

## Mondi plc

(Incorporated in England and Wales)  
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## Full year results for the year ended 31 December 2021

### Highlights

- **Strong financial performance**
  - Underlying EBITDA of €1,503 million, up €150 million year-on-year (11%), with second half up 29%
  - Profit before tax of €983 million, up 28%
  - Basic underlying earnings per share of 154.0 euro cents, up 19%
  - ROCE up at 16.9%
  - Continued good cash generation and strong balance sheet of 1.2x net debt to underlying EBITDA
  - Recommended full year dividend of 65.0 euro cents per share, up 8%
- **Good progress on all elements of our sustainability roadmap, Mondi Action Plan 2030 (MAP2030)**
- **Successful execution and delivery of key investments**
- **Strong pipeline of capital investment projects to further capture growth in our packaging markets, building on our leading market positions and long track record of disciplined capital allocation, including €1 billion of expansionary projects approved or under advanced evaluation**
- **Accelerated climate plans - committed to transition to Net-Zero by 2050, in line with a 1.5°C scenario**
- **Agreed sale of Personal Care Components business in February 2022 to deliver greater focus**
- **Well-positioned for the future, with unique portfolio of leading sustainable packaging solutions, cost-advantaged asset base and strong financial position**

### Financial summary<sup>1</sup>

€ million, except for percentages and per share measures	Year ended 31 December 2021	Year ended 31 December 2020	Change %	Six months ended 31 December 2021	Six months ended 31 December 2020	Change %
Group revenue	<b>7,723</b>	6,663	16	<b>4,096</b>	3,211	28
Underlying EBITDA <sup>1</sup>	<b>1,503</b>	1,353	11	<b>794</b>	615	29
Underlying operating profit <sup>1</sup>	<b>1,064</b>	925	15	<b>567</b>	401	41
Operating profit	<b>1,071</b>	868	23	<b>568</b>	350	62
Profit before tax	<b>983</b>	770	28	<b>522</b>	304	72
Basic underlying earnings per share <sup>1</sup> (euro cents)	<b>154.0</b>	129.3	19			
Basic earnings per share (euro cents)	<b>155.9</b>	120.0	30			
Total dividend per share (euro cents)	<b>65.0</b>	60.0	8			
Cash generated from operations	<b>1,339</b>	1,485	(10)			
Net debt <sup>1</sup>	<b>1,763</b>	1,791				
Underlying EBITDA margin <sup>1</sup>	<b>19.5%</b>	20.3%				
Return on capital employed (ROCE) <sup>1</sup>	<b>16.9%</b>	15.2%				

Notes:

<sup>1</sup> 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, reconciled to IFRS measures in the notes to the condensed consolidated financial statements.

## **Andrew King, Mondi Group Chief Executive Officer, said:**

"Mondi delivered strongly in 2021 and we see good opportunity to accelerate growth in sustainable packaging. Underlying EBITDA of €1,503 million was up 11% and ROCE up at 16.9%. We grew our packaging businesses and saw a recovery in uncoated fine paper markets. Our vertical integration, the agility of our operations and collaboration with our customers ensured we met surging demand at a time when supply chains were under pressure around the world. We implemented price increases across all our businesses and, against a backdrop of rising commodity input costs, we exhibited good cost control. Our focus on safety and protecting the wellbeing of our people remains our priority.

All this cannot be achieved without the dedication, stamina and ongoing commitment of our people. My sincere thanks go to all of my colleagues.

I am particularly proud of how we continue to lead the way in sustainability. We have accelerated our climate plans by committing to transition to Net-Zero by 2050 in line with a 1.5°C scenario, and made strong progress on all elements of MAP2030, our sustainability roadmap for the next 10 years, which we launched in early 2021.

Sustainable packaging continues to be a key priority for our customers and wider society. With our unique product portfolio, technical know-how, expertise in understanding the best material choices and leading innovation capabilities, we are supporting our customers to achieve their environmental goals with circular driven solutions that are sustainable by design.

Our capital investments to generate value accretive growth, enhance our cost competitiveness and drive sustainability benefits continue to deliver. We successfully started up investments in key pulp and paper mills providing incremental total capacity of around 350,000 tonnes when in full operation. Projects are also underway at a number of our converting operations enhancing our production capabilities and product offering to further support our customers.

We continue to explore opportunities to accelerate growth across our packaging businesses supporting our customers and strengthening our leading market positions in structurally growing markets, underpinned by demand for eCommerce and sustainable packaging solutions. We have an ambitious expansionary capital investment programme to further capture this growth. In this context, our pipeline currently includes around €1 billion of expansionary projects already approved or under advanced evaluation, which we anticipate will generate mid-teen returns when in full operation. We continue to actively consider further capital investments for growth in the packaging markets where we operate.

I am pleased we agreed the sale of our Personal Care Components business in February 2022. By simplifying our portfolio, the transaction will enable us to focus on our core packaging and paper businesses and enhance our ability to pursue our strategic priority to grow in sustainable packaging.

Looking forward, we expect to make progress in the year. There are significant geopolitical and macro-economic uncertainties and we anticipate continued inflationary pressures on our cost base. However, we also expect to realise the full benefit of the price increases implemented in 2021 and early 2022, shorter planned maintenance shuts and the contribution from our capital investment programme.

Underpinned by the Group's integrated cost-advantaged asset base, high-performance culture, portfolio of sustainable packaging solutions and the strategic flexibility offered by our strong cash generation and financial position, the Group remains well-placed to deliver sustainably into the future."

### **Update on Ukraine / Russia**

The humanitarian crisis unfolding in Ukraine is of great concern. Our thoughts are with all those impacted by these tragic events, including some of Mondi's employees.

We have significant operations in Russia, representing around 12% of the Group's revenue by location of production in 2021, including our high-margin, cost-competitive, integrated pulp, packaging paper and uncoated fine paper mill located in Syktyvkar (Komi Republic). Over the last three years our Russian operations have generated around 20% of the Group's underlying EBITDA. Our businesses primarily serve the domestic market and have continued to operate through this time of heightened geopolitical tension. We are actively monitoring this rapidly evolving situation, the international response and the implications for the Group.

### **Group performance review**

Mondi delivered strongly in 2021, with underlying EBITDA of €1,503 million, up €150 million on the prior year (11%), driven mainly by higher sales volumes and significantly higher selling prices in the face of inflationary cost pressures.

Group revenue was up 16% due to a combination of increased sales volumes and significantly higher selling prices. We drove volume growth in Corrugated Packaging and Flexible Packaging, on the back of our integrated value chain, our unique portfolio of innovative and sustainable packaging solutions and our attention to quality and service. Uncoated fine paper volumes were also up, with our customers recognising the stability of a long-term supplier, the sustained quality of our products and our reliable and consistent service. Selling prices were up across the entire business, and most significantly in Corrugated Packaging.

Input costs increased materially year-on-year, in particular energy, resins, paper for recycling and transport costs. Energy costs gradually increased during the first half of the year from the very low levels seen in 2020, before rising sharply at the end of the third quarter as a result of significant increases in the price of European gas and electricity. We expect energy costs to remain elevated for some time. Our pulp and paper mills generate most of their energy needs internally, with biomass sources accounting for around 65% of the fuels used in this process, thereby mitigating the impact of the significant surge in external fuel costs. Resin and paper for recycling costs increased sharply in the first half and have remained stable at high levels. We are currently seeing rising wood and chemical costs and generally expect cost pressures to continue.

Cash fixed costs were higher year-on-year driven by higher maintenance costs, additional resources required to serve surging demand from our customers and general inflation, mitigated by our strong cost control. The impact of planned maintenance and project-related shuts on underlying EBITDA in 2021 was around €165 million (2020: €100 million). Based on prevailing market conditions, we estimate that the impact of planned maintenance shuts on underlying EBITDA in 2022 will be around €110 million, of which the first half year effect is estimated at around €60 million (2021: €50 million).

Currency movements had a net negative impact on underlying EBITDA of around €63 million versus the prior year as a result of the impact on certain of our export-oriented businesses of a weaker US dollar, notably in the first half of the year; coupled with losses on translation from a weaker Russian rouble and Turkish lira relative to the euro.

The non-cash forestry fair value movement recognised was €34 million lower than the prior year.

Depreciation and amortisation charges were slightly higher year-on-year mainly due to the effects of our capital investment programme.

Underlying operating profit of €1,064 million was up 15% on 2020. After taking the effect of special items into account, operating profit of €1,071 million, was up 23%. Basic earnings of 155.9 euro cents per share were up 30% compared to 2020.

Mondi retains a strong financial position. Net debt at 31 December 2021 was €1,763 million, reduced from €1,791 million at 31 December 2020, reflecting the Group's strong cash generating capacity while continuing to support investment in the business. Capital expenditure for the period was €573 million, 1.4 times depreciation, and the acquisition of Olmuksan added around €83 million to net debt. Net debt to underlying EBITDA ended the year at 1.2 times (2020: 1.3 times).

Given our strong financial position and confidence in the future of the business, the Board has recommended an increase in the final 2021 dividend to 45.00 euro cents per share. The final dividend, together with the interim dividend, amount to a total dividend for the year of 65.00 euro cents per share, an increase of 8% on the 2020 total dividend.

In February 2022, we entered into an agreement to sell our Personal Care Components business ('PCC') to Nitto Denko Corporation for an enterprise value of €615 million. Mondi's strategic focus to grow in packaging and the limited overlap of PCC with the rest of its business, has led us to conclude that the next phase of PCC's development will be better undertaken outside of the Group. Simplifying our portfolio will enable us to focus on our core packaging and paper businesses and enhance our ability to pursue our strategic priority to grow in sustainable packaging.

The transaction is subject to competition clearance and other customary closing conditions, with completion expected in the second half of 2022. Following the planned completion, the remaining portion of Engineered Materials, namely Functional Paper and Films, will be merged into the Flexible Packaging business unit. This will strengthen integration along the kraft paper value chain and foster innovation to continue developing functional papers with the necessary barriers to meet increasing customer demand for sustainable packaging.

A decision regarding the use of the net cash proceeds from the sale of PCC will be taken post completion.

## **Mondi Action Plan 2030 (MAP2030)**

Sustainability is at the centre of our purpose, culture and strategy. We recognise the importance of working with others across the value chain to drive positive change. We believe that being part of the solution to global sustainability challenges will secure the long-term success of our business and benefit our stakeholders.

At the start of 2021 we launched our new sustainability roadmap MAP2030, which builds on the strong progress we have made to date and sets out the actions we need to take over the next decade to achieve our ambitious goals. We can have the most impact by focusing our efforts on circular driven solutions, created by empowered people, taking action on climate. Each of these action areas has three high-level commitments underpinned by more detailed targets. The framework is founded on responsible business practices spanning business ethics and governance, human rights, communities, procurement and environmental impact.

### **Circular driven solutions**

Demand for sustainable products has never been higher, with brands and consumers wanting to contribute to a low carbon, circular economy. Our conversations with customers focus on how to design solutions that are efficient, fit-for-purpose and help to convey and deliver their sustainability commitments. Our unique product portfolio, expertise in understanding the best material choices and customer-focused innovation capabilities mean we can create packaging solutions that are sustainable by design. This helps us to eliminate unsustainable packaging, lead the transition to a circular economy and grow our customer base of forward-thinking brands.

Our customers value our EcoSolutions partnership approach to help achieve their environmental goals. This includes everything from reducing raw material use, to designing for recycling or compostability at end of life, and clarifying the often complex trade-offs of various solutions. As a leading producer of paper-based packaging, we prioritise the use of paper-based solutions to replace unnecessary plastic packaging because paper is made from a renewable resource and has the highest recycling rates across our markets. When more specialised functional barriers are required (for example to reduce food waste), lightweight plastic-based flexible packaging can be the most sustainable choice so long as it is manufactured, used and disposed of appropriately. Here we are working on recyclable mono-material plastic solutions and increased recycled plastic content to ensure our packaging is designed to be part of a circular economy.

Highlights of our innovation initiatives this year include our first recyclable functional barrier paper bag for salads with French brand Les Crudettes. Our solution, which is 95% paper with a functional barrier layer, keeps the salad fresh for up to 10 days - the same as the previous plastic packaging - and it is verified as recyclable in the domestic waste paper stream. Another functional barrier paper success is our partnership with UK's leading frozen food specialist Iceland across a number of their ranges, reducing the amount of plastic used per year across these products by 80% and making it easy for consumers to recycle. In kraft paper, we developed Advantage StretchWrap, our innovative wrapping system for pallets that uses paper instead of plastic. The independent life cycle assessment found that it has 62% lower greenhouse gas (GHG) emissions when compared to virgin plastic stretch film.

As part of our multi-format sustainable eCommerce packaging solutions offering, we launched our eGrocery portfolio, a range of sustainable corrugated packaging solutions for the growing online grocery delivery services.

Our objective is to identify the best solutions for our customers, consumers and the planet. Our efforts again received widespread recognition, including in this year's WorldStar Packaging Awards which celebrate the best ideas, innovations and technologies on the market. Mondi won an outstanding nine awards, with three of our six corrugated solutions winners coming from our eCommerce offering, reinforcing the great opportunities we are seeing to serve our customers in this area.

In 2021, our three-year partnership with the United Nations World Food Programme - to help address food waste to support the fight to eliminate world hunger - made progress on a number of our projects, with our expertise and resources helping ensure their packaging is safe, sustainable, and fit for purpose.

Our manufacturing sites, R&D and sustainable development teams are working together to identify opportunities to achieve our ambitious target of eliminating waste to landfill from our manufacturing processes. In 2021 waste to landfill per tonne of saleable production decreased by 22% compared to the prior year.

### **Empowered people**

Our role as an employer is one of our main contributions to society and strong teams are key to our ongoing success as a business. By inspiring our global workforce to build skills that support long-term employability and embrace new ways of working, we can support our employees to realise their individual potential and recognise their contribution to Mondi's purpose. A diverse workforce thinks more creatively and responds better to local contexts and changing environments. In 2021, we focused on diversity and inclusion (D&I) initiatives and developing leaders as D&I change agents.

The safety and health of our people always comes first. Our safety approach centres on a 24-hour safety mindset and managing top risks. We are expanding our focus from traditional safety, which focuses mainly on controls, to addressing social psychology and cultural elements to drive continuous improvement in our safety performance. We had zero fatalities during the year and the Total Recordable Case Rate (TRCR) was 0.62, achieving the milestone we set for 2021 to allow for a prolonged planned shut at Richards Bay (South Africa). Furthermore, we look to create a positive work-life experience that enables our teams to deliver their potential, attract and retain talent, and support the physical and mental health of our employees.

The social, economic and environmental health of local communities is important to our long-term success. Building open relationships is important to build trust, identify opportunities and mitigate risks. Our long-standing commitment to invest in community development is increasingly focused on impact through strategic collaborations and partnerships. With MAP2030, we formalised our commitment to invest a minimum of 1% of profit-before-tax annually in social investments with a focus on science, technology, engineering and maths education, environmental protection, enterprise support and job creation. In 2021, our total community investment was €11.8 million (2020: €11.5 million) equating to 1.2% of profit before-tax, above our target.

### **Taking action on climate**

We have a long-standing focus on reducing our carbon emissions. In 2021, our greenhouse gas (GHG) emission intensity (per tonne of saleable production) was 0.63, a 25% reduction against our 2014 baseline, equating to a 46% reduction since 2004, our first baseline year for emission reduction targets. The contribution of biomass-based renewable energy to the total fuel consumption of our mills has increased from 59% in 2014 to 65% in 2021. These improvements have been made possible through consistent capital investment across our mill network, making us more energy efficient and less reliant on fossil fuels. Since 2015, we have commissioned energy-related investment projects totalling around €650 million.

Building on almost two decades of progress, including science-based targets approved by the Science Based Targets initiative (SBTi) in 2019, we have accelerated our climate plans by committing to transition to Net-Zero by 2050. Our Net-Zero commitment has been developed to align with the SBTi's new Net-Zero Standard and commits Mondi to reducing GHG emissions across scopes 1, 2 and 3 in line with a 1.5°C scenario. While we work with the SBTi to validate our new targets, we are taking action today and we have a clear roadmap to achieve our 2025 milestones.

Nature-based solutions play an important role in climate change mitigation. As part of our MAP2030 framework, we will continue to focus on climate resilience, maintaining zero deforestation in our wood supply, sourcing wood responsibly from healthy and resilient forests, and safeguarding biodiversity and water resources in our operations and beyond.

We are particularly proud to have been recognised by CDP for a second year as one of only 14 companies worldwide with a 'Triple A' score on its environmental performance related to climate, forests and water security.

In July we announced a three-year partnership with the International Union of Forest Research Organizations (IUFRO) to collaborate more actively with the scientific community to address climate change challenges to forests, gain broad access to research, and convert this into practical applications and improved operations.

For more details on MAP2030 including a video with the Group CEO and other senior leaders please visit [www.mondigroup.com/en/sustainability/approach](http://www.mondigroup.com/en/sustainability/approach).

## **Capital investments**

Mondi's packaging markets are growing, underpinned by the structural growth drivers of eCommerce and the demand for more sustainable packaging. Our capital investment programme is focused on driving organic growth, enhancing our product offering, quality and service to customers, strengthening our cost competitiveness, and improving our environmental footprint. This ongoing investment in our cost-advantaged, high-quality asset base enables us to continue to capture future opportunity.

The Group's disciplined approach to investigating, approving and executing capital projects is one of our key strengths and plays an important role in successfully delivering strong returns through-the-cycle. Our capital investment programme continues to deliver. In January 2021, we started up an investment in a new 300,000 tonne per annum kraft top white machine at Ružomberok (Slovakia) and a converted speciality kraft paper machine in Štětí (Czech Republic). We also progressed key steps in the

modernisation of our Richards Bay mill (South Africa), including upgrading the energy and chemical plants to improve reliability and environmental performance; as well as the programme at Syktyvkar (Russia) to debottleneck production and maintain competitiveness. At the end of 2021, we commissioned the new evaporation plant and are currently finalising the pulp dryer upgrade. We expect to generate around a further €50 million of incremental underlying EBITDA contribution from projects in 2022.

Looking forward, we see an opportunity to accelerate growth across our packaging businesses supporting our customers and strengthening our leading market positions in our growing markets. We have an ambitious expansionary capital investment programme to further capture this growth. In this context, our pipeline currently includes around €1 billion of expansionary projects already approved or under advanced evaluation, which we anticipate will generate mid-teen returns when in full operation. These investments, which include the projects below, will deliver volume growth, lower our cost base and enhance our environmental footprint. We continue to actively evaluate further capital investments for growth in the packaging markets in which we operate, leveraging our high-quality, cost-advantaged asset base.

In **Corrugated Packaging** we are investing €125 million in our Kuopio mill (Finland) to increase semi-chemical fluting capacity by around 55,000 tonnes, enhance product quality, drive cost competitiveness and strengthen the mill's environmental performance, with start-up expected in the fourth quarter of 2023. We have approved a €95 million investment to debottleneck kraftliner production by 55,000 tonnes at our state of the art Świecie mill (Poland), with commissioning expected during 2024.

To strengthen our leading market position, support growth in eCommerce and enhance our product and service offering, around €185 million will be invested across our central and eastern European Corrugated Solutions plant network.

In **Flexible Packaging**, to meet growing demand for sustainable paper-based flexible packaging, we are well-advanced in the evaluation of an investment in a new 200,000 tonne kraft paper machine at one of our cost-advantaged facilities for an anticipated total of around €350 million. We expect to be in a position to make a final decision on the investment during 2022.

We continue to expand the global reach of our leading Paper Bags business, ramping up production at our new plant in Cartagena (Colombia), investing in a new plant in Morocco, upgrading the capabilities in our Mexican plants and expanding our capacity of paper-based flexible packaging solutions for eCommerce across Europe and the US.

We plan to invest around €50 million to enhance our coating capabilities and meet our customers' growing demand for innovative, sustainable paper-based packaging with the necessary barrier properties. We are also investing €65 million in our consumer flexibles plants, cementing our leading position in the fast growing pet food packaging market.

On the back of this programme, our capital expenditure is expected to be around €700-800 million in 2022 and around €900-1,000 million in 2023.

## Corrugated Packaging

€ million	Year ended 31 December 2021	Year ended 31 December 2020	Change %	Six months ended 31 December 2021	Six months ended 31 December 2020	Change %
Segment revenue	<b>2,510</b>	1,879	34	<b>1,404</b>	910	54
Underlying EBITDA	<b>670</b>	518	29	<b>402</b>	251	60
Underlying EBITDA margin	<b>26.7%</b>	27.6%		<b>28.6%</b>	27.6%	
Underlying operating profit	<b>529</b>	397	33	<b>326</b>	190	72
Capital expenditure cash payments	<b>223</b>	249		<b>117</b>	125	
Operating segment net assets	<b>2,338</b>	2,087				
ROCE	<b>26.1%</b>	22.5%				

Corrugated Packaging delivered very strongly in the year, driven by higher volumes, significantly higher average prices and the contribution from recently completed capital investments and acquisitions.

Demand was very strong throughout the year with growth across all end-uses, and most notably in eCommerce and FMCG applications. Containerboard sales volumes were up on the prior year supported by our broad, high-quality product portfolio. Corrugated Solutions grew volumes 13% organically year-on-year, a notable achievement enabled by our value chain integration, ongoing investment in the business and our sharp focus on innovation and customer service.

We implemented price increases across all containerboard grades during the year, leading to higher average selling prices year-on-year, with the magnitude of the increases varying by grade. Average benchmark European selling prices for unbleached kraftliner and recycled containerboard were up 24% and 45%, respectively; while average benchmark white top kraftliner and semi-chemical fluting prices, which are typically more stable over time, were up 8% and 13%, respectively.

We were successful in passing on higher input paper costs through box price increases over the course of the year.

Input costs were higher year-on-year, in particular paper for recycling, energy and transport costs. Following a period of sharp increases, paper for recycling costs have remained stable at elevated levels since the second quarter. Average European benchmark prices for the year were around 2.5 times higher than the prior year.

Cash fixed costs were up due to higher maintenance costs, additional personnel to serve growing customer demand and inflationary effects, mitigated by our cost control initiatives.

In May 2021, we completed the acquisition of a 90% interest in Olmuksan. With this transaction, we significantly strengthened our position in the fast-growing Turkish corrugated market, expanding our offering to existing and new customers in the region. Integration is progressing well and the business delivered ahead of our expectations.

## Flexible Packaging

€ million	Year ended 31 December 2021	Year ended 31 December 2020	Change %	Six months ended 31 December 2021	Six months ended 31 December 2020	Change %
Segment revenue	<b>2,889</b>	2,667	8	<b>1,504</b>	1,290	17
Underlying EBITDA	<b>526</b>	519	1	<b>255</b>	239	7
Underlying EBITDA margin	<b>18.2%</b>	19.5%		<b>17.0%</b>	18.5%	
Underlying operating profit	<b>367</b>	362	1	<b>174</b>	160	9
Special items before tax	<b>2</b>	(8)		<b>3</b>	(2)	
Capital expenditure cash payments	<b>176</b>	162		<b>83</b>	76	
Operating segment net assets	<b>2,632</b>	2,475				
ROCE	<b>15.0%</b>	14.5%				

Flexible Packaging achieved good volume growth and successfully implemented price increases to recover significantly higher input costs.

Volume growth was supported by our innovative and sustainable packaging portfolio. We saw strong growth in retail end-uses, in particular paper-based shopping and eCommerce bags as well as consumer applications, such as food and pet food, where we have leading market positions. Demand for building materials, construction and other specialised applications remained good during the period.

Kraft paper sales volumes were significantly up on the prior year, in particular in our range of speciality kraft papers which has grown by 190,000 tonnes over the last three years, benefiting from the increasing demand from customers for paper-based sustainable packaging, our product development initiatives and capital investments completed early in the year. Paper bag sales volumes were up 9%, with growth in all regions supported by good demand in traditional industrial end-uses and growing demand in new applications; for example, our fully recyclable, lightweight and flexible MailerBAG, used by our eCommerce customers and now accounting for around 3% of total paper bag volumes. Consumer flexibles volumes were up year-on-year and the business focused on successfully passing on higher resins and other input costs.

Prices in the kraft paper value chain were modestly up year-on-year following price increases implemented during 2021. On the back of continued strong order books and tight market conditions, we implemented further price increases across our range of kraft papers and paper bags at the start of 2022. Average kraft paper prices in Q1 2022 are up between 20% to 25% on average compared to average 2021 price levels.

We continue to drive innovation to support our customers' transition to more sustainable packaging, and to partner along the value chain to create products for a circular economy, incorporating paper where possible, developing recyclable flexible plastic-based packaging solutions and increasing recycled content in our packaging.

Input costs were materially up year-on-year, with higher plastic resin, energy and transport costs. While cash fixed costs were higher due to increased costs to service our customers' incremental volumes and inflationary effects, this was mitigated by our strong cost control initiatives.

## Engineered Materials

€ million	Year ended 31 December 2021	Year ended 31 December 2020	Change %	Six months ended 31 December 2021	Six months ended 31 December 2020	Change %
Segment revenue	<b>876</b>	801	9	<b>447</b>	377	19
Underlying EBITDA	<b>71</b>	80	(11)	<b>33</b>	35	(6)
Underlying EBITDA margin	<b>8.1%</b>	10.0%		<b>7.4%</b>	9.3%	
Underlying operating profit	<b>43</b>	44	(2)	<b>19</b>	17	12
Special items before tax	<b>5</b>	(49)		<b>(2)</b>	(49)	
Capital expenditure cash payments	<b>33</b>	74		<b>13</b>	28	
Operating segment net assets	<b>632</b>	589				
ROCE	<b>7.4%</b>	7.5%				

Engineered Materials' performance stabilised in 2021 in line with our expectations. The business saw generally good demand in consumer end-uses, and a strong recovery in most industrial and specialised end-uses, in particular in Functional Paper and Films, which serves a broad range of applications including graphic arts, tapes and industrial.

We completed the transformation of the Personal Care Components area during the year. As anticipated, volumes were lower as a key product matures and we implement certain technology changes, while we saw the benefits of our product development and restructuring initiatives.

Input costs were higher on average, due to higher resin, energy, speciality kraft paper and transport costs. Cash fixed costs were lower as a result of restructuring initiatives and ongoing strong cost control.

The expertise and coating technologies of Functional Paper and Films provide real advantage to Flexible Packaging's speciality kraft paper business, working closely with our customers to develop further innovative sustainable packaging solutions.

## Uncoated Fine Paper

€ million	Year ended 31 December 2021	Year ended 31 December 2020	Change %	Six months ended 31 December 2021	Six months ended 31 December 2020	Change %
Segment revenue	<b>1,652</b>	1,485	11	<b>842</b>	711	18
Underlying EBITDA	<b>270</b>	266	2	<b>121</b>	102	19
Underlying EBITDA margin	<b>16.3%</b>	17.9%		<b>14.4%</b>	14.3%	
Underlying operating profit	<b>160</b>	153	5	<b>66</b>	47	40
Capital expenditure cash payments	<b>139</b>	145		<b>72</b>	65	
Operating segment net assets	<b>1,595</b>	1,582				
ROCE	<b>11.9%</b>	11.3%				

Trading in Uncoated Fine Paper improved over the course of 2021. Driven by higher average selling prices and higher volumes, underlying EBITDA was up despite longer planned maintenance shuts (€30 million year-on-year effect), materially higher input costs, and a lower forestry fair value movement (down €34 million).

Uncoated fine paper sales volumes grew 11% in the period. Our customers value us as a supplier of choice while capacity leaves the market, recognising the strength of our strategic position, underpinned by a broad product portfolio, excellent customer service and superior cost competitiveness. We increased our market share in all the key markets where we operate. In Europe, we estimate market demand increased 6-7% year-on-year showing a good recovery. Our own sales in the region were up 14%.

On the back of improving demand and increasing costs we implemented a series of price increases, most notably in the second half of the year, as well as in early 2022. While in 2021 the average benchmark European uncoated fine paper selling prices were broadly flat year-on-year, prices are today 20-22% higher than the 2021 average.

Input costs were up with significantly higher energy and transport costs. Cash fixed costs were higher, with strong cost control mitigating higher maintenance costs and inflationary cost pressures.

Lower export prices and a strong South African rand during the period resulted in a non-cash forestry fair value loss of €7 million, down €34 million compared to the prior year gain. Based on current market conditions, we expect a forestry fair value gain in 2022.

## Special items

Special items before tax during the period amounted to a net income of €7 million mainly relating to reversal of impairments and net release of provisions for costs initially recognised as special items in prior years (2020: €57 million net charge).

## Tax

The underlying tax charge for the year was €212 million (2020: €180 million) giving an effective tax rate of 22% (2020: 22%), in line with our expectations.

## Cash flow

Cash generated from operations of €1,339 million (2020: €1,485 million), reflects the continued strong cash generating capability of the Group. This included the impact of an increase in working capital on the back of strong turnover growth in the year. The net cash outflow from the movement in working capital was €205 million (2020: €125 million inflow). As a percentage of revenue, working capital was in line with our expected range of 12% to 14% at 12.8% (2020: 11.1%).

Capital expenditure was €573 million (2020: €630 million). Tax paid was €190 million (2020: €168 million).

In May 2021 we completed the acquisition of a 90.4% interest in Olmuksan for a consideration of €66 million which implies an enterprise value of €88 million on a 100% basis. Pursuant to local stock exchange rules, in July 2021 we completed a mandatory tender offer, leading to the acquisition of an additional 1.6% of the outstanding shares in the company for a total consideration of €3 million.

Interest paid was €78 million (2020: €82 million). We are pleased to have paid dividends to shareholders of €298 million (2020: €237 million) in the year.

## Treasury and borrowings

Mondi retains a strong financial position. Net debt at 31 December 2021 was €1,763 million, reduced from €1,791 million at 31 December 2020. Net debt to underlying EBITDA ended the year at 1.2 times (2020: 1.3 times).

In June 2021, the Group entered into a new €750 million 5-year revolving multi-currency credit facility agreement ('RCF') to refinance the existing €750 million facility that was due to mature in July 2022. The agreement includes options to extend the RCF by one or two years with each bank's approval. The RCF incorporates key sustainability targets linked to MAP2030, classifying the facility as a Sustainability Linked Loan. There are no financial covenants included in the RCF or any other Group facility.

At 31 December 2021, Mondi had a strong liquidity position of around €1.3 billion, comprising €803 million of undrawn committed debt facilities and cash and cash equivalents of €455 million. The weighted average maturity of our committed debt facilities was 4.7 years.

Underlying net finance costs of €94 million were slightly down on the previous year. Average net debt of €1,875 million was lower (2020: €2,012 million) while the effective interest rate was slightly higher at 4.6% (2020: 4.5%) due to higher cash balances.

The Group's credit ratings were unchanged with Standard & Poor's at BBB+ (stable outlook) and Moody's Investors Service at Baa1 (stable outlook).

## Dividend

The Board aims to offer shareholders long-term ordinary dividend growth within a targeted dividend cover range of two to three times on average over the cycle.

Given our strong financial position and confidence in the future of the business, the Board has recommended an increase in the final 2021 dividend to 45.00 euro cents per share. The final dividend, together with the interim dividend, amount to a total dividend for the year of 65.00 euro cents per share, an increase of 8% on the 2020 total dividend.

The final dividend is subject to the approval of the shareholders of Mondi plc at the Annual General Meeting scheduled for 5 May 2022 and, if approved, is payable on 16 May 2022 to shareholders on the register on 8 April 2022.

## Outlook

Looking forward, we expect to make progress in the year. There are significant geopolitical and macro-economic uncertainties and we anticipate continued inflationary pressures on our cost base. However, we also expect to realise the full benefit of the price increases implemented in 2021 and early 2022, shorter planned maintenance shuts and the contribution from our capital investment programme.

Underpinned by the Group's integrated cost-advantaged asset base, high-performance culture, portfolio of sustainable packaging solutions and the strategic flexibility offered by our strong cash generation and financial position, the Group remains well-placed to deliver sustainably into the future.

## Principal risks

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

Risk management is by its nature a dynamic and ongoing process. Risk management is of key importance given the diversity of the Group's locations, markets and production processes. Our internal control environment is designed to safeguard the assets of the Group and to provide reasonable assurance that the Group's business objectives will be achieved.

## Key changes in the year

The Group's most significant risks are long term in nature. The assessment of the principal risks is updated annually to reflect the developments in our strategic priorities and Board discussions on emerging risks. The key significant changes identified during 2021 are set out below.

During the year, we enhanced our understanding of the risks and implications related to climate change and identified it as a driver to create long-term structural changes to pricing and availability of timber. Consequently, the cost and availability of raw materials risk was updated to reflect an increase in anticipated likelihood of occurrence of the risk. The risk to energy security and related input costs was rated higher due to an increase in volatility in energy pricing and supply. This is driven by long-term changes in the energy supply portfolio in the regions in which we operate, such as higher demand for renewable energy, due to the accelerated transition to cleaner energy sources and an accompanying increase in regulation enacted to deter the impact of climate change. The information technology risk was removed as a principal risk. Subsequent to the annual review of our risks and related mitigating actions, our currency risks and reputational risk were updated to reflect the Group's current exposure. Country risk is a strategic risk to the Group. We are actively monitoring the rapidly evolving situation in Ukraine, the international response and the implications for the Group.

## Emerging risks

The Board has highlighted the execution of major capital expenditure projects as a continued notable emerging risk. The emerging risk is managed through mitigating activities such that the residual risk exposure is not considered significant. All capital



expenditure projects are planned in detail with contingency plans in place in order to avoid cost overruns, design and building defects and to ensure employee and contractor safety. COVID-19 continues to impact our ability to plan and execute some of our major capital expenditure projects as we carefully plan the number of contractors and other non-operating people on our sites and adapt to local restrictions and unpredictable international travel restrictions. We will continue to monitor potential risks relating to executing major capital expenditure projects in the year ahead including, but not limited to, the effects of COVID-19.

## **Pandemic risk**

COVID-19 continues to impact the way we do business due to various health, social and economic measures implemented by authorities around the world to combat the pandemic. The health, safety and welfare of the Group's employees and our communities remain our top priority.

The Executive Committee and Board continue to monitor our exposure and the impact of COVID-19 on the Group and evaluate actions to mitigate the risk, and where possible, identify opportunities that have arisen. In future, these actions and other monitoring techniques which we have developed, will 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 have significant operations in Russia, representing around 12% of the Group's revenue by location of production in 2021, including our high-margin, cost-competitive, integrated pulp, packaging paper and uncoated fine paper mill located in Syktyvkar (Komi Republic). Over the last three years our Russian operations have generated around 20% of the Group's underlying EBITDA. Our businesses primarily serve the domestic market and have continued to operate through this time of heightened geopolitical tension. In Ukraine Mondi has one paper bag plant located in Lviv, west of the country, employing approximately 100 people. Production is currently suspended. We are actively monitoring this rapidly evolving situation, the international response and the implications for the Group.

We continue to track capacity announcements, demand developments and how consumers are demanding more sustainable packaging. We continue to increase our understanding of climate change-related risks and its impact whilst continuing to improve our disclosures and develop 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-related 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 increased 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. Physical and transitional risks arising due to climate change are anticipated to have an operational impact on the Group, particularly on supply of wood fibre and energy within the EU.

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 our compliance risk. Our strong culture and values, emphasised in every part of our business, with a focus on integrity, honesty, and transparency, underpin our approach.

Our principal compliance risk relates to Reputational risk.

A more detailed description of our principal risks can be found in the Group's 2020 Integrated Report. The 2021 Integrated Report is planned to be published at the end of March 2022.

## Going concern

The directors have reviewed the Group's 2022-2024 budget, considered the assumptions contained in the budget, including consideration of the principal risks which may impact the Group's performance in the 12 months following the date of approval of the financial statements and consideration of the period immediately thereafter.

At 31 December 2021, the Group had €803 million of undrawn, committed debt facilities. The weighted average maturity of the Group's committed debt facilities was 4.7 years. The principal loan arrangements are disclosed in note 12 of the condensed consolidated financial statements. In addition, the Group had €455 million of cash and cash equivalents available to fund its short-term needs. In 2021, the covenant on net debt to underlying EBITDA performance has been removed from the European Investment Bank Facility and the new Revolving Credit Facility has no financial covenant hence the going concern assessment is focused on available liquidity during the assessment period.

The current and possible future impact from the macroeconomic environment on the Group's activities and performance has been considered by the Board in preparing its going concern assessment. The base case forecasts were sensitised to reflect a severe but plausible downside scenario on Group performance. In the severe but plausible downside scenario, the Group has sufficient liquidity headroom through the whole period covered. A decline of 67% to the budgeted underlying EBITDA would need to persist throughout the assessment period for the liquidity headroom to come to zero, which is considered very unlikely. 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 revenue decline.

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 2021.

Furthermore, the directors have assessed the impact of the potential sale of Mondi's Personal Care Components business announced on 17 February 2022 on the Group's going concern status and the directors confirm that the conclusion set out above remains unchanged.

## Enquiries

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## Webcast and conference call details

Please see below details of our webcast and dial-in conference call which will be held at 09:00 (UK) and 11:00 (SA) today.

Dial-in numbers are:

UK 0800 279 6619  
South Africa 0800 014 552  
Other +44 2071 928338  
Conference ID 6106528

A webcast will be available via <https://www.mondigroup.com/en/investors/>

A presentation will be available to download from the above website 30 minutes before the webcast commences. Questions can be submitted via the dial-in conference call or via the webcast facility. If you wish to ask a question verbally, please connect via the dial-in conference call.

Should you have any issues on the day with accessing the dial-in conference call, please call +44 2071 928338.

For queries regarding access to the webcast, please e-mail [group.communication@mondigroup.com](mailto:group.communication@mondigroup.com) and you will be contacted as soon as possible.

A recording of the presentation will be available on Mondi's website during the afternoon of 3 March 2022.

## Directors' responsibility statement

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

The responsibility statement has been prepared in connection with the Group's Integrated report and financial statements 2021, extracts of which are included within this announcement.

The directors confirm that to the best of their knowledge:

- the condensed consolidated financial statements have been prepared in accordance with the recognition and measurement principles of International Financial Reporting Standards (IFRS) and are derived from the audited consolidated financial statements of the Group, prepared in accordance with UK-adopted International Accounting Standards and with the requirements of the Companies Act 2006 as applicable to companies reporting under those standards (they do not contain sufficient information to comply with IFRS);
- the Group's consolidated financial statements, prepared in accordance with IFRS, give a true and fair view of the assets, liabilities, financial position and profit of the Group;
- the Strategic report includes a fair review of the development and performance of the business and the position of the Group, together with a description of the principal risks and uncertainties it faces;
- the Integrated report and financial statements 2021, taken as a whole, are fair, balanced and understandable and provide the information necessary for shareholders to assess the Group's position and performance, business model and strategy;
- there have been no significant individual related party transactions during the year; and
- there have been no significant changes in the Group's related party relationships from that reported in the half-year results for the six months ended 30 June 2021.

The Group's condensed consolidated financial statements, and related notes, including this responsibility statement, were approved by the Board and authorised for issue on 2 March 2022 and were signed on its behalf by:

**Andrew King**  
Director

**Mike Powell**  
Director

## Audited financial information

The condensed consolidated financial statements and notes 1 to 20 for the year ended 31 December 2021 are derived from the Group annual financial statements which have been audited by PricewaterhouseCoopers LLP. The unmodified audit report is available for inspection at the Group's registered office.

## Condensed consolidated income statement

for the year ended 31 December 2021

€ million	Notes	2021			2020		
		Underlying	Special items (Note 4)	Total	Underlying	Special items (Note 4)	Total
<b>Group revenue</b>	3	<b>7,723</b>	—	<b>7,723</b>	<b>6,663</b>	—	<b>6,663</b>
Materials, energy and consumables used		(3,777)	—	(3,777)	(3,120)	—	(3,120)
Variable selling expenses		(639)	—	(639)	(558)	—	(558)
Gross margin		3,307	—	3,307	2,985	—	2,985
Maintenance and other indirect expenses		(391)	—	(391)	(346)	—	(346)
Personnel costs		(1,107)	5	(1,102)	(1,051)	(21)	(1,072)
Other net operating expenses		(306)	(2)	(308)	(235)	(10)	(245)
<b>EBITDA</b>		<b>1,503</b>	<b>3</b>	<b>1,506</b>	<b>1,353</b>	<b>(31)</b>	<b>1,322</b>
Depreciation, amortisation and impairments		(439)	4	(435)	(428)	(26)	(454)
<b>Operating profit</b>	3	<b>1,064</b>	<b>7</b>	<b>1,071</b>	<b>925</b>	<b>(57)</b>	<b>868</b>
Net profit/(loss) from joint ventures		6	—	6	(3)	—	(3)
Investment income		6	—	6	5	—	5
Foreign currency losses		(2)	—	(2)	—	—	—
Finance costs		(98)	—	(98)	(100)	—	(100)
Profit before tax		976	7	983	827	(57)	770
Tax (charge)/credit	7	(212)	2	(210)	(180)	12	(168)
<b>Profit for the year</b>		<b>764</b>	<b>9</b>	<b>773</b>	<b>647</b>	<b>(45)</b>	<b>602</b>
Attributable to:							
Non-controlling interests		17	—	17	20	—	20
Shareholders		747	9	756	627	(45)	582
<b>Earnings per share (EPS) attributable to shareholders</b>							
<b>euro cents</b>							
Basic EPS	8			<b>155.9</b>			<b>120.0</b>
Diluted EPS	8			<b>155.8</b>			<b>120.0</b>
Basic underlying EPS	8			<b>154.0</b>			<b>129.3</b>
Diluted underlying EPS	8			<b>153.9</b>			<b>129.3</b>

## Condensed consolidated statement of comprehensive income

for the year ended 31 December 2021

€ million	2021			2020		
	Before tax amount	Tax charge	Net of tax amount	Before tax amount	Tax charge	Net of tax amount
<b>Profit for the year</b>			<b>773</b>			<b>602</b>
<b>Items that may subsequently be reclassified to the condensed consolidated income statement</b>						
Fair value (losses)/gains arising from cash flow hedges	(1)	—	(1)	4	—	4
Exchange differences on translation of foreign operations	26	—	26	(367)	—	(367)
Share of other comprehensive income of joint ventures	1	—	1	—	—	—
<b>Items that will not subsequently be reclassified to the condensed consolidated income statement</b>						
Remeasurements of retirement benefits plans	12	(4)	8	(2)	(3)	(5)
<b>Other comprehensive income/(expense) for the year</b>	<b>38</b>	<b>(4)</b>	<b>34</b>	<b>(365)</b>	<b>(3)</b>	<b>(368)</b>
Other comprehensive income/(expense) attributable to:						
Non-controlling interests			(4)			(9)
Shareholders			38			(359)
Total comprehensive income attributable to:						
Non-controlling interests			13			11
Shareholders			794			223
<b>Total comprehensive income for the year</b>			<b>807</b>			<b>234</b>

## Condensed consolidated statement of financial position

as at 31 December 2021

€ million	Notes	2021	2020
Property, plant and equipment		4,870	4,641
Goodwill		926	923
Intangible assets		76	70
Forestry assets	10	348	372
Investments in joint ventures		17	10
Financial instruments		33	31
Deferred tax assets		43	39
Net retirement benefits asset		26	21
Other non-current assets		1	—
<b>Total non-current assets</b>		<b>6,340</b>	<b>6,107</b>
Inventories		1,099	849
Trade and other receivables		1,333	1,006
Current tax assets		12	11
Financial instruments		4	11
Cash and cash equivalents	15b	473	382
Assets held for sale		—	1
<b>Total current assets</b>		<b>2,921</b>	<b>2,260</b>
<b>Total assets</b>		<b>9,261</b>	<b>8,367</b>
Short-term borrowings	12	(124)	(128)
Trade and other payables		(1,444)	(1,116)
Current tax liabilities		(116)	(85)
Provisions		(33)	(55)
Financial instruments		(18)	(6)
<b>Total current liabilities</b>		<b>(1,735)</b>	<b>(1,390)</b>
Medium and long-term borrowings	12	(2,104)	(2,050)
Net retirement benefits liability	13	(197)	(215)
Deferred tax liabilities		(283)	(278)
Provisions		(35)	(35)
Other non-current liabilities		(18)	(17)
<b>Total non-current liabilities</b>		<b>(2,637)</b>	<b>(2,595)</b>
<b>Total liabilities</b>		<b>(4,372)</b>	<b>(3,985)</b>
<b>Net assets</b>		<b>4,889</b>	<b>4,382</b>
<b>Equity</b>			
Share capital		97	97
Own shares		(18)	(18)
Retained earnings		4,760	4,300
Other reserves		(341)	(377)
<b>Total attributable to shareholders</b>		<b>4,498</b>	<b>4,002</b>
Non-controlling interests in equity		391	380
<b>Total equity</b>		<b>4,889</b>	<b>4,382</b>

The Group's condensed consolidated financial statements, including related notes 1 to 20, were approved by the Board and authorised for issue on 2 March 2022 and were signed on its behalf by:

**Andrew King**  
Director

**Mike Powell**  
Director

## Condensed consolidated statement of changes in equity

for the year ended 31 December 2021

€ million	Equity attributable to shareholders	Non-controlling interests	Total equity
At 1 January 2020	4,015	370	4,385
Total comprehensive income for the year	223	11	234
Profit for the year	582	20	602
Other comprehensive expense	(359)	(9)	(368)
<b>Transactions with shareholders in their capacity as shareholders:</b>			
Dividends	(237)	(4)	(241)
Purchases of own shares	(6)	—	(6)
Distribution of own shares	1	—	1
Mondi share schemes' charge	8	—	8
Other movements in non-controlling interests	(2)	3	1
<b>At 31 December 2020</b>	<b>4,002</b>	<b>380</b>	<b>4,382</b>
Total comprehensive income for the year	794	13	807
Profit for the year	756	17	773
Other comprehensive income/(expense)	38	(4)	34
<b>Transactions with shareholders in their capacity as shareholders:</b>			
Dividends	(298)	(6)	(304)
Purchases of own shares	(7)	—	(7)
Mondi share schemes' charge	9	—	9
Acquired through business combinations (see note 14)	—	7	7
Non-controlling interests bought out (see note 14)	—	(3)	(3)
Other movements	(2)	—	(2)
<b>At 31 December 2021</b>	<b>4,498</b>	<b>391</b>	<b>4,889</b>

### Equity attributable to shareholders

€ million	2021	2020	At 1 January 2020
Share capital	97	97	97
Own shares	(18)	(18)	(25)
Retained earnings	4,760	4,300	3,963
Cumulative translation adjustment reserve	(1,007)	(1,038)	(680)
Post-retirement benefits reserve	(43)	(51)	(52)
Share-based payment reserve	16	16	20
Cash flow hedge reserve	(1)	—	(4)
Merger reserve	667	667	667
Other sundry reserves	27	29	29
<b>Total</b>	<b>4,498</b>	<b>4,002</b>	<b>4,015</b>

## Condensed consolidated statement of cash flows

for the year ended 31 December 2021

€ million	Notes	2021	2020
<b>Cash flows from operating activities</b>			
Cash generated from operations	15a	1,339	1,485
Dividends received from other investments		1	1
Income tax paid		(190)	(168)
<b>Net cash generated from operating activities</b>		<b>1,150</b>	<b>1,318</b>
<b>Cash flows from investing activities</b>			
Investment in property, plant and equipment		(573)	(630)
Investment in intangible assets		(17)	(18)
Investment in forestry assets	10	(45)	(43)
Investment in joint ventures		(1)	—
Proceeds from the disposal of property, plant and equipment		22	12
Proceeds from the disposal of financial asset investments		—	1
Acquisition of businesses, net of cash and cash equivalents	14	(63)	—
Loans advanced to related and external parties		(1)	(1)
Interest received		4	4
Other investing activities		4	—
<b>Net cash used in investing activities</b>		<b>(670)</b>	<b>(675)</b>
<b>Cash flows from financing activities</b>			
Proceeds from Eurobonds	15c	—	744
Repayment of Eurobonds	15c	—	(500)
Proceeds from other medium and long-term borrowings	15c	59	—
Repayment of other medium and long-term borrowings	15c	—	(86)
Net repayment of short-term borrowings	15c	(4)	(136)
Repayment of lease liabilities	15c	(23)	(24)
Interest paid		(78)	(82)
Dividends paid to shareholders	9	(298)	(237)
Dividends paid to non-controlling interests	9	(6)	(4)
Purchases of own shares		(7)	(6)
Non-controlling interests bought out	14	(3)	—
Net cash (outflow)/inflow from debt-related derivative financial instruments	15c	(12)	59
Other financing activities		—	4
<b>Net cash used in financing activities</b>		<b>(372)</b>	<b>(268)</b>
<b>Net increase in cash and cash equivalents</b>		<b>108</b>	<b>375</b>
Cash and cash equivalents at beginning of year		348	(7)
Cash movement in the year	15c	108	375
Effects of changes in foreign exchange rates	15c	(1)	(20)
<b>Cash and cash equivalents at end of year</b>	15b	<b>455</b>	<b>348</b>



# Notes to the condensed consolidated financial statements

## for the year ended 31 December 2021

### 1 Basis of preparation

These condensed consolidated financial statements as at and for the year ended 31 December 2021 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 the recognition and measurement principles of International Financial Reporting Standards (IFRS). They have been derived from the audited consolidated financial statements of the Group, prepared in accordance with UK-adopted International Accounting Standards and with the requirements of the Companies Act 2006 as applicable to companies reporting under those standards. The Group's condensed consolidated financial statements do not contain sufficient information to comply with IFRS.

The financial information set out above does not constitute the Company's statutory accounts for the years ended 31 December 2021 or 2020 but is derived from those accounts. Statutory accounts for 2020 have been delivered to the Registrar of Companies, and those for 2021 will be delivered in due course. The auditor has reported on those accounts; its report was (i) unqualified, (ii) did not include a reference to any matters to which the auditor drew attention by way of emphasis without qualifying its report and (iii) did not contain a statement under section 498 (2) or (3) of the Companies Act 2006. Copies of the unqualified auditor's report on the Integrated report and financial statements 2021 are available for inspection at the registered office of Mondi plc.

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

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

#### **Impact of COVID-19 on the condensed consolidated financial statements at 31 December 2021**

Management continued to consider the impact of the COVID-19 pandemic on the estimates and judgements it has to exercise in applying the accounting policies, including impairment of property, plant and equipment and goodwill, recoverability of trade receivables and net realisable value of inventories. No material adjustments have been made to the carrying values of the Group's assets and liabilities for the year ended 31 December 2021 as a result of the COVID-19 pandemic.

### 2 Accounting policies

The same accounting policies and alternative performance measures (APMs), methods of computation and presentation have been followed in the preparation of the condensed consolidated financial statements for the year ended 31 December 2021 as were applied in the preparation of the Group's annual financial statements for the year ended 31 December 2020, except for further amendments to IFRS becoming effective for the financial period beginning on 1 January 2021. The Group did not have to change its accounting policies or make retrospective adjustments as a result of adopting these new amendments.

#### **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 in the notes to the condensed consolidated financial statements, and are prepared on a consistent basis for all periods presented.

### 3 Operating segments

#### Year ended 31 December 2021<sup>1</sup>

€ million, unless otherwise stated	Corrugated Packaging	Flexible Packaging	Engineered Materials	Uncoated Fine Paper	Corporate	Intersegment elimination	Total
Segment revenue	2,510	2,889	876	1,652	—	(204)	<b>7,723</b>
Internal revenue	(40)	(94)	(37)	(33)	—	204	—
External revenue	2,470	2,795	839	1,619	—	—	<b>7,723</b>
Underlying EBITDA	670	526	71	270	(34)	—	<b>1,503</b>
Depreciation and impairments <sup>2</sup>	(134)	(151)	(27)	(108)	(1)	—	<b>(421)</b>
Amortisation	(7)	(8)	(1)	(2)	—	—	<b>(18)</b>
Underlying operating profit/(loss)	529	367	43	160	(35)	—	<b>1,064</b>
Special items before tax	—	2	5	—	—	—	<b>7</b>
Operating segment assets	2,722	3,200	773	1,933	7	(110)	<b>8,525</b>
Operating segment net assets	2,338	2,632	632	1,595	(1)	—	<b>7,196</b>
Trailing 12-month average capital employed	2,025	2,485	580	1,350	(91)	—	<b>6,349</b>
Additions to non-current non-financial assets	293	166	36	188	6	—	<b>689</b>
Capital expenditure cash payments	223	176	33	139	2	—	<b>573</b>
<i>Underlying EBITDA margin (%)</i>	26.7	18.2	8.1	16.3	—	—	<b>19.5</b>
<i>Return on capital employed (%)</i>	26.1	15.0	7.4	11.9	—	—	<b>16.9</b>
Average number of employees (thousands) <sup>3</sup>	7.5	10.5	2.1	6.2	0.1	—	<b>26.4</b>

#### Year ended 31 December 2020<sup>1</sup>

€ million, unless otherwise stated	Corrugated Packaging	Flexible Packaging	Engineered Materials	Uncoated Fine Paper	Corporate	Intersegment elimination	Total
Segment revenue	1,879	2,667	801	1,485	—	(169)	<b>6,663</b>
Internal revenue	(32)	(66)	(31)	(40)	—	169	—
External revenue	1,847	2,601	770	1,445	—	—	<b>6,663</b>
Underlying EBITDA	518	519	80	266	(30)	—	<b>1,353</b>
Depreciation and impairments <sup>2</sup>	(115)	(146)	(27)	(111)	(1)	—	<b>(400)</b>
Amortisation	(6)	(11)	(9)	(2)	—	—	<b>(28)</b>
Underlying operating profit/(loss)	397	362	44	153	(31)	—	<b>925</b>
Special items before tax	—	(8)	(49)	—	—	—	<b>(57)</b>
Operating segment assets	2,331	2,942	695	1,873	5	(96)	<b>7,750</b>
Operating segment net assets	2,087	2,475	589	1,582	(3)	—	<b>6,730</b>
Trailing 12-month average capital employed	1,764	2,468	590	1,349	(96)	—	<b>6,075</b>
Additions to non-current non-financial assets	268	178	73	183	—	—	<b>702</b>
Capital expenditure cash payments	249	162	74	145	—	—	<b>630</b>
<i>Underlying EBITDA margin (%)</i>	27.6	19.5	10.0	17.9	—	—	<b>20.3</b>
<i>Return on capital employed (%)</i>	22.5	14.5	7.5	11.3	—	—	<b>15.2</b>
Average number of employees (thousands) <sup>3</sup>	6.7	10.4	2.2	6.3	0.1	—	<b>25.7</b>

Notes:

- 1 See definitions of APMs at the end of this document
- 2 Includes only impairment not classified as special items
- 3 Presented on a full time employee equivalent basis

### 3 Operating segments (continued)

#### Reconciliation of operating segment assets

€ million	2021		2020	
	Segment assets	Segment net assets/(liabilities)	Segment assets	Segment net assets/(liabilities)
<b>Group total</b>	<b>8,525</b>	<b>7,196</b>	<b>7,750</b>	<b>6,730</b>
<b>Unallocated</b>				
Investments in joint ventures	17	17	10	10
Deferred tax assets/(liabilities)	43	(240)	39	(239)
Other non-operating assets/(liabilities) <sup>1</sup>	201	(321)	177	(328)
<b>Group capital employed</b>	<b>8,786</b>	<b>6,652</b>	<b>7,976</b>	<b>6,173</b>
Financial instruments/(net debt)	475	(1,763)	391	(1,791)
<b>Total assets/equity</b>	<b>9,261</b>	<b>4,889</b>	<b>8,367</b>	<b>4,382</b>

Note:

1 Includes 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)

#### External revenue by location of production and by location of customer

€ million	External revenue by location of production		External revenue by location of customer	
	2021	2020	2021	2020
<b>Africa</b>				
South Africa	441	409	394	309
Rest of Africa	56	55	272	254
<b>Africa total</b>	<b>497</b>	<b>464</b>	<b>666</b>	<b>563</b>
<b>Western Europe</b>				
Austria	1,134	1,062	159	140
Germany	882	766	996	863
United Kingdom	3	28	193	179
Rest of western Europe	699	641	1,517	1,344
<b>Western Europe total</b>	<b>2,718</b>	<b>2,497</b>	<b>2,865</b>	<b>2,526</b>
<b>Emerging Europe</b>				
Czech Republic	602	520	223	178
Poland	1,243	983	707	548
Rest of emerging Europe	1,198	833	1,055	791
<b>Emerging Europe total</b>	<b>3,043</b>	<b>2,336</b>	<b>1,985</b>	<b>1,517</b>
<b>Russia</b>	<b>899</b>	<b>796</b>	<b>703</b>	<b>622</b>
<b>North America</b>	<b>480</b>	<b>481</b>	<b>804</b>	<b>731</b>
<b>South America</b>	<b>—</b>	<b>—</b>	<b>128</b>	<b>107</b>
<b>Asia and Australia</b>	<b>86</b>	<b>89</b>	<b>572</b>	<b>597</b>
<b>Group total</b>	<b>7,723</b>	<b>6,663</b>	<b>7,723</b>	<b>6,663</b>

## 4 Special items

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

€ million	2021	2020
<b>Operating special items</b>		
Impairment of assets	—	(27)
Reversal of impairment of assets	4	1
Restructuring and closure costs:		
Personnel costs	5	(21)
Other restructuring and closure costs	(2)	(9)
Settlement of claim relating to the 2012 Nordenia acquisition	—	(1)
<b>Total special items before tax</b>	<b>7</b>	<b>(57)</b>
Tax credit (see note 7)	2	12
<b>Total special items</b>	<b>9</b>	<b>(45)</b>

The operating special items resulted in a cash outflow of €15 million for the year ended 31 December 2021 (2020: €28 million).

### To 31 December 2021

The special items during the year ended 31 December 2021 comprised:

- Flexible Packaging
  - Release of restructuring and closure provision of €2 million, partly offset by additional restructuring costs of €1 million, and reversal of impairment of assets of €1 million were recognised. All credit/(charges) related to special items from prior years.
- Engineered Materials
  - Release of restructuring and closure provision of €2 million and partial reversal of impairment of assets of €3 million were recognised relating to the closure of a functional paper and films plant in the US. The credits are linked to a special item from the prior year, of which total costs now accumulate to €9 million.

### To 31 December 2020

The special items during the year ended 31 December 2020 comprised:

- Flexible Packaging
  - Closure of two consumer flexibles plants in the UK. Additional restructuring and closure costs of €8 million and related reversal of impairment of assets of €1 million were recognised. These costs were a continuation of the special item from prior year with total costs amounting to €12 million.
  - Additional costs of €1 million for the settlement of a claim relating to the 2012 Nordenia acquisition were recognised. The costs related to a special item from prior years with total costs amounting to €17 million.
- Engineered Materials
  - Closure of a functional paper and films plant in the US. Restructuring and closure costs of €5 million and related impairment of assets of €9 million were recognised with total costs amounting to €14 million.
  - Restructuring of the personal care components focused operations in Gronau (Germany). Restructuring costs of €17 million and related impairment of assets of €18 million were recognised with total costs amounting to €35 million.

## 5 Write-down of inventories to net realisable value

€ million	2021	2020
<b>Within materials, energy and consumables used</b>		
Write-down of inventories to net realisable value	(46)	(41)
Aggregate reversal of previous write-downs of inventories	33	23

## 6 Net finance costs

€ million	2021	2020
<b>Investment income</b>		
Investment income	6	5
<b>Net foreign currency losses</b>		
Net foreign currency losses	(2)	—
<b>Finance costs</b>		
Interest expense		
Interest on bank overdrafts and loans	(80)	(83)
Interest on lease liabilities	(13)	(12)
Net interest expense on net retirement benefits liability	(5)	(6)
<b>Total interest expense</b>	<b>(98)</b>	<b>(101)</b>
Less: Interest capitalised	—	1
<b>Total finance costs</b>	<b>(98)</b>	<b>(100)</b>
<b>Net finance costs</b>	<b>(94)</b>	<b>(95)</b>

Net interest expense, as defined at the end of this document, for the year was €87 million (2020: €90 million).

## 7 Taxation

The Group's effective rate of tax before special items for the year ended 31 December 2021 was 22% (2020: 22%).

€ million	2021	2020
UK corporation tax at 19% (2020: 19%)	—	—
Overseas tax	216	155
Current tax in respect of prior years	4	5
<b>Current tax</b>	<b>220</b>	<b>160</b>
Deferred tax in respect of the current year	(4)	26
Deferred tax in respect of prior years	(4)	(6)
<b>Tax charge before special items</b>	<b>212</b>	<b>180</b>
Current tax on special items	(1)	(5)
Deferred tax on special items	(1)	(7)
<b>Tax credit on special items (see note 4)</b>	<b>(2)</b>	<b>(12)</b>
<b>Tax charge for the year</b>	<b>210</b>	<b>168</b>

The Group's current tax charge for the year was €219 million (2020: €155 million) and the deferred tax credit for the year was €9 million (2020: deferred tax charge of €13 million).

## 8 Earnings per share (EPS)

euro cents	EPS attributable to shareholders	
	2021	2020
Basic EPS	155.9	120.0
Diluted EPS	155.8	120.0
Basic underlying EPS	154.0	129.3
Diluted underlying EPS	153.9	129.3
Basic headline EPS	155.3	123.9
Diluted headline EPS	155.2	123.9

## 8 Earnings per share (EPS) (continued)

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

€ million	Earnings	
	2021	2020
<b>Profit for the year attributable to shareholders</b>	<b>756</b>	<b>582</b>
Special items attributable to shareholders (see note 4)	(7)	57
Related tax (see note 4)	(2)	(12)
<b>Underlying earnings for the year</b>	<b>747</b>	<b>627</b>
Special items attributable to shareholders not excluded from headline earnings	3	(31)
Loss/(gain) on disposal of property, plant and equipment	1	(2)
Related tax	2	7
<b>Headline earnings for the year</b>	<b>753</b>	<b>601</b>
	Weighted average number of shares	
million	2021	2020
<b>Basic number of ordinary shares outstanding</b>	<b>485.0</b>	<b>484.9</b>
Effect of dilutive potential ordinary shares	0.3	—
<b>Diluted number of ordinary shares outstanding</b>	<b>485.3</b>	<b>484.9</b>

## 9 Dividends

An interim dividend for the year ended 31 December 2021 of 20.00 euro cents per ordinary share were paid on Thursday 30 September 2021 to those shareholders on the register of Mondi plc on Friday 27 August 2021.

A proposed final dividend for the year ended 31 December 2021 of 45.00 euro cents per ordinary share will be paid on Monday 16 May 2022 to those shareholders on the register of Mondi plc on Friday 8 April 2022.

The final dividend proposed has been recommended by the Board and is subject to shareholder approval at the Annual General Meeting scheduled for 5 May 2022.

euro cents per share	2021	2020
Final dividend paid (in respect of prior year)	41.00	—
Interim dividend paid	20.00	48.75
Paid in respect of the prior year	—	29.75
Paid in respect of current year	20.00	19.00
<b>Final dividend proposed</b>	<b>45.00</b>	<b>41.00</b>
	€ million	
	2021	2020
Final dividend paid (in respect of prior year)	201	—
Total interim dividend paid	97	237
Paid in respect of the prior year	—	145
Paid in respect of current year	97	92
<b>Total dividends paid</b>	<b>298</b>	<b>237</b>
<b>Final dividend proposed</b>	<b>218</b>	<b>199</b>
Declared by Group companies to non-controlling interests	6	4

## 9 Dividends (continued)

### Dividend timetable

The proposed final dividend for the year ended 31 December 2021 of 45.00 euro cents per share will be paid in accordance with the following timetable:

<b>Last date to trade shares cum-dividend</b>	
JSE Limited	Tuesday 5 April 2022
London Stock Exchange	Wednesday 6 April 2022
<b>Shares commence trading ex-dividend</b>	
JSE Limited	Wednesday 6 April 2022
London Stock Exchange	Thursday 7 April 2022
<b>Record date</b>	
	Friday 8 April 2022
<b>Last date for receipt of Dividend Reinvestment Plan (DRIP) elections by Central Securities Depository Participants</b>	
	Thursday 14 April 2022
<b>Last date for DRIP elections to UK Registrar and South African Transfer Secretaries</b>	
South African Register	Tuesday 19 April 2022
UK Register	Tuesday 26 April 2022
<b>Payment Date</b>	
	Monday 16 May 2022
<b>DRIP purchase settlement dates (subject to market conditions and the purchase of shares in the open market)</b>	
UK Register	Wednesday 18 May 2022
South African Register	Friday 20 May 2022
<b>Currency conversion date</b>	
ZAR/euro	Thursday 3 March 2022
Euro/sterling	Tuesday 3 May 2022

Share certificates on Mondi plc's South African register may not be dematerialised or rematerialised between Wednesday 6 April 2022 and Friday 8 April 2022, both dates inclusive, nor may transfers between the UK and South African registers of Mondi plc take place between Wednesday 30 March 2022 and Friday 8 April 2022, 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 March 2022.

## 10 Forestry assets

€ million	2021	2020
At 1 January	372	411
Investment in forestry assets	45	43
Fair value (losses)/gains	(7)	27
Felling costs	(62)	(59)
Currency movements	—	(50)
<b>At 31 December</b>	<b>348</b>	<b>372</b>
Mature	217	227
Immature	131	145

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 is determined using a market based approach.

## 11 Leases

The Group has entered into various lease agreements. The Group's right-of-use assets were €177 million at 31 December 2021 (2020: €162 million) and the related depreciation charge was €25 million (2020: €23 million).

## 12 Borrowings

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

€ million	Maturity	Interest rate %	2021	2020
<b>Financing facilities</b>				
Syndicated Revolving Credit Facility	July 2022	EURIBOR/LIBOR + margin	—	750
Syndicated Revolving Credit Facility	June 2026	EURIBOR + margin	750	—
€500 million Eurobond	April 2024	1.500 %	500	500
€600 million Eurobond	April 2026	1.625 %	600	600
€750 million Eurobond	April 2028	2.375 %	750	750
European Investment Bank Facility	June 2025	EURIBOR + margin	33	43
Long Term Facility Agreement	December 2026	EURIBOR + margin	70	70
Other	Various	Various	57	59
<b>Total committed facilities</b>			<b>2,760</b>	<b>2,772</b>
Drawn			(1,957)	(1,903)
<b>Total committed facilities available</b>			<b>803</b>	<b>869</b>

The effective interest rate was 4.6% (2020: 4.5%) based on trailing 12-month average net debt of €1,875 million (2020: €2,012 million).

On 3 June 2021, the Group entered into a new €750 million 5-year revolving multi currency credit facility agreement (RCF) to refinance the existing €750 million facility that was due to mature in July 2022. It includes options to extend the RCF by one or two years with each bank's approval. The new RCF has no financial covenant and the facility was not drawn at 31 December 2021. The RCF incorporates key sustainability targets linked to MAP2030 (Mondi's Action Plan to meet its ambitious 2030 sustainability goals), 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 from cash and the RCF. As at 31 December 2021, the Group had no financial covenants in any of its financing facilities.

€ million	2021			2020		
	Current	Non-current	Total	Current	Non-current	Total
<b>Secured</b>						
Bank loans and overdrafts	2	1	3	2	3	5
Lease liabilities	20	184	204	18	169	187
<b>Total secured</b>	<b>22</b>	<b>185</b>	<b>207</b>	<b>20</b>	<b>172</b>	<b>192</b>
<b>Unsecured</b>						
Bonds	—	1,840	1,840	—	1,838	1,838
Bank loans and overdrafts	77	79	156	86	39	125
Other loans	25	—	25	22	1	23
<b>Total unsecured</b>	<b>102</b>	<b>1,919</b>	<b>2,021</b>	<b>108</b>	<b>1,878</b>	<b>1,986</b>
<b>Total borrowings</b>	<b>124</b>	<b>2,104</b>	<b>2,228</b>	<b>128</b>	<b>2,050</b>	<b>2,178</b>
Committed facilities drawn			1,957			1,903
Uncommitted facilities drawn			271			275

## 13 Retirement benefits

All assumptions related to the Group's defined benefit schemes and post-retirement medical plan liabilities were re-assessed individually for the year ended 31 December 2021. Due to changes in assumptions and exchange rate movements, the net retirement benefits liability decreased by €18 million and the net retirement benefits asset increased by €5 million. The assets backing the defined benefit scheme liabilities reflect their market values as at 31 December 2021. Net remeasurement gains arising from changes in assumptions and return on plan assets amounting to €8 million have been recognised in the condensed consolidated statement of comprehensive income.



## 14 Business combinations

### To 31 December 2021

On 31 May 2021, Mondi acquired 90.38% of the outstanding shares in Olmuksan International Paper Ambalaj Sanayi ve Ticaret A.Ş (Olmuksan) for a total consideration of €66 million, which implies an enterprise value of €88 million on a 100% basis. Olmuksan is a leading and well-established corrugated packaging producer in Turkey, listed on the Istanbul stock exchange. Its network of five plants provides a diverse customer base with high-quality sustainable packaging for food, beverage, agriculture and industrial applications. On 26 July 2021, Mondi completed a mandatory tender offer to acquire an additional 1.62% of the outstanding shares for a total consideration of €3 million resulting in a total ownership interest in Olmuksan of 92.00%.

Property, plant and equipment has been measured at fair value using relevant valuation methods accepted under IFRS 13, with related deferred tax adjustments. The fair value uplift on intangible assets arises from long lasting customer relationships.

Olmuksan's revenue for the year ended 31 December 2021 was €216 million with a profit after tax of €18 million. Olmuksan's revenue of €132 million and profit after tax of €10 million since the date of acquisition have been included in the condensed consolidated income statement.

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

€ million	Book value	Revaluation	Fair value
<b>Net assets acquired</b>			
Property, plant and equipment	24	33	57
Intangible assets	—	6	6
Inventories	27	—	27
Trade and other receivables	62	—	62
Cash and cash equivalents	3	—	3
<b>Total assets</b>	<b>116</b>	<b>39</b>	<b>155</b>
Trade and other payables	(54)	—	(54)
Income tax liabilities	(1)	—	(1)
Other current liabilities	(4)	—	(4)
Net retirement benefits liability	(2)	—	(2)
Deferred tax assets/(liabilities)	3	(7)	(4)
<b>Total liabilities (excluding debt)</b>	<b>(58)</b>	<b>(7)</b>	<b>(65)</b>
Short-term borrowings	(16)	—	(16)
Medium and long-term borrowings	(1)	—	(1)
<b>Debt assumed</b>	<b>(17)</b>	<b>—</b>	<b>(17)</b>
<b>Net assets acquired</b>	<b>41</b>	<b>32</b>	<b>73</b>
Non-controlling interests in equity			(7)
Cash acquired net of overdrafts			(3)
<b>Net cash paid per consolidated statement of cash flows</b>			<b>63</b>

Transaction costs of €4 million were charged to other net operating expenses into 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 Olmuksan's customers and the estimated fair values of 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.

In respect of trade and other receivables, the gross contractual amounts receivable less the best estimates at the acquisition dates of the contractual cash flows not expected to be collected approximate the book values as presented.

### To 31 December 2020

There were no business combinations during the year ended 31 December 2020.

## 15 Consolidated cash flow analysis

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

€ million	2021	2020
<b>Profit before tax</b>	<b>983</b>	<b>770</b>
Depreciation and amortisation	439	428
Share-based payments	9	8
Net cash flow effect of current and prior year special items	(22)	29
Net finance costs	94	95
Net (profit)/loss from joint ventures	(6)	3
(Decrease)/increase in provisions	(7)	3
Decrease in net retirement benefits	(15)	(12)
Net movement in working capital	(205)	125
(Increase)/decrease in inventories	(238)	68
(Increase)/decrease in operating receivables	(334)	8
Increase in operating payables	367	49
Fair value losses/(gains) on forestry assets	7	(27)
Felling costs	62	59
Loss/(gain) on disposal of property, plant and equipment	1	(2)
Other adjustments	(1)	6
<b>Cash generated from operations</b>	<b>1,339</b>	<b>1,485</b>

### (b) Cash and cash equivalents

€ million	2021	2020
Cash and cash equivalents per condensed consolidated statement of financial position	473	382
Bank overdrafts included in short-term borrowings	(18)	(34)
<b>Cash and cash equivalents per condensed consolidated statement of cash flows</b>	<b>455</b>	<b>348</b>

The cash and cash equivalents of €473 million (2020: €382 million) include money market funds of €340 million (2020: €136 million) valued at fair value through profit and loss, with the remaining balance carried at amortised cost.

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

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

## 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	Debt due within one year <sup>1</sup>	Debt due after one year	Debt-related derivative financial instruments	Total net debt
At 1 January 2020	(7)	1	(699)	(1,496)	(6)	(2,207)
Cash flow	375	—	660	(658)	59	436
Additions to lease liabilities	—	—	(5)	(17)	—	(22)
Disposal of lease liabilities	—	—	1	2	—	3
Movement in unamortised loan costs	—	—	—	(2)	—	(2)
Net movement in fair value of derivative financial instruments	—	—	—	—	(49)	(49)
Reclassification	—	—	(71)	71	—	—
Currency movements	(20)	—	20	50	—	50
<b>At 31 December 2020</b>	<b>348</b>	<b>1</b>	<b>(94)</b>	<b>(2,050)</b>	<b>4</b>	<b>(1,791)</b>
Cash flow	108	—	27	(59)	12	88
Additions to lease liabilities	—	—	(9)	(26)	—	(35)
Disposal of lease liabilities	—	—	1	1	—	2
Acquired through business combinations (see note 14) <sup>2</sup>	—	—	(16)	(1)	—	(17)
Movement in unamortised loan costs	—	—	—	(2)	—	(2)
Net movement in fair value of derivative financial instruments	—	—	—	—	(25)	(25)
Reclassification	—	—	(39)	39	—	—
Currency movements	(1)	—	24	(6)	—	17
<b>At 31 December 2021</b>	<b>455</b>	<b>1</b>	<b>(106)</b>	<b>(2,104)</b>	<b>(9)</b>	<b>(1,763)</b>

Notes:

- 1 Excludes bank overdrafts of €18 million as at 31 December 2021 (31 December 2020: €34 million, 1 January 2020: €81 million) which are included in cash and cash equivalents (see note 15b).
- 2 Cash acquired net of overdrafts through business combinations included in 'Cash flow' is €3 million (2020: €nil) (see note 14).

### (d) Cash flow generation

€ million	2021	2020
<b>Net increase in cash and cash equivalents</b>	<b>108</b>	<b>375</b>
Investment in property, plant and equipment	573	630
Acquisition of businesses, net of cash and cash equivalents	63	—
Investment in joint ventures	1	—
Dividends paid to shareholders	298	237
Net (proceeds)/repayment of borrowings	(32)	2
Proceeds from Eurobonds	—	(744)
Repayment of Eurobonds	—	500
Proceeds from other medium and long-term borrowings	(59)	—
Repayment of other medium and long-term borrowings	—	86
Net repayment of short-term borrowings	4	136
Repayment of lease liabilities	23	24
<b>Cash flow generation</b>	<b>1,011</b>	<b>1,244</b>

## 16 Capital commitments

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

€ million	2021	2020
Intangible assets	2	3
Property, plant and equipment	353	288
<b>Total capital commitments</b>	<b>355</b>	<b>291</b>

## 17 Contingent liabilities

Contingent liabilities comprise aggregate amounts as at 31 December 2021 of €8 million (2020: €3 million) in respect of loans and guarantees given to banks and other third parties. No acquired contingent liabilities have been recorded in the Group's condensed consolidated statement of financial position for either year presented.

The Group is subject to certain legal proceedings, claims, complaints and investigations arising out of the ordinary course of business. Legal proceedings may include, but are not limited to, alleged breach of contract and alleged breach of environmental, competition, securities and health and safety laws. The Group may not be fully, or partly, insured in respect of such risks. The Group cannot predict the outcome of individual legal actions or claims or complaints or investigations. The Group may settle litigation or regulatory proceedings prior to a final judgment or determination of liability. The Group may do so to avoid the cost, management efforts or negative business, regulatory or reputational consequences of continuing to contest liability, even when it considers it has valid defences to liability. The Group considers that no material loss to the Group is expected to result from these legal proceedings, claims, complaints and investigations. Provision is made for all liabilities that are expected to materialise through legal and tax claims against the Group.

## 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 10 and certain assets acquired or liabilities assumed in business combinations as set out in note 14.

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

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

Specific valuation methodologies used to value financial instruments include:

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

## 18 Fair value measurement (continued)

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

€ million	Carrying amount		Fair value	
	2021	2020	2021	2020
<b>Financial liabilities</b>				
Borrowings	2,228	2,178	2,353	2,361

## 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. These transactions are under terms that are no less favourable than those arranged with third parties. These transactions, in total, are not considered to be significant.

Transactions between Mondi plc and its subsidiaries, which are related parties, and transactions between its subsidiaries have been eliminated on consolidation. There have been no significant changes to related parties as disclosed in note 28 of the Group's annual financial statements for the year ended 31 December 2020.

## 20 Events occurring after 31 December 2021

Aside from the final dividend proposed for 2021 (see note 9), there have been the following material reportable events since 31 December 2021.

- On 16 February 2022, the Group agreed to sell its Personal Care Components business (PCC) to Nitto Denko Corporation for an enterprise value of €615 million (the Transaction), which is also the approximate cash consideration payable to Mondi at completion. By simplifying its portfolio, the sale will enable the Group to focus on its core packaging and paper businesses and enhance its ability to pursue the Group's strategic priority to grow in sustainable packaging. PCC, part of the Group's Engineered Materials business unit, manufactures a range of components for personal and home care products needed in everyday life such as diapers, feminine care, adult incontinence and wipes. For the financial year ended 31 December 2021, PCC generated an underlying EBITDA of €27 million and as at 31 December 2021, its gross assets were €444 million, including an appropriate allocation of part of the goodwill that is currently recorded in the Engineered Materials business unit.

Prior to the disposal agreement being reached, the Group assessed, based on the criteria in IFRS 5, Non-current Assets Held for Sale and Discontinued Operations, whether the relevant assets and liabilities (the disposal group) were required to be classified as held for sale as at 31 December 2021. For this to be the case, the disposal group must have been, at that date, available for immediate sale and the sale must have been highly probable. Management has applied judgement in assessing whether the sale was highly probable at the balance sheet date. Taking into account that discussions at that time with potential buyers were in their early stages, a number of stakeholder matters had to be resolved, the perimeter of the Transaction was uncertain and that it was not considered highly probable that any sale would proceed as at 31 December 2021, management concluded that the held for sale classification criteria were not met as at 31 December 2021.

The Transaction remains subject to competition clearance and other customary closing conditions, with completion expected in the second half of 2022. A profit on disposal is expected to arise on completion.

- We have significant operations in Russia, representing around 12% of the Group's revenue by location of production in 2021, including our high-margin, cost-competitive, integrated pulp, packaging paper and uncoated fine paper mill located in Syktyvkar (Komi Republic). Over the last three years our Russian operations have generated around 20% of the Group's underlying EBITDA. Our businesses primarily serve the domestic market. In Ukraine Mondi has one paper bag plant located in Lviv, west of the country, employing approximately 100 people. We are actively monitoring this rapidly evolving situation, the international response and the implications for the Group.

## Production statistics

		2021	2020
Containerboard	000 tonnes	2,724	2,525
Kraft paper	000 tonnes	1,253	1,145
Uncoated fine paper	000 tonnes	1,564	1,422
Newsprint	000 tonnes	164	169
Pulp	000 tonnes	4,432	4,484
Internal consumption	000 tonnes	3,953	3,767
Market pulp	000 tonnes	479	717
Corrugated solutions	million m <sup>2</sup>	2,187	1,771
Paper bags	million units	5,928	5,435
Consumer flexibles	million m <sup>2</sup>	2,629	2,472
Engineered materials	million m <sup>2</sup>	4,844	5,068

## Exchange rates

versus euro	Average		Closing	
	2021	2020	2021	2020
South African rand (ZAR)	17.48	18.77	18.06	18.02
Czech koruna (CZK)	25.64	26.46	24.86	26.24
Polish zloty (PLN)	4.57	4.44	4.60	4.56
Pound sterling (GBP)	0.86	0.89	0.84	0.90
Russian rouble (RUB)	87.15	82.72	85.30	91.47
Turkish lira (TRY)	10.51	8.05	15.23	9.11
US dollar (USD)	1.18	1.14	1.13	1.23

## 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 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 and the Board. Underlying EBITDA and ROCE, two of the Group's APMs, link to the Group's strategic framework and form part of the executive directors and senior management remuneration targets. The Group has not adjusted its APMs for the impact of the COVID-19 pandemic.

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.

APM description and purpose	Financial statement reference	Closest IFRS equivalent measure
<b>Special items</b>		
Special items are generally material, non-recurring items 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.	Note 4	None
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.		
<b>Underlying EBITDA</b>		
Operating profit before special items, depreciation, amortisation and impairments not recorded as special items provides a measure of the cash generating ability of the business that is comparable from year to year.	Condensed consolidated income statement	Operating profit
<b>Underlying EBITDA margin</b>		
Underlying EBITDA expressed as a percentage of Group revenue (segment revenue for operating segments) provides a measure of the cash generating ability relative to revenue.		None
<b>APM calculation:</b>		
<b>€ million, unless otherwise stated</b>	<b>2021</b>	<b>2020</b>
Underlying EBITDA (see condensed consolidated income statement)	1,503	1,353
Group revenue (see condensed consolidated income statement)	7,723	6,663
<b>Underlying EBITDA margin (%)</b>	<b>19.5</b>	<b>20.3</b>
<b>Underlying operating profit</b>		
Operating profit before special items provides a measure of operating performance that is comparable from year to year.	Condensed consolidated income statement	Operating profit
<b>Underlying operating profit margin</b>		
Underlying operating profit expressed as a percentage of Group revenue (segment revenue for operating segments) provides a measure of the profitability of the operations relative to revenue.		None
<b>APM calculation:</b>		
<b>€ million, unless otherwise stated</b>	<b>2021</b>	<b>2020</b>
Underlying operating profit (see condensed consolidated income statement)	1,064	925
Group revenue (see condensed consolidated income statement)	7,723	6,663
<b>Underlying operating profit margin (%)</b>	<b>13.8</b>	<b>13.9</b>

APM description and purpose	Financial statement reference	Closest IFRS equivalent measure
<b>Net interest expense</b>		
Net interest expense comprises interest expense on bank overdrafts, loans and lease liabilities net of investment income.		None
Net interest expense provides an absolute measure of the net cost of borrowings.		
<b>APM calculation:</b>		
<b>€ million</b>	<b>2021</b>	<b>2020</b>
Investment income (see note 6)	6	5
Interest on bank overdrafts and loans (see note 6)	(80)	(83)
Interest on lease liabilities (see note 6)	(13)	(12)
<b>Net interest expense</b>	<b>(87)</b>	<b>(90)</b>
<b>Effective interest rate</b>		
Trailing 12-month net interest expense expressed as a percentage of trailing 12-month average net debt.		None
Effective interest rate provides a measure of the net cost of borrowings.		
<b>APM calculation:</b>		
<b>€ million, unless otherwise stated</b>	<b>2021</b>	<b>2020</b>
Net interest expense (see above)	87	90
Trailing 12-month average net debt	1,875	2,012
<b>Effective interest rate (%)</b>	<b>4.6</b>	<b>4.5</b>
<b>Underlying profit before tax</b>		
Profit before tax and special items. Underlying profit before tax provides a measure of the Group's profitability before tax that is comparable from year to year.	Condensed consolidated income statement	Profit before tax
<b>Effective tax rate</b>		
Underlying tax charge expressed as a percentage of underlying profit before tax.		None
A measure of the Group's tax charge relative to its profit before tax expressed on an underlying basis.		
<b>APM calculation:</b>		
<b>€ million, unless otherwise stated</b>	<b>2021</b>	<b>2020</b>
Tax charge before special items (see note 7)	212	180
Underlying profit before tax (see condensed consolidated income statement)	976	827
<b>Effective tax rate (%)</b>	<b>22</b>	<b>22</b>
<b>Underlying earnings (and per share measure)</b>		
Net profit after tax attributable to shareholders, before special items.	Note 8	Profit for the period attributable to shareholders (and per share measure)
Underlying earnings (and the related per share measure based on the basic, weighted average number of ordinary shares outstanding), provides a measure of the Group's earnings that is comparable from year to year.		
<b>Headline earnings (and per share measure)</b>		
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 1/2021, 'Headline Earnings', as issued by the South African Institute of Chartered Accountants.	Note 8	Profit for the period attributable to shareholders (and per share measure)



APM description and purpose	Financial statement reference	Closest IFRS equivalent measure
<b>Dividend cover</b>		
Basic underlying EPS divided by total ordinary dividend per share paid and proposed provides a measure of the Group's earnings relative to ordinary dividend payments.		None
<b>APM calculation:</b>		
<b>euro cents, unless otherwise stated</b>	<b>2021</b>	<b>2020</b>
Basic underlying EPS (see note 8)	154.0	129.3
Total ordinary dividend per share (see note 9)	65.00	60.00
<b>Dividend cover (times)</b>	<b>2.4</b>	<b>2.2</b>
<b>Capital employed (and related trailing 12-month average capital employed)</b>		
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.	Note 3	Total equity
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.		
<b>Return on capital employed (ROCE)</b>		
Trailing 12-month underlying operating profit, including share of associates' and joint ventures' net profit/(loss), divided by trailing 12-month average capital employed. ROCE provides a measure of the efficient and effective use of capital in the business.		None
<b>APM calculation:</b>		
<b>€ million, unless otherwise stated</b>	<b>2021</b>	<b>2020</b>
Trailing 12-month underlying operating profit (see condensed consolidated income statement)	1,064	925
Trailing 12-month underlying net profit/(loss) from joint ventures (see condensed consolidated income statement)	6	(3)
Trailing 12-month underlying profit from operations and joint ventures	1,070	922
Trailing 12-month average capital employed (see note 3)	6,349	6,075
<b>ROCE (%)</b>	<b>16.9</b>	<b>15.2</b>
<b>Net debt</b>		
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.	Note 15c	None
Net debt provides a measure of the Group's net indebtedness or overall leverage.		
<b>Net debt to underlying EBITDA</b>		
Net debt divided by trailing 12-month underlying EBITDA. A measure of the Group's net indebtedness relative to its cash-generating ability.		None
<b>APM calculation:</b>		
<b>€ million, unless otherwise stated</b>	<b>2021</b>	<b>2020</b>
Net debt (see note 15c)	1,763	1,791
Trailing 12-month underlying EBITDA (see condensed consolidated income statement)	1,503	1,353
<b>Net debt to underlying EBITDA (times)</b>	<b>1.2</b>	<b>1.3</b>
<b>Operating segment assets and operating segment net assets</b>		
Operating segment assets and operating segment net assets comprise total assets (excluding financial instruments) and capital employed respectively but exclude investments in associates and joint ventures, deferred tax assets and liabilities and other non-operating assets and liabilities.	Note 3	Total assets Net assets
Operating segment assets and operating segment net assets provide a measure of the assets and net assets required in the daily operation of the business.		

APM description and purpose	Financial statement reference	Closest IFRS equivalent measure
<b>Working capital as a percentage of revenue</b>		
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 effective use of working capital relative to revenue.		None
<b>APM calculation:</b>		
<b>€ million, unless otherwise stated</b>	<b>2021</b>	<b>2020</b>
Inventories (see condensed consolidated statement of financial position)	1,099	849
Trade and other receivables (see condensed consolidated statement of financial position)	1,333	1,006
Trade and other payables (see condensed consolidated statement of financial position)	(1,444)	(1,116)
Working capital	988	739
Group revenue (see condensed consolidated income statement)	7,723	6,663
<b>Working capital as a percentage of revenue (%)</b>	<b>12.8</b>	<b>11.1</b>
<b>Gearing</b>		
Net debt expressed as a percentage of capital employed provides a measure of the financial leverage of the Group.		None
<b>APM calculation:</b>		
<b>€ million, unless otherwise stated</b>	<b>2021</b>	<b>2020</b>
Net debt (see note 15c)	1,763	1,791
Capital employed (see note 3)	6,652	6,173
<b>Gearing (%)</b>	<b>26.5</b>	<b>29.0</b>
<b>Cash flow generation</b>		
A measure of the Group's 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 and proceeds from and repayment of borrowings. Cash flow generation is a measure of the Group's ability to generate cash through-the-cycle before considering deployment of such cash.	Note 15d	Net increase/ (decrease) in cash and cash equivalents

## Forward-looking statements

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

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

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

## **Editors' notes**

Mondi is a global leader in packaging and paper, contributing to a better world by making innovative packaging and paper solutions that are sustainable by design. Our business is integrated across the value chain – from managing forests and producing pulp, paper and plastic films, to developing and manufacturing effective industrial and consumer packaging solutions. Sustainability is at the centre of our strategy and intrinsic in the way we do business. We lead the industry with our customer-centric approach, EcoSolutions, where we ask the right questions to find the most sustainable solution. In 2021, Mondi had revenues of €7.7 billion and underlying EBITDA of €1.5 billion.

Mondi has a premium listing on the London Stock Exchange (MNDI), and a secondary listing on the JSE Limited (MNP). Mondi is a FTSE 100 constituent, and has been included in the FTSE4Good Index Series since 2008 and the FTSE/JSE Responsible Investment Index Series since 2007.

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