, long-term supply opportunities from municipalities and waste-management companies are also used to a lesser extent. Due to the decline in print media and office papers, recovered paper will become a scarcer raw material in the longer term, despite high recycling quotas and existing reserves, although we continue to consider the availability for our mills to be secured. We also consider the supply of wood as a raw material for groundwood pulp and pulp to be ensured due to the ongoing procurement from sustainable forestry. However, as the situation resulting from Covid-19 and thereafter showed, significant fluctuations in supply and prices can occur. MM Board & Paper primarily uses natural gas as an energy source. The increased use of renewable energy sources, such as biomass, as well as an increase in self-supply are our objectives.

Intense competition in the cartonboard industry

MM Board & Paper is the only European supplier with several large production locations of recycled and virgin fiber-based cartonboard, respectively, and, moreover, the only European cartonboard producer with a substantial additional pillar in folding carton production. The three largest Scandinavian suppliers operate exclusively in the area of virgin fiber-based cartonboard.

With regards to recycled fiber-based cartonboard, the capacity growth in Europe has been achieved through a continuous technological modernization of existing mills (“creeping capacity increase”) for decades. Regarding virgin fiber-based cartonboard, in particular the structural shift from graphical papers to cartonboard packaging products over the last few years has resulted in the creation of new capacities. In addition, a significant further expansion of virgin fiber-based cartonboard capacities in Europe must be expected in the coming years as part of the trend towards more sustainable packaging and large, highly efficient mills.

MM Packaging

A leading global folding carton producer

The core business of MM Packaging focuses on folding cartonboard packages for consumer staples. In the business year 2022, around 4,056 million m² were produced and sales of EUR 2,168.7 million were generated. Thus, MM Packaging is not just a leading producer of folding cartons in Europe but also one of the largest worldwide. Due to the acquisitions in the Pharma & Healthcare business unit, MM Packaging is also a leading producer of leaflets and labels for this sector. Transport costs and service requirements limit the supply radius of folding cartons, which are defined as mainly regional products. As a result of significantly lower market barriers in the folding carton business compared to the cartonboard industry, the business is characterized by a continuously intensely competitive environment and smaller supplier structures.

The production of folding cartons is a multi-step process that can be briefly described as follows: cartonboard is printed, creased in the subsequent cutting process before being separated into packaging blanks which are folded and glued individually according to the demand of the customer industry in the final step of the process. In addition, a large number of processes for finishing the packages is applied. The packages are generally shipped and transported in a folded state with an outer carton. The filling of packages with consumer goods largely takes place at the customers’ packing systems. In line with its aspiration to best industrial practice, MM Packaging uses all common state-of-the-art preprinting, printing, and finishing technologies.

Corrugated cartonboard production represents a different industry from that of cartonboard and folding cartons with different products and markets in which MM Packaging does not operate. There is an overlap for consumer goods packaging made of fine flute (micro-flute), which are also produced at some specialized MM Packaging sites. These combine the stability of flute with the excellent printability of cartonboard.

International site network always close to the customer

The geographical focus of the site network of MM Packaging with 65 sites in 24 countries is Europe. Furthermore, we are now also present on the US East Coast in the area of pharma packaging after the recent major acquisition. In addition, MM Packaging also holds a leading position in individual countries in the Middle East, South America, and the Far East. In addition to the broad local positioning, we create competitive advantages by sites specializing in specific market and product segments in the areas Food & Specialities as well as Premium through appropriate know-how and continuous further development opportunities. In 2022, the main sales market of Europe accounted for approx. 67 % of sales, the Americas for 10 %, and the rest of the world for 23 %. The aim of our location policy is to supply our customers from geographically well-positioned and highly competitive production facilities.

Sales to a wide range of industries

MM Packaging covers a wide range of sectors with packaging for consumer staples, thus creating both potential for development and a solid level of resilience. The two markets Food & Specialities and Premium contribute to MM Packaging's sales in almost equal parts. The highly specialized Premium business comprises the areas pharma, healthcare, beauty, personal care, cigarette, and luxury. The concentration of MM Packaging's organization on individual specialized business units makes it possible to meet specific market and product requirements with targeted know-how and to selectively control the value-added process.

The major part of the business is generated with large multinational customers which account for approx. 80 % of sales. The allocation of demand via tender procedures and multi-year procurement agreements are the rule in international key customer business. The remaining part of sales goes to local customers. In total, MM Packaging supplies more than 2,300 customers worldwide.

Strategic raw material cartonboard

Folding carton production starts with cartonboard as essential raw material, constituting both the most important input and cost factor. The choice of used cartonboard, on the one hand, depends on the functionality of the package, and, on the other hand, on the specific requirements of individual consumer goods sectors and manufacturers. In accordance with the divisional profit-center principle of the Group, MM Packaging procures the required recycled and virgin fiber-based cartonboard and papers via its own purchase organization. When doing business with international consumer goods manufacturers, the purchase of cartonboard is also decided or negotiated by the customer. Major changes in cartonboard prices as well as other significant cost changes are generally taken into account in the sales price formation through appropriate clauses which relate to reference values. In addition to cartonboard and paper, other important raw materials for MM Packaging include inks, varnishes, and tools. The personnel intensity in folding carton production is consistently higher than in cartonboard production.

Investment in competitiveness and sustainability– growth, organic and through acquisitions

Similar to the cartonboard market, the demand for folding carton packages correlates with private consumption. Due to the focus on packages for consumer staples, the business of MM Packaging shows a high level of continuity. MM Packaging's aim is to continue to grow organically and through acquisitions by increasing its competitive strength and by focusing on future markets, such as pharma.

For this purpose, we are investing in state-of-the-art technologies and developing attractive sites close to our customers. For example, the large MMP Neupack Polska site is being expanded and another packaging plant is being built in Poland (Emerald), in order to participate in the market growth in Central-Eastern Europe and to take advantage of more favorable costs. Furthermore, the expansion of MMP plants to critical size in Great Britain, Austria and Romania was completed in 2022. In addition, the company is continuously modernizing its machinery in order to increase efficiency and develop at state-of-the-art technology (i. e., digital printing). For 2023, this relates in particular to the utilization of the value enhancement potential at selected former Essentra Packaging sites and the industrial production of new sustainable special packaging in plastic replacement.

The aim is to continue to grow in line with best industrial practice and to further increase the competitiveness of MM Packaging. The focus is placed on increased specialization, automation and digitalization, and the development of innovative sustainable packaging. Therefore, we generally give a lot of room to future concepts so that ongoing change can succeed.

As before, MM Packaging will continue its expansion and acquisition course, in a risk-conscious way, guided by value creation and striving for a sustainably high quality of results.

2 DEVELOPMENT IN THE YEAR 2022

General economic situation

The global economy in 2022 was mainly characterized by a further increase in inflation, which severely weakened the incipient economic growth. After a strong first half of the year for the economies of the EU due to increased consumer spending, momentum slowed visibly as a result of the war in Ukraine. In particular, rising prices for energy products and uncertainties in supply chains led to an increase in price levels and thus to historic highs in inflation rates, to which the major central banks in the advanced economies responded by raising key interest rates significantly. A strong labor market and fiscal policy measures to offset rising energy prices supported private consumption, enabling EU GDP to overall record slight growth at the end of the year. High uncertainties remain regarding the development of the energy markets as well as the impact of a longer lasting inflation and the high interest rate environment on private consumption.

Industry development

Demand on the cartonboard and folding carton markets as well as for papers showed strong dynamics until the 3rd quarter of 2022. This development was driven in particular by supply uncertainties in view of disrupted supply chains and potential energy bottlenecks as a consequence of the war in Ukraine as well as the generally strong increase in cost inflation. However, full warehouses, fears of recession and the restricting effect of inflation on consumer purchasing power led to a significant drop in demand on the cartonboard markets in the 4th quarter at the latest, while the folding carton business still developed largely stable.

Against the background of the good booking situation and high capacity utilization over large parts of the year, the massive cost increases in raw materials and energy in the industry could be passed on successively in many cases. However, with falling energy prices due to a mild winter and the significant drop in recovered paper prices, a rapid reversal in major cost components set in in the 4th quarter, which has since then significantly increased the pressure on selling prices.

The topic of sustainability in packaging, in particular the substitution of plastic, continued to be a focus for all participants along the value added chain and is proactively promoted by cartonboard/paper and folding carton producers as well as consumer goods manufacturers and retailers. However, due to full employment in the industries, conversions were slow and selective to take hold.

Although there were no significant capacity increases in 2022, the redirection of former Russian volumes in particular exerted an increasing pressure on the European cartonboard market. In the medium term, however, a significant increase in new capacities, particularly for virgin fiber-based cartonboard, is to be expected especially from Scandinavia. Market growth and the conversion to large, highly competitive high-performance plants are the main reasons for this. In the area of recycled fiber-based cartonboard, capacity increases are directed to ongoing investment activities, which will have a special focus at MM Board & Paper in 2023 with the modernization of three large cartonboard machines. As a result of the challenging framework conditions, the situation for structurally smaller producers continues to be more strained.

In the folding carton sector, the concentration in Europe continued with the acquisition of AR Packaging by Graphic Packaging (US) in 2022, with the latter now also occupying a leading position in Europe. The acquisitions of MM Packaging in the area of secondary pharma packaging for the first time created a pan-European player in this specialized business with an equally significant position in the US. Basically, however, the supplier structure in the European folding carton business continues to be generally characterized by strong fragmentation.

Development of business 2022

Group

The MM Group grew significantly in terms of profit and sales, both organically and through acquisitions, in a macroeconomically and geopolitically challenging environment in the financial year 2022. Demand for our natural, recyclable packaging products made of renewable raw materials was dynamic for most of the year and customers appreciate our investments in competitive sites, innovation and sustainability. The energy and raw material crisis confronted MM with particular challenges, which were overall successfully managed. Sales price increases compensated for the severe rise in energy and raw material costs. In addition, we succeeded in ensuring continuous supply to our customers despite unstable supply chains.

The acquisitions of Essentra Packaging and Eson Pac, completed in 2022, position MM as a global player in secondary pharma packaging and contribute to more resilience and growth throughout our business. Together with the two acquisitions of the previous year in the Board & Paper division, MM Kwidzyn and MM Kotkamills, they are part of the transformation of MM to increase value and growth abilities of the MM Group through acquisitions and operational optimization.

Despite an increasing market weakness in cartonboard and paper from the end of the 3rd quarter onwards, due to the well-stocked supply chain and thus considerable market-related machine downtime in this area, the MM Group recorded a strong overall increase in profit in 2022. The growth in operating profit from EUR 269.6 million to EUR 510.3 million mainly results from the division MM Board & Paper due to improved operations as well as the full-year inclusion of the previous year's acquisitions. In contrast, the operating profit of MM Packaging decreased due to one-off expenses despite a favorable organic growth of approximately 5 %.

In line with the good profit development and long-term dividend policy, a dividend increase to EUR 4.20 per share (2021: EUR 3.50) for the financial year 2022 will be proposed to the 29th Annual Shareholders' Meeting on April 26, 2023.

Consolidated income statements

Consolidated income statements (condensed version)

(in millions of EUR)	2022	2021	+/-
Sales	4,682.1	3,069.7	+ 52.5 %
Operating profit	510.3	269.6	+ 89.3 %
Financial result and result from investments	(43.4)	(25.1)	
Income tax expense	(121.7)	(53.8)	
Profit for the year	345.2	190.7	+ 81.0 %

The Group's consolidated sales reached EUR 4,682.1 million, which is 52.5 % or EUR 1,612.4 million above the previous year's figure (2021: EUR 3,069.7 million). On the one hand, this rise resulted from the previous year's acquisitions in the MM Board & Paper division as well as the company purchases of MM Packaging in the reporting year and, on the other hand from passing on costs through higher prices. Regarding the geographical distribution of sales, the share of the main market Europe increased to 80.1 % (2021: 77.1 %) and that of the Americas slightly to 5.1 % (2021: 4.8 %), while the share of sales of the rest of the world decreased to 14.8 % (2021: 18.1 %). Intercompany sales rose volume- and price-related

to EUR 236.6 million (2021: EUR 133.0 million) and were mainly related to deliveries from MM Board & Paper to MM Packaging.

Group sales by destination

(in %)	2022	2021
Europe (excl. BLR, RUS, TUR)	80.1 %	77.1 %
<i>thereof Austria</i>	1.8 %	2.1 %
The Americas	5.1 %	4.8 %
Rest of world	14.8 %	18.1 %
Total	100.0 %	100.0 %

Cost of sales

(in millions of EUR)	2022	2021	+/-	Percentage of sales	
				2022	2021
Cost of materials and purchased services	2,862.1	1,798.6	59.1 %	61.1 %	58.6 %
Personnel expenses	447.7	375.3	19.3 %	9.6 %	12.2 %
Depreciation and amortization ¹⁾	179.7	125.8	42.9 %	3.8 %	4.1 %
Other expenses	65.3	113.9	- 42.6 %	1.4 %	3.7 %
Cost of sales	3,554.8	2,413.6	47.3 %	75.9 %	78.6 %

¹⁾ incl. impairment on property, plant and equipment, and intangible assets as well as non-current assets held for sale

Cost of sales of EUR 3,554.8 million were EUR 1,141.2 million or 47.3 % higher than the comparable figure of the previous year (2021: EUR 2,413.6 million). This rise resulted in particular from the expansion of business volume due to the acquisitions as well as higher energy and raw material costs. Due to implemented cost passes, the share in sales decreased from 78.6 % to 75.9 %.

Selling and distribution, administrative and other operating expenses

(in millions of EUR)	2022	2021	+/-	Percentage of sales	
				2022	2021
Personnel expenses	212.9	165.2	28.9 %	4.5 %	5.4 %
Depreciation and amortization ¹⁾	40.0	25.6	56.3 %	0.9 %	0.8 %
Other expenses	435.0	280.6	55.0 %	9.3 %	9.1 %
Selling and distribution, administrative and other operating expenses	687.9	471.4	45.9 %	14.7 %	15.3 %

¹⁾ incl. impairment on property, plant and equipment, and intangible assets as well as non-current assets held for sale

Selling and distribution, administrative and other operating expenses also increased, mainly as a result from acquisitions and cost inflation, from EUR 471,4 million to EUR 687,9 million. Their share in sales decreased slightly from 15.3 % in the previous year to 14.7 %.

Significant one-off effects on operating profit and EBITDA

(in millions of EUR)	Operating profit		EBITDA	
	2022	2021	2022	2021
Structural adjustment measures	(24.6)	(20.1)	(11.7)	(20.1)
<i>Restructuring MM Kolicevo¹⁾</i>	(24.6)	-	(11.7)	-
<i>Closure MM Graphia Bielefeld²⁾</i>	-	(20.1)	-	(20.1)
Acquisitions/divestments	5.1	19.8	5.1	19.8
<i>Proceeds of sale of Russian sites²⁾</i>	20.1	-	20.1	-
<i>Incidental transaction costs acquisitions Eson Pac and Essentra Packaging and sale of Russian sites²⁾</i>	(15.0)	-	(15.0)	-
<i>Acquisitions mills Kwidzyn and Kotkamills¹⁾</i>	-	(26.3)	-	(26.3)
<i>Proceeds of sale mills Eerbeek und Baiersbronn¹⁾</i>	-	46.1	-	46.1
Disposal goodwill and customer relationship (exit from Russian market) ²⁾	(32.5)	-	(32.5)	-
Total	(52.0)	(0.3)	(39.1)	(0.3)

¹⁾ MM Board & Paper

²⁾ MM Packaging

At EUR 510.3 million, an operating profit of EUR 240.7 million above the previous year (2021: EUR 269.6 million) was achieved. The significant rise is attributable to the division MM Board & Paper. One-off expenses in this division resulted in particular from the reorganization of production at the Slovenian cartonboard mill MM Kolicevo, which had to be recognized at an amount of EUR 24.6 million in the 4th quarter. In the division MM Packaging, one-off effects mainly related to the incidental transaction costs for Essentra Packaging and Eson Pac and the sale of the Russian sites in the amount of EUR 15.0 million as well as expenses connected to the exit from the Russian market totaling EUR 32.5 million contrasted with income from the sale of the packaging sites in Russia in the amount of EUR 20.1 million. In the previous year, one-off expenses from the initial consolidation of MM Kwidzyn and MM Kotkamills in the amount of EUR 26.3 million as well as from adjustment and restructuring measures in the Packaging division in the amount of EUR 20.1 million had to be recognized. This was offset by one-off income from the sale of the Eerbeek and Baiersbronn virgin fiber-based cartonboard mills in the amount of EUR 46.1 million (after incidental transaction costs). The Group's operating margin therefore increased to 10.9 % (2021: 8.8 %), the return on capital employed to 16.3 % (2021: 12.8 %). EBITDA rose by EUR 308.9 million to EUR 729.9 million (2021: EUR 421.0 million), the EBITDA margin reaching 15.6 % (2021: 13.7 %).

Financial income amounted to EUR 4.3 million (2021: EUR 3.3 million). The increase in financial expenses from EUR -24.4 million to EUR -32.1 million primarily results from the issuance of *Schuldschein* loans and *Namensschuldverschreibungen* in the previous year to finance the acquisitions and organic growth projects. "Other financial result - net" changed to EUR -15.5 million (2021: EUR -4.0 million), in particular owing to foreign exchange effects.

Accordingly, profit before tax rose by EUR 222.4 million to EUR 466.9 million, after EUR 244.5 million in the previous year. Income tax expenses totaled EUR 121.7 million (2021: EUR 53.8 million), resulting in an effective Group tax rate of 26.1 % (2021: 22.0 %).

Profit for the year, earnings per share

Profit for the year thus increased by EUR 154.5 million to EUR 345.2 million (2021: EUR 190.7 million), resulting in the net profit margin rising from 6.2 % to 7.4 %. An unchanged total average of 20,000,000 shares was outstanding in the reporting year 2022, resulting in earnings per share of EUR 17.19 (2021: EUR 9.46) based on the profit for the year attributable to the shareholders of the Company of EUR 343.8 million (2021: EUR 189.2 million).

Assets, capital, and liquid funds

Consolidated balance sheets (condensed version)

(in millions of EUR)	Dec. 31, 2022	Dec. 31, 2021
Non-current assets	2,884.3	2,460.0
Current assets	1,934.3	1,554.2
Total assets	4,818.6	4,014.2
Total equity	1,959.4	1,661.9
Non-current liabilities	1,889.3	1,569.4
Current liabilities	969.9	782.9
Total equity and liabilities	4,818.6	4,014.2

The Group's total assets of EUR 4,818.6 million by December 31, 2022 were EUR 804.4 million above the figure at year-end 2021 (EUR 4,014.2 million). This increase is mainly due to the initial consolidation of the new acquisitions and the increased capex volume for growth and competitive strength. The Group's total equity rose from EUR 1,661.9 million (December 31, 2021) to EUR 1,959.4 million, the growth in profit being offset by the dividend payment. Return on equity was 19.1 % after 11.9 % in the previous year.

Financial liabilities are largely of a long-term nature and increased from EUR 1,423.1 million at year-end 2021 to EUR 1,761.6 million as of December 31, 2022 due to borrowings to finance the company's acquisitions and organic growth projects. At 40.7 %, the equity ratio remained almost unchanged (December 31, 2021: 41.4 %).

With cash available to the Group totaling EUR 280.1 million (December 31, 2021: EUR 359.5 million), net debt increased from EUR 1,063.5 million to EUR 1,481.5 million at the end of 2022. Furthermore, credit lines and credit facilities totaling EUR 481.4 million (December 31, 2021: EUR 472.6 million), which can be used at any time, were available to the Group. The net debt/equity ratio amounted to 0.8, the net debt/EBITDA ratio to 2.0 (December 31, 2021: 0.6; 2.1).

Non-current assets increased mostly acquisition- and investment -related from EUR 2,460.0 million to EUR 2,884.3 million. Current assets rose from EUR 1,554.2 million to EUR 1,934.3 million, in particular due to increased inventories and trade receivables.

Cash flow development

Consolidated cash flow statements (condensed version)

(in millions of EUR)	2022	2021
Net cash from operating activities	299.7	269.8
Net cash from investing activities	(573.3)	(891.4)
Net cash from financing activities	191.9	836.9
Effect of exchange rate changes	2.2	(2.0)
Net change in cash and cash equivalents (< 3 months)	(79.5)	213.3
Cash and cash equivalents (< 3 months) at the end of the year	280.1	359.5

Cash flow from operating activities reached EUR 299.7 million and was thus EUR 29.9 million above the comparative figure of the previous year (2021: EUR 269.8 million). This difference results in particular from a higher cash-effective result which was offset by an increase in working capital.

Cash flow from investing activities changed from EUR -891.4 million to EUR -573.3 million. Higher payments from the change in consolidated companies in the previous year contrasted with the payments for the acquisition of the Scandinavian pharma packaging group Eson Pac in the amount of EUR 52.1 million and for Essentra Packaging in the amount of EUR 338.1 million as well as proceeds from the sale of the Russian Packaging plants in the amount of EUR 134.0 million. Payments for the acquisition of property, plant and equipment and intangible assets increased according to the intensified investment program from EUR 248.4 million to EUR 329.4 million.

Capital expenditures of MM Board & Paper amounting to EUR 191.8 million (2021: EUR 103.4 million) were mainly related to technical modernization and expansions with a focus on the sites at Frohnleiten, Austria, Neuss, Germany, Kotka, Finland, and Kolicovo, Slovenia.

The main focus of MM Packaging's capital expenditures in the amount of EUR 137.6 million (2021: EUR 145.0 million) was placed on expansions and technological modernizations in Poland, Romania, Great Britain, Türkiye, Chile and Austria.

Cash flow from financing activities changed from EUR 836.9 million to EUR 191.9 million, primarily as a result of the issuance of Schuldschein loans and Namensschuldverschreibungen in the previous year.

Further information

Acquisition Essentra Packaging

On October 2, 2022, MM Packaging has successfully finalized the acquisition of Essentra Packaging which was agreed in June 2022 for a preliminary purchase price amounting to EUR 325.1 million, after receiving approval from all relevant competition authorities. The transaction comprises 100 % of the shares in ESNT Packaging & Securing Solutions Limited (UK) and 100 % of the shares in Essentra Packaging US Inc (US) as well as their affiliated companies. Through this acquisition, MM Packaging expands its folding cartons, leaflets and labels activities for the resilient and profitable Healthcare & Pharma market creating an attractive platform for further growth.

Essentra Packaging has 21 manufacturing sites in 10 countries throughout Europe, US mainland and Puerto Rico ideally complementing MM Packaging's position in pharma packaging. Essentra Packaging employs about 3,500 people and delivers a global customer base of over 800 customers, including 19 of the top 20 pharma companies. In 2021, sales of approx. GBP 370 million were reported.

Acquisition Eson Pac

On April 11, 2022, MM Packaging acquired 100 % of the shares in Eson Pac, located in Veddige, Sweden, from the majority shareholder Nalka Invest AB as well as minority shareholders. The preliminary purchase price amounted to EUR 59.4 million.

Eson Pac produces and distributes high-quality secondary packaging solutions for the pharma industry (folding cartons, leaflets and labels) and employs approximately 300 people. With three production sites in Sweden and one in Denmark, sales of about EUR 48 million were generated in 2021.

Sale of Russian sites

On December 16, 2022, MM Packaging sold its two sites in Russia, St. Petersburg and Pskov, to the local investor Granelle following approval by the governmental authorities. The selling price amounts to EUR 134 million. In 2021, the plants generated combined sales of approx. EUR 124 million.

Definition of financial indicators

EBITDA (Earnings before interest, income taxes, depreciation and amortization)

Operating profit plus depreciation, amortization and impairment of property, plant and equipment, and intangible assets.

EBITDA margin

EBITDA divided by sales.

Employees

Employees at the end of the year, including apprentices and part-time employees on a pro-rata basis.

Equity ratio

Total equity divided by total assets.

Net debt/EBITDA

Net debt/net liquidity divided by EBITDA.

Net debt/equity

Net debt/net liquidity divided by equity at year-end.

Net debt/Net liquidity

The sum of current and non-current interest-bearing financial liabilities, including lease liabilities according to IFRS 16 less cash and cash equivalents. In case the sum of cash and cash equivalents exceeds financial liabilities, there is net liquidity.

Net profit margin

Profit for the year divided by sales.

Operating margin

Operating profit divided by sales.

Return on capital employed (ROCE)

Operating profit divided by the sum of average total equity, average current and non-current interest-bearing financial liabilities, including lease liabilities according to IFRS 16 and less average cash and cash equivalents.

Return on equity (ROE)

Profit for the year divided by average total equity.

All indicators were calculated exclusively on the basis of the information provided in the consolidated financial statements.

Business development in the divisions

MM Board & Paper

Dynamic demand and good order activity characterized the markets until the end of the summer months. Following a slowdown at the end of the 3rd quarter, demand again decreased significantly in the 4th quarter. Recycled fiber-based cartonboard in particular was weak in the second half of the year. High inventories in the supply chain and high inflation were responsible for this development. Against this backdrop, MM Board & Paper succeeded in gaining market share in both virgin fiber-based and recycled fiber-based cartonboard. The average order backlog of the division amounted to 233,000 tonnes (2021: 340,000 tonnes). Due to market and investment-related machine downtimes in the 2nd half-year, the division's capacity utilization of 91 % was below the previous year (2021: 97 %).

The strong cost inflation, which persisted into the 3rd quarter, particularly for energy and raw materials, was compensated for by timely price adjustments. Despite a tight supply chain and bottlenecks in purchasing over long periods of the year, we succeeded in securing supplies to customers through high flexibility and alternative procurement. As of fall, in particular the availability of fibers and chemicals has improved whereby our mills are currently experiencing a good supply situation and the input price peaks of the past months have been overcome. The latter also applied in particular to energy. The risk of a possible gas rationing, which would affect all cartonboard and paper mills except MM Kwidzyn, was countered by building up cartonboard stocks, renting gas storage facilities in Austria and investing in alternative oil firing in Finland.

With regard to the ongoing major capex at the Frohnleiten, Neuss and Kolicvevo mills focusing on efficiency improvements, sustainability, higher volumes and new product qualities, all machine conversions are now scheduled for 2023. In addition, production at the Kolicvevo mill was concentrated on the newer and larger cartonboard machine 3, as it was no longer economically reasonable to continue production on the smaller cartonboard machine 2. In connection with this restructuring, one-off expenses in the amount of EUR 24.6 million had to be recognized. The integration of the cartonboard and paper mills MM Kwidzyn and MM Kotkamills, which were acquired one year ago, has been well accomplished.

Production at 2,433,000 tonnes was acquisition-related 17.6 % higher than in the previous year (2021: 2,069,000 tonnes). 1,217,000 tonnes (50 %) thereof were attributable to recycled fiber-based cartonboard and 634,000 tonnes (26 %) to virgin fiber-based cartonboard (2021: 1,320,000 tonnes or 64 % and 502,000 tonnes or 24 %). The remaining 582,000 tonnes (24.0 %) were attributable to kraft papers and uncoated fine papers (2021: 247,000 tonnes or 12.0 %). Based on the average number of employees, 520 tonnes (2021: 616 tonnes) were produced per employee. Sales volumes increased in line with production by 14.1 % to 2,389,000 tonnes (2021: 2,092,000 tonnes).

At EUR 2,750.0 million, sales were acquisition- and price-related 76.2 % or EUR 1,188.9 million above the comparative figure (2021: EUR 1,561.1 million) and were attributable 92 % to Europe (2021: 86 %), 1 % to the Americas (2021: 2 %) and 7 % to the rest of the world (2021: 12 %).

MM Packaging was again MM Board & Paper's largest customer with a share of deliveries of around 15 % or 264,000 tonnes of cartonboard (2021: 13 % or 236,000 tonnes).

The operating profit increased by EUR 273.3 million to EUR 381.0 million (2021: EUR 107.7 million). The previous year included positive one-off effects from changes in consolidated companies. Operating margin reached 13.9 % (2021: 6.9 %), return on capital employed 22.5 % (2021: 11.0 %). EBITDA rose to EUR 499.3 million (2021: EUR 185.2 million). Cash flow from operating activities totaled EUR 244.4 million, compared to EUR 108.7 million in the previous year.

Divisional indicators MM Board & Paper

(in millions of EUR)	2022	2021	+/-
Sales ¹⁾	2,750.0	1,561.1	+ 76.2 %
EBITDA	499.3	185.2	+ 169.6 %
Operating profit	381.0	107.7	+ 253.7 %
Operating margin (%)	13.9 %	6.9 %	+ 695 bp
Cash flow from operating activities	244.4	108.7	+ 124.8 %
Return on capital employed (%)	22.5 %	11.0 %	+ 1,153 bp
Tonnage sold (in thousands of tonnes)	2,389	2,092	+ 14.1 %
<i>Cartonboard</i>	1,803	1,834	- 1.7 %
<i>Kraft Papers</i>	220	93	+ 137.1 %
<i>Uncoated Fine Papers</i>	366	165	+ 120.5 %
Tonnage produced (in thousands of tonnes)	2,433	2,069	+ 17.6 %

¹⁾ including interdivisional sales

MM Packaging

MM Packaging recorded overall good demand throughout all business units in 2022. Record order levels in the first half-year were followed by a stabilization at a normal level in the second half of the year despite increasing restraint in private consumption. Against this backdrop, a favorable organic volume growth was achieved, to which also the recently successfully completed expansion investments contributed.

The sharp cost increases during the year, particularly for cartonboard, paper, energy and transport, could be gradually passed on. In this regard, the cycles for sales price adjustments were considerably reduced with the objective of maintaining delivery capability by means of a strict margin policy. This has been achieved on an ongoing basis. In addition, the integrated positioning of MM as a cartonboard and folding carton producer has become significantly more important in connection with safeguarding the supply of materials to customers in 2022.

Establishment of a global position in the Pharma & Healthcare market

With the acquisitions of Essentra Packaging and Eson Pac, MM Packaging has expanded its position in the Pharma & Healthcare market to a global footprint with focus on Europe and North America. The highly synergetic customer portfolio, including the world's top pharmaceutical companies, the expanded product portfolio, in particular for leaflets and labels, as well as the necessary leverage of operational synergies are expected to significantly support growth in volume and earnings in the coming years.

At 4,056 million m², the volume produced was 10.4 % above the previous year's level (2021: 3,672 million m²). After eliminating the effects of the acquisitions of Eson Pac and Essentra Packaging, MM Packaging was able to achieve an organic growth of more than 5 %.

The solid performance of MM Packaging in the current business was mainly offset by the one-off effects amounting to approx. net EUR -27 million from the acquisition of Essentra Packaging, the sale of the sites in Russia, and the exit from the Russian market.

Sales increased price- and volume-related by 32.1 % to EUR 2,168.7 million (2021: EUR 1,641.6 million). 67 % were accounted for by Europe, 10 % by the Americas and 23 % by the rest of the world (2021: 69 %; 7 %; 24 %). MM Packaging supplies around 2,300 customers in various consumer goods industries. Main markets are Food & Specialities as well as Premium, the latter including the markets Pharma, Healthcare, Cigarette, Beauty, Personal Care and Luxury. As a result of a high concentration in the customer industries, a significant share of business is accounted for by multinational key accounts, whereby around 35 % of sales in 2022 were generated with the five largest customers (2021: 40 %).

At EUR 129.3 million, the operating profit was EUR 32.6 million lower than in the previous year (2021: EUR 161.9 million). This development results in particular from the above-mentioned one-off effects. The previous year included non-recurring effects from structural adjustments. Accordingly, the operating margin amounted to 6.0 % (2021: 9.9 %), EBITDA to EUR 230.6 million (2021: EUR 235.8 million). Return on capital employed totaled 8.9 % (2021: 14.4 %), cash flow from operating activities amounted to EUR 55.3 million after EUR 161.1 million in 2021.

Divisional indicators MM Packaging

(in millions of EUR)	2022	2021	+/-
Sales ¹⁾	2,168.7	1,641.6	+ 32.1 %
EBITDA	230.6	235.8	- 2.2 %
Operating profit	129.3	161.9	- 20.1 %
Operating margin (%)	6.0 %	9.9 %	- 390 bp
Return on capital employed (%)	8.9 %	14.4 %	- 550 bp
Cash flow from operating activities	55.3	161.1	- 65.6 %
Produced volume (in millions of m ²)	4,056	3,672	+ 10.4 %

¹⁾ including interdivisional sales

3 RESEARCH AND DEVELOPMENT

The focus of MM Group's research and development activities is placed on strengthening and securing the Group's competitiveness and ability to grow in the long term through innovative and sustainable solutions. In this regard, we aim to identify market and future trends at an early stage and to use them in a way that creates value for our customers and the entire Group. In order to succeed in the long term, we draw on a broad spectrum of resources within and outside our organization, regularly create incentives for new solutions to develop, and continuously invest in the future of MM.

On the one hand, our innovation activities are driven by demand for continuous product and process optimization, on the other hand, changing conditions create the need for further development. In addition, the exploration of new, future business areas and target applications is the driver for innovation activities. The development and implementation of product innovations always take into account possible risks for product safety and the use of potential from the development of innovative and sustainable packaging solutions.

Modern innovation process

With our long experience in developing innovative products and our know-how of structuring innovation processes, we work steadily on reaching our strategic growth and sustainability targets. Our approach is always focused on a responsible use of raw materials and a willingness to question the status quo.

All product developments of MM pass through a pre-defined, continuously improved process. This starts with brainstorming and, with the involvement of experts from our specialized departments, leads through evaluation and technical product development to market launch.

We are convinced that innovative strength arises from diversity and the combination of different potentials. Being open to new ideas and willing to engage in dialog are crucial components of our innovative culture. Therefore, we involve stakeholders such as customers, suppliers, end users and research partners in our innovation process at an early stage, thus opening up a differentiated perspective on problems and on the specific requirements, such as state-of-the-art technological functionality, quality, safety and sustainability, our products have to meet. This enables us to incorporate new insights and solutions directly into the development of our products and put our customers' needs at the center of everything we do. We are exploring new concepts of food packaging and are constantly evaluating technologies for our future board and paper products.

To ensure quality and safety, we rely on external certifications. They are an important proof for customers and end users that our product innovations are sustainable, socially acceptable and harmless to health. They also serve to confirm legal compliance in the area of product safety. Regular testing of both existing products and innovative solutions for compliance with certification criteria ensures rigorous quality assurance, which is also visible to the outside world.

In 2022, we continued our collaborations with external partners like universities, research institutions and start-ups. Our main areas of cooperation are application-oriented basic research on the treatment of wood fibers, the use of alternative and/or modified fiber raw materials, and the use of bio-based materials as a substitute for fossil-based raw materials.

Our internal platform “we.invent” gives all employees the opportunity to become involved by contributing their own ideas, regardless of which country or field they operate in. The contributions are evaluated based on a defined set of criteria in a stage-gate process and selected for implementation.

Sustainability in the focus of development and innovation activities

Both climate change and the Corona pandemic remind us that security and prosperity depend on how we preserve common goods, such as climate stability and public health, in the long term: society and economy must be built on a resilient, sustainable, and climate-friendly basis. Cartonboard and paper are thus gaining importance as environmentally friendly packaging. MM’s objective is to use the opportunity to support customers in replacing plastic with innovative and, at the same time, proven solutions made of paper and cartonboard. In this way, we are also pursuing the current trend towards sustainable packaging with a natural appearance as well as a high level of convenience and safety and perfect integration into online sales.

Progressing automation in the Group

The automation of work flows and logistics processes in both divisions is progressively gaining momentum, also with the aim of creating additional competitive advantages. To optimize our production processes, the individual sites are centrally supported from the very beginning, already when new machines are purchased. This extends from machine configuration and installation to commissioning and acceptance of the machines before they go into production. Reducing downtimes and increasing flexibility are currently the focus of the implementation of future-oriented automation concepts at MM.

Innovation activity in the MM Board & Paper division in 2022

The research and development center of MM Board & Paper at the Frohnleiten site works together with the R&D capacities at the MM Kotkamills site and external research institutions on the implementation of fundamental findings in the context of science and production.

The innovation focus in 2022 included the development and expansion of innovative dispersion barriers for various packaging applications. These coatings can provide grease resistance, moisture protection as well as heat sealing properties. They allow the use of cartonboard as packaging material for a wide range of foodstuffs such as liquid, chilled, frozen and/or greasy foods. Our barrier developments meet our customers’ needs for sustainable and recyclable packaging and complement our ongoing efforts to replace plastic.

In addition, incremental product developments such as the expansion of the basis weight range and further optimization of technical values played an important role in the year 2022.

Among newly launched products, MM GT White from the Gernsbach mill is particularly noteworthy: a recycled fiber-based cartonboard with an outstanding white appearance, ideal for premium packaging. The high brightness on the top and reverse side ensures that MM GT White is the ideal choice for the pharma and cosmetics industries.

Innovation activity in the MM Packaging division in 2022

MM Packaging's innovation network

The innovation matrix organization of MM Packaging ensures that the entire technical know-how of the MM Group can be used for the needs and requirements of our customers in an efficient and target orientated manner. It comprises the following: PacProject, the creative Innovation Center in Hamburg, the Premium Printing Center in Trier, and the Technical Account Management team for coordinating targeted customer briefings with the local Packaging Development Centers and individual plants and the Tann-Group's research and development center. Our Divisional Technical Support team as well as Packaging Development Centers also support our customers, particularly in terms of technical orientation and equipment in order to develop novel packaging concepts and designs.

At PacProject in Hamburg, concept studies up to the first prototypes are carried out in close coordination with the customer. Due to the close collaboration with the Technical Account Management team, first feasibility analyses are already carried out at this stage. At the Premium Printing Center in Trier, highly innovative technologies are used to create packaging designs with extraordinary effects in the shortest possible time. In the area of innovation, the demand for "e-training/learning" on behalf of our customers has increased tremendously. Therefore we offer customized trend workshops, idea workshops and technical trainings.

With the expansion of the Pharma & Healthcare business unit, the division's innovation structure was also extended in 2022. The establishment of an XBU Innovation Team (Cross Business Unit Innovation Team), which consists of the Innovation Directors of the individual business units, ensures that the growing customer requirements in terms of innovation can be met in the long term through regular best practice exchange. This is accompanied by close cooperation with MM Board & Paper in the area of innovation.

The aim is to position MM as a preferred supplier through innovation leadership.

Current innovation focus

In 2022, MM Packaging's innovation activities focused again in particular on the topic of sustainability. In this context, work was carried out in cooperation with customers, universities of applied sciences and research institutes, on optimizing recyclable packaging and developing new products.

New application areas have been reviewed and further progressed, such as "child save boxes", which are replacing plastic boxes for laundry capsules; "Green Peel", a new alternative made of cartonboard for food trays with a significantly reduced amount of plastic, and "Moulded Pulp", which is a new focus in the area of fiber based packaging. In the area of new technologies, we are placing a special focus on digital printing for cartonboard packaging, which is being taken to the next level through our major investments in Poland and Germany.

Awards for innovative and sustainable solutions

MM Packaging and MM Board & Paper received a joint award in the category Food & Drink Packaging, Recycled Fibre for an innovative, sustainable potato packaging at the European Carton Excellence Awards. This solution, produced from Liner and converted by MM Packaging, was developed for carrying and storing potatoes as an alternative to conventional plastic thermoformed trays. The jury was particularly convinced by the combination of its high functionality and the brand communication possibilities.

Furthermore, MM Board & Paper was awarded the “Green Packaging Star Award” in the “Save Food” category, which recognizes green packaging solutions and improvements in internal production processes for the benefit of the environment. The jury was impressed by the innovative FOODBOARD™ cartonboard used as packaging material for organic tea. With its functional barrier, it protects tea from external environmental influences and preserves its natural aroma. This makes an additional protective film made of cellophane redundant, the packaging is therefore completely recyclable.

The practical and at the same time fully recyclable stone fruit basket “MM Basket”, made from Browncolor, received the golden “Marken Magnet” awarded by the German trade journal Lebensmittel-Praxis in the category “Sustainability” as well as a “Special Mention” in the category “Excellent Communication Design – Packaging” at the German Design Award.

Further awards like “silver” at the “Marken Magnet” in the category “Impulse at the POS” as well as a “Special Mention” at the German Design Award went to an innovative food packaging, which is made from recycled cartonboard by MM Board & Paper for being the first solution ever to use the new NaviLens system which provides blind and visually impaired people with information about the product via colourful QR-like codes.

4 RISK MANAGEMENT

The MM Group is exposed to a variety of industry-specific and general risks in connection with its international operations. Owing to the correlation of demand for the products of both divisions, MM Board & Paper and MM Packaging, with private consumption, the development of the economic situation in particular is of significant importance for the Group's risk situation. Because of the geographical business focus on Europe and the mainly regional character of cartonboard, paper and packaging due to transport costs and service, the economic conditions in the major European economies have a special influence on the Group. With regards to procurement, especially the developments on fiber and energy markets are of particular relevance for risk assessment.

In the financial year 2022, the risks and impacts associated with the war in Ukraine were considered within the existing risk areas. The focus was on procurement (bottlenecks in the supply chain, volatility in raw material prices), energy (energy prices and availability), payment transactions, compliance and potential loss of production (plant closures) as well as a reduction in sales. By contrast, the risks associated with the Covid-19 pandemic are now considered to be moderate and no longer material for the Group. However, the measures that had to be taken because of the pandemic have opened up new opportunities, including improved processes in procurement and supply chain management, as well as the establishment of home office and new communication possibilities which resulted in a reduction of travel expenses. The increasingly complex supply chains have been added as a new focus area in risk management. The supply chain risk is caused, among other things, by a changing customer portfolio (more small and medium-sized customers), changes in customer requirements (e.g., smaller batch sizes, shorter delivery times), regionalization and CO₂ footprint reduction. In order to be able to cope with this increased complexity and to remain a leader in a challenging competitive environment, MM is investing in the establishment of dedicated supply chain management departments in both divisions MM Board & Paper and MM Packaging. Risks in this respect are managed by modified processes, additional suppliers or a higher inventory. Supply chain risks are covered by the risk management of MM within the existing risk fields.

Taking into account the safety and control instruments already in use and the early warning indicators, no significant risks that could endanger existence or impair its development are currently identifiable. Compared to the previous year, the risks from the availability of raw materials for the divisions MM Board & Paper and MM Packaging were classified as lower, the customer dependency at MM Packaging as higher. Furthermore, the potential for damage with regard to cash management/liquidity remains high.

Having focussed on the core business areas for many years already, the MM Group has a solid base for identifying potential risks at an early stage and for adequately assessing possible consequences thereof. Dealing with risks is set out in a risk management system. It involves the systematic identification, assessment, control, and reporting of significant events and risks which could potentially endanger the Group's existence and influence its development. We define the term risk as a negative deviation from the corporate objectives resulting from an event that might occur in the future with a certain degree of probability. The risk management system aims at limiting substantial risks to an acceptable level by means of suitable measures. The existence of the Group and its ability to create value should thus be safeguarded in the long term.

For each risk that is identified and considered to be significant for the Group, specific control, steering and safeguarding measures are determined, taking into account the Group-wide risk policy, in order to manage the respective risk. These measures are continuously evaluated and developed or amended. They are oriented towards improving the Group's risk position, however without restricting possible opportunities.

The Management Board is responsible for the Group's risk management, defines the risk policy which is generally characterized by a conservative approach and sets the framework for Group-wide risk management. There is a focus on risk prevention and risk reduction which are, as far as economically justifiable, achieved by appropriate control measures and complemented by the Group's insurance program.

The "Risk Management Compliance" department reports directly to the Management Board and ensures that risk management is implemented and conducted on behalf and in the interest of the Management Board. Each risk area that is considered to be significant is assigned to a risk area officer with relevant expertise who is responsible for analyzing, assessing, controlling, and monitoring the respective risks. Thus, the risk management process does not take place in an isolated way, but as an integral part of the organization and its procedures. The identified risks are evaluated in terms of potential damage and probability of occurrence before as well as after taking safeguarding and steering measures.

The Group's auditor is responsible for assessing the functionality of the risk management system. He reports to the Supervisory Board and the Management Board.

The most significant risk areas to which the Group is exposed and the measures taken to manage these risks are described below.

Sales

The demand for cartonboard packages and paper products from MM correlates with the overall economic development, but especially with the demand for consumer staples. Market risks may therefore arise in particular from the overall economic development as well as regulatory and political conditions on individual sales markets and the delayed identification of changes in trends.

Owing to sufficiently available capacities of providers, the sales markets of MM Board & Paper and MM Packaging are characterized by intensified competition. The Group therefore pursues a strategy of further asserting and extending the market position of both divisions in the long term through increasing competitiveness with efficiency gains, sustainability and innovation.

The Group has a total of several thousand customers. MM Board & Paper sells unprocessed cartonboard mainly to the medium-sized European folding carton industry. Kraft papers are sold in particular to the food/gastronomy industry and the laminate industry, uncoated fine papers (office and printing papers) especially to paper/office supply retailers in Europe. The division MM Board & Paper generates around 30 % of divisional sales with 15 main customer groups, excluding MM Packaging. The division MM Packaging supplies in particular printed cartonboard packages to consumer goods manufacturers and generates around 70 % of divisional sales with 40 main customers. The level of dependency of individual production sites on customers is determined to a large extent by sales and supply developments, pricing strategies, the supply chain as well as the political environment.

Customers are constantly assessing their locations network in order to optimize costs and exploit growth opportunities, which may result in a geographical relocation of business with closure risks at existing sites or investment needs at new sites. The Group's broad positioning in a great number of market segments and the geographical width of market presence contribute to minimizing risk, however.

A broad range of well-established measures has been taken to safeguard market shares and generate new business. These include a close contact with customers, ongoing monitoring, market analyses, cooperation in research and development, sustained quality and cost management, continuous investment activities, monitoring of life cycles and trend analyses as well as a systematic expansion of our customer base, and a regular participation in tenders as well as trade fairs and congresses.

The increased public interest in sustainability and health has been accompanied by growing demands from customers, interest groups, and legislators with regard to sustainable packaging solutions as well as their product quality and safety. It is a particular priority for MM to meet these requirements in order to minimize a potential risk to sales, compliance, or reputation. Embedded in an institutionalized framework, both divisions continuously implement R&D activities that undergo continuous further development. For example, the idea platform "we.invent" systematically collects ideas from among all MM employees. In addition, the innovation stage gate process was further expanded. This makes it possible to offer safe and innovative products that are sustainably in line with market demands. MM meets the high product safety and quality requirements by certifying all production sites according to ISO 9001 and through regular quality assurance measures and inspections. In particular in the area of food packaging, a variety of effective measures ensure compliance with strict legal regulations and customer requirements, thus contributing to compliance, customer satisfaction and safeguarding sales. These include the ongoing monitoring of current, predominantly regulatory topics in the area of food contact materials, as well as research and development on the migration of ingredients and their effect.

In terms of sustainable, environmentally friendly packaging solutions, MM as a whole benefits from a positive perception of cartonboard and paper as a packaging material by the general public and customers. Particular importance is currently attached to substitution possibilities for plastic packaging using cartonboard and paper applications which are being taken up proactively and in a customer-orientated manner. Following the trend towards light-weight packages, MM Board & Paper is further expanding its range of qualities with low grammages.

The market for cigarette packaging is subject to regulatory risk due to the protection of non-smokers and minors, which is associated with potential effects on sales development. This can affect both the quantity and the value of the product. More and more countries around the world, whose number continued to increase in 2022, require "plain packaging", i. e., standard packages without brand logos. In connection with the EU Tobacco Products Directive, the ban on characterizing flavors was extended to heated tobacco products in November 2022, coming into force on October 23, 2023. Another trend is emerging with regard to the design of the cigarette itself. Specifically, some countries have announced plans to consider or introduce the direct placement of warning labels on cigarettes. The draft Packaging and Packaging Waste Regulation ("PPWR") proposes further labeling in relation to the recyclability of packaging. In the case of novel products, the widespread use of so-called nicotine pouches should be mentioned, whose introduction is being discussed very controversially. A proposal from the EU Commission to revise TPD2 is expected at the beginning of 2024, the evaluation phase has started on May 20, 2022. The impact on the relevant sales of the MM Packaging division cannot be quantified yet, but the risk is minimized by broad global geographic sales and a close cooperation with cigarette manufacturers. Furthermore, the sales risk is also reduced by packaging for so-called "reduced risk products". Companies operating in this product area may be subject to discrimination in the public perception.

Production

Production plants and processes in the Group are systematically developed or renewed in line with the state of the art. A focus is placed on a sustainably responsible production, taking into account economic, environmental, and social aspects with the aim of creating long-term benefits for our stakeholders.

This primarily involves an economical use of resources for our production, a high solution expertise, and guaranteeing quality while maintaining a sound financial conduct. We therefore focus on continuous monitoring of machines and performance, innovation, and sustainable investments in the latest technology. Potentials of automation and digitalization are actively pursued and implemented. The aim is to produce according to the highest possible standards throughout the Group.

A high degree of technical availability (operational readiness) of the plants is crucial in both cartonboard/paper and folding carton production. Continuous electronic monitoring of individual machines and sections of machines, revisions, maintenance and certifications as well as risk engineering in collaboration with insurance companies are among the most important preventive measures for maintaining continuous operations. Furthermore, division-wide back-up concepts secure readiness for supply even in the event of long-term interruptions of operations. The ability to produce individual products in various locations (mill back-up concept) constitutes a core element.

Meeting required quality standards and norms, especially in the areas of product safety and food contact, is an essential precondition for the sustainable competitiveness and attractiveness of our products and services. Constant quality assurance measures along the value added chain record compliance with high standards and enable traceability of products. Ongoing investment as well as R&D activities, market observation, and a longstanding collaboration with lobbies as well as national and international standardization bodies allow us to evaluate and consider new findings and interpretations as well as future developments in a timely manner.

We keep risks regarding investments, technical innovation, and integration of acquisitions limited by focusing on our core competences. Before their realization, investment plans are subjected to a standard multi-level approval process as well as clearly defined tendering procedures involving the specialist departments concerned. Negotiations and drafting of purchase agreements are carried out in cooperation between Corporate Sourcing, Divisional Technology and Corporate Legal. Where appropriate, tests or simulations are carried out under production or laboratory conditions. Investment projects are accompanied during implementation by a continuous control of qualitative as well as quantitative aspects. Product and process innovation is subjected to extensive test phases and generally assessed in pilot projects before being rolled out.

Procurement

The performance of both divisions requires the use of certain essential raw materials and input factors which are mainly obtained externally. In the division MM Board & Paper, these include especially fiber materials (recovered paper, wood, pulp), energy, chemicals, and logistics services. With regard to the division MM Packaging, these include primarily cartonboard and paper as well as inks and varnishes. For procurement there is basically a risk of availability concerning quantity and quality on the one hand as well as a price risk on the other hand. We particularly counter the risk of availability through regular market and demand monitoring, continuous contact with a majority of suppliers, and the development of long-term strategies to adapt the procurement of raw material to current conditions. We ensure compliance with the agreed properties by incoming goods inspections, continuous quality monitoring, and on-site visits at our suppliers. Where reasonable and possible, tenders are conducted for current purchasing volumes.

Fiber materials and chemicals are the most essential raw materials for MM Board & Paper and sufficiently available in Europe. The division procures them via its own European procurement organization. Ongoing monitoring and suitable security measures, such as capacity reservations, long-term contracts, and backup concepts, are partly successful in counteracting the increased shortage and price risk due to a higher global demand and in absorbing short-term price peaks. We consider the supply of fiber materials to be basically secure. Due to regulatory measures, there may be shifts in supply. The additionally required groundwood pulp is mainly produced internally in the cartonboard and paper mills and in our Norwegian fiber mill FollaCell.

In close cooperation between production and engineering, we take state-of-the-art measures to control the consumption and optimize the use of raw materials. In this regard, opportunities for substitution and adjustments of formulations are regularly evaluated.

Based on the profit center principle, purchase of cartonboard and paper for the MM Packaging division is conducted by its own procurement organization with continuous screening of various cartonboard and paper producers. With regard to securing supply, the increase in intercompany cartonboard procurement from the division MM Board & Paper has recently become noticeably more important.

Significant price changes of strategically important input factors are taken into account in sales pricing, e.g., by appropriate clauses.

Energy (gas, electricity, coal, heating oil) is an input factor of strategic importance, especially for the division MM Board & Paper. In risk assessment, purchase price, basic availability, and purchase opportunity are essential parameters. The latter refers to the physical availability of energy, which mainly depends on the political stability of producer and transit countries. Political conflicts, armed conflicts and natural disasters can have a significant impact on the availability and price risk of energy. In some cases, minimum purchase quantities are defined in energy agreements. If the level of those is not reached due to standstills or technical faults, compensation settlements are due (take-or-pay rule). In order to manage the risk, we rely on concluding long-term framework purchase contracts, continuously monitoring price developments and existing hedging contracts as well as linking production and sales planning to the purchase of energy. Medium-term purchasing policy is managed based on regular consultations between the management and an energy procurement with Group-wide responsibility. Furthermore, measures aimed at reducing specific energy consumption are continuously implemented. Substitution of fossil energy types takes place, for example, through local biomass or replacement fuel plants. Adjustments to selling prices in line with price developments on the energy market are implemented as quickly as possible. As a result of the ongoing war in Ukraine, the availability risk of energy remains increased.

Due to the political objective of reducing greenhouse gas emissions in the industry, all mills of the division MM Board & Paper are confronted with a regulatory risk regarding the availability of emission permits (CO₂ certificates) which are issued restrictively according to the "cap & trade" principle. Thanks to energy-efficient facilities and correspondingly good benchmarking results, MM Board & Paper continues to benefit from a partly free allocation of emission permits. It is expected that the EU will gradually reduce free allocations in order to create incentives for further emission reductions. The European Green Deal, which aims to achieve a climate-neutral EU by 2050, has recently come into play here. There is a dynamic CO₂ allocation in case of activity change by +/-15 %. MM Board & Paper procures missing certificates on the free market under the EU emission trading system, whereby a price risk must be taken into account, which is partially mitigated by means of forward contracts.

MM Packaging also faces the risk of indirect emissions pricing. Based on the European Effort Sharing Regulation or the Fuel Emissions Trading Act in Germany, certain sectors (heating and transport) face a CO₂ levy, which may have an impact on the cost side of both divisions as a result of onward charging.

Sustainability

Basically, sustainability describes sustainable management taking into account economic, ecological and social aspects with the aim of creating long-term benefits for our customers, shareholders, employees and the environment and society and minimizing the negative impact on the environment and society. In detail, this means, for example, using resources (recycled paper, cartonboard, virgin fiber, chemicals, energy, water, waste) responsibly and efficiently and ensuring fair working conditions as well as long-term qualitative growth, which will also ensure economic success in the future. Sustainability is therefore an integral part of the Group's strategy and one of the foundations of the long-term financial success of the Company.

Risks in this area consist of physical risks (e.g., floods, forest fires, storm damage, drought) and transitory risks (e.g., emission certificates, changing market requirements and consumer behavior, political developments). Physical risks can lead to direct production losses, supply bottlenecks or increased raw material prices. Transitory risks should primarily be regarded as compliance issues that do not result in short-term production losses, but in the event of violations negatively impact the "license to operate", which can be reflected economically in declining sales figures, increased penalties and CO₂ taxes, for example.

From a macro-political perspective, conflicts which can lead to production losses in conflict regions as well as to bottlenecks with regard to energy and raw material supplies must be taken into account in this connection.

Legal changes, such as those that are coming into force in particular as a result of the EU Green Deal, are intensifying the requirements for corporate sustainability, as financial indicators and non-financial indicators are increasingly being seen as dependent on one another (e.g., EU taxonomy). Consequently, sustainability is an important parameter for financial market valuations and investment decisions.

With regard to market requirements, it must be taken into account that sustainability, measured in terms of the product life cycle, is an important decision criterion for customers in the production of needs-based products. Sustainable packaging solutions are often included by customers themselves in their company's own sustainability goals.

Sustainability is also playing an increasingly important role in the competition for young talents. Companies in which sustainability is not implemented or is implemented in an untrustworthy manner will have disadvantages in the future when it comes to attracting and retaining young talents.

To secure and control the sustainability risk, MM relies on a central sustainability management, resource-efficient production of recyclable products, ambitious long-term (science-based) sustainability targets as well as the inclusion of sustainability criteria in the remuneration policy. Non-financial key figures are subject to comprehensive regular monitoring by a dedicated management system. A specific software solution was introduced for supply chain monitoring with regard to sustainability risks. Furthermore, all cartonboard and paper mills and selected sites of MM Packaging are certified according to PEFC (Program for the Endorsement of Forest Certification Schemes) and FSC® (Forest Stewardship Council). In addition, selected sites are certified according to EMAS (Eco Management and Audit Scheme) and/or ISO 14001 for environmental management systems as well as ISO 50001 for energy management. In the areas of product quality and/or food safety, all cartonboard-producing and almost all folding carton-producing sites are certified (ISO 9001, BRC, ISO 22000, EN 15593, ECMA GMP). Moreover, MM is oriented towards globally valid agendas and target frameworks, such as UN Sustainable Development Goals, EU Green Deal or Paris Agreement

Human Resources

The Group relies on qualified, motivated, and performance-oriented employees at all levels in order to achieve corporate success. We promote sustainable collaboration through continuous personnel development, education, appropriate remuneration, and incentive systems as well as a lived value and corporate culture with the aim of tying our employees to the Company in the long run and finding suitable top performers for vacancies. Targeted measures in HR marketing are implemented to ensure the Group's attractiveness as an employer.

The central "Group Human Resources & Internal Communication" department acts as a strategic partner of the management and is not only responsible for operational personnel issues at the Group's headquarters, but also develops target-group-specific standards for the entire MM Group. With a wide range of development and training programs we systematically establish conditions under which talents can grow, and up-to-date expertise is made available to the Company over the long term.

Corporate health management supports our employees through a large number of support and prevention measures with the goal of maintaining health and performance at a high level over their entire working lives.

HR agendas in 2022 were characterized by two large acquisitions in the division MM Packaging (Eson Pac, Essentra Packaging). Due to this strategic realignment, organizational structures were changed and new functions established. Changes of management structures and teams, but also system and process decisions were necessary. This process will be continued in 2023, covering in particular the integration and transformation of the plants of Essentra Packaging.

Pensions/severance payments/pre-retirement

The majority of employees in the Group is covered by defined contribution plans as part of statutory pension schemes. Apart from statutory pension schemes, the Group has also made performance- and contribution-based pension commitments to certain employees on the basis of individual commitments and company agreements. Furthermore, there are performance- and contribution-based severance obligations and obligations as part of statutory pre-retirement schemes. For monitoring and minimizing risks, a clearly structured process of data provisioning, plausibility checks, and verification at the level of individual companies or the Group is pursued and individual commitments are monitored by the Group's headquarter.

Liquidity risk is addressed through the use of qualifying insurance policies in Austria and Germany, pension funds in Great Britain and the Philippines, and a collective foundation in Switzerland to cover assets. The investment involves an assessment risk. External fund assets are invested as conservatively as possible in line with legal requirements (low equity component, corporate rather than government bonds).

The current level of interest rates has methodically led to an increased discount rate compared to previous years, which decreases the actuarial present value of obligations. The resulting deduction item in equity can be classified as absolutely manageable in relation to equity. The projected expenses for pensions and severance payments remain stable.

Financial risks

Corporate planning is based on professional forecasts, assessments, and assumptions concerning future economic and financial developments in the Group. We try to hold the risk of false estimation at bay by a close cooperation of the mills with the specialist departments of the Group and the divisions within the framework of a clearly defined multi-step planning process.

We counter financing and liquidity risks of the Group in particular by a centrally managed cash and credit management, the careful selection and a continuous monitoring of national and international banking partners, and the availability of sufficient credit lines at any time. Compliance with the covenants is monitored regularly to minimize risk. In addition, the factor of sustainability has an impact on both availability and cost risk, as so-called ESG financing is gaining in importance and the provision of financing and the level of financing interest rates are therefore increasingly dependent on ESG criteria. These are controlled by Group Sustainability via corresponding key figures.

Foreign exchange risks are monitored continuously with system support and are limited or reduced by suitable hedging measures. Hence, the focus is placed on balancing risks naturally by matching receivables and liabilities at individual subsidiaries and at Group level as well as foreign exchange forward, swap and option contracts. Currency hedging transactions are mainly performed on a central currency trading platform. Currencies that are hedged for fluctuations of their exchange rates are in particular the British pound, the US dollar as well as the Euro for the companies with functional currencies other than the Euro. The related price risks are reduced as far as possible by currency congruence in business transactions and by price adjustment mechanisms in long-term agreements. Derivative financial instruments are neither used for trading nor for speculative purposes.

A central management system continuously optimizes working capital and minimizes impairment risks for inventories. The risk of default on accounts receivable is minimized by constant credit assessment as well as the obligation to offer credit insurance for all customers, with the exception of selected international customers that enjoy the highest credit rating.

Accounting

The Management Board is responsible for establishing and developing an appropriate internal monitoring and risk management system for accounting as well as financial reporting and for preparing the consolidated financial statements. This ensures the completeness, reliability, and transparency of financial information. In addition, the appropriateness and efficiency of processes as well as compliance with statutory, contractual, and internal regulations is guaranteed.

The accounting process covers all essential tasks which ensure that accounting-relevant information is recorded and processed completely, accurately, and in time and that financial reporting is presented in accordance with the applicable accounting standards.

In the organizational and operational structure, clear responsibilities are defined for the individual companies and the Group. The central departments “Group Accounting” and “Planning and Reporting” are responsible for developing up-to-date uniform Group guidelines as well as for organizing and controlling financial reporting in the Group.

The reporting to the Management Board and Supervisory Board is effected in a regular, comprehensive, and timely manner. Compliance with internal Group guidelines and processes concerning the recording, posting, and accounting of business transactions is continuously monitored. The data processing systems used are developed in a targeted manner and are continuously improved. Accounting processes and financial reporting are reviewed regularly for potential risks. Improvement measures are taken as quickly as possible and implemented swiftly. Focus audits are carried out by auditors and the Internal Audit department. A large number of measures, such as training, reviews and coordinated Group-wide procedures, ensure that the Group’s accounting is carried out in accordance with IFRS.

Information technology

Central IT management is based on ISO 31000, information security of the central IT on ISO 27001. The risk of a breakdown of central data processing is limited by a geographically separated backup computer center and by a variety of preventive measures and regular checks. Risks regarding information security are countered by a wide range of security measures which are embedded in a Group-wide information security management system (ISMS). The function of an Information Protection Officer ensures the Group-wide establishment and continuous update of security standards.

Cyber and IT risks remain a serious threat to MM. Attacks are becoming more professional and agile, steadily increasing the risk of data loss, business interruption and financial damage. It is important that MM continues to take proactive measures to protect itself against these threats. These include constant monitoring of all IT systems, automated protection mechanisms, and a well-developed business continuity strategy.

Ransomware development remains a significant risk for MM. The risk of ransomware attacks is expected to continue to increase due to the constant development and distribution of malware variants. MM therefore needs to continuously improve its security and defenses in order to be protected against attacks. This includes regular back-ups, training for employees, and the implementation of an incident response plan.

The re-certification according to ISO 27001 proves that MM has established a good security management and is continuously improving to ensure the protection of sensitive data and IT systems.

Other risks

Compliance risks arising from possible non-conformity with standards, laws, ethical codes of conduct, and, where applicable, voluntary commitments, such as the MM Code of Conduct or the universal principles of the UN Global Compact, are managed especially by means of protective measures in the systems, regular, systematic compliance monitoring, the four-eyes principle as well as Group-wide guidelines and trainings. Furthermore, the function “Group Legal” is established, which is responsible for monitoring and controlling the compliance risk and, if necessary, by calling in external experts. The aim is to ensure strict adherence to compliance requirements. This is not least intended to prevent the increasing risks of a breach of the law and possible sanctions resulting from ever more stringent regulation. To counter any improper actions, in addition to the stipulation of approval requirements, in particular protection by the systems, a strengthened internal control system and a modern whistleblowing mechanism are in place.

The corporate governance report which is an integrated part of the annual report is available on our website at <https://www.mm.group/en/about-us/responsibility/corporate-governance/>.

In addition to the risks listed here, the Group may be exposed to further risks. We are currently not aware of any such risks or classify them as insignificant.

5 DISCLOSURES ACCORDING TO SECTION 243 A PARA. 1 OF THE AUSTRIAN COMMERCIAL CODE

Composition of capital, stock categories

Please refer to the information provided in the consolidated financial statements under note 13.1.

Restrictions concerning the voting rights and the transfer of shares

Approximately 59 % of the shares are held by the core shareholder families in a syndicate. There is a syndicate agreement which regulates the transferability of shares within the syndicate and to outside parties. Issues that concern the Ordinary Shareholders' Meeting are decided by the syndicate with 65 % of the voting rights, measured by the total number of syndicate votes cast. Modifications of the syndicate agreement (concerning changes in voting rights, changes in the purpose or object of the syndicate, creation or withdrawal of special rights) require unanimity, measured by the total number of all syndicate votes.

Direct or indirect participation in capital of at least 10 %

According to the information provided to the Company, there were the following minimum participations of 10 % in the capital at year-end 2022:

MMS Mayr-Melnhof-Saurau Beteiligungsverwaltung KG
CAMA Privatstiftung

Owners of shares with special control rights and a description of these rights

There are no shares with special control rights.

Type of voting rights control for capital participation by employees, if they do not directly exercise the right to vote

There is no such capital participation model for employees.

Provisions for appointment and revocation of members of the Management Board and the Supervisory Board and regarding alteration of the Articles of Association of the Company that do not arise directly from the Act

There are no provisions of this type.

Authorization of the members of the Management Board that does not arise directly from the Act, in particular with regard to the option of issuing or repurchasing shares

There are no authorizations of this type.

All significant agreements to which the Company is a party and that take effect are modified or terminated in the event of a change of control of the Company as a result of a takeover offer as well as its effects; agreements which would significantly damage the Company if made public are excepted, unless the Company is obligated to make such information public as a result of other statutory provisions

The protective clause with regard to the disclosure of this information is invoked. The scope of the business in question is considered reasonable.

Existence and significant content of compensation agreements between the Company and the members of its Management and Supervisory Boards or employees in the event of a public takeover offer

There are no agreements of this type.

6 CONSOLIDATED NON-FINANCIAL STATEMENT ACCORDING TO SECTION 267 A OF THE AUSTRIAN COMMERCIAL CODE

To comply with section 267 a of the Austrian Commercial Code, the option to set up a separate consolidated non-financial report was chosen.

7 OUTLOOK ON THE FINANCIAL YEAR 2023

This outlook reflects the assessment of the Management Board as of March 13, 2023, and does not take into consideration the effects of any acquisitions, disposals, or other structural changes in 2023. Previous and subsequent forward-looking statements are subject to known as well as unknown risks and uncertainties that may result in actual events differing from the forecasts made here.

Geopolitical and macroeconomic uncertainties continue to determine our operating environment. While some input prices are still declining, the destocking process has also progressed since the beginning of the year as in the last months of the previous year. In the MM Board & Paper division, market-related machine downtimes are necessary in the 1st quarter. As announced, in the first three quarters there will also be longer machine downtimes because of major investments at the Frohnleiten, Neuss and Kolicvevo cartonboard mills. Prices are predominantly decreasing. Therefore, as expected, a significant decline in volume and results is foreseeable in the Board & Paper division in the current year.

In the division MM Packaging, demand has weakened slightly in the first two months, but shows resilience. Structural adjustment and cost optimization measures will be further pursued.

Irrespective of the transition year in the MM Board & Paper division, our business model with a focus on sustainable packaging for everyday consumer goods remains resilient and attractive in the long term.

The balance sheet of MM and ongoing cash generation are solid. Our investment activity will remain elevated in 2023 in order to further strengthen the competitiveness and growth capacity of the MM Group. Especially in the course of the modernization of three cartonboard machines as well as value-enhancing, technological innovations in the area of pharmaceutical and beauty packaging, we expect a capex volume of more than EUR 400 million this year. The objective remains to continue our growth with sustainable and innovative consumer goods packaging in the long term with an attractive return on capital employed.

Vienna, March 13, 2023

The Management Board

Peter Oswald m. p.

Franz Hiesinger m. p.

Consolidated Financial Statements

37	Consolidated Balance Sheets
38	Consolidated Income Statements
39	Consolidated Comprehensive Income Statements
39	Consolidated Statements of Changes in Equity
40	Consolidated Cash Flow Statements
	Notes to the Consolidated Financial Statements
41	(1) Basic Information
41	(2) Principles of preparing the consolidated financial statements
43	(3) Accounting principles
47	(4) Discretionary decisions, assumptions, and estimates
51	(5) Changes in the consolidated companies and other significant events
60	(6) Development of fixed assets
69	(7) Financial instruments disclosures
80	(8) Investments accounted for using the equity method, securities, and other financial assets
82	(9) Income taxes
87	(10) Inventories
88	(11) Trade receivables
89	(12) Prepaid expenses and other current assets
89	(13) Equity
92	(14) Financial liabilities and leases
96	(15) Provisions for non-current liabilities and charges
104	(16) Trade liabilities
104	(17) Deferred income and other current liabilities
105	(18) Provisions for current liabilities and charges
106	(19) Segment reporting information
109	(20) Other operating income
109	(21) Expenses by nature
110	(22) Personnel expenses
111	(23) Expenses for the group auditor
111	(24) Research and development expenses
112	(25) Financial income
112	(26) Financial expenses
112	(27) Other financial result – net
113	(28) Earnings per share
113	(29) Commitments and contingent liabilities
114	(30) Disclosures on transactions with related parties
115	(31) Notes on the consolidated cash flow statements
116	(32) Significant subsequent events and further information
117	(33) Table of affiliated and associated companies
123	(34) Board Members
124	Auditor's Report

Consolidated Balance Sheets

(all amounts in thousands of EUR)

Notes

Dec. 31, 2022

Dec. 31, 2021

ASSETS

Property, plant and equipment	6	1,813,214	1,490,031
Intangible assets including goodwill	6	1,017,117	914,793
Investments accounted for using the equity method, securities and other financial assets	8	13,153	8,415
Deferred tax assets	9	40,793	46,763
Non-current assets		2,884,277	2,460,002
Inventories	10	730,086	477,263
Trade receivables	11	695,242	541,603
Income tax receivables	9	27,129	32,212
Prepaid expenses and other current assets	12	198,875	136,807
Cash and cash equivalents	31	280,063	359,546
Non-current assets held for sale		2,966	6,785
Current assets		1,934,361	1,554,216
TOTAL ASSETS		4,818,638	4,014,218

EQUITY AND LIABILITIES

Share capital	13	80,000	80,000
Additional paid-in capital	13	172,658	172,658
Retained earnings	13	1,961,929	1,687,923
Other reserves	13	(260,716)	(284,750)
Equity attributable to shareholders of the Company		1,953,871	1,655,831
Non-controlling (minority) interests	13	5,480	6,047
Total equity		1,959,351	1,661,878
Non-current financial liabilities	14	1,674,040	1,349,074
Provisions for non-current liabilities and charges	15	121,396	149,834
Deferred tax liabilities	9	93,950	70,486
Non-current liabilities		1,889,386	1,569,394
Current financial liabilities	14	87,549	74,003
Current tax liabilities	9	55,705	24,371
Trade liabilities	16	499,677	437,726
Deferred income and other current liabilities	17	296,703	198,628
Provisions for current liabilities and charges	18	30,267	48,218
Current liabilities		969,901	782,946
Total liabilities		2,859,287	2,352,340
TOTAL EQUITY AND LIABILITIES		4,818,638	4,014,218

The accompanying notes are an integral part of these consolidated financial statements.

Consolidated Income Statements

(all amounts in thousands of EUR except share and per share data)	Notes	2022	2021
Sales	19	4,682,060	3,069,714
Cost of sales	21	(3,554,745)	(2,413,557)
Gross margin		1,127,315	656,157
Other operating income	20	70,864	84,860
Selling and distribution expenses	21	(416,297)	(296,107)
Administrative expenses	21	(256,888)	(175,158)
Other operating expenses	5	(14,722)	(137)
Operating profit		510,272	269,615
Financial income	25	4,250	3,319
Financial expenses	26	(32,149)	(24,369)
Other financial result – net	27	(15,473)	(4,016)
Profit before tax		466,900	244,549
Income tax expense	9	(121,656)	(53,848)
Profit for the year		345,244	190,701
Attributable to:			
Shareholders of the Company		343,793	189,174
Non-controlling (minority) interests	13	1,451	1,527
Profit for the year		345,244	190,701
Earnings per share for profit attributable to the shareholders of the Company during the year:			
Average number of shares outstanding	28	20,000,000	20,000,000
Earnings per share	28	17.19	9.46

The accompanying notes are an integral part of these consolidated financial statements.

Consolidated Comprehensive Income Statements

(all amounts in thousands of EUR)	Notes	2022	2021
Profit for the year		345,244	190,701
Other comprehensive income:			
Actuarial valuation of defined benefit pension and severance obligations	13	32,883	(1,518)
Effect of income taxes	9	(7,730)	1,107
Total of items that will not be reclassified subsequently to the income statement		25,153	(411)
Currency translations ¹⁾	13	(5,469)	(11,497)
Recycling of currency translations	5	20,103	1,940
Cash flow hedge	7	(29,666)	0
Effect of income taxes	9	4,861	(1,154)
Total of items that will be reclassified subsequently to the income statement		(10,171)	(10,711)
Other comprehensive income (net)		14,982	(11,122)
Total comprehensive income		360,226	179,579
Attributable to:			
Shareholders of the Company		358,902	177,687
Non-controlling (minority) interests	13	1,324	1,892
Total comprehensive income		360,226	179,579

The accompanying notes are an integral part of these consolidated financial statements.
¹⁾ incl. hyperinflation adjustments of thous. EUR 22,709

Consolidated Statements of Changes in Equity

(all amounts in thousands of EUR)	Notes	Equity attributable to shareholders of the Company							Non-controlling (minority) interests	Total equity	
		Share capital	Additional paid-in capital	Retained earnings	Other comprehensive income						Total
					Currency translations	Actuarial gains and losses	Cash flow hedge	Other reserves			
Balance at Jan. 1, 2021		80,000	172,658	1,564,165	(207,173)	(67,304)	0	(274,477)	1,542,346	4,752	1,547,098
Profit for the year		0	0	189,174	0	0	0	0	189,174	1,527	190,701
Other comprehensive income					(11,081)	(406)	0	(11,487)	(11,487)	365	(11,122)
Total comprehensive income		0	0	189,174	(11,081)	(406)	0	(11,487)	177,687	1,892	179,579
Reclassification of actuarial effects to retained earnings		0	0	(1,214)	0	1,214	0	1,214	0	0	0
Transactions with shareholders:											
Dividends paid	13	0	0	(64,000)	0	0	0	0	(64,000)	(1,220)	(65,220)
Change in majority interests		0	0	(202)	0	0	0	0	(202)	623	421
Balance at Dec. 31, 2021		80,000	172,658	1,687,923	(218,254)	(66,496)	0	(284,750)	1,655,831	6,047	1,661,878
Adjustments of the initial application IAS 29	3	0	0	0	8,925	0	0	8,925	8,925	0	8,925
Adjusted balance at Jan. 1, 2022		80,000	172,658	1,687,923	(209,329)	(66,496)	0	(275,825)	1,664,756	6,047	1,670,803
Profit for the year		0	0	343,793	0	0	0	0	343,793	1,451	345,244
Other comprehensive income		0	0	0	13,712 ¹⁾	25,130	(23,733)	15,109	15,109	(127)	14,982
Total comprehensive income		0	0	343,793	13,712	25,130	(23,733)	15,109	358,902	1,324	360,226
Transactions with shareholders:											
Dividends paid	13	0	0	(70,000)	0	0	0	0	(70,000)	(1,463)	(71,463)
Change in majority interests		0	0	213	0	0	0	0	213	(428)	(215)
Balance at Dec. 31, 2022		80,000	172,658	1,961,929	(195,617)	(41,366)	(23,733)	(260,716)	1,953,871	5,480	1,959,351

The accompanying notes are an integral part of these consolidated financial statements.
¹⁾ incl. hyperinflation adjustments of thous. EUR 22,709

Consolidated Cash Flow Statements

(all amounts in thousands of EUR)

	Notes	2022	2021
CASH FLOW FROM OPERATING ACTIVITIES:			
Profit for the year		345,244	190,701
Adjustments to reconcile profit for the year to net cash from operating activities excluding interest and taxes paid:			
Income tax expense	9	121,656	53,848
Depreciation and amortization of property, plant and equipment, and intangible assets	6	198,603	148,953
Impairment of property, plant and equipment, and intangible assets ¹⁾	6	21,046	2,395
Gains (losses) from disposals of property, plant and equipment, and intangible assets	20	628	(9,497)
Financial income	25	(4,250)	(3,319)
Financial expenses	26	32,149	24,369
Result from the disposal of subsidiaries	5	13,606	(46,175)
Share of profit (loss) of other investments	27	(408)	(606)
Result from hyperinflation adjustments	27	(353)	0
Result of associated companies and joint ventures	27	(1,376)	(720)
Other adjustments	31	(451)	(1,265)
Net cash from profit		726,094	358,684
Changes in working capital:			
Inventories	10	(251,921)	(57,357)
Trade receivables	11	(76,129)	(112,218)
Prepaid expenses and other current assets	12	(25,190)	(21,184)
Trade liabilities	16	11,857	145,700
Deferred income and other current liabilities	17	19,688	24,745
Provisions for current liabilities and charges	18	(17,568)	(1,577)
Changes in working capital		(339,263)	(21,891)
Cash flow from operating activities excluding interest and taxes paid		386,831	336,793
Income taxes paid		(87,093)	(66,973)
Net cash from operating activities		299,738	269,820
CASH FLOW FROM INVESTING ACTIVITIES:			
Proceeds from disposals of property, plant and equipment, and intangible assets		8,080	16,536
Payments for acquisition of property, plant and equipment, and intangible assets (incl. payments on account)	16	(329,388)	(248,430)
Proceeds from government grants		1,851	0
Payments for acquisition of companies or other business entities, net of cash and cash equivalents acquired (2022: thous. EUR 14,444; 2021: thous. EUR 67,747)	5	(384,806)	(811,825)
Proceeds from disposal of companies or other business entities, net of cash and cash equivalents disposed (2022: thous. EUR 6,725; 2021: thous. EUR 4,146)	5	127,275	148,467
Proceeds from disposals of securities and other financial assets		343	177
Payments for securities and other financial assets		(255)	(251)
Dividends received	27	408	606
Interest received		3,290	3,319
Other adjustments		(95)	0
Net cash from investing activities		(573,297)	(891,401)
CASH FLOW FROM FINANCING ACTIVITIES:			
Interest paid		(32,334)	(12,003)
Issuances of interest-bearing financial liabilities	31	543,589	1,225,114
Repayments of interest-bearing financial liabilities	31	(233,296)	(302,018)
Repayments of lease liabilities	31	(14,366)	(8,984)
Payments to non-controlling (minority) shareholders		(236)	0
Dividends paid to the shareholders of the Company	13	(70,000)	(64,000)
Dividends paid to non-controlling (minority) shareholders	13	(1,463)	(1,220)
Net cash from financing activities		191,894	836,889
Effect of exchange rate changes on cash and cash equivalents		2,182	(2,003)
Change in cash and cash equivalents		(79,483)	213,305
Cash and cash equivalents at the beginning of the year (in the consolidated balance sheet)		359,546	146,241
Cash and cash equivalents at the end of the year (in the consolidated balance sheet)		280,063	359,546

The accompanying notes are an integral part of these consolidated financial statements.

¹⁾ incl. non-current assets held for sale

Notes to the Consolidated Financial Statements

1 BASIC INFORMATION

The MM Group

Mayr-Melnhof Karton AG and its subsidiaries (“the Group”) are engaged in manufacturing and selling cartonboard, paper and folding cartons with a focus on Europe. The parent company of the Group is Mayr-Melnhof Karton AG, located at Brahmssplatz 6, 1040 Vienna, Austria. The shares of the Company are listed on the Vienna Stock Exchange.

Segment information

The Group is divided into two operating segments (see note 19): MM Board & Paper and MM Packaging. MM Board & Paper manufactures and markets numerous grades of cartonboard, focusing on coated cartonboard produced predominantly from recycled fibers as well as virgin fiber-based cartonboard. In addition, the division’s product range also includes kraft papers and uncoated fine papers. MM Packaging processes cartonboard into folding cartons, mainly for the food industry (e. g., cereals, dried foods, sugar, and baked products, high-end confectionery packaging) as well as other consumer goods industries (e. g., cosmetics, toiletries, detergents, household goods, tobacco products, toys and pharmaceuticals). Furthermore the product range of MM Packaging also comprises leaflets and labels.

Significant events affecting the Group’s financial situation and profitability

The Group’s financial situation and profitability are particularly affected by the changes in the consolidated companies, in particular the acquisitions of Eson Pac and Essentra Packaging and the sale of the Russian packaging plants. Furthermore, the acquisitions of MM Kotkamills and MM Kwidzyn in the previous year were only included in the consolidation circle during the year, which impairs comparability with the previous year’s figures. Another one-off effect in 2022 resulted from the restructuring measures at the Kolicovo site (see note 5).

2 PRINCIPLES OF PREPARING THE CONSOLIDATED FINANCIAL STATEMENTS

Basic accounting principles and declaration of compliance

The consolidated financial statements of Mayr-Melnhof Karton AG and its subsidiaries and notes thereto have been prepared according to section 245 a of the Austrian Commercial Code in accordance with International Financial Reporting Standards and their interpretations released by the International Accounting Standards Board “IASB” to be applied within the European Union. Additional requirements according to section 245 a paragraph 1 of the Austrian Commercial Code have been met.

The consolidated financial statements are prepared based on historical acquisition or manufacturing costs, except for certain positions that are described in the relevant notes (e. g., note 7 and 15).

The present consolidated financial statements comprise the period from January 1 till December 31, 2022 and have been signed by the Management Board and have been approved by the Supervisory Board on March 13, 2023.

The consolidated financial statements are reported in Euro. Unless stated otherwise, all amounts herein, except for share data and per share amounts, are specified in thousands of Euro.

Application of new and revised standards

During the preparation of the consolidated financial statements and notes thereto, relevant amendments to existing IAS and IFRS, as published in the Official Journal of the European Union no later than December 31, 2022 and with an effective date no later than this date, were taken into consideration:

Revised standards	Content	Effective
IFRS 3	References to the Conceptual Framework in IFRS	1. 1. 2022
IAS 16	Proceeds before Intended Use	1. 1. 2022
IAS 37	Onerous Contracts – Costs of Fulfilling a Contract	1. 1. 2022
	Annual Improvements to IFRS 2018 – 2020	1. 1. 2022

The revision of IFRS 3 explicitly refers to the IFRS framework of the year 2018, with an exception for the application of provisions and contingent liabilities in business combinations. This also relates to a new capitalization prohibition for contingent assets acquired in a business combination.

The amendments to IAS 16 refer to the recognition of proceeds and manufacturing costs in the production of goods while the tangible asset is being moved to its intended location. Previously, it was unclear whether those should be recognized directly or offset against acquisition or manufacturing costs. The amendment to the standard prohibits offsetting against acquisition or manufacturing costs; instead, proceeds and manufacturing costs are recognized directly in the income statement.

The amendments to IAS 37 specify the costs of fulfilling the contract, which hereby consist of the costs directly related to fulfilling the contract, such as direct labour and material costs. In addition, there is a clarification according to which any previous impairment extends to the assets used to fulfil the contract.

In addition, minor amendments and clarifications were made to IFRS 9, IFRS 16, IFRS 1 and IAS 41 as part of the annual improvements.

If applicable, the effective regulations were applied in the present consolidated financial statements. The above mentioned changes did not have any significant impact on the Group's financial situation and profitability.

Furthermore, the following new and revised standards were endorsed by the EU until December 31, 2022; their application is, however, not yet compulsory for the financial year 2022 and they have not yet been applied voluntarily:

New standards	Content	Effective
IFRS 17	Insurance contracts	1. 1. 2023
Revised standards	Content	Effective
IAS 1	Presentation of Financial Statements – Definition of Materiality	1. 1. 2023
IAS 8	Definition of Accounting Estimates	1. 1. 2023
IAS 12	Deferred Tax related to Assets and Liabilities arising from a Single Transaction	1. 1. 2023
IFRS 17	Initial application of IFRS 17 and IFRS 9 – Comparative Disclosures	1. 1. 2023

Additionally, the following revised standards were published by IASB until December 31, 2022 but have not yet been endorsed by the EU:

Revised Standards	Content	Effective
IAS 1	Classification of Liabilities as Current or Non-current	1. 1. 2024
IFRS 16	Leases: Lease Liability in a Sale and Leaseback	1. 1. 2024

From today's point of view, the above mentioned new or revised standards are not expected to have any significant impact on the Group's financial situation and profitability.

3 ACCOUNTING PRINCIPLES

The significant accounting and recognition principles applied in the Group are explained in the corresponding note.

Consolidation principles and methods

The consolidated financial statements and notes thereto include Mayr-Melnhof Karton AG ("the Company") and its subsidiaries. These are all companies over which the Group has control. The Group has control when it is exposed to both positive and negative variable returns of its involvement in the entity and has an influence on the amount of these variable returns. Generally, an ownership of more than 50 % of voting shares provides an entity with control. The existence and effect of potential voting rights that are currently exercisable or convertible are considered when assessing whether the Group controls another entity. The criteria whether the Group has control over another entity are reviewed even when the Group holds less than 50 % of voting rights. The Group has the majority of shares and voting rights in all of its controlled entities. There are no additional agreements which rule out control.

The subsidiaries, provided that they are not of subordinate importance for the presentation of the financial situation and profitability, are consolidated as of the date on which control is transferred to the Group. They are deconsolidated on the date on which such control ceases to exist or a subsidiary is deemed to be insignificant by the Group.

Changes in shareholdings of the Group which do not lead to a loss of control over the subsidiaries are presented only as equity transactions (change in majority interests) and therefore have no impact on the consolidated income statement.

When the Company loses control of a subsidiary, the deconsolidation gain or loss is recognized in profit or loss. This is calculated as the difference between

- the total amount of the fair value of the consideration received
- less carrying amount of net assets disposed of (incl. goodwill proportionately attributable to the respective CGU) plus the carrying amount of non-controlling (minority) interests.

On disposal of a foreign operation that results in a loss of control, of joint control or of significant influence, the cumulative amount recognized in the currency translation reserve at that date is reclassified to income statement as part of the result of deconsolidation.

Non-controlling (minority) interests represent the external shareholders' proportionate share in equity and total annual result in subsidiaries of the Group. These minority interests are presented separately within equity.

Any effects of intercompany transactions are entirely eliminated.

Currency translation

Assets including goodwill and liabilities of foreign subsidiaries with a functional currency other than the Euro are translated into Euro using the average exchange rates as of the balance sheet date. Revenues and expenses are translated using average exchange rates for the year. The annual average rates are calculated as the arithmetic mean of the individual closing rates at month-end, the exchange rate of December 31 of the last year always being taken as the first closing rate. Translation differences arising from the currency translation of assets and liabilities in comparison with the previous year are recognized directly in equity. Gains and losses resulting from foreign currency transactions are recognized in the income statement as incurred.

The transactions of the Company in currencies other than the functional currency are translated using the exchange rates on the date of transaction. Monetary items in foreign currency are translated using the exchange rates on the balance sheet date. Resulting exchange rate differences as well as effects of the realization are recognized in the income statement.

Translation differences arising in connection with monetary items that are part of a net investment in a foreign operation are initially reported as a separate component of equity and are recognized in the income statement only upon intentional repayment or disposal of the net investment.

The exchange rates of the relevant currencies of non-Euro participating countries used in preparing the consolidated financial statements and notes thereto were as follows:

Country:	Currency:	Exchange rate at Dec. 31, 2022	Exchange rate at Dec. 31, 2021	Annual average exchange rate 2022	Annual average exchange rate 2021
		1 EUR =	1 EUR =	1 EUR =	1 EUR =
Bulgaria	BGN	1.96	1.96	1.96	1.96
Canada	CAD	1.45	1.44	1.37	1.49
Chile	CLP	917	964	919	899
China	CNY	7.42	7.22	7.10	7.64
Colombia	COP	5,134	4,527	4,471	4,438
Czech Republic	CZK	24.12	24.86	24.56	25.69
Denmark	DKK	7.44	7.44	7.44	7.44
Great Britain	GBP	0.89	0.84	0.85	0.86
Hungary	HUF	401	369	390	358
Jordan	JOD	0.75	0.80	0.75	0.84
Norway	NOK	10.51	9.99	10.10	10.18
Philippines	PHP	59.55	57.51	57.34	58.43
Poland	PLN	4.69	4.60	4.68	4.58
Romania	RON	4.95	4.95	4.93	4.92
Russia	RUB	75.66	84.07	69.11	87.42
Sweden	SEK	11.12	10.25	10.62	10.15
Switzerland	CHF	0.98	1.03	1.00	1.08
Tunisia	TND	3.31	3.28	3.26	3.30
Türkiye	TRY	19.93	14.68	19.93	10.33
Ukraine	UAH	38.95	30.92	33.93	32.38
United States of America	USD	1.07	1.13	1.05	1.18
Vietnam	VND	25,207	25,864	24,741	27,213

As of January 1, 2022 effective, the Group adopted IAS 29 “Financial Reporting in Hyperinflationary Economies” for its subsidiaries in Türkiye whose functional currency had a cumulative inflation rate of more than 100 % over the last three years. As a result, the relevant non-monetary items in the consolidated balance sheet as of January 1, 2022 were no longer presented on a historical cost basis but adjusted for the effects of inflation in prior periods. In accordance with IAS 21 “The Effects of Changes in Foreign Exchange Rates”, the prior-year figures have not been adjusted for financial statements in non-hyperinflationary reporting currencies. The translation differences are recognized directly in other comprehensive income and accumulated in other reserves in equity.

The effects from the first-time application of IAS 29 “Financial Reporting in Hyperinflationary Economies” were recognized in the consolidated balance sheet as of January 1, 2022 and included in other reserves in the amount of thous. EUR 8,925. Adjustments from the consideration of the currency devaluation of the monetary balance sheet items of Turkish subsidiaries in the financial year 2022 are reflected in profit or loss and are included in the consolidated income statement in “Other financial result – net”. The Turkish consumer price index (TÜFE, 2005=100) published by the Turkish Statistical

Office (TURKSTAT) was used for this purpose. The value of the index applied at the reporting date was 1,128 and increased by 64 % compared to the previous year (January 1, 2022: 687).

For the year ended December 31, 2022, the adjustments from hyperinflation accounting resulted in an increase of total assets in the amount of thous. EUR 23,070. This mainly results from the indexation of property, plant and equipment (thous. EUR 21,891) and inventories (thous. EUR 1,063). On the liabilities side, equity increased by thous. EUR 18,666 and deferred tax liabilities by thous. EUR 4,404. In the income statement, there was in particular an increase in cost of materials and depreciation and amortization, which led to a negative effect on the operating profit in the amount of thous. EUR 13,209. In addition, a monetary gain in the amount of thous. EUR 353 was recognized, which is included in "Other financial result – net".

Business combinations

All new acquisitions of subsidiaries and businesses are accounted for using the acquisition method.

The acquisition costs of the transaction classified as a business correspond to the fair values of the assets transferred and liabilities received or taken over on the acquisition date (value of consideration transferred).

The identifiable assets acquired and liabilities assumed in the course of business combinations are measured at fair value at the acquisition date. Depending on the nature and materiality of the acquisition, land, buildings, and machines are basically valued based on independent external expert reports. Intangible assets are, according to their nature and due to the complexity of identifying the fair values, measured based on reports of independent external experts or internally, applying adequate valuation methods. Any non-controlling (minority) interests in the acquiree are recognized at the non-controlling (minority) interests' proportionate share in the acquiree's identifiable net assets. Acquisition-related costs are expensed as incurred.

Potential contingent considerations are measured at fair value at the acquisition date. Subsequent changes in contingent consideration classified as asset or liability are also measured at fair value, and the resulting profit or loss is recognized in the profit for the year.

The excess of the consideration transferred and the amount of the non-controlling (minority) interest in the acquiree over the fair value of identifiable net assets acquired shall be capitalized as goodwill. After repeated assessment, negative goodwill shall be recognized directly in the income statement.

Derivative financial instruments

The Group uses derivative financial instruments to hedge risks arising from its operating activities. Financial instruments are not held for the purpose of generating a profit from short-term fluctuations in market price.

Accounting for derivative financial instruments not designated as hedge accounting

Derivative financial instruments that are not designated as hedge accounting are classified as held for trading and recognized at fair value in accordance with IFRS 9. At the balance sheet date, the fair value of open derivatives is calculated as the present value of future cash flows using currency quotations. Any gain or loss resulting from the valuation is recognized in profit or loss.

Hedge accounting

In order to reflect the economic effects of risk management activities in the area of over-the-counter hedging of commodity prices in Finland, the MM Group applies the provisions of hedge accounting according to IFRS 9. At the inception of the hedge transaction, the MM Group documents the economic relationship between the hedging instrument and the hedged item, including the risk management objectives and the underlying business strategy for undertaking the hedge. The material terms of the payments from the hedged items and hedging instruments are generally identical or opposite (“critical terms match”). Derivatives are generally initially recognized at fair value on the date a derivative contract is entered into and are measured at fair value at the end of each reporting period. Depending on the fair value (positive or negative), derivative financial instruments are recognized as other receivables or other liabilities. In the case of hedge accounting for commodity price hedges in Finland, the derivative is not recognized at the designation date due to the unrealized day one gain, and the valuation effects at the balance sheet date are recognized in other comprehensive income (see note 7).

If a derivative is designated as a cash flow hedge, the effective portion of the changes in fair value is recognized in other comprehensive income and accumulated in the cash flow hedge reserve. The effective portion of changes in fair value recognized in other comprehensive income is limited to the cumulative change in the fair value of the hedged item (calculated on a present value basis) since the inception of the hedge. Any ineffective amount of change in the fair value of the derivative is recognized immediately in profit or loss.

4 DISCRETIONARY DECISIONS, ASSUMPTIONS, AND ESTIMATES

The consolidated financial statements and the notes thereto are prepared in accordance with generally accepted accounting and recognition standards of IFRS using estimates and assumptions for certain items which affect the reported amounts of assets and liabilities and disclosures of contingent assets and liabilities at the balance sheet date as well as the reported amounts of revenues and expenses during the reporting period and the reported values at the balance sheet date. In the process of applying the Group’s accounting policies, management makes various judgments and actual values may ultimately differ from these assumptions and estimates. Estimates are obtained carefully and underlying assumptions are constantly monitored and prospectively recognized. These assumptions are based on past experience and other factors including expectations about future events that could have a financial impact on the Group and are applied appropriately under given circumstances.

The Group also assesses the aspects of accounting effects arising from the requirements of various stakeholders in connection with climate change.

In the course of hyperinflation accounting (IAS 29), the non-monetary balance sheet items have been adjusted using the Turkish Consumer Price Index (TÜFE, 2005=100) published by the Turkish Statistical Institute (TURKSTAT) (see note 3).

The consolidated financial statements and notes thereto include the following material items, the determination of whose carrying amounts is highly dependent on the underlying assumptions and estimates:

Useful life of non-current assets

Property, plant and equipment as well as acquired intangible assets are recognized at acquisition and manufacturing costs and are depreciated/amortized on a straight-line basis over their estimated useful lives. The estimation of useful lives is based on assumptions concerning wear and tear, aging, technical standards, contract periods, and changes in demand. Changes in these factors may result in a shorter useful life of an asset. Hence, the carrying amount would be depreciated/amortized over the remaining shorter useful life, resulting in higher annual depreciation/amortization expenses (see note 6).

Accounting of business combinations

As a consequence of company acquisitions a goodwill is reported in the consolidated balance sheet, or a negative difference (badwill) is recognized directly in the income statement after repeated assessment. As part of the initial consolidation of a company acquisition, all identifiable assets, liabilities, and contingent liabilities are recognized at fair value as of the effective acquisition date. The valuation of intangible assets in particular is based on the forecast of the total expected cash flows and strongly depends on the management's assumptions regarding future developments and the underlying developments of the discount rate to be applied (see note 5).

Impairment of assets

Goodwill is tested for impairment in the course of an annual impairment test. Furthermore, a recoverability evaluation of fixed assets is performed whenever events that have occurred or circumstances that have changed indicate that the carrying amount of an asset or a group of assets exceeds its recoverable amount. In the course of this impairment test, the evaluation of fixed assets is also based on budget, assessments of market or company-specific discount rates, expected growth rates, and EBITDA margin/cost development. The assumptions involved in these calculations may change and may lead to an impairment loss in future periods (see note 6).

Other intangible assets

The Group is obliged to redeem CO₂ emission rights for carbon dioxide emissions incurred during cartonboard and paper production.

These emission rights have partly been allocated free of charge to the Group within the European Union and Norway. If this allocation is not sufficient to cover the volume of CO₂ emissions caused by the respective facility, the Group acquires further certificates on the market.

CO₂ emission rights are recognized in accordance with IAS 38 "Intangible Assets" as intangible assets in "Prepaid expenses and other current assets", measured at cost if they are acquired in return for payment. If the rights have been allocated free of charge, they are measured at cost amounting to zero. If actual carbon dioxide emissions in the course of the reporting period exceed the amount of available emission rights at the balance sheet date, a provision for the missing certificates has to be accounted for, which is presented under the position "Provisions for current liabilities and charges" (see note 18).

Expenses from the use of emission rights acquired in return for payment as well as income from the sale of redundant emission rights are recorded in the income statement.

Income taxes

The Group operates in numerous countries and is therefore subject to a wide range of tax laws in numerous tax jurisdictions. Calculating global tax liabilities requires comprehensive assessments that may result in the actual outcome of such tax-related uncertainties differing from the original estimate and in impacts on tax liabilities and deferred taxes (see note 9).

Realization of deferred tax assets

Deferred taxes are calculated by applying the tax rates which are effective on the balance sheet date or have essentially been legally adopted and which are expected to be valid at the time of realization of a deferred tax asset or the settlement of a deferred tax liability as well as by evaluating the capacity of future taxable income. Future taxable results which differ from the assumptions may result in the fact that the realization of deferred tax assets becomes improbable, and a change in estimate of deferred tax assets for the respective assets has to be recorded (see note 9).

Duration of leases

The Group determines the duration of leases based on the non-cancellable base term of the lease as well as by including the period arising from an option to extend the lease. When assessing whether there is sufficient certainty that the option to extend or terminate the lease is exercised or not, discretionary decisions are made. All relevant factors representing an economic incentive are considered. These are scrutinized and re-evaluated as circumstances change, which can result in an adjustment of the lease term and thus in adjustments of the lease liability and the right-of-use asset. The relevant assumptions for determining the useful life of significant leased offices and warehouses with unlimited agreements were adopted according to strategic objectives, location and costs. The underlying discount rate used to calculate the present value also depends on the determination of the term. For each country, currency and term of the respective leases, a base interest rate is used, which is increased by a credit spread and a country risk premium (see note 14).

Provisions for pensions, severance payments, and anniversary bonuses

The actuarial calculation of obligations regarding pensions, severance payments, and anniversary bonuses is based on assumptions about discount rates, salary and pension adjustments, life expectancy, and retirement age. Additionally, the probable employee turnover depending on the years of service is used for assessing anniversary bonuses. Actual outcomes may be different from these assumptions due to changes in the economic environment and market conditions and, as a consequence, can result in a significant change in non-current provision as well as equity (see note 15).

Other provisions

The recognition and valuation of other provisions is based on the best possible estimation of probability of the future resources outflow as well as experience and known circumstances as of the balance sheet date. Therefore, the actual realized resources outflow can differ from the provision amount reported on the balance sheet date (see note 15 and 18).

In connection with the Group's activities, obligations for the demolition or dismantling of facilities and for land reclamation may arise. At the time an obligation incurs, it is fully provided for by recognizing the present value of future reclamation expenditures. An asset is recognized in the same amount as part of the carrying amount of the asset. The calculation of the obligation is based on best estimates. The compounding of the provisions results in an interest expense or income (in the case of a negative discounting interest rate) and increases or decreases the obligation at each balance sheet date until the facility dismantling. Provisions are recognized for other environmental risks and measures, if these obligations are probable and the amount of the obligation can be reasonably estimated.

Restructuring provisions are recognized in accordance with IAS 37, if a sufficiently detailed formal plan exists and the implementation of the restructuring measures has already begun or the plan has been communicated before the balance sheet date.

Financial instruments

In applying the accounting rules for hedge accounting according to IFRS 9, the pro rata resale of the hedged gas purchase volumes resulted in the elimination of the own-use exemption in the financial year 2022. For this reason, a hedging transaction was designated in this context ("cash flow hedge"), which was measured on the basis of the expected purchase volumes for underlying gas contracts in 2023 and the TTF future prices available at the designation date (see note 7).

5 CHANGES IN THE CONSOLIDATED COMPANIES AND OTHER SIGNIFICANT EVENTS

5.1 Changes in the consolidated companies in 2022

In April 2022, the MM Group acquired 100 % of the shares in Eson Pac, located in Veddige, Sweden, from the majority shareholder Nalka Invest AB as well as family and management minority shareholders.

Eson Pac produces and distributes high-quality secondary packaging solutions for the pharmaceutical industry. The company has three production sites in Sweden and one in Denmark, focusing on folding cartons, leaflets and labels.

The closing of the acquisition was completed on April 11, 2022. The preliminary purchase price amounts to thous. EUR 59,447, of which thous. EUR 52,066 were paid in cash on the closing date and the remaining amount was recognized as contingent purchase price liability of a maximum of thous. EUR 7,381, based on the current estimated EBITDA 2022 according to local law. The purchase price was financed by cash on hand.

The preliminary fair values of the acquired assets and liabilities according to IFRS at the acquisition date are as follows:

(in thousands of EUR)	Apr. 11, 2022
Property, plant and equipment	22,783
Intangible assets	17,716
Deferred tax assets	2,565
Inventories	3,934
Trade receivables	10,699
Prepaid expenses and other current assets	862
Cash and cash equivalents	915
Deferred tax liabilities	(5,490)
Provisions for non-current liabilities and charges	(457)
Financial liabilities	(12,100)
Trade liabilities	(4,758)
Prepaid expenses, other current liabilities and provisions	(5,606)
Net assets	31,063
Goodwill	28,383

The fair values of machinery and technical equipment were determined by an independent external expert using a market-based and cost-based approach based on replacement costs for comparable machinery. Real estate was measured at fair value by an independent external expert using the market-based or income-based approach, respectively, depending on available market data.

Intangible assets include, in particular, a customer relationship in an amount of thous. EUR 16,342, based on long-term customer relations and amortized over a useful life of 10 years.

For trade receivables amounting to thous. EUR 10,699 as well as prepaid expenses and other current assets in the amount of thous. EUR 862 the fair values correspond to the gross amounts. Due to the short-term nature of the receivables, the Group assumes that the future cash flows correspond to the fair value. The Group has not recognized any contingent consideration in the course of the transaction,

Financial liabilities mainly include liabilities from lease transactions accounted for in accordance with IFRS 16.

The remaining goodwill of thous. EUR 28,383 mainly reflects the expansion and strengthening of the market position in the pharmaceutical sector. Recognized goodwill is not deductible for tax purposes.

In the financial year 2022, acquisition-related costs amounting to thous. EUR 1,088 were recorded as expense and reported under administrative expenses in the consolidated income statement.

Sales and profit before tax from the time the business belonged to the Group and the division in the financial year 2022 amounted to thous. EUR 41,162 and thous. EUR 2,858, respectively. If the business combination had been concluded on January 1, 2022, Eson Pac would have additionally contributed approximately EUR 16 million to the Group's sales or approximately EUR 1.3 million to the Group's profit before tax.

The purchase price allocation has not yet been completed; however, no further significant changes are expected.

In October 2022, the division MM Packaging has successfully finalized the acquisition of Essentra Packaging which was agreed in June 2022, after receiving approval from all relevant competition authorities. The transaction comprises 100 % of the shares in ESNT Packaging & Securing Solutions Limited (UK) and 100 % of the shares in Essentra Packaging US Inc (US) as well as their affiliated companies.

Essentra Packaging has 21 manufacturing sites in 10 countries throughout Europe, US mainland and Puerto Rico, thus ideally complementing MM Packaging's current position in pharma packaging in the Nordics and France. Essentra Packaging employs about 3,500 people and reported sales of approx. GBP 370 million in 2021.

Through this acquisition, MM Packaging expands its folding cartons, leaflets and labels activities for the resilient and profitable Healthcare & Pharma market, creating an attractive platform for further growth. The aim is also to exploit attractive synergy and upside potential through the integration.

The closing of the acquisition was completed on October 2, 2022. The preliminary purchase price amounts to thous. EUR 325,135. In addition to a fixed base amount, the calculation is based on the net financial liabilities and the net current assets. On the closing date, thous. EUR 338,075 were paid in cash. The purchase price was financed by cash on hand as well as committed credit lines and facilities from banks.

The preliminary fair values of the acquired assets and liabilities according to IFRS at the acquisition date are as follows:

(in thousands of EUR)	Oct. 2, 2022
Property, plant and equipment	196,489
Intangible assets	22,716
Deferred tax assets	2,575
Inventories	52,672
Trade receivables	99,523
Prepaid expenses and other current assets	16,899
Cash and cash equivalents	13,458
Deferred tax liabilities	(23,891)
Provisions for non-current liabilities and charges	(12,011)
Financial liabilities	(21,842)
Trade liabilities	(68,848)
Prepaid expenses, other current liabilities and provisions	(35,954)
Net assets	241,786
Goodwill	83,349

The fair values of machinery and technical equipment were determined by an independent external expert using a cost-based approach based on replacement costs and valorized acquisition costs for comparable machinery. Real estate was measured at fair value by independent external experts using the market-based or income-based approach, respectively, depending on available market data.

Intangible assets include customer relationships in an amount of thous. EUR 22,716, based on long-term customer relations and amortized over a useful life of up to 13 years.

Trade receivables comprise gross amounts of contractual receivables amounting to thous. EUR 101,216, of which thous. EUR 1,694 are estimated as presumably irrecoverable, resulting in a fair value of thous. EUR 99,523. For prepaid expenses and other current assets in the amount of thous. EUR 16,899, the fair values correspond to the gross amounts. Due to the short-term nature of the receivables, the Group assumes that the future cash flows correspond to the fair value. The Group has not recognized any contingent consideration in the course of the transaction.

The remaining goodwill of thous. EUR 83,349 mainly reflects the strengthening of MM's market position in the Healthcare & Pharma market as well as expected synergies from the diversification and expansion of the portfolio. Recognized goodwill is not deductible for tax purposes.

In the financial year 2022, acquisition-related costs amounting to thous. EUR 9,723 were recorded as expense and reported under administrative expenses in the consolidated income statement.

Sales and profit before tax from the time the business belonged to the Group and the division in financial year 2022 amounted to thous. EUR 126,545 and thous. EUR -7,795, respectively. If the business combination had been concluded on January 1, 2022, Essentra Packaging would have additionally contributed approximately EUR 373 million to the Group's sales or approximately EUR 4.5 million to the Group's profit before tax.

The purchase price allocation had not yet been fully completed as of the balance sheet date, as valuations, in particular with regard to acquired property, plant and equipment, have not yet been finalized.

In December 2022, the division MM Packaging has sold 100 % of its shares in the Russian sites OOO TANN Nevskiy, Pskov, MM Polygrafoformlenie Packaging LLC, St. Petersburg, und MM Polygrafoformlenie Rotogravure LLC, St. Petersburg to the local investor Granelle following approval by the governmental authorities. The selling price amounts to EUR 134 million. In 2021, the plants generated combined sales of approx. EUR 124 million. The sale is in line with MM's strategy to focus on new acquisitions and growth investments. In the course of the sale, a waiver of an intercompany loan in the amount of thous. EUR 9,652 was made.

The assets and liabilities transferred at the date of disposal are as follows:

(in thousands of EUR)	Dec. 15, 2022
Property, plant and equipment	(37,193)
Inventories	(43,804)
Trade receivables	(22,198)
Prepaid expenses and other current assets	(7,311)
Cash and cash equivalents	(6,522)
Deferred tax liabilities	119
Financial liabilities	9,350
Trade liabilities	18,472
Prepaid expenses, other current liabilities and provisions	4,072
Net assets	(85,015)

In addition to the disposal of net assets, an attributable customer relationship in the amount of thous. EUR 9,058 and attributable goodwill of the MM Packaging division in the amount of thous. EUR 23,415 were derecognized. Moreover, due to the reclassification of cumulative currency translation differences from other comprehensive income to the income statement, an expense in the amount of thous. EUR 19,222 was accounted for.

From these divestments a total expense before tax in the amount of thous. EUR 12,362 was recognized in the financial year 2022, which is presented under other operating expense. Furthermore, consulting and transaction costs of thous. EUR 4,157 were incurred and recognized as an expense in the course of the sale.

In addition, there were further insignificant effects resulting from changes in the consolidated companies.

In these financial statements, the purchase price allocations of the companies MM Kotkamills and MM Kwidzyn acquired in August 2021 were completed within the measurement period in accordance with the provisions of IFRS 3. The review of the preliminary purchase price allocation based on information obtained after the reporting date about the circumstances at the acquisition date did not lead to any adjustments with an impact on the consolidated balance sheet as of December 31, 2021.

5.2 Changes in the consolidated companies in 2021

In August 2021, the MM Board & Paper division acquired 100 % of the shares in Kotkamills Group Oyj (“Kotkamills”), located in Kotka, Finland. MM Kotkamills operates one of the most modern virgin fiber board machines in Europe (built 2016) as well as a Saturating Kraft Paper machine and a sawmill.

The acquisition strengthens MM’s position in the virgin fiber-based board market (FBB) with an attractive range of barrier board solutions that can replace PE (polyethylene)-coated board. In addition, MM enters the growing market for cartonboard for paper cups (cupstock). The acquisition complements MM’s established market position in recycled cartonboard. Furthermore, MM diversifies its product offering with Saturating Kraft Paper, in which Kotkamills is one of the leading producers worldwide. The medium-term goal is to increase the sales volume to the capacity of approximately 400,000 tons of cartonboard per year and exploit synergy potential.

The closing of the acquisition was completed on August 2, 2021. The purchase price paid in cash amounted to thous. EUR 203,097 and was financed by issuing Schuldschein loans and Namensschuldverschreibungen.

Furthermore, MM repaid a loan in the amount of thous. EUR 28,621 for Kotkamills on the closing date. In addition, the loans of the previous shareholders (in total thous. EUR 164,987) were taken over by MM.

The fair values of the acquired assets and liabilities according to IFRS at the acquisition date were as follows:

(in thousands of EUR)	Aug. 2, 2021
Property, plant and equipment	213,296
Intangible assets	39,371
Deferred tax assets	7,828
Inventories	38,548
Trade receivables	15,619
Prepaid expenses and other current assets	32,104
Cash and cash equivalents	29,195
Deferred tax liabilities	(11,317)
Provisions for non-current liabilities and charges	(1,342)
Financial liabilities	(210,582)
Trade liabilities	(44,650)
Prepaid expenses, other current liabilities and provisions	(32,066)
Net assets	76,004
Goodwill	127,093

The fair values of buildings, machinery and technical equipment were determined by an independent external expert using a cost-based approach based on replacement costs.

The fair values of land and land rights were determined using the comparison approach, assuming that they were vacant and available as of the valuation date.

Intangible assets included, in particular, a customer relationship in an amount of thous. EUR 39,057, based on long-term customer relations and amortized over a useful life of approximately 9 years.

The acquired CO₂ emission certificates were valued according to a market approach, resulting in other assets in the amount of thous. EUR 5,095, which were reported under the line item "Prepaid expenses and other current assets". At the same time, a provision in the amount of thous. EUR 8,408 was recognized for CO₂ emissions in 2021 until the acquisition date.

Trade receivables comprised gross amounts of contractual receivables amounting to thous. EUR 15,700, of which thous. EUR 81 were estimated as presumably irrecoverable, resulting in a fair value of thous. EUR 15,619. For prepaid expenses and other current assets in the amount of thous. EUR 27,009, the fair values corresponded to the gross amounts. Due to the short-term nature of the receivables, the Group assumed that the future cash flows correspond to the fair value. The Group has not recognized any contingent liabilities in the course of the transaction.

The remaining goodwill of thous. EUR 127,093 mainly reflects the strengthening of MM's market position in the virgin fiber-based cartonboard sector as well as expected synergies from the diversification and expansion of the portfolio. Recognized goodwill is not deductible for tax purposes.

Of the acquisition-related costs amounting to thous. EUR 7,377, thous. EUR 3,187 were recorded as expense in the financial year 2020 and thous. EUR 4,190 in the financial year 2021 and reported under administrative expenses in the consolidated income statement.

Sales and profit before tax from the time the business belonged to the Group and the division in the financial year 2021 amounted to thous. EUR 172,973 and thous. EUR 6,704, respectively. Profit before tax was impacted by a one-off effect of thous. EUR 1,342 resulting from the valuation of inventories performed in the course of the purchase price allocation and recognized in cost of sales. If the business combination had been concluded on January 1, 2021, Kotkamills would have additionally contributed approximately EUR 257 million to the Group's sales or approximately EUR 10 million to the Group's profit before tax.

In August 2021, the MM Board & Paper division acquired 100 % of the shares in International Paper (Poland) Holding Sp. z o.o. (“Kwidzyn”) from International Paper. At the integrated pulp and paper site in Poland, Kwidzyn operates a pulp mill and four integrated cartonboard/paper machines.

The acquisition strengthens MM Board & Paper’s competitive position in the attractive market for high-quality virgin fiber-based cartonboard with innovative, sustainable qualities as well as more efficiency compared to the two market leaders and complement the established market position in recycled fiber-based cartonboard. The entry into new business areas and the integration of pulp and paper at one site additionally create new perspectives. The aim is also to use the advantageous cost position for further growth in Folding Box Board or other packaging grades and to exploit synergy potential.

The closing of the acquisition was completed on August 6, 2021. The purchase price paid in cash amounted to thous. EUR 676,475 and was financed by committed credit lines from banks and the issuance of Schuldschein loans and Namensschuldverschreibungen. In addition to a fixed base amount, the calculation was based on the net financial liabilities and the net current assets.

The fair values of the acquired assets and liabilities according to IFRS at the acquisition date were as follows:

(in thousands of EUR)	Aug. 6, 2021
Property, plant and equipment	267,268
Intangible assets	98,727
Deferred tax assets	12,688
Inventories	67,889
Trade receivables	40,415
Prepaid expenses and other current assets	9,467
Cash and cash equivalents	38,552
Non-controlling (minority) interests	(475)
Deferred tax liabilities	(40,036)
Provisions for non-current liabilities and charges	(19,992)
Financial liabilities	(25,444)
Trade liabilities	(53,543)
Prepaid expenses, other current liabilities and provisions	(29,221)
Net assets	366,295
Goodwill	310,180

Real estate was valued by external independent appraisers at fair value using either a market-based or income-based approach depending on available market data.

The fair values of assets related to cartonboard production were determined by an independent external appraiser using a cost-based approach based on replacement costs.

The intangible assets included, in particular, a customer relationship in an amount of thous. EUR 98,716, based on long-term customer relations and amortized over a useful life of up to 10 years.

Trade receivables included gross amounts of contractual receivables of thous. EUR 40,730, of which thous. EUR 315 were estimated as presumably irrecoverable, resulting in a fair value of thous. EUR 40,415. For prepaid expenses and other assets in the amount of thous. EUR 9,467, the fair values corresponded to the gross amounts. Due to the short-term nature of the receivables, the Group assumed that the future cash flows correspond to the fair value. The Group has not recognized any contingent liabilities in the course of the transaction.

In the course of the acquisition, a current provision in the amount of thous. EUR 13,496 was recognized for the amount representing CO₂ emissions in 2021 until the acquisition date and a non-current provision for environmental measures in the amount of thous. EUR 12,672 was recognized.

The non-controlling (minority) interests of thous. EUR 475 have been determined as a proportionate share of the identifiable net assets of the respective subsidiary.

The remaining goodwill of thous. EUR 310,180 mainly reflects the strengthening of MM's market position in the virgin fiber-based cartonboard sector as well as expected synergies from the diversification and expansion of the portfolio. Recognized goodwill is not deductible for tax purposes.

Of the acquisition-related costs amounting to thous. EUR 13,964, thous. EUR 343 were recorded as expense in the financial year 2020 and thous. EUR 13,621 in the financial year 2021 and reported under administrative expenses in the consolidated income statement.

Sales and profit before tax from the time the business belonged to the Group and the division in the financial year 2021 amounted to thous. EUR 242,365 and thous. EUR -1,323, respectively. Profit before tax was impacted by a one-off effect of thous. EUR 7,200 resulting from the valuation of inventories performed in the course of the purchase price allocation and recognized in cost of sales. If the business combination had been concluded on January 1, 2021, Kwidzyn would have additionally contributed approximately EUR 263 million to the Group's sales and approximately EUR 12 million to the Group's profit before tax.

In order to finance these acquisitions, Mayr-Melnhof Karton AG has taken out loans in the form of Schuldschein loans and Namensschuldverschreibungen (see note 14.1).

In August 2021, the MM Board & Paper division sold 100 % of the shares in the virgin fiber-based cartonboard mills Mayr-Melnhof Eerbeek B.V., Netherlands, and Baiersbronn Frischfaser Karton GmbH, Germany, to a subsidiary of funds managed by Oaktree Capital Management, L.P. for a purchase price of thous. EUR 110,501. In addition, the buyer settled the existing intercompany loan and cash pool liabilities in the amount of thous. EUR 41,749 to MM. The sale is in line with MM's strategy to focus on new acquisitions and growth investments.

From these disposals, a total income before tax in the amount of thous. EUR 55,545 was recognized in the financial year 2021, which was offset by disposal and subsequent costs of thous. EUR 9,370 (see note 20).

The assets and liabilities transferred at the date of disposal are were follows:

(in thousands of EUR)	Aug. 2, 2021
Property, plant and equipment	(80,046)
Intangible assets	(385)
Deferred tax assets	(3,542)
Inventories	(26,760)
Trade receivables	(29,840)
Prepaid expenses and other current assets	(3,386)
Cash and cash equivalents	(4,646)
Provisions for non-current liabilities and charges	10,438
Financial liabilities	1,200
Trade liabilities	25,748
Prepaid expenses, other current liabilities and provisions	56,263
Net assets	(54,956)

In addition, there were further insignificant changes in individual subsidiaries.

5.3 Other significant events in 2022

In the division MM Board & Paper, restructuring measures were decided at MM Kolicvevo d. o. o., Slovenia, in the financial year 2022. A comprehensive evaluation of the general conditions has shown that an economic continuation of production on the smaller cartonboard machine 2 (BM2) is not possible. The cartonboard machine was shut down at the beginning of November 2022. In mid-November, the MM Group completed the reorganization after the restructuring proposal and the social plan were accepted in cooperation with the social partners. In the course of the termination of production, an impairment of property, plant and equipment of the site in the amount of thous. EUR 12,970 was recognized. Furthermore, expenses for impairments of inventories and a social plan as well as subsequent costs were incurred. In total, expenses in the amount of thous. EUR 24,627 arose from the shutdown and were recognized in cost of sales.

In 2021, MM launched the most extensive investment program to date, comprising a large number of projects focusing on growth, cost efficiency and technological innovation at major competitive sites of both divisions. In 2022, these measures could already contribute to further organic growth in the Packaging division. In contrast, the largest investments to date in state-of-the-art technology, product development and sustainability will be implemented in 2023 in the division MM Board & Paper at the sites Frohnleiten, Neuss and Kolicvevo.

5.4 Other significant events in 2021

In 2021, the division MM Packaging has fully completed the closure of the Bielefeld site of MM Graphia Bielefeld GmbH due to necessary market-related structural adjustment measures. This mainly resulted in expenses for impairment of inventories and for the social plan, which impacted the Group's profit before tax in the amount of thous. EUR 20,111. Furthermore, carrying amounts of thous. EUR 5,076 were reclassified to "Non-current assets held for sale".

In addition, there were other restructuring measures in 2021 which were not of significance for the Group.

6 DEVELOPMENT OF FIXED ASSETS

6.1 Property, plant and equipment including leases

Property, plant and equipment

Property, plant and equipment are recognized at acquisition or manufacturing cost less accumulated depreciation and impairment. Depreciation expense is recognized applying the straight-line method over the following estimated useful lives:

Buildings	10 – 50 years
Technical equipment and machines	3 – 20 years
Other equipment, fixtures and fittings	3 – 20 years

The Group capitalizes significant renewal investments and leasehold improvements. Generally, costs resulting in a prolongation of utilization or in an increase in future utilization of assets are capitalized. Current costs of maintenance and repairs are recognized as expenses as incurred.

The costs of internally generated assets include the respective direct costs as well as attributable material and manufacturing overhead costs including depreciation.

Borrowing costs that are directly attributable to the acquisition, construction or manufacturing of a qualifying asset are capitalized as part of the cost of that asset. All other borrowing costs are recognized in profit or loss in the period in which they are incurred. In the financial year 2022, in the course of comprehensive investment measures in the division MM Board & Paper, interest on borrowings in the amount of thous. EUR 1,271 (2021: thous. EUR 0) were capitalized. For non-specific financing, a Group-wide interest rate of 2.0 % was applied.

Development of property, plant and equipment 2022

(in thousands of EUR)	Lands, similar land rights and buildings	Technical equipment and machines	Other equipment, fixtures and fittings	Construction in progress	Property, plant and equipment
ACQUISITION OR MANUFACTURING COSTS:					
Balance at Jan. 1, 2022	767,901	1,990,756	160,756	149,439	3,068,852
Adjustments of the initial application IAS 29	7,742	31,766	2,127	0	41,635
Adjusted balance at Jan. 1, 2022	775,643	2,022,522	162,883	149,439	3,110,487
Effect of exchange rate changes	(5,399)	(12,509)	225	(1,849)	(19,532)
Changes in consolidated companies acquired	99,603	127,756	3,521	0	230,880
Changes in consolidated companies disposed	(21,180)	(53,235)	(5,905)	0	(80,320)
Additions	22,358	105,688	17,356	189,000	334,402
Disposals	(7,575)	(30,210)	(6,707)	(40)	(44,532)
Hyperinflation adjustments	6,102	27,465	4,712	2	38,281
Reclassifications	20,392	49,100	12,739	(116,054)	(33,823)
Balance at Dec. 31, 2022	889,944	2,236,577	188,824	220,498	3,535,843
ACCUMULATED DEPRECIATION AND IMPAIRMENT:					
Balance at Jan. 1, 2022	287,689	1,170,366	119,569	1,197	1,578,821
Adjustments of the initial application IAS 29	3,039	26,843	1,666	0	31,548
Adjusted balance at Jan. 1, 2022	290,728	1,197,209	121,235	1,197	1,610,369
Effect of exchange rate changes	311	(4,649)	335	(2)	(4,005)
Changes in consolidated companies disposed	(11,659)	(26,544)	(4,922)	0	(43,125)
Disposals	(3,035)	(29,242)	(6,284)	0	(38,561)
Depreciation/amortization expense for the year	29,616	125,597	15,885	0	171,098
Impairments	2,918	10,256	1,709	3,168	18,051
Hyperinflation adjustments	2,150	17,413	3,858	0	23,421
Reclassifications	157	(13,573)	(1,203)	0	(14,619)
Balance at Dec. 31, 2022	311,186	1,276,467	130,613	4,363	1,722,629
NET BOOK VALUE:					
Net book value at Dec. 31, 2022	578,758	960,110	58,211	216,135	1,813,214
Net book value at Dec. 31, 2021	480,212	820,390	41,187	148,242	1,490,031

Development of property, plant and equipment 2021

(in thousands of EUR)	Lands, similar land rights and buildings	Technical equipment and machines	Other equipment, fixtures and fittings	Construction in progress	Property, plant and equipment
ACQUISITION OR MANUFACTURING COSTS:					
Balance at Jan. 1, 2021	666,801	1,818,669	186,049	74,552	2,746,071
Effect of exchange rate changes	1,101	(7,101)	(786)	328	(6,458)
Changes in consolidated companies acquired	138,100	325,486	5,722	11,257	480,565
Changes in consolidated companies disposed	(33,415)	(211,214)	(8,242)	(8,769)	(261,640)
Additions	15,264	72,233	9,074	151,225	247,796
Disposals	(20,609)	(46,957)	(14,970)	(35)	(82,571)
Reclassifications	659	39,640	(16,091)	(79,119)	(54,911)
Balance at Dec. 31, 2021	767,901	1,990,756	160,756	149,439	3,068,852
ACCUMULATED DEPRECIATION AND IMPAIRMENT:					
Balance at Jan. 1, 2021	312,301	1,292,788	143,303	1,207	1,749,599
Effect of exchange rate changes	738	(4,253)	(400)	0	(3,915)
Changes in consolidated companies disposed	(21,692)	(154,107)	(5,795)	0	(181,594)
Disposals	(17,988)	(46,457)	(12,373)	(10)	(76,828)
Depreciation/amortization expense for the year	23,881	97,062	13,184	0	134,127
Impairments	0	0	0	0	0
Reclassifications	(9,551)	(14,667)	(18,350)	0	(42,568)
Balance at Dec. 31, 2021	287,689	1,170,366	119,569	1,197	1,578,821
NET BOOK VALUE:					
Net book value at Dec. 31, 2021	480,212	820,390	41,187	148,242	1,490,031
Net book value at Dec. 31, 2020	354,500	525,881	42,746	73,345	996,472

Leases

The Group is a lessee of leases. The tables present additional information for the right-of-use assets by classes of underlying assets:

(in thousands of EUR)	Lands, similar land rights and buildings	Technical equipment and machines	Other equipment, fixtures and fittings	Property, plant and equipment
Balance at Jan. 1, 2022	75,126	8,535	1,617	85,278
Effect of exchange rate changes	(1,838)	(504)	(32)	(2,374)
Changes in consolidated companies acquired	22,013	9,099	188	31,300
Changes in consolidated companies disposed	0	0	0	0
Additions	9,004	2,218	64	11,286
Disposals	0	(322)	(1)	(323)
Depreciation/amortization expense for the year	(9,405)	(5,532)	(796)	(15,733)
Reclassifications	(50)	0	0	(50)
Balance at Dec. 31, 2022	94,850	13,494	1,040	109,384

(in thousands of EUR)	Lands, similar land rights and buildings	Technical equipment and machines	Other equipment, fixtures and fittings	Property, plant and equipment
Balance at Jan. 1, 2021	43,934	2,600	1,576	48,110
Effect of exchange rate changes	34	(138)	65	(39)
Changes in consolidated companies acquired	35,917	6,311	695	42,923
Changes in consolidated companies disposed	(659)	(604)	0	(1,263)
Additions	3,055	2,689	100	5,844
Disposals	(19)	(54)	(43)	(116)
Depreciation/amortization expense for the year	(7,169)	(2,236)	(943)	(10,348)
Reclassifications	33	(33)	167	167
Balance at Dec. 31, 2021	75,126	8,535	1,617	85,278

Disposals of right-of-use assets also include contract adjustments and changes in term assumptions.

6.2 Intangible assets including goodwill

Intangible assets acquired for valuable consideration which are determined to have a finite useful life are capitalized at acquisition cost and amortized on a straight-line basis over the following estimated useful lives:

Concessions, licenses and similar rights	5 – 10 years
Customer relationships and other intangible assets	5 – 21 years

Amortization of intangible assets is recognized based on the nature of the respective intangible assets in cost of sales, selling and distribution as well as administrative expenses.

Development of intangible assets including goodwill 2022

(in thousands of EUR)	Concessions, licenses and similar rights	Goodwill	Customer relationships and other intangible assets	Intangible assets including goodwill
ACQUISITION OR MANUFACTURING COSTS:				
Balance at Jan. 1, 2022	71,732	677,797	271,857	1,021,386
Adjustments of the initial application IAS 29	226	0	0	226
Adjusted balance at Jan. 1, 2022	71,958	677,797	271,857	1,021,612
Effect of exchange rate changes	(521)	(8,257)	(3,041)	(11,819)
Changes in consolidated companies acquired	896	111,732	39,529	152,157
Changes in consolidated companies disposed	0	(23,415)	(11,185)	(34,600)
Additions	3,147	0	0	3,147
Disposals	(5,762)	0	0	(5,762)
Hyperinflation adjustments	212	0	0	212
Reclassifications	20,544	0	0	20,544
Balance at Dec. 31, 2022	90,474	757,857	297,160	1,145,491
ACCUMULATED DEPRECIATION AND IMPAIRMENT:				
Balance at Jan. 1, 2022	53,544	9,038	44,011	106,593
Adjustments of the initial application IAS 29	180	0	0	180
Adjusted balance at Jan. 1, 2022	53,724	9,038	44,011	106,773
Effect of exchange rate changes	(418)	(2)	13	(407)
Changes in consolidated companies disposed	0	0	(2,127)	(2,127)
Disposals	(3,532)	0	0	(3,532)
Depreciation/amortization expense for the year	6,129	0	21,376	27,505
Impairments	4	0	0	4
Hyperinflation adjustments	167	0	0	167
Reclassifications	(9)	0	0	(9)
Balance at Dec. 31, 2022	56,065	9,036	63,273	128,374
NET BOOK VALUE:				
Net book value at Dec. 31, 2022	34,409	748,821	233,887	1,017,117
Net book value at Dec. 31, 2021	18,188	668,759	227,846	914,793

Development of intangible assets including goodwill 2021

(in thousands of EUR)	Concessions, licenses and similar rights	Goodwill	Customer relationships and other intangible assets	Intangible assets including goodwill
ACQUISITION OR MANUFACTURING COSTS:				
Balance at Jan. 1, 2021	67,296	243,508	139,648	450,452
Effect of exchange rate changes	(347)	(2,984)	(1,817)	(5,148)
Changes in consolidated companies acquired	304	437,273	137,793	575,370
Changes in consolidated companies disposed	(860)	0	0	(860)
Additions	4,517	0	0	4,517
Disposals	(6,492)	0	(3,784)	(10,274)
Reclassifications	7,314	0	17	7,331
Balance at Dec. 31, 2021	71,732	677,797	271,857	1,021,386
ACCUMULATED DEPRECIATION AND IMPAIRMENT:				
Balance at Jan. 1, 2021	57,646	9,040	37,419	104,105
Effect of exchange rate changes	(324)	(2)	(1,068)	(1,394)
Changes in consolidated companies disposed	(550)	0	0	(550)
Disposals	(6,490)	0	(3,784)	(10,274)
Depreciation/amortization expense for the year	3,399	0	11,427	14,826
Impairments	0	0	0	0
Reclassifications	(137)	0	17	(120)
Balance at Dec. 31, 2021	53,544	9,038	44,011	106,593
NET BOOK VALUE:				
Net book value at Dec. 31, 2021	18,188	668,759	227,846	914,793
Net book value at Dec. 31, 2020	9,650	234,468	102,229	346,347

In the financial year 2022, depreciation, amortization and impairment expenses recorded under “Property, plant and equipment” and “Intangible assets including goodwill” amounted to thous. EUR 216,658 (2021: thous. EUR 148,953). The amortization and impairment of the position “Intangible assets including goodwill” is recorded mainly for assets related to customer relationships and is included in selling and distribution expenses as well as for software licences which are recognized in cost of sales, selling and distribution as well as administration expenses.

There was no pledge right implied on the Group’s property to secure the liabilities.

6.3 Recoverability of non-current assets

A recoverability evaluation of non-current assets is performed as soon as events have occurred or circumstances have changed, indicating that the carrying amount of an asset or a group of assets could exceed its recoverable amount. In such a case, the carrying amount of the asset or the group of assets is compared to the higher of fair value less costs to sell or its present value of estimated future cash flows from use of the asset. The impairment loss resulting from the comparison of the carrying amounts with the recoverable amount is allocated proportionally to the assets based on the carrying amounts of each asset. The individual assets are not to be reduced below their fair value less costs to sell. If the reason for an impairment no longer exists, a reversal has to be conducted.

Property, plant and equipment and intangible assets with a finite useful life

Property, plant and equipment and intangible assets with a finite useful life are recognized at acquisition or manufacturing cost less accumulated depreciation and impairment and depreciated over their useful lives. Based on external and internal information sources, the Group monitors events and changed circumstances indicating that those assets could have been impaired (e. g., technical or physical obsolescence of assets or unscheduled downtimes as well as changed economic circumstances).

As soon as such events have occurred or circumstances have changed, the value in use is determined for the concerned cash generating unit based on the present value of estimated future cash flows (Free Cash Flows) before taxes using the discounted cash flow method. If and when necessary, external expert opinions for determining the fair value less costs to sell are additionally obtained. If, based on this procedure and these underlying assumptions, the recoverable amount (value in use or fair value less costs to sell) is lower than the respective book value of the group of assets, the difference is recorded as impairment.

Due to the geopolitical and economic situation in Europe in the financial year 2022 and the resulting sharp increase in capital costs for cash-generating units in various countries, the Group has performed an impairment test in which the increased raw material and energy prices as well as higher discount rates represent an indicator for potential impairment. Based on the information currently available, the Group does not expect any significant negative effects on the future detailed budget and cash flows of its cash-generating units and therefore there was no need for impairment.

In the course of the restructuring measures at the Kolicevo site, an impairment on property, plant and equipment of thous. EUR 12,970 was recognized in cost of sales (see note 5.3). Residual book values on buildings were fully depreciated, machinery to its fair value less costs to sell. In addition, at another cartonboard mill in Germany as well as at some packaging sites, impairments of individual machinery and equipment due to technical obsolescence and underutilization in the total amount of thous. EUR 5,085 occurred.

As in the previous year, impairments of thous. EUR 2,991 (2021: thous. EUR 2,395) had to be recognized at the Bielefeld and Hirschwang sites in connection with “non-current assets held for sale” as the fair value less costs to sell was reassessed.

Goodwill

Goodwill is recognized at acquisition cost and is not amortized but tested for impairment on an annual basis as of December 31 or when there is an indication that a significant impairment may exist.

Goodwill allocation

Goodwill within the Group is monitored at the level of the operating segments MM Board & Paper and MM Packaging (see note 19). The impairment test is carried out at this organizational level. Goodwill is allocated to the operating segments as follows:

(in thousands of EUR)	Dec. 31, 2022	Dec. 31, 2021
Goodwill MM Board & Paper	433,557	439,484
Goodwill MM Packaging	315,264	229,275
Goodwill Group	748,821	668,759

Any possible impairment will be recorded in the amount by which the book value of the respective operating segment including the respective goodwill assigned to this segment exceeds the recoverable amount. The recoverable amount is defined as the higher of value in use and fair value less cost to sell of the Group's respective cash generating units. For the impairment test, the respective recoverable amount is determined based on the calculation of value in use for each operating segment.

Calculation of value in use

Value in use is determined for the respective operating segment based on the present value of estimated future cash flows (Free Cash Flows) before taxes using the discounted cash flow method (DCF method) based on the following underlying assumptions (parameters):

Discount rate	The discount rate represents the weighted average cost of capital (WACC) of the Group before taxes, and, for the current financial year, it amounts to 11.59 % (2021: 9.46 %) for the segment MM Board & Paper and to 13.94 % (2021: 12.25 %) for the segment MM Packaging. Cost of equity is derived from a general risk premium for which the Group's specific risk premium is taken into consideration by applying the beta factor as well as country-specific risk indicators. The beta factor and cost of debt are derived from peer-group capital market information.
The detailed forecast period	The detailed forecast period is five years (2021: five years). The last planned year is also used for the cash flow calculation hereafter and modified using further assumptions for the terminal value.
Free Cash Flow	The free cash flows in the detailed forecast period are based on the estimates of the medium-term corporate planning of the two segments, which was approved by the Supervisory Board. This includes assumptions about volume and earnings developments which were derived from external forecasts, historical experience, and internal management projections of the market environment, such as material and selling prices, and internal input factors, such as investment and personnel planning.
Growth rate	For the free cash flows after the five year detailed forecast period a continuous growth rate of 1.5 % p. a. (2021: 1.5 % p. a.) including a retention rate is considered.
EBITDA margin/Cost development	Based on the expectation of the Company, a stable EBITDA margin and fixed cost development is assumed. Planned capital expenditures are offset by depreciation and amortization in an appropriate amount.

If, based on this procedure and these underlying assumptions, the recoverable amount (value in use) is determined to be lower than the respective book value of the cash generating operating segment including the respective goodwill assigned, the difference is recorded as impairment.

The Group has conducted its annual impairment test as of December 31, 2022 and December 31, 2021. Neither in 2022 nor in 2021 an impairment on goodwill was recognized on this basis.

Sensitivity of underlying assumptions

Regarding the underlying parameters for calculating the value in use, the above stated assumptions were met. From today's perspective, after due deliberation, no significant changes of one or more underlying assumptions used for determining the value in use of both operating segments are expected, which would result in the book value of the respective operating segments including goodwill assigned to this segment exceeding the recoverable amount in the following financial year.

The respective pre-tax discount rate according to which the value in use would equal the book value as of December 31, 2022 amounts to 12.92 % (December 31, 2021: 11.28 %) for the operating segment MM Board & Paper and to 15.56 % (December 31, 2021: 14.69 %) for the operating segment MM Packaging.

A decrease in free cash flows by 5.0 % points or in growth rate by 0.5 % points would not have led to any impairment, neither as of December 31, 2022 nor as of December 31, 2021, for both operating segments.

Further sensitivity analyses of reasonably possible changes in the underlying assumptions of the CGUs MM Board & Paper and MM Packaging included:

- 3 % price increase for fibers or 5 % increase in energy costs in the CGU MM Board & Paper.
- 3 % price increase for cartonboard or 5 % increase in energy costs in the CGU MM Packaging.

None of these sensitivity analyses resulted in the need for impairment.

As of December 31, 2022, the Group's market capitalization amounted to thous. EUR 3,024,000 (December 31, 2021: thous. EUR 3,532,000) and the book value of equity amounted to thous. EUR 1,959,351 (December 31, 2021: thous. EUR 1,661,878).

7 FINANCIAL INSTRUMENTS DISCLOSURES

7.1 Classification and measurement of financial instruments

Financial instruments comprise financial assets and financial liabilities and are recognized in different categories which determine the respective measurement method and thus also the resulting type of income and expense. Below, the financial instruments are assigned to the respective categories. Afterwards, the carrying amounts included in the balance sheet that correspond to the respective categories are presented. In conclusion, the income and expenses resulting from the different categories are shown.

Financial assets of the Group comprise securities, other financial assets, loans, trade receivables, other receivables and assets (except for certain positions which do not represent financial instruments, such as receivables regarding taxes and other charges), cash and cash equivalents as well as derivative financial instruments with a positive balance.

Financial assets are classified and measured as follows:

Category	Examples in MM Group
At amortized cost	Trade receivables, cash and cash equivalents
At fair value through other comprehensive income	-
At fair value through profit or loss	Derivatives

The categories of financial assets are explained in greater detail below.

A financial asset shall be measured at amortized cost if both of the following conditions are met:

- The financial asset is held within a business model whose objective is to hold financial assets in order to collect contractual cash flows.
- The contractual terms of the financial asset give rise to cash flows on specified dates that are solely payments of principal and interest on the principal amount outstanding.

The Group classifies trade accounts receivable and all other financial receivables in this category. In addition, all cash and cash equivalents, such as fixed deposits, are classified in this measurement category.

A debt instrument that meets the following two conditions is measured at fair value through other comprehensive income (as items that will subsequently be reclassified to the income statement):

- The financial asset is held within a business model whose objective is achieved by both collecting contractual cash flows and selling financial assets.
- On specified dates, the contractual terms of the financial asset give rise to cash flows that are solely payments of principal and interest on the principal amount outstanding.

The Group does not hold debt instruments that are measured at fair value through other comprehensive income.

A financial asset that is not measured at amortized cost or at fair value through other comprehensive income shall be valued at fair value through profit or loss. This includes, for example, debt instruments held which do not meet the two business model conditions (e. g., trading portfolio) and/or whose cash flows are not solely payments of principal and interest.

Investments in equity instruments (shareholdings) are basically measured at fair value through profit or loss, if, at their initial recognition, they are not irrevocably designated as at fair value through other comprehensive income, provided that they are not held for trading. However, in limited circumstances, cost may be an appropriate estimate of fair value for (non-listed) equity instruments. This may be the case if insufficient current information is available to measure fair value or if there is a wide range of possible fair value measurements and cost represents the best estimate of fair value within that range. In the Group, there are equity investments in unconsolidated companies. In general, these are to be measured at fair value. The acquisition costs, however, represent an appropriate estimate of fair value. Due to the minor importance of these entities, particularly with regard to their low business volume and their significance for the Group, fair value has not been calculated.

In the Group, derivative financial assets with a positive fair value and certain securities are classified as at fair value through profit or loss.

Recognition and derecognition

A regular purchase or sale of financial assets is recognized using the trade date, i. e., the day on which the Group commits itself to purchasing or selling the asset. Financial assets are derecognized when the rights for payment have been transferred or expired and the Group has transferred considerable risks and rewards associated with ownership.

Measurement

Financial assets classified in the category “at amortized cost” are initially measured at fair value plus transaction costs. At their initial recognition, trade receivables are measured at their transaction price, if they do not contain a significant financing component. In the Group, financial assets are not valued in accordance with the effective interest rate method, thus there is no result recorded from this method in the comprehensive income.

Financial assets classified as “at fair value through profit or loss” are first measured at their fair value; associated transaction costs are directly recognized in profit and loss.

In subsequent periods, financial assets are evaluated either at amortized costs or at their fair value through profit and loss.

Impairment

Financial assets are assessed at the end of each reporting period to determine whether an impairment exists. The impairment model of IFRS 9 is based on the premise of providing for expected losses. The Group has implemented a framework for determining simplified expected credit losses from trade receivables in accordance with IFRS 9, which provides reliable results by using suitable parameters based on historical defaults. A detailed description of the model can be found in this note under section c) under credit and default risk.

The Group considers the other financial assets as insignificant regarding potential impairment.

Financial liabilities of the Group comprise interest-bearing financial liabilities, lease liabilities, trade liabilities, other liabilities (except for certain positions which do not represent financial instruments, such as liabilities regarding taxes and other charges) as well as derivative financial liabilities with a negative balance.

Financial liabilities are classified and measured as follows:

Category	Examples in MM Group
At fair value through profit or loss	Derivatives, contingent purchase price liability
At fair value through other comprehensive income	Gas supply contracts (cash flow hedge)
At amortized cost	Financial liabilities, trade liabilities

Financial liabilities measured at fair value through profit and loss or through other comprehensive income (OCI) are initially recorded at their fair value, transaction costs are directly recognized in profit and loss. At their initial recognition, financial liabilities valued at amortized cost are measured at their fair value net of transaction costs.

In subsequent periods, financial liabilities are evaluated either at amortized costs, using the effective interest method, or at their fair value through profit and loss or through other comprehensive income.

The following table shows in which category financial assets included in the balance sheet are recognized respectively by which method these financial instruments are measured:

(in thousands of EUR)	At fair value through profit and loss	At amortized cost ²⁾	Total
	Carrying amount at Dec. 31, 2022		
Securities and other financial assets ¹⁾	1,798	4,454	6,252
Trade receivables	0	695,242	695,242
Other receivables and assets incl. derivatives ³⁾	3,895	36,003	39,898
Cash and cash equivalents	0	280,063	280,063
Total	5,693	1,015,762	1,021,455
	Carrying amount at Dec. 31, 2021		
Securities and other financial assets ¹⁾	1,840	905	2,745
Trade receivables	0	541,603	541,603
Other receivables and assets incl. derivatives ³⁾	4,441	15,304	19,745
Cash and cash equivalents	0	359,546	359,546
Total	6,281	917,358	923,639

¹⁾ For measurement of "other financial assets" classified as "at fair value through profit and loss", see note 7.5.

²⁾ The reported amounts regarding financial assets measured at amortized cost represent a proper approximation to the fair value.

³⁾ see note 12

The following table shows in which category financial liabilities included in the balance sheet are recognized and by which method these financial instruments are measured:

(in thousands of EUR)	At fair value through profit and loss	At fair value through OCI	At amortized cost ¹⁾	Total
Carrying amount at Dec. 31, 2022				
Interest-bearing financial liabilities	0	0	1,651,288	1,651,288
Lease liabilities	0	0	110,301	110,301
Trade liabilities	0	0	499,677	499,677
Other liabilities incl. derivatives ²⁾	9,890	29,666	33,632	73,188
Total	9,890	29,666	2,294,898	2,334,454

(in thousands of EUR)	At fair value through profit and loss	At fair value through OCI	At amortized cost ¹⁾	Total
Carrying amount at Dec. 31, 2021				
Interest-bearing financial liabilities	0	0	1,338,312	1,338,312
Lease liabilities	0	0	84,765	84,765
Trade liabilities	0	0	437,726	437,726
Other liabilities incl. derivatives ²⁾	5,957	0	36,952	42,909
Total	5,957	0	1,897,755	1,903,712

¹⁾ The reported amounts regarding financial liabilities measured at amortized cost represent a proper approximation to the fair value. The fair value of fixed-interest financial liabilities can be found in note 14.1.

²⁾ incl. interest accruals from financial liabilities (see note 17)

The following table shows the types of income and expenses from financial assets assigned to categories and measurement methods, respectively:

(in thousands of EUR)	At fair value through profit and loss	At amortized cost	Total
Income and expense 2022			
In profit for the year	(205)	1,269	1,064
Interest/dividends received	408	4,250	4,658
Fair value/carrying amount changes	(613)	(2,981)	(3,594)
In other comprehensive income	0	0	0
Change in fair value	0	0	0
Net profit/loss	(205)	1,269	1,064

(in thousands of EUR)	At fair value through profit and loss	At amortized cost	Total
Income and expense 2021			
In profit for the year	2,364	2,474	4,838
Interest/dividends received	606	3,319	3,925
Fair value/carrying amount changes	1,758	(845)	913
In other comprehensive income	0	0	0
Change in fair value	0	0	0
Net profit/loss	2,364	2,474	4,838

The following table shows the types of income and expenses from financial liabilities assigned to categories and measurement methods, respectively:

(in thousands of EUR)	At fair value through profit and loss	At fair value through OCI	At amortized cost	Total
Income and expense 2022				
In profit for the year	3,449	0	(32,227)	(28,778)
Interest	0	0	(32,149)	(32,149)
Fair value/carrying amount changes	3,449	0	(78)	3,371
In other comprehensive income	0	(29,666)	0	(29,666)
Change in fair value ¹⁾	0	(29,666)	0	(29,666)
Net profit/loss	3,449	(29,666)	(32,227)	(58,444)
Income and expense 2021				
In profit for the year	(3,332)	0	(24,068)	(27,400)
Interest	0	0	(24,369)	(24,369)
Fair value/carrying amount changes	(3,332)	0	301	(3,031)
In other comprehensive income	0	0	0	0
Change in fair value	0	0	0	0
Net profit/loss	(3,332)	0	(24,068)	(27,400)

¹⁾ There is an unrealized day one gain of thous. EUR 63,427 in the context of hedge accounting.

7.2 Derivatives

The Group recognizes derivative financial instruments as financial assets or liabilities measured at their fair value. These hedging relationships established to secure cash flows or fair values related to single underlying transactions reduce the currency risk or procurement risk in the Group.

Thereby foreign exchange forward, swap and option contracts are used in order to mitigate the short-term effects of exchange rate fluctuations.

The most important foreign currencies for which the Group protects itself against fluctuation effects are the British Pound, the US Dollar as well as the Euro for the companies with functional currencies other than the Euro. The changes in market values of these derivatives are recognized in "Foreign currency exchange rate gains (losses) - net" (see note 27). The settlement of these transactions and the trade are generally executed by Corporate Treasury.

As of December 31, 2022, the Group had concluded foreign exchange forward and swap contracts with a nominal value of receivables of thous. EUR 506,421 (December 31, 2021: thous. EUR 357,917) and liabilities of thous. EUR 505,854 (December 31, 2021: thous. EUR 359,310) with a positive total market value of thous. EUR 1,471 (December 31, 2021: negative total market value of thous. EUR 1,516).

The derivative financial instruments related to forward exchange contracts are recorded in the consolidated balance sheet under “Prepaid expenses and other current assets” as current assets in the amount of thous. EUR 3,895 (December 31, 2021: thous. EUR 4,441) and under “Deferred income and other current liabilities” as current liabilities in the amount of thous. EUR 2,424 (December 31, 2021: thous. EUR 5,957).

In the financial year 2022, hedge accounting according to IFRS 9 was applied for the first time. MM Kotkamills in Finland was unable to consume the contractually hedged minimum purchase volumes of gas at fixed prices due to shutdowns, which resulted in a resale of the surplus and thus the elimination of the own-use exemption as of July 1, 2022. Therefore, in this context, a hedging transaction was designated as of July 1, 2022 (“cash flow hedge”), which was valued based on the expected purchase volumes for underlying gas contracts in 2023 and the TTF future prices available at the designation date. This resulted in an unrealized day one gain in the amount of thous. EUR 63,427, which serves as the measurement basis for the fair value.

As of December 31, 2022, the unadjusted fair value amounts to thous. EUR 33,761 based on the TTF future prices effective at the reporting date. Consequently, the Group recognizes the valuation effect in the amount of thous. EUR -29,666 in other comprehensive income, which is contrasted by a financial liability in the same amount. In this context, there were no significant ineffectivities.

7.3 Financial Risk Management

The Group is exposed to various financial risks arising from its operating activities and the structure of its financing. These financial risks include primarily credit risk, liquidity risk, currency risk, and risk of interest rate changes. These risks are limited using centralized risk management which is applied throughout the Group. The identification, analysis, and evaluation of financial risks as well as the decisions concerning the application of financial instruments to manage these risks are basically carried out by the Group’s headquarters.

Credit and default risk

Credit risk is the risk arising from a non-fulfilment of contractual obligations by business partners, which may result in losses. The immanent risk of default of business partners resulting from the underlying transaction is widely hedged in the Group by credit risk insurance, bank guarantees, and letters of credit. The criteria to be applied for credit ratings are based on contractual agreements with credit insurance institutions and are defined by internal guidelines.

Credit and default risks are continuously monitored; existing and identifiable risks are provided for by recording appropriate allowances or provisions. For the assessment of the overall risk, existing insurance coverage, possible guarantees, and letters of credit are taken into consideration. Financial instruments which may in certain cases cause a concentration of financial risks within the Group comprise primarily cash and cash equivalents and trade receivables. Trade receivables derive from a broad and diversified customer base with different credit ratings. The financial risk arising from customers is monitored by ongoing credit rating assessments. Additionally, the Group concludes credit insurance contracts in order to cover losses arising from certain potentially non-collectible receivables and goods that have already been produced.

Furthermore, the Group forms allowances based on the expected loss of the total volume of receivables. If trade accounts receivable are insured against default and if an allowance becomes necessary, only the amount not covered by insurance is to be recognized. The Group reports single or specific lump-sum allowances, respectively at Group level the expected credit loss model according to IFRS 9 is applied. The impairment model is based on the premise of providing for expected losses. The Group has implemented a framework for determining simplified expected credit losses from trade receivables in accordance with IFRS 9, which provides reliable results by using suitable parameters based on historical defaults. For the measurement, the Group applies a simplified approach using an allowance matrix which considers probability-weighted total credit losses ("life-time expected credit loss model"). The calculation of estimated expected credit losses is based on actual credit loss experiences over the past four years separately for the regions Europe, the Americas, as well as Asia and MENA. The inclusion of forward-looking information in the determination is taken into account by using CDS spreads for the calculation, as they reflect the future default risk. The Group considers the other financial assets as insignificant in view of a potential impairment.

As a result of the broad and diversified customer base and the existing credit insurance contracts, there is no concentrated risk of default. There are mainly trade receivables against customers with credit insurance and customers with very good creditworthiness; accordingly, bad debt losses were insignificant in the past.

The Group also uses foreign exchange forward, swap and option contracts. All the respective contract partners are renowned international financial institutions with which the Group has ongoing business relations. Therefore and due to the short-term maturities of these hedges, the Group considers the risk of non-fulfilment by a contract partner and the related risk of loss as low.

Money market investments are concluded with corporate banks with investment-grade ratings.

The carrying amounts of financial assets reflect the theoretical maximum default risk.

Liquidity risk

The liquidity risk is referred to as the risk of having to raise the required funds at any time in order to settle the amounts payable in due course. The Group's financing policy is oriented towards long-term financial planning and is managed centrally and monitored constantly. Based on well-timed liquidity management, sufficient liquidity of all the Group's subsidiaries is provided for by the availability of adequate cash and cash equivalents as well as unused credit lines available. The companies of the MM Group are financed mostly internally. Consequently, inter-company credit lines and a cash-pooling system with financial limits are available. Liquidity risk is thus assessed as low.

The following table shows the undiscounted future cash outflows arising from interest-bearing financial liabilities, lease liabilities, trade liabilities, payment obligations and payment entitlements arising from derivative financial instruments as well as interest for interest-bearing financial liabilities and lease liabilities based on the remaining maturity as of the balance sheet date or referred to the contractually agreed maturity.

(in thousands of EUR)	Up to 3 months	3 months up to 1 year	1 – 2 years	2 – 5 years	Over 5 years
Balance at Dec. 31, 2022					
Interest-bearing financial liabilities	0	70,288	149,125	330,125	1,101,750
Interest for interest-bearing financial liabilities	16,864	11,387	25,080	58,904	124,006
Lease liabilities	5,087	12,175	13,247	24,676	55,116
Interest for lease liabilities	942	2,660	3,104	7,066	12,202
Trade liabilities	486,495	12,812	0	370	0
Payment obligations from derivative financial instruments	499,068	6,786	0	0	0
Payment entitlements for derivative financial instruments	(499,421)	(7,000)	0	0	0
Balance at Dec. 31, 2021					
Interest-bearing financial liabilities	22,607	40,609	96	324,500	950,500
Interest for interest-bearing financial liabilities	14,577	6,285	20,734	58,224	98,838
Lease liabilities	3,466	7,321	9,444	14,468	50,066
Interest for lease liabilities	593	1,722	2,119	5,532	45,914
Trade liabilities	423,493	14,233	0	0	0
Payment obligations from derivative financial instruments	359,310	0	0	0	0
Payment entitlements for derivative financial instruments	(357,917)	0	0	0	0

The Group recognizes factoring transactions since the acquisition of MM Kotkamills in 2021. Thereby, trade receivables are transferred to a bank against cash and cash equivalents. The receivables are fully derecognized, as all opportunities and risks associated with the sold receivables are transferred. In addition to factoring, the Group has also entered into single supply chain financing agreements with customers in order to optimize liquidity in working capital management.

As of the balance sheet date, the Group records a financial liability in the amount of thous. EUR 29,666 as a result of the initial application of hedge accounting. As this financial derivative results in a day one gain of thous. EUR 63,427 and contrasts with the financial liability, it is assumed that there is no liquidity risk at this point in time.

Currency risk

Currency risk is the risk arising from changes in the value of financial instruments due to exchange rate fluctuations. This risk exists when business transactions are processed in currencies other than the functional (local) currency of the Company. This is particularly the case for business relations to customers and suppliers in the British Pound, the US Dollar and the Euro, from the perspective of companies which do not have the Euro as their functional currency. The respective currency risks are, as far as possible, reduced by matching business transactions in similar currencies and by price adjustment mechanisms in longer-term agreements as well as foreign exchange forward, swap and option contracts.

Provided that currencies related to current and non-current financial receivables and financial liabilities as of December 31, 2022 (December 31, 2021) stated below changed by the below-stated percentage ("volatility"), assuming that all other variables remained constant, the profit for the year and hence equity would have increased or decreased by the following values.

Currency	Volatility	Impact on profit for the year and equity in thousands of EUR	
		2022	2021
EUR ¹⁾	+/- 5 %	+/- 327	-/+ 1,565
GBP	+/- 5 %	- /+ 52	+ /- 194
USD	+/- 5 %	- /+ 257	- /+ 121

¹⁾ From the perspective of companies which do not have the Euro as functional currency.

Interest rate risk

The interest rate risk is referred to as the risk arising from changes in market interest rates which can result in a fluctuation of the values of balance sheet items or a fluctuation in cash flows. For balance sheet items with fixed interest, the risk consists mainly in fluctuations in value (price risk); when the market interest rate changes, the (present) value of financial instruments with fixed interest payments will also change. Due to these value fluctuations, profit or loss can arise; these are particularly realized when the financial instrument is sold before maturity. For balance sheet items with a variable interest rate, there is mainly the risk of fluctuating cash flows. In case the market interest rate changes, the amount of interest receivable or payable from financial instruments with variable interest payments will also change. Such changes would alter the ongoing interest payments and thus also interest income and expense. As of December 31, 2022, the Group is financed via financial liabilities with variable as well as fixed interest rates and holds almost only financial assets with variable interest rates.

If the interest rates as of December 31, 2022 (December 31, 2021) had been higher or lower by hundred basis points (i. e., 1 %), assuming that all other variables remained constant, the profit for the year and hence equity would have increased or decreased for the whole year as follows:

	Change in interest rate	Impact on profit for the year and equity in thousands of EUR	
		2022	2021
Financial assets with variable interest	+/- 1 %	+/- 519	+/- 531
Financial liabilities with variable interest	+/- 1 %	-/+ 5,313	-/+ 2,726

7.4 Capital management

Capital employed includes the equity of the Group and interest-bearing financial liabilities less cash and cash equivalents.

Capital management aims in particular at ensuring an equity to total assets ratio that is appropriate for the long-term economic development of the Group, taking into consideration a continuous dividend policy, as well as to ensure the necessary liquidity reserves

Equity and total assets as of December 31, 2022 and December 31, 2021 amounted to:

(in thousands of EUR)	Dec. 31, 2022	Dec. 31, 2021
Total equity	1,959,351	1,661,878
Total assets	4,818,638	4,014,218
Equity ratio	40.7 %	41.4 %

The aim of capital management is an equity ratio ranging from 35 % to 50 %. The Company fulfils legal and statutory minimum capital requirements. Mayr-Melnhof Karton AG is subject to the minimum capital requirements of the Austrian Stock Corporation Act. The Articles of Association do not stipulate capital requirements.

Net debt is calculated as of December 31, 2022 and December 31, 2021 as follows:

(in thousands of EUR)	Dec. 31, 2022	Dec. 31, 2021
Cash and cash equivalents	280,063	359,546
Financial liabilities	(1,761,589)	(1,423,077)
Net debt	(1,481,526)	(1,063,531)

There are financial covenants partly agreed on with lenders for the interest-bearing financial liabilities. The financial covenants are mainly related to the equity ratio and the net debt to EBITDA ratio. Mayr-Melnhof Karton AG has complied with all of these clauses in the financial year.

7.5 Measurement at fair value

The amounts of financial assets and financial liabilities which are recognized at fair value are as follows:

(in thousands of EUR)	Dec. 31, 2022	Dec. 31, 2021
Financial assets:		
Derivative financial instruments (level 2)	3,895	4,441
Securities (level 1)	283	350
Financial liabilities:		
Derivative financial instruments (level 2)	2,424	5,957
Contingent purchase price liability (level 3)	7,466	0
Gas supply contracts (level 3) ¹⁾	29,666	0

¹⁾ There is an unrealized day one gain of thous. EUR 63,427 in the context of hedge accounting.

Measurement methods

The Group applies the following hierarchy to determine the measurement method and to identify the fair value of financial instruments, depending on the availability of information about market prices:

Availability of information, sorted by level	Measurement method used
Level 1 – Quoted market prices are available	Measurement based on quoted market prices for similar financial instruments
Level 2 – Quoted market prices for identical instruments are not available, but all necessary measurement inputs can be derived from active markets	Measurement based on measurement methods using directly or indirectly observable market data
Level 3 – There are no (derived) market prices available	Measurement based on valuation models by using input factors, which cannot be observed on the market

The fair value of securities (level 1 measurement) is determined based on the prices quoted on active markets.

The fair value of derivative financial instruments (level 2 measurement) is mostly determined on the basis of spot prices as of the balance sheet date, taking into account forward premiums or discounts with relevant maturity.

In addition, there are financial instruments measured at fair value based on parameters for which no observable market data exist (level 3 measurement). As part of the acquisition of Eson Pac, a contingent purchase price liability was recognized in the Group, the calculation of which is based on the current estimated EBITDA 2022 according to local law.

The valuation of the hedge of commodity price risks (“cash flow hedge”) is based on the expected purchase volumes (level 3 parameters) for underlying gas contracts in 2023 and the TTF future prices available at the valuation date. No significant variability in purchase volumes is expected.

As of December 31, 2022, other financial assets classified as “at fair value through profit or loss” include investments in unconsolidated companies in the amount of thous. EUR 1,515 (December 31, 2021: thous. EUR 1,490). In general, these must be measured at fair value. However, cost represents an appropriate estimate of fair value. Due to the minor importance of these entities, particularly with regard to their low business volume and their significance to the Group, fair value has not been calculated.

8 INVESTMENTS ACCOUNTED FOR USING THE EQUITY METHOD, SECURITIES, AND OTHER FINANCIAL ASSETS

Investments in associated companies

Investments in associated companies in which the Group has the ability to exercise significant influence but no dominant control over their operating and financial policies are accounted for using the equity method and are primarily recognized at their acquisition costs. This is generally the case when the voting interest is between 20 % and 50 %. Additionally, the Group also has investments in associated companies which are not measured using the equity method. In general, these are to be measured at fair value. The acquisition costs, however, represent an appropriate estimate of the fair value or the amount is immaterial for the Group.

Investments in joint ventures

Investments in joint ventures are accounted for using the equity method and are primarily recognized at their acquisition costs. A joint venture is an arrangement in which the Group has joint control, whereby the Group has rights to the net assets of the arrangement, rather than rights to its assets and obligations for its liabilities.

Securities

The Group measures its securities mostly at fair value through profit and loss. Premiums and accretions of discount of debt securities are allocated over their maturity period and are included in the income statement under the positions “financial income” or “financial expenses”.

Securities are to be classified as non-current if they are not going to be sold or not intended to be sold within 12 months of the balance sheet date. Otherwise, they must be classified as current. Currently the Group does not hold any current securities.

Other financial assets

Other financial assets comprise other investments, loans, and other financial investments. Other investments are defined as part of the category “at fair value through profit and loss”. However, cost represents an appropriate estimate of the fair value and the amount is of low significance for the Group.

The carrying amounts of investments in associated companies and joint ventures, non-current securities, and other financial assets consist of:

(in thousands of EUR)	Dec. 31, 2022	Dec. 31, 2021
Liability insurance not pledged to beneficiaries	4,156	784
Investments in joint ventures	3,597	3,173
Investments in associated companies	3,304	2,497
Other investments	1,515	1,490
Non-current securities	480	471
Other loans	101	0
Investments accounted for using the equity method, securities and other financial assets	13,153	8,415

As of December 31, 2022 non-current securities of the Group comprised investment funds and fixed-interest-bearing securities in the amount of thous. EUR 480 (December 31, 2021: thous. EUR 471).

The Group holds 45 % of shares in Société Tunisienne des Emballages Modernes (STEM), Tunis, Tunisia (see note 33). The shares in this company represent an individually immaterial associated company that is accounted for using the equity method.

The Group holds 40 % of shares in Zhejiang TF Special Papers Co., Ltd., Quzhou City, China (see note 33). Decisions on relevant activities must be made unanimously. The shares in this company thus represent a joint venture that is individually immaterial and accounted for using the equity method.

The following table summarizes the financial information:

(in thousands of EUR)	Investments in associated companies		Investments in joint ventures	
	2022	2021	2022	2021
Share of result for the year ¹⁾	842	491	534	229
Share of other comprehensive income ²⁾	(35)	23	(110)	307
Share of total comprehensive income	807	514	424	536
Total carrying amounts of the Group's shares	3,247	2,440	3,597	3,173

¹⁾ recognized in "other financial result - net"

²⁾ share of currency translations in the consolidated comprehensive income statement

9 INCOME TAXES

Income taxes are recognized in profit and loss unless they are associated with positions directly recognized in equity or other comprehensive income of total comprehensive income. In this case, income taxes are also recorded in equity or other comprehensive income of total comprehensive income.

Current tax expense of the period comprises current and deferred taxes and is recognized according to the tax regulations of the countries in which the subsidiaries are active and generate their taxable income.

Deferred tax assets and liabilities are recognized for all temporary differences between tax and the consolidated balance sheet. Deferred taxes are evaluated using the tax rates which are already in force on the balance sheet date or which have essentially been legally adopted and which are expected to be valid at the time of realization of a deferred tax asset or the settlement of a deferred tax liability. Deferred tax assets are recognized only if there is a probability that sufficient taxable profit will be available for the utilization of the deductible temporary differences. Unrecognized deferred tax entitlements are reassessed at every balance sheet date. If losses are incurred in the current period or have been incurred in the previous period, deferred tax assets are only recognized in case of objective evidence of a future taxable result, as, for example, through sufficiently positive planning calculations or following an internal reorganization of subsidiaries.

Deferred tax liabilities arising from temporary differences related to investments in subsidiaries, joint ventures and associated companies are recognized unless the Group is able to control the date of reversal and it is probable that these temporary differences will not be reversed in the foreseeable future due to this influence. This is the case for dividends within the Group that are subject to withholding tax or that are not covered by the international participation exemption, for example.

Deferred tax assets will be offset with deferred tax liabilities only if the entity has the legal right to settle on a net basis, if they are related to income taxes and if they are levied by the same tax authority on the same taxable entity or different taxable entities that intend to realize the asset and settle the liability at the same time. This applies, in particular, to subsidiaries that are part of the Austrian tax group or to entities of the MM Group that are part of a tax unity.

The effect of tax rate changes on deferred tax assets and liabilities is recognized as income tax expense or in the consolidated comprehensive income statement in the period of a tax rate change.

9.1 Deferred taxes recognized in the balance sheet

Deferred tax assets and liabilities due to temporary differences and tax loss carryforwards recognized in the balance sheet as of the balance sheet dates are as follows:

(in thousands of EUR)	Dec. 31, 2022	Dec. 31, 2021
Intangible assets	2,318	1,411
Property, plant and equipment	18,733	9,415
Inventories	15,832	11,582
Defined benefit plans and other liabilities and charges	16,298	24,908
Loans receivable, investments and securities	9,907	9,445
Loss carryforwards	18,051	10,187
Interest carryforwards	8,550	10,057
Financial liabilities	20,210	19,134
Trade and other liabilities	17,597	7,997
Other	8,862	4,173
Gross deferred tax assets	136,358	108,309
Unrecognized deferred tax assets	(19,580)	(5,054)
Net deferred tax assets	116,778	103,255
Offset	(75,985)	(56,492)
Deferred tax assets in the balance sheet	40,793	46,763
Intangible assets	(60,646)	(58,925)
Property, plant and equipment	(94,386)	(55,086)
Inventories	(1,002)	(811)
Defined benefit plans and other liabilities and charges	(7,329)	(5,612)
Trade and other liabilities	(2,808)	(3,380)
Other	(3,764)	(3,164)
Net deferred tax liabilities	(169,935)	(126,978)
Offset	75,985	56,492
Deferred tax liabilities in the balance sheet	(93,950)	(70,486)

The interest carryforwards result from previously unused interest expenses due to the interest barrier regulation in Finland. The unrecognized deferred tax assets in the amount of thous. EUR 19,580 (December 31, 2021: thous. EUR 5,054) comprise thous. EUR 10,268 (December 31, 2021: thous. EUR 4,661) of unrecognized loss carryforwards.

The following table shows the expected realization of deferred tax assets and liabilities:

(in thousands of EUR)	Dec. 31, 2022	Dec. 31, 2021
Deferred tax assets, realized within 12 months	48,052	29,889
Deferred tax assets, realized after 12 months	68,726	73,366
Deferred tax assets	116,778	103,255
Deferred tax liabilities, realized within 12 months	(10,045)	(8,828)
Deferred tax liabilities, realized after 12 months	(159,890)	(118,150)
Deferred tax liabilities	(169,935)	(126,978)

Deferred tax liabilities which result from the difference between the tax carrying amount of investments and pro-rata equity (outside basis differences) were not recognized for certain subsidiaries and investments in joint ventures and associated companies, as it is probable that this temporary difference will not be dissolved in the near future. These retained earnings amounted to thous. EUR 1,469,097 at December 31, 2022 (December 31, 2021: thous. EUR 1,325,648). For retained earnings which are intended for distribution, the valuation of deferred tax liabilities was adjusted according to the applicable capital gains and withholding taxes on profit distribution.

The Group is exposed to various risks arising from its operating activities as well as from national and international regulations. After detailed analyses of potential risks, the Group assumes that due to the lack of predictability regarding the assessment by tax authorities in Austria and abroad, these uncertainties have been sufficiently covered at the time of preparing the financial statements.

9.2 Tax loss carryforwards

An overview of the Group's tax loss carryforwards as of the respective balance sheet dates is presented below:

(in thousands of EUR)	Dec. 31, 2022	Dec. 31, 2021
Loss carryforwards with expiration	6,213	13,964
Loss carryforwards with no expiration	71,248	24,889
Loss carryforwards	77,461	38,853

(in thousands of EUR)	Dec. 31, 2022	Dec. 31, 2021
Recognized loss carryforwards	31,614	22,324
Unrecognized loss carryforwards	45,847	16,529
Loss carryforwards	77,461	38,853

The loss carryforwards limited in time will expire between 2024 and 2027, unless they are utilized before these dates.

The assessment of the recognition of loss carryforwards showed that for thous. EUR 31,614 (December 31, 2021: thous. EUR 22,324) deferred tax assets amounting to thous. EUR 7,780 (December 31, 2021: thous. EUR 5,524) were recognized. For the remaining amount of thous. EUR 45,847 (December 31, 2021: thous. EUR 16,529), deferred tax assets amounting to thous. EUR 10,268 (December 31, 2021: thous. EUR 4,661) were not recorded in the balance sheet. The expiry dates of these unrecognized loss carryforwards are as follows:

(in thousands of EUR)	2022	2021
1 year	0	2,126
2 years	0	1,544
3 years	0	2,422
4 years	1,188	1,003
5 years	708	1,597
After 5 years	0	3,376
No expiration	43,951	4,461
Total	45,847	16,529

9.3 “Income tax expense” recognized in the income statement

The position “income tax expense” is comprised the following:

(in thousands of EUR)	2022	2021
Current taxes:		
Current period	123,787	56,745
Due to utilization of previously unrecognized loss carryforwards	(4,432)	(1,939)
Prior periods	26	32
Deferred taxes:		
Due to temporary differences	1,511	(128)
Due to tax credits and interest carryforwards	1,147	(57)
Due to tax loss carryforwards of the current period	(968)	(1,538)
Due to utilization of recognized loss carryforwards	1,456	2,207
Due to tax loss carryforwards of previous periods and changes in recoverability	(806)	(966)
Due to changes in estimates of deferred tax assets	2,231	(420)
Due to tax rate changes	(2,296)	(88)
Income tax expense	121,656	53,848

9.4 Tax effects on “Other comprehensive income”

The basis for the amount of income taxes directly affecting other comprehensive income is the gain from actuarial effects from defined benefit plans, currency translations on net investments and the valuation of derivatives booked in 2022 amounting to thous. EUR 12,422 (2021: thous. EUR 4,457). Thereon income taxes amounting to thous. EUR -2,869 (2021: thous. EUR -47) were recognized for the financial year 2022. As a result, gains from actuarial effects from defined benefit plans, currency translations and hedging transactions after tax amounted to thous. EUR 9,553 (2021: thous. EUR 4,410).

9.5 Group tax rate

Reconciliation from the applicable tax rate which results from the geographical allocation of income and the applicable nominal tax rates of the respective tax jurisdictions to the effective tax rate which burdens the profit before tax is as follows:

(in thousands of EUR)	2022	2021
Profit before tax	466,900	244,549
Theoretical tax expense 25 %	116,725	61,137
Foreign tax rate adjustments	(5,244)	(2,536)
Non-deductible expenses and tax-free income	9,948	(12,492)
Unrecognized loss carryforwards of the financial year	2,957	505
Recognition of loss carryforwards of previous years	(1,146)	(941)
Utilization of unrecognized loss carryforwards	(4,432)	(1,939)
Changes of estimates of deferred tax assets	2,793	(420)
Capital gains and withholding tax	1,223	5,272
Tax rate changes	(2,296)	(88)
Non-periodic income tax expense or revenue (current and deferred)	178	3,773
Other effects	950	1,577
Income tax expense recognized	121,656	53,848
Effective tax rate	26.06 %	22.02 %

10 INVENTORIES

Inventories are valued at the lower of acquisition or manufacturing costs and the net realizable value. The net realizable value is based on expected selling prices and takes into consideration remaining costs of completion as well as estimated selling and distribution expenses. In order to determine purchase costs of raw materials, manufacturing and operating supplies as well as goods for resale, a weighted average price method, taking into consideration the sales market, is primarily applied in the division MM Board & Paper. In the packaging division, the purchase costs of raw materials, manufacturing and operating supplies as well as goods for resale are basically recognized using the actual sequence of consumption (specific identification method). The value of raw materials, manufacturing and operating supplies recognized in the balance sheet is based on data from physical stock-taking or from the inventory management system. The devaluation of raw materials, manufacturing and operating supplies depends on each individual case.

Work in process and finished goods consist of direct costs, such as material and labor costs, and material and production overheads as well as production-related administrative costs. Write-downs for slow moving and obsolete inventories are recognized considering the storage period and sales situation.

(in thousands of EUR)	Dec. 31, 2022	Dec. 31, 2021
Raw materials, manufacturing and operating supplies	437,325	300,446
Work in process	42,313	31,778
Finished goods and goods for resale	338,204	205,315
Total	817,842	537,539
Write-downs	(87,756)	(60,276)
Inventories – net	730,086	477,263

In the financial year 2022, write-downs of inventories recognized as an expense amounted to thous. EUR 31,204 (2021: thous. EUR 9,445) the reversal of write-downs of inventories recognized as income amounted to thous. EUR 2,640 (2021: thous. EUR 1,111), both under cost of goods sold. The carrying amount of inventories carried at net realizable value amounted to thous. EUR 30,447 (December 31, 2021: thous. EUR 28,692).

Cost of materials and purchased services recognized in cost of goods sold presented in the Group's income statement can be broken down as follows:

(in thousands of EUR)	2022	2021
Cost of materials	2,792,873	1,759,135
Cost of purchased services	69,211	39,495
Total	2,862,084	1,798,630

11 TRADE RECEIVABLES

Receivables are accounted for at amortized cost, i. e., at par value less allowances.

(in thousands of EUR)	Dec. 31, 2022	Dec. 31, 2021
Trade receivables	702,157	544,182
Allowances	(6,915)	(2,579)
Trade receivables – net	695,242	541,603

As of December 31, 2022 und December 31, 2021, the aging of trade receivables overdue but not impaired is as follows:

(in thousands of EUR)	Dec. 31, 2022	Dec. 31, 2021
Up to 30 days overdue	23,174	9,105
31 – 60 days overdue	11,433	6,140
61 – 365 days overdue	9,145	5,509
More than 365 days overdue	461	172
Total of trade receivables overdue but not impaired	44,213	20,926

For an explanation of the criteria which were considered for the determination of the allowances, please refer to the remarks on credit and default risk (see note 7).

Allowances for trade receivables developed as follows:

(in thousands of EUR)	2022	2021
Allowances at the beginning of the year	2,579	1,470
Effect of exchange rate changes	(140)	16
Changes in consolidated companies	1,694	391
Utilization	(199)	(143)
Reversal	(2,076)	(458)
Increase	5,057	1,303
Allowances at the end of the year	6,915	2,579

12 PREPAID EXPENSES AND OTHER CURRENT ASSETS

Prepaid expenses and other current assets are as follows:

(in thousands of EUR)	Dec. 31, 2022	Dec. 31, 2021
Value-added tax receivables	69,735	42,964
Payments on account of property, plant and equipment and inventory	41,643	19,163
Prepaid expenses	29,254	25,267
Other tax receivables	8,764	14,879
Derivative assets	3,895	4,441
Other receivables and other assets	45,584	30,093
Prepaid expenses and other current assets	198,875	136,807
Thereof financial assets	39,898	19,745
Thereof non-financial assets	158,977	117,062

The line item “Other receivables and other assets” mainly includes the overpayment of the purchase price of Essentra Packaging, assets from purchased CO₂ emission certificates, receivables from investment grants as well as from factoring transactions.

13 EQUITY

13.1 Share capital/additional paid-in capital

Ordinary shares are classified as equity.

As in the previous year, the fully-paid share capital of the Company amounts to thous. EUR 80,000 and comprises 20,000,000 approved and issued no-par value shares. One no-par value share grants a calculated share of EUR 4.00 in share capital. Each share participates equally in equity and grants the same rights and responsibilities, especially the entitlement to resolved dividends and the voting right at the Ordinary Shareholder’s Meeting. There are neither any different share classes nor shares with special control rights.

Additional paid-in capital derives from the share premium raised at the capital increase in the course of the initial public offer in 1994 and the cancelation of treasury shares less the increase of share capital by conversion of additional paid-in capital in 2008 and 2010, representing the amount of the tied capital reserve.

13.2 Retained earnings/dividend

Retained earnings comprise accumulated results from previous years.

Under the Austrian Stock Corporation Act, the amount of dividend available for distribution to shareholders is based on the unappropriated retained earnings from the annual financial statements of Mayr-Melnhof Karton AG, determined in accordance with the Austrian Commercial Code. As of December 31, 2022, the distributable unappropriated retained earnings amounted to thous. EUR 150,000 (December 31, 2021: thous. EUR 130,000).

Extract from the individual financial statements of Mayr-Melnhof Karton AG

(in thousands of EUR)	2022	2021
Unappropriated retained earnings at Jan. 1	130,000	130,000
Net profit of the Company for the year ended Dec. 31	293,827	101,181
Changes in reserves	(203,827)	(37,181)
Dividend paid	(70,000)	(64,000)
Unappropriated retained earnings at Dec. 31	150,000	130,000

For the year ended December 31, 2022, the Management Board has proposed to the Supervisory Board and subsequently to the Shareholders' Meeting a dividend of EUR 4.20 per voting share after EUR 3.50 for 2021, resulting in a dividend of thous. EUR 84,000 as of the balance sheet date of 2022. The dividend for 2021, amounting to thous. EUR 70,000, was paid out according to schedule on May 11, 2022 (see consolidated statement of changes in equity).

13.3 Non-controlling (minority) interests

Non-controlling (minority) interests comprise the interest in equity and total profit for the year attributable to external shareholders' investments in subsidiaries of Mayr-Melnhof Karton AG. The non-controlling (minority) interests as of the acquisition date are presented as part of net assets (equity) of the respective entity or businesses and are adjusted in the following period taking into consideration profit or loss attributable to the shareholders, dividend paid as well as paid-in or paid-out capital.

The summarized information about the subsidiaries in which the Group holds non-controlling (minority) interests is stated below. The disclosures correspond to the amounts before intra-group eliminations. Further information on these subsidiaries can be found in note 33.

(in thousands of EUR)	Dec. 31, 2022		Dec. 31, 2021	
	MM Board & Paper	MM Packaging	MM Board & Paper	MM Packaging
Non-current assets	4,456	17,614	3,007	51,616
Current assets	10,837	20,874	10,913	68,349
Non-current liabilities	1,136	74	1,363	21,257
Current liabilities	6,496	9,158	4,470	28,681
Net assets	7,661	29,256	8,087	70,027
Carrying amount of the non-controlling (minority) interests	1,144	4,336	1,504	4,543

	2022		2021	
	MM Board & Paper	MM Packaging	MM Board & Paper	MM Packaging
Sales	31,459	39,887	12,603	84,257
Profit for the year	1,166	6,640	2,091	16,394
Thereof attributable to non-controlling (minority) interests	206	1,245	498	1,029
Total comprehensive income	836	6,030	586	19,860
Thereof attributable to non-controlling (minority) interests	222	1,102	489	1,403
Dividend paid to non-controlling (minority) interests	454	1,009	105	1,115
Net change in cash and cash equivalents	(2,047)	3,794	2,110	8,709

13.4 Other comprehensive income of the consolidated comprehensive income statement

Other reserves comprise certain changes directly recognized in equity. These are in particular differences arising from currency translation including hyperinflation adjustments, actuarial gains and losses arising from the defined benefit pension and severance obligations as well as gains and losses arising from the valuation of derivatives. With the exception of currency translations, the other items take into account the related recoverable income taxes.

In 2022, profit and loss recognized in other comprehensive income consisted of currency translations with a negative amount of thous. EUR 5,469 (2021: negative amount of thous. EUR 11,497) as well as actuarial gains in the amount of thous. EUR 32,883 (2021: losses of thous. EUR 1,518). Furthermore, losses from cash flow hedge in the amount of thous. EUR 29,666 (2021: thous. EUR 0) were recognized in the cash flow hedge reserve. In the financial year 2022, income taxes in the amount of thous. EUR -2,869 (2021: thous. EUR -47) were recognized in other comprehensive income (see note 9.4).

14 FINANCIAL LIABILITIES AND LEASES

Financial liabilities comprise interest-bearing financial liabilities and lease liabilities and are recognized at amortized cost. This amount is calculated as initially paid out nominal value less redemptions plus accrued interest.

The financial liabilities of the Group are as follows:

(in thousands of EUR)	Dec. 31, 2022	Dec. 31, 2021
Non-current interest-bearing financial liabilities	1,581,000	1,275,096
Non-current lease liabilities	93,040	73,978
Non-current financial liabilities	1,674,040	1,349,074
Current interest-bearing financial liabilities	70,288	63,216
Current lease liabilities	17,261	10,787
Current financial liabilities	87,549	74,003
Financial liabilities	1,761,589	1,423,077

14.1 Interest-bearing financial liabilities

As of December 31, 2022 and December 31, 2021, interest-bearing financial liabilities comprised liabilities against banks and insurance companies. These financial liabilities at current interest rates can be summarized as follows:

(in thousands of EUR)	Dec. 31, 2022
2.144 % EUR loan(s) due 2023	68,981
2.349 % EUR loan(s) due 2024	149,125
2.927 % EUR loan(s) due 2025	51,875
2.197 % EUR loan(s) due 2026	246,375
2.699 % EUR loan(s) due 2027	31,875
1.553 % EUR loan(s) due 2028	427,875
2.699 % EUR loan(s) due 2029	31,875
2.699 % EUR loan(s) due 2030	31,875
1.740 % EUR loan(s) due 2031	250,375
3.362 % EUR loan(s) due 2032	23,750
1.900 % EUR loan(s) due 2033	51,000
2.000 % EUR loan(s) due 2035	17,500
2.100 % EUR loan(s) due 2036	142,500
1.882 % EUR loan(s) due 2039	125,000
Used loan facilities	1,307
Interest-bearing financial liabilities	1,651,288
Thereof non-current interest-bearing financial liabilities	1,581,000
Thereof current interest-bearing financial liabilities	70,288

(in thousands of EUR)	Dec. 31, 2021
0.618 % EUR loan(s) due 2022	59,980
6.082 % CNY loan(s) due 2022	629
6.012 % CNY loan(s) due 2023	96
1.800 % EUR loan(s) due 2024	80,000
0.507 % EUR loan(s) due 2025	20,000
1.528 % EUR loan(s) due 2026	224,500
1.400 % EUR loan(s) due 2028	396,000
1.600 % EUR loan(s) due 2031	218,500
1.900 % EUR loan(s) due 2033	51,000
2.000 % EUR loan(s) due 2035	17,500
2.100 % EUR loan(s) due 2036	142,500
1.882 % EUR loan(s) due 2039	125,000
Used loan facilities	2,607
Interest-bearing financial liabilities	1,338,312
Thereof non-current interest-bearing financial liabilities	1,275,096
Thereof current interest-bearing financial liabilities	63,216

As of December 31, 2022, the weighted average interest rate for these financial liabilities was 2.004 % (December 31, 2021: 1.578 %).

As of December 31, 2022, the Group had available current interest-bearing loan facilities in the amount of thous. EUR 1,307 (December 31, 2021: thous. EUR 2,607), of which thous. EUR 1,307 (December 31, 2021: thous. EUR 2,607) had been used as of the balance sheet date. As of December 31, 2022, the weighted average interest rate of these current loans, used by foreign subsidiaries, was 10.400 % (December 31, 2021: 1.138 %). These loans are subject to common banking terms and conditions.

In the previous year, Mayr-Melnhof Karton AG issued Schuldschein loans and Namensschuldverschreibungen in the amount of thous. EUR 1,125,000, which are subject to both fixed and variable interest rates over terms of 5 to 18 years. These loans served primarily to finance the acquisitions of Kotkamills, Finland, and Kwidzyn, Poland.

Of the interest-bearing financial liabilities, loans in the amount of thous. EUR 1,120,000 (December 31, 2021: thous. EUR 1,065,725) are subject to a fixed interest rate whose fair value amounts to thous. EUR 960,338 (December 31, 2021: thous. EUR 1,112,777). The calculation is based on the present value of future cash flows discounted by the currently observable yield curve (level 2). Amortized costs represent a proper approximation to the fair value for financial liabilities subject to variable interest rates.

No collaterals were provided in order to secure the financial liabilities described above. As of December 31, 2022, the Group had unused non-current credit lines available in the amount of thous. EUR 480,058 (December 31, 2021: thous. EUR 470,000).

As of December 31, 2022, current revolving bank credits in an amount of thous. EUR 67,980 (December 31, 2021: thous. EUR 37,980) are included in the interest-bearing financial liabilities.

14.2 Leases

The Group is predominantly lessee in lease transactions. Leases are recognized as right-of-use asset and a corresponding lease liability at the date at which the leased asset has become available for use by the Group.

Lease liabilities with a term of more than twelve months are measured at the present value of the remaining lease payments.

In principle, the implicit interest rate based on the lease contract is applied, if it can be determined. Otherwise, leases are discounted using the lessee's incremental borrowing rate, i. e., the interest rate that a lessee would have to pay for comparable transactions.

Payments for short-term leases of equipment and vehicles and all leases of low-value assets are not recognized in the balance sheet but as an expense. Lease contracts with terms of up to 12 months are classified as short-term leases.

The Group mainly rents and leases buildings, land, warehouses, offices, and other facilities that are necessary for the operating business. Extension and termination options are included in a number of real estate leases. The Group has assessed these and considered them accordingly. These contract conditions are used to maximize operational flexibility in terms of managing assets used in the Group's operations. The majority of extension and termination options held are exercisable only by the Group and not by the respective lessor.

An overview of the lease liabilities recognized in the balance sheet as of December 31, 2022 and December 31, 2021 is presented below:

(in thousands of EUR)	Dec. 31, 2022	Dec. 31, 2021
Non-current lease liabilities	93,040	73,978
Current lease liabilities	17,261	10,787
Lease liabilities	110,301	84,765

Total cash outflows for leases in 2022 amounted to thous. EUR 17,285 (2021: thous. EUR 10,851).

Expenses related to payments not included in the measurement of the lease liability are as follows:

(in thousands of EUR)	2022	2021
Expenses related to variable lease payments	7,797	5,563
Expenses related to short-term leases	3,455	2,194
Expenses related to leases of low value assets	1,623	621

15 PROVISIONS FOR NON-CURRENT LIABILITIES AND CHARGES

Defined benefit pension obligations and other benefits related to severance obligations are valued actuarially in accordance with IAS 19 “Employee benefits” using the projected unit credit method. The present value of defined benefit obligations is calculated based on the years of service, the anticipated development of the employee’s compensation as well as the enacted contractual and statutory pension revaluation requirements. The service cost is recognized in personnel cost; the net interest cost for the provisions is recognized in “other financial result – net”. Actuarial gains and losses as well as gains from plan assets, excluding the amounts which are already included in the net interest on net liability, are recognized in other comprehensive income in the statement of comprehensive income in accordance with IAS 19.

Provisions for anniversary bonuses are valued actuarially for non-current obligations against employees related to the number of years of their service based on collective or plant bargaining agreements using the projected unit credit method. The service cost is recognized in personnel cost; the net interest cost for the provisions is recognized in “other financial result – net”. Actuarial gains and losses are recognized in the income statement in accordance with IAS 19.

Provisions for pre-retirement programs are accrued upon conclusion of individual contractual agreements as well as for probable pre-retirement agreements in the future, if employees have the right to participate in pre-retirement programs based on plant bargaining agreements or collective agreements. Statutory deposits of securities for covering pre-retirement programs are netted with the provisions for pre-retirement programs, provided that they meet the definition of plan assets.

The item “Other” mainly includes post-closure obligations for inherited liabilities and obligations for environmental measures.

15.1 Development of provisions for non-current liabilities and charges

In the financial year 2022, provisions for non-current liabilities and charges developed as follows:

(in thousands of EUR)	Pensions	Severance	Anniversary bonuses	Other	Total
Balance at Jan. 1, 2022	75,762	42,798	13,200	18,074	149,834
Effect of exchange rate changes	(283)	(441)	0	(316)	(1,040)
Changes in consolidated companies	(70)	536	0	11,933	12,399
Reclassifications	(1,107)	(375)	0	0	(1,482)
Utilization	(5,247)	(3,980)	(1,165)	(209)	(10,601)
Reversal	0	0	(2,509)	(154)	(2,663)
Increase	2,294	2,757	1,135	432	6,618
IAS 19 remeasurements through other comprehensive income	(27,757)	(5,164)	0	0	(32,921)
Benefit payments from and contributions to plan assets	1,252	0	0	0	1,252
Balance at Dec. 31, 2022	44,844	36,131	10,661	29,760	121,396

In 2021, provisions for non-current liabilities and charges developed as follows:

(in thousands of EUR)	Pensions	Severance	Anniversary bonuses	Other	Total
Balance at Jan. 1, 2021	81,960	37,284	13,806	9,951	143,001
Effect of exchange rate changes	1,003	(751)	0	(95)	157
Changes in consolidated companies	(3,739)	7,290	(727)	8,041	10,865
Reclassifications	0	0	0	103	103
Utilization	(4,335)	(4,502)	(608)	(427)	(9,872)
Reversal	(37)	(4)	(261)	(3)	(305)
Increase	1,884	2,059	990	504	5,437
IAS 19 remeasurements through other comprehensive income	581	1,422	0	0	2,003
Benefit payments from and contributions to plan assets	(1,555)	0	0	0	(1,555)
Balance at Dec. 31, 2021	75,762	42,798	13,200	18,074	149,834

As of December 31, 2022, securities with a fair value of thous. EUR 872 (December 31, 2021: thous. EUR 954) have been provided as security for provisions for pre-retirement programs within the scope of the respective legal commitments. At December 31, 2022 and December 31, 2021, those securities were deducted as plan assets from the underlying obligations.

The position "Other" mainly includes non-current obligations for environmental measures and dismantling obligations in the amount of thous. EUR 28,389 (December 31, 2021: thous. EUR 17,239).

In the division MM Board & Paper, the obligations mainly relate to environmental measures in connection with a landfill in Kwidzyn (Poland) as well as post-closure obligations at the former site in Hirschwang. The dismantling obligations in the division MM Packaging mainly result from the obligation of several newly acquired sites of former Essentra Packaging to remove leasehold improvements after termination of the lease. The provision values are determined with their present values assuming the expected costs taking into account term-specific interest rates.

15.2 Provisions for pensions and severance payments

The majority of the Group's employees are covered by government-sponsored pension and welfare programs, whereas the Group makes periodic payments to various government agencies, which are expensed as incurred. In addition, the Group provides certain employees with additional retirement benefits through the sponsorship of defined contribution plans and defined benefit plans. The benefits provided by the Group depend on the legal, fiscal, and economic circumstances of each individual country and are primarily based on the length of service and the employee's compensation.

Under the defined contribution plans, the Group makes fixed payments to external pension funds. Once the contributions have been made, the Group does not have any further payment obligations towards the employees. These periodical contribution payments are recognized as part of the annual pension and severance costs and amounted to thous. EUR 13,684 in the financial year 2022 (2021: thous. EUR 7,868).

Defined benefit obligations in the Group consist of pensions and severance payments. These obligations exist in several countries where the Group has employees, in particular in Germany, Austria, and Great Britain.

The pension obligations cover the arrangement of a pension program for active employees and, after fulfilment of the vesting period, for former employees, including their surviving dependants. Essentially, these are managers and also employees for whom a corresponding commitment originating from a time before the acquisition of the respective subsidiary was assumed by the Group. Therefore, obligations exist both towards employees in existing employment relationships and also towards employees who have left or retired.

Expected payments under the pension plan may depend on the salary received by the employee in the last year of service or on an average of several years and, as a rule, are based on the length of service. Pension benefits are granted as a non-recurring payment or as monthly retirement payments. In case of retirement payments, the Group bears the risk of longevity and inflation due to pension adjustments to the full extent.

In Great Britain, the Group operates a defined benefit pension plan which is governed by a board of trustees composed of representatives of the Company and plan participants. The responsibility for investment decisions and contribution schedules lies jointly with the Company and the board of trustees.

Obligations arising from the severance of employees cover legal and contractual claims for non-recurring severance payments made by the Group to employees due to certain reasons, such as termination, dissolution of an employment relationship by mutual agreement, retirement, or death of an employee. These payments significantly depend on the number of years of service and the cause of termination.

Defined benefit pension and other benefit plans are measured and recognized applying the internationally common projected unit credit method according to IAS 19. According to this method, the actuarial calculation of future obligations is based on the proportionate obligations as of the balance sheet date. The valuation was conducted based on assumptions and assessments as of the balance sheet date. Significant influencing factors were discount interest rate, estimated life expectancy, expected salary growth rate, expected pension growth rate as well as retirement age.

Actuarial gains and losses which result from changes in the number of plan participants and from differences between actual trends and estimates that are the basis for calculation are recognized in other comprehensive income in the consolidated comprehensive income statement according to IAS 19.

The calculation of pension and other benefit obligations is based on the following actuarial assumptions:

(in %)	Dec. 31, 2022		Dec. 31, 2021	
	Pensions	Severance	Pensions	Severance
Discount rate	4.03 %	4.89 %	1.24 %	1.85 %
Salary growth rate	3.06 %	4.16 %	2.47 %	3.01 %
Pension growth rate	2.79 %	-	2.44 %	-

The information presented above shows the weighted average of all relevant entities of the Group.

Valuation of life expectancy was performed based on local mortality tables. These are in particular for Austria: AVÖ 2018-P “Angestellte” or “Gemischt” (2021: AVÖ 2018-P “Angestellte” or “Gemischt”), for Germany: Heubeck-Richttafeln 2018 G (2021: 2018 G), for Great Britain: Post Retirement and Pre Retirement: S3PA CMI_2021_M/F [1.25 %] (2021: S3PA CMI_2020_M/F [1.25 %]). As a rule, the retirement age corresponds to the respective country-specific legal provisions.

The following expenses were recorded for defined benefit pension and severance commitments:

(in thousands of EUR)	2022		2021	
	Pensions	Severance	Pensions	Severance
Service cost	906	2,014	970	1,502
Net interest on the net defined benefit liability	846	722	760	533
Past service costs	0	26	0	5
Effects due to plan changes	396	(5)	(4)	15
Administration costs	146	0	121	0
Net periodic benefit cost	2,294	2,757	1,847	2,055

The defined benefit obligation and plan assets developed as follows:

(in thousands of EUR)	2022		2021	
	Pensions	Severance	Pensions	Severance
Defined benefit obligation at the beginning of the year	143,634	42,798	142,106	37,284
Effect of exchange rate changes	(1,448)	(442)	2,813	(751)
Changes in consolidated companies	(70)	536	(252)	7,290
Service cost	906	2,014	970	1,502
Interest cost	1,744	722	1,429	533
Past service costs	0	26	0	5
Plan participants contributions	74	0	0	0
Remeasurements	(36,448)	(5,163)	907	1,422
<i>Thereof (gains)/losses from change in demographic assumptions (e. g., life expectancy, retirement age)</i>	<i>(1,501)</i>	<i>(810)</i>	<i>(209)</i>	<i>792</i>
<i>Thereof (gains)/losses from change in financial assumptions (e. g., discount rate, salary growth rate, pension growth rate)</i>	<i>(36,541)</i>	<i>(6,567)</i>	<i>1,555</i>	<i>(688)</i>
<i>Thereof experience (gains)/losses (deviation between actual value and planned value)</i>	<i>1,594</i>	<i>2,214</i>	<i>(439)</i>	<i>1,318</i>
Benefit payments	(5,248)	(3,980)	(4,335)	(4,502)
Reclassifications	(4,500)	(375)	0	0
Effects due to plan changes	396	(5)	(4)	15
Defined benefit obligation at the end of the year	99,040	36,131	143,634	42,798

(in thousands of EUR)	Pensions	
	2022	2021
Fair value of plan assets at the beginning of the year	67,872	60,146
Effect of exchange rate changes	(1,163)	1,810
Changes in consolidated companies	0	3,487
Interest income	898	669
Administrative expense	(146)	(121)
Remeasurements	(4,110)	326
<i>Thereof return on plan assets excluding amounts included in interest income - net</i>	<i>(4,110)</i>	<i>326</i>
Employer contributions	1,768	3,705
Plan participants contributions	74	0
Benefit payments from plan	(3,020)	(2,150)
Reclassifications	(3,393)	0
Fair value of plan assets at the end of the year	58,780	67,872

An overview of the geographic and divisional allocation of net periodic benefit costs for defined benefit pensions and severance, defined benefit obligation, and the fair value of plan assets for the financial years 2022 and 2021 is represented as follows:

(in thousands of EUR)	2022							
	MM Board & Paper				MM Packaging			
	Germany	Austria	Other countries ¹⁾	Total	Germany	Austria	Other countries	Total
Net periodic benefit cost	283	696	941	1,920	719	1,414	998	3,131
Defined benefit obligation at the end of the year	14,249	33,924	38,559	86,732	24,971	13,945	9,523	48,439
Fair value of plan assets at the end of the year	860	28,766	27,338	56,964	849	656	311	1,816

¹⁾ This primarily includes the pension plan in Great Britain.

(in thousands of EUR)	2021							
	MM Board & Paper				MM Packaging			
	Germany	Austria	Other countries ¹⁾	Total	Germany	Austria	Other countries	Total
Net periodic benefit cost	286	700	309	1,295	691	939	977	2,607
Defined benefit obligation at the end of the year	20,047	44,841	55,221	120,109	36,413	21,757	8,153	66,323
Fair value of plan assets at the end of the year	881	29,197	32,825	62,903	846	3,788	335	4,969

¹⁾ This primarily includes the pension plan in Great Britain.

The employers' contributions to plan assets for the year 2023 are expected to amount to thous. EUR 1,515. This includes a contribution for increasing plan assets and for other expenses in Great Britain in the amount of thous. EUR 1,116.

The structure of plan assets

There are plan assets for pension obligations in Austria and Germany in the form of qualifying insurance policies which are pledged to the respective beneficiaries. The Group contributes to qualifying insurance policies as required.

Further plan assets include a pension plan in Great Britain which is assessed by external asset management according to directives of the responsible board of trustees. Current directives allow for a proportionate investment of 30 % to 40 % in equity instruments and of 60 % to 70 % in debt instruments; minimum diversification is prescribed to diversify the default risk, by which the single investment value is limited to 2 % of the portfolio and the total value of all investments in one company is limited to 4 % of the portfolio. Investments in Private Equity Funds and Hedge Funds are forbidden. The objective of asset management is to maximize the return at an adequate level of risk; index-based benchmarks are given to asset management to measure the achievement of objectives. The Group is obliged to provide regular contributions to the plan assets in Great Britain based on a contribution plan over several years. Furthermore, there are plan assets in the form of a pension plan in the Philippines and a collective foundation in Switzerland.

The portfolio structure of plan assets as of December 31, 2022 and of December 31, 2021:

(in thousands of EUR)	Dec. 31, 2022	in %	Dec. 31, 2021	in %
Equity instruments:				
– developed markets	7,626		9,951	
– emerging markets	1,161		994	
Total	8,787	15 %	10,945	16 %
Debt instruments:				
– Corporate bonds	9,996		13,216	
– Government bonds	2,319		2,021	
Total	12,315	21 %	15,237	22 %
Qualifying insurance policy pledged to beneficiaries	36,350	62 %	40,439	60 %
Money market investment/Bank deposit	1,328	2 %	1,251	2 %
Total	58,780	100 %	67,872	100 %

All instruments in the category equity instruments and debt instruments are traded on active markets. Ratings of investments in debt instruments correspond at least to “investment grade”.

Plan assets market price risk

Return on plan assets is assumed in accordance with IAS 19 using the discount rate for the underlying obligation. That corresponds to the return on corporate bonds with good credit ratings. Provided that the actual return on plan assets exceeds (falls below) the discount interest rate used, net liability from the present plans decreases (increases). Due to the proportion of investments in equity in the plan assets in Great Britain, the actual return may, on the one hand, exceed the return on corporate bonds with good credit ratings in the long term and, on the other hand, result in higher plan asset volatility in the short term. Related price risk is considered as manageable by the Group, as the proportion of investments in equity in total plan assets is low. Furthermore, the obligations which reach maturity in the next years can be fulfilled using current cash flow of the Group and other components of plan assets.

The net liability from pension and severance obligations and the reconciliation to the net liability recognized are as follows:

(in thousands of EUR)	Dec. 31, 2022		Dec. 31, 2021	
	Pensions	Severance	Pensions	Severance
Defined benefit obligation	99,040	36,131	143,634	42,798
<i>Thereof obligations covered by provisions</i>	<i>37,846</i>	<i>36,131</i>	<i>58,308</i>	<i>42,798</i>
<i>Thereof obligations covered by funds</i>	<i>61,194</i>	<i>0</i>	<i>85,326</i>	<i>0</i>
Less fair value of plan assets	(58,780)	0	(67,872)	0
Net liability	40,260	36,131	75,762	42,798
Effect due to asset ceiling	4,584	0	0	0
Net liability recognized as provision for non-current liabilities and charges	44,844	36,131	75,762	42,798

The following sensitivity analysis for pension and severance provisions presents the impact a possible change in significant actuarial assumptions might have on the obligation. If one significant assumption is changed, the other assumptions are kept constant.

Impact on the defined benefit obligation 2022			
(in %)	Change in assumption	Increase in assumption	Decrease in assumption
Discount rate	1.00 %	Decrease by 11.2 %	Increase by 11.8 %
Salary growth rate	1.00 %	Increase by 2.6 %	Decrease by 2.6 %
Pension growth rate	1.00 %	Increase by 7.5 %	Decrease by 7.0 %
		Increase by one year in assumption	
Retirement age		Decrease by 0.5 %	
Life expectancy		Increase by 2.7 %	

Impact on the defined benefit obligation 2021			
(in %)	Change in assumption	Increase in assumption	Decrease in assumption
Discount rate	1.00 %	Decrease by 13.6 %	Increase by 14.4 %
Salary growth rate	1.00 %	Increase by 2.8 %	Decrease by 2.8 %
Pension growth rate	1.00 %	Increase by 9.6 %	Decrease by 9.2 %
		Increase by one year in assumption	
Retirement age		Decrease by 0.9 %	
Life expectancy		Increase by 3.0 %	

The weighted average duration of the defined benefit obligation is 12.0 years as of the balance sheet date (December 31, 2021: 14.3 years).

The expected maturity analysis of defined benefit obligations for the next ten years as of December 31, 2022 and December 31, 2021 in relation to actual payments is as follows:

(in thousands of EUR)	Less than a year	Between 1 – 2 years	Between 2 – 5 years	Between 5 – 10 years	Total
As of Dec. 31, 2022					
Defined benefit plans	6,714	6,840	23,068	50,922	87,544
As of Dec. 31, 2021					
Defined benefit plans	7,049	6,726	22,106	49,662	85,543

16 TRADE LIABILITIES

Current liabilities are, as a rule, recognized at the redemption amount.

Trade liabilities amounting to thous. EUR 499,677 (December 31, 2021: thous. EUR 437,726) as of December 31, 2022 comprise liabilities from acquisition of property, plant and equipment, and intangible assets amounting to thous. EUR 26,441 (December 31, 2021: thous. EUR 23,222) which are taken into consideration as non-cash transactions within the cash flow from investing activities, as well as advances from customers in an amount of thous. EUR 5,823 (December 31, 2021: thous. EUR 4,550).

17 DEFERRED INCOME AND OTHER CURRENT LIABILITIES

Accruals comprise liabilities for which the exact time of utilization or amount is uncertain and which, at the same time, are definable to a high degree of certainty. Even if the amount and the exact time are occasionally only estimated, the measurement precision of accruals is significantly higher than that of provisions. Therefore they are recognized according to their origin as trade liabilities (see note 16) and other current liabilities, especially in personnel and social costs.

(in thousands of EUR)	Dec. 31, 2022	Dec. 31, 2021
Obligations for personnel and social costs	129,726	103,180
Derivative liabilities	32,090	5,957
Other tax liabilities	31,928	20,058
Deferred income	30,850	10,153
Liabilities for customer rebates and bonuses	30,304	22,049
Other liabilities - interest accruals	14,402	13,328
Other liabilities	27,403	23,903
Deferred income and other current liabilities	296,703	198,628
Thereof financial liabilities	73,188	42,909
Thereof non-financial liabilities	223,515	155,719

Obligations for personnel and social costs particularly include premiums and bonuses for employees, unused vacations as well as other deferred personnel-related obligations.

The calculation of liabilities for customer rebates and bonuses is based on the bonus and rebates claims of customers included in the underlying customer arrangements. Bonuses are set up in a way that customers receive a retrospective reimbursement if a certain purchase volume was reached within an invoicing period.

Derivative liabilities increased in the financial year 2022 due to the first-time recognition of a derivative as a result of the elimination of the "own-use exemption" in the course of hedging raw material prices in Finland (see note 7).

Interest accruals mainly result from the issuance of Schuldschein loans and Namensschuldverschreibungen in the previous year.

Other liabilities particularly comprise the contingent purchase price liability related to the acquisition of Eson Pac Group as well as liabilities in connection with consulting services.

18 PROVISIONS FOR CURRENT LIABILITIES AND CHARGES

Provisions are created when the Group has a present legal or constructive obligation to a third party as a result of a past event, if it is probable that it will be settled and if the amount of the obligation can be reliably estimated. The amount recognized as a provision is the best estimate of the consideration required to settle the present obligation at the balance sheet date.

Provisions for large numbers of similar obligations, e. g., warranties, are measured at a probability-weighted expected value of assets reduction based on this group of obligations. A provision is also recognized even if the probability of a claim on assets is negligible for a single obligation included in this group.

In the financial year 2022, provisions for current liabilities and charges developed as follows:

(in thousands of EUR)	Sales	Provision for restructuring costs	Other provisions	Total
Balance at Jan. 1, 2022	6,523	8,818	32,877	48,218
Effect of exchange rate changes	(101)	14	(124)	(211)
Changes in consolidated companies	(68)	422	(148)	206
Utilization	(2,203)	(8,184)	(5,520)	(15,907)
Reversal	(599)	(258)	(19,964)	(20,821)
Increase	2,054	8,947	7,781	18,782
Balance at Dec. 31, 2022	5,606	9,759	14,902	30,267

In the financial year 2021, provisions for current liabilities and charges developed as follows:

(in thousands of EUR)	Sales	Provision for restructuring costs	Other provisions	Total
Balance at Jan. 1, 2021	4,036	11,208	6,688	21,932
Effect of exchange rate changes	(208)	0	3	(205)
Reclassifications	0	0	97	97
Changes in consolidated companies	(115)	0	21,413	21,298
Utilization	(795)	(4,972)	(10,449)	(16,216)
Reversal	(351)	0	(1,341)	(1,692)
Increase	3,956	2,582	16,466	23,004
Balance at Dec. 31, 2021	6,523	8,818	32,877	48,218

The provisions for sales are recognized on product warranties and guarantees as well as returned goods. The provisions for product warranties and guarantees are made both on a legal and a contractual basis. Single risks, on the one hand, and the overall risk based on past experience, on the other hand, are taken into consideration for the calculation.

The restructuring provisions as of December 31, 2022 mainly result from the decommissioning of the smaller cartonboard machine at the Kolicovo site (see note 5).

The position "Other provisions" primarily comprises provisions for litigations and legal costs, provisions for other taxes as well as a variety of immaterial individual items. The decrease compared to the previous year results in particular from the reversal of current provisions in connection with CO₂ certificates due to sufficient coverage at the balance sheet date.

19 SEGMENT REPORTING INFORMATION

Mayr-Melnhof Karton AG and its subsidiaries operate in two operating areas, the production of cartonboard and paper (division MM Board & Paper) and the production of folding cartons and packaging (division MM Packaging). The Group is organized according to these two operating areas and is managed by the Management Board based on the financial information acquired thereon. Hence, the segments reported correspond to these two operating areas.

The division MM Board & Paper manufactures and distributes numerous grades of cartonboard, focusing in particular on coated cartonboard made from recycled and virgin fibers. In the course of the strategic acquisitions of the cartonboard and paper mills Kwidzyn, Poland, and Kotkamills, Finland, in the previous year, kraft papers and uncoated fine papers were added as new business areas to the division MM Board & Paper.

The division MM Packaging converts cartonboard into printed folding cartons purchased by customers in a variety of industries including food and consumer goods (e. g., packaging for cereals, dried foods, sugar, confectionary and baked goods, cosmetics and toiletries, detergents, domestic appliances, toys, tobacco products, pharma packaging, and high-grade confectionary). Through the acquisitions of Essentra Packaging and Eson Pac in the Pharma & Health Care business area, MM Packaging is also active in the production of leaflets and labels.

Data provided by the management information system on which segment reporting is based is in accordance with the accounting and recognition principles applied to the consolidated financial statements. Central operations are completely allocated to the operating segments by an allocation system in analogy with the procedures in the management information system. Results from intersegment transactions have already been eliminated in the segment results.

The Group measures the performance of its operating segments by assessing operating profit and profit for the year as presented in the Group's income statement.

Intersegment sales are carried out on an arm's length basis.

Sales are allocated based on the shipment destinations of finished goods, whereas non-current assets are allocated according to the location of the respective units.

Capital expenditures and depreciation/amortization and impairment refer to the acquisition or depreciation/amortization and impairment of property, plant and equipment as well as intangible assets including goodwill (see note 6).

Revenue recognition

Revenues comprise all income generated by the typical business activities of the MM Group and include income from the sale of numerous grades of cartonboard and folding cartons. The dis-aggregation of performance obligations under certain circumstances may result in a separation of performance obligations related to rendered transportation services, depending on the individual terms of delivery agreed with customers. These transportation services are, however, of low significance for the Group. Apart from this, no further material multiple-component contracts covering, for example, the performance of services besides the delivery of goods were identified. Tools, such as die cutting tools and engravings, are not to be considered as individual service obligations, because they are necessary for the fulfilment of contracts.

The transaction price to which the Group is entitled in exchange for the transfer of goods consists of the price for the transferred goods and any variable element in the form of customer rebates and bonuses and is to be paid on credit. Due to the agreed terms of payment, there is no financial component. The variable component is considered as "liability for customer rebates and bonuses". The amount of this liability depends on the probable claim of a customer and is regularly evaluated and adjusted, if necessary.

Revenues from manufacturing and selling cartonboard and folding cartons are recognized at a point in time based on the agreed individual terms of delivery.

The segment reporting information concerning the Group's operating segments can be illustrated as follows:

(in thousands of EUR)	2022			Consolidated
	MM Board & Paper	MM Packaging	Eliminations	
Sales to external customers	2,514,362	2,167,698	0	4,682,060
Intersegment sales	235,610	988	(236,598)	0
Total sales	2,749,972	2,168,686	(236,598)	4,682,060
Operating profit	380,959	129,313	0	510,272
Financial income	944	3,947	(641)	4,250
Financial expenses	(26,007)	(6,783)	641	(32,149)
Profit before tax	353,008	113,892	0	466,900
Income tax expense	(87,267)	(34,389)	0	(121,656)
Profit for the year	265,742	79,502	0	345,244
Capital expenditures	194,294	150,786	0	345,080
Depreciation and amortization	(104,072)	(94,531)	0	(198,603)
Impairments ¹⁾	(14,297)	(6,749)	0	(21,046)
Segment assets	3,045,180	2,260,406	(486,948)	4,818,638
Segment liabilities	1,954,961	1,391,274	(486,948)	2,859,287
Employees as of December 31	4,776	10,864	0	15,640

¹⁾ for property, plant and equipment, and intangible assets as well as non-current assets held for sale

(in thousands of EUR)	2021			
	MM Board & Paper	MM Packaging	Eliminations	Consolidated
Sales to external customers	1,428,838	1,640,876	0	3,069,714
Intersegment sales	132,233	759	(132,992)	0
Total sales	1,561,071	1,641,635	(132,992)	3,069,714
Operating profit	107,694	161,921	0	269,615
Financial income	394	3,231	(306)	3,319
Financial expenses	(20,678)	(3,997)	306	(24,369)
Profit before tax	86,766	157,783	0	244,549
Income tax expense	(16,845)	(37,003)	0	(53,848)
Profit for the year	69,921	120,780	0	190,701
Capital expenditures	113,082	144,716	0	257,798
Depreciation and amortization	(75,156)	(73,797)	0	(148,953)
Impairments ¹⁾	(2,395)	0	0	(2,395)
Segment assets	2,747,648	1,597,304	(330,734)	4,014,218
Segment liabilities	1,865,433	817,637	(330,730)	2,352,340
Employees as of December 31	4,787	7,705	0	12,492

¹⁾ for property, plant and equipment, and intangible assets as well as non-current assets held for sale

The following table shows a country-by-country breakdown of net sales based on shipment destinations as well as a summary of non-current assets and capital expenditures based on locations:

(in thousands of EUR)	2022			2021		
	Net sales	Non-current assets	Capital expenditures	Net sales	Non-current assets	Capital expenditures
Europe	3,751,311	2,577,522	309,507	2,367,264	2,226,434	231,617
<i>Austria</i>	<i>85,812</i>	<i>541,586</i>	<i>72,119</i>	<i>65,193</i>	<i>527,808</i>	<i>74,996</i>
<i>Germany</i>	<i>802,924</i>	<i>325,966</i>	<i>55,540</i>	<i>509,420</i>	<i>280,394</i>	<i>40,933</i>
<i>Poland</i>	<i>684,092</i>	<i>737,584</i>	<i>53,555</i>	<i>374,298</i>	<i>727,630</i>	<i>36,333</i>
<i>France</i>	<i>419,376</i>	<i>85,716</i>	<i>10,380</i>	<i>296,988</i>	<i>79,729</i>	<i>11,571</i>
<i>Great Britain</i>	<i>319,505</i>	<i>164,509</i>	<i>18,771</i>	<i>232,191</i>	<i>24,811</i>	<i>18,427</i>
<i>Rest of Europe</i>	<i>1,439,602</i>	<i>722,161</i>	<i>99,142</i>	<i>889,174</i>	<i>586,062</i>	<i>49,357</i>
The Americas	239,956	123,804	13,201	146,814	33,941	3,547
Rest of world	690,793	129,005	22,372	555,636	144,449	22,634
Total	4,682,060	2,830,331	345,080	3,069,714	2,404,824	257,798

Non-current assets and capital expenditures comprise property, plant and equipment and intangible assets including goodwill (see note 6). Capital expenditures also include payments on account of property, plant and equipment (see note 12).

20 OTHER OPERATING INCOME

(in thousands of EUR)	2022	2021
Income from energy sales	44,091	11,285
Rental income	3,443	1,750
Insurance claims	2,577	1,787
Gains and losses from disposal of property, plant and equipment, and intangible assets - net	(628)	9,497
Income from the deconsolidation of subsidiaries	0	47,335
Other income	21,381	13,206
Other operating income	70,864	84,860

Income from energy sales in 2022 originate in particular from gas resales in Finland resulting from lower consumption due to conversion-related production downtimes.

Gains and losses from disposal of property, plant and equipment, and intangible assets - net include various disposals of minor significance. In the previous year, this item mainly included gains from the sale of “non-current assets held for sale” in connection with the closure of Hirschwang.

Income from the deconsolidation of subsidiaries in the previous year included thous. EUR 46,175 from the disposal of the sites at Eerbeek and Baiersbronn and thous. EUR 1,160 from the deconsolidation of Al-Ekbal Printing and Packaging Co., Amman, Jordan.

The position “Other income” mainly includes income from energy efficiency refunds in the amount of thous. EUR 11,736 (2021: thous. EUR 4,385), as well as a variety of individual items.

21 EXPENSES BY NATURE

The consolidated income statements are prepared using the presentation of expenses by function. The following tables comprise a breakdown of expenses by nature for the financial years 2022 and 2021:

(in thousands of EUR)	2022	2021
Cost of materials and purchased services	2,862,084	1,798,630
Personnel expenses	660,610	540,472
Depreciation and amortization	198,603	148,953
Impairments ¹⁾	21,046	2,395
Other expenses	500,309	394,509
Total cost of sales, selling and distribution, administrative and other operating expenses	4,242,652	2,884,959

¹⁾ for property, plant and equipment, and intangible assets as well as non-current assets held for sale

(in thousands of EUR)	2022	2021
Cost of materials and purchased services	2,862,084	1,798,630
Personnel expenses	447,673	375,296
Depreciation and amortization	158,640	123,385
Impairments ¹⁾	21,046	2,395
Other expenses	65,302	113,851
Cost of sales	3,554,745	2,413,557

¹⁾ for property, plant and equipment, and intangible assets as well as non-current assets held for sale

(in thousands of EUR)	2022	2021
Personnel expenses	212,937	165,176
Depreciation and amortization	39,963	25,568
Impairments ¹⁾	0	0
Other expenses	435,007	280,658
Total selling and distribution, administrative and other operating expenses	687,907	471,402

¹⁾ for property, plant and equipment, and intangible assets as well as non-current assets held for sale

22 PERSONNEL EXPENSES

Personnel expenses from all Group areas can be broken down as follows:

(in thousands of EUR)	2022	2021
Gross wages	257,527	211,062
Gross salaries	263,932	202,683
Severance expenses	6,705	21,871
Pension expenses	13,913	8,336
Expenses for statutory social security as well as payroll-related taxes and compulsory contributions	100,090	84,197
Other welfare expenses	18,443	12,323
Total	660,610	540,472

The average number of employees is as follows:

(Number of persons)	2022	2021
Factory workers	10,471	8,489
Office staff	3,153	2,529
Total	13,624	11,018

Remuneration of the management

The key management of the Group includes the Management Board and the Supervisory Board. The remuneration of the management is as follows:

(in thousands of EUR)	2022	2021
Salaries and other short-term employee benefits (incl. remuneration of the Supervisory Board)	10,037	10,230
Post-employment benefits	1,167	1,147
Termination benefits	2,517	0
Long-term employee benefits (Board of Management)	866	326
Total	14,587	11,703

The payment of long-term benefits (long-term profit-sharing) is conditional on the achievement of a certain operating margin for the next three years based on a three-year plan. For an operating margin determined at the beginning, the Management Board is entitled to a profit-sharing payment in a defined amount. Deviations from this average operating margin lead to increases or decreases in the target amount.

The short-term benefits of the members of the Management Board is as follows:

(in thousands of EUR)	2022	2021
Fixed remuneration	2,456	2,492
Variable remuneration	6,840	7,347
Total	9,296	9,839

The provision for variable compensations that has not yet been paid out amounted to thous. EUR 8,667 as of December 31, 2022 (December 31, 2021: thous. EUR 6,918).

In the financial year 2022, a company pension was paid to former board members and their surviving dependents, amounting to thous. EUR 1,037 (2021: thous. EUR 841).

The remuneration of the members of the Supervisory Board elected by the shareholders for the financial year 2022 amounted to thous. EUR 741 (2021: thous. EUR 717).

23 EXPENSES FOR THE GROUP AUDITOR

The 28th Ordinary Shareholders' Meeting on April 27, 2022 appointed PwC Wirtschaftsprüfung GmbH as auditor for the consolidated and individual financial statements of Mayr-Melnhof Karton AG. Furthermore, they audited the individual financial statements of all material Austrian subsidiaries. In 2022, expenses for services rendered by PwC Wirtschaftsprüfung GmbH in Austria amounted to thous. EUR 807 (2021: thous. EUR 743), of which thous. EUR 781 (2021: thous. EUR 644) were related to auditing and other assurance services and thous. EUR 26 (2021: thous. EUR 99) were related to other services.

24 RESEARCH AND DEVELOPMENT EXPENSES

Research and development costs are recognized as expenses as incurred. Neither as of December 31, 2022 nor as of December 31, 2021 have any development costs been capitalized.

Research and development costs recognized as expenses in the income statement amounted to thous. EUR 7,429 in the financial year 2022 (2021: thous. EUR 4,580).

25 FINANCIAL INCOME

(in thousands of EUR)	2022	2021
Interest from bank deposits	4,063	3,230
Other financial income	187	89
Total financial income	4,250	3,319

26 FINANCIAL EXPENSES

(in thousands of EUR)	2022	2021
Interest expense related to financial liabilities	(22,686)	(17,533)
Interest expense on lease liabilities	(2,919)	(1,867)
Other financial expenses	(6,544)	(4,969)
Total financial expenses	(32,149)	(24,369)

The interest expense on financial liabilities mainly comprises interests related to the issuance of Schuldschein loans and Namensschuldverschreibungen in 2021. Other financial expenses particularly comprise commitment fees for unused credit lines and commissions in connection with financing of acquisitions.

27 OTHER FINANCIAL RESULT – NET

(in thousands of EUR)	2022	2021
Foreign currency exchange rate gains (losses) – net	(15,386)	(3,862)
Net interest cost from benefit obligation	(1,701)	(1,367)
Result from investments accounted for using the equity method	1,376	720
Dividend income	408	606
Result from hyperinflation adjustments (IAS 29)	353	0
Other financial income	6	388
Other financial expenses	(529)	(501)
Other financial result – net	(15,473)	(4,016)

The foreign currency exchange rate gains (losses) – net in 2022 include in particular valuation effects of a transaction-dependent EUR/GBP foreign currency forward (“deal contingent forward”) for hedging foreign currency risks resulting from the purchase price obligation of the Essentra Packaging Group. The negative valuation effect amounted to thous. EUR –7,839.

28 EARNINGS PER SHARE

Earnings per share are calculated in accordance with IAS 33 “Earnings per Share”. The standard requires the calculation and disclosure of two key figures: basic and diluted earnings per share. Basic earnings per share are calculated by dividing profit or loss attributable to the shareholders of the Company by the weighted average number of shares outstanding during the financial year. As there were no dilutive stock options neither as of December 31, 2022 nor as of December 31, 2021, it was not necessary to calculate the diluted earnings per share, which thus correspond to the basic earnings per share.

Basic earnings per share are calculated by dividing net profit for the year attributable to ordinary shareholders of the parent company by the weighted average number of ordinary shares outstanding during the year.

	2022	2021
Profit attributable to ordinary shareholders of the parent company (in thousands of EUR)	343,793	189,174
Weighted average number of ordinary shares	20,000,000	20,000,000
Basic earnings per share attributable to ordinary shareholders of the parent company (in EUR)	17.19	9.46

As in the previous year, the number of shares issued as of December 31, 2022 amounted to 20,000,000 shares.

29 COMMITMENTS AND CONTINGENT LIABILITIES

Commitments from legal proceedings and similar claims

The Group is subject to various claims and legal proceedings that have arisen in the ordinary course of business. Based on all facts available to the Management, the Group believes that the ultimate resolution of these claims and legal proceedings will be unlikely to have a material adverse effect on its financial position or consolidated profit, although no assurance can be given with respect to the outcome of such claims or litigations.

Commitments from environmental matters

The Group is also subject to various environmental laws and regulations in the countries in which it operates. Expenditures for environmental matters which relate to existing conditions caused by past operations and have no significant future benefit are expensed as incurred. If an expense is probable and the respective amount can be reliably estimated, the Group recognizes provisions for environmental risks and post-closure obligations (see note 15).

Other contingent liabilities

As of December 31, 2022, purchase obligations regarding planned capital expenditures for fixed assets amounted to thous. EUR 201,754 (December 31, 2021: thous. EUR 136,440). This development is mainly due to planned Group-wide investment programs focusing on expansion and renewal.

30 DISCLOSURES ON TRANSACTIONS WITH RELATED PARTIES

Raw materials for the production of cartonboard amounting to thous. EUR 7,317 were purchased from other related companies in 2022 (2021: thous. EUR 5,497). As of December 31, 2022, trade liabilities with other related companies amounted to thous. EUR 0 (December 31, 2021: thous. EUR 606).

In 2022, sales from transactions with associated companies amounted to thous. EUR 2,501 (2021: thous. EUR 423). As of December 31, 2022, trade and other receivables with associated companies amounted to thous. EUR 672 (December 31, 2021: thous. EUR 45).

Raw materials amounting to thous. EUR 7,451 were purchased from joint ventures in 2022 (2021: thous. EUR 4,206). As of December 31, 2022, trade liabilities with joint ventures amounted to thous. EUR 713 (December 31, 2021: thous. EUR 826).

Transactions with these companies are carried out on an arm's length basis.

Key management personnel of the Group (active Management Board and Supervisory Board members of Mayr-Melnhof Karton AG) and their close relatives are considered as related parties. For information regarding management remuneration, please refer to note 22.

Expenses for consulting services rendered by two members of the Supervisory Board amounted to thous. EUR 40 (2021: thous. EUR 143). As of December 31, 2022 liabilities of thous. EUR 0 (December 31, 2021: thous. EUR 30) were recognized in this context. Standard market rates were charged for these consulting services.

For information on contributions to the pension benefit plan in Great Britain, please refer to note 15.

31 NOTES ON THE CONSOLIDATED CASH FLOW STATEMENTS

Cash and cash equivalents

Cash and cash equivalents comprise cash, checks, and short-term demand deposits at financial institutions with expiration dates within three months. Cash and cash equivalents denominated in foreign currencies are translated into Euro using the exchange rates at the balance sheet date. For the purpose of the statement of cash flows, the above defined cash and cash equivalents comprise the following:

(in thousands of EUR)	Dec. 31, 2022	Dec. 31, 2021
Fixed deposits	51,009	52,279
Unrestricted bank deposits and cash	228,235	306,474
Other restricted bank deposits	819	793
Cash and cash equivalents	280,063	359,546

Cash flow from operating activities is derived from the consolidated financial statements using the indirect method, while cash flows from investing and financing activities are calculated directly on the basis of cash inflows and outflows.

Cash flow from operating activities increased from thous. EUR 269,820 to thous. EUR 299,738. This change is mainly due to a higher cash-effective result, which was offset by a sharp increase in working capital.

Other adjustments in net cash from profit result in particular from the changes in non-current provisions and from effects of exchange rate changes.

Cash flow from investing activities changed from thous. EUR -891,401 to thous. EUR -573,297. This change mainly results from the payment of the purchase prices for the acquisition of Eson Pac in the amount of thous. EUR 52,066 and Essentra Packaging in the amount of thous. EUR 338,075, which were offset by payments received from the sale of the Russian packaging plants in the amount of thous. EUR 134,000. Payments for the acquisition of property, plant and equipment, and intangible assets increased in line with the intensified investment program from thous. EUR 248,430 in the previous year to thous. EUR 329,388 in the financial year 2022.

Cash flow from financing activities changed from thous. EUR 836,889 to thous. EUR 191,894, which is mainly due to the issuance of Schuldschein loans and Namensschuldverschreibungen in the previous year.

The following table shows a reconciliation of financial liabilities from cash and non-cash changes:

(in thousands of EUR)	Non-current interest- bearing financial liabilities	Current interest-bearing financial liabilities	Total
Balance at Jan. 1, 2022,	1,349,074	74,003	1,423,077
Issuances of financial liabilities	315,000	228,589	543,589
Repayments of financial liabilities	(10,098)	(237,564)	(247,662)
Total cash changes	304,902	(8,975)	295,927
Changes in consolidated companies	23,468	10,474	33,942
Effect of exchange rates	(2,203)	(211)	(2,414)
Other non-cash changes	(1,201)	12,258	11,057
Total non-cash changes	20,064	22,521	42,585
Balance at Dec. 31, 2022	1,674,040	87,549	1,761,589

Other non-cash changes mainly include additions to lease liabilities which are set off by the acquisition of assets in the same amount. Furthermore, this position includes reclassifications from non-current to current financial liabilities.

(in thousands of EUR)	Non-current interest- bearing financial liabilities	Current interest-bearing financial liabilities	Total
Balance at Jan. 1, 2021	215,511	52,915	268,426
Issuances of financial liabilities	1,125,000	100,114	1,225,114
Repayments of financial liabilities	(167,711)	(143,291)	(311,002)
Total cash changes	957,289	(43,177)	914,112
Changes in consolidated companies	202,432	32,394	234,826
Effect of exchange rates	156	321	477
Other non-cash changes	(26,314)	31,550	5,236
Total non-cash changes	176,274	64,265	240,539
Balance at Dec. 31, 2021	1,349,074	74,003	1,423,077

32 SIGNIFICANT SUBSEQUENT EVENTS AND FURTHER INFORMATION

There have been no subsequent events after the balance sheet date with any material effect on the consolidated financial statements of the Group.

33 TABLE OF AFFILIATED AND ASSOCIATED COMPANIES

2022					2021				
Company name	Currency	Nominal capital in thousand currency units	Shareholding in %	Type of consolidation	Company name	Currency	Nominal capital in thousand currency units	Shareholding in %	Type of consolidation
Mayr-Melnhof Karton Aktiengesellschaft, Vienna (AUT)	EUR	80,000	-	FC ¹⁾	Mayr-Melnhof Karton Aktiengesellschaft, Vienna (AUT)	EUR	80,000	-	FC ¹⁾
MM Service GmbH, Vienna (AUT)	EUR	35	100.00 %	FC ¹⁾	MM Service GmbH, Vienna (AUT)	EUR	35	100.00 %	FC ¹⁾
MM BOARD & PAPER					MM BOARD & PAPER				
CP (CartPrint) International Trading AG, Worb (CHE)	CHF	100	100.00 %	FC ¹⁾	CP (CartPrint) International Trading AG, Worb (CHE)	CHF	100	100.00 %	FC ¹⁾
free-com solutions GmbH, Vienna (AUT)	EUR	35	51.00 %	FC ¹⁾	free-com solutions GmbH, Vienna (AUT)	EUR	35	51.00 %	FC ¹⁾
Lokalbahn Payerbach-Hirschwang Gesellschaft m. b. H., Reichenau/Rax (AUT)	EUR	190	100.00 %	FC ¹⁾	Lokalbahn Payerbach-Hirschwang Gesellschaft m. b. H., Reichenau/Rax (AUT)	EUR	190	100.00 %	FC ¹⁾
MM BOARD & PAPER GmbH, Vienna (AUT)	EUR	5,000	100.00 %	FC ¹⁾	MM BOARD & PAPER GmbH, Vienna (AUT)	EUR	5,000	100.00 %	FC ¹⁾
MM FollaCell AS, Follafooss (NOR)	NOK	10,000	100.00 %	FC ¹⁾	MM FollaCell AS, Follafooss (NOR)	NOK	10,000	100.00 %	FC ¹⁾
MM Frohnleiten GmbH, Frohnleiten (AUT)	EUR	7,500	100.00 %	FC ¹⁾	MM Frohnleiten GmbH, Frohnleiten (AUT)	EUR	7,500	100.00 %	FC ¹⁾
MM Gernsbach GmbH, Gernsbach (DEU)	EUR	9,205	100.00 %	FC ¹⁾	MM Gernsbach GmbH, Gernsbach (DEU)	EUR	9,205	100.00 %	FC ¹⁾
MM Kolicivo d. o. o., Domzale (SVN)	EUR	12,828	100.00 %	FC ¹⁾	MM Kolicivo d. o. o., Domzale (SVN)	EUR	12,828	100.00 %	FC ¹⁾
MM Kotkamills Absorbex Oy, Kotka (FIN)	EUR	2	100.00 %	FC ¹⁾	MM Kotkamills Absorbex Oy, Kotka (FIN)	EUR	2	100.00 %	FC ¹⁾
MM Kotkamills Boards Oy, Kotka (FIN)	EUR	10,200	100.00 %	FC ¹⁾	MM Kotkamills Boards Oy, Kotka (FIN)	EUR	10,200	100.00 %	FC ¹⁾
MM Kotkamills Oy, Kotka (FIN)	EUR	80	100.00 %	FC ¹⁾	MM Kotkamills Oy, Kotka (FIN)	EUR	80	100.00 %	FC ¹⁾
MM Kotkamills Wood Oy, Kotka (FIN)	EUR	2	100.00 %	FC ¹⁾	MM Kotkamills Wood Oy, Kotka (FIN)	EUR	2	100.00 %	FC ¹⁾
MM Kwidzyn Sp. z o. o., Kwidzyn (POL)	PLN	90,000	100.00 %	FC ¹⁾	MM Kwidzyn Sp. z o. o., Kwidzyn (POL)	PLN	90,000	100.00 %	FC ¹⁾
MM Neuss GmbH, Baiersbronn (DEU)	EUR	7,500	100.00 %	FC ¹⁾	MM Neuss GmbH, Baiersbronn (DEU)	EUR	7,500	100.00 %	FC ¹⁾
Nomamasa GmbH, Düsseldorf (DEU)	EUR	25	100.00 %	FC ¹⁾	-	-	-	-	-
Tor-Pal Sp. z o. o., Kwidzyn (POL)	PLN	384	92.33 %	FC ¹⁾	Tor-Pal Sp. z o. o., Kwidzyn (POL)	PLN	384	89.85 %	FC ¹⁾

2022					2021				
Company name	Currency	Nominal capital in thousand currency units	Shareholding in %	Type of consolidation	Company name	Currency	Nominal capital in thousand currency units	Shareholding in %	Type of consolidation
Trading companies & sales offices of MM Board & Paper					Trading companies & sales offices of MM Board & Paper				
Keminer Remmers Spiëhs Kartonhandels GmbH, Gernsbach (DEU)	EUR	1,280	100.00 %	FC ¹⁾	Keminer Remmers Spiëhs Kartonhandels GmbH, Gernsbach (DEU)	EUR	1,280	100.00 %	FC ¹⁾
Mayr-Melnhof & Wilfried Heinzel Tehran Co., Tehran (IRN)	IRR	100,000	36.00 %	NE ²⁾	Mayr-Melnhof & Wilfried Heinzel Tehran Co., Tehran (IRN)	IRR	100,000	36.00 %	NE ²⁾
MM Board Benelux B.V., Amstelveen (NLD)	EUR	91	100.00 %	FC ¹⁾	MM Board Benelux B.V., Amstelveen (NLD)	EUR	91	100.00 %	FC ¹⁾
MM Board Bulgaria EOOD, Sofia (BGR)	BGN	5	100.00 %	FC ¹⁾	MM Board Bulgaria EOOD, Sofia (BGR)	BGN	5	100.00 %	FC ¹⁾
MM Board Czech s.r.o., Prague (CZE)	CZK	820	100.00 %	FC ¹⁾	MM Board Czech s.r.o., Prague (CZE)	CZK	820	100.00 %	FC ¹⁾
MM Board France SARL, Paris (FRA)	EUR	8	100.00 %	FC ¹⁾	MM Board France SARL, Paris (FRA)	EUR	8	100.00 %	FC ¹⁾
MM Board Germany GmbH, Neuss (DEU)	EUR	26	100.00 %	FC ¹⁾	MM Board Germany GmbH, Neuss (DEU)	EUR	26	100.00 %	FC ¹⁾
MM B&P Hungary Kft., Budaörs (HUN)	HUF	20	100.00 %	FC ¹⁾	MM B&P Hungary Kft., Budaörs (HUN)	HUF	20	100.00 %	FC ¹⁾
MM Board Italy SRL, Milan (ITA)	EUR	51	75.00 %	FC ¹⁾	MM Board Italy SRL, Milan (ITA)	EUR	51	75.00 %	FC ¹⁾
MM Board North Africa SARL, Tunis (TUN)	TND	80	100.00 %	FC ¹⁾	Mayr-Melnhof Mediterra SARL, Tunis (TUN)	TND	80	100.00 %	FC ¹⁾
MM Board Polska Sp.z.o.o., Poznan (POL)	PLN	50	100.00 %	FC ¹⁾	MM Board Polska Sp.z.o.o., Poznan (POL)	PLN	50	100.00 %	FC ¹⁾
MM Board SI d.o.o., Domzale (SVN)	EUR	30	100.00 %	FC ¹⁾	MM Board SI d.o.o., Domzale (SVN)	EUR	30	100.00 %	FC ¹⁾
MM Board Spain S.A., Barcelona (ESP)	EUR	60	75.00 %	FC ¹⁾	Austria Cartón S.A., Barcelona (ESP)	EUR	60	75.00 %	FC ¹⁾
MM Board UK Limited, Theale-Reading (GBR)	GBP	1,000	100.00 %	FC ¹⁾	MM Board UK Limited, Theale-Reading (GBR)	GBP	1,000	100.00 %	FC ¹⁾
MM Board & Paper Sales GmbH, Vienna (AUT)	EUR	35	100.00 %	FC ¹⁾	MM Board & Paper Sales GmbH, Vienna (AUT)	EUR	35	100.00 %	FC ¹⁾
MM Karton Russia LLC, Moscow (RUS)	RUB	14,290	100.00 %	FC ¹⁾	MM Karton Russia LLC, Moscow (RUS)	RUB	14,290	100.00 %	FC ¹⁾
MM Shared Services Sp.z.o.o., Warsaw (POL)	PLN	5,662	100.00 %	FC ¹⁾	MM Shared Services Sp.z.o.o., Warsaw (POL)	PLN	5,662	100.00 %	FC ¹⁾
Varsity Packaging Limited, Theale-Reading (GBR)	GBP	300	100.00 %	FC ¹⁾	Varsity Packaging Limited, Theale-Reading (GBR)	GBP	300	100.00 %	FC ¹⁾

2022					2021				
Company name	Currency	Nominal capital in thousand currency units	Shareholding in %	Type of consolidation	Company name	Currency	Nominal capital in thousand currency units	Shareholding in %	Type of consolidation
MM PACKAGING					MM PACKAGING				
-	-	-	-	-	Al-Ekbal Printing & Packaging Co. i. l., Amman (JOR)	JOD	3,500	86.94 %	FC ⁽¹⁾
Beaucrest Limited, Hong Kong (HKG)	HKD	1	100.00 %	NC ⁽⁴⁾	Beaucrest Limited, Hong Kong (HKG)	HKD	1	100.00 %	NC ⁽⁴⁾
C. P. Schmidt Verpackungs-Werk Beteiligungsgesellschaft mbH, Kaiserslautern (DEU)	EUR	180	100.00 %	FC ⁽¹⁾	C. P. Schmidt Verpackungs-Werk Beteiligungsgesellschaft mbH, Kaiserslautern (DEU)	EUR	180	100.00 %	FC ⁽¹⁾
Danubia International, Kiev (UKR)	UAH	1	100.00 %	NC ⁽⁴⁾	Danubia International, Kiev (UKR)	UAH	1	100.00 %	NC ⁽⁴⁾
Gundlach GmbH, Bielefeld (DEU)	EUR	52	100.00 %	FC ⁽¹⁾	Gundlach GmbH, Bielefeld (DEU)	EUR	52	100.00 %	FC ⁽¹⁾
MM Packaging Solutions Ibérica S. L. U, Valencia (ESP)	EUR	7,500	100.00 %	FC ⁽¹⁾	Mayr-Melnhof Packaging Iberica SL, Valencia (ESP)	EUR	7,500	100.00 %	FC ⁽¹⁾
MM Packaging GmbH /Jordan PSC, Amman (JOR)	JOD	5,000	100.00 %	FC ⁽¹⁾	Mayr-Melnhof Packaging International GmbH /Jordan PSC, Amman (JOR)	JOD	5,000	100.00 %	FC ⁽¹⁾
Mayr-Melnhof Packaging Marinetti Limitada, Santiago de Chile (CHL)	CLP	5,000	100.00 %	FC ⁽¹⁾	Mayr-Melnhof Packaging Marinetti Limitada, Santiago de Chile (CHL)	CLP	5,000	100.00 %	FC ⁽¹⁾
Mayr-Melnhof Printing and Packaging Tehran Company, Private Joint Stock, Tehran (IRN)	IRR	514,800,000	100.00 %	FC ⁽¹⁾	Mayr-Melnhof Printing and Packaging Tehran Company, Private Joint Stock, Tehran (IRN)	IRR	514,800,000	99.56 %	FC ⁽¹⁾
MM Bangor Ltd., Bradford (GBR)	GBP	0	100.00 %	FC ⁽¹⁾	-	-	-	-	-
MM Clayton LLC, Wilmington (USA)	USD	181	100.00 %	FC ⁽¹⁾	-	-	-	-	-
MM C. P. Schmidt GmbH, Kaiserslautern (DEU)	EUR	3,000	100.00 %	FC ⁽¹⁾	MM C. P. Schmidt GmbH, Kaiserslautern (DEU)	EUR	3,000	100.00 %	FC ⁽¹⁾
MM Eson Pac AB, Veddige (SWE)	SEK	10,000	100.00 %	FC ⁽¹⁾	-	-	-	-	-
MM Eson Pac Denmark A/S, Taastrup (DEN)	DKK	6,000	100.00 %	FC ⁽¹⁾	-	-	-	-	-
MM Eson Pac International AB, Veddige (SWE)	SEK	89,2	100.00 %	FC ⁽¹⁾	-	-	-	-	-
MM Eson Pac Norway AS, Sarpsborg (NOR)	NOK	4,100	100.00 %	FC ⁽¹⁾	-	-	-	-	-
MM Fiber Packaging S. A. U., Madrid (ESP)	EUR	1,920	100.00 %	FC ⁽¹⁾	-	-	-	-	-
MM Fiber Packaging Ireland Limited, Dublin (IRL)	EUR	378	100.00 %	FC ⁽¹⁾	-	-	-	-	-
MM Graphia Beteiligungs- und Verwaltungs GmbH, Bielefeld (DEU)	EUR	5,538	100.00 %	FC ⁽¹⁾	MM Graphia Beteiligungs- und Verwaltungs GmbH, Bielefeld (DEU)	EUR	5,538	100.00 %	FC ⁽¹⁾
MM Graphia Bielefeld GmbH, Bielefeld (DEU)	EUR	526	100.00 %	FC ⁽¹⁾	MM Graphia Bielefeld GmbH, Bielefeld (DEU)	EUR	526	100.00 %	FC ⁽¹⁾

2022					2021				
Company name	Currency	Nominal capital in thousand currency units	Shareholding in %	Type of consolidation	Company name	Currency	Nominal capital in thousand currency units	Shareholding in %	Type of consolidation
MM Graphia GmbH, Bielefeld (DEU)	EUR	25	100.00 %	FC ⁽¹⁾	MM Graphia GmbH, Bielefeld (DEU)	EUR	25	100.00 %	FC ⁽¹⁾
MM Graphia Izmir Karton sanayi ve ticaret anonim sirketi, Izmir (TUR)	TRY	24,613	100.00 %	FC ⁽¹⁾	MM Graphia Izmir Karton sanayi ve ticaret anonim sirketi, Izmir (TUR)	TRY	24,613	100.00 %	FC ⁽¹⁾
MM Graphia Trier GmbH, Trier (DEU)	EUR	3,500	100.00 %	FC ⁽¹⁾	MM Graphia Trier GmbH, Trier (DEU)	EUR	3,500	100.00 %	FC ⁽¹⁾
MM Gravure Trier GmbH, Trier (DEU)	EUR	7,000	100.00 %	FC ⁽¹⁾	MM Gravure Trier GmbH, Trier (DEU)	EUR	7,000	100.00 %	FC ⁽¹⁾
MM Innovaprint GmbH, Bielefeld (DEU)	EUR	500	100.00 %	FC ⁽¹⁾	MM Innovaprint GmbH, Bielefeld (DEU)	EUR	500	100.00 %	FC ⁽¹⁾
MM Lublin Sp.zo.o., Lublin (POL)	PLN	53,500	100.00 %	FC ⁽¹⁾	-	-	-	-	-
MM Nekicesa S.L.U., Madrid (ESP)	EUR	18,881	100.00 %	FC ⁽¹⁾	-	-	-	-	-
MM Neupack GmbH, Reichenau/Rax (AUT)	EUR	1,820	100.00 %	FC ⁽¹⁾	MM Neupack GmbH, Reichenau/Rax (AUT)	EUR	1,820	100.00 %	FC ⁽¹⁾
MM Newport Ltd., Bradford (GBR)	GBP	1,231	100.00 %	FC ⁽¹⁾	-	-	-	-	-
MM Packaging Behrens GmbH, Alfeld (Leine) (DEU)	EUR	3,000	100.00 %	FC ⁽¹⁾	MM Packaging Behrens GmbH, Alfeld (Leine) (DEU)	EUR	3,000	100.00 %	FC ⁽¹⁾
MM Packaging Beteiligungs- und Verwaltungs GmbH, Bielefeld (DEU)	EUR	500	100.00 %	FC ⁽¹⁾	MM Packaging Beteiligungs- und Verwaltungs GmbH, Bielefeld (DEU)	EUR	500	100.00 %	FC ⁽¹⁾
MM Packaging Caesar GmbH, Traben-Trarbach (DEU)	EUR	3,000	100.00 %	FC ⁽¹⁾	MM Packaging Caesar GmbH, Traben-Trarbach (DEU)	EUR	3,000	100.00 %	FC ⁽¹⁾
MM Packaging Colombia S.A.S., Santiago de Cali (COL)	COP	84,000,000	100.00 %	FC ⁽¹⁾	MM Packaging Colombia S.A.S., Santiago de Cali (COL)	COP	84,000,000	100.00 %	FC ⁽¹⁾
MM Packaging Deeside Limited, Deeside (GBR)	GBP	9,700	100.00 %	FC ⁽¹⁾	MM Packaging UK Limited, Deeside (GBR)	GBP	9,700	100.00 %	FC ⁽¹⁾
MM Packaging Deutschland GmbH, Bielefeld (DEU)	EUR	26	100.00 %	FC ⁽¹⁾	MM Packaging Deutschland GmbH, Bielefeld (DEU)	EUR	26	100.00 %	FC ⁽¹⁾
MM PACKAGING GmbH, Vienna (AUT)	EUR	5,000	100.00 %	FC ⁽¹⁾	MM PACKAGING GmbH, Vienna (AUT)	EUR	5,000	100.00 %	FC ⁽¹⁾
MM PACKAGING France S.A.S., Monéteau (FRA)	EUR	7,289	100.00 %	FC ⁽¹⁾	MM PACKAGING France S.A.S., Monéteau (FRA)	EUR	7,289	100.00 %	FC ⁽¹⁾
MM Packaging Italy S.r.l., Podenzano (ITA)	EUR	6,600	100.00 %	FC ⁽¹⁾	-	-	-	-	-
MM Packaging Leeuwarden B.V., Leeuwarden (NLD)	EUR	18	100.00 %	FC ⁽¹⁾	-	-	-	-	-
MM Packaging Polska Sp.zo.o., Bydgoszcz (POL)	PLN	71,500	100.00 %	FC ⁽¹⁾	MM Packaging Polska Sp.zo.o., Bydgoszcz (POL)	PLN	71,500	100.00 %	FC ⁽¹⁾
MM Packaging Puerto Rico Inc., Guaynabo (PRI)	USD	1	100.00 %	FC ⁽¹⁾	-	-	-	-	-
-	-	-	-	-	MM Polygrafoformlenie Packaging LLC, St. Petersburg (RUS)	RUB	565,851	100.00 %	FC ⁽¹⁾
-	-	-	-	-	MM Polygrafoformlenie Rotogravure LLC, St. Petersburg (RUS)	RUB	33,000	100.00 %	FC ⁽¹⁾

2022					2021				
Company name	Currency	Nominal capital in thousand currency units	Shareholding in %	Type of consolidation	Company name	Currency	Nominal capital in thousand currency units	Shareholding in %	Type of consolidation
MM Packaging Romania S.R.L., Blejoi (ROU)	RON	5,504	100.00 %	FC ¹⁾	MM Packaging Romania S.R.L., Blejoi (ROU)	RON	5,504	100.00 %	FC ¹⁾
MM Packaging Sarreguemines S.A.R.L., Sarreguemines (FRA)	EUR	7,472	100.00 %	FC ¹⁾	-	-	-	-	-
MM Packaging Schilling GmbH, Heilbronn (DEU)	EUR	2,500	100.00 %	FC ¹⁾	MM Packaging Schilling GmbH, Heilbronn (DEU)	EUR	2,500	100.00 %	FC ¹⁾
MM Packaging & Securing Solutions Limited, Bradford (GBR)	GBP	70,149	100.00 %	FC ¹⁾	-	-	-	-	-
MM Packaging UK Limited, Bradford (GBR)	GBP	139,391	100.00 %	FC ¹⁾	-	-	-	-	-
MM Packaging Ukraine LLC, Cherkassy (UKR)	UAH	56,896	100.00 %	FC ¹⁾	MM Packaging Ukraine LLC, Cherkassy (UKR)	UAH	56,896	100.00 %	FC ¹⁾
MM Packaging Vidon Limited Liability Company, Ho Chi Minh City (VNM)	VND	280,000,000	100.00 %	FC ¹⁾	MM Packaging Vidon Limited Liability Company, Ho Chi Minh City (VNM)	VND	280,000,000	100.00 %	FC ¹⁾
MM Premium Vienna GmbH, Vienna (AUT)	EUR	3,050	100.00 %	FC ¹⁾	MM Premium Vienna GmbH, Vienna (AUT)	EUR	3,050	100.00 %	FC ¹⁾
MM Packaging US Inc., Wilmington (USA)	USD	5	100.00 %	FC ¹⁾	-	-	-	-	-
MM Wolfen GmbH, Bitterfeld-Wolfen OT Wolfen (DEU)	EUR	25	100.00 %	FC ¹⁾	-	-	-	-	-
MMP Neupack Polska Sp.z.o.o., Bydgoszcz (POL)	PLN	28,700	100.00 %	FC ¹⁾	MMP Neupack Polska Sp.z.o.o., Bydgoszcz (POL)	PLN	28,700	100.00 %	FC ¹⁾
MMP Packetis SAS, Chazelles (FRA)	EUR	1,677	100.00 %	FC ¹⁾	MMP Packetis SAS, Chazelles (FRA)	EUR	1,677	100.00 %	FC ¹⁾
MMP Premium Polska Sp.z.o.o., Bydgoszcz (POL)	PLN	26,000	100.00 %	FC ¹⁾	MMP Premium Polska Sp.z.o.o., Bydgoszcz (POL)	PLN	26,000	100.00 %	FC ¹⁾
MMP Premium Printing Center GmbH, Trier (DEU)	EUR	500	100.00 %	FC ¹⁾	MMP Premium Printing Center GmbH, Trier (DEU)	EUR	500	100.00 %	FC ¹⁾
MMP Premium SAS, Ancenis (FRA)	EUR	6,686	100.00 %	FC ¹⁾	MMP Premium SAS, Ancenis (FRA)	EUR	6,686	100.00 %	FC ¹⁾
MPC Besitzgesellschaft mbH, Traun (AUT)	EUR	3,700	100.00 %	FC ¹⁾	MPC Besitzgesellschaft mbH, Traun (AUT)	EUR	3,700	100.00 %	FC ¹⁾
-	-	-	-	-	OOO TANN Nevskiy, Pskov (RUS)	RUB	230,000	100.00 %	FC ¹⁾
PacProject GmbH, Hamburg (DEU)	EUR	26	100.00 %	FC ¹⁾	PacProject GmbH, Hamburg (DEU)	EUR	26	100.00 %	FC ¹⁾
Private Joint Stock Company "Graphia Ukraina", Cherkassy (UKR)	UAH	5,880	94.78 %	FC ¹⁾	Private Joint Stock Company "Graphia Ukraina", Cherkassy (UKR)	UAH	5,880	94.78 %	FC ¹⁾
-	-	-	-	-	R + S Stanzformen GmbH, Niederdorfelden (DEU)	EUR	260	100.00 %	FC ¹⁾
Société Tunisienne des Emballages Modernes, Tunis (TUN)	TND	9,640	45.00 %	EC ³⁾	Société Tunisienne des Emballages Modernes, Tunis (TUN)	TND	9,640	45.00 %	EC ³⁾

2022					2021				
Company name	Currency	Nominal capital in thousand currency units	Shareholding in %	Type of consolidation	Company name	Currency	Nominal capital in thousand currency units	Shareholding in %	Type of consolidation
Superpak Ambalaj sanayi ve ticaret anonim sirketi, Izmir (TUR)	TRY	116,331	100.00 %	FC ¹⁾	Superpak Ambalaj sanayi ve ticaret anonim sirketi, Izmir (TUR)	TRY	116,331	100.00 %	FC ¹⁾
TANN ARGENTINA S.A., Buenos Aires (ARG)	ARS	12	100.00 %	NC ⁴⁾	TANN ARGENTINA S.A., Buenos Aires (ARG)	ARS	12	100.00 %	NC ⁴⁾
Tann Beteiligungs GmbH, Traun (AUT)	EUR	35	100.00 %	FC ¹⁾	Tann Beteiligungs GmbH, Traun (AUT)	EUR	35	100.00 %	FC ¹⁾
TANN Colombiana S.A.S. i.l., La Ceja/Medellin (COL)	COP	351,000	100.00 %	FC ¹⁾	TANN Colombiana S.A.S. i.l., La Ceja/Medellin (COL)	COP	351,000	100.00 %	FC ¹⁾
TANN GERMANY GmbH, Glinde (DEU)	EUR	512	100.00 %	FC ¹⁾	TANN GERMANY GmbH, Glinde (DEU)	EUR	512	100.00 %	FC ¹⁾
TANN Holding GmbH, Traun (AUT)	EUR	70	100.00 %	FC ¹⁾	TANN Holding GmbH, Traun (AUT)	EUR	70	100.00 %	FC ¹⁾
TANN Invest GmbH, Traun (AUT)	EUR	35	100.00 %	FC ¹⁾	TANN Invest GmbH, Traun (AUT)	EUR	35	100.00 %	FC ¹⁾
TANN Longyou Ltd., Longyou (Zhejiang) (CHN)	CNY	97,245	95.69 %	FC ¹⁾	TANN Longyou Ltd., Longyou (Zhejiang) (CHN)	CNY	97,245	95.69 %	FC ¹⁾
TANN PAPER Limited, Woodstock (New Brunswick) (CAN)	CAD	600	100.00 %	FC ¹⁾	TANN PAPER Limited, Woodstock (New Brunswick) (CAN)	CAD	600	100.00 %	FC ¹⁾
TANN Philippines, Inc., Santo Tomas (Batangas) (PHL)	PHP	470,000	100.00 %	FC ¹⁾	TANN Philippines, Inc., Santo Tomas (Batangas) (PHL)	PHP	470,000	100.00 %	FC ¹⁾
TANN Service GmbH, Traun (AUT)	EUR	35	100.00 %	FC ¹⁾	TANN Service GmbH, Traun (AUT)	EUR	35	100.00 %	FC ¹⁾
TANN Shanghai Co., Ltd., Shanghai (CHN)	CNY	31,522	51.00 %	FC ¹⁾	TANN Shanghai Co., Ltd., Shanghai (CHN)	CNY	31,522	51.00 %	FC ¹⁾
TANNPAPIER GmbH, Traun (AUT)	EUR	1,000	100.00 %	FC ¹⁾	TANNPAPIER GmbH, Traun (AUT)	EUR	1,000	100.00 %	FC ¹⁾
TBG Development Philippines, Inc., Makati City (Metro Manila) (PHL)	PHP	53,320	100.00 %	FC ¹⁾	TBG Development Philippines, Inc., Makati City (Metro Manila) (PHL)	PHP	53,320	100.00 %	FC ¹⁾
VTV Verpackungstechnische Verfahren GmbH, Kaiserslautern (DEU)	EUR	200	100.00 %	FC ¹⁾	VTV Verpackungstechnische Verfahren GmbH, Kaiserslautern (DEU)	EUR	200	100.00 %	FC ¹⁾
Zhejiang TF Special Papers Co., Ltd., Quzhou City (CHN)	CNY	50,000	40.00 %	EC ³⁾	Zhejiang TF Special Papers Co., Ltd., Quzhou City (CHN)	CNY	50,000	40.00 %	EC ³⁾

The voting rights are equal to the ownership interests. The parent company does not hold any preferred interests in the subsidiary.

¹⁾ FC ... fully consolidated company

²⁾ NE ... joint venture or associated company, but not consolidated at equity due to immateriality

³⁾ EC ... consolidated at equity

⁴⁾ NC ... not consolidated due to immateriality

34 BOARD MEMBERS

During the financial year 2022, the Board Members were as follows:

Management Board

Peter Oswald (Chairman)

Franz Hiesinger (Member of the Management Board)

Andreas Blaschke (Member of the Management Board until October 30, 2022)

Supervisory Board

Rainer Zellner (Chairman)

Johannes Goess-Saurau (1st Deputy Chairman)

Nikolaus Ankershofen (2nd Deputy Chairman)

Alexander Leeb (Member of the Supervisory Board)

Georg Mayr-Melnhof (Member of the Supervisory Board)

Ferdinand Mayr-Melnhof-Saurau (Member of the Supervisory Board)

Klaus Rabel (Member of the Supervisory Board)

Franz Rappold (Member of the Supervisory Board until April 26, 2022)

Andreas Hemmer (Employee Representative)

Gerhard Novotny (Employee Representative)

Vienna, March 13, 2023

The Management Board

Peter Oswald m. p.

Franz Hiesinger m. p.

Auditor's Report

Report on the Consolidated Financial Statements

Audit Opinion

We have audited the consolidated financial statements of Mayr-Melnhof Karton Aktiengesellschaft, Vienna, and its subsidiaries (the Group), which comprise the consolidated balance sheet as at December 31, 2022, the consolidated income statement, the consolidated comprehensive income statement, the consolidated statement of changes in equity and the consolidated cash flow statement for the financial year then ended, and the notes to the consolidated financial statements.

In our opinion, the accompanying consolidated financial statements comply with legal requirements and give a true and fair view of the financial position of the Group as at December 31, 2022, and of its financial performance and cash flows for the financial year then ended in accordance with International Financial Reporting Standards as adopted by the EU (IFRSs) and the additional regulations of section 245 a Austrian Commercial Code.

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 Consolidated Financial Statements" section of our report. We are independent of the Group 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.

Key Audit Matters

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the consolidated financial statements of the financial year. These matters were addressed in the context of our audit of the consolidated 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
- Audit approach and key observations

1. Business combinations – identification and valuation of assets and liabilities acquired in the course of the acquisition of Essentra Packaging

Description

On October 2, 2022, the divisional holding company MM PACKAGING GmbH, Vienna, concluded the acquisition of Essentra Packaging, which was agreed in June 2022, after consent of all relevant competition authorities. Essentra Packaging operates 21 production sites in 10 countries, located in Europe and America.

The consideration transferred at the acquisition date amounted to thous. EUR 325,135. Taking into account the acquired net assets in the amount of thous. EUR 241,786, this resulted in a goodwill in the amount of thous. EUR 83,349.

In accordance with the regulations of IFRS 3, the identifiable assets acquired and liabilities assumed were recognized at fair value at the acquisition date, respectively. The identification and valuation of the net assets acquired is complex and requires a series of discretionary decisions and assumptions. In particular, the valuation of intangible assets, buildings and machinery acquired is based to a considerable extent on asset specific assumptions requiring the Management Board to make discretionary decisions and estimates. To determine the fair values of the identifiable assets and liabilities, the Management Board consulted external experts. The purchase price allocation has not been finalized yet.

For the consolidated financial statements, there is the risk that the assets acquired and liabilities assumed in the course of the acquisition have been identified inaccurately or have not been valued adequately due to the size and complexity of the business combination. Moreover, there is the risk that the disclosures required in the notes to the consolidated financial statements pursuant to IFRS 3 are incomplete and incorrect.

Audit approach and key observations

In order to gain an understanding of the acquisition, we read the purchase and sale agreements, including the supplementary agreements, entered into by the selling parties and MM PACKAGING GmbH, Vienna. In accordance with the relevant regulations of IFRS 3 “Business Combinations”, we have evaluated the provisions agreed in these agreements with regard to the recognition in the consolidated balance sheet and the disclosures in the notes to the consolidated financial statements as at December 31, 2022.

We critically assessed the expertise, skills and objectivity of the experts engaged by the Management Board. Together with our valuation experts, we evaluated whether the significant assumptions and input parameters are appropriate (in particular the assumptions with regard to the growth rate, the discount rate used, the assumptions on the quality of land and buildings relevant to the valuation, the assumptions on the quality and replacement cost of acquired machinery as well as the assumptions on the estimated churn rate of the identified customer bases) and whether the assets and liabilities identified in the course of the purchase price allocation are complete and valued adequately. We checked whether the valuation methods applied are in accordance with the valuation principles of IFRS 3 in conjunction with the relevant regulations of IFRS 13.

Finally, we evaluated whether the disclosures on the business combination in the notes to the consolidated financial statements as at December 31, 2022 are complete and adequate.

The approach serving as a basis for the identification and valuation of the net assets acquired is adequate and complies with the accounting principles that are to be applied. The significant assumptions made by the Management Board and the input parameters applied are reasonable. The provisional presentation pursuant to IFRS 3 paragraph 45 of the business combination in the notes to the consolidated financial statements as at December 31, 2022 complies with the requirements of IFRS 3. The Management Board disclosed the fact that the purchase price allocation has not been finalized yet; the provisional results of the purchase price allocations take into account all material information on relevant facts and circumstances at the acquisition date. Based on current information, no material retrospective adjustments to the purchase price allocations are expected.

Reference to related disclosures

Related disclosures with regard to this key audit matter are to be found in the notes to the consolidated financial statements as at December 31, 2022 under note 5 – “Changes in the consolidated companies and other significant events” in section 5.1 – “Changes in the consolidated companies in 2022”, under note 7 “Financial instruments disclosures” in section 7.4 – “Capital management” as well as under note 31 “Notes on the consolidated cash flow statements”.

2. Recoverability of goodwill of the operating segments MM Board & Paper and MM Packaging as well as recoverability of the carrying amounts of the cash generating units or group of assets

Description

Under the item “intangible assets including goodwill”, the consolidated financial statements of Mayr-Melnhof Karton Aktiengesellschaft, Vienna, include goodwill in the amount of thous. EUR 748,821, representing approximately 15.5 % of total assets of the Group. Thous. EUR 433,557 of this item relates to the MM Board & Paper goodwill, which particularly results from the acquisition of the production sites Koktamills (Finland) and Kwidzyn (Poland) in the financial year 2021, and thous. EUR 315,264 relates to the MM Packaging goodwill, which particularly results from the acquisition of Essentra Packaging in this financial year. In order to determine a potential need for impairment, management performs a mandatory impairment test of goodwill each year at the reporting date or if there is any indication that an asset may be impaired. Moreover, the consolidated financial statements as at December 31, 2022 include other intangible assets in the amount of thous. EUR 268,296 and property, plant and equipment in the amount of thous. EUR 1,813,214. In case of any indications in this regard pursuant to IAS 36, management evaluates whether the carrying amounts of a cash generating unit may be impaired.

The impairment of goodwill is tested at the level of the respective operating segment MM Board & Paper or MM Packaging to which the goodwill pertains. In the course of the impairments test an impairment loss on goodwill is recognized if the carrying amount of the operating segment as cash generating unit exceeds the respective recoverable amount. Moreover, an impairment loss is recognized to the extent that the carrying amount of the asset, the group of assets or the cash generating unit exceeds the recoverable amount. The recoverable amount of an asset, a group of assets or a cash generating unit is the higher of the value in use and the fair value less cost of disposal. When evaluating whether there are any indications for impairment, external and internal sources of information are to be taken into account. In doing so, expectations regarding the future market development, assumptions regarding the development of macroeconomic factors as well as the expected development of costs of raw materials (especially wood, recovered paper) and the increasing cost of energy on the business activities in the segment are also taken into account. The Group determines the value in use by means of a discounted cash flow method (DCF method). In addition to forecasts of future cash flows (Free Cash Flows) before tax, particularly the capitalization rate (WACC) is also to be classified as such that it requires significant discretionary decisions. Discounting is made based on the weighted average capital costs of the operating segments or the cash generating unit of the operating segment.

As already slight changes in the capitalization rate or in future cash flows may have a significant impact on the recoverable amount, there are major estimation uncertainties with regard to the determination of the value in use and thus the recoverable amount of the goodwill, the group of assets or the carrying amount of the cash generating units. In case there are any indications for a potential need for impairment and the value in use is below the carrying amount of the asset, a group of assets or a cash generating unit, management determines the fair value less cost of disposal of the asset, the group of assets or the cash generating unit together with external independent experts, allocating a calculated impairment at the level of the cash generating unit to the assets pertaining to it up to a maximum of their respective fair value less cost of disposal.

No impairment of goodwill or carrying amounts of cash generating units were recognized in the financial year 2022.

Valuation of the recoverable amount is complex, requires relevant expertise and depends on significant assumptions and discretionary decisions made by management to a considerable extent. For the consolidated financial statements, there is the risk that the valuation assumptions serving as a basis for the impairment test – in case the recoverable amounts of the assets, the group of assets or the cash generating unit are not determined appropriately – may result in an unidentified impairment not recognized in the consolidated balance sheet.

Audit approach and key observations

We examined the indications for a possible impairment observed by the Management Board and checked whether there were any indications that the cash generating units identified in this process are at risk and may be impaired.

In the course of our audit and by partially involving our valuation specialists we verified among others the methodical approach in identifying indications for a need for impairment and in performing the impairment test. Moreover, we ascertained the appropriateness of the significant assumptions and input parameters made with regard to the planned development of future cash flows before tax as well as the valuation of the values in use and, where relevant, the fair values less cost of disposal, and evaluated whether all relevant internal and external sources of information were taken into account by management. The future expected cash flows were derived from the budget for 2023 of the segments MM Board & Paper and MM Packaging which was adopted by management and approved by the Supervisory Board. In addition, we evaluated the appropriateness of the calculation especially by reconciliation with general and industry-specific market expectations. In this context, we also verified the Management Boards' estimates regarding the development of the increased raw material and energy prices on the business activities and verified their consideration in determining the future cash flows. Knowing that already slight changes in the discount rate may have a significant impact on the recoverable amount determined in this way, we assessed these changes and how they were derived both with regard to the individual assumptions and parameters based on available market data and considering a critical overall evaluation in comparison with similar companies in the packaging industry. We checked the valuation models used in determining the values in use for mathematical accuracy and consistency with the valuation principles of the relevant IFRS regulations.

To take into account the existing forecast uncertainties, we verified the sensitivity analyses prepared by management. In doing so, we noted that, considering the information available, the goodwill of the operating segments MM Board & Paper and MM Packaging as well as the carrying amounts of the cash generating units were sufficiently covered by the discounted future cash flows.

Finally, we evaluated whether the disclosures in the notes to the consolidated financial statements on the recoverability of goodwill and of the carrying amounts of the cash generating units are complete and adequate. The carrying amounts of goodwill and of the cash generating units that were identified by management for impairment testing are complete and adequate. The significant assumptions and discretionary decisions made in this context are plausible and within a reasonable range. The disclosures in the notes to the consolidated financial statements as at December 31, 2022 with regard to the recoverability of goodwill and of the carrying amounts of the cash generating units are complete and proper.

Reference to related disclosures

Related disclosures with regard to this key audit matter are to be found in the notes to the consolidated financial statements as at December 31, 2022 under note 6 – “Development of fixed assets” in section 6.1 – “Property, plant and equipment including leases”, section 6.2 – “Intangible assets including goodwill” and in section 6.3 – “Recoverability of non-current assets”.

Other Information

Management is responsible for the other information. The other information comprises the information included in the annual report, but does not include the consolidated financial statements, the management report for the Group and our auditor’s report thereon.

Our opinion on the consolidated financial statements does not cover the other information and we do not express any form of assurance conclusion thereon.

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

If, based on the work we have performed on the other information that we obtained prior to the date of this auditor’s report, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

Responsibilities of Management and the Audit Committee for the Consolidated Financial Statements

Management is responsible for the preparation of the consolidated financial statements that give a true and fair view in accordance with International Financial Reporting Standards as adopted by the EU (IFRSs) and the additional regulations of section 245 a Austrian Commercial Code, and for such internal control as management determines is necessary to enable the preparation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.

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

The Audit Committee is responsible for overseeing the Group’s financial reporting process.

Auditor's Responsibilities for the Audit of the Consolidated Financial Statements

Our objectives are to obtain reasonable assurance about whether the consolidated financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with 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 consolidated 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.

In addition, the following applies:

We identify and assess the risks of material misstatement of the consolidated financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The 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.

We obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Group's internal control.

We evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.

We conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the consolidated financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Group to cease to continue as a going concern.

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

We obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinion.

We communicate with the 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 consolidated 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 Group

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

Management is responsible for the preparation of the management report for the Group 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 for the Group.

Opinion

In our opinion, the management report for the Group was prepared in accordance with the applicable legal regulations, comprising the details in accordance with section 243 a Austrian Commercial Code, and is consistent with the consolidated financial statements.

Statement

Based on the findings during the audit of the consolidated financial statements and due to the obtained understanding concerning the Group and its circumstances no material misstatements in the management report for the Group 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 April 27, 2022 and subsequently appointed by the Supervisory Board. We have audited the Company since the financial year 2019.

We confirm that the audit opinion in the “Report on the Consolidated 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 Mr. Frédéric Vilain, Austrian Certified Public Accountant.

Vienna, March 13, 2023

PwC Wirtschaftsprüfung GmbH

Frédéric Vilain m. p.
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 consolidated financial statements together with our auditor’s report is only allowed if the consolidated financial statements and the management report for the Group are identical with the German audited version. This auditor’s report is only applicable to the German and complete consolidated financial statements with the management report for the Group. For deviating versions, the provisions of section 281 para. 2 Austrian Commercial Code (UGB) apply.

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

Lagebericht

GEM. § 243 UGB DER MAYR-MELNHOF KARTON AKTIENGESELLSCHAFT ÜBER DAS GESCHÄFTSJAHR VON 1. JÄNNER 2022 BIS 31. DEZEMBER 2022

Die Mayr-Melnhof Karton Aktiengesellschaft ist die geschäftsleitende Holdinggesellschaft des Mayr-Melnhof Konzerns, der in zwei operativen Segmenten geführt wird: MM Board & Paper und MM Packaging.

MM Board & Paper produziert und vermarktet ein vielfältiges Angebot an Karton- und Papierprodukten für ein breites Einsatzspektrum im Verpackungs- und Food-Service-Bereich auf Basis von Recycling- und Frischfasern. Anwendungsschwerpunkte sind Food & Specialities sowie der Premiumbereich (Pharma & Healthcare, Beauty & Personal Care etc.). Kraftpapiere werden insbesondere an die Lebensmittel-/Gastronomiebranche und die Laminatindustrie verkauft, ungestrichene Feinpapiere vor allem an Papier-/Bürobedarfshändler. MM Packaging verarbeitet Karton zu Faltschachteln und deckt bei Verpackungen für Konsumgüter des täglichen Bedarfs ein breites Branchenportfolio in den beiden Hauptmärkten Food & Specialities und Premium ab. Das hoch spezialisierte Premiumgeschäft umfasst die Bereiche Pharma, Healthcare, Beauty, Personal Care, Cigarette und Luxury. Die von der Gesellschaft wahrgenommenen Führungs- und Steuerungsaufgaben umfassen die Bereiche Strategie, Investitionen, Rechnungswesen, Controlling, Steuern, Finanz- und Risikomanagement, Investor Relations, Qualitätswesen, Einkauf, Informationstechnologie und Human Resources.

1 GESCHÄFTSVERLAUF UND LAGE DES UNTERNEHMENS IN 2022

1.1 Branchenentwicklung

Die Nachfrage auf den Karton- und Faltschachtelmärkten sowie bei Papieren verzeichnete bis in das 3. Quartal 2022 eine starke Dynamik. Getrieben war diese Entwicklung insbesondere durch Versorgungsunsicherheiten angesichts gestörter Lieferketten und potenzieller Energieengpässe als Folgewirkung des Krieges in der Ukraine sowie die allgemein stark ansteigende Kosteninflation. Volle Lager, Rezessionsängste und die einschränkende Wirkung der Inflation auf die Kaufkraft der Konsumenten führten jedoch spätestens im 4. Quartal zu einem signifikanten Nachfrageeinbruch auf den Kartonmärkten, während sich das Faltschachtelgeschäft noch weitgehend stabil entwickelte.

Vor dem Hintergrund der guten Buchungslage und hoher Auslastung über weite Strecken des Jahres konnten die massiven Kostensteigerungen bei Rohstoffen und Energie in der Industrie vielfach sukzessive weitergegeben werden. Im 4. Quartal setzte jedoch mit fallenden Energiepreisen aufgrund eines milden Winters und dem deutlichen Rückgang der Altpapierpreise eine rapide Umkehr bei wesentlichen Kostenkomponenten ein, wodurch der Druck auf die Verkaufspreise seither deutlich zunahm.

Das Thema Nachhaltigkeit bei Verpackungen, insbesondere die Substitution von Kunststoff, stand bei allen Teilnehmern der Wertschöpfungskette weiter im Zentrum und wird von Karton-/Papier- und Faltschachtelproduzenten sowie Konsumgüterherstellern und Einzelhandel proaktiv vorangetrieben. Aufgrund der Vollbeschäftigung der Industrien erfolgten Umstellungen jedoch nur langsam und punktuell.

Obwohl in 2022 keine maßgeblichen Kapazitätserhöhungen Platz griffen, drückte insbesondere die Umleitung vormaliger Russlandmengen verstärkt in den europäischen Kartonmarkt. Mittelfristig ist jedoch vor allem bei Frischfaserkarton mit einem deutlichen Anstieg von Neukapazitäten insbesondere aus Skandinavien zu rechnen. Marktwachstum und die Umstellung auf große, wettbewerbsstarke Hochleistungsanlagen sind wesentliche Gründe dafür. Im Bereich Recyclingkarton konzentrieren sich die Kapazitätserhöhungen auf die laufende Investitionstätigkeit, welche bei MM Board & Paper in 2023 mit der Modernisierung von drei großen Kartonmaschinen einen besonderen Schwerpunkt haben wird. Infolge der herausfordernden Rahmenbedingungen zeigt sich die Situation für strukturell kleinere Erzeuger weiterhin tendenziell angespannter.

Im Bereich Faltschachtel setzte sich die Konzentration in Europa mit der Übernahme von AR Packaging durch Graphic Packaging (US) in 2022 fort, wobei Letztere nunmehr auch in Europa eine führende Position einnimmt. Durch die Akquisitionen von MM Packaging im Bereich Pharma-Sekundärverpackungen entstand in diesem Spezialgeschäft erstmals ein pan-europäischer Player mit einer ebenfalls bedeutenden Position in den USA. Im Grunde bleibt die Anbieterstruktur im europäischen Faltschachtelgeschäft jedoch insgesamt weiter durch starke Fragmentierung gekennzeichnet.

1.2 Geschäftsverlauf 2022 in den Divisionen

MM Board & Paper

Dynamische Nachfrage und gute Ordertätigkeit kennzeichneten die Märkte bis Ende der Sommermonate. Nach einer Abschwächung zum Ende des 3. Quartals ist die Nachfrage im 4. Quartal nochmals deutlich zurückgegangen. Vor allem Recyclingkarton zeigte sich in der zweiten Jahreshälfte schwach. Hohe Lagerbestände in der Lieferkette und die hohe Inflation waren für diese Entwicklung verantwortlich. MM Board & Paper gelang es vor diesem Hintergrund, sowohl bei Frischfaser- als auch bei Recyclingkarton Marktanteile zu gewinnen. Der durchschnittliche Auftragsstand der Division belief sich auf 233.000 Tonnen (2021: 340.000 Tonnen). Aufgrund markt- und investitionsbedingter Maschinenabstellungen im 2. Halbjahr lag die Kapazitätsauslastung der Division mit 91 % unter dem Vorjahr (2021: 97 %).

Die bis in das 3. Quartal anhaltende starke Kosteninflation, vor allem bei Energie und Rohstoffen, konnte über zeitnahe Preisanpassungen kompensiert werden. Trotz einer angespannten Supply Chain und Engpässen im Einkauf über weite Strecken des Jahres gelang es, die Versorgung der Kunden durch hohe Flexibilität und alternative Beschaffung sicherzustellen. Ab Herbst hat sich die Verfügbarkeit insbesondere bei Fasern sowie Chemikalien verbessert, wodurch unsere Werke aktuell eine gute Versorgungssituation verzeichnen und die Inputpreisspitzen der vergangenen Monate verlassen wurden. Letzteres galt insbesondere auch für Energie. Dem Risiko einer möglichen Gasrationierung, von welchem alle Karton- und Papierfabriken mit Ausnahme von MM Kwidzyn betroffen wären, wurde durch den Aufbau von Kartonvorräten, angemietete Gasspeicher in Österreich und Investitionen in alternative Ölbefuerung in Finnland begegnet.

Bei den laufenden Großinvestitionen in den Werken Frohnleiten, Neuss und Kolicevo mit Fokus auf Effizienzsteigerungen, Nachhaltigkeit, Mehrmenge und neue Produktqualitäten sind nun alle Maschinenumbauten für 2023 vorgesehen. Im Werk Kolicevo wurde zudem die Produktion auf die hochmoderne und größere Kartonmaschine 3 konzentriert, da eine wirtschaftliche Fortführung der kleineren Kartonmaschine 2 nicht möglich war. In Zusammenhang mit dieser Restrukturierung waren Einmalaufwendungen in Höhe von 24,6 Mio. EUR zu verbuchen. Die Integration der vor einem Jahr erworbenen Karton- und Papierwerke MM Kwidzyn und MM Kotkamills ist erfolgreich verlaufen.

Die Produktion lag mit 2.433.000 Tonnen akquisitionsbedingt 17,6 % über dem Vorjahreswert (2021: 2.069.000 Tonnen). Davon entfielen 1.217.000 Tonnen (50 %) auf Recyclingkarton und 634.000 Tonnen (26 %) auf Frischfaserkarton (2021: 1.320.000 Tonnen bzw. 64 % und 502.000 Tonnen bzw. 24 %). Die übrigen 582.000 Tonnen (24,0 %) betreffen Kraftpapiere und ungestrichene Feinpapiere (2021: 247.000 Tonnen bzw. 12,0 %). Bezogen auf den durchschnittlichen Mitarbeiterstand

wurden 520 Tonnen (2021: 616 Tonnen) pro Mitarbeiter erzeugt. Der Absatz erhöhte sich analog zur Produktion um 14,1 % auf 2.389.000 Tonnen (2021: 2.092.000 Tonnen).

Die Umsatzerlöse lagen mit 2.750,0 Mio. EUR sowohl akquisitions- als auch preisbedingt um 76,2 % bzw. 1.188,9 Mio. EUR über dem Vergleichswert (2021: 1.561,1 Mio. EUR) und verteilten sich zu 92 % auf Europa (2021: 86 %), zu 1 % auf Amerika (2021: 2 %) und zu 7 % auf die übrige Welt (2021: 12 %).

MM Packaging war mit einem Lieferanteil von rund 15 % bzw. 264.000 Tonnen Karton (2021: 13 % bzw. 236.000 Tonnen) unverändert größter Kunde von MM Board & Paper.

Das betriebliche Ergebnis erhöhte sich um 273,3 Mio. EUR auf 381,0 Mio. EUR (2021: 107,7 Mio. EUR). Im Vorjahr waren positive Einmaleffekte aus den Veränderungen im Konsolidierungskreis enthalten. Die Operating Margin erreichte 13,9 % (2021: 6,9 %), der Return on Capital Employed 22,5 % (2021: 11,0 %). Das EBITDA stieg auf 499,3 Mio. EUR (2021: 185,2 Mio. EUR). Der Cash Flow aus der Geschäftstätigkeit belief sich auf 244,4 Mio. EUR nach 108,7 Mio. EUR im Jahr zuvor.

MM Packaging

MM Packaging verzeichnete in 2022 über alle Geschäftsbereiche hinweg eine insgesamt gute Nachfrage. Auftragsständen auf Rekordniveau im ersten Halbjahr folgte trotz zunehmender Zurückhaltung im Privatkonsum eine Stabilisierung auf Normalniveau in der zweiten Jahreshälfte. Vor diesem Hintergrund gelang ein erfreuliches organisches Mengenwachstum, zu welchem auch die zuletzt erfolgreich abgeschlossenen Erweiterungsinvestitionen beitrugen.

Die massiven Kostenerhöhungen während des Jahres, vor allem bei Karton, Papier, Energie und Transport, konnten sukzessive weitergegeben werden. In diesem Zusammenhang wurden auch die Zyklen für Verkaufspreisanpassungen deutlich reduziert, mit dem Ziel, die Lieferfähigkeit durch eine strikte Margenpolitik aufrechtzuerhalten. Dies ist auch nachhaltig gelungen. Zudem hat die integrierte Aufstellung von MM als Karton- und Faltschachtelproduzent hinsichtlich Absicherung der Materialversorgung bei Kunden in 2022 deutlich an Bedeutung gewonnen.

Mit den Akquisitionen von Essentra Packaging und Eson Pac hat MM Packaging seine Position im Markt Pharma & Healthcare auf einen globalen Footprint mit Schwerpunkten in Europa und Nordamerika ausgeweitet. Das hoch synergetische Kundenportfolio, darunter die weltweiten Top-Pharmaunternehmen, das erweiterte Produktportfolio, insbesondere bei Beipackzetteln und Etiketten, sowie die notwendige Hebung operativer Synergien sollen das Wachstum bei Menge und Ertrag in den nächsten Jahren deutlich unterstützen.

Die produzierte Menge lag mit 4.056 Millionen m² um 10,4 % über dem Vorjahreswert (2021: 3.672 Millionen m²). Nach Eliminierung der Effekte der Akquisitionen Eson Pac und Essentra Packaging konnte MM Packaging ein organisches Wachstum von über 5 % erzielen.

Der soliden Performance von MM Packaging im laufenden Geschäft standen vor allem Sondereffekte in Höhe von netto rund -27 Mio. EUR aus dem Erwerb von Essentra Packaging, dem Verkauf der Standorte in Russland und dem Verlassen des russischen Marktes gegenüber.

Die Umsatzerlöse stiegen preis- und mengenbedingt um 32,1 % auf 2.168,7 Mio. EUR (2021: 1.641,6 Mio. EUR). Diese entfielen zu 67 % auf Europa, zu 10 % auf Amerika sowie zu 23 % auf die übrige Welt (2021: 69 %; 7 %; 24 %). MM Packaging beliefert in verschiedenen Konsumgüterbranchen rund 2.300 Kunden. Die beiden Hauptmärkte sind Food & Specialities sowie Premium, wobei Letzterer die Märkte Pharma, Healthcare, Cigarette, Beauty, Personal Care und Luxury umfasst.

Infolge der hohen Konzentration in den Abnehmerindustrien entfällt ein bedeutender Anteil des Geschäftes auf multinationale Großkunden, sodass in 2022 mit den Top-Fünf-Kunden rund 35 % (2021: 40 %) der Umsatzerlöse erwirtschaftet wurden.

Das betriebliche Ergebnis lag mit 129,3 Mio. EUR um 32,6 Mio. EUR unter dem Vorjahreswert (2021: 161,9 Mio. EUR). Diese Entwicklung ist insbesondere durch oben genannte Sondereffekte bedingt. Im Vorjahr waren Einmaleffekte aus strukturellen Anpassungen enthalten. Die Operating Margin belief sich demnach auf 6,0 % (2021: 9,9 %), das EBITDA auf 230,6 Mio. EUR (2021: 235,8 Mio. EUR). Der Return on Capital Employed betrug 8,9 % (2021: 14,4 %), der Cash Flow aus der Geschäftstätigkeit 55,3 Mio. EUR nach 161,1 Mio. EUR in 2021.

1.3 Geschäftsverlauf der Gesellschaft im Jahr 2022

Im Geschäftsjahr 2022 verzeichnete die Gesellschaft verglichen zum Vorjahr gestiegene Beteiligungserträge, denen die Dividendenzahlung für 2021 gegenüberstand.

Der Geschäftsverlauf der Gesellschaft war vor allem durch die Ausübung der Holdingfunktionen sowie der Verwaltung der Anteile an verbundenen Unternehmen gekennzeichnet.

1.4 Finanzielle Leistungsindikatoren

(in EUR)	2022	2021
Finanzergebnis	328.643.040,43	123.489.053,13
Umsatzerlöse	39.462.609,39	29.008.963,23
Betriebsergebnis	(38.555.602,13)	(30.978.293,89)
Cash Earnings	295.291.181,47	101.368.606,42
Eigenkapitalausstattung	33,62 %	31,36 %
Netto-Geldfluss aus laufender Geschäftstätigkeit	299.108.652,45	106.023.373,47
Netto-Geldfluss aus der Investitionstätigkeit	14.071.171,42	(1.234.995.908,47)
Netto-Geldfluss aus der Finanzierungstätigkeit	245.000.000,00	1.060.262.366,13

1.5 Nichtfinanzielle Leistungsindikatoren

Personal

Die Gesellschaft beschäftigt keine Arbeitnehmer.

Umweltbelange

Kreislaufwirtschaft ist durch unsere Konzentration auf Karton- und Papierprodukte, die vorwiegend unter Einsatz nachwachsender Rohstoffe erzeugt und nach dem Gebrauch stofflich wieder vollständig verwertet werden, bereits lange immanenter Teil unserer Tätigkeit. Daher sind wir bestrebt, in der aktuellen Verpackungsdiskussion durch verstärkte Innovation und nachhaltige Investitionstätigkeit im Konzern mit kompetitiven Lösungen aus Karton und Papier neue Möglichkeiten für die Substitution von Kunststoffen zu bieten und attraktives Zukunftspotential für MM zu schaffen.

Grundlage der nachhaltigen Ausrichtung der MM Gruppe bilden unsere strategische Positionierung als Marktführer auf Basis von Technologie- und Innovationsführerschaft sowie die Wohlverhaltensregeln unseres Unternehmenskodex (Code of Conduct), welche u. a. auch die universellen Prinzipien des UN Global Compact in den Bereichen Arbeitsnormen, Menschenrechte, Umweltschutz und Korruptionsbekämpfung miteinschließen. Laufende Zielsetzungen und Ressourcenallokationen im Konzern folgen dieser Ausrichtung.

Im aktuellen Trend hin zu nachhaltigen Verpackungsformen ist Kartonverpackung infolge der hohen Kreislauffähigkeit und natürlichen Erneuerung der Faserstoffe sehr gut positioniert.

1.6 Zweigniederlassungen

Die Gesellschaft betreibt keine Zweigniederlassungen.

2 DIE VORAUSSICHTLICHE ENTWICKLUNG UND DIE RISIKEN DES UNTERNEHMENS

2.1 Voraussichtliche Entwicklung des Unternehmens in 2023

Dieser Ausblick entspricht den Einschätzungen des Vorstandes zum 13. März 2023 und berücksichtigt keine Auswirkungen von Akquisitionen, Veräußerungen oder anderen strukturellen Änderungen innerhalb des Jahres 2023. Die vorangegangenen und nachfolgenden vorausblickenden Aussagen unterliegen sowohl bekannten als auch unbekanntem Risiken und Unsicherheiten, die dazu führen können, dass die tatsächlichen Ereignisse von den hier getroffenen Aussagen abweichen können.

Geopolitische und gesamtwirtschaftliche Unsicherheiten bestimmen weiterhin unsere Rahmenbedingungen. Während einige Inputpreise weiter sinken, setzt sich der Abbau hoher Lagerstände wie schon in den letzten Monaten des Vorjahres auch seit Jahresbeginn weiter fort. In der Division MM Board & Paper sind marktbedingte Maschinenabstellungen im 1. Quartal notwendig. In den ersten drei Quartalen kommt es weiters wie angekündigt zu längeren Maschinenstillständen im Zuge der Großinvestitionen an den Kartonstandorten Frohnleiten, Neuss und Kolicovo. Die Preise sind überwiegend rückläufig. Daher ist erwartungsgemäß im Bereich Board & Paper im laufenden Jahr ein deutlicher Rückgang bei Menge und Ergebnis absehbar.

In der Division MM Packaging hat sich die Nachfrage in den ersten beiden Monaten etwas abgeschwächt, zeigt sich aber resilient. Strukturelle Anpassungsmaßnahmen und Kostenoptimierungen werden weiter fortgesetzt.

Ungeachtet des Übergangsjahres im Bereich MM Board & Paper bleibt unser Geschäftsmodell mit Fokus auf nachhaltige Verpackungen für Konsumgüter des täglichen Bedarfs langfristig resilient und attraktiv.

Die Bilanz von MM sowie die laufende Cash-Generierung sind solide. Unsere Investitionstätigkeit bleibt auch in 2023 erhöht, um die Wettbewerbs- und Wachstumsfähigkeit der MM Gruppe weiter zu stärken. Vor allem im Zuge der Modernisierung von drei Kartonmaschinen sowie wertsteigernder, technologischer Erneuerungen im Bereich Pharma- und Beautyverpackung erwarten wir heuer ein Investitionsvolumen von über 400 Mio. EUR. Zielsetzung bleibt, unser Wachstum mit nachhaltigen und innovativen Konsumgüterverpackungen langfristig mit einer attraktiven Rendite auf das eingesetzte Kapital fortzusetzen.

Aus heutiger Sicht rechnet die Gesellschaft mit niedrigeren Beteiligungserträgen als im Vorjahr.

2.2 Wesentliche Risiken und Ungewissheiten

Die Gesellschaft ist als geschäftsleitende Holding mit einer Anzahl von Risiken konfrontiert, die ein systematisches und kontinuierliches Risikomanagement erforderlich machen. Zu den Finanzinstrumenten, die in der Gesellschaft in bestimmten Fällen eine Konzentration des Finanzrisikos verursachen können, zählen vor allem liquide Mittel, Wertpapiere und Forderungen aus Beteiligungserträgen. Die Risiken und ihre potenziellen Auswirkungen werden im Rahmen des Risikomanagements erhoben, analysiert und auf Basis der definierten Risikopolitik bewältigt. Ziel ist es, die im Rahmen unserer Tätigkeit entstehenden potenziellen Risiken frühzeitig zu identifizieren, zu bewerten, ihre Folgen abzuschätzen und geeignete Vorsorge- und Sicherungsmaßnahmen einzuleiten.

Finanzinstrumente sind auf Vertrag basierende wirtschaftliche Vorgänge, die einen Anspruch auf Zahlungsmittel beinhalten. Dabei unterscheidet man einerseits originäre Finanzinstrumente wie liquide Mittel, Wertpapiere, Forderungen und Verbindlichkeiten aus Lieferungen und Leistungen oder auch Finanzforderungen und Finanzverbindlichkeiten. Andererseits gehören hierzu auch die derivativen Finanzinstrumente, die als Sicherungsgeschäfte zur Absicherung gegen Risiken aus Änderungen von Währungskursen eingesetzt werden.

Ein aktives Cash- und Credit-Management stellt sicher, dass ausreichend Liquidität (eigene Mittel bzw. jederzeit ausnutzbare Kreditlinien) verfügbar ist, um eingegangene Verbindlichkeiten zu begleichen. Die Einhaltung der Covenants aus den 2021 aufgenommenen Schuldscheindarlehen und Namensschuldverschreibungen wird zur Risikominimierung regelmäßig überwacht.

Die Forderungen aus Lieferungen und Leistungen bestehen ausschließlich gegenüber verbundenen Unternehmen. Für diese wurden daher keine Kundenkreditversicherungen abgeschlossen.

Die sonstigen Forderungen bestehen im Wesentlichen gegenüber verbundenen Unternehmen und resultieren größtenteils aus konzerninternen Cash Pool-Vereinbarungen. Im Hinblick auf die wirtschaftliche Situation wird das Risiko als gering angesehen, da sich die verbundenen Unternehmen jederzeit am Markt refinanzieren können.

Für unser Geschäft können zusätzlich zu den aufgeführten Risiken weitere Risiken bestehen. Zum gegenwärtigen Zeitpunkt sind solche Risiken nicht bekannt oder werden diese von uns für vernachlässigbar gehalten.

Die Gesamteinschätzung der Risikosituation der Gesellschaft weist keine bestandsgefährdenden Elemente auf. Derartige Risiken sind auch im kommenden Geschäftsjahr nicht zu erwarten.

3 FORSCHUNG UND ENTWICKLUNG

Die Gesellschaft selbst betreibt keine Forschung und Entwicklung. Die nachfolgenden Ausführungen beziehen sich auf den Mayr-Melnhof Konzern. Im Zentrum der Forschungs- und Entwicklungstätigkeiten des Mayr-Melnhof Konzerns steht die nachhaltige Sicherung und Stärkung der Wettbewerbs- und Wachstumsfähigkeit durch Fortschritt in den beiden Divisionen MM Board & Paper und MM Packaging.

Unsere Innovationsleistungen werden einerseits durch den Anspruch steter Produkt- und Prozessoptimierungen getrieben, andererseits durch sich ändernde Rahmenbedingungen, die Weiterentwicklung bedingen. Darüber hinaus ist die Erschließung neuer, zukünftiger Geschäftsfelder und Zielanwendungen Antrieb für die Innovationsaktivitäten. Die Entwicklung bzw. Umsetzung von Produktinnovationen erfolgt stets unter Berücksichtigung möglicher Risiken zur Produktsicherheit sowie Nutzung des Potenzials aus der Entwicklung innovativer und nachhaltiger Verpackungslösungen.

Mit unserer langjährigen Erfahrung in der Entwicklung innovativer Produkte und dem Know-how für die Gestaltung von Innovationsprozessen arbeiten wir kontinuierlich daran, unsere strategischen Wachstums- und Nachhaltigkeitsziele zu erreichen. Unser Ansatz ist dabei grundsätzlich auf einen verantwortungsvollen Umgang mit Rohstoffen und die Bereitschaft, den Status quo zu hinterfragen, ausgerichtet.

Sämtliche Produktentwicklungen von MM durchlaufen einen vordefinierten und kontinuierlich verbesserten Prozess. Dieser beginnt mit der Ideenfindung und führt unter Einbindung der Expert:innen unserer Fachabteilungen über die Bewertung und technische Produktentwicklung bis hin zur Markteinführung.

Wir sind davon überzeugt, dass Innovationskraft durch Vielfalt und die Kombination unterschiedlicher Potenziale entsteht. Offenheit für neue Ideen und die Bereitschaft zum Dialog sind wesentliche Bestandteile unserer Innovationskultur. Deshalb binden wir Stakeholder wie Kunden, Lieferanten, Endverbraucher und Forschungspartner frühzeitig in unseren Innovationsprozess ein und eröffnen so eine differenzierte Sicht auf Probleme und auf die spezifischen Anforderungen, wie modernste technologische Funktionalität, Qualität, Sicherheit und Nachhaltigkeit, die unsere Produkte erfüllen müssen. Dies ermöglicht es, neue Erkenntnisse und Lösungen direkt in die Entwicklung unserer Produkte einfließen zu lassen und die Bedürfnisse unserer Kunden in den Mittelpunkt unseres Handelns zu stellen. Wir erforschen neue Konzepte für Lebensmittelverpackungen und evaluieren kontinuierlich neue Technologien für unsere zukünftigen Karton- und Papierprodukte.

Zur Gewährleistung von Qualität und Sicherheit setzen wir auf externe Zertifizierungen. Sie sind ein wichtiger Nachweis für Kunden und Endnutzer, dass unsere Produktinnovationen nachhaltig, sozial verträglich und gesundheitlich unbedenklich sind. Darüber hinaus dienen sie zur Bescheinigung der rechtlichen Compliance im Bereich Produktsicherheit. Das regelmäßige Überprüfen sowohl bestehender Produkte als auch innovativer Lösungen auf Einhaltung der Zertifizierungskriterien gewährleistet gleichzeitig eine rigorose Qualitätssicherung, die auch nach außen hin sichtbar wird.

Im Jahr 2022 haben wir unsere Kooperationen mit externen Partnern wie Universitäten, Forschungseinrichtungen und Start-ups fortgesetzt. Unsere Hauptbereiche der Zusammenarbeit sind die anwendungsorientierte Grundlagenforschung zur Behandlung von Holzfasern, die Verwendung alternativer und/oder modifizierter Faserrohstoffe und die Verwendung biobasierter Materialien als Ersatz für fossile Rohstoffe.

Unternehmensintern gibt die Plattform „we.invent“ allen Mitarbeiter:innen die Möglichkeit, sich mit eigenen Ideen einzubringen, unabhängig davon, in welchem Land oder Bereich sie tätig sind. Die Beiträge werden anhand eines klar definierten Kriterienkataloges in einem Stage-Gate-Prozess bewertet und zur Umsetzung ausgewählt.

Sowohl der Klimawandel als auch die Corona-Pandemie führen vor Augen, dass Sicherheit und Wohlstand davon abhängen, wie wir Gemeingüter, wie Klimastabilität und öffentliche Gesundheit, langfristig erhalten: Die Gesellschaft und die Wirtschaft müssen widerstandsfähig, nachhaltig und klimafreundlich aufgebaut sein. Karton und Papier gewinnen dadurch als umweltfreundliche Verpackung an Bedeutung. Zielsetzung von MM ist es, die Chance zu nutzen, Kunden dahingehend zu unterstützen, Plastik durch innovative, aber auch bewährte Lösungen aus Papier und Karton zu ersetzen. Dadurch folgen wir auch dem aktuell prägenden Trend zu nachhaltigen Verpackungen mit natürlichem Auftritt sowie hoher Convenience und Sicherheit und perfekter Einbindung in den Onlinevertrieb.

Die Automatisierung von Arbeitsabläufen und Logistikprozessen erfährt in beiden Divisionen fortschreitende Durchdringung mit dem Ziel, zusätzliche Wettbewerbsvorteile zu schaffen. Bei der Optimierung unserer Produktionsprozesse werden die einzelnen Standorte bereits bei der Anschaffung neuer Maschinen von Beginn an zentral unterstützt. Dies reicht von der Maschinenkonfiguration über die Installation bis hin zur Inbetriebnahme und Abnahme der Maschinen. Stillstandszeiten zu reduzieren und die Flexibilität zu erhöhen stehen bei MM aktuell im Zentrum der Umsetzung zukunftsorientierter Automatisierungskonzepte.

3.1 Innovationstätigkeit 2022 in der Division MM Board & Paper

Das Forschungs- und Entwicklungszentrum von MM Board & Paper am Standort Frohnleiten arbeitet gemeinsam mit den F&E-Kapazitäten am Standort MM Kotkamills sowie externen Forschungseinrichtungen an der Umsetzung grundlegender Erkenntnisse im Kontext von Wissenschaft und Produktion.

Zu den Innovationsschwerpunkten im Jahr 2022 gehörte die Entwicklung und Erweiterung innovativer Dispersionsbarrieren für verschiedene Verpackungsanwendungen. Diese Beschichtungen können Fettbeständigkeit, Feuchtigkeitsschutz sowie Heißsiegeleigenschaften bieten. Sie ermöglichen die Verwendung von Karton als Verpackungsmaterial für eine breite Palette von flüssigen, gekühlten, gefrorenen und/oder fettigen Lebensmitteln. Unsere Barriereentwicklungen erfüllen den Bedarf unserer Kunden an nachhaltigen und recycelbaren Verpackungen und ergänzen unsere laufenden Bemühungen, Kunststoff zu ersetzen.

Darüber hinaus spielten inkrementelle Produktentwicklungen wie die Erweiterung des Flächengewichtsbereiches und die weitere Optimierung der technischen Werte eine wichtige Rolle im Jahr 2022.

Von Neueinführungen ist insbesondere MM GT White aus dem Werk Gernsbach hervorzuheben: ein Recyclingkarton mit einem hervorragenden weißen Erscheinungsbild, ideal für hochwertige Verpackungen. Die hohe Helligkeit auf der Ober- und Rückseite macht MM GT White zur optimalen Wahl für die Pharma- und Kosmetikindustrie.

3.2 Innovationstätigkeit 2022 in der Division MM Packaging

Die Innovations-Matrixorganisation von MM Packaging stellt sicher, dass das gesamte technische Know-how der MM Gruppe effizient und zielgerichtet für die Bedürfnisse und Anforderungen unserer Kunden genutzt werden kann. Es setzt sich aus folgenden Einheiten zusammen: aus PacProject, dem kreativen Innovationszentrum in Hamburg, dem Premium Printing Center in Trier sowie dem Technical Account Management-Team zur Koordination gezielter Kundenbriefings mit den lokalen Packaging Development-Centern und einzelnen Werken und dem Forschungs- und Entwicklungszentrum der Tann-Gruppe. Unser Divisional Technical Support-Team und die Packaging Development-Centers begleiten unsere Kunden insbesondere auch hinsichtlich technischer Ausrichtung sowie Ausstattung, um neuartige Verpackungskonzepte und -designs umzusetzen.

Bei PacProject in Hamburg werden in enger Abstimmung mit dem Kunden Konzeptstudien bis hin zu ersten Prototypen erstellt. Durch die enge Zusammenarbeit mit dem Technical Account Management-Team werden bereits in diesem Stadium erste Machbarkeitsanalysen durchgeführt. Im Premium Printing Center in Trier kommen hochinnovative Technologien zur Anwendung, um Verpackungsdesigns mit außergewöhnlichen Effekten in kürzester Zeit zu realisieren. Die Nachfrage unserer Kunden zu „E-Trainings/Learning“ hat im Bereich Innovation stark zugenommen. Daher bieten wir maßgeschneiderte Trendworkshops, Ideenworkshops und technische Trainings an.

Mit der Expansion des Geschäftsfeldes Pharma & Healthcare wurde 2022 auch die Innovationsstruktur der Division erweitert. Die Einrichtung eines XBU Innovationsteams (Cross Business Unit Innovation Team), welches sich aus den Innovation Directors der einzelnen Geschäftsfelder zusammensetzt, stellt durch regelmäßigen Best Practice-Austausch sicher, dass der wachsende Kundenanspruch in Bezug auf Innovation langfristig sichergestellt werden kann. Damit einher geht auch eine enge Zusammenarbeit mit MM Board & Paper im Bereich der Innovation.

Zielsetzung ist es, MM durch Innovationsführerschaft als bevorzugten Lieferanten zu positionieren.

Die Innovationstätigkeit von MM Packaging konzentrierte sich auch im Jahr 2022 insbesondere auf das Thema Nachhaltigkeit. In diesem Zusammenhang wurde in Zusammenarbeit mit Kunden, Fachhochschulen und Forschungsinstituten an der Optimierung von wiederverwertbaren Verpackungen und der Entwicklung neuer Produkte gearbeitet.

Neue Anwendungsbereiche wurden geprüft und weiterentwickelt, wie z. B. „Kindersicherungsboxen“, welche Plastikverpackungen für Waschmittelkapseln ersetzen; „Green Peel“, eine neue Alternative aus Karton für Lebensmittelschalen mit deutlich reduziertem Kunststoffanteil, und „Moulded Pulp“, ein neuer Schwerpunkt im Bereich der faserbasierten Verpackungen. Im Bereich neuer Technologien richten wir einen besonderen Fokus auf den Digitaldruck für Kartonverpackungen, der durch unsere großen Investitionen in Polen und Deutschland auf die nächste Stufe gehoben wird.

MM Packaging und MM Board & Paper erhielten bei den European Carton Excellence Awards eine gemeinsame Auszeichnung in der Kategorie „Food & Drink Packaging, Recycled Fibre“ für eine innovative, nachhaltige Kartoffelverpackung. Die aus Liner produzierte und von MM Packaging verarbeitete Lösung wurde für den Transport und die Lagerung von Kartoffeln als Alternative zu herkömmlichen Tiefziehschalen aus Kunststoff entwickelt. Die Jury war vor allem von der Kombination von hoher Funktionalität und den Möglichkeiten der Markenkommunikation überzeugt.

MM Board & Paper wurde darüber hinaus in der Kategorie „Save Food“ mit dem „Green Packaging Star Award“ ausgezeichnet, welcher umweltfreundliche Verpackungslösungen und Verbesserungen bei internen Produktionsprozessen zum Nutzen der Umwelt würdigt. Beeindruckt zeigte sich die Jury von dem innovativen Karton FOODBOARD™ als Verpackungsmaterial für Bio-Tee. Mit seiner funktionalen Barriere schützt er den Tee vor äußeren Umwelteinflüssen und bewahrt sein natürliches Aroma. Dies macht eine zusätzliche Schutzfolie aus Zellophan überflüssig, die Verpackung ist somit vollständig recycelbar.

Der praktische und zugleich voll recycelbare Steinobstkorb „MM Basket“ aus Browncolor erhielt den goldenen „Marken Magnet“ der deutschen Fachzeitschrift „Lebensmittel-Praxis“ in der Kategorie „Nachhaltigkeit“ sowie eine „Special Mention“ in der Kategorie „Excellent Communication Design – Packaging“ beim German Design Award.

Weitere Auszeichnungen wie Silber beim „Marken Magnet“ in der Kategorie „Impulse am POS“ sowie eine „Special Mention“ beim German Design Award gingen an eine innovative Lebensmittelverpackung aus Recyclingkarton von MM Board & Paper, die als erste Verpackung überhaupt das neue NaviLens-System einsetzt, das blinden und sehbehinderten Menschen über farbige QR-ähnliche Codes Informationen zum Produkt liefert.

4 DIE WESENTLICHEN MERKMALE DES INTERNEN KONTROLL- UND DES RISIKO-MANAGEMENTSYSTEMS IM HINBLICK AUF DEN RECHNUNGSLEGUNGSPROZESS

Der Vorstand ist für die Einrichtung und Ausgestaltung eines angemessenen internen Kontroll- und Risikomanagementsystems im Hinblick auf den Rechnungslegungsprozess sowie die Finanzberichterstattung und die Aufstellung des Konzernabschlusses verantwortlich. Dieses gewährleistet die Vollständigkeit, Zuverlässigkeit und Nachvollziehbarkeit von Finanzinformationen. Darüber hinaus werden die Zweckmäßigkeit und Wirtschaftlichkeit der Prozesse sowie die Einhaltung der gesetzlichen, vertraglichen und internen Regelungen sichergestellt.

Der Rechnungslegungsprozess umfasst dabei alle wesentlichen Arbeitsschritte, die gewährleisten, dass die rechnungslegungsrelevanten Informationen vollständig, richtig und zeitgerecht erfasst und verarbeitet werden und die Abbildung in der Finanzberichterstattung den jeweils anzuwendenden Rechnungslegungsstandards entspricht.

In der Aufbau- und Ablauforganisation sind klare und eindeutige Verantwortungen bezogen auf die Einzelgesellschaften und den Konzern vorgegeben. Den zentralen Funktionsbereichen „Group Accounting“ sowie „Planning and Reporting“ obliegen dabei die Ausgestaltung einheitlicher Konzernrichtlinien auf dem neuesten fachlichen Stand sowie die Organisation und Kontrolle der Finanzberichterstattung im Konzern.

Die Berichterstattung an Vorstand und Aufsichtsrat erfolgt regelmäßig, umfassend und zeitnah. Die Übereinstimmung mit konzerninternen Richtlinien und Verfahren für die Erfassung, Verbuchung und Bilanzierung von Geschäftsfällen wird kontinuierlich kontrolliert. Die eingesetzten Datenverarbeitungssysteme werden gezielt weiterentwickelt und laufend optimiert. Der Rechnungslegungsprozess und die Finanzberichterstattung werden regelmäßig auf mögliche Risiken geprüft. Verbesserungsmaßnahmen werden schnellstmöglich eingeleitet und rasch umgesetzt. Schwerpunktprüfungen erfolgen durch Wirtschaftsprüfer und interne Revision.

5 ANGABEN ZU KAPITAL-, ANTEILS-, STIMM- UND KONTROLLRECHTEN UND DAMIT VERBUNDENEN VERPFLICHTUNGEN

Zusammensetzung des Kapitals, Aktiengattungen

Es wird auf die Anhangangabe 3.8 verwiesen.

Beschränkungen hinsichtlich der Stimmrechte bzw. der Übertragung von Aktien

Rund 59 % der Aktien werden von den Kernaktionärsfamilien in einem Syndikat gehalten. Es besteht ein Syndikatsvertrag, welcher die Übertragbarkeit der Aktien innerhalb des Syndikates und nach außen regelt. Angelegenheiten, die die Hauptversammlung betreffen, beschließt das Syndikat mit 65 % der Stimmen, gemessen an der Gesamtzahl der abgegebenen Syndikatsstimmen. Änderungen des Syndikatsvertrages (betreffend Veränderung der Stimmrechte, Änderung des Syndikatszwecks oder –gegenstandes, Begründung oder Entzug von Sonderrechten) bedürfen der Einstimmigkeit, gemessen an der Gesamtzahl aller Syndikatsstimmen.

Direkte oder indirekte Beteiligungen am Kapital, die zumindest 10 vom Hundert betragen

Nach den der Gesellschaft bekannt gegebenen Informationen bestanden per Jahresende 2022 folgende Beteiligungen von mindestens 10 Prozent am Kapital:

MMS Mayr-Melnhof-Saurau Beteiligungsverwaltung KG

CAMA-Privatstiftung

Die Inhaber von Aktien mit besonderen Kontrollrechten und eine Beschreibung dieser Rechte

Es bestehen keine Aktien mit besonderen Kontrollrechten.

Die Art der Stimmrechtskontrolle bei einer Kapitalbeteiligung der Arbeitnehmer, wenn sie das Stimmrecht nicht unmittelbar ausüben

Es besteht kein derartiges Kapitalbeteiligungsmodell für Mitarbeiter.

Die sich nicht unmittelbar aus dem Gesetz ergebenden Bestimmungen über die Ernennung und Abberufung der Mitglieder des Vorstandes und des Aufsichtsrates und über die Änderung der Satzung der Gesellschaft

Es bestehen keine Bestimmungen dieser Art.

Die sich nicht unmittelbar aus dem Gesetz ergebenden Befugnisse der Mitglieder des Vorstandes, insbesondere hinsichtlich der Möglichkeit, Aktien auszugeben oder zurückzukaufen

Es bestehen keine Befugnisse dieser Art.

Alle bedeutenden Vereinbarungen, an denen die Gesellschaft beteiligt ist und die bei einem Kontrollwechsel in der Gesellschaft infolge eines Übernahmeangebotes wirksam werden, sich ändern oder enden, sowie ihre Wirkungen; ausgenommen hiervon sind Vereinbarungen, deren Bekanntmachung der Gesellschaft erheblich schaden würde, es sei denn, die Gesellschaft ist zur Bekanntgabe derartiger Informationen aufgrund anderer Rechtsvorschriften ausdrücklich verpflichtet

Es wird von der Schutzklausel hinsichtlich der Bekanntgabe Gebrauch gemacht. Die Größenordnung des betroffenen Geschäftes ist als überschaubar einzustufen.

Bestand und wesentlicher Inhalt von Entschädigungsvereinbarungen zwischen der Gesellschaft und ihren Vorstands- und Aufsichtsratsmitgliedern oder Arbeitnehmern für den Fall eines öffentlichen Übernahmeangebotes

Es bestehen keine Vereinbarungen dieser Art.

Wien, am 13. März 2023

Der Vorstand

Mayr-Melnhof Karton Aktiengesellschaft

MMag. Peter OSWALD e.h.

Mag. Franz HIESINGER e.h.

Bilanz

AKTIVA (in EUR)	Stand 31. Dez. 2022	Stand 31. Dez. 2021	PASSIVA (in EUR)	Stand 31. Dez. 2022	Stand 31. Dez. 2021
A. ANLAGEVERMÖGEN			A. EIGENKAPITAL		
I. Immaterielle Vermögensgegenstände			I. Eingefordertes und einbezahltes Grundkapital	80.000.000,00	80.000.000,00
1. Konzessionen, gewerbliche Schutzrechte und ähnliche Rechte und Vorteile sowie daraus abgeleitete Lizenzen	12.353,04	14.117,76	II. Kapitalrücklagen		
			1. Gebundene Kapitalrücklagen	172.658.448,08	172.658.448,08
II. Sachanlagen			III. Gewinnrücklagen		
1. Grundstücke, grundstücksgleiche Rechte und Bauten, einschließlich der Bauten auf fremdem Grund	1.614.948,12	1.679.127,44	1. Andere Rücklagen (freie Rücklagen)	430.394.872,52	226.568.244,74
2. Andere Anlagen, Betriebs- und Geschäftsausstattung	338.579,59	301.803,97	IV. Bilanzgewinn	150.000.000,00	130.000.000,00
	1.953.527,71	1.980.931,41	<i>davon Gewinnvortrag EUR 60.000.000,00 (2021: EUR 66.000.000,00)</i>	833.053.320,60	609.226.692,82
III. Finanzanlagen			B. RÜCKSTELLUNGEN		
1. Anteile an verbundenen Unternehmen	304.066.939,31	304.066.939,31	1. Rückstellungen für Pensionen	748.894,00	1.594.256,00
2. Ausleihungen an verbundene Unternehmen	1.200.574.000,00	1.135.000.000,00	2. Steuerrückstellungen	5.550.272,63	0,00
<i>davon mit einer Restlaufzeit von mehr als einem Jahr EUR 1.199.574.000,00 (2021: EUR 1.135.000.000,00)</i>			3. Sonstige Rückstellungen	12.869.985,07	22.825.715,09
3. Beteiligungen	494.917,78	494.917,78		19.169.151,70	24.419.971,09
4. Wertpapiere (Wertrechte) des Anlagevermögens	4.348.124,98	0,00	C. VERBINDLICHKEITEN		
	1.509.483.982,07	1.439.561.857,09	<i>davon mit einer Restlaufzeit von bis zu einem Jahr EUR 185.776.975,65 (2021: EUR 171.432.781,55)</i>		
	1.511.449.862,82	1.441.556.906,26	<i>davon mit einer Restlaufzeit von mehr als einem Jahr EUR 1.440.000.000,00 (2021: EUR 1.137.651.961,14)</i>		
B. UMLAUFVERMÖGEN			1. Verbindlichkeiten gegenüber Kreditinstituten	1.440.000.000,00	1.125.000.000,00
I. Forderungen und sonstige Vermögensgegenstände			<i>davon mit einer Restlaufzeit von bis zu einem Jahr EUR 0,00 (2021: EUR 0,00)</i>		
1. Forderungen gegenüber verbundenen Unternehmen	849.817.441,17	315.251.209,63	<i>davon mit einer Restlaufzeit von mehr als einem Jahr EUR 1.440.000.000,00 (2021: EUR 1.125.000.000,00)</i>		
<i>davon mit einer Restlaufzeit von mehr als einem Jahr EUR 0,00 (2021: EUR 0,00)</i>			2. Verbindlichkeiten aus Lieferungen und Leistungen	159.780,78	217.505,61
2. Sonstige Forderungen und Vermögensgegenstände	26.102.278,53	13.949.696,50	<i>davon mit einer Restlaufzeit von bis zu einem Jahr EUR 159.780,78 (2021: EUR 217.505,61)</i>		
<i>davon mit einer Restlaufzeit von mehr als einem Jahr EUR 0,00 (2021: EUR 0,00)</i>			<i>davon mit einer Restlaufzeit von mehr als einem Jahr EUR 0,00 (2021: EUR 0,00)</i>		
3. Wertpapiere und Anteile			3. Verbindlichkeiten gegenüber verbundenen Unternehmen	167.512.195,92	170.982.716,72
a) sonstige Wertpapiere und Anteile	0,00	79.871.794,84	<i>davon mit einer Restlaufzeit von bis zu einem Jahr EUR 167.520.183,07 (2021: EUR 170.982.716,72)</i>		
	875.919.719,70	409.072.700,97	<i>davon mit einer Restlaufzeit von mehr als einem Jahr EUR 0,00 (2021: EUR 0,00)</i>		
II. Kassenbestand und Guthaben bei Kreditinstituten	86.920.390,83	86.603.089,67	4. Sonstige Verbindlichkeiten		
	962.840.110,53	495.675.790,64	<i>davon mit einer Restlaufzeit von bis zu einem Jahr EUR 18.056.019,75 (2021: EUR 12.884.520,36)</i>		
C. RECHNUNGSABGRENZUNGSPOSTEN	3.472.529,82	3.927.192,25	<i>davon mit einer Restlaufzeit von mehr als einem Jahr EUR 0,00 (2021: EUR 0,00)</i>		
D. AKTIVE LATENTE STEUERN	228.957,63	1.571.517,45	a) Steuern	11.757,45	12.450,48
			b) Soziale Sicherheit	29.234,60	12.718,38
			c) Übrige	18.056.019,75	12.859.351,50
				18.097.011,80	12.884.520,36
				1.625.768.988,50	1.309.084.742,69
SUMME AKTIVA	2.477.991.460,80	1.942.731.406,60	SUMME PASSIVA	2.477.991.460,80	1.942.731.406,60

Gewinn- und Verlustrechnung

(in EUR)	2022	2021
1. Erträge aus Beteiligungen		
a) Verbundene Unternehmen	321.190.000,00	130.000.000,00
b) Übrige	397.320,00	466.900,00
	321.587.320,00	130.466.900,00
2. Sonstige Zinsen und ähnliche Erträge		
a) Verbundene Unternehmen	31.622.714,90	9.258.284,55
b) Übrige	19.806,95	30.458,34
	31.642.521,85	9.288.742,89
3. Zinsen und ähnliche Aufwendungen		
a) verbundene Unternehmen	(1.109.748,23)	(163.695,55)
b) übrige	(23.477.053,19)	(16.102.894,21)
	(24.586.801,42)	(16.266.589,76)
4. Zwischensumme aus Z 1 bis 3 (Finanzergebnis)	328.643.040,43	123.489.053,13
5. Umsatzerlöse	39.462.609,39	29.008.963,23
6. Sonstige betriebliche Erträge		
a) Erträge aus dem Abgang vom Anlagevermögen mit Ausnahme der Finanzanlagen	10.131,65	0,00
b) Erträge aus der Auflösung von Rückstellungen	0,00	326.095,45
c) Übrige	2.058.603,25	304.364,50
	2.068.734,90	630.459,95
7. Aufwendungen für Material und sonstige bezogene Herstellungsleistungen		
a) Aufwendungen für bezogene Leistungen	(42.466.248,79)	(28.093.824,32)
	(42.466.248,79)	(28.093.824,32)
8. Personalaufwand		
a) Gehälter	(12.580.684,25)	(10.249.898,32)
b) Soziale Aufwendungen	(1.366.731,59)	(1.658.196,65)
<i>davon Aufwendungen für Altersvorsorgen</i>	(396.986,56)	(723.382,89)
<i>aa) Aufwendungen für Abfertigungen und Leistungen an betriebliche Mitarbeiterversorgungskassen</i>	(129.696,17)	(143.210,04)
<i>bb) Aufwendungen für gesetzlich vorgeschriebene Sozialabgaben sowie vom Entgelt abhängige Abgaben und Pflichtbeiträge</i>	(821.909,28)	(713.495,68)
<i>cc) Sonstige Sozialaufwendungen</i>	(18.139,58)	(78.108,04)
	(13.947.415,84)	(11.908.094,97)
9. Abschreibungen		
a) auf immaterielle Vermögensgegenstände und Sachanlagen	(121.995,21)	(120.210,31)
	(121.995,21)	(120.210,31)
10. Sonstige betriebliche Aufwendungen		
a) Steuern, soweit sie nicht unter Steuern vom Einkommen und vom Ertrag fallen	(1.714,35)	(1.714,35)
b) Übrige	(23.549.572,23)	(20.493.873,12)
	(23.551.286,58)	(20.495.587,47)
11. Zwischensumme aus Z 5 bis 10 (Betriebsergebnis)	(38.555.602,13)	(30.978.293,89)
12. Ergebnis vor Steuern (Zwischensumme aus Z 4 und Z 11)	290.087.438,30	92.510.759,24
13. Steuern vom Einkommen und vom Ertrag	3.739.189,48	8.670.522,79
<i>davon latente Steuern EUR (1.342.558,48) (2021: EUR -67.114,08)</i>		
14. Jahresüberschuss	293.826.627,78	101.181.282,03
15. Zuweisung zu Gewinnrücklagen	(203.826.627,78)	(37.181.282,03)
16. Jahresgewinn	90.000.000,00	64.000.000,00
17. Gewinnvortrag aus dem Vorjahr	60.000.000,00	66.000.000,00
18. Bilanzgewinn	150.000.000,00	130.000.000,00

Anhang

DER MAYR-MELNHOF KARTON AKTIENGESELLSCHAFT FÜR DAS GESCHÄFTSJAHR VON 1. JÄNNER 2022 BIS 31. DEZEMBER 2022

1 ALLGEMEINE ERLÄUTERUNGEN

Der vorliegende Jahresabschluss wurde unter Beachtung der Grundsätze ordnungsmäßiger Buchführung, Bilanzierung und der Generalnorm, ein möglichst getreues Bild der Vermögens-, Finanz- und Ertragslage des Unternehmens zu vermitteln, aufgestellt. Die Bestimmungen des Unternehmensgesetzbuches in der zum Bilanzstichtag geltenden Fassung stellen die Grundlage dieses Jahresabschlusses dar.

Bei der Bilanzierung und Bewertung wurde den allgemein anerkannten Grundsätzen Rechnung getragen. Dabei wurden die in § 201 Abs. 2 UGB kodifizierten Grundsätze ordnungsmäßiger Buchführung ebenso beachtet wie die Gliederungs- und Bewertungsvorschriften für die Bilanz und die Gewinn- und Verlustrechnung der §§ 195 bis 211 und 222 bis 235 UGB.

Die im vorjährigen Jahresabschluss angewandten Bilanzierungs- und Bewertungsmethoden sowie der Ausweis gegenüber dem Vorjahr sind unverändert geblieben.

Die Gesellschaft ist Mutterunternehmen gemäß § 189a Z 6 UGB des Mayr-Melnhof Konzerns und stellt den Konzernabschluss für den größten und kleinsten Kreis der Unternehmen auf.

Die rechtlichen und wirtschaftlichen Beziehungen zu verbundenen Unternehmen gemäß § 238 Abs. 1 Z 20 UGB werden nicht angegeben, da sie dem Unternehmen oder einem verbundenen Unternehmen einen erheblichen Nachteil zufügen würden.

Der Grundsatz der Vollständigkeit wurde bei der Erstellung des Jahresabschlusses eingehalten.

Bei der Bewertung der einzelnen Vermögensgegenstände und Schulden wurde der Grundsatz der Einzelbewertung beachtet und eine Fortführung des Unternehmens unterstellt.

Dem Vorsichtsprinzip wurde dadurch Rechnung getragen, dass nur die am Abschlussstichtag verwirklichten Gewinne ausgewiesen wurden. Alle erkennbaren Risiken und drohenden Verluste wurden berücksichtigt.

Schätzungen beruhen auf einer umsichtigen Beurteilung. Soweit statistisch ermittelbare Erfahrungen aus gleich gelagerten Sachverhalten vorhanden sind, hat das Unternehmen diese bei den Schätzungen berücksichtigt.

Die Gliederung der Gewinn- und Verlustrechnung wird nach dem Gesamtkostenverfahren aufgestellt und entsprechend der Holdingfunktion der Mayr-Melnhof Karton Aktiengesellschaft so dargestellt, dass der Finanzerfolg an den Anfang der Gewinn- und Verlustrechnung gestellt wird.

2 BILANZIERUNGS- UND BEWERTUNGSMETHODEN

2.1 Anlagevermögen

Immaterielle Vermögensgegenstände

Die Zugänge sind mit Anschaffungs- zuzüglich Anschaffungsnebenkosten bewertet.

Die unter diesem Posten ausgewiesenen Softwarelizenzen sind zu Anschaffungskosten bewertet und werden planmäßig auf 10 Jahre linear abgeschrieben.

Sachanlagen

Das Sachanlagevermögen ist mit Anschaffungs- zuzüglich Anschaffungsnebenkosten bewertet. Zinsen für Fremdkapital zur Finanzierung der Herstellung von Gegenständen des Anlagevermögens werden nicht aktiviert.

Die Ermittlung der planmäßigen Abschreibung erfolgt linear unter Anwendung folgender Nutzungsdauern:

Gebäude	10 - 40 Jahre
Andere Anlagen, Betriebs- und Geschäftsausstattung	3 - 7 Jahre

Geringwertige Vermögensgegenstände mit Einzelanschaffungskosten unter EUR 800,00 werden wie im Vorjahr gem. § 204 Abs. 1a UGB im Jahr ihrer Anschaffung oder Herstellung voll abgeschrieben.

Bei voraussichtlich dauernder Wertminderung werden Gegenstände des Anlagevermögens außerplanmäßig auf den niedrigeren beizulegenden Wert am Abschlussstichtag abgeschrieben. Sofern die dafür maßgeblichen Gründe nicht mehr bestehen, gilt die Verpflichtung, den Betrag der außerplanmäßigen Abschreibung im Umfang der Werterhöhung unter Berücksichtigung der Abschreibungen, die inzwischen vorzunehmen gewesen wären, zuzuschreiben. Im vorliegenden Jahresabschluss sind keine Beträge aus solchen Zuschreibungen enthalten.

Finanzanlagen

Die Anteile an verbundenen Unternehmen und die Beteiligungen sind zu Anschaffungskosten bewertet. Voraussichtlich dauerhafte und wesentliche Wertminderungen werden durch außerplanmäßige Abschreibungen berücksichtigt.

Als verbundene Unternehmen werden alle Tochterunternehmen bezeichnet, die von der Mayr-Melnhof Karton Aktiengesellschaft unmittelbar oder mittelbar beherrscht werden (§ 189 Z 7 und 8 UGB).

Ausleihungen sind zu Anschaffungskosten bewertet. Voraussichtlich dauerhafte und wesentliche Wertminderungen werden durch außerplanmäßige Abschreibungen berücksichtigt.

In den Wertpapieren des Anlagevermögens sind Ansprüche aus Rückdeckungsversicherungen aufgrund von Pensionszusagen enthalten. Der Ansatz dieser Ansprüche erfolgt mit dem Deckungskapital.

Die Gesellschaft hat eine Rückdeckungsversicherung für ihre Pensionsverpflichtung gegenüber den Begünstigten abgeschlossen. Die Ansprüche aus der Rückdeckungsversicherung wurden an die Anspruchsberechtigten verpfändet und unter Beachtung der Vermögensobergrenze mit der entsprechenden Gesamtpensionsverpflichtung saldiert.

Bei Finanzanlagen, die keine Beteiligungen sind, erfolgt die Abschreibung auf den niedrigeren beizulegenden (Zeit-) Wert. Bei Finanzanlagen dürfen solche Abschreibungen auch vorgenommen werden, wenn die Wertminderung voraussichtlich nicht von Dauer ist. Sofern die Gründe für die außerplanmäßige Abschreibung nicht mehr bestehen, gilt die Verpflichtung, den Betrag der außerplanmäßigen Abschreibung im Umfang der Werterhöhung unter Berücksichtigung der Abschreibungen, die inzwischen vorzunehmen gewesen wären, zuzuschreiben. Im vorliegenden Jahresabschluss sind keine Beträge aus solchen Zuschreibungen enthalten.

2.2 Umlaufvermögen

Bei Gegenständen des Umlaufvermögens erfolgt gegebenenfalls eine Abschreibung, um sie mit dem niedrigeren beizulegenden Wert zum Abschlussstichtag anzusetzen. Sofern die Gründe für die Abschreibung nicht mehr bestehen, gilt die Verpflichtung, den Betrag der Abschreibung im Umfang der Werterhöhung zuzuschreiben. Im vorliegenden Jahresabschluss sind keine Beträge aus solchen Zuschreibungen enthalten.

Forderungen und sonstige Vermögensgegenstände

Forderungen und sonstige Vermögensgegenstände sind mit dem Nennwert angesetzt. Erkennbare Einzelrisiken werden durch Wertberichtigungen berücksichtigt.

Wertpapiere und andere Anteile

Wertpapiere und andere Anteile werden mit den Anschaffungskosten vermindert um allfällige Abschreibungen auf den niedrigeren beizulegenden Wert am Abschlussstichtag angesetzt.

2.3 Rückstellungen

Rückstellungen werden nach dem Grundsatz der unternehmerischen Vorsicht in Höhe des voraussichtlichen Erfüllungsbetrages gebildet, der bestmöglich geschätzt wurde.

Die Pensionsrückstellungen werden gemäß der Stellungnahme 27 des Austrian Financial Reporting and Auditing Committee (AFRAC) „Personalrückstellungen (UGB)“, Stand Juni 2022, bilanziert. Bei der Berechnung, die nach dem Anwartschaftsbarwertverfahren („Projected Unit Credit Method“) erfolgt, werden zukünftige Lohn- und Gehaltssteigerungen in Form einer langfristigen Prognose berücksichtigt. Der Zinssatz wird nach dem aktuellen langfristigen Zinssatz am Kapitalmarkt zum Bilanzstichtag bemessen.

Der Berechnung der Pensionsrückstellungen werden das frühestmögliche Anfallsalter für die (vorzeitige) Alterspension gemäß Pensionsreform 2004 (Budgetbegleitgesetz 2003) unter Berücksichtigung der Übergangsregelungen sowie die biometrischen Richttafeln AVÖ 2018-P „Angestellte“ – Rechnungsgrundlage für Pensionsversicherung (2021: AVÖ 2018-P „Angestellte“ bzw. „Gemischt“) zugrunde gelegt. Für Vorstandsmitglieder wird ausschließlich auf die Dauer des Vorstandsmandats abgestellt.

Pensionszusagen, die durch verpfändete Rückdeckungsversicherungen gedeckt sind und für die die Gesellschaft wirtschaftlich somit kein Risiko trägt, werden in der Bilanz saldiert ausgewiesen.

Bei der Bilanzierung der Rückstellung für Pensionen, sowie der sonstigen langfristigen personenbezogenen Verpflichtungen wird vom Wahlrecht, die rechnungsmäßigen Zinsen im Finanzergebnis auszuweisen, Gebrauch gemacht.

2.4 Verbindlichkeiten

Die Verbindlichkeiten sind mit ihrem Erfüllungsbetrag angesetzt.

2.5 Währungsumrechnung

Fremdwährungsforderungen sowie die Zahlungsmittel in Fremdwährungen sind mit dem Anschaffungskurs bzw. dem niedrigeren Devisenkurs zum Bilanzstichtag bewertet worden.

Die Fremdwährungsverbindlichkeiten sind mit dem Anschaffungskurs bzw. dem höheren Devisenkurs zum Bilanzstichtag bewertet worden.

3 ERLÄUTERUNGEN ZU EINZELNEN POSTEN DER BILANZ UND GEWINN- UND VERLUSTRECHNUNG

Bilanz

3.1 Anlagenspiegel gemäß § 226 UGB

(in EUR)	Anschaffungs- bzw. Herstellungskosten				Kumulierte Abschreibungen						
	Stand	Zugänge	Abgänge	Umbuchung	Stand	Stand	Zugänge	Abgänge	Stand	Buchwert	Buchwert
	01.01.2022	2022	2022	2022	31.12.2022	01.01.2022	2022	2022	31.12.2022	31.12.2022	31.12.2021
I. Immaterielle Vermögensgegenstände											
1. Konzessionen, gewerbliche Schutzrechte und ähnliche Rechte und Vorteile sowie daraus abgeleitete Lizenzen	17.647,08	0,00	0,00	0,00	17.647,08	3.529,32	1.764,72	0,00	5.294,04	12.353,04	14.117,76
Summe I	17.647,08	0,00	0,00	0,00	17.647,08	3.529,32	1.764,72	0,00	5.294,04	12.353,04	14.117,76
II. Sachanlagen											
1. Grundstücke, grundstücksgleiche Rechte und Bauten, einschließlich der Bauten auf fremdem Grund											
a) Grundwert	577.352,82	0,00	0,00	0,00	577.352,82	0,00	0,00	0,00	0,00	577.352,82	577.352,82
b) Gebäudewert	2.659.935,45	0,00	0,00	0,00	2.659.935,45	1.558.160,83	64.179,32	0,00	1.622.340,15	1.037.595,30	1.101.774,62
2. Andere Anlagen, Betriebs- und Geschäftsausstattung ¹⁾	409.014,49	101.695,14	43.226,23	0,00	467.483,40	107.210,52	56.051,17	34.357,88	128.903,81	338.579,59	301.803,97
Summe II	3.646.302,76	101.695,14	43.226,23	0,00	3.704.771,67	1.665.371,35	120.230,49	34.357,88	1.751.243,96	1.953.527,71	1.980.931,41
Summe I und II	3.663.949,84	101.695,14	43.226,23	0,00	3.722.418,75	1.668.900,67	121.995,21	34.357,88	1.756.538,00	1.965.880,75	1.995.049,17
III. Finanzanlagen											
1. Anteile an verbundenen Unternehmen	304.066.939,31	0,00	0,00	0,00	304.066.939,31	0,00	0,00	0,00	0,00	304.066.939,31	304.066.939,31
2. Ausleihungen an verbundene Unternehmen	1.135.000.000,00	70.574.000,00	5.000.000,00		1.200.574.000,00	0,00	0,00	0,00	0,00	1.200.574.000,00	1.135.000.000,00
3. Beteiligungen	494.917,78	0,00	0,00	0,00	494.917,78	0,00	0,00	0,00	0,00	494.917,78	494.917,78
4. Wertpapiere (Wertrechte) des Anlagevermögens	0,00	4.810.353,48	316.740,22	(145.488,28)	4.348.124,98	0,00	0,00	0,00	0,00	4.348.124,98	0,00
Summe III	1.439.561.857,09	75.384.353,48	5.316.740,22	(145.488,28)	1.509.483.982,07	0,00	0,00	0,00	0,00	1.509.483.982,07	1.439.561.857,09
Gesamt	1.443.225.806,93	75.486.048,62	5.359.966,45	(145.488,28)	1.513.206.400,82	1.668.900,67	121.995,21	34.357,88	1.756.538,00	1.511.449.862,82	1.441.556.906,26

¹⁾ Im Jahr 2022 sind geringwertige Vermögensgegenstände in Höhe von EUR 659,13 zu- und abgegangen.

3.2 Aufgliederung der Anteile an verbundenen Unternehmen

(in EUR)	31.12.2022	Geschäftsjahr 2021	
	Anteil in %	Eigenkapital	Jahresergebnis
Lokalbahn Payerbach-Hirschwang Gesellschaft m.b.H., Reichenau/Rax (AUT) ¹⁾	100,00	3.875.549,78	k. A
MM Service GmbH, Wien (AUT) ¹⁾	100,00	22.366.766,37	k. A
MM BOARD & PAPER GmbH, Wien (AUT) ¹⁾	100,00	360.816.266,92	k. A
MM PACKAGING GmbH, Wien (AUT) ¹⁾	100,00	475.202.393,76	k. A

¹⁾ Hinsichtlich der Angabe der Jahresergebnisse wird von der Schutzklausel gemäß § 242 Abs. 2 UGB Gebrauch gemacht.

3.3 Ausleihungen an verbundene Unternehmen

Unter dem Posten Ausleihungen an verbundene Unternehmen ist ein Betrag in Höhe von EUR 1.200.574.000,00 (31. Dezember 2021: EUR 1.135.000.000,00) enthalten. Davon sind EUR 1.199.574.000,00 nicht innerhalb eines Jahres fällig.

3.4 Wertpapiere (Wertrechte) des Anlagevermögens

Unter Wertpapiere (Wertrechte) des Anlagevermögens sind Rückdeckungsversicherungen ausgewiesen, die auf Grund von Umgliederungen nicht mehr mit der Verpflichtung saldiert werden sowie solche, die im Wesentlichen zugunsten der Pensionsberechtigten verpfändet sind. Die verpfändeten Rückdeckungsversicherungen sind bis zur Vermögensobergrenze mit den Pensionsverpflichtungen saldiert ausgewiesen.

3.5 Forderungen

Zum 31. Dezember gliedern sich die Forderungen wie folgt:

(in EUR)	31.12.2022	31.12.2021
1. Forderungen gegenüber verbundenen Unternehmen		
a) aus Lieferungen und Leistungen	11.368.088,87	6.843.567,45
b) aus sonstigen Forderungen	838.449.352,30	308.407.642,18
	849.817.441,17	315.251.209,63
2. Sonstige Forderungen und Vermögensgegenstände	26.102.278,53	13.949.696,50
Gesamt	875.919.719,70	329.200.906,13

Unter den sonstigen Forderungen gegenüber verbundenen Unternehmen sind auch Forderungen aus Cash Pooling-Vereinbarungen in Höhe von EUR 816.944.163,01 (31. Dezember 2021: EUR 304.003.400,92) ausgewiesen, wobei die Mayr-Melnhof Karton Aktiengesellschaft für zwei Euro Cash Pools als Cash Pool Leader fungiert.

Weiters sind in den sonstigen Forderungen gegenüber verbundenen Unternehmen Forderungen aus Steuerumlagen in Höhe von EUR 10.222.821,13 (31. Dezember 2021: EUR 4.399.874,67) sowie Forderungen aus dem konzerninternen Clearing („IC-Netting“) in Höhe von EUR 11.211.495,68 (31.12.2021: EUR 0,00) enthalten.

Wie im Vorjahr sind in den sonstigen Forderungen und Vermögensgegenständen Erträge von unwesentlicher Höhe enthalten, welche erst nach dem Bilanzstichtag zahlungswirksam werden.

3.6 Wertpapiere und Anteile

Die im Jahre 2021 unter Wertpapiere und Anteilen ausgewiesenen Geldmarktfonds in Höhe von EUR 79.871.794,84 wurden im September 2022 zur Gänze veräußert.

3.7 Latente Steuern

Der latente Steueranspruch aus dem Saldo der aktiven und passiven latenten Steuern beträgt zum 31. Dezember 2022 EUR 228.957,63 (31. Dezember 2021: EUR 1.571.517,45).

Die aktiven latenten Steuern wurden auf Unterschiede zwischen dem steuerlichen und unternehmensrechtlichen Wertansatz zum Bilanzstichtag, unter Zugrundelegung eines Körperschaftsteuersatzes von 23% (31. Dezember 2021: 25 %), für folgende Posten gebildet:

	2022		2021	
	Aktive latente Steuern	Passive latente Steuern	Aktive latente Steuern	Passive latente Steuern
Rückstellungen für Pensionen	X		X	

Die aktiven latenten Steuern entwickelten sich wie folgt:

(in EUR)	2022	2021
Aktive latente Steuern 01.01.	1.571.517,45	1.638.631,53
Auflösung	(1.342.559,82)	(67.114,08)
Zuführung	0,00	0,00
Aktive latente Steuern 31.12.	228.957,63	1.571.517,45

3.8 Eigenkapital

Grundkapital

Das Grundkapital in Höhe von EUR 80.000.000,00 ist in 20.000.000 Stück nennbetragslose Stückaktien aufgeteilt, von denen jede am Grundkapital in gleichem Umfang beteiligt ist.

3.9 Rückstellungen

Pensionsverpflichtungen

Die Rechenparameter zu den jeweiligen Stichtagen stellen sich wie folgt dar:

(in %)	31.12.2022	31.12.2021
	Pensionen	Pensionen
Abzinsungsfaktor	3,80 %	0,98 %
Langfristige Gehaltssteigerungsraten	3,00 %	2,50 %
Langfristige Rentensteigerungsraten	2,50 %	2,00 %

Versicherungsmathematische Gewinne bzw. Verluste, die sich aufgrund von Änderungen im Bestand der Versorgungsberechtigten und Abweichungen der tatsächlichen Entwicklung gegenüber den der Berechnung zugrunde gelegten Annahmen ergeben, werden zur Gänze erfolgswirksam erfasst.

Die Anwartschaftsbarwerte betreffend Pensionsverpflichtungen sowie die Überleitungen zum bilanzierten Rückstellungsbetrag stellen sich wie folgt dar:

(in EUR)	Pensionen
Bilanzierte langfristige Rückstellung 31.12.2021	11.997.983,33
Zuführung Dienstzeitaufwand 2022	800.215,05
Zuführung Zinsaufwand 2022	108.213,00
Auszahlungen 2022	(1.036.792,00)
Umgliederung 2022	(4.500.000,00)
Versicherungsmathematische Verluste bzw. (Gewinne) 2022	(291.679,00)
Bilanzierte langfristige Rückstellung 31.12.2022	7.077.940,38
Deckungskapital	(6.329.046,38)
Saldierte Pensionsverpflichtung	748.894,00

Der Zinsaufwand ist unter dem Posten „Zinsen und ähnliche Aufwendungen“ im Finanzergebnis ausgewiesen.

Der Wert der Ansprüche aus der Rückdeckungsversicherung beträgt EUR 6.329.046,38 (31. Dezember 2021: EUR 10.403.727,33). Die Ansprüche aus der Rückdeckungsversicherung wurden an die Anspruchsberechtigten verpfändet und daher, unter Beachtung der Vermögensobergrenze, mit der entsprechenden Gesamtpensionsverpflichtung in Höhe von EUR 7.077.940,38 (31. Dezember 2021: EUR 11.997.983,33) saldiert.

Sonstige Rückstellungen

Neben der Rückstellung für die Vorstandsbezüge in Höhe von EUR 10.780.970,50 (31. Dezember 2021: EUR 6.918.092,66), die dieses Jahr die variablen Vorstandsbezüge, die kumulierten langfristigen Vergütungszusagen sowie die Leistungen an Herrn Dr. Blaschke im Zusammenhang mit seinem Ausscheiden beinhalten, sind in den sonstigen Rückstellungen im Wesentlichen Rückstellungen für nicht konsumierte Urlaube, Rechts-, Prüfungs- und Beratungsaufwand und die Vergütung für die Aufsichtsratsstätigkeit ausgewiesen. Es sind keine Rückstellungen für noch nicht abgerechnete Konzerndienstleistungen (31. Dezember 2021: EUR 14.176.000,00) enthalten.

Von der Rückstellung für die variablen Vorstandsbezüge sind EUR 1.233.600,00 (31. Dezember 2021: EUR 355.462,08) langfristig.

3.10 Verbindlichkeiten

Zum 31. Dezember gliedern sich die Verbindlichkeiten wie folgt:

(in EUR)	31.12.2022	Davon Restlaufzeit über 5 Jahre	31.12.2021	Davon Restlaufzeit über 5 Jahre
1. Verbindlichkeiten gegenüber Kreditinstituten	1.440.000.000,00	1.205.500.000,00	1.125.000.000,00	950.500.000,00
2. Verbindlichkeiten aus Lieferungen und Leistungen	159.780,78	0,00	217.505,61	0,00
3. Verbindlichkeiten gegenüber verbundenen Unternehmen				
a) aus Lieferungen und Leistungen	29.497.229,53	0,00	592.532,52	0,00
b) aus sonstigen Verbindlichkeiten	138.014.966,39	0,00	170.390.184,20	
	167.512.195,92	0,00	170.982.716,72	0,00
4. Sonstige Verbindlichkeiten				
a) Steuern	11.757,45	0,00	12.450,48	0,00
b) Soziale Sicherheit	29.234,60	0,00	12.718,38	0,00
c) Übrige	18.056.019,75	0,00	12.859.351,50	0,00
	18.097.011,80	0,00	12.884.520,36	0,00
Gesamt	1.625.768.988,50	1.205.500.000,00	1.309.084.742,69	950.500.000,00

Die Verbindlichkeiten gegenüber Kreditinstituten bestehen aus Darlehen in Form von Kreditverträgen, Schuldscheinen und Namensschuldverschreibungen in Höhe von EUR 1.440.000.000,00 (31. Dezember 2021: EUR 1.125.000.000,00). Die Laufzeiten der zu marktüblichen Konditionen verzinsten Darlehen betragen zwischen 5 und 17 Jahren.

Unter den sonstigen Verbindlichkeiten gegenüber verbundenen Unternehmen sind auch Verbindlichkeiten aus den Cash Pooling-Vereinbarungen in Höhe von EUR 123.817.386,86 (31. Dezember 2021: EUR 168.736.147,48) enthalten, wobei die Mayr-Melnhof Karton Aktiengesellschaft für zwei Euro Cash Pools als Cash Pool Leader fungiert.

Weiters sind hier sonstige Verbindlichkeiten aus Steuerumlagen in Höhe von EUR 2.999.898,96 (31. Dezember 2021: EUR 1.651.036,22) sowie Verbindlichkeiten aus dem konzerninternen Clearing („IC-Netting“) in Höhe von EUR 11.205.667,72 (31.12.2021: EUR 0,00) ausgewiesen.

Der in den übrigen sonstigen Verbindlichkeiten enthaltene abgegrenzte Betrag für das Schuldscheindarlehen betreffende Zinsen beträgt EUR 13.446.452,20 (31. Dezember 2021: EUR 12.648.461,14). Des Weiteren sind in diesem Posten umgliederte Rückstellungen für Pensionsverpflichtungen in Höhe von EUR 4.500.000,00 (31. Dezember 2021: EUR 0,00) enthalten.

In den sonstigen Verbindlichkeiten sind Aufwendungen in Höhe von EUR 18.055.542,80 (31. Dezember 2021: EUR 12.651.961,14) enthalten, welche erst nach dem Bilanzstichtag zahlungswirksam werden.

Gewinn- und Verlustrechnung

3.11 Nettoerlöse nach geografischen Märkten

(in EUR)	2022	2021
Verbundene Unternehmen		
Österreich	12.347.090,37	7.591.938,34
Andere EU-Länder	19.959.760,21	16.129.888,40
Nicht EU-Länder	7.155.758,81	5.287.136,49
Gesamt	39.462.609,39	29.008.963,23

3.12 Personalaufwand

Die in Aufwendungen für Leistungen an betriebliche Mitarbeitervorsorgekassen enthaltenen Beiträge betragen EUR 129.696,17 (2021: EUR 143.210,04).

Die Aufwendungen an ausgelagerte Einheiten in Form von beitragsorientierten Plänen betragen EUR 130.000,48 (2021: EUR 130.000,02).

Der Gesamtbetrag der Aufwendungen und Erträge für Altersversorgung für den Vorstand gliedert sich wie folgt:

(in EUR)	2022	2021
Anpassung der Pensionsrückstellung	(845.362,00)	(175.749,00)

3.13 Sonstige betriebliche Aufwendungen

Zu den Aufwendungen, die im Geschäftsjahr auf die Tätigkeit des Abschlussprüfers entfallen, wird auf die Angaben im Konzernabschluss zum 31. Dezember 2022 der Mayr-Melnhof Karton Aktiengesellschaft verwiesen.

3.14 Steuern vom Einkommen und vom Ertrag

Im Dezember 2005 hat die Gesellschaft als Gruppenträger einen Antrag auf Feststellung einer Unternehmensgruppe gemäß § 9 Abs. 8 KStG 1988 mit nachfolgend angeführten verbundenen Unternehmen als Gruppenmitglieder zum Zwecke der Gruppenbesteuerung ab dem Veranlagungsjahr 2005 eingebracht. Es wurde ein Steuerumlagevertrag abgeschlossen, der die Belastungsmethode vorsieht.

Die Gruppenmitglieder sind:

MM Frohnleiten GmbH, Frohnleiten (vormals Mayr-Melnhof Karton Gesellschaft m.b.H., Frohnleiten)
 MM BOARD & PAPER GmbH, Wien (vormals Mayr-Melnhof Cartonboard International GmbH, Wien)
 MM Board & Paper Sales GmbH, Wien
 MM PACKAGING GmbH, Wien (vormals Mayr-Melnhof Packaging International GmbH, Wien)
 MM Neupack GmbH, Reichenau an der Rax (vormals Neupack Gesellschaft m.b.H., Reichenau an der Rax)
 MM Premium Vienna GmbH, Wien (vormals Mayr-Melnhof Packaging Austria GmbH, Wien)
 MM Service GmbH, Wien (vormals Mayr-Melnhof Service GmbH, Wien)
 free-com solutions GmbH, Wien

Aufgrund des Umlagevertrages zwischen den inländischen Gesellschaften wurden im Geschäftsjahr 2022 EUR 12.543.571,12 (2021: EUR 5.807.420,12) an die Gruppenmitglieder weiterverrechnet.

Die Steuern vom Einkommen und vom Ertrag weisen im Jahr 2022 einen Ertrag von EUR 5.081.747,96 (2021: Ertrag EUR 8.737.636,87) auf.

3.15 Ergebnisverwendung

Der Vorstand schlägt vor, aus dem Bilanzgewinn in Höhe von EUR 84.000.000,00 eine Dividende von EUR 4,20 je Aktie auszuschütten.

4 SONSTIGE ANGABEN

4.1 Angaben über Organe und Mitglieder

Die Gesellschaft beschäftigt keine Arbeitnehmer.

Bezüge des Vorstandes

An die aktiven Vorstandsmitglieder wurden die nachfolgend dargestellten Vergütungen gewährt:

(in EUR)	2022	2021
a) von der Gesellschaft	10.291.823,62	9.838.549,17
b) von verbundenen Unternehmen	0,00	0,00
Gesamt	10.291.823,62	9.838.549,17
Davon		
a) fixe Bezüge	2.586.111,00	2.491.676,06
b) variable Vergütung	7.705.712,62	7.346.873,11
Gesamt	10.291.823,62	9.838.549,17

Neben den in der Tabelle angeführten Organbezügen wird Herrn Dr. Andreas Blaschke im Zusammenhang mit der Beendigung seiner Vorstandstätigkeit im Geschäftsjahr 2022 die jährliche Erfolgsbeteiligung für das Rumpfbjahr 2023 durch eine Zahlung in der Höhe von einem Drittel (aufgrund der Aliquotierung) des Durchschnittes der jährlichen Erfolgsbeteiligungen 2020–2022 in Höhe von EUR 465.484,28 abschließend abgegolten. Die langfristigen Erfolgsbeteiligungen, die die Zeiträume 2021–2023, 2022–2024 und 2023–2025 betreffen, werden insgesamt mit einem pauschalen Betrag in Höhe von EUR 800.000,00 abgegolten. Weiters wird noch das laufende Grundgehalt für den Zeitraum bis zum 30. April 2023 in Höhe von EUR 156.496,56 sowie eine Karenzentschädigung in Höhe von EUR 600.000,00 vergütet. Die bestehenden Pensionsansprüche von Dr. Andreas Blaschke wurden mit einem einmaligen und einvernehmlich festgelegten Übertragungsbetrag in Höhe von EUR 4.500.000,00 in eine überbetriebliche Pensionskassa übertragen.

An ehemalige Organmitglieder und deren Hinterbliebene wurden im Geschäftsjahr 2022 Gesamtbezüge von EUR 1.036.791,00 (2021: EUR 1.620.996,37) gewährt.

Bezüge des Aufsichtsrates

(in EUR)	2022	2021
von der Gesellschaft	740.978,00	717.020,00
Gesamt	740.978,00	717.020,00

Die Organe der Gesellschaft setzten sich im abgelaufenen Geschäftsjahr wie folgt zusammen:

Vorstand

MMag. Peter OSWALD (Vorsitzender)
Dr. Andreas BLASCHKE (Mitglied des Vorstandes) bis 31.10. 2022
Mag. Franz HIESINGER (Mitglied des Vorstandes)

Aufsichtsrat

Dipl.-Ing. Rainer ZELLNER (Vorsitzender)
Mag. Johannes GOESS-SAURAU (1. Stellvertretender Vorsitzender)
Dr. Nikolaus ANKERSHOFEN (2. Stellvertretender Vorsitzender)
Dr. Alexander LEEB (Mitglied des Aufsichtsrates)
MMMag. Georg MAYR-MELNHOF (Mitglied des Aufsichtsrates)
Mag. Ferdinand MAYR-MELNHOF-SAURAU, MSc (Mitglied des Aufsichtsrates)
Univ.-Prof. Dr. Klaus RABEL (Mitglied des Aufsichtsrates)
Ing. Franz RAPPOLD (Mitglied des Aufsichtsrates) bis 21.05.2022
Andreas HEMMER (Arbeitnehmervertreter)
Gerhard NOVOTNY (Arbeitnehmervertreter)

4.2 Ereignisse nach dem Abschlussstichtag und weitere Informationen

Darüber hinaus sind nach dem Bilanzstichtag keine Ereignisse eingetreten, die wesentliche Auswirkungen auf die Vermögens-, Finanz- und Ertragslage der Gesellschaft haben.

Wien, am 13. März 2023

Der Vorstand

Mayr-Melnhof Karton Aktiengesellschaft

MMag. Peter OSWALD e.h.

Mag. Franz HIESINGER e.h.

Bestätigungsvermerk

Bericht zum Jahresabschluss

Prüfungsurteil

Wir haben den Jahresabschluss der Mayr-Melnhof Karton Aktiengesellschaft, Wien, bestehend aus der Bilanz zum 31. Dezember 2022, der Gewinn- und Verlustrechnung für das an diesem Stichtag endende Geschäftsjahr und dem Anhang, geprüft.

Nach unserer Beurteilung entspricht der beigefügte Jahresabschluss den gesetzlichen Vorschriften und vermittelt ein möglichst getreues Bild der Vermögens- und Finanzlage zum 31. Dezember 2022 sowie der Ertragslage der Gesellschaft für das an diesem Stichtag endende Geschäftsjahr in Übereinstimmung mit den österreichischen unternehmensrechtlichen Vorschriften.

Grundlage für das Prüfungsurteil

Wir haben unsere Abschlussprüfung in Übereinstimmung mit der EU-Verordnung Nr. 537/2014 (im Folgenden EU-VO) und mit den österreichischen Grundsätzen ordnungsmäßiger Abschlussprüfung durchgeführt. Diese Grundsätze erfordern die Anwendung der International Standards on Auditing (ISA). Unsere Verantwortlichkeiten nach diesen Vorschriften und Standards sind im Abschnitt „Verantwortlichkeiten des Abschlussprüfers für die Prüfung des Jahresabschlusses“ unseres Bestätigungsvermerks weitergehend beschrieben. Wir sind von der Gesellschaft unabhängig in Übereinstimmung mit den österreichischen unternehmensrechtlichen und berufsrechtlichen Vorschriften, und wir haben unsere sonstigen beruflichen Pflichten in Übereinstimmung mit diesen Anforderungen erfüllt. Wir sind der Auffassung, dass die von uns bis zum Datum des Bestätigungsvermerks erlangten Prüfungsnachweise ausreichend und geeignet sind, um als Grundlage für unser Prüfungsurteil zu diesem Datum zu dienen.

Besonders wichtige Prüfungssachverhalte

Besonders wichtige Prüfungssachverhalte sind solche Sachverhalte, die nach unserem pflichtgemäßen Ermessen am bedeutsamsten für unsere Prüfung des Jahresabschlusses des Geschäftsjahres waren. Diese Sachverhalte wurden im Zusammenhang mit unserer Prüfung des Jahresabschlusses als Ganzes und bei der Bildung unseres Prüfungsurteils hierzu berücksichtigt, und wir geben kein gesondertes Prüfungsurteil zu diesen Sachverhalten ab.

Unsere Darstellung dieser besonders wichtigen Prüfungssachverhalte haben wir wie folgt strukturiert:

- Sachverhalt
- Prüferisches Vorgehen und Erkenntnisse
- Verweis auf weitergehende Informationen

1. Bewertung der Anteile an verbundenen Unternehmen und der Ausleihungen an verbundene Unternehmen

Sachverhalt

Die unter den Finanzanlagen ausgewiesenen Anteile an verbundenen Unternehmen in Höhe von TEUR 304.067 und Ausleihungen an verbundene Unternehmen in Höhe von gesamt TEUR 1.200.574 stellen einen wesentlichen Anteil an den Aktiva der Gesellschaft dar (in Summe 61 % der Bilanzsumme). Bei den Anteilen an verbundenen Unternehmen handelt es sich um die Divisionsholdings. Die Ausleihungen betreffen ebenfalls die Divisionsholdings bzw. indirekt gehaltene operative Gesellschaften der Gruppe. Finanzanlagen werden zu fortgeführten Anschaffungskosten bewertet und gemäß § 204 Abs. 2 UGB bei voraussichtlich dauernder Wertminderung auf den niedrigeren am Abschlussstichtag beizulegenden Wert abgewertet. Sowohl im Berichtsjahr als auch in den Vorjahren wurden keine Abschreibungen vorgenommen.

Aufgrund der aktuellen marktwirtschaftlichen Unsicherheiten haben die gesetzlichen Vertreter der Gesellschaft die Finanzanlagen auf Werthaltigkeit überprüft. In die Ermittlung des beizulegenden Werts der Finanzanlagen fließen zahlreiche bewertungsrelevante Annahmen in Bezug auf die seitens der gesetzlichen Vertreter erwarteten künftigen Zahlungsströme („Free Cash Flows“, wie etwa Annahmen zu der Umsatz- und Profitabilitätsentwicklung, sowie die Wachstumsrate für die ewige Rente) ein, die mit erheblichen Schätzungsunsicherheiten und Ermessen verbunden sind. Der für die Ermittlung des beizulegenden Wertes heranzuziehende Kapitalisierungszinssatz (WACC) stellt einen wesentlichen Inputparameter dar und ist ebenfalls als stark ermessensbehaftet einzustufen.

Für den Abschluss besteht aufgrund dieser Schätzungsunsicherheiten das Risiko, dass die Anteile an verbundenen Unternehmen bzw. die Ausleihungen an verbundene Unternehmen nicht werthaltig sind.

Prüferisches Vorgehen und Erkenntnisse

Wir haben die Vorgehensweise des Managements bezüglich der Werthaltigkeitsbeurteilung von Anteilen an verbundenen Unternehmen und Ausleihungen an verbundene Unternehmen dahingehend beurteilt, ob sie einen möglichen Abwertungsbedarf angemessen identifiziert.

Zur Prüfung der Werthaltigkeitsbeurteilung der Gesellschaft haben wir insbesondere das Bewertungsmodell an sich beurteilt und uns mit den wesentlichen Werttreibern der beizulegenden Werte auseinandergesetzt.

Unter Einbezug unserer internen Bewertungsspezialisten haben wir überprüft, ob die gewählte Bewertungsmethode anerkannten Bewertungsgrundsätzen entspricht, und haben die seitens der Gesellschaft verwendeten Parameter (geplante Zahlungsströme, Wachstumsraten und Diskontierungszinssätze) dahingehend beurteilt, ob sie plausibel und angemessen sind.

Das von der Gesellschaft eingesetzte Bewertungsmodell ist für die Überprüfung der Werthaltigkeit der Anteile an verbundenen Unternehmen bzw. der Ausleihungen an verbundene Unternehmen geeignet. Die der Ermittlung des beizulegenden Zeitwerts zugrunde liegenden Annahmen und Bewertungsparameter und die damit verbundenen Angaben sind plausibel und angemessen.

Verweis auf weitergehende Informationen

Weitergehende Informationen zu diesem besonders wichtigen Prüfungssachverhalt finden sich im Anhang des Jahresabschlusses zum 31. Dezember 2022 unter Anhangangabe 2.1 – „Finanzanlagen“ unter Abschnitt 2 „Bilanzierungs- und Bewertungsmethoden“.

Sonstige Informationen

Die gesetzlichen Vertreter sind für die sonstigen Informationen verantwortlich. Die sonstigen Informationen umfassen alle Informationen im Geschäftsbericht, ausgenommen den Jahresabschluss, den Lagebericht und den Bestätigungsvermerk.

Unser Prüfungsurteil zum Jahresabschluss erstreckt sich nicht auf diese sonstigen Informationen, und wir geben dazu keine Art der Zusicherung.

Im Zusammenhang mit unserer Prüfung des Jahresabschlusses haben wir die Verantwortlichkeit, diese sonstigen Informationen zu lesen und dabei zu würdigen, ob die sonstigen Informationen wesentliche Unstimmigkeiten zum Jahresabschluss oder zu unseren bei der Abschlussprüfung erlangten Kenntnissen aufweisen oder anderweitig falsch dargestellt erscheinen.

Falls wir auf der Grundlage, der von uns zu den vor dem Datum dieses Bestätigungsvermerks erlangten sonstigen Informationen durchgeführten Arbeiten den Schluss ziehen, dass eine wesentliche falsche Darstellung dieser sonstigen Informationen vorliegt, sind wir verpflichtet, über diese Tatsache zu berichten. Wir haben in diesem Zusammenhang nichts zu berichten.

Verantwortlichkeiten der gesetzlichen Vertreter und des Prüfungsausschusses für den Jahresabschluss

Die gesetzlichen Vertreter sind verantwortlich für die Aufstellung des Jahresabschlusses und dafür, dass dieser in Übereinstimmung mit den österreichischen unternehmensrechtlichen Vorschriften ein möglichst getreues Bild der Vermögens-, Finanz- und Ertragslage der Gesellschaft vermittelt. Ferner sind die gesetzlichen Vertreter verantwortlich für die internen Kontrollen, die sie als notwendig erachten, um die Aufstellung eines Jahresabschlusses zu ermöglichen, der frei von wesentlichen falschen Darstellungen aufgrund von dolosen Handlungen oder Irrtümern ist.

Bei der Aufstellung des Jahresabschlusses sind die gesetzlichen Vertreter dafür verantwortlich, die Fähigkeit der Gesellschaft zur Fortführung der Unternehmenstätigkeit zu beurteilen, Sachverhalte im Zusammenhang mit der Fortführung der Unternehmenstätigkeit – sofern einschlägig – anzugeben, sowie dafür, den Rechnungslegungsgrundsatz der Fortführung der Unternehmenstätigkeit anzuwenden, es sei denn, die gesetzlichen Vertreter beabsichtigen, entweder die Gesellschaft zu liquidieren oder die Unternehmenstätigkeit einzustellen, oder haben keine realistische Alternative dazu.

Der Prüfungsausschuss ist verantwortlich für die Überwachung des Rechnungslegungsprozesses der Gesellschaft.

Verantwortlichkeiten des Abschlussprüfers für die Prüfung des Jahresabschlusses

Unsere Ziele sind, hinreichende Sicherheit darüber zu erlangen, ob der Jahresabschluss als Ganzes frei von wesentlichen falschen Darstellungen aufgrund von dolosen Handlungen oder Irrtümern ist, und einen Bestätigungsvermerk zu erteilen, der unser Prüfungsurteil beinhaltet. Hinreichende Sicherheit ist ein hohes Maß an Sicherheit, aber keine Garantie dafür, dass eine in Übereinstimmung mit der EU-VO und mit den österreichischen Grundsätzen ordnungsmäßiger Abschlussprüfung, die die Anwendung der ISA erfordern, durchgeführte Abschlussprüfung eine wesentliche falsche Darstellung, falls eine solche vorliegt, stets aufdeckt. Falsche Darstellungen können aus dolosen Handlungen oder Irrtümern resultieren und werden als wesentlich angesehen, wenn von ihnen einzeln oder insgesamt vernünftigerweise erwartet werden könnte, dass sie die auf der Grundlage dieses Jahresabschlusses getroffenen wirtschaftlichen Entscheidungen von Nutzern beeinflussen.

Als Teil einer Abschlussprüfung in Übereinstimmung mit der EU-VO und mit den österreichischen Grundsätzen ordnungsmäßiger Abschlussprüfung, die die Anwendung der ISA erfordern, üben wir während der gesamten Abschlussprüfung pflichtgemäßes Ermessen aus und bewahren eine kritische Grundhaltung.

Darüber hinaus gilt:

Wir identifizieren und beurteilen die Risiken wesentlicher falscher Darstellungen aufgrund von dolosen Handlungen oder Irrtümern im Abschluss, planen Prüfungshandlungen als Reaktion auf diese Risiken, führen sie durch und erlangen Prüfungsnachweise, die ausreichend und geeignet sind, um als Grundlage für unser Prüfungsurteil zu dienen. Das Risiko, dass aus dolosen Handlungen resultierende wesentliche falsche Darstellungen nicht aufgedeckt werden, ist höher als ein aus Irrtümern resultierendes, da dolose Handlungen kollusives Zusammenwirken, Fälschungen, beabsichtigte Unvollständigkeits, irreführende Darstellungen oder das Außerkraftsetzen interner Kontrollen beinhalten können.

Wir gewinnen ein Verständnis von dem für die Abschlussprüfung relevanten internen Kontrollsystem, um Prüfungshandlungen zu planen, die unter den gegebenen Umständen angemessen sind, jedoch nicht mit dem Ziel, ein Prüfungsurteil zur Wirksamkeit des internen Kontrollsystems der Gesellschaft abzugeben.

Wir beurteilen die Angemessenheit der von den gesetzlichen Vertretern angewandten Rechnungslegungsmethoden sowie die Vertretbarkeit der von den gesetzlichen Vertretern dargestellten geschätzten Werte in der Rechnungslegung und damit zusammenhängende Angaben.

Wir ziehen Schlussfolgerungen über die Angemessenheit der Anwendung des Rechnungslegungsgrundsatzes der Fortführung der Unternehmenstätigkeit durch die gesetzlichen Vertreter sowie, auf der Grundlage der erlangten Prüfungsnachweise, ob eine wesentliche Unsicherheit im Zusammenhang mit Ereignissen oder Gegebenheiten besteht, die erhebliche Zweifel an der Fähigkeit der Gesellschaft zur Fortführung der Unternehmenstätigkeit aufwerfen können. Falls wir die Schlussfolgerung ziehen, dass eine wesentliche Unsicherheit besteht, sind wir verpflichtet, in unserem Bestätigungsvermerk auf die dazugehörigen Angaben im Jahresabschluss aufmerksam zu machen oder, falls diese Angaben unangemessen sind, unser Prüfungsurteil zu modifizieren. Wir ziehen unsere Schlussfolgerungen auf der Grundlage der bis zum Datum unseres Bestätigungsvermerks erlangten Prüfungsnachweise. Zukünftige Ereignisse oder Gegebenheiten können jedoch die Abkehr der Gesellschaft von der Fortführung der Unternehmenstätigkeit zur Folge haben.

Wir beurteilen die Gesamtdarstellung, den Aufbau und den Inhalt des Jahresabschlusses einschließlich der Angaben sowie ob der Jahresabschluss die zugrunde liegenden Geschäftsvorfälle und Ereignisse in einer Weise wiedergibt, dass ein möglichst getreues Bild erreicht wird.

Wir tauschen uns mit dem Prüfungsausschuss unter anderem über den geplanten Umfang und die geplante zeitliche Einteilung der Abschlussprüfung sowie über bedeutsame Prüfungsfeststellungen, einschließlich etwaiger bedeutsamer Mängel im internen Kontrollsystem, die wir während unserer Abschlussprüfung erkennen, aus.

Wir geben dem Prüfungsausschuss auch eine Erklärung ab, dass wir die relevanten beruflichen Verhaltensanforderungen zur Unabhängigkeit eingehalten haben, und tauschen uns mit ihm über alle Beziehungen und sonstigen Sachverhalte aus, von denen vernünftigerweise angenommen werden kann, dass sie sich auf unsere Unabhängigkeit und – sofern einschlägig – damit zusammenhängende Schutzmaßnahmen auswirken.

Wir bestimmen von den Sachverhalten, über die wir uns mit dem Prüfungsausschuss ausgetauscht haben, diejenigen Sachverhalte, die am bedeutsamsten für die Prüfung des Jahresabschlusses des Geschäftsjahres waren und daher die besonders wichtigen Prüfungssachverhalte sind. Wir beschreiben diese Sachverhalte in unserem Bestätigungsvermerk, es sei denn, Gesetze oder andere Rechtsvorschriften schließen die öffentliche Angabe des Sachverhalts aus oder wir bestimmen in äußerst seltenen Fällen, dass ein Sachverhalt nicht in unserem Bestätigungsvermerk mitgeteilt werden sollte, weil vernünftigerweise erwartet wird, dass die negativen Folgen einer solchen Mitteilung deren Vorteile für das öffentliche Interesse übersteigen würden.

Sonstige gesetzliche und andere rechtliche Anforderungen

Bericht zum Lagebericht

Der Lagebericht ist aufgrund der österreichischen unternehmensrechtlichen Vorschriften darauf zu prüfen, ob er mit dem Jahresabschluss in Einklang steht und ob er nach den geltenden rechtlichen Anforderungen aufgestellt wurde.

Die gesetzlichen Vertreter sind verantwortlich für die Aufstellung des Lageberichts in Übereinstimmung mit den österreichischen unternehmensrechtlichen Vorschriften.

Wir haben unsere Prüfung in Übereinstimmung mit den Berufsgrundsätzen zur Prüfung des Lageberichts durchgeführt.

Urteil

Nach unserer Beurteilung ist der Lagebericht nach den geltenden rechtlichen Anforderungen aufgestellt worden, enthält zutreffende Angaben nach § 243a UGB und steht in Einklang mit dem Jahresabschluss.

Erklärung

Angesichts der bei der Prüfung des Jahresabschlusses gewonnenen Erkenntnisse und des gewonnenen Verständnisses über die Gesellschaft und ihr Umfeld wurden wesentliche fehlerhafte Angaben im Lagebericht nicht festgestellt.

Zusätzliche Angaben nach Artikel 10 der EU-VO

Wir wurden von der ordentlichen Hauptversammlung am 27. April 2022 als Abschlussprüfer gewählt und im Anschluss vom Aufsichtsrat beauftragt. Wir sind seit dem Geschäftsjahr 2019 Abschlussprüfer der Gesellschaft.

Wir erklären, dass das Prüfungsurteil im Abschnitt „Bericht zum Jahresabschluss“ mit dem zusätzlichen Bericht an den Prüfungsausschuss nach Artikel 11 der EU-VO in Einklang steht.

Wir erklären, dass wir keine verbotenen Nichtprüfungsleistungen (Artikel 5 Abs. 1 der EU-VO) erbracht haben und dass wir bei der Durchführung der Abschlussprüfung unsere Unabhängigkeit von der geprüften Gesellschaft gewahrt haben.

Auftragsverantwortlicher Wirtschaftsprüfer

Der für die Abschlussprüfung auftragsverantwortliche Wirtschaftsprüfer ist Herr Frédéric Vilain.

Wien, am 13. März 2023

PwC Wirtschaftsprüfung GmbH

Frédéric Vilain e. h.
Wirtschaftsprüfer

Die Veröffentlichung oder Weitergabe des Jahresabschlusses mit unserem Bestätigungsvermerk darf nur in der von uns bestätigten Fassung erfolgen. Dieser Bestätigungsvermerk bezieht sich ausschließlich auf den deutschsprachigen und vollständigen Jahresabschluss samt Lagebericht. Für abweichende Fassungen sind die Vorschriften des § 281 Abs. 2 UGB zu beachten.

Consolidated Corporate Governance Report

As an internationally active, listed company, the MM Group is committed to responsible Corporate Governance focusing on sustainable value added. We consider this to be an essential prerequisite for achieving our corporate goals. We therefore ensure that Corporate Governance is consistently practiced and further developed in all areas of the Company. This includes the whole management and control system of the Company with the approach of promoting trust in the MM Group among our employees, shareholders, business partners and the public and ensuring a high level of transparency.

This present report provides information on the disclosures required by sections 243 c and 267 b of the Austrian Commercial Code.

COMMITMENT TO THE AUSTRIAN CORPORATE GOVERNANCE CODE

The MM Group has voluntarily committed to compliance with the Code in its respectively applicable version since the Austrian Corporate Governance Code (Österreichischer Corporate Governance Kodex – ÖCGK) became effective in 2002. The Code is based on the provisions of Austrian stock corporation, stock exchange and capital market laws, EU recommendations as well as the guidelines contained in the OECD Principles of Corporate Governance. The Code is regularly reviewed against the background of national and international developments and adjusted as necessary. The current Austrian Corporate Governance Code can be downloaded from the website of the Austrian Working Group for Corporate Governance at www.corporate-governance.at. The compliance with the Corporate Governance Code is subject to an annual internal evaluation provided by the MM Group. Furthermore, an external evaluation of compliance with C rules is carried out every three years, which was last performed in 2021 in order to rotation.

The implementation and evaluation for the business year 2022 is based on the Code's version of January 2023. The MM Group continues to comply with all legal provisions without any restrictions. Almost all additional C Rules and R Rules (Recommendations) contained in the Code, which do not require any explanation in case of deviations, have been complied with.

The Company gives the following explanations for deviations from C Rules for 2022:

Rule 27a The Management Board contracts do not contain any provisions stipulating that the economic situation is to be taken into account in the event of the premature retirement of a Management Board member. However, due to the long-term profit-sharing scheme, future developments are taken into account by means of surcharges or deductions. When concluding new Management Board contracts, this requirement of the ÖCGK should also be taken into account.

COMPOSITION OF THE BOARD

The Management Board

Peter Oswald

<p>Chairman, CEO Member of the Management Board since April 1, 2020 appointed until March 31, 2025 born 1962</p>	<p>Strategic and profit-responsible management of the entire Group and in particular the areas:</p> <ul style="list-style-type: none"> • Group strategy • Group organization • Human resources of the Group and Board of the subsidiaries • External and internal communication and Investor Relations • Communication with the Presidium and the Supervisory Board members • Sustainability including occupational safety • Determination of representatives at associations • Primary profit responsibility for the division Board & Paper (including sales and marketing, production, innovation and product development) • Primary profit responsibility for the division Packaging (including sales and marketing, production, innovation and product development) • Procurement
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Franz Hiesinger

<p>CFO Member of the Management Board since October 1, 2017 appointed until September 30, 2025 born 1965</p>	<ul style="list-style-type: none"> • Finance and all financing matters • Group reporting and accounting as well as controlling • Merger and acquisition matters • Risk management, insurances • Legal and tax matters including compliance • Information management (IT) • Internal Audit
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Andreas Blaschke, born in 1961, was a member of the Management Board from May 14, 2002 to October 31, 2022. His agendas, primary profit responsibility for the division Packaging (including sales and marketing, production, innovation and product development), were taken over by Peter Oswald.

The members of the Management Board do not hold any mandates in Supervisory Boards outside the Group.

The Supervisory Board

Rainer Zellner

Chairman since April 29, 2015 born 1947	Independent entrepreneur; Chairman of the Supervisory Board of Mayr-Melnhof Holz Holding AG, Leoben
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Johannes Goess-Saurau

1 st Deputy Chairman since May 7, 2008 Member of the Supervisory Board since May 18, 2005 born 1955	Manager of his own companies
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Nikolaus Ankershofen

2 nd Deputy Chairman since April 26, 2017 Member of the Supervisory Board since April 28, 2010 born 1969	Lawyer and partner at Ankershofen Goëss Hinteregger Rechts- anwälte OG; Supervisory Board member at Mayr-Melnhof Holz Hold- ing AG, Leoben; Management Board member of several private trusts
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Alexander Leeb

Member of the Supervisory Board since May 7, 2008 born 1959	Chairman of the Supervisory Board at Andritz AG, Graz; Deputy Chairman of the Supervisory Board at Plansee Holding AG, Reutte; Chairman of the Board of Trustees of LGT Venture Philanthropy Foundation, Vaduz
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Georg Mayr-Melnhof

Member of the Supervisory Board since May 7, 2008 born 1968	Employee of the archdiocese of Salzburg
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Ferdinand Mayr-Melnhof- Saurau

Member of the Supervisory Board since April 29, 2020 born 1987	Managing partner at various real estate investment and real es- tate development companies; Management Board member at Oskar Vogl Privatstiftung, Graz
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Klaus Rabel

Member of the Supervisory Board since April 29, 2020 born 1961	Auditor and tax consultant, University Professor of Corporate Val- uation and Value-Oriented Management at the Institute of Corpo- rate Accounting and Taxation at the Karl-Franzens-University, Graz; Chairman of the Expert Committee for Business Valuation of the Chamber of Tax Consultants and Certified Public Accountants, Vi- enna; Member of the Europe MSR Board of the International Valu- ation Standards Council (IVSC), London; Management Board member of Austrian family trusts and Supervisory Board member in Austrian family-owned companies
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Delegated by the works council:

Andreas Hemmer

Member of the Supervisory Board since October 20, 2009 Employee representative
born 1968

Gerhard Novotny

Member of the Supervisory Board since May 10, 1995 Employee representative
born 1963

Franz Rappold, born in 1952, was a member of the Supervisory Board from April 29, 2020 to April 26, 2022.

The current mandates of all members of the Supervisory Board elected by the Annual General Meeting will expire at the 31st Ordinary Shareholders' Meeting in 2025 which will resolve on the discharge for the financial year 2024. The mandates of the employees' representatives are awarded for an indefinite period of time.

Members of the Committees of the Supervisory Board

Presidium (Committee for Management Board Issues)

Rainer Zellner, Chairman
Johannes Goess-Saurau
Nikolaus Ankershofen

Audit Committee

Klaus Rabel, Chairman
Rainer Zellner
Johannes Goess-Saurau
Nikolaus Ankershofen
Gerhard Novotny

Members of the Supervisory Board with additional Supervisory Board mandates in publicly listed companies

Alexander Leeb
Chairman of the Supervisory Board, Andritz AG, Graz

Independence of the members of the Supervisory Board

The Supervisory Board is committed to the guidelines set out in annex 1 of the Austrian Corporate Governance Code when determining the criteria of their independence:

A Supervisory Board member must not maintain, or have maintained in the past year, any business relations with the Company or any of its subsidiaries with significance for the member of the Supervisory Board. This also applies to relationships with companies in which a member of the Supervisory Board has a considerable economic interest, but not to the performance of institutional functions in the Group. The approval of individual transactions by the Supervisory Board in accordance with L Rule 48 (Company Contracts with Members of the Supervisory Board outside their activity in the Supervisory Board) does not automatically qualify the person as not independent.

The Supervisory Board member must not have acted as an auditor of the Company or have owned a share in the auditing company or have worked there as an employee in the past three years.

The Supervisory Board member must not be a member of the Management Board of another company in which a member of the Company's Management Board is a Supervisory Board member.

The Supervisory Board member must not be closely related (direct offspring, spouse, life partner, parent, uncle, aunt, brother, sister, niece, nephew) to a member of the Management Board or employees in leading positions, the auditor, or employees of the auditing company.

All members of the Supervisory Board have declared their independence in accordance with these criteria. Consequently this also applies to all members of the Committees of the Supervisory Board.

In addition, the members of the Supervisory Board deal with the provisions of the Austrian Corporate Governance Code regarding conflicts of interest at least once a year. Furthermore, new members of the Supervisory Board receive detailed information on the avoidance of conflicts of interest at the start of their activities.

This independence ensures that stakeholder concerns can also be taken into account on a regular basis, without any conflicts of interest.

Representation of interests of a share > 10 % in Mayr-Melnhof Karton AG

In the Supervisory Board of Mayr-Melnhof Karton AG, there are two independent members representing a shareholding of more than 10 %:

Nikolaus Ankershofen
Ferdinand Mayr-Melnhof-Saurau

Contracts between members of the Supervisory Board and the Company subject to approval

In the financial year 2022, the following contracts between Mayr-Melnhof Karton AG and individual members of the Supervisory Board were subject to approval:

Nikolaus Ankershofen

Ankershofen Goëss Hinteregger Rechtsanwälte OG, where Nikolaus Ankershofen is lawyer and partner, acts as a legal advisor to Mayr-Melnhof Karton AG on an ad-hoc basis. These mandates mainly relate to employment law matters between the Management Board and Mayr-Melnhof Karton AG. Ankershofen Goëss Hinteregger Rechtsanwälte OG charges on the basis of hourly rates customary for lawyers. In the financial year 2022, fees totaling thous. EUR 15 were charged.

Franz Rappold

RAFRA Consulting GmbH has provided consulting services on the basis of a consulting agreement with Mayr-Melnhof Karton AG, which were not connected to the activities of Franz Rappold as a member of the Supervisory Board. In the financial year 2022, fees totaling thous. EUR 25 were invoiced until the date of his resignation from the Supervisory Board on April 26, 2022.

REMUNERATION OF THE MANAGEMENT BOARD AND THE SUPERVISORY BOARD

Since the financial year 2020, information on the remuneration of the Management Board and the main contractual conditions, as well as the remuneration of the Supervisory Board have been included in the Company's remuneration report, which is presented annually to the Shareholders' Meeting, and in the remuneration policy.

INFORMATION ON THE PROCEDURES OF THE MANAGEMENT BOARD AND THE SUPERVISORY BOARD

The Management Board manages the business in accordance with the law, the bylaws and the Articles of Association of the Company. The latter are available on the Company's website at <https://www.mm.group/en/about-us/responsibility/corporate-governance/>. The bylaws of the Management Board govern the assignment of responsibilities as well as the cooperation within the Management Board and include a list of business cases which require the prior consent of the Supervisory Board. The members of the Management Board cooperate closely as colleagues, informing one another of all significant measures and occurrences within their respective areas of operation. The Management Board of Mayr-Melnhof Karton AG holds regular Board meetings to discuss material Group- and division-relevant topics. In developing and implementing the corporate strategy, the Management Board takes into account aspects of sustainability and associated opportunities and risks with regard to the environment, social issues and corporate governance. The Chairman of the Management Board is responsible for chairing and preparing the meetings and for exchanging information with the Supervisory Board.

Type and decision-making power of the Committees of the Supervisory Board

The Supervisory Board has established the following Committees constituted by its members:

Presidium (Committee for Management Board Issues)

The principal task of the Presidium is to discuss the Company's strategy and orientation on a continuous basis and to prepare resolutions for the Supervisory Board concerning all strategic matters. Furthermore, this Committee decides on issues concerning the Management Board in accordance with statutory regulations and also fulfills the functions of the Nomination and Compensation Committee. The quality of the Committee's work is guaranteed by the long-standing experience and know-how of its members in the field of remuneration policy.

Audit Committee

The Committee's decision-making power derives from statutory regulations. The quality of the Committee's work is guaranteed by the long-standing experience and know-how of its members in the fields of finance, accounting, and reporting.

It is guaranteed that the Supervisory Board and the Committees are able to take decisions promptly in urgent cases. The Chairmen of the Committees inform the Supervisory Board on a regular basis about the activities of the Committees.

Focus of the Supervisory Board

The Supervisory Board convened in eight meetings in the financial year 2022, with the participation of the Management Board, and fulfilled its tasks and obligations in accordance with the law, the Articles of Association and the bylaws. All members of the Supervisory Board attended at least seven meetings.

In addition to the challenging developments in the current business in view of coping with the massive cost inflation for raw materials and energy as well as temporary supply bottlenecks, the discussions focused in particular on structural and strategic measures to strengthen competitiveness and the abilities to grow as well as to increase value added. In this context, a particular focus was placed on the significant expansion of the secondary pharma packaging business with the aim of achieving a leading global position in a growing and resilient market with attractive value enhancement potential through the acquisition of Essentra Packaging and Eson Pac. Another focus was placed on accompanying the integration of the cartonboard and paper sites Kwidzyn, Poland, and Kotkamills, Finland, acquired in mid-2021, as well as the most extensive investment program to date in state-of-the-art technology for increased efficiency, sustainability, and product quality at selected major sites of both divisions.

With regard to the structural enlargement and future orientation of the Group, the Supervisory Board in 2022 dealt in particular with an extension of the management team of MM Packaging, after a strengthened management team had already been established at MM Board & Paper in the previous year.

Furthermore, topics of financing as well as sustainability, risk evaluation, corporate governance and compliance were discussed. In the area of capital market compliance, an update training took place for the Supervisory Board. In addition, the Supervisory Board continued to monitor the impact of the Covid-19 pandemic on business performance.

The Supervisory Board carried out a self-evaluation for the financial year 2022 based on a questionnaire, with the result that the activity of the Supervisory Board was assessed to have been generally efficient. The regular exchange of information as well as the discussion of major topics in cooperation with the Management Board and the Group Auditor contribute significantly thereto. Discussions in the Supervisory Board and Management Board meetings were again characterized by openness and a high degree of constructiveness in 2022. All participants had sufficient opportunities to ask questions and participate in discussions.

Focus of the Committees of the Supervisory Board

In 2022, the Presidium (Committee for Management Board Issues) met seven times. It dealt especially with strategic development through acquisitions, investments, restructuring, matters relating to the Management Board as well as management succession and prepared the meetings of the Supervisory Board.

In addition, the implementation and review of the remuneration policy and the reporting on remuneration were taken care of (see remuneration report 2022 at <https://www.mm.group/en/for-investors/reports/>).

In 2022, the Audit Committee held two meetings and fulfilled its statutory duties. A focus was placed on dealing with the Group financial statements and the individual financial statements for 2021 as well as the preparation of the Group financial statements and the individual financial statements for 2022. In this context, the consolidated non-financial report according to section 267a of the Austrian Commercial Code and its audit were also discussed, as well as details concerning the scope of non-auditing services rendered by the auditors, and key audit matters were determined. Klaus Rabel, a financial expert, is Chairman of the Audit Committee.

Due to the regular exchange between the Chairman of the Audit Committee and the Group Auditor outside the meetings, a discussion during the meetings without the participating Management Board members was not necessary.

MEASURES TO PROMOTE WOMEN AND DESCRIPTION OF THE CONCEPT OF DIVERSITY

As a sustainably operating company, the MM Group is more than ever committed to taking diversity into account as a long-term success factor. The MM Group's concept of diversity is stated in the Code of Conduct. It is laid down there that we commit ourselves to creating a working environment throughout the Group that is characterized by openness and mutual respect. We regard the diversity of our employees as an essential resource and as an enrichment that enables us to perform our tasks even more effectively and innovatively. We oppose any discrimination or harassment based on gender, ethnic origin, skin color, religion, national origin, disability or sexual orientation. Employees and applicants are assessed in accordance with the principle of equal treatment.

When filling management positions in the Company, the MM Group generally follows the recommendation of the Equal Opportunities Act to pay attention to diversity and to strive in particular for an appropriate distribution of gender, age and competence. Our strategic objective is to achieve the best possible diversity at the top management level and to further increase the proportion of women in management positions. Women hold more and more top management positions within the MM Group. These include in particular the areas of Human Resources, Information Management (IT), Marketing Communication and Legal as well as the management of individual subsidiaries. Within the framework of internal management development, we attach great importance to further expanding the share of female participants. More flexible work arrangements help to improve the compatibility of career and family. Overall, the share of women in the MM Group amounted to around 25 %. However, due to MM's activity in heavy industry and work in shifts, the share of women in the Group and in recruitment tends to be low. Being an attractive employer for women in both technical and commercial occupations is our long-term aspiration.

At present, the Supervisory Board consists of nine men and the Management Board, the only employees of the listed holding company, of two. In the election of Supervisory Board members, attention is paid to the professional and personal qualifications, independence and impartiality of the candidates and to a well-balanced composition. Achieving a more balanced gender ratio of the Supervisory Board remains our objective.

Details on employee development can be found in the "People" section of the non-financial report.

EXTERNAL EVALUATION

The Code (ÖCGK) provides for a regular (at least every three years) external evaluation of the Company's compliance with the C rules (Comply or Explain). The most recent evaluation was carried out by PwC Wirtschaftsprüfung GmbH, Vienna in the course of the 2021 annual audit. The review of compliance with the rules of the Code regarding the audit was conducted by Georg Eckert, professor at Innsbruck University. As a result of this evaluation, the auditors have determined that the declaration given by Mayr-Melnhof Karton AG regarding compliance with the Corporate Governance Code corresponds to the actual conditions. The next external evaluation is planned for the corporate governance report of the year 2024.

EVENTS AFTER THE BALANCE SHEET DATE

There were no changes of matters requiring reporting between the reporting date and the preparation of the corporate governance report.

Vienna, March 13, 2023

The Management Board

Peter Oswald m. p.

Franz Hiesinger m. p.

Statement of the Management Board

according to Section 124 of the Austrian Stock Exchange Act

We confirm to the best of our knowledge that the consolidated financial statements give a true and fair view of the assets, liabilities, financial position, and profit or loss of the Group as required by the applicable accounting standards and that the Group management report gives a true and fair view of the development and performance of the business and the position of the Group together with a description of the principal risks and uncertainties the Group faces.

We confirm to the best of our knowledge that the separate financial statements give a true and fair view of the assets, liabilities, financial position and profit or loss of the parent company as required by the applicable accounting standards and that the management report gives a true and fair view of the development and performance of the business and the position of the company together with a description of the principal risks and uncertainties the company faces.

Vienna, March 13, 2023

The Management Board

Peter Oswald m. p.
Chairman of the
Management Board

Franz Hiesinger m. p.
Member of the
Management Board