Mondi plc

(Incorporated in England and Wales)
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3 August 2023

Results for the six months ended 30 June 2023

"Delivering in challenging markets. Investing for future growth."

Mondi, a global leader in sustainable packaging and paper, today announces its results for the six months to 30 June 2023. Performance from the Group's continuing operations exclude its Russian operations.

Highlights

- **Strong delivery from continuing operations against the backdrop of challenging market conditions**
  - Underlying EBITDA of €680 million, down 28% (H1 2022: €942 million)
  - Basic underlying earnings per share (EPS) of 67.0 euro cents, down 32% (H1 2022: 98.7 euro cents)
  - Improved cash generated from operations of €554 million (H1 2022: €519 million)
  - Robust balance sheet at 0.8 times net debt to underlying EBITDA (31 December 2022: 0.5 times)
  - Return on capital employed (ROCE) of 19.1% (31 December 2022: 23.7%)
- **Delivering value accretive growth, sustainably**
  - €1.2 billion of expansionary projects on track and on budget
  - Announced acquisition of Hinton Pulp mill (Canada)
  - Good progress in delivering on our MAP2030 sustainability commitments
- **Completed sale of three Russian packaging converting operations with proceeds of €30 million**
- **Sale process of Syktyvkar mill ongoing within an evolving political and regulatory environment**
- **Interim dividend declared of 23.33 euro cents per share (H1 2022: 21.67 euro cents per share)**

Andrew King, Mondi Group Chief Executive Officer, said:

"Mondi's performance in the first half of 2023 reflects a strong delivery against a backdrop of challenging market conditions. Whilst underlying EBITDA was lower, the business exhibited its strong cash generative characteristics, improving cash generation. We maintained a robust balance sheet and are continuing to invest in our pipeline of expansionary projects.

"So far in 2023, demand and prices have declined sequentially with the exception of containerboard prices which stabilised in the later part of the half year. We saw some benefit from lower input costs which continue to ease as we progress into the third quarter of the year. We remain focused on improving productivity and efficiency and delivering our MAP2030 commitments, while expanding capacity in our growing packaging segments. We have a compelling portfolio of sustainable packaging and paper products, scale and a resilient business model, which position us well to deliver attractive returns and sustainable value accretive growth."

Financial summary[1]

€ million, except for percentages and per share measures	Six months ended 30 June 2023	Six months ended 30 June 2022	Six months ended 31 December 2022
From continuing operations (excluding Russian operations)[2]			
Group revenue	**3,881**	4,505	4,397
Underlying EBITDA[1]	**680**	942	906
Profit before tax	**418**	933	627
Cash generated from operations	**554**	519	773
Basic underlying earnings per share[1] (euro cents)	**67.0**	98.7	96.9
Basic earnings per share (euro cents)	**63.7**	148.4	96.1
Interim dividend per share (euro cents)	**23.33**	21.67	
Underlying EBITDA margin[1]	**17.5%**	20.9%	20.6%
Return on capital employed (ROCE)[1]	**19.1%**	19.2%	23.7%
Net debt[1]	**1,196**	1,220	1,011

Notes:

1 The Group presents certain measures of financial performance, position or cash flows that are not defined or specified according to International Financial Reporting Standards (IFRS). These measures, referred to as Alternative Performance Measures (APMs), are defined at the end of this document and where relevant, are reconciled to IFRS measures in the notes to the condensed consolidated financial statements.

2 The Group's operations in Russia have been classified as discontinued operations and reported as held for sale. The measures presented based on continuing operations therefore exclude the Group's Russian operations. Refer to note 14 in the condensed consolidated financial statements for further information.

Delivering on our strategy

Group performance review (continuing operations)

In the first half of 2023, Mondi delivered underlying EBITDA of €680 million (H1 2022: €942 million) from its continuing operations, 28% lower than the comparable period last year, with an underlying EBITDA margin of 17.5% (H1 2022: 20.9%). Performance was impacted by softer demand, customer destocking and higher input costs, mitigated by our rigorous cost management and focus on service and quality. The first half of 2023 benefited from a forestry fair value gain of €86 million, compared to €30 million in the first half of last year.

Corrugated Packaging delivered underlying EBITDA of €188 million, down 50% on the same period last year (H1 2022: €375 million), due to lower selling prices, softer market demand and the effects of customer destocking. Underlying EBITDA margin was 15.8%. In containerboard we increased our market share, leveraging our integrated platform and broad production capabilities while in Corrugated Solutions, good margin management supported profitability.

Flexible Packaging was more resilient, delivering underlying EBITDA of €343 million in the period, down 18% (H1 2022: €416 million), with lower volumes due to softer demand and higher input costs more than offsetting higher selling prices. Underlying EBITDA margin was 16.6%. As a global leader in the production of kraft paper and paper bags, and with a broad sustainable packaging product range, we continue to invest across our platform, supporting our leading market positions and the structural growth drivers underpinning our markets.

In Uncoated Fine Paper, underlying EBITDA of €168 million was broadly stable on the prior year period (H1 2022: €171 million) but lower when excluding the forestry fair value gain (up €56 million) as a result of higher input costs. Underlying EBITDA margin was 24.3%. We remain well placed in the markets we serve, with our customers valuing us as a supplier of choice.

Basic underlying earnings were 67.0 euro cents per share, 32% lower than the same period in the prior year (H1 2022: 98.7 euro cents per share).

Cash generated from operations of €554 million was ahead of the same period last year as the business exhibited its strong cash generative characteristics. This strong through cycle cash generation and financial position, with leverage of 0.8 times, provides the platform to continue investing in the business, ensuring we are well positioned to meet the expected growing demand for sustainable packaging and paper products.

Return on capital employed of 19.1%, which is calculated on a rolling 12-month basis, was down from 23.7% at 31 December 2022 due to lower profitability in the first half of 2023 than in the first half of 2022.

An interim dividend of 23.33 euro cents per share has been declared (H1 2022: 21.67 euro cents per share). The Group has a strong financial position and strong cash generation providing the opportunity to pursue both organic and inorganic growth projects alongside the payment of an ordinary dividend.

Investing for value accretive growth

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

Our pipeline of approved expansionary projects, which totals €1.2 billion, is being well executed, is on track and on budget. These investments are diversified across our value chain, products and geographic reach. They comprise €0.6 billion of investments in Corrugated Packaging and €0.6 billion of investments in Flexible Packaging. Projects are expected to start-up over the next two years and deliver through cycle mid-teen returns when fully operational.

We continue to expect total capital expenditure in 2023 to be around €800-850 million of which we have spent €310 million in the first six months of the year. We expect total capital expenditure to remain elevated for the next two years as we progress and commission our €1.2 billion pipeline of approved expansionary projects.

In addition to our current approved investment pipeline as outlined above, we have agreed to acquire the Hinton Pulp mill (Canada) with completion expected by the end of 2023. Following the completion and subject to pre-engineering and permitting, the intention is to invest €400 million in the expansion of the mill, primarily for a new 200,000 tonne per annum kraft paper machine, anticipated to be operational from the second half of 2027. The majority of this capital expenditure is planned for 2026 and 2027.

Delivering our MAP2030 sustainability commitments

The Mondi Action Plan 2030 (MAP2030) is our sustainability framework to 2030 built on our purpose of contributing to a better world by making innovative packaging and paper solutions that are sustainable by design. It focuses on three action areas: circular driven solutions, created by empowered people, taking action on climate. These action areas are supported by a set of responsible business practices.

We continue to make good progress towards delivering circular driven solutions for our customers. For example the investment in our Krapkowice plant in Poland will double Mondi’s MailerBAG range supporting the eCommerce industry across Europe as it transitions away from plastic and into paper packaging. We work with customers to innovate new sustainable packaging products and were delighted our Hug&Hold packaging, which we launched in 2022 to replace plastic shrink wrap, won a PPI Award for innovation. In the first half, product launches included a collaboration with Megaflex Schaumstoff to create a fully recyclable paper bag solution to rollpack mattresses and with ATS-Tanner, to make a paper band to hold individually labelled products or bundles reducing plastic wrapping.

Our goal is to be an employer of choice by empowering our people to realise their potential and contribute to Mondi's ongoing success. During the period we completed our regular Group-wide employee survey, and overall our results reinforce the progress we have made across many areas. The survey is a useful tool that helps us to shape our culture, enabling us to further strengthen our efforts in areas where we are doing well, and take action where we need to improve.

We have a long-standing focus on climate action and continue to make good progress towards our science-based Net-Zero commitment by 2050. In the near-term, our targets commit us to reduce absolute Scope 1 and 2 greenhouse gas (GHG) emissions by 46.2% and Scope 3 GHG emissions by 27.5% by 2030 from a 2019 base year. Alongside our other initiatives, in the first half of the year we approved an investment in our Dynäs mill (Sweden) which will reduce GHG emissions and we hosted our first supplier engagement event to discuss the management of Scope 3 emissions.

Business Unit Review

Corrugated Packaging (continuing operations)

Mondi is a leading corrugated packaging player, with a well-invested, cost competitive asset base. We are the leading virgin containerboard producer in Europe and the largest containerboard producer in emerging Europe. With high-barriers to entry and unique properties to service niche end-markets, our virgin containerboard is a high-quality product, ideal to meet our customers' needs around the globe. We are also a leading corrugated solutions producer across central and emerging Europe, leveraging our integrated production network and partnering with our customers to create innovative, fully recyclable corrugated packaging that is sustainable by design.

€ million	Six months ended 30 June 2023	Six months ended 30 June 2022	Six months ended 31 December 2022
Segment revenue	**1,187**	1,564	1,427
Underlying EBITDA	**188**	375	287
Underlying EBITDA margin	**15.8%**	24.0%	20.1%
Underlying operating profit	**116**	308	214
Capital expenditure cash payments	**132**	86	126
Capital employed	**2,217**	2,159	2,162
ROCE	**15.8%**	28.9%	25.3%

Corrugated Packaging delivered underlying EBITDA of €188 million, down 50% on the same period last year (H1 2022: €375 million), due to lower selling prices, softer market demand and the effects of customer destocking. Underlying EBITDA margin was 15.8%.

In containerboard we increased our market share with sales volumes broadly flat on the comparable prior year period, leveraging our integrated platform and broad production capabilities to meet our customers' needs with high-quality and cost-competitive containerboard. Selling prices were, on average, lower in the first half of 2023 compared to the first half of 2022. Following peak levels achieved in mid-2022, prices declined during the second half of 2022 and into 2023, but stabilised towards the end of the period and into the third quarter. The magnitude of decrease varied by grade, with lower declines witnessed across virgin containerboard grades, which represent around 80% of the business' containerboard capacity and where Mondi is the European market leader.

Corrugated Solutions delivered a resilient performance with improved margins when compared to the same period last year. Our box volumes were lower compared to the prior year while the business benefited from lower input paper prices.

Input costs were broadly flat compared to the comparative prior year period with higher wood, chemical and other inflationary cost impacts offset by the lower average cost of paper for recycling.

Our expansionary capital investment projects are on track and on budget. In containerboard, we are investing €125 million in our Kuopio mill (Finland) which will increase semi-chemical fluting capacity by 55,000 tonnes, enhance product quality, drive cost competitiveness and strengthen the mill’s environmental performance. Start-up is expected in the fourth quarter of the year. We are also investing €95 million to debottleneck kraftliner production increasing capacity by 55,000 tonnes at Świecie (Poland) which will ramp up from 2024.

In addition, we have approved the €200 million investment in our recently acquired Duino mill (Italy) to convert the existing paper machine into a high-quality, cost-competitive recycled containerboard machine with an annual capacity of 420,000 tonnes. The mill is ideally located to supply the Group’s Corrugated Solutions plant network in central Europe and Türkiye and is expected to start-up in 2025.

In our Corrugated Solutions' converting operations, we are investing across our central and eastern European network to strengthen our leading market positions, including expansions of both Simet and Warsaw plants to support growth in eCommerce and enhance our product and service offering.

Flexible Packaging (continuing operations)

Mondi is a global market leader in the production of kraft paper and paper bags. We are also a leading producer of consumer flexible packaging in Europe and have broad coating capabilities which together provide an extensive range of paper, plastic and hybrid packaging solutions that can be recycled, reused or composted.

€ million	Six months ended 30 June 2023	Six months ended 30 June 2022	Six months ended 31 December 2022
Segment revenue	**2,062**	2,082	2,217
Underlying EBITDA	**343**	416	381
Underlying EBITDA margin	**16.6%**	20.0%	17.2%
Underlying operating profit	**251**	328	280
Capital expenditure cash payments	**154**	85	138
Capital employed	**3,161**	2,954	3,035
ROCE	**17.2%**	18.7%	20.9%

Flexible Packaging delivered underlying EBITDA of €343 million in the period, down 18% (H1 2022: €416 million), with lower volumes due to softer demand and higher input costs more than offsetting higher selling prices. Underlying EBITDA margin was 16.6%.

Relative to the prior year, volumes were lower as a result of softer demand and the effects of customer destocking. Across the kraft paper and paper bag value chain, volume declines in the Americas, North Africa and Middle East were moderate in relation to weaker European markets.

Pricing across the kraft paper and paper bag value chain was, on average, higher in the first half of 2023 when compared to the first half of 2022 as a result of increases achieved during 2022. Following a period of stabilisation towards the end of 2022 and into early 2023, kraft paper prices declined during the first half of 2023 and into the third quarter.

Input costs were up on the comparative prior year period as a result of higher wood, chemical and inflationary cost impacts.

Consumer Flexibles and Functional Paper and Films delivered a resilient performance with higher selling prices offsetting higher input costs and softer demand across its European-focused markets. We remain very well positioned with our broad sustainable packaging product range and in-depth technical expertise driving product development initiatives with our customers in support of a circular economy.

We continue to invest across our platform, supporting our leading market positions and the structural growth drivers underpinning our markets. We are making good progress with our €400 million investment in a new 210,000 tonne per annum kraft paper machine at Štětí (Czech Republic) with start-up expected in 2025. In addition, following the agreement to acquire the Hinton Pulp mill in Alberta, Canada, subject to pre-engineering and permitting, the intention is to invest €400 million in the expansion of the mill, primarily for a new 200,000 tonne per annum kraft paper machine, anticipated to be operational from the second half of 2027. These investments will meet the growing demand for sustainable paper-based flexible packaging and help us to better serve our customers, as well as improve productivity and energy efficiency.

Our investments across our Flexible Packaging converting network remain on track and on budget. In Paper Bags, we are continuing to expand the global reach of our business, ramping up production at our Cartagena (Colombia) and new Tangier (Morocco) plants, upgrading the capabilities in our Mexican plants and expanding our MailerBAGs capacity for eCommerce across Europe and the US. We are also investing to consolidate our leading position in the European pet food packaging market and enhancing our coating capabilities with investments in our European plant network.

Uncoated Fine Paper (continuing operations)

Uncoated Fine Paper produces home, office and professional printing papers at our mills in central Europe and Southern Africa. We are the supplier of choice to our customers, leveraging our leading market positions in these regions, supported by our cost competitive integrated pulp and paper mills.

€ million	Six months ended 30 June 2023	Six months ended 30 June 2022	Six months ended 31 December 2022
Segment revenue	**690**	793	820
Underlying EBITDA	**168**	171	256
Forestry fair value gain	**86**	30	139
Underlying EBITDA excluding forestry fair value gain	**82**	141	117
Underlying EBITDA margin	**24.3%**	21.6%	31.2%
Underlying operating profit	**134**	135	220
Special items before tax	**(21)**	—	—
Capital expenditure cash payments	**24**	38	26
Capital employed	**1,077**	1,061	1,091
ROCE	**33.2%**	9.8%	34.7%

Underlying EBITDA of €168 million was broadly stable on the prior year period (H1 2022: €171 million) but lower when excluding the forestry fair value gain (up €56 million) as a result of higher input costs. Underlying EBITDA margin was 24.3%.

Demand in the European uncoated fine paper market was significantly lower compared to the prior year period, driven by softer economic conditions and the effects of customer destocking. To streamline production, we permanently closed an uncoated fine paper machine at our unintegrated Neusiedler operations in Austria during the period.

In South Africa, uncoated fine paper market demand was stable. The business grew pulp sales volumes following the start-up of the rebuilt recovery boiler at Richards Bay (South Africa) in early 2022.

Uncoated fine paper selling prices were, on average, up on the comparable prior year period. Following a series of price increases throughout 2022, European prices declined during the first half of 2023 whereas in South Africa, uncoated fine paper prices were stable. Pulp prices were, on average, broadly flat on the prior year but down sequentially. Encouragingly, pulp prices in Asian markets stabilised towards the end of the period.

Input costs were higher compared to the prior year driven by higher wood, chemical and inflationary cost impacts.

The non-cash forestry fair value gain was €86 million in the first half, up €56 million on the prior year period. Based on current market conditions, we expect the forestry fair value gain in the second half of the year to be in line with historical averages (around €30 million).

Our Uncoated Fine Paper business remains well placed with our customers valuing us as a supplier of choice and recognising the strength of our market leadership position, underpinned by a broad product portfolio, integrated asset base and excellent service.

Financial review (continuing operations)

Performance

Mondi delivered underlying EBITDA of €680 million in the first half of 2023 compared to €942 million in the prior year as lower volumes and higher input costs more than offset higher average selling prices and a higher forestry fair value gain.

Most of our key packaging and paper products reported lower volumes during the period, exacerbated by the impact of customer destocking, which were partly offset by broadly flat containerboard volumes.

Selling prices across the Group's key paper grades declined during the first half of the year. Compared to the comparative prior year period, containerboard prices were, on average, lower but stabilised towards the end of the period, while kraft paper and uncoated fine paper grades were, on average, higher but reduced over the period.

Input costs declined during the first half of the year but were, on average, still higher when compared to the comparative prior year period with higher wood and chemical costs. We benefited from lower paper for recycling costs throughout the period while the benefit from declining wood costs were only realised in the second quarter as they remained elevated during the first quarter of the year. We continue to see easing input costs as we progress into the second half of the year.

Personnel, maintenance and other net operating expenses, excluding the non-cash forestry fair value gain of €86 million (H1 2022: €30 million), were broadly flat, with inflationary cost pressures mitigated by ongoing cost reduction initiatives.

The impact of planned maintenance shuts during the period was similar to the prior year. Based on prevailing market conditions, we estimate the full year impact of planned maintenance shuts on underlying EBITDA to be in line with 2022. Currency movements were net neutral to underlying EBITDA versus the comparable prior year period. Depreciation and amortisation charges were slightly up year-on-year as a result of our ongoing capital investment programme.

The underlying effective tax rate in the first half was 23% (H1 2022: 22%), in line with our expectations.

Basic underlying earnings were 67.0 euro cents per share (H1 2022: 98.7 euro cents per share) reflecting the lower profitability in the period. After taking the effect of special items into account, which comprised a charge before tax of €21 million in respect of the closure of a paper machine and streamlining capacity of the finishing lines at the Neusiedler operations in Austria, basic earnings were 63.7 euro cents per share (H1 2022: 148.4 euro cents per share, special item gain before tax of €246 million).

Return on capital employed was 19.1% (31 December 2022: 23.7%), calculated on a rolling 12-months basis.

Cash flow

Cash generated from continuing operations was €554 million (H1 2022: €519 million), as the business exhibited its strong cash generative characteristics. Working capital improved over the period with a net outflow of €37 million, significantly lower than the previous year (H1 2022: €403 million) as a result of lower inventory levels and lower prices at the end of the half year.

Capital expenditure was €310 million (H1 2022: €218 million) as we continue to invest in our asset base and progress with our expansionary capital investment pipeline with more than 90% of spend in our packaging businesses.

On 30 June 2023 we completed the sale of the three Russian packaging converting operations to the Gotek Group with the Group receiving proceeds of €30 million from the disposal into its Austrian bank account.

Tax paid was €91 million (H1 2022: €97 million) and interest paid, including derivative interest, was €68 million (H1 2022: €78 million). We also paid the 2022 final dividend to shareholders of €231 million.

Liquidity, treasury and borrowings

The Group retains a strong financial position. Net debt from continuing operations at 30 June 2023 was €1,196 million, up from €1,011 million at 31 December 2022 as a result of ongoing investment in the business and the payment of the 2022 final dividend which more than offset the Group's strong cash generation. Net debt to underlying EBITDA was 0.8 times at 30 June 2023 (31 December 2022: 0.5 times).

The Group has a strong liquidity position of €1.6 billion comprising €757 million of undrawn committed debt facilities and cash and cash equivalents held by continuing operations of €837 million. The weighted average maturity of our committed debt facilities is 2.8 years. The Group's financing agreements do not contain financial covenants.

Net finance costs of €43 million were lower compared to the comparable prior year period (H1 2022: €66 million) driven mainly by an increase in investment income as a result of higher interest rates.

In May 2023, Standard & Poor’s upgraded the Group's credit rating from BBB+ to A- (stable outlook). Moody’s Investors Service credit rating for Mondi was reaffirmed at Baa1 (stable outlook) during the period.

Russian operations (discontinued operations)

Since June 2022, the Group's Russian operations satisfied the criteria to be classified as held for sale and from that date have been accounted for as discontinued operations. The Group's operations in Russia comprised Mondi Syktyvkar, the Group's most significant facility in Russia, and previously, three packaging converting operations.

On 30 June 2023 we completed the sale of the three packaging converting operations to the Gotek Group. The Group received proceeds of €30 million from the disposal into its Austrian bank account.

Following an agreement entered into with Augment Investments Limited ('Augment') in August 2022 to sell Joint Stock Company Mondi Syktyvkar, together with two affiliated entities (together 'Mondi Syktyvkar'), the Group announced in June 2023 that it was withdrawing from this agreement following recent discussions with Augment on its lack of progress made in gaining the necessary approvals to complete the transaction. The agreement was therefore terminated and will not complete.

The Board remains committed to divest Mondi Syktyvkar, with the sale process ongoing including the receipt of conditional offers from a number of potential buyers. While the available information suggests a range of fair values, the assets of the Syktyvkar mill were impaired by €97 million, net of related tax, in the six months ended 30 June 2023 to their estimated fair value less costs to sell. The situation is however highly complex within an evolving political and regulatory environment and accordingly, the valuation of Syktyvkar, which is based on a range of potential outcomes, is a key source of estimation uncertainty.

The Russian operations generated a loss after tax of €4 million in the first half of the year (H1 2022: profit after tax of €148 million). The result includes the above impairment charge of €97 million (H1 2022: €nil), a loss on disposal of business of €46 million (H1 2022: €nil) and a foreign exchange loss of €28 million (H1 2022: €nil). Excluding these items, trading was slightly down on the comparative prior year period.

It is intended that the net proceeds from the sale of all our Russian assets will be distributed to shareholders as soon as reasonably practicable following receipt, once our exit from Russia has been completed.

Refer to note 14 in the notes to the condensed consolidated financial statements for further information.

Principal risks and uncertainties

The Board is responsible for the effectiveness of the Group’s risk management activities and internal control processes. It has put procedures in place for identifying, evaluating, and managing the risks faced by the Group. In combination with the Audit

Committee, at the beginning of 2023, the Board conducted a robust assessment of the principal and emerging risks to which Mondi is exposed and it is satisfied that the Group has effective systems and controls in place to manage these risks within the risk appetite levels established.

There were no changes to the Group's principal risks as set out on pages 72 to 81 of the Integrated report and financial statements 2022.

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

Pandemic risk

A pandemic can impact the way we do business due to various health, social and economic measures implemented by authorities around the world. The health, safety and welfare of the Group's employees and our communities is our top priority.

Actions and other monitoring techniques developed during the COVID-19 pandemic enable the Group to be dynamic in its reaction to the risk of a pandemic as it develops.

Strategic risks

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

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

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

Our principal strategic risks relate to the following:

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

Financial risks

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

An attentive approach to financial risk management remains in response to continued scrutiny of the tax affairs of multinational companies and ongoing short-term currency volatility.

Our principal financial risks relate to the following:

- Capital structure
- Currency risk
- Tax risk

Operational risks

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

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

Our principal operational risks relate to the following:

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

Compliance risk

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

Our principal compliance risk relates to Reputational risk.

Going concern

The directors have reviewed the Group’s current financial position and performance expectations for the period until 31 December 2024, including consideration of the principal risks which may impact the Group’s performance in the near term.

The Group retains a strong financial position. Net debt from continuing operations at 30 June 2023 was €1,196 million, up from €1,011 million at 31 December 2022 as a result of ongoing investment in the business and the payment of the 2022 final dividend which more than offset the Group's strong cash generation. Net debt to underlying EBITDA was 0.8 times at 30 June 2023 (31 December 2022: 0.5 times).

The Group has a strong liquidity position of €1.6 billion comprising €757 million of undrawn committed debt facilities and cash and cash equivalents held by continuing operations of €837 million. The weighted average maturity of our committed debt facilities is 2.8 years. The Group's financing agreements do not contain financial covenants.

The Group has prepared a base case forecast for the Group's continuing operations (which exclude the Russian operations) reflecting recent trading performance in the first half of the year and expectations for market developments over the period to 31 December 2024. The base case forecasts were sensitised to reflect a severe but plausible downside scenario including possible future impacts of the principal risks on Group performance. In the severe but plausible downside scenario there remains significant liquidity headroom.

In addition to its modelled downside going concern scenario, the Board has reverse stress tested the model to determine the extent of downturn which would result in no liquidity headroom. A decline each month of around 29% to the planned underlying EBITDA in the period until 31 December 2024 would need to persist throughout the observed period to result in no liquidity headroom, which is considered very unlikely and so not plausible. This stress test also does not incorporate mitigating actions like reductions and deferrals of capital and operational expenditure or cash preservation responses, which the Group would implement in the event of a severe and extended downturn.

Following its assessment, the directors have formed a judgement, at the time of approving the condensed consolidated financial statements, that there are no material uncertainties that cast doubt on the Group’s going concern status and that it is a reasonable expectation that the Group has adequate resources to continue in operational existence for the foreseeable future. For this reason, the Group continues to adopt the going concern basis in preparing the condensed consolidated financial statements for 30 June 2023.

Enquiries

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Audiocast and dial-in conference call details

An audiocast and conference call will be held at 09:00 (BST) and 10:00 (CEST/SAST) today.

Audiocast:

An audiocast of the presentation will be accessible via https://www.mondigroup.com/en/investors/

A PDF of the slides will be available to download from the above website 30 minutes before the audiocast commences. Written questions can be submitted via the audiocast platform. If you wish to ask a question verbally, please connect via the dial-in conference call (details below).

For queries regarding access to the audiocast please e-mail ir@mondigroup.com.

A recording will be available on Mondi's website within a few hours after the end of the live results presentation.

Dial-in conference call:

To access the conference call facility please register your name and contact details:
https://register.vevent.com/register/BI1fe3ae2b52364c4c8e474bf35d285dfb

Directors' responsibility statement

The directors confirm that to the best of their knowledge:

- the condensed consolidated financial statements of the Group have been prepared in accordance with International Accounting Standard 34, 'Interim Financial Reporting', as adopted for use in the United Kingdom and the Disclosure Guidance and Transparency Rules sourcebook of the United Kingdom's Financial Conduct Authority and that the half-year results announcement includes a fair review of the information required by DTR 4.2.7 and DTR 4.2.8, namely:
- the half-year results announcement includes a fair review of the significant events during the six months ended 30 June 2023 and their impact on the condensed consolidated financial statements and a description of the principal risks and uncertainties for the remaining six months of the year ending 31 December 2023;
- there have been no significant individual related party transactions during the first six months of the financial year; and
- there have been no significant changes in the Group's related party relationships from those reported in the Integrated report and financial statements 2022.

The Group's condensed consolidated financial statements, and related notes, were approved by the Board and authorised for issue on 2 August 2023 and were signed on its behalf by:

Andrew King
Director

Mike Powell
Director

2 August 2023

Independent review report to Mondi plc

Report on the condensed consolidated interim financial statements

Our conclusion
We have reviewed Mondi plc's condensed consolidated interim financial statements (the "interim financial statements") in the half year results announcement of Mondi plc for the six month period ended 30 June 2023 (the "period").

Based on our review, nothing has come to our attention that causes us to believe that the interim financial statements are not prepared, in all material respects, in accordance with UK adopted International Accounting Standard 34, 'Interim Financial Reporting' and the Disclosure Guidance and Transparency Rules sourcebook of the United Kingdom's Financial Conduct Authority.

The interim financial statements comprise:

- the condensed consolidated statement of financial position as at 30 June 2023;
- the condensed consolidated income statement and the condensed consolidated statement of comprehensive income for the period then ended;
- the condensed consolidated statement of cash flows for the period then ended;
- the condensed consolidated statement of changes in equity for the period then ended; and
- the explanatory notes to the interim financial statements.

The interim financial statements included in the half year results announcement of Mondi plc have been prepared in accordance with UK adopted International Accounting Standard 34, 'Interim Financial Reporting' and the Disclosure Guidance and Transparency Rules sourcebook of the United Kingdom's Financial Conduct Authority.

Basis for conclusion
We conducted our review in accordance with International Standard on Review Engagements (UK) 2410, 'Review of Interim Financial Information Performed by the Independent Auditor of the Entity' issued by the Financial Reporting Council for use in the United Kingdom ("ISRE (UK) 2410"). A review of interim financial information consists of making enquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures.

A review is substantially less in scope than an audit conducted in accordance with International Standards on Auditing (UK) and, consequently, does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

We have read the other information contained in the half year results announcement and considered whether it contains any apparent misstatements or material inconsistencies with the information in the interim financial statements.

Conclusions relating to going concern
Based on our review procedures, which are less extensive than those performed in an audit as described in the Basis for conclusion section of this report, nothing has come to our attention to suggest that the directors have inappropriately adopted the going concern basis of accounting or that the directors have identified material uncertainties relating to going concern that are not appropriately disclosed. This conclusion is based on the review procedures performed in accordance with ISRE (UK) 2410. However, future events or conditions may cause the group to cease to continue as a going concern.

Responsibilities for the interim financial statements and the review

Our responsibilities and those of the directors
The half year results announcement, including the interim financial statements, is the responsibility of, and has been approved by the directors. The directors are responsible for preparing the half year results announcement in accordance with the Disclosure Guidance and Transparency Rules sourcebook of the United Kingdom's Financial Conduct Authority. In preparing the half year results announcement, including the interim financial statements, the directors are 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 the directors either intend to liquidate the group or to cease operations, or have no realistic alternative but to do so.

Our responsibility is to express a conclusion on the interim financial statements in the half year results announcement based on our review. Our conclusion, including our Conclusions relating to going concern, is based on procedures that are less extensive than audit procedures, as described in the Basis for conclusion paragraph of this report. This report, including the conclusion, has been prepared for and only for the company for the purpose of complying with the Disclosure Guidance and Transparency Rules sourcebook of the United Kingdom's Financial Conduct Authority and for no other purpose. We do not, in giving this conclusion, accept or assume responsibility for any other purpose or to any other person to whom this report is shown or into whose hands it may come save where expressly agreed by our prior consent in writing.

PricewaterhouseCoopers LLP

Chartered Accountants
London
2 August 2023

Condensed consolidated income statement
for the six months ended 30 June 2023

€ million	Notes	Six months ended 30 June 2023 Underlying	Special items (Note 5)	Total	Six months ended 30 June 2022 Underlying	Special items (Note 5)	Total	Year ended 31 December 2022 Underlying	Special items (Note 5)	Total
From continuing operations										
Group revenue	4	**3,881**	**—**	**3,881**	**4,505**	**—**	**4,505**	**8,902**	**—**	**8,902**
Materials, energy and consumables used		(2,113)	—	(2,113)	(2,370)	—	(2,370)	(4,728)	—	(4,728)
Variable selling expenses		(333)	—	(333)	(362)	—	(362)	(741)	—	(741)
Gross margin		1,435	—	1,435	1,773	—	1,773	3,433	—	3,433
Maintenance and other indirect expenses		(170)	—	(170)	(155)	—	(155)	(346)	—	(346)
Personnel costs		(554)	(7)	(561)	(549)	—	(549)	(1,077)	—	(1,077)
Other net operating expenses		(31)	(11)	(42)	(127)	—	(127)	(162)	—	(162)
Gain on disposal of business, net of related transaction costs		—	—	—	—	246	246	—	242	242
EBITDA	4	**680**	**(18)**	**662**	**942**	**246**	**1,188**	**1,848**	**242**	**2,090**
Depreciation, amortisation and impairments		(199)	(3)	(202)	(194)	—	(194)	(405)	—	(405)
Operating profit	4	**481**	**(21)**	**460**	**748**	**246**	**994**	**1,443**	**242**	**1,685**
Net (loss)/profit from joint ventures		(2)	—	(2)	3	—	3	1	—	1
Net monetary gain arising from hyperinflationary economies		3	—	3	2	—	2	17	—	17
Investment income	7	14	—	14	2	—	2	6	—	6
Foreign currency losses	7	—	—	—	(2)	—	(2)	(5)	—	(5)
Finance costs	7	(57)	—	(57)	(66)	—	(66)	(144)	—	(144)
Profit before tax		439	(21)	418	687	246	933	1,318	242	1,560
Tax (charge)/credit	8	(102)	5	(97)	(151)	(5)	(156)	(296)	(5)	(301)
Profit from continuing operations		**337**	**(16)**	**321**	**536**	**241**	**777**	**1,022**	**237**	**1,259**
From discontinued operations										
(Loss)/profit from discontinued operations	14			(4)			148			266
Profit for the period				**317**			**925**			**1,525**
Attributable to:										
Non-controlling interests				**12**			**57**			**73**
Shareholders				**305**			**868**			**1,452**
Earnings per share (EPS) attributable to shareholders euro cents										
From continuing operations										
Basic EPS	9			**63.7**			**148.4**			**244.5**
Diluted EPS	9			**63.7**			**148.4**			**244.4**
Basic underlying EPS	9			**67.0**			**98.7**			**195.6**
Diluted underlying EPS	9			**67.0**			**98.7**			**195.6**
From continuing and discontinued operations										
Basic EPS	9			**62.9**			**178.9**			**299.3**
Diluted EPS	9			**62.9**			**178.9**			**299.2**

Condensed consolidated statement of comprehensive income

for the six months ended 30 June 2023

€ million	Notes	Six months ended 30 June 2023	Six months ended 30 June 2022	Year ended 31 December 2022
Profit for the period		**317**	**925**	**1,525**
Items that may subsequently be or have been reclassified to the condensed consolidated income statement				
Fair value gains arising from cash flow hedges of continuing operations		—	1	1
Fair value gains arising from cash flow hedges of discontinued operations	14	—	5	1
Exchange differences on translation of foreign continuing non-euro operations		(106)	165	35
Exchange differences on translation of foreign discontinued non-euro operations	14	(192)	417	72
Reclassification of foreign currency translation reserve to the condensed consolidated income statement on disposal of business of continuing operations		—	(4)	(4)
Reclassification of foreign currency translation reserve to the condensed consolidated income statement on disposal of business of discontinued operations	14	34	—	—
Items that will not subsequently be reclassified to the condensed consolidated income statement				
Remeasurements of retirement benefits plans of continuing operations		(12)	5	8
Remeasurements of retirement benefits plans of discontinued operations	14	2	2	1
Tax effect thereof		3	(2)	(3)
Other comprehensive (expense)/income for the period		**(271)**	**589**	**111**
Total comprehensive income for the period		**46**	**1,514**	**1,636**
Attributable to:				
Non-controlling interests		**—**	**77**	**79**
Shareholders		**46**	**1,437**	**1,557**
Total comprehensive income/(expense) for the period attributable to shareholders arises from:				
Continuing operations		**206**	**865**	**1,217**
Discontinued operations	14	**(160)**	**572**	**340**

Condensed consolidated statement of financial position
as at 30 June 2023

€ million	Notes	As at 30 June 2023	As at 30 June 2022	As at 31 December 2022
Property, plant and equipment		4,317	4,083	4,167
Goodwill		756	788	769
Intangible assets		64	67	64
Forestry assets	11	492	389	485
Investments in joint ventures		16	20	18
Financial instruments		27	32	25
Deferred tax assets		34	37	34
Net retirement benefits asset		4	11	8
Other non-current assets		5	11	8
Total non-current assets		**5,715**	**5,438**	**5,578**
Inventories		1,203	1,191	1,359
Trade and other receivables		1,367	1,553	1,448
Current tax assets		15	4	9
Financial instruments		10	9	4
Cash and cash equivalents	15b	857	916	1,067
		3,452	**3,673**	**3,887**
Assets held for sale	14	1,107	1,695	1,382
Total current assets		**4,559**	**5,368**	**5,269**
Total assets		**10,274**	**10,806**	**10,847**
Short-term borrowings	12	(584)	(162)	(102)
Trade and other payables		(1,247)	(1,434)	(1,525)
Current tax liabilities		(109)	(153)	(137)
Provisions		(28)	(20)	(22)
Financial instruments		(9)	(15)	(10)
		(1,977)	**(1,784)**	**(1,796)**
Liabilities directly associated with assets held for sale	14	(251)	(391)	(325)
Total current liabilities		**(2,228)**	**(2,175)**	**(2,121)**
Medium and long-term borrowings	12	(1,467)	(1,975)	(1,970)
Net retirement benefits liability		(151)	(167)	(155)
Deferred tax liabilities		(324)	(270)	(307)
Provisions		(28)	(31)	(27)
Other non-current liabilities		(13)	(12)	(13)
Total non-current liabilities		**(1,983)**	**(2,455)**	**(2,472)**
Total liabilities		**(4,211)**	**(4,630)**	**(4,593)**
Net assets		**6,063**	**6,176**	**6,254**
Equity				
Share capital		97	97	97
Own shares		(13)	(14)	(16)
Retained earnings		5,995	5,411	5,895
Other reserves		(444)	223	(182)
Total attributable to shareholders		**5,635**	**5,717**	**5,794**
Non-controlling interests in equity		428	459	460
Total equity		**6,063**	**6,176**	**6,254**

The Group's condensed consolidated financial statements, and related notes 1 to 20, were approved by the Board and authorised for issue on 2 August 2023 and were signed on its behalf by:

Andrew King
Director

Mike Powell
Director

Mondi plc company registered number: 6209386

Condensed consolidated statement of changes in equity
for the six months ended 30 June 2023

€ million	Equity attributable to shareholders	Non-controlling interests	Total equity
At 1 January 2022	4,498	391	**4,889**
Hyperinflation monetary adjustment (restated)[1]	46	(5)	41
Restated balance at 1 January 2022	4,544	386	**4,930**
Total comprehensive income for the period	1,437	77	**1,514**
Dividends	(218)	(4)	**(222)**
Purchases of own shares	(4)	—	**(4)**
Hyperinflation monetary adjustment (restated)[1]	(43)	—	**(43)**
Other	1	—	1
At 30 June 2022	5,717	459	**6,176**
Total comprehensive income for the period	120	2	**122**
Dividends	(103)	(5)	**(108)**
Purchases of own shares	(3)	—	**(3)**
Hyperinflation monetary adjustment	59	1	**60**
Other	4	3	**7**
At 31 December 2022	5,794	460	**6,254**
Total comprehensive income for the period	46	—	**46**
Dividends	(231)	(4)	**(235)**
Purchases of own shares	(4)	—	**(4)**
Non-controlling interests bought out	21	(28)	**(7)**
Hyperinflation monetary adjustment	5	—	**5**
Other	4	—	**4**
At 30 June 2023	**5,635**	**428**	**6,063**

Note:

1 The Group revised its policy when applying hyperinflation accounting in its financial statements for the year ended 31 December 2022 compared with the policy first applied in its interim financial statements for the six month period ended 30 June 2022. Under the Group's revised hyperinflation accounting policy, the translation effect of the opening balance adjustment at the closing exchange rate was recognised in opening equity and split between equity attributable to shareholders and non-controlling interests which is consistent with the presentation in the Group's Integrated report and financial statements 2022. The allocation of the opening balance adjustment is consistent with how the current period impacts of hyperinflation accounting are reported. With respect to this interim report compared with the policy first applied in the interim financial statements for the six month period ended 30 June 2022, this change has resulted in an increase in the adjustment at 1 January 2022 and a respective decrease in the hyperinflation monetary adjustment for the six months ended 30 June 2022 by €58 million.

Equity attributable to shareholders

€ million	As at 30 June 2023	As at 30 June 2022	As at 31 December 2022
Share capital	97	97	97
Own shares	(13)	(14)	(16)
Retained earnings	5,995	5,411	5,895
Cumulative translation adjustment reserve	(1,113)	(454)	(859)
Post-retirement benefits reserve	(43)	(34)	(35)
Share-based payment reserve	16	12	17
Cash flow hedge reserve	2	5	1
Merger reserve	667	667	667
Other sundry reserves	27	27	27
Total	**5,635**	**5,717**	**5,794**

Condensed consolidated statement of cash flows
for the six months ended 30 June 2023

€ million	Notes	Six months ended 30 June 2023	Six months ended 30 June 2022	Year ended 31 December 2022
Cash flows from operating activities				
Cash generated from continuing operations	15a	554	519	1,292
Dividends received from other investments		—	—	2
Income tax paid		(91)	(97)	(196)
Net cash generated from operating activities from discontinued operations		159	193	350
Net cash generated from operating activities		**622**	**615**	**1,448**
Cash flows from investing activities				
Investment in property, plant and equipment		(310)	(218)	(508)
Investment in intangible assets		(6)	(4)	(12)
Investment in forestry assets	11	(22)	(25)	(49)
Proceeds from the disposal of property, plant and equipment		2	4	7
Proceeds from the disposal of financial asset investments		1	—	5
Proceeds from the disposal of business, net of cash and cash equivalents		—	646	642
Acquisition of businesses, net of cash and cash equivalents	13	(37)	—	—
Loans advanced to related and external parties		(1)	—	—
Interest received		12	1	6
Other investing activities		17	8	9
Net cash used in investing activities from discontinued operations[1]		(10)	(33)	(68)
Net cash (used in)/generated from investing activities		**(354)**	**379**	**32**
Cash flows from financing activities				
Repayment of other medium and long-term borrowings	15c	—	(49)	(53)
Proceeds from short-term borrowings[2]		17	57	44
Repayment of short-term borrowings[2]	15c	(32)	(45)	(53)
Repayment of lease liabilities	15c	(11)	(11)	(21)
Interest paid		(42)	(52)	(60)
Dividends paid to shareholders	10	(231)	(218)	(321)
Dividends paid to non-controlling interests		(4)	(4)	(9)
Purchases of own shares		(4)	(4)	(7)
Non-controlling interests bought out		(7)	—	—
Net cash outflow from debt-related derivative financial instruments	15c	(40)	(65)	(83)
Other financing activities		—	—	1
Net cash used in financing activities from discontinued operations		(5)	(11)	(10)
Net cash used in financing activities		**(359)**	**(402)**	**(572)**
Net (decrease)/increase in cash and cash equivalents		**(91)**	**592**	**908**
Cash and cash equivalents at beginning of period		1,381	455	455
Cash movement in the period	15c	(91)	592	908
Effects of changes in foreign exchange rates	15c	(99)	98	18
Cash and cash equivalents at end of period	15b	**1,191**	**1,145**	**1,381**

Notes:

1 Includes proceeds from the sale of three Russian packaging converting operations of €30 million less cash disposed of €18 million (see note 14)

2 Net repayment of short-term borrowings has been further analysed to what was presented previously to separately show proceeds from and repayment of short-term borrowings

Notes to the condensed consolidated financial statements
for the six months ended 30 June 2023

1 Basis of preparation

These condensed consolidated financial statements as at and for the six months ended 30 June 2023 comprise Mondi plc and its subsidiaries (referred to as the 'Group'), and the Group's share of the results and net assets of its associates and joint ventures.

The Group's condensed consolidated financial statements have been prepared in accordance with International Accounting Standard 34, 'Interim Financial Reporting' as adopted for use in the United Kingdom (UK) and the Disclosure Guidance and Transparency Rules sourcebook of the United Kingdom's Financial Conduct Authority. They should be read in conjunction with the Group's Integrated report and financial statements 2022, prepared in accordance with UK-adopted International Accounting Standards and with the requirements of the Companies Act 2006 as applicable to companies reporting under those standards.

The condensed consolidated financial statements have been prepared on a going concern basis as discussed in the commentary under the heading 'Going concern' on page 8, which is incorporated by reference into these condensed consolidated financial statements.

The financial information set out above does not constitute statutory accounts as defined by section 434 of the Companies Act 2006. A copy of the statutory accounts for the year ended 31 December 2022 has been delivered to the Registrar of Companies. The auditors have reported on those accounts; their report was (i) unqualified, (ii) did not include a reference to any matters to which the auditors drew attention by way of emphasis without qualifying their report and (iii) did not contain a statement under section 498 (2) or (3) of the Companies Act 2006. The financial information set out above has been reviewed, not audited.

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

The preparation of these condensed consolidated financial statements includes the use of estimates and assumptions. Although the estimates used are based on management's best information about current circumstances and future events and actions, actual results may differ from these estimates.

In preparing these condensed consolidated financial statements, the critical accounting judgements made by management in applying the Group's accounting policies and significant accounting estimates as identified in the Group's Integrated report and financial statements 2022 were largely the same. Refer to note 14 for details on developments in the accounting, presentation and valuation of the Russian discontinued operations and note 11 for the valuation of forestry assets.

2 Accounting policies

The same accounting policies, methods of computation and presentation have been followed in the preparation of the condensed consolidated financial statements for the six months ended 30 June 2023 as were applied in the preparation of the Group's annual financial statements for the year ended 31 December 2022, except as follows:

- A number of amendments to IFRS became effective for the financial period beginning on 1 January 2023, but the Group did not have to change its accounting policies or make any retrospective adjustments as a result of adopting these amendments.
- Consistent with previous half year reports, taxes on income in the interim period are accrued using the tax rate that would be applicable to expected total annual profits or losses. The Group's assessment of the OECD Pillar 2 model rules is provided in note 8.

Alternative Performance Measures
The Group presents certain measures of financial performance, position or cash flows in the condensed consolidated financial statements that are not defined or specified according to IFRS. These measures, referred to as APMs, are defined at the end of this document and where relevant reconciled to IFRS.

3 Seasonality

The seasonality of the Group's operations had no significant impact on the condensed consolidated financial statements.

4 Operating segments

The Group's operating segments are reported in a manner consistent with the internal reporting provided to the Executive Committee, the chief operating decision-making body. The operating segments are managed based on the nature of the underlying products produced by those businesses and comprise three distinct segments. Each of the operating segments represents a reportable segment and derives its income from the sale of manufactured products.

4 Operating segments (continued)

Six months ended 30 June 2023[1]

€ million, unless otherwise stated	Corrugated Packaging	Flexible Packaging	Uncoated Fine Paper	Corporate	Personal Care Components (divested)	Intersegment elimination	Total continuing operations	Discontinued operations	Intersegment elimination[2]	Total Group
Segment revenue	1,187	2,062	690	—	—	(54)	**3,885**		(4)	**3,881**
Internal revenue	(13)	(19)	(26)	—	—	54	**(4)**		4	**—**
External revenue	1,174	2,043	664	—	—	—	**3,881**		—	**3,881**
Underlying EBITDA	188	343	168	(19)	—	—	**680**		—	**680**
Depreciation and impairments[3]	(69)	(88)	(33)	(1)	—	—	**(191)**		—	**(191)**
Amortisation	(3)	(4)	(1)	—	—	—	**(8)**		—	**(8)**
Underlying operating profit/(loss)	116	251	134	(20)	—	—	**481**		—	**481**
Special items before tax	—	—	(21)	—	—	—	**(21)**		—	**(21)**
Loss from discontinued operations								(4)		**(4)**
Capital employed	2,217	3,161	1,077	(49)	—	—	**6,406**	853	—	**7,259**
Trailing 12-month average capital employed	2,092	3,045	1,064	(67)	—	—	**6,134**	1,145	—	**7,279**
Additions to non-current non-financial assets	173	176	50	—	—	—	**399**		—	**399**
Capital expenditure cash payments	132	154	24	—	—	—	**310**		—	**310**
Underlying EBITDA margin (%)	*15.8*	*16.6*	*24.3*	—	—	—	***17.5***		—	***17.5***
Return on capital employed (%)	*15.8*	*17.2*	*33.2*	—	—	—	***19.1***		—	**—**
Average number of employees (thousands)[4]	6.5	11.7	2.9	0.1	—	—	**21.2**	5.3	—	**26.5**

Notes:
1 See definitions of APMs at the end of this document
2 Intersegment elimination of €4 million (six months ended 30 June 2022: €39 million; year ended 31 December 2022: €39 million) relates to transactions with discontinued operations
3 Includes only impairment not classified as special items
4 Presented on a full time employee equivalent basis

4 Operating segments (continued)

Six months ended 30 June 2022[1]

€ million, unless otherwise stated	Corrugated Packaging	Flexible Packaging	Uncoated Fine Paper	Corporate	Personal Care Components (divested)	Intersegment elimination	Total continuing operations	Discontinued operations	Intersegment elimination[2]	Total Group
Segment revenue	1,564	2,082	793	—	181	(76)	**4,544**		(39)	**4,505**
Internal revenue	(35)	(25)	(43)	—	(12)	76	**(39)**		39	**—**
External revenue	1,529	2,057	750	—	169	—	**4,505**		—	**4,505**
Underlying EBITDA	375	416	171	(21)	1	—	**942**		—	**942**
Depreciation and impairments[3]	(64)	(84)	(35)	—	(3)	—	**(186)**		—	**(186)**
Amortisation	(3)	(4)	(1)	—	—	—	**(8)**		—	**(8)**
Underlying operating profit/(loss)	308	328	135	(21)	(2)	—	**748**		—	**748**
Special items before tax	—	—	—	—	246	—	**246**		—	**246**
Profit from discontinued operations								148		**148**
Capital employed	2,159	2,954	1,061	(63)	—	—	**6,111**	1,285	—	**7,396**
Trailing 12-month average capital employed	1,969	2,782	983	(90)	345	—	**5,989**	773	—	**6,762**
Additions to non-current non-financial assets	91	93	59	—	9	—	**252**		—	**252**
Capital expenditure cash payments	86	85	38	—	9	—	**218**		—	**218**
Underlying EBITDA margin (%)	*24.0*	*20.0*	*21.6*	—	*0.6*	—	***20.9***		—	***20.9***
Return on capital employed (%)	*28.9*	*18.7*	*9.8*	—	*1.1*	—	***19.2***		—	**—**
Average number of employees (thousands)[4]	6.3	11.4	3.0	0.1	0.9	—	**21.7**	5.3	—	**27.0**

Notes:
1 See definitions of APMs at the end of this document
2 Intersegment elimination of €4 million (six months ended 30 June 2022: €39 million; year ended 31 December 2022: €39 million) relates to transactions with discontinued operations
3 Includes only impairment not classified as special items
4 Presented on a full time employee equivalent basis

4 Operating segments (continued)

Year ended 31 December 2022[1]

€ million, unless otherwise stated	Corrugated Packaging	Flexible Packaging	Uncoated Fine Paper	Corporate	Personal Care Components (divested)	Intersegment elimination	Total continuing operations	Discontinued operations	Intersegment elimination[2]	Total Group
Segment revenue	2,991	4,299	1,613	—	181	(143)	**8,941**		(39)	**8,902**
Internal revenue	(51)	(51)	(68)	—	(12)	143	**(39)**		39	**—**
External revenue	2,940	4,248	1,545	—	169	—	**8,902**		—	**8,902**
Underlying EBITDA	662	797	427	(39)	1	—	**1,848**		—	**1,848**
Depreciation and impairments[3]	(133)	(181)	(70)	(1)	(3)	—	**(388)**		—	**(388)**
Amortisation	(7)	(8)	(2)	—	—	—	**(17)**		—	**(17)**
Underlying operating profit/(loss)	522	608	355	(40)	(2)	—	**1,443**		—	**1,443**
Special items before tax	—	—	—	—	242	—	**242**		—	**242**
Profit from discontinued operations								266		**266**
Capital employed	2,162	3,035	1,091	(67)	—	—	**6,221**	1,044	—	**7,265**
Trailing 12-month average capital employed	2,062	2,916	1,022	(78)	175	—	**6,097**	1,020	—	**7,117**
Additions to non-current non-financial assets	235	242	115	—	9	—	**601**		—	**601**
Capital expenditure cash payments	212	223	64	—	9	—	**508**		—	**508**
Underlying EBITDA margin (%)	*22.1*	*18.5*	*26.5*	—	*0.6*	—	***20.8***		—	***20.8***
Return on capital employed (%)	*25.3*	*20.9*	*34.7*	—	*(1.1)*	—	***23.7***		—	**—**
Average number of employees (thousands)[4]	6.4	11.5	2.9	0.1	0.5	—	**21.4**	5.3	—	**26.7**

Notes:
1 See definitions of APMs at the end of this document
2 Intersegment elimination of €4 million (six months ended 30 June 2022: €39 million; year ended 31 December 2022: €39 million) relates to transactions with discontinued operations
3 Includes only impairment not classified as special items
4 Presented on a full time employee equivalent basis

4 Operating segments (continued)

External revenue by location of production and by location of customer[1]

€ million	External revenue by location of production			External revenue by location of customer		
	Six months ended 30 June 2023	Six months ended 30 June 2022	Year ended 31 December 2022	Six months ended 30 June 2023	Six months ended 30 June 2022	Year ended 31 December 2022
Africa						
South Africa	330	229	667	255	207	498
Rest of Africa	41	39	74	208	191	436
Africa total	371	268	741	463	398	934
Western Europe						
Austria	749	874	1,640	90	105	203
Germany	312	486	808	520	618	1,188
United Kingdom	2	2	3	102	120	230
Rest of western Europe	434	411	888	932	1,024	1,988
Western Europe total	1,497	1,773	3,339	1,644	1,867	3,609
Emerging Europe						
Czech Republic	355	409	820	134	146	286
Poland	657	775	1,587	368	435	851
Türkiye	171	331	589	210	404	693
Rest of emerging Europe	484	582	1,089	270	333	629
Emerging Europe total	1,667	2,097	4,085	982	1,318	2,459
Russia	—	—	—	—	14	30
North America	302	313	634	444	506	1,000
South America	—	1	2	50	85	157
Asia and Australia	44	53	101	298	317	713
Group total	**3,881**	**4,505**	**8,902**	**3,881**	**4,505**	**8,902**

Note:
1 Excludes external revenue generated by the discontinued operations of €535 million (six months ended 30 June 2022: €518 million; year ended 31 December 2022: €1,178 million) (see note 14)

Reconciliation of operating segment assets

€ million	As at 30 June 2023		As at 30 June 2022		As at 31 December 2022	
	Segment assets	Segment net assets	Segment assets	Segment net assets	Segment assets	Segment net assets
Group total	**8,062**	**6,951**	**7,905**	**6,560**	**8,132**	**6,760**
Unallocated						
Assets held for sale and liabilities directly associated with assets held for sale (see note 14)	1,107	856	1,695	1,304	1,382	1,057
Investments in joint ventures	16	16	20	20	18	18
Deferred tax assets/(liabilities)	34	(290)	37	(233)	34	(273)
Other non-operating assets/(liabilities)	192	(274)	226	(255)	212	(297)
Group capital employed	**9,411**	**7,259**	**9,883**	**7,396**	**9,778**	**7,265**
Financial instruments/(net debt)	863	(1,196)	923	(1,220)	1,069	(1,011)
Total assets/equity	**10,274**	**6,063**	**10,806**	**6,176**	**10,847**	**6,254**

Other non-operating assets/(liabilities) include non-current financial instruments, current tax assets/(liabilities), provisions for restructuring costs, employee related and other provisions, derivative financial instruments and other non-operating receivables/(payables).

5 Special items

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

€ million	Six months ended 30 June 2023	Six months ended 30 June 2022	Year ended 31 December 2022
Operating special items			
Impairment of assets	(3)	—	—
Restructuring and closure costs:			
Personnel costs	(7)	—	—
Other restructuring and closure costs	(11)	—	—
Gain on disposal of business, net of related transaction costs	—	246	242
Total special items before tax	**(21)**	**246**	**242**
Tax credit/(charge) (see note 8)	5	(5)	(5)
Total special items	**(16)**	**241**	**237**

The operating special items resulted in a cash outflow from operating activities for the six months ended 30 June 2023 of €1 million (six months ended 30 June 2022: €8 million; year ended 31 December 2022: €8 million). In the prior year, the net cash received from the sale of the Personal Care Components business totalled €642 million and was presented within cash flows from investing activities.

To 30 June 2023
The special items during the period comprised:

- Uncoated Fine Paper
  - Closure of a paper machine and streamlining the capacity of the finishing lines at the Neusiedler operations in Austria. Restructuring and closure costs of €18 million and related impairment of assets of €3 million were recognised.

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

- Personal Care Components (divested)
  - €242 million gain (six months ended 30 June 2022: €246 million) on the sale of the Personal Care Components business to Nitto Denko Corporation.

6 Write-down of inventories to net realisable value

€ million	Six months ended 30 June 2023	Six months ended 30 June 2022	Year ended 31 December 2022
Write-down of inventories to net realisable value	(50)	(47)	(65)
Aggregate reversal of previous write-downs of inventories	29	29	40

The reversal of previous write-downs of inventories relates to goods that had been written down to net realisable value and were subsequently sold above their carrying value.

7 Net finance costs

€ million	Six months ended 30 June 2023	Six months ended 30 June 2022	Year ended 31 December 2022
Investment income	**14**	**2**	**6**
Net foreign currency losses	**—**	**(2)**	**(5)**
Finance costs			
Interest expense			
Interest on bank overdrafts and loans	(54)	(59)	(133)
Interest expense from lease liability	(3)	(4)	(7)
Net interest expense on net retirement benefits liability	(4)	(3)	(6)
Total interest expense	**(61)**	**(66)**	**(146)**
Less: Interest capitalised	4	—	2
Total finance costs	**(57)**	**(66)**	**(144)**
Net finance costs	**(43)**	**(66)**	**(143)**

8 Tax charge

The Group's effective tax rate before special items, an APM as defined at the end of this document, was 23% for the six months ended 30 June 2023 (six months ended 30 June 2022: 22%; year ended 31 December 2022: 22%).

€ million	Six months ended 30 June 2023	Six months ended 30 June 2022	Year ended 31 December 2022
UK corporation tax at 23.5% (2022: 19%)	—	—	—
Overseas tax	67	149	248
Current tax in respect of prior periods	(3)	(5)	(8)
Current tax	**64**	**144**	**240**
Deferred tax in respect of the current period	53	15	64
Deferred tax in respect of prior periods	(15)	(4)	(4)
Deferred tax attributable to a change in the rate of domestic income tax	—	(4)	(4)
Tax charge before special items	**102**	**151**	**296**
Current tax on special items	(5)	5	5
Deferred tax on special items	—	—	—
Tax (credit)/charge on special items (see note 5)	**(5)**	**5**	**5**
Tax charge for the period	**97**	**156**	**301**
Current tax charge	59	149	245
Deferred tax charge	38	7	56

The Group is within the scope of the OECD Pillar 2 model rules. Pillar 2 legislation was recently substantively enacted in some of the territories in which the Group operates and will come into effect in these territories from 1 January 2024. At the interim reporting date, none of the Pillar 2 legislation is effective and so the Group has no related current tax exposure. In light of IAS 12, 'Income Taxes', recent amendments, which clarify that Pillar 2 related balances are not within the scope of IAS 12 for deferred tax purposes and provide an exception on this basis, the Group has developed an accounting policy where no deferred taxes arising from the implementation of the Pillar 2 model rules are provided. The Group has commenced its Pillar 2 impact analysis but is, as yet, not in a position to provide quantified analysis of the potential future impact.

9 Earnings per share (EPS)

euro cents	EPS attributable to shareholders Six months ended 30 June 2023	Six months ended 30 June 2022	Year ended 31 December 2022
From continuing operations			
Basic EPS	63.7	148.4	244.5
Diluted EPS	63.7	148.4	244.4
Basic underlying EPS	67.0	98.7	195.6
Diluted underlying EPS	67.0	98.7	195.6
From discontinued operations			
Basic EPS	(0.8)	30.5	54.8
Diluted EPS	(0.8)	30.5	54.8
From continuing and discontinued operations			
Basic EPS	62.9	178.9	299.3
Diluted EPS	62.9	178.9	299.2
Basic headline EPS	92.8	129.0	264.3
Diluted headline EPS	92.8	129.0	264.2

The calculation of basic and diluted EPS, basic and diluted total EPS (prior to special items) and basic and diluted headline EPS is based on the following data:

€ million	Earnings Six months ended 30 June 2023	Six months ended 30 June 2022	Year ended 31 December 2022
Profit for the period attributable to shareholders	**305**	**868**	**1,452**
Arises from:			
Continuing operations	309	720	1,186
Discontinued operations[1]	(4)	148	266
Special items (see note 5)	21	(246)	(242)
Related tax (see note 5)	(5)	5	5
Total earnings for the period (prior to special items)	**321**	**627**	**1,215**
Arises from:			
Continuing operations	325	479	949
Discontinued operations[1]	(4)	148	266
Gain on disposal of property, plant and equipment	—	(2)	(2)
Impairments not included in special items	—	—	11
Restructuring costs (see note 5)	(18)	—	—
Loss on disposal of business from discontinued operations (see note 14)	46	—	—
Impairments included in loss/profit from discontinued operations (see note 14)	113	—	57
Related tax	(12)	1	1
Headline earnings for the period	**450**	**626**	**1,282**

Note:
1 (Loss)/profit from discontinued operations are wholly attributable to shareholders

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

million	Weighted average number of shares Six months ended 30 June 2023	Six months ended 30 June 2022	Year ended 31 December 2022
Basic number of ordinary shares outstanding	**485.1**	**485.1**	**485.1**
Effect of dilutive potential ordinary shares	—	0.2	0.1
Diluted number of ordinary shares outstanding	**485.1**	**485.3**	**485.2**

10 Dividends

The interim dividend for the year ending 31 December 2023 of 23.33 euro cents per ordinary share will be paid on Friday 29 September 2023 to those shareholders on the register of Mondi plc on Friday 25 August 2023. The dividend will be paid from distributable reserves of Mondi plc, as presented in the annual financial statements for the year ended 31 December 2022. The interim dividend is not recognised as a liability at 30 June 2023.

	Six months ended 30 June 2023		Year ended 31 December 2022	
	euro cents per share	€ million	euro cents per share	€ million
Final dividend in respect of prior year	48.33	231	45.00	218
Interim dividend in respect of current year	23.33	113	21.67	103

The interim dividend declared for the year ended 31 December 2022 of 21.67 euro cents per ordinary share was paid in September 2022.

Dividend timetable

The interim dividend for the year ending 31 December 2023 will be paid in accordance with the following timetable:

Last date to trade shares cum-dividend	
JSE Limited	Tuesday 22 August 2023
London Stock Exchange	Wednesday 23 August 2023
Shares commence trading ex-dividend	
JSE Limited	Wednesday 23 August 2023
London Stock Exchange	Thursday 24 August 2023
Record date	Friday 25 August 2023
Last date for receipt of Dividend Reinvestment Plan (DRIP) elections by Central Securities Depository Participants	Thursday 31 August 2023
Last date for DRIP elections to UK Registrar and South African Transfer Secretaries:	
South African Register	Friday 1 September 2023
UK Register	Monday 11 September 2023
Payment Date	Friday 29 September 2023
DRIP purchase settlement dates (subject to market conditions and the purchase of shares in the open market):	
UK Register	Tuesday 3 October 2023
South African Register	Thursday 5 October 2023
Currency conversion dates	
ZAR/euro	Thursday 3 August 2023
Euro/sterling	Friday 15 September 2023

Share certificates on Mondi plc's South African register may not be dematerialised or rematerialised between Wednesday 23 August 2023 and Friday 25 August 2023, both dates inclusive, nor may transfers between the UK and South African registers of Mondi plc take place between Wednesday 16 August 2023 and Friday 25 August 2023, both dates inclusive.

Information relating to the dividend tax to be withheld from Mondi plc shareholders on the South African branch register will be announced separately, together with the ZAR/euro exchange rate to be applied, on or shortly after Thursday 3 August 2023.

11 Forestry assets

€ million	As at 30 June 2023	As at 30 June 2022	As at 31 December 2022
At 1 January	485	348	348
Investment in forestry assets	22	25	49
Fair value gains	86	30	169
Felling costs	(41)	(34)	(78)
Currency movements	(60)	20	(3)
At 30 June / 31 December	**492**	**389**	**485**

The fair value of forestry assets is a level 3 measure in terms of the fair value measurement hierarchy (see note 18), consistent with prior years. The fair value of forestry assets continues to be determined using a market-based approach. The valuation process and key observable inputs were largely consistent with those applied for the year ended 31 December 2022, as described in note 14 of the Group’s Integrated report and financial statements 2022.

12 Borrowings

Financing facilities

Group liquidity is provided through a range of committed debt facilities. The principal loan arrangements in place are the following:

€ million	Maturity	Interest rate %	As at 30 June 2023	As at 30 June 2022	As at 31 December 2022
Financing facilities					
Syndicated Revolving Credit Facility	June 2028[1]	EURIBOR + margin	750	750	750
€500 million Eurobond	April 2024	1.500%	500	500	500
€600 million Eurobond	April 2026	1.625%	600	600	600
€750 million Eurobond	April 2028	2.375%	750	750	750
Long Term Facility Agreement	December 2026	EURIBOR + margin	23	30	27
Other	Various	Various	9	9	8
Total committed facilities			**2,632**	**2,639**	**2,635**
Drawn			(1,875)	(1,882)	(1,878)
Total committed facilities available			**757**	**757**	**757**

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

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

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

Short-term liquidity needs are met by cash and the RCF. As at 30 June 2023, the Group had no financial covenants in any of its financing facilities.

The Group currently has investment grade credit ratings from both Moody's Investors Service (Baa1, outlook stable) and Standard & Poor's (A-, outlook stable).

	As at 30 June 2023			As at 30 June 2022			As at 31 December 2022		
€ million	Current	Non-current	Total	Current	Non-current	Total	Current	Non-current	Total
Secured									
Bank loans and overdrafts	2	—	2	1	1	2	1	—	1
Lease liabilities	21	108	129	19	111	130	19	109	128
Total secured	**23**	**108**	**131**	**20**	**112**	**132**	**20**	**109**	**129**
Unsecured									
Bonds	500	1,344	1,844	—	1,842	1,842	—	1,843	1,843
Bank loans and overdrafts	61	15	76	138	21	159	82	18	100
Other loans	—	—	—	4	—	4	—	—	—
Total unsecured	**561**	**1,359**	**1,920**	**142**	**1,863**	**2,005**	**82**	**1,861**	**1,943**
Total borrowings	**584**	**1,467**	**2,051**	**162**	**1,975**	**2,137**	**102**	**1,970**	**2,072**
Committed facilities drawn			1,875			1,882			1,878
Uncommitted facilities drawn			176			255			194

13 Business combinations

To 30 June 2023

On 12 January 2023, the Group completed the acquisition of the Duino mill near Trieste (Italy) from the Burgo Group. During the six months ended 30 June 2023, the mill operated one paper machine producing lightweight coated mechanical paper, generating revenue of €17 million and a loss after tax of €5 million, which have been included in the condensed consolidated income statement. The Board has now approved the €200 million investment to convert the existing paper machine into a 420,000 tonne per annum high-quality, cost competitive recycled containerboard machine.

Property, plant and equipment has been measured at fair value using relevant valuation methods accepted under IFRS 13, 'Fair Value Measurement', with related deferred tax adjustments.

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

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

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

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

The fair values of assets acquired and liabilities assumed in business combinations are level 3 measures in terms of the fair value measurement hierarchy. Management has considered the impact of environmental and climate risks on the estimated fair values of Duino's property, plant and equipment. These considerations did not have a material impact.

The fair value accounting of this acquisition is provisional pending final determination of the fair value of the assets and liabilities acquired. In particular, the fair values of the assets and liabilities disclosed above have only been determined provisionally because the independent valuations have not been finalised. If necessary, any adjustments to the fair values recognised will be made within 12 months of the acquisition date.

To 31 December 2022

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

14 Russian operations (discontinued operations)

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

Syktyvkar mill

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

On 5 June 2023, following discussions with Augment on its lack of progress in gaining the necessary approval from the Russian Federation's Government Sub-Commission for the Control of Foreign Investments to complete this transaction, the Group withdrew from the agreement with Augment. The Board remains committed to divest the Syktyvkar mill and will continue to assess all alternative divestment options.

Following the withdrawal from the agreement with Augment, the Board reassessed the critical judgements and significant estimates applied as at 31 December 2022, as further explained below:

14 Russian operations (discontinued operations) (continued)

Control assessment
Control exists when the Group is exposed, or has rights, to variable returns from its involvement with the subsidiary and has the ability to affect those returns through its power over the subsidiary. The Board has taken the view that it has retained control over the Syktyvkar mill through the six months period ended 30 June 2023 since the Group continues to direct the relevant activities of the Syktyvkar mill and control the cash flows of the Syktyvkar mill through dividend declarations. Were external factors to lead the Board to conclude that the Group no longer retains control, the Russian operations would be treated as if they had been disposed of, with the associated assets and liabilities derecognised.

Held for sale and discontinued operations
The Board has exercised critical judgement in determining whether the Syktyvkar mill continues to satisfy the requirements to be classified as held for sale, and whether it should continue to be presented as discontinued operations. Assets are held for sale if their carrying amounts will be recovered principally through a sale transaction rather than through continuing use, provided the assets are available for immediate sale in their present condition and a sale is highly probable.

Due to the lack of progress from Augment to obtain the necessary approval from the Russian Federation’s Government Sub-Commission for the Control of Foreign Investments and the passing of the long stop date (12 May 2023), the Group withdrew from the agreement with Augment in order to pursue alternative divestment options in an effort to complete a sale as soon as practicable. The Board remains committed to the divestment of the Syktyvkar mill and has taken necessary actions to seek to maximise the likelihood of being able to complete a sale of its mill within the next 12 months. Taking into account that there are several interested parties to acquire the Syktyvkar mill and there are still business divestments being completed in Russia, where the seller is headquartered in Western Europe (including the sale of the Group’s Russian converting plants, as described further below), the Board concluded that the requirements for the held for sale classification are still met. On the basis that the Board concluded that the Syktyvkar assets should continue to be classified as held for sale, it also determined that the results of the Russian businesses should continue to be reported as discontinued operations, given that the Russian businesses are considered to represent a separate major geographical area of operations for the Group. Hence, in accordance with IFRS 5, 'Non-current Assets Held for Sale and Discontinued Operations', the Group continues to report its Syktyvkar mill as held for sale as at 30 June 2023 and discontinued operations for the six months period then ended. Had the Board concluded differently, the Group would have ceased the held for sale and discontinued operations classification and would have reported the Syktyvkar mill as part of continuing operations.

Valuation of Syktyvkar assets
In light of the withdrawal from the Augment disposal agreement, and given the ongoing divestment process, the Board reassessed the recoverability of the carrying value of the assets of the Syktyvkar mill as at 30 June 2023.

Dialogue is ongoing with a number of potential buyers and the Group has received conditional offers for the Syktyvkar mill. In approximating a fair value less costs to sell, the Board considered the offers received to date and also obtained an independent valuation by an authorised valuer in Russia. The available information suggests a range of fair values, and there are ongoing negotiations with the potential buyers about various aspects of their offers which means that the final offer price and the associated assets within the perimeter of the transaction are not, in the case of all offers, clearly defined. All offers received include the assumption that the dividend declared but not yet paid of RUB 12 billion (€119 million, at an exchange rate of 97.71 Russian rouble versus euro) is cancelled or assigned to the buyer prior to the disposal and the estimated fair value less costs to sell has been determined on that basis. Based on all information available, the assets of the Syktyvkar mill were impaired by €97 million, net of related tax, in the six months ended 30 June 2023 to their estimated fair value less costs to sell.

The situation is highly complex and continues to evolve. For these reasons, the determination of an appropriate fair value less costs to sell is particularly challenging, and the range of potential outcomes is wide. Given the ongoing commercial negotiations, the range of offers has not been disclosed. In addition, a future disposal requires approval by the Russian authorities, in respect of the disposal itself, the associated price, the payment mechanism, the currency of such price and any exit tax payments prior to the divestment. Accordingly, and consistent with the position in the Group's Integrated report and financial statements 2022, the valuation of the Syktyvkar asset is a key source of estimation uncertainty that has a significant risk of resulting in a material adjustment to the carrying amounts of assets and liabilities within the next 12 months. Furthermore, the Russian rouble to euro foreign exchange rate has been volatile in recent months, which impacts both the euro carrying value of the Syktyvkar mill’s net assets at any given time, and may also impact the disposal price that is achieved in euro terms if the price is determined in Russian rouble.

Packaging converting plants
On 30 June 2023, the Group completed the sale of its three Russian packaging converting operations to the Gotek Group for a consideration of RUB 1.6 billion resulting in proceeds of €30 million and a loss on disposal of €46 million, net of related transaction costs and tax, as further described below.

14 Russian operations (discontinued operations) (continued)

Financial performance

The financial performance of the discontinued operations is set out below:

€ million	Six months ended 30 June 2023	Six months ended 30 June 2022	Year ended 31 December 2022
External revenue	535	518	1,178
Expenses[1, 2, 3]	(509)	(330)	(820)
Profit before tax	**26**	**188**	**358**
Related tax charge[2]	(30)	(40)	(92)
(Loss)/profit for the period from discontinued operations attributable to shareholders	**(4)**	**148**	**266**
Other comprehensive (expense)/income from discontinued operations attributable to shareholders	(156)	424	74
Total comprehensive (expense)/income from discontinued operations attributable to shareholders	**(160)**	**572**	**340**

Notes:

1 Includes loss on disposal of business of €46 million, as further described below (six months ended 30 June 2022: €nil; year ended 31 December 2022: €nil). Excluding the loss on disposal of business, expenses in the six months ended 30 June 2023 were €463 million and the profit before tax was €72 million

2 Includes impairment of assets of €97 million (six months ended 30 June 2022: €nil; year ended 31 December 2022: €57 million), comprising €113 million of impairment (six months ended 30 June 2022: €nil; year ended 31 December 2022: €57 million) and related deferred tax credit of €16 million (six months ended 30 June 2022: €nil; year ended 31 December 2022: €nil), as explained in the commentary above

3 Includes foreign exchange loss of €28 million (six months ended 30 June 2022: €nil; year ended 31 December 2022: €36 million) relating to a dividend declared but not yet paid

The following assets and liabilities were reclassified as held for sale in relation to the discontinued operations as at 30 June 2023:

€ million	As at 30 June 2023	As at 30 June 2022	As at 31 December 2022
Property, plant and equipment	601	1,117	805
Goodwill	—	34	34
Intangible assets	4	9	4
Deferred tax assets	—	1	1
Inventories	89	142	131
Trade and other receivables	59	115	87
Financial instruments	—	2	—
Cash and cash equivalents	354	275	320
Total assets held for sale	**1,107**	**1,695**	**1,382**
Borrowings	(82)	(123)	(102)
Trade and other payables	(103)	(174)	(131)
Current tax liabilities	(15)	(6)	(14)
Provisions	(9)	(17)	(14)
Financial instruments	—	(2)	—
Net retirement benefits liability	(8)	(16)	(12)
Deferred tax liabilities	(34)	(53)	(52)
Total liabilities directly associated with assets classified as held for sale	**(251)**	**(391)**	**(325)**

The cumulative foreign exchange loss recognised in other comprehensive income in relation to the discontinued operations as at 30 June 2023 was €563 million (as at 30 June 2022: loss of €60 million, restated from gain of €25 million due to an error; as at 31 December 2022: loss of €405 million) and will be recycled through the consolidated income statement on the date of disposal.

14 Russian operations (discontinued operations) (continued)

Disposal of businesses

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

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

15 Consolidated cash flow analysis

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

€ million	Six months ended 30 June 2023	Six months ended 30 June 2022	Year ended 31 December 2022
Profit before tax from continuing operations	418	933	1,560
Depreciation and amortisation	199	194	394
Impairment of property, plant and equipment (not included in special items)	—	—	11
Share-based payments	5	5	11
Net pre-tax cash flow effect of current and prior period special items	20	(257)	(253)
Net finance costs	43	66	143
Net monetary gain arising from hyperinflationary economies	(3)	(2)	(17)
Net loss/(profit) from joint ventures	2	(3)	(1)
Decrease in provisions	(16)	(1)	(1)
Decrease in net retirement benefits	(10)	(5)	(12)
Movement in working capital	(37)	(403)	(419)
Decrease/(increase) in inventories	152	(201)	(254)
Decrease/(increase) in operating receivables	19	(403)	(472)
(Decrease)/increase in operating payables	(208)	201	307
Fair value gains on forestry assets	(86)	(30)	(169)
Felling costs	41	34	78
Net loss/(gain) on disposal of property, plant and equipment	1	—	(2)
Proceeds from insurance reimbursements for property damages	(17)	(8)	(8)
Other adjustments	(6)	(4)	(23)
Cash generated from continuing operations	**554**	**519**	**1,292**

15 Consolidated cash flow analysis (continued)

(b) Cash and cash equivalents

€ million	As at 30 June 2023	As at 30 June 2022	As at 31 December 2022
Cash and cash equivalents per condensed consolidated statement of financial position	857	916	1,067
Bank overdrafts included in short-term borrowings	(20)	(46)	(6)
Cash and cash equivalents held by continuing operations (see note 15c)	**837**	**870**	**1,061**
Cash and cash equivalents classified as assets held for sale (see note 14)	354	275	320
Cash and cash equivalents per condensed consolidated statement of cash flows	**1,191**	**1,145**	**1,381**

The cash and cash equivalents of €857 million (as at 30 June 2022: €916 million; as at 31 December 2022: €1,067 million) include money market funds of €388 million (as at 30 June 2022: €559 million; as at 31 December 2022: €595 million) valued at fair value through profit and loss, with the remaining balance carried at amortised cost.

The Group's operates in certain countries where the existence of exchange controls or access to hard currency may restrict the use of certain cash balances outside of those countries. In particular, the cash and cash equivalents classified as assets held for sale as per the table above are held by the Group's Russian discontinued operations and are subject to regulatory restrictions and, therefore, may not be available for general use by the other entities within the Group. These restrictions are not expected to have any material effect on the Group's ability to meet its ongoing obligations.

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

15 Consolidated cash flow analysis (continued)

(c) Movement in net debt

The Group's net debt position is as follows:

€ million	Cash and cash equivalents	Current financial asset investments	Subtotal	Debt due within one year[1]	Debt due after one year	Debt-related derivative financial instruments	Subtotal	Total net debt
At 1 January 2022	455	1	**456**	(106)	(2,104)	(9)	**(2,219)**	**(1,763)**
Cash flow	592	—	**592**	—	49	65	**114**	**706**
Additions to lease liabilities	—	—	**—**	(7)	(13)	—	**(20)**	**(20)**
Disposal of lease liabilities	—	—	**—**	1	1	—	**2**	**2**
Movement in unamortised loan costs	—	—	**—**	—	(1)	—	**(1)**	**(1)**
Net movement in fair value of derivative financial instruments	—	—	**—**	—	—	(55)	**(55)**	**(55)**
Reclassification	—	—	**—**	(16)	16	—	**—**	**—**
Movement in assets held for sale and liabilities, directly associated with assets held for sale	(275)	—	**(275)**	4	119	—	**123**	**(152)**
Currency movements	98	(1)	**97**	8	(42)	—	**(34)**	**63**
At 30 June 2022	870	—	**870**	(116)	(1,975)	1	**(2,090)**	**(1,220)**
Cash flow	316	—	**316**	32	4	17	**53**	**369**
Additions to lease liabilities	—	—	**—**	(8)	(22)	—	**(30)**	**(30)**
Disposal of lease liabilities	—	—	**—**	—	3	—	**3**	**3**
Movement in unamortised loan costs	—	—	**—**	—	(1)	—	**(1)**	**(1)**
Net movement in fair value of derivative financial instruments	—	—	**—**	—	—	(25)	**(25)**	**(25)**
Reclassification	—	—	**—**	(5)	5	—	**—**	**—**
Movement in assets held for sale and liabilities, directly associated with assets held for sale	(45)	—	**(45)**	(1)	(20)	—	**(21)**	**(66)**
Currency movements	(80)	1	**(79)**	2	36	—	**38**	**(41)**
At 31 December 2022	1,061	1	**1,062**	(96)	(1,970)	(7)	**(2,073)**	**(1,011)**
Cash flow	(91)	—	**(91)**	27	—	40	**67**	**(24)**
Additions to lease liabilities	—	—	**—**	(7)	(11)	—	**(18)**	**(18)**
Disposal of lease liabilities	—	—	**—**	—	1	—	**1**	**1**
Movement in unamortised loan costs	—	—	**—**	—	(1)	—	**(1)**	**(1)**
Net movement in fair value of derivative financial instruments	—	—	**—**	—	—	(36)	**(36)**	**(36)**
Reclassification	—	—	**—**	(510)	510	—	**—**	**—**
Movement in assets held for sale and liabilities, directly associated with assets held for sale	(34)	—	**(34)**	(1)	(19)	—	**(20)**	**(54)**
Currency movements	(99)	—	**(99)**	23	23	—	**46**	**(53)**
At 30 June 2023	**837**	**1**	**838**	**(564)**	**(1,467)**	**(3)**	**(2,034)**	**(1,196)**

Note:
1 Excludes bank overdrafts of €20 million (as at 30 June 2022: €46 million; as at 31 December 2022: €6 million), which are included in cash and cash equivalents (see note 15b)

The Group expensed interest of €57 million relating to its bank overdrafts, loans and lease liabilities (six months ended 30 June 2022: €63 million; year ended 31 December 2022: €140 million). Included in this expense is €26 million (six months ended 30 June 2022: €26 million; year ended 31 December 2022: €67 million) related to forward exchange rates on derivative contracts and interest paid on borrowings of €42 million (six months ended 30 June 2022: €52 million; year ended 31 December 2022: €60 million). The settlement of debt-related derivatives shown as cash flow in the table above is recognised as net cash outflow from debt-related derivative financial instruments in the condensed consolidated statement of cash flows.

16 Capital commitments

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

€ million	As at 30 June 2023	As at 30 June 2022	As at 31 December 2022
Intangible assets	2	3	2
Property, plant and equipment	669	457	441
Total capital commitments	**671**	**460**	**443**

17 Contingent liabilities

There have been no significant changes to the nature of the contingent liabilities as disclosed in note 30 of the Group's Integrated report and financial statements 2022.

18 Fair value measurement

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

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

The assets measured at fair value on level 3 of the fair value measurement hierarchy are the Group's forestry assets as set out in note 11 and certain assets acquired or liabilities assumed in business combinations as set out in note 13.

As at 30 June 2023, the fair value of level 2 derivative financial assets is €10 million (as at 30 June 2022: €9 million; as at 31 December 2022: €3 million), whereas the fair value of level 2 derivative financial liabilities is €9 million (as at 30 June 2022: €15 million; as at 31 December 2022: €10 million).

Cash and cash equivalents include money market funds measured at fair value through profit and loss, with the remaining balance carried at amortised cost. As at 30 June 2023, the fair value of level 1 cash and cash equivalents is €388 million (as at 30 June 2022: €559 million; as at 31 December 2022: €595 million).

The Group did not measure any financial assets or financial liabilities at fair value on a non-recurring basis as at 30 June 2023.

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

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

Specific valuation methodologies used to value financial instruments include:

- the fair values of foreign exchange contracts are calculated as the present value of expected future cash flows based on observable yield curves and exchange rates; and
- other techniques, including discounted cash flow analysis, are used to determine the fair values of other financial instruments.

Except as detailed below, the directors consider that the carrying values of financial assets and financial liabilities recorded at amortised cost in the condensed consolidated financial statements are approximately equal to their fair values.

	Carrying amount			Fair value		
€ million	As at 30 June 2023	As at 30 June 2022	As at 31 December 2022	As at 30 June 2023	As at 30 June 2022	As at 31 December 2022
Financial liabilities						
Borrowings	**2,051**	**2,137**	**2,072**	**1,947**	**2,008**	**1,956**

19 Related party transactions

The Group and its subsidiaries, in the ordinary course of business, enter into various sale, purchase and service transactions with associated undertakings in which the Group has a material interest. The related party transactions entered into by the Group have been contracted on an arms-length basis and, in total, are not considered to be significant. The level of these transactions is consistent with prior year.

Transactions between Mondi plc and its subsidiaries, which are related parties, and transactions between its subsidiaries have been eliminated on consolidation. There have been no significant changes to the nature of its related party transactions as disclosed in note 32 of the Group's Integrated report and financial statements 2022.

20 Events occurring after 30 June 2023

Aside from the interim dividend declared for the six months ended 30 June 2023 (see note 10), there has been the following material reportable events since 30 June 2023:

- On 10 July 2023, the Group announced that it has agreed to acquire the 250,000 tonne per annum Hinton Pulp mill in Alberta (Canada) from West Fraser Timber Co. Ltd (West Fraser) for a total consideration of USD 5 million. As part of the transaction, the Group will enter into a long-term partnership with West Fraser to access local, high-quality fibre from a well-established wood basket. The intention, subject to pre-engineering and permitting, is to invest €400 million in the expansion of Hinton, primarily for a new 200,000 tonne per annum kraft paper machine, anticipated to be operational from the second half of 2027. The acquisition of the mill, and investment in the paper machine, will fully integrate operations in the Americas and enable the Group to secure the long-term supply of high quality, cost competitive kraft paper into its network of 10 paper bags plants in the region, better positioning the Group to support the growing market demand for industrial and mailer bags. The acquisition is subject to customary regulatory clearance and is expected to close towards the end of 2023.

Production statistics

		Six months ended 30 June 2023	Six months ended 30 June 2022	Year ended 31 December 2022
Continuing operations				
Containerboard	000 tonnes	1,178	1,209	2,383
Kraft paper	000 tonnes	557	669	1,309
Uncoated fine paper	000 tonnes	410	487	913
Pulp	000 tonnes	1,616	1,816	3,566
Internal consumption	000 tonnes	1,379	1,626	3,103
Market pulp	000 tonnes	237	190	463
Corrugated solutions	million m²	916	1,000	1,937
Paper bags	million units	2,837	3,083	5,994
Consumer flexibles	million m²	945	1,098	2,039
Functional paper and films	million m²	1,407	1,729	3,279

Exchange rates

	Average			Closing		
versus euro	**Six months ended 30 June 2023**	**Six months ended 30 June 2022**	**Year ended 31 December 2022**	**Six months ended 30 June 2023**	**Six months ended 30 June 2022**	**Year ended 31 December 2022**
South African rand	19.68	16.85	17.21	20.58	17.01	18.10
Czech koruna	23.69	24.65	24.57	23.74	24.74	24.12
Polish zloty	4.62	4.64	4.69	4.44	4.69	4.68
Pounds sterling	0.88	0.84	0.85	0.86	0.86	0.89
Russian rouble	83.56	85.55	73.94	97.71	56.55	78.43
Turkish lira	21.57	16.26	17.41	28.32	17.32	19.96
US dollar	1.08	1.09	1.05	1.09	1.04	1.07

Alternative Performance Measures (APMs)

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

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

Internally, the Group and its operating segments apply the same APMs in a consistent manner in planning and reporting on performance to management, the Executive Committee and the Board. Two of the Group's APMs (underlying EBITDA and ROCE from continuing operations) form part of the executive directors and senior management remuneration targets.

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

APM description and purpose	Financial statement reference	Closest IFRS equivalent measure
Special items		
Special items are generally material, non-recurring items from continuing operations that exceed €10 million. The Audit Committee regularly assesses the monetary threshold of €10 million and considers the threshold in the context of both the Group as a whole and individual operating segment performance. The Group separately discloses special items on the face of the condensed consolidated income statement to assist its stakeholders in understanding the underlying financial performance achieved by the Group on a basis that is comparable from year to year. Subsequent adjustments to items previously recognised as special items continue to be reflected as special items in future periods even if they do not exceed the quantitative reporting threshold.	Note 5	None
Underlying EBITDA		
Operating profit before special items, depreciation, amortisation and impairments not recorded as special items provides a measure of the cash-generating ability of the Group's continuing operations that is comparable from year to year. For the Uncoated Fine Paper business unit review on page 5, the Group has disclosed the underlying EBITDA excluding the forestry fair value gain to improve relative comparability.	Condensed consolidated income statement	Operating profit
Underlying EBITDA margin		
Underlying EBITDA expressed as a percentage of Group revenue (segment revenue for operating segments) provides a measure of the cash-generating ability of the Group's continuing operations relative to revenue.		None

APM calculation:

€ million, unless otherwise stated	Six months ended 30 June 2023	Six months ended 30 June 2022	Year ended 31 December 2022
Underlying EBITDA (see condensed consolidated income statement)	680	942	1,848
Group revenue (see condensed consolidated income statement)	3,881	4,505	8,902
Underlying EBITDA margin (%)	**17.5**	**20.9**	**20.8**

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

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

APM calculation:

€ million, unless otherwise stated	Six months ended 30 June 2023	Six months ended 30 June 2022	Year ended 31 December 2022
Underlying operating profit (see condensed consolidated income statement)	481	748	1,443
Group revenue (see condensed consolidated income statement)	3,881	4,505	8,902
Underlying operating profit margin (%)	**12.4**	**16.6**	**16.2**

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

APM calculation:

€ million, unless otherwise stated	Six months ended 30 June 2023	Six months ended 30 June 2022	Year ended 31 December 2022
Tax charge before special items (see note 8)	102	151	296
Underlying profit before tax (see condensed consolidated income statement)	439	687	1,318
Effective tax rate (%)	**23**	**22**	**22**

APM description and purpose	Financial statement reference	Closest IFRS equivalent measure
Underlying earnings (and per share measure)		
Net profit after tax before special items arising from the Group's continuing operations that is attributable to shareholders. Underlying earnings (and the related per share measure based on the basic, weighted average number of ordinary shares outstanding) provides a measure of the continuing operations' earnings.	Note 9	Profit for the period attributable to shareholders (and per share measure)
Total earnings (prior to special items)		
Net profit after tax before special items arising from the Group's continuing and discontinued operations that is attributable to shareholders. Total earnings provides a measure of the Group's earnings.	Note 9	Profit for the period attributable to shareholders
Headline earnings (and per share measure)		
The presentation of headline earnings (and the related per share measure based on the basic, weighted average number of ordinary shares outstanding) is mandated under the Listings Requirements of the JSE Limited and is calculated in accordance with Circular 1/2023, 'Headline Earnings', as issued by the South African Institute of Chartered Accountants.	Note 9	Profit for the period attributable to shareholders (and per share measure)
Dividend cover		
Basic underlying EPS from continuing operations divided by total ordinary dividend per share paid and proposed provides a measure of the Group's earnings relative to ordinary dividend payments.		None

APM description and purpose	Financial statement reference	Closest IFRS equivalent measure
Capital employed (and related trailing 12-month average capital employed)		
Capital employed comprises total equity and net debt. Trailing 12-month average capital employed is the average monthly capital employed over the last 12 months adjusted for spend on major capital expenditure projects which are not yet in production. These measures provide the level of invested capital in the business. Trailing 12-month average capital employed is used in the calculation of return on capital employed.	Note 4	Total equity
Return on capital employed (ROCE)		
Trailing 12-month underlying operating profit, including share of associate's and joint ventures' net profit/(loss), divided by trailing 12-month average capital employed. ROCE provides a measure of the efficient and effective use of capital in the business and is presented on the basis of the Group's continuing operations for comparability.		None

APM calculation:

€ million, unless otherwise stated	Six months ended 30 June 2023	Six months ended 30 June 2022	Year ended 31 December 2022
Trailing 12-month underlying operating profit (see condensed consolidated income statement)	1,176	1,145	1,443
Trailing 12-month underlying net (loss)/profit from joint ventures (see condensed consolidated income statement)	(4)	6	1
Trailing 12-month underlying profit from operations and joint ventures	1,172	1,151	1,444
Trailing 12-month average capital employed of continuing operations (see note 4)	6,134	5,989	6,097
ROCE (%) from continuing operations	**19.1**	**19.2**	**23.7**

APM description and purpose	Financial statement reference	Closest IFRS equivalent measure
Net debt (and related trailing 12-month average net debt)		
A measure comprising short, medium, and long-term interest-bearing borrowings and the fair value of debt-related derivatives less cash and cash equivalents, net of overdrafts, and current financial asset investments. Trailing 12-month average net debt is the average monthly net debt over the last 12 months. Net debt provides a measure of the Group’s net indebtedness or overall leverage.	Note 15c	None
Net debt to underlying EBITDA		
Net debt of the Group's continuing operations, excluding net debt of the Group's discontinued operations classified as held for sale, divided by trailing 12-month underlying EBITDA. A measure of the Group’s continuing operations' net indebtedness relative to its cash-generating ability.		None

APM calculation:

€ million, unless otherwise stated	Six months ended 30 June 2023	Six months ended 30 June 2022	Year ended 31 December 2022
Net debt of continuing operations (see note 15c)	1,196	1,220	1,011
Trailing 12-month underlying EBITDA (see condensed consolidated income statement)	1,586	1,553	1,848
Net debt to underlying EBITDA (times)	**0.8**	**0.8**	**0.5**

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

APM calculation:

€ million, unless otherwise stated	Six months ended 30 June 2023	Six months ended 30 June 2022	Year ended 31 December 2022
Inventories (see condensed consolidated statement of financial position)	1,203	1,191	1,359
Trade and other receivables (see condensed consolidated statement of financial position)	1,367	1,553	1,448
Trade and other payables (see condensed consolidated statement of financial position)	(1,247)	(1,434)	(1,525)
Working capital	1,323	1,310	1,282
Annualised Group revenue (see condensed consolidated income statement)	7,762	9,010	8,902
Working capital as a percentage of revenue	**17**	**15**	**14**

Gearing		
Net debt expressed as a percentage of capital employed provides a measure of the financial leverage of the Group. Net debt and capital employed is adjusted for the discontinued operations for comparability.		None

APM calculation:

€ million, unless otherwise stated	Six months ended 30 June 2023	Six months ended 30 June 2022	Year ended 31 December 2022
Net debt of continuing operations (see note 15c)	1,196	1,220	1,011
Capital employed of continuing operations (see note 4)	6,406	6,111	6,221
Gearing (%)	**18.7**	**20.0**	**16.3**

Cash flow generation		
A measure of the Group's continuing operations' cash generation before considering deployment of cash towards investment in property, plant and equipment ('capex' or 'capital expenditure'), acquisitions and disposals of businesses, investment in associates and joint ventures, payment of dividends to shareholders, acquisition or sale of non-controlling interests in a subsidiary and proceeds from and repayment of borrowings. Cash flow generation is a measure of the Group's continuing operations' ability to generate cash through-the-cycle before considering deployment of such cash.		Net increase/ (decrease) in cash and cash equivalents

APM calculation:

€ million	Six months ended 30 June 2023	Six months ended 30 June 2022	Year ended 31 December 2022
Net (decrease)/increase in cash and cash equivalents	(91)	592	908
Net increase in cash and cash equivalents from discontinued operations	(144)	(149)	(272)
Investment in property, plant and equipment	310	218	508
Acquisition of businesses, net of cash and cash equivalents	37	—	—
Proceeds from the disposal of business, net of cash and cash equivalents	—	(646)	(642)
Dividends paid to shareholders	231	218	321
Non-controlling interests bought out	7	—	—
Net repayment of borrowings	26	48	83
Repayment of other medium and long-term borrowings	—	49	53
Proceeds from short-term borrowings	(17)	(57)	(44)
Repayment of short-term borrowings	32	45	53
Repayment of lease liabilities	11	11	21
Cash flow generation	**376**	**281**	**906**

Forward-looking statements

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

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

Mondi expressly disclaims a) any warranty or liability as to accuracy or completeness of the information provided herein; and b) any obligation or undertaking to review or confirm analysts' expectations or estimates or to update any forward-looking statements to reflect any change in Mondi's expectations or any events that occur or circumstances that arise after the date of making any forward-looking statements, unless required to do so by the Disclosure Guidance and Transparency Rules, the UK Market Abuse Regulation or applicable law or any regulatory body applicable to Mondi, including the JSE Limited, the FCA and the LSE.

Any reference to future financial performance included in this announcement has not been reviewed or reported on by the Group's auditors.

Editors' notes

Mondi is a global leader in packaging and paper, contributing to a better world by making innovative solutions that are sustainable by design. Our business is integrated across the value chain – from managing forests and producing pulp, paper and films, to developing and manufacturing sustainable consumer and industrial packaging solutions using paper where possible, plastic when useful. Sustainability is at the centre of our strategy, with our ambitious commitments to 2030 focused on circular driven solutions, created by empowered people, taking action on climate.

In 2022, Mondi had revenues of €8.9 billion and underlying EBITDA of €1.8 billion from continuing operations, and employed 22,000 people worldwide. Mondi has a premium listing on the London Stock Exchange (MNDI), where the Group is a FTSE100 constituent, and also has a secondary listing on the JSE Limited (MNP).

mondigroup.com

Sponsor in South Africa: Merrill Lynch South Africa Proprietary Limited t/a BofA Securities.