MM

Leading in
Consumer Packaging

Think next.
TOGETHER

Annual Report
Mayr-Melnhof Karton AG

2023

Key Indicators

consolidated (in millions of EUR)	2023	2022	+/-
Sales and earnings indicators			
Consolidated sales	**4,164.4**	4,682.1	- 11.1 %
Adjusted EBITDA[1]	**450.2**	769.0	- 41.5 %
Adjusted operating profit[1]	**229.2**	562.4	- 59.2 %
Operating profit	**197.6**	510.4	- 61.3 %
Profit before tax	**136.7**	467.0	- 70.7 %
Profit for the year	**89.1**	345.3	- 74.2 %
Cash flow from operating activities	**786.2**	299.7	+ 162.3 %
Free cash flow	**369.8**	(19.7)	–
Profitability indicators (in %)			
Return on equity	**4.5 %**	19.1 %	- 1,459 bp
EBITDA margin[2]	**10.8 %**	16.4 %	- 561 bp
Operating margin[2]	**5.5 %**	12.0 %	- 651 bp
Return on capital employed[3]	**6.5 %**	17.9 %	- 1,145 bp
Balance sheet indicators			
Total equity	**2,012.4**	1,959.1	+ 2.7 %
Total assets	**5,076.9**	4,808.8	+ 5.6 %
Equity ratio	**39.6 %**	40.7 %	- 110 bp
Net debt	**1,261.9**	1,481.5	- 14.8 %
Net debt/EBITDA[2]	**2.8**	1.9	+ 46.4 %
Net debt/equity (in %)	**63 %**	76 %	- 1,292 bp
Capital expenditures/depreciation			
Capital expenditures	**425.3**	329.4	+ 29.1 %
Depreciation and amortization[4]	**221.4**	219.5	+ 0.8 %
Employees			
Employees	**15,087**	15,640	- 3.5 %
NFI key indicators			
Scope 1 and 2 emissions (in millions of tonnes CO_2e)	**1.47**	1.91	- 22.9 %
Lost Time Accident Rate (200)	**1.27**	2.18	- 41.6 %
Share performance indicators (in EUR)			
Earnings per share	**4.36**	17.19	- 74.6 %
Dividend per share	**1.50**[5]	4.20	- 64.3 %

Please find the five year overview of the financial key indicators 2019 - 2023 at the end of the report.

[1] adjusted for material one-off effects (material defined as impact on operating profit of more than EUR 10 million)
[2] calculated with adjusted result figure
[3] The calculation is based on the adjusted result figure and refers to the average of the last 12 months.
[4] incl. impairment and write-ups on property, plant and equipment and intangible assets as well as non-current assets held for sale
[5] proposed

Leading in Consumer Packaging

MM is a global leader in consumer packaging. The Group provides packaging solutions for cartonboard and folding cartons with an attractive offer in kraft papers, uncoated fine papers, leaflets and labels. MM promotes sustainable development through innovative, recyclable packaging and paper products.

Content

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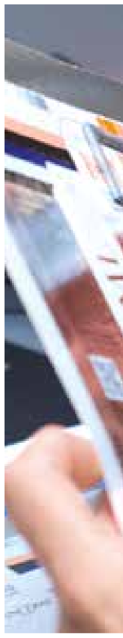
Product innovations to substitute plastic in packaging

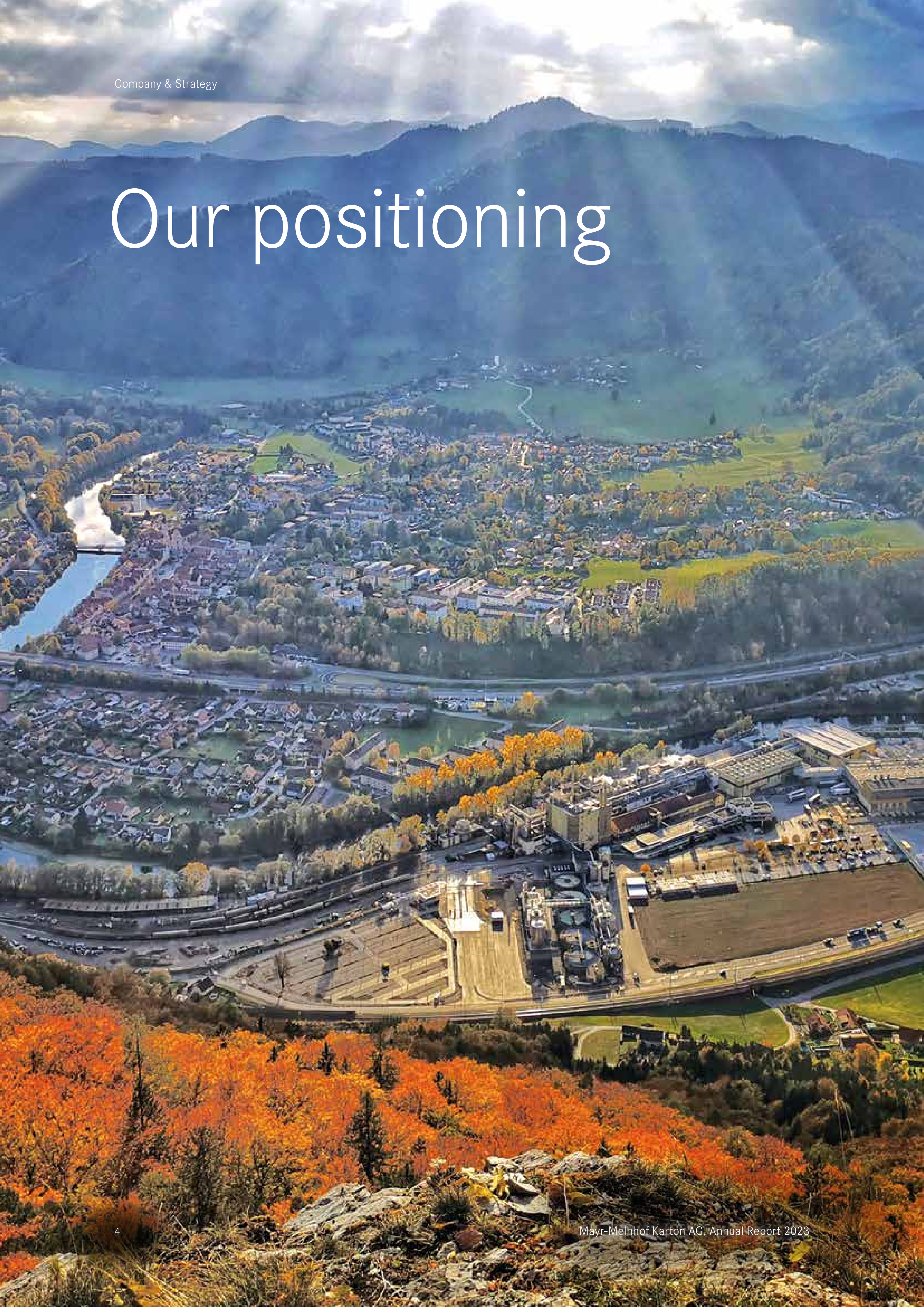


44
Together a strong team

You can find our financial reports here.

Cover: ALASKA® WHITE 275 g/m², Inner part: Speed E 100 g/m²; both MM Kwidzyn

Our positioning



"Our purpose is to enable people to live a **better** life on a **better planet.**

At MM, we **Think next.** to make this a reality with our customers."

Peter Oswald
CEO

Cartonboard

largest cartonboard producer in Europe[1)]

[1)] excl. liquid packaging board

#1

Folding cartons

in Europe

Our way:
Think next.

Is it possible to enable people to live a better life? A better life on a better planet? We think it is.

We can minimise food waste.
And safeguard products through consumer packaging.
Not only recyclable but also effectively recycled at scale.

We can use renewable resources.
We can have a zero carbon footprint.
All while being efficient.

We invest in talent and in leading edge technology to drive growth.
We create innovative solutions to replace plastic in packaging.
We serve our customers' needs with expertise and passion.
We ensure the best in class efficiency of our operations.

We think responsibly, with passion, collaboratively and result focused.

We enable people to live a better life on a better planet.
Think next.

Our video **Think next.**
you can see here.

MM Group in facts & figures

Leading in Consumer Packaging

1.9 million tonnes
production of cartonboard and paper

71 production sites
on **3** continents

79 %
share of sales in Europe

58 %
of shares held by core shareholder families (syndicate)

3,984 million m^2
volume of packaging produced

AAA CDP[1] rating
Climate change, forests and water security

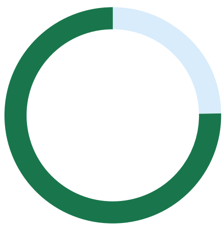
[1] Disclosure Insight Action

>4,000 customers
in more than **140** countries

15,087 employees
in **33** countries

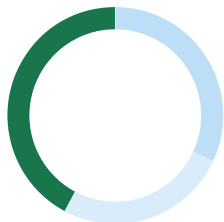
2 Divisions

MM Board & Paper
(% tonnage sold)



(2023 Values)

MM Packaging
(Sales by end markets, % sales)



[1] Home Care, Personal Care, Beauty, Cigarette, Luxury, E-Commerce and Electronics

Our strategy

Our strategic principles

Talent & technology for growth

"We invest in talent and leading-edge technology to drive growth."

Expertise & passion

"We serve our customers' needs with expertise and passion."

Innovative solutions

"We create innovative solutions to replace plastic in packaging."

Efficiency of our operations

"We ensure the best-in-class efficiency of our operations."

Creating value for our customers

Proximate network

- #1 for cartonboard in Europe[1)]
- #1 for folding cartons in Europe
- #1 for secondary pharma packaging in the US

[1)] excl. liquid packaging board

Driving innovation

- Innovative solutions for plastic replacement
- Leading in technology
- **Think next.** Company culture

Leading in sustainability

- AAA CDP rating – Leadership Status
- Increased share of bioenergy from 12 % to 46 %, 2020 to 2023
- Cartonboard with low CO_2 footprint
- Decarbonisation target: 50 % CO_2 reduction by 2031
- Customised LCA[1)] offering

[1)] Life Cycle Assessment

Security of supply

- Multi-plants security concept
- Packaging backwards integrated with cartonboard

International footprint close to our customers

6

cartonboard and paper mills

1

mechanical pulp (CTMP/BCTMP) mill

64

packaging plants

17

sales offices in

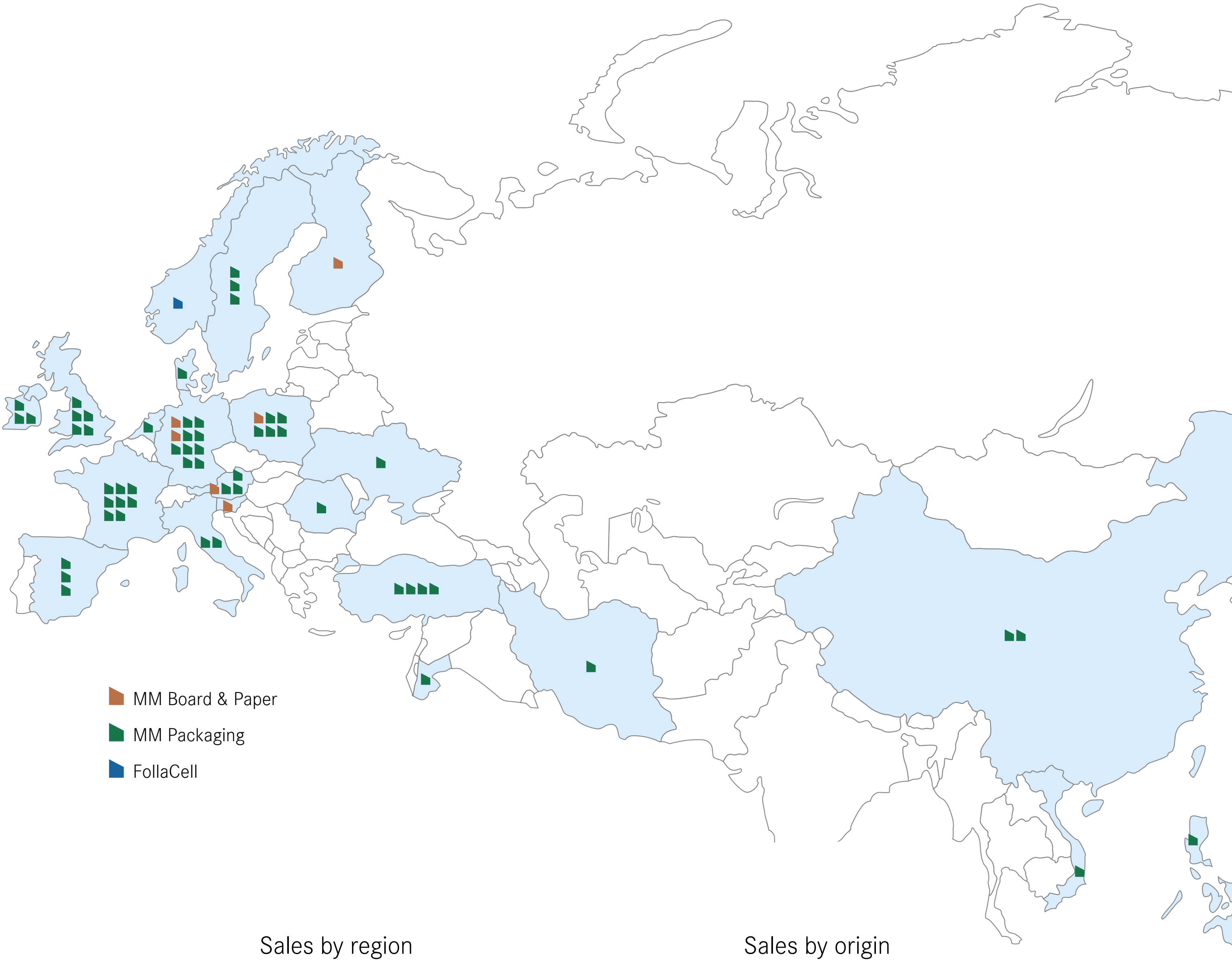
15 countries

>4,000

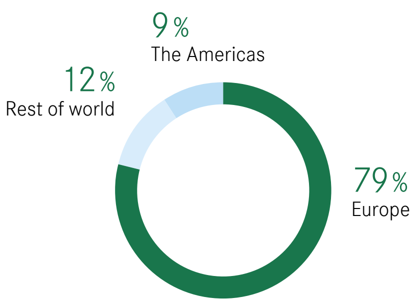
customers in more than

140 countries

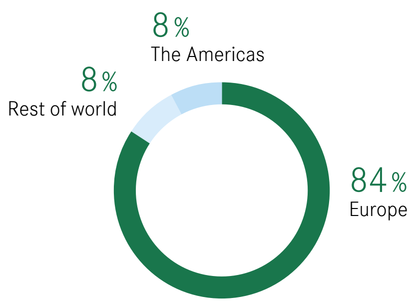
You can find our worldwide locations and the contact details here.



Sales by region
(in %)



Sales by origin
(in %)



Cartonboard – a responsible and renewable packaging material

"Recyclability is not enough anymore. Our customers want a guarantee that almost all of their packaging is recycled – and with a recycling rate of more than 80 % we can give this promise."

Peter Oswald
CEO

82 % recycling rates

82 % of all paper and cartonboard was recycled in the EU-27 in 2020. This is the highest rate for any packaging material.[1)]

Up to 25 recycling cycles

Fibre-based material can be recycled up to 25 times, without losing its mechanical or structural integrity.[2)]

100 % responsible sourcing

100 % of all fibre-based raw materials used at MM Board & Paper are either certified or from controlled wood sources.

[1)] "Recycling rate of paper and cardboard packaging waste in the European Union 2005-2021", Statista
[2)] Recyclability of cartonboard and carton, Graz University of Technology 2021

Our circularity model

Cartonboard and paper packaging mainly consists of renewable raw materials and is part of a circular economy. This is because waste paper is reused as a resource and combined with virgin wood fibres from responsibly managed forests to continue the cycle.

The year 2023

Group sales
in millions of EUR
4,164.4

Adjusted EBITDA
in millions of EUR
450.2

Adjusted
operating profit
in millions of EUR
229.2

Earnings per share
in EUR
4.36

ROCE
Return on Capital
Employed
6.5 %

Dividend per share
in EUR[1)]
1.50

[1)] proposed

Net debt/EBITDA
2.8

Capital expenditures
in millions of EUR
425.3

Lost Time Accident Rate
LTAR (200)
1.27

Scope 1 and 2 emissions
in millions of tonnes CO_2e
1.47

Transformation in a difficult market environment

- Sharp decline in demand and significant market- and capex-related downtime at MM Board & Paper weigh on results
- Strong profit performance at MM Packaging
- Comprehensive modernisation programme to increase competitiveness of MM Board & Paper implemented
- Successful integration of last year's acquisitions in the resilient area of pharmaceutical packaging
- Profit & cash protection plan proves effective
- Dividend of EUR 1.50/share proposed in line with long-standing dividend policy

Earnings per share
(in EUR)

2023	4.36
2022	17.19
2021	9.46
2020	8.06
2019	9.49

Dividend per share
(in EUR)

2023[1]	1.50
2022	4.20
2021	3.50
2020	3.20
2019	3.20

[1] proposed

Adjusted EBITDA
(in millions of EUR)

2023	450.2
2022	769.0
2021	421.0
2020	411.8
2019	389.6

ROCE
(in %)

2023	6.5
2022	17.9
2021	12.8
2020	15.8
2019	15.4

Highlights

We invest in industry leadership

MM Frohnleiten: Successful implementation of the future investment

The modernisation of Board Machine 3 at Frohnleiten mill was an integral part of our investment programme: Fully automated and optimised production processes significantly increase the efficiency of stock preparation while reducing specific energy consumption. The latest production technologies in cartonboard manufacturing, such as modernisation of board machine and finishing department, raise product quality and capacities. Innovative digitalised logistics processes accelerate and optimise the material flow. In addition, the rebuild leads to a further enhancement of our multi-mill concept allowing for the production of the same recycled board grades at various mills. With our new photovoltaic system that covers an area of 2,500 m^2, we expect to produce 400,000 kWh of electricity per year.

BM3 impresses with its enhanced performance.
Find out more here.

MM Neuss: Transformation of BM5 into a state-of-the-art linerboard machine

The rebuild included several upgrades to improve product quality, enhance appearance and reduce specific energy consumption, in order to offer a wider, more sustainable liner-range also with lower grammages and good growth opportunities.

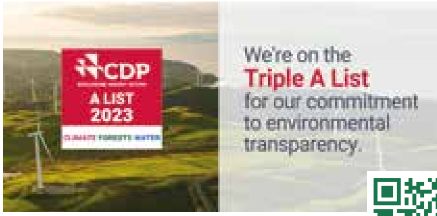
Modernisation of Board Machine 5.
Find out more here.

MM Kolicevo: Sustainability meets quality

With the rebuild of our board machine at the Kolicevo mill, we have taken another step towards sustainability. The modernisation aims to significantly increase competitiveness through state-of-the-art technologies and processes, improved product quality and a reduced environmental footprint.

Pharmaceutical packaging: Successful integration

The integration of the ex-Essentra packaging sites was successfully implemented. Optimisations in quality, service and productivity as well as necessary investments and the leveraging of synergies are on the right track.



You can find the CDP rating here.

Leadership in sustainability

The MM Group has been recognised for leadership in corporate transparency and performance on climate change, forests and water security by the global environmental non-profit CDP. Based on 2023 data reported on Climate Change, Forests and Water Security, the MM Group is one of only ten companies that achieved a triple 'A'.

Product innovations

Plastic substitution with high-quality, thermoformed pulp - moulded pulp - for customised packaging shapes, decorative finishes, as well as more protection and efficiency.

Think next.

Successful transformation in an environment of multiple crises

Dear Shareholders,

following a record result in the previous year, the business year 2023 confronted your Company with the most significant demand decline in the European paper and cartonboard industry in the last 50 years.

Successful transformation

Focus on our strengths and on what we can influence

- Strengthening the Management Team – Divisions and Group
- Sustainability - MM at the forefront of carbon footprint; replacement of plastic continues
- Occupational safety increased significantly - occupational accidents (number and severity) considerably further reduced
- Innovation significantly strengthened - digital printing on a large scale, MM Moulded Pulp, GreenPeel
- Agile sales organisation – growth of customer base
- Productivity - holistical focus on cost reduction
- Investments - in technology and cost leadership (flagships and turnarounds)
- Acquisitions - enlarging the product range (virgin fibre-based cartonboard, secondary pharma packaging)
- IT/information management - cloud solution, harmonisation/modernisation, cyber security, integration acquisitions
- Collaboration - joint development and innovation projects for customers MM B&P and MMP

This unprecedented downturn can be attributed to three main factors: firstly, a prolonged reduction in supply chain inventories after an extreme build-up the year before, driven by supply shortages and the energy crisis; secondly, high inflation, which led to significant changes in consumer behavior, resulting in decreased consumption of daily goods; and thirdly, the loss of the Russian market, where we operated two large and profitable packaging sites. And last but not least Russia was an important export market for our cartonboard, the loss of which had an immediate impact on our business.

In addition, weak and very competitive overseas export markets contributed to a drastic reduction in capacity utilisation across the entire European industry and a significant increase in price pressure for both virgin and recycled fibre-based cartonboard.

Strong performance in Packaging – market weakness at Board & Paper
These challenging conditions were particularly reflected in the weak result and volume development in the division MM Board & Paper. In contrast, the Packaging division managed to deliver a strong performance amid a heterogeneous packaging market. Here we have shifted our focus towards Western Europe and the US with our recent acquisitions in the resilient pharmaceutical packaging sector. With a result development above plan, we managed a successful integration in 2023. Overall, approximately already a quarter of our packaging sales comes from the pharmaceutical sector, and we see substantial potential for further value enhancement.

"We have continued our strategic transformation towards enhanced competitiveness and creating a long-term perspective through efficiency, sustainability and innovation."

Peter Oswald
Chairman of the Management Board

Strategic transformation for high competitiveness continued
Despite the overall challenging markets, we have continued our strategic transformation in 2023 towards enhanced competitiveness and creating a long-term perspective through efficiency, sustainability and innovation. As specialists in cartonboard and carton packaging, we aim to be a leader in our core business.

Between 2021 and 2023, we have therefore also implemented the most extensive capex programme in our history to date, with numerous projects focusing on cost and energy efficiency, technological modernisation as well as growth at large, competitive sites across both divisions. While the Packaging division has already noticeably benefited from these measures since 2022, the Board & Paper division successfully implemented major investments in cutting-edge technology, product improvements and sustainability at the Frohnleiten, Neuss and Kolicevo mills in 2023.

Awarded sustainability
Alongside our production sites, we have also further developed our central Group functions, particularly with regard to sustainability, innovation and the use of cutting-edge technology as differentiating features in the market. In this context, the MM Group was the only European packaging company to be awarded a "triple A" by the global non-profit environmental organisation CDP for its leadership in transparency and performance regarding climate change, forest and water security – a significant progress from our C/D score three years ago.

Fit for the future and further growth

Overview of the most important goals and challenges in 2024 and beyond

- Profit & cash protection programme; working capital reduction and comprehensive cost reduction programme throughout the Group
- Focus on increasing market share and defending profit margin through product innovation and leadership in sustainability
- Increase of the share of sustainable, renewable energies; enhancing energy efficiency
- Further growth in Pharma & Healthcare (organic/medium-term through acquisitions)
- Continuous structural optimisation of the asset base
- Active player in the industry consolidation (Europe/global)
- Further strengthening of the Management and Sales teams
- Talent management – young talent and succession planning
- Headwinds for 2024 results: Prolonged economic downturn, margin pressure due to overcapacity in the industry

Our strategic sustainability focus aims to capitalise on the growth opportunities presented by modern recyclable packaging from renewable resources. One topic is replacing plastic packaging, and the second major topic is reducing our carbon footprint through various projects, from photovoltaic installations to adjustments in production processes.

Procurement market prices for electricity and gas in 2023 were again significantly lower than in 2022 but still considerably above previous years' levels. Prices for paper for recycling and pulp were declining in the 1st half of the year but showed an upward trend thereafter. As a result of inflation, personnel costs have of course also increased notably.

Profit & cash protection plan enhances financial solidity

In anticipation of only a slow recovery in demand, we adjusted our packaging capacity in 2023 by closing a production site in Germany and our paper capacity by shutting down one paper machine at MM Kwidzyn. On top, our profit & cash protection plan launched in mid-2023 which provides for a significant reduction in working capital as well as capex curtailments in addition to cost reductions has already significantly contributed to reducing net debt in the reporting year.

At this point, we extend sincere thanks to all our employees for their exceptional commitment, creativity and loyalty during these particularly challenging circumstances. We also want to thank our shareholders for their trust in economically windy times.

Senior Leaders Conference 2023

In line with the profit development and long-term dividend policy which provides for the distribution of one third of profit, the Management Board will propose a dividend of EUR 1.50 per share (2022: EUR 4.20) for the financial year 2023 to the 30th Annual Shareholders' Meeting on April 24, 2024.

“Our profit & cash protection plan significantly strengthened our financial foundation in the reporting year.”

Franz Hiesinger
CFO

Positive volume trend at the beginning of 2024
Looking on 2024 we've observed a positive volume trend for MM Board & Paper in the highly competitive European cartonboard and paper sector in these first few weeks of the year, though margin pressure continues. Even as the inventory reduction in the supply chain approaches completion, we expect only a slow market recovery due to the sluggish economic climate in Europe, coupled with continued restrained consumer spending. Given the challenging conditions on non-European export markets, oversupply and muted capacity utilisation in Europe are expected to continue.

The pressure to increase competitiveness is therefore constantly increasing. This also applies to MM Packaging, although this sector is overall more resilient due to its broad positioning. Therefore, our profit & cash protection programme will be consistently continued in 2024 and supplemented by targeted structural adjustments. Recent increases in costs are to be passed on through corresponding price adjustments.

Capex for 2024 are planned to be around EUR 300 million, including carryovers from the previous year. Our focus will be on selective projects to enhance our competitive edge in the long term.

Full commitment and further optimisation provide optimism
Despite the challenging environment in 2024, at least in the first half of the year, we would like to express our optimism for the medium term. The Packaging division with its differentiated products and broad diversification brings MM high stability and MM Board & Paper now has a very competitive asset base. The MM Group is well-financed. Our strong teams of managers and employees will successfully navigate the ongoing challenging market situation with more sustainable and innovative packaging solutions.

Best regards,

Peter Oswald
Chief Executive Officer

Franz Hiesinger
Chief Financial Officer

in March 2024

Please find here the video statement of CEO Peter Oswald and CFO Franz Hiesinger on Annual Results 2023.

Report of the Supervisory Board

In the financial year 2023, the Supervisory Board fulfilled its responsibilities pursuant to statutory provisions, the Articles of Association and bylaws. Six plenary meetings were held, with all members attending at least five of them. In addition, the Audit Committee met twice and the Presidium of the Supervisory Board fifteen times. In the light of an unprecedented downturn in the European cartonboard and paper markets due to overcapacity and economic weakness, the Supervisory Board's activities focussed on securing the Group's long-term competitiveness in terms of structure, technology, costs and financing. In particular, the loss of the Russian market and unexpected weakness in demand in customer industries traditionally regarded as largely crisis-proof, such as the food sector, necessitated extensive optimisation measures throughout the Group on both the capacity and cost side after years of growth. The fundamental positioning of the Company, with a growth-oriented, well-balanced Packaging division alongside the cyclical Board & Paper segment, proved to be an important differentiator in the industry, particularly in times of earnings pressure. Due to the challenging economic environment, the Supervisory Board's activities from mid-year onwards focussed in particular on accompanying the Group-wide profit & cash protection plan and on measures to ensure a balanced long-term financing structure for the Company. At MM Packaging, the successful integration of last year's acquisitions, Essentra Packaging and Eson Pac, proved to be a step with considerable potential for value enhancement. At MM Board & Paper, the focus in the past financial year was placed on supporting the most comprehensive capex programme so far for more efficiency, sustainability and new product qualities at the cartonboard mills Frohnleiten, Neuss and Kolicevo. In addition, as part of its responsibility for sustainability, the Supervisory Board generally dealt with technological options for increasing the share of renewable energy at various Group sites, with the largest single project currently under development at the Kwidzyn site in Poland.

In order to ensure the appropriate management expertise for the Group in the long term, the Supervisory Board also addressed issues relating to the development of the management team, succession planning and talent management in 2023. The Supervisory Board also dealt extensively with IT systems/cyber security, sustainability and risk management as well as corporate governance and compliance. An update session was held for the Supervisory Board regarding capital market compliance.

After eight years as Chairman of the Supervisory Board, Rainer Zellner resigned from this position and the Supervisory Board following the 29th Annual General Meeting of the Company on April 26, 2023. The Supervisory Board extends its gratitude to Rainer Zellner for his great commitment to the further development and expansion of the MM Group. Under his leadership, the Supervisory Board has guided the Group's development into a new dimension in recent years.

The meetings of the Supervisory Board and the Committees always offered sufficient opportunity to discuss individual agenda items in detail on the basis of timely submitted documents. The interaction of capital and employee representatives within the Supervisory Board was characterised by a thoroughly constructive atmosphere. Overall, the Management Board has complied with its duty to provide information in a comprehensive manner and has informed the Supervisory Board regularly, promptly and in detail, both in writing and verbally, about the position and development of the Company and its subsidiaries. Also between the meetings, the Chairman of the Supervisory Board – and in many cases the Presidium of the Supervisory Board - and the Chairman of the Management Board had regular exchanges and discussed the progress of business, strategy and the Company's risk position. The Chairman of the Audit Committee and the Chief Financial Officer were also in continuous contact. Information on the composition and procedures of the Supervisory Board and its compensation can be found in the consolidated corporate governance report and the remuneration report.

Audit 2023

The annual financial statements and the management report of Mayr-Melnhof Karton AG for the year ending December 31, 2023, including accounting, were audited by PwC Wirtschaftsprüfung GmbH, Vienna. The same applies to the consolidated financial statements which were prepared in accordance with IFRS and supplemented by the management report for the Group and further notes pursuant to section 245 a of the Austrian Commercial Code. The audit confirmed that accounting, the annual financial statements, the management report as well as the consolidated financial statements and the management report for the Group comply with legal requirements and the Articles of Association and, in all material respects, give a true and fair view of the assets, liabilities, financial position and profit or loss. The audit provided no reason for query, and the auditors duly issued an unqualified opinion for 2023.

The Supervisory Board has examined the annual financial statements and the management report of Mayr-Melnhof Karton AG as of December 31, 2023 as well as the consolidated financial statements and the Group management report of Mayr-Melnhof Karton AG as of December 31, 2023 in accordance with the legal requirements. The final result of the audit by the Supervisory Board did not give rise to any objections. The Supervisory Board has complied with its statutory audit obligation concerning the consolidated corporate governance report 2023 and the consolidated non-financial report 2023. Additionally, a limited assurance engagement of the consolidated non-financial report 2023 was performed. Based on the procedures performed, nothing has come to the attention of PwC Wirtschaftsprüfung GmbH, Vienna, that gives reason to believe that the consolidated non-financial report 2023 of Mayr-Melnhof Karton AG has not been prepared in accordance with the requirements of section 267 a of the Austrian Commercial Code in all material aspects.

Wolfgang Eder
Chairman of the Supervisory Board

Approval of annual financial statements, consolidated financial statements and distribution of profit

The Supervisory Board concurs with the annual financial statements, the management report, the consolidated corporate governance report, the consolidated non-financial report according to section 267 a of the Austrian Commercial Code as well as the consolidated financial statements and the management report for the Group and hereby approves the annual financial statements as well as the consolidated financial statements of Mayr-Melnhof Karton AG as of December 31, 2023. Thus, the annual financial statements 2023 of Mayr-Melnhof Karton AG are adopted in accordance with section 96 (4) of the Austrian Stock Corporation Act.

The Supervisory Board states that the financial year 2023 will close with unappropriated retained earnings of thous. EUR 100,000. It is proposed to distribute a dividend of EUR 1.50 per dividend-bearing share to the shareholders and to carry forward the remaining amount to new account. The Supervisory Board extends its gratitude to the Management Board and all employees of the MM Group for their dedication and loyalty in this particularly challenging time. In addition, the Supervisory Board would like to thank the shareholders for their trust in economically difficult times.

Vienna, March 2024

Wolfgang Eder
Chairman of the Supervisory Board

We think next.

"For me **Think next.** is a philosophy aimed at creating more sustainable products that will not only meet our customers' needs but also have the potential to create a better future for the next generations."

Katarzyna Dabrowska
Brand Manager, MM Kwidzyn

"We are thinking about the future of packaging and encourage our customers to do the same. We are building a reputation as an innovative company regarding our products, our technical expertise and our potential to be a significant supplier in our region."

Inger Heinke
Sales Director North America, MM B&P

At MM, we **Think next.** to make a positive impact on people's lives and the planet.

"Our actions have a tremendous impact on people and our planet every day. If we raise awareness of such power, that energy can transform our company to the next level, leaving a positive footmark."

Laura Valencia Baldovi
Management Assistant, MMP Solutions Ibérica

"In Finance, we are actively participating in planning and envisioning future scenarios. It is crucial to regularly pause, ensuring our financial plans align with our values and aspirations, acting as as a reliable compass on our journey."

Georg Gaugl
Head of Controlling, Graphia

"For me and my area of responsibility, **Think next.** means accelerating innovation by bundling forces with internal and external sources. Focussing on a customer centric, fibre-based and premiumised product offering that combines luxurious look, functionality and is answering all sustainable and regulatory questions."

Jens Uhlmann
Innovation Director Beauty & Personal Care

"In our organisational success, the threads of collaboration, responsibility, passion, and result-focussed dedication are intricately weaved together. **Think next.** is a call to action, in a culture where every idea is a step forward, every responsibility a shared commitment, every passion a driving force and every result a proof of our collective excellence."

Lidija Zupancic
Office & Communication Manager, MM Kolicevo

"We provide sustainable solutions for the pharma packaging supply chain that are engineered with cutting-edge knowledge. We are strongly convinced that we have great opportunities to protect lives by continuing this work."

Linda Holmberg
Marketing & Communication Coordinator, MM Eson Pac

"In light of our current product portfolio and the successful launch and operation of machineries for freshness label, I am confident that TANN Philippines will also invest in recyclable packaging solutions in the future that will help protect and preserve our planet."

Peter Denk
Production Manager, TANN Philippines

"In the COVID years, customer contact has suffered a lot as face-to-face meetings were often difficult to organise. Now there is a special focus on personal contact with the customer, as this is an important channel for conveying our values."

Elisabeth Wimmer
Global Key Account Manager, TANNPAPIER

"Our mission is to continuously push boundaries, ensuring our technology not only addresses current needs but also anticipates and adapts to the evolving future – always thinking next to drive innovation & progress."

Tomi Lonka
Chief Technology Officer, MM B&P

"Quality is when the customer returns, and the product doesn't!"
H. Tietz

"Quality is never an accident. It is always the result of intelligent effort."
J. Ruskin

David Freudenthaler
Head of Quality Assurance,
MM Premium Vienna

"My focus is on prudent planning and strategic foresight, embodying a **Think next.** ethos that ensures stability and excellence in our operations."

Georg Hammer
Head of Production, MM Frohnleiten

"The world has become a completely different place in the last five years and support and care with a view to the well-being of others remains a vital area to continually enhance, more than ever before."

Beverley Christian
Human Resources Manager,
MM Packaging Deeside

"I see **Think next.** as a way to always improve and come up with new ideas. I focus on making things better by finding smarter ways to do them, moving us closer to our goal of creating a better future for everyone."

Firat Kan
Continuous Improvement Manager,
MM Gravure Trier

"As a forward-thinking Internal Audit function, we support continuous improvement within the organisation by constantly pushing for ongoing enhancements in processes, procedures and internal controls to adapt to the changing business and risk environment and create value added ."

Silvia Vogg
Head of Group Internal Audit & Risk Management, MM VIE HQ

"We believe that entrepreneurship and innovation is the key to unlocking the potential of tomorrow. That's why we're thinking next and working to create innovative solutions that will shape the future."

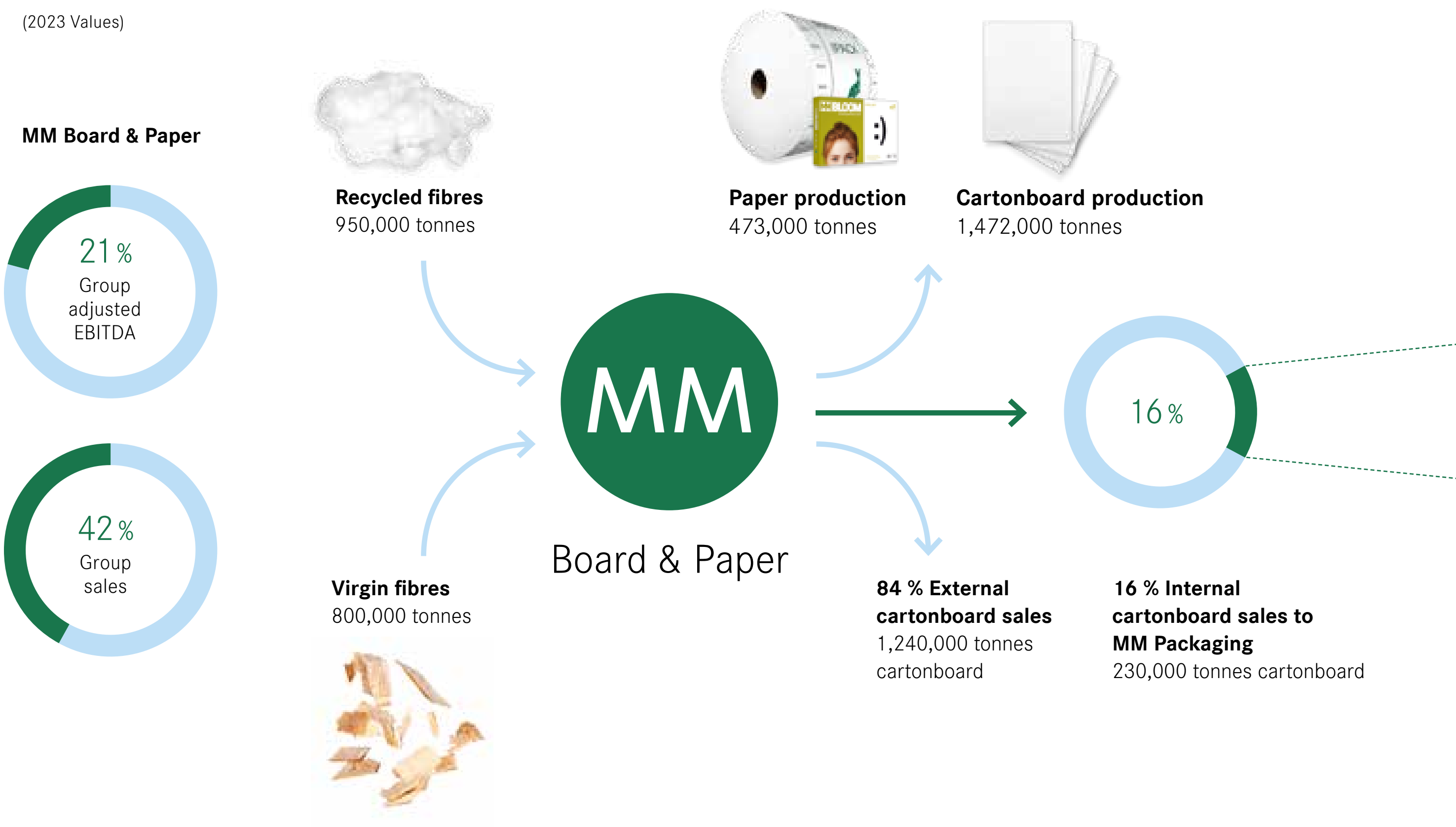
Florian Fuchs
Managing Director,
MM Neupack Austria

"**Think next.** stands for our proactive collaboration and continuous improvement at MM. To this end, we are also constantly optimising our internal communication channels so that everyone can participate in innovative ideas and progress."

Andrea Kaderschabek-Sledz
Internal Communications Manager,
MM VIE HQ

Our business model

Two independent divisions create added value along the supply chain

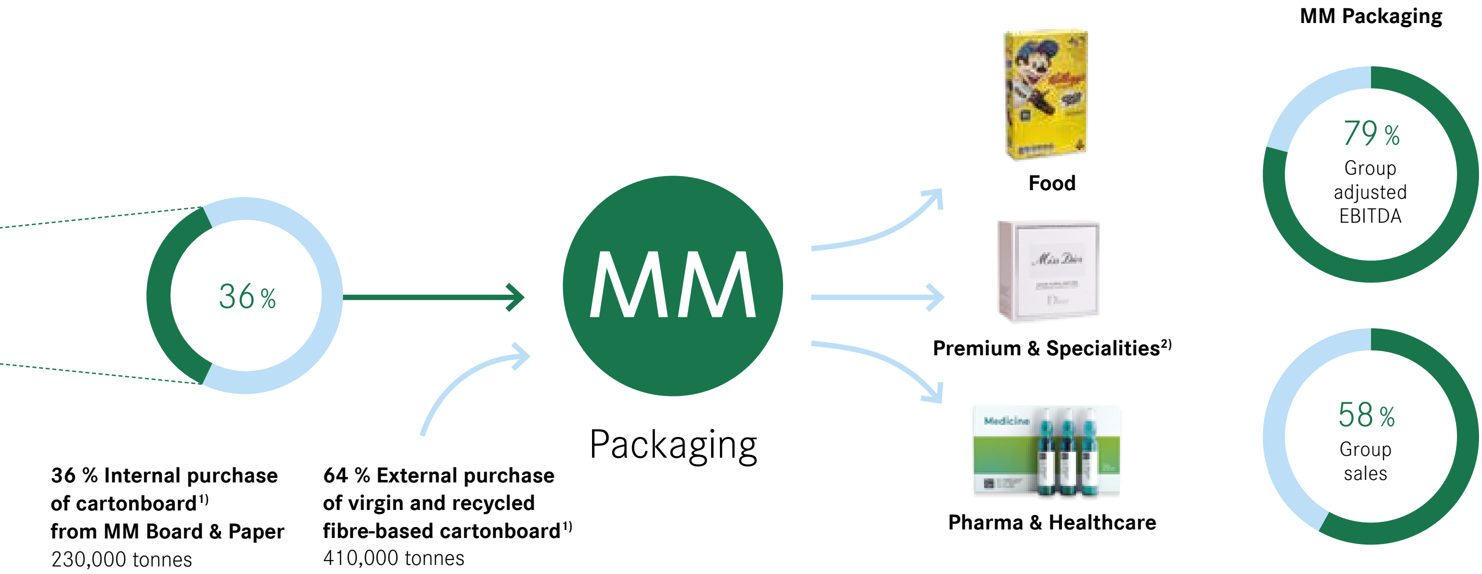


Fibres

For the production of our cartonboard products, we purchase fibres mainly on the spot market. For virgin fibres, we mainly use groundwood pulp which is also produced directly at our cartonboard mills. The pulp for our paper products is produced in-house on an integrated basis.

MM Board & Paper

In addition to fibres, energy, chemicals and logistics are significant cost factors in the production of cartonboard and paper. Our cartonboard products are primarily sold to packaging manufacturers and consumer goods producers. Our kraft papers are sold in particular to the food and gastronomy industry as well the laminate industry. Fine papers are mainly purchased by paper and office supply retailers.



[1)] excl. Paper, Tipping Paper, Liner
[2)] Home Care, Personal Care, Beauty, Cigarette, Luxury, E-Commerce and Electronics

MM Packaging

Cartonboard and paper are the main input factors of MM Packaging. As a result of the broad sales spectrum, the share of recycled fibre-based cartonboard processed and of virgin fibre-based cartonboard processed including paper is approx. 50 % each. MM Packaging is supplied by MM Board & Paper at market conditions.

End markets

The end markets Food, Pharma & Healthcare as well as Premium & Specialities are supplied well-balanced by MM Packaging. The highly specialised Premium business comprises the areas Home Care, Personal Care, Beauty, Cigarette, Luxury, E-Commerce and Electronics.

MM Board & Paper

Europe's leading cartonboard producer

Approx. 52 % of production in 2023 was accounted for by recycled cartonboard, approx. 24 % by virgin fibre-based cartonboard and approx. 24 % by uncoated fine papers and kraft papers.

1.9 million
tonnes cartonboard and paper sold

6 cartonboard mills in **5** countries

1
mechanical pulp (CTMP/BCTMP)-plant

10
board and paper machines

>110
export countries

4,579
employees

Find out more about MM Board & Paper – Europe's largest cartonboard producer with a high-quality paper range.

MM Board & Paper is the largest European cartonboard producer (excluding liquid packaging cartonboard). A wide range of cartonboard products for a varied spectrum of applications with a focus on the packaging area is manufactured at six locations in Europe. The aim is to grow faster than the market through a highly competitive position based on location size, innovation and sustainability.


New cross cutter MM Frohnleiten

Our core business comprises food packaging, packaging for household, hygiene and pharma products as well as office and laminate papers. The main customers are cartonboard packaging manufacturers in the highly fragmented European folding carton industry as well as brand owners and retailers. Due to the necessity of short-term delivery of the products to the customer and transport costs, the European market is mainly supplied from Europe.

Think next. We offer our customers the highest supply security with our multi-mill concept.

Production of specific cartonboard qualities in several mills guarantees a reliable supply, stable quality and short delivery times.

A comprehensive fibre-based product portfolio

76 % Cartonboard

Recycled fibre-based cartonboard

Virgin fibre-based cartonboard

White Top Coated Recycled Liner

24 % Paper

Uncoated Fine Paper

Packaging Kraft Paper – IPACK TM®

Saturating Kraft Paper – ABSORBEX®

Optimal solutions for a variety of applications

Food (dry, chilled, frozen)

Pharma & Health Care

Cosmetics & Personal Care

Commercial & Office Print

Packaging Paper

High Pressure Laminates

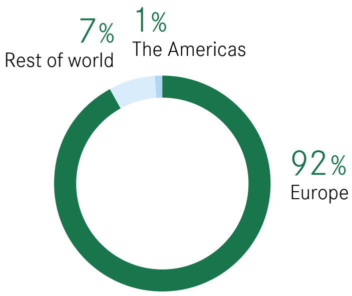
Key Indicators MM Board & Paper

(in millions of EUR)	2023	2022	+/-
Consolidated sales[1]	**1,919.1**	2,750.0	- 30.2 %
Adjusted EBITDA	**92.7**	511.1	- 81.9 %
Adjusted operating profit	**- 19.8**	405.6	- 104.9 %
Operating profit	**- 19.8**	381.0	- 105.2 %
Operating margin (%)	**- 1.0 %**	14.7 %	- 1,578 bp
Cash flow from operating activities	**291.6**	244.4	+ 19.3 %
Return on capital employed (%)	**- 1.1 %**	24.0 %	- 2,502 bp
Capital expenditures	**233.2**	191.8	+ 21.6 %
Depreciation and amortisation[2]	**112.5**	118.4	- 5.0 %
Employees[3]	**4,579**	4,776	- 4.1 %

	2023	2022	+/-
Tonnage sold (in thousands of tonnes)	**1,948**	2,389	- 18.5 %
Cartonboard	**1,476**	1,803	- 18.1 %
Paper	**472**	586	- 19.5 %
Tonnage produced (in thousands of tonnes)	**1,945**	2,433	- 20.1 %

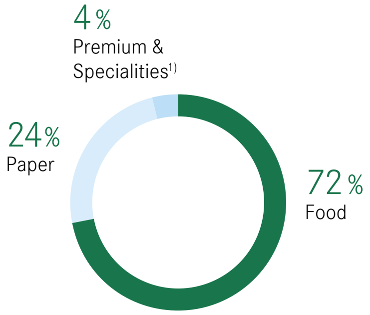
[1] incl. interdivisional sales
[2] incl. impairments and write-ups on property, plant and equipment and intangible assets as well as non-current assets held for sale
[3] as of December 31

Sales by destination
(in %)



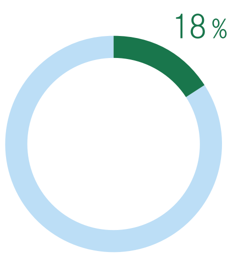
(2023 Values)

Sales by end markets
(% volume)



[1] Home Care, Personal Care, Beauty, Cigarette, Luxury, E-Commerce and Electronics

Share of top 5 customers[1]
(% sales)



[1] excl. MM Packaging

We make our mills fit for the future

Think next. We invest in industry leadership

MM Frohnleiten – best in class at recycled fibre-based cartonboard

With the completion of its most extensive investment programme so far, MM's largest recycled fibre-based cartonboard mill in Frohnleiten, Austria, received a significant modernisation and sustainability upgrade in 2023. The focus was placed on the modernisation of Board Machine 3 (BM3), the renewal of the stock preparation systems and the automation of the cutting line and logistics processes.

The objective of the investment was to optimise the runnability of BM3 while enhancing cartonboard quality and significantly increasing the mill's sustainability. This was achieved by considerably improving the production of specific basis weights and significantly reducing the use of energy-intensive virgin wood. A new press section increased dewatering capacity and led to a significant reduction in steam required to dry the cartonboard. The renewal of the central stock preparation system has substantially improved the supply of fibres to BM3.

"I am proud to lead a company that is focussed on the future and sustainability. Investing in our employees is just as important to us as investing in new technologies."

Martin Ruopp
Managing Director MM Frohnleiten

This primarily included increasing efficiency in the recycling process and improving the quality of the fibres used. As a result, raw material losses, specific energy consumption and the contamination of waste water with solids were significantly reduced. The replacement of the process control system also made it possible to fully automate the stock preparation processes. Thanks to the new CEK-line[1], MM Frohnleiten is now also able to produce cartonboard grades based on 100 % recovered paper. The replacement of two cross-cutters with modern high-performance units has not only increased cutting capacity but also optimised material usage. In addition, new format and reel packaging and automated conveyor systems between the units have led to a significant improvement in efficiency.

Overall, the Frohnleiten site has succeeded in significantly increasing its competitiveness by using cutting-edge technology and optimising processes and workflows.

[1] chromo imitation cartonboard

MM Neuss – sustainable through lower basis weight

In 2023, MM invested extensively in the production of low basis weight liner products at the Neuss mill in Germany. This has been the largest single investment in Neuss since the installation of a board machine in 1990. Originally designed for cartonboard production only, the machine has for many years manufactured primarily liner grades which are used as the top layer of printed corrugated boxes. Thanks to the latest rebuild, it can now compete successfully in the top segment of flexo liner.

As part of the rebuild, an innovative film press has been installed, which significantly increases the strength properties of our products by applying starch. With this improvement, our new grades not only meet, but in some cases exceed the highest standards of the flexo liner market. The new unit will enable our customers to use products with lower basis weights for the same applications, resulting in a significant reduction in packaging material.

As a further optimisation measure, a newly installed “curtain coater” replaces two older coating units, enabling considerable resource savings. In addition, the large Yankee cylinder in the board machine which weighed over 120 tonnes was replaced by a modern calender. Additional drying cylinders were installed in place of the Yankee cylinder and the rewinder was replaced, thereby increasing the mill’s capacity.

Furthermore, numerous other steps have been taken to modernise the site and increase energy efficiency. These include the revision of the drying group with a new steam and condensate system, energy-efficient drives, energy-saving pulpers and an advanced quality control system.

The investment in a state-of-the-art linerboard machine at the Neuss site is a prime example of MM’s commitment to the development of sustainable packaging solutions.

“The main aim of our investment was to modernise BM5 and we can already see that the new technology will enable us to achieve our ambitious quality targets.”

Kurt Wasinger
Managing Director MM Neuss

MM Kolicevo – quantum leap in sustainability and quality

Located in the heart of Slovenia, MM Kolicevo has the ambitious goal to become the best performing mill in Southern Europe through strategic investments in cutting-edge technology, product development and sustainability. The mill produces virgin and recycled fibre-based cartonboard as well as white-coated recycled liner, mainly for food industry and pharmaceutical applications.

MM Kolicevo has initiated a comprehensive transformation based on three core pillars: “Green” symbolises our strategic focus on sustainability, “Strong” represents our initiatives to implement state-of-the-art technologies, processes and products, and “Fast” stands for our ambitious plans to shorten lead times and adapt flexibly to the needs of the market.

In order to significantly increase its competitiveness, MM Kolicevo successfully completed a major modernisation of Board Machine 3 (BM3) in 2023, which represents the largest investment so far. The modernisation included three key components: a state-of-the-art curtain sizer, a new dryer section and a new rewinder. These upgrades will enable MM Kolicevo to further increase product quality and improve its already very good specific environmental footprint.

As part of our green investment activities, we successfully completed a photovoltaic project with a capacity of 1.2 MWp, enabling MM Kolicevo to further increase its share of CO_2-neutral electricity.

To be even faster, there has been significant progress in our digitalisation initiatives, enabling us to make our production process even more efficient in terms of costs and quality.

Sustainability is a long-term commitment for the MM Kolicevo team which aims to create a better and more environmentally friendly future based on cost-efficient assets and processes.

“Thanks to the outstanding performance of the MM Kolicevo team, we were even able to successfully complete the rebuild of BM3 a few days ahead of schedule.”

Michael Petschacher
Managing Director MM Kolicevo

MM Packaging

A leading global folding carton producer

We continuously work towards enhancing and innovating our range of fibre based products, aiming to surpass our customers' expectations by providing sustainable packaging solutions for their products.

#1
producer of folding cartons in Europe

64
production sites worldwide

4.0 billion
produced volume in m^2

10,508
employees worldwide

Find out more about MM Packaging, the products and application possibilities.

The business of MM Packaging focusses on folding cartonboard packages for consumer staples. In the business year 2023, around 3,984 million m^2 were produced and sales of EUR 2,431.1 million were generated. Thus, MM Packaging is not just the leading producer of folding cartons in Europe but also one of the largest worldwide.

Digital printing
MMP Neupack Polska

Due to the latest acquisitions in the Pharma & Healthcare business unit in 2022, MM Packaging is also a leading producer of leaflets and labels for this sector, both in Europe and the US. Transport costs and service requirements limit the supply radius of folding cartons, which are defined as mainly regional products. By specialising in specific market and product segments through appropriate know-how, we create continuous development opportunities, but also balance.

Think next. We offer more sustainable product innovations to substitute plastic in packaging.

"GreenPeel" was launched on the market in 2023 as a new, more sustainable alternative made of cartonboard for food trays with a significantly reduced plastic content. "MM Moulded Pulp" is a new focus for highly customised, fibre-based and plastic-free packaging.

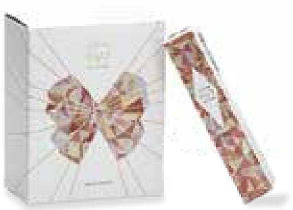
We operate in resilient and profitable markets

32 % Food

Innovative and
tailor-made solutions for
consumer packaging

27 % Pharma & Healthcare

A resilient global manufacturing network dedicated to the specific requirements of pharma packaging



41 % Premium & Specialities[1)]

Leading-edge technology for innovative packaging with more sustainable finishing techniques

[1)] Home Care, Personal Care, Beauty, Cigarette, Luxury, E-Commerce and Electronics

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Complete product range of folding cartons and fibre-based materials

Folding Cartons

Micro-Flute

Clamshells

Shaped Cartons

Two-Piece Cartons

Paperbags

Labels

Leaflets

E-Commerce Envelopes

Moulded Pulp

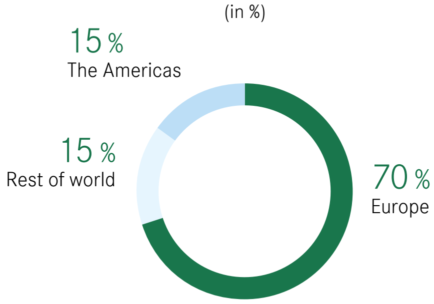
Key Indicators MM Packaging

(in millions of EUR)	2023	2022	+/-
Consolidated sales[1]	**2,431.1**	2,168.7	+ 12.1 %
Adjusted EBITDA	**357.5**	257.9	+ 38.6 %
Adjusted operating profit	**249.0**	156.8	+ 58.9 %
Operating profit	**217.4**	129.4	+ 68.0 %
Operating margin (%)	**10.2 %**	7.2 %	+ 302 bp
Cash flow from operating activities	**494.6**	55.3	+ 793.5 %
Return on capital employed (%)	**14.9 %**	10.8 %	+ 402 bp
Capital expenditures	**192.1**	137.6	+ 39.6 %
Depreciation and amortisation[2]	**108.9**	101.1	+ 7.6 %
Employees[3]	**10,508**	10,864	- 3.3 %

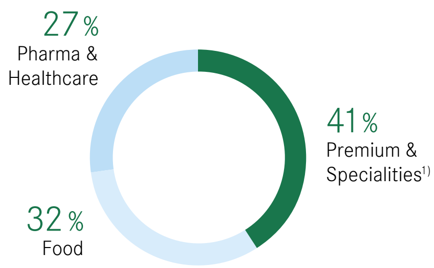
	2023	2022	+/-
Produced volume (in millions of m^2)	**3,984**	4,056	- 1.8 %

[1] incl. interdivisional sales
[2] incl. impairments and write-ups on property, plant and equipment and intangible assets as well as non-current assets held for sale
[3] as of December 31

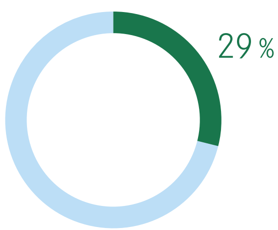
Sales by destination
(in %)



Sales by end markets
(% sales)



Share of top 5 customers
(% sales)



[1] Home Care, Personal Care, Beauty, Cigarette, Luxury, E-Commerce and Electronics

(2023 Values)

We create innovative solutions

Think next. Leading in sustainable packaging

Food

Our packaging is an integral part of the daily routine, whether you are grabbing a quick breakfast of cornflakes, enjoying a vegetable bowl with rice, indulging in a chocolate bar or reaching for a frozen product. Our packaging is everywhere you go and whatever you do, from washing clothes and dishes to brushing your teeth or receiving an e-commerce delivery.

Advanced competitiveness and innovation
Over the past three years, we have made significant investments in expanding our production capabilities and upgrading our machinery. These efforts have strengthened our competitive advantage in key operational areas and created new growth opportunities for our customers. We have also focussed on technical innovations, such as highly customised solutions in digital printing and high-value finishing techniques like hot/cold stamping and UV printing. With these capabilities, we have successfully entered new markets and have made us fit for growth.

"We were able to create new competitive advantages and further improve performance by investing in state-of-the-art technology, targeted cost control and significant progress in sustainability."

Roman Billiani
CEO BU Food & Specialities

Progress in sustainability and plastic replacement
Sustainability is a top priority for us, and we are constantly developing new solutions to optimise our carbon footprint. We utilise green energy from newly installed photovoltaic systems in several plants, proactively offer headroom reduction packaging to our customers and minimise logistic emissions by taking advantage of our international plant network or using railway deliveries. In addition we constantly offer our customers alternatives to plastic, such as our paper inlet with various applications, including advent calendars.

Improved resilience
Despite increasing competition and challenges, our financial performance has remained solid thanks to our diversification of sales activities and targeted focus on cost factors. Furthermore, we have managed to strengthen our position with key customers. Recent investments have not only improved our competitiveness and given us headroom to support the growth of our customers but have also enabled us to increase our supply reliability. Thereby we significantly improved resilience, which is so important for the supply chains in volatile times.

Premium & Specialities

Our sustainable fibre-based packaging produced at our Premium & Specialities sites offer outstanding brand recognition and excellent product protection. Stable and highly efficient materials are required to protect valuable content such as perfume or personal care items. And a perfectly tailor made packaging transfers brand image at the point of sale.

Expansion of global footprint with agility and flexibility

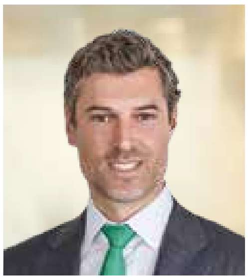
With our truly global footprint, we serve local and global brands. As a result of smaller and an increasing number of single households, our order sizes are continuously decreasing. On top, micro trends and fast and often regional changing consumer behaviour require shorter supply cycles. With new printing technologies - such as digital printing, refined and tailor made supply chain concepts, digitalisation and intense communication with our local and global customer base, we are able to successfully manage this ever-increasing complexity. Overall, our Premium & Speciality plants produce more than 35,000 different product variants every year. Agility and flexibility is key to react fast to an ever-changing global flow of goods.

Leading in specialisation and technology

In the last 5 years, we optimised our global plant network and sharpened production plant specialisation. Spearheading technological development led to future-oriented investments shaping the production environment for the future.

With more sustainable and innovative solutions fit for the future

With reduced transport ways and focused investments, we were able to reduce our ecological footprint. Finally, we can provide our customers with individual CO_2 footprint of their packaging and offer ideas how to further reduce the ecological footprint. Our customer centric approach together with continuous focus on cost and operational improvements prepared a solid basis for further profitable growth. Together with our customers, we can start new endeavours and explore new opportunities as they arise. Our highly skilled and motivated workforce, constant innovations paired with cutting-edge technology made Premium & Specialities FIT FOR THE FUTURE.



"With cutting-edge technology and pioneering innovation, coupled with our global network, we offer our customers maximum flexibility to master the ever-increasing complexity of their business."

Florian Binder-Krieglstein
CEO BU Beauty & Personal Care/Cigarette

Pharma & Healthcare

Pharma and healthcare packaging is a resilient, large and growing market in both Europe and North America. As a leading supplier for secondary pharma packaging, MM currently supplies 80 % of the largest pharma companies as well as CMOs (contract manufacturing organisations) and a wide range of mid-sized pharma companies with folding cartons, leaflets and labels. Our packaging products are an essential requirement to ensure patients have reliable access to their required medications every day.

Integration successfully completed
In 2023, we successfully completed the integration activities of former Essentra Packaging and Eson Pac. As part of this transformation programme, we transitioned into a new organisation and substantially improved our operational and financial performance. We now operate a well-integrated, resilient and global manufacturing network with more than 25 plants dedicated to the specific requirements of pharma packaging.

Unique offering
Pharma customers expect excellent delivery performance and flexibility to support future growth. MM is uniquely positioned to meet these requirements with our global and scalable packaging manufacturing network alongside the benefits of MM Board & Paper's compelling virgin fibre-based cartonboard for pharma applications. On top, local capabilities offer customers specialised services like enhancing customer packing line operations and streamlining supply chain processes. In 2023, we made good progress in establishing our unique product offering and to successfully optimise the reliable contingent supply through our pharma production network. As a market leader, we endeavour to offer our customers leading innovations in areas that are most important to them, such as patient safety and sustainability. In these areas we made substantial progress in the development and commercialisation of innovative products, with a special focus on smart packaging, anti-counterfeiting and plastic replacement.

Fit for future growth
Going forward, we see excellent growth opportunities for MM driven by the dynamic underlying market growth in segments like weight-loss drugs, oncology and medical devices. To support this growth, we invested more than EUR 100 million into machinery and infrastructure in the pharma business along with substantial investments to strengthen the teams across all areas. We are therefore well positioned to solidify our position as a leader in secondary pharma packaging in Europe and North America.

"We have optimally positioned ourselves and invested significantly to support our pharma customers in their future growth through excellent delivery performance, flexibility and quality."

Andreas Koppitz
CEO BU Pharma & Healthcare

Cartonboard as plastic substitution


GreenPeel

Significant innovation potential
MM sees significant innovation potential in the substitution of plastics with fibre-based materials. This trend is being driven not only by EU directives such as the Single Use Plastics Directive, but also by customers who are making sustainability a central element of their positioning.

Sustainability at the centre of customer demands and innovations
Branded goods manufacturers attach great importance to maintaining the identity of their brand, while at the same time a natural and environmentally friendly look of the packaging, which can have a positive impact on the image, is becoming increasingly important in order to differentiate themselves from the competition. The MM Group strives to meet these demands and offer innovative solutions that are both functional and sustainable. For example, our new MCM Brown recycled fibre-based cartonboard grade combines a natural brown reverse side, which gives the packaging an authentic and natural appearance, with a high brightness on the top side for vibrant printing results. We are particularly proud of the development of two new, more sustainable packaging solutions by MM Packaging: “GreenPeel”, a new, more sustainable alternative made of cartonboard for food trays with a significantly reduced plastic content, and “MM Moulded Pulp”, our new highly customised solution in the field of fibre-based and plastic-free packaging.

Focus on innovative paper-based barrier solutions
A particular focus of innovation at MM is placed on paper-based barrier solutions that are both functionally effective and recyclable. In this context, we invest in

GreenPeel

Paper-based food tray, the more sustainable alternative to conventional packaging solutions

- Plastic reduction of up to 90 % compared to regular plastic trays
- Lightweight design and minimal material usage
- Can be integrated into most industry standard packaging, production and sealing processes
- Customised packaging designs for effective branding and marketing
- Highest food safety and hygiene through optional barriers


Moulded pulp tray replaces plastic

research and development in order to develop new technologies that can replace plastics in various applications. We also collaborate with other companies along the value chain, such as coating specialists. For the new virgin fibre-based cartonboard ALASKA® BARRIER GREASE launched in 2023, we have developed barrier solutions for frozen products that can replace polyethylene-coated cartonboard.

Fully in trend
Improved functionalities such as “easy opening” and future-orientated designs with sustainability aspects are trends that we are actively following in the MM Group. In the pharmaceutical sector, we are working on smart packaging technologies that enable digital information about the packaging, e.g., by integrating RFID chips. The future of the packaging industry will be significantly influenced by innovative, recyclable solutions that contribute to environmental protection. We are therefore continuously pursuing innovations in products and technology in order to be able to replace plastics with more environmentally friendly alternatives and further promote the circular economy.

MM Moulded Pulp

MM Moulded Pulp

Environmentally friendly fibre-based packaging for plastic replacement

- Renewable, recyclable and compostable
- Customised solutions to boost identity and creativity
- Primary and secondary packaging for a variety of segments and applications
- Customisation for unique product shape and size needs
- Maximum protection and efficiency during transport and storage

“With innovative sustainable packaging solutions we are breaking new ground across all industries. The possibilities are almost limitless!”

Nikolaus Salomon-Henn
Head of Sales & Marketing
MM Moulded Pulp

Growing and leading together

Focus on collaboration, leadership development and employer branding

Strengthening collaboration
In 2023, the MM Group made great efforts to strengthen collaboration and common understanding within the Company. Various groups have launched initiatives and organised events to work on fundamental and topical issues. The Senior Leadership Team as well as our business units and Group functions have created the basis for successful collaboration across national borders. We are convinced that a strong sense of community plays a key role in strengthening the motivation and commitment of our employees. We have therefore set ourselves the goal of deepening collaboration within the Company as well as a common understanding. We are proud that our employees feel part of a community and pursue MM's goals together.

Enhancing leadership skills
Based on our defined values and leadership competences, we have developed new training programmes for managers. One example of this is the "Lateral Leadership" training programme. In an international company with matrix structures, there are many roles that do not have traditional management responsibilities, but where functional control or project management are an essential part of the job. With this training, we ensure that effective leadership can also succeed in these roles.

We have designed an innovative programme for ambitious managers and those with leadership potential. Participants play an active role in shaping the programme. "Leading Together" is characterised by feedback, coaching and the collaborative work on topics. We believe this initiative will help participants to develop effective leadership skills and further strengthen collaboration within the Company.

We get things done

The MM Group undertakes extensive employer branding activities to position itself as an attractive employer and attract talents. By professionalising its social media presence, addressing talents in a targeted manner and improving the recruiting process, the MM Group has been able to significantly increase its visibility on the labour market. The slogan #wegetthingsdone reflects the culture and achievements of the MM Group. In 2023, we received the Employer Branding Award for the best employer brand in the DACH region in the "Global Player" category.

"We will turn the opportunities to success – as one team."

Paivi Suutari
Managing Director
MM Kotkamills

"Coming together is a beginning – staying together is a progress – working together is a success. I'm proud to be a member of our MM team and I wholeheartedly believe that together we can overcome any obstacle!"

Michal Thomas
Managing Director MM Neupack Polska

MM Shares

In an overall positive stock market environment and in the whole Austrian market in 2023, the MM share, like other companies in the sector, recorded a weak performance lasting until the end of the year following a slight increase at the beginning of the year. The overall annual performance amounted to -16.3 %. After a share price of EUR 151.20 at the end of 2022 and the distribution of a dividend of EUR 4.20 per share, the year 2023 closed with a share price of EUR 126.60. On March 8, 2023, the share had reached the annual high of EUR 161.60.

The positioning of the MM Group as a leading global manufacturer of cartonboard and folding cartons for consumer packaging with a long-term profit and growth orientation is the focus of our ongoing Investor Relations activities. Our strategic orientation as a sustainable company in avoiding plastic waste through innovative, recyclable packaging and paper products is considered highly attractive, especially by ESG-oriented investors. In 2023, in addition to the historic decline in demand at Board & Paper following the boom in the previous year, particular interest was shown in both the major investments in the recycled cartonboard mills Frohnleiten, Neuss and Kolicevo and the solid performance of MM Packaging. We continued to actively manage relationships with our investors and the interested public via webcasts as well as the presence at many physical investor conferences and discussions. We attach great importance to the continuous feedback from the dialog with capital market participants, which we consider as valuable input on our path into the future. The long-term solid strategic orientation and positioning of the MM Group convinced analysts of international banks and brokerage houses even in a difficult market environment, and we were pleased to be included in two new coverages in 2023.

The share

The MM share has been listed on the Vienna Stock Exchange for 29 years. The issue price on April 21, 1994 amounted to EUR 26.16. The long-time listing on the ATX Prime requires the fulfilment of special additional requirements, such as stricter transparency criteria and minimum capitalisation.

As "green investment", the MM share has been part of the Natur-Aktien-Index (nx-25) ever since 1997. This index comprises 25 international companies that are selected according to particularly strict ecological and social criteria. In addition, the MM share has been part of the AKTIONÄR Zero Plastic Index since 2021, which includes seven European companies that contribute to containing plastic consumption with their alternative concepts.

The share capital of Mayr-Melnhof Karton AG, amounting to EUR 80 million, is still divided into 20 million bearer shares, applying the principle of "one share – one vote".

Stock market year 2023

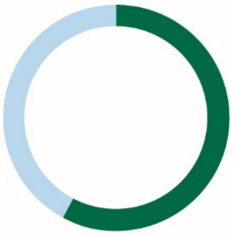
In 2023, the financial markets were characterised by a variety of influencing factors, including mixed economic and inflation data, interest rate hikes by leading central banks, the suspension of the US debt ceiling, turbulences in the banking sector, the ongoing war in Ukraine and the war in the Middle East. Despite these challenges, the financial markets developed positively in many regions of the world towards the end of the year, primarily due to lower inflation rates and the prospect of future interest rate cuts.

As a result, the EURO STOXX 50 closed with an increase of +19.19 % and the DAX with +20.31 % compared to year-end 2022. The Dow Jones Industrial (DJI) recorded a plus of 13.70 %. With an annual performance of +9.87 %, the Austrian benchmark index ATX recorded a slightly weaker performance.

Stable shareholder structure

The shareholder structure of Mayr-Melnhof Karton AG is characterised by a high degree of continuity and stability. The largest shareholders are the core shareholder families who hold approximately 58 % of the share capital. The remaining 42 % of the shares are in free float, mainly held by long-term oriented institutional investors in Europe and the US.

Shareholder structure
(in %)



Long-term dividend policy

Our dividend policy provides for a continuous distribution to the Company's shareholders in line with profit performance. Based on the profit development in the business year 2023, the Management Board will propose a dividend of EUR 1.50 per share to the 30th Ordinary Shareholders' Meeting on April 24, 2024, after EUR 4.20 per share had been paid out for 2022. This corresponds to a dividend payment totalling EUR 30.0 million (2022: EUR 84.0 million) for the business year 2023 and a payout ratio of 34.40 % (2022: 24.43 %). Based on the average share price in 2023, a dividend yield of around 1.1 % was achieved (2022: 2.7 %).

Investor Relations

A sustained active, direct and open dialog with our institutional and private investors, analysts, journalists and the interested public has been at the centre of our Investor Relations programme, which we continued to pursue with great commitment also in 2023.

In addition to the regular disclosure required by law, the exchange with current and potential investors took place in particular in many international investor conferences with a large number of individual and group discussions.

The approach of our Investor Relations work consists in providing all capital market participants with an accurate image of the Group at all times by sharing comprehensive, timely and transparent information in order to facilitate an appropriate valuation of the MM share and to promote a long-term relationship of trust with shareholders and the public.

In this context, we attach the highest priority to the principle of treating all shareholders equally. Therefore we always publish all share-price-relevant and current information simultaneously and identically via an electronic distribution system and on the website of Mayr-Melnhof Karton AG.

The Chairman of the Management Board comments on the current operating and strategic development of the Group on a quarterly basis in publicly accessible audio and/or video webcasts. Annual and half-year results are thus presented on a regular basis in a video webcast and a subsequent CEO conference call. An overview of the CEO video/audio statements can be found at https://www.mm.group/en/for-investors/ceo-video-audio-statements/.

Service for shareholders

We offer shareholders and interested parties the possibility to register for regularly receiving the Company's reports and press releases on our website https://www.mm.group/en/publication-mailing/.

Furthermore, our Investor Relations department is available to answer any questions you may have.

We aim at continuously improving our Investor Relations activities and are therefore always grateful for any suggestions for optimisation.

Your contact at Investor Relations

Stephan Sweerts-Sporck
Phone: +43 1 501 36 91180
E-Mail: investor.relations@mm.group
Website: https://www.mm.group/en/

Information about MM shares

ISIN securities identification number: AT0000938204
Reuters: MMKV.VI
Bloomberg: MMK:AV

Share price chart

Relative performance of MM shares 2023
(December 30, 2022 = 100)

Share performance indicators

Stock price per share (in EUR)	**2021**	**2022**	**2023**
High	184.20	192.00	161.60
Low	162.20	128.80	107.20
Year-end	176.60	151.20	126.60

Stock performance (per ultimo)			
- 1 month	+ 2.9 %	- 6.7 %	+ 12.4 %
- 3 months	+ 7.0 %	+ 14.6 %	- 0.9 %
- 9 months	+ 0.7 %	- 6.3 %	- 17.3 %

Relative performance (year-end)			
MM Shares	+ 7.0 %	- 14.4 %	- 16.3 %
ATX Prime	+ 37.0 %	- 19.1 %	+ 10.1 %

Share performance indicators (in EUR)			
Earnings per share	9.46	17.19	4.36
Total equity per share	82.79	97.69	100.34
Dividend per share	3.50	4.20	1.50[3]
Dividend (in millions of EUR)	70.00	84.00	30.00[3]
Dividend yield per average share price	2.0 %	2.7 %	1.1 %

Stock market data (Vienna Stock Exchange)			
Trading volume[1] (in EUR)	2,348,276	2,652,290	1,506,873
Number of shares issued	20,000,000	20,000,000	20,000,000
Free float[2]	8,596,720	8,296,720	8,356,720
Market capitalisation[2] (in millions of EUR)	3,532	3,024	2,532
ATX Prime weighting[2] (in %)	2.66 %	2.74 %	2.19 %

[1] daily average
[2] per ultimo
[3] proposed

Consolidated Corporate Governance Report

As a listed, internationally active company, the MM Group is committed to responsible Corporate Governance focusing on sustainable value added. We consider this to be an essential prerequisite for achieving our long-term corporate success. We therefore ensure that Corporate Governance is consistently practiced and further developed in all areas of the Company. This includes the whole management and control system of the Company with the approach of promoting trust in the MM Group among our employees, shareholders, business partners and the public and ensuring a high level of transparency.

This present report provides information on the disclosures required by sections 243 c and 267 b of the Austrian Commercial Code.

COMMITMENT TO THE AUSTRIAN COPORATE GOVERNANCE CODE

The MM Group has voluntarily committed to compliance with the Code in its respectively applicable version since the Austrian Corporate Governance Code (Österreichischer Corporate Governance Kodex – ÖCGK) became effective in 2002. The Code is based on the provisions of Austrian stock corporation, stock exchange and capital market laws, EU recommendations as well as the guidelines contained in the OECD Principles of Corporate Governance. The Code is regularly reviewed against the background of national and international developments and adjusted as necessary. The current Austrian Corporate Governance Code can be downloaded from the website of the Austrian Working Group for Corporate Governance at www.corporate-governance.at. The compliance with the Corporate Governance Code is subject to an annual internal evaluation provided by the MM Group. Furthermore, an external evaluation of compliance with C rules is carried out every three years, which was last performed in 2021 in order to rotation.

The implementation and evaluation for the business year 2023 is based on the Code's version of January 2023. The MM Group continues to comply with all legal provisions without any restrictions. Almost all additional C Rules and R Rules (Recommendations) contained in the Code, which do not require any explanation in case of deviations, have been complied with.

The Company gives the following explanations for deviations from C Rules for 2023:

Rule 27a The Management Board contracts do not contain any provisions stipulating that the economic situation is to be taken into account in the event of the premature retirement of a Management Board member. However, due to the long-term profit-sharing scheme, future developments are taken into account by means of surcharges or deductions. When concluding new Management Board contracts, this requirement of the ÖCGK is to be taken into account.

COMPOSITION OF THE BOARD

The Management Board

Peter Oswald	
Chairman, CEO Member of the Management Board since April 1, 2020 appointed until March 31, 2025 born 1962	Strategic and profit-responsible management of the entire Group and in particular the areas: • Group strategy • Group organisation • Human resources of the Group and Board of the subsidiaries • External and internal communication and Investor Relations • Communication with the Presidium and the Supervisory Board members • Sustainability including occupational safety • Determination of representatives at associations • Primary profit responsibility for the division Board & Paper (including sales and marketing, production, innovation and product development) • Primary profit responsibility for the division Packaging (including sales and marketing, production, innovation and product development) • Information management (IT)

Franz Hiesinger	
CFO Member of the Management Board since October 1, 2017 appointed until September 30, 2025 born 1965	• Finance and all financing matters • Group reporting and accounting as well as controlling • Merger and acquisition matters • Risk management, insurances • Legal and tax matters including compliance • Internal audit • Procurement • Information security

The members of the Management Board do not hold any mandates in Supervisory Boards outside the Group.

The Supervisory Board

Wolfgang Eder

Chairman since April 26, 2023 born 1952	Chairman of the Supervisory Board of voestalpine AG, Linz

Rainer Zellner

Chairman from April 29, 2015 until April 26, 2023 born 1947	Independent entrepreneur; Chairman of the Supervisory Board of Mayr-Melnhof Holz Holding AG, Leoben

Nikolaus Ankershofen

1st Deputy Chairman since April 26, 2017 Member of the Supervisory Board since April 28, 2010 born 1969	Lawyer and partner at Ankershofen Goëss Hinteregger Rechtsanwälte OG; Supervisory Board member at Mayr-Melnhof Holz Holding AG, Leoben; Management Board member of several private trusts

Johannes Goess-Saurau

2nd Deputy Chairman since May 7, 2008 Member of the Supervisory Board since May 18, 2005 born 1955	Manager of his own companies

Alexander Leeb

Member of the Supervisory Board since May 7, 2008 born 1959	Chairman of the Supervisory Board at Andritz AG, Graz; Deputy Chairman of the Supervisory Board at Plansee Holding AG, Reutte; Chairman of the Board of Trustees of LGT Venture Philanthropy Foundation, Vaduz

Georg Mayr-Melnhof

Member of the Supervisory Board since May 7, 2008 born 1968	Employee of the archdiocese of Salzburg

Ferdinand Mayr-Melnhof- Saurau

Member of the Supervisory Board since April 29, 2020 born 1987	Managing partner at various real estate investment and real estate development companies; Management Board member at Oskar Vogl Privatstiftung, Graz

Klaus Rabel

Member of the Supervisory Board since April 29, 2020 born 1961	Auditor and tax consultant, University Professor of Corporate Valuation and Value-Oriented Management at the Institute of Corporate Accounting and Taxation at the Karl-Franzens-University, Graz; Chairman of the Expert Committee for Business Valuation of the Chamber of Tax Consultants and Certified Public Accountants, Vienna; Member of the Europe MSR Board of the International Valuation Standards Council (IVSC), London; Management Board member of Austrian family trusts and Supervisory Board member in Austrian family-owned companies

Delegated by the works council:

Andreas Hemmer	
Member of the Supervisory Board since October 20, 2009	Employee representative
born 1968	

Gerhard Novotny	
Member of the Supervisory Board since May 10, 1995	Employee representative
born 1963	

The current mandates of all members of the Supervisory Board elected by the Annual General Meeting will expire at the 31st Ordinary Shareholders' Meeting in 2025, which will resolve on the discharge for the financial year 2024. The mandates of the employees' representatives are awarded for an indefinite period of time.

Members of the Committees of the Supervisory Board
Presidium (Committee for Management Board Issues)
Wolfgang Eder, Chairman (since April 26, 2023)
Rainer Zellner, Chairman (until April 26, 2023)
Nikolaus Ankershofen
Johannes Goess-Saurau

Audit Committee
Klaus Rabel, Chairman
Wolfgang Eder (since April 26, 2023)
Rainer Zellner (until April 26, 2023)
Nikolaus Ankershofen
Johannes Goess-Saurau
Gerhard Novotny

Members of the Supervisory Board with additional Supervisory Board mandates in publicly listed companies
Wolfgang Eder
Chairman of the Supervisory Board of voestalpine AG, Linz

Alexander Leeb
Chairman of the Supervisory Board, Andritz AG, Graz

Independence of the members of the Supervisory Board
The Supervisory Board is committed to the guidelines set out in annex 1 of the Austrian Corporate Governance Code when determining the criteria of their independence:

A Supervisory Board member must not maintain, or have maintained in the past year, any business relations with the Company or any of its subsidiaries with significance for the member of the Supervisory Board. This also applies to relationships with companies in which a member of the Supervisory Board has a considerable economic interest, but not to the performance of institutional functions in the Group. The approval of individual transactions by the Supervisory Board in accordance with L Rule 48 (Company Contracts with Members of the Supervisory Board outside their activity in the Supervisory Board) does not automatically qualify the person as not independent.

The Supervisory Board member must not have acted as an auditor of the Company or have owned a share in the auditing company or have worked there as an employee in the past three years.

The Supervisory Board member must not be a member of the Management Board of another company in which a member of the Company's Management Board is a Supervisory Board member.

The Supervisory Board member must not be closely related (direct offspring, spouse, life partner, parent, uncle, aunt, brother, sister, niece, nephew) to a member of the Management Board or employees in leading positions, the auditor, or employees of the auditing company.

All members of the Supervisory Board have declared their independence in accordance with these criteria. Consequently this also applies to all members of the Committees of the Supervisory Board.

In addition, the members of the Supervisory Board deal with the provisions of the Austrian Corporate Governance Code regarding conflicts of interest at least once a year. Furthermore, new members of the Supervisory Board receive detailed information on the avoidance of conflicts of interest at the start of their activities.

This independence ensures that stakeholder concerns can also be taken into account on a regular basis, without any conflicts of interest.

Representation of interests of a share > 10 % in Mayr-Melnhof Karton AG
In the Supervisory Board of Mayr-Melnhof Karton AG, there are two independent members representing a shareholding of more than 10 %:

Nikolaus Ankershofen
Ferdinand Mayr-Melnhof-Saurau

Contracts between members of the Supervisory Board and the Company subject to approval
In the financial year 2023, the following contracts between Mayr-Melnhof Karton AG and individual members of the Supervisory Board were subject to approval:

Nikolaus Ankershofen
Ankershofen Goëss Hinteregger Rechtsanwälte OG, where Nikolaus Ankershofen is lawyer and partner, acts as a legal advisor to Mayr-Melnhof Karton AG on an ad-hoc basis. These mandates mainly relate to employment law matters between the Management Board and Mayr-Melnhof Karton AG. Ankershofen Goëss Hinteregger Rechtsanwälte OG charges on the basis of hourly rates customary for lawyers. In the financial year 2023, fees totalling thous. EUR 8 were charged.

REMUNERATION OF THE MANAGEMENT BOARD AND THE SUPERVISORY BOARD

Information on the remuneration of the Management Board and the main contact terms as well as the remuneration of the Supervisory Board have been included in the Company's remuneration report, which is presented annually to the Shareholders' Meeting, and in the remuneration policy. Weblink: https://www.mm.group/en/about-us/responsibility/corporate-governance/

INFORMATION ON THE PROCEDURES OF THE MANAGEMENT BOARD AND THE SUPERVISORY BOARD

The Management Board manages the business in accordance with the law, the bylaws and the Articles of Association of the Company. The latter are available on the Company's website at https://www.mm.group/en/about-us/responsibility/corporate-governance/. The bylaws of the Management Board govern the assignment of responsibilities as well as the cooperation within the Management Board and include a list of business cases which require the prior consent of the Supervisory Board. The members of the Management Board cooperate closely as colleagues, informing one another of all significant measures and occurrences within their respective areas of operation. The Management Board of Mayr-Melnhof Karton AG holds regular Board meetings to discuss material topics that are of relevance for the Group and the divisions. In developing and implementing the corporate strategy, the Management Board takes into account aspects of sustainability and associated opportunities and risks with regard to the environment, social issues and corporate governance. The Chairman of the Management Board is responsible for chairing and preparing the meetings and for exchanging information with the Supervisory Board.

Type and decision-making power of the Committees of the Supervisory Board
The Supervisory Board has established the following Committees constituted by its members:

Presidium (Committee for Management Board Issues)
The principal task of the Presidium is to discuss the Company's strategy and orientation on a continuous basis and to prepare resolutions for the Supervisory Board concerning all strategic matters. Furthermore, this Committee decides on issues concerning the Management Board in accordance with statutory regulations and also fulfils the functions of the Nomination and Compensation Committee. The quality of the Committee's work is guaranteed by the long-standing experience and know-how of its members in the field of remuneration policy.

Audit Committee
The Committee's decision-making power derives from statutory regulations. The quality of the Committee's work is guaranteed by the long-standing experience and know-how of its members in the fields of finance, accounting and reporting.

It is guaranteed that the Supervisory Board and the Committees are able to take decisions promptly in urgent cases. The Chairmen of the Committees inform the Supervisory Board on a regular basis about the activities of the Committees.

Focus of the Supervisory Board
The Supervisory Board has fulfilled its tasks in accordance with the law, the Articles of Association and the bylaws in the financial year 2023. Six plenary meetings were held, with all members attending at least five of them.

In the light of an unprecedented downturn on the European cartonboard and paper markets due to overcapacity and economic weakness, the Supervisory Board's activities focused on securing the Group's long-term competitiveness in terms of structure, technology, costs and financing. In particular, the loss of the Russian market and unexpected weakness in demand in customer industries traditionally regarded as largely crisis-proof, such as the food sector, necessitated extensive optimisation measures throughout the Group on both the capacity and cost side after years of growth. The fundamental positioning of the Company, with a growth-oriented well-balanced Packaging division alongside the cyclical Board & Paper segment, proved to be an important differentiator in the industry, particularly in times of earnings pressure.

Due to the challenging economic environment, the Supervisory Board's activities from mid-year onwards focused in particular on monitoring the Group-wide profit & cash protection plan and on measures to ensure a balanced long-term financing structure for the company. At MM Packaging, the successful integration of last year's acquisitions, Essentra Packaging and Eson Pac, proved to be a step with considerable potential for value enhancement. At MM Board & Paper, the focus in the past financial year was on supporting the most comprehensive capex programme so far for more efficiency, sustainability and new product qualities at the cartonboard mills Frohnleiten, Neuss and Kolicevo. In addition, as part of its responsibility for sustainability, the Supervisory Board generally dealt with technological options for increasing the share of renewable energy at various Group sites, with the largest single project currently under development at the Kwidzyn site in Poland.

In order to ensure that the Group has the appropriate management expertise in the long term, the Supervisory Board also addressed issues relating to the development of the management team, succession planning and talent management in 2023.

The Supervisory Board also dealt extensively with IT systems/cyber security, sustainability and risk management as well as corporate governance and compliance. An update session was held for the Supervisory Board regarding capital market compliance.

The Supervisory Board carried out a self-evaluation for the financial year 2023 based on a questionnaire, with the result that the activity of the Supervisory Board was assessed as generally efficient. The regular exchange of information as well as the discussion of major topics in cooperation with the Management Board and the Group Auditor contribute significantly thereto. Also in 2023, discussions and explanations in the Supervisory Board and Management Board meetings were characterised by a high degree of constructiveness and openness. All participants had sufficient opportunities to ask questions and participate in discussions.

Focus of the Committees of the Supervisory Board

In 2023, the Presidium (Committee for Management Board Issues) met fifteen times. It dealt especially with strategic development through investments, restructurings, the current corporate management control and matters relating to the Management Board as well as management succession and prepared the meetings of the Supervisory Board.

In addition, the implementation and review of the remuneration policy and the reporting on remuneration were taken care of (see remuneration report 2023 at https://www.mm.group/en/for-investors/reports/).

In 2023, the Audit Committee held two meetings and fulfilled its statutory duties. A focus was placed on dealing with the consolidated financial statements and the annual financial statements for 2022 as well as the preparation of the consolidated financial statements and the annual financial statements for 2023. In this context, the consolidated non-financial report according to section 267 a of the Austrian Commercial Code and its audit were also discussed as well as details concerning the scope of non-auditing services rendered by the auditors, and key audit matters were determined. Klaus Rabel, a financial expert, is Chairman of the Audit Committee.

Due to the regular exchange between the Chairman of the Audit Committee and the Group Auditor outside the meetings, a discussion during the meetings without the participating Management Board members was not necessary.

MEASURES TO PROMOTE WOMEN AND DESCRIPTION OF THE CONCEPT OF DIVERSITY

As a sustainably operating company, we see diversity as a key driver for creating long-term corporate value. Inclusion and equality improve engagement and job satisfaction and thus contribute directly to the profitability and sustainability of the MM Group. We therefore actively promote diversity at all levels of the Company with the aim of creating an environment in which every individual feels valued, supported and empowered, regardless of their role or location. In doing so, we support the inclusion of a broad range of diversity aspects to ensure a sense of belonging for all. The MM Group's diversity concept is set out in the Code of Conduct and forms part of the Human Resource Guidelines. It is laid down there that we commit ourselves to creating a working environment throughout the Group that is characterised by openness and mutual respect. We monitor compliance with this obligation through various standards. In addition, we carefully monitor and respond to every case reported via the MM Integrity Line (Whistleblowing Hotline). We regard the diversity of our employees as an essential resource and as an enrichment that enables us to perform our tasks even more effectively and innovatively. We oppose any discrimination or harassment based on gender, ethnic origin, skin colour, religion, national origin, disability or sexual orientation. Employees and applicants are assessed in accordance with the principle of equal treatment.

When filling management positions in the Company, the MM Group generally follows the recommendation of the Equal Opportunities Act to pay attention to diversity and to strive in particular for an appropriate distribution of gender, age and competence. As a company in a strongly technically oriented industry, it is especially a strategic objective to further increase the proportion of women in management positions and to achieve the best possible diversity also at top management level. Women hold more and more top management positions within the MM Group for many years. These include in particular the areas of Human Resources, Information Management (IT) and Legal as well as the management of individual subsidiaries. Within the framework of internal management development, we attach great importance to further expanding the share of female participants. We support this with a variety of initiatives such as succession planning, mentoring and ensuring a healthy work-life balance, which promotes the compatibility of career and family through flexible working arrangements. The share of women in the MM Group amounted to around 25 % in 2023. Due to MM's activity in heavy industry and work in shifts, the share of women in the Group and in recruitment tends to be low. However, being an attractive employer for women in both technical and commercial occupations is our long-term aspiration. Every year, awareness is raised in this regard, in particular through various activities on International Women's Day. MM has also recently established a Group-wide human rights policy that documents our clear attitude to non-discrimination at the workplace.

At present, the Supervisory Board consists of nine men and the Management Board, who are the only employees of the listed holding company, consists of two. In the election of Supervisory Board members, attention is paid to the professional and personal qualifications, independence and impartiality of the candidates and to a well-balanced composition. Achieving a more balanced gender ratio of the Supervisory Board remains our objective.

Details on employee development can be found in the "People" section of the non-financial report.

EXTERNAL EVALUATION

The Code (ÖCGK) provides for a regular (at least every three years) external evaluation of the Company's compliance with the C rules (Comply or Explain). The most recent evaluation was carried out by PwC Wirtschaftsprüfung GmbH, Vienna in the course of the 2021 annual audit. The review of compliance with the rules of the Code regarding the audit was conducted by Georg Eckert, professor at Innsbruck University. As a result of this evaluation, the auditors have determined that the declaration given by Mayr-Melnhof Karton AG regarding compliance with the Corporate Governance Code corresponds to the actual conditions. The next external evaluation is planned for the corporate governance report of the year 2024.

EVENTS AFTER THE BALANCE SHEET DATE

There were no changes of matters requiring reporting between the reporting date and the preparation of the corporate governance report.

Vienna, March 11, 2024

The Management Board

Peter Oswald m. p.　　　　Franz Hiesinger m. p.

Management Report

1 POSITIONING OF THE MM GROUP AND THE DIVISIONS

Group

Leading in Consumer Packaging
The MM Group (MM) is a leading global producer of consumer packaging. The Group provides packaging solutions for cartonboard and folding cartons with an attractive offer in kraft papers, uncoated fine papers, leaflets and labels. MM has a long-term orientation and promotes sustainable development through innovative, recyclable packaging and paper products.

The MM Board & Paper division is Europe's largest cartonboard producer (excluding liquid packaging cartonboard). The MM Packaging division is the leading producer of folding cartons in Europe with a leading position in several markets outside Europe and a market leader in secondary pharma packaging in Europe and North America.

Both divisions of the MM Group, MM Board & Paper and MM Packaging, are managed with independent profit responsibility and supply each other at arm's length. In 2023, MM Board & Paper supplied around 16 % of its cartonboard sales to MM Packaging. The majority of cartonboard and paper production is sold outside the Group. MM Packaging bought more than one quarter of the tonnage processed internally from MM Board & Paper in 2023.

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

Global presence – focus on Europe
Due to transport costs and service demands, the business of MM Packaging has a mainly regional character, whereby in addition to our production focus in Europe we are also present in North and South America and have local productions in individual Asian countries. Although we also sell our European cartonboard and paper production to more than 110 countries worldwide, the focus is also on Europe, as global cartonboard trade is of only minor importance.
Kraft papers are sold in particular to the food/gastronomy industry and the laminate industry, uncoated fine papers (office and printing papers) especially to paper/office supply retailers in Europe.

Sustainability, innovation and efficiency – our basis for value enhancement and growth
The creation of long-term value enhancement and growth perspectives is at the centre of the strategic orientation of the MM Group. Improved competitiveness through economies of scale and state-of-the-art technology as well as the focus on sustainability and innovation are to contribute significantly in this direction.

With this goal in mind, MM has implemented the so far most extensive investment programme in 2021-2023, comprising a large number of projects focusing on cost efficiency, technological innovation and growth at major competitive sites of both divisions. While these measures have already showed a noticeable effect in the Packaging division since 2022, the division MM Board & Paper implemented the largest investments so far in state-of-the-art technology, product development and sustainability in 2023 at the sites Frohnleiten, Neuss and Kolicevo.

Furthermore, in 2022 MM Packaging made its strategic entry into the resilient and growing market for pharma packaging following the acquisition of two large sites in the Board & Paper division in the year before, with the objective of exploiting attractive value enhancement potential and synergies in the subsequent years. In the course of this, the integration of the ex-Essentra Packaging sites was successfully implemented in 2023. In parallel, a smaller machine of the Board and Paper division was decommissioned also in 2023 in order to increase structural efficiency, after the disposal of smaller cartonboard mills in the previous years and the decommissioning of two cartonboard machines. In addition, the structures in the Packaging division are as well continuously adjusted to market requirements.

The strategic transformation of MM in times of multiple crises led not only to a strengthening of the producing units but also to a significant further development of the central Group functions in order to systematically utilise potentials of MM in the long term. Thereby, we particularly recognise the importance of sustainability, innovation and the use of cutting-edge technology as differentiation criteria on the market. In this context, the MM Group was one of the few companies awarded a triple "A" by global environmental non-profit CDP for its leadership in transparency and performance on climate change, forests and water security based on data reported in 2023. With this strategic orientation, MM wants to seize the opportunities offered by modern recyclable packaging made of renewable resources. The employees of MM receive ongoing training in this regard and the management team was extended and supplemented by high-potentials as new talents in line with increased requirements.

MM Board & Paper

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

The MM Board & Paper division is the biggest European cartonboard producer (excluding liquid packaging cartonboard). A wide range of cartonboard products for a varied spectrum of applications with a focus on the packaging area is manufactured at six locations in Europe. Approx. 52 % of production is accounted for by coated recycled fibre-based cartonboard and approx. 24 % by virgin fibre-based cartonboard as well as approx. 24 % by uncoated fine papers and kraft papers. Recycled fibres, which are purchased from external suppliers, account for approx. 54 % of the fibres used per year. Another approx. 15 % of the fibres used are groundwood pulp, most of which we produce ourselves at our cartonboard mills and in the division's own fibre mill FollaCell in Norway. Pulp, which accounts for approx. 31 % of the fibre demand, is produced to approx. 88 % by the Group, while approx. 12 % is purchased externally.

A wide range of applications

Cartonboard from MM Board & Paper is used as packaging material in numerous consumer goods markets for every day consumer goods. The focus is on Food & Specialities, which account for around 72 % of sales, as well as the premium sector (Pharma & Healthcare, Beauty & Personal Care, etc.). Kraft papers, with a sales share of 9 %, are sold mainly to the food/gastronomy industry and the laminate industry, uncoated fine papers in particular to paper/office supply retailers. The sales organisation of MM Board & Paper is oriented towards optimally satisfying specific requirements of individual market segments. The multi-mill concept which provides for the production of certain cartonboard qualities in several mills guarantees a reliable supply, stable quality and short delivery times.

The main market of MM Board & Paper is Europe, where approx. 89 % of the sales volume was sold in 2023. In addition, a worldwide sales network is maintained, which was recently expanded by a sales office for Board & Paper in the US. In total, more than 1,900 customers in around 110 countries are supplied. These are primarily printing businesses in the medium-sized and highly fragmented European folding carton industry as well as consumer goods producers and the aforementioned customers in the paper sector.

Competitiveness and growth through efficiency, sustainability and innovative products

As a key factor in strengthening competitiveness, the most comprehensive investment programme so far has been implemented for the Frohnleiten, Neuss and Kolicevo sites in 2023. Furthermore, numerous projects for the continuous implementation of best practices are being pursued across the division. The objective is to align the product range with new opportunities on the market through state-of-the-art technology and to become even more competitive with greater efficiency and sustainability. A well-coordinated process between innovation, product development, and commercialisation aims at both the continuous improvement of existing solutions and processes as well as the development of new applications and market potentials. MM Board & Paper pursues an approach that takes into account aspects from the entire value chain. High quality, functionality, safety, and sustainability of our products as well as comprehensive competence and state-of-the-art services characterise the range of products offered by MM Board & Paper.

Innovative fibre-based solutions

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

Focus on high-performance asset base

MM currently produces on seven high-performance cartonboard machines and three paper machines at six locations. Each of the machines is adapted to provide specific product qualities: three to recycled fibre-based cartonboard, two to virgin fibre-based cartonboard, one to white coated recycling liner and another cartonboard machine flexibly produces both recycled and virgin fibre-based cartonboard grades. In addition, two paper machines produce uncoated fine papers and packaging kraft papers and a further saturating kraft paper, respectively. The cartonboard machines are continuously further developed according to the state of the art with a focus on growth potential and competitive strength.

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

MM Board & Paper purchases recycled fibres entirely from Europe, predominantly on the spot market. Due to the continuous decline in print media and office papers, recovered paper will become a scarcer raw material in the longer term, despite high recycling quotas and existing reserves, although we continue to consider the supply for our mills to be secured. We also consider the supply of wood, the raw material for groundwood pulp and pulp, to be ensured due to the ongoing procurement from sustainable forestry. However, as the situation resulting from Covid-19 and thereafter showed, significant fluctuations in supply and prices can occur. MM Board & Paper uses a high share of natural gas as an energy source. The increased use of renewable energy sources, such as biomass and photovoltaics as well as an increase in self-supply have particular priority in the division's investment activities.

Intense competition in the cartonboard industry
MM Board & Paper is the only European supplier with several large production locations of recycled and virgin fibre-based cartonboard, respectively, and, moreover, the only European cartonboard producer with a substantial additional pillar in folding carton production. The largest Scandinavian suppliers operate exclusively in the area of virgin fibre-based cartonboard.
With regards to recycled fibre-based cartonboard, the capacity growth in Europe has been achieved through a continuous technological modernisation of existing mills ("creeping capacity increase") for decades. Regarding virgin fibre-based cartonboard, in particular the structural shift from graphical papers to cartonboard packaging products over the last few years has resulted in the creation of new capacities. In addition, a significant further expansion of virgin fibre-based cartonboard capacities in Europe is to be expected in the coming years as part of the trend towards large, highly efficient facilities and sustainable packaging.

MM Packaging

A leading global folding carton producer
The core business of MM Packaging focuses on folding cartonboard packages for consumer staples. In the business year 2023, around 3,984 million m^2 were produced and sales of EUR 2,431.1 million were generated. Thus, MM Packaging is not just the leading producer of folding cartons in Europe but also one of the largest worldwide. Due to the recent acquisitions in the Pharma & Healthcare business unit in 2022, MM Packaging is also a leading producer of leaflets and labels for this sector, both in Europe and the US. Transport costs and service requirements often limit the supply radius of folding cartons, which are generally defined as regional products. As a result of significantly lower market barriers in the folding carton business compared to the cartonboard industry, the business in Europe is characterised by an intensely competitive environment and a fragmented supplier structure.

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

Corrugated cartonboard production is a different industry compared to that of cartonboard and folding cartons with different products and markets in which MM Packaging only touches marginally. There is an overlap for consumer goods packaging made of fine flute (micro-flute), which are also produced at some specialised MM Packaging sites. These combine the stability of flute with the excellent printability of coated cartonboard.

International site network close to our customers

The site network of MM Packaging with 64 sites in 24 countries has its geographical focus in Europe. In addition, we are now also present on the US East Coast in the area of pharma packaging after the recent major acquisition. Furthermore, MM Packaging also holds a leading market position in individual countries in the Middle East, South America and the Far East. In addition to the broad local positioning, we create competitive advantages by sites specialising in specific market and product segments in the areas Food as well as Premium & Specialities through appropriate know-how, continuous development opportunities, but also balance. In 2023, the main sales market of Europe accounted for approx. 70 % of sales, the Americas for 15 % and the rest of the world for 15 %. The aim of our location policy is to continuously supply our customers with high quality from geographically well-positioned and highly competitive production facilities.

Supplying a wide range of industries

MM Packaging supplies a wide range of sectors with packaging for consumer staples. The market segment Food accounts for approx. 32 % of sales, Premium & Specialities for approx. 41 % and Pharma & Healthcare for approx. 27 %. The highly specialised Premium business includes the areas home care, personal care, beauty, cigarette, luxury, e-commerce and electronics. The concentration of MM Packaging's organisation on individual specialised business units makes it possible to meet specific market and product requirements with targeted know-how and to selectively control the value-added process.

The major part of the business is generated with large multinational customers which account for approx. 80 % of sales. The allocation of demand via tender procedures and multi-year procurement agreements are the rule in international key customer business. The remaining part of sales goes to local customers. In total, MM Packaging currently supplies more than 2,100 customers worldwide.

Cartonboard – strategic raw material

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

Sustainability and competitiveness at the centre of investment activity – growth potential organically and through acquisitions

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

For this purpose, we are continuously implementing best practices and invest in state-of-the-art technologies. For example, we are the first to use digital printing for volume business at the large MMP Neupack Polska site. In 2023, a particular focus was placed on the utilisation of the value enhancement potential at selected ex-Essentra Packaging sites and the industrial production of new, more sustainable special packaging for plastic replacement (Moulded Pulp and GreenPeel).

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

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

2 DEVELOPMENT IN THE YEAR 2023

General economic situation

The global economy expanded at a very modest pace in 2023. While the US and China recorded moderate growth, economic performance in the EU, particularly in the industrialised regions of Central Europe, was dampened and declining due to the after-effects of the sharp rise in energy prices of the previous year. Continued high inflation, although declining since the 2nd half of the year, a restrictive monetary policy, weakening private consumption and foreign demand as well as further geopolitical tensions were additional factors that slowed down economic development in European countries. Nevertheless, the labour market remained robust. Despite the prospect of a reduction in interest rates by the US and European central banks and a gradual recovery of private purchasing power, there is still a high degree of uncertainty concerning the economy as a whole, including the ongoing conflicts in Ukraine and the Middle East as well as upcoming elections in many countries around the world.

Industry development

Following a significant downturn in the 4th quarter of the previous year, demand on the European cartonboard and paper markets remained at a low level throughout 2023, with market declines of around 20 % for individual product groups. In addition to ongoing destocking along the supply chain, the weak economic situation in Europe and changes in consumer behavior due to high inflation were the main influencing factors. Furthermore, the loss of the Russian market and weak or highly competitive non-European markets contributed to a significant decline in capacity utilisation in the European industry and a considerable increase in price pressure for both virgin and recycled fibre-based cartonboard. In contrast, the folding carton markets recorded a generally heterogeneous development, depending on the end market. Declining purchasing power led to a trend towards lower-priced private label products, particularly in the food sector, which are more frequently packaged in plastic.

On the procurement markets, purchase prices for electricity and gas were again significantly below 2022, but still above the levels of previous years. Prices for recovered paper and pulp declined, particularly in the 1st half of the year, before showing an upward trend again.

The year 2023 continued to be characterised by consolidation on the supplier side, but also by the confirmation of future capacity expansions, especially for virgin fibre-based cartonboard in Scandinavia, which will represent a challenge. In the recycled fibre-based cartonboard segment, capacity expansions focused primarily on the modernisation of the MM cartonboard mills in Frohnleiten, Kolicevo and Neuss. As in the past, the European supplier structure in the folding carton business is characterised by strong fragmentation. Overall, the challenging framework conditions have increased the pressure on structurally smaller companies in the cartonboard and folding carton industry.

Development of business 2023

Group

After the record result of the previous year, the MM Group faced a significantly lower demand in the paper and cartonboard industry as well as increasing price pressure in 2023. In addition to destocking in the supply chain, inflation-related changes in consumer behaviour which led to lower consumption of everyday goods and the overall economic slowdown in our European main markets were the main causes.

The difficult general conditions were reflected in particular in the weak result and volume development in the division MM Board & Paper. In addition to significant market-related machine downtimes, there was also considerable capex-related downtime as part of the implementation of the so far most extensive modernisation programme at three large cartonboard mills.

In contrast, the division MM Packaging recorded an overall solid performance despite a heterogeneous packaging market. Furthermore, last year's acquisitions in the resilient area of pharmaceutical packaging were successfully integrated with a result development above plan.

The decline in adjusted operating profit to EUR 229.2 million after EUR 562.4 million in 2022 primarily resulted volume- and price-related from the division MM Board & Paper, while MM Packaging recorded a significant increase in both profit and margin.

With demand expected to recover only slowly, MM has focussed on safeguarding and gaining volumes at reasonable margins. The profit & cash protection plan launched in mid-2023, which provides for a significant reduction in working capital and a reduction in capex cash-outs in addition to cost reductions in all areas, has already made a significant contribution to reducing net debt to EUR 1,261.9 million in the reporting year (December 31, 2022: EUR 1,481.5 million).

In line with the profit development and long-term dividend policy, which provides for the distribution of one third of profit, a dividend of EUR 1.50 per share (2022: EUR 4.20) for the financial year 2023 will be proposed to the 30th Annual Shareholders' Meeting on April 24, 2024.

Consolidated income statements

Consolidated income statements (condensed version)

(in millions of EUR)	**2023**	**2022**	**+/-**
Sales	4,164.4	4,682.1	- 11.1 %
Adjusted operating profit	229.2	562.4	- 59.2 %
Financial result and result from investments	(60.9)	(43.4)	- 40.5 %
Income tax expense	(47.6)	(121.7)	+ 60.9 %
Profit for the year	**89.1**	**345.3**	**- 74.2 %**

At EUR 4,164.4 million, the Group's consolidated sales were 11.1 % or EUR 517.7 million below the previous year's figure (2022: EUR 4,682.1 million). A volume- and price-related decline in the division MM Board & Paper, was offset by an acquisition-related increase in the division MM Packaging. Regarding the geographical distribution of sales, the share of the main market Europe remained largely constant at 79.2 % (2022: 80.1 %), while that of the Americas increased to 9.3 % (2022: 5.1 %) and the share of sales of the rest of the world decreased to 11.5 % (2022: 14.8 %). Intercompany sales declined volume-related to EUR 185.7 million (2022: EUR 236.6 million) and were mainly related to deliveries from MM Board & Paper to MM Packaging.

Group sales by destination

(in %)	**2023**	**2022**
Europe (excl. BLR, RUS, TUR)	79.2 %	80.1 %
thereof Austria	*1.7 %*	*1.8 %*
The Americas	9.3 %	5.1 %
Rest of world	11.5 %	14.8 %
Total	**100.0 %**	**100.0 %**

Expenses

				Percentage of sales	
(in millions of EUR)	**2023[1]**	**2022**	**+/-**	**2023**	**2022**
Cost of materials and purchased services	2,229.7	2,748.0	- 18.9 %	53.5 %	58.7 %
Personnel expenses	840.1	681.6	+ 23.3 %	20.2 %	14.6 %
Other expenses	687.2	703.7	- 2.3 %	16.5 %	15.0 %
Depreciation and amortisation[2]	221.4	219.5	+ 0.8 %	5.3 %	4.7 %

[1] In 2023, the consolidated income statement was changed from the cost of sales method to the nature of expense method. The change in presentation serves to improve comparability within our industry.
[2] incl. impairment and write-ups on property, plant and equipment, and intangible assets as well as non-current assets held for sale

Cost of materials and purchased services of EUR 2,229.7 million were EUR 518.3 million or 18.9 % below the comparable figure of the previous year (2022: EUR 2,748.0 million). This decline resulted in particular volume- and price-related from lower energy and fibre costs. The share of sales decreased from 58.7 % to 53.5 %.

In contrast, personnel expenses increased mainly acquisition-related from EUR 681.6 million to EUR 840.1 million. Their share of sales rose from 14.6 % to 20.2 %.

Other expenses decreased slightly from EUR 703.7 million to EUR 687.2 million, mainly due to lower logistics costs and despite acquisitions. Their share of sales was 16.5 % after 15.0 % in the previous year.

Depreciation and amortisation at EUR 221.4 million was close to the previous year's level (2022: EUR 219.5 million), resulting in only a slight change in its share of sales to 5.3 % (2022: 4.7 %).

Material one-off effects on operating profit and EBITDA

(in millions of EUR)	Operating profit 2023	Operating profit 2022	EBITDA 2023	EBITDA 2022
	197.6	**510.4**	**419.0**	**729.9**
Structural adjustment measures	31.6	24.6	31.2	11.7
Restructuring MM Kolicevo[1]	-	*24.6*	-	*11.7*
Closure MM Packaging Schilling[2]	*14.3*	-	*14.0*	-
Restructuring ex-Essentra Packaging[2]	*17.3*	-	*17.2*	-
Acquisitions/divestments	-	(5.1)	-	(5.1)
Proceeds of sale of Russian sites[2]	-	*(20.1)*	-	*(20.1)*
Incidental transaction costs acquisitions Eson Pac and Essentra Packaging and sale of Russian sites[2]	-	*15.0*	-	*15.0*
Disposal goodwill and customer relationship (exit from Russian market)[2]	-	32.5	-	32.5
Total of material one-off effects	**31.6**	**52.0**	**31.2**	**39.1**
Adjusted by material one-off effects	**229.2**	**562.4**	**450.2**	**769.0**

[1] MM Board & Paper
[2] MM Packaging

The decrease in adjusted operating profit to EUR 229.2 million after EUR 562.4 million in 2022 was primarily volume- and price-related from the division MM Board & Paper, while MM Packaging recorded a significant increase. The Group's operating margin was therefore 5.5 % (2022: 12.0 %) and the return on capital employed was 6.5 % (2022: 17.9 %). Adjusted EBITDA amounted to EUR 450.2 million (2022: EUR 769.0 million), resulting in an EBITDA margin of 10.8 % (2022: 16.4 %).

Financial income went up to EUR 8.7 million (2022: EUR 4.3 million). The increase in financial expenses from EUR -32.1 million to EUR -58.3 million resulted in particular from the rise in interest rates for variable-interest loans and further financing of the accomplished acquisitions and organic growth projects. "Other financial result – net" changed to EUR -11.4 million (2022: EUR -15.5 million), in particular owing to currency translation.

Profit before tax was EUR 136.7 million compared to EUR 467.0 million in the previous year. Income tax expense amounted to EUR 47.6 million (2022: EUR 121.7 million), resulting in an effective Group tax rate of 34.8 % (2022: 26.1 %).

Profit for the year, earnings per share

Profit for the year totalled EUR 89.1 million (2022: EUR 345.3 million), resulting in the net profit margin declining to 2.1 % (2022: 7.4 %). An unchanged total average of 20,000,000 shares was outstanding in the reporting year 2023, resulting in earnings per share of EUR 4.36 (2022: EUR 17.19) based on the profit for the year attributable to the shareholders of the Company of EUR 87.2 million (2022: EUR 343.9 million).

Assets, capital, and liquid funds

Consolidated balance sheets (condensed version)

(in millions of EUR)	**Dec. 31, 2023**	**Dec. 31, 2022**[1]
Non-current assets	3,159.0	2,882.0
Current assets	1,917.9	1,926.8
Total assets	**5,076.9**	**4,808.8**
Total equity	2,012.4	1,959.1
Non-current liabilities	1,971.0	1,883.2
Current liabilities	1,093.5	966.5
Total equity and liabilities	**5,076.9**	**4,808.8**

[1] It should be noted that the purchase price allocation from the acquisition of Essentra Packaging has now been finalised and has resulted in adjustments of the previous year's figures.

The Group's total assets of EUR 5,076.9 million as of December 31, 2023 were EUR 268.1 million above the figure at year-end 2022 (EUR 4,808.8 million). This increase is primarily due to the higher capex volume towards competitive strength and growth. The Group's total equity rose from EUR 1,959.1 million (December 31, 2022) to EUR 2,012.4 million, the growth through profit being offset by the dividend payment. Return on equity was 4.5 % after 19.1 % in the previous year.

Financial liabilities are largely of a long-term nature and increased from EUR 1,761.6 million at year-end 2022 to EUR 2,019.5 million as of December 31, 2023 due to borrowings to finance organic growth projects. The equity ratio was 39.6 % (December 31, 2022: 40.7 %).

With cash available to the Group totalling EUR 757.5 million (December 31, 2022: EUR 280.1 million), net debt decreased from EUR 1,481.5 million to EUR 1,261.9 million at the end of 2023. This is primarily due to the implementation of the profit & cash protection plan. Furthermore, credit lines and credit facilities amounting to EUR 393.0 million (December 31, 2022: EUR 481.4 million), which can be used at any time, were available to the Group at the end of 2023. The net debt to equity ratio was 0.6 and the net debt to EBITDA ratio was 2.8 (December 31, 2022: 0.8; 1.9).

Non-current assets increased mostly investment-related from EUR 2,882.0 million to EUR 3,159.0 million. Current assets changed slightly from EUR 1,926.8 million to EUR 1,917.9 million, with a decrease in inventories and trade receivables being offset by an increase in cash and cash equivalents.

Cash flow development

Consolidated cash flow statements (condensed version)

(in millions of EUR)	2023	2022
Net cash from operating activities	786.2	299.7
Net cash from investing activities	(409.1)	(573.3)
Net cash from financing activities	103.4	191.9
Effect of exchange rate changes	(3.1)	2.2
Net change in cash and cash equivalents (< 3 months)	**477.4**	**(79.5)**
Cash and cash equivalents (< 3 months) at the end of the year	**757.5**	**280.1**

Cash flow from operating activities reached EUR 786.2 million and was thus EUR 486.5 million above the comparative figure of the previous year (2022: EUR 299.7 million). This difference results in particular from a sharp reduction in working capital, which contrasted with an increase in the previous year.

Cash flow from investing activities changed from EUR -573.3 million to EUR -409.1 million. Higher payments for the acquisition of property, plant and equipment and intangible assets in the current year contrasted in particular with the payment of the purchase prices for the acquisition of the pharmaceutical packaging group Eson Pac and for Essentra Packaging and with proceeds from the sale of the Russian packaging plants in the previous year. Payments for the acquisition of property, plant and equipment and intangible assets increased in line with the intensified investment programme from EUR 329.4 million to EUR 425.3 million.

Capital expenditures of MM Board & Paper amounting to EUR 233.2 million (2022: EUR 191.8 million) were mainly related to technical modernisation and expansions with a focus on the mills at Frohnleiten, Austria, Neuss, Germany and Kolicevo, Slovenia.

The main focus of MM Packaging's capital expenditures in the amount of EUR 192.1 million (2022: EUR 137.6 million) was placed on technological modernisations at selected sites in pharma as well as beauty & personal care.

Free cash flow changed from EUR -19.7 million to EUR 369.8 million.

Cash flow from financing activities changed from EUR 191.9 million to EUR 103.4 million, which is mainly due to a lower issuance of financing facilities and higher interest payments.

Definition of financial indicators

Adjusted operating profit/adjusted EBITDA
Operating profit/EBITDA adjusted for material one-off effects (material defined as impact on operating profit of more than EUR 10 million).

EBITDA (Earnings before interest, income taxes, depreciation and amortisation)
Operating profit plus depreciation, amortisation, impairment and write-ups of property, plant and equipment and intangible assets as well as non-current assets held for sale.

EBITDA margin/Operating margin
Adjusted EBITDA/adjusted operating profit divided by sales.

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

Equity ratio
Total equity divided by total assets.

Free cash flow
Cash flow from operating activities plus proceeds from disposals of property, plant and equipment and intangible assets as well as government grants less payments for acquisition of property, plant and equipment and intangible assets (including payments on account).

Net debt/EBITDA
Net debt/net liquidity divided by adjusted EBITDA.

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

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

Net profit margin
Profit for the year divided by sales.

Return on capital employed (ROCE)
Adjusted operating profit divided by the sum of average total equity, average current and non-current interest-bearing financial liabilities, including lease liabilities according to IFRS 16 as well as factoring liabilities, less average cash and cash equivalents.

Return on equity (ROE)
Profit for the year divided by average total equity.

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

Business development in the divisions

MM Board & Paper

After the record year 2022, the European cartonboard and paper industry was characterised by an unprecedented downturn in the market environment with decreases in demand of around 20 % in individual product groups. After the sharp drop, which began in the 4th quarter of 2022, a bottom was reached in the 2nd half of the year. The inflation-related subdued and changed purchasing behaviour of consumers as well as the reduction of high inventories in the supply chain were the main reasons for the significant decline in market demand compared to the previous year. In addition, this historically unprecedented situation was aggravated by the loss of the Russian market and weak or highly competitive overseas markets. The division's average order backlog was 156,000 tonnes, compared to 233,000 tonnes in the previous year.

In line with the market situation, MM, like the whole industry, adjusted production to the reduced demand by means of downtime to a so far unprecedent extent. At the same time, MM Board & Paper implemented a comprehensive modernisation programme to increase the competitiveness of recycled fibre-based cartonboard through more efficient, sustainable and innovative product solutions and processes. As a result, MM Board & Paper also recorded longer capex-related downtimes at the cartonboard mills Frohnleiten, Kolicevo and Neuss, the latter lasting approximately three months.

Due to high existing market capacities, price pressure increased significantly over the course of the year. This was offset by lower energy and fibre costs as well as the positive effects of the implemented profit & cash protection plan, which only partially compensated for the pressure on profit from the decline in volumes and prices.

At 1,945,000 tonnes, production was 20.1 % below the previous year's figure (2022: 2,433,000 tonnes). 1,472,000 tonnes (76 %) thereof were attributable to cartonboard (2022: 1,851,000 tonnes or 76 %) and 473,000 tonnes (24 %) to papers (2022: 582,000 tonnes or 24 %). Based on the average number of employees, 421 tonnes per employee (2022: 520 tonnes) were produced. Sales volumes decreased in line with production by 18.5 % to 1,948,000 tonnes (2022: 2,389,000 tonnes).

At EUR 1,919.1 million, sales were volume- and price-related 30.2 % or EUR 830.9 million below the comparable figure (2022: EUR 2,750.0 million) and, as in the previous year, 92 % thereof were attributable to Europe, 1 % to the Americas and 7 % to the rest of the world (2022: 92 %; 1 %; 7 %).

MM Packaging was again MM Board & Paper’s largest customer with a share of deliveries of around 16 % or 234,000 tonnes of cartonboard (2022: 15 % or 264,000 tonnes).

The adjusted operating profit totalled EUR -19.8 million (2022: EUR 405.6 million). The operating margin was at -1.0 % (2022: 14.7 %), the return on capital employed at -1.1 % (2022: 24.0 %). Adjusted EBITDA reached EUR 92.7 million (2022: EUR 511.1 million). Cash flow from operating activities increased to EUR 291.6 million after EUR 244.4 million in the previous year as a result of working capital optimisation.

Reduction of strategic investment and increase in share of renewable energy at MM Kwidzyn, Poland
Due to uncompetitive wood prices from the Polish State Forests' monopoly and low market demand across paper and board products, it was decided to significantly reduce the planned multiannual strategic investment project at MM Kwidzyn relating to energy, further pulp integration and the product range, which had been announced end of April 2023. Instead, MM Kwidzyn will focus its investments on increasing its already high share of renewable energy of currently 65 % even further. In addition, the small packaging kraft paper machine (PM3) was shut down and the production of "IPACK™ Strong Pro" was concentrated on PM1 and PM2.

Divisional indicators MM Board & Paper

(in millions of EUR)	2023	2022	+/-
Sales[1]	1,919.1	2,750.0	- 30.2 %
Adjusted EBITDA	92.7	511.1	- 81.9 %
Adjusted operating profit	(19.8)	405.6	- 104.9 %
Operating profit	(19.8)	381.0	- 105.2 %
Operating margin (%)	-1.0 %	14.7 %	- 1,578 bp
Cash flow from operating activities	291.6	244.4	+ 19.3 %
Return on capital employed (%)	-1.1 %	24.0 %	- 2,502 bp
Tonnage sold (in thousands of tonnes)	1,948	2,389	- 18.5 %
Cartonboard	*1,476*	*1,803*	*- 18.1 %*
Paper	*472*	*586*	*- 19.5 %*
Tonnage produced (in thousands of tonnes)	1,945	2,433	- 20.1 %

[1] including interdivisional sales

MM Packaging

The development of demand on the European folding carton market was generally heterogeneous in 2023. In view of the reduction of high inventories along the supply chain, declining consumer purchasing power and a trend towards lower-priced private labels, which are more frequently packaged in plastic, the folding carton business particularly in the food sector has been experiencing a decrease since the beginning of the year. As a result, it was necessary to adjust shifts at individual sites. In contrast, our business in the premium segment showed a more stable overall development, although order intake has also declined in individual markets.

The pleasing growth of MM Packaging compared to the previous year resulted largely from the inclusion of the previous year's acquisitions in the pharmaceutical packaging sector, which contrasted with the divesture of the Russian sites.

The integration of the ex-Essentra Packaging sites was successfully implemented. Optimisations in quality, service and productivity as well as necessary investments, restructurings and the leveraging of synergies are on the right track, resulting in a result above plan.

In the reporting year, structural adjustments in the existing business affected in particular one packaging site in Germany, resulting in one-off expenses of approximately EUR 14 million.

In the current market environment, MM Packaging is concentrating on gaining additional volumes to ensure capacity utilisation of the plants, as well as on realising further cost savings and working capital reductions as part of the Group-wide profit & cash protection plan.

Sales increased by 12.1 % to EUR 2,431.1 million (2022: EUR 2,168.7 million), primarily acquisition-related. 70 % were accounted for by Europe, 15 % by the Americas and 15 % by the rest of the world (2022: 67 %; 10 %; 23 %). MM Packaging supplies around 2,100 customers in various consumer goods industries. The main markets are Food, Pharma & Healthcare as well as Premium & Specialities, the latter including the markets Home Care, Personal Care, Beauty, Cigarette, Luxury, E-Commerce and Eletronics. As a result of a high concentration in the customer industries, a significant share of business is accounted for by multinational key accounts, whereby around 29 % of sales in 2023 were generated with the five largest customers (2022: 35 %).

At EUR 249.0 million, the adjusted operating profit was EUR 92.2 million higher than the previous year's figure (2022: EUR 156.8 million). Both the current year and the previous year included one-off expenses for structural measures. The operating margin increased to 10.2 % (2022: 7.2 %) and adjusted EBITDA to EUR 357.5 million (2022: EUR 257.9 million). The return on capital employed amounted to 14.9 % (2022: 10.8 %), cash flow from operating activities reached EUR 494.6 million after EUR 55.3 million in 2022.

At 3,984 million m^2, volume produced was slightly below the previous year's level (2022: 4,056 million m^2).

Divisional indicators MM Packaging

(in millions of EUR)	2023	2022	+/-
Sales[1)]	2,431.1	2,168.7	+ 12.1 %
Adjusted EBITDA	357.5	257.9	+ 38.6 %
Adjusted operating profit	249.0	156.8	+ 58.9 %
Operating profit	217.4	129.4	+ 68.0 %
Operating margin (%)	10.2 %	7.2 %	+ 302 bp
Cash flow from operating activities	494.6	55.3	+ 793.5 %
Return on capital employed (%)	14.9 %	10.8 %	+ 402 bp
Produced volume (in millions of m^2)	3,984	4,056	- 1.8 %

[1)] including interdivisional sales

3 RESEARCH AND DEVELOPMENT

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

Our innovation activities are driven by demand for continuous product and process optimisation, on the one hand, and by the rapid implementation of solutions in respond to changing conditions, on the other hand. In addition, we want to explore new business areas and target applications. Product innovations are always developed and implemented taking into account possible risks for product safety and the use of potential.

Modern innovation process
With our long experience in developing innovative products and our know-how of structuring innovation processes, we work steadily on reaching our strategic growth and sustainability targets. A responsible use of raw materials and the willingness to question the status quo are the cornerstones of our approach.

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

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

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

We continued our collaborations with external partners like universities, research institutions and start-ups also in 2023. Application-oriented basic research on the treatment of wood fibres, the use of alternative or modified fibre raw materials and the use of bio-based materials as a substitute for fossil-based raw materials are the main areas of cooperation.

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

Sustainability in the focus of development and innovation activities
Both climate change and the Corona pandemic make it clear that security and prosperity depend on how we preserve common goods, such as climate stability and public health, in the long term: society and economy must be designed to be resilient, sustainable and climate-friendly. Against this background, the importance of cartonboard and paper as environmentally friendly packaging is increasing. MM's objective is to use the opportunity to support customers in substituting plastic with innovative and, at the same time, proven solutions made of paper and cartonboard. In this way, we are also pursuing the current trend towards sustainable packaging with a natural appearance and a high level of convenience and safety as well as perfect integration into online sales.

Progressing automation in the Group
With the aim of creating additional competitive advantages, the automation of work flows and logistics processes in both divisions is continuously pursued. The individual sites are centrally supported in optimising production processes right from the purchase of new machines. This extends from machine configuration and installation to commissioning and acceptance of the machines before they go into production. Reducing downtimes and increasing flexibility are currently at the focus when implementing future-oriented automation concepts at MM.

Innovation activity in the MM Board & Paper division in 2023

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

The innovation focus in 2023 included the development and expansion of innovative dispersion barriers for various packaging applications. These coatings can provide grease resistance, moisture protection as well as heat sealing properties. They enable the use of cartonboard as packaging material for a wide range of liquid, chilled, frozen and/or greasy foods. Our barrier developments meet our customers' needs for sustainable and recyclable packaging and complement our ongoing efforts to replace plastic.

In addition, incremental product developments such as the expansion of the basis weight range and further optimisation of technical values played an important role in the year 2023.

Newly launched in 2023, ALASKA® BARRIER GREASE, a hard-sized virgin fibre-based cartonboard from the mill Kotkamills with best in class grease resistance and good moisture protection, is specifically designed for chilled, frozen and dry food as well as for foodservice applications and makes an important contribution to plastic avoidance. It is a more sustainable and more cost-effective alternative to PE coating and is produced with a water-based dispersion barrier without any fluorinated polymers and has excellent printability and best finishing characteristics.

Another new product is MCM Brown, a recycled fibre-based cartonboard from the Frohnleiten mill, which has a natural brown reverse side for a natural and authentic appearance, while its high brightness on the top side allows for vibrant printing results. This makes it suitable for a wide range of applications such as food, cosmetics, personal care items, detergents and various other non-food products. In addition, MCM Brown is certified for direct contact with dry food and offers excellent product protection.

Innovation activity in the MM Packaging division in 2023

MM Packaging's innovation network

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

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

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

The aim is to differentiate MM as an innovation leader in the view of our customers and position it as preferred supplier by focussing on more sustainable, customer- and market-oriented innovations.

Current innovation focus

In 2023, MM Packaging's innovation activities focused in particular on the topics of sustainability and counterfeit protection. In this context, work was carried out in cooperation with customers, universities of applied sciences and research institutes on optimising recyclable packaging and developing new products.

“GreenPeel”, a new, more sustainable alternative made of cartonboard for food trays with a significantly reduced plastic content, was launched on the market in 2023 and is suitable for numerous applications such as ready meals, snacks, fish and meat.“MM Moulded Pulp”, which is a new focus in the area of fibre-based and plastic free packaging, can be used as an insert for cosmetic products or food containers. In the area of technologies, we are placing a special focus on investments in machinery to increase efficiency and flexibility.

Awards for innovative and more sustainable solutions
MM Packaging and MM Board & Paper jointly received the “Gold Award” at the European Carton Excellence Awards (ECEA) for an elaborate perfume packaging. The packaging produced from ALASKA® WHITE and processed by MM Packaging convinced the jury with the natural white of the virgin fibre-based cartonboard and the excellent packaging design using double hot foiling.

The award for “General Packaging, Recycled Fibre” was given for an innovative packaging solution made of cartonboard for dissolvable liquid pods, which not only represents an excellent alternative to the original plastic containers, but also reduces complexity in the supply chain and perfectly combines sustainability and functionality with the integrated child-safe closure.

Furthermore, MM Board & Paper won several awards for three packaging solutions made of cartonboard. In the ECEA’s “Food & Drink Packaging, Recycled Fibre” and WorldStar’s “Food” categories, the functional delivery cuff made of Browncolor won, which was developed as a more sustainable solution for the safe and hygienic delivery of food supplies and which saves logistics costs and CO_2 due to its ability to be packed completely flat. A Gin packaging made of ALASKA® STRONG has received “Gold” awards from the German trade magazine “Lebensmittel Praxis” and the ECEA as well as an award from WorldStar. The packaging solution provides reliable protection against damage and gives the product an eye-catching frame at the point of sale thanks to its well-thought-out design.

MM Packaging won the German Innovation Award in the “Excellence in Business to Business/Logistics & Infrastructure” category with the “Paper-based tear tape” project. The solution, made of a strong paper with high stability and low thickness, is an important step towards the ability to produce 100 % plastic-free envelopes and packaging in the future and has already won several awards.

4 RISK MANAGEMENT

The MM Group is exposed to a variety of industry-specific and general risks in connection with its international operations. Demand for the products of both divisions, MM Board & Paper and MM Packaging, is closely linked to private consumption, meaning that the development of the economic situation is of central significance for the Group's risk situation. Due to the geographical business focus on Europe and the mainly regional character of cartonboard, paper and packaging as a result of transport costs and service, the economic conditions in the major European economies have a special influence on the Group. In assessing risks regarding procurement, the developments on fibre and energy markets are also of particular importance.

Geopolitical risks, such as those associated with the war in Ukraine, have been considered within the existing risk areas since the financial year 2023. The focus was in particular placed on procurement, with challenges such as bottlenecks in the supply chain and volatility in raw material prices, energy, including prices and availability, payment transactions, compliance requirements as well as risks associated with a potential loss of production (e.g., through plant closures) and a decline in sales. By contrast, the negative effects of the Covid-19 pandemic are no longer considered material for the Group. However, the necessary adjustments made because of the pandemic have also opened up new opportunities. These include, in particular, optimisations in procurement and supply chain management as well as the implementation of home office concepts and new communication channels which ultimately contributed to a reduction in travel. The focus on supply chain risk since the previous year has, among other things, resulted from an increasing complexity of supply chains, a shift in the customer portfolio which now also includes more small and medium-sized customers, changes in customer requirements, such as smaller order quantities and shorter delivery times, as well as efforts towards regionalisation and CO_2 footprint reduction. In order to cope with this increased complexity and secure a leading position in a demanding competitive environment, MM has established supply chain management departments in both divisions, MM Board & Paper and MM Packaging. Risks in this respect are managed by adapted processes, additional suppliers and inventory management. In the risk management system of MM, supply chain risks are covered within the existing risk fields.

In view of the safety and steering instruments already implemented and the early warning indicators, no significant risks that could endanger existence or impair its development are currently identifiable. Compared to the previous year, the gross risks relating to sustainability and financing were classified as higher, while the net risk relating to energy was lower.

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

For each risk that is identified and considered to be significant for the Group, specific early detection, steering and safeguarding measures are determined, taking into account the Group-wide risk policy, in order to manage the respective risk. These measures are subject to constant evaluation and are continuously developed or amended if necessary. They aim to optimise the Group's risk situation, without diminishing possible opportunities, though.

The Management Board is responsible for the Group's risk management, defines the risk policy which is generally characterised by a conservative approach and determines the framework conditions for risk management throughout the entire Group. There is a focus on prevention and reduction of risks which are, as far as economically reasonable, achieved by targeted control measures and complemented by the Group's insurance program.

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

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

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

Sales

The demand for cartonboard packages and paper products from MM directly correlates with the overall economic environment but especially with the demand for everyday consumer goods. Market risks may therefore arise mainly from economic volatility and changes in regulatory and political conditions of the various sales markets as well as from a delayed awareness of changes in trends.

Owing to sufficiently available capacities of providers, the sales markets of MM Board & Paper and MM Packaging are characterised by intensified competition. In order to consolidate and extend the market position in the long term, the Group pursues a strategy of strengthening competitiveness of both divisions by enhancing efficiency, sustainability and innovation.

The Group has a total of several thousand customers. MM Board & Paper sells unprocessed cartonboard mainly to the medium-sized European folding carton industry. Kraft papers are sold in particular to the food/gastronomy industry and the laminate industry, uncoated fine papers (office and printing papers) especially to paper/office supply retailers in Europe. The division MM Board & Paper generates around 32 % of divisional sales with 15 main customer groups, excluding MM Packaging. The division MM Packaging supplies in particular printed cartonboard packages to consumer goods manufacturers and generates around 66 % of divisional sales with 40 main customers.

The level of dependency of individual production sites on customers is affected to a large extent by developments in sales and supply, pricing strategies, the composition of the supply chain as well as the political environment.

Customers are constantly assessing their locations network in order to optimise costs and exploit growth opportunities, which may result in a geographical relocation of business. This bears the risk of site closures as well as investment needs at new sites. However, the Group’s extensive presence in various market segments and the broad geographical positioning contribute to minimising the risk.

MM relies on comprehensive and well-established measures to safeguard market shares and generate new business. This includes close customer contact, continuous monitoring and market analyses, cooperation in research and development, a sustained quality and cost management as well as ongoing investment. Furthermore, it comprises the monitoring of product life cycles, trend analyses, the systematic expansion of our customer base as well as a regular participation in tenders, trade fairs and congresses.

The growing public interest in sustainability and health is leading to increasing demands from customers, interest groups and legislators with regard to sustainable packaging solutions as well as their product quality and safety. It is highest priority for MM to meet these requirements in order to minimise potential risks relating to sales, compliance or reputation. Within an institutionalised framework, both divisions continuously carry out R&D activities that undergo continuous further development. For example, the idea platform “we.invent” systematically collects ideas from among all MM employees. In addition, the innovation stage gate process is being further developed. This makes it possible to offer safe and innovative products that are sustainably in line with market demands. MM meets the high product safety and quality requirements, among others, by certifying all production sites according to ISO 9001 and through regular quality assurance measures and inspections. In particular in the area of food packaging, a comprehensive range of measures ensures compliance with strict legal regulations and customer requirements, thus contributing to compliance, customer satisfaction and safeguarding sales. This includes the continuous monitoring of current, mainly regulatory developments in the area of food contact materials as well as research and development activities dealing with the migration of ingredients and their effect.

In terms of sustainable and environmentally friendly packaging solutions, MM benefits from the positive public and customer perception of cartonboard and paper as a packaging material. A special focus is currently being placed on the development of substitution products for plastic packaging using alternatives made of cartonboard and paper which are being driven forward proactively and with a strong customer orientation. In line with the trend towards light-weight packages, MM Board & Paper is also expanding its range of products with lower grammages.

The market for cigarette packaging is subject to regulatory risk due to the protection of non-smokers and minors, which is associated with potential effects on sales development. This can affect both the quantity and the value of the product. More and more countries around the world, whose number continued to increase in 2023, require “plain packaging”, i. e., standard packages without brand logos. In connection with the EU Tobacco Products Directive, the ban on characterising flavours was extended to heated tobacco products. The Single-Use Plastics Directive from 2019 introduced labelling requirements for tobacco product packaging. Accordingly, all packaging must carry a pictogram indicating the presence of plastic in the cigarette filter and proper disposal. The draft Packaging and Packaging Waste Regulation (“PPWR”) proposes further labelling in relation to the recyclability of packaging. Another trend is emerging with regard to the design of the cigarette itself. Specifically, some countries have announced plans to consider or introduce the direct placement of warning labels on cigarettes. In the case of novel products, the widespread use of so-called nicotine pouches should be mentioned, whose introduction is being discussed very controversially. A proposal from the EU Commission to revise TPD2 is no longer expected for 2024, the evaluation phase has started on May 20, 2022. The impact on the relevant sales of the MM Packaging division cannot be quantified yet, but the risk is minimised by broad global geographic sales and a close cooperation with cigarette manufacturers. Furthermore, the sales risk is also reduced by packaging for so-called “reduced risk products”. Companies operating in this product area may be subject to discrimination in the public perception.

Production

The Group systematically develops and modernises its production facilities and processes to ensure that they are always state of the art. Thereby, a focus is placed on a sustainably responsible production, taking economic, environmental and social aspects into account with the aim of generating long-term benefits for our stakeholders.

This primarily implies an efficient use of resources in the production of our products, combined with exceptional solution expertise and quality while at the same time aiming for a sound financial conduct. We therefore focus on continuous monitoring of machines and performance, innovation and sustainable investments in the latest technology. Opportunities of automation and digitalisation are actively pursued and implemented. Our aim is to produce according to the highest possible standards throughout the Group.

A high degree of operational readiness of the plants is of crucial importance for the production of cartonboard/paper and folding cartons. Continuous electronic monitoring of individual machines and sections of machines, revisions, maintenance and certifications as well as risk engineering in collaboration with insurance companies are among the most important preventive measures for maintaining continuous operations. Furthermore, division-wide back-up concepts secure readiness for supply even in the event of long-term interruptions of operations. The ability to shift orders to other locations (multi-mill concept) or machines constitutes a core element and is facilitated by focussing on certain format classes and orders that are not dependent on machine manufacturers.

Compliance with required quality standards and norms, especially in the areas of product safety and food contact, is a fundamental precondition for securing our competitiveness and the reputation of our product and service portfolio in the long term. Constant quality assurance procedures along the entire value added chain guarantee the fulfilment of these high standards and allow the seamless traceability of all products. Our continuous R&D activities, constant market observation as well as our longstanding active participation in lobbies and standardisation at national and international level enable us to evaluate new scientific findings, interpretations as well as upcoming changes in a timely manner and incorporate them into our strategies.

By focussing on our core competences, we minimise risks associated with investments, technical innovation and the integration of acquisitions. Investment projects are subjected to a standard multi-level approval procedure as well as a clearly defined tendering process in which relevant specialist departments are systematically involved. Negotiations and drafting of purchase agreements are carried out in cooperation between Corporate Sourcing, Divisional Technology and Corporate Legal. Where appropriate, tests or simulations are carried out under production or laboratory conditions. Investment projects are accompanied during implementation by a continuous control of qualitative as well as quantitative aspects. Product and process innovations undergo extensive test phases and are generally tested in pilot projects before being rolled out.

Procurement

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

Fibre materials and chemicals are the most essential raw materials for MM Board & Paper. The division procures them via its own European procurement organisation. Ongoing monitoring and suitable security measures, such as capacity reservations, long-term contracts and backup concepts, are partly successful in counteracting a shortage and price risk due to a higher global demand and in absorbing short-term price peaks. We consider the supply of fibre materials to be basically secure. However, regulatory measures, for example as part of the European Green Deal (EUDR, LULUCF), or (geo)political risks may have an impact on supply. The additionally required groundwood pulp is mainly produced internally in the cartonboard and paper mills and in our Norwegian fibre mill FollaCell.

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

Based on the profit centre principle, purchase of cartonboard and paper for the MM Packaging division is conducted by its own procurement organisation with continuous screening of various cartonboard and paper producers. With regard to securing supply, the intercompany cartonboard procurement from the division MM Board & Paper has recently gained in importance.

Passing on cost increases to customers, e.g., due to inflation, entails the risk of losing customers, although market conditions in both purchasing and sales do not always allow this to be passed on. We endeavour to take into account significant price changes of strategically important input factors in sales pricing, e.g., by appropriate clauses.

Energy (gas, electricity, coal, heating oil) is an input factor of strategic importance, especially for the division MM Board & Paper. In risk assessment, purchase price, basic availability and purchase opportunity are essential parameters. The latter refers to the physical availability of energy, which in the case of gas, coal and oil mainly depends on the political stability of producer and transit countries. Political conflicts, armed conflicts and natural disasters can have a significant impact on the availability and price risk of energy. In some cases, minimum purchase quantities are defined in energy agreements. If the level of those is not reached due to standstills or technical faults, compensation settlements are due (take-or-pay rule). In order to manage the risk, we rely on concluding long-term framework purchase contracts, continuously monitoring price developments and existing hedging contracts as well as linking production and sales planning to the purchase of energy. Medium-term procurement policy is managed based on the regular coordination between the management and an energy procurement team responsible for the entire Group. In addition, measures aimed at reducing specific energy consumption are continuously implemented. Substitution of fossil energy types takes place, for example, through local biomass or replacement fuel plants or by changes in in-house electricity generation. Sales prices are adjusted to price developments on the energy market as quickly as possible. Due to the ongoing war in Ukraine, the availability risk of energy remains increased. This also affects transport via pipelines, although the expansion of the LNG infrastructure has reduced this risk. Diversifying the transport routes for coal at the suppliers also limits the availability risk of energy.

Due to the political objective of reducing greenhouse gas emissions in the industry, all mills of the division MM Board & Paper are confronted with a regulatory risk regarding the availability of emission permits (CO_2 certificates) which are issued restrictively according to the "cap & trade" principle. Through the use of energy-efficient facilities and convincing benchmark results, MM Board & Paper continues to benefit from a partly free allocation of emission permits. It is expected that the EU will gradually reduce free allocations in order to create incentives for further emission reductions. The European Green Deal, which aims to achieve a climate-neutral EU by 2050, has recently come into play here. There is a dynamic CO_2 allocation in case of activity change by +/-15 %. MM Board & Paper procures missing certificates on the free market under the EU emission trading system, for which a price risk must be taken into account, which is partially mitigated by means of forward contracts.

MM Packaging also faces the risk of indirect emissions pricing. Based on the European Effort Sharing Regulation or the Fuel Emissions Trading Act in Germany, certain sectors (heating and transport) face a CO_2 levy, which may have an impact on the cost side of both divisions as a result of onward charging.

Sustainability

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

Risks in this area consist of physical risks (e.g., floods, forest fires, storm damage, drought) and transitory risks (e.g., emission certificates, changing market requirements and consumer behaviour, political developments). Physical risks can lead to direct production losses, supply bottlenecks or increased raw material prices. Transitory risks should primarily be regarded as compliance issues that do not result in short-term production losses, but in the event of violations negatively impact the "license to operate", which can be reflected economically in declining sales figures, increased penalties and CO_2 taxes, for example. In 2024, particular attention must be paid to the implementation and fulfilment of the requirements set out in the EU Deforestation Regulation EUDR (EU) 2023/1115. From December 30, 2024, the associated risks could range from high fines to a ban on placing products on the market.

The MM Group follows the TCFD framework (Task Force on Climate-Related Financial Disclosures) in order to integrate climate-change-related risks and opportunities into the existing reporting structures in the best possible way. Specific physical and transitory risks were assessed as part of the climate-related risk assessment. For the business activities of the MM Group, advancing climate change results in both physical risks that affect individual locations as well as strategic risks that can affect a business area or the entire Group.

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

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

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

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

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

Human Resources

The performance of our Group is largely dependent on qualified, motivated and performance-oriented employees. We focus on sustainable collaboration with the aim of tying our employees to the Company in the long run and attract suitable talent for vacant positions. We achieve this through continuous personnel development, promotion of education, fair remuneration and attractive incentive systems as well as a lived value and corporate culture. Our positioning as an attractive employer is supported by targeted personnel marketing measures.

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

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

HR agendas in 2023 were characterised by further integration activities at the sites acquired in recent years (especially ex-Essentra Packaging). The implementation of a Group-wide HR system, which will be rolled out at all locations over the next few years, allows information to be accessed centrally as a central data source and to better meet future reporting requirements. A Group-wide job platform will be used to establish common recruiting standards and find suitable candidates.

In the area of training and development, the focus in 2023 was on IT security. Increasing risks in the area of cybercrime require all employees to be sensitised and are therefore a high priority. Regular mandatory training courses are held throughout the Group. Completion of this training was included in the 2023 targets and is relevant for bonuses. A new management development programme (“Leading Together”) was launched to strengthen junior managers for their tasks and the “Next Generation” apprentice programme was revised to better meet the needs of this target group.

Pensions/severance payments/pre-retirement

The majority of employees in the Group is covered by defined contribution plans as part of statutory pension schemes. In addition to the statutory pension scheme, the Group has granted defined benefit and defined contribution pension commitments to certain employees on the basis of individual commitments and company agreements. Furthermore, there are defined benefit and defined contribution severance payment obligations and obligations as part of statutory pre-retirement schemes. To monitor and minimise risks, we particularly pursue a clearly structured process that includes provisioning, plausibility check and verification of data at the level of individual companies as well as the entire Group. In addition, centralised monitoring of individual commitments is carried out by the Group’s headquarter.

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

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

Financial risks

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

We counter financing and payment transaction risks of the Group in particular by a centrally managed cash and credit management, the careful selection and a continuous monitoring of national and international banking partners and the availability of sufficient credit lines at any time. A breach of contractual agreements (covenants) can lead to increasing surcharges on the base interest rate or the cancellation of financing by the banks. This would necessitate the renegotiation of the financing structure and entail the risk of higher financing costs. Compliance with the covenants is monitored regularly to minimise risk. In addition, the factor of sustainability has an impact on both availability and cost risk, as so-called ESG financing is gaining in importance and the provision of financing and the level of financing interest rates are therefore increasingly dependent on ESG criteria. These are controlled by “Group Sustainability” based on corresponding key figures. In the MM Group, however, ESG indicators do not currently affect the cost of financing. The availability risk of capital increases with the rising proportion of non-ESG-compliant business.

Foreign exchange risks are monitored continuously with system support and are limited or reduced by suitable hedging measures. Hence, the focus is placed on balancing risks naturally by matching receivables and liabilities at individual subsidiaries and at Group level. Price risks are reduced as far as possible by currency congruence in business transactions and by price adjustment mechanisms in long-term agreements. Hedging transactions are only utilised if natural hedging measures are not sufficient. Currency hedging transactions are mainly performed on a central currency trading platform. Currencies that are hedged for fluctuations of their exchange rates are in particular the British pound, the US dollar as well as the Euro for the companies with functional currencies other than the Euro. Derivative financial instruments are neither used for trading nor for speculative purposes.

Regular monitoring and ongoing active optimisation of working capital on the basis of a profit and cash protection plan as well as the minimisation of inventory impairment risks are a high priority. The risk of default on accounts receivable is minimised by ongoing credit rating assessment as well as the obligation to offer credit insurance for all customers, with the exception of selected international customers that enjoy the highest credit rating.

Accounting

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

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

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

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

Information technology

Central IT management is based on ISO 31000, information security of the central IT on ISO 27001. The risk of a breakdown of our central data processing is minimised by using a geographically separated back-up data centre and by comprehensive precautionary and regular audit measures. Challenges regarding information security are countered by a wide range of protective measures which are integrated in a Group-wide information security management system (ISMS). The function of the Information Protection Officer includes the Group-wide implementation and continuous updating of security standards.

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

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

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

Other risks

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

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

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

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

Composition of capital, stock categories
Please refer to the information provided in the consolidated financial statements under note 13.1.

Restrictions concerning the voting rights and the transfer of shares
Approximately 58 % of the shares are held by the core shareholder families in a syndicate. There is a syndicate agreement which regulates the transferability of shares within the syndicate and to outside parties. Issues that concern the Ordinary Shareholders' Meeting are decided by the syndicate with 65 % of the voting rights, measured by the total number of syndicate votes cast. Modifications of the syndicate agreement (concerning changes in voting rights, changes in the purpose or object of the syndicate, creation or withdrawal of special rights) require unanimity, measured by the total number of all syndicate votes.

Direct or indirect participation in capital of at least 10 %
According to the information provided to the Company, there were the following minimum participations of 10 % in the capital at year-end 2023:

MMS Mayr-Melnhof-Saurau Beteiligungsverwaltung KG
CAMA Privatstiftung

Owners of shares with special control rights and a description of these rights
There are no shares with special control rights.

Type of voting rights control for capital participation by employees, if they do not directly exercise the right to vote
There is no such capital participation model for employees.

Provisions for appointment and revocation of members of the Management Board and the Supervisory Board and regarding alteration of the Articles of Association of the Company that do not arise directly from the Act
There are no provisions of this type.

Authorisation of the members of the Management Board that does not arise directly from the Act, in particular with regard to the option of issuing or repurchasing shares
There are no authorisations of this type.

All significant agreements to which the Company is a party and that take effect are modified or terminated in the event of a change of control of the Company as a result of a takeover offer as well as its effects; agreements which would significantly damage the Company if made public are excepted, unless the Company is obligated to make such information public as a result of other statutory provisions
The protective clause with regard to the disclosure of this information is invoked. The scope of the business in question is considered reasonable.

Existence and significant content of compensation agreements between the Company and the members of its Management and Supervisory Boards or employees in the event of a public takeover offer
There are no agreements of this type.

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

To comply with section 267 a of the Austrian Commercial Code, the option to set up a separate consolidated non-financial report was chosen (see pages 96 et seq.).

7 OUTLOOK ON THE FINANCIAL YEAR 2024

This outlook reflects the assessment of the Management Board as of March 11, 2024, and does not take into consideration the effects of any acquisitions, disposals or other structural changes in 2024. Previous and subsequent forward-looking statements are subject to known as well as unknown risks and uncertainties that may result in actual events differing from the forecasts made here.

In the highly competitive European cartonboard and paper sector, MM Board & Paper is currently experiencing a positive volume trend, however, at the same time pressure on margins is continuing. Although destocking in the supply chain has largely been completed, we expect only a slow market recovery due to the weak economic situation in Europe and continued restrained consumer spending. At the same time, due to difficult general conditions on non-European export markets continued oversupply and dampened capacity utilisation in Europe are expected to remain.

The pressure to increase competitiveness is therefore constantly increasing. This also applies to MM Packaging, although this sector is overall more resilient due to its broad positioning. Against this backdrop, our profit & cash protection programme will be consistently continued in 2024 and supplemented by targeted structural adjustment measures. Recent increases in production costs will be passed on through corresponding price adjustments.

The capex volume of around EUR 300 million expected for 2024, which includes carry-overs from the previous year, will be focussed on selected projects to improve competitiveness.

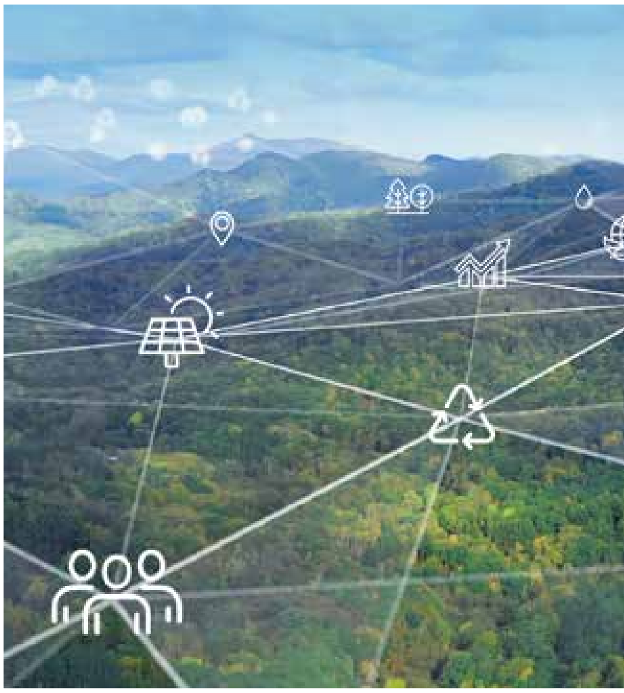
With more sustainable and innovative packaging solutions as well as the significantly optimised asset base in recent years and solid financing, MM is very well positioned to successfully manage the persistently challenging market situation.

Vienna, March 11, 2024

The Management Board

Peter Oswald m. p.   Franz Hiesinger m. p.

Consolidated Non-financial Report



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People: sustainability training for employees

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Prosperity: more sustainable packaging solutions to substitute plastics

Facts & Figures

MM sustainability topics in 2023

Sustainable development is an integral part of our corporate strategy and, alongside quality, innovation and technology, part of our success principles at MM. Our products are based on renewable raw materials and can be recycled to a very high degree. In this way, we reduce the carbon footprint of packaging materials. Hence, we are shaping the future of packaging and contributing to the well-being of our planet and the people around us.

"Decarbonising our production and reducing the CO_2 footprint of our products play an important role in this. That is why the MM Group has set itself an ambitious science-based 1.5 °C target and is committed to a net zero target."

Peter Oswald
CEO

Planet

Strategy & targets

- **28 %** reduction in Group-wide Scope 1 and Scope 2 emissions compared to 2019

Ratings & Assessments

MM Group recognised with a "triple A" CDP score for transparency on Climate Change, Forests and Water Security.

Measures & projects

- Increase in the share of purchased green electricity: **36** of **71** sites purchased green electricity in 2023 or will switch to green electricity in 2024 (compared to **11** plants in 2022). As a result, Scope 2 emissions in the MM Packaging division were reduced by **26 %** compared to the previous year.
- Installation of **6** PV systems: a total of **9** PV systems and **1** CSP (Concentrating Solar Power) system in operation
- MM Sustainability Bonus 2023: more than **370** project ideas and more than **180** finalised CapEx projects were submitted across the Group.
- MM Kwidzyn: planning investments in renewable energies in order to further increase the already high share of **65 %**.

People

Policies

Implementation of new MM policies in the areas of human rights, fair and equitable working conditions and a safe working environment:

- Supplier Code of Conduct
- Policy Statement on Human Rights
- HR Policy
- Safety Policy

Sustainability training

- Internal e-learning programmes and webinars: in a first wave of training, more than **800** employees were trained on the topic of sustainability.

Accident prevention significantly improved

- A Group-wide Lost Time Accident Rate (LTAR) of **1.27** was achieved, with **45** of our sites achieving an even lower value. This means that the Lost Time Accident Rate was reduced by **42 %** in 2023 compared to the previous year.
- Occupational Safety & Health (OSH) support visits were carried out at **60** sites.

Prosperity

Innovation

By developing innovative, more sustainable packaging solutions, we create alternatives to conventional plastic packaging:

- MM Moulded Pulp can be used, for example, as a fibre-based insert for cosmetic products or as a container for foodstuffs.
- MM GreenPeel can reduce the amount of plastic used by up to **85 %**.

Cyber security

- Our IT security services have been awarded with the Austrian quality seal "Cyber Trust Austria Gold Label" of approval for cyber security.

Planet

MM sustainability topics in 2023

Decarbonisation as part of the Group strategy

The MM Group has set itself a decarbonisation target that meets the requirements of the Science Based Target Initiative (SBTi), including the target of reducing Scope 1 and 2 emissions by 50.4 % and reducing Scope 3 emissions by 58.1 % per unit of value added by 2031 based on the values from 2019. In order to achieve these ambitious goals, internal measures must be taken in particular with regard to energy efficiency and renewable energy. For example, our Polish integrated cartonboard and paper mill MM Kwidzyn has plans for investments that will further increase the already high proportion of renewable energy, which currently amounts to 65 %. In addition, we have launched the MM Sustainability Bonus. It is made up of two components: a mill-specific CO_2 reduction target on the one hand, and a qualitative part that includes tasks in the area of energy management and project (ideas) that lead to a CO_2 reduction on the other hand.

The bonus resulted in a large number of CO_2 reduction projects that were implemented in 2023. The purchase of green electricity was stepped up and energy efficiency/reduction measures were initiated. The bonus is part of the MM Group's remuneration system and applies to managers. The Management Board and the Supervisory Board are regularly informed about the performance of the plants in monthly CO_2 emission reports.

Building on the results from 2023, further steps to implement the decarbonisation strategy will be pursued in the financial year 2024 based on the MM Sustainability Bonus.

Climate scenarios and risk management

Climate scenarios are essential in order to analyse risks, threats and opportunities and to consider possible effects and measures for the company. For the business activities of the MM Group, advancing climate change results in both, physical risks that affect individual locations and strategic risks that can affect a division or the entire Group. Through extensive analyses of climate change scenarios and their predicted effects on the environment, the weather and ecosystems, the MM Group has acquired a comprehensive understanding of the resulting risks and opportunities. MM's understanding of the effects of climate change on MM's business activities, but also on our planet, also results in a strong awareness of the importance of measures to mitigate climate change.

As we strive to constantly update and improve our climate risk analyses, the MM Group worked together with external experts in 2023 to identify the risks and dangers associated with climate change in workshops in order to subsequently develop ideas and strategies to manage these climate risks.

As the production of cartonboard and paper depends on the availability of natural raw materials, such as wood, the climate-related risk of forest fires was analysed in particular detail following a general analysis. The risk of forest fires is becoming an ever greater risk for MM's business activities due to climate change. Forest fires can lead to a shortage of wood as a raw material and therefore pose a significant risk to our supply chain.

In an exchange with experts, we analysed how forest fire risks are defined and influenced and what impact they can have on MM's supply chain. In addition to quantitative parameters, qualitative parameters must often also be taken into account. They can only be assessed to a limited extent without sound scientific knowledge. That is why MM has expanded and optimised its quantitative climate risk analyses in consultation with scientific experts.

Responsible water use at MM Board & Paper

Due to the high demand for water in the cartonboard and paper production, it is important to take into account regional risks and developments, particularly with regard to the effects of climate change. Most of the MM Board & Paper division's mills are located directly at watercourses, which is why we take into account the entire water catchment area in which the respective mill is located.

As responsible water use is particularly important to us, we analysed the water scarcity factor in the Board & Paper division in the financial year 2023. In view of the fact that water scarcity is a major threat in many regions of the world, we want to better understand our influence on water use. To this end, we have analysed the specific water scarcity footprint using the AWaRe (Available Water Remaining) method. The analyses that we have carried out with our external partners have shown that the impact of our water use can be classified as low, as MM Board & Paper's mills are located in regions where water scarcity is not a threat.

When looking at the fresh water consumption less rainwater (blue water consumption) of the MM Board & Paper mills, it is noticeable that up to 97 % of our process water of the virgin fibre cartonboard mills is returned to the global fresh water cycle, which means that our overall water consumption is very low. Only our mills in Kotka and Follafoss, which, due to their geographical location, discharge their fresh water directly into the sea after the cleaning processes, have slightly higher values.

Strategy & targets

- Science Based Target and Net Zero Target: in addition to the existing 1.5 °C target, we have officially committed to a Net Zero Target.
- Introduction of the MM Sustainability Bonus: CO_2 reduction and decarbonisation measures as an integral part of the MM remuneration policy.
- Monthly CO_2 progress reports for the Management Board and the Supervisory Board.

Measures & projects

- Internal CO_2 pricing: the MM Group has defined an instrument for setting an internal CO_2 price, which will be implemented throughout the Group in the financial year 2024.
- Implementation of the European Deforestation Regulation (EUDR): The European Deforestation Regulation (EUDR - (EU) 2023/1115) is intended to prevent companies from placing goods associated with deforestation and forest degradation on the EU market or exporting them from the EU. The MM Group has defined taking measures to fulfil the requirements of the EUDR.
- Water Scarcity Check: The water scarcity factor was analysed and the impact of water use was classified as low, as our plants are located in regions where water scarcity is not a threat.

"Through a specifically created project team, we are in close contact with our suppliers and customers, actively participate in committees and association activities and thus take the necessary steps for the best possible implementation of the EUDR."

Sigrid Gerold
Head of Group Product Safety

People

MM sustainability topics in 2023

MM focuses on human rights

In the financial year 2023, we placed a special focus on the topic of “human rights” and dealt intensively with the fulfilment of minimum social safeguards requirements. We have set ourselves the goal of promoting responsible and sustainable business practices across the entire value chain of the MM Group, including our own business activities as well as the upstream and downstream value chain.

In this context, we have implemented a Supplier Code of Conduct that supports our commitment to respecting human rights, the OECD Guidelines for Multinational Enterprises, the principles of the UN Global Compact Initiative and the ILO core labour standards. Our core values, which are anchored in our Code of Conduct (https://www.mm.group/ueber-uns/verantwortung/code-of-conduct/), constitute the basis for responsible and sustainable business practices at MM. In this way, we ensure that these values are promoted sustainably.

The newly established “Human Rights Officer” is responsible for promoting, safeguarding and protecting human rights within the MM Group. This responsibility currently lies with the position “Head of Group Human Resources & Internal Communication” and is therefore anchored at senior management level. In addition, we conducted an internal survey on the topics of human rights, corruption, fair competition and information security to gather important information on how we can best and proactively manage the topic of human rights.

Sustainability training for employees

The MM Group has established an online sustainability training programme for its employees to ensure that the topic of sustainability is understood by everyone and can thus be put into practice in an efficient way.

The multi-stage training programme comprises several modules and is available via our internal training platform “MM-Academy”. It provides a basic understanding of what sustainability means for MM, which corporate strategy is pursued with regard to sustainability and where the focus is placed in terms of content. The training also includes an explanation of basic concepts and frameworks, such as the Greenhouse Gas Protocol. In a further module, our employees’ understanding of the Life Cycle Assessment (LCA) methodology and the calculation of the carbon footprint is deepened.

A short time after the training programme was launched in November 2023, more than 430 employees had already taken part. The programme is planned to be continued in 2024. In addition, internal sustainability training webinars were offered in 2023 with individual specialist departments and management representatives. More than 400 people participated in these webinars.

Near-miss management – the high impact of accident prevention

At the end of 2021, we introduced near-miss management with ambitious targets and for the first time implemented a leading key performance indicator (KPI) for near-misses in addition to accident figures. Our goal was to implement a total of 1,999 reports and improvement measures for the entire Group by the end of 2022. There was a significant increase in the number of near-miss reports at the beginning of 2022 and by the end of that year, every second production employee had reported a potential improvement of accident prevention. Our sites processed a total of 6,243 near-miss reports in the financial year 2022 – a figure which was three times higher than the target value. The indirectly intended success, the reduction in accidents, was impressive: at the end of 2021, 327 lost time accidents (LTAs) had been recorded. By the end of 2022, this figure had fallen to 225 LTAs.

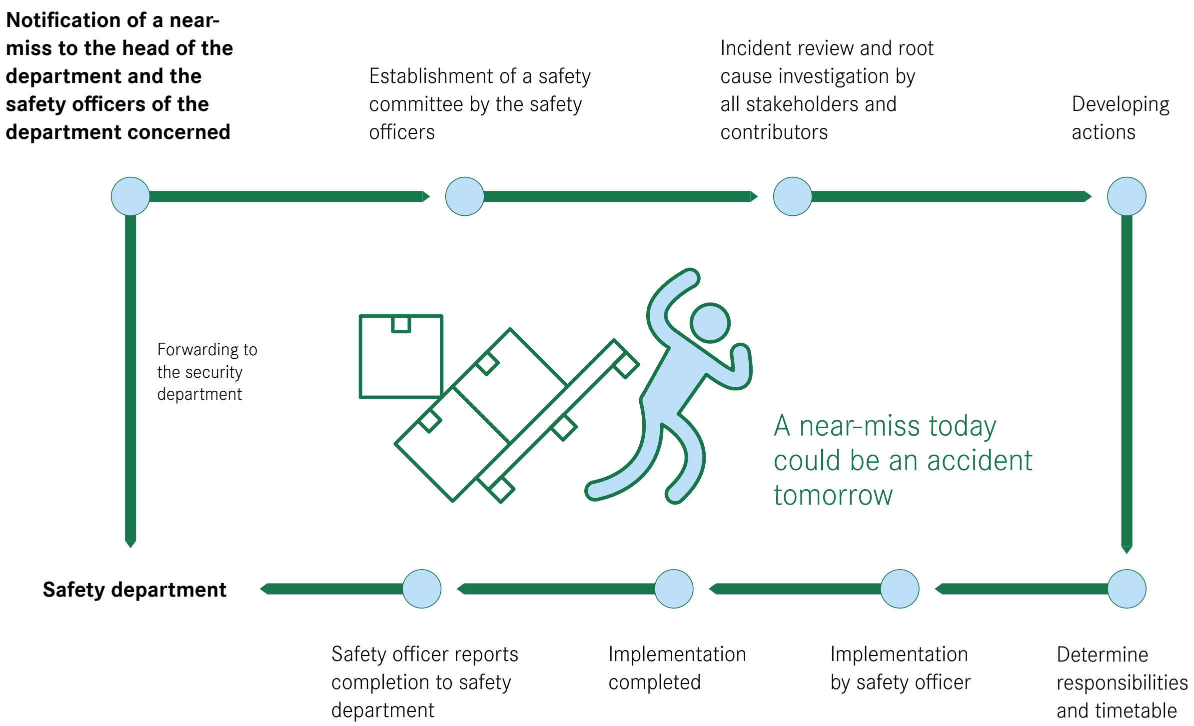
Encouraged by this significant improvement, the target for 2023 was set at 6,886 reports and once again the plant managers showed their leadership. By the end of 2023, we had received 12,263 near-miss reports, twice as many as the target figure had been, which, again, is a significant improvement per production employee. At the same time, working hours in the operating business units increased by 26 % due to acquisitions in the Pharma & Healthcare business unit. Although more working hours are generally associated with a higher number of accidents, we succeeded in further reducing the number of occupational accidents from 225 to 166 LTAs.

Focus on human rights

In 2023, we established a “Human Rights Officer” in the MM Group with the aim of ensuring the best possible observance of human rights. This role is anchored at senior management level.

“In the event of an accident, coincidence decides. WE preventively manage everything beforehand!”

Thomas Ebetshuber
Group Safety & Quality Manager



Prosperity

MM sustainability topics in 2023

Innovation and commitment in cyber security

With a strong focus on governance and compliance, the MM Group made decisive progress in operational technology (OT) security in the financial year 2023. An outstanding OT security project aimed at improving the security of our industrial control systems marked the beginning of our intensified efforts in this area. By introducing advanced technologies and continuously optimising our security protocols, we have created a solid foundation for our efforts to effectively counter cyber threats and promote a proactive security culture.

Our new Security Operation Centre (SOC) plays a key role in the MM Group's security infrastructure and significantly increases the efficiency and effectiveness of our security operations. Our cyber security awareness programme, which is supported by a wide range of communication tools, plays a key role in raising awareness of information security among all employees.

An important step towards integrating our security strategies into the company's management consisted in placing the position of Chief Information Security Officer directly under the Chief Financial Officer. This is to emphasise that we see governance and compliance as central elements of our security efforts.

In view of new regulatory requirements, the MM Group has introduced comprehensive measures in the area of supply chain security. The introduction of strict security standards and regular audits of our suppliers are intended to strengthen the overall security of our supply chain and minimise risks that could arise from third parties.

The positive response to our initiatives, such as the award of the Austrian quality seal "Cyber Trust Austria Gold Label" of approval for cyber security to MM Service GmbH, confirms that we are on the right track. We are now focusing on the operational implementation of these strategic foundations in order to further strengthen our security objectives and establish a resilient security culture within the MM Group.

More sustainable packaging solutions to substitute plastics

In the financial year 2023, the MM Group made significant progress in the development of more sustainable packaging to substitute plastics. These solutions not only fulfil the highest requirements for recyclability, but also set new standards for more environmentally friendly packaging solutions. Our innovations and product developments are based on an intensive dialogue between the innovation and the sustainability department as well as other internal experts and our customers.

With ALASKA® BARRIER GREASE, MM Board & Paper launched a hard sized virgin fibre cartonboard with the most innovative barrier against grease and superior moisture protection on the market in 2023. The product's fibres come from sustainably managed forests and can be easily recycled in the established paper and cartonboard recycling streams. It is a more sustainable and cost-effective alternative to PE coating and is manufactured with a water-based dispersion barrier that does not contain any fluorinated polymers.

MM Packaging acts within the framework of our corporate goal of "Enabling people to live a better life on a better planet" to further drive innovation. To this end, the "MMP XBU Innovation Team" was founded in December 2022 to share best practices and leverage synergies. The team consists of the heads of innovation of our four business units in the Packaging division and the head of PacProject, our creative agency for packaging. According to this model, each business unit will own and manage individual innovation pipelines and priorities aligned with the specific needs of their customer segments. In addition, the further development of the innovation mindset will be promoted and a standard innovation framework will be utilised and maintained as part of a common stage-gate process. In this way, MM Packaging creates the basis for an aligned way of working within the division.

As Europe's leading manufacturer of cartonboard made from recycled paper fibres, we see the expected requirements of the European Packaging and Packaging Waste Regulation (PPWR) regarding the proportion of recycled material not only as a challenge but also as an opportunity to further strengthen our market position.

"Sustainability is inspiring our innovations for the future. In 2023, we cooperated more closely with our customers to pursue the shared goal of improving the sustainability credentials of secondary packaging. From plastic replacement to optimising designs and material choices, we have supported our customers in identifying, selecting and implementing more sustainable options."

Tiffany Overstreet
Innovation Director Pharma

MM focuses on ethical standards and transparency in the supply chain

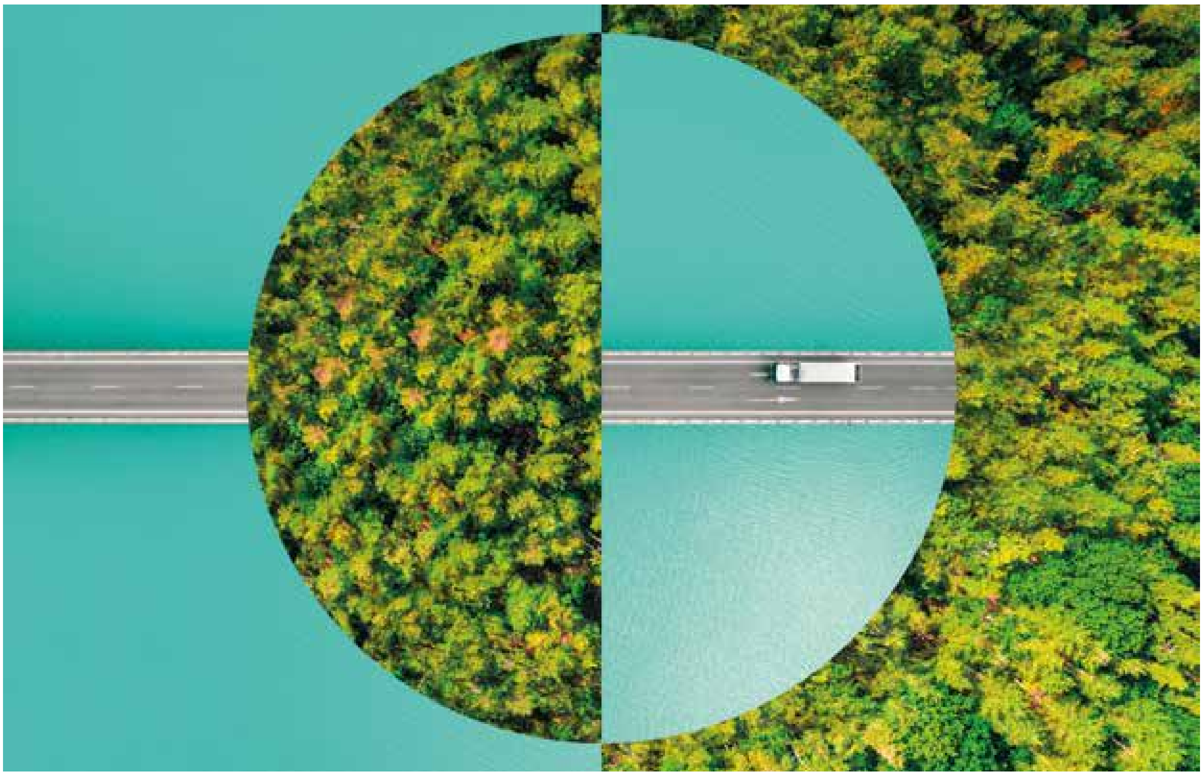
Promoting ethical standards and responsible business practices along our entire supply chain is a long-term effort at MM. In addition to anchoring human rights issues in our Supplier Code of Conduct that was implemented in 2023, we have created monitoring mechanisms that monitor and promote compliance with our standards.

The implementation of “Prewave” in 2022 was a decisive step in the development of our supply chain risk management. It enables us to carry out strategic risk analyses of the supply chain in real time and initiate risk prevention measures immediately. MM thus strengthens supply chain resilience in the long term and fulfils the latest compliance requirements, such as the German Supply Chain Duty of Care Act (LkSG).

An important strategic focus is placed on the detailed analysis and monitoring of our key raw materials, such as pulp and paper, paints and varnishes and chemicals, which requires an in-depth understanding of the development of potential risks along our supply chain.

In addition, the integration of the “KODIAK” supplier relationship management platform in the MM Packaging division strengthens the transparency, traceability and resilience of our supply chain. By integrating supplier assessments based on the LkSG, we can ensure that our suppliers comply with legal regulations and MM-specific requirements.

The implementation of “KODIAK” and “Prewave” as well as a dedicated Supplier Code of Conduct is an important step for MM to optimise supply chain processes and strengthen our supply chain resilience.



Let's pull off **plastic reduction!**

GREEN PEEL

Responsibility along the supply chain

By implementing the "Prewave" supply chain risk management tool and the "KODIAK" supplier relationship management platform, we can cooperate even more closely with our suppliers on sustainability topics. We are implementing existing compliance requirements, such as the German Supply Chain Duty of Care Act, and are optimally prepared for future requirements, such as the European Corporate Sustainability Due Diligence Directive.

Sustainable innovations

A cross-business unit "MMP XBU Innovation Team" was created to organise our innovation work as effectively and efficiently as possible.

MM in the context of sustainability

INTRODUCTION

Sustainability is an integral part of the MM Group’s business activities and the basis for our long-term business success. Ever since the company was founded in 1888, in a forestry environment, the idea of sustainability has always been present at MM. With innovative, recyclable packaging and paper products made from renewable raw materials, we are now at the forefront of avoiding plastic waste, as explained in more detail in the chapter “Circular economy and plastic substitution” on page 115.

GRI 2-6 GRI 2-23 This report documents the further development of our sustainability strategy and activities in the financial year 2023 and includes an outlook with regard to the Corporate Sustainability Reporting Directive (CSRD) on page 130. We focus on our strategic activities in relation to protecting the environment (see “Planet” section), attractive working conditions and occupational safety (see “People” section) as well as our forward-looking management of investments and innovations, including collaboration with third parties for systemic change (see “Prosperity” section). We also report on the implementation of our targets defined in 2021. These reports are compiled on the basis of experienced, centralised management and harmonised systems, tools and standards.

At the centre of this is our conviction that the MM Group can be even more competitive and successful in the long term through transparent sustainability management and the disclosure of progress (and failures). The continuous involvement of our stakeholders in our sustainability journey is very important to us. While a comprehensive stakeholder dialogue was conducted in 2021, which forms the basis of our sustainability strategy continues to be valid, we focused on a greater involvement of internal stakeholders in 2022. This resulted in the creation of the “MM Message House”, in which we anchor our corporate purpose “Enabling people to live a better life on a better planet” together with the goal of becoming “Leading in consumer packaging using renewable resources” and define our efforts to create a unifying corporate culture with shared values. In 2023, a particular focus was placed on implementing measures. For example, the newly created MM Sustainability Bonus (page 142) contributed to significant progress in the area of decarbonisation. Such measures support us in achieving our ambitious climate targets, such as the Science Based Targets, which are described in more detail in the “Decarbonisation” chapter starting on page 140.

Our Science Based Targets were officially recognised in 2022 and have served as central points of reference for our
GRI 2-28 sustainability strategy ever since. In the run-up to this, MM joined the global “Business Ambition for 1.5 °C” initiative to take appropriate measures to help limit global warming to 1.5 °C by 2031. Our ongoing measures and projects are explained in more detail in the “Decarbonisation” chapter (from pages 140 ff). In 2023, we submitted our Net Zero Target to the Science Based Target Initiative (SBTi) and officially committed to it. In 2023, we also succeeded for the first time in further improving our climate rating by the renowned CDP (Disclosure Insight Action) to a “triple A rating”. MM is therefore one of the top 10 out of a total of 21,000 companies assessed, having achieved "Leadership Status" in the three assessment categories “Climate Change”, “Forests” and “Water”. This documents that MM is implementing ecological sustainability to protect the climate, forests and water in a comprehensive and holistic manner. In this context, we focus on our objective of offering our stakeholders and particularly our customers added value through exemplary performance and a transparent approach to sustainability.

The circular economy has always been part of MM’s business model due to our focus on cartonboard and paper products which are primarily produced using renewable raw materials and are fully recycled after use. Despite many efforts to increase plastic recyclability, it will never be possible to recycle plastic to the same extent as cartonboard or paper. In addition, the market for recycled paper has been functioning very well already for a long time. We are therefore endeavouring to offer highly competitive solutions made of cartonboard and paper to replace plastic through innovation and investment in sustainability and to create attractive future potential for the MM Group.

As part of our corporate responsibility, however, we are also particularly committed to our employees. We are therefore pleased to report that our adjustments in the area of "Occupational Safety and Health" are already having an impact and that we were once again able to significantly improve occupational safety at MM in the financial year 2023. Details can be found in the "Safety and health" chapter on pages 166 ff.

We are aware that we can only drive systemic change towards an even more sustainable value chain together with our customers, suppliers and other stakeholders on a harmonised basis. We are therefore a member of the UN Global Compact and are committed to the United Nations' Sustainable Development Goals (SDGs). This report is based on the standards of the Global Reporting Initiative (GRI).

The MM Group reported on the financial year 2022 for the first time "in accordance" with the standards of the Global Reporting Initiative (GRI) and will continue to do so for 2023. The topics described below were identified in a materiality analysis in 2021, in which the interests of our stakeholders were taken into account. As there have been no significant changes in the business activities carried out since 2021, we assume that the analysis and definition of the material topics for the MM Group's sustainability strategy continue to apply in 2023. At the same time, we strive to continuously optimise and expand our transparency in an ongoing dialogue with internal and external stakeholders. The new requirements of the CSRD (Corporate Sustainability Reporting Directive) and the ESRS (European Sustainability Reporting Standards) will come into effect for the MM Group in the financial year 2024. Intensive preparations were therefore already made in 2023. An internal review of the materiality analysis and a subsequent ESRS gap analysis were carried out in order to integrate missing KPIs into the existing reporting structure in the best possible way. On this basis, we will carry out a materiality analysis in the first quarter of 2024 in order to define future key topics together with internal and external stakeholders. An overview of the CSRD can be found on page 130.

With regard to our non-financial key figures, we take into account all current locations of the division MM Board & Paper and MM Packaging divisions with full-year figures. The MM Packaging mill MMP Schilling in Heilbronn was closed in 2023, which is why this site is no longer included in the non-financial reporting.

The fact that the MM Group is constantly making progress, both in ecological and in social matters, is due to the high sense of responsibility and the achievements of the entire MM team. We would like to thank our employees for their commitment.

This sense of responsibility, which we ask from ourselves as well as from our business partners, is set out in our Code of Conduct. Our CoC was already expanded in 2022 to include a commitment to the universal principles of the UN Global Compact and the OECD Guidelines. Objectives and resource allocation within the Group follow this direction. In addition, a Supplier Code of Conduct was defined in the financial year 2023, in which we commit to fair and ethical business relationships with our suppliers and vice versa and integrate social and environmental criteria.

BRIEF PROFILE OF THE MM GROUP

GRI 2-6 The MM Group is a leading global producer of consumer packaging. The Group offers packaging solutions made of cartonboard and folding cartons with an attractive range of kraft papers, uncoated fine papers, leaflets and labels. MM promotes sustainable development through innovative, recyclable packaging and paper products that are based on renewable raw materials and are alternatives to plastic packaging.

The MM Group has an integrated structure with its two divisions, MM Board & Paper and MM Packaging, which operate at arm's length. Cartonboard is the most important raw material for folding cartons, which are predominantly used for the packaging of everyday consumer goods. With around 15,087 employees, the Group produced 1,945,000 tonnes of cartonboard and 473,000 tonnes of kraft paper and uncoated fine paper as well as around 3,984 million m^2 of packaging in 2023. In 2023, the MM Group generated sales of around EUR 4.2 billion. The MM Group operates in 33 countries with six cartonboard and paper mills, 64 packaging sites and one fibre mill and sells its products to over 140 countries worldwide. The Group's most important market is Europe.

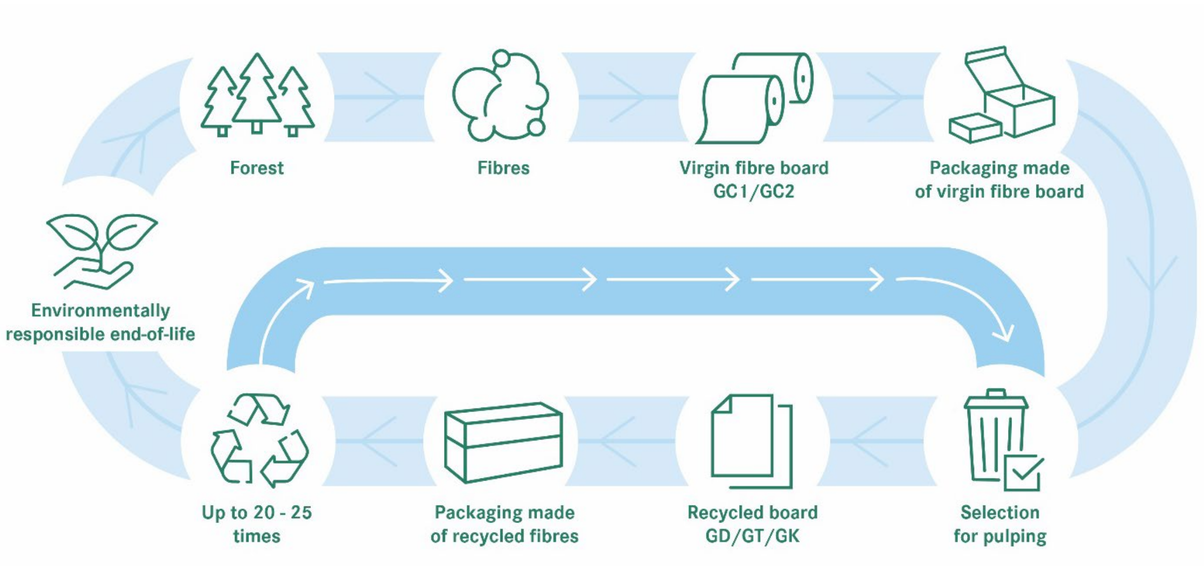
The MM Board & Paper division offers a wide range of products and services. It includes recycled and virgin fibre cartonboard qualities for a variety of consumer goods industries in the Food, Pharma & Healthcare and Cosmetics & Personal Care sectors. Papers are used for packaging solutions and technical applications (laminates) as well as for products in the office sector. Around 46 % of the division's total fibre demand in 2023 was accounted for by virgin fibres and 54 % by recycled fibres. In addition to fibres, energy and coating chemicals for the cartonboard surface are the most important input factors in cartonboard production. Raw cartonboard is mainly used in the production of packaging. All of MM Board & Paper's cartonboard and paper products are produced using renewable fibres. MM Board & Paper's customers are primarily folding carton manufacturers, consumer goods producers and retailers.

MM Packaging is the leading producer of folding cartons in Europe with a leading position in several markets outside Europe and a market leader in secondary pharmaceutical packaging in Europe and North America. The division's focus is placed on the production of packaging for everyday consumer goods in the Food, Premium & Specialities and Pharma & Healthcare sectors, including an attractive range of leaflets and labels. Recycled and virgin fibre cartonboard are used as raw materials in roughly equal proportions. In addition to cartonboard and paper, inks, varnishes and die-cutting tools are important input factors in the production of packaging, which is more labour-intensive but more energy-intensive than the cartonboard and paper production. MM Packaging's customers include both multinational and local consumer goods producers.

CIRCULAR ECONOMY AND PLASTIC SUBSTITUTION

The circular economy is an inherent part of our business activities as the production of cartonboard and paper products is our core business and these products are primarily manufactured using renewable raw materials and are fully recycled after use. In the current packaging debate, we are therefore set to offer new solutions for the substitution of plastics and create an attractive future potential based on innovative and competitive solutions made of cartonboard and paper.

As a producer of virgin fibre cartonboard, recycled cartonboard and folding cartons made of virgin and recycled fibres, the MM Group's business includes all essential production steps to ensure the circularity of cartonboard. Our "MM Circularity Model" illustrates how MM reuses and recycles materials in order to minimise waste and increase the efficient use of resources.

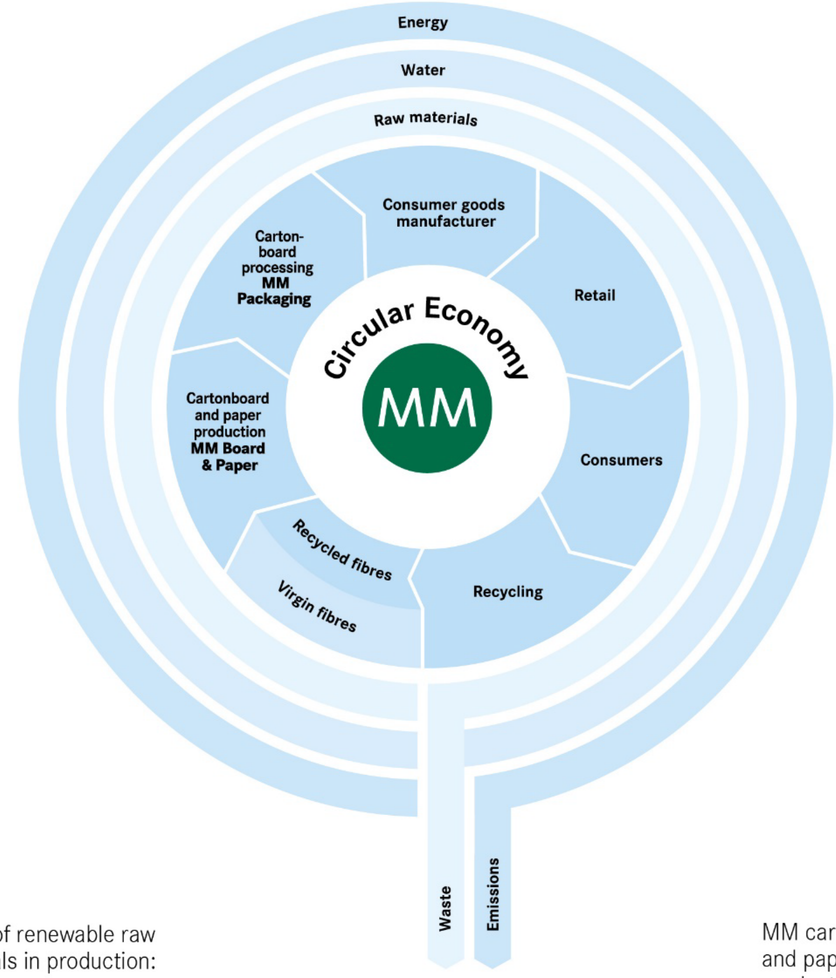


In connection with the EU Circular Economy Package and the European Green Deal, the Packaging and Packaging Waste Regulation (PPWR) is highly relevant for MM, as is the Single Use Plastics Directive (SUPD). These regulations essentially aim to reduce and harmonise packaging waste across Europe. The overarching goal is to ensure that all packaging is reusable or recyclable in an economically viable way by 2030. Measures are also planned to reduce resource consumption by avoiding secondary packaging. The legislative process of the PPWR was in an intensive negotiation phase between the European Parliament and the EU Council in 2023 with the aim of developing a common position on the European Commission's proposals. The MM Group views these legal requirements as an impulse for innovation, particularly with regard to further optimising the recyclability and substitution of single-use plastic packaging, among others in the food service sector (see chapter "Innovation and quality", pages 173 ff.).

Sustainable value creation and growth in the core business

The MM Group focuses on an excellent industrial production with a claim to innovation and technology leadership. In pursuit of an outstanding sustainability performance, we focus in particular on areas such as resource consumption, the circular economy, the safety and development of our employees, diversity, respect for human rights and the fight against corruption and bribery. Sustainable value creation and growth along the supply chain with a focus on the two core business divisions MM Board & Paper and MM Packaging is a central part of our Group's strategy. Our Group-wide sustainability management enables us to systematically measure and further develop MM's sustainability performance and thus meet the high demands of the market and our customers.

This enables us to tap into new sales areas and penetrate existing markets with competitive, innovative products and processes. We pursue growth both organically and through acquisitions.



Share of renewable raw materials in production:

76 %
MM Board & Paper

94 %
MM Packaging

82 %
Recycling rate of cartonboard and paper in Europe[1)]

Fibres can be recycled up to

25
times[2)]

MM cartonboard and paper production

100 %
virgin fibres from controlled sources

Cartonboard and paper packaging mainly consists of renewable raw materials and is part of a circular economy. This is because waste paper is reused as a resource and combined with virgin wood fibres from responsibly managed forests to continue the cycle.

[1)] Recycling rate of paper and cardboard packaging waste in the European Union 2005-2021, Statista
[2)] Recyclability of cartonboard and carton, Technical University Graz 2021

NON-FINANCIAL TOPICS AND THEIR CONNECTION TO BUSINESS DEVELOPMENT

Our strategic approach to non-financial issues in the context of business development allows for a holistic risk and opportunity management. This is because the areas of “Planet” (environment), “People” (employees) and “Prosperity” (society) give rise to various cost, revenue and sales drivers that have or could have an impact on our current and future business success.

A key sales driver is our focus on more sustainable, high-quality and highly functional packaging solutions, which we aim to live up to through the ongoing development of our range and innovations in line with changing market and consumer preferences. Our human resources are a fundamental value driver and guarantee that necessary changes and adjustments can be continuously made. Extensive training and further education programmes of the MM Group as well as measures for employee retention and recruitment help to ensure that the Group has sufficient qualified employees also in the long term to secure its market and competitive position and ensure further development and sustainable growth.

Costs in connection with non-financial matters result in particular from personnel, energy requirements, resource consumption and waste generated by the MM Group but also from a shortage of raw materials and CO_2 certificates. Future cost drivers could result primarily from regulatory changes at national or EU level. Cyber security risks harbour potential costs, which the MM Group actively counters through comprehensive security strategies and initiatives. A key element of our efforts was the introduction of a far-reaching OT compliance project in the previous financial year, which gave us significant insights into improvements in the security of operational technology (OT). Our ongoing efforts to increase the security of industrial control systems include the revision of existing security protocols and the implementation of new, innovative technologies. These measures enable us to effectively counter cyber threats and proactively ensure OT security.

We see broad social developments as future opportunities for the MM Group’s business model. For example, advancing digitalisation and automation are increasing the efficiency of production processes and enabling cost savings as a result. Developments in the transport and logistics sector could contribute to fuel our labour cost savings. The trend towards urbanisation and smaller households as well as growing private consumption in emerging countries could contribute to increased sales in the future, for example through an increased demand for smaller product units. The acquisitions made in 2022 in the resilient pharma sector also significantly increased the Group’s market share and growth potential.

Taking into account the structural adjustments, the impact of non-financial issues and the correlation of related key performance indicators (KPIs) with the annual financial statements did not show any significant changes or particular differences in the last reporting periods. Overall, we consider the measures taken as part of sustainability management with regard to non-financial and financial aspects to be effective in minimising risks and optimising opportunities within the Group.

Stakeholder participation in net value added

The Group's value added is calculated as the difference between the company's performance and the services purchased from outside. The statement of utilisation shows the share of all parties involved in the net value added.

Value added calculations

(in millions of EUR)	2023	2023	2022	2022
Origin:				
Sales	4,164.4		4,682.1	
Other operating income	78.1		70.9	
Change in finished goods and own work capitalised	(66.4)		120.4	
Financial results and result from investments	(60.9)		(43.4)	
Corporate performance	**4,115.2**		**4,830.0**	
(-) Expenditures on purchased goods and services	(2,920.8)		(3,446.6)	
(-) Depreciation and amortisation	(221.4)		(219.6)	
Net value added	**973.0**	**100.0 %**	**1,163.8**	**100.0 %**
Distribution:				
Employees	(510.3)	(52.4 %)	(404.7)	(34.8 %)
Social benefit costs	(200.6)	(20.6 %)	(172.1)	(14.8 %)
Public authorities	(169.1)	(17.4 %)	(241.7)	(20.8 %)
Non-controlling (minority) interests	(1.9)	(0.2 %)	(1.5)	(0.1 %)
Shareholder's dividend (proposal 2023)	(30.0)	(3.1 %)	(84.0)	(7.2 %)
Company	61.0	6.3 %	259.8	22.3 %

In the financial year 2023, the MM Group generated a corporate performance of EUR 4,115.2 million after EUR 4,830.0 million in the previous year. After consideration of expenditures on purchased goods and services as well as depreciation and amortisation of EUR 3,142.2 million (2022: EUR 3,666.2 million), a net value added of EUR 973.0 million (2022: EUR 1,163.8 million) was achieved. At 52.4 % or EUR 510.3 million (2022: 34.8 % or EUR 404.7 million), the largest share of value added went to our employees. A share of 38.0 % or EUR 369.7 million (2022: 35.6 % or EUR 413.8 million) was transferred to the public authorities and social security. A total dividend of EUR 30.0 million or 3.1 % of net value added is to be distributed to the Company's shareholders for the financial year 2023 (2022: EUR 84.0 million or 7.2 %). Profits in the amount of EUR 61.0 million or 6.3 % of net value added will be retained in the Group (2022: EUR 259.8 million or 22.3 %).

EU TAXONOMY DISCLOSURES

The goals of the European Green Deal, such as climate neutrality in Europe, can only be successfully achieved if money flows increasingly lead to sustainable investments. For this purpose, the EU Commission has elaborated the Taxonomy Regulation, which will make sustainability financially measurable and comparable, leading to increased transparency regarding sustainable activities. In 2021, the environmental targets “climate change mitigation” and “climate change adaption” were published, while four further environmental targets (related to sustainable use and protection of water and marine resources, transition to a circular economy, pollution prevention and control, and protection and restoration of biodiversity and ecosystems) were published during the reporting period 2023. As a listed company, the MM Group is obliged to disclose its activities in accordance with the Taxonomy Regulation.

The MM Group has reviewed the economic activities published by the EU Commission for the environmental goals “Climate change mitigation” and “climate change adaptation” with regard to their relevance for its own economic activities in terms of taxonomy eligibility and taxonomy alignment. For the environmental objectives “sustainable use and protection of water and marine resources”, “transition to a circular economy”, “pollution prevention and control” and “protection and restoration of biodiversity and ecosystems” published during the reporting period 2023, an assessment of the taxonomy eligibility of the company’s own economic activities was carried out. In accordance with Delegated Regulation (EU) 2021/2178, the key performance indicators (KPIs) relating to Turnover (Turnover KPI), Capital Expenditure (CapEx KPI) and Operating Expenditure (OpEx KPI) were calculated for 2023 and disclosed in this report. All relevant FAQs of the European Commission on Delegated Regulation (EU) 2021/2178 were taken into account.

Taxonomy eligibility

An initial analysis showed that the MM Group’s turnover-relevant activities in 2023 (as in 2022) are not reflected in the activity descriptions of the EU taxonomy. As mentioned above, four new environmental targets were published during the reporting period. As relevant activities were expected in particular in connection with the environmental objective “transition to a circular economy” due to the core business activities of the MM Group [production of (recycled) cartonboard and folding cartons], a particularly detailed review of the published activities was carried out in this context, which, however, did not lead to any other result, as the activities for the packaging area mentioned in the environmental objective focus on plastic packaging (CE 1.1). Activity CE 2.7, which relates to the sorting and recycling of non-hazardous waste, was also analysed and assessed in detail. As MM makes an important contribution to the recycling of paper and cardboard, this activity would basically fit in with the strategy and material preparation in the paper and cartonboard production process. However, paper and cartonboard are produced directly from processed recycled fibres, which is explicitly excluded by the NACE codes mentioned for the activity. Consequently, no revenue is generated from the sale of recycled fibres. Therefore, the MM Group cannot report any sales-relevant taxonomy-eligible activities in 2023 either. Furthermore, the MM Group did not generate any sales in connection with the activities CCM4.26 to CCM4.31 in the reporting period. This is disclosed in the appendix to this report on page 181 in accordance with Annex III of Delegated Regulation (EU) 2022/1214. For the KPIs on OpEx and CapEx, this means that only individual measures (category C) can be reported. For example, no CapEx and OpEx (categories A and B) for efficiency measures, which make up a significant part of the total CapEx and OpEx of the MM Group, can be reported as taxonomy-eligible for the reporting period 2023. As a result, only a small proportion of CapEx and OpEx projects are taxonomy-eligible and taxonomy-aligned. The project level was fully included in the taxonomy eligibility analysis across the Group and all 2023 CapEx projects were taken into account, which means that reliable and precise information is reported in the context of the EU taxonomy. The projects were compared with the activities listed in Annex 1 to EU Regulation 2020/852 to check their taxonomy eligibility. This process involved a close dialogue with the respective project managers, and information on the projects was compiled with regard to their significant contribution to climate change mitigation. As there were no investments in connection with adaptation plans in the reporting period, no investments are reported for the “climate change adaption” objective of the EU taxonomy for 2023.

In 2023, the MM Group invested in rail infrastructure at several locations in order to ensure that low-emission means of transport can continue to be used for incoming and outgoing goods in the future. These investments are reported under-activity CCM6.14. In addition, individual measures to increase energy efficiency and expand renewable energy were implemented at the MM Group's sites. Photovoltaic and solar thermal systems were installed at several sites of the MM Group in order to increase the share of renewable energy used for production. The associated investments are recognised under taxonomy activity CCM7.6. Charging stations for electric vehicles were installed at several locations to promote the switch to electromobility. Investments for this are reported under activity CCM7.4. Compared to 2022, no investments in renovations (CCM7.2) are reported in 2023, as no projects were capitalised in this context. Smaller renovation measures are reported in the OpEx KPI under activity CCM7.7. In order to save energy also outside of production processes, the switch to LED lighting in the highest two energy efficiency classes was implemented at some locations in 2023 and reported under activity CCM7.3. An overview of the reported taxonomy-eligible activities is shown in the table below.

Economic activities	**Code EU taxonomy activity**
Transport by motorbikes, passenger cars and light commercial vehicles	CCM6.5
Freight transport services by road	CCM6.6
Infrastructure for rail transport	CCM6.14
Installation, maintenance and repair of energy-efficient equipment	CCM7.3
Installation, maintenance and repair of charging stations for electric vehicles in buildings (and parking spaces attached to buildings)	CCM7.4
Installation, maintenance and repair of renewable energy technologies	CCM7.6
Acquisition and ownership of buildings	CCM7.7

Taxonomy alignment

In order to check the taxonomy-eligible projects for conformity with the EU taxonomy, the taxonomy alignment of the materials used in the projects shown under activity CCM7.3 were checked with the manufacturers of the light sources. Project-specific climate risk analyses were carried out for the projects shown under the EU taxonomy activities CCM7.4 and 7.6. The climate risk analyses did not identify any serious risks for the MM Group. Adaptation measures were developed for the respective minor risks identified, which are communicated with the responsible persons at the locations and will be further developed into adaptation plans in the future. In the reporting period 2023, work was carried out on adaptation plans relating to EU taxonomy activities but have not yet been finalised. The aim is to have adaptation plans relating to the EU taxonomy ready by 2025 in order to be able to report on activities classified under the environmental objective "adaptation to climate change". As there were no investments in connection with adaptation plans in the reporting period, no investments are recognised for the "climate change adaption" objective of the EU taxonomy for 2023.

Minimum social safeguards

At group level the MM Group examined whether measures and guidelines are in place to guarantee the requirements for minimum safeguards. When analysing the requirements, the MM Group used the information published in the final report on minimum safeguards published by the EU Commission on 11 October 2022. The MM Group's principles of conduct are summarised in our Code of Conduct. They include the universal principles of the UN Global Compact and the OECD Guidelines for Multinational Enterprises and form the basis for the responsible actions of our employees to make sure that they comply with the ethical guiding principles in the areas of legal compliance, human rights and labour standards throughout the Group. During the reporting period, an internal assessment was conducted with internal stakeholders for the core topics of human rights, corruption and bribery and fair competition. This serves as a basis for improving existing due diligence processes for particularly material topics and introducing new processes. To support this, a "Human Rights Officer", who is responsible for the due diligence processes to safeguard human rights has been appointed at Group level.

KPI related to Turnover (Turnover KPI)

Due to the dynamic regulatory developments of the EU taxonomy, the delegated acts and the relevant annexes were used for the assessment of the turnover-related key performance indicator. The economic activities described therein are not consistent with the turnover-related substantive activities of the MM Group, as no activities are included that reflect the activities of the paper and cartonboard industry as well as the production of fibre-based packaging. Therefore, it is not possible for the MM Group to report taxonomy-aligned turnover for the reporting period. The total denominator of sales corresponds to the net sales according to the consolidated income statement (page 203) in the notes to the Annual Report 2023. This amounts to EUR 4,164.40 million for the financial year 2023.

KPI related to Capital Expenditures (CapEx KPI)

This indicator is based on data from “Corporate Planning and Reporting” on all investment projects that led to an addition to fixed assets in the reporting period. The denominator of the indicator corresponds to the sum of additions to fixed assets and additions to the scope of consolidation for property, plant and equipment and intangible assets in accordance with the tables “Development of property, plant and equipment 2023” (page 226) and “Development of intangible assets including goodwill 2023” (page 229) in the 2023 consolidated financial statements and amounts to EUR 454.4 million. As described at the beginning of the “taxonomy eligibility” section, the CapEx KPI relates exclusively to CapEx in category C. There is currently no CapEx plan that provides for an expansion of taxonomy eligibility or taxonomy alignment, which is why no CapEx in category B is reported. The project datasets resulting from the preparation were subsequently compared with the activities listed in Annex 1 to EU Regulation 2020/852 and checked for EU taxonomy eligibility, as explained in the “taxonomy eligibility” section. This comparison, in which extensive information on taxonomy-eligible projects was obtained in close cooperation with the operating sites, results in the numerator of the indicator. A standardised, granular reporting structure for investment projects avoids double counting and includes all projects relevant to the numerator.

The taxonomy-aligned activities were checked for conformity with the EU taxonomy, as described in the “Taxonomy alignment” section. At 85.86 % of all taxonomy-aligned activities, investments in renewable energy technologies represent the majority of these. The installation of photovoltaic systems and the expansion of solar thermal systems for energy generation for production are reported in this activity. Compared to 2022, more systems were installed in 2023, resulting in a higher share of activity CCM7.6. The installation of charging stations for electric vehicles enables e-mobility and is therefore another relevant reported taxonomy-aligned activity. In 2023, more LED lighting was replaced and/or installed at the locations in order to save energy, resulting in a slightly higher share of activity CCM7.3 compared to 2022. Compared to 2022, the share of activity CCM7.7, “acquisition and ownership of buildings”, fell sharply, as, unline in 2022, no major acquisitions were made in the reporting period that led to the purchase of buildings. There were also no renovations and new construction projects that were capitalised compared to 2022, which means that no CapEx is reported for the activities CCM7.1 and 7.2 for 2023. Minor renovation measures are reported in the OpEx KPI under activity CCM7.7. The taxonomy-aligned part of the numerator is made up exclusively of additions to property, plant and equipment. In the reporting period, 0.83 % are reported as taxonomy-aligned and 2.88 % as taxonomy-eligible capital expenditure, as shown in the table “EU taxonomy KPI CapEx” (page 182) in the appendix to the 2023 consolidated non-financial report. The low proportion is due to the fact that the turnover-relevant activities of the MM Group are not covered by the EU taxonomy in the reporting period and therefore only individual measures in the CapEx C category are reported here.

Proportion of CapEx[1]/Total CapEx

	2023		2022	
	Taxonomy-aligned per objective	Taxonomy-eligible per objective	Taxonomy-aligned per objective	Taxonomy-eligible per objective
Climate protection (CCM)	0.83 %	2.88 %	0.16 %	9.38 %
Climate change adaptation (CCA)	0.00 %	0.00 %	0.00 %	0.00 %
Sustainable use and protection of water and marine resources (WTR)	0.00 %	0.00 %	0.00 %	0.00 %
Transition to a circular economy (CE)	0.00 %	0.00 %	0.00 %	0.00 %
Pollution prevention and control (PPC)	0.00 %	0.00 %	0.00 %	0.00 %
Protection and restoration of biodiversity and ecosystems (BIO)	0.00 %	0.00 %	0.00 %	0.00 %

[1] Capital Expenditures

KPI related to Operating Expenditures (OpEx KPI)

The indicator is based on data from "Corporate Planning and Reporting" on the operating expenditures of the individual locations and research and development costs. The sum of the accounts for operating expenditures and research and development costs represents the denominator of the indicator and amounts to EUR 118.8 million. In order to determine the numerator, operating expenditures that can be allocated to relevant activities were requested from the operating sites by Group Accounting and Group Consolidation. The information from the operating locations was used to calculate the numerator for this indicator. Double counting is avoided by directly comparing the information with the persons responsible at the locations. For taxonomy-eligible OpEx, a check was carried out for conformity with the EU Taxonomy by ensuring the avoidance of doing significant harm and recognising the minimum social safeguards. In the reporting period, 15.36 % were recognised as taxonomy-eligible OpEx. The majority (10.55 %) is attributable to maintenance costs for buildings. This proportion is significantly higher than in the previous year. This is due to the fact that more buildings now need to be maintained as a result of past acquisitions. In addition, an even higher granularity of the underlying data was achieved in 2023. The generally low proportion of taxonomy-eligible OpEx is due to the fact that the MM Group's turnover-relevant activities are not covered by the EU taxonomy in the reporting period and therefore only individual measures in the OpEx C category are reported here.

Proportion of OpEx[1] /Total OpEx

	2023		2022	
	Taxonomy-aligned per objective	Taxonomy-eligible per objective	Taxonomy-aligned per objective	Taxonomy-eligible per objective
Climate protection (CCM)	0.00 %	15.36 %	0.00 %	0.57 %
Climate Change Adaptation (CCA)	0.00 %	0.00 %	0.00 %	0.00 %
Sustainable use and protection of water and marine resources (WTR)	0.00 %	0.00 %	0.00 %	0.00 %
Transition to a circular economy (CE)	0.00 %	0.00 %	0.00 %	0.00 %
Pollution prevention and control (PPC)	0.00 %	0.00 %	0.00 %	0.00 %
Protection and restoration of biodiversity and ecosystems (BIO)	0.00 %	0.00 %	0.00 %	0.00 %

[1] Operational Expenditures

The detailed breakdown of the MM Group's EU taxonomy reporting can be found in the appendix on pages 181 - 184.

CLIMATE-RELATED RISKS (TCFD)

The MM Group follows the TCFD (Task Force on Climate-Related Financial Disclosures) framework in order to integrate climate-change-related risks and opportunities into existing reporting structures in the best possible way. The TCFD recommendations are organised into four areas: governance, strategy, risk management, metrics and targets, and support companies in reporting climate-related risks and opportunities in a consistent and comparable manner. As part of the reporting aligned with TCFD and to better understand the risks, impacts and opportunities associated with climate change, the MM Group updated and further deepened its initial climate risk analyses during the financial year 2023, including a year-long workshop in cooperation with an external consulting firm.

Metrics for assessing climate-related risks

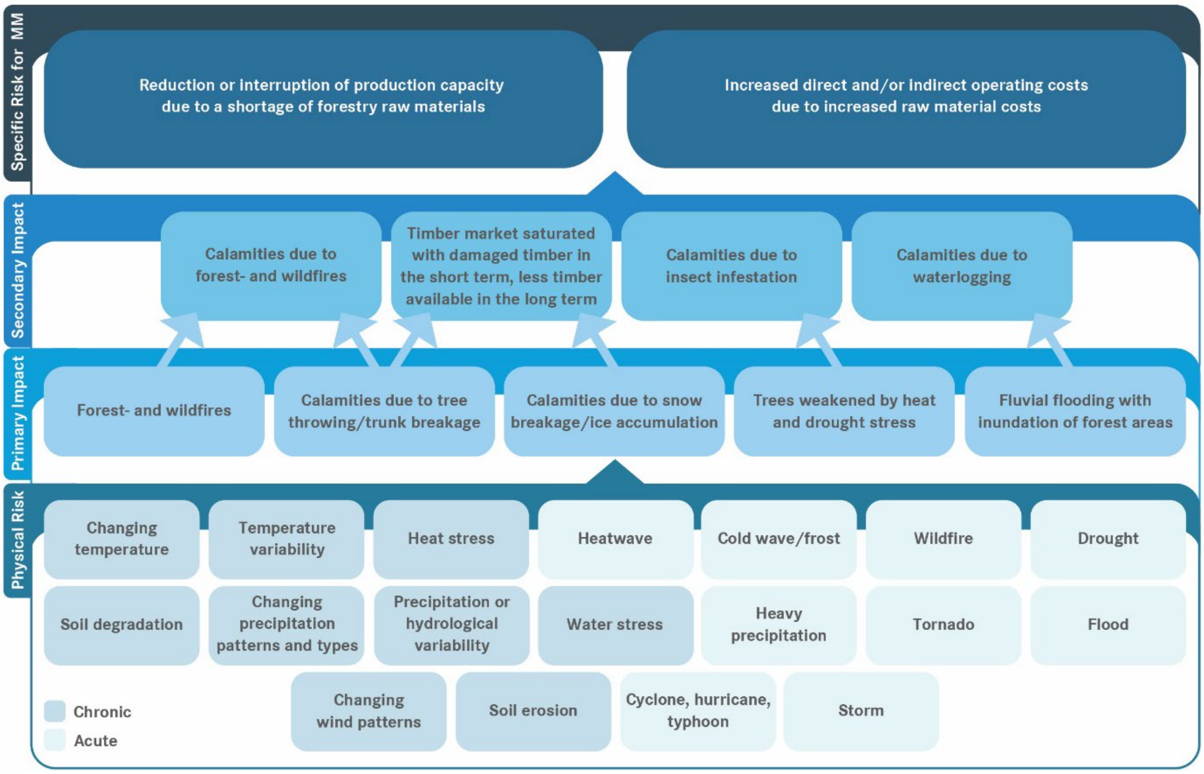
The climate-related risk assessment is based on RCP (Representative Concentration Pathway) climate scenarios provided by IIASA (International Institute for Applied System Analysis) and integrated into the AR5 Assessment Report of the IPCC (Intergovernmental Panel on Climate Change). The risks considered are based on the European Commission's list in Appendix A of Annex 1 of EU Regulation 2020/852, as they are also relevant in the context of EU taxonomy reporting. In comparison to the analyses in connection with the EU taxonomy, in which only location-related physical risks are assessed for the reported CapEx measures, strategic and transitory risks for the business activities of the MM Group are also considered and assessed in this chapter. With the Corporate Sustainability Reporting Directive (CSRD) in, the information on the metrics used under TCFD is expected to be supplemented or merged with further information in connection with CSRD (see the section on "Outlook Corporate Sustainability Reporting Directive" on page 130).

Four key parameters are assessed for each risk identified: impact, vulnerability, probability and timeframe. Impact as an assessment parameter for climate-related risks is defined as the potential impact on the MM Group's turnover per financial year caused by a corresponding climate-related risk. Vulnerability as a parameter for climate-related risk assessments consists of a variety of concepts and elements that describe the propensity or predisposition to be adversely affected. The concept of vulnerability for this report consists of the three elements: reversibility, impact on reversibility and the ability to reduce the magnitude of a given climate-related risk. To better understand the frequency and probability of a climate-related risk, a probability parameter has been introduced. The IPCC AR5 Assessment Report was the main resource for this process. This was also closely linked to the interpretation of the timeframe in which climate-related risks are likely to materialise. Three different timeframes were therefore defined and applied to climate-related risks: short-term (five years), medium-term (ten years) and long-term (twenty years). Using these four parameters as a basis for risk assessment, specific climate-related risks and their impact on the MM Group can be objectively analysed, quantified and compared.

Physical and transitory specific risks were assessed as part of the climate-related risk assessment. For the MM Group's business activities, advancing climate change results in both physical risks that affect individual locations and strategic risks that can affect a division or the entire Group. Specific risks here refer to strategic risks defined on the basis of various climate hazards via impact chains. In a first step, based on the climate risks listed by the European Commission in Appendix A of Annex 1 of EU Regulation 2020/852, impacts on ecosystems and facilities were discussed and documented with the help of experts from the scientific community (interviews or workshops). The second major step was to recognise and define dependencies and interactions of the MM Group's business activities with ecosystems. At the end of the process, three physical and three transitory specific risks were identified as particularly significant for the MM Group (see illustration of "Assessment of climate-related risks").

Impact chains for specific risks

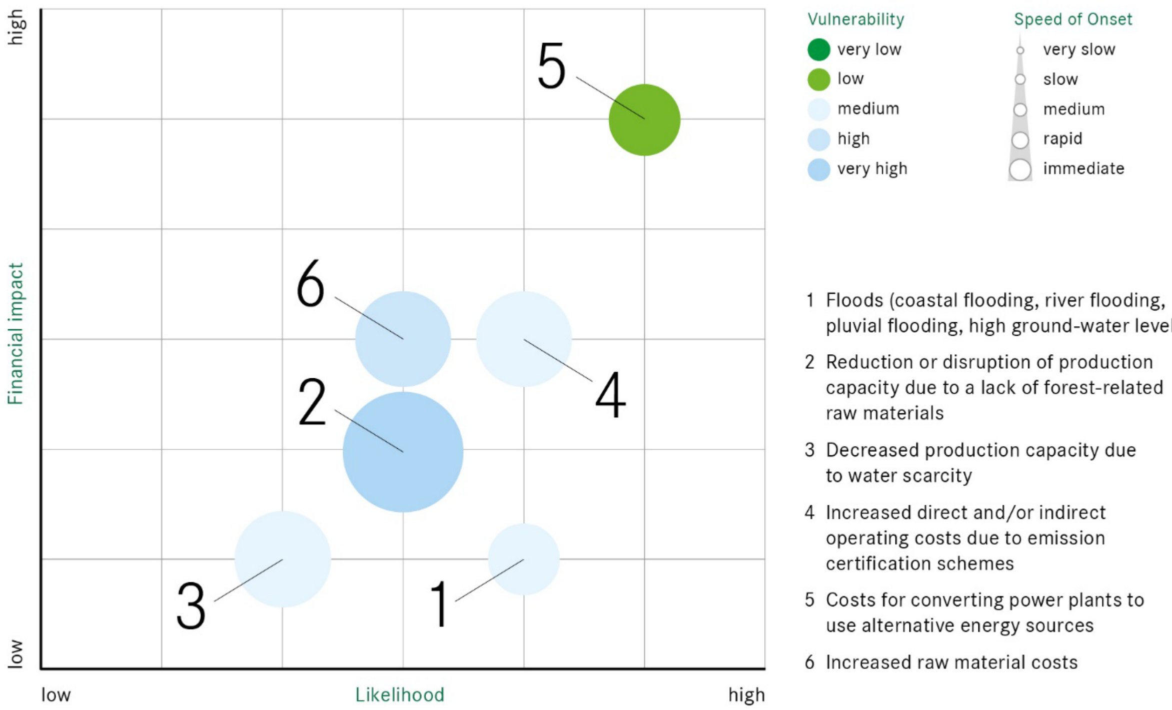
Comprehensive impact chains were created for the three specific physical risks. As an example, the most significant impact chain for risks resulting from a shortage of forestry raw materials is described in more detail and shown in simplified form in the diagram below. Due to its business activities in the production of cartonboard and paper as well as related products, the MM Group is heavily dependent on the availability of forestry raw materials such as wood. It is therefore particularly important for the MM Group to understand how climate change affects the wood supply chain. Specifically, a shortfall in the supply of wood can lead to increased raw material costs (risk 6) and, in extreme cases, to a reduction in production capacity (risk 2). The availability of timber on the European markets is largely dependent on the amount of timber harvested, which in turn depends heavily on the condition of the forests. Calamities, or the occurrence of all types of damaged timber, lead to increased felling volumes, which are available on the market in the short term. In the medium term, however, this means that these quantities of timber cannot be felled as planned and will therefore not be available on the market at a later point. Causes such as insect infestation, storm damage (tree throwing/stem breakage), forest fires and snow breakage/ice accumulation are considered in the impact chain, as these are among the most common causes of calamities in Central Europe. For the causes mentioned, we then analysed how changes in climate influence them. Since for some causes, such as forest fires, it is not possible to draw conclusions about risk based solely on quantitative parameters such as temperature, precipitation and wind, expert interviews were conducted with representatives from the scientific community in order to incorporate qualitative parameters into the assessment.



Recognised specific risks at a glance

The physical risks associated with flooding and water scarcity depend on the future development of precipitation patterns and types, which can be estimated taking into account the RCP scenarios. However, the impact of the risks also depends on the structural adaptation of the infrastructure to the respective risks. A physical risk resulting from floods, for example, is damage to infrastructure and loss of production in the event of a flooding of production sites *(risk 1)* which can be triggered by heavy rainfall and/or a rise in sea levels, depending on the geographical location. On the other hand, periods of drought can lead to water shortages. If the water levels in the watercourses from which the water for cartonboard production is drawn are too low, this can mean that there is not enough water available for production. This can lead to a reduction in production capacity, which in turn represents a specific risk for MM *(risk 3)*. It is therefore important to monitor water levels regularly and, if necessary, take measures to ensure the plant's water supply. In addition to water as a raw material, cartonboard production also relies heavily on wood as a raw material. Calamities, as described above using the impact chain, become more frequent as climate change progresses and lead to a reduction in certified wood volumes in European purchasing areas and can therefore cause a reduction or interruption of production capacity due to a shortage of wood or wood-based raw materials *(risk 2)* (see illustration on "Assessment of climate-related risks").

Assessment of climate-related risks



1 Floods (coastal flooding, river flooding, pluvial flooding, high ground-water levels)
2 Reduction or disruption of production capacity due to a lack of forest-related raw materials
3 Decreased production capacity due to water scarcity
4 Increased direct and/or indirect operating costs due to emission certification schemes
5 Costs for converting power plants to use alternative energy sources
6 Increased raw material costs

Increased indirect and/or direct operating costs due to emission certification systems *(risk 4)* and due to increased raw material costs *(risk 6)* were identified as significant transitory climate-related risks. As the MM Group operates in an energy-intensive sector, there is a risk of rising energy and electricity costs due to the adjustment of CO_2 pricing mechanisms within the EU. Increasing operating costs at other companies within the MM Group's supply chain could also lead to higher raw material costs. Another transitory risk consists in the unavailability of natural gas, which is also used in cartonboard production. This could lead to costs for switching energy supply from fossil fuels, such as coal and gas, to alternative energy sources *(risk 5)*.

Adjustments in connection with this risk are also reflected in the MM Group's investments. For example, we are planning to implement a strategic investment project at our site in Kwidzyn in order to reduce emissions caused by energy generation and to reduce the consumption of fossil energy resources (see chart "Assessment of climate-related risks").

MM Sustainability Management

CONCEPTS AND GOVERNANCE OF SUSTAINABILITY

GRI 2-24 Sustainable development is firmly anchored in our corporate strategy and, alongside quality, innovation and technology, is part of our success principles at MM. We have the advantage that our products are environmentally friendly and renewable. This way, the MM Group can contribute to the wellbeing of our planet, people and also the future of packaging. Packaging is not waste, it is necessary to protect the quality and safety of consumer goods and plays an important role in people's lives. It can also bring joy through convenience and beauty. We are positive and optimistic and believe that people can live a better life on a better planet. We make this possible by taking a sustainable and long-term approach to our business. In the MM Group's sustainability management, we are guided by established concepts and combine these with specific requirements in order to define, measure and continuously improve our performance, taking into account ecological, social and economic aspects. The focus is on a science-based approach that relates to both corporate and product sustainability. In the financial year 2022, the validity of our Group-wide evidence-based targets for reducing the CO_2 footprint was officially confirmed by the Science Based Targets Initiative (SBTi). In addition, the "MM Message House" was developed in the reporting period 2022 as part of the internal stakeholder dialogue and expanded in 2023. On this common basis, we strive for a unifying corporate culture with overarching values, a common corporate purpose and a clearly defined strategy in accordance with the guiding principle of "Enabling people to live a better life on a better planet". Our
GRI 2-23 fundamental values are reflected in our Code of Conduct and reflect the MM Group's high standards for sustainable and responsible behaviour. In the last two financial years, the Code of Conduct (https://www.mm.group/ueber-uns/verantwortung/code-of-conduct/) was revised as a living document in consultation with the Management Board and supplemented with additional sustainability and human rights topics. We implemented the "Prewave" tool in 2022 and expanded it further in 2023 to improve the way we fulfil our social and environmental responsibility along our supply chain. It enables us to directly contact any supplier in the event of violations and take targeted measures. As a globally active company, we see it as our responsibility to minimise the environmental impact of our own business activities as much as possible, above and beyond the minimum legal standards. Our aim is to create positive added value for the environment and society through more sustainable products, transparency and responsible management.

At company level, we understand sustainability as a transformation process. In terms of transformation research, the MM Group aligns its sustainability efforts with the criteria of "true business sustainability" according to Dyllick & Muff (2016)[1] with the aim of actively contributing to solving social and ecological challenges and thereby helping to shape a systemic transformation. On the one hand, this means anchoring sustainability internally and, on the other hand, we need to take external stakeholder interests into account to develop solutions for sustainability challenges as defined by the UN Sustainable Development Goals (SDGs). As a member of the UN Global Compact, we are not only committed to these globally applicable goals, but also see them as guidelines for our sustainability strategy. At their centre are the overarching categories "Planet", "People" and "Prosperity", to which we have assigned the key topics and specific goals derived from them.

MM pursues science-based climate targets to mitigate climate change. In line with our officially recognised science-based targets, measures such as the MM Sustainability Bonus introduced in 2023 have also been taken. In addition, we submitted our Net Zero Target to SBTi in the fourth quarter of 2023 and officially committed to it. To this end, we not only determine the Group's direct and indirect greenhouse gas emissions, but also support our customers' sustainability initiatives through

[1] Dyllick T; Muff K.: Clarifying the Meaning of Sustainable Business: Introducing a Typology From Business-as-Usual to True Business Sustainability. Organisation & Environment. 2016; 29(2): 156-174

individual life cycle assessments. Life cycle assessments at product level are carried out in accordance with the international standards of the GHG Protocol and ISO 14040. We also use the standards of the Global Reporting Initiative (GRI) as recognised guidelines for reporting non-financial key figures. In preparation for the future mandatory requirements of the Corporate Sustainability Reporting Directive (CSRD), a gap analysis was carried out in the financial year 2023 with regard to the European Sustainability Reporting Standards (ESRS) and missing KPIs were integrated into the existing reporting system. In addition, the integration of climate-related risks and opportunities into the existing reporting structure is based on the TCFD (Task Force on Climate-Related Financial Disclosures) framework. As part of MM sustainability management, we are thus meeting the demand for increased transparency, international comparability and, as a result, the growing need for information on behalf of our stakeholders so that they are be able to assess the company in greater depth on the basis of ESG (environment, social, governance) criteria. The registration of MM as a TNFD (Task Force on Nature-Related Financial Disclosures) early adopter in 2023 was also an important step in this connection. We are committed to applying the TNFD framework to our consolidated non-financial report as of the financial year 2024.

As the MM Group, we are committed to the responsible and sustainable procurement of forestry raw materials, as safeguarding biodiversity and access to sustainable, fibre-based raw materials is one of our key concerns. By publishing the "MM Policy for Forests and Natural Ecosystems" in 2022, we were able to further prioritise this concern so that we can further reduce our impact on natural ecosystems. At product level, these concerns are reflected in particular in the certification of our MM Board & Paper mills in accordance with PEFC and FSC® standards. In the financial year 2023, we worked intensively on implementing the requirements of the European Deforestation Regulation (EUDR), which comes into force in the fourth quarter of 2024 and includes new provisions for sustainable forestry.

This is in line with our corporate goal of "Leading in consumer packaging made from renewable resources", as we produce packaging from renewable, recyclable raw materials and develop innovative solutions for plastic substitution, thereby fulfilling our responsibility towards society and our planet.

Governance structure of sustainability

In the financial year 2021, Group Sustainability was established as an independent department at Group level which GRI 2-9
reports directly to the Management Board and ensures that sustainability and impact management are implemented and GRI 2-13
operated throughout the Group on behalf of and in the interests of the Management Board. In the last reporting period, GRI 2-14
Group Sustainability was expanded with additional team members and a cross-departmental reorganisation. Through the integration of Group Product Safety, Group Safety and Group Quality Management, the department now operates as the Group Sustainability and Safety Department, reflecting the complexity of the areas of responsibility. The respective local management fulfils the management tasks and every employee is encouraged to contribute to the sustainable development of the MM Group. Sustainability management therefore does not take place in isolation, but as an integral part of the organisation and its processes. In order to further emphasise the topic of sustainability and our associated goals, additional key performance indicators were developed for management in 2022.They have been included in bonus payments since 2023. The ultimate responsibility for non-financial matters lies with the Management Board, in particular the
EU taxonomy. The Supervisory Board is continuously informed about innovations in the area of sustainable development GRI 2-19
and is regularly involved in the monitoring of impact management (economic, environmental, social). This relates in par- GRI 2-17
ticular to strategies and major investment projects but also to issues that affect the operating business. The Supervisory GRI 2-12
Board fulfils its statutory audit obligation and the disclosure of non-financial key performance indicators is audited and validated by third parties. PwC Wirtschaftsprüfung GmbH, Vienna, has conducted an independent audit of the Consolidated Non-financial Report with limited assurance. The corresponding report can be found on page 198.

Outlook Corporate Sustainability Reporting Directive (CSRD)

The MM Group will be subject to the Corporate Sustainability Reporting Directive (CSRD) - 2022/2464/EU as of the financial year 2024, which is why there will be significant changes to the non-financial report in 2024. This will be made particularly evident by the fact that the non-financial report must be prepared in accordance with the European Sustainability Reporting Standard (ESRS).

The MM Group has already taken important measures in recent years to prepare for this impending change. Firstly, the non-financial database has been expanded step by step in order to best anticipate future developments in the context of legislation. This is illustrated by the fact that the consolidated non-financial report has been prepared “in accordance” with the GRI Standards for the first time since the financial year 2022, meaning that non-financial matters were presented in greater detail than in previous years, in which the non-financial report was only prepared in accordance with the GRI core requirements. Building on this, we have been integrating the ESRS into our existing reporting in 2023.

Based on our existing materiality analysis, which was carried out in 2021, we compared and mapped our material topics and existing processes with the requirements and content of the ESRS. We then compared the existing data basis, which is based on the GRI standards, with the ESRS key figures. It was assumed that existing material topics would continue to be considered material. This approach made it possible to already include indicators in the annual reporting 2023 in preparation for the ESRS-compliant Non-financial Report 2024.

A comprehensive materiality process in accordance with ESRS 1 will be carried out in the financial year 2024. Potential material topics will be developed in internal working groups, which will then be compared with the perspective of external stakeholders. An impact-oriented and a financial materiality analysis will be carried out to identify the material topics. This is to apply the concept of dual materiality, which takes into account the impact of our business activities on people and the environment as well as the influence of external factors on the business activities of the MM Group. As part of this process, internal workshops are held with the relevant specialist departments in order to be able to analyse the issues in the best possible way. In addition, the results of our opportunity and risk analyses which have already been carried out and published in accordance with the TCFD (Task Force on Climate-related Financial Disclosures) and are described in more detail in the section “Climate-related risks (TCFD)” on pages 122 ff. will be incorporated. Based on the results of these analyses, specific adjustments can then be made and the integration of the material topics into the company’s processes can be implemented.

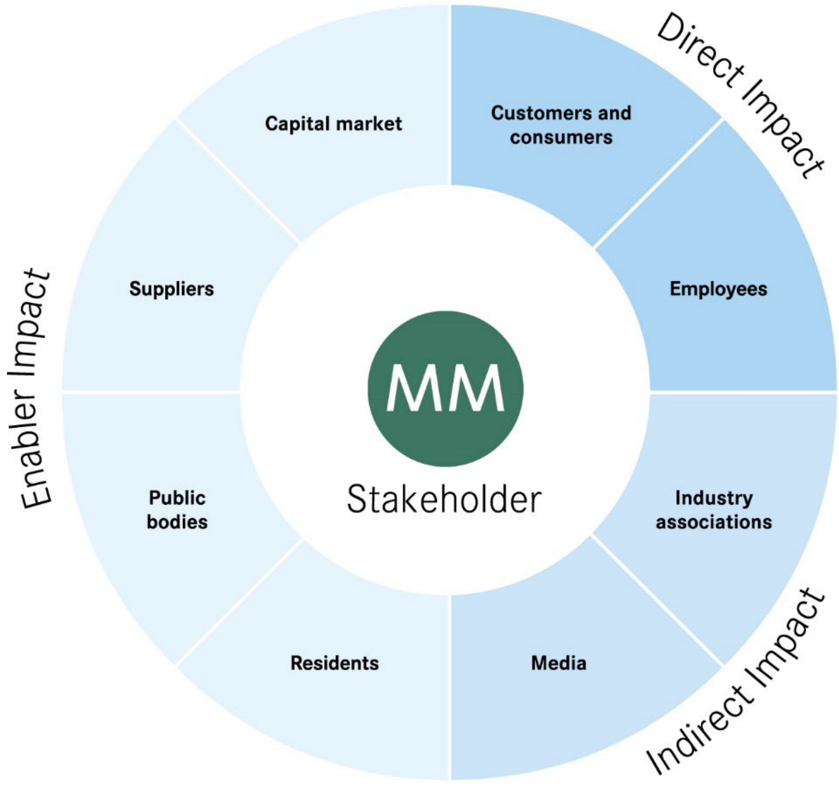
STAKEHOLDER GROUPS AND DIALOGUE

GRI 2-29

The MM Group recognises its stakeholder groups and assumes long-term responsibility towards them. In the course of an analysis along the value chain, stakeholder groups were identified in previous financial years with the involvement of internal experts from various divisions. These stakeholder groups are still in place:

- Customers and end consumers
- Employees
- Capital market (e.g. shareholders, analysts)
- Suppliers
- Public bodies (e.g. politics, authorities, test centres, science, NGOs)
- Residents
- Industry associations
- Media

In the financial year 2021, a further classification of stakeholder groups was carried out in order to understand their influence on the MM Group even better in terms of a comprehensive sustainability strategy. Customers and consumers as well as employees are stakeholders with a direct influence, as the involvement of these stakeholder groups has a direct and significant impact on the sustainability goals and success of the MM Group. Industry associations and the media are stakeholders with an indirect influence. They are important multipliers in the public relations work for the sustainable development of the MM Group. Stakeholder groups representing the capital market, suppliers, local residents and public authorities support the MM Group's ability to achieve sustainability faster and more smoothly.



GRI 2-10 **Stakeholder dialogue**

We attach great importance to an open, constructive and regular exchange with our stakeholder groups, because it gives us the opportunity to find out about their concerns and expectations, to identify areas in which there is room for improvement as well as to take action accordingly. Our independence ensures that stakeholder concerns can also be regularly taken into account without any conflicts of interest. Following the implementation of a systematic stakeholder dialogue involving internal and external stakeholders in 2021, the MM Group focused on an internal dialogue in the reporting period 2022 with the establishment of the "MM Message House". An internal guideline for a shared sustainable future was defined as part of this dialogue. In addition, stakeholder interactions take place in various ways. We emphasise both digital exchange and direct personal contact in one-on-one meetings or forums. On this basis, the MM Group will conduct a comprehensive stakeholder dialogue involving internal and external stakeholders in 2024, taking into account the new ESRS requirements, as described in more detail in the chapter "Outlook Corporate Sustainability Reporting Directive" on page 130.

MATERIAL TOPICS OF SUSTAINABILITY

GRI 3-1

The basis for our sustainability strategy is the identification of material topics, which was carried out in the financial year 2021. We first identified the relevant environmental, social and economic (ESG) aspects and categorised them both internally and externally. This was done according to the principle of double materiality. Both potential risks for the company ("outside-in") and the influence of the MM Group on the sustainability issues mentioned ("inside-out") were assessed. The analysis of the relevant aspects is based on industry trends, legislative developments (e.g. European Green Deal) and physical risks. Industry associations and internal and external experts were also involved in identifying relevant topics. To ensure the support of global sustainability initiatives such as the "Agenda 2030", the identified priorities were subjected to further analysis. This ensures the conformity of our central priorities with the Sustainable Development Goals (SDGs).

The evaluation of the material topics identified revealed an increased importance of environmental issues compared to previous financial years. Innovations to promote the circular economy and greater integration of the supply chain are among the most material issues. Mitigating climate change, resource efficiency, preserving biodiversity and responsible water management are also highly relevant. The inclusion of sustainability agendas in investments is of great importance for the MM Group's business activities, not least due to legal requirements such as the EU taxonomy. The material topics already identified in 2021 remain valid following consultation with the Management Board. GRI 3-2

As an internationally active Group, MM aims to promote social sustainability within and outside the company. Public relations work on sustainability issues is a high priority in all areas of non-financial aspects. Complying with new legal frameworks, acting in a compliant manner and ensuring data and product security at all times are equally relevant, as these issues are of great importance to the company, particularly from a risk perspective.

The material topics presented serve as the basis for the MM Group's sustainability strategy. For further elaboration, these were categorised, grouped according to non-financial issues with regard to double materiality and summarised in the following table. The materiality analysis includes the assessment of the significance of an impact in relation to the other impacts in the context of MM's business activities. For example, the impacts of environmental and social matters (e.g. responsible procurement and supply chain, innovation to promote circular economy and product safety) were rated as "high" in the course of the materiality analysis, as were environmental matters (climate change mitigation and adaptation, responsible water management). In comparison, the impact of employee matters (e.g. inclusive and attractive working conditions, human rights) was classified as less material for MM's business activities. In addition, the "Impact assessment" category was added to the table of material topics in 2022.

A comprehensive materiality analysis will be carried out in the financial year 2024 in order to consolidate the strategic focus on selected core topics and, if necessary, make changes in accordance with the CSRD (Corporate Sustainability Reporting Directive) and meet the requirements of the ESRS (European Sustainability Reporting Standards). In addition to impact materiality, financial materiality will be of great importance in the context of dual materiality. In a first step, the relevant specialist departments will identify the material topics, whereafter external stakeholders will be involved in a second step.

GRI 3-3

Material topic	Impact by and on MM (double materiality)
Climate change mitigation and adaptation	Industrial cartonboard and paper production is associated with significant energy consumption and emissions. MM accepts its responsibilities by reducing specific energy consumption and related emissions as well as optimizing energy production and the choice of energy sources. Climate change entails physical as well as transitory risks that can have a negative impact on production processes (e.g., disruption of production processes due to flooding).
Resource efficiency and biodiversity conservation	MM assumes responsibility for the responsible use of resources by minimising the specific use of raw materials and improving recyclability. When it comes to waste reduction, the priorities are clear from both an ecological and an economic point of view: avoiding waste before recycling and disposal. This also promotes the preservation of biodiversity. The availability of natural wood-based raw materials is a prerequisite for the company's activities. Biodiversity loss can negatively affect the availability of wood as a resource in the medium and long term.
Responsible water management	Water is an essential resource in the paper and board production process. MM takes this into account by controlling water consumption and use. The potential risk of water pollution and scarcity can thus be prevented. The availability of water is essential for cartonboard production. Droughts and associated water shortage can thus result in an impairment of production processes.
Employee health and safety	Measures to ensure safety at work and health protection contribute to maintaining the health and a sustainable performance of our employees.
Attractive and inclusive working conditions	An attractive working environment that promotes identification and satisfaction among employees has always been important to us. All employees of the MM Group are encouraged to fulfil their professional tasks in the best possible way and to develop both their professional and personal skills. Attractive workng conditions help to retain qualified employees and prevent a shortage of skilled workers.
Respect for human rights	MM pays attention to ensuring socially acceptable working conditions in accordance with the core labour standards of the International Labour Organization (ILO), the principles of the UN Global Compact and the OECD Guidelines for Multinational Enterprises. We also pay attention to the protection of human rights in the cooperation with our partners.
Changed legal framework, compliance, and data security	MM pursues consistent compliance with laws, guidelines, and requirements. MM systematically prevents corruption, bribery, and anti-competitive behaviour. Data protection and information security are ensured through guidelines and training.
Innovations to promote the circular economy and product safety	Product and process innovations contribute to greater sustainability for both the company and society - in economic, ecological, and social terms. We place our focus on promoting circular economy approaches and plastic substitution as well as ensuring product safety.
Responsible sourcing & supply chain, sustainable investments, and public affairs	Cooperating with partners along the entire value chain and a public commitment to the sustainable development of the MM Group are crucial for the company's success in the long term. For this purpose, an evaluation of the supply chain and investment projects based on non-financial criteria are particularly useful.

Assessment of impacts	Non-financial matters	
Progressing climate change and the associated impact on resources, the EU Emissions Trading Scheme (ETS) as well as new legislation around the European Green Deal are a driver for research and innovation at MM. Climate-related extreme events, such as water shortages or floods, lead to financial risks for MM due to potential production downtime.	**Environmental matters**	GRI 302 GRI 305
The biggest potential economic burden for MM is a bottleneck in the supply chain for certified raw materials and non-compliance with the requirements of the European Deforestation Regulation (EUDR). If no certified roundwood can be procured, production capacity may be reduced or interrupted. Calamity-related forest situations (e.g. forest fires, windthrow, bark beetle infestation) which are becoming more frequent as climate change progresses and precipitation patterns change lead to a reduction in timber volumes in the purchasing areas in Europe, which represent the main procurement area. Taking into account different climate scenarios, a higher number of more serious natural disasters can be expected for the procurement areas, which may result in potential economic loss for MM.	**Environmental matters**	GRI 301 GRI 306
As the progress of climate change results in a change of precipitation patterns, there will be more droughts and water shortages in the future. As MM Board & Paper's production facilities are highly dependent on the availability of water in the catchment areas, this represents a significant risk that may lead to a reduction in production capacity. Depending on the severity and frequency of the event, this may pose a financial risk to MM.	**Environmental matters**	GRI 303
Various impairments lead to an increased susceptibility to errors and pose a potential risk to health and safety in the workplace. Due to inherent safety risks in manufacturing companies, occupational safety is of great importance to MM. Due to possible downtimes, accidents at the workplace also represent a financial risk to a varying economic extent. Potential safety risks arise from work-related stress, caused, for example, by working in shifts, or from fire and hot work.	**Employee matters**	GRI 403
Various organisational and process changes and the resulting new demands that the entire organisation is faced with constitute a potential risk for MM. The sustainable retention of know-how and talent is essential in this context. The attractiveness as an employer brand also plays an important role here, as a potential shortage of skilled workers must be prevented in order to ensure the long-term success of MM.	**Employee matters**	GRI 2 GRI 404
The respect for and observance of human rights as well as the active prevention of human rights violations is a central concern for MM. Particularly in non-European countries, the company may be exposed to human rights risks. However, the extent is estimated to be low for our industry and with regard to out supply chain. Potential violations could cause reputational damage as well as a negative impact on customer relations.	**Employee matters; respect for human rights**	GRI 408 GRI 409
The following potential risks arise from our business activities: possible non-compliance with standards, laws, rules of conduct and, where applicable, voluntary declarations, as well as cases of corruption and anti-competitive behaviour. Compliance risk is kept low through the implementation of a wide range of measures. The risk of corruption is considered very low in European countries. Due to the low fungibility of the products produced, we do not expect to be at the centre of any fraudulent activities. Comprehensive IT- and OT-security projects are in place to counteract increased cyber security risks related to data protection and information security.	**Social matters; fight against corruption and bribery**	GRI 205 GRI 206
At consumer level, customers are increasingly aware of the impact of their purchasing decisions and are increasingly including sustainability indicators in their purchasing decisions. Our main product consists mainly of renewable raw materials with a high recycling rate. This reduces the use of primary raw materials and thus contributes to sustainability.	**Environmental and social matters**	GRI 416
At the product level, responsible sourcing is achieved through certification according to PEFC and FSC® standards, enabling us to further reduce negative impacts on ecosystems. In addition to our own performance, we are dependent on the performance of our partners along the supply chains, which is why the non-compliance with legal requirements represents a risk. An early identification of market and future trends serves as the basis for sustainable investments. This minimises the risk of bad investments.	**Environmental and social matters**	GRI 2

MM SUSTAINABILITY STRATEGY

Based on the results of the materiality analysis, a sustainability strategy was defined for the entire Group in 2021 and will remain in place in 2023. The materiality analysis will be revised as part of the implementation of the CSRD. The material topics and the respective objectives of the MM sustainability strategy were assigned to one of the strategic areas of “Planet”, “People” and “Prosperity” in line with the United Nations’ “Agenda 2030”. In this way, we are focussing on economic success in harmony with society and nature.

The category “Planet” includes all aspects of environmental sustainability and focuses on climate protection initiatives, the use of renewable raw materials and the responsible use of wood and water resources. In this way, we want to contribute to the preservation of the natural habitat for this and future generations. In connection with “People”, we as the MM Group fulfil our social responsibility towards all people in the context of our business activities, but especially towards our employees. The safety of all employees, attractive working conditions and development opportunities as well as the safeguarding of human rights are a particular priority in this connection. With “Prosperity”, we pursue the goal of realising economic and technical progress in harmony with society and nature. We consider compliance with laws and appropriate behaviour to be just as much our duty as the promotion of a circular economy through innovation and the integration of the entire value chain for a systemic change towards sustainable development.


4 QUALITY EDUCATION
8 DECENT WORK AND ECONOMIC GROWTH
Working Environment
Human Rights
Safety and Health
People
15 LIFE ON LAND
Responsible Management
Decarboni-sation
MM
13 CLIMATE ACTION
8 DECENT WORK AND ECONOMIC GROWTH
Prosperity
Planet
Innovation and Quality
Raw Materials
12 RESPONSIBLE CONSUMPTION AND PRODUCTION
9 INDUSTRY, INNOVATION AND INFRASTRUCTURE
Value Chain
Water
7 AFFORDABLE AND CLEAN ENERGY
12 RESPONSIBLE CONSUMPTION AND PRODUCTION
6 CLEAN WATER AND SANITATION

GRI 3-2

MM Sustainability programme

The MM Group has developed a sustainability programme along the strategic lines of "Planet", "People" and "Prosperity", taking into account the Sustainable Development Goals (SDGs), and has defined specific targets for the MM Group. The following tables show the focal points of the sustainability programme with specific objectives of the MM Group as well as an allocation to the corresponding European Sustainability Reporting Standards (ESRS).

Planet

Material topics	Sustainability programme	MM Objectives	SDGs	ESRS
Climate change mitigation and adaptation	**Decarbonisation**	Reduce absolute greenhouse gas emissions for Scopes 1, 2, and 3 by 50.4 % by 2031 (base year 2019)[1] Increase the annual share of electricity from renewable energy sources from 15.61 % in 2019 to 40 % by 2031 and to 100 % by 2045 Reduce Scope 3 greenhouse gas emissions by 58.1 % per unit of value added by 2031 (base year 2019)[1]	13 (13.1) 7 (7.2; 7.3)	ESRS E1, ESRS E2
Resource efficiency and biodiversity conservation	**Resources**	99 % recovery of process residues (recycling/reuse/incineration with energy recovery) by 2030 Reduce the intensity of waste landfilling by 75 % by 2030 (base year 2019) 100 % of wood-based raw materials come from responsible sources by 2019 40 % less process waste per saleable tonne by 2030 (base year 2019) MM has a comprehensive understanding of its impacts and risks in relation to biodiversity by 2022 (achieved)	12 (12.2; 2.4; 12.5; 12.6) 15 (15.1; 5.2; 15.5; 5.9)	ESRS E4, ESRS E5
Responsible water management	**Water**[2]	Efficiency increase in water consumption by 30 % by 2030 (base year 2019) Efficiency increase in the use of process water (total water consumption excluding cooling water) by 30 % per saleable tonne by 2030 (base year 2019) All production sites of the MM Board & Paper division will be certified by third parties until 2030 MM has a comprehensive insight into the impacts and risks related to water use until 2022 (achieved)	6 (6.3; 6.4; 6.5) 12 (12.2)	ESRS E3

[1] Climate targets were defined according to the Science Based Targets Initiative and submitted accordingly in 2021 and approved in 2022.
[2] Water targets apply exclusively to the MM Board & Paper division

People

Material topics	Sustainability programme	MM Objectives	SDGs	ESRS
Employee safety and health	**Health and Safety**	Promotion of accident prevention: mandatory reporting of near-misses, unsafe conditions and actions for all MM sites. Based on the 2023 target value of 6,886 reports, at least 7,518 reports are expected as the target value for the MM Group in 2024. Ongoing reduction of the $LTAR_{(200)}$ accident rate at all sites. The basis is the further reduction of the MM Group LTAR threshold value from 1.96 (2023) to 1.76 (2024), which should not be exceeded.	(8.8)	ESRS S1
Attractive and inclusive working conditions	**Working Environment**	MM Group as an attractive employer and workplace Promote professional and personal qualification MM as “Employer of choice”	(4.7) (8.5)	ESRS S1
Respect for human rights	**Human Rights**	Ensure compliance with human rights within the MM Group Assessment of the human rights performance of 100 % of the MM Group’s “key suppliers” by 2023[1] (achieved)	(8.5)	ESRS S1, ESRS S2, ESRS S3

[1] The “key suppliers” are identified based on their scope/type of business activity and influence (turnover).

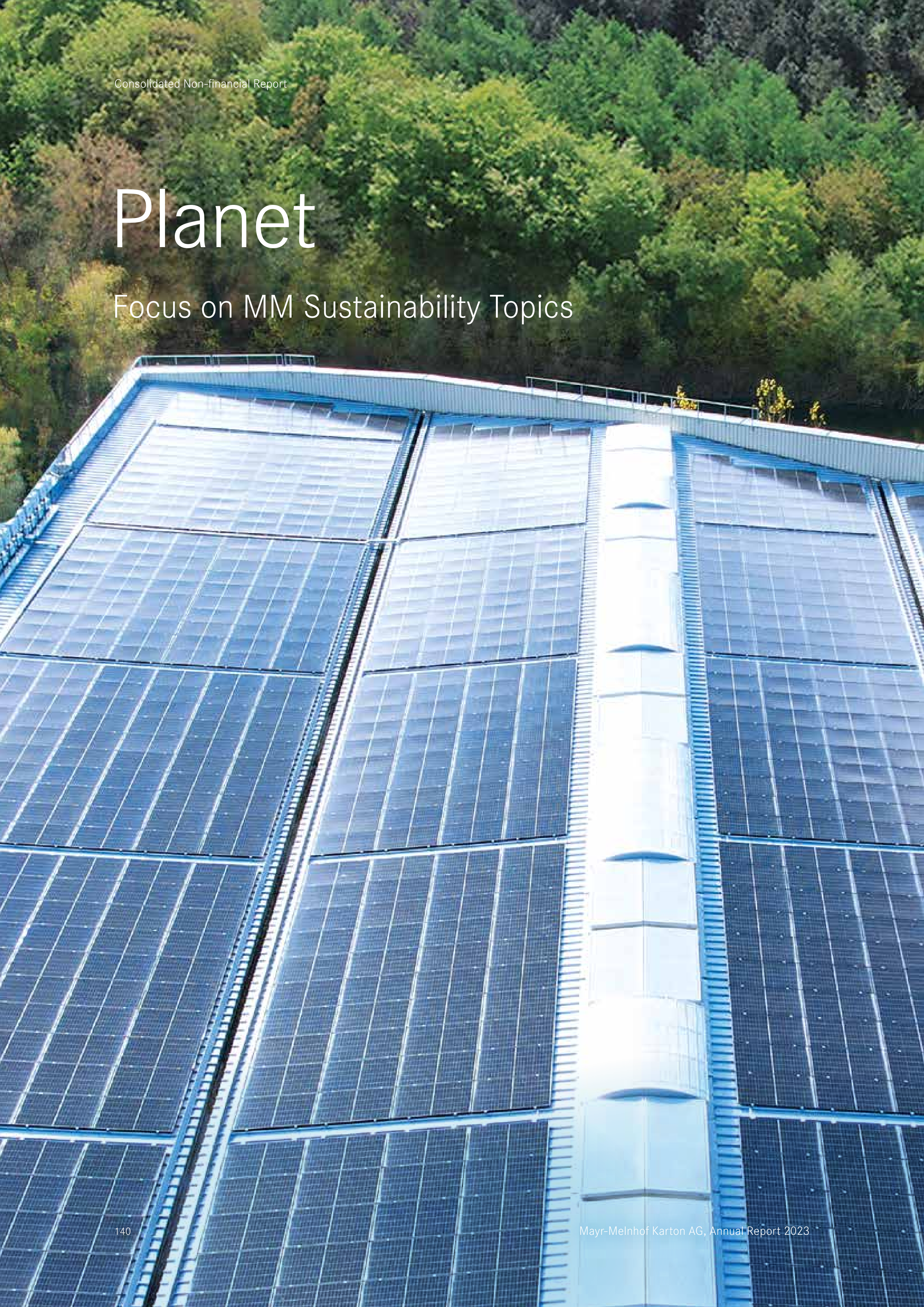
Prosperity

Material topics	Sustainability programme	MM Objectives	SDGs	ESRS
Legal framework, compliance, data protection and information security	**Responsible Management**	Demand and promote behavior in line with compliance requirements within and outside the MM Group Continue to promote internal training on competition law, data protection and information security	(8.7)	ESRS G1, ESRS S2, ESRS S3
Innovations to promote the circular economy and product safety	**Innovation and Quality**	Promote product and process innovations to optimise product end-of-life Improve the use of natural raw materials and further substitution of plastics across the MM product range	(9.4)	ESRS E5, ESRS S4
Responsible sourcing & supply chain, sustainable investment and public relations	**Value Chain**	Interaction with 90 % of the “key suppliers” based on sustainability objectives of the MM Group until 2025[1] Assessment of the sustainability performance of 90 % of the MM Group’s “key suppliers” by 2023[1] (achieved) Promote cooperation for circular innovations along the entire value chain	(12.2)	ESRS E5, ESRS S2, ESRS S3, ESRS G1

[1] The “key suppliers” are identified based on their scope/type of business activity and influence (turnover).

Planet

Focus on MM Sustainability Topics



50.4 %

reduction of absolute GHG emissions by 2031

99 %

recovery of process residues by 2030

30 %

efficiency increase in water consumption by 2030

Through ambitious goals and corresponding actions, we as the MM Group promote environmental sustainability and contribute to the preservation of the natural habitat for us and future generations. Renewable raw materials, responsible use of resources and decarbonisation activities enjoy the highest priority.

1 DECARBONISATION

The Paris Climate Agreement and the European Green Deal, which aim to achieve climate neutrality in the EU by 2050, constitute the framework for our energy management and decarbonisation efforts. All greenhouse gas emissions should preferably be avoided at source but those that cannot be avoided should also be reduced. Natural sinks (including forests) must be preserved and expanded. Technologies for the elimination of greenhouse gases should be designed and utilised in a cost-efficient manner. Significant environmental impacts of the MM Group's business activities result primarily from the consumption of large amounts of energy for cartonboard and paper production and the associated emissions. In comparison, the Packaging division's energy requirements are lower by a factor of 21.

Natural gas is predominantly used as the primary energy source in MM Board & Paper's mills. The mills have their own power plants in which natural gas is used to generate steam and electricity for cartonboard production as required, and turbines are used to generate electricity from the high-pressure steam produced. In addition, electricity is purchased from energy supply companies. Other fossil fuels used in the individual mills are hard coal, heating oil, diesel and liquefied petroleum gas. MM Board & Paper's production is increasingly fuelled by energy from renewable energy sources such as biomass or biogas. The MM Kwidzyn and MM Kotkamills mills use black liquor, which is an energy-rich by-product of pulp production, as an additional energy source for the generation of electricity and process heat. In addition, 51 % of the primary energy sources used in the Board & Paper division are of renewable origin (biomass, for example).

In the reporting year, there was a Group-wide 23 % reduction in Scope 1 and Scope 2 emissions of compared to the 2022 reporting year. On the one hand, this reduction is due to a decrease in production volumes and, on the other hand, to a large number of decarbonisation measures that were implemented as a result of the successful establishment of the GRI 2-19 MM Sustainability Bonus. This bonus was introduced in 2023. Each plant was given a specific CO_2e reduction target and other tasks to fulfil in the area of energy management. One positive result that can be attributed to the sustainability bonus is that seven packaging plants switched from conventional electricity to green electricity during the reporting period. This means that 19 packaging plants used green electricity in the reporting period. This led to a reduction of 26 % in Scope 2 emissions in the Packaging division compared to the previous year.

1.1 Impacts, risks and opportunities

Exhaust air emissions are produced in the course of cartonboard and paper production, in particular as a result of the generation of energy through the combustion of natural gas and hard coal (MM Kwidzyn). The emissions occurring in the form of CO_2, NOx and CO are continuously monitored and limited in accordance with legal requirements. In contrast, the direct exhaust air from the cartonboard and paper machines consists mainly of water vapour. MM Board & Paper is continuously implementing new measures to further reduce exhaust air emissions in line with the state of the art. Although additional mills were acquired in 2022, energy consumption at MM Packaging is much lower than at MM Board & Paper and accounts for less than 5 % of Group-wide energy consumption. Nevertheless, programmes to reduce emissions and increase energy efficiency are also underway in the Packaging division. The main focus was placed on switching to green electricity, installing photovoltaic systems and implementing energy efficiency measures, in particular for machinery, heating/cooling and lighting.

The use of energy is of significant economic importance for both divisions in the MM Group in respect of costs and basic availability. In the financial year 2023, prices for natural gas and electricity fell, but are still more than 50 % higher than before their increase in 2022. Furthermore, the effects of climate change must be taken into account as physical and transitory risks for the MM Group's business activities. Physical risks (e.g. floods, forest fires, storm damage, drought) can lead to direct production losses, as at our Cervia and Kolicevo plants in 2023, or to supply bottlenecks. As climate change progresses, precipitation patterns will change, extreme weather events will become more frequent and natural resources, such as wood and water, will experience increasing pressure as a result. As the MM Group, and, in particular, the MM Board & Paper division, is heavily dependent on these resources, it is essential to recognise and understand any potential future risks (see page 126).

Transitory risks (e.g. emission certificates, changes in market requirements and consumer behaviour) are primarily a compliance issue. Although these risks do not result in short-term production losses, they can lead to falling sales figures and higher fines, taxes (CO_2 tax) and fees if any requirements are not complied with. On the other hand, there are opportunities in terms of cost savings, reduced environmental damage and additional sales opportunities due to the lower CO_2 intensity of our products.

With regard to emissions, there is a regulatory risk concerning the costs of emission allowances. The EU Emissions Trading System (EU ETS) is the central European climate protection instrument for reducing greenhouse gas emissions in the EU and a few non-EU countries, such as Norway. It covers the energy industry and selected energy-intensive industrial sectors, such as the paper and cartonboard industry, and therefore also the six MM cartonboard and paper mills in the EU and the FollaCell fibre mill in Norway. For the financial years 2021 up to and including 2025, CO_2 allowances will be allocated free of charge. This is based on technical criteria specified by the EU authorities.

1.2 Management concepts and due diligence processes

GRI 3-3

A responsible management of energy consumption and the associated emissions is a high priority within the MM Group. Since the financial year 2023, the MM Group has had a centralised department for energy procurement. Internal and external audits (particularly in connection with certifications/re-certifications) and an assessment by means of management reviews are carried out in order to safeguard the environmental standards achieved to date, fulfil new requirements and review the effectiveness of the Group's environmental management system. Energy management aims to sustainably reduce the energy consumption of our plants, increase efficiency and procure ever higher proportions of renewable energies. With this in mind, an energy audit was launched in 2022 at our cartonboard and paper mills at Frohnleiten, Kwidzyn, Kolicevo, Neuss and Gernsbach. This audit will be completed in 2024 and includes a comprehensive energy management survey with regard to rising energy costs, the goal of improving performance and a sustainability focus. In addition, the identification of optimisation potential requires an objective view of our plants and technologies. As part of the 2023 MM Sustainability Bonus, all production sites have carried out energy flow analyses and developed project ideas for reducing Scope 1 and Scope 2 emissions.

Environmental certificates

In the areas of energy and environmental management, we are certified in accordance with ISO 50001, EMAS and ISO 14001. The provisions of the ISO 50001 certification are increasingly applied at the mills of the more energy-intensive MM Board & Paper division, but we also try to ensure a comprehensive energy management at the sites of the Packaging division. Four MM Board & Paper production sites, including the FollaCell fibre mill, and seven Packaging sites are currently certified according to this standard.

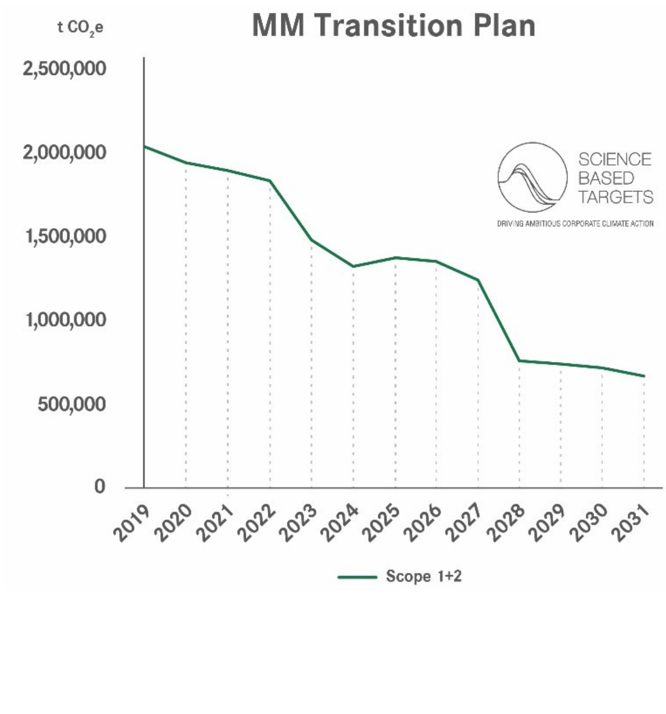
The Frohnleiten cartonboard mill has voluntarily participated in the EC Eco-Audit Regulation ever since 1996. The "Eco-Management and Audit Scheme" (EMAS) is a joint system for environmental management and environmental auditing. The MM Group's participation in this scheme supports our information policy and presents a corporate culture characterised by responsible action. Together with the ISO 14001 certification, EMAS forms the basis for a continuous safeguarding of MM's integrated environmental management system. Today, the sites at Frohnleiten, Kotkamills, Kwidzyn, Kolicevo and the FollaCell fibre mill are certified according to ISO 14001, Frohnleiten has additionally been validated according to EMAS. Those cartonboard and paper mills that are not directly certified according any of the above standards have internal environmental protection systems for continuous improvement and use the synergies of the certified sites. A total of 43 MM production sites are certified according to ISO 14001 and/or EMAS.

Science Based Target and Transition Plan

In order to further optimise energy management and the associated greenhouse gas emissions, the MM Group is committed to implementing science-based climate targets. Our climate strategy is based on the guidelines of the Science Based Targets Initiative (SBTi), according to which we also developed the MM Group's 1.5 °C climate targets. In the financial year 2021, the MM Group calculated targets for the reduction of greenhouse gases by 2031 and submitted them to SBTi. These targets were reviewed by SBTi and confirmed in the 2nd quarter of 2022. In the 4th quarter of 2023, we committed to a net zero target with SBTi and will submit this target in the financial year 2024.

Since the financial year 2023, we have been preparing monthly emissions reports for our management and the Supervisory Board. These reports are intended to provide a continuous update on our CO_2 emissions. We attach particular importance to transparency, including the achievement of our science-based targets. In order to achieve our targets, we have expanded the energy reporting on our platform WeSustain in 2023. This enables us to collect and analyse even more detailed information about our energy consumption and emissions. Thanks to the monthly emissions reports and the addition of further key figures in WeSustain, we are able to closely track our decarbonisation progress and make adjustments where necessary.

The MM Transition Plan at Group level maps the target achievement pathway of our Science Based Targets, which are pursued in accordance with our decarbonisation strategy. We are pleased that the positive development of the MM Group was confirmed in 2023 by CDP by granting a "triple A rating" in all three categories "Climate", "Forests" and "Water".



1.3 Measures and development

The definition of targets and measures includes the determination of direct and indirect emissions (Scope 1, 2 and 3) in accordance with the GHG Protocol. This means that we take into account emissions caused by the use of energy sources in production (Scope 1) and the purchase of electricity, steam, heating and cooling energy (Scope 2). All other emissions that are caused by the company's activities but are not under its control are also calculated for purchased goods and services, fuel and energy-related activities, waste and transport of employees (Scope 3).

GRI 305-1
GRI 305-2
GRI 305-3

In the financial year 2022, a working group was established consisting of representatives from the areas of CapEx management, energy management and sustainability management to develop solutions and strategies together with the energy managers at the sites in order to achieve the Group's climate targets.

Strategic decarbonisation measures
As part of the MM Sustainability Bonus, internal webinars were held in the reporting period to explain the decarbonisation strategy to the employees at the production sites, explain the bonus targets and discuss joint implementation measures. In addition to these site-specific training sessions, digital sustainability training was also developed. The first three units are primarily dedicated to the topic of "decarbonisation". In the reporting year, all sites also carried out energy flow and consumption analyses (Sankey) in order to identify potential CO_2 savings. Based on this, project ideas were developed to realise the savings. In the MM Board & Paper division, externally supervised energy audits were carried out at mill level in addition to internal analyses. Energy saving and energy efficiency potential was identified as part of the audits. In total, over 370 project ideas and over 180 CapEx projects were identified in the financial year 2023 that could lead to a reduction in CO_2 emissions. While the switch to green electricity, the installation of photovoltaic systems and energy efficiency measures were prioritised in the Packaging division, groundbreaking decisions were made in the Board & Paper division. With a strategic investment programme at our Polish paper and board mill MM Kwidzyn, we plan to further increase the already high proportion of renewable energy from currently 65 % and reduce the consumption of fossil fuels. In the financial year 2023, we were able to reduce our Scope 1 and Scope 2 emissions by 23 % in the Board & Paper division and by 22 % in the Packaging division compared to 2022. At Group level, this was a reduction of 23 %.

In the financial year 2023, we also developed an internal CO_2 pricing system, which will be implemented at Group level in 2024. The internal CO_2 price is intended to create cost transparency for future CapEx projects and electricity purchasing and promote CO_2 saving solutions.

Implemented projects to reduce CO_2 at our sites
Our Austrian cartonboard mill, MM Frohnleiten, is currently in the implementation phase of the major "Frohnleiten 2025" project, which is expected to be completed by 2025. Various measures are being implemented as part of this project, including the expansion of stock preparation, the rebuild of BM3 and the automation of equipment and logistics. Another example of sustainable investment in Frohnleiten is the new 400 kWp photovoltaic system, which was put into operation in October. The system consists of 1,000 solar modules with a total area of 2,500 m^2 and is expected to produce 400,000 kWh of electricity per year, thus helping to reduce CO_2 emissions and lower energy costs. Our MM Kolicevo cartonboard mill in Slovenia also invested in photovoltaic modules in December 2023, which have a total capacity of 1.2 MWp. The system consists of around 1,900 solar modules that cover the roof of the production department and the warehouse with an area of 8,000 m^2. The photovoltaic system is expected to produce 1,176,639 kWh of electricity per year, which corresponds to a saving of 290 tonnes of CO_2 emissions. The special feature of this solar installation is that the solar cells are orientated in an east-west direction, allowing for optimal electricity production throughout the year.

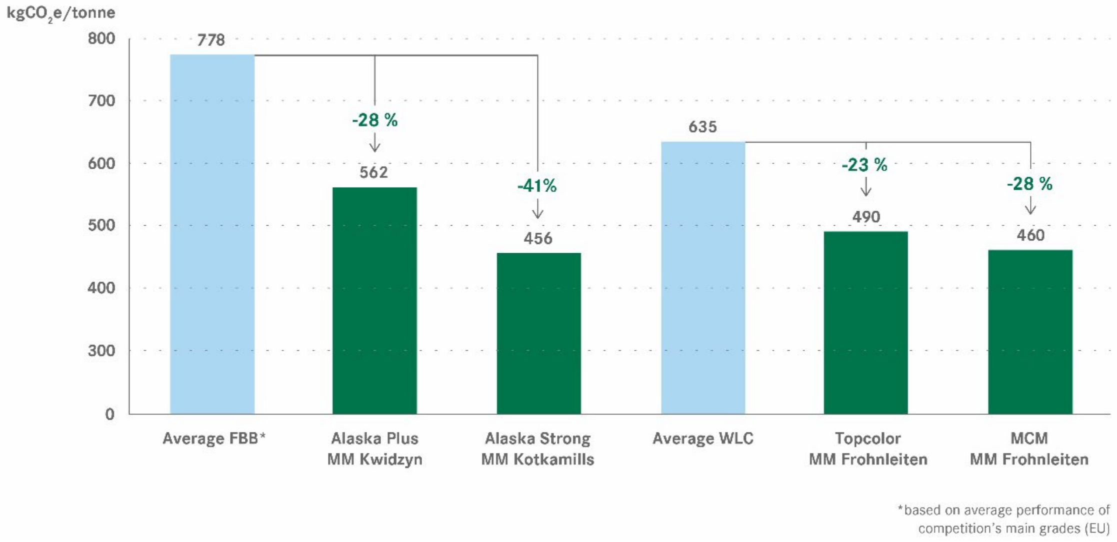
In addition, the BM3 cartonboard machine at MM Kolicevo was successfully recommissioned following rebuild work. The scope of the rebuild included three main components: a modern curtain sizer, a new drying area and a new rewinder. This supports MM Kolicevo's ambition to further improve product quality while reducing its carbon footprint.

In Germany, our MM Neuss cartonboard mill has successfully recommissioned its BM5 cartonboard machine following its comprehensive rebuild from a cartonboard machine to a linerboard machine. The rebuild included several upgrades to improve end product quality, reduce specific energy consumption, increase productivity across the entire product range and better meet the needs of our customers in the market. The aim is to minimise the impact of production on the environment. To this end, further measures have been taken to improve the mill's energy efficiency and sustainability, including the conversion of the machine drying group with a new steam and condensate system, new energy-saving drives, new energy-efficient machine pulpers and a modern quality control system to reduce energy consumption and improve cartonboard quality.

The Packaging division is also focusing on generating energy from renewable resources. Our plants MM Packaging Romania (Romania), MM Innovaprint Bielefeld (Germany) and Mayr-Melnhof Printing and Packaging Tehran (Iran) already had photovoltaic systems before 2023, for example, and the MM Graphia Izmir plant (Türkiye) has a CSP (Concentrated Solar Power) system. In 2023, photovoltaic systems were also installed and put into operation at MM Packaging Marinetti (Chile), MM Packaging Solutions Ibérica (Spain), MM Gravure Trier (Germany) and MM Tannpapier (Austria). The installation of photovoltaic systems is planned to continue in 2024, for example at MM Premium Vienna (Austria) and MM Graphia Izmir.

Life cycle assessments at product level

In order to quantify the performance of our products, we at MM carry out Life Cycle Assessments (LCA) internally. The graph below illustrates the global warming potential of MM virgin fibre and recycled cartonboard grades compared to the average of the most important grades of competitors in the EU. The investments already implemented not only have an impact at Group level but are ultimately also reflected at product level. In addition, the LCA can be used to quantify savings achieved by future investments and analyse various scenarios.



Objectives

- Reduce absolute Scope 1, 2 and 3 greenhouse gas emissions by 50.4 % by 2031 (base year 2019)
- Increase the annual share of electricity from renewable energy sources to 40 % by 2031 and to 100 % by 2045 (base year 2019)
- Reduce Scope 3 greenhouse gas emissions by 58.1 % per unit of value added by 2031 (base year 2019)

This supports the implementation of the following Sustainable Development Goals (SDGs): SDG 13.1, 7.2 and 7.3.

	MM Board & Paper	MM Packaging[1]
ISO 14001 or EMAS-certified production sites	5 out of 7	38 out of 64
ISO 50001-certified production sites	4 out of 7	7 out of 64
Energy consumption - total	8.38 TWh	0.40 TWh
Share of renewable sources - total	47 %	33 %
Specific energy consumption[2]	3.77 MWh/t	0.51 MWh/t
Fuel consumption	7.29 TWh	0.12 TWh
Share of renewable sources (mainly black liquor, biomass and biogas)	51 %	1 %
Electricity consumption	1.08 TWh	0.27 TWh
Share of renewable sources	20 %	49 %
Purchased steam or heating and cooling energy	0.01 TWh	0.01 TWh
Share of renewable sources	0 %	0 %
Direct CO_2 emissions (Scope 1)[3]	0.83 million t CO_2e	0.02 million t CO_2e
Specific direct CO_2 emissions[2]	0.37 t CO_2e/t	0.03 t CO_2e/t
Indirect CO_2 emissions (Scope 2, location-based)[4]	0.51 million t CO_2e	0.09 million t CO_2e
Indirect CO_2 emissions (Scope 2, market-based)[4]	0.54 million t CO_2e	0.08 million t CO_2e
Indirect CO_2 emissions (Scope 3)[1] [5]	1.85 million t CO_2e	0.66 million t CO_2e

GRI 302-1
GRI 302-3
GRI 305-1
GRI 305-2
GRI 305-3
GRI 305-4

[1] exclusive of the closed packaging plant in Heilbronn
[2] on the basis of gross production or tonnage processed
[3] emission factors used in accordance with the GHG Protocol
[4] emission factors used according to the life cycle assessment databases GaBi and the respective emission factors of the electricity suppliers
[5] emission factors used according to the life cycle assessment database GaBi and EcoInvent

2 RAW MATERIALS

Both divisions of the MM Group mainly use fibres made of wood or its recyclates and thus mainly renewable raw materials. Non-renewable raw materials play a subordinate role. This is also reflected in the volume consumption shown on page 152. While MM Packaging relies on virgin and recycled fibres in a ratio of around 60:40 for printing materials (cartonboard and paper), the use of virgin and recycled fibres is balanced at MM Board & Paper. In addition to fibres, chemicals (mainly inorganic pigments, binders, starch and sizing agents) and packaging materials are essential materials in the production and marketing of cartonboard and paper. MM Packaging's products focus on cartonboard, paper, printing inks, coatings, glue and finishing materials such as films and packaging materials as the main materials used. Efficient resource consumption, waste avoidance in production and a positive contribution to the long-term preservation of natural spaces and biodiversity are our top priorities. We attach particular importance to an independent monitoring of raw material procurement and verifiable compliance of the company's working methods with international environmental standards.

2.1 Impacts, risks and opportunities

The availability of the raw materials virgin and recycled fibres largely depends on the geographical location of our cartonboard and paper sites. All sites of the MM Board & Paper division and thus also the forests from which we obtain virgin wood fibres are located in Europe. Forest areas cover over 182 million hectares of the European Union - this corresponds to around 42 % of the total land area of the EU (source: Eurostat, 2018). In connection with the war in Ukraine, a package of EU sanctions was imposed on Russia, including a ban on imports of Russian timber as of 2022. The measures caused a shortage of timber, which led to rising timber prices. For medium- and long-term planning, it is particularly important to take climate-related risks into account. Ongoing climate change is having a significant impact on the development of forests, which may lead to calamity-related bottlenecks along the supply chain in the short term. In the medium and long term, the vegetation of European forests will change due to changes in the climate, such as temperature, precipitation and wind conditions, and thus the available types of timber will also change. This risk is described in more detail in the chapter "Climate-related risks (TCFD)" on page 124. We are constantly improving our climate risk analyses to ensure their high quality. As part of a year-round project in this financial year, we exchanged ideas with experts from the scientific community in order to supplement our quantitative analyses with qualitative parameters.

Fibre use and procurement
Around 60 million tonnes of wastepaper are collected and recycled in Europe every year (source: Austropapier, 2019). MM Board & Paper processes around 0.95 million tonnes of recycled fibres thereof. Risks are connected to the interruption or slowdown of the logistics chain and the collection volume and price development of recovered paper. Stock preparation, i.e. the separation of individual fibres before they are applied to the cartonboard machine, is possible for recycled fibres in a highly energy-efficient manner. In addition to the energy saving factor, the ecological advantage of using waste paper lies in the conservation and preservation of natural resources. Opportunities for increasing fibre recovery (fibre efficiency) are primarily based on technological progress.

Further risks in the raw materials area arise in particular from the supply chain and the use of chemicals. Chemical spillages during production are a possible scenario for both divisions. This risk is minimised by complying with the relevant legal requirements and other specified safety measures, such as chemical storage facilities equipped with drip pans, staff training and detailed incident management. With the "Prewave" risk management tool, we are informed promptly about environmental violations and can contact the supplier concerned directly and take appropriate measures. Opportunities lie in particular in the increasing awareness of end customers and the associated positive effects on their demand for fibre-based packaging.

The purchasing categories essentially correspond to the materials mentioned above, which are mainly sourced from European suppliers via a resilient supply chain. The potential risk of interference in local communities and ecosystems, e.g. through illegal deforestation, is countered by means of chain-of-custody certification in accordance with FSC® standards and PEFC criteria. In the reporting year, a project team was established to deal with the implementation of the requirements of the European Deforestation Regulation.

2.2 Management concepts and due diligence processes GRI 3-3

The MM Group's objective is to ensure a continuous supply of raw materials, protect the environment and minimise material consumption. Wastepaper is subject to strict quality requirements which are defined in the EN 643 standard. Our procurement organisation is geared towards ensuring both optimum origin and quality control as well as maximum supply security. We therefore pay particular attention to responsible sources of supply when using virgin fibres in cartonboard and paper production. This enables us to ensure that 100 % of the virgin fibres we use come from certified and/or controlled sources.

The cartonboard and paper mills are constantly working on projects to optimise the use of fibres. Technological innovations on the machines are aimed, among other things, at increasing the efficiency of fibre use and reducing fibre consumption. Continuous monitoring ensures optimum utilisation during operation. All chemicals used in cartonboard and paper production fulfil the requirements of the REACH regulation and are carefully selected with regard to the use of the finished products. Our chemicals management aims to minimise the harmful effects of handling and storing chemicals on people and the environment.

MM Packaging only uses low-migration inks and varnishes for primary food packaging in order to comply with the applicable legal requirements for food contact materials and articles. In Europe, for example, these are EU Regulations No. 1935/2004 and No. 2023/2006. The inks and varnishes comply with the EuPIA guideline for printing inks. It is important to us to implement the highest standards at all sites throughout the Group. Low-migration inks are therefore also predominantly used for other packaging in accordance with the EuPIA guideline. With regard to the adhesives used, high standards are set in terms of processability, adhesive seam strength and food safety for food packaging, and optimisations are continuously pursued. Only adhesives that enable compliance with Regulation (EU) 1935/2004 for finished packaging products and are manufactured in accordance with FEICA recommendations are used.

The MM Group pursues a Chain of Custody (CoC) standard in order to comply with the principle of responsible resource management and the use of certified sustainable raw materials in production while preserving natural habitats and biodiversity. This is essentially achieved through specifically designed management systems and certifications - in accordance with FSC®, on the one hand, and PEFC, on the other hand. By having all MM cartonboard and paper mills certified according to FSC® standards (licence FSC-C003336, licence FSC-C005528, licence FSC-C007894) and PEFC criteria (licence PEFC/06-33-215, licence PEFC/02-32-40, licence PEFC/32-31-049), we prove that all virgin fibres used in cartonboard and paper production originate from responsibly managed forests and/or controlled sources. In addition, 68 % of our purchased fibres, which are the fundamental resource of our business activities, are sourced from local suppliers (based in the same country). This is regularly verified by independent third parties. GRI 204-1

European Deforestation Regulation (EUDR)

MM is aware of its obligations arising from the European Deforestation Regulation (EUDR) (EU) 2023/1115 on deforestation-free supply chains. The regulation came into force in June 2023 and will be applicable as of December 30, 2024. It contains rules for placing and supplying products that contain wood or are manufactured using wood to the EU internal market and exporting them from the EU to other countries. The regulation aims to minimise the EU's impact on global deforestation and forest degradation and thus contribute to reducing global deforestation. In addition, the regulation is intended to help reduce the EU's contribution to greenhouse gas emissions and the global loss of biodiversity.

In order to achieve these targets, a mandatory risk assessment for raw materials based on fresh wood and processed at the MM Board & Paper and MM Packaging sites will be required as of December 30, 2024. This assessment must be carried out at least once a year. Criteria, such as the allocation of risks to the respective production countries, the rights of indigenous peoples, deforestation or forest destruction, concerns regarding corruption, falsification of documents and data, lack of law enforcement and violations of international human rights, are taken into account. The MM Group is currently establishing a Group-wide process and system that will enable us to fulfil the monitoring, documentation and reporting obligations of the EUDR and ensure EUDR-compliant products.

Responsible use of resources

GRI 304-1 GRI 304-2 GRI 306-1 GRI 306-2 In the "MM Policy for Forests and Natural Ecosystems", we define our requirements that contribute to the preservation of biodiversity and the protection of natural ecosystems. As the preservation of biodiversity is of utmost importance to our company, we have carried out a biodiversity analysis with the aim of better understanding the impact of our plants on the environment and deriving measures therefrom. In 2023, our management approach in the context of the sustainable use of wood as a resource was awarded a CDP A rating for the first time. In terms of circular economy, the MM Group's waste management focuses on the concept of "avoid before recycle before dispose". Waste management is implemented at the sites by the respective waste management officer. The disposal itself is carried out by authorised waste collectors, recyclers and disposal companies in accordance with the relevant legal requirements, depending on the type of waste.

In terms of volume, the largest share of waste at MM Board & Paper's recycled cartonboard mills is made up of residues from wastepaper processing, the so-called rejects. Wastewater sludge and commercial waste similar to household waste are either processed for thermal use within the mill or passed on to authorised disposal companies. During pulp processing, black liquor is produced as an energy-rich by-product that is recycled and used as an energy source to generate electricity and process heat. Hazardous waste, such as waste oil, chemicals, contaminated liquids, wastewater contaminated by chemicals, workshop waste and rechargeable batteries, is handed over to authorised waste disposal companies, which dispose of the waste in accordance with legal regulations.

At MM Packaging, too, by far the largest proportion of waste from folding carton production is made up of non-hazardous materials that are fed into the recycling loop. The most significant category of waste in terms of volume is cartonboard waste from the die-cutting process. Cartonboard waste is largely recycled within the MM Group and by other companies and processed into new cartonboard. Solvent residues, ink and varnish residues, waste oils as well as wet and dirty water from printing presses are classified as hazardous waste, which accounts for only a small fraction of the total amount of waste and is handed over to authorised waste disposal companies in accordance with legal requirements.

2.3 Measures and development

With regard to the use of raw materials, the focus remains on a comprehensive examination of the topic of plastic reduction and substitution with regard to the market and technology and with the close involvement of customers and experts. In addition, the increased use of fibres from responsible sources is a high priority for both divisions. The use of synergy effects between the two divisions MM Board & Paper and MM Packaging will be further strengthened. In addition, we are continuously working on optimising chemical consumption through process adjustments, such as the installation of measuring devices in the bleaching process. A large number of projects to reduce waste in cartonboard and paper printing materials through process optimisation and improvements in fibre recovery were implemented. In terms of waste management, the priorities were to optimise separate collection and minimise the amount of hazardous waste (e.g.solvent and ink residues) through avoidance or substitution.

The MM Group is actively supporting a study to measure the impact of sustainable forest management in various European countries. The project started in March 2023 and includes desk studies and field studies over a period of three years. The aim of this project is to provide science-based evidence of the benefits of the SFM (Sustainable Forest Management) certification in European forests and to use this evidence to support changes of SFM benchmark requirements.

Objectives

- 99 % recovery of process residues (recycling/reuse/incineration with energy recovery) by 2030
- Reduce the intensity of waste landfilling by 75 % by 2030 (base year 2019)
- 100 % of wood-based raw materials come from responsible sources by 2030
- 40 % less process waste per saleable tonne by 2030 (base year 2019)

Objectives achieved

- MM has a comprehensive understanding of the impacts and risks related to biodiversity until 2022

This promotes the implementation of the following Sustainable Development Goals (SDGs): SDG 8.7.

		MM Board & Paper	MM Packaging[1]
GRI 301-1	**Renewable raw materials[2]**	2.07 million t	0.91 million t
GRI 301-2	Fibre input/cartonboard and paper input	1.75 million t	0.86 million t
	Recycled fibres[3]/-cartonboard	0.95 million t	0.31 million t
	Virgin fibres[4]/virgin fibre cartonboard	0.80 million t	0.55 million t
	Share of renewable raw materials	76 %	94 %
	Non-renewable raw materials	0.72 million t	0.06 million t
	Percentage of recycled input materials used	34 %	32 %
	Virgin fibre use from responsible sources	100 %	37 %
	FSC®-certified production sites	7 out of 7	53 out of 64
	PEFC-certified production sites	5 out of 7	31 out of 64
GRI 204-1	**Regional procurement**		
	Proportion of spending on local suppliers of virgin/recycled fibres	68 %	N/A
GRI 306-3	**Waste**		
	Non-hazardous waste	0.28 million t	0.17 million t
	Hazardous waste	0.47 thousand t	3.78 thousand t

1) exclusive of the closed packaging plant in Heilbronn
2) including packaging materials
3) exclusive of rejects
4) groundwood pulp equivalent

3 WATER

Water is one of the most important resources on our planet - for humans as well as for ecosystems and species. Water should be understood as a local resource, as its availability depends on local conditions. With regard to water as a resource, it is therefore important to consider the available sources, the quality of local water reserves and the different users in the water catchment area. Responsible water management is a high priority within the MM Group, as water is an essential resource, particularly in the production of cartonboard and paper. In contrast, hardly any water is required in the processing of cartonboard and paper. As a result, the MM Board & Paper division produces significantly higher volumes of wastewater than the MM Packaging division. For these reasons, the topic of "water" mainly relates to the MM Board & Paper division. GRI 303-1 GRI 303-2

3.1 Impacts, risks and opportunities

Large quantities of water are used in the cartonboard and paper production throughout the entire production process - from the preparation of recycled paper and the processing of virgin fibres to its use as a coolant and for the production of steam in energy generation. Water use and water consumption must be clearly distinguished. Some of the water is only used temporarily in the production process (e. g. as cooling water) and is then treated and recycled. The risk of water scarcity due to production is therefore low. Only a relatively small proportion of the water used in the production process is not recycled but either remains in the product as residual moisture or evaporates. The fact that the water scarcity footprint of our mills is low was also confirmed in an assessment that we carried out with external partners for our Board & Paper mills. The analysis has shown that none of our board and paper mills is located in areas of water stress.

Water treatment and recycling
In addition to efficient water consumption, the highest criteria in terms of water quality, temperature and quantity must be taken into account when recirculating the treated water to avoid any harmful impact on biodiversity. In dealing with the effects of water recycling, MM complies with minimum legal standards in terms of water quality: the total amount of wastewater discharged is monitored according to destination, such as surface or groundwater. The quality of the wastewater is monitored during on-site and off-site treatment. Directly discharged water is allowed to contain only harmless nutrients and an authorisation of the competent authorities is required. Pollutant parameters of wastewater after on-site and off-site treatment are continuously monitored and measured. Among other things, the following parameters are monitored in accordance with international standards: e. g. chemical oxygen demand (COD) in accordance with ISO 15705, suspended solids (TSS) in accordance with NS 4733/NS 4760. In this context, water samples are analysed in order to compare the pollutant content of the discharged water with that of the returned water.

Risks in the context of water
As large quantities of water are required for the production of cartonboard and paper, regional risks and developments must also be taken into account, including the effects of climate change. Not only water scarcity but also water overflow in connection with flood risks must be considered. As most of the MM Board & Paper division's mills are located directly adjacent to watercourses, we take into account the entire water catchment area in which the respective mill is located. The assessment of risks in connection with advancing climate change is based on a large number of quantitative and qualitative parameters. Tools such as WWF Water Risk Filter and AWaRe form the information basis. The assessment is specified with the help of data sets based on RCP scenarios and flood hazard maps.

Two sites were affected by flooding during the financial year 2023, one site of the MM Board & Paper division and one site of the MM Packaging division. In Slovenia, severe storms, which at times flooded more than two thirds of the country, also affected our cartonboard mill in Kolicevo. However, thanks to the good flood protection on site, it was possible to resume production after only a few days. The incident also caused no damage to products already manufactured in the warehouses.

In May 2023, severe storms in northern Italy also caused serious flooding. Over 40 municipalities were affected, including Cervia and the MM Packaging site there. The flooding of the entire site severely damaged all machinery relevant to production, meaning that production had to be suspended until the end of the year.

GRI 3-3 3.2 Management concepts and due diligence processes

In the financial year 2021, a process was launched at MM with the aim of using water as a resource even more efficiently in the future and further reducing the negative impact on water systems and the risks associated with water. In order to implement this process even more comprehensively within the MM Group in the future, a strategy was initiated that is based on both the Alliance for Water Stewardship standard and the Water Mandate of the UN Global Compact. This strategy consists of four pillars: “Assessment”, “Strategy”, “Act” and “Monitoring”. As part of the strategy, targets have been defined that are to be achieved by reducing water consumption through continuous optimisation of production processes and products. Specific water consumption is measured on an ongoing basis and kept very low or is even further reduced through recirculation and efficiency improvements. Water withdrawal and recycling at all sites is continuously measured, consolidated and reported monthly in our reporting/controlling tool.

External standards and tools serve as the basis for evaluating water management. In the financial year 2023, water resources were certified by third parties for the second time since 2022: in addition to the climate change (Climate) and forest management (Forests) categories, MM also submitted the water management (Water) category to CDP in 2023 and achieved “Leadership Status” for the first time with an A rating.

Analyses and assessments for risk mitigation
At MM Board & Paper, we follow the concept of generally using extracted groundwater or surface water several times, first as cooling water and then in several stages as process water. Excess water is first cleaned mechanically and then treated in a multi-stage biological wastewater treatment process before being discharged again - there is no overuse or contamination. The water used several times in the production process is purified and treated in state-of-the-art wastewater treatment plants before leaving the plants. The ongoing collection and evaluation of wastewater values is carried out by specially trained, in-house personnel as well as regular external analyses. Compliance with the relevant legal requirements is checked by the responsible national and regional authorities. Modernisations and expansions of wastewater treatment plants are regularly implemented with foresight. A list of certifications in the area of environmental management can be found on page 147.

The MM Group carried out assessments for the Board & Paper division’s mills to analyse our impact on water systems as well as risks regarding the availability of water. A water catchment analysis was already carried out for the MM Board & Paper mills in 2021 using external programmes such as AWaRe, ENCORE and the WWF Risk Assessment Tool. Mill-specific risks were identified, including the risk of flooding or water scarcity. This assessment process was implemented at mill level in 2023 and analyses of water scarcity were carried out in order to map water-related impacts using a holistic method in accordance with ISO 14046, taking into account direct and indirect aspects. To analyse quantitative and qualitative effects, indicators such as water scarcity, net freshwater consumption and water withdrawals and discharges were taken into account. The aim is to be able to make product-specific statements regarding water consumption in the future and thus create further transparency for our stakeholders.

3.3 Measures and development

The foundations for optimising water management were laid in the financial year 2021 – firstly, by defining a strategic process for the comprehensive evaluation of the impacts and risks of water use and, secondly, by analysing wastewater. In connection with this strategic approach, we have set quantitative and qualitative targets and subsequently defined measures to achieve them. In this sense, MM's implementation of environmental initiatives demonstrates its efforts to achieve continuous improvement. In the previous reporting period, our cartonboard mill MM Gernsbach added an anaerobic stage to its wastewater treatment plant in order to substitute natural gas with the biogas produced in the wastewater treatment process. Our fibre mill MM FollaCell has also modernised its wastewater treatment. This will reduce energy consumption and external wastewater sludge treatment and replace fossil fuels with biogas. In the financial year 2023, our cartonboard mill MM Frohnleiten installed a new flocculant station in the wastewater treatment plant and a new biodiesel bed reactor for exhaust air treatment.

Objectives

- Efficiency increase in water consumption by 30 % by 2030 (base year 2019)
- Efficiency increase in the use of process water (total water consumption without cooling water) by 30 % per saleable tonne by 2030 (base year 2019)
- All production sites of the MM Board & Paper division are certified by third parties until 2030

Objectives achieved

- MM has a comprehensive insight into the impacts and risks in relation to water use until 2022

Note: "Water" targets apply exclusively to the MM Board & Paper division.

This promotes the implementation of the following Sustainable Development Goals (SDGs): SDG 12.2, 6.3, 6.4 and 6.5.

	MM Board & Paper	**MM Packaging**[1]	
Water withdrawal	63.43 million m^3	0.83 million m^3	GRI 303-3
Water discharge	57.79 million m^3	0.82 million m^3	GRI 303-4
Water consumption	5.64 million m^3	0.01 million m^3	GRI 303-5

[1] exclusive of the closed packaging plant in Heilbronn

People

Focus on MM Sustainability Topics

15,087
employees in
33 countries

12,263
preventive actions
taken to avoid
accidents

0
child labour

As the MM Group, we assume social responsibility for all people in the Group and along our value chain. We focus on safety at work, the best possible working conditions and safeguarding human rights.

4 WORKING ENVIRONMENT

GRI 2-7 Our employees are crucial to the long-term success of the MM Group. Ensuring attractive, inclusive working conditions and development opportunities is therefore of great importance. At the end of 2023, the MM Group employed 15,087 people in 33 countries. Integration began immediately after the respective acquisitions had been completed. In 2023, we began rolling out a Group-wide HR IT system in order to standardise international recruiting tasks and the market presence for potential applicants to the MM Group. Over the next two years, all MM Group companies will be integrated into this system step by step. The MM Group attaches particular importance to gender-neutral job advertisements in order to make the applicants' candidate experience inclusive and appropriate.

4.1 Impacts, risks and opportunities

Ensuring a high level of attractiveness as an employer in terms of professional and personal development is at the centre of our personnel development concept. Employees at all levels can develop their skills in the long term and take on increasingly responsible tasks as their expertise grows. The MM Group promotes the development of professional and personal qualifications through training and further education programmes and offers challenging professional tasks. Promotion opportunities and international assignments within the Group are actively promoted in order to retain expertise and talent in the long term.

The MM Group attaches great importance to ensuring that employees enjoy working for MM and that the Group therefore has a sustainable supply of qualified specialists and managers. The aim is not only to attract and employ skilled labour, but also to continuously enhance the attractiveness of MM as an employer brand. The latter is supported by targeted employer branding. Risks arising from staff turnover and the outflow of expertise are countered through sustainable employee retention. This is achieved, among other things, through interesting areas of work with the opportunity to take on responsibility, attractive development opportunities and cooperation in a climate of mutual appreciation.

GRI 3-3 4.2 Management concepts and due diligence processes

The central "Group Human Resources & Internal Communication" function manages the Group-wide HR agenda with a focus on employee development, training and development, recruiting and employer branding as well as internal communication. The individual training programmes are continuously evaluated and adapted to current requirements in terms of content, methods and technologies. MM offers numerous programmes that systematically guide employees through their professional life in the MM Group. In all programmes, special emphasis is placed on challenging tasks and content as well as enabling employees to make an active contribution to the company's success.

"MM-Academy"
The "MM-Academy" is the central training and further education platform for employees at all levels in the MM Group. The main focus is on teaching specialised knowledge and various foreign languages as well as the further development of social and leadership skills. In our tried and tested training programme, employees at all locations can choose from a wide range of training courses that promote international exchange and orientation towards our corporate values: responsible, collaborative, passionate and results-oriented.

“Leading Together”, our new Group-wide development programme for managers, started this year with 22 participants from 13 countries. The programme’s topic is “Growing your Capacity to lead @ MM” and it aims to further strengthen our employees in their leadership role. Our Leadership Capabilities serve as a basis for this and describe the competences that are crucial for success in a leadership position at MM. The programme also aims to give participants a tangible sense of the added value they can create together as a team that would not be achievable on an individual level.

In the “MM Academy”, employees are trained primarily in online courses to also promote international dialogue across locations and time zones. The training programme was recently supplemented by additional courses, for example on lateral leadership and team building. In addition to the Group-wide “MM Academy” platform, employees are also trained in locally organised and site-specific plant training courses, e.g. on occupational health and safety.

“MM Next Generation”
The “MM Next Generation” programme aims to train and support our young talents in Austria and Germany. Training in our apprenticeship companies enables us to meet our future demand for qualified employees. During their training, apprentices go through a dual system that combines practice in the company with theory at vocational school and is complemented by courses at the “MM Academy”. As part of a comprehensive redesign, the programme was designed with a particular focus on building a strong sense of community among apprentices, trainers and instructors. Comprehensive coordination with our instructors and trainers is particularly important to us in order to ensure continuous improvement for our apprentices. We also complement the programme with local and cross-group initiatives to make MM an even more attractive employer for this young target group. In Austria and Germany, we have had an average of 100 apprentices per year over the past few years.

“MM Trainee+” programme
The “Trainee+” programme is aimed at university graduates with a broad educational background and a potential for future expert and management positions. During this two-year programme, trainees gain insights into various areas such as sales, finance, engineering and business. We were able to take on two new trainees in 2023 and integrate two trainees from our new locations into the programme.
As in the previous year, the annual meeting of the “Trainee+” programme again took place in Vienna this year to promote collaboration and cooperation among the trainees. This enabled us to further expand our strong trainee network with a total of 14 trainees in 2023.

“Methusalem” programme
The long-standing “Methusalem” programme was terminated at the end of 2023. A new version of the programme is currently being evaluated. In this programme, the experience and expertise of existing employees will continue to be used in a special way for the company and for colleagues. The continuous and diverse exchange among different employees, taking into account several dimensions such as age, nationality and professional background, is a much valued, integral part of our personnel development programmes.

Active personnel marketing and cooperations
In order to be well prepared for the challenges posed by the shortage of skilled workers on the labour market, we have continued to focus on expanding new and existing partnerships with relevant schools, technical colleges and universities this year. Ongoing participation in various training programmes and career fairs positions MM as an attractive employer and supports our dialogue with potential employees. Last year, the focus in Austria was increasingly placed on the technical field. In addition, the MM Group has become a corporate partner of the Centre of Excellence at the Vienna University of Economics and Business in order to strengthen the economic field and acquire, develop and retain the best minds for our company in the long term. These initiatives are communicated and reinforced through the targeted online presence of our employer brand. This contribution to building a strong employer brand was also recognised externally. The MM Group

was honoured with an Employer Branding Award for the best employer brand in the region of German-speaking countries in the "Global Player" category.

4.3 Measures and development

The development programmes described were consistently and continuously implemented. The virtual learning formats remained a key component of the training programme and thus also support international exchange and our claim to be location-independent. In addition to IT security and compliance, we continued to focus our training programmes on providing support for individual professional tasks and personal challenges, including through online coaching. Another focus in 2023 was placed on strengthening our employer brand and increasing our attractiveness among applicants. Our online presence was in particular improved in numerous initiatives. This, for example, resulted in a follower increase of over 92 % on our Group-wide LinkedIn company profile. Our "employer promise", summarised by the slogan "We get things done", continues to be an apt description of our corporate culture and is also increasingly being used by employees in marketing and communication. A Welcome Day is organised every quarter to ensure the best-possible integration of new employees. As part of this event, employees at MM Headquarters receive a comprehensive personal introduction to the MM Group and its processes and can use this opportunity for cross-divisional networking.

Objectives

- MM Group as an attractive employer and workplace
- Promotion of professional and personal qualifications
- MM as "Employer of Choice"

This promotes the implementation of the following Sustainable Development Goals (SDGs): SDG 4.7 and 8.5.

GRI 2-7 **Employees by location and gender**

(Full Time Equivalent taking into account all fully consolidated companies)

	Dec. 31, 2023		Dec. 31, 2022	
Europe (excl. Austria)	10,110	67 %	10,613	68 %
Austria	1,784	12 %	1,777	11 %
The Americas	1,660	11 %	1,600	10 %
Rest of world (incl. Türkiye, Russia)	1,533	10 %	1,650	11 %
Total	**15,087**	**100 %**	**15,640**	**100 %**
Male	11,352	75 %	11,740	75 %
Female	3,735	25 %	3,899	25 %
Non-binary	0	0 %	1	0 %

Training and further education in the Group

	MM Group
Site-specific plant training - in hours	205,078
Of which average number of hours per participant	14
Average number of hours per participant - male	14
Average number of hours per participant - female	15
Average number of hours per participant - non-binary	0
Group-wide training courses “MM-Academy” - in hours	53,952
Of which by participants - male	39,537
Of which by participants - female	14,415
Of which by participants - non-binary	0
Group-wide training portfolio of the “MM-Academy”	308
Participants in “MM-Academy” training courses	6,139
Of these managers	1,087

GRI 404-1
GRI 404-2

A total of two cases of discrimination were reported in the financial year 2023, with all incidents being investigated and followed up on by MM. The responsible internal committees ensure that appropriate remediation plans are implemented and reviewed.

GRI 406-1

Discrimination incidents in the company[1]

	MM Group
Total number of incidents of discrimination during the reporting period	2

[1] exclusive of the closed packaging planz in Heilbronn

5 HUMAN RIGHTS

GRI 3-3
GRI 2-23

The MM Group is aware of the importance of human rights from both a value-oriented and an economic perspective and is fully committed to respecting and complying with human rights and actively avoiding human rights violations. On the one hand, this applies to the Group's own labour force as well as workers who are not employees and whose work is controlled by MM. All employees are granted the same rights and opportunities regardless of their age, gender, culture, religion, origin or other diversity characteristics. On the other hand, we are also committed to respecting human rights in our cooperation along the value chain with regard to the selection of our business partners. Thanks to the "Prewave" tool that was implemented in 2022, we can monitor our supply chain in real time for violations of social and environmental concerns and initiate targeted measures. By revising our Code of Conduct and implementing a Supplier Code of Conduct, we were also able to place a stronger focus on human rights issues.

5.1 Impacts, risks and opportunities

Although the majority of the MM Group's sites are located in European countries, the Company may nevertheless be exposed to human rights risks, particularly in countries outside Europe in which MM operates. In some of these countries there are, for example, risks of forced labour, child labour and violations of labour standards and equal opportunities. In relation to our industry and with regard to the supply chain, however, the risks are generally considered to be low.

GRI 2-8

This means that appropriate statutory compensation measures are offered to employees. Flexible working time models including part-time work are intended to contribute to the compatibility of family and career. In the MM Group, around 2 % of employees, the majority of whom are women, make use of this option. For the most part, the Group offers its employees permanent employment contracts; only around 5 % of employees, including apprentices and interns, are employed based on fixed-term contracts. At the end of the year, the Group also employed 526 contract workers (rented labour) who were deployed for plant work or to compensate for capacity fluctuations. Depending on capacity use and the order situation, there are fluctuations in the number of non-employees during the reporting period.

GRI 2-30

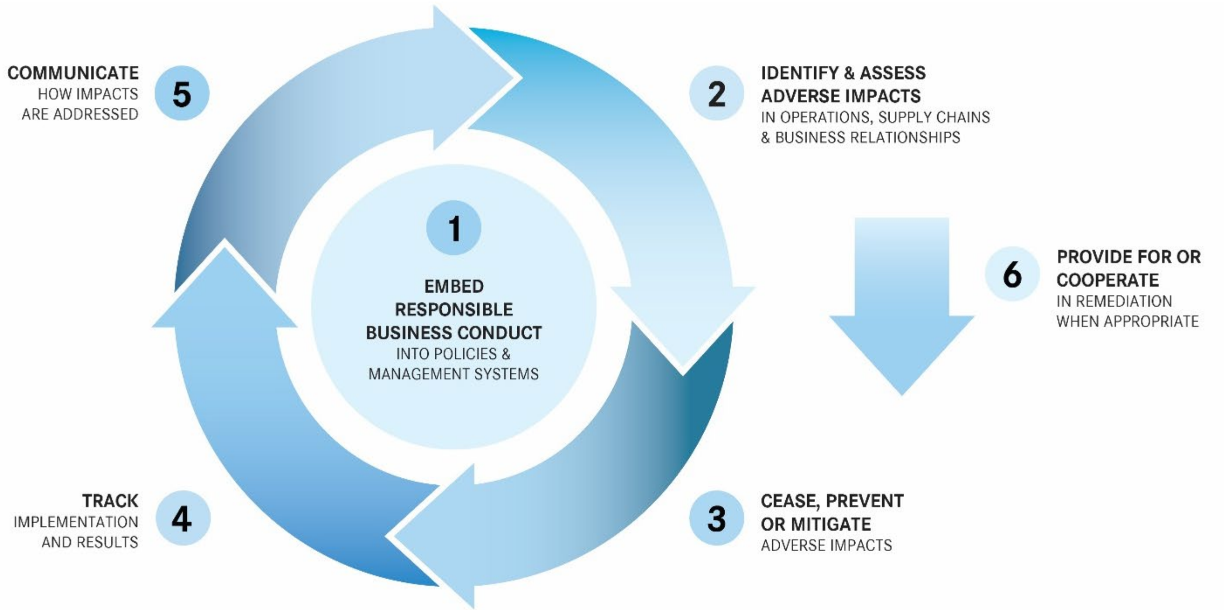
We recognise the entitlement of our employees to appropriate remuneration, which is why the remuneration paid is based on the standard market remuneration for a comparable position in the respective environment. At some locations, this includes the application of collective labour agreements. Across the Group, almost two thirds of employees are covered by a collective bargaining agreement. Consequently around 31 % of employees are not covered by a collective agreement. In this context, MM ensures that labour and employment conditions are always based on local laws and regulations. The contracts of contract workers correspond to the collective agreements of other organisations. A high level of personal identification with the company's success is an integral part of our corporate culture. For this reason, performance-related forms of remuneration, which ensure that individual employees can participate in the company's success with high performance, have a long tradition within the Group. By including occupational safety as a success factor, we want to significantly increase Group-wide identification with this success factor as well. The majority of the Group's employees are covered by defined contribution plans under the statutory pension scheme. In addition to the statutory pension scheme, the Group has made defined benefit and defined contribution pension commitments to certain employees on the basis of individual commitments and company agreements. There are also defined benefit and defined contribution severance obligations at individual locations as well as obligations under the statutory partial retirement scheme.

5.2 Management concepts and due diligence processes

GRI 3-3

The MM Group is committed to respecting human rights within its sphere of influence and rejects any form of forced labour in its company and among its business partners. The risks of human rights violations are reduced through the application of our Code of Conduct and our Supplier Code of Conduct, regular external audits and the use of the “Prewave” risk management tool. We also reject child labour everywhere in our company and among our business partners, regardless of local laws. Throughout the Group, we are therefore guided by international standards (ILO Conventions C 138 and C 182, the OECD Guidelines for Multinational Enterprises and the principles of the UN Global Compact Initiative) and keep records showing that our employees are of the minimum age required by law.

In the past financial year, the MM Group took further measures to promote sustainable and responsible corporate governance. These measures include the implementation of a global HR Policy, which serves as a strategic guideline to focus on modern HR management and establish a standardised approach for various HR-related topics. The adapted Code of Conduct and the newly implemented Supplier Code of Conduct emphasise compliance with human rights along the supply chain in accordance with minimum social protection. To support these efforts, we have appointed a “Human Rights Officer” to ensure the promotion, defence and protection of human rights within the Group. An internal survey on topics such as human rights, corruption, fair competition and information security was conducted to identify the areas on which the MM Group needs to focus. The assessment of these risks is included in the policy statement issued in compliance with the Supply Chain Due Diligence Act (LkSG) to demonstrate that the MM Group has integrated appropriate and effective risk management into all relevant business processes. In doing so, the MM Group pursues due diligence management in accordance with the OECD Guidelines for Multinational Enterprises in order to promote responsible corporate behaviour along the entire supply chain, as illustrated in the following diagram.



5.3 Measures and development

GRI 2-24 To safeguard human rights, the focus is primarily placed on awareness-raising measures such as employee training in connection with the Code of Conduct. Human rights compliance audits were carried out at selected sites of the MM Group in 2022. In addition, business partners must also commit to our Code of Conduct and, in the future, also to the newly implemented Supplier Code of Conduct. In 2023, we dealt intensively with the topic of human rights and, to this end, an assessment of the human rights performance along the supply chain was implemented. The assessment of our suppliers' human rights performance focuses on those partners that are classified as particularly important for the MM Group according to criteria such as scope/type of business activity and influence (sales). As part of our continuous efforts to ensure compliance with human rights along our supply chain, we have implemented a "360° Risk Score Model". This model provides a comprehensive assessment of our risks and is made up of four main components: alert score, peer score, self-assessments and external data. Each component contributes a certain percentage to the overall score: the alert score is based on the number and impact of alerts associated with a target, taking into account their urgency and the point in time of their occurrence. The peer score (30 %) reflects the risk within the same industry and country, based on industry and country indices. Self-assessments carried out by suppliers within "Prewave" and external data (10 %) provided by the "Prewave" user can also be included in the assessment. This multi-layered approach enables us to obtain a differentiated picture of the risks associated with our business partners and makes a significant contribution to fulfilling our commitments in the area of human rights. This risk analysis serves as the basis for compliance with the German Supply Chain Duty of Care Act, which the German organisational units and subsidiaries of German parent companies are obliged to comply with as of 2024.

Objectives

- Ensuring compliance with human rights within the MM Group

Objectives achieved

- Assessment of the human rights performance of 100 % of the MM Group's "most important suppliers" by 2023

This promotes the implementation of the following Sustainable Development Goals (SDGs): SDG 8.5.

GRI 408-1

	MM Board & Paper	MM Packaging[1]
Cases of child labour	0	0
Cases of forced labour	0	0
Production countries with Fundamental Rights Index ≤ 0.4 (Rule of Law)	0 out of 6	4 out of 24

[1] exclusive of the closed packaging plant in Heilbronn

6 SAFETY AND HEALTH

Another very successful year proves the effectiveness of our employee protection concept. The monthly measurement and evaluation of key occupational safety and health figures for all operational organisational units enables us to provide timely support. Numerous plant visits were carried out. They go far beyond mere inspections. The focus remains on sustainably improving our safety culture. This is achieved using modern, holistic methods and a clear definition of responsibilities. In addition, the implementation of a Safety Policy in the financial year 2023 has created a basis for compliance with the safety and health regulations and standards that apply to the MM Group and all its subsidiaries worldwide. The MM Group's vision is to "create a safe workplace by applying a preventive approach".

6.1 Impacts, risks and opportunities

GRI 403-2 Despite accident prevention and health promotion measures, risks arise from work-related stress. Possible impairments arise from working in shifts, handling chemicals, working in confined spaces and working with fire and hot work. Mental stress can also have an impact on employees' health. The top five risks and opportunities are visualised in each of our plants in order to focus on continuous improvement.

GRI 3-3

6.2 Management concepts and due diligence processes

GRI 403-1
GRI 403-3
GRI 403-4
GRI 403-5
GRI 403-6
GRI 403-7

The MM Group has developed a model with five pillars to achieve rapid and sustainable measurable improvements:

Implementation of a Safety Policy as a documented summary of our values, requirements and obligations. In addition, the importance of employee protection and occupational health care for employees is explained. The tasks of those responsible and their special role model effect are at the core. The fulfilment of and compliance with legal requirements are merely the basis; continuous improvement is expected and supported. Basic rules and generally applicable protective measures complete the policy.

Priorities are identified based on a close measurement of retrospective and forward-looking key performance indicators. The evaluation shows the respective situation of the individual locations; centrally controlled, individual targets are used for further development. In the area of prevention, the aim is to achieve over-fulfilment in order to significantly reduce the risk of accidents. At the same time, the ongoing reduction in the severity of accidents is an important indicator.

The existing safety culture is incorporated through individualised support on site. We are aware of the fact that the level of maturity must be understood on the basis of the existing situation. The agreed measures are particularly aimed at the quality of leadership and any behaviour that is considered desirable is positively reinforced. A practical application of positive reinforcement of desirable behaviour is geared towards the specifics of individual sites, the internal attitude of the employees and the history of each individual location. Full responsibility always remains with the top management of the supervised organisational unit.

A key advantage of the Group consists in the synergies created by the merger of heterogeneous sites. In particular, the sharing of the best available solutions is coordinated and driven forward. It allows for a rapid implementation of proven measures at the best economic performance possible. Open communication beyond company boundaries broadens the range of possibilities. Ongoing investments in the area of technical implementation make progress quantifiable and centrally controllable.

The best targeted results are achieved at site level. We support the special responsibility of the respective plant management with a clear commitment to the development and deployment of local experts. An appropriate exchange of knowledge and experience is also important to us. Regular cross-site meetings are organised and important findings and safety warnings are shared. The establishment of regional or other higher-level positions is avoided wherever possible, and a very lean organisation prevents unwanted expenses.

Ongoing company medical care, a continuous range of training courses on safety and health at work and preventive medical check-ups are offered and used by our employees. The sustainable approach also includes targeted investments in ergonomic aids, contributing significantly to keeping our employees healthy.

6.3 Measures and development

The site visits are supplemented by the validation of the implementation of basic rules and protective measures as defined by the Safety Policy. This creates a common basis. The fair standard of aligning all sites with the Group's accident rate will be continued. In order to enable continuous further development, targets are set based on the previous year's targets, not on the annual result. This means that coincidental successes cannot jeopardise our sustainable approach.

Objectives

- Promotion of accident prevention: mandatory reporting of near-misses, unsafe conditions and actions for all MM sites; based on the target value 2023 of 6,886 reports, at least 7,518 reports are expected as the target value for 2024.
- Reduction of the accident rate $LTAR_{(200)}$ at all sites, based on a reduction of the threshold value 2023 of 1.96 to a threshold value 2024 of no more than LTAR 1.76, which should not be exceeded.

Objectives achieved

- Promotion of accident prevention: mandatory reporting of near-misses, unsafe conditions and actions for all MM sites. Based on the 2022 result of 6,243 reports, at least 6,886 reports were expected as a target value for 2023
- Reduction in the accident rate $LTAR_{(200)}$ at all sites, based on a reduction of the Group result from 2.18 to a threshold value of no more than LTAR 1.96 in 2023

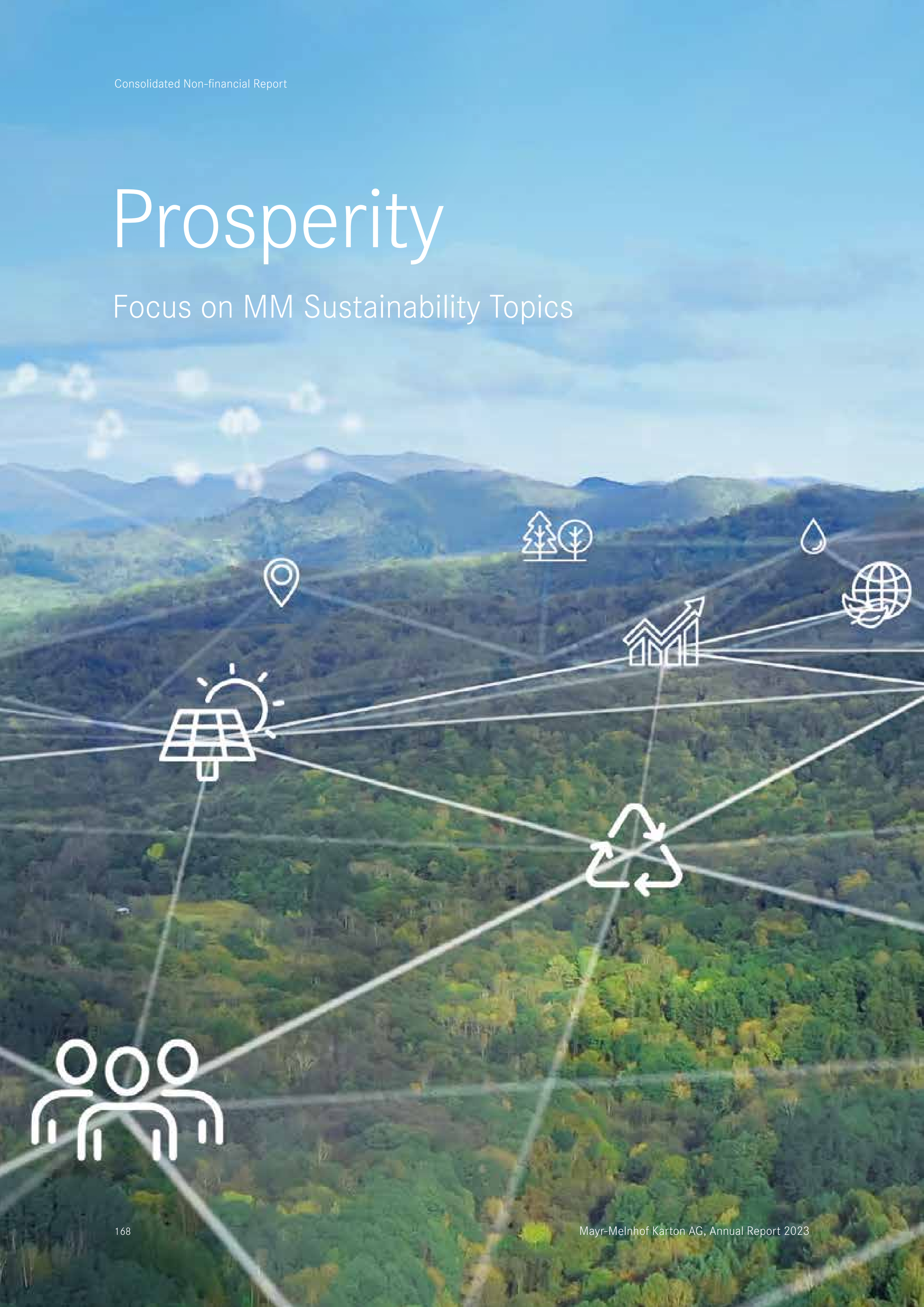
GRI 403-8
GRI 403-9

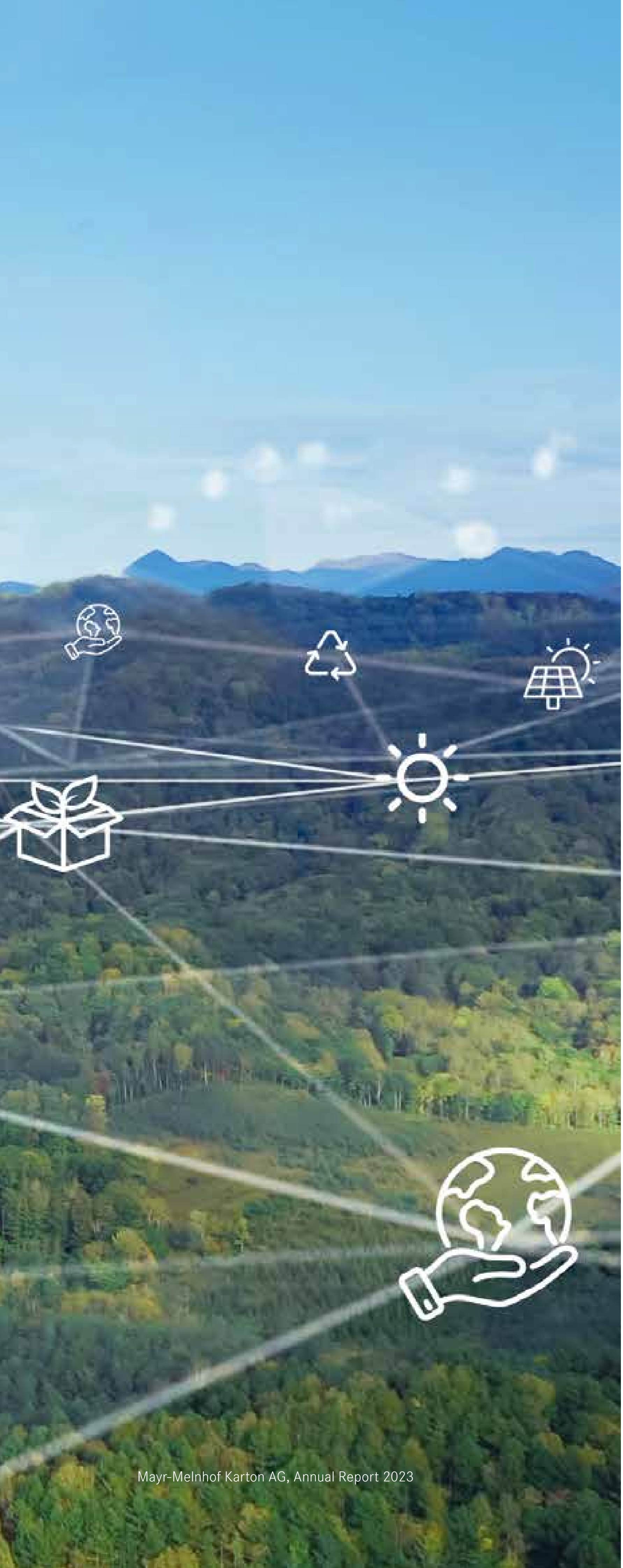
	MM Group
Occupational accidents with more than one day of absence	166
Accident rate $LTAR_{(200)}$	1.27
Hours worked (in million h)	26
Prevention - number of near-miss reports	12,263
Days lost due to accidents[1)]	2,099
Support visits to sites	99
Occupational accidents with serious consequences[2)]	0
Fatal occupational accidents	0

[1)] Change of measurement 2021 calendar days / 2022 working days
[2)] Occupational accidents with subsequent impairment of quality of life

Prosperity

Focus on MM Sustainability Topics





99 %

ISO-9001-certified production sites

90 %

of key suppliers assessed

0

legal proceedings concerning anti-competitive behaviour

We pursue a holistic approach to achieve growth and actively promote the circular economy. Through our economic success, technical innovations and compliance with laws, we contribute to the well-being of people and nature. MM emphasises appropriate, compliant behaviour along the entire value chain.

7 RESPONSIBLE MANAGEMENT

GRI 2-23 GRI 2-24 MM's objective is a sustainable increase in corporate value through responsible corporate activity in conformity with all legal regulations, industry standards and the universal principles of the UN Global Compact in the areas of human rights, labour standards, environmental protection and anti-corruption. In this context, compliance with laws, standards and codes of conduct was defined as a key issue for the MM Group and as a contribution to society. This also includes measures to prevent corruption, ensure compliance with antitrust law and protect data in terms of corporate data responsibility. In 2023, we implemented a global HR Policy aimed at employees, customers, suppliers and affected communities. This measure was taken against the background of our responsibility for sustainable and responsible corporate governance. In addition, we have implemented a global Safety Policy to ensure that the MM Group and its subsidiaries worldwide comply with applicable health and safety regulations and standards. This measure emphasises our commitment to the safety and well-being of our employees and all those involved in our business activities. In addition, the Code of Conduct adapted in this financial year and the newly implemented Supplier Code of Conduct emphasise compliance with human rights along the supply chain in accordance with minimum social protection. We pursue due diligence management in accordance with the OECD Guidelines for Multinational Enterprises in order to promote responsible corporate behaviour along our entire supply chain. We use innovative tools to further minimise risks along the entire value chain. The MM Group recognises its responsibility towards the environmental impact of its own business activities above and beyond the minimum legal standards. Our aim is to minimise the negative impact of our processes along the entire supply chain through sustainable products.

The "EcoVadis" sustainability rating was submitted at Group level for the first time in the financial year 2022. In addition to the environment, ethics and sustainable procurement, the rating focuses primarily on human and labour rights. In 2023, we developed and implemented a dedicated action plan to strive for continuous improvement in our sustainability rating.

7.1 Impacts, risks and opportunities

Compliance with guidelines and requirements is essential both for our customer relations and for the trust all other stakeholders place in us. Potential risks of the MM Group's business activities include possible non-compliance with standards, GRI 205-3 laws, codes of conduct and, where applicable, voluntary declarations of commitment as well as cases of corruption and anti-competitive behaviour. The risk of corruption is classified as very low in European countries due to legal regulations. Furthermore, we assume that the MM Group's business is not at the centre of fraudulent activities, in particular due to the low fungibility of the products manufactured. Protecting the data of our customers and employees is a high priority. In this respect, we comply with the legal requirements for the protection of our stakeholders' data and take measures to minimise the risk of potential cyberattacks and ensure information security.

7.2 Management concepts and due diligence processes

GRI 3-3

The MM Board & Paper division generates 92 % of its sales in Europe, 1 % in America and 7 % in the rest of the world. The six cartonboard and paper mills are located in Germany, Poland, Finland, Austria and Slovenia. Our fibre mill is located in Norway. The MM Packaging division has 64 production sites in 24 countries on three continents. 70 % of sales are generated in European countries. MM Packaging's production outside Europe takes place in China, the Philippines, the United States, Canada, Colombia, Puerto Rico, Chile, Vietnam, Jordan and Iran. We comply with all relevant laws and regulations of the countries in which we do business and observe the respective social standards. The key requirements, guidelines, standards and certifications with regard to sustainability are listed in extracts in the chapters above. We always act in the best interests of the MM Group and keep corporate and private interests strictly separate. We make every effort to avoid even apparent conflicts of interest. We make decisions on the basis of sound business judgement in accordance with laws and standards. In our business relationships, we conduct ourselves impeccably within the framework of the relevant provisions against corruption, bribery, fraud and money laundering. We undertake to refrain from awarding gifts, benefits or shareholdings that could lead to a conflict of interest. It is also prohibited to accept, offer or make bribes or other illegal payments and benefits. In accordance with Rule 18a of the Austrian Code of Corporate Governance, the Management Board reports to the Supervisory Board at least once a year on the precautions taken to combat corruption within the Group.

We are fully committed to fair competition vis-à-vis our competitors, business partners and other market participants. At the same time, we are committed to complying with the laws against the restriction of competition in all countries in which the MM Group does business. Compliance, which encompasses all measures aimed at adhering to laws, rules of conduct and other standards, is a central management task of the Management Board within the Group, for which the CFO (Chief Financial Officer) is in particular responsible. For this purpose, the "Compliance" department has been established as part of the MM Group's legal department. The "Compliance" department coordinates the development of compliance management with the CFO. The "Internal Audit" department audits compliance with internal Group guidelines (Group Organisational Guidelines) in a risk-oriented manner with a focus on operational processes. It reports to the Management Board and is authorised to communicate directly with the Audit Committee.

We counter the compliance risk, i.e. the risk of possible non-compliance with standards, laws, rules of conduct and, where applicable, voluntary declarations of commitment, with a wide range of measures: to ensure compliance, we subject our internal and external processes to continuous monitoring and, in this context, also work together with external experts to continuously check that our business practices comply with applicable legislation. Our employees have clear guidelines on compliance and lawful conduct in the form of Group-wide "Organisational Guidelines". These guidelines are supplemented by training courses, particularly in complex areas such as competition law, data protection and information security. Significant violations of environmental, social and economic laws and regulations are reported via our reporting/controlling platform. GRI 2-27

Last year, the MM Group achieved significant successes in the Operational Technology (OT) security sector. A key point was the launch of a far-reaching OT compliance project aimed at strengthening security in industrial control systems. The project covered the identification and prioritisation of critical infrastructure components and introduced specialised security strategies to address risks for industrial control systems and automated manufacturing processes. In addition, the MM Group intensified its efforts in OT security by adopting new, advanced technologies. These include sophisticated monitoring and detection systems that enable early detection of irregularities and potential security breaches. The revision and improvement of existing security protocols now underway will help to create a more resilient and responsive defence against cyber threats in the future. With these comprehensive measures, the MM Group is expanding its ability to respond to current challenges and proactively address future risks in the dynamic OT security landscape.

7.3 Measures and development

MM stands for responsible corporate governance. Guided by the principles of integrity, honesty and transparency, we as the MM Group are committed to fulfilling the highest possible standards in terms of quality, safety and sustainability. A GRI 2-25 whistleblower system has been implemented with the “MM Integrity Line” and reports are strictly confidential and subject GRI 2-26 to our Data Protection Policy. Since the reporting period 2023, the total number and type of reports received have been GRI 2-16 reported to the Supervisory Board annually at the Supervisory Board meetings. In 2023, 62 reports with sufficient information were recorded, the vast majority of which were received via the “MM Integrity Line”. In addition to safety and other issues, the majority of reports received related to HR issues.

Objectives

- Demand and promote compliance in line with compliance requirements within and outside the MM Group
- Continue to promote internal training on competition law, data protection and information security

This promotes the implementation of the following Sustainable Development Goals (SDGs): SDG 8.7.

		MM Group
GRI 2-27	No significant fines or sanctions due to non-compliance with environmental, social and economic laws and regulations	✓

GRI 205-3 In the financial year 2023, one employee of our MM Kwidzyn cartonboard and paper mill was dismissed due to a case of corruption.

		MM Board & Paper	MM Packaging[1]
	Production countries with a corruption index < 30 according to the Transparency International Corruption Index 2023	0 out of 6	1 out of 24
	Confirmed cases of corruption	1	0
GRI 206-1	Claims/legal proceedings concerning anti-competitive behaviour	0	0

[1] exclusive of the closed packaging plant in Heilbronn

8 INNOVATION AND QUALITY

At the MM Group, innovation is a process that provides timely solutions for future challenges and creates new, more sustainable solutions that also go beyond previous business areas. A focus is placed on sustainably securing and strengthening growth and competitiveness as well as increasing efficiency and reducing costs in the long term. The MM Group aims to identify market and future trends at an early stage and use them to create value for its customers and the Group as a whole. Innovations are also driven forward with a particular focus on sustainability and product safety. The safety of (food) packaging has long been a key issue for the MM Group. This means that the MM Group's products themselves do not contain any harmful substances and are also safe against migration and other external influences.

With MM Moulded Pulp, we have created a fibre-based alternative to plastic packaging that can be used as an insert for cosmetic products or food containers, for example. In addition, MM GreenPeel can reduce the amount of plastic used for packaging by up to 85 %. The tray is suitable for numerous applications, including ready meals, snacks, fish and meat.

8.1 Impacts, risks and opportunities

On the one hand, innovation activities are driven by the need to continuously optimise products and processes, while on the other hand, changing legal conditions sometimes require further development. Finally, the development of new, future business areas and target applications is the driving force behind innovation activities. The development and realisation of product innovations always takes into account possible risks to product safety.

Potential product contamination, consumer health risks and possible violations of relevant regulations, laws and guidelines as well as possible recalls along the supply chain are minimised through high quality management standards and regular internal and external inspections. The development of innovative and more sustainable packaging solutions, which combine a high level of safety for packaged goods and consumers with the environmental benefits of resource conservation and recyclability, offers particular opportunities.

8.2 Management concepts and due diligence processes GRI 3-3

A newly created and continuously developed innovation process ensures that innovations are supported in a targeted manner with the necessary resources and the right experts from our specialist departments, from brainstorming to implementation. The focus is on evaluating innovations in detail and implementing them as projects as quickly as possible in order to meet the requirements for state-of-the-art technological functionality, quality, safety and sustainability.

As part of the organisational structure, "Group Quality Management" and "Group Product Safety" deal with complaints management and ensure product quality, having these efforts confirmed through external certifications. External certifications are an important proof for customers and end users that our product innovations are sustainable, socially acceptable and harmless to health. They also confirm legal conformity in the area of product safety. Regularly checking both existing products and innovative solutions for compliance with certification criteria also ensures rigorous quality assurance, which is also visible to the outside world. GRI 2-25 GRI 416-1

All production sites of the MM Board & Paper division and 63 of the 64 sites of the MM Packaging division are certified according to ISO 9001 quality management systems. In addition, we operate product safety and hygiene management systems certified on the basis of BRC Packaging (of the British Retail Consortium) and FSSC 22000 – and thus recognised by the Global Food Safety Initiative (GFSI) – or certified in accordance with other standards, such as ISO 22000. All MM Board & Paper mills and 50 % of MM Packaging's plants are certified according to one or more of the above international hygiene management standards. Delivering safe food packaging to customers and end consumers is a priority in the folding carton industry. As an initiative of the European Carton Makers Association (ECMA), the ECMA GMP Guideline was developed to ensure consumer food safety. All European packaging plants fulfil the requirements of this guideline.

The respective certifications of individual MM locations can be found on our divisional websites at https://www.mm-boardpaper.com/unternehmen/werke and https://www.mm-packaging.com/unternehmen/werke.

8.3 Measures and development

The first Group-wide ideas platform "we.invent" was launched in the financial year 2021 to give all Group employees the opportunity to submit ideas and thus get them involved into the innovation process. At the MM Group, we are convinced that every single idea counts and can achieve great things. For this reason, all ideas submitted go through a stage-gate process, are evaluated and prioritised. The best ideas are honoured and finally implemented.

In the financial year 2023, we made significant progress concerning the development of more sustainable packaging that meets the highest recyclability requirements and sets new standards for more environmentally friendly packaging solutions. This progress is in line with the European Packaging and Packaging Waste Regulation (PPWR). Our innovations and product developments are based on an intensive dialogue among different departments and a close cooperation between the sustainability and innovation departments.

Our MM Board & Paper division relies on a close connection between the departments in order to enrich the market with more sustainable products. In the first half of 2023, the company launched ALASKA® BARRIER GREASE, a hard sized virgin fibre cartonboard with an innovative grease barrier and good moisture protection. This was followed by MCM Brown, a recycled cartonboard with a brown reverse side. Both products are recyclable and contribute to recycling and the protection of resources. MM Board & Paper sees the requirements of the PPWR as an opportunity to further strengthen its market position.

Our MM Packaging division has set up the "MMP XBU Innovation Team" to drive innovation and share best practices. Each business unit manages its own innovation pipelines and priorities. In this way MM Packaging promotes the further development of an innovation mentality and creates a standardised innovation framework as part of a common stage-gate process.

Objectives

- Push product and process innovations to optimise the product end-of-life
- Improve the use of natural raw materials and further substitution of plastics across the MM product range

This promotes the implementation of the following Sustainable Development Goals (SDGs): SDG 9.4.

GRI 416-1
GRI 416-2

	MM Board & Paper	MM Packaging[1]
Assessment of the safety and health impacts of products and service categories	100 %	N/A
Incidents of non-compliance concerning the health and safety impacts of products and services	0	0
ISO 9001-certified production sites	7 out of 7	63 out of 64
Production sites certified according to food safety and hygiene (BRC, ISO 22000, EN 15593, ECMA GMP, HACCP)	7 out of 7	32 out of 64

[1] exclusive of the closed packaging plant in Heilbronn

9 VALUE CHAIN

Together with our customers and partners, we are pursuing the goal of making our products even more sustainable along the entire value chain. As the MM Group, we see ourselves as part of a larger whole. In order to drive forward sustainable development while taking economic, environmental and social aspects into account, we need to work together as partners. This is the only way to achieve systemic change towards greater sustainability. The integration of the entire value chain is a win-win situation for all stakeholders involved. GRI 2-6

9.1 Impacts, risks and opportunities

Our close contact with partners along the value chain offers flexibility and agility and an intensive dialogue enables us to react quickly to changing market requirements. MM focuses on the accumulation of detailed knowledge along the product life cycle. Compliance with legal regulations is the minimum standard for our production. A breach of any kind of applicable regulations represents a risk for the MM Group. As part of a long production chain, the MM Group is dependent not only on its own performance but also on the performance of the partners involved along the supply chains. For this reason, the MM Group is intensifying its efforts to record and understand its own suppliers and their production steps in greater detail. In this context, a risk assessment of suppliers was implemented at Group level in the financial year 2023. Risks and opportunities are to be identified and appropriately categorised, processed or eliminated. In this way, we also support our customers in realising their sustainability goals. Transparency and knowledge sharing are fundamental prerequisites for this. With this in mind, the risk assessment of suppliers was implemented in the reporting period using the “Prewave” supplier risk management platform. This enables the monitoring of ESG risks in real time, based on artificial intelligence. The platform also increases transparency in the event of violations of human rights and fair working conditions by continuously monitoring and efficiently analysing relevant data. The 360° risk score model provides us with significant support by allowing for a comprehensive, data-based risk assessment of all relevant aspects of our supply chain, thereby making a significant contribution to strengthening our ESG strategy. GRI 2-23

GRI 3-3
GRI 2-28

9.2 Management concepts and due diligence processes

For years, the MM Group has participated in the collection of emissions and environmental data by CDP (Disclosure Insight Action) in order to have its sustainability performance assessed by external, internationally recognised institutions and to disclose the results of these assessments within the value chain. In 2023, the MM Group was awarded an "A" rating in all three assessment categories for the first time. In the areas of "Climate", "Forests" and "Water", the company is now one of only ten out of 21,000 assessed companies worldwide to have achieved "Leadership Status" in all three categories. This proves all the more our high awareness of environmentally relevant risks and the successful implementation of measures by the management.

In 2021, MM joined the global "Business Ambition for 1.5°C" initiative in order to contribute to limiting global warming to 1.5°C by 2050 through appropriate measures. As part of this, the MM Group is committed to implementing science-based climate targets.

Cooperation with international industry associations and interest groups plays a particularly important role for the MM Group to achieve its sustainability goals. MM is regularly represented at trade fairs and congresses on the topic of sustainability, takes part in global competitions and is involved in European (e.g. CEPI, ECMA, Europen) and national interest groups (e.g. VDP, Austropapier) on a long-term basis through company representatives. Since 2019, the MM Group has been part of the 4evergreen Alliance, which was initiated by CEPI, the European Association of the Paper Industry, and creates guidelines for current and future EU legislation on more sustainable packaging (http://www.cepi.org/4evergreen). In the 4evergreen Alliance, companies along the entire value chain work together to improve the recycling of fibre-based packaging and to make joint progress in the development of recyclable materials.

We have been involved in the legislative process for the Packaging and Packaging Waste Regulation (PPWR), via national and international associations. Our main aim was to emphasise the need to substitute plastics and increase the recyclability of our product lines in order to support the legislative process in line with our sustainable circular economy strategy.

9.3 Measures and development

We expect our business partners to always comply with all legal regulations and industry standards along the supply chain and encourage them to introduce and implement similar principles of responsibility. In MM's terms and conditions of purchase, suppliers are obliged to comply with our Code of Conduct and, in the future, also with the MM Group's Supplier Code of Conduct. In addition, we are pushing ahead with the expansion of supplier evaluations with regard to environmental and social criteria, particularly for risk management, at Group level, for which the MM Group's sustainability targets defined in 2021 serve as a basis. The integration of the "KODIAK" supplier relationship management platform in the MM Packaging division strengthens the transparency, traceability and resilience of our supply chain. By integrating supplier assessments based on the German Supply Chain Duty of Care Act (LkSG), we can ensure that our suppliers comply with legal regulations and MM-specific requirements. The supplier questionnaire focuses on sustainability issues such as environmental management and human rights.

As part of the further development of our "MM Supply Chain 2022" project, this year's process steps also focused on adapting to the requirements of the LkSG. This strategic focus enables us to identify specific risks associated with this new legal framework at an early stage and take appropriate measures internally. By implementing the "Prewave" risk management software, we can respond more efficiently to the complex requirements and ensure that our supply chains are not only more resilient, but also compliant with current and future legal requirements. This is a key step towards further strengthening the sustainability and compliance of our supply chain and fulfilling our obligations to the environment and society. Awareness-raising is also important to us in this context. For example, we presented our supply chain risk management approach to company representatives from various industries at various event formats, such as the 2023 Supply Chain Summit organised by the Austrian Federal Economic Chamber.

The “MM Supply Chain 2022” project is funded by the Federal Ministry for Climate Action, Environment, Energy, Mobility, Innovation and Technology (BMK) and is being implemented by Schieneninfrastruktur-Dienstleistungsgesellschaft mbH (SCHIG mbH) as part of the logistics funding programme.

Based on this, we can better assess the sustainability performance of our suppliers, focussing on those that have been classified as particularly important for the MM Group according to criteria such as scope/type of business activity and influence (sales). By increasing interaction with our suppliers and partners, we want to achieve a systemic change towards sustainability and implement innovations to promote the circular economy.

Objectives

- Exchange on the MM Group’s sustainability targets with 90 % of its “key suppliers” by 2025
- Promote cooperation for circular innovations along the entire value chain

Objectives achieved

- Assessment of the sustainability performance of 90 % of the MM Group’s “key suppliers” by 2023

This promotes the implementation of the following Sustainable Development Goals (SDGs): SDG 12.2.

Disclosures on the Consolidated Non-financial Report

GRI 2-1 With this report, Mayr-Melnhof Karton AG (hereinafter also referred to as MM Group/MM) fulfils its obligation to prepare a separate consolidated non-financial report in accordance with Section 267 a of the Austrian Commercial Code (UGB). Accordingly, MM has now expanded its annual financial reporting for the seventh time to include information on material non-financial aspects of its business activities in the areas of employee, social and environmental matters as well as respect for human rights and the fight against corruption and bribery. This year, the Consolidated Non-financial Report was once again prepared in accordance with the GRI standards published by the Global Sustainability Standards Board (GSSB). The standards of the Global Reporting Initiative (GRI) have become established as an internationally recognised framework for sustainability reporting. The GRI content index can be found in the appendix on pages 192 ff.

GRI 2-2 GRI 2-6 This Consolidated Non-financial Report was prepared by Mayr-Melnhof Karton AG, Vienna, as of December 31, 2023. It covers the activities and key figures of the MM Group in accordance with the reporting boundaries and the reporting period of the 2023 Annual Report. Any deviations from the scope of consolidation are indicated in the individual chapters.
GRI 2-3 The report relates to the financial year 2023, which corresponds to the calendar year 2023. The last available report is dated December 31, 2022. In the reporting period, there were the following significant changes to the size, structure and ownership of the organisation: closure of the Schilling packaging plant in Heilbronn, Germany.

PwC Wirtschaftsprüfung GmbH, Vienna, has performed an independent limited assurance review of the Consolidated Non-financial Report. The corresponding report can be found on page 198.

GRI 3-1 The Consolidated Non-financial Report of Mayr-Melnhof Karton AG has been published annually since 2017 and is subject to a continuous improvement process. In the reporting period 2021, significant progress was already made in sustainability management and non-financial reporting. The 2021 revision of the GRI Standards has made the “core” and “comprehensive” reporting options obsolete. Accordingly, the switch from “core” to reporting “in accordance” with the GRI Standards took place in the financial year 2022. This means an expansion of non-financial reporting for the MM Group. The determination of relevant data using a new reporting/controlling platform for non-financial key figures was already implemented in 2021. In 2022, the annual reporting of our sites was expanded to include a monthly data query in order to further increase transparency and data quality. Since the financial year 2023, we have been preparing monthly emissions reports for our Management and Supervisory Board in order to provide continuous information on our decarbonisation progress. In addition, the introduction of the Sustainability Bonus has accelerated the implementation of our decarbonisation strategy and the achievement of our Science Based Targets. These targets were officially confirmed by the Science Based Targets Initiative in 2022 and supplemented in the fourth quarter of 2023 by the commitment to a Net Zero Target at SBTi. Our ambitions are also reflected in our CDP rating, where we achieved a triple A rating in 2023.

When integrating climate-related risks and opportunities into the existing reporting structure, we are guided by the TCFD (Task Force on Climate-Related Financial Disclosures) framework. MM is committed to biodiversity conservation and access to sustainable, fibre-based raw materials, and this is set out in the “MM Policy for Forests and Natural Ecosystems”. A water catchment analysis was carried out for the MM Board & Paper mills already in 2021 and the “Blue Water Consumption” project was initiated in 2022 in order to map water-related impacts holistically, taking into account direct and indirect aspects. In 2023, we carried out a water scarcity analysis in the Board & Paper division and found that our water use has only a minor impact.

The inclusion of sustainability agendas in investments is of great importance for the MM Group's business activities and is being driven forward by legal requirements such as the EU taxonomy. We intend to consistently continue the ongoing development of data collection processes and reporting in the coming years. In this reporting season, we have already made comprehensive preparations for the requirements of the Corporate Sustainability requirements of the Corporate Sustainability Reporting Directive (CSRD) and the European Sustainability Reporting Standards (ESRS) that will apply to the MM Group as of the financial year 2024. This will enable us to integrate the demand for increased transparency, international comparability and the growing need for information on behalf of our stakeholders into the Group's sustainability management.

Contact: Stephan Sweerts-Sporck GRI 2-3
Phone: +43 1 501 36 91180; e-mail: investor.relations@mm.group

Vienna, March 11, 2024

The Management Board

Peter Oswald m. p. Franz Hiesinger m. p.

Appendix: MM sustainability performance at a glance

GRI 2-3 GRI 2-4 On the following pages, we present an overview of the MM Group's sustainability performance over the last three financial years from 2021 to 2023 (if reliable data is available for all reporting periods). The disclosure of our non-financial key figures covers all production sites of the MM Board & Paper and MM Packaging divisions with full-year values. The closed Packaging plant in Heilbronn is no longer included.

EU TAXONOMY CONTENT INDEX

Financial year	2023			Substantial contribution criteria						DNSH criteria (Do No Significant Harm)									
Economic activities	Code	Turnover	Proportion of turnover, 2023	Climate change mitigation	Climate change adaptation	Water	Pollution	Circular economy	Biodiversity	Climate change mitigation	Climate change adaptation	Water	Pollution	Circular economy	Biodiversity	Minimum safeguards	Proportion of Taxonomy aligned (A.1.) or eligible (A.2.) Turnover, 2022	Category (enabling activity)	Category (transitional activity)
Text		*T€*	*%*	*Y; N; N/EL*	*Y; N; N/EL*	*Y; N; N/EL*	*Y; N; N/EL*	*Y; N; N/EL*	*Y; N; N/EL*	*Y/N*	*Y/N*	*Y/N*	*Y/N*	*Y/N*	*Y/N*	*Y/N*	*%*	*E*	*T*
A. TAXONOMY-ELIGIBLE ACTIVITIES																			
A.1 Environmentally sustainable activities (Taxonomy-aligned)																			
Turnover of environmentally sustainable activities (Taxonomy-aligned (A.1)		0,00	0%	0%	0%	0%	0%	0%	0%	Y	Y	Y	Y	Y	Y	Y	0,00%		
Of which Enabling		0,00	0%	0%	0%	0%	0%	0%	0%	Y	Y	Y	Y	Y	Y	Y	0,00%	E	
Of which Transitional		0,00	0%	0%						Y	Y	Y	Y	Y	Y	Y	0,00%		T
A.2 Taxonomy-eligible but not environmentally sustainable acitivities (not Taxonomy-aligned activities) (g)																			
				EL; N/EL	*EL; N/EL*	*EL; N/EL*	*EL; N/EL*	*EL; N/EL*	*EL; N/EL*										
Turnover of Taxonomy-eligible but not environmentally sustainable activities (not Taxonomy-aligned activitites) (A.2)		0,00	0%	0%	0%	0%	0%	0%	0%								0,00%		
A. Turnover of Taxonomy eligible activities *(A.1 + A.2)*		0,00	0%	0%	0%	0%	0%	0%	0%								0,00%		
B. TAXONOMY NON-ELIGIBLE ACTIVITIES																			
Turnover of Taxonomy-non-eligible activities		0,00	0%																
TOTAL		4.164.403,27	100%																

	Proportion of turnover/Total turnover	
	Taxonomy-aligned per objective	Taxonomy-eligible per objective
CCM	0%	0%
CCA	0%	0%
WTR	0%	0%
CE	0%	0%
PPC	0%	0%
BIO	0%	0%

Financial year 2023	2023			Substantial contribution criteria						DNSH criteria (Do No Significant Harm) (h)									
Economic activities	Code	CapEx	Proportion of CapEx, 2023	Climate change mitigation	Climate change adaptation	Water	Pollution	Circular economy	Biodiversity	Climate change mitigation	Climate change adaptation	Water	Pollution	Circular economy	Biodiversity	Minimum safeguards	Proportion of Taxonomy aligned (A.1.) or eligible (A.2.) CapEx, 2022	Category (enabling activity)	Category (transitional activity)
Text		*T€*	*%*	*Y; N; N/EL*	*Y; N; N/EL*	*Y; N; N/EL*	*Y; N; N/EL*	*Y; N; N/EL*	*Y; N; N/EL*	*Y/N*	*Y/N*	*Y/N*	*Y/N*	*Y/N*	*Y/N*	*Y/N*	*%*	*E*	*T*
A. TAXONOMY-ELIGIBLE ACTIVITIES																			
A.1 Environmentally sustainable activities (Taxonomy-aligned)																			
Transport by motorbikes, passenger cars and light commercial vehicles	*CCM 6.5*	323,75	*0,07%*	Y	N	N	N	N	N	Y	Y	Y	Y	Y	Y	Y	*0,00%*		
Freight transport services by road	*CCM 6.6*	124,17	*0,03%*	Y	N	N	N	N	N	Y	Y	Y	Y	Y	Y	Y	*0,00%*		
Installation, maintenance and repair of energy efficiency equipment	*CCM 7.3*	26,44	*0,01%*	Y	N	N	N	N	N	Y	Y	Y	Y	Y	Y	Y	*0,00%*		
Installation, maintenance and repair of charging stations for electric vehicles in buildings (and parking spaces attached to buildings)	*CCM 7.4*	56,00	*0,01%*	Y	N	N	N	N	N	Y	Y	Y	Y	Y	Y	Y	*0,01%*	E	
Installation, maintenance and repair of renewable energy technologies	*CCM 7.6*	3.221,42	*0,71%*	Y	N	N	N	N	N	Y	Y	Y	Y	Y	Y	Y	*0,14%*		
CapEx of environmentally sustainable activities (Taxonomy-aligned (A.1)		3.751,78	*0,83%*	*100%*	*0%*	*0%*	*0%*	*0%*	*0%*	Y	Y	Y	Y	Y	Y	Y	*0,16%*		
Of which Enabling		56,00	*1,49%*	*1,49%*	*0%*	*0%*	*0%*	*0%*	*0%*	Y	Y	Y	Y	Y	Y	Y	*0,01%*	E	
Of which Transitional		0,00	*0,00%*	*0%*						Y	Y	Y	Y	Y	Y	Y	*0,00%*		T
A.2 Taxonomy-eligible but not environmentally sustainable acitivities (not Taxonomy-aligned activities)																			
				EL; N/EL	*EL; N/EL*	*EL; N/EL*	*EL; N/EL*	*EL; N/EL*	*EL; N/EL*										
Transport by motorbikes, passenger cars and light commercial vehicles	*CCM 6.5*	2.985,63	*0,66%*	*EL*	*N/EL*	*N/EL*	*N/EL*	*N/EL*	*N/EL*								*0,36%*		
Freight transport services by road	*CCM 6.6*	2.692,18	*0,59%*	*EL*	*N/EL*	*N/EL*	*N/EL*	*N/EL*	*N/EL*								*0,44%*		
Infrastructure for rail transport	*CCM 6.14*	43,68	*0,01%*	*EL*	*N/EL*	*N/EL*	*N/EL*	*N/EL*	*N/EL*								*0,07%*		
Construction of new buildings	*CCM 7.1*	0,00	*0,00%*	*EL*	*N/EL*	*N/EL*	*N/EL*	*N/EL*	*N/EL*								*0,35%*		
Rennovation of existing buildings	*CCM 7.2*	0,00	*0,00%*	*EL*	*N/EL*	*N/EL*	*N/EL*	*N/EL*	*N/EL*								*0,02%*		
Installation, maintenance and repair of energy efficiency equipment	*CCM 7.3*	1.132,39	*0,25%*	*EL*	*N/EL*	*N/EL*	*N/EL*	*N/EL*	*N/EL*								*0,01%*		
Acquisition and ownership of buildings	*CCM 7.7*	6.247,04	*1,37%*	*EL*	*N/EL*	*N/EL*	*N/EL*	*N/EL*	*N/EL*								*8,13%*		
CapEx of Taxonomy-eligible but not environmentally sustainable activities (not Taxonomy-aligned activitites) (A.2)		13.100,92	*2,88%*	*100%*	*0%*	*0%*	*0%*	*0%*	*0%*								*9,38%*		
A. CapEx of Taxonomy eligible activities (A.1 + A.2)		16.852,70	*3,71%*	*100%*	*0%*	*0%*	*0%*	*0%*	*0%*								*9,54%*		
B. TAXONOMY NON-ELIGIBLE ACTIVITIES																			
CapEx of Taxonomy-non-eligible activities		437.526,30	*96,29%*																
TOTAL		454.379,00	100%																

Economic activities	Code	2023 OpEx	Proportion of OpEx, year N	Substantial contribution criteria: Climate change mitigation	Climate change adaptation	Water	Pollution	Circular economy	Biodiversity	DNSH criteria (Do No Significant Harm): Climate change mitigation	Climate change adaptation	Water	Pollution	Circular economy	Biodiversity	Minimum safe-guards	Proportion of Taxonomy aligned (A.1.) or eligible (A.2.) OpEx, 2022	Category (enabling acti-vity)	Category (tran-sitional activity)
Text		*T€*	*%*	*Y; N; N/EL*	*Y; N; N/EL*	*Y; N; N/EL*	*Y; N; N/EL*	*Y; N; N/EL*	*Y; N; N/EL*	*Y/N*	*Y/N*	*Y/N*	*Y/N*	*Y/N*	*Y/N*	*Y/N*	*%*	*E*	*T*
A. TAXONOMY-ELIGIBLE ACTIVITIES																			
A.1 Environmentally sustainable activities (Taxonomy-aligned)																			
OpEx of environmentally sustainable activities (Taxonomy-aligned (A.1)		0,00	0,00%																
Of which Enabling		0,00	0,00%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	E	
Of which Transitional		0,00	0,00%	0%							0%	0%	0%	0%	0%	0%	0%		T
A.2 Taxonomy-eligible but not environmentally sustainable acitivities (not Taxonomy-aligned activities) (g)																			
				EL; N/EL (f)	*EL; N/EL (f)*	*EL; N/EL (f)*	*EL; N/EL (f)*	*EL; N/EL (f)*	*EL; N/EL (f)*										
Transport by motorbikes, passenger cars and light commercial vehicles	CCM 6.5	267,75	0,23%	EL	N/EL	N/EL	N/EL	N/EL	N/EL								0,04%		
Freight transport services by road	CCM 6.6	3.347,43	2,82%	EL	N/EL	N/EL	N/EL	N/EL	N/EL								0,50%		
Infrastructure for rail transport	CCM 6.14	1.570,26	1,32%	EL	N/EL	N/EL	N/EL	N/EL	N/EL								0,00%		
Installation, maintenance and repair of energy efficiency equipment	CCM 7.3	163,22	0,14%	EL	N/EL	N/EL	N/EL	N/EL	N/EL								0,03%		
Installation, maintenance and repair of charging stations for electric vehicles in buildings (and parking spaces at-tached to buildings)	CCM 7.4	8,51	0,01%	EL	N/EL	N/EL	N/EL	N/EL	N/EL								0,01%		
Installation, maintenance and repair of renewable energy technologies	CCM 7.6	354,76	0,30%	EL	N/EL	N/EL	N/EL	N/EL	N/EL								0,00%		
Acquisition and ownership of buildings	CCM 7.7	12.529,06	10,55%	EL	N/EL	N/EL	N/EL	N/EL	N/EL								0,00%		
OpEx of Taxonomy-eligible but not environmen-tally sustainable activities (not Taxonomy-aligned activitites) (A.2)		18.240,98	15,36%	100%	%	%	%	%	%										
A. OpEx of Taxonomy eligible activities *(A.1 + A.2)*		18.240,98	15,36%	100%	%	%	%	%	%										
B. TAXONOMY NON-ELIGIBLE ACTIVITIES																			
OpEx of Taxonomy-non-eligible activities		100.526,15	84,64%																
TOTAL		118.767,12	100,00%																

Notification form for activities in the areas of nuclear energy and fossil gas

Row	**Nuclear energy related activities**	
1.	The undertaking carries out, funds or has exposures to research, development, demonstration and deployment of innovative electricity generation facilities that produce energy from nuclear processes with minimal waste from the fuel cycle.	NO
2.	The undertaking carries out, funds or has exposures to construction and safe operation of new nuclear installations to produce electricity or process heat, including for the purposes of district heating or industrial processes such as hydrogen production, as well as their safety upgrades, using best available technologies.	NO
3.	The undertaking carries out, funds or has exposures to safe operation of existing nuclear installations that produce electricity or process heat, including for the purposes of district heating or industrial processes such as hydrogen production from nuclear energy, as well as their safety upgrades.	NO
	Fossil gas related activities	
4.	The undertaking carries out, funds or has exposures to construction or operation of electricity generation facilities that produce electricity using fossil gaseous fuels.	NO
5.	The undertaking carries out, funds or has exposures to construction, refurbishment, and operation of combined heat/cool and power generation facilities using fossil gaseous fuels.	NO
6.	The undertaking carries out, funds or has exposures to construction, refurbishment and operation of heat generation facilities that produce heat/cool using fossil gaseous fuels.	NO

OVERVIEW OF NON-FINANCIAL INDICATORS

PLANET

Energy consumption	**2023**	**2022**	**2021**	
Energy consumption in cartonboard and paper production[1]	8.38 TWh	9.7 TWh	10.5 TWh	GRI 302-1 GRI 302-3
Specific energy consumption[1][2]	3.77 MWh/t	3.6 MWh/t	4.0 MWh/t	GRI 2-4
Energy consumption in packaging production	0.40 TWh	0.5 TWh	0.4 TWh	
Specific energy consumption[2]	0.51 MWh/t	0.5 MWh/t	0.4 MWh/t	

Emissions	**2023**	**2022**	**2021**	
MM Board & Paper				GRI 305-1 GRI 305-2 GRI 305-3 GRI 305-4
Direct CO_2 emissions in cartonboard and paper production (Scope 1)[3]	0.83 million t CO_2e	1.06 million t CO_2e	1.26 million t CO_2e	
Specific direct CO_2 emissions[1] [2] [3]	0.37 t CO_2e/t	0.40 t CO_2e/t	0.45 t CO_2e/t	
Indirect CO_2 emissions (Scope 2, location-based)[3]	0.51 million t CO_2e	0.51 million t CO_2e	0.46 million t CO_2e	
Indirect CO_2 emissions (Scope 2, market-based)[3]	0.54 million t CO_2e	0.71 million t CO_2e	0.56 million t CO_2e	
Indirect CO_2 emissions (Scope 3)[1] [4]	1.85 million t CO_2e	1.80 million t CO_2e	1.45 million t CO_2e	
MM Packaging[1]				
Direct CO_2 emissions in packaging production (Scope 1)[3]	0.02 million t CO_2e	0.02 million t CO_2e	0.03 million t CO_2e	
Specific direct CO_2 emissions[2] [3]	0.03 t CO_2e/t	0.03 t CO_2e/t	0.04 t CO_2e/t	
Indirect CO_2 emissions (Scope 2, location-based)[3]	0.09 million t CO_2e	0.12 million t CO_2e	0.10 million t CO_2e	
Indirect CO_2 emissions (Scope 2, market-based)[3]	0.08 million t CO_2e	0.10 million t CO_2e	0.07 million t CO_2e	
Indirect CO_2 emissions (Scope 3)[1] [4]	0.66 million t CO_2e	0.69 million t CO_2e	0.75 million t CO_2e	

[1] exclusive of the closed packaging plant in Heilbronn
[2] on the basis of gross production or tonnage processed
[3] emission factors used in accordance with the GHG Protocol, GaBi and EcoInvent life cycle assessment databases and the respective emission factors of the electricity suppliers
[4] emissions taken into account for purchased goods and services, fuel and energy-related activities, waste and transport of employees

Environmental and energy management[1]	2023	2022	2021
ISO 14001- or EMAS-certified production sites	43 out of 71	50 out of 72	28 out of50
ISO 50001-certified production sites	11 out of 71	13 out of 72	10 out of 50

GRI 301-1
GRI 301-2

Raw materials	2023	2022	2021
MM Board & Paper			
Renewable raw materials[2]	2.1 million t	2.3 million t	2.4 million t
Fibre use	1.8 million t	2.3 million t	2.4 million t
Recycled fibres	1.0 million t	1.1 million t	1.3 million t
Virgin fibres[3]	0.8 million t	1.2 million t	1.1 million t
Share of renewable raw materials	76 %	74 %	79 %
Non-renewable raw materials	0.7 million t	0.8 million t	0.9 million t
Percentage of recycled raw materials used	34 %	34 %	N/A
MM Packaging[1]			
Renewable raw materials[2]	0.9 million t	1.0 million t	0.8 million t
Cartonboard and paper insert	0.9 million t	1.0 million t	0.8 million t
Recycled fibres	0.3 million t	0.4 million t	0.4 million t
Virgin fibres[3]	0.6 million t	0.6 million t	0.4 million t
Share of renewable raw materials	94 %	95 %	94 %
Non-renewable raw materials	0.06 million t	0.05 million t	0.05 million t

Responsible procurement	2023	2022	2021
Virgin fibre in cartonboard and paper production from responsible sources[4]	100 %	100 %	100 %
Fibres in packaging production[1] from responsible sources	37 %	34 %	37 %
FSC®-certified production sites	60 out of 71	56 out of 72	44 out of 50
PEFC-certified production sites	36 out of 71	35 out of 72	38 out of 50
GRI 204-1 **Regional procurement**			
Proportion of spending on local suppliers for virgin/recycled fibres	68 %	60 %	N/A

[1] exclusive of the closed packaging plant in Heilbronn
[2] exclusive of rejects
[3] groundwood pulp equivalent
[4] including FSC®- and PEFC-certified/controlled sources

Waste in production	2023	2022
MM Board & Paper		
Total internal waste treatment (on-site)	29,461 t	29,859 t
Incineration of non-hazardous waste with energy recovery	8,409 t	9,219 t
Non-hazardous waste landfilled	21,052 t	20,640 t
Total waste treatment by external parties (off site)	0.25 million t	0.36 million t
Non-hazardous waste reused/recycled	0.14 million t	0.19 million t
Incineration of non-hazardous waste with energy recovery	0.10 million t	0.14 million t
Incineration of non-hazardous waste without energy recovery	1,505 t	1,227 t
Non-hazardous waste landfilled	7,724 t	18,185 t
Other treatment of non-hazardous waste	4,168 t	6,183 t
Hazardous waste reused/recycled	289 t	327 t
Incineration of hazardous waste with energy recovery	21 t	8 t
Incineration of hazardous waste without energy recovery	45 t	40 t
Hazardous waste landfilled	6 t	4 t
Other treatment of hazardous waste	111 t	80 t
MM Packaging[1)]		
Total waste treatment by external parties (off-site)	0.18 million t	0.21 million t
Non-hazardous waste reused/recycled	0.17 million t	0.18 million t
Incineration of non-hazardous waste with energy recovery	3,247 t	3,844 t
Incineration of non-hazardous waste without energy recovery	225 t	569 t
Non-hazardous waste landfilled	2,722 t	3,199 t
Other treatment of non-hazardous waste	23 t	16,278 t
Hazardous waste reused/recycled	1,897 t	1,679 t
Incineration of hazardous waste with energy recovery	1,344 t	1,650 t
Incineration of hazardous waste without energy recovery	250 t	297 t
Hazardous waste landfilled	191 t	156 t
Other treatment of hazardous waste	96 t	125 t

1) exclusive of the closed packaging plant in Heilbronn

GRI 306-3
GRI 306-4
GRI 306-5

GRI	Water consumption[1]	2023	2022	2021
GRI 303-3 GRI 303-4 GRI 303-5	Water withdrawal in cartonboard and paper production by source	63.4 million m^3	67.9 million m^3	70 million m^3
	Surface water	55.8 million m^3	60.2 million m^3	N/A
	Groundwater	5.7 million m^3	6.0 million m^3	N/A
	Seawater	1.6 million m^3	1.4 million m^3	N/A
	Water produced	N/A	N/A	N/A
GRI 2-4	Water from third parties	347.1 thousand m^3	294.0 thousand m^3	N/A
	Water recirculation in board and paper production	57.8 million m^3	63.4 million m^3	N/A
	Surface water	40.1 million m^3	44.0 million m^3	N/A
	Seawater	15.9 million m^3	17.5 million m^3	N/A
	Water from third parties	1.7 million m^3	1.9 million m^3	N/A
	Water consumption in cartonboard and paper production	5.6 million m^3	4.5 million m^3	N/A

[1] data only relates to the MM Board & Paper division, as water consumption in the Packaging division is not considered significant as no process water is generated

PEOPLE

Significant local employment effects[1]	Dec. 31, 2023	Dec. 31, 2022	Dec. 31, 2021
Employees[2] per country			
Poland	3,310	3,361	3,122
Germany	2,145	2,343	2,201
Austria	1,784	1,777	1,745
France	957	942	889
United Kingdom	761	889	281
USA	798	775	0
Türkiye	674	744	599
Finland	570	555	535
Spain	547	564	152
Ireland	451	450	0
Chile	334	299	291
Slovenia	333	401	407
Puerto Rico	287	288	0
Iran	267	315	263
Romania	244	249	253
Italy	206	199	6
Sweden	204	220	0
China	184	193	195
Colombia	192	190	181
Vietnam	168	164	147
Ukraine	165	207	227
Jordan	118	115	114
Philippines	106	100	101
Norway	73	70	66
Denmark	64	62	0
Netherlands	62	62	2
Canada	49	48	49
Russia	13	16	648
Other	21	42	18
Total	**15,087**	**15,640**	**12,492**

GRI 2-7

[1] exclusive of the closed packaging plant in Heilbronn
[2] Full Time Equivalent for all fully consolidated companies

GRI 2-7

Employees by gender[1) 2)]	Total	Male	Female	Non-binary
Number of permanent employees	14,365	76 %	24 %	0 %
Number of temporary employees	722	57 %	43 %	0 %
Number of full-time employees	14,710	77 %	23 %	0 %
Number of part-time employees	377	21 %	79 %	0 %

GRI 2-7

Employees by region[1)2)]	Total[1)]	Europe (excl. Austria)	Austria	America	Rest of the world (incl. Türkiye, Russia)
Number of permanent employees	14,365	94 %	99 %	94 %	99 %
Number of temporary employees	722	6 %	1 %	6 %	1 %
Number of full-time employees	14,710	97 %	94 %	100 %	100 %
Number of part-time employees	377	3 %	6 %	0 %	0 %

[1)] Full Time Equivalent for all fully consolidated companies
[2)] exclusive of the closed packaging plant in Heilbronn

GRI 404-1
GRI 404-2
GRI 404-3

Training and further education in the Group[1) 2)]	MM Group
Site-specific factory training - in hours	205,078
Of which average number of hours per participant	14
Average number of hours per participant - male	14
Average number of hours per participant - female	15
Average number of hours per participant - non-binary	0
Group-wide training courses “MM-Academy” - in hours	53,952
Of which by participants - male	39,537
Of which by participants - female	14,415
Of which by participants - non-binary	0
Group-wide training portfolio of the “MM-Academy”	308
Participants in “MM-Academy”" training courses	6,139
Of these managers	1,087
Employees receiving regular performance and career development reviews	65 %
Of which in management	11 %
Of which in the office	24 %
Of which in the factory	65 %
Of which male	72 %
Of which female	28 %
Of which non-binary	0 %

[1)] Full Time Equivalent for all fully consolidated companies
[2)] exclusive of the closed packaging plant in Heilbronn

Discrimination incidents in the company[1]	MM Group	
Total number of discrimination incidents during the reporting period	2	GRI 406-1

Employee safety and health[1]	2023	2022	2021	GRI 403-8
Occupational accidents with more than one day of absence	166	225	327	GRI 403-9
Accident rate $LTAR_{(200)}$	1.27	2.18	3.83	
Hours worked (in million h)	26.10	20.70	17.10	
Prevention - number of near miss reports	12,263	6,243	634	
Days lost due to accidents[2]	2,099	3,284	8,793	
Support visits to sites	99	36	3	
Occupational accidents with serious consequences[3]	0	1	5	GRI 2-4
Fatal occupational accidents	0	0	0	

Human rights[1]	2023	2022	2021	GRI 408-1
Child labour cases	0	0	0	
Forced labour cases	0	0	0	
Production countries with Fundamental Rights Index ≤ 0.4 (Rule of Law)	4 out of 27	3 out of 27	0 out of 21	

[1] exclusive of the closed packaging plant in Heilbronn
[2] change of measurement 2021 calendar days / 2022 working days
[3] accidents at work with subsequent impairment of quality of life

PROSPERITY

Violation of guidelines and requirements[1]	2023	2022	2021	GRI 2-27
Total number of material breaches of laws and regulations	0	0	N/A	
Fines or sanctions for non-compliance with environmental, social and economic laws and regulations	0	0	0	

Anti-corruption and anti-competitive behaviour[1]	2023	2022	2021	GRI 205-3
Production sites in countries with a corruption index < 30 according to the 2023 Transparency International Corruption Index	1 out of 27	1 out of 27	2 out of 21	GRI 206-1
Number of lawsuits concerning corruption or anti-competitive behaviour	1	0	0	

Quality and product safety[1]	2023	2022	2021	GRI 416-1
Assessment of the health and safety impacts of product and service categories	100 %	100 %	100 %	GRI 416-2
Incidents of non-compliance concerning health and safety impacts of products and services	0	0	N/A	
ISO 9001-certified production sites	70 out of 71	72 out of 72	46 out of 50	
Production sites certified according to food safety and hygiene standards (BRC, ISO 22000, EN 15593, ECMA GMP, HACCP)	39 out of 71	36 out of 72	31 out of 50	

[1] exclusive of the closed packaging plant in Heilbronn

GRI CONTENT INDEX IN ACCORDANCE

Declaration of use	Mayr-Melnhof Karton AG has reported in accordance with the GRI Standards for the period from 01.01.2023 to 31.12.2023.
GRI 1 used	GRI 1: Foundation 2021
Applicable GRI industry standard(s)	Not applicable

GRI Standard	Disclosure	Location	Omission	Explanation
General disclosure				
GRI 2: General Disclosures 2021	2-1 Organisational profile	48[1], 178		
	2-2 Entities included in the organisation's sustainability reporting	178, 286-291[1]		
	2-3 Reporting period, reporting frequency and contact point	178-180		
	2-4 Restatements of information	188, 191		Correction "Occupational accidents with serious consequences" 2022; correction "Energy consumption – total" 2022; summary "Water from other sources" with "Water from third parties"
	2-5 External assurance	198-200		
	2-6 Activities, value chain and other business relationships	28-29[1], 112-114, 175-177, 180		
	2-7 Employees	158-160, 189-190	2-7-b-iii	Currently, there are no employees of this category at our production sites (not applicable).
	2-8 Workers who are not employees	162		
	2-9 Governance structure and composition	52-55[1], 58[1], 129-130		
	2-10 Nomination and selection of the highest governance body	53-54[1], 58[1], 132		
	2-11 Chair of the highest governance body	54-55[1]		
	2-12 Role of the highest governance body in overseeing the management of impacts	129-130		
	2-13 Delegation of responsibility for managing impacts	52[1], 58[1], 129-130		
	2-14 Role of the highest governance body in sustainability reporting	22-23[1], 129-130		
	2-15 Conflicts of interest	51[1], 53-55[1], 283[1]		
	2-16 Communication of critical concerns	22-23[1], 145		
	2-17 Collective knowledge of the highest governance body	129-130		
	2-18 Evaluation of the performance of the highest governance body	54[1]	2-18-a	Currently there is no procedure for the Supervisory Board, consequently, there is no action in response to the assessment. However, an implementation is being planned (information not available).
	2-19 Remuneration policy	3-5[2], 7[2], 142, 145	2-19-a-iv	As stated in the Remuneration Report (page 10), there was no clawback claim in 2023 (not applicable).
	2-20 Process to determine remuneration	1-3[2], HP[3]	2-20-a-iii	There are no remuneration consultants involved (not applicable).
	2-21 Annual total compensation ratio		2-21-a, b	Currently, the median cannot be collected. However, an implementation of this data query is being planned (information not available).

	2-22 Statement on the sustainable development strategy	18-21[1]		
	2-23 Policy commitments	112,128, 170, 175		
	2-24 Embedding policy commitments	128, 164, 170		
	2-25 Processes to remediate negative effects	173, 178		
	2-26 Mechanisms for seeking advice and raising concerns	145		
	2-27 Compliance with laws and regulations	171, 178		
	2-28 Memberships associations	112, 176		
	2-29 Approach to stakeholder engagement	131		
	2-30 Collective bargaining agreements	162		

[1] This information can be found in the Annual Report but is not part of the “Consolidated non-financial report” section.
[2] This information can be found in the Remuneration Report but is not part of the “Consolidated non-financial report” section.
[3] This information can be found on our website: https://www.mm.group/en/for-investors/ordinary-shareholders-meeting/

GRI Standard	Disclosure	Location	Omission	Explanation
Material Topics				
GRI 3: Material Topics 2021	3-1 Process to determine material topics	133		
	3-2 List of material topics	133-135, 138-139		
Procurement practices				
GRI 3: Material Topics 2021	3-3 Management of material topics	134-135, 149-150		
GRI 202: Procurement practices 2016	204-1 Proportion of spending on local suppliers	158, 186		
Anti-corruption				
GRI 3: Material Topics 2021	3-3 Management of material topics	134-135, 171-172		
GRI 205: Anti-corruption 2016	205-1 Operations assessed for risks related to corruption		205-1-a, b	Not material (not applicable)
	205-2 Communication and training about anti-corruption policies and procedures		205-2-a to e	
	205-3 Confirmed incidents of corruption and actions taken	172, 191		
Anti-competitive behaviour				
GRI 3: Material Topics 2021	3-3 Management of material topics	134-135, 171-172		
GRI 206: Anti-competitive behaviour 2016	206-1: Legal actions for anti-competitive behaviour, anti-trust an monopoly practices	191		

Materials				
GRI 3: Material Topics 2021	3-3 Management of material topics	134-135, 149-150		
GRI 301: Materials 2016	301-1 Materials used by weight or volume	152, 186		
	301-2 Recycled input materials used	152, 186		
	301-3: Reclaimed products and their packaging materials		301-3-a, b	It is not possible to determine in which country our products are recycled, so no statement can be made regarding the percentage. Further surveys on this topic are being planned (information not available/incomplete).
Energy				
GRI 3: Material Topics 2021	3-3 Management of material topics	134-135, 143-144		
GRI 302: Energy 2016	302-1 Energy consumption within the organisation	147, 185		
	302-2 Energy consumption outside the organisation		302-2-a to c	Energy consumption outside the organisation is included in our Scope 3 emissions and information thereon is currently not collected separately (information not available).
	302-3 Energy intensity	147, 185		
	302-4 Reduction of energy consumption		302-4-a to d	At project level, the required level of detail is not available, as no comparative values are available (information not available/incomplete).
	302-5 Reductions in energy requirements of products and services		302-5-a to c	At product and service level, the required level of detail is not available, as no comparative values are available (information not available/incomplete).
Water and effluents				
GRI 3: Material Topics 2021	3-3 Management of material topics	134-135, 153		
GRI 303: Water and Effluents 2018	303-1 Interactions with water as a shared resource	153		
	303-2 Management of water discharge-related impacts	153		
	303-3 Water withdrawal	154, 188	303-3-c	The values for the breakdown by Total Dissolved Solids are missing, but a future integration is being planned (information not available/incomplete).
	303-4 Water discharge	154, 188	303-4-b	
	303-5 Water consumption	154, 188		
Biodiversity				
GRI 3: Material Topics 2021	3-3 Management of material topics	134-135, 149-150		
GRI 304: Biodiversity 2016	304-1 Operational sites owned, leased, managed in, or adjacent to, protected areas and areas of high biodiversity value outside protected areas	150		
	304-2 Significant impacts of activities, products, and services on biodiversity	150		
	304-3 Habitats protected or restored		304-3-a to d	Not applicable, as MM does not operate in a land-consumption-intensive industry (not applicable).
	304-4 (IUCN) Red List species and national conservation list species with habitats in areas affected by operations		304-4-a	

Emissions				
GRI 3: Material Topics 2021	3-3 Management of material topics	134-135, 143-144		
GRI 305: Emissions 2016	305-1 Direct (Scope 1) GHG emissions	145, 184		
	305-2 Energy indirect (Scope 2) GHG emissions	145, 184		
	305-3 Other indirect (Scope 3) GHG emissions	145, 184		
	305-4 GHG emissions intensity	145, 184		
	305-5 Reduction of GHG emissions		305-5-a to e	At project level, the required level of detail is not available, as no comparative values are available (information not available/ incomplete).
	305-6 Emissions of ozone-depleting substances (ODS)		305-6-a to d	
	305-7 Nitrogen oxides (NO_X), sulphur oxides (SO_X) and other significant air emissions		305-7-a to c	
Waste				
GRI 3: Material Topics 2021	3-3 Management of material topics	134-135, 149-150		
GRI 306: Waste 2020	306-1 Waste generation and significant waste-related impacts	150		
	306-2 Management of significant waste-related impacts	150		
	306-3 Waste generated	152, 187		
	306-4 Waste diverted from disposal	187		
	306-5 Waste directed to disposal	187		
Supplier Environmental Assessment				
GRI 3: Material Topics 2021	3-3 Management of material topics	134-135, 176		
GRI 306: Supplier Environmental Assessment 2016	308-1 New suppliers that were screened using environmental criteria		308-1-a	The required level of detail is not available, as no comparative values are available (information not available/incomplete).
	308-2 Negative environmental impacts in the supply chain and actions taken		308-2-a to e	
Occupational Health and Safety				
GRI 3: Material Topics 2021	3-3 Management of material topics	134-135, 166-167		
GRI 403: Occupational health and safety 2018	403-1 Occupational health and safety management system	166-167		
	403-2 Hazard identification, risk assessment and incident investigation	166-167		
	403-3 Occupational health services	166-167		
	403-4 Worker participation, consultation and communication on occupational health and safety	166-167		
	403-5 Worker training on occupational health and safety	166-167		
	403-6 Promotion of worker health	166-167		
	403-7 Prevention and mitigation of occupational health and safety impacts directly linked by business relationships	166-167		
	403-8 Workers covered by an occupational health and safety management system	167, 191		
	403-9 Work-related injuries	167, 191		
	403-10: Work-related ill health		403-10-a to e	Due to the organisation of the work processes and the ensured level of occupational safety, no industry-related illnesses are known (not applicable).

Training and Education				
GRI 3: Material Topics 2021	3-3 Management of material topics	134-135, 158-160		
GRI 404: Training and Education 2016	404-1 Average hours of training per year per employee	163, 192		
	404-2 Programmes for upgrading employee skills and transition assistance programmes	161, 192		
	404-3 Percentage of employees receiving regular performance and career development reviews	192		
Non-discrimination				
GRI 3: Material Topics 2021	3-3 Management of material topics	134-135, 158-160		
GRI 406: Non-discrimination 2016	406-1 Incidents of discrimination and corrective actions taken	161, 191		
Child labour				
GRI 3: Material Topics 2021	3-3 Management of material topics	134-135,163		
GRI 408: Child labour 2016	408-1 Operations and suppliers at significant risk for incidents of child labour	165, 191		
Forced or Compulsory Labour				
GRI 3: Material Topics 2021	3-3 Management of material topics	134-135,163		
GRI 409: Forced or Compulsory Labour 2016	409-1 Operations and suppliers at significant risk for incidents of forced or compulsory labour	165, 191		
Customer Health and Safety				
GRI 3: Material Topics 2021	3-3 Management of material topics	134-135, 173-174		
GRI 416: Customer Health and Safety 2016	416-1 Assessment of the health and safety impacts of products and service categories	175, 191		
	416-2 Incidents of non-compliance concerning the health and safety impacts of products and services	175, 191		

TCFD CONTENT INDEX

The MM Group follows the TCFD (Task Force on Climate-Related Financial Disclosures) framework in order to integrate climate-related risks and opportunities into the existing reporting structures in the best possible way. TCFD were used and assigned to the areas of "Governance", "Strategy", "Risk Management" and "Metrics and Targets".

TCFD Disclosure		**Page**
Governance	Description of how climate-related risks and opportunities are controlled by the Board	131-132
	Description of the role of management in the assessing and managing climate-related risks and opportunities	131-132
Strategy	Description of climate-related risks and opportunities identified by the organisation in the short, medium and long term	127-130
	Description of the impact of climate-related risks and opportunities on the organisation's business, strategy and financial planning	125-128
	Description of the resilience of the organisation's strategy, taking into account different climate-related scenarios, including a scenario with a temperature of 2°C or less	127-130
Risk Management	Description of the processes for how the organisation identifies and assesses climate-related risks	127-130
	Description of the processes how the organisation deals with climate-related risks	81 [1], 148-150
	Description of how processes for identifying, assessing and addressing climate-related risks are integrated into the organisation's overall risk management	81 [1], 136-140
Metrics and Targets	Disclosure of the metrics used by the organisation to assess climate-related risks and opportunities in accordance with its strategy and risk management process	136-140
	Disclosure of Scope 1, Scope 2 and, where applicable, Scope 3 greenhouse gas emissions and the associated risks	148-150
	Description of the objectives (and their implementation) set by the organisation to address climate-related risks and opportunities	136-140

[1] This information can be found in the Annual Report but is not part of the "Consolidated Non-financial Report".

GRI 2-5 INDEPENDENT LIMITED ASSURANCE REPORT

We performed a limited assurance engagement of the consolidated non-financial report pursuant to section 267a UGB (Austrian Company Code) (hereinafter the “consolidated non-financial report”) of Mayr-Melnhof Karton Aktiengesellschaft (the “Company”), Vienna, for the financial year 2023.

Conclusion
Based on the procedures performed and evidence obtained, nothing has come to our attention that causes us to believe that the Company’s consolidated non-financial report is not prepared, in all material aspects, in accordance with the requirements of section 267a UGB and the “EU Taxonomy Regulation” (Regulation (EU) No. 2020/852) as well as the GRI Standards 2021.

We believe that the evidence we have obtained is sufficient and appropriate to provide a basis for our conclusion.

Responsibility of the Management and the Supervisory Board
Management is responsible for the preparation of the consolidated non-financial report in accordance with the requirements of section 267a UGB and the “EU Taxonomy Regulation” (Regulation (EU) No. 2020/852) as well as the GRI Standards 2021.

Management’s responsibility includes the selection and application of appropriate methods to prepare the non-financial reporting (in particular the selection of key issues) as well as making assumptions and estimates related to individual sustainability disclosures which are reasonable in the circumstances, and for such internal control as management determines is necessary to enable the preparation of a consolidated non-financial report that is free from material misstatement, whether due to fraud or error.

The Supervisory Board is responsible for examining the consolidated non-financial report.

Auditor’s Responsibility
Our responsibility is to express a limited assurance conclusion based on our procedures performed and evidence obtained as to whether anything has come to our attention that causes us to believe that the Company’s consolidated non-financial report is not prepared, in all material aspects, in accordance with the legal requirements of section 267a UGB and the “EU Taxonomy Regulation” (Regulation (EU) No. 2020/852) as well as the GRI Standards 2021.

We performed our engagement in accordance with the professional standards applicable in Austria with regard to other assurance engagements (KFS/PG 13) and with regard to selected issues in connection with the assurance of non-financial statements and non-financial reports pursuant to sections 243b UGB and 267a UGB as well as the expert opinion on assurance with regard to sustainability reports (KFS/PE 28) and the International Standards on Assurance Engagements (ISAE) 3000 (Revised) “Assurance engagements other than audits or reviews of historical financial information”. These standards require that we comply with our ethical requirements, including rules on independence, and that we plan and perform our procedures by considering the principle of materiality to be able to express a limited assurance conclusion based on the assurance obtained.

The procedures performed in a limited assurance engagement vary in nature and timing from, and are less in extent than for, a reasonable assurance engagement; consequently, the level of assurance obtained in a limited assurance engagement is substantially lower than the assurance that would have been obtained had a reasonable assurance engagement been performed.

The selection of the procedures lies in the sole discretion of the auditor and comprised, in particular, the following:

- Critical assessment of the Company's analysis of materiality considering the concerns of external stakeholders
- Analysis of risks regarding the essential non-financial matters / disclosures
- Updating the overview of the policies pursued by the Company, including due diligence processes implemented as well as the processes used to ensure an accurate presentation in the consolidated non-financial report
- Updating the understanding of reporting processes by interviewing the relevant employees and inspecting selected documentations
- Evaluating the reported disclosures by performing analytical procedures regarding non-financial performance indicators, interviewing relevant employees and inspecting selected documentations
- Examining the consolidated non-financial report regarding its completeness in accordance with the requirements of section 267a UGB as well as the GRI Standards 2021
- Critical appraisal of the disclosures in accordance with the requirements of the "EU Taxonomy Regulation" (Regulation (EU) No. 2020/852).
- Evaluating the overall presentation of the disclosures and non-financial information

The following is not part of our engagement:

- Examining the processes and internal controls particularly regarding their design, implementation and effectiveness
- Performing procedures at individual locations as well as measurements or individual evaluations to check the reliability and accuracy of data received
- Examining the prior-year figures, forward-looking information or data from external surveys
- Examining the correct transfer of data and references from the (consolidated) financial statements to the consolidated non-financial reporting; and
- Examining the information and disclosures on the website or further references on the internet

Neither an audit nor a review of financial statements is objective of our engagement. Furthermore, neither the disclosure and solution of criminal acts, as e.g. embezzlement or other kinds of fraud, and wrongful doings, nor the assessment of the effectiveness and profitability of the management are objectives of our engagement.

Restriction of Use

Because our report is prepared solely for and on behalf of the client, it does not constitute a basis for any reliance on its contents by other third parties. Therefore, no claims of other third parties can be derived from it. Consequently, this report may not – be it in whole or in part – be transmitted to third parties without our express consent.

General Conditions of Contract

Our report is issued based on the engagement agreed upon with you and is governed by the General Conditions of Contract for the Public Accounting Professions (AAB 2018) enclosed to this report, which also apply to third parties.

Vienna, March 11, 2024

PwC Wirtschaftsprüfung GmbH

Frédéric Vilain m. p.
Austrian Certified Public Accountant

We draw attention to the fact that the English translation of this report is presented for the convenience of the reader only and that the German wording is the only legally binding version.

Consolidated Financial Statements

Consolidated Balance Sheets

(all amounts in thousands of EUR)	Notes	**Dec. 31, 2023**	**Dec. 31, 2022[1)]**
ASSETS			
Property, plant and equipment	6	2,056,030	1,796,022
Intangible assets including goodwill	6	1,047,746	1,032,007
Investments accounted for using the equity method, securities and other financial assets	8	10,776	13,153
Deferred tax assets	9	44,486	40,793
Non-current assets		**3,159,038**	**2,881,975**
Inventories	10	582,637	730,086
Trade receivables	11	384,512	695,242
Income tax receivables	9	16,284	27,129
Prepaid expenses and other current assets	12	176,902	194,275
Cash and cash equivalents	31	757,515	280,063
Current assets		**1,917,850**	**1,926,795**
TOTAL ASSETS		**5,076,888**	**4,808,770**
EQUITY AND LIABILITIES			
Share capital	13	80,000	80,000
Additional paid-in capital	13	172,658	172,658
Retained earnings	13	1,965,210	1,961,996
Other reserves	13	(210,997)	(261,080)
Equity attributable to shareholders of the Company		**2,006,871**	**1,953,574**
Non-controlling (minority) interests	13	5,523	5,480
Total equity		**2,012,394**	**1,959,054**
Non-current financial liabilities	14	1,768,942	1,674,040
Provisions for non-current liabilities and charges	15	119,841	121,396
Deferred tax liabilities	9	82,178	87,780
Non-current liabilities		**1,970,961**	**1,883,216**
Current financial liabilities	14	250,514	87,549
Current tax liabilities	9	25,593	55,705
Trade liabilities	16	515,272	499,677
Deferred income and other current liabilities	17	263,568	293,302
Provisions for current liabilities and charges	18	38,586	30,267
Current liabilities		**1,093,533**	**966,500**
Total liabilities		**3,064,494**	**2,849,716**
TOTAL EQUITY AND LIABILITIES		**5,076,888**	**4,808,770**

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

[1)] adjusted due to adjustment of the acquisition of Essentra Packaging (see note 5) and disclosure of non-current assets held for sale in the line item “Prepaid expenses and other current assets” (see note 12) due to immateriality

Consolidated Income Statements

(all amounts in thousands of EUR except share and per share data)	Notes	2023	2022[1]
Sales	19	4,164,403	4,682,060
Change in goods		(69,232)	120,137
Cost of materials and purchased services	10	(2,229,741)	(2,747,975)
Personnel expenses	22	(840,098)	(681,590)
Other operating income	20	80,868	60,939
Other operating expenses	21	(687,190)	(703,650)
Earnings before interest, taxes, depreciation and amortisation (EBITDA)		**419,010**	**729,921**
Depreciation, amortisation, impairment and write-up		(221,376)	(219,516)
Operating profit		**197,634**	**510,405**
Financial income	25	8,736	4,250
Financial expenses	26	(58,277)	(32,149)
Other financial result – net	27	(11,402)	(15,473)
Profit before tax		**136,691**	**467,033**
Income tax expense	9	(47,628)	(121,722)
Profit for the year		**89,063**	**345,311**
Attributable to:			
Shareholders of the Company		87,198	343,860
Non-controlling (minority) interests	13	1,865	1,451
Profit for the year		**89,063**	**345,311**
Earnings per share for profit attributable to the shareholders of the Company during the year:			
Average number of shares outstanding	28	20,000,000	20,000,000
Earnings per share	**28**	**4.36**	**17.19**

The accompanying notes are an integral part of these consolidated financial statements.
In the financial year 2023, the consolidated income statement was changed from the cost of sales method to the nature of expense method
[1] adjusted due to the change of method in connection with the disclosure of government grants (see note 3) and adjustment of the acquisition of Essentra Packaging (see note 5)

Consolidated Comprehensive Income Statements

(all amounts in thousands of EUR)	Notes	2023	2022[1]
Profit for the year		**89,063**	**345,311**
Other comprehensive income:			
Actuarial valuation of defined benefit pension and severance obligations	13	(4,080)	32,883
Effect of income taxes	9	1,221	(7,730)
Total of items that will not be reclassified subsequently to the income statement		**(2,859)**	**25,153**
Foreign currency translations[2]	13	45,590	(5,833)
Foreign currency translations - Recycling	5	110	20,103
Cash flow hedge - Changes in fair value	7	(59,125)	(29,666)
Cash flow hedge - Recycling	7	67,898	0
Effect of income taxes	9	(1,755)	4,861
Total of items that will be reclassified subsequently to the income statement		**52,718**	**(10,535)**
Other comprehensive income (net)		**49,859**	**14,618**
Total comprehensive income		**138,922**	**359,929**
Attributable to:			
Shareholders of the Company		137,281	358,605
Non-controlling (minority) interests	13	1,641	1,324
Total comprehensive income		**138,922**	**359,929**

The accompanying notes are an integral part of these consolidated financial statements.
[1] adjusted due to adjustment of the acquisition of Essentra Packaging (see note 5)
[2] incl. hyperinflation adjustments of thous. EUR 1,873 (2022: thous. EUR 22,709)

Consolidated Statements of Changes in Equity

		Equity attributable to shareholders of the Company									
					Other comprehensive income						
(all amounts in thousands of EUR)	Notes	Share capital	Additional paid-in capital	Retained earnings	Foreign currency translations	Actuarial gains and losses	Cash flow hedge	**Other reserves**	**Total**	Non-controlling (minority) interests	**Total equity**
Balance at Jan. 1, 2022		**80,000**	**172,658**	**1,687,923**	**(218,254)**	**(66,496)**	**0**	**(284,750)**	**1,655,831**	**6,047**	**1,661,878**
Adjustments of the initial application IAS 29		0	0	0	8,925	0	0	8,925	8,925	0	8,925
Adjusted balance at Jan. 1, 2022		**80,000**	**172,658**	**1,687,923**	**(209,329)**	**(66,496)**	**0**	**(275,825)**	**1,664,756**	**6,047**	**1,670,803**
Profit for the year[1]		0	0	343,860	0	0	0	0	343,860	1,451	345,311
Other comprehensive income[1]					13,348[2]	25,130	(23,733)	14,745	14,745	(127)	14,618
Total comprehensive income[1]		**0**	**0**	**343,860**	**13,348**	**25,130**	**(23,733)**	**14,745**	**358,605**	**1,324**	**359,929**
Transactions with shareholders:											
Dividends paid	13	0	0	(70,000)	0	0	0	0	(70,000)	(1,463)	(71,463)
Change in majority interests		0	0	213	0	0	0	0	213	(428)	(215)
Balance at Dec. 31, 2022		**80,000**	**172,658**	**1,961,996**	**(195,981)**	**(41,366)**	**(23,733)**	**(261,080)**	**1,953,574**	**5,480**	**1,959,054**
Profit for the year		0	0	87,198	0	0	0	0	87,198	1,865	89,063
Other comprehensive income		0	0	0	45,923[2]	(2,859)	7,019	50,083	50,083	(224)	49,859
Total comprehensive income		**0**	**0**	**87,198**	**45,923**	**(2,859)**	**7,019**	**50,083**	**137,281**	**1,641**	**138,922**
Transactions with shareholders:											
Dividends paid	13	0	0	(84,000)	0	0	0	0	(84,000)	(1,582)	(85,582)
Change in majority interests		0	0	16	0	0	0	0	16	(16)	0
Balance at Dec. 31, 2023		**80,000**	**172,658**	**1,965,210**	**(150,058)**	**(44,225)**	**(16,714)**	**(210,997)**	**2,006,871**	**5,523**	**2,012,394**

The accompanying notes are an integral part of these consolidated financial statements.
[1] adjusted due to adjustment of the acquisition of Essentra Packaging (see note 5)
[2] incl. hyperinflation adjustments of thous. EUR 1,873 (2022: thous. EUR 22,709)

Consolidated Cash Flow Statements

(all amounts in thousands of EUR)	Notes	2023	2022[1]
CASH FLOW FROM OPERATING ACTIVITIES:			
Profit for the year		89,063	345,311
Adjustments to reconcile profit for the year to net cash from operating activities excluding interest and taxes paid:			
Income tax expense	9	47,628	121,722
Depreciation and amortisation of property, plant and equipment, and intangible assets	6	218,504	198,470
Impairment and write-up of property, plant and equipment, and intangible assets[2]	6	2,872	21,046
Gains (losses) from disposals of property, plant and equipment, and intangible assets	20	(3,050)	628
Financial income	25	(8,736)	(4,250)
Financial expenses	26	58,277	32,149
Result from the disposal of subsidiaries	5	0	13,606
Share of profit (loss) of other investments	27	(443)	(408)
Result from hyperinflation adjustments	27	(3,756)	(353)
Result of associated companies and joint ventures	27	(1,350)	(1,376)
Other adjustments	31	(5,701)	(451)
Net cash from profit		**393,308**	**726,094**
Changes in working capital:			
Inventories (incl. payments on account)	10	165,252	(251,921)
Trade receivables	11	313,018	(76,129)
Prepaid expenses and other current assets	12	17,387	(25,190)
Trade liabilities	16	(16,666)	11,857
Deferred income and other current liabilities	17	(18,838)	19,688
Provisions for current liabilities and charges	18	10,445	(17,568)
Changes in working capital		**470,598**	**(339,263)**
Cash flow from operating activities excluding interest and taxes paid		**863,906**	**386,831**
Income taxes paid		(77,671)	(87,093)
Net cash from operating activities		**786,235**	**299,738**
CASH FLOW FROM INVESTING ACTIVITIES:			
Proceeds from disposals of property, plant and equipment, and intangible assets[2]		8,864	8,080
Payments for acquisition of property, plant and equipment, and intangible assets (incl. payments on account)	16	(425,346)	(329,388)
Proceeds from government grants		0	1,851
Free Cash Flow		**369,753**	**(19,719)**
Payments for acquisition of companies or other business entities, net of cash and cash equivalents acquired (2023: thous. EUR 0; 2022: thous. EUR 14,444)	5, 31	(1,505)	(384,806)
Proceeds from disposal of companies or other business entities, net of cash and cash equivalents disposed (2023: thous. EUR 0, 2022: thous. EUR 6,725)	5	0	127,275
Proceeds from disposals of securities and other financial assets		188	343
Payments for securities and other financial assets		(244)	(255)
Dividends received	27	443	408
Interest received		8,529	3,290
Other adjustments		21	(95)
Net cash from investing activities		**(409,050)**	**(573,297)**
CASH FLOW FROM FINANCING ACTIVITIES:			
Interest paid		(56,342)	(32,334)
Issuances of interest-bearing financial liabilities incl. factoring liabilities	31	399,709	543,589
Repayments of interest-bearing financial liabilities	31	(135,518)	(233,296)
Repayments of lease liabilities	31	(18,889)	(14,366)
Payments to non-controlling (minority) shareholders		0	(236)
Dividends paid to the shareholders of the Company	13	(84,000)	(70,000)
Dividends paid to non-controlling (minority) shareholders	13	(1,582)	(1,463)
Net cash from financing activities		**103,378**	**191,894**
Effect of exchange rate changes on cash and cash equivalents		(3,111)	2,182
Change in cash and cash equivalents		**477,452**	**(79,483)**
Cash and cash equivalents at the beginning of the year (in the consolidated balance sheet)		**280,063**	**359,546**
Cash and cash equivalents at the end of the year (in the consolidated balance sheet)		**757,515**	**280,063**

The accompanying notes are an integral part of these consolidated financial statements.
[1] adjusted due to adjustment of the acquisition of Essentra Packaging (see note 5)
[2] incl. non-current assets held for sale

Notes to the Consolidated Financial Statements

1 BASIC INFORMATION

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

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

Significant events affecting the Group's financial situation and profitability
The Group's financial situation and profitability are particularly affected by the overall challenging economic environment. Furthermore, the acquisitions of Eson Pac and Essentra Packaging in the previous year were only included in the consolidation circle during the year, which impairs comparability with the previous year's figures. Additionally another positive effect on working capital in 2023 resulted from the expansion of factoring agreements (see notes 7 and 11).

2 PRINCIPLES OF PREPARING THE CONSOLIDATED FINANCIAL STATEMENTS

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

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

The present consolidated financial statements comprise the period from January 1 till December 31, 2023 and have been signed by the Management Board and have been approved by the Supervisory Board on March 11, 2024.

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

Change from the cost of sales method to the nature of expense method

As of June 30, 2023, the consolidated income statement was changed from the cost of sales method to the nature of expense method. The nature of expense method compares sales with expenses by cost type. The cost of sales method breaks down expenses by functional area. The change in presentation serves to improve comparability within our industry. The previous year's figures were calculated and restated according to the same principles. For comparability purposes, the consolidated income statements are presented below using the cost of sales method.

(all amounts in thousands of EUR except share and per share data)	2023	2022[1]
Sales	4,164,403	4,682,060
Cost of sales	(3,345,048)	(3,544,253)
Gross margin	**819,355**	**1,137,807**
Other operating income	78,082	60,609
Selling and distribution expenses	(405,964)	(416,401)
Administrative expenses	(291,290)	(256,888)
Other operating expenses	(2,549)	(14,722)
Operating profit	**197,634**	**510,405**
Financial income	8,736	4,250
Financial expenses	(58,277)	(32,149)
Other financial result – net	(11,402)	(15,473)
Profit before tax	**136,691**	**467,033**
Income tax expense	(47,628)	(121,722)
Profit for the year	**89,063**	**345,311**
Attributable to:		
Shareholders of the Company	87,198	343,860
Non-controlling (minority) interests	1,865	1,451
Profit for the year	**89,063**	**345,311**
Earnings per share for profit attributable to the shareholders of the Company during the year:		
Average number of shares outstanding	20,000,000	20,000,000
Earnings per share	**4.36**	**17.19**

[1] adjusted due to the change of method in connection with the disclosure of government grants and adjustment of the acquisition of Essentra Packaging (see note 5)

In the course of this change, energy cost reimbursement amounting to thous. EUR 10,254 was reclassified from the position „Other operating income” to the position „Cost of sales” or to the position „Cost of materials and purchased services” according to the nature of expense method.

Application of new and revised standards

During the preparation of the consolidated financial statements and notes thereto, relevant amendments to existing IAS and IFRS, as published in the Official Journal of the European Union no later than December 31, 2023 and with an effective date no later than this date, were taken into consideration:

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

IFRS 17 establishes the principles for the recognition, measurement, presentation and disclosure of insurance contracts and supersedes IFRS 4 Insurance Contracts. The scope of application includes insurance contracts, reinsurance contracts and investment contracts with discretionary participation features. The measurement model of IFRS 17 is based on the determination of the current fulfilment values of insurance contracts, so that their carrying amounts must be adjusted in each reporting period due to changes in estimates.

The amendments to IAS 1 and IFRS Practice Statement 2 are intended to support users in deciding which accounting policies they must disclose in their financial statements. An entity is now required to disclose material accounting policy information rather than its significant accounting policies.

The amendments to IAS 8 are intended to help distinguish between accounting policies and accounting estimates. The definition of a change in accounting estimates is replaced by a definition of accounting estimates. According to the new definition, accounting-related estimates are "monetary amounts in the financial statements that are subject to measurement uncertainties". Companies develop accounting estimates when the accounting policies require that items in the financial statements are measured in a way that involves measurement uncertainty. A change in an accounting estimate resulting from new information or new developments does not constitute a correction of an error.

The amendment to IAS 12 narrows the scope of the initial recognition exemption, according to which no deferred tax assets or liabilities are to be recognised at the time when an asset or liability is initially recognised. If deductible and taxable temporary differences of the same amount arise simultaneously in a transaction, these no longer fall under the exemption, meaning that deferred tax assets and liabilities must be recognised.

The amendment to IFRS 17 affects companies that apply IFRS 17 and IFRS 9 simultaneously for the first time. The amendment affects financial assets for which comparative information is presented on initial application of IFRS 17 and IFRS 9, but which have not been restated according to IFRS 9. Under the amendment, an entity is permitted to disclose the comparative information about a financial asset as if the classification and measurement requirements of IFRS 9 had already been previously applied to this financial asset.

The Group falls within the scope of the OECD Pillar Two model rules ("Pillar Two"), the so-called global minimum taxation. Pillar Two legislation was adopted in Austria and has been effective since January 1, 2024. Pillar Two legislation was also adopted in other countries in which Group companies are domiciled with effect from January 1, 2024 at the earliest.

As of the reporting date, the Group is not subject to any tax burden due to Pillar Two. The Group applies the temporary and mandatory exemption from the recognition of deferred taxes in connection with Pillar Two income taxes, which was the subject of the amendments to IAS 12 published in May 2023.

In accordance with the Pillar Two rules, the Group must pay an additional tax for each country in the amount of the difference between the effective tax rate and the minimum tax rate of 15 %. The Group's effective tax rate at the reporting date is significantly higher than the global minimum tax rate of 15 %.

The Group is currently in the process of assessing the impact of Pillar Two after the legislation has come into force. For the 2023 reporting period, the analysis shows that Group companies are based in some countries where the effective tax rate is below 15 %. This concerns to an insignificant extent in particular UK and Ireland (non-capitalised loss carryforwards), Puerto Rico and Switzerland (low nominal tax rates) as well as Chile, Romania and Slovenia (use of tax reliefs). The Group is also examining the effects regarding the expansion of the Austrian tax group by foreign group companies. These figures are based on the profits and tax expenses determined in the course of preparing the consolidated financial statements in accordance with the Group accounting standard.

Although the effective tax rate for the countries mentioned is below 15 %, the Group may not have to pay Pillar Two income taxes in relation to these countries. This is due to specific adjustments provided by the Pillar Two legislation, which may also result in significant deviations from the effective tax rates calculated in accordance with IAS 12. In addition, substantive exemptions also apply to all countries. Due to the complexity of the application of the legislation and the calculation of the Pillar Two tax rate, the quantitative effects cannot yet be reliably estimated. Even for companies with an effective tax rate of over 15 %, Pillar Two could therefore have tax implications. We are currently working together with tax specialists to support the application of the Pillar Two legislation.

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

Furthermore, the following revised standards were endorsed by the EU until December 31, 2023; their application is, however, not yet compulsory for the financial year 2023 and they have not yet been applied voluntarily:

Revised standards	**Content**	**Effective**
IAS 1	Classifications of Liabilities as Current or Non-Current	1. 1. 2024
IFRS 16	Lease Liability in a Sale and Leaseback	1. 1. 2024
IAS 1	Classifications of Liabilities with covenants as Current or Non-Current	1. 1. 2024

Additionally, the following revised standards were published by IASB until December 31, 2023 but have not yet been endorsed by the EU:

Revised Standards	Content	Effective
IAS 7/ IFRS 7	Supplier Finance Arrangements	1. 1. 2024
IAS 21	Lack of Exchangeability	1. 1. 2025

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

3 ACCOUNTING PRINCIPLES

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

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

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

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

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

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

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

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

Any effects of intercompany transactions are entirely eliminated.

Currency translation

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

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

Translation differences arising in connection with monetary items that are part of a net investment in a foreign operation are initially reported as a separate component of equity and are recognised in the income statement only upon intentional repayment or disposal of the net investment. Currently there are no net investments within the Group.

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

		Exchange rate at Dec. 31, 2023	Exchange rate at Dec. 31, 2022	Annual average exchange rate 2023	Annual average exchange rate 2022
Country:	**Currency:**	**1 EUR =**	**1 EUR =**	**1 EUR =**	**1 EUR =**
Bulgaria	BGN	1.96	1.96	1.96	1.96
Canada	CAD	1.46	1.45	1.46	1.37
Chile	CLP	979	917	910	919
China	CNY	7.86	7.42	7.64	7.10
Colombia	COP	4,222	5,134	4,636	4,471
Czech Republic	CZK	24.72	24.12	23.98	24.56
Denmark	DKK	7.45	7.44	7.45	7.44
Great Britain	GBP	0.87	0.89	0.87	0.85
Hungary	HUF	383	401	382	390
Jordan	JOD	0.78	0.75	0.77	0.75
Norway	NOK	11.24	10.51	11.38	10.10
Philippines	PHP	61.47	59.55	60.22	57.34
Poland	PLN	4.35	4.69	4.54	4.68
Romania	RON	4.97	4.95	4.95	4.93
Russia	RUB	99.19	75.66	90.40	69.11
Sweden	SEK	11.10	11.12	11.45	10.62
Switzerland	CHF	0.93	0.98	0.97	1.00
Tunisia	TND	3.39	3.31	3.36	3.26
Turkey	TRY	32.57	19.93	32.57	19.93
Ukraine	UAH	42.21	38.95	39.68	33.93
United States of America	USD	1.11	1.07	1.08	1.05
Vietnam	VND	26,928	25,207	25,863	24,741

As of January 1, 2023 effective, the functional currency of MM Graphia Izmir Karton sanayi ve ticaret anonim sirketi was changed from Turkish lira to Euro. A sustained dominant export quota to Euro countries since the end of 2022 has also been reflected in the pricing mechanism which has been subject to the Euro environment since January 1, 2023. As a result, the primary operating economic environment of this subsidiary is no longer Turkey but the Eurozone. This change resulted in a negative effect of thous. EUR 4,019 on EBITDA in the financial year 2023. Any effects of IAS 29 “Financial Reporting in Hyperinflationary Economies" are not taken into account.

By contrast, IAS 29 “Financial Reporting in Hyperinflationary Economies" continues to be applied to another subsidiary in Turkey. As a result, the relevant non-monetary items in the consolidated balance sheet were no longer presented on a historical cost basis but adjusted for the effects of inflation in prior periods. In accordance with IAS 21 “The Effects of Changes in Foreign Exchange Rates”, the prior-year figures have not been adjusted for financial statements in non-hyperinflationary reporting currencies. The translation differences are recognised in other comprehensive income and accumulated in other reserves in equity.

Adjustments from the consideration of the currency devaluation of the monetary balance sheet items of Turkish subsidiaries in the financial year 2023 are reflected in profit or loss and are included in the consolidated income statement in "Other financial result – net". The Turkish consumer price index (TÜFE, 2005=100) published by the Turkish Statistical Office (TURKSTAT) was used for this purpose. The value of the index applied at the reporting date was 1,516 and increased by 34 % compared to the previous year (January 1, 2023: 1,128).

For the year ended December 31, 2023, the adjustments from hyperinflation accounting resulted in an increase of total assets in the amount of thous. EUR 6,439 (December 31, 2022: thous EUR 23,070). This mainly results from the indexation of property, plant and equipment of thous. EUR 5,576 (December 31, 2022: thous. EUR 21,891) and inventories of thous. EUR 348 (December 31, 2022: thous. EUR 1,063). On the liabilities side, equity increased by thous. EUR 5,787 (December 31, 2022: thous. EUR 18,666) and deferred tax liabilities by thous. EUR 652 (December 31, 2022: thous. EUR 4,404). In the income statement, there was in particular an increase in cost of materials and depreciation and amortisation, which led to a negative effect on the operating profit in the amount of thous. EUR 2,996 (2022: thous. EUR 13,209). In addition, a monetary gain in the amount of thous. EUR 3,756 (2022: thous. EUR 353) was recognised, which is included in "Other financial result – net".

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

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

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

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

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

Derivative financial instruments

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

Accounting for derivative financial instruments not designated as hedge accounting

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

Hedge accounting

In order to reflect the economic effects of risk management activities in the area of over-the-counter hedging of commodity prices in Finland, the MM Group applies the provisions of hedge accounting according to IFRS 9. At the inception of the hedge transaction, the MM Group documents the economic relationship between the hedging instrument and the hedged item, including the risk management objectives and the underlying business strategy for undertaking the hedge. The material terms of the payments from the hedged items and hedging instruments are generally identical or opposite ("critical terms match"). Derivatives are generally initially recognised at fair value on the date a derivative contract is entered into and are measured at fair value at the end of each reporting period. Depending on the fair value (positive or negative), derivative financial instruments are recognised as other receivables or other liabilities. In the previous year, there had been an unrealised day-one gain that resulted from the commodity price hedge in Finland and that was not recognised at the time of designation.

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

Government grants

Government grants are only recognised if there is reasonable assurance that the conditions attached to them will be met and the grants will be received. Grants related to income are recognised in the Group using the net method and deducted from the associated expenses. In the 2023 financial year, the gross method was changed to the net method (including an adjustment of the previous year's figures) as part of the changeover of the consolidated income statement from the cost of sales method to the nature of expense method, as the net presentation ensures that grants are presented in accordance with their origin on expense items and comparability with other companies.

4 DISCRETIONARY DECISIONS, ASSUMPTIONS, AND ESTIMATES

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

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

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

In the course of the transformative acquisitions in both divisions, the Group reviewed the useful lives of property, plant and equipment and intangible assets and extended the useful lives of individual items of property, plant and equipment with effect from January 1, 2023. The reasons for extending the useful lives were, on the one hand, improved materials and repair options and, on the other hand, the later replacement of production facilities due to a lack of technological progress. If this adjustment had not been made, the depreciation, impairments and write-ups reported in the consolidated income statement would have amounted to thous. EUR 230,354.

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

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

Other intangible assets
The Group is obliged to redeem CO_2 emission rights for carbon dioxide emissions incurred during cartonboard and paper production.

These emission rights have partly been allocated free of charge to the Group within the European Union and Norway. If this allocation is not sufficient to cover the volume of CO_2 emissions caused by the respective facility, the Group acquires further certificates on the market.

CO_2 emission rights are recognised in accordance with IAS 38 "Intangible Assets" as intangible assets in "Prepaid expenses and other current assets", measured at cost if they are acquired in return for payment. If the rights have been allocated free of charge, they are measured at cost amounting to zero. If actual carbon dioxide emissions in the course of the reporting period exceed the amount of available emission rights at the balance sheet date, a provision for the missing certificates has to be accounted for, which is presented under the position "Provisions for current liabilities and charges" (see note 18).

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

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

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

Duration of leases

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

Provisions for pensions, severance payments, and anniversary bonuses

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

Other provisions

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

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

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

Financial instruments

The pro rata resale of the hedged gas purchase volumes in the previous year resulted in the elimination of the own-use exemption. For this reason, hedging transactions were designated in this context ("cash flow hedge"), which were measured on the basis of the expected purchase volumes for underlying gas contracts in 2023 as well as for 2024 - 2025 and the TTF future prices available at the designation date (see note 7).

Inventories

The acquisition of Essentra Packaging in October 2022 resulted in the exploitation of synergies and the analysis and harmonisation of numerous processes. In this context, the shelf life of cardboard was also analyzed. It can be used for more than the warranty period of 12 months, provided it is stored correctly. The MM Packaging division has the necessary storage capacities to double the usability to 24 months. With effect from January 1, 2023, the valuation allowances for cartonboard in the MM Packaging division were therefore adjusted. Inventories older than 12 months are valued with 25 % discount. Inventories older than 24 months are written down in full. If this adjustment had not been made, the reversals of write-downs on inventories recognised in profit or loss would have amounted to thous. EUR 3,851.

Climate-related risks

The MM Group follows the TCFD framework (Task Force on Climate-Related Financial Disclosures) in order to integrate climate change-related risks and opportunities into the existing reporting structures and the consolidated financial statements in the best possible way.

For the business activities of the MM Group, advancing climate change results in both physical risks that affect individual locations and strategic risks that can affect a business area or the entire Group.

The risks are divided into transitory and physical risks. Transitory risks include changes in available energy sources and associated emissions trading systems such as the EU Emissions Trading System (EU ETS). Physical risks relate in particular to the effects of climate change on the availability of resources such as water and forestry raw materials, which are important for paper and cartonboard production. Climate-related risks are subject to significant uncertainties and can potentially have an impact on the reported assets of the MM Group.

In order to carry out a comprehensive risk analysis and to minimise potential risks, various strategies are pursued in business planning and decision-making. On the one hand, measures are developed to reduce CO_2 emissions, which are carefully evaluated and planned. A particular focus here is placed on the way in which these measures can be integrated into business practices in order to achieve long-term environmental and economic benefits.

On the other hand, efforts are focused on securing the procurement of all key sustainable raw materials. This includes ensuring a reliable and sustainable supply chain for all raw materials that are important for the company. A proactive procurement strategy can avoid potential supply bottlenecks and reduce the risk of unforeseen price increases.

In addition, the environmental risk is further reduced through the use of forward hedging transactions for CO_2 certificates, natural gas and electricity. These hedging measures serve to control the costs and risks associated with environmental factors and ensure that the company remains stable and competitive even under difficult market conditions.

5 CHANGES IN THE CONSOLIDATED COMPANIES AND OTHER SIGNIFICANT EVENTS

5.1 Changes in the consolidated companies in 2023

Business combination Essentra Packaging

In these financial statements, the purchase price allocation for Essentra Packaging, which was acquired in October 2022, was completed within the measurement period in accordance with the provisions of IFRS 3. The review of the provisional allocation of the purchase price on the basis of information obtained after the reporting date about the circumstances on the acquisition date led to the following adjustments with an impact on the consolidated balance sheet as of December 31, 2022.

(in thousands of EUR)	Oct. 2, 2022	Adaptions	Oct. 2, 2022 adapted
Property, plant and equipment	196,489	(17,499)	178,990
Intangible assets	22,716	(972)	21,744
Deferred tax assets	2,575		2,575
Inventories	52,672		52,672
Trade receivables	99,523		99,523
Prepaid expenses and other current assets	16,899		16,899
Cash and cash equivalents	13,458		13,458
Deferred tax liabilities	(23,891)	6,198	(17,693)
Provisions for non-current liabilities and charges	(12,011)		(12,011)
Financial liabilities	(21,842)		(21,842)
Trade liabilities	(68,848)		(68,848)
Prepaid expenses, other current liabilities and provisions	(35,954)	3,477	(32,477)
Net assets	**241,786**	**(8,796)**	**232,990**
Goodwill	83,349	16,362	99,711

The purchase price determined as part of the final settlement with the seller on the basis of the final net working capital amounts to thous. EUR 332,701. Accordingly, the existing reclaim from the overpayment of the purchase price at the acquisition date in the item "Prepaid expenses and other current assets" was reduced by thous. EUR 7,566. The adjustments listed in the table have also led to insignificant changes in the consolidated income statement and in currency translation differences as of December 31, 2022. No items in the consolidated cash flow statement are affected by this adjustment, with exception of those that were adjusted in the consolidated income statement.

Business combination Eson Pac

In these financial statements, the purchase price allocation of the Eson Pac Group acquired in April 2022 was completed within the measurement period in accordance with the provisions of IFRS 3. The review of the provisional allocation of the purchase price did not result in any adjustments. The contingent purchase price liability recognised in connection with the acquisition was paid to the seller in May 2023.

Other changes
In addition, there were further insignificant effects resulting from changes in the consolidated companies (see note 33).

5.2 Changes in the consolidated companies in 2022

Business combination Eson Pac
In April 2022, the MM Group acquired 100 % of the shares in Eson Pac, located in Veddige, Sweden, from the majority shareholder Nalka Invest AB as well as family and management minority shareholders. Eson Pac produces and distributes high-quality secondary packaging solutions for the pharmaceutical industry.

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

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

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

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

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

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

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

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

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

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

Business combination Essentra Packaging

In October 2022, the division MM Packaging has successfully finalised the acquisition of Essentra Packaging. The transaction comprises 100 % of the shares in ESNT Packaging & Securing Solutions Limited (UK) and 100 % of the shares in Essentra Packaging US Inc (US) as well as their affiliated companies. Essentra Packaging has 21 manufacturing sites in 10 countries throughout Europe, US mainland and Puerto Rico.

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

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

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

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

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

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

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

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

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

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

Disposal of businesses

In December 2022, the division MM Packaging sold 100 % of its shares in the Russian sites OOO TANN Nevskiy, Pskov, MM Polygrafoformlenie Packaging LLC, St. Petersburg, und MM Polygrafoformlenie Rotogravure LLC, St. Petersburg to the local investor Granelle. The selling price amounted to EUR 134 million. The sale was in line with MM's strategy to focus on new acquisitions and growth investments. In the course of the sale, a waiver of an intercompany loan in the amount of thous. EUR 9,652 was made.

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

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

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

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

Other Changes

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

5.3 Other significant events in 2023

The Cervia site of the packaging company MM Packaging Italy S.r.l., which produces folding cartons for the pharmaceutical market in Italy and Europe, was severely affected by flooding in May 2023 and had to cease operations as a result. The costs of the flooding were covered by the insurance except for an insurance deductible.

In total, the Group incurred expenses of thous. EUR 31,612 from restructuring measures, in particular the closure of the Schilling site and the shutdown of Cervia, which mainly resulted from expenses for social plans in the division MM Packaging. There were also insignificant impairments of property, plant and equipment and inventories.

MM has implemented its most extensive investment program throughout the years 2021-23, which included a large number of projects focusing on growth, cost efficiency and technological modernisation at major competitive sites in both divisions. In the Packaging division, these measures have already made a noticeable contribution since 2022. In contrast, the MM Board & Paper division made its largest investments in state-of-the-art technology, product development and sustainability at the Frohnleiten, Neuss and Kolicevo sites in 2023.

5.4 Other significant events in 2022

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

6 DEVELOPMENT OF FIXED ASSETS

6.1 Property, plant and equipment including leases

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

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

The Group capitalises significant renewal investments and leasehold improvements. Generally, costs resulting in a prolongation of utilisation or in an increase in future utilisation of assets are capitalised. Current costs of maintenance and repairs are recognised as expenses as incurred.

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

Borrowing costs that are directly attributable to the acquisition, construction or manufacturing of a qualifying asset are capitalised as part of the cost of that asset. All other borrowing costs are recognised in profit or loss in the period in which they are incurred. In the financial year 2023, in the course of comprehensive investment measures in the division MM Board & Paper, interest on borrowings in the amount of thous. EUR 1,088 (2022: thous. EUR 1,271) were capitalised. For non-specific financing, a Group-wide interest rate of 3.2 % (2022: 2.0 %) was applied.

Development of property, plant and equipment 2023

(in thousands of EUR)	Lands, similar land rights and buildings	Technical equipment and machines	Other equipment, fixtures and fittings	Construction in progress	**Property, plant and equipment**
ACQUISITION OR MANUFACTURING COSTS:					
Balance at Jan. 1, 2023	**889,944**	**2,219,155**	**188,824**	**220,498**	**3,518,421**
Effect of exchange rate changes	6,669	7,660	(288)	1,545	15,586
Additions	33,014	179,405	17,517	208,098	438,034
Disposals	(7,157)	(61,163)	(10,195)	(366)	(78,881)
Hyperinflation adjustments	1,908	4,035	136	1	6,080
Reclassifications	29,010	129,734	7,329	(207,839)	(41,766)
Other[1]	(7,536)	0	0	0	(7,536)
Balance at Dec. 31, 2023	**945,852**	**2,478,826**	**203,323**	**221,937**	**3,849,938**
ACCUMULATED DEPRECIATION AND IMPAIRMENT:					
Balance at Jan. 1, 2023	**311,125**	**1,276,298**	**130,613**	**4,363**	**1,722,399**
Effect of exchange rate changes	(484)	(3,164)	(229)	1	(3,876)
Disposals	(4,354)	(59,043)	(9,780)	0	(73,177)
Depreciation/amortisation expense for the year	39,319	124,324	15,694	0	179,337
Impairments	875	5,611	54	31	6,571
Increase	(1,064)	(2,736)	0	0	(3,800)
Hyperinflation adjustments	133	2,441	55	0	2,629
Reclassifications	(1,875)	(31,979)	(2,321)	0	(36,175)
Balance at Dec. 31, 2023	**343,675**	**1,311,753**	**134,085**	**4,395**	**1,793,908**
NET BOOK VALUE:					
Net book value at Dec. 31, 2023	**602,177**	**1,167,073**	**69,238**	**217,542**	**2,056,030**
Net book value at Dec. 31, 2022	**578,819**	**942,857**	**58,211**	**216,135**	**1,796,022**

[1] includes the offsetting effect from the discounting of a long-term recultivation provision without impact on the income statement (see note 15)

Development of property, plant and equipment 2022

(in thousands of EUR)	Lands, similar land rights and buildings	Technical equipment and machines	Other equipment, fixtures and fittings	Construction in progress	**Property, plant and equipment**
ACQUISITION OR MANUFACTURING COSTS:					
Balance at Jan. 1, 2022	**767,901**	**1,990,756**	**160,756**	**149,439**	**3,068,852**
Adjustments of the initial application IAS 29	7,742	31,766	2,127	0	41,635
Adjusted balance at Jan. 1, 2022	**775,643**	**2,022,522**	**162,883**	**149,439**	**3,110,487**
Effect of exchange rate changes[1]	(5,399)	(12,432)	225	(1,849)	(19,455)
Changes in consolidated companies acquired[1]	99,603	110,257	3,521	0	213,381
Changes in consolidated companies disposed	(21,180)	(53,235)	(5,905)	0	(80,320)
Additions	22,358	105,688	17,356	189,000	334,402
Disposals	(7,575)	(30,210)	(6,707)	(40)	(44,532)
Hyperinflation adjustments	6,102	27,465	4,712	2	38,281
Reclassifications	20,392	49,100	12,739	(116,054)	(33,823)
Balance at Dec. 31, 2022	**889,944**	**2,219,155**	**188,824**	**220,498**	**3,518,421**
ACCUMULATED DEPRECIATION AND IMPAIRMENT:					
Balance at Jan. 1, 2022	**287,689**	**1,170,366**	**119,569**	**1,197**	**1,578,821**
Adjustments of the initial application IAS 29	3,039	26,843	1,666	0	31,548
Adjusted balance at Jan. 1, 2022	**290,728**	**1,197,209**	**121,235**	**1,197**	**1,610,369**
Effect of exchange rate changes[1]	313	(4,642)	335	(2)	(3,996)
Changes in consolidated companies disposed	(11,659)	(26,544)	(4,922)	0	(43,125)
Disposals	(3,035)	(29,242)	(6,284)	0	(38,561)
Depreciation/amortisation expense for the year[1]	29,553	125,422	15,885	0	170,860
Impairments	2,918	10,256	1,709	3,168	18,051
Hyperinflation adjustments	2,150	17,413	3,858	0	23,421
Reclassifications	157	(13,573)	(1,203)	0	(14,619)
Balance at Dec. 31, 2022	**311,125**	**1,276,298**	**130,613**	**4,363**	**1,722,399**
NET BOOK VALUE:					
Net book value at Dec. 31, 2022	**578,819**	**942,857**	**58,211**	**216,135**	**1,796,022**
Net book value at Dec. 31, 2021	**480,212**	**820,390**	**41,187**	**148,242**	**1,490,031**

[1] adjusted due to the adjustment of the acquisition of Essentra Packaging (see note 5)

Leases

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

(in thousands of EUR)	Lands, similar land rights and buildings	Technical equipment and machines	Other equipment, fixtures and fittings	**Property, plant and equipment**
Balance at Jan. 1, 2023	**94,850**	**13,494**	**1,040**	**109,384**
Effect of exchange rate changes	1,537	275	22	1,834
Additions	10,223	2,614	247	13,084
Disposals	(2,296)	(436)	(9)	(2,741)
Depreciation/amortisation expense for the year	(12,724)	(6,048)	(618)	(19,390)
Impairments	(167)	(548)	0	(715)
Reclassifications	(1,600)	(324)	(1)	(1,925)
Balance at Dec. 31, 2023	**89,823**	**9,027**	**681**	**99,531**

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

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

6.2 Intangible assets including goodwill

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

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

Development of intangible assets including goodwill 2023

(in thousands of EUR)	Concessions, licenses and similar rights	Goodwill	Customer relationships and other intangible assets	**Intangible assets including goodwill**
ACQUISITION OR MANUFACTURING COSTS:				
Balance at Jan. 1, 2023	**90,474**	**773,816**	**296,191**	**1,160,481**
Effect of exchange rate changes	(340)	25,948	6,626	32,234
Additions	16,345	0	0	16,345
Disposals	(236)	0	0	(236)
Hyperinflation adjustments	94	0	0	94
Reclassifications	7,010	(91)	0	6,919
Balance at Dec. 31, 2023	**113,347**	**799,673**	**302,817**	**1,215,837**
ACCUMULATED DEPRECIATION AND IMPAIRMENT:				
Balance at Jan. 1, 2023	**56,065**	**9,036**	**63,373**	**128,474**
Effect of exchange rate changes	(327)	3	1,128	804
Disposals	(236)	0	0	(236)
Depreciation/amortisation expense for the year	7,291	0	31,876	39,167
Hyperinflation adjustments	74	0	0	74
Reclassifications	(101)	(91)	0	(192)
Balance at Dec. 31, 2023	**62,766**	**8,948**	**96,377**	**168,091**
NET BOOK VALUE:				
Net book value at Dec. 31, 2023	**50,581**	**790,725**	**206,440**	**1,047,746**
Net book value at Dec. 31, 2022	**34,409**	**764,780**	**232,818**	**1,032,007**

Development of intangible assets including goodwill 2022

(in thousands of EUR)	Concessions, licenses and similar rights	Goodwill	Customer relationships and other intangible assets	**Intangible assets including goodwill**
ACQUISITION OR MANUFACTURING COSTS:				
Balance at Jan. 1, 2022	**71,732**	**677,797**	**271,857**	**1,021,386**
Adjustments of the initial application IAS 29	226	0	0	226
Adjusted balance at Jan. 1, 2022	**71,958**	**677,797**	**271,857**	**1,021,612**
Effect of exchange rate changes[1]	(521)	(8,660)	(3,038)	(12,219)
Changes in consolidated companies acquired[1]	896	128,094	38,557	167,547
Changes in consolidated companies disposed	0	(23,415)	(11,185)	(34,600)
Additions	3,147	0	0	3,147
Disposals	(5,762)	0	0	(5,762)
Hyperinflation adjustments	212	0	0	212
Reclassifications	20,544	0	0	20,544
Balance at Dec. 31, 2022	**90,474**	**773,816**	**296,191**	**1,160,481**
ACCUMULATED DEPRECIATION AND IMPAIRMENT:				
Balance at Jan. 1, 2022	**53,544**	**9,038**	**44,011**	**106,593**
Adjustments of the initial application IAS 29	180	0	0	180
Adjusted balance at Jan. 1, 2022	**53,724**	**9,038**	**44,011**	**106,773**
Effect of exchange rate changes[1]	(419)	(2)	9	(412)
Changes in consolidated companies disposed	0	0	(2,127)	(2,127)
Disposals	(3,532)	0	0	(3,532)
Depreciation/amortisation expense for the year[1]	6,130	0	21,480	27,610
Impairments	4	0	0	4
Hyperinflation adjustments	167	0	0	167
Reclassifications	(9)	0	0	(9)
Balance at Dec. 31, 2022	**56,065**	**9,036**	**63,373**	**128,474**
NET BOOK VALUE:				
Net book value at Dec. 31, 2022	**34,409**	**764,780**	**232,818**	**1,032,007**
Net book value at Dec. 31, 2021	**18,188**	**668,759**	**227,846**	**914,793**

[1] adjusted due to the adjustment of the acquisition of Essentra Packaging (see note 5)

In the financial year 2023, depreciation, amortisation and impairment expenses recorded under "Property, plant and equipment" and "Intangible assets including goodwill" amounted to thous. EUR 225,075 (2022: thous. EUR 216,525). The amortisation and impairment of the position "Intangible assets including goodwill" is recorded mainly for assets related to customer relationships as well as for software licences. For details related to impairments and write-ups please refer to note 6.3.

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

The MM Board & Paper division has started to introduce SAP as part of a realignment of the ERP landscape and will continue this project also in subsequent years. In this context, additions to intangible assets include thous. EUR 12,571 for software and customising.

6.3 Recoverability of non-current assets

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

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

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

Impairments and write-ups in the financial year 2023
Due to the generally difficult economic situation for cash-generating units in various countries, the Group has performed an impairment test in which the persistently high energy prices as well as downtimes due to the weak order situation constitute indicators for potential impairment. Based on the information currently available, the Group does not expect any significant negative effects on the future detailed budget and cash flows of its cash-generating units and therefore there was basically no need for impairment of property, plant and equipment.

In the MM Board & Paper division, impairments were recognised for individual machinery and equipment in the amount of thous. EUR 5,001, which mainly resulted from restructuring measures. This was offset by write-ups of thous. EUR 1,771 from the revaluation to the higher fair value less costs of disposal.

In the financial year 2023, impairments on property, plant and equipment were recognised in the amount of thous. EUR 1,570 and write-ups in the amount of thous. EUR 2,028 in the MM Packaging division.

In addition, impairments related to "non-current assets held for sale" in the amount of thous. EUR 100 are included in the position depreciation, amortisation, impairment and write-up in the consolidated income statement.

Impairments in the financial year 2022
In the course of the restructuring measures at the Kolicevo site, an impairment on property, plant and equipment of thous. EUR 12,970 had been recognised in the previous year (see note 5.3). Residual book values on buildings had been fully depreciated, machinery to its fair value less costs to sell. In addition, at another cartonboard mill in Germany as well as at some packaging sites, impairments of individual machinery and equipment due to technical obsolescence and underutilisation in the total amount of thous. EUR 5,085 had occurred in the previous year.

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

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

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

(in thousands of EUR)	**Dec. 31, 2023**	**Dec. 31, 2022[1)]**
Goodwill MM Board & Paper	457,245	433,557
Goodwill MM Packaging	333,480	331,223
Goodwill Group	**790,725**	**764,780**

[1)] adjusted due to the adjustment of the acquisition of Essentra Packaging (see note 5)

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

Calculation of value in use

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

Discount rate	The discount rate represents the weighted average cost of capital (WACC) of the Group before taxes, and, for the current financial year, it amounts to 10.54 % (2022: 11.59 %) for the segment MM Board & Paper and to 12.50 % (2022: 13.94 %) for the segment MM Packaging. Cost of equity is derived from a general risk premium for which the Group's specific risk premium is taken into consideration by applying the beta factor as well as country-specific risk indicators. The beta factor and cost of debt are derived from peer-group capital market information.
The detailed forecast period	The detailed forecast period is five years (2022: five years). The last planned year is also used for the cash flow calculation hereafter and modified using further assumptions for the terminal value.
Free Cash Flow	The free cash flows in the detailed forecast period are based on the estimates of the medium-term corporate planning of the two segments, which was approved by the Supervisory Board. This includes assumptions about volume and earnings developments which were derived from external forecasts, historical experience, and internal management projections of the market environment, such as material and selling prices, and internal input factors, such as investment and personnel planning.
Growth rate	For the free cash flows after the five year detailed forecast period a continuous growth rate of 1.5 % p. a. (2022: 1.5 % p. a.) including a retention rate is considered.
EBITDA margin/Cost development	Based on the current low level, the Group expects an increase in EBITDA margins in the planning period due to increased capacity utilisation and a stable fixed cost development. Planned capital expenditures are offset by depreciation and amortisation in an appropriate amount.

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

The Group has conducted its annual impairment test as of December 31, 2023 and December 31, 2022. Neither in 2023 nor in 2022 an impairment on goodwill was recognised on this basis.

Sensitivity of underlying assumptions

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

The respective pre-tax discount rate according to which the value in use would equal the book value as of December 31, 2023 amounts to 12.76 % (December 31, 2022: 12.92 %) for the operating segment MM Board & Paper and to 14.52 % (December 31, 2022: 15.56 %) for the operating segment MM Packaging.

A decrease in free cash flows by 10.0 % points or in growth rate by 0.5 % points would not have led to any impairment as of December 31, 2023 for both operating segments.

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

- 10 % price increase for fibers or 20 % increase in energy costs in the CGU MM Board & Paper.
- 10 % price increase for cartonboard or 20 % increase in energy costs in the CGU MM Packaging.

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

For more details on climate-related risks please refer to note 4.

As of December 31, 2023, the Group's market capitalisation amounted to thous. EUR 2,532,000 (December 31, 2022: thous. EUR 3,024,000) and the book value of equity amounted to thous. EUR 2,012,394 (December 31, 2022: thous. EUR 1,959,054).

7 FINANCIAL INSTRUMENTS DISCLOSURES

7.1 Classification and measurement of financial instruments

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

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

Financial assets are classified and measured as follows:

Category	**Examples in MM Group**
At amortised cost	Trade receivables, cash and cash equivalents
At fair value through other comprehensive income	Trade receivables in connection with factoring agreements
At fair value through profit or loss	Derivatives

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

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

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

The Group classifies trade accounts receivable that are not sold to banks as part of factoring agreements and all other financial receivables in this category. In addition, all cash and cash equivalents, such as fixed deposits, are classified in this measurement category.

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

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

Some of the Group's trade receivables are sold to banks as part of factoring agreements (see note 7.2). That part of the receivables portfolio as of December 31, 2023 that is offered to banks at nominal value after this reporting date, is measured at fair value through other comprehensive income. Measurement at fair value has no material impact on the consolidated financial statements. For this reason, it is assumed that the fair value corresponds to the previous measurement standard of amortised cost.

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

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

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

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

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

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

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

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

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

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

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

Financial liabilities are classified and measured as follows:

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

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

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

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

(in thousands of EUR)	At fair value through profit and loss	At fair value through OCI	At amortised cost[2]	Total
	Carrying amount at Dec. 31, 2023			
Securities and other financial assets[1]	1,833	0	995	2,828
Trade receivables	0	45,729	338,783	384,512
Other receivables and assets incl. derivatives[3]	2,281	0	24,660	26,941
Cash and cash equivalents	0	0	757,515	757,515
Total	**4,114**	**45,729**	**1,121,953**	**1,171,796**
	Carrying amount at Dec. 31, 2022[4]			
Securities and other financial assets[1]	1,798	0	4,454	6,252
Trade receivables	0	2,472	692,770	695,242
Other receivables and assets incl. derivatives[3]	3,895	0	28,437	32,332
Cash and cash equivalents	0	0	280,063	280,063
Total	**5,693**	**2,472**	**1,005,724**	**1,013,889**

[1] For measurement of “other financial assets” classified as “at fair value through profit and loss”, see note 7.6.
[2] The reported amounts regarding financial assets measured at amortised cost represent a proper approximation to the fair value.
[3] see note 12
[4] adjusted due to the adjustment of the acquisition of Essentra Packaging (see note 5)

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

(in thousands of EUR)	At fair value through profit and loss	At fair value through OCI	At amortised cost[1]	Total
	Carrying amount at Dec. 31, 2023			
Interest-bearing financial liabilities incl. factoring liabilities	0	0	1,916,100	1,916,100
Lease liabilities	0	0	103,356	103,356
Trade liabilities	0	0	515,272	515,272
Other liabilities incl. derivatives[2]	7,791	20,894	34,267	62,952
Total	**7,791**	**20,894**	**2,568,995**	**2,597,680**
	Carrying amount at Dec. 31, 2022[3]			
Interest-bearing financial liabilities	0	0	1,651,288	1,651,288
Lease liabilities	0	0	110,301	110,301
Trade liabilities	0	0	499,677	499,677
Other liabilities incl. derivatives[2]	9,890	29,666	33,293	72,849
Total	**9,890**	**29,666**	**2,294,559**	**2,334,115**

[1] The reported amounts regarding financial liabilities measured at amortised cost represent a proper approximation to the fair value. The fair value of fixed-interest financial liabilities can be found in note 14.1.
[2] incl. interest accruals from financial liabilities (see note 17)
[3] adjusted due to the adjustment of the acquisition of Essentra Packaging (see note 5)

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

(in thousands of EUR)	At fair value through profit and loss	At amortised cost	**Total**
		Income and expense 2023	
In profit for the year	**(1,148)**	**9,914**	**8,766**
Interest/dividends received	443	8,733	9,176
Fair value/carrying amount changes	(1,603)	1,181	(422)
Gains/losses from disposals	12	0	12
In other comprehensive income	**0**	**0**	**0**
Change in fair value	0	0	0
Net profit/loss	**(1,148)**	**9,914**	**8,766**
		Income and expense 2022	
In profit for the year	**(205)**	**1,269**	**1,064**
Interest/dividends received	408	4,250	4,658
Fair value/carrying amount changes	(613)	(2,981)	(3,594)
In other comprehensive income	**0**	**0**	**0**
Change in fair value	0	0	0
Net profit/loss	**(205)**	**1,269**	**1,064**

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

(in thousands of EUR)	At fair value through profit and loss	At fair value through OCI	At amortised cost	**Total**
	Income and expense 2023			
In profit for the year	**(5,367)**	**(67,898)**	**(58,397)**	**(131,662)**
Interest	0	0	(58,211)	(58,211)
Cost of materials and purchased services	0	(67,898)	0	(67,898)
Fair value/carrying amount changes	(5,367)	0	(186)	(5,553)
In other comprehensive income	**0**	**8,773**	**0**	**8,773**
Change in fair value	0	(59,125)	0	(59,125)
Cash flow hedge - recycling	0	67,898	0	67,898
Net profit/loss	**(5,367)**	**(59,125)**	**(58,397)**	**(122,889)**

	Income and expense 2022			
In profit for the year	**3,449**	**0**	**(32,227)**	**(28,778)**
Interest	0	0	(32,149)	(32,149)
Fair value/carrying amount changes	3,449	0	(78)	3,371
In other comprehensive income	**0**	**(29,666)**	**0**	**(29,666)**
Change in fair value[1]	0	(29,666)	0	(29,666)
Net profit/loss	**3,449**	**(29,666)**	**(32,227)**	**(58,444)**

[1] There was an unrealised day one gain of thous. EUR 63,427 in the context of hedge accounting.

7.2 Factoring

The Group has been recognising a factoring agreement in Finland since 2021. Trade receivables are transferred to a bank in return for cash and are derecognised in full, as the main opportunities and risks associated with the receivables sold have been transferred to the acquirer. Only an insignificant default risk remains in the Group.

In the 2023 financial year, the Group began transferring trade receivables in various currencies to a bank in exchange for cash as part of another factoring agreement. Selected subsidiaries in Austria, Germany, Poland, France, the UK and Spain are participating in this programme. The transferred receivables are fully derecognised in accordance with IFRS 9, as both opportunities and risks have been transferred to the acquirer. The default risk was transferred to the acquirers. Receivables management remains within the Group.

In addition, the Group is occasionally also a contractual partner in supply chain financing agreements with customers of the MM Packaging division in order to optimise liquidity in working capital management by shortening payment terms. There are no further risks in the event of payment difficulties on the part of customers.

7.3 Derivatives

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

In this connection, foreign exchange forward and swap transactions are used in order to mitigate the short-term effects of exchange rate fluctuations.

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

As of December 31, 2023, the Group had concluded foreign exchange forward and swap contracts with a nominal value of receivables of thous. EUR 521,846 (December 31, 2022: thous. EUR 506,421) and liabilities of thous. EUR 528,059 (December 31, 2022: thous. EUR 505,854) with a negative total market value of thous. EUR 5,510 (December 31, 2022: positive total market value of thous. EUR 1,471).

The derivative financial instruments related to forward exchange contracts are recorded in the consolidated balance sheet under “Prepaid expenses and other current assets” as current assets in the amount of thous. EUR 2,281 (December 31, 2022: thous. EUR 3,895) and under “Deferred income and other current liabilities” as current liabilities in the amount of thous. EUR 7,791 (December 31, 2022: thous. EUR 2,424). Hedge accounting is not applied for these derivative financial instruments.

In the previous year, hedge accounting according to IFRS 9 had been applied for the first time. MM Kotkamills in Finland had been unable to consume the contractually hedged minimum purchase volumes of gas at fixed prices due to shutdowns, which had resulted in a resale of the surplus and thus the elimination of the own-use exemption as of July 1, 2022. Therefore, in this context, a hedging transaction had been designated as of July 1, 2022 (“cash flow hedge”), which had been valued based on the expected purchase volumes for underlying gas contracts in 2023 and the TTF future prices available at the designation date. This had resulted in an unrealised day one gain in the amount of thous. EUR 63,427 as of December 31, 2022 which no longer existed as of December 31, 2023. In 2023, new gas supply contracts were concluded for the financial years 2024 and 2025 and designated as hedging relationships.

As of December 31, 2023, the recognised fair values of these contracts amount to thous. EUR -20,894 based on the TTF future prices effective at the reporting date (December 31, 2022: thous. EUR -29,666). In the financial year 2023, the hedging relationship in Finland was realised with the planned and fixed purchase quantities. An amount of thous. EUR 67,898 (December 31, 2022: thous. EUR 0) was reclassified through profit or loss (recycled). The valuation effects amounted to thous. EUR -59,125 (December 31, 2022: thous. EUR -29,666), resulting in a total effect on other comprehensive income of thous. EUR 8,773 (December 31, 2022: thous. EUR -29,666). As of the balance sheet date, the thereby resulting financial liability amounted to thous. EUR 20,894 (December 31, 2022: thous. EUR 29,666). In this context, there were no significant ineffectivities.

7.4 Financial Risk Management

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

Credit and default risk

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

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

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

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

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

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

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

Liquidity risk

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

The following table shows the undiscounted future cash outflows arising from interest-bearing financial liabilities incl. factoring liabilities, lease liabilities, trade liabilities, payment obligations and payment entitlements arising from derivative financial instruments as well as interest for interest-bearing financial liabilities and lease liabilities based on the remaining maturity as of the balance sheet date or referred to the contractually agreed maturity. Outflows in the amount of the fixed gas volumes resulting from the cancellation of the own-use-exemption and the thus resulting liabilities are not included because these are not taken into account as part of liquidity management.

(in thousands of EUR)	Up to 3 months	3 months up to 1 year	1 – 2 years	2 – 5 years	Over 5 years
Balance at Dec. 31, 2023					
Interest-bearing financial liabilities incl. factoring liabilities	90,940	144,074	83,306	812,788	784,992
Interest for interest-bearing financial liabilities	23,989	24,934	42,651	84,904	145,986
Lease liabilities	4,838	10,662	11,666	23,303	52,887
Interest for lease liabilities	936	2,584	2,975	6,789	21,553
Trade liabilities	503,566	11,706	0	0	0
Payment obligations from derivative financial instruments	528,059	0	0	0	0
Payment entitlements for derivative financial instruments	(521,846)	0	0	0	0
Balance at Dec. 31, 2022					
Interest-bearing financial liabilities	0	70,288	149,125	330,125	1,101,750
Interest for interest-bearing financial liabilities	16,864	11,387	25,080	58,904	124,006
Lease liabilities	5,087	12,175	13,247	24,676	55,116
Interest for lease liabilities	942	2,660	3,104	7,066	12,202
Trade liabilities	486,495	12,812	0	370	0
Payment obligations from derivative financial instruments	499,068	6,786	0	0	0
Payment entitlements for derivative financial instruments	(499,421)	(7,000)	0	0	0

Currency risk

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

Provided that currencies related to current and non-current financial receivables and financial liabilities as of December 31, 2023 (December 31, 2022) stated below changed by the below-stated percentage ("volatility"), assuming that all other variables remained constant, the profit for the year and hence equity would have increased or decreased by the following values.

		Impact on profit for the year and equity in thousands of EUR	
Currency	**Volatility**	**2023**	**2022**
EUR[1]	+/- 5 %	-/+ 727	+/- 327
GBP	+/- 5 %	- /+ 118	- /+ 52
USD	+/- 5 %	- /+ 696	- /+ 257

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

Interest rate risk

The interest rate risk is referred to as the risk arising from changes in market interest rates which can result in a fluctuation of the values of balance sheet items or a fluctuation in cash flows. For balance sheet items with fixed interest, the risk consists mainly in fluctuations in value (price risk); when the market interest rate changes, the (present) value of financial instruments with fixed interest payments will also change. Due to these value fluctuations, profit or loss can arise; these are particularly realised when the financial instrument is sold before maturity. For balance sheet items with a variable interest rate, there is mainly the risk of fluctuating cash flows. In case the market interest rate changes, the amount of interest receivable or payable from financial instruments with variable interest payments will also change. Such changes would alter the ongoing interest payments and thus also interest income and expense. As of December 31, 2023, the Group is financed via financial liabilities with variable as well as fixed interest rates and holds almost only financial assets with variable interest rates.

If the interest rates as of December 31, 2023 (December 31, 2022) had been higher or lower by hundred basis points (i. e., 1 %), assuming that all other variables remained constant, the profit for the year and hence equity would have increased or decreased for the whole year as follows:

	Change in interest rate	**Impact on profit for the year and equity in thousands of EUR**	
		2023	**2022**
Financial assets with variable interest	+/- 1 %	+/- 4,785	+/- 519
Financial liabilities with variable interest	+/- 1 %	-/+ 7,181	-/+ 5,313

7.5 Capital management

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

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

Equity and total assets as of December 31, 2023 and December 31, 2022 amounted to:

(in thousands of EUR)	**Dec. 31, 2023**	**Dec. 31, 2022[1]**
Total equity	2,012,394	1,959,054
Total assets	5,076,888	4,808,770
Equity ratio	39.6 %	40.7 %

[1] adjusted due to the adjustment of the acquisition of Essentra Packaging (see note 5)

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

Net debt is calculated as of December 31, 2023 and December 31, 2022 as follows:

(in thousands of EUR)	**Dec. 31, 2023**	**Dec. 31, 2022**
Cash and cash equivalents	757,515	280,063
Financial liabilities	(2,019,456)	(1,761,589)
Net debt	**(1,261,941)**	**(1,481,526)**

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

7.6 Measurement at fair value

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

(in thousands of EUR)	**Dec. 31, 2023**	**Dec. 31, 2022**
Financial assets:		
Trade receivables (level 3)[1)]	45,729	2,472
Derivative financial instruments (level 2)	2,281	3,895
Securities (level 1)	295	283
Financial liabilities:		
Gas supply contracts (level 3)[2)]	20,894	29,666
Derivative financial instruments (level 2)	7,791	2,424
Contingent purchase price liability (level 3)	0	7,466

[1)] from factoring agreements, see note 7.2
[1)] There had been an unrealised day one gain of thous. EUR 63,427 in the context of hedge accounting in the previous year.

Measurement methods

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

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

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

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

In addition, there are financial instruments measured at fair value based on parameters for which no observable market data exist (level 3 measurement). The contingent purchase price liability recognised as part of the acquisition of Eson Pac was paid as agreed in May 2023.

The valuation of the hedge of commodity price risks (“cash flow hedge”) is based on the expected purchase volumes and transit costs (level 3 parameters) for underlying gas contracts in the years 2023 to 2025 and the TTF future prices available at the valuation date.

As of December 31, 2023, other financial assets classified as “at fair value through profit or loss” include investments in unconsolidated companies in the amount of thous. EUR 1,538 (December 31, 2022: thous. EUR 1,515). In general, these must be measured at fair value. However, cost represents an appropriate estimate of fair value. Due to the minor importance of these entities, particularly with regard to their low business volume and their significance to the Group, fair value has not been calculated.

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

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

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

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

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

Other financial assets

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

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

(in thousands of EUR)	Dec. 31, 2023	Dec. 31, 2022
Investments in associated companies	4,217	3,304
Investments in joint ventures	3,731	3,597
Other investments	1,538	1,515
Liability insurance not pledged to beneficiaries	726	4,156
Non-current securities	490	480
Other loans	74	101
Investments accounted for using the equity method, securities and other financial assets	**10,776**	**13,153**

As of December 31, 2023 non-current securities of the Group comprised investment funds and fixed-interest-bearing securities in the amount of thous. EUR 490 (December 31, 2022: thous. EUR 480).

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

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

The following table summarises the financial information:

	Investments in associated companies		Investments in joint ventures	
(in thousands of EUR)	2023	2022	2023	2022
Share of result for the year[1]	1,007	842	343	534
Share of other comprehensive income[2]	(93)	(35)	(209)	(110)
Share of total comprehensive income	**914**	**807**	**134**	**424**
Total carrying amounts of the Group's shares	**4,160**	**3,247**	**3,731**	**3,597**

[1] recognised in “other financial result – net”
[2] share of currency translations in the consolidated comprehensive income statement

9 INCOME TAXES

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

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

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

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

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

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

9.1 Deferred taxes recognised in the balance sheet

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

(in thousands of EUR)	Dec. 31, 2023	Dec. 31, 2022[1]
Intangible assets	1,181	2,318
Property, plant and equipment	15,029	18,733
Inventories	14,794	15,832
Defined benefit plans and other liabilities and charges	16,891	16,298
Loans receivable, investments and securities	9,010	9,907
Loss carryforwards	40,630	18,051
Interest carryforwards	10,670	8,550
Financial liabilities	19,096	20,210
Trade and other liabilities	21,515	17,597
Other	6,995	8,862
Gross deferred tax assets	**155,811**	**136,358**
Unrecognised deferred tax assets	(32,038)	(19,580)
Net deferred tax assets	**123,773**	**116,778**
Offset	(79,287)	(75,985)
Deferred tax assets in the balance sheet	**44,486**	**40,793**
Intangible assets	(41,060)	(60,892)
Property, plant and equipment	(95,830)	(87,531)
Inventories	(1,443)	(1,002)
Defined benefit plans and other liabilities and charges	(9,522)	(7,329)
Trade and other liabilities	(7,761)	(3,247)
Other	(5,849)	(3,764)
Net deferred tax liabilities	**(161,465)**	**(163,765)**
Offset	79,287	75,985
Deferred tax liabilities in the balance sheet	**(82,178)**	**(87,780)**

[1] adjusted due to adjustment of the acquisition of Essentra Packaging (see note 5)

The interest carryforwards result from previously unused interest expenses due to the interest barrier regulation in Finland. The unrecognised deferred tax assets in the amount of thous. EUR 32,038 (December 31, 2022: thous. EUR 19,580) comprise thous. EUR 24,080 (December 31, 2022: thous. EUR 10,268) of unrecognised loss carryforwards.

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

(in thousands of EUR)	Dec. 31, 2023	Dec. 31, 2022[1]
Deferred tax assets, realised within 12 months	47,247	48,052
Deferred tax assets, realised after 12 months	76,526	68,726
Deferred tax assets	**123,773**	**116,778**
Deferred tax liabilities, realised within 12 months	(17,798)	(10,484)
Deferred tax liabilities, realised after 12 months	(143,667)	(153,281)
Deferred tax liabilities	**(161,465)**	**(163,765)**

[1] adjusted due to adjustment of the acquisition of Essentra Packaging (see note 5)

Deferred tax liabilities which result from the difference between the tax carrying amount of investments and pro-rata equity (outside basis differences) were not recognised for certain subsidiaries and investments in joint ventures and associated companies, as it is probable that this temporary difference will not be dissolved in the near future. These retained earnings amounted to thous. EUR 1,451,960 at December 31, 2023 (December 31, 2022: thous. EUR 1,469,097). For retained earnings which are intended for distribution, the valuation of deferred tax liabilities was adjusted according to the applicable capital gains and withholding taxes on profit distribution.

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

9.2 Tax loss carryforwards

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

(in thousands of EUR)	Dec. 31, 2023	Dec. 31, 2022
Loss carryforwards with expiration	59,169	6,213
Loss carryforwards with no expiration	112,113	71,248
Loss carryforwards	**171,282**	**77,461**

(in thousands of EUR)	Dec. 31, 2023	Dec. 31, 2022
Recognised loss carryforwards	68,083	31,614
Unrecognised loss carryforwards	103,199	45,847
Loss carryforwards	**171,282**	**77,461**

The loss carryforwards limited in time will expire between 2024 and 2035, unless they are utilised before these dates. The Group has utilised losses from the Polish company in Kwidzyn within the Austrian tax group. No provision was recognised for these utilised foreign losses, as subsequent taxation would only take place when the company leaves the Austrian tax group or the Polish company is liquidated. This event is within the Group’s control and is not foreseeable from today's perspective.

The assessment of the recognition of loss carryforwards showed that for thous. EUR 68,083 (December 31, 2022: thous. EUR 31,614) deferred tax assets amounting to thous. EUR 16,528 (December 31, 2022: thous. EUR 7,780) were recognised. For the remaining amount of thous. EUR 103,199 (December 31, 2022: thous. EUR 45,847), deferred tax assets amounting to thous. EUR 24,080 (December 31, 2022: thous. EUR 10,268) were not recorded in the balance sheet. These relate to the following countries:

(in thousands of EUR)	**2023**	**2022**
United Kingdom	33,068	13,058
USA	20,427	1,255
Turkey	17,437	0
France	13,292	13,301
Ireland	11,181	9,159
Spain	4,666	3,356
Finland	2,464	1,897
Germany	462	480
Austria	123	135
The Netherlands	79	231
Italy	0	2,655
Puerto Rico	0	320
Total	**103,199**	**45,847**

The expiry dates of these unrecognised loss carryforwards are as follows:

(in thousands of EUR)	**2023**	**2022**
1 year	520	0
2 years	1,092	0
3 years	1,641	0
4 years	1,286	1,188
5 years	14,795	708
After 5 years	17,535	0
No expiration	66,330	43,951
Total	**103,199**	**45,847**

9.3 "Income tax expense" recognised in the income statement

The position "income tax expense" is comprised as follows:

(in thousands of EUR)	2023	2022[1]
Current taxes:		
Current period	60,203	123,787
Due to utilisation of previously unrecognised loss carryforwards	(1,943)	(4,432)
Prior periods	712	26
Deferred taxes:		
Due to temporary differences	1,530	1,577
Due to tax credits and interest carryforwards	(3,255)	1,147
Due to tax loss carryforwards of the current period	(12,848)	(968)
Due to utilisation of recognised loss carryforwards	1,256	1,456
Due to tax loss carryforwards of previous periods and changes in recoverability	2,406	(806)
Due to changes in estimates of deferred tax assets	(275)	2,231
Due to tax rate changes	(158)	(2,296)
Income tax expense	**47,628**	**121,722**

[1] adjusted due to adjustment of the acquisition of Essentra Packaging (see note 5)

9.4 Tax effects on "Other comprehensive income"

The following table shows the tax effects on the individual items of "Other comprehensive income":

	Before taxes	Tax impact	After taxes
(in thousands of EUR)		2023	
Actuarial valuation of defined benefit pension and severance obligations	(4,080)	1,221	(2,859)
Total of items that will not be reclassified subsequently to the income statement	**(4,080)**	**1,221**	**(2,859)**
Cash Flow Hedge	8,773	(1,755)	7,018
Total of items that will be reclassified subsequently to the income statement	**8,773**	**(1,755)**	**7,018**
		2022	
Actuarial valuation of defined benefit pension and severance obligations	32,883	(7,730)	25,153
Total of items that will not be reclassified subsequently to the income statement	**32,883**	**(7,730)**	**25,153**
Foreign currency translation from net investments	9,205	(1,072)	8,133
Cash Flow Hedge	(29,666)	5,933	(23,733)
Total of items that will be reclassified subsequently to the income statement	**(20,461)**	**4,861**	**(15,600)**

9.5 Group tax rate

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

(in thousands of EUR)	**2023**	**2022[1]**
Profit before tax	136,691	467,033
Theoretical tax expense 24 % (2022: 25 %)	**32,806**	**116,758**
Foreign tax rate adjustments	1,904	(5,211)
Non-deductible expenses and tax-free income	1,035	9,948
Unrecognised loss carryforwards of the financial year	17,537	2,957
Recognition of loss carryforwards of previous years	660	(1,146)
Utilisation of unrecognised loss carryforwards	(1,943)	(4,432)
Changes of estimates of deferred tax assets	(275)	2,793
Capital gains and withholding tax	4,076	1,223
Tax rate changes	(158)	(2,296)
Non-periodic income tax expense or revenue (current and deferred)	(2,083)	178
Other effects[2]	(5,931)	950
Income tax expense recognised	**47,628**	**121,722**
Effective tax rate	**34.84 %**	**26.06 %**

[1] adjusted due to adjustment of the acquisition of Essentra Packaging (see note 5)
[2] Other effects include tax credits of thous. EUR -4,965 (2022: thous. EUR -4,679) from various jurisdictions.

10 INVENTORIES

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

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

(in thousands of EUR)	**Dec. 31, 2023**	**Dec. 31, 2022**
Raw materials, manufacturing and operating supplies	356,569	437,325
Work in process	48,580	42,313
Finished goods and goods for resale	259,271	338,204
Total	**664,420**	**817,842**
Write-downs	(81,783)	(87,756)
Inventories – net	**582,637**	**730,086**

In the financial year 2023, write-downs of inventories recognised as an expense amounted to thous. EUR 13,759 (2022: thous. EUR 31,204) the reversal of write-downs of inventories recognised as income amounted to thous. EUR 13,012 (2022: thous. EUR 2,640). The carrying amount of inventories carried at net realisable value amounted to thous. EUR 10,892 (December 31, 2022: thous. EUR 30,447).

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

(in thousands of EUR)	**2023**	**2022[1)]**
Cost of materials	2,179,505	2,698,652
Cost of purchased services	50,236	49,323
Total	**2,229,741**	**2,747,975**

[1)] adjusted due to the change of method in connection with the disclosure of government grants (see note 3) and the change from cost of sale method to the nature of expense method

The position „Cost of materials" includes energy cost reimbursement in the amount of thous. EUR 57,444 (2022: thous. EUR 10,254).

11 TRADE RECEIVABLES

Trade receivables are comprised as follows:

(in thousands of EUR)	Dec. 31, 2023	Dec. 31, 2022
Trade receivables	388,306	702,157
Allowances	(3,794)	(6,915)
Trade receivables – net	**384,512**	**695,242**

As of December 31, 2023, trade receivables in the amount of thous. EUR 336,307 (December 31, 2022: thous. EUR 67,733) were sold to banks at 100 % of the nominal value or collected early from the factoring bank as part of factoring agreements (see note 7.2).

Customer payments received shortly before December 31, 2023 for receivables already transferred will be transferred to the factoring bank after the balance sheet date. In this context, there are liabilities of thous. EUR 68,837 to the factoring bank (see note 14). These figures result in a total positive effect of thous. EUR 267,470 (December 31, 2022: thous. EUR 67,733).

As of December 31, 2023 und December 31, 2022, the aging of trade receivables overdue but not individually impaired is as follows:

(in thousands of EUR)	Dec. 31, 2023	Dec. 31, 2022
Up to 30 days overdue	15,285	23,174
31 – 60 days overdue	6,340	11,433
61 – 365 days overdue	6,707	9,145
More than 365 days overdue	1,206	461
Total of trade receivables overdue but not impaired	**29,538**	**44,213**

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

Allowances for trade receivables developed as follows:

(in thousands of EUR)	2023	2022
Allowances at the beginning of the year	**6,915**	**2,579**
Effect of exchange rate changes	6	(140)
Changes in consolidated companies	0	1,694
Utilisation	(1,946)	(199)
Reversal	(1,716)	(2,076)
Increase	535	5,057
Allowances at the end of the year	**3,794**	**6,915**

12 PREPAID EXPENSES AND OTHER CURRENT ASSETS

Prepaid expenses and other current assets are as follows:

(in thousands of EUR)	Dec. 31, 2023	Dec. 31, 2022[1]
Value-added tax receivables	48,647	69,735
Payments on account of property, plant and equipment and inventory	40,520	41,643
Prepaid expenses	35,074	29,254
Other tax receivables	11,772	8,764
Derivative assets	2,281	3,895
Non-current assets held for sale	1,016	2,966
Other receivables and other assets	37,592	38,018
Prepaid expenses and other current assets	**176,902**	**194,275**
Thereof financial assets	26,941	32,332
Thereof non-financial assets	149,961	161,943

[1] adjusted due to adjustment of the acquisition of Essentra Packaging (see note 5) and disclosure of non-current assets held for sale in the item “Prepaid expenses and other current assets” due to immateriality

The line item “Other receivables and other assets” mainly includes receivables from investment grants as well as other grants and a number of individual items.

13 EQUITY

13.1 Share capital/additional paid-in capital

Ordinary shares are classified as equity.

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

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

13.2 Retained earnings/dividend

Retained earnings comprise accumulated results from previous years.

Under the Austrian Stock Corporation Act, the amount of dividend available for distribution to shareholders is based on the unappropriated retained earnings from the annual financial statements of Mayr-Melnhof Karton AG, determined in accordance with the Austrian Commercial Code. As of December 31, 2023, the distributable unappropriated retained earnings amounted to thous. EUR 100,000 (December 31, 2022: thous. EUR 150,000).

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

(in thousands of EUR)	2023	2022
Unappropriated retained earnings at the beginning of the financial year	**150,000**	**130,000**
Profit of the current financial year	153,067	293,827
Changes in reserves	(119,067)	(203,827)
Dividend paid	(84,000)	(70,000)
Unappropriated retained earnings at the end of the financial year	**100,000**	**150,000**

For the year ended December 31, 2023, the Management Board has proposed to the Supervisory Board and subsequently to the Shareholders' Meeting a dividend of EUR 1.50 per voting share after EUR 4.20 for 2022, resulting in a dividend of thous. EUR 30,000 as of the balance sheet date of 2023. The dividend for 2022, amounting to thous. EUR 84,000, was paid out according to schedule on May 10, 2023 (see consolidated statement of changes in equity).

13.3 Non-controlling (minority) interests

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

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

	Dec. 31, 2023		Dec. 31, 2022	
(in thousands of EUR)	MM Board & Paper	MM Packaging	MM Board & Paper	MM Packaging
Non-current assets	5,473	15,238	4,456	17,614
Current assets	9,328	19,041	10,837	20,874
Non-current liabilities	1,024	285	1,136	74
Current liabilities	4,455	5,974	6,496	9,158
Net assets	**9,322**	**28,020**	**7,661**	**29,256**
Carrying amount of the non-controlling (minority) interests	**1,428**	**4,095**	**1,144**	**4,336**

	2023		2022	
Sales	25,435	36,523	31,459	39,887
Profit for the year	2,555	5,366	1,166	6,640
Thereof attributable to non-controlling (minority) interests	**711**	**1,154**	**206**	**1,245**
Total comprehensive income	3,270	4,446	836	6,030
Thereof attributable to non-controlling (minority) interests	**746**	**895**	**222**	**1,102**
Dividend paid to non-controlling (minority) interests	446	1,136	454	1,009
Net change in cash and cash equivalents	**1,043**	**(1,805)**	**(2,047)**	**3,794**

13.4 Other comprehensive income of the consolidated comprehensive income statement

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

In 2023, profit and loss recognised in other comprehensive income consisted of currency translations with a positive amount of thous. EUR 45,590 (2022: negative amount of thous. EUR 5,833), a significant amount of which is attributable to the appreciation of the Polish zloty. Actuarial losses amounted to thous. EUR 4,080 (2022: gains of thous. EUR 32,883). Furthermore, gains from cash flow hedge in the amount of thous. EUR 8,773 (2022: losses of thous. EUR 29,666) were recognised in the cash flow hedge reserve.

14 FINANCIAL LIABILITIES AND LEASES

Financial liabilities comprise interest-bearing financial liabilities, current financial liabilities from factoring agreements and lease liabilities and are recognised at amortised cost. This amount is calculated as initially paid out nominal value less redemptions plus accrued interest.

The financial liabilities of the Group are as follows:

(in thousands of EUR)	**Dec. 31, 2023**	**Dec. 31, 2022**
Non-current interest-bearing financial liabilities	1,681,086	1,581,000
Non-current lease liabilities	87,856	93,040
Non-current financial liabilities	**1,768,942**	**1,674,040**
Current interest-bearing financial liabilities	166,177	70,288
Current financial liabilties from factoring agreements	68,837	0
Current lease liabilities	15,500	17,261
Current financial liabilities	**250,514**	**87,549**
Financial liabilities	**2,019,456**	**1,761,589**

14.1 Interest-bearing financial liabilities

As of December 31, 2023 and December 31, 2022, interest-bearing financial liabilities comprised liabilities against banks and insurance companies. These financial liabilities at current interest rates can be summarised as follows:

(in thousands of EUR)	**Dec. 31, 2023**
3.595 % EUR loan(s) due 2024	166,104
4.630 % EUR loan(s) due 2025	74,098
54.583 % TRY loan(s) due 2025	9,212
4.187 % EUR loan(s) due 2026	268,597
4.688 % EUR loan(s) due 2027	94,097
1.984 % EUR loan(s) due 2028	450,097
4.401 % EUR loan(s) due 2029	54,097
4.401 % EUR loan(s) due 2030	54,097
2.156 % EUR loan(s) due 2031	272,597
5.045 % EUR loan(s) due 2032	45,972
2.854 % EUR loan(s) due 2033	73,222
2.000 % EUR loan(s) due 2035	17,500
2.100 % EUR loan(s) due 2036	142,500
1.882 % EUR loan(s) due 2039	125,000
Used loan facilities	73
Interest-bearing financial liabilities	**1,847,263**
Thereof non-current interest-bearing financial liabilities	1,681,086
Thereof current interest-bearing financial liabilities	166,177

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

As of December 31, 2023, the weighted average interest rate for these financial liabilities was 3.235 % (December 31, 2022: 2.004 %).

As of December 31, 2023, the Group had available current interest-bearing loan facilities in the amount of thous. EUR 73 (December 31, 2022: thous. EUR 1,307), of which thous. EUR 73 (December 31, 2022: thous. EUR 1,307) had been used as of the balance sheet date. As of December 31, 2023, the weighted average interest rate of these current loans, used by foreign subsidiaries outside the Euro area, was 7.500 % (December 31, 2022: 10.400 %). These loans are subject to common banking terms and conditions.

Of the interest-bearing financial liabilities, loans in the amount of thous. EUR 1,129,210 (December 31, 2022: thous. EUR 1,120,000) are subject to a fixed interest rate whose fair value amounts to thous. EUR 1,017,574 (December 31, 2022: thous. EUR 960,338). The calculation is based on the present value of future cash flows discounted by the currently observable yield curve (level 2). Amortised costs represent a proper approximation to the fair value for financial liabilities subject to variable interest rates.

No collaterals were provided in order to secure the financial liabilities described above. As of December 31, 2023, the Group had unused current and non-current credit lines available in the amount of thous. EUR 392,899 (December 31, 2022: thous. EUR 480,058).

As of December 31, 2023, current revolving bank credits in an amount of thous. EUR 17,980 (December 31, 2022: thous. EUR 67,980) are included in the interest-bearing financial liabilities.

14.2 Leases

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

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

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

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

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

An overview of the lease liabilities recognised in the balance sheet as of December 31, 2023 and December 31, 2022 is presented below:

(in thousands of EUR)	**Dec. 31, 2023**	**Dec. 31, 2022**
Non-current lease liabilities	87,856	93,040
Current lease liabilities	15,500	17,261
Lease liabilities	**103,356**	**110,301**

Total cash outflows for leases included in lease liabilities amounted to thous. EUR 22,739 (2022: thous. EUR 17,285) in 2023.

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

(in thousands of EUR)	**2023**	**2022**
Expenses related to variable lease payments	8,207	7,797
Expenses related to short-term leases	6,769	3,455
Expenses related to leases of low value assets	1,239	1,623

15 PROVISIONS FOR NON-CURRENT LIABILITIES AND CHARGES

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

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

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

15.1 Development of provisions for non-current liabilities and charges

In the financial year 2023, provisions for non-current liabilities and charges developed as follows:

(in thousands of EUR)	Pensions	Severance	Anniversary bonuses	Other	Total
Balance at Jan. 1, 2023	**44,844**	**36,131**	**10,661**	**29,760**	**121,396**
Effect of exchange rate changes	60	(848)	0	891	103
Reclassifications	0	(488)	0	3,623	3,135
Utilisation	(5,545)	(3,476)	(1,005)	(697)	(10,723)
Reversal	0	0	(491)	(122)	(613)
Increase	2,346	3,378	2,099	676	8,499
IAS 19 remeasurements through other comprehensive income	2,313	1,762	0	0	4,075
Benefit payments from and contributions to plan assets	1,505	0	0	0	1,505
Discounting effects[1]	0	0	0	(7,536)	(7,536)
Balance at Dec. 31, 2023	**45,523**	**36,459**	**11,264**	**26,595**	**119,841**

[1] Discounting of a recultivation provision without impact on the income statement with an offsetting effect in property, plant and equipment (see note 6)

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

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

As of December 31, 2023, securities with a fair value of thous. EUR 1,066 (December 31, 2022: thous. EUR 872) have been provided as security for provisions for pre-retirement programs within the scope of the respective legal commitments. At December 31, 2023 and December 31, 2022, those securities were deducted as plan assets from the underlying obligations.

The position “Other” mainly includes non-current obligations for environmental measures and dismantling obligations in the amount of thous. EUR 25,297 (December 31, 2022: thous. EUR 28,389).

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

15.2 Provisions for pensions and severance payments

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

Under the defined contribution plans, the Group makes fixed payments to external pension funds. Once the contributions have been made, the Group does not have any further payment obligations towards the employees. These periodical contribution payments are recognised as part of the annual pension and severance costs and amounted to thous. EUR 17,648 in the financial year 2023 (2022: thous. EUR 13,684).

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

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

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

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

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

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

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

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

	Dec. 31, 2023		**Dec. 31, 2022**	
(in %)	**Pensions**	**Severance**	**Pensions**	**Severance**
Discount rate	3.56 %	5.25 %	4.03 %	4.89 %
Salary growth rate	3.07 %	4.76 %	3.06 %	4.16 %
Pension growth rate	2.73 %		2.79 %	

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

Valuation of life expectancy was performed based on local mortality tables. These are in particular for Austria: AVÖ 2018-P “Angestellte” or “Gemischt” (2022: AVÖ 2018-P “Angestellte” or “Gemischt”), for Germany: Heubeck-Richttafeln 2018 G (2022: 2018 G), for Great Britain: Post Retirement and Pre Retirement: S3PA CMI_2022_M/F [1.25 %] (2022: S3PA CMI_2021_M/F [1.25 %]). As a rule, the retirement age corresponds to the respective country-specific legal provisions.

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

	2023		**2022**	
(in thousands of EUR)	**Pensions**	**Severance**	**Pensions**	**Severance**
Service cost	482	1,843	906	2,014
Net interest on the net defined benefit liability	1,662	1,626	846	722
Past service cost	0	14	0	26
Effects due to plan changes	0	(105)	396	(5)
Administration costs from the investment of plan assets	202	0	146	0
Net periodic benefit cost	**2,346**	**3,378**	**2,294**	**2,757**

The defined benefit obligation and plan assets developed as follows:

(in thousands of EUR)	2023 Pensions	2023 Severance	2022 Pensions	2022 Severance
Defined benefit obligation at the beginning of the year	**99,040**	**36,131**	**143,634**	**42,798**
Effect of exchange rate changes	700	(848)	(1,448)	(442)
Changes in consolidated companies	0	0	(70)	536
Service cost	482	1,843	906	2,014
Interest cost	3,916	1,626	1,744	722
Past service cost	0	14	0	26
Plan participants contributions	79	0	74	0
Remeasurements	4,602	1,762	(36,448)	(5,163)
Thereof (gains)/losses from change in demographic assumptions (e. g. life expectancy, retirement age)	*(557)*	*61*	*(1,501)*	*(810)*
Thereof (gains)/losses from change in financial assumptions (e. g. discount rate, salary growth rate, pension growth rate)	*4,849*	*1,271*	*(36,541)*	*(6,567)*
Thereof experience (gains)/losses (deviation between actual value and planned value)	*310*	*430*	*1,594*	*2,214*
Benefit payments	(5,545)	(3,476)	(5,248)	(3,980)
Reclassifications	0	(488)	(4,500)	(375)
Effects due to plan changes	0	(105)	396	(5)
Defined benefit obligation at the end of the year	**103,274**	**36,459**	**99,040**	**36,131**

(in thousands of EUR)	Pensions 2023	Pensions 2022
Fair value of plan assets at the beginning of the year	**58,780**	**67,872**
Effect of exchange rate changes	640	(1,163)
Interest income	2,428	898
Administrative expense	(202)	(146)
Remeasurements	(91)	(4,110)
Thereof return on plan assets excluding amounts included in interest income - net	*(91)*	*(4,110)*
Employer contributions	1,521	1,768
Plan participants contributions	79	74
Benefit payments from plan	(3,024)	(3,020)
Reclassifications	0	(3,393)
Fair value of plan assets at the end of the year	**60,131**	**58,780**

An overview of the geographic and divisional allocation of net periodic benefit costs for defined benefit pensions and severance, defined benefit obligation, and the fair value of plan assets for the financial years 2023 and 2022 is represented as follows:

	2023							
	MM Board & Paper				MM Packaging			
(in thousands of EUR)	Germany	Austria	Other countries[1]	**Total**	Germany	Austria	Other countries	**Total**
Net periodic benefit cost	563	729	1,205	**2,497**	1,135	907	1,185	**3,227**
Defined benefit obligation at the end of the year	14,040	35,924	39,304	**89,268**	26,260	15,073	9,132	**50,465**
Fair value of plan assets at the end of the year	838	28,333	29,203	**58,374**	849	615	293	**1,757**

[1] This primarily includes the pension plan in Great Britain.

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

[1] This primarily includes the pension plan in Great Britain.

The employers' contributions to plan assets for the year 2023 are expected to amount to thous. EUR 1,416. This includes a contribution for increasing plan assets and for other expenses in Great Britain in the amount of thous. EUR 1,139.

The structure of plan assets

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

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

The portfolio structure of plan assets as of December 31, 2023 and of December 31, 2022:

(in thousands of EUR)	Dec. 31, 2023	in %	Dec. 31, 2022	in %
Equity instruments:				
– developed markets	7,780		7,626	
– emerging markets	1,220		1,161	
Total	**9,000**	**15 %**	**8,787**	**15 %**
Debt instruments:				
– Corporate bonds	10,816		9,996	
– Government bonds	3,044		2,319	
Total	**13,860**	**23 %**	**12,315**	**21 %**
Qualifying insurance policies pledged to beneficiaries	**36,050**	**60 %**	**36,350**	**62 %**
Money market investments/Bank deposits	**1,221**	**2 %**	**1,328**	**2 %**
Total	**60,131**	**100 %**	**58,780**	**100 %**

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

Plan assets market price risk

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

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

	Dec. 31, 2023		Dec. 31, 2022	
(in thousands of EUR)	**Pensions**	**Severance**	**Pensions**	**Severance**
Defined benefit obligation	**103,274**	**36,459**	**99,040**	**36,131**
Thereof obligations covered by provisions	*38,862*	*36,459*	*37,846*	*36,131*
Thereof obligations covered by funds	*64,412*	*0*	*61,194*	*0*
Less fair value of plan assets	(60,131)	0	(58,780)	0
Net liability	**43,143**	**36,459**	**40,260**	**36,131**
Effect due to asset ceiling	2,380	0	4,584	0
Net liability recognised as provision for non-current liabilities and charges	**45,523**	**36,459**	**44,844**	**36,131**

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

(in %)	Impact on the defined benefit obligation 2023 Change in assumption	Increase in assumption	Decrease in assumption
Discount rate	1.00 %	Decrease by 10.8 %	Increase by 11.3 %
Salary growth rate	1.00 %	Increase by 2.8 %	Decrease by 2.7 %
Pension growth rate	1.00 %	Increase by 7.0 %	Decrease by 6.6 %
		Increase by one year in assumption	
Retirement age		Decrease by 1.4 %	
Life expectancy		Increase by 2.5 %	

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

The weighted average duration of the defined benefit obligation is 11.4 years as of the balance sheet date (December 31, 2022: 12.0 years).

The expected maturity analysis of defined benefit obligations for the next ten years as of December 31, 2023 and December 31, 2022 in relation to actual payments is as follows:

(in thousands of EUR)	Less than a year	Between 1 – 2 years	Between 2 – 5 years	Between 5 – 10 years	Total
As of Dec. 31, 2023					
Defined benefit plans	7,881	6,457	21,541	50,723	**86,602**
As of Dec. 31, 2022					
Defined benefit plans	6,714	6,840	23,068	50,922	**87,544**

16 TRADE LIABILITIES

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

Trade liabilities amounting to thous. EUR 515,272 (December 31, 2022: thous. EUR 499,677) as of December 31, 2023 comprise liabilities from acquisition of property, plant and equipment, and intangible assets amounting to thous. EUR 52,802 (December 31, 2022: thous. EUR 26,441) which are taken into consideration as non-cash transactions within the cash flow from investing activities, as well as advances from customers in an amount of thous. EUR 5,158 (December 31, 2022: thous. EUR 5,823).

17 DEFERRED INCOME AND OTHER CURRENT LIABILITIES

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

(in thousands of EUR)	**Dec. 31, 2023**	**Dec. 31, 2022[1)]**
Obligations for personnel and social costs	118,821	129,726
Liabilities for customer rebates and bonuses	30,506	30,304
Derivative liabilities	28,685	32,090
Other tax liabilities	28,596	28,869
Deferred income	22,427	30,850
Interest accruals	17,366	14,402
Other liabilities	17,167	27,061
Deferred income and other current liabilities	**263,568**	**293,302**
Thereof financial liabilities	62,952	72,849
Thereof non-financial liabilities	200,616	220,453

[1)] adjusted due to adjustment of the acquisition of Essentra Packaging (see note 5)

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

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

Derivative liabilities mainly arise from hedge accounting in connection with the hedging of raw material prices in Finland (see note 7).

Liabilities from interest accruals mainly result from existing Schuldschein loans and Namensschuldverschreibungen.

Other liabilities particularly changed due to the settlement of the contingent purchase price liability related to the acquisition of Eson Pac Group.

18 PROVISIONS FOR CURRENT LIABILITIES AND CHARGES

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

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

In the financial year 2023, provisions for current liabilities and charges developed as follows:

(in thousands of EUR)	Sales	Provision for restructuring costs	Other provisions	**Total**
Balance at Jan. 1, 2023	**5,606**	**9,759**	**14,902**	**30,267**
Effect of exchange rate changes	19	0	170	189
Reclassifications	393	(5,622)	2,567	(2,662)
Utilisation	(2,196)	(1,297)	(3,088)	(6,581)
Reversal	(797)	(798)	(3,031)	(4,626)
Increase	4,101	9,949	7,949	21,999
Balance at Dec. 31, 2023	**7,126**	**11,991**	**19,469**	**38,586**

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

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

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

The restructuring provisions as of December 31, 2023 mainly result from the planned measures at the Cervia site (see note 5).

The position “Other provisions” primarily comprises an environmental provision in connection with a landfill site, provisions for litigations and legal costs, provisions for other taxes as well as a variety of immaterial individual items.

19 SEGMENT REPORTING INFORMATION

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

The division MM Board & Paper manufactures and distributes numerous grades of cartonboard, focusing in particular on coated cartonboard made from recycled and virgin fibers as well as kraft papers and uncoated fine papers.

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

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

The Group measures the performance of its operating segments by assessing adjusted EBITDA and adjusted operating profit.

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

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

Investments refer to the acquisition of property, plant and equipment as well as intangible assets including goodwill (see note 6). In addition, they also include payments on account (see note 12).

Revenue recognition

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

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

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

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

	2023			
(in thousands of EUR)	MM Board & Paper	MM Packaging	Eliminations	**Group[1]**
Sales to external customers	1,733,937	2,430,466	0	4,164,403
Intersegment sales	185,139	599	(185,738)	0
Total sales	**1,919,076**	**2,431,065**	**(185,738)**	**4,164,403**
EBITDA adjusted[2]	92,706	357,500	0	450,206
Operating profit adjusted[3]	(19,803)	249,049	0	229,246
Financial income	3,316	6,998	(1,578)	8,736
Financial expenses	(33,857)	(25,998)	1,578	(58,277)
Income tax expense	(610)	(47,018)	0	(47,628)
Investments	249,598	212,898	0	462,496
Depreciation and amortisation	(109,279)	(109,225)	0	(218,504)
Impairments and write-ups[4]	(3,230)	358	0	(2,872)
Segment assets	3,129,723	2,090,768	(143,603)	5,076,888
Segment liabilities	2,105,748	1,102,349	(143,603)	3,064,494
Employees as of December 31	4,579	10,508	0	15,087

[1] figures according to primary financial statement components with the exception of adjusted EBITDA and adjusted operating profit (adjusted = significant one-off effects of more than EUR 10 million)
[2] adjusted for significant one-off effects totaling thous. EUR 31,196 for the MM Packaging division resulting from restructuring measures
[3] adjusted for significant one-off effects totaling thous. EUR 31,612 for the MM Packaging division resulting from restructuring measures
[4] for property, plant and equipment, and intangible assets as well as non-current assets held for sale

(in thousands of EUR)	2022[1] MM Board & Paper	MM Packaging	Eliminations	**Group[2]**
Sales to external customers	2,514,362	2,167,698	0	4,682,060
Intersegment sales	235,610	988	(236,598)	0
Total sales	**2,749,972**	**2,168,686**	**(236,598)**	**4,682,060**
EBITDA adjusted[3]	511,060	257,922	0	768,982
Operating profit adjusted[4]	405,586	156,776	0	562,362
Financial income	944	3,947	(641)	4,250
Financial expenses	(26,007)	(6,783)	641	(32,149)
Income tax expense	(87,267)	(34,455)	0	(121,722)
Investments	194,294	150,786	0	345,080
Depreciation and amortisation	(104,072)	(94,398)	0	(198,470)
Impairments[5]	(14,297)	(6,749)	0	(21,046)
Segment assets	3,045,180	2,250,538	(486,948)	4,808,770
Segment liabilities	1,954,960	1,381,704	(486,948)	2,849,716
Employees as of December 31	4,776	10,864	0	15,640

1) adjusted due to adjustment of the acquisition of Essentra Packaging (see note 5)
2) figures according to primary financial statement components with the exception of adjusted EBITDA and adjusted operating profit (adjusted = significant one-off effects of more than EUR 10 million)
3) adjusted for significant one-off effects in the amount of thous. EUR 11,731 for the MM Board & Paper division from restructuring measures and in the amount of thous. EUR 27,330 for the MM Packaging division resulting from acquisitions and disposals
4) adjusted for significant one-off effects in the amount of thous. EUR 24,627 for the MM Board & Paper division from restructuring measures and in the amount of thous. EUR 27,330 for the MM Packaging division resulting from acquisitions and disposals
5) for property, plant and equipment, and intangible assets as well as non-current assets held for sale

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

	2023			**2022[1]**		
(in thousands of EUR)	**Net sales**	**Non-current assets**	**Investments**	**Net sales**	**Non-current assets**	**Investments**
Europe	3,298,846	2,845,055	411,523	3,751,311	2,579,790	309,507
Austria	*70,765*	*597,143*	*83,880*	*85,812*	*541,586*	*72,119*
Germany	*602,537*	*372,399*	*78,231*	*802,924*	*325,436*	*55,540*
Poland	*568,720*	*801,841*	*68,607*	*684,092*	*736,836*	*53,555*
France	*421,785*	*107,785*	*28,829*	*419,376*	*85,716*	*10,380*
Great Britain	*327,851*	*192,227*	*7,191*	*319,505*	*174,737*	*18,771*
Rest of Europe	*1,307,188*	*773,660*	*144,785*	*1,439,602*	*715,479*	*99,142*
The Americas	386,188	130,106	35,231	239,956	119,234	13,201
Rest of the World	479,369	128,615	15,742	690,793	129,005	22,372
Total	**4,164,403**	**3,103,776**	**462,496**	**4,682,060**	**2,828,029**	**345,080**

1) adjusted due to adjustment of the acquisition of Essentra Packaging (see note 5)

Non-current assets comprise property, plant and equipment and intangible assets including goodwill (see note 6).

20 OTHER OPERATING INCOME

(in thousands of EUR)	2023	2022
Insurance claims	27,346	2,577
Income from energy sales	21,418	44,091
Rental income	3,244	3,443
Gains and losses from disposal of property, plant and equipment, and intangible assets – net	3,050	(628)
Other income	25,810	11,456
Other operating income	**80,868**	**60,939**

The income from insurance claims mainly includes compensation for damages that were reimbursed as a result of the flooding at the Italian site in Cervia (see note 5). In addition, a compensation paid by the Group to a customer was covered by the insurance.

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

Gains and losses from disposal of property, plant and equipment, and intangible assets - net include in particular asset sales in connection with the closure of a packaging site in Germany and other disposals of minor significance.

The position “Other income” mainly includes a grant related to the removal of inherited liabilities in the amount of thous. EUR 5,700, income from energy efficiency refunds in the amount of thous. EUR 3,770 (2022: thous. EUR 1,482), and a large number of individual items. The income from energy efficiency refunds is not offset by any corresponding expenses.

21 OTHER OPERATING EXPENSES

(in thousands of EUR)	2023	2022
Logistics, freight and transportation expenses	241,472	280,650
Repairs and maintenance	196,803	183,895
IT and consulting expenses	90,439	86,928
Rental, leasing and insurance expenses	42,541	34,636
Other taxes and charges	16,832	22,678
Other expenses	99,103	94,863
Other operating expenses	**687,190**	**703,650**

The position „Other expenses” includes expenses for travel activities and vehicle fleet, marketing, training, cleaning, security, sewer and waste disposal fees as well as a large number of individual items. In the previous year, this item included expenses for company disposals (see note 5).

22 PERSONNEL EXPENSES

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

(in thousands of EUR)	2023	2022
Gross wages	338,484	257,527
Gross salaries	293,497	263,932
Severance expenses	25,235	6,705
Pension expenses	16,828	13,913
Expenses for statutory social security as well as payroll-related taxes and compulsory contributions	116,122	100,090
Other welfare expenses	25,309	18,443
Expenses for temporary personnel	24,623	20,980
Total	**840,098**	**681,590**

The average number of employees (excluding temporary personnel) is as follows:

(Number of persons)	2023	2022
Factory workers	11,749	10,471
Office staff	3,615	3,153
Total	**15,364**	**13,624**

Remuneration of the management

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

(in thousands of EUR)	2023	2022
Salaries and other short-term employee benefits (incl. remuneration of the Supervisory Board)	4,265	10,037
Post-employment benefits	1,337	1,167
Termination benefits	0	2,517
Long-term employee benefits (Board of Management)	1,356	866
Total	**6,958**	**14,587**

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

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

(in thousands of EUR)	2023	2022
Fixed remuneration	2,135	2,456
Variable remuneration	1,393	6,840
Total	**3,528**	**9,296**

The provision for variable compensations that has not yet been paid out amounted to thous. EUR 3,860 as of December 31, 2023 (December 31, 2022: thous. EUR 8,667).

In the financial year 2023, pensions and other post-employment benefits were paid to former board members and their surviving dependents, amounting to thous. EUR 4,408 (2022: thous. EUR 1,037).

The remuneration of the members of the Supervisory Board elected by the shareholders for the financial year 2023 amounted to thous. EUR 737 (2022: thous. EUR 741).

23 EXPENSES FOR THE GROUP AUDITOR

The 29th Ordinary Shareholders' Meeting on April 26, 2023 appointed PwC Wirtschaftsprüfung GmbH as auditor for the consolidated and individual financial statements of Mayr-Melnhof Karton AG. Furthermore, they audited the individual financial statements of all material Austrian subsidiaries. In 2023, expenses for services rendered by PwC Wirtschaftsprüfung GmbH in Austria amounted to thous. EUR 1,033 (2022: thous. EUR 807), of which thous. EUR 862 (2022: thous. EUR 747) were related to auditing, thous. EUR 125 (2022: thous. EUR 34) to other assurance services and thous. EUR 46 (2022: thous. EUR 26) were related to other services.

24 RESEARCH AND DEVELOPMENT EXPENSES

Research and development costs are recognised as expenses as incurred. Neither as of December 31, 2023 nor as of December 31, 2022 have any development costs been capitalised.

Research and development costs recognised as expenses in the consolidated income statement amounted to thous. EUR 5,644 in the financial year 2023 (2022: thous. EUR 7,429).

25 FINANCIAL INCOME

(in thousands of EUR)	2023	2022
Interest from bank deposits	8,326	4,063
Other financial income	410	187
Total financial income	**8,736**	**4,250**

26 FINANCIAL EXPENSES

(in thousands of EUR)	2023	2022
Interest expense related to financial liabilities	(45,479)	(22,686)
Interest expense on lease liabilities	(3,850)	(2,919)
Other financial expenses	(8,948)	(6,544)
Total financial expenses	**(58,277)**	**(32,149)**

The increase in interest expense from financial liabilities mainly results from higher interest rates for variable-rate loans and further financing for the effected acquisitions and organic growth projects. Other financial expenses particularly comprise commitment fees for unused credit lines and commissions in connection with the financing of acquisitions.

27 OTHER FINANCIAL RESULT – NET

(in thousands of EUR)	2023	2022
Foreign currency exchange rate gains (losses) – net	(13,155)	(15,386)
Net interest cost from benefit obligation	(3,659)	(1,701)
Result from investments accounted for using the equity method	1,350	1,376
Dividend income	443	408
Result from hyperinflation adjustments (IAS 29)	3,756	353
Other financial income	462	6
Other financial expenses	(599)	(529)
Other financial result – net	**(11,402)**	**(15,473)**

28 EARNINGS PER SHARE

Earnings per share are calculated in accordance with IAS 33 "Earnings per Share". The standard requires the calculation and disclosure of two key figures: basic and diluted earnings per share. Basic earnings per share are calculated by dividing profit or loss attributable to the shareholders of the Company by the weighted average number of shares outstanding during the financial year. As there were no dilutive stock options neither as of December 31, 2023 nor as of December 31, 2022, it was not necessary to calculate the diluted earnings per share, which thus correspond to the basic earnings per share.

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

	2023	2022[1]
Profit attributable to ordinary shareholders of the parent company (in thousands of EUR)	87,198	343,860
Weighted average number of ordinary shares	20,000,000	20,000,000
Basic earnings per share attributable to ordinary shareholders of the parent company (in EUR)	4.36	17.19

[1] adjusted – see note 5

As in the previous year, the number of shares issued as of December 31, 2023 amounted to 20,000,000 shares.

29 COMMITMENTS AND CONTINGENT LIABILITIES

Commitments from legal proceedings and similar claims

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

Commitments from environmental matters

The Group is also subject to various environmental laws and regulations in the countries in which it operates. Expenditures for environmental matters which relate to existing conditions caused by past operations and have no significant future benefit are expensed as incurred. If an expense is probable and the respective amount can be reliably estimated, the Group recognises provisions for environmental risks and post-closure obligations (see notes 15 and 18).

Other contingent liabilities

As of December 31, 2023, purchase obligations regarding planned capital expenditures for fixed assets and intangible assets amounted to thous. EUR 174,791 (December 31, 2022: thous. EUR 201,754). This development is mainly due to planned Group-wide investment programs focusing on expansion and renewal. In addition, there are long-term purchase obligations in connection with the Group's supply of raw materials and energy, which are managed by Procurement Management.

30 DISCLOSURES ON TRANSACTIONS WITH RELATED PARTIES

Raw materials for the production of cartonboard amounting to thous. EUR 8,606 were purchased from other related companies in 2023 (2022: thous. EUR 7,317). As of December 31, 2023, trade liabilities with other related companies amounted to thous. EUR 417 (December 31, 2022: thous. EUR 0).

In 2023, sales from transactions with associated companies amounted to thous. EUR 1,194 (2022: thous. EUR 2,501). As of December 31, 2023, trade and other receivables with associated companies amounted to thous. EUR 404 (December 31, 2022: thous. EUR 672).

Raw materials amounting to thous. EUR 5,942 were purchased from joint ventures in 2023 (2022: thous. EUR 7,451). As of December 31, 2023, trade liabilities with joint ventures amounted to thous. EUR 666 (December 31, 2022: thous. EUR 713).

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

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

In the financial year 2023 expenses for consulting services rendered by members of the Supervisory Board amounted to thous. EUR 8 (2022: thous. EUR 40). Neither as of December 31, 2023 nor as of December 31, 2022, liabilities were recognised in this context. Standard market rates were charged for these consulting services.

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

31 NOTES ON THE CONSOLIDATED CASH FLOW STATEMENTS

Cash and cash equivalents

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

(in thousands of EUR)	Dec. 31, 2023	Dec. 31, 2022
Fixed deposits	277,077	51,009
Unrestricted bank deposits and cash	479,134	228,235
Other restricted bank deposits	1,304	819
Cash and cash equivalents	**757,515**	**280,063**

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

Cash flow from operating activities increased from thous. EUR 299,738 to thous. EUR 786,235. A significant decline in the cash-effective result was offset by a sharp reduction in working capital, which is in particular attributable to the Profit & Cash Protection programme and the increased use of factoring agreements.

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

Cash flow from investing activities changed from thous. EUR -573,297 to thous. EUR -409,050. Higher payments for the acquisition of property, plant and equipment and intangible assets in the current year contrasted in particular with the payment of the purchase prices for the acquisition of the pharmaceutical packaging group Eson Pac and for Essentra Packaging and with proceeds from the sale of the Russian packaging plants in the previous year. Payments for the acquisition of property, plant and equipment, and intangible assets increased in line with the intensified investment programme from thous. EUR 329,388 in the previous year to thous. EUR 425,346 in the financial year 2023.

The contingent purchase price liability recognised as part of the acquisition of Eson Pac was paid as agreed in May 2023 in the amount of thous. EUR 6,879. In December 2023, the receivable from the overpayment of the purchase price from the acquisition of Essentra Packaging in the amount of thous. EUR 5,374 was settled, resulting in a net position of thous. EUR -1,505.

Cash flow from financing activities changed from thous. EUR 191,894 to thous. EUR 103,378, which is mainly due to a lower issuance of financing facilities and higher interest payments.

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

(in thousands of EUR)	Non-current financial liabilities	Current financial liabilities	**Total**
Balance at Jan. 1, 2023	**1,674,040**	**87,549**	**1,761,589**
Issuances of financial liabilities	249,210	150,499	399,709
Repayments of financial liabilities	(1,001)	(153,406)	(154,407)
Total cash changes	**248,209**	**(2,907)**	**245,302**
Effect of exchange rates	1,663	780	2,443
Other non-cash changes	(154,970)	165,092	10,122
Total non-cash changes	**(153,307)**	**165,872**	**12,565**
Balance at Dec. 31, 2023	**1,768,942**	**250,514**	**2,019,456**

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

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

32 SIGNIFICANT SUBSEQUENT EVENTS AND FURTHER INFORMATION

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

33 TABLE OF AFFILIATED AND ASSOCIATED COMPANIES

2023					2022				
Company name	Currency	Nominal capital in thousand currency units	Shareholding in %	Type of consolidation	Company name	Currency	Nominal capital in thousand currency units	Shareholding in %	Type of consolidation
Mayr-Melnhof Karton Aktiengesellschaft, Vienna (AUT)	EUR	80,000	-	FC[1)]	Mayr-Melnhof Karton Aktiengesellschaft, Vienna (AUT)	EUR	80,000	-	FC[1)]
MM Service GmbH, Vienna (AUT)	EUR	35	100.00 %	FC[1)]	MM Service GmbH, Vienna (AUT)	EUR	35	100.00 %	FC[1)]
MM BOARD & PAPER					**MM BOARD & PAPER**				
CP (CartPrint) International Trading AG, Worb (CHE)	CHF	100	100.00 %	FC[1)]	CP (CartPrint) International Trading AG, Worb (CHE)	CHF	100	100.00 %	FC[1)]
free-com solutions GmbH, Vienna (AUT)	EUR	35	51.00 %	FC[1)]	free-com solutions GmbH, Vienna (AUT)	EUR	35	51.00 %	FC[1)]
Lokalbahn Payerbach-Hirschwang Gesellschaft m. b. H., Reichenau / Rax (AUT)	EUR	190	100.00 %	FC[1)]	Lokalbahn Payerbach-Hirschwang Gesellschaft m. b. H., Reichenau / Rax (AUT)	EUR	190	100.00 %	FC[1)]
MM BOARD & PAPER GmbH, Vienna (AUT)	EUR	5,000	100.00 %	FC[1)]	MM BOARD & PAPER GmbH, Vienna (AUT)	EUR	5,000	100.00 %	FC[1)]
MM FollaCell AS, Follafoss (NOR)	NOK	10,000	100.00 %	FC[1)]	MM FollaCell AS, Follafoss (NOR)	NOK	10,000	100.00 %	FC[1)]
MM Frohnleiten GmbH, Frohnleiten (AUT)	EUR	7,500	100.00 %	FC[1)]	MM Frohnleiten GmbH, Frohnleiten (AUT)	EUR	7,500	100.00 %	FC[1)]
MM Gernsbach GmbH, Gernsbach (DEU)	EUR	9,205	100.00 %	FC[1)]	MM Gernsbach GmbH, Gernsbach (DEU)	EUR	9,205	100.00 %	FC[1)]
MM Kolicevo d. o. o., Domzale (SVN)	EUR	12,828	100.00 %	FC[1)]	MM Kolicevo d. o. o., Domzale (SVN)	EUR	12,828	100.00 %	FC[1)]
MM Kotkamills Absorbex Oy, Kotka (FIN)	EUR	2	100.00 %	FC[1)]	MM Kotkamills Absorbex Oy, Kotka (FIN)	EUR	2	100.00 %	FC[1)]
MM Kotkamills Boards Oy, Kotka (FIN)	EUR	10,200	100.00 %	FC[1)]	MM Kotkamills Boards Oy, Kotka (FIN)	EUR	10,200	100.00 %	FC[1)]
MM Kotkamills Oy, Kotka (FIN)	EUR	80	100.00 %	FC[1)]	MM Kotkamills Oy, Kotka (FIN)	EUR	80	100.00 %	FC[1)]
MM Kotkamills Wood Oy, Kotka (FIN)	EUR	2	100.00 %	FC[1)]	MM Kotkamills Wood Oy, Kotka (FIN)	EUR	2	100.00 %	FC[1)]
MM Kwidzyn Sp. z o. o., Kwidzyn (POL)	PLN	90,000	100.00 %	FC[1)]	MM Kwidzyn Sp. z o. o., Kwidzyn (POL)	PLN	90,000	100.00 %	FC[1)]
MM Neuss GmbH, Baiersbronn (DEU)	EUR	7,500	100.00 %	FC[1)]	MM Neuss GmbH, Baiersbronn (DEU)	EUR	7,500	100.00 %	FC[1)]
Nomamasa GmbH, Düsseldorf (DEU)	EUR	25	100.00 %	FC[1]	Nomamasa GmbH, Düsseldorf (DEU)	EUR	25	100.00 %	FC[1]
Tor-Pal Sp. z o. o., Kwidzyn (POL)	PLN	384	92.59 %	FC[1)]	Tor-Pal Sp. z o. o., Kwidzyn (POL)	PLN	384	92.33 %	FC[1)]

	2023				2022				
Company name	Currency	Nominal capital in thousand currency units	Shareholding in %	Type of consolidation	Company name	Currency	Nominal capital in thousand currency units	Shareholding in %	Type of consolidation
Trading companies & sales offices of MM Board & Paper					**Trading companies & sales offices of MM Board & Paper**				
Keminer Remmers Spiehs Kartonhandels GmbH, Gernsbach (DEU)	EUR	1,280	100.00 %	FC[1]	Keminer Remmers Spiehs Kartonhandels GmbH, Gernsbach (DEU)	EUR	1,280	100.00 %	FC[1]
Mayr-Melnhof & Wilfried Heinzel Tehran Co., Tehran (IRN)	IRR	100,000	36.00 %	NE[2]	Mayr-Melnhof & Wilfried Heinzel Tehran Co., Tehran (IRN)	IRR	100,000	36.00 %	NE[2]
MM Board Benelux B. V., Amstelveen (NLD)	EUR	91	100.00 %	FC[1]	MM Board Benelux B. V., Amstelveen (NLD)	EUR	91	100.00 %	FC[1]
MM Board Bulgaria EOOD, Sofia (BGR)	BGN	5	100.00 %	FC[1]	MM Board Bulgaria EOOD, Sofia (BGR)	BGN	5	100.00 %	FC[1]
MM Board Czech s. r. o., Prague (CZE)	CZK	820	100.00 %	FC[1]	MM Board Czech s. r. o., Prague (CZE)	CZK	820	100.00 %	FC[1]
MM Board France SARL, Paris (FRA)	EUR	8	100.00 %	FC[1]	MM Board France SARL, Paris (FRA)	EUR	8	100.00 %	FC[1]
MM Board Germany GmbH, Neuss (DEU)	EUR	26	100.00 %	FC[1]	MM Board Germany GmbH, Neuss (DEU)	EUR	26	100.00 %	FC[1]
MM B&P Hungary Kft., Budaörs (HUN)	HUF	20	100.00 %	FC[1]	MM B&P Hungary Kft., Budaörs (HUN)	HUF	20	100.00 %	FC[1]
MM Board Italy S R L, Milan (ITA)	EUR	51	75.00 %	FC[1]	MM Board Italy S R L, Milan (ITA)	EUR	51	75.00 %	FC[1]
MM Board Mexico S. de R. L. de C. V., Monterrey (MEX)	MXN	3	100.00 %	FC[1]	-	-	-	-	-
MM Board North Africa SARL, Tunis (TUN)	TND	80	100.00 %	FC[1]	MM Board North Africa SARL, Tunis (TUN)	TND	80	100.00 %	FC[1]
MM Board Polska Sp. z o. o., Poznan (POL)	PLN	50	100.00 %	FC[1]	MM Board Polska Sp. z o. o., Poznan (POL)	PLN	50	100.00 %	FC[1]
MM Board SI d. o. o., Domzale (SVN)	EUR	30	100.00 %	FC[1]	MM Board SI d. o. o., Domzale (SVN)	EUR	30	100.00 %	FC[1]
MM Board Spain S. A., Barcelona (ESP)	EUR	60	75.00 %	FC[1]	MM Board Spain S. A., Barcelona (ESP)	EUR	60	75.00 %	FC[1]
MM Board UK Limited, Theale-Reading (GBR)	GBP	1,000	100.00 %	FC[1]	MM Board UK Limited, Theale-Reading (GBR)	GBP	1,000	100.00 %	FC[1]
MM Board & Paper Sales GmbH, Vienna (AUT)	EUR	35	100.00 %	FC[1]	MM Board & Paper Sales GmbH, Vienna (AUT)	EUR	35	100.00 %	FC[1]
MM Board & Paper USA Inc., Wilmington (USA)	USD	0	100.00 %	FC[1]	-	-	-	-	-
MM Karton Russia LLC, Moscow (RUS)	RUB	14,290	100.00 %	FC[1]	MM Karton Russia LLC, Moscow (RUS)	RUB	14,290	100.00 %	FC[1]
MM Shared Services Sp. z. o. o., Warsaw (POL)	PLN	5,662	100.00 %	FC[1]	MM Shared Services Sp. z. o. o., Warsaw (POL)	PLN	5,662	100.00 %	FC[1]
Varsity Packaging Limited, Theale-Reading (GBR)	GBP	300	100.00 %	FC[1]	Varsity Packaging Limited, Theale-Reading (GBR)	GBP	300	100.00 %	FC[1]

2023					2022				
Company name	Currency	Nominal capital in thousand currency units	Shareholding in %	Type of consolidation	Company name	Currency	Nominal capital in thousand currency units	Shareholding in %	Type of consolidation
MM PACKAGING					**MM PACKAGING**				
Beaucrest Limited, Hong Kong (HKG)	HKD	1	100.00 %	NC[4]	Beaucrest Limited, Hong Kong (HKG)	HKD	1	100.00 %	NC[4]
C. P. Schmidt Verpackungs-Werk Beteiligungsgesellschaft mbH, Kaiserslautern (DEU)	EUR	180	100.00 %	FC[1]	C. P. Schmidt Verpackungs-Werk Beteiligungsgesellschaft mbH, Kaiserslautern (DEU)	EUR	180	100.00 %	FC[1]
Danubia International, Kiev (UKR)	UAH	1	100.00 %	NC[4]	Danubia International, Kiev (UKR)	UAH	1	100.00 %	NC[4]
Gundlach GmbH, Bielefeld (DEU)	EUR	52	100.00 %	FC[1]	Gundlach GmbH, Bielefeld (DEU)	EUR	52	100.00 %	FC[1]
MM Packaging Solutions Ibérica S. L. U, Valencia (ESP)	EUR	7,500	100.00 %	FC[1]	MM Packaging Solutions Ibérica S. L. U, Valencia (ESP)	EUR	7,500	100.00 %	FC[1]
MM Packaging GmbH /Jordan PSC, Amman (JOR)	JOD	5,000	100.00 %	FC[1]	MM Packaging GmbH /Jordan PSC, Amman (JOR)	JOD	5,000	100.00 %	FC[1]
Mayr-Melnhof Packaging Marinetti Limitada, Santiago de Chile (CHL)	CLP	5,000	100.00 %	FC[1]	Mayr-Melnhof Packaging Marinetti Limitada, Santiago de Chile (CHL)	CLP	5,000	100.00 %	FC[1]
Mayr-Melnhof Printing and Packaging Tehran Company, Private Joint Stock, Tehran (IRN)	IRR	514,800,000	100.00 %	FC[1]	Mayr-Melnhof Printing and Packaging Tehran Company, Private Joint Stock, Tehran (IRN)	IRR	514,800,000	100.00 %	FC[1]
MM Bangor Ltd., Bradford (GBR)	GBP	0	100.00 %	FC[1]	MM Bangor Ltd., Bradford (GBR)	GBP	0	100.00 %	FC[1]
MM Clayton LLC, Wilmington (USA)	USD	181	100.00%	FC[1]	MM Clayton LLC, Wilmington (USA)	USD	181	100.00%	FC[1]
MM C. P. Schmidt GmbH, Kaiserslautern (DEU)	EUR	3,000	100.00 %	FC[1]	MM C. P. Schmidt GmbH, Kaiserslautern (DEU)	EUR	3,000	100.00 %	FC[1]
MM Eson Pac AB, Veddige (SWE)	SEK	10,000	100.00%	FC[1]	MM Eson Pac AB, Veddige (SWE)	SEK	10,000	100.00%	FC[1]
MM Eson Pac Denmark A/S, Taastrup (DEN)	DKK	6,000	100.00 %	FC[1]	MM Eson Pac Denmark A/S, Taastrup (DEN)	DKK	6,000	100.00 %	FC[1]
-	-	-	-	-	MM Eson Pac International AB, Veddige (SWE)	SEK	89	100.00 %	FC[1]
-	-	-	-	-	MM Eson Pac Norway AS, Sarpsborg (NOR)	NOK	4,100	100.00 %	FC[1]
MM Fiber Packaging S. A. U., Barcelona (ESP)	EUR	1,920	100.00 %	FC[1]	MM Fiber Packaging S. A. U., Barcelona (ESP)	EUR	1,920	100.00 %	FC[1]
MM Fiber Packaging Ireland Limited, Dublin (IRL)	EUR	378	100.00 %	FC[1]	MM Fiber Packaging Ireland Limited, Dublin (IRL)	EUR	378	100.00 %	FC[1]
MM Graphia Beteiligungs- und Verwaltungs GmbH, Bielefeld (DEU)	EUR	5,538	100.00 %	FC[1]	MM Graphia Beteiligungs- und Verwaltungs GmbH, Bielefeld (DEU)	EUR	5,538	100.00 %	FC[1]
MM Graphia Bielefeld GmbH, Bielefeld (DEU)	EUR	526	100.00 %	FC[1]	MM Graphia Bielefeld GmbH, Bielefeld (DEU)	EUR	526	100.00 %	FC[1]

	2023				2022				
Company name	Currency	Nominal capital in thousand currency units	Shareholding in %	Type of consolidation	Company name	Currency	Nominal capital in thousand currency units	Shareholding in %	Type of consolidation
MM Graphia GmbH, Bielefeld (DEU)	EUR	25	100.00 %	FC[1]	MM Graphia GmbH, Bielefeld (DEU)	EUR	25	100.00 %	FC[1]
MM Graphia Izmir Karton sanayi ve ticaret anonim sirketi, Izmir (TUR)	TRY	24,613	100.00 %	FC[1]	MM Graphia Izmir Karton sanayi ve ticaret anonim sirketi, Izmir (TUR)	TRY	24,613	100.00 %	FC[1]
MM Graphia Trier GmbH, Trier (DEU)	EUR	3,500	100.00 %	FC[1]	MM Graphia Trier GmbH, Trier (DEU)	EUR	3,500	100.00 %	FC[1]
MM Gravure Trier GmbH, Trier (DEU)	EUR	7,000	100.00 %	FC[1]	MM Gravure Trier GmbH, Trier (DEU)	EUR	7,000	100.00 %	FC[1]
MM Innovaprint GmbH, Bielefeld (DEU)	EUR	500	100.00 %	FC[1]	MM Innovaprint GmbH, Bielefeld (DEU)	EUR	500	100.00 %	FC[1]
MM Labels Lublin Sp. z o. o., Lublin (POL)	PLN	34,078	100.00 %	FC[1]	-	-	-	-	-
MM Lublin Sp. z o. o., Lublin (POL)	PLN	53,500	100.00 %	FC[1]	MM Lublin Sp. z o. o., Lublin (POL)	PLN	53,500	100.00 %	FC[1]
MM Nekicesa S. L. U., Madrid (ESP)	EUR	18,881	100.00 %	FC[1]	MM Nekicesa S. L. U., Madrid (ESP)	EUR	18,881	100.00 %	FC[1]
MM Neupack GmbH, Reichenau/Rax (AUT)	EUR	1,820	100.00 %	FC[1]	MM Neupack GmbH, Reichenau/Rax (AUT)	EUR	1,820	100.00 %	FC[1]
MM Newport Ltd., Bradford (GBR)	GBP	1,231	100.00 %	FC[1]	MM Newport Ltd., Bradford (GBR)	GBP	1,231	100.00 %	FC[1]
MM Packaging Behrens GmbH, Alfeld (Leine) (DEU)	EUR	3,000	100.00 %	FC[1]	MM Packaging Behrens GmbH, Alfeld (Leine) (DEU)	EUR	3,000	100.00 %	FC[1]
MM Packaging Beteiligungs- und Verwaltungs GmbH, Bielefeld (DEU)	EUR	500	100.00 %	FC[1]	MM Packaging Beteiligungs- und Verwaltungs GmbH, Bielefeld (DEU)	EUR	500	100.00 %	FC[1]
MM Packaging Caesar GmbH, Traben-Trarbach (DEU)	EUR	3,000	100.00 %	FC[1]	MM Packaging Caesar GmbH, Traben-Trarbach (DEU)	EUR	3,000	100.00 %	FC[1]
MM Packaging Colombia S. A. S., Santiago de Cali (COL)	COP	84,000,000	100.00 %	FC[1]	MM Packaging Colombia S. A. S., Santiago de Cali (COL)	COP	84,000,000	100.00 %	FC[1]
MM Packaging Deeside Limited, Deeside (GBR)	GBP	9,700	100.00 %	FC[1]	MM Packaging Deeside Limited, Deeside (GBR)	GBP	9,700	100.00 %	FC[1]
MM Packaging Deutschland GmbH, Bielefeld (DEU)	EUR	26	100.00 %	FC[1]	MM Packaging Deutschland GmbH, Bielefeld (DEU)	EUR	26	100.00 %	FC[1]
MM PACKAGING GmbH, Vienna (AUT)	EUR	5,000	100.00 %	FC[1]	MM PACKAGING GmbH, Vienna (AUT)	EUR	5,000	100.00 %	FC[1]
MM PACKAGING France S. A. S., Monéteau (FRA)	EUR	7,289	100.00 %	FC[1]	MM PACKAGING France S. A. S., Monéteau (FRA)	EUR	7,289	100.00 %	FC[1]
MM Packaging Italy S. r. l., Podenzano (ITA)	EUR	3,000	100.00 %	FC[1]	MM Packaging Italy S. r. l., Podenzano (ITA)	EUR	3,000	100.00 %	FC[1]
MM Packaging Leeuwarden B. V., Leeuwarden (NLD)	EUR	18	100.00 %	FC[1]	MM Packaging Leeuwarden B. V., Leeuwarden (NLD)	EUR	18	100.00 %	FC[1]
MM Packaging Polska Sp. z o. o., Bydgoszcz (POL)	PLN	71,500	100.00 %	FC[1]	MM Packaging Polska Sp. z o. o., Bydgoszcz (POL)	PLN	71,500	100.00 %	FC[1]
MM Packaging Puerto Rico Inc., Guaynabo (PRI)	USD	1	100.00 %	FC[1]	MM Packaging Puerto Rico Inc., Guaynabo (PRI)	USD	1	100.00 %	FC[1]
MM Packaging Romania S. R. L., Blejoi (ROU)	RON	5,504	100.00 %	FC[1]	MM Packaging Romania S. R. L., Blejoi (ROU)	RON	5,504	100.00 %	FC[1]

	2023				2022			
Company name	Currency	Nominal capital in thousand currency units	Shareholding in %	Type of consolidation	Company name	Currency	Nominal capital in thousand currency units	Shareholding in %	Type of consolidation
MM Packaging Sarreguemines S.A.R.L., Sarreguemines (FRA)	EUR	4,115	100.00 %	FC[1]	MM Packaging Sarreguemines S.A.R.L., Sarreguemines (FRA)	EUR	4,115	100.00 %	FC[1]
MM Packaging Schilling GmbH, Heilbronn (DEU)	EUR	2,500	100.00 %	FC[1]	MM Packaging Schilling GmbH, Heilbronn (DEU)	EUR	2,500	100.00 %	FC[1]
MM Packaging & Securing Solutions Limited, Bradford (GBR)	GBP	70,149	100.00 %	FC[1]	MM Packaging & Securing Solutions Limited, Bradford (GBR)	GBP	70,149	100.00 %	FC[1]
MM Packaging UK Limited, Bradford (GBR)	GBP	139,391	100.00 %	FC[1]	MM Packaging UK Limited, Bradford (GBR)	GBP	139,391	100.00 %	FC[1]
MM Packaging Ukraine LLC, Cherkassy (UKR)	UAH	56,896	100.00 %	FC[1]	MM Packaging Ukraine LLC, Cherkassy (UKR)	UAH	56,896	100.00 %	FC[1]
MM Packaging Vidon Limited Liability Company, Ho Chi Minh City (VNM)	VND	280,000,000	100.00 %	FC[1]	MM Packaging Vidon Limited Liability Company, Ho Chi Minh City (VNM)	VND	280,000,000	100.00 %	FC[1]
MM Premium Vienna GmbH, Vienna (AUT)	EUR	3,050	100.00 %	FC[1]	MM Premium Vienna GmbH, Vienna (AUT)	EUR	3,050	100.00 %	FC[1]
MM Packaging US Inc., Wilmington (USA)	USD	5	100.00 %	FC[1]	MM Packaging US Inc., Wilmington (USA)	USD	5	100.00 %	FC[1]
MM Wolfen GmbH, Bitterfeld-Wolfen OT Wolfen (DEU)	EUR	25	100.00 %	FC[1]	MM Wolfen GmbH, Bitterfeld-Wolfen OT Wolfen (DEU)	EUR	25	100.00 %	FC[1]
MMP Neupack Polska Sp. z o. o., Bydgoszcz (POL)	PLN	28,700	100.00 %	FC[1]	MMP Neupack Polska Sp. z o. o., Bydgoszcz (POL)	PLN	28,700	100.00 %	FC[1]
MMP Packetis SAS, Chazelles (FRA)	EUR	1,677	100.00 %	FC[1]	MMP Packetis SAS, Chazelles (FRA)	EUR	1,677	100.00 %	FC[1]
MMP Premium Polska Sp. z o. o., Bydgoszcz (POL)	PLN	26,000	100.00 %	FC[1]	MMP Premium Polska Sp. z o. o., Bydgoszcz (POL)	PLN	26,000	100.00 %	FC[1]
MMP Premium Printing Center GmbH, Trier (DEU)	EUR	500	100.00 %	FC[1]	MMP Premium Printing Center GmbH, Trier (DEU)	EUR	500	100.00 %	FC[1]
MMP Premium SAS, Ancenis (FRA)	EUR	6,686	100.00 %	FC[1]	MMP Premium SAS, Ancenis (FRA)	EUR	6,686	100.00 %	FC[1]
MPC Besitzgesellschaft mbH, Traun (AUT)	EUR	3,700	100.00 %	FC[1]	MPC Besitzgesellschaft mbH, Traun (AUT)	EUR	3,700	100.00 %	FC[1]
PacProject GmbH, Hamburg (DEU)	EUR	26	100.00 %	FC[1]	PacProject GmbH, Hamburg (DEU)	EUR	26	100.00 %	FC[1]
Private Joint Stock Company “Graphia Ukraina”, Cherkassy (UKR)	UAH	5,880	94.78 %	FC[1]	Private Joint Stock Company “Graphia Ukraina”, Cherkassy (UKR)	UAH	5,880	94.78 %	FC[1]
Société Tunisienne des Emballages Modernes, Tunis (TUN)	TND	9,640	45.00 %	EC[3]	Société Tunisienne des Emballages Modernes, Tunis (TUN)	TND	9,640	45.00 %	EC[3]

	2023				2022			
Company name	Currency	Nominal capital in thousand currency units	Shareholding in %	Type of consolidation	Currency	Nominal capital in thousand currency units	Shareholding in %	Type of consolidation
Superpak Ambalaj sanayi ve ticaret anonim sirketi, Izmir (TUR)	TRY	116,331	100.00 %	FC[1]	TRY	116,331	100.00 %	FC[1]
TANN ARGENTINA S.A., Buenos Aires (ARG)	ARS	12	100.00 %	NC[4]	ARS	12	100.00 %	NC[4]
Tann Beteiligungs GmbH, Traun (AUT)	EUR	35	100.00 %	FC[1]	EUR	35	100.00 %	FC[1]
TANN Colombiana S.A.S. i.l., La Ceja/Medellin (COL)	COP	351,000	100.00 %	FC[1]	COP	351,000	100.00 %	FC[1]
TANN GERMANY GmbH, Glinde (DEU)	EUR	512	100.00 %	FC[1]	EUR	512	100.00 %	FC[1]
TANN Holding GmbH, Traun (AUT)	EUR	70	100.00 %	FC[1]	EUR	70	100.00 %	FC[1]
TANN Invest GmbH, Traun (AUT)	EUR	35	100.00 %	FC[1]	EUR	35	100.00 %	FC[1]
TANN Longyou Ltd., Longyou (Zhejiang) (CHN)	CNY	97,245	95.69 %	FC[1]	CNY	97,245	95.69 %	FC[1]
TANN PAPER Limited, Woodstock (New Brunswick) (CAN)	CAD	600	100.00 %	FC[1]	CAD	600	100.00 %	FC[1]
TANN Philippines, Inc., Santo Tomas (Batangas) (PHL)	PHP	470,000	100.00 %	FC[1]	PHP	470,000	100.00 %	FC[1]
TANN Service GmbH, Traun (AUT)	EUR	35	100.00 %	FC[1]	EUR	35	100.00 %	FC[1]
TANN Shanghai Co., Ltd., Shanghai (CHN)	CNY	31,522	51.00 %	FC[1]	CNY	31,522	51.00 %	FC[1]
TANNPAPIER GmbH, Traun (AUT)	EUR	1,000	100.00 %	FC[1]	EUR	1,000	100.00 %	FC[1]
TBG Development Philippines, Inc., Makati City (Metro Manila) (PHL)	PHP	53,320	100.00 %	FC[1]	PHP	53,320	100.00 %	FC[1]
VTV Verpackungstechnische Verfahren GmbH, Kaiserslautern (DEU)	EUR	200	100.00 %	FC[1]	EUR	200	100.00 %	FC[1]
Zhejiang TF Special Papers Co., Ltd., Quzhou City (CHN)	CNY	50,000	40.00 %	EC[3]	CNY	50,000	40.00 %	EC[3]

The voting rights are equal to the ownership interests. The parent company does not hold any preferred interests in the subsidiary.
1) FC ... fully consolidated company
2) NE ... joint venture or associated company, but not consolidated at equity due to immateriality
3) EC ... consolidated at equity
4) NC ... not consolidated due to immateriality

34 BOARD MEMBERS

During the financial year 2023, the Board Members were as follows:

Management Board
Peter Oswald (Chairman)
Franz Hiesinger (Member of the Management Board)

Supervisory Board
Wolfgang Eder (Chairman since April 26, 2023)
Rainer Zellner (Chairman until April 26, 2023)
Nikolaus Ankershofen (1st Deputy Chairman)
Johannes Goess-Saurau (2nd Deputy Chairman)
Alexander Leeb (Member of the Supervisory Board)
Georg Mayr-Melnhof (Member of the Supervisory Board)
Ferdinand Mayr-Melnhof-Saurau (Member of the Supervisory Board)
Klaus Rabel (Member of the Supervisory Board)
Andreas Hemmer (Employee Representative)
Gerhard Novotny (Employee Representative)

Vienna, March 11, 2024

The Management Board

Peter Oswald m. p. Franz Hiesinger m. p.

Auditor’s Report

Report on the Consolidated Financial Statements

Audit Opinion

We have audited the consolidated financial statements of Mayr-Melnhof Karton Aktiengesellschaft, Vienna, and its subsidiaries (the Group), which comprise the consolidated balance sheet as at December 31, 2023, the consolidated income statement, the consolidated comprehensive income statement, the consolidated statement of changes in equity and the consolidated cash flow statement for the financial year then ended, and the notes to the consolidated financial statements.

In our opinion, the accompanying consolidated financial statements comply with legal requirements and give a true and fair view of the financial position of the Group as at December 31, 2023, and of its financial performance and cash flows for the financial year then ended in accordance with International Financial Reporting Standards as adopted by the EU (IFRSs) and the additional regulations of section 245a Austrian Company Code.

Basis for Opinion

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

Key Audit Matters

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

We have structured key audit matters as follows:

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

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

Description

Under the item “intangible assets including goodwill”, the consolidated financial statements of Mayr-Melnhof Karton Aktiengesellschaft, Vienna, include goodwill in the amount of thous. EUR 790,725, representing approximately 15.6 % of total assets of the Group. Thous. EUR 457,245 of this item relates to the MM Board & Paper goodwill, which particularly results from the acquisition of the production sites Koktamills (Finland) and Kwidzyn (Poland) in the financial year 2021, and thous. EUR 333,480 relates to the MM Packaging goodwill, which particularly results from the acquisition of Essentra Packaging in this financial year 2022. In order to determine a potential need for impairment, management performs a mandatory impairment test of goodwill each year at the reporting date or if there is any indication that an asset may be impaired. Moreover, the consolidated financial statements as at December 31, 2023 include other intangible assets in the amount of thous. EUR 257,021 and property, plant and equipment in the amount of thous. EUR 2,056,030. In case of any indications in this regard pursuant to IAS 36, management evaluates whether the carrying amounts of a cash generating unit may be impaired.

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

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

In the financial year 2023, no impairment of goodwill was recognised on the basis of impairment tests of goodwill at segment level. In the financial year 2023, no impairment of carrying amounts was recognised on the basis of impairment tests of cash generating units.

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

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

In the course of our audit and by partially involving our valuation specialists we verified among others the methodical approach in identifying indications for a need for impairment and in performing the impairment test. Moreover, we ascertained the appropriateness of the significant assumptions and input parameters made with regard to the planned development of future cash flows before tax as well as the valuation of the values in use and, where relevant, the fair values less cost of disposal, and evaluated whether all relevant internal and external sources of information were taken into account by management. The future expected cash flows were derived from the budget for 2024 of the segments MM Board & Paper and MM Packaging which was adopted by management and approved by the Supervisory Board. In addition, we evaluated the appropriateness of the calculation especially by reconciliation with general and industry-specific market expectations. In this context, we also verified the Management Boards' estimates regarding the development of revenue and profit margin, working capital development, investment levels and the potential impact of climate change and verified their consideration in determining the future cash flows. Knowing that already slight changes in the discount rate may have a significant impact on the recoverable amount determined in this way, we assessed these changes and how they were derived both with regard to the individual assumptions and parameters based on company-specific information, historical data, available market data and considering a critical overall evaluation and discussed them with management. We checked the valuation models used in determining the values in use for mathematical accuracy and consistency with the valuation principles of the relevant IFRS regulations.

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

Finally, we evaluated whether the disclosures in the notes to the consolidated financial statements on the recoverability of goodwill and of the carrying amounts of the cash generating units are complete and adequate. The carrying amounts of goodwill and of the cash generating units that were identified by management for impairment testing are complete and adequate. The significant assumptions and discretionary decisions made in this context are plausible and within a reasonable range. The disclosures in the notes to the consolidated financial statements as at December 31, 2023 with regard to the recoverability of goodwill and of the carrying amounts of the cash generating units are complete and proper.

Reference to related disclosures
Related disclosures with regard to this key audit matter are to be found in the notes to the consolidated financial statements as at December 31, 2023 under note 6 – "Development of fixed assets" in section 6.1 – "Property, plant and equipment including leases", section 6.2 – "Intangible assets including goodwill" and in section 6.3 – "Recoverability of non-current assets".

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

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

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

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

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

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

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

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

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

In addition, the following applies:
We identify and assess the risks of material misstatement of the consolidated financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risks of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.

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

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

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

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

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

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

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

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

Report on Other Legal and Regulatory Requirements

Comments on the Management Report for the Group

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

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

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

Opinion

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

Statement

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

Additional Information in Accordance with Article 10 of the EU Regulation
We were elected as statutory auditor at the ordinary general meeting dated April 26, 2023 and subsequently appointed by the Supervisory Board. We have audited the Company since the financial year 2019.

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

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

Responsible Engagement Partner
Responsible for the proper performance of the engagement is Mr. Frédéric Vilain, Austrian Certified Public Accountant.

Vienna, March 11, 2024

PwC Wirtschaftsprüfung GmbH

Frédéric Vilain m. p.
Austrian Certified Public Accountant

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

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

Statement of the Management Board

according to Section 124 of the Austrian Stock Exchange Act

We confirm to the best of our knowledge that the consolidated financial statements give a true and fair view of the assets, liabilities, financial position, and profit or loss of the Group as required by the applicable accounting standards and that the Group management report gives a true and fair view of the development and performance of the business and the position of the Group together with a description of the principal risks and uncertainties the Group faces.

Vienna, March 11, 2024

The Management Board

Peter Oswald m. p. Chairman of the Management Board	Franz Hiesinger m. p. Member of the Management Board

Development in the 4th Quarter 2023

Quarterly Overview

MM Group (IFRS, unaudited)

(consolidated, in millions of EUR)	1st Quarter 2023	2nd Quarter 2023	3rd Quarter 2023	4th Quarter 2023	4th Quarter 2022	+/-
Sales	1,122.1	1,059.3	1,015.1	967.9	1,231.7	- 21.4 %
Adjusted EBITDA	133.6	103.7	121.4	91.5	176.7	- 48.2 %
Adjusted operating profit	78.7	48.3	63.4	38.8	109.1	- 64.4 %
Operating profit	61.6	42.4	55.8	37.8	58.2	- 35.1 %
Operating margin (%)	7.0 %	4.6 %	6.2 %	4.0 %	8.9 %	
Profit before tax	49.0	28.2	41.7	17.8	50.2	- 64.6 %
Income tax expense	(14.1)	0.2	(13.8)	(19.9)	(20.2)	
Profit for the period	34.9	28.4	27.9	(2.1)	30.0	- 107.1 %
Net profit margin (%)	3.1 %	2.7 %	2.7 %	- 0.2 %	2.4 %	
Earnings per share (in EUR)	1.71	1.41	1.38	(0.14)	1.52	
Cash flow from operating activities	67.2	82.9	177.2	458.9	44.0	

With a slight volume growth in the division MM Board & Paper, which was offset by a decline in the MM Packaging division, the 4th quarter was characterised by a heterogeneous picture. As in the previous quarters, however, the pressure on prices and margins continued. Consolidated sales of EUR 967.9 million were volume- and price-related below last year's period (4th quarter 2022: EUR 1,231.7 million).

The Group's adjusted operating profit decreased mainly price-related to EUR 38.8 million (4th quarter 2022: EUR 109.1 million). The operating margin was 4.0 % (4th quarter 2022: 8.9 %). Profit before tax amounted to EUR 17.8 million (4th quarter 2022: EUR 50.2 million), profit for the period to EUR -2.1 million (4th quarter 2022: EUR 30.0 million).

MM Board & Paper recorded an adjusted operating profit of EUR -24.2 million after EUR 87.4 million in the 4th quarter of the previous year, mainly as a result of lower average prices. The operating margin was -5.4 % (4th quarter 2022: 14.1 %).

The adjusted operating profit of MM Packaging at EUR 63.0 million was above the previous year's quarter (4th quarter 2022: EUR 21.7 million), particularly acquisition-related. The operating margin amounted to 11.2 % (4th quarter 2022: 3.3 %)

Glossary

Definition of Financial Indicators

Adjusted operating profit
Operating profit adjusted for material one-off effects (material defined as impact on operating profit of more than EUR 10 million).

Adjusted EBITDA
EBITDA adjusted for material one-off effects (material defined as impact on operating profit of more than EUR 10 million).

EBITDA (Earnings before interest, income taxes, depreciation and amortisation)
Operating profit plus depreciation, amortisation, impairment and write-ups of property, plant and equipment, and intangible assets as well as non-current assets held for sale.

EBITDA margin
Adjusted EBITDA divided by sales.

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

Equity ratio
Total equity divided by total assets.

Investments/capital expenditures
Investments refer to the acquisition of property, plant and equipment and intangible assets and also include payments on account. Capital expenditures also take into account the change in liabilities from investing activities and are adjusted for non-cash additions to property, plant and equipment (e. g. from leases or capitalised borrowings costs). Capital expenditures are derived from the consolidated cash flow statement.

Market capitalisation
Number of shares outstanding multiplied with the closing share price as of the balance sheet date.

Net debt/Net liquidity
The sum of current and non-current interest-bearing financial liabilities including lease liabilities according to IFRS 16 as well as factoring liabilities less cash and cash equivalents.

In case the sum of cash and cash equivalents exceeds financial liabilities, there is net liquidity.

Net debt/EBITDA
Net debt/net liquidity divided by adjusted EBITDA.

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

Net profit margin
Profit for the year divided by sales.

Operating margin
Adjusted operating profit divided by sales.

Property, plant and equipment to total assets
Property, plant and equipment divided by total assets.

Return on assets (ROA)
The sum of profit for the year excluding interest expenses divided by average total assets.

Return on capital employed (ROCE)
Adjusted operating profit divided by the sum of average total equity, average current and non-current interest-bearing financial liabilities including lease liabilities according to IFRS 16 as well as factoring liabilities less average cash and cash equivalents. The calculation of capital employed refers to the average of the last 12 months.

Return on equity (ROE)
Profit for the year divided by average total equity.

Return on investment (ROI)
The sum of profit for the year excluding interest expenses divided by the sum of average total equity plus average current and non-current interest-bearing financial liabilities including lease liabilities according to IFRS 16 as well as factoring liabilities.

Total equity and non-current liabilities to PPE
The sum of total equity and non-current liabilities divided by property, plant and equipment.

Working Capital
Total current assets less total current liabilities (excluding revolving bank credits).

Group Key Indicators

consolidated (in millions of EUR)	2019	2020	2021	2022[1]	2023
Development of sales					
Total sales	2,976.9	2,941.6	3,524.5	5,315.7	4,902.8
less intersegment sales between the divisions	(111.8)	(116.6)	(133.0)	(236.6)	(185.7)
less intersegment sales in the divisions	(320.7)	(296.6)	(321.8)	(397.1)	(552.7)
Consolidated sales	2,544.4	2,528.4	3,069.7	4,682.1	4,164.4
Earnings data					
Net value added	756.1	756.5	805.7	1,163.8	973.0
Adjusted EBITDA[2]	389.6	411.8	421.0	769.0	450.2
Adjusted operating profit[2]	255.3	268.0	269.6	562.4	229.2
Operating profit	255.3	231.4	269.6	510.4	197.6
Profit before tax	251.1	222.1	244.5	467.0	136.7
Profit for the year	190.2	162.2	190.7	345.3	89.1
Cash flow from operating activities	331.4	318.2	269.8	299.7	786.2
Free cash flow	197.1	173.8	37.9	(19.7)	369.8
Capital expenditures/depreciation					
Capital expenditures	136.1	152.8	248.4	329.4	425.3
Depreciation and amortisation[3]	134.3	167.5	151.4	219.5	221.4
Employees	10,014	9,938	12,492	15,640	15,087
Profitability indicators					
Return on equity	13.1 %	10.6 %	11.9 %	19.1 %	4.5 %
Return on assets	9.0 %	7.1 %	6.7 %	8.6 %	3.1 %
Net profit margin	7.5 %	6.4 %	6.2 %	7.4 %	2.1 %
EBITDA margin[4]	15.3 %	16.3 %	13.7 %	16.4 %	10.8 %
Operating margin[4]	10.0 %	10.6 %	8.8 %	12.0 %	5.5 %
Return on capital employed[4]	15.4 %	15.8 %	12.8 %	17.9 %	6.5 %
Return on investment	11.7 %	9.4 %	8.8 %	11.1 %	3.9 %
Balance sheet indicators					
Equity ratio	62.3 %	64.5 %	41.4 %	40.7 %	39.6 %
Property, plant and equipment to total assets	42.7 %	41.5 %	37.1 %	37.3 %	40.5 %
Total equity and non-current liabilities to property, plant and equipment	1.9	2.0	2.2	2.1	1.9
Working capital	523.9	584.4	809.3	1,028.3	842.3
Financial indicators					
Net debt	218.6	122.2	1,063.5	1,481.5	1,261.9
Net debt/EBITDA[4]	0.6	0.3	2.1	1.9	2.8
Net debt/equity	14.5 %	7.9 %	64.0 %	75.6 %	62.7 %
Share performance indicators					
Market capitalisation[5]	2,392	3,300	3,532	3,024	2,532
Earnings per share (in EUR)	9.49	8.06	9.46	17.19	4.36
Dividend per share (in EUR)	3.20	3.20	3.50	4.20	1.50[6]

[1] adjusted due to the adjustment of the acquisition of Essentra Packaging
[2] adjusted for material one-off effects (see glossary)
[3] incl. impairments and write-ups of property, plant and equipment and intangible assets as well as non-current assets held for sale
[4] calculated with adjusted result figure
[5] per ultimo
[6] proposed for 2023

Financial Calendar 2024

April 14, 2024	Record date “Ordinary Shareholders’ Meeting”
April 23, 2024	Results for the 1st quarter of 2024
April 24, 2024	30th Ordinary Shareholders’ Meeting – Vienna
April 30, 2024	Ex-dividend day
May 2, 2024	Record date “Dividends”
May 8, 2024	Dividend payment date
August 22, 2024	Results for the 1st half-year of 2024
November 7, 2024	Results for the first three quarters of 2024

The English version of this annual report is a translation of the original German text. In case of doubt, the German version takes precedence.
The annual reports and interim reports can be requested from the Company and are also available on the Internet.
The annual financial statements of Mayr-Melnhof Karton AG prepared in accordance with Austrian Financial Reporting Standards were audited together with the management report by PwC Wirtschaftsprüfung GmbH, Vienna, and were approved without qualification. The annual financial statements have been submitted to the registrar of companies at the Vienna Commercial Court under registration number 81906 a and will be published on „EVI – Das digitale Amtsblatt” as well as on the website of the Company.

We have prepared this report and reviewed the figures with the greatest possible care. Nevertheless, rounding, typographical and printing errors cannot be excluded. The aggregation of rounded amounts and percentages may result in rounding differences due to the use of automated computational aids. This report also contains forward-looking estimates and statements based on the information currently available to us. Please note that a wide variety of factors could cause actual circumstances – and hence actual results – to deviate from the expectations contained in this report.

The determination of key indicators which cannot be reconciled directly from the annual report can be found on our website under the section “For Investors/Key Indicators”.

Terms referring to people include both men and women.

Produced internally with firesys GmbH

Imprint
Published and edited by:
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