



**ANNUAL FINANCIAL REPORT
MAYR-MELNHOF KARTON AG**

2020

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Management Report

1 — POSITIONING OF THE MAYR-MELNHOF GROUP AND THE DIVISIONS

GROUP

Focus on cartonboard packages for consumer goods

The production and sale of cartonboard as well as the processing of cartonboard into folding carton packages for consumer goods are the two core business areas of the Mayr-Melnhof Group. They are managed as two divisions that are each responsible for their own results and supply each other at arm's length. The MM Karton division is the largest producer of cartonboard in Europe with a leading position in recycled fiber-based cartonboard and a growing position in the area of virgin fiber-based cartonboard. The MM Packaging division is the largest producer of folding cartons in Europe and, additionally, holds a leading market position in several countries outside Europe. 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 consumer staples. In addition to the attractive presentation of the consumer goods and their protection, folding carton packaging is characterized in particular by its sustainable production from renewable fiber materials that can be recycled many times. Responsible circular economy is thus an immanent part of the Mayr-Melnhof Group's business. Demand for cartonboard and cartonboard packaging correlates with the development of private consumption, especially of consumer staples, and thus shows a relative resilience. Due to transport costs and service demands, the folding carton business has a mainly regional character. By contrast, the cartonboard business is mainly concentrated on the individual continents (Europe, Asia, America), global cartonboard trade thus only having minor importance.

Integrated business model as two profit centers

In 2020, MM Karton supplied around 13 % of its cartonboard sales to MM Packaging at arm's length conditions, which is slightly more than in the previous year. The majority of its cartonboard production, however, is sold to folding carton producers outside the Group and thus to competitors of MM Packaging.

MM Packaging bought around one quarter of the tonnage processed internally from MM Karton in 2020. The major share of the required cartonboard is purchased from external suppliers. The main reasons are the currently still limited internal supply of virgin fiber-based cartonboard, free purchase at market conditions and specifications by customers concerning particular cartonboard grades.

Regional focus on Europe

The geographical focus of our business is the well-developed and sustainable European market, where both divisions have held the leading market position for a long time and plan to grow even further. Outside Europe, the MM Group is active in global cartonboard exports and operates packaging sites in individual markets in Latin America, the Middle East, and Asia.

Growth through efficiency and innovation of sustainable products

Growth is firstly aimed at a further penetration of existing market segments and secondly at the exploitation of new sales areas with innovative, sustainable products. For this purpose, we are, on the one hand, focusing on targeted investments in existing plants with the aim of increasing market share through high efficiency and a focused product orientation. On the other hand, the acquisition of efficient and innovative sites, such as the recently announced acquisition of the two virgin fiber-based cartonboard mills Kotkamills, Finland, and Kwidzyn, Poland, is intended to expand the position of the MM Group in growing markets and to enable the entry into new products.

By growing in the core business and focusing on specific product groups, we aim at exploiting additional synergies for positioning the Mayr-Melnhof Group sustainably as market, cost and technology leader in its segments. Creating added value through sustainability and innovation is a clear orientation for further market development, in particular also for plastic substitution, with the objective of growing faster than the market with a high return on capital employed.

MAYR-MELNHOF KARTON

Leading cartonboard producer

With a total annual production capacity of more than 1.7 million tons, the division MM Karton is the biggest cartonboard producer in Europe. A wide range of cartonboard products for a wide spectrum of applications in the packaging area is manufactured at six locations in Europe. At the end of 2020, coated recycled fiber-based cartonboard accounts for approx. 80 % of the production and the area of virgin fiber-based cartonboard for approx. 20 %, which will be significantly expanded as soon as the acquisitions in Finland and Poland that were announced at the end of 2020 and at beginning of 2021 have been completed. The objective is to strengthen MM Karton's competitive position in a growing European virgin fiber-based cartonboard market in addition to recycled fiber-based cartonboard through more innovation, sustainability and efficiency. Recycled fibers, which are purchased from external suppliers, remained the most important raw material in 2020, accounting for approx. 75 % of the fibers used. Approx. 19 % of the fibers used are groundwood pulp, most of which we produce ourselves at our cartonboard mills and in the division's own fiber mill FollaCell in Norway. Pulp accounts for approx. 6 % of the fiber demand and is of minor importance.

Cartonboard – a wide range of applications for consumer goods packaging

Cartonboard products of MM Karton are used as packaging material in numerous consumer goods markets for daily needs. The main areas of application are fast moving consumer goods (FMCG), including e-commerce, which account for more than 90 % of sales. These include, in particular, food packages as well as packages for household and hygiene products. A coordinated process between innovation activity, product development and commercialization has been established as a key factor for further

growth. The focus is placed on continuously improving existing solutions and processes as well as developing new fields of application and market potentials. MM Karton thus pursues an approach which takes into account aspects from the entire value chain for differentiation on the market. A high level of quality, product functionality, and safety as well as comprehensive know-how and state-of-the-art services characterize our cartonboard portfolio. In order to optimally satisfy specific requirements of individual market segments, MM Karton's main product groups – recycled fiber-based cartonboard, virgin fiber-based cartonboard, and white coated recycling liner (high-quality printable and finishable top layer for corrugated board products in low grammage) – have been set up as separate units within the sales organization. With the possibility to deliver the same products from several cartonboard mills (multi-mill concept), we assume responsibility with regard to security of supply for our customers.

"Plastic substitution" – our sustainable goal

Plastics are the most important competitive product for cartonboard in the field of packaging in a wide variety of forms and applications with a high dependency on the price of crude oil. Due to an increasing demand for sustainable packaging solutions, the trend towards "plastic substitution" has been growing significantly in recent years and is continuing. MM Karton's aim is to create new possibilities for replacing plastic packaging with environmentally friendly innovative cartonboard packaging and to further increase the functionalities of cartonboard packaging. This concerns new areas of application for both recycled and virgin fiber-based cartonboard. A measurable impact of this trend on cartonboard sales is still difficult to estimate today. MM Karton's ambition is to use this strategically in order to grow faster than the market.

Our main market – Europe

Due to transport costs, high logistical demands regarding short-term product delivery to customers as well as the high level of specific finishing of cartonboard in individual formats, the European cartonboard market is primarily supplied from Europe.

According to the geographic base of MM Karton with six European production sites, Europe is MM Karton's main market, where it distributed around 84 % of its sales volume in 2020. With an export share of 16 % to countries outside Europe, MM Karton holds not only the leading position in Europe but also that of the largest cartonboard exporter from Europe. More than 1,000 customers are supplied in around 100 countries worldwide. These are in particular printing businesses in the medium-sized and highly fragmented European folding carton industry. Furthermore, the influence of consumer goods producers and retailers on buying decisions for cartonboard has been increasing for years, also as direct contact partners. MM Karton is positioned very well in this development due to a customized range of products and services tailored to this, company size as well as specific expertise.

Progress through digitalization

With "MMK digital", the digital sales and service channel, MM Karton continues to be a pioneer in digitalization in the cartonboard industry and is setting new standards by continuously expanding its offer. For example, "MMK digital" provided its users with a new function as of fall 2020, which allows complaints to be processed digitally in a quick and intuitive manner. A seamless change function for orders was also set up. The very high proportion of customer connections underlines the high level of ac-

ceptance on the market. In addition to customer communication, digitalization will also be used increasingly to speed up logistics and the movement of goods in the future, resulting in efficiencies and increased level of service, particularly at larger sites.

High-performance locations

In 2020, in the course of the shut-down of its smallest cartonboard mill in Hirschwang, Austria, MM Karton continued to concentrate its production on high-performance sites, a strategy which it has already been pursuing for three decades. At the end of 2020, MM Karton is producing on eight high-performance cartonboard machines at six European locations in four countries: Germany, Austria, Slovenia, and the Netherlands. Each of the machines is aligned to specific product qualities: three to recycled fiber-based cartonboard, two to virgin fiber-based cartonboard, and one to white coated recycling liner. In addition, two more cartonboard machines flexibly produce both recycled and virgin fiber-based cartonboard grades. The cartonboard machines are continuously further developed according to the state of the art with a focus on growth potential and competitive strength. The announced acquisitions of Kotkamills, Finland, and Kwidzyn, Poland, indicate a continuation of the focus on large high-performance mills.

Recycled fibers – sustainably available

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

MM Karton purchases recycled fibers exclusively in Europe, predominantly on the spot market. In addition, long-term supply opportunities from municipalities and waste-management companies are also used to a lesser extent. Due to high European recycling quotas for paper for recycling and existing reserves as well as lower exports of paper for recycling from Europe to Asia, we consider the raw material of paper for recycling to be sustainably available and the supply of our cartonboard mills to be secured. As the Covid-19 situation has shown, temporary fluctuations in volumes of paper for recycling may, however, occur as a result of government measures.

Intense competition in the cartonboard industry

MM Karton is the only supplier with several locations in the production of recycled and virgin fiber-based cartonboard, respectively, and, moreover, the only European cartonboard producer with an additional mainstay in folding carton production. The three largest Scandinavian suppliers operate exclusively in the area of virgin fiber-based cartonboard.

With regards to recycled fiber-based cartonboard, the capacity growth in Europe has been achieved only through a continuous technological modernization of existing mills ("creeping capacity increase") for more than two decades. Regarding virgin fiber-based cartonboard, in particular the structural shift from graphical papers to cartonboard packaging products over the last few years has resulted in the creation of new capacities, some of which are also sold outside Europe.

MAYR-MELNHOF PACKAGING

Leading folding carton producer

The core business of MM Packaging focuses on folding cartonboard packages for consumer staples. In the year 2020, around 703,000 tons of recycled and virgin fiber-based cartonboard and 144,000 tons of paper have been processed and sales of EUR 1,594.2 million were generated. MM Packaging is thus not just the leading producer of folding cartons in Europe but also one of the largest worldwide.

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

International site network always close to the customer

Transport costs and service requirements limit the supply radius of folding cartons, which are thus defined as mainly regional products. The geographic focus of the site network of 44 production plants in 18 countries lies on Europe. Consequentially MM Packaging offers a pan-European supply concept that is unique in the industry. In addition, a leading position is also held in individual countries in the Middle East, South America, and the Far East. Aside to the broad local presence, we create competitive advantages by having our sites specializing in specific market and product segments in the areas of fast moving consumer goods (FMCG) and e-commerce as well as premium through appropriate know-how and continuous further development. To this end, we are constantly investing in state-of-the-art high-performance technology and cost efficiency. The main sales market of Europe accounts for approx. 82 % of sales, the Middle East/Asia markets for 11 %, and the Americas for 7 %. The aim of our location policy is to support our customers' expansion with large, modern production facilities in attractive markets.

Balance and potential through supplying a wide range of industries

In the field of packaging for consumer staples, MM Packaging covers a wide range of sectors, thus creating potential and a certain degree of resilience. Thereby, the "FMCG" and "premium" markets contribute to MM Packaging's sales in almost equal parts. The highly specialized premium business comprises the areas health, beauty & personal care, cigarette, and luxury. With this combination of various end markets and an efficient company size, MM Packaging holds a unique position in Europe.

The organization of MM Packaging in business units specialized in individual sales sectors and product fields enables us to satisfy individual market and product requirements with a high level of competitive strength. The major part of the business is generated with large multinational consumer goods producers which account for approx. 80 % of sales. The allocation of demand via tender procedures and multi-year procurement agreements are the rule in international key customer business. The remaining part of sales goes to local customers. In total, MM Packaging supplies over 1,700 customers worldwide.

Growth – organic and through acquisitions

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

Outside Europe, we still pursue the strategy of occupying a significant position in future markets in time to secure the greatest possible potential at a manageable risk. The main focus of existing production sites outside Europe lies on optimizing the size of operations through further growth.

Like before, MM Packaging will continue its expansion course, in a risk-conscious way, guided by value creation and striving for a sustainably high quality of results. The promotion of cartonboard packaging as a particularly sustainable and innovative form of packaging is receiving considerable attention in the current market environment.

Best industrial practice – claim to technological leadership

The production of folding cartons is a multi-step process that can be briefly described as follows: cartonboard is printed, creased in the subsequent cutting process before being separated into packaging blanks which are then folded individually according to the demand of the customer branch and glued 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.

Aspiring best industrial practice, MM Packaging uses all common state-of-the-art preprinting, printing, and finishing technologies. We improve the efficiency and quality of our products and processes firstly by constantly benchmarking the performance of individual production lines and secondly by continuously investing in new technologies. We always provide space for innovation, often in close cooperation with our customers, with the goal of operational and technological leadership in the market. Current priorities are the increased specialization of locations, automation and digitalization, and the development of innovative sustainable packaging.

Cartonboard – strategic raw material

Folding carton production starts with cartonboard as essential raw material, constituting both the most important input and cost factor. The choice of used cartonboard, on the one hand, depends on the functionality of the package, and, on the other hand, on the specific requirements of individual consumer goods sectors and manufacturers. In accordance with the divisional profit-center principle of the Group, MM Packaging procures the required recycled and virgin fiber-based cartonboard via its own purchase organization. Within the business with international consumer goods manufacturers, the purchase of cartonboard is also decided or negotiated by the customer. To cover major changes in cartonboard prices, long-term supply contracts with large customers generally include 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.

Cost leadership and industrial excellence

For a long time, MM Packaging has strategically pursued differentiation through industrial production in the European folding carton industry which is largely dominated by trade businesses. Major characteristics of this are the use of cost advantages due to location size and geographical location as well as the deployment of high-performance technology, such as automation and digitalization, in production and logistics.

To ensure industrial excellence, the basic processes have been largely standardized and are continuously improved based on constant performance monitoring among machines and locations to conform to the state of the art. Moreover, we are implementing market-specific innovation and specialization initiatives for individual business units with the aim of maintaining cost, technology and innovation leadership in these areas. This is crucial for securing sustainable growth capacity and profitability.

Compared to the cartonboard industry, market barriers are lower in the folding carton business, resulting in the business being characterized by a continuously intensely competitive environment.

2 — DEVELOPMENT IN THE YEAR 2020

GENERAL ECONOMIC SITUATION

The global economy was characterized by a drop of historic dimensions in 2020 as a result of the Covid-19 pandemic, with severe effects on many economic sectors. In Europe, economies were affected differently, with the sharpest declines in GDP particularly in France, Spain and Italy, and a somewhat smaller downturn in Germany and Poland, for example. The measures introduced to contain the pandemic, in particular "lockdowns" and travel restrictions, resulted in a dramatic increase in unemployment rates and short-time working in many sectors, as well as temporary production stops and disruptions to supply chains. By contrast, numerous aid programs were implemented as part of expansive monetary and fiscal policies to reduce the economic impact of the pandemic. Consumer behavior saw significant structural changes with a marked increase in demand for everyday products and record sales in the e-commerce sector. Although economic activity picked up again temporarily in the third quarter as measures were eased, the second wave of the pandemic which set in in fall once more led to significant restrictions. All forecasts remain subject to exceptional uncertainties regarding the further spread of the virus, the scope and duration of containment measures, as well as consumer, business, and financial market confidence.

INDUSTRY DEVELOPMENT

Compared to the overall economy, demand on the European cartonboard and folding carton markets was characterized by a certain resilience to the pandemic. While demand for packaging of daily consumer goods was very robust and demand in e-commerce was dynamic, sales in markets such as duty-free, cosmetics, but also food service (fast food) were characterized by a temporary significant decline which could not be made up for in the course of the year.

Following a decline in prices for mixed grades of paper for recycling at the beginning of the year, the fiber markets recorded a significant increase in the wake of reduced volumes during the first lockdown in spring, which was followed by a renewed price increase due to intensified pandemic measures after an easing during the summer months. By contrast, prices for virgin fiber-based products, such as pulp, only showed an upward trend as of the fourth quarter after a long period of moving sideways. While the market for recycled fiber-based cartonboard was characterized by continuity, that for virgin fiber-based cartonboard developed slightly better than in the previous year, with prices in both areas remaining quite firm. Capacity increases in the European cartonboard industry in 2020 again focused mainly on ongoing investment activities in existing plants. In the group of the largest European cartonboard producers, MM's announcements regarding the acquisition of Kotkamills in December 2020 and IP Kwidzyn in February 2021 were the most significant changes. Overall, capacity utilization in the industry developed at a good level.

The topic of sustainability in packaging, in particular the substitution of plastic, has received more attention in 2020 and is proactively promoted by all participants along the value chain, cartonboard and folding carton producers as well as consumer goods manufacturers and retailers. At the same time, there has been a continuous trend towards specialization and increasing the functionality of cartonboard packaging.

Consolidation in the European folding carton industry continues, with low-cost production and a specific focus on individual market segments, such as FMCG, health, personal care, special packaging, etc., emerging as the main thrusts. Overall, the supplier structure continues to be characterized by a strong fragmentation.

DEVELOPMENT OF BUSINESS 2020

GROUP

The Mayr-Melnhof Group was able to close the financial year 2020 with a solid volume and cash flow development despite challenging general conditions. The concentration of the business portfolio on cartonboard and cartonboard packaging for consumer staples allowed for a certain resilience.

While sales almost reached the previous year's level, profit figures were, as expected, below the previous year due to one-off effects, primarily from market- and structure-related adjustments. These had an impact of EUR 64.0 million on the operating profit for 2020, with a large part attributable to impairment of current and non-current assets and personnel expenses.

In its current business, the cartonboard division benefited in particular from favorable raw material and energy costs. The packaging division showed a solid performance mainly due to the overall good volume development.

The MM Group's strategic focus is placed on cost optimization and deeper market penetration as well as the development of new markets. The objective is to secure growth with sustainable and innovative packaging products and high profitability in the long term. The recently concluded agreements on the acquisition of Kotkamills, Finland, and Kwidzyn, Poland, in the virgin fiber-based cartonboard sector and the intensified investment program 2021 – 2022 for sites with cost benefits are transformative milestones on this path, and offer an attractive potential.

In line with the solid profit development, a stable dividend compared to the previous year of EUR 3.20 per share (2019: EUR 3.20) will be proposed to the 27th Annual General Meeting on April 28, 2021 for the financial year 2020.

Consolidated income statements

Consolidated income statements (condensed version)

(in millions of EUR)	Year ended Dec. 31, 2020	Year ended Dec. 31, 2019	+/-
Sales	2,528.4	2,544.4	- 0.6 %
Operating profit	231.4	255.3	- 9.4 %
Financial result and result from investments	(9.4)	(4.2)	+ 124.7 %
Income tax expense	(59.8)	(60.9)	- 1.8 %
Profit for the year	162.2	190.2	- 14.7 %

Consolidated sales of the Group reached EUR 2,528.4 million and were thus close to the previous year's level (2019: EUR 2,544.4 million). A volume-related increase in sales in the packaging division was offset by a price-related decline in the cartonboard division. The geographic distribution of sales remained largely constant, with 55.2 % attributable to Western Europe, 28.3 % to Eastern Europe, and 16.5 % to markets outside Europe (2019: 54.6 %; 28.5 %; 16.9 %). Intercompany sales increased slightly to EUR 116.6 million (2019: EUR 111.8 million) and were mainly related to deliveries from MM Karton to MM Packaging.

Group sales by destination

(in %)	Year ended Dec. 31, 2020	Year ended Dec. 31, 2019
Western Europe (excl. Austria)	53.3 %	52.5 %
Austria	1.9 %	2.1 %
Eastern Europe (incl. Turkey)	28.3 %	28.5 %
Asia and MENA	10.2 %	10.2 %
The Americas	4.9 %	5.3 %
Other	1.4 %	1.4 %
Total	100.0 %	100.0 %

Cost of sales

(in millions of EUR)	Year ended Dec. 31, 2020	Year ended Dec. 31, 2019	+/-	Percentage of sales	
				Year ended Dec. 31, 2020	Year ended Dec. 31, 2019
Cost of materials and purchased services	1,317.9	1,362.1	- 3.2 %	52.1 %	53.5 %
Personnel expenses	363.3	350.2	3.7 %	14.4 %	13.8 %
Depreciation and amortization ¹⁾	144.0	112.5	28.0 %	5.7 %	4.4 %
Other expenses	88.7	92.7	- 4.3 %	3.5 %	3.7 %
Cost of sales	1,913.9	1,917.5	- 0.2 %	75.7 %	75.4 %

¹⁾incl. impairment on property, plant and equipment, and intangible assets

At EUR 1,913.9 million, the cost of sales for operating performance were close to the comparative figure of the previous year (2019: EUR 1,917.5 million). Reduced material costs, mainly as a result of lower fiber costs, were offset by one-off expenses related to market- and structure-related adjustments. As a result, the share in sales remained almost unchanged at 75.7 % (2019: 75.4 %).

Selling and distribution, administrative and other operating expenses

(in millions of EUR)	Percentage of sales				
	Year ended Dec. 31, 2020	Year ended Dec. 31, 2019	+/-	Year ended Dec. 31, 2020	Year ended Dec. 31, 2019
Personnel expenses	163.2	146.6	11.4 %	6.4 %	5.8 %
Depreciation and amortization ¹⁾	23.5	21.8	7.8 %	0.9 %	0.9 %
Other expenses	216.2	215.1	0.5 %	8.6 %	8.4 %
Selling and distribution, administrative and other operating expenses	402.9	383.5	5.1 %	15.9 %	15.1 %

¹⁾incl. impairment on property, plant and equipment, and intangible assets

Selling and distribution, administrative and other operating expenses increased, in particular due to expenses related to the closure of MM Karton Hirschwang as well as the termination agreement with the former CEO, from EUR 383.5 million to EUR 402.9 million. Their share in sales changed from 15.1 % to 15.9 %.

EBITDA rose by 2.4 % or EUR 9.3 million to EUR 398.9 million (2019: EUR 389.6 million), the EBITDA margin to 15.8 % (2019: 15.3 %). At EUR 231.4 million, the operating profit was 9.4 % or EUR 23.9 million below the previous year (2019: EUR 255.3 million). This includes one-off expenses of EUR 64.0 million, in particular from necessary market- and structure-related adjustments. Thereof, EUR 40.2 million are attributable to the cartonboard division and EUR 23.8 million to the packaging division. Depreciation and amortization including impairment thus increased from EUR 134.3 million to EUR 167.5 million. The result of the packaging division, which was close to the previous year's level, was offset by a decline in the cartonboard division. The Group's operating margin therefore amounted to 9.2 % (2019: 10.0 %), the return on capital employed to 13.7 % (2019: 15.4 %).

Financial income of EUR 1.7 million (2019: EUR 1.4 million) contrasted with financial expenses of EUR -7.9 million (2019: EUR -8.4 million). The "Other financial result - net" changed to EUR -3.2 million (2019: EUR 2.8 million), mainly due to changes in the foreign currency result.

Accordingly, profit before tax of EUR 222.1 million was 11.6 % lower than in the previous year (2019: EUR 251.1 million). Income tax expense amounted to EUR 59.8 million (2019: EUR 60.9 million), resulting in an effective Group tax rate of 27.0 % (2019: 24.3 %).

Profit for the year, earnings per share

Profit for the year amounted to EUR 162.2 million (2019: EUR 190.2 million), the net profit margin was thus at 6.4 % (2018: 7.5 %). An unchanged total average of 20,000,000 shares was outstanding in the reporting year, resulting in earnings per share of EUR 8.06 (2019: EUR 9.49) based on the profit for the year attributable to the shareholders of the Company of EUR 161.2 million (2019: EUR 189.7 million).

Assets, capital, and liquid funds

Consolidated balance sheets (condensed version)

(in millions of EUR)	Dec. 31, 2020	Dec. 31, 2019
Non-current assets	1,397.9	1,442.2
Current assets	1,001.7	980.5
Total assets	2,399.6	2,422.7
Total equity	1,547.1	1,508.3
Non-current liabilities	397.2	419.8
Current liabilities	455.3	494.6
Total equity and liabilities	2,399.6	2,422.7

The Group's total assets of EUR 2,399.6 million by December 31, 2020 were EUR 23.1 million lower than at year-end 2019 (EUR 2,422.7 million). The Group's total equity rose from EUR 1,508.3 million (December 31, 2019) to EUR 1,547.1 million, with the profit-related increase being offset by the dividend payment and foreign currency effects. The equity ratio remained at a high level of 64.5 % (December 31, 2019: 62.3 %). Return on equity was at 10.6 %, after 13.1 % in the previous year.

Financial liabilities, primarily of a long-term nature, decreased from EUR 345.4 million at the end of 2019 to EUR 268.4 million as of December 31, 2020 due to repayments. These include lease liabilities according to IFRS 16 of EUR 46.6 million (December 31, 2019: EUR 53.7 million).

With cash available to the Group amounting to EUR 146.2 million (December 31, 2019: EUR 126.8 million), net debt declined from EUR 218.6 million to EUR 122.2 million at the end of 2020. Furthermore, credit lines and credit facilities totaling EUR 902.5 million (December 31, 2019: EUR 446.0 million) were available to the Group which can be used at any time.

Non-current assets decreased from EUR 1,442.2 million to EUR 1,397.9 million, mainly as a result of market-related impairments in both divisions. At EUR 1,001.7 million, current assets were higher than at the end of 2019 (EUR 980.5 million).

Cash flow development

Consolidated cash flow statements (condensed version)

(in millions of EUR)	Year ended Dec. 31, 2020	Year ended Dec. 31, 2019
Net cash from operating activities	318.2	331.4
Net cash from investing activities	(142.9)	(380.6)
Net cash from financing activities	(150.8)	(87.1)
Effect of exchange rate changes	(5.1)	2.1
Net change in cash and cash equivalents	19.4	(134.2)
Cash and cash equivalents at the end of the year	146.2	126.8

At EUR 318.2 million, cash flow from operating activities was EUR 13.2 million below the comparative figure (2019: EUR 331.4 million). This change resulted from a lower cash-effective result and higher payments for income taxes.

Cash flow from investing activities changed from EUR -380.6 million to EUR -142.9 million. This difference particularly results from the purchase price payment for the acquisition of Tann-Group amounting to EUR 267.7 million in the previous year. An increase in payments for the acquisition of property, plant and equipment, and intangible assets from EUR 136.1 million to EUR 152.8 million was offset by a cash inflow of EUR 6.2 million from government grants.

Capital expenditures of MM Karton amounting to EUR 93.5 million (2019: EUR 75.1 million) were mainly related to technical modernization and expansions with a focus on the sites in Gernsbach, Germany, Kolicovo, Slovenia, and Frohnleiten, Austria.

The main focus of MM Packaging's capital expenditures in the amount of EUR 59.3 million (2019: EUR 61.0 million) were technological innovation and expansions in Iran, Austria, France, Romania, and Turkey.

Cash flow from financing activities changed from EUR -87.1 million to EUR -150.8 million. This is mainly due to loan repayments in 2020.

Further information

In December 2020, the Mayr-Melnhof Group has agreed to acquire Kotkamills Group Oyj ("Kotkamills") from its shareholders for an Enterprise Value of around EUR 425 million less net debt, representing approx. 7.8x EBITDA.

Kotkamills operates two board/paper machines at its integrated mill in Kotka (Southern-Finland): a FBB/FSB board machine which started up in 2016 following an investment of more than EUR 180 million with current sales volumes of around 260,000 tons and a planned capacity of 400,000 tons; a Saturated Kraft paper machine with 170,000 tons capacity in which the company is a leading global supplier. Kotkamills employs about 500 people and lately generated an EBITDA of approx. EUR 55 million on sales of approx. EUR 380 million.

Closing of the transaction is expected by mid of 2021.

Mid-February 2021, Mayr-Melnhof Group has agreed to acquire International Paper (Poland) Holding sp. z o.o. ("Kwidzyn") from International Paper for a debt and cash free amount of around EUR 670 million and additionally assuming approx. EUR 33 million of usufruct and operating lease liabilities.

At its integrated pulp and paper site in Poland, Kwidzyn operates a pulp mill with an annual capacity of around 400,000 tons and four integrated cartonboard/paper machines: The flagship is a FBB board machine with 260,000 tons annual capacity. In addition, Kwidzyn has recently entered the MF kraft paper segment through the conversion of one of its paper machines to serve the growing demand for flexible fiber-based packaging products. Production of this machine is increasing up to an annual capacity of 75,000 tons. Finally, Kwidzyn operates two of the most attractive copy paper machines (UWF) in Europe with an annual total capacity of 410,000 tons. About 2,300 people are working at the mill. In 2020 it generated an adjusted EBITDA of approx. EUR 92 million on sales of approx. EUR 510 million.

Closing of the acquisition is expected in the third quarter of 2021.

The acquisitions strengthen the competitive position of MM Karton in the attractive market for high-quality virgin fiber-based cartonboard (FBB) and Food Service Board (FSB) with innovative, sustainable qualities as well as more efficiency compared to the two market leaders and complement the established market position in recycled fiber-based cartonboard. The entry into new business areas and the integration of pulp and paper at one site also create new perspectives. Continuing to drive innovations for environmentally friendly packaging solutions to substitute plastic is an essential part of the Group's growth and sustainability strategy.

The acquisitions will be financed by issuing loans in the form of *Schuldscheinen* and *Namensschuldschreibungen* totaling EUR 1 billion and are subject to customary closing conditions and regulatory approval.

Definition of financial indicators

Cash earnings

Sum of profit for the year before depreciation, amortization as well as impairment of property, plant and equipment, and intangible assets and before non-cash-effective and deferred taxes.

Cash earnings margin

Cash earnings divided by sales.

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

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

EBITDA margin

EBITDA divided by sales.

Employees

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

Equity ratio

Total equity divided by total assets.

Net debt/Net liquidity

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

Net profit margin

Profit for the year divided by sales.

Operating margin

Operating profit divided by sales.

Return on capital employed (ROCE)

Operating profit divided by the sum of average total equity, average current and non-current interest-bearing financial liabilities, including lease liabilities according to IFRS 16, average provisions for non-current liabilities and charges (excluding personnel provisions) and average obligations with regard to non-controlling (minority) shareholders according to IAS 32, 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 Karton

Overall, demand on the European cartonboard markets was characterized by robustness in 2020, despite a varied course. An increased order activity at the beginning of the pandemic was followed by a successive normalization towards the middle of the year and increasingly cautious planning by customers in the last quarter. Despite high price discipline, MM Karton succeeded in maintaining its market shares well through a selective sales policy. At around 100,000 tons, the average order backlog was above the comparative figure of the previous year (2019: 68,000 tons). As in the previous year, capacity utilization amounted to 97 %. Irrespective of the Corona situation, investments for further growth and quality were continued through the technological development of our plants.

On the procurement markets, prices for mixed grades of paper for recycling recorded a volatile movement at a low level after a sharp increase due to collection holdups during the lockdown in spring. Since the fourth quarter, however, prices have been rising again significantly due to further lockdowns and good demand from the processing industries. By contrast, prices for virgin fiber-based products and energy were overall more stable and below the level of the previous year.

At 1,710,000 tons, production was slightly (0.8 %) below 2019 (1,723,000 tons). Of this, 1,365,000 tons (80 %) were attributable to recycled fiber-based cartonboard and 345,000 tons (20 %) to virgin fiber-based cartonboard (2019: 1,382,000 tons or 80 % and 341,000 tons or 20 %). Based on the average number of employees, 693 tons (2019: 687 tons) were produced per employee. At 1,704,000 tons, the cartonboard volume sold showed a stable development compared to the previous year (2019: 1,705,000 tons).

At EUR 1,050.8 million, sales were price-related slightly below the comparative figure (2019: EUR 1,078.3 million). With a share of around 66 % in Western Europe (2019: 65 %) and 22 % in Eastern Europe (2019: 22 %), sales to European markets were again higher, resulting in the sales share in countries outside Europe declining to 12 % (2019: 13 %).

MM Packaging was again MM Karton's largest customer with a share of deliveries of around 13 % or 226,000 tons (2019: 12 % or 201,000 tons).

While the current business was characterized by high continuity under challenging macroeconomic conditions, 2020 was also a year of significant transformation for MM Karton.

At the smallest cartonboard site in Hirschwang, Austria, the 70-year-old, uncompetitive machine had to be shut down at the beginning of November due to high upcoming expenses that could not be justified.

In contrast, a comprehensive renewal and expansion program with a total investment volume of over EUR 100 million for the years 2021 – 2022 was adopted for MMK Frohnleiten, Europe's largest recycled cartonboard mill. The focus is on sustainability, digitalization, and capacity expansions safeguarding the future using state-of-the-art technologies. Innovative fully digitalized processes will significantly increase efficiency in stock preparation and, at the same time, reduce the specific consumption of energy and water. The latest production technologies in cartonboard production will increase product quality

and capacities as a prerequisite for further applications of recycled fiber-based cartonboard, e.g., also in plastic substitution. Highly automated logistics will significantly accelerate the movement of goods.

Operating profit decreased to EUR 86.7 million (2019: EUR 110.5 million) due to one-off effects of EUR 40.2 million, which, to a large extent, resulted from the shut-down of the Hirschwang cartonboard mill and market-related impairments in the second quarter. The operating margin amounted to 8.3 % (2019: 10.2 %), the return on capital employed to 14.5 % (2019: 18.7 %). Cash flow from operating activities reached EUR 126.3 million, compared to EUR 155.3 million in the previous year.

Divisional indicators MM Karton

(in millions of EUR)	Year ended Dec. 31, 2020	Year ended Dec. 31, 2019	+/-
Sales ¹⁾	1,050.8	1,078.3	- 2.6 %
Operating profit	86.7	110.5	- 21.5 %
Operating margin (%)	8.3 %	10.2 %	- 199 bp
Cash flow from operating activities	126.3	155.3	- 18.7 %
Return on capital employed (%)	14.5 %	18.7 %	- 424 bp
Tonnage sold (in thousands of tons)	1,704	1,705	0.0 %
Tonnage produced (in thousands of tons)	1,710	1,723	- 0.8 %

¹⁾ including interdivisional sales

In December 2020 and February 2021, two historic contracts of a transformative nature were concluded with the acquisition of Kotkamills and Kwidzyn. In addition to the traditional recycled cartonboard business, the aim is to expand the position in the growing, high-quality virgin fiber-based cartonboard sector with innovative, sustainable, and competitive grades compared to the two market leaders.

MM Packaging

Similar to the cartonboard market, the European folding carton markets as a whole were marked by a high degree of continuity in 2020. After a record level of incoming orders at the beginning of the pandemic, MM Packaging recorded a development at a good level also in the further course of the year. Above all, business in the FMCG and e-commerce areas was characterized by strong capacity utilization and sales development compared to the previous year. This was, however, contrasted by a decline in some premium markets, such as duty-free and cosmetics.

Plant shut-downs as a result of the Corona situation were only brief at individual production sites. Cost-cutting programs, investments and necessary structural adjustments were systematically pursued and implemented. This includes in particular automation and digitalization projects to increase efficiency and quality in the plants. With "MMP digital", MM Packaging has had a digital sales and service channel for a 24/7 connection to customers since 2020.

Tonnage processed of cartonboard and paper increased by 7.9 % to 847,000 tons (2019: 785,000 tons), mainly due to changes in the product mix.

At EUR 1,594.2 million, sales were slightly above the previous year's level (2019: EUR 1,578.0 million). 50 % and 32 % thereof were accounted for by Western and Eastern Europe, and 18 % by business outside Europe (2019: 49 %; 33 %; 18 %). MM Packaging supplies more than 1,700 customers in various consumer goods industries. Main markets are FMCG and e-commerce as well as premium markets in the areas of health, beauty & personal care as well as cigarette and luxury. As a result of a high concentration in the customer industries, a significant share of business is accounted for by multinational key accounts, whereby around 40 % of sales in 2020 were generated with the five largest customers (2019: 41 %).

At EUR 144.7 million (2019: EUR 144.8 million), the operating profit remained close to the previous year's level despite one-off effects of EUR 23.8 million, which resulted in particular from structural adjustments. Accordingly, the operating margin amounted to 9.1 % (2019: 9.2 %). Return on capital employed was at 13.2 % (2019: 13.6 %), the cash flow from operating activities at EUR 191.9 million after EUR 176.1 million in 2019.

MM Packaging's intensified investment program focuses on an increased orientation towards growth markets, such as e-commerce, as well as large sites with an advantageous cost structure. The objective is to increase the market share with sustainable folding cartons through efficiency and innovation.

In this context, a comprehensive future program amounting to EUR 18 million was adopted in 2020 for the folding carton production Neupack at the Austrian Hirschwang site. Investments in buildings and machinery are intended to significantly increase the site's international competitiveness in e-commerce packaging and high-quality printed consumer goods packaging in fine flute (micro-flute) for products such as food, pet food, and electrical household appliances.

Divisional indicators MM Packaging

(in millions of EUR)	Year ended Dec. 31, 2020	Year ended Dec. 31, 2019	+/-
Sales ¹⁾	1,594.2	1,578.0	+ 1.0 %
Operating profit	144.7	144.8	- 0.1 %
Operating margin (%)	9.1 %	9.2 %	- 10 bp
Return on capital employed (%)	13.2 %	13.6 %	- 36 bp
Cash flow from operating activities	191.9	176.1	+ 9.0 %
Tonnage processed (in thousands of tons)	847	785	+ 7.9 %

¹⁾ including interdivisional sales

3 — RESEARCH AND DEVELOPMENT

The research and development activities focus on sustainably securing and strengthening the competitiveness and growth capacity of the Mayr-Melnhof Group.

This is based on our strategic target of creating sustainable added value on the basis of industrial leadership in costs, technology and innovation. We therefore aim at identifying market and future trends at an early stage and exploiting them to create added value for our customers and the Company. To achieve this in the long term, we draw on a broad range of resources, both inside and outside of our organization, regularly create space and incentives that allow new things to develop, and continuously invest in progress and the future of our Company. Our innovations follow a holistic approach and regularly include aspects of the entire supply chain and the relevant stakeholder groups.

Innovation – interdisciplinary collaboration within the Group

Our R&D activities are based on a collaboration among experts from various areas of the Group, drawing on the latest findings and long-standing know-how within the Company. Moreover, external specialists and research institutions are involved in specific events. A continuously refined innovation process ensures that innovations are purposefully accompanied by the necessary resources, from idea generation to implementation. Our common goal is to always implement innovations quickly, while meeting the requirements of state-of-the-art technological functionality, quality, safety and sustainability. Therefore, we use a proactive approach that includes aspects of basic research as well as visionary concepts and ideas. Our close cooperation with standardization and legislative bodies ensures that future regulations are taken into account for our developments at an early stage.

Focus on sustainability

Sustainable, plastic-free packaging, a natural appearance, convenience, and safety as well as perfect integration into online sales and communication are currently the defining trends and requirements in packaging. In close cooperation with our customers, we develop individual solutions in line with these specifications and ensure maximum performance and efficiency in their implementation.

We process mainly renewable raw materials and use the latest high-performance technologies to manufacture convincing print and packaging products that save resources. These can be fully recycled after use. Sustainability and the implementation of a circular economy have thus always been an integral part of the development and innovation activities of the Mayr-Melnhof Group.

EU Circular Economy Package - Driver for environmentally friendly cartonboard packaging

Both the Corona pandemic and climate change remind us that security and prosperity depend on how we preserve common goods, such as public health and climate stability, in the long term: society and economy must be built on a resilient, sustainable, and climate-friendly basis. The EU Circular Economy Package with the Single Use Plastics Directive (SUPD) and the Packaging and Packaging Waste Directive (PPWD) can support here and cover not only environmental (relieving the environment from waste and resource consumption) but also economic (investment and growth) and social aspects (job creation). Both directives will have a significant impact on the future choice of packaging materials, and cartonboard should thus gain in importance as environmentally friendly packaging. It is an opportunity to support customers in replacing plastic with innovative and, at the same time, proven solutions made of paper and cartonboard.

Our innovative achievements in the area of climate protection were especially appreciated and recognized in the business year 2020. Thus, the Mayr-Melnhof Group was awarded the newly introduced GreenTech Award of the ÖGSV (Austrian Society for Consumer Studies) for its contribution of innovative cartonboard packaging.

Progressing digitalization in the Group

In recent years, digitalization with "MMK digital" (digital sales and service channel) focused mainly on the sales area, where MM Karton continues to set new standards as a pioneer in the cartonboard industry. In 2020, "MMK digital" was expanded by several innovative and helpful features, such as user-friendly complaint processing and a seamless order change function. Direct customer connection via electronic data exchange was also one of the focus topics this year. With the presentation of the internationally renowned PPI Award for IoT & Digitalization, the digital pioneering role of the cartonboard division received special recognition from a top-class jury.

In 2020, Mayr-Melnhof Packaging followed this successful concept and launched "MMP digital", a new sales and service platform that makes order management easier than ever. MMP digital starts a new era of efficiency in administrative business processes which can now be carried out in seconds, online, transparently and 24/7. With MMP digital, Mayr-Melnhof Packaging is leading the packaging industry and setting new standards for speed and communication.

In manufacturing, the automation of work processes in both divisions is progressively gaining momentum with the aim of creating new competitive advantages. This is also accompanied by the introduction of a large number of new skilled functions in the Group.

As a result of the Corona pandemic, in particular the digitalization of our communication processes within the Group was also accelerated significantly in 2020. The use of state-of-the-art online communication and e-learning tools has proven to be very effective and establishes a new form of cooperation within the MM Group and with business partners.

Innovation activity in the MM Karton division in 2020

The innovation activities of MM Karton included in particular continuous improvements of the products and their properties. Increasing product quality and expanding functionalities are aimed at occupying new fields of application. The focus was placed on increasing stiffness and smoothness as well as the development of a new type of grease barrier. In view of the increased demand for sustainable and environmentally compatible food packaging, partly due to the Single Use Plastic Directive, our research and development focuses on new solutions to expand the circular economy of fiber-based packaging materials.

Fundamental innovation work is carried out by the research and development center at Frohnleiten. Here, the immediate closeness of science and production is particularly advantageous, as findings and results can be obtained and implemented in a practical manner. In addition, 2020 was also characterized by significant technology cooperations with external research institutions and customers.

Share of new products increased further

The comprehensive know-how and range of services of the cartonboard mills enables us to constantly check our product portfolio for improvements and also to implement these in-house. The focus is placed on the best possible service for growing customer requirements, thus the cooperation between the sales organization and the cartonboard mills is close. The product development program ensures that projects are systematically guided through a process – from the idea to the market launch. The resulting products which are not older than five years accounted for more than 20 % of the cartonboard division's total sales in 2020.

The GC2 virgin fiber-based board grade Excellent Top™ Strong from the German virgin fiber mill in Baiersbronn, developed in 2020, combines high stiffness with excellent processing efficiency at the usual consistent quality. With the additional option of freeze treatment, Excellent Top™ Strong is also suitable for chilled and frozen foods. Due to the optical properties and excellent inkjet and laser coding capabilities, the new grade is also ideally suited for demanding packaging solutions in the pharmaceutical segment. For digital printing, perfect results are achieved, for example, with personalized folding cartons in the cosmetics and personal care sector.

Multicolor Mirabell Fungizid™, a cartonboard with a fungicide-treated reverse side, from the Austrian cartonboard mill Frohnleiten, was specifically developed for the hygiene and personal care segment where protection against mold infestation constitutes a particular challenge. While folding cartons for this sector were coated on both sides with polyethylene (PE) in the past, the new solution clearly corresponds to the concept of the circular economy.

Innovation activity in the MM Packaging division in 2020

MM Packaging's innovation network

The target of MM Packaging's innovation network is to develop relevant and convincing solutions for the success of our customers at every stage of the innovation process. It comprises the following internal units: PacProject, the creative Innovation Center in Hamburg, the Premium Printing Center in Trier, and the Technical Competence Center for coordinating targeted customer briefings with the local Packaging Development Centers and individual plants. In 2020, the innovation network was expanded with the Tann-Group's research and development center. In order to also take into account the customers' needs in terms of technical orientation and equipment, there is a close cooperation with the Divisional Technical Support Team.

The innovation process at MM Packaging ranges from trend studies to idea workshops. At PacProject in Hamburg, concept studies up to the first prototypes are carried out in close coordination with the customer. Due to the close cooperation with the Technical Account Management, a first feasibility analysis is 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.

Current innovation focus

In 2020, MM Packaging's innovation activities focused in particular on the topics of sustainability and e-commerce.

The reduction or replacement of plastics in packaging in various areas of daily use remains a key focus of innovation. In cooperation with customers, universities of applied sciences and research institutes, work was carried out on optimizing recyclable packaging and developing new products. The wide range of innovations covered everything from electronics packaging and tissue boxes to fruit and vegetable packaging.

For plastic-free fruit and vegetable packaging, the following packaging solutions were launched in 2020: MM Easybox, MM Clickbox, and MM Basket. These products are available in three look configurations, allowing for individual design and adaptability. The recyclability has been rated at over 98 %.

In order to take sustainability aspects into account already during the development of a product and to present cost advantages for the customers, "cost initiative in advance" was introduced. This initiative involves the calculation of costs for ordered products already at the planning stage, with taking into account the sustainability aspect. Before a new project is launched, different variants are calculated with regard to technical aspects, market requirements, design and costs of the new product and presented to the customer for selection.

Natural appearance has gained even more importance in the packaging industry in 2020. The technical possibilities for developing products with a natural appearance were demonstrated and implemented in workshops together with customers. Above all, it is the interplay of a wide variety of cartonboard surfaces, artwork, coatings, and printing inks matched to the surface that makes it possible to present folding carton packaging in a natural look.

E-Commerce

Due to the Corona pandemic, the demand for e-commerce packaging increased significantly in 2020. In addition, projects for substituting synthetic materials and plastics, implemented by all e-commerce platforms and marketplaces, contributed to the increase in demand. MM Packaging is an important supplier of e-commerce packaging articles made of solid board and invests in new production capacities as well as in the design of competitive new packaging solutions and the establishment of a pan-European logistics network. Plants specialized in e-commerce are currently located in Romania, Austria, and Poland.

Awards for special sustainability

MM Karton was honored with a Gold Award for sustainability and environmental friendliness at the European Carton Excellence Awards, the most prestigious competition for cartonboard packaging, for an application of the Excellent Top™ grade.

Furthermore, MMP Austria received a platinum award for a packaging solution commissioned by a well-known customer. The packaging solution was designed for a beauty care product to highlight the responsible use of resources.

4 — RISK MANAGEMENT

The Mayr-Melnhof Group is exposed to a variety of general and industry-specific risks in connection with its global operations. Owing to the correlation of demand for cartonboard packaging with private consumption, the development of the economic situation has a particularly significant influence on the Group's risk situation. Due to the geographical business focus on Europe and the mainly regional character of cartonboard and cartonboard packaging because of transport costs and service, the economic conditions in the major European economies are of special importance. With regards to procurement, especially the development on fiber and energy markets is relevant for risk assessment.

In the financial year 2020, risk management focused in particular on the Covid-19 pandemic and related uncertainties. The individual risks and effects were considered and managed within the existing risk areas of the Mayr-Melnhof Group. As the Group immediately initiated numerous effective measures to protect employees and maintain the supply chain and operations, no change in risk classifications was necessary. The challenges and risks associated with a pandemic were largely cushioned within the Group by the instruments available. Due to the systemic importance of cartonboard and cartonboard packaging for consumer staples, there was a certain degree of resilience.

For the most part, the Group's risk situation for the financial year 2020 and the beginning of 2021 can be classified as unchanged. Due to the increasing number of cyber attacks worldwide and in connection with the Covid-19 pandemic, we estimate, however, that IT risks are more likely to occur than in previous years. In addition, in the area of procurement of paper for recycling, the damage potential and probability of occurrence following the implementation of measures are rated slightly higher than before. Taking into account the safety and control instruments already in use and the early warning indicators, no significant risks that could endanger the Group's existence or impair its development are currently identifiable, however.

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

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

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

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

The Group's auditor assesses the functionality of the risk management system and 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 correlates with private consumption, especially with the demand for consumer staples. Market risks may therefore arise in particular from the overall economic development as well as regulatory and political conditions on individual sales markets.

Owing to sufficiently available capacities of providers, the sales markets of the cartonboard and packaging division are characterized by intensified competition. The Group therefore sustainably pursues a strategy of further asserting and extending the market leadership position of both divisions in the long term through cost, technology, and innovation leadership as well as sustainability.

The Group has a total of several thousand customers. The cartonboard division sells unprocessed cartonboard in particular to the medium-sized European folding carton industry and generates around 51 % of divisional sales with its 20 main customers, including MM Packaging. The packaging division supplies printed cartonboard packages to consumer goods manufacturers and generates around 80 % of divisional sales with multinational customers. The level of dependency on individual customers is still considered manageable.

Customers assess their locations network in constant evaluations in order to optimize costs and exploit growth opportunities, which may result in a geographical relocation of business. The Group's broad positioning in a great number of market segments and the geographical width of market presence contribute to minimizing risk, however.

A broad range of well-established measures has been taken to safeguard market shares and generate new business. These include a close contact with customers, ongoing monitoring, market analyses, cooperation in research and development, sustained quality and cost management, continuous investment activities, a systematic expansion of our customer base, and a regular participation in tenders. Due to the possibilities of digitalization, potentials for customer retention are used especially in business processing and service.

The increased public interest in sustainability and health has been accompanied by growing demands from customers, interest groups, and legislators with regard to sustainable packaging solutions as well as their product quality and safety. It is a particular priority for MM to meet these requirements in order to minimize a potential risk to sales, compliance, or reputation. Embedded in an institutionalized framework, both divisions continuously implement R&D activities that undergo continuous further development. This makes it possible to offer safe and innovative products that are sustainably in line with market demands. MM meets the high product safety and quality requirements by certifying all production sites according to ISO 9001 and through regular quality assurance measures and inspections. As a result, 100 % of all MM cartonboard grades are tested with regard to their impact on consumer health and safety. In particular in the area of food packaging, a variety of effective measures ensure compliance with strict legal regulations and customer requirements, thus contributing to compliance, customer satisfaction and safeguarding sales. These include comprehensive certification in accordance with food safety and hygiene standards, continuous R&D activities, and quality controls with regard to the interaction between packaging and contents (migration studies), as well as measures to meet product traceability requirements.

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

The market for cigarette packaging is subject to regulatory risk due to the protection of non-smokers and minors, which is associated with potential effects on sales development. This can affect both the quantity and the value of the product. This is because more and more countries around the world require "plain packaging", i. e. standard packages without brand logos. The Member States in the European Union have implemented the EU Tobacco Products Directive (TPD2), which requests larger warning labels. The impact on the relevant sales of the MM Packaging division cannot be quantified yet, but the risk is minimized by broad global geographic sales and a close cooperation with cigarette manufacturers. Companies operating in this product area may be subject to discrimination in the public perception.

Production

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

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

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

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

We keep risks regarding investments, technical innovation, and integration of acquisitions limited by focusing on our core competences. Before their realization, investment plans are subjected to a standard multi-level approval process as well as clearly defined tendering procedures involving the specialist departments concerned. Furthermore, investment projects are accompanied by a continuous control of qualitative as well as quantitative aspects. Product and process innovation is subjected to extensive test phases and generally assessed in pilot projects before being rolled out.

Procurement

The performance of both divisions requires the use of certain essential raw materials and input factors which are mainly obtained externally. In the division MM Karton, these include especially fiber materials, in particular paper for recycling and groundwood pulp, as well as energy, chemicals, and logistics services. With regard to the division MM Packaging, these include primarily cartonboard and paper as well as printing inks, varnishes, glue and finishing materials, but also tools and packaging materials. For procurement there is basically a risk of availability concerning quantity and quality as well as a price risk. We particularly counter the risk of availability through regular market and demand monitoring and continuous contact with a majority of suppliers. 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.

Paper for recycling is the most essential raw material for MM Karton and sufficiently available in Europe. The division procures it via its own European procurement organization, mainly by monthly or spot orders as well as longer-term contracts. Ongoing monitoring and suitable security measures, such as capacity reservations, long-term contracts, and backup concepts, are partly successful in counteracting the currently increased shortage and price risk due to a higher global demand and in absorbing short-term price peaks. As a result of high recycling quotas in Europe and existing reserves, a sufficient supply of paper for recycling is basically assured. Due to regulatory measures, there may be shifts in supply. The additionally required groundwood pulp is mainly produced internally in the cartonboard mills and in our Norwegian fiber mill FollaCell.

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

Based on the profit center principle, purchase of cartonboard and paper for the MM Packaging division is conducted by its own procurement organization with continuous screening of various cartonboard and paper producers.

Significant price changes of strategically important input factors are taken into account by appropriate clauses in long-term agreements.

Energy (gas and electricity) is an input factor of strategic importance, especially for the division MM Karton. In risk assessment, purchase price, basic availability, and purchase opportunity are essential parameters. The latter refers to the physical availability of energy, which mainly depends on the political stability of producer and transit countries. In some cases, minimum purchase quantities are defined in energy agreements. If the level of those is not reached due to standstills or technical faults, compensation settlements are due (take-or-pay rule). In order to manage the risk, we rely on concluding long-term framework purchase contracts, continuously monitoring price developments and existing hedging contracts as well as linking production and sales planning to the purchase of energy. Medium-term purchasing policy is managed based on regular consultations between the management and an energy procurement with Group-wide responsibility. Furthermore, measures aimed at reducing specific energy consumption are continuously implemented.

Due to the political objective of reducing greenhouse gas emissions in the industry, all mills in the cartonboard division are confronted with a regulatory risk regarding the availability of emission permits (CO₂ certificates) which are issued restrictively according to the "cap & trade" principle. Thanks to energy-efficient facilities and correspondingly good benchmarking results, MM Karton continues to benefit from a partly free allocation of emission permits and currently holds sufficient CO₂ certificates. It is expected that the EU will gradually reduce free allocations in order to create incentives for further emission reductions. If necessary, MM Karton can procure missing certificates on the free market under the EU emission trading system, whereby a price risk must be taken into account. MM Packaging also faces the risk of indirect emissions pricing. Based on the European Effort Sharing Regulation or the Fuel Emissions Trading Act in Germany, certain sectors (heating and transport) face a CO₂ levy, which may have an impact on the cost side of both divisions as a result of onward charging. With the "Green Deal", the EU Commission has drawn up a plan that aims to achieve a climate-neutral EU by 2050. Further details on greenhouse gas emissions can be found in the consolidated non-financial report.

Human Resources

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

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

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

Since the start of the Covid-19 pandemic, particular attention has been paid to the measures required to ensure the best possible protection of the health and safety of employees, even under these exceptional circumstances. Higher safety standards, the option to work from home and the use of the latest online communication and e-learning tools have made an important contribution in this respect.

Pensions/severance payments/pre-retirement

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

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

The continuing low level of interest rates has methodically led to a low discount rate, which increases the actuarial present value of obligations. The resulting deduction item in equity can be classified as absolutely manageable in relation to equity. The projected expenses for pensions and severance payments remain stable.

Financial risks

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

We counter financing and liquidity risks of the Group in particular by a centrally managed cash and credit management, the careful selection and a continuous monitoring of national and international banking partners, and the availability of sufficient credit lines at any time.

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

A central management system continuously optimizes working capital and minimizes impairment risks for inventories. The risk of default on accounts receivable is minimized by constant credit assessment as well as 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 the accounting-relevant information is recorded and processed completely, accurately, and in time and that financial reporting is presented in accordance with the applicable accounting standards.

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

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

Information technology

Central IT management is based on ISO 31000, information security of the central IT on ISO 27001. The risk of a breakdown of central data processing is limited by a geographically separated backup computer center and by a variety of preventive measures and regular checks. Risks regarding information security are countered by a wide range of security measures which are embedded in a Group-wide information security management system (ISMS). The function of an Information Protection Officer ensures the Group-wide establishment and continuous update of security standards. We counter the general rise in cybercrime by continuously refining prevention, detection and continuity management. Employees are instructed in regular security training courses and trained to maintain a high level of attention.

Other risks

Compliance risks arising from possible non-conformity with standards, laws, ethical codes of conduct, and, where applicable, voluntary commitments 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, for example the Code of Conduct (available on our website at <https://www.mayr-melnhof.com/en/about-us/responsibility/code-of-conduct/>). Furthermore, we have created the function of a Compliance Officer who can act autonomously and who is also responsible for compliance training and internal and external reporting.

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

We address the "legal compliance" risk in particular through the function of a Legal Manager who is responsible for monitoring and controlling the risk area and, if necessary, by calling in external experts. The aim is to comply with legal requirements, the best possible contractual design of business relationships and, finally, to comply with these contractual 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.

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 a.

Restrictions concerning the voting rights and the transfer of shares

Approximately 57 % 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. Modifications of the syndicate agreement require 90 % of the voting rights.

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 2020:

MMS Mayr-Melnhof-Saurau Beteiligungsverwaltung KG
CAMA Privatstiftung

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

There are no shares with special control rights.

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

There is no such capital participation model for employees.

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

There are no provisions of this type.

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

There are no authorizations of this type.

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

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

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

There are no agreements of this type.

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

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

7 — OUTLOOK ON THE FINANCIAL YEAR 2021

This outlook reflects the assessment of the Management Board as of March 15, 2021, and does not take into consideration the effects of any acquisitions, disposals, or other structural changes in 2021. 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.

The Covid-19 pandemic and measures taken to contain it will continue to weigh heavily on the overall economic situation in our sales markets in the current year, despite the start of vaccination programs. Economic recovery appears to be lower than expected. The extent and timing still remain difficult to assess. Due to the business portfolio of the MM Group that focuses on system-relevant packaging products for consumer staples, there should, however, be a certain resilience in demand. In any case, the current development of order levels of both divisions signals continuity.

By contrast, the prices for the strategic raw material of paper for recycling are rising sharply. In parallel, prices for pulp, energy, chemicals, and logistics are also rising, which is why MM Karton has increased the prices for recycled fiber-based cartonboard, which will have an effect as of the second quarter.

Due to the currently strong pressure on cartonboard margins, maintaining the previous year's result levels will prove a challenge for 2021.

The focus on optimizing cost structures and increasing market penetration with sustainable and innovative packaging products will be pursued systematically. Investment activities aimed at this will be intensified in 2021 – 2022 and are intended to ensure growth in the following years. In this context, MM focuses in particular on e-commerce and circular economy through innovation in plastic substitution as well as digitalization.

Investments to increase capacity and efficiency are made in numerous MM Packaging plants. At MM Karton, in addition to the major project Frohnleiten with rebuilds in Neuss and Koicevo, the focus is in particular placed on high-performance sites. Accordingly, investments in 2021 and 2022 are expected to range from EUR 250 to 300 million p.a. instead of the usual around EUR 150 million.

For the acquisitions of Kotkamills, Finland, and Kwidzyn, Poland, whose closing is expected for the middle of the year and the third quarter of 2021, respectively, the focus over the next two years will be on integration.

The investment program and the acquisitions will be financed by Schuldschein loans and Namensschuldverschreibungen taken out at the end of February 2021 as well as committed credit lines and cash flow.

Vienna, March 15, 2021

The Management Board

Peter Oswald m. p.

Andreas Blaschke m. p.

Franz Hiesinger m. p.

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Consolidated Balance Sheets

(all amounts in thousands of EUR)	Notes	Dec. 31, 2020	Dec. 31, 2019
ASSETS			
Property, plant and equipment	6	996,472	1,034,471
Intangible assets including goodwill	6	346,347	358,996
Investments accounted for using the equity method, securities and other financial assets	8	7,404	6,227
Deferred tax assets	9	47,700	42,454
Non-current assets		1,397,923	1,442,148
Inventories	10	349,621	363,539
Trade receivables	11	415,804	418,733
Income tax receivables		12,158	7,924
Assets held for sale	5	5,230	3,739
Prepaid expenses and other current assets	12	72,593	59,763
Cash and cash equivalents	31	146,241	126,807
Current assets		1,001,647	980,505
TOTAL ASSETS		2,399,570	2,422,653
EQUITY AND LIABILITIES			
Share capital	13	80,000	80,000
Additional paid-in capital	13	172,658	172,658
Retained earnings	13	1,564,165	1,466,884
Other reserves	13	(274,477)	(216,508)
Equity attributable to shareholders of the Company		1,542,346	1,503,034
Non-controlling (minority) interests	13	4,752	5,275
Total equity		1,547,098	1,508,309
Financial liabilities	14	215,511	232,540
Provisions for non-current liabilities and charges	15	143,001	147,539
Deferred tax liabilities	9	38,684	39,692
Non-current liabilities		397,196	419,771
Financial liabilities	14	52,915	112,843
Current tax liabilities	9	19,809	27,185
Trade liabilities	16	220,437	219,562
Deferred income and other current liabilities	17	140,183	122,793
Provisions for current liabilities and charges	18	21,932	12,190
Current liabilities		455,276	494,573
Total liabilities		852,472	914,344
TOTAL EQUITY AND LIABILITIES		2,399,570	2,422,653

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

Consolidated Income Statements

(all amounts in thousands of EUR except share and per share data)	Notes	Year ended Dec. 31, 2020	Year ended Dec. 31, 2019
Sales	19	2,528,399	2,544,409
Cost of sales	21	(1,913,879)	(1,917,524)
Gross margin		614,520	626,885
Other operating income	20	19,808	11,882
Selling and distribution expenses	21	(244,758)	(244,427)
Administrative expenses	21	(158,074)	(138,926)
Other operating expenses		(116)	(143)
Operating profit		231,380	255,271
Financial income	25	1,712	1,465
Financial expenses	26	(7,863)	(8,394)
Other financial result – net	27	(3,155)	2,787
Profit before tax		222,074	251,129
Income tax expense	9	(59,844)	(60,910)
Profit for the year		162,230	190,219
Attributable to:			
Shareholders of the Company		161,188	189,743
Non-controlling (minority) interests	13	1,042	476
Profit for the year		162,230	190,219
Earnings per share for profit attributable to the shareholders of the Company during the year:			
Basic and diluted average number of shares outstanding	28	20,000,000	20,000,000
Basic and diluted earnings per share	28	8.06	9.49

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

Consolidated Comprehensive Income Statements

(all amounts in thousands of EUR)	Notes	Year ended Dec. 31, 2020	Year ended Dec. 31, 2019
Profit for the year		162,230	190,219
Other comprehensive income:			
Actuarial valuation of defined benefit pension and severance obligations	13	(583)	(19,843)
Effect of income taxes	9	(784)	5,309
Total of items that will not be reclassified subsequently to the income statement		(1,367)	(14,534)
Foreign currency translations ¹⁾	13	(59,690)	9,199
Effect of income taxes	9	2,948	0
Total of items that will be reclassified subsequently to the income statement		(56,742)	9,199
Other comprehensive income (net)		(58,109)	(5,335)
Total comprehensive income		104,121	184,884
Attributable to:			
Shareholders of the Company		103,219	184,430
Non-controlling (minority) interests	13	902	454
Total comprehensive income		104,121	184,884

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

¹⁾ In the financial year 2020, an amount of thous. EUR -133 (2019: thous. EUR -12) was reclassified from other comprehensive income to profit for the year.

Consolidated Statements of Changes in Equity

(all amounts in thousands of EUR)	Notes	Equity attributable to shareholders of the Company						Non-controlling (minority) interests	Total equity	
		Share capital	Additional paid-in capital	Retained earnings	Other comprehensive income					Total
					Foreign currency translations	Actuarial gains and losses	Other reserves			
Balance at Jan. 1, 2019		80,000	172,658	1,341,132	(159,784)	(51,411)	(211,195)	1,382,595	2,164	1,384,759
Profit for the year		0	0	189,743	0	0	0	189,743	476	190,219
Other comprehensive income		0	0	0	9,204	(14,517)	(5,313)	(5,313)	(22)	(5,335)
Total comprehensive income		0	0	189,743	9,204	(14,517)	(5,313)	184,430	454	184,884
Transactions with shareholders:										
Dividends paid	13	0	0	(64,000)	0	0	0	(64,000)	(1,047)	(65,047)
Change in majority interests	5	0	0	9	0	0	0	9	3,704	3,713
Balance at Dec. 31, 2019		80,000	172,658	1,466,884	(150,580)	(65,928)	(216,508)	1,503,034	5,275	1,508,309
Profit for the year		0	0	161,188	0	0	0	161,188	1,042	162,230
Other comprehensive income		0	0	0	(56,593)	(1,376)	(57,969)	(57,969)	(140)	(58,109)
Total comprehensive income		0	0	161,188	(56,593)	(1,376)	(57,969)	103,219	902	104,121
Transactions with shareholders:										
Dividends paid	13	0	0	(64,000)	0	0	0	(64,000)	(1,196)	(65,196)
Change in majority interests	5	0	0	93	0	0	0	93	(229)	(136)
Balance at Dec. 31, 2020		80,000	172,658	1,564,165	(207,173)	(67,304)	(274,477)	1,542,346	4,752	1,547,098

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

Consolidated Cash Flow Statements

(all amounts in thousands of EUR)	Notes	Year ended Dec. 31, 2020	Year ended Dec. 31, 2019
CASH FLOW FROM OPERATING ACTIVITIES:			
Profit for the year		162,230	190,219
Adjustments to reconcile profit for the year to net cash from operating activities excluding interest and taxes paid:			
Income tax expense	9	59,844	60,910
Depreciation and amortization of property, plant and equipment, and intangible assets	6	135,964	134,329
Impairment of property, plant and equipment, and intangible assets	6	31,517	0
Gains (losses) from disposal of property, plant and equipment, and intangible assets	20	263	(623)
Financial income	25	(1,712)	(1,465)
Financial expenses	26	7,863	8,394
Share of profit (loss) of other investments	27	(344)	(283)
Other adjustments	31	(10,105)	(145)
Net cash from profit		385,520	391,336
Changes in working capital:			
Inventories	10	(1,316)	20,035
Trade receivables	11	(18,017)	(18,702)
Prepaid expenses and other current assets	12	(7,221)	18,115
Trade liabilities	16	6,598	(8,247)
Deferred income and other current liabilities	17	15,148	(2,844)
Provisions for current liabilities and charges	18	12,222	(269)
Changes in working capital		7,414	8,088
Cash flow from operating activities excluding interest and taxes paid		392,934	399,424
Income taxes paid		(74,750)	(68,003)
Net cash from operating activities		318,184	331,421
CASH FLOW FROM INVESTING ACTIVITIES:			
Proceeds from disposals of property, plant and equipment, and intangible assets		2,214	1,794
Payments for acquisition of property, plant and equipment, and intangible assets (incl. payments on account)	16	(152,772)	(136,086)
Proceeds from government grants	31	6,150	0
Payments for acquisition of companies or other business entities, net of cash and cash equivalents acquired (2020: thous. EUR 0; 2019: thous. EUR 19,392)		0	(248,326)
Proceeds from disposal of companies or other business entities		500	0
Proceeds from disposals of securities and other financial assets		155	595
Payments for securities and other financial assets		(1,226)	(246)
Dividends received	27	344	283
Interest received		1,775	1,432
Net cash from investing activities		(142,860)	(380,554)
CASH FLOW FROM FINANCING ACTIVITIES:			
Interest paid		(7,857)	(8,129)
Issuance of financial liabilities	31	642	189,019
Repayments of interest-bearing financial liabilities	31	(69,934)	(194,810)
Repayments of lease liabilities	31	(8,322)	(8,160)
Payments to non-controlling (minority) shareholders		(136)	(14)
Dividends paid to the shareholders of the Company	13	(64,000)	(64,000)
Dividends paid to non-controlling (minority) shareholders	13	(1,196)	(1,047)
Net cash from financing activities		(150,803)	(87,141)
Effect of exchange rate changes on cash and cash equivalents		(5,087)	2,099
Change in cash and cash equivalents		19,434	(134,175)
Cash and cash equivalents at the beginning of the year (according to the consolidated balance sheet)		126,807	260,982
Cash and cash equivalents at the end of the year (according to the consolidated balance sheet)		146,241	126,807

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

Notes to the Consolidated Financial Statements

1 — BASIC INFORMATION

The Mayr-Melnhof Group

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

Segment information

The Group is divided into two operating segments (see note 19): Mayr-Melnhof Karton ("MM Karton") and Mayr-Melnhof Packaging ("MM Packaging"). MM Karton manufactures and markets numerous grades of cartonboard, focusing on coated cartonboard produced predominantly from paper for recycling as well as virgin fiber-based cartonboard. 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).

Significant events affecting the Group's financial situation and profitability

Under more difficult macroeconomic conditions as a result of the Covid-19 pandemic, the Group recorded a solid overall operating performance. However, with stable sales, one-off expenses for restructuring measures adopted in the financial year (see note 5) and impairments on property, plant and equipment, and intangible assets including goodwill (see note 6) had a negative impact on the Group's financial situation and profitability.

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 such as certain financial instruments and defined benefit obligations.

The present consolidated financial statements comprise the period from January 1 till December 31, 2020 and have been signed by the Management Board and have been approved by the Supervisory Board as of March 15, 2021.

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

Application of new and revised standards

During the preparation of the consolidated financial statements and notes thereto, relevant amendments to existing IAS and IFRS, as published in the Official Journal of the European Union no later than December 31, 2020 and with an effective date no later than this date, were taken into consideration:

Revised standards	Content	Effective
IAS 1/IAS 8	Definition of Material	2020
	References to the Conceptual Framework in IFRS	2020
IFRS 9/IAS 39/IFRS 7	Interest Rate Benchmark Reform – Phase 1	2020
IFRS 3	Definition of a Business	2020
IFRS 16	Leases – Covid-19-Related Rent Concessions	06/2020

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.

The amendments to IAS 1 and IAS 8 create a uniform and more precise definition of the materiality of financial statement information in the IFRSs and supplement it with accompanying examples. In this context, the definitions from the Framework, IAS 1, IAS 8 and IFRS Practice Statement 2 "Making Materiality Judgements" are harmonized. This did not have any material impact on the present consolidated financial statements.

The amendments to IFRS 9, IAS 39 and IFRS 7 relate in particular to certain simplifications regarding hedge accounting rules and are mandatory for all hedging relationships affected by the reform of the reference interest rate. In addition, further disclosures are to be provided on the extent to which the entities' hedging relationships are affected by the amendments. The Group does not apply hedge accounting.

The amendments to IFRS 3 clarify that a business comprises a group of activities and assets that involve at least one input and one process that together contribute significantly to the ability to produce output. There were no business combinations in the fiscal year 2020. The Group does not expect the application of the amendments to have any impact on the consolidated financial statements, also for future acquisitions, as the acquired entities constitute a business under both the previous and the amended definition.

The amendments to IFRS 16 provide lessees with relief from assessing whether lease concessions granted as a result of the coronavirus pandemic (e.g., rent-free periods or temporary rent reductions) constitute a lease modification. This simplification rule was not applied.

Furthermore, the following revised standards were endorsed by the EU until December 31, 2020; their application is, however, not yet compulsory for the financial year 2020:

Revised standards	Content	Effective
IFRS 4	Deferral of IFRS 9	2021

Additionally, the following new and revised standards were published by IASB until December 31, 2020 but have not yet been endorsed by the EU:

New standards	Content	Effective
IFRS 17	Insurance Contracts	postponed to 2023
Revised standards	Content	Effective
IAS 1	Classification of Liabilities as Current or Non-current	postponed to 2023
IFRS 9/IAS 39/IFRS 7/ IFRS 4/IFRS 16	Interest Rate Benchmark Reform –Phase 2	2021
IFRS 3	Reference to the Conceptual Framework in IFRS	2022
IAS 16	Proceeds before Intended Use	2022
IAS 37	Onerous Contracts – Costs of Fulfilling a Contract	2022
	Annual Improvements to IFRS 2018 – 2020 Cycle	2022

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

3 — ACCOUNTING PRINCIPLES

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

Consolidation principles and methods

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

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

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

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

Any effects of intercompany transactions are entirely eliminated.

Foreign 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, whereby the exchange rate of December 31 of the last year always being taken as the first closing rate. Differences arising from the translation of assets and liabilities in comparison with the previous periods are recognized as a separate component of equity. Gains and losses resulting from foreign currency transactions are recognized in the income statement as incurred.

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

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

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

Country:	Currency:	Exchange rate at Dec. 31, 2020	Exchange rate at Dec. 31, 2019	Annual average exchange rate 2020	Annual average exchange rate 2019
		1 EUR =	1 EUR =	1 EUR =	1 EUR =
Bulgaria	BGN	1.96	1.96	1.96	1.96
Canada	CAD	1.56	1.46	1.53	1.49
Chile	CLP	871	832	899	791
China	CNY	8.03	7.82	7.89	7.73
Colombia	COP	4,200	3,679	4,213	3,690
Czech Republic	CZK	26.24	25.41	26.39	25.66
Great Britain	GBP	0.90	0.85	0.89	0.88
Jordan	JOD	0.87	0.80	0.81	0.80
Norway	NOK	10.47	9.86	10.69	9.85
Philippines	PHP	58.69	56.35	56.69	58.00
Poland	PLN	4.61	4.26	4.45	4.30
Romania	RON	4.87	4.78	4.84	4.74
Russia	RUB	90.68	69.34	82.03	72.54
Switzerland	CHF	1.08	1.09	1.07	1.11
Tunisia	TND	3.31	3.14	3.21	3.27
Turkey	TRY	9.01	6.65	7.88	6.33
Ukraine	UAH	34.74	26.42	30.61	28.87
Vietnam	VND	28,517	26,066	26,667	26,116

Business Combinations

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

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

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

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

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

4 — DISCRETIONARY DECISIONS, ASSUMPTIONS, AND ESTIMATES

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

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

Useful life of non-current assets

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

Accounting for acquisitions

As a consequence of company acquisitions a goodwill is reported in the consolidated balance sheet, or a negative goodwill is recognized directly in the income statement after repeated assessment. As part of the initial consolidation of a company acquisition, all identifiable assets, liabilities, and contingent liabilities are recognized at fair value as of the effective acquisition date. The valuation of intangible assets is in particular 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 annual growth rates, and EBITDA margin/costs 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

In the course of the implementation of the Kyoto Protocol, Directive 2003/87/EC came into force in the European Union on January 1, 2005. Based on this Directive (and the follow-up regulations), the Group is obliged to redeem specified emission rights for carbon dioxide emissions incurred during cartonboard production. These emission rights have been allocated free of charge to the Group's respective production sites for the period from 2013 to 2020. The carbon dioxide allocation notices for the period from 2021 to 2025 are expected by the 3rd quarter of 2021. In addition, a dynamic CO₂ allocation is to be assumed to apply as of 2021, an allocation change being triggered in the event of an activity change of +/-15 % in relation to a base period. Accordingly, activity data, in particular production data, are to be tracked as of 2020 as part of a monitoring methodology.

As IFRIC 3 "Emission Rights" has been withdrawn by the IASB, there are no definite regulations concerning the accounting treatment of emission rights. Therefore, these emission rights are recognized in accordance with IAS 38 "Intangible Assets" as intangible assets in "Prepaid expenses and other current assets", measured at cost amounting to zero, if the rights have been allocated free of charge. If actual carbon dioxide emissions exceed the number of existing emission rights during the reporting period at the balance sheet date, a provision for these missing emission rights in the amount of their market value has to be accounted for. As of December 31, 2020 and 2019, the Group had sufficient emission rights available.

Accordingly, only expenses from the use of acquired emission rights and 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 consequences for tax liabilities and deferred taxes (see note 9).

Realization of deferred tax assets

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

Duration of leases

The Group determines the duration of the lease based on the non-cancellable base term of the lease as well as by including the period arising from an option to extend the lease. When assessing whether there is sufficient certainty that the option to extend or terminate the lease is exercised or not, discretionary decisions are made. All relevant factors representing an economic incentive are considered. These are scrutinized and re-evaluated as circumstances change, which can result in an adjustment of the lease term and thus in adjustments of the lease liability and the right-of-use asset. The relevant assumptions for determining the useful life of offices and warehouses with unlimited agreements were adopted according to strategic objectives, location and costs (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 result, can result in a significant change in non-current provision as well as equity (see note 15).

Other provisions

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

5 — CHANGES IN THE CONSOLIDATED COMPANIES AND OTHER SIGNIFICANT EVENTS

a — Changes in the consolidated companies in 2020

With the exception of immaterial changes at individual subsidiaries, which can be found in note 33, there were no changes in the consolidated companies in the financial year 2020.

b — Changes in the consolidated companies in 2019

In January 2019, the division MM Packaging acquired 100 % of the shares in Eurasia Invest Holding AG including its subsidiaries, i. e. the Tann-Group. The Tann-Group, headquartered in Traun, Austria, finishes externally sourced fine paper in a gravure printing process to produce cigarette filter paper (tipping paper) and is a global market leader in this field. Through the acquisition, MM Packaging expands the existing production of folding carton packaging by the technologically related production of tipping paper. Based on technological similarities and a long-standing cooperation with the same top-customers, the acquisition fits strategically well into the division MM Packaging. The aim is to strengthen the profitability of the division through extended value added. Additionally, the development of the plants should be used to exploit new potential.

The cash-paid purchase price amounts to thous. EUR 267,718 and was financed by cash as well as using available credit lines in an amount of thous. EUR 120,000. Inclusion into the Group and division was effected on January 15, 2019.

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

Fair values according to IFRS

(in thousands of EUR)	Jan. 15, 2019
Property, plant and equipment	98,485
Intangible assets	114,204
Securities and other financial assets	357
Deferred tax assets	2,894
Inventories	33,301
Trade receivables	29,520
Prepaid expenses and other current assets	12,476
Cash and cash equivalents	19,392
Non-controlling (minority) interests	(3,727)
Deferred tax liabilities	(34,681)
Provisions for non-current liabilities and charges	(11,241)
Financial liabilities	(90,615)
Current tax liabilities	(3,212)
Trade liabilities	(12,084)
Prepaid expenses, other provisions and liabilities	(17,847)
Goodwill	130,496
Net assets	267,718

The fair values of machines and technical equipment were determined by an independent external expert using a cost-based approach based on replacement cost or valorised acquisitions cost for similar machines. The real estate was measured at fair value as determined by independent external expert reports depending on the available market data using either market or income approach.

The intangible assets included, in particular, customer relationships amounting to thous. EUR 112,861, which are based on long-term customer relations and amortized over a useful life of up to 21 years.

Trade receivables comprised gross contractual receivables amounting to thous. EUR 30,196 of which thous. EUR 676 were estimated as presumably irrecoverable, resulting in a fair value of thous. EUR 29,520. In the case of tax receivables in the amount of thous. EUR 5,945 as well as other receivables of thous. EUR 5,776 the fair values corresponded to the gross amounts. Due to the short-term nature of receivables, the Group assumed that future cash flows correspond to the fair value. The Group has not recognized any contingent liabilities in the course of the transaction.

The remaining goodwill of thous. EUR 130,496 mainly reflected expected synergies achieved by portfolio expansion, network effects of the acquired sites and the leading market position in the field of tipping paper. There were additional adjustments of balance sheet positions and remaining goodwill of

thous. EUR 1,432 in comparison to the values as of June 30, 2019, which arose from the final evaluation in the course of the purchase price allocation. Non-controlling (minority) interests of thous. EUR 3,727 have been determined as a proportionate share of the identifiable net assets of the respective subsidiaries. Recognized goodwill was not deductible for tax purposes.

Of the acquisition-related costs amounting to thous. EUR 1,388, thous. EUR 983 were recorded as expense in the financial year 2018 and thous. EUR 405 in the financial year 2019 and reported under administrative expenses in the consolidated income statement.

Sales and profit before tax for the time the business belonged to the Group and division in the financial year 2019 amounted to thous. EUR 213,504 and thous. EUR 22,256. Profit before tax was reduced by a non-recurring effect amounting to thous. EUR 4,808, which results from the valuation of inventory and order backlog performed in the course of the purchase price allocation and was recognized as cost of sales in the first half-year. If the acquisition had been concluded as of January 1, 2019, the Tann-Group would have additionally contributed thous. EUR 7,481 to the Group's sales and thous. EUR 1,320 to the Group's profit before tax.

Additionally, there were a purchase of interests in a joint venture (see note 8) and further insignificant changes in individual subsidiaries.

c — Other significant events in 2020

Restructuring measures in 2020

In both divisions, restructuring measures were taken at individual sites in 2020.

In the cartonboard division, the 70-year-old, uncompetitive cartonboard machine at Mayr-Melnhof Karton GmbH's site in Hirschwang, Austria, was decommissioned at the beginning of November due to high upcoming expenses that were not justifiable. In the course of the discontinuation of production, impairment losses had to be recognized on the site's property, plant and equipment, and intangible assets as well as inventories. A social plan was negotiated in connection with the necessary staff reductions. In addition, expenses arose from post-closure obligations for inherited liabilities. Total expenses amounting to thous. EUR 23,486 arose from the closure of the cartonboard mill in Hirschwang. In this context, non-current assets in the amount of thous. EUR 5,230, mainly technical equipment and machinery, were classified as held for sale and reclassified accordingly.

Structural adjustment measures were announced in the packaging division, among others, at MM Graphia Bielefeld GmbH in Bielefeld and at R + S Stanzformen GmbH in Niederdorfelden, both in Germany.

With the planned discontinuation of a rotogravure printing line in Bielefeld, the Group intends to focus on its high-performance sites for this printing technology. This will result in expenses mainly for impairment losses on property, plant and equipment, and inventories. In addition, there will be a reduction in the number of employees, for whom a social plan is to be negotiated. The Group's result will be burdened with thous. EUR 6,702 from this decommissioning.

At R + S, the Group itself has produced cutting dies as tools for use in the packaging division so far. This production will be discontinued, resulting mainly in expenses for impairment of property, plant and equipment, and inventories as well as for a social plan. This plant closure caused expenses in the amount of thous. EUR 5,871.

Details on the restructuring measures can be found in notes 6, 15, and 18.

In addition, there were other restructuring measures which are not material for the Group.

Other significant events in 2020

In February 2020, a fire in Hirschwang irreparably destroyed a large warehouse building and inventories therein. In this context, Neupack Ges. m. b. H. in the packaging division received an insurance compensation of thous. EUR 8,750 (for further details, see notes 6 and 20).

As a result of the termination agreement with the former chairman of the Management Board, equal shares of a total of thous. EUR 7,206 were booked in administrative expenses in the divisions.

6 — DEVELOPMENT OF FIXED ASSETS

a — Property, plant and equipment including leases

Property, plant and equipment

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

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

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

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

Development of property, plant and equipment 2020

(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, 2020	669,816	1,819,449	190,085	78,676	2,758,026
Effect of exchange rate changes	(14,229)	(34,797)	(3,269)	(951)	(53,246)
Additions	9,364	61,784	10,640	66,976	148,764
Disposals	(2,635)	(18,303)	(7,638)	(804)	(29,380)
Reclassifications	4,485	(9,464)	(3,769)	(69,345)	(78,093)
Balance at Dec. 31, 2020	666,801	1,818,669	186,049	74,552	2,746,071
ACCUMULATED DEPRECIATION AND IMPAIRMENT:					
Balance at Jan. 1, 2020	294,171	1,286,173	143,211	0	1,723,555
Effect of exchange rate changes	(4,099)	(20,914)	(2,156)	0	(27,169)
Disposals	(1,931)	(17,034)	(6,904)	(18)	(25,887)
Depreciation/amortization expense for the year	22,213	89,394	13,821	0	125,428
Impairments	12,667	14,898	933	1,225	29,723
Reclassifications	(10,720)	(59,729)	(5,602)	0	(76,051)
Balance at Dec. 31, 2020	312,301	1,292,788	143,303	1,207	1,749,599
NET BOOK VALUE:					
Net book value at Dec. 31, 2020	354,500	525,881	42,746	73,345	996,472
Net book value at Dec. 31, 2019	375,645	533,276	46,874	78,676	1,034,471

Development of property, plant and equipment 2019

(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, 2019	550,254	1,690,388	176,808	54,127	2,471,577
Recognition right-of-use assets from initial application of IFRS 16	49,279	1,413	2,263	0	52,955
Adjusted balance at Jan. 1, 2019	599,533	1,691,801	179,071	54,127	2,524,532
Effect of exchange rate changes	3,274	3,623	537	310	7,744
Changes in consolidated companies	48,824	45,288	2,825	1,548	98,485
Additions	10,845	60,693	11,182	71,246	153,966
Disposals	(2,576)	(17,793)	(5,195)	(17)	(25,581)
Reclassifications	9,916	35,837	1,665	(48,538)	(1,120)
Balance at Dec. 31, 2019	669,816	1,819,449	190,085	78,676	2,758,026
ACCUMULATED DEPRECIATION AND IMPAIRMENT:					
Balance at Jan. 1, 2019	271,103	1,213,908	133,959	0	1,618,970
Effect of exchange rate changes	1,051	2,066	490	0	3,607
Disposals	(1,458)	(15,640)	(4,701)	0	(21,799)
Depreciation/amortization expense for the year	23,491	86,064	13,475	0	123,030
Impairments	0	0	0	0	0
Reclassifications	(16)	(225)	(12)	0	(253)
Balance at Dec. 31, 2019	294,171	1,286,173	143,211	0	1,723,555
NET BOOK VALUE:					
Net book value at Dec. 31, 2019	375,645	533,276	46,874	78,676	1,034,471
Net book value at Dec. 31, 2018	279,151	476,480	42,849	54,127	852,607

Leases

The Group is a lessee of leases. With the first-time application of IFRS 16, the following items have been included in the statement of financial position in 2019. 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, 2020	51,469	3,363	1,743	56,575
Effect of exchange rate changes	(283)	(88)	(26)	(397)
Additions	990	736	802	2,528
Disposals	(575)	(142)	(99)	(816)
Amortization expense for the year	(6,667)	(1,269)	(844)	(8,780)
Impairments	0	0	0	0
Reclassifications	(1,000)	0	0	(1,000)
Balance at Dec. 31, 2020	43,934	2,600	1,576	48,110

(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, 2019	3,066	2,621	0	5,687
Recognition right-of-use assets from initial application of IFRS 16	49,279	1,413	2,263	52,955
Adjusted balance at Jan. 1, 2019	52,345	4,034	2,263	58,642
Effect of exchange rate changes	219	(41)	22	200
Changes in consolidated companies	3,236	0	131	3,367
Additions	4,355	616	135	5,106
Disposals	(1,073)	0	(23)	(1,096)
Amortization expense for the year	(7,613)	(1,246)	(785)	(9,644)
Impairments	0	0	0	0
Balance at Dec. 31, 2019	51,469	3,363	1,743	56,575

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

b — Intangible assets including goodwill

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

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

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

Development of intangible assets including goodwill 2020

(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, 2020	66,825	245,898	144,282	457,005
Effect of exchange rate changes	(298)	(2,390)	(1,348)	(4,036)
Additions	2,222	0	0	2,222
Disposals	(418)	0	(3,286)	(3,704)
Reclassifications	(1,035)	0	0	(1,035)
Balance at Dec. 31, 2020	67,296	243,508	139,648	450,452
ACCUMULATED AMORTIZATION AND IMPAIRMENT:				
Balance at Jan. 1, 2020	56,569	9,048	32,392	98,009
Effect of exchange rate changes	(215)	(8)	(1,198)	(1,421)
Disposals	(413)	0	(3,286)	(3,699)
Amortization expense for the year	2,805	0	7,731	10,536
Impairments	14	0	1,780	1,794
Reclassifications	(1,114)	0	0	(1,114)
Balance at Dec. 31, 2020	57,646	9,040	37,419	104,105
NET BOOK VALUE:				
Net book value at Dec. 31, 2020	9,650	234,468	102,229	346,347
Net book value at Dec. 31, 2019	10,256	236,850	111,890	358,996

Development of intangible assets including goodwill 2019

(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, 2019	62,898	115,510	31,838	210,246
Effect of exchange rate changes	(10)	(108)	(417)	(535)
Changes in consolidated companies	1,343	130,496	112,861	244,700
Additions	2,236	0	0	2,236
Disposals	(267)	0	0	(267)
Reclassifications	625	0	0	625
Balance at Dec. 31, 2019	66,825	245,898	144,282	457,005
ACCUMULATED AMORTIZATION AND IMPAIRMENT:				
Balance at Jan. 1, 2019	54,086	9,046	24,246	87,378
Effect of exchange rate changes	(13)	2	(410)	(421)
Disposals	(247)	0	0	(247)
Amortization expense for the year	2,743	0	8,556	11,299
Impairments	0	0	0	0
Balance at Dec. 31, 2019	56,569	9,048	32,392	98,009
NET BOOK VALUE:				
Net book value at Dec. 31, 2019	10,256	236,850	111,890	358,996
Net book value at Dec. 31, 2018	8,812	106,464	7,592	122,868

In the financial year 2020, depreciation, amortization and impairment expenses recorded under "Property, plant and equipment" and "Intangible assets including goodwill" amounted to thous. EUR 167,481 (2019: thous. EUR 134,329). The amortization and impairment of the position "Intangible assets including goodwill" is recorded mainly for assets related to customer relationships and is included in selling and distribution expenses as well as for software licences which are recognized in cost of sales, selling and distribution as well as administration expenses.

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

c — Recoverability of non-current assets

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

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

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

As soon as such events have occurred or circumstances have changed, value in use is determined for the concerned subsidiary 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.

In 2020, the Group assessed whether there was any indication of impairment of assets due to the Covid-19 pandemic and the associated uncertainties. Both external and internal sources of information were used for the analysis. Based on the currently available information, the Group does not expect any material negative effects on the future cash flows of its operating divisions MM Karton and MM Packaging.

Due to the challenging economic conditions and individual temporary plant shutdowns, the future cash flow forecasts for individual cash generating units were, however, estimated to be lower. In addition, a group of separable assets at the Frohnleiten cartonboard mill were subjected to an impairment test. In order to determine the impairment loss, the respective recoverable amount of the tested cash generating unit was identified and compared to the carrying amounts. Besides these market-based valuations, there were asset-specific write-downs in both divisions due to structural adjustment measures.

Based on currently available estimates and assumptions, impairment losses of thous. EUR 31,517 had to be recorded, of which thous. EUR 29,723 were related to property, plant and equipment and were mainly recognized in cost of sales, while thous. EUR 1,794 were related to intangible assets and had to be recognized in selling expenses.

In the cartonboard division, a group of separable assets at the Austrian Frohnleiten cartonboard mill was subjected to an impairment test, as market demand for a product line remained significantly below expectations and sales forecasts for the coming years are estimated to be declining. The calculated present value of estimated future cash flows before taxes according to the discounted cash flow method (discount rate 8.93 %; growth rate -3 %) amounted to thous. EUR 20,173. In contrast, the group of assets had carrying amounts of thous. EUR 33,324 and were consequently written down to the lower recoverable amount. The impairment loss of thous. EUR 13,151 which is entirely attributable to property, plant and equipment was recognized in cost of sales. In addition, the decommissioning of the cartonboard machine in Hirschwang, Austria, resulted in an impairment loss on property, plant and equipment, and intangible assets in the amount of thous. EUR 10,584, which was mainly recognized in cost of sales.

Impairments in the packaging division in the amount of thous. EUR 7,782 were primarily related to the production site in Amman, Jordan, and a Polish site in Bydgoszcz. The impairment loss resulting from the comparison of the carrying amounts of the group of assets with their respective recoverable amount of the cash generating unit was allocated proportionally to the assets based on the carrying amounts of each asset. The individual assets were not reduced below their fair value less costs to sell. The fair values less costs to sell were determined by external appraisers based on internationally accepted valuation methods. In the case of the Polish production site, in addition to impairment losses on property, plant and equipment, the related customer relationship was also fully written off. Besides market-based valuations, impairment losses in the packaging division also include immaterial amounts due to restructuring measures, mainly in Germany.

Due to the fire in Hirschwang (see Note 5), the fair value of the building less costs to sell amounted to zero. The impairment loss in the amount of thous. EUR 125 on non-current assets is recognized in the income statement in cost of sales.

Goodwill

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

Goodwill allocation

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

(in thousands of EUR)	Dec. 31, 2020	Dec. 31, 2019
Goodwill MM Karton	4,612	4,612
Goodwill MM Packaging	229,856	232,238
Goodwill Group	234,468	236,850

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 9.95 % (2019: 9.98 %) for the segment MM Karton and to 12.90 % (2019: 12.99 %) 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 (2019: 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. (2019: 1.5 % p. a.) including a retention rate is considered.
EBITDA margin/Cost development	Based on the expectation of the Company, a stable EBITDA margin and fixed cost development is assumed. Planned capital expenditures are offset by depreciation and amortization in an appropriate amount.

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

The Group has conducted its annual impairment test as of December 31, 2020 and December 31, 2019. Neither in 2020 nor in 2019 an impairment on goodwill was recognized on this basis.

Sensitivity of underlying assumptions

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

The respective pre-tax discount rate according to which the value in use would equal the book value as of December 31, 2020 amounts to 17.91 % (December 31, 2019: 17.25 %) for the operating segment MM Karton and to 17.63 % (December 31, 2019: 15.64 %) for the operating segment MM Packaging.

A decrease in free cash flows by 5.0 % points or in growth rate by 0.5 % points would not have led to any impairment, neither as of December 31, 2020 nor as of December 31, 2019, for both operating segments.

As of December 31, 2020, the Group's market capitalization amounted to thous. EUR 3,300,000 (December 31, 2019: thous. EUR 2,392,000), and the book value of equity amounted to thous. EUR 1,547,098 (December 31, 2019: thous. EUR 1,508,309).

7 — FINANCIAL INSTRUMENTS DISCLOSURES

a — Classification and measurement of financial instruments

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

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

Financial assets are classified and measured as follows:

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

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

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

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

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

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

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

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

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

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

In the Group, derivative financial assets with a positive fair value and certain securities are classified as at fair value through profit or loss. For financial instruments which are measured at amortized cost, there is an option to designate them as at fair value. The Group does not make use of this option.

Recognition and derecognition

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

Measurement

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

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

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 a potential impairment.

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

Financial liabilities are classified and measured as follows:

Category	Examples in MM Group
At fair value through profit or loss	Derivatives
At amortized cost	Financial liabilities, trade liabilities

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

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

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

(in thousands of EUR)	At fair value through profit and loss	At amortized cost ²⁾	Total
	Carrying amount at Dec. 31, 2020		
Securities and other financial assets ¹⁾	1,774	936	2,710
Trade receivables	0	415,804	415,804
Other receivables and assets incl. derivatives ³⁾	2,663	8,128	10,791
Cash and cash equivalents	0	146,241	146,241
Total	4,437	571,109	575,546
	Carrying amount at Dec. 31, 2019		
Securities and other financial assets ¹⁾	1,682	969	2,651
Trade receivables	0	418,733	418,733
Other receivables and assets incl. derivatives ³⁾	1,660	8,262	9,922
Cash and cash equivalents	0	126,807	126,807
Total	3,342	554,771	558,113

¹⁾ For measurement of "other financial assets" classified as "at fair value through profit and loss", see note 7e.

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

³⁾ see note 12

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

(in thousands of EUR)	At fair value through profit and loss	At amortized cost ¹⁾	Total
	Carrying amount at Dec. 31, 2020		
Interest-bearing financial liabilities	0	221,792	221,792
Lease liabilities	0	46,634	46,634
Trade liabilities	0	220,437	220,437
Other liabilities incl. derivatives ²⁾	2,625	9,812	12,437
Total	2,625	498,675	501,300
	Carrying amount at Dec. 31, 2019		
Interest-bearing financial liabilities	0	291,720	291,720
Lease liabilities	0	53,663	53,663
Trade liabilities	0	219,562	219,562
Other liabilities incl. derivatives ²⁾	1,840	10,144	11,984
Total	1,840	575,089	576,929

¹⁾ The reported amounts regarding financial liabilities measured at amortized cost represent a proper approximation to the fair value. The fair value of fixed-interest financial liabilities can be found in note 14a.

²⁾ see note 17

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

(in thousands of EUR)	At fair value through profit and loss	At amortized cost	Total
	Income and expense 2020		
In profit for the year	1,351	1,341	2,692
Interest/dividends received	344	1,712	2,056
Fair value/carrying amount changes	1,007	(371)	636
In other comprehensive income	0	0	0
Change in fair value	0	0	0
Net profit/loss	1,351	1,341	2,692
	Income and expense 2019		
In profit for the year	1,238	1,524	2,762
Interest/dividends received	283	1,465	1,748
Fair value/carrying amount changes	955	59	1,014
In other comprehensive income	0	0	0
Change in fair value	0	0	0
Net profit/loss	1,238	1,524	2,762

All income and expenses are recognized in the income statement.

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

	At fair value through profit and loss	At amortized cost	Total
(in thousands of EUR)	Income and expense 2020		
In profit for the year	(785)	(7,698)	(8,483)
Interest	0	(7,863)	(7,863)
Fair value/carrying amount changes	(785)	165	(620)
Net profit/loss	(785)	(7,698)	(8,483)
	Income and expense 2019		
In profit for the year	(877)	(8,229)	(9,106)
Interest	0	(8,394)	(8,394)
Fair value/carrying amount changes	(877)	165	(712)
Net profit/loss	(877)	(8,229)	(9,106)

b — Derivatives

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

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

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

As of December 31, 2020, the Group had concluded foreign exchange forward and swap contracts with a nominal value of receivables of thous. EUR 205,290 (December 31, 2019: thous. EUR 178,668) and liabilities of thous. EUR 205,072 (December 31, 2019: thous. EUR 178,891) with a positive total market value of thous. EUR 38 (December 31, 2019: negative total market value of thous. EUR 180).

The derivative financial instruments are recorded in the consolidated balance sheet under "Prepaid expenses and other current assets" as current assets in the amount of thous. EUR 2,663 (December 31, 2019: thous. EUR 1,660) and under "Deferred income and other current liabilities" as current liabilities in the amount of thous. EUR 2,625 (December 31, 2019: thous. EUR 1,840).

As there is no hedge accounting in the MM Group, the corresponding rules in accordance with IFRS 9 are not applied.

c — Financial Risk Management

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

Credit and default risk

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

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

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

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

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

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

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

Liquidity risk

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

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

(in thousands of EUR)	Up to 3 months	3 months up to 1 year	1 – 2 years	2 – 5 years	Over 5 years
Balance at Dec. 31, 2020					
Interest-bearing financial liabilities	2,484	43,359	23,685	102,264	50,000
Interest for interest-bearing financial liabilities	217	3,305	3,345	7,301	1,350
Lease liabilities	1,973	5,099	5,562	11,254	22,746
Interest for lease liabilities	362	1,011	1,209	2,907	12,745
Trade liabilities	212,470	7,951	16	0	0
Payment obligations from derivative financial instruments	196,311	8,761	0	0	0
Payment entitlements for derivative financial instruments	(196,571)	(8,719)	0	0	0
Balance at Dec. 31, 2019					
Interest-bearing financial liabilities	47,570	56,924	13,928	103,298	70,000
Interest for interest-bearing financial liabilities	437	3,782	3,721	9,346	2,839
Lease liabilities	1,866	6,483	7,074	12,966	25,274
Interest for lease liabilities	389	1,123	1,346	3,214	13,544
Trade liabilities	178,516	40,923	123	0	0
Payment obligations from derivative financial instruments	167,206	11,685	0	0	0
Payment entitlements for derivative financial instruments	(167,137)	(11,530)	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, swap and option contracts.

Provided that currencies related to current and non-current financial receivables and financial liabilities as of December 31, 2020 (December 31, 2019) stated below changed by the below-stated percentage ("volatility"), assuming that all other variables remained constant, the profit for the year and hence equity would have increased or decreased by the following values.

Currency	Volatility	Impact on profit for the year and equity in thousands of EUR	
		2020	2019
EUR ¹⁾	+/- 5 %	-/+ 425	-/+ 253
GBP	+/- 5 %	+/- 143	+/- 198
USD	+/- 5 %	-/+ 63	-/+ 439

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

Interest rate risk

The interest rate risk is referred to as the risk arising from changes in market interest rates which can result in a fluctuation of the values of balance sheet items or a fluctuation in cash flows. For balance sheet items with fixed interest, the risk consists mainly in fluctuations in value (price risk); when the market interest rate changes, the (present) value of financial instruments with fixed interest payments will also change. Due to these value fluctuations, profit or loss can arise; these are particularly realized when the financial instrument is sold before maturity. For balance sheet items with a variable interest rate, there is mainly the risk of fluctuating cash flows. In case the market interest rate changes, the amount of interest receivable or payable from financial instruments with variable interest payments will also change. Such changes would alter the ongoing interest payments and thus also interest income and expense. As of December 31, 2020, 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, 2020 (December 31, 2019) had been higher or lower by ten basis points (i.e. 0.1 %), 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	
		2020	2019
Financial assets with variable interest	+/- 0.1 %	+/- 39	+/- 25
Financial liabilities with variable interest	+/- 0.1 %	-/+ 103	-/+ 151

d — 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, 2020 and December 31, 2019 amounted to:

(in thousands of EUR)	Dec. 31, 2020	Dec. 31, 2019
Total equity	1,547,098	1,508,309
Total assets	2,399,570	2,422,653
Equity ratio	64.5 %	62.3 %

The aim of capital management to achieve an equity ratio ranging from 50 % to 70 % remains unchanged in comparison to the previous year. The Company fulfills 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.

Group's liquidity reserves are reflected by net debt indicator. It is calculated as of December 31, 2020 and December 31, 2019 as follows:

(in thousands of EUR)	Dec. 31, 2020	Dec. 31, 2019
Cash and cash equivalents	146,241	126,807
Financial liabilities	(268,426)	(345,383)
Net debt	(122,185)	(218,576)

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. All of these clauses were complied with in the financial year.

e — Measurement at fair value

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

(in thousands of EUR)	Dec. 31, 2020	Dec. 31, 2019
Financial assets:		
Derivative financial instruments (level 2)	2,663	1,660
Securities (level 1)	371	367
Financial liabilities:		
Derivative financial instruments (level 2)	2,625	1,840

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

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 general, there are also financial instruments measured at fair value using parameters for which no observable market data exist (level 3 measurement). There are currently no financial instruments for which this measurement method would be applicable in the Group.

As of December 31, 2020, other financial assets classified as "at fair value through profit or loss" include investments in unconsolidated companies in the amount of thous. EUR 1,403 (December 31, 2019: thous. EUR 1,315). In general, these must be measured at fair value. However, cost represents an appropriate estimate of fair value. Due to the minor importance of these entities, particularly with regard to their low business volume and their significance to the Group, fair value has not been calculated.

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

Investments in associated companies

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

Investments in joint ventures

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

Securities

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

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

Other financial assets

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

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, 2020	Dec. 31, 2019
Investments in associated companies	2,057	2,104
Investments in joint ventures	2,637	1,472
Other investments	1,403	1,315
Liability insurance not pledged to beneficiaries	813	848
Non-current securities	494	488
Investments accounted for using the equity method, securities and other financial assets	7,404	6,227

As of December 31, 2020, non-current securities of the Group comprised investment funds and fixed-interest-bearing securities in the amount of thous. EUR 494 (December 31, 2019: thous. EUR 488).

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

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

The following table summarizes the financial information:

(in thousands of EUR)	Investments in associated companies		Investments in joint ventures	
	Dec. 31, 2020	Dec. 31, 2019	Dec. 31, 2020	Dec. 31, 2019
Share of result for the year ¹⁾	74	(230)	210	(64)
Share of other comprehensive income ²⁾	(121)	198	(94)	1
Share of total comprehensive income	(47)	(32)	116	(63)

¹⁾ recognized in "other financial result – net"

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

9 — INCOME TAXES

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

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

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

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

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

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

a — Deferred taxes recognized in the balance sheet

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

(in thousands of EUR)	Dec. 31, 2020	Dec. 31, 2019
Intangible assets	1,772	1,666
Property, plant and equipment	10,862	10,234
Inventories	7,591	6,650
Defined benefit plans and other liabilities and charges	28,870	28,465
Loans receivable, investments and securities	2,372	1,862
Loss carryforwards	11,614	11,970
Financial liabilities	12,079	13,500
Other	4,222	2,968
Gross deferred tax assets	79,382	77,315
Unrecognized deferred tax assets	(8,907)	(9,408)
Net deferred tax assets	70,475	67,907
Offset	(22,775)	(25,453)
Deferred tax assets in the balance sheet	47,700	42,454
Intangible assets	(25,913)	(28,313)
Property, plant and equipment	(22,831)	(25,488)
Inventories	(1,108)	(797)
Defined benefit plans and other liabilities and charges	(4,919)	(3,728)
Other	(6,688)	(6,819)
Net deferred tax liabilities	(61,459)	(65,145)
Offset	22,775	25,453
Deferred tax liabilities in the balance sheet	(38,684)	(39,692)

The unrecognized deferred tax assets in the amount of thous. EUR 8,907 (December 31, 2019: thous. EUR 9,408) comprise thous. EUR 7,904 (December 31, 2019: thous. EUR 8,252) of unrecognized loss carryforwards.

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

(in thousands of EUR)	Dec. 31, 2020	Dec. 31, 2019
Deferred tax assets, realized within 12 months	15,194	12,740
Deferred tax assets, realized after 12 months	55,281	55,167
Deferred tax assets	70,475	67,907
Deferred tax liabilities, realized within 12 months	(3,433)	(2,834)
Deferred tax liabilities, realized after 12 months	(58,026)	(62,311)
Deferred tax liabilities	(61,459)	(65,145)

Deferred tax liabilities which result from the difference between the tax carrying amount of investments and pro-rata equity (Outside-Basis-Differences) were not recognized for certain subsidiaries and investments in joint ventures and associated companies, as it is probable that this temporary difference will not be dissolved in the near future. These retained earnings amounted to thous. EUR 1,226,492 at December 31, 2020 (December 31, 2019: thous. EUR 1,273,295). 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.

b — 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, 2020	Dec. 31, 2019
Loss carryforwards with expiration	21,074	25,100
Loss carryforwards with no expiration	28,463	24,240
Loss carryforwards	49,537	49,340
(in thousands of EUR)	Dec. 31, 2020	Dec. 31, 2019
Recognized loss carryforwards	14,997	15,453
Unrecognized loss carryforwards	34,540	33,887
Loss carryforwards	49,537	49,340

The loss carryforwards limited in time will expire between 2021 and 2025 unless they are utilized before these dates.

The assessment of the recognition of loss carryforwards showed that for thous. EUR 14,997 (December 31, 2019: thous. EUR 15,453), deferred tax assets amounting to thous. EUR 3,710 (December 31, 2019: thous. EUR 3,718) were recognized. For the remaining amount of thous. EUR 34,540 (December 31, 2019: thous. EUR 33,887), deferred tax assets amounting to thous. EUR 7,904 (December 31, 2019: thous. EUR 8,252) were not recorded in the balance sheet. The expiry dates of this unrecognized loss carryforwards are as follows:

(in thousands of EUR)	Year ended Dec. 31, 2020	Year ended Dec. 31, 2019
1 year	2,571	2,480
2 years	2,516	2,103
3 years	5,607	7,473
4 years	2,494	8,065
5 years	6,228	3,370
After 5 years	1,170	0
No expiration	13,954	10,396
Total	34,540	33,887

C — "Income tax expense" recognized in the income statement

The position "income tax expense" is comprised as follows:

(in thousands of EUR)	Year ended Dec. 31, 2020	Year ended Dec. 31, 2019
Current taxes:		
Current period	63,240	74,544
Due to utilization of previously unrecognized loss carryforwards	(285)	(154)
Prior periods	1,222	6,649
Deferred taxes:		
Due to temporary differences	(3,827)	(18,989)
Due to tax loss carryforwards of the current period	(285)	(2,086)
Due to utilization of recognized loss carryforwards	503	1,254
Due to tax loss carryforwards of previous periods	(243)	0
Due to changes in estimates of deferred tax assets	0	(39)
Due to tax rate changes	(481)	(269)
Income tax expense	59,844	60,910

d — Tax effects on "Other comprehensive income"

The amount of income taxes directly recognized in other comprehensive income is based on actuarial losses from defined benefit plans and foreign currency translations on net investments booked in 2020 amounting to thous. EUR 5,225 (2019: thous. EUR 18,604). Thereon income taxes amounting to thous. EUR 2,164 (2019: thous. EUR 5,309), were recognized for the financial year 2020. As a result, actuarial losses from defined benefit plans and losses from foreign currency translations after tax amounted to thous. EUR 3,061 (2019: thous. EUR 13,295).

e — 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)	Year ended Dec. 31, 2020	Year ended Dec. 31, 2019
Profit before tax	222,074	251,129
Theoretical tax expense 25 %	55,519	62,782
Foreign tax rate adjustments	(1,271)	(2,376)
Non-deductible expenses and tax-free income	130	(1,664)
Unrecognized loss carryforwards of the financial year	1,459	729
Recognition of loss carryforwards of previous years	(297)	(2,085)
Utilization of unrecognized loss carryforwards	(285)	(155)
Changes of estimates of deferred tax assets	0	(39)
Capital gains and withholding tax	1,496	3,197
Tax rate changes	(481)	(269)
Non-periodic income tax expense or revenue (current and deferred)	3,541	820
Other effects	33	(30)
Income tax expense recognized	59,844	60,910
Effective tax rate	26.95 %	24.25 %

10 — INVENTORIES

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

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

(in thousands of EUR)	Dec. 31, 2020	Dec. 31, 2019
Raw materials, manufacturing and operating supplies	202,889	204,795
Work in process	26,746	26,565
Finished goods and goods for resale	156,119	165,090
Total	385,754	396,450
Write-downs	(36,133)	(32,911)
Inventories – net	349,621	363,539

In the financial year 2020, write-downs of inventories recognized as an expense amounted to thous. EUR 9,485 (2019: thous. EUR 9,876), the reversal of write-downs of inventories recognized as income amounted to thous. EUR 1,655 (2019: thous. EUR 464), both under cost of goods sold. The carrying amount of inventories carried at net realizable value amounted to thous. EUR 8,340 (December 31, 2019: thous. EUR 8,529).

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

(in thousands of EUR)	Year ended Dec. 31, 2020	Year ended Dec. 31, 2019
Cost of materials	1,288,624	1,329,150
Cost of purchased services	29,264	32,968
Total	1,317,888	1,362,118

11 — TRADE RECEIVABLES

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

(in thousands of EUR)	Dec. 31, 2020	Dec. 31, 2019
Trade receivables	417,274	420,124
Allowances	(1,470)	(1,391)
Trade receivables – net	415,804	418,733

As of December 31, 2020 and December 31, 2019, the aging of trade receivables overdue but not impaired is as follows:

(in thousands of EUR)	Dec. 31, 2020	Dec. 31, 2019
Up to 30 days overdue	5,306	6,883
31 – 60 days overdue	3,400	4,093
61 – 365 days overdue	2,317	2,993
More than 365 days overdue	265	500
Total of trade receivables overdue but not impaired	11,288	14,469

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)	2020	2019
Allowances at the beginning of the year	1,391	1,387
Effect of exchange rate changes	(41)	17
Changes in consolidated companies	0	676
Utilization	(251)	(633)
Reversal	(124)	(370)
Increase	495	314
Allowances at the end of the year	1,470	1,391

12 — PREPAID EXPENSES AND OTHER CURRENT ASSETS

Prepaid expenses and other current assets are as follows:

(in thousands of EUR)	Dec. 31, 2020	Dec. 31, 2019
Value-added tax receivables	19,652	19,873
Other tax receivables	14,639	11,819
Prepaid expenses	10,989	10,198
Payments on account of property, plant and equipment	8,551	2,235
Derivative assets	2,663	1,660
Other receivables and other assets	16,099	13,978
Prepaid expenses and other current assets	72,593	59,763
Thereof financial assets	10,791	9,922
Thereof non-financial assets	61,802	49,841

In the previous year, other assets included property recognized as "non-current asset held for sale", which is now presented as a separate item in the balance sheet for clarification purposes.

13 — EQUITY

a — 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.

The Management Board was authorized by the 25th Ordinary Shareholders' Meeting to repurchase own shares up to 10 % of the Group's share capital, which remains valid until October 24, 2021. As of December 31, 2020, the Management Board has made no use of this authorization.

b — 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, 2020, the distributable unappropriated retained earnings amounted to thous. EUR 130,000 (December 31, 2019: thous. EUR 75,000).

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

(in thousands of EUR)	2020	2019
Unappropriated retained earnings at Jan. 1	75,000	65,000
Net profit of the Company for the year ended Dec. 31	132,106	69,602
Changes in reserves	(13,106)	4,398
Dividend paid	(64,000)	(64,000)
Unappropriated retained earnings at Dec. 31	130,000	75,000

For the year ended December 31, 2020, the Management Board has proposed to the Supervisory Board and subsequently to the Shareholders' Meeting a dividend of EUR 3.20 per voting share after EUR 3.20 for 2019, resulting in a dividend of thous. EUR 64,000 as of the balance sheet date of 2020. The dividend for 2019, amounting to thous. EUR 64,000, was paid out according to schedule on May 13, 2020 (see consolidated statement of changes in equity).

c — Non-controlling (minority) interests

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

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

(in thousands EUR)	Dec. 31, 2020		Dec. 31, 2019	
	MM Karton	MM Packaging	MM Karton	MM Packaging
Non-current assets	527	53,324	592	54,723
Current assets	3,109	59,702	3,210	66,836
Non-current liabilities	687	33,242	848	28,683
Current liabilities	1,319	16,809	1,145	33,813
Net assets	1,630	62,975	1,809	59,063
Carrying amount of the non-controlling (minority) interests	646	4,106	704	4,571
	Year ended Dec. 31, 2020		Year ended Dec. 31, 2019	
Sales	6,067	80,379	6,027	68,982
Profit for the year	524	11,480	1,190	6,695
Thereof attributable to non-controlling (minority) interests	178	864	364	112
Total comprehensive income	749	10,920	1,496	6,540
Thereof attributable to non-controlling (minority) interests	189	713	346	108
Dividend paid to non-controlling (minority) interests	247	949	357	690
Net change in cash and cash equivalents	0	561	0	16,996

d — Other comprehensive income of the consolidated comprehensive income statement

Other reserves comprise certain changes directly recognized in equity. These are in particular differences arising from foreign currency translation as well as actuarial gains and losses arising from the defined benefit pension and severance obligations, the latter after considering deferred income taxes.

In 2020, profit and loss recognized in other comprehensive income consisted of foreign currency translations with a negative amount of thous. EUR 59,690 (2019: positive amount of thous. EUR 9,199) as well as actuarial losses in the amount of thous. EUR 583 (2019: thous. EUR 19,843). Thereon income taxes in the amount of thous. EUR 2,164 (2019: thous. EUR 5,309) were recognized for the financial year 2020 (see note 9d). The high foreign currency translations in the current fiscal year result in particular from the devaluation of the Russian ruble, the Turkish lira, and the Polish zloty.

14 — FINANCIAL LIABILITIES AND LEASES

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

The financial liabilities of the Group are as follows:

(in thousands of EUR)	Dec. 31, 2020	Dec. 31, 2019
Non-current interest-bearing financial liabilities	175,949	187,226
Non-current lease liabilities	39,562	45,314
Non-current financial liabilities	215,511	232,540
Current interest-bearing financial liabilities	45,843	104,494
Current lease liabilities	7,072	8,349
Current financial liabilities	52,915	112,843
Financial liabilities	268,426	345,383

a — Interest-bearing financial liabilities

As of December 31, 2020 and December 31, 2019, interest-bearing financial liabilities comprised liabilities against banks and insurance companies. These financial liabilities at current interest rates can be summarized as follows:

(in thousands of EUR)	Dec. 31, 2020
0.596 % EUR loan(s) due 2021	42,674
6.082 % CNY loan(s) due 2021	685
0.806 % EUR loan(s) due 2022	23,000
6.082 % CNY loan(s) due 2022	685
6.473 % CNY loan(s) due 2023	2,138
1.811 % EUR loan(s) due 2024	80,000
5.715 % EUR loan(s) due 2024	126
0.552 % EUR loan(s) due 2025	20,000
2.673 % EUR loan(s) due 2026	50,000
Used loan facilities	2,484
Interest-bearing financial liabilities	221,792
Thereof non-current interest-bearing financial liabilities	175,949
Thereof current interest-bearing financial liabilities	45,843

(in thousands of EUR)	Dec. 31, 2019
0.789 % EUR loan(s) due 2020	55,688
9.450 % JOD loan(s) due 2020	1,573
6.524 % CNY loan(s) due 2020	1,235
0.750 % EUR loan(s) due 2021	12,693
6.524 % CNY loan(s) due 2021	1,235
0.691 % EUR loan(s) due 2022	20,000
6.524 % CNY loan(s) due 2022	1,235
6.524 % CNY loan(s) due 2023	2,063
1.846 % EUR loan(s) due 2024	80,000
0.691 % EUR loan(s) due 2025	20,000
2.673 % EUR loan(s) due 2026	50,000
Used loan facilities	45,998
Interest-bearing financial liabilities	291,720
Thereof non-current interest-bearing financial liabilities	187,226
Thereof current interest-bearing financial liabilities	104,494

As of December 31, 2020, the weighted average interest rate for these financial liabilities was 1.614 % (December 31, 2019: 1.610 %).

As of December 31, 2020, the Group had available current interest-bearing loan facilities in the amount of thous. EUR 2,484 (December 31, 2019: thous. EUR 45,998), of which thous. EUR 2,484 (December 31, 2019: thous. EUR 45,998) had been used as of the balance sheet date. As of December 31, 2020, the weighted average interest rate of these current loans, used by foreign subsidiaries, was 1.279 % (December 31, 2019: loan facilities mainly used by subsidiaries in Austria: 1.239 %). These loans are subject to common banking terms and conditions.

Of the interest-bearing financial liabilities, loans in the amount of thous. EUR 118,328 (December 31, 2019: thous. EUR 141,171) are subject to a fixed interest rate, whose fair value amounts to thous. EUR 126,929 as of December 31, 2020 (December 31, 2019: thous. EUR 149,023). The calculation is based on the present value of future cash flows discounted by the currently observable yield curve (Level 2). Amortized costs represent a proper approximation to the fair value for financial liabilities subject to variable interest rates.

No collaterals were provided in order to secure the financial liabilities described above. As of December 31, 2020, the Group had unused non-current credit lines available in the amount of thous. EUR 900,000 (December 31, 2019: thous. EUR 400,000).

As of December 31, 2020, the current revolving bank credits in an amount of thous. EUR 37,980 (December 31, 2019: thous. EUR 37,980) are included in the interest-bearing financial liabilities.

b — Leases

The Group is predominantly the lessee in lease transactions. Until the financial year 2018, leases of property, plant and equipment were classified as either finance leases or operating leases. As of January 1, 2019, leases have been recognized as right-of-use asset and a corresponding liability at the date at which the leased asset has become available for use by the Group. All contracts which were identified as leases according to IAS 17 as of December 31, 2018 were taken over into IFRS 16.

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 associated with short-term leases of equipment and vehicles and all leases of low-value assets are not recognized on 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 property and equipment 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 recognized in the balance sheet as of December 31, 2020 and December 31, 2019 is presented below:

(in thousands of EUR)	Dec. 31, 2020	Dec. 31, 2019
Non-current lease liabilities	39,562	45,314
Current lease liabilities	7,072	8,349
Lease liabilities	46,634	53,663

Total cash outflows for leases in 2020 were thous. EUR 9,907 (2019: thous. EUR 9,833).

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

(in thousands of EUR)	Year ended Dec. 31, 2020	Year ended Dec. 31, 2019
Expenses related to variable lease payments	5,283	5,637
Expenses related to short-term leases	1,414	1,329
Expenses related to leases of low-value assets	526	399

15 — PROVISIONS FOR NON-CURRENT LIABILITIES AND CHARGES

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

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

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

The item "Other" mainly includes post-closure obligations for inherited liabilities which have now been classified as non-current and reclassified from current to non-current provisions for clarification purposes.

a — Development of provisions for non-current liabilities and charges

In 2020, provisions for non-current liabilities and charges developed as follows:

(in thousands of EUR)	Pensions	Severance	Anniversary bonuses	Pre-retirement programs	Other	Total
Balance at Jan. 1, 2020	85,010	44,113	14,933	576	2,907	147,539
Effect of exchange rate changes	(810)	(450)	0	0	0	(1,260)
Reclassifications	0	0	(36)	0	2,816	2,780
Utilization	(4,780)	(9,998)	(1,048)	(368)	(5)	(16,199)
Reversal	0	0	(2,020)	0	(699)	(2,719)
Increase	2,083	2,628	1,977	109	4,615	11,412
IAS 19 remeasurements through other comprehensive income	(411)	991	0	0	0	580
Benefit payments from and contributions to plan assets	868	0	0	0	0	868
Balance at Dec. 31, 2020	81,960	37,284	13,806	317	9,634	143,001

In 2019, provisions for non-current liabilities and charges developed as follows:

(in thousands of EUR)	Pensions	Severance	Anniversary bonuses	Pre-retirement programs	Other	Total
Balance at Jan. 1, 2019	72,926	31,550	10,646	359	428	115,909
Effect of exchange rate changes	698	(133)	0	0	0	565
Changes in consolidated companies	367	8,474	2,400	0	0	11,241
Utilization	(4,248)	(3,319)	(747)	(286)	(4)	(8,604)
Increase	3,849	2,880	2,634	503	2,483	12,349
IAS 19 remeasurements through other comprehensive income	14,786	4,661	0	0	0	19,447
Benefit payments from and contributions to plan assets	(3,368)	0	0	0	0	(3,368)
Balance at Dec. 31, 2019	85,010	44,113	14,933	576	2,907	147,539

As of December 31, 2020, securities with a fair value of thous. EUR 1,356 (December 31, 2019: thous. EUR 1,341) have been provided as security for provisions for pre-retirement programs within the scope of the respective legal commitments. At December 31, 2020 and December 31, 2019, those securities were deducted as plan assets from the underlying obligations.

In the financial year 2020, provisions were recognized for post-closure obligations for inherited liabilities in connection with the decommissioning of the cartonboard machine in Hirschwang, Austria. In the business year 2019, there were no significant expenses arising from environmental matters.

b — Provisions for pensions and severance payments

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

Under the defined contribution plans, the Group makes fixed payments to external pension funds. Once the contributions have been made, the Group does not have any further payment obligations towards the employees. These periodical contribution payments are recognized as part of the annual pension and severance costs and amounted to thous. EUR 6,396 in the financial year 2020 (2019: thous. EUR 6,008).

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

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

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

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

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

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

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

(in %)	Dec. 31, 2020		Dec. 31, 2019	
	Pensions	Severance	Pensions	Severance
Discount rate	1.02 %	1.35 %	1.18 %	1.23 %
Salary growth rate	2.51 %	2.85 %	2.53 %	2.66 %
Pension growth rate	2.00 %	-	2.16 %	-

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" (2019: AVÖ 2018-P "Angestellte" or "Gemischt"), for Germany: Heubeck-Richttafeln 2018 G (2019: 2018 G), for Great Britain: Post Retirement and Pre Retirement: S3PA CMI_2019_M/F [1.25 %] (2019: S3PA CMI_2018_M/F [1.25 %]). As a rule, the retirement age corresponds to the respective country-specific legal regulations.

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

(in thousands of EUR)	2020		2019	
	Pensions	Severance	Pensions	Severance
Service cost	1,074	2,040	1,557	1,939
Net interest on the net defined benefit liability	877	517	1,430	964
Past service costs	0	47	0	153
Effects due to plan changes	(27)	24	727	(176)
Administration costs	159	0	135	0
Net periodic benefit cost	2,083	2,628	3,849	2,880

The defined benefit obligation and plan assets developed as follows:

(in thousands of EUR)	2020		2019	
	Pensions	Severance	Pensions	Severance
Defined benefit obligation at the beginning of the year	146,887	44,113	126,100	31,550
Effect of exchange rate changes	(2,176)	(450)	1,983	(133)
Changes in consolidated companies	0	0	2,515	8,474
Service cost	1,074	2,040	1,557	1,939
Interest cost	1,685	517	2,676	964
Past service costs	0	47	0	153
Remeasurements	(557)	991	15,577	4,661
<i>Thereof (gains)/losses from change in demographic assumptions (e.g. life expectancy, retirement age)</i>	<i>(87)</i>	<i>89</i>	<i>(979)</i>	<i>(479)</i>
<i>Thereof (gains)/losses from change in financial assumptions (e.g. discount rate, salary growth rate, pension growth rate)</i>	<i>651</i>	<i>803</i>	<i>17,470</i>	<i>4,452</i>
<i>Thereof experience (gains)/losses (deviation between actual value and planned value)</i>	<i>(1,121)</i>	<i>99</i>	<i>(914)</i>	<i>688</i>
Benefit payments	(4,780)	(9,998)	(4,248)	(3,319)
Effects due to plan changes	(27)	24	727	(176)
Defined benefit obligation at the end of the year	142,106	37,284	146,887	44,113

(in thousands of EUR)	Pensions	
	2020	2019
Fair value of plan assets at the beginning of the year	61,877	53,174
Effect of exchange rate changes	(1,366)	1,285
Changes in consolidated companies	0	2,148
Interest income	808	1,246
Administrative expense	(159)	(135)
Remeasurements	(146)	791
<i>Thereof return on plan assets excluding amounts included in interest income - net</i>	<i>(146)</i>	<i>791</i>
Employer contributions	1,483	5,024
Benefit payments from plan	(2,351)	(1,656)
Fair value of plan assets at the end of the year	60,146	61,877

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 2020 and 2019 is represented as follows:

(in thousands of EUR)	2020							
	MM Karton				MM Packaging			
	Germany	Austria	Other countries ¹⁾	Total	Germany	Austria	Other countries	Total
Net periodic benefit cost	363	981	562	1,906	818	1,057	930	2,805
Defined benefit obligation at the end of the year	24,197	46,094	42,347	112,638	34,842	22,451	9,459	66,752
Fair value of plan assets at the end of the year	902	29,835	24,685	55,422	809	3,531	384	4,724

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

(in thousands of EUR)	2019							
	MM Karton				MM Packaging			
	Germany	Austria	Other countries ¹⁾	Total	Germany	Austria	Other countries	Total
Net periodic benefit cost	535	1,730	1,315	3,580	997	1,047	1,105	3,149
Defined benefit obligation at the end of the year	26,195	52,049	42,947	121,191	37,211	23,979	8,619	69,809
Fair value of plan assets at the end of the year	920	29,245	27,321	57,486	717	3,280	394	4,391

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

The employers' contributions to plan assets for the year 2021 are expected to amount to thous. EUR 3,186. This includes a contribution for increasing plan assets and for other expenses in Great Britain in the amount of thous. EUR 3,059.

The structure of plan assets

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

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

contributions to the plan assets in Great Britain based on a contribution plan over several years. Furthermore, there are plan assets in the form of a pension plan in the Philippines and a collective foundation in Switzerland.

The portfolio structure of plan assets as of December 31, 2020 and of December 31, 2019:

(in thousands of EUR)	Dec. 31, 2020	in %	Dec. 31, 2019	in %
Equity instruments:				
– developed markets	7,460		8,497	
– emerging markets	969		1,409	
Total	8,429	14 %	9,906	16 %
Debt instruments:				
– Corporate bonds	12,311		13,855	
– Government bonds	1,987		782	
Total	14,298	24 %	14,637	24 %
Qualifying insurance policy pledged to beneficiaries	36,309	60 %	35,822	58 %
Money market investment/Bank deposit	1,110	2 %	1,469	2 %
Total	60,146	100 %	61,834	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 of an "Investment Grade".

Plan assets market price risk

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

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

(in thousands of EUR)	Dec. 31, 2020		Dec. 31, 2019	
	Pensions	Severance	Pensions	Severance
Defined benefit obligation	142,106	37,284	146,887	44,113
<i>Thereof obligations covered by provisions</i>	<i>57,210</i>	<i>37,284</i>	<i>61,740</i>	<i>44,113</i>
<i>Thereof obligations covered by funds</i>	<i>84,896</i>	<i>0</i>	<i>85,147</i>	<i>0</i>
Less fair value of plan assets	(60,146)	0	(61,877)	0
Net liability recognized as provision for non-current liabilities and charges	81,960	37,284	85,010	44,113

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 2020		
	Change in assumption	Increase in assumption	Decrease in assumption
Discount rate	0.25 %	Decrease by 3.6 %	Increase by 3.8 %
Salary growth rate	0.25 %	Increase by 0.8 %	Decrease by 0.7 %
Pension growth rate	0.25 %	Increase by 2.5 %	Decrease by 2.4 %
		Increase by one year in assumption	
Retirement age		Decrease by 0.8 %	
Life expectancy		Increase by 3.0 %	
(in %)	Impact on the defined benefit obligation 2019		
	Change in assumption	Increase in assumption	Decrease in assumption
Discount rate	0.25 %	Decrease by 3.6 %	Increase by 3.8 %
Salary growth rate	0.25 %	Increase by 0.9 %	Decrease by 0.8 %
Pension growth rate	0.25 %	Increase by 2.5 %	Decrease by 2.3 %
		Increase by one year in assumption	
Retirement age		Decrease by 0.8 %	
Life expectancy		Increase by 3.0 %	

The weighted average duration of the defined benefit obligation is 14.8 years as of the balance sheet date (December 31, 2019: 14.8 years).

The expected maturity analysis of defined benefit obligations for the next ten years as of December 31, 2020 and December 31, 2019 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, 2020					
Defined benefit plans	6,705	5,989	19,943	42,432	75,069
As of Dec. 31, 2019					
Defined benefit plans	5,256	9,620	21,782	44,276	80,934

16 — TRADE LIABILITIES

Current liabilities are, as a rule, stated at cost which presents the consideration to be paid.

Trade liabilities amounting to thous. EUR 220,437 (December 31, 2019: thous. EUR 219,562) as of December 31, 2020 comprise liabilities from acquisition of property, plant and equipment, and intangible assets amounting to thous. EUR 21,521 (December 31, 2019: thous. EUR 19,398) which are taken into consideration by the cash flow from investing activities as non-cash transactions as well as advances from customers in an amount of thous. EUR 2,609 (December 31, 2019: thous. EUR 1,100).

17 — DEFERRED INCOME AND OTHER CURRENT LIABILITIES

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

(in thousands of EUR)	Dec. 31, 2020	Dec. 31, 2019
Obligations for personnel and social costs	91,275	82,158
Other tax liabilities	14,339	13,290
Liabilities for customer rebates and bonuses	13,266	10,782
Deferred income	7,194	3,133
Other liabilities	14,109	13,430
Deferred income and other current liabilities	140,183	122,793
Thereof financial liabilities	12,437	11,984
Thereof non-financial liabilities	127,746	110,809

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.

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, when it is probable that it will be settled and when the amount of the obligation can be reliably estimated. The amount recognized as a provision is the best estimate of the consideration required to settle the present obligation at the end of the reporting period.

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

In the financial year 2020, provisions for current liabilities and charges developed as follows:

(in thousands of EUR)	Sales	Other provisions	Total
Balance at Jan. 1, 2020	4,363	7,827	12,190
Effect of exchange rate changes	(190)	(69)	(259)
Reclassifications	0	(2,816)	(2,816)
Utilization	(2,041)	(1,393)	(3,434)
Reversal	(132)	(268)	(400)
Increase	2,036	14,615	16,651
Balance at Dec. 31, 2020	4,036	17,896	21,932

In the financial year 2019, provisions for current liabilities and charges developed as follows:

(in thousands of EUR)	Sales	Other provisions	Total
Balance at Jan. 1, 2019	3,935	7,954	11,889
Effect of exchange rate changes	(7)	4	(3)
Changes in consolidated companies	412	192	604
Utilization	(1,766)	(2,785)	(4,551)
Reversal	(317)	(258)	(575)
Increase	2,106	2,720	4,826
Balance at Dec. 31, 2019	4,363	7,827	12,190

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

The position "Other provisions" primarily comprises provisions for restructuring measures in the amount of thous. EUR 11,208 (December 31, 2019: thous. EUR 15), litigations and legal costs, as well as other taxes.

In the interest of clarity, post-closure obligations for inherited liabilities are now classified as non-current and reclassified to "Non-current provisions for liabilities and charges" (see note 15).

19 — SEGMENT REPORTING INFORMATION

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

The division MM Karton manufactures and distributes numerous grades of cartonboard, focusing in particular on coated cartonboard made primarily from recycled fibers.

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, pharmaceutical packaging, and high-grade confectionary).

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

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

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

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

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

Revenue recognition

Revenues comprise all income generated by the typical business activities of the Mayr-Melnhof 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 recognized at a point in time based on the agreed individual terms of delivery.

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

(in thousands of EUR)	2020			
	MM Karton	MM Packaging	Eliminations	Consolidated
Sales to external customers	934,501	1,593,898	0	2,528,399
Intersegment sales	116,251	318	(116,569)	0
Total sales	1,050,752	1,594,216	(116,569)	2,528,399
Operating profit	86,695	144,685	0	231,380
Financial income	421	1,593	(302)	1,712
Financial expenses	(3,158)	(5,007)	302	(7,863)
Profit before tax	83,346	138,728	0	222,074
Income tax expense	(24,987)	(34,857)	0	(59,844)
Profit for the year	58,359	103,871	0	162,230
Capital expenditures	95,022	62,617	0	157,639
Depreciation and amortization ¹⁾	(54,262)	(81,702)	0	(135,964)
Impairments ¹⁾	(23,735)	(7,782)	0	(31,517)
Segment assets	1,218,682	1,421,188	(240,300)	2,399,570
Segment liabilities	378,009	714,763	(240,300)	852,472
Employees as of December 31	2,417	7,521		9,938

¹⁾ for property, plant and equipment, and intangible assets

(in thousands of EUR)	2019			Consolidated
	MM Karton	MM Packaging	Eliminations	
Sales to external customers	967,219	1,577,190	0	2,544,409
Intersegment sales	111,078	765	(111,843)	0
Total sales	1,078,297	1,577,955	(111,843)	2,544,409
Operating profit	110,436	144,835	0	255,271
Financial income	421	1,363	(319)	1,465
Financial expenses	(3,079)	(5,634)	319	(8,394)
Profit before tax	106,317	144,812	0	251,129
Income tax expense	(27,449)	(33,461)	0	(60,910)
Profit for the year	78,868	111,351	0	190,219
Capital expenditures	84,757	66,243	0	151,000
Depreciation and amortization ¹⁾	(51,750)	(82,579)	0	(134,329)
Impairments ¹⁾	0	0	0	0
Segment assets	1,195,247	1,486,206	(258,800)	2,422,653
Segment liabilities	380,896	792,248	(258,800)	914,344
Employees as of December 31	2,516	7,498		10,014

¹⁾ for property, plant and equipment, and intangible assets

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

(in thousands of EUR)	2020			2019		
	Net sales	Non-current assets	Capital expenditures	Net sales	Non-current assets	Capital expenditures
Austria	47,387	488,216	44,551	52,686	511,304	34,200
Germany	428,202	316,134	42,619	435,898	312,984	51,426
France	273,938	74,546	8,033	273,151	79,128	8,330
Great Britain	231,991	15,237	3,652	222,443	14,239	6,700
Other Western European countries	415,486	78,885	12,915	405,505	75,311	11,042
Eastern Europe (including Turkey)	715,985	231,644	35,959	726,173	244,263	27,558
Asia and MENA	256,693	100,649	7,224	258,885	112,165	8,085
The Americas	123,859	37,508	2,686	134,515	44,073	3,659
Other	34,858	0	0	35,153	0	0
Consolidated total	2,528,399	1,342,819	157,639	2,544,409	1,393,467	151,000

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

20 — OTHER OPERATING INCOME

(in thousands of EUR)	Year ended Dec. 31, 2020	Year ended Dec. 31, 2019
Insurance claims	6,645	2,982
Rental income	1,641	1,409
Gains and losses from disposal of property, plant and equipment, and intangible assets – net	625	623
Other income – net	10,897	6,868
Other operating income	19,808	11,882

Insurance claims include an insurance compensation in connection with the fire in Hirschwang, which has been netted with the causal expenses to the extent permissible (see note 5).

Other income – net includes income from compensation for damages in an amount of thous. EUR 2,090 (2019: thous. EUR 2,692), government grants in the amount of thous. EUR 1,356 (2019: thous. EUR 427), energy efficiency refunds in the amount of thous. EUR 2,479 (2019: thous. EUR 846) and a variety of individual items.

21 — EXPENSES BY NATURE

The consolidated income statements are prepared using the presentation of expenses by function. The following tables comprise a breakdown of expenses by nature for the financial years 2020 and 2019:

(in thousands of EUR)	Year ended Dec. 31, 2020	Year ended Dec. 31, 2019
Cost of materials and purchased services	1,317,888	1,362,118
Personnel expenses	526,548	496,774
Depreciation and amortization ¹⁾	135,964	134,329
Impairments ¹⁾	31,517	0
Other expenses	304,910	307,799
Total cost of sales, selling and distribution, administrative and other operating expenses	2,316,827	2,301,020

¹⁾ for property, plant and equipment, and intangible assets

(in thousands of EUR)	Year ended Dec. 31, 2020	Year ended Dec. 31, 2019
Cost of materials and purchased services	1,317,888	1,362,118
Personnel expenses	363,329	350,236
Depreciation and amortization ¹⁾	114,716	112,502
Impairments ¹⁾	29,237	0
Other expenses	88,709	92,668
Cost of sales	1,913,879	1,917,524

¹⁾ for property, plant and equipment, and intangible assets

(in thousands of EUR)	Year ended Dec. 31, 2020	Year ended Dec. 31, 2019
Personnel expenses	163,219	146,538
Depreciation and amortization ¹⁾	21,248	21,827
Impairments ¹⁾	2,280	0
Other expenses	216,201	215,131
Total selling and distribution, administrative and other operating expenses	402,948	383,496

¹⁾ for property, plant and equipment, and intangible assets

22 — PERSONNEL EXPENSES

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

(in thousands of EUR)	Year ended Dec. 31, 2020	Year ended Dec. 31, 2019
Gross wages	224,767	222,030
Gross salaries	176,034	167,879
Severance expenses	25,540	3,928
Pension expenses	7,116	7,577
Expenses for statutory social security as well as payroll-related taxes and compulsory contributions	82,917	82,473
Other welfare expenses	10,174	12,887
Total	526,548	496,774

The average number of employees is as follows:

(Number of persons)	Year ended Dec. 31, 2020	Year ended Dec. 31, 2019
Factory workers	7,689	7,857
Office staff	2,287	2,315
Total	9,976	10,172

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)	Year ended Dec. 31, 2020	Year ended Dec. 31, 2019
Salaries and other short-term employee benefits (incl. remuneration of the Supervisory Board)	10,196	10,698
Post-employment benefits	575	5,546
Termination benefits	6,716	763
Total	17,487	17,007

The remuneration of the members of the Management Board is as follows:

(in thousands of EUR)	Year ended Dec. 31, 2020	Year ended Dec. 31, 2019
Fixed remuneration	3,500	2,756
Variable remuneration	5,999	7,445
Total	9,499	10,201

The provision for variable compensations that has not yet been paid out amounted to thous. EUR 7,376 as of December 31, 2020 (December 31, 2019: thous. EUR 8,101).

In the financial year 2020, a company pension was paid to former board members and their surviving dependents, amounting to thous. EUR 328 (2019: thous. EUR 97).

The remuneration of the members of the Supervisory Board elected by the shareholders for the financial year 2020 amounted to thous. EUR 697 (2019: thous. EUR 497).

23 — EXPENSES FOR THE GROUP AUDITOR

The 26th Ordinary Shareholders' Meeting on April 29, 2020 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 2020, expenses for services rendered by PwC Wirtschaftsprüfung GmbH in Austria amounted to thous. EUR 461 (2019: thous. EUR 397), of which thous. EUR 405 (2019: thous. EUR 376) were related to auditing and other assurance services and thous. EUR 56 (2019: thous. EUR 21) were related to other services.

24 — RESEARCH AND DEVELOPMENT EXPENSES

Research and development costs are recognized as expenses as incurred. Neither as of December 31, 2020 nor as of December 31, 2019 have any development costs been capitalized.

Research and development costs recognized as expenses in the income statement amounted to thous. EUR 2,777 in the financial year 2020 (2019: thous. EUR 2,997).

25 — FINANCIAL INCOME

(in thousands of EUR)	Year ended Dec. 31, 2020	Year ended Dec. 31, 2019
Interest from bank deposits	1,592	1,359
Other financial income	120	106
Total financial income	1,712	1,465

26 — FINANCIAL EXPENSES

(in thousands of EUR)	Year ended Dec. 31, 2020	Year ended Dec. 31, 2019
Interest expense related to financial liabilities	(4,786)	(5,301)
Interest expense on lease liabilities	(1,585)	(1,673)
Other financial expenses	(1,492)	(1,420)
Total financial expenses	(7,863)	(8,394)

Other financial expenses comprise commitment fees for unused credit lines.

27 — OTHER FINANCIAL RESULT – NET

(in thousands of EUR)	Year ended Dec. 31, 2020	Year ended Dec. 31, 2019
Foreign currency exchange rate gains (losses) – net	(2,758)	5,226
Net interest cost from benefit obligation	(1,499)	(2,605)
Dividend income	344	283
Interest effect from other non-current provisions	305	0
Result from investments accounted for using the equity method	284	(294)
Other financial income	169	177
Other financial result – net	(3,155)	2,787

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, 2020 nor as of December 31, 2019, 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.

	Year ended Dec. 31, 2020	Year ended Dec. 31, 2019
Profit attributable to ordinary shareholders of the parent company (in thousands of EUR)	161,188	189,743
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)	8.06	9.49

As in the previous year, the number of shares issued as of December 31, 2020 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 the 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 the results of its operations, 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 legislations and regulations in the countries in which it operates. Expenditures for environmental matters which relate to existing conditions caused by past operations and have no significant future benefit are expensed as incurred. If an expense is probable and the respective amount can be reliably estimated, the Group recognizes provisions for environmental risks and post-closure obligations (see note 15).

Other contingent liabilities

At December 31, 2020, purchase obligations for fixed assets regarding planned capital expenditures maturing within one year amounted to thous. EUR 169,987 (December 31, 2019: thous. EUR 36,059). This development is mainly due to planned Group-wide investment programs focusing on expansion and renewal.

In addition, the Group has entered into an agreement (see note 32) to acquire Kotkamills Group Oyj ("Kotkamills").

30 — DISCLOSURES ON TRANSACTIONS WITH RELATED PARTIES

Raw materials for the production of cartonboard amounting to thous. EUR 5,919 were purchased from other related companies in 2020 (2019: thous. EUR 7,268). As of December 31, 2020, trade liabilities with other related companies amounted to thous. EUR 810 (December 31, 2019: thous. EUR 1,100).

In 2020, sales from transactions with associated companies amounted to thous. EUR 949 (2019: thous. EUR 1,549). As of December 31, 2020, trade and other receivables with associated companies amounted to thous. EUR 312 (December 31, 2019: thous. EUR 468), while trade liabilities with associated companies amounted to thous. EUR 0 (December 31, 2019: thous. EUR 311).

Raw materials amounting to thous. EUR 1,048 were purchased from joint ventures in 2020 (2019: thous. EUR 409). As of December 31, 2020, trade liabilities with joint ventures amounted to thous. EUR 0 (December 31, 2019: thous. EUR 297).

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

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

Expenses for consulting services rendered by two members of the Supervisory Board amounted to thous. EUR 120 (2019: thous. EUR 30). As of December 31, 2020, liabilities of thous. EUR 41 (December 31, 2019: thous. EUR 0) were recognized in this context. Standard market rates were charged for these consulting services.

For information about 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, 2020	Dec. 31, 2019
Fixed deposits	38,857	24,447
Unrestricted bank deposits and cash	107,330	102,292
Other restricted bank deposits	54	68
Cash and cash equivalents	146,241	126,807

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 decreased from thous. EUR 331,421 to thous. EUR 318,184. This change is due to a lower cash-effective result and higher income tax payments.

In 2020, 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 -380,554 to thous. EUR -142,860. This difference mainly results from the purchase price payment for the acquisition of the Tann-Group last year. In the financial year 2020, higher payments for the acquisition of property, plant and equipment, and intangible assets contrasted with a cash inflow from the provision of government grants in the amount of thous. EUR 6,150.

Cash flow from financing activities changed from thous. EUR -87,141 to thous. EUR -150,803, which is mainly due to loan repayments in 2020.

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

(in thousands of EUR)	Non-current interest-bearing financial liabilities	Current interest- bearing financial liabilities	Total
Balance at Jan. 1, 2020	232,540	112,843	345,383
Issuances of financial liabilities	514	128	642
Repayments of financial liabilities	0	(78,256)	(78,256)
Total cash changes	514	(78,128)	(77,614)
Effect of exchange rates	(576)	(331)	(907)
Other non-cash changes	(16,967)	18,531	1,564
Total non-cash changes	(17,543)	18,200	657
Balance at Dec. 31, 2020	215,511	52,915	268,426

Other non-cash changes mainly include additions to lease liabilities which contrasted with the acquisition of assets at the same amount.

(in thousands of EUR)	Non-current interest-bearing financial liabilities	Current interest- bearing financial liabilities	Total
Balance at Jan. 1, 2019	177,348	34,334	211,682
Issuances of financial liabilities	870	188,149	189,019
Repayments of financial liabilities	(943)	(202,027)	(202,970)
Total cash changes	(73)	(13,878)	(13,951)
Acquisition of subsidiaries	32,040	58,575	90,615
Effect of exchange rates	127	77	204
Initial application of IFRS 16	46,155	6,800	52,955
Other non-cash changes	(23,057)	26,935	3,878
Total non-cash changes	55,265	92,387	147,652
Balance at Dec. 31, 2019	232,540	112,843	345,383

32 — SIGNIFICANT SUBSEQUENT EVENTS AND FURTHER INFORMATION

With the agreement concluded in December 2020 between the Mayr-Melnhof Group and the previous owners of Kotkamills Group Oyj ("Kotkamills"), the Group acquires their shares at an enterprise value of approximately EUR 425 million less net debt to be taken over. The addition of Kotkamills will expand MM Karton's position in the attractive virgin fiber-based cartonboard (FBB) and Food Service Board (FSB) market, complementing its established position in recycled fiber-based cartonboard.

Kotkamills operates two board/paper machines at its integrated mill in Kotka (Southern Finland) and is a globally leading company, especially with its Saturated Kraft paper machine. Kotkamills employs about 500 people and most recently generated an EBITDA of around EUR 55 million with sales amounting to approx. EUR 380 million.

The transaction is subject to customary closing conditions and the approval of regulatory authorities. Closing of the transaction and inclusion of the business combination in the consolidated financial statements are expected by mid-2021.

On February 12, 2021, the Mayr-Melnhof Group has agreed to acquire International Paper (Poland) Holding sp. z o. o. ("Kwidzyn") from International Paper for a debt-and cash-free amount of around EUR 670 million and additionally assuming lease liabilities of around EUR 33 million. The acquisition of Kwidzyn is part of the Group's strategy to grow in the high-quality virgin fiber-based cartonboard sector (FBB) with innovative, sustainable and cost effective grades and creates an attractive growth potential. The planned transaction will have an immediate impact on earnings. At its integrated pulp and paper site in Poland, Kwidzyn operates a pulp mill with four integrated cartonboard/paper machines. About 2,300 employees work at the mill. In 2020, an adjusted EBITDA of approx. EUR 92 million was generated with sales amounting to approx. EUR 510 million.

The transaction is subject to customary closing conditions. Closing of the transaction is expected for the third quarter of 2021.

Both acquisitions will be integrated into the division MM Karton. The effects of both business combinations on the financial situation and profitability of the Group depend, subject to closing, on the results of the purchase price allocation and the related fair value measurement of the assets and liabilities and cannot be estimated at this point in time.

In order to finance the acquisitions, Mayr-Melnhof Karton AG raised loans in the form of *Schuldscheinen* and *Namenschuldverschreibungen* in the amount of EUR 1,000 million in February 2021. The durations of the loans, subject to interest at market conditions, are between 5 and 15 years.

Besides this, there have been no subsequent events after the balance sheet date with material effect on the consolidated financial statements of the Group.

33 — TABLE OF AFFILIATED AND ASSOCIATED COMPANIES

2020					2019				
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⁾
Mayr-Melnhof Service GmbH, Vienna (AUT)	EUR	35	100.00 %	FC ⁽¹⁾	Ultimatec Engineering GmbH, Vienna (AUT)	EUR	35	100.00 %	FC ⁽¹⁾
MM KARTON					MM KARTON				
Baiersbronn Frischfaser Karton GmbH, Baiersbronn (DEU)	EUR	2,050	100.00 %	FC ⁽¹⁾	Baiersbronn Frischfaser Karton GmbH, Baiersbronn (DEU)	EUR	2,050	100.00 %	FC ⁽¹⁾
-	-	-	-	-	CartPrint AG i. l., Vaduz (LIE)	EUR	50	100.00 %	FC ⁽¹⁾
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⁾
FS-Karton GmbH, Baiersbronn (DEU)	EUR	7,500	100.00 %	FC ⁽¹⁾	FS-Karton GmbH, Baiersbronn (DEU)	EUR	7,500	100.00 %	FC ⁽¹⁾
Industriewater Eerbeek B.V., Eerbeek (NLD)	EUR	143	37.50 %	NE ⁽²⁾	Industriewater Eerbeek B.V., Eerbeek (NLD)	EUR	143	37.50 %	NE ⁽²⁾
Kolicevo Karton Proizvodnja kartona, d.o.o., Domzale (SVN)	EUR	12,828	100.00 %	FC ⁽¹⁾	Kolicevo Karton Proizvodnja kartona, d.o.o., Domzale (SVN)	EUR	12,828	100.00 %	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⁾
Mayr-Melnhof Cartonboard International GmbH, Vienna (AUT)	EUR	5,000	100.00 %	FC ⁽¹⁾	Mayr-Melnhof Cartonboard International GmbH, Vienna (AUT)	EUR	5,000	100.00 %	FC ⁽¹⁾
Mayr-Melnhof Eerbeek B.V., Eerbeek (NLD)	EUR	7,300	100.00 %	FC ⁽¹⁾	Mayr-Melnhof Eerbeek B.V., Eerbeek (NLD)	EUR	7,300	100.00 %	FC ⁽¹⁾
Mayr-Melnhof Gernsbach GmbH, Gernsbach (DEU)	EUR	9,205	100.00 %	FC ⁽¹⁾	Mayr-Melnhof Gernsbach GmbH, Gernsbach (DEU)	EUR	9,205	100.00 %	FC ⁽¹⁾
Mayr-Melnhof Karton Gesellschaft m.b.H., Frohnleiten (AUT)	EUR	7,500	100.00 %	FC ⁽¹⁾	Mayr-Melnhof Karton Gesellschaft m.b.H., Frohnleiten (AUT)	EUR	7,500	100.00 %	FC ⁽¹⁾
MM Karton FollaCell AS, Follafooss (NOR)	NOK	10,000	100.00 %	FC ⁽¹⁾	MM Karton FollaCell AS, Verran (NOR)	NOK	10,000	100.00 %	FC ⁽¹⁾
MM Karton Turkey Ticaret Limited Sirketi i. l., Istanbul (TUR)	TRY	10	100.00 %	FC ⁽¹⁾	MM Karton Turkey Ticaret Limited Sirketi, Istanbul (TUR)	TRY	10	100.00 %	FC ⁽¹⁾
Stort Doonweg B.V., Eerbeek (NLD)	EUR	18	50.00 %	NE ⁽²⁾	Stort Doonweg B.V., Eerbeek (NLD)	EUR	18	50.00 %	NE ⁽²⁾

2020					2019				
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 Karton					Trading companies & sales offices of MM Karton				
Austria Cartón S.A., Barcelona (ESP)	EUR	60	75.00 %	FC ¹⁾	Austria Cartón S.A., Barcelona (ESP)	EUR	60	75.00 %	FC ¹⁾
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 Cartonboard UK Limited, Theale-Reading (GBR)	GBP	1,000	100.00 %	FC ¹⁾	Mayr-Melnhof Cartonboard UK Limited, Theale-Reading (GBR)	GBP	1,000	100.00 %	FC ¹⁾
Mayr-Melnhof France SARL, Paris (FRA)	EUR	8	100.00 %	FC ¹⁾	Mayr-Melnhof France SARL, Paris (FRA)	EUR	8	100.00 %	FC ¹⁾
Mayr-Melnhof Italia S.R.L., Milan (ITA)	EUR	51	75.00 %	FC ¹⁾	Mayr-Melnhof Italia S.R.L., Milan (ITA)	EUR	51	75.00 %	FC ¹⁾
Mayr-Melnhof Karton Polska Sp. z o.o., Poznan (POL)	PLN	50	100.00 %	FC ¹⁾	Mayr-Melnhof Karton Polska Sp. z o.o., Poznan (POL)	PLN	50	100.00 %	FC ¹⁾
Mayr-Melnhof Mediterra SARL, Tunis (TUN)	TND	80	100.00 %	FC ¹⁾	Mayr-Melnhof Mediterra SARL, Tunis (TUN)	TND	80	100.00 %	FC ¹⁾
Mayr-Melnhof Benelux B.V., Amstelveen (NLD)	EUR	91	100.00 %	FC ¹⁾	Mayr-Melnhof Benelux B.V., Amstelveen (NLD)	EUR	91	100.00 %	FC ¹⁾
Mayr-Melnhof & Wilfried Heinzl Tehran Co., Tehran (IRN)	IRR	100,000	36.00 %	NE ²⁾	Mayr-Melnhof & Wilfried Heinzl Tehran Co., Tehran (IRN)	IRR	100,000	36.00 %	NE ²⁾
MM Guang Zhou Yue Ran Paper Co., Ltd. i. l., Guangzhou (CHN)	CNY	1,500	100.00 %	NC ⁴⁾	MM Guang Zhou Yue Ran Paper Co., Ltd., Guangzhou (CHN)	CNY	1,500	100.00 %	NC ⁴⁾
MM Karton Bulgaria EOOD, Sofia (BGR)	BGN	5	100.00 %	FC ¹⁾	MM Karton Bulgaria EOOD, Sofia (BGR)	BGN	5	100.00 %	FC ¹⁾
MM Karton Praha s.r.o., Prague (CZE)	CZK	820	100.00 %	FC ¹⁾	MM Karton Praha s.r.o., Prague (CZE)	CZK	820	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 Kartonvertrieb GmbH, Neuss (DEU)	EUR	26	100.00 %	FC ¹⁾	MM Kartonvertrieb GmbH, Neuss (DEU)	EUR	26	100.00 %	FC ¹⁾
MM Prodaja Kartona, trgovina s kartonom d.o.o., Domzale (SVN)	EUR	30	100.00 %	FC ¹⁾	MM Prodaja Kartona, trgovina s kartonom d.o.o., Domzale (SVN)	EUR	30	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⁾

2020					2019				
Company name	Currency	Nominal capital in thousand currency units	Shareholding in %	Type of consolidation	Company name	Currency	Nominal capital in thousand currency units	Shareholding in %	Type of consolidation
MM PACKAGING					MM PACKAGING				
Al-Ekbal Printing & Packaging Co. i. l., Amman (JOR)	JOD	3,500	86.94 %	FC ¹⁾	Al-Ekbal Printing & Packaging Co. i. l., Amman (JOR)	JOD	3,500	86.94 %	FC ¹⁾
Beaucrest Limited, Hong Kong (HKG)	HKD	1	100.00 %	NC ⁴⁾	Beaucrest Limited, Hong Kong (HKG)	HKD	1	100.00 %	NC ⁴⁾
C.P. Schmidt GmbH, Kaiserslautern (DEU)	EUR	3,000	100.00 %	FC ¹⁾	C.P. Schmidt GmbH, Kaiserslautern (DEU)	EUR	3,000	100.00 %	FC ¹⁾
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⁾
Mayr-Melnhof Graphia Izmir Karton sanayi ve ticaret anonim sirketi, Izmir (TUR)	TRY	24,613	100.00 %	FC ¹⁾	Mayr-Melnhof Graphia Izmir Karton sanayi ve ticaret anonim sirketi, Izmir (TUR)	TRY	24,613	100.00 %	FC ¹⁾
Mayr-Melnhof Gravure GmbH, Trier (DEU)	EUR	7,000	100.00 %	FC ¹⁾	Mayr-Melnhof Gravure GmbH, Trier (DEU)	EUR	7,000	100.00 %	FC ¹⁾
Mayr-Melnhof Packaging Austria GmbH, Vienna (AUT)	EUR	3,050	100.00 %	FC ¹⁾	Mayr-Melnhof Packaging Austria GmbH, Vienna (AUT)	EUR	3,050	100.00 %	FC ¹⁾
Mayr-Melnhof Packaging Iberica SL, Valencia (ESP)	EUR	7,500	100.00 %	FC ¹⁾	Mayr-Melnhof Packaging Iberica SL, Valencia (ESP)	EUR	7,500	100.00 %	FC ¹⁾
Mayr-Melnhof Packaging International GmbH, Vienna (AUT)	EUR	5,000	100.00 %	FC ¹⁾	Mayr-Melnhof Packaging International GmbH, Vienna (AUT)	EUR	5,000	100.00 %	FC ¹⁾
Mayr-Melnhof Packaging International GmbH / Jordan PSC, Amman (JOR)	JOD	5,000	100.00 %	FC ¹⁾	Mayr-Melnhof Packaging International GmbH / Jordan PSC, Amman (JOR)	JOD	5,000	100.00 %	FC ¹⁾
Mayr-Melnhof Packaging Marinetti Limitada, Santiago de Chile (CHL)	CLP	5,000	100.00 %	FC ¹⁾	Mayr-Melnhof Packaging Marinetti Limitada, Santiago de Chile (CHL)	CLP	5,000	100.00 %	FC ¹⁾
Mayr-Melnhof Packaging Romania S.R.L., Blejoi (ROU)	RON	5,504	100.00 %	FC ¹⁾	Mayr-Melnhof Packaging Romania S.R.L., Blejoi (ROU)	RON	5,504	100.00 %	FC ¹⁾
Mayr-Melnhof Packaging UK Limited, Deeside (GBR)	GBP	9,700	100.00 %	FC ¹⁾	Mayr-Melnhof Packaging UK Limited, Deeside (GBR)	GBP	9,700	100.00 %	FC ¹⁾
Mayr-Melnhof Printing and Packaging Tehran Company, Private Joint Stock, Tehran (IRN)	IRR	514,800,000	99.56 %	FC ¹⁾	Mayr-Melnhof Printing and Packaging Tehran Company, Private Joint Stock, Tehran (IRN)	IRR	514,800,000	99.56 %	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⁾
MM Graphia GmbH, Bielefeld (DEU)	EUR	25	100.00 %	FC ¹⁾	MM Graphia GmbH, Bielefeld (DEU)	EUR	25	100.00 %	FC ¹⁾
MM Graphia Innovaprint GmbH, Bielefeld (DEU)	EUR	500	100.00 %	FC ¹⁾	MM Graphia Innovaprint GmbH, Bielefeld (DEU)	EUR	500	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⁾

2020					2019				
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 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	97,000,000	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 GmbH, Bielefeld (DEU)	EUR	26	100.00 %	FC ⁽¹⁾	MM Packaging GmbH, Bielefeld (DEU)	EUR	26	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 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 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 Polygrafoformlenie Packaging LLC, St. Petersburg (RUS)	RUB	565,851	100.00 %	FC ⁽¹⁾	MM Polygrafoformlenie Packaging LLC, St. Petersburg (RUS)	RUB	565,851	100.00 %	FC ⁽¹⁾
MM Polygrafoformlenie Rotogravure LLC, St. Petersburg (RUS)	RUB	33,000	100.00 %	FC ⁽¹⁾	MM Polygrafoformlenie Rotogravure LLC, St. Petersburg (RUS)	RUB	33,000	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⁾
Neupack Gesellschaft m.b.H., Reichenau/Rax (AUT)	EUR	1,820	100.00 %	FC ⁽¹⁾	Neupack Gesellschaft m.b.H., Reichenau/Rax (AUT)	EUR	1,820	100.00 %	FC ⁽¹⁾
OOO TANN Nevskiy, Pskov (RUS)	RUB	230,000	100.00 %	FC ⁽¹⁾	OOO TANN Nevskiy, Pskov (RUS)	RUB	230,000	100.00 %	FC ⁽¹⁾
PacProject GmbH, Hamburg (DEU)	EUR	26	100.00 %	FC ⁽¹⁾	PacProject GmbH, Hamburg (DEU)	EUR	26	69.77 %	FC ⁽¹⁾
Private Joint Stock Company "Graphia Ukraina", Cherkassy (UKR)	UAH	5,880	94.78 %	FC ⁽¹⁾	Private Joint Stock Company "Graphia Ukraina", Cherkassy (UKR)	UAH	5,880	94.78 %	FC ⁽¹⁾
R + S Stanzformen GmbH, Niederdorfelden (DEU)	EUR	260	100.00 %	FC ⁽¹⁾	R + S Stanzformen GmbH, Niederdorfelden (DEU)	EUR	260	100.00 %	FC ⁽¹⁾
Société Tunisienne des Emballages Modernes, Tunis (TUN)	TND	9,640	45.00 %	EC ⁽⁹⁾	Société Tunisienne des Emballages Modernes, Tunis (TUN)	TND	9,640	45.00 %	EC ⁽⁹⁾
Superpak Ambalaj sanayi ve ticaret anonim sirketi, Izmir (TUR)	TRY	116,331	100.00 %	FC ⁽¹⁾	Superpak Ambalaj sanayi ve ticaret anonim sirketi, Izmir (TUR)	TRY	116,331	100.00 %	FC ⁽¹⁾

CONSOLIDATED FINANCIAL STATEMENTS

2020					2019				
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
TANN ARGENTINA S.A., Buenos Aires (ARG)	ARS	12	100.00 %	NC ⁴⁾	TANN ARGENTINA S.A., Buenos Aires (ARG)	ARS	12	100.00 %	NC ⁴⁾
Tann Beteiligungs GmbH, Traun (AUT)	EUR	35	100.00 %	FC ¹⁾	sigmavista it consulting gmbh, Traun (AUT)	EUR	35	100.00 %	FC ¹⁾
TANN Colombiana S.A.S., La Ceja/Medellin (COL)	COP	351,000	100.00 %	FC ¹⁾	TANN Colombiana S.A.S., La Ceja/Medellin (COL)	COP	351,000	100.00 %	FC ¹⁾
TANN GERMANY GmbH, Glinde (DEU)	EUR	512	100.00 %	FC ¹⁾	TANN GERMANY GmbH, Glinde (DEU)	EUR	512	100.00 %	FC ¹⁾
TANN Holding GmbH, Traun (AUT)	EUR	70	100.00 %	FC ¹⁾	TANN Holding GmbH, Traun (AUT)	EUR	70	100.00 %	FC ¹⁾
TANN Invest GmbH, Traun (AUT)	EUR	35	100.00 %	FC ¹⁾	TANN Invest GmbH, Traun (AUT)	EUR	35	100.00 %	FC ¹⁾
TANN Longyou Ltd., Longyou (Zhejiang) (CHN)	CNY	97,245	95.69 %	FC ¹⁾	TANN Longyou Ltd., Longyou (Zhejiang) (CHN)	CNY	97,245	95.69 %	FC ¹⁾
TANN PAPER Limited, Woodstock (New Brunswick) (CAN)	CAD	600	100.00 %	FC ¹⁾	TANN PAPER Limited, Woodstock (New Brunswick) (CAN)	CAD	600	100.00 %	FC ¹⁾
TANN Philippines, Inc., Santo Tomas (Batangas) (PHL)	PHP	470,000	100.00 %	FC ¹⁾	TANN Philippines, Inc., Santo Tomas (Batangas) (PHL)	PHP	470,000	100.00 %	FC ¹⁾
TANN Service GmbH, Traun (AUT)	EUR	35	100.00 %	FC ¹⁾	TANN Service GmbH, Traun (AUT)	EUR	35	100.00 %	FC ¹⁾
TANN Shanghai Co., Ltd., Shanghai (CHN)	CNY	31,522	51.00 %	FC ¹⁾	TANN Shanghai Co., Ltd., Shanghai (CHN)	CNY	31,522	51.00 %	FC ¹⁾
TANNPAPIER GmbH, Traun (AUT)	EUR	1,000	100.00 %	FC ¹⁾	TANNPAPIER GmbH, Traun (AUT)	EUR	1,000	100.00 %	FC ¹⁾
TBG Development Philippines, Inc., Makati City (Metro Manila) (PHL)	PHP	53,320	100.00 %	FC ¹⁾	TBG Development Philippines, Inc., Makati City (Metro Manila) (PHL)	PHP	53,320	100.00 %	FC ¹⁾
VTV Verpackungstechnische Verfahren GmbH, Kaiserslautern (DEU)	EUR	200	100.00 %	FC ¹⁾	VTV Verpackungstechnische Verfahren GmbH, Kaiserslautern (DEU)	EUR	200	100.00 %	FC ¹⁾
Zhejiang TF Special Papers Co., Ltd., Quzhou (CHN)	CNY	50,000	40.00 %	EC ³⁾	Zhejiang TF Special Papers Co., Ltd., Quzhou (CHN)	CNY	50,000	40.00 %	EC ³⁾

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

¹⁾ FC ... fully consolidated company

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

³⁾ EC ... consolidated at equity

⁴⁾ NC ... not consolidated due to immateriality

34 — BOARD MEMBERS

During the financial year 2020, the Board Members were as follows:

Management Board

Peter OSWALD (Chairman, since April 1, 2020)
 Andreas BLASCHKE (Member of the Management Board)
 Franz HIESINGER (Member of the Management Board)
 Wilhelm HÖRMANSEDER (Chairman, until March 31, 2020)

Supervisory Board

Rainer ZELLNER (Chairman)
 Johannes GOESS-SAURAU (1st Deputy Chairman)
 Nikolaus ANKERSHOFEN (2nd Deputy Chairman)
 Romuald BERTL (Member of the Supervisory Board, until April 29, 2020)
 Guido HELD (Member of the Supervisory Board, until April 29, 2020)
 Alexander LEEB (Member of the Supervisory Board)
 Georg MAYR-MELNHOF (Member of the Supervisory Board)
 Ferdinand MAYR-MELNHOF-SAURAU (Member of the Supervisory Board, since April 29, 2020)
 Klaus RABEL (Member of the Supervisory Board, since April 29, 2020)
 Franz RAPPOLD (Member of the Supervisory Board, since April 29, 2020)
 Andreas HEMMER (Employee Representative)
 Gerhard NOVOTNY (Employee Representative)

Vienna, March 15, 2021

The Management Board

Peter Oswald m. p.

Andreas Blaschke 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 sheets as of December 31, 2020, the consolidated income statements, the consolidated statements of comprehensive income, the consolidated statements of changes in equity and the consolidated statements of cash flows 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 of December 31, 2020, and of its financial performance and cash flows for the financial year then ended in accordance with the International Financial Reporting Standards (IFRSs) as adopted by the EU and the additional requirements under section 245 a of the Austrian Commercial Code.

Basis for opinion

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

Key audit matters

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

We have structured key audit matters as follows:

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

1. Restructuring measures in Austria and Germany in 2020

Description

The fundamental decision on closing individual locations and business lines made by the Management Board and approved by the Supervisory Board resulted in restructuring measures for both divisions of the Group in the financial year 2020.

In the cartonboard division, the production of Mayr-Melnhof Karton Gesellschaft m.b.H., Frohnleiten, Austria, was discontinued at the location in Hirschwang, Austria, at the beginning of November. The closure of the cartonboard mill in Hirschwang resulted in the need for impairment of the location's property, plant and equipment and inventories. Due to the necessary reduction of workforce, a social plan was agreed with the Works Council. Moreover, provisions for post-closure obligations were set up for the inherited liabilities existing at the location. The expenses for the financial year incurred in the course of closing the mill in Hirschwang amount to thous. EUR 23,486.

In the packaging division, it was announced that the gravure printing business line of MM Graphia Bielefeld GmbH, Bielefeld, Germany, would be closed and that the production of R+S Stanzformen GmbH, Niederdorfelden, Germany, would be discontinued and the location would also be closed. In addition to the impairment losses for property, plant and equipment and inventories, this also resulted in a reduction of workforce at these two locations. The expenses for the discontinuation of the gravure printing business line at MM Graphia Bielefeld GmbH resulting from the impairment of property, plant and equipment and inventories, and from setting up a restructuring provision for costs arising from a social plan that is still to be negotiated amount to thous. EUR 6,702, and to thous. EUR 5,871 for R+S Stanzformen GmbH.

For the consolidated financial statements, there is the risk that the impairment recognized for property, plant and equipment and inventories is not complete or not appropriate in amount, and that the costs estimated by management for the provisions recognized at the balance sheet date, in particular the provisions for the social plans in Germany that have not yet been negotiated, are not reasonable.

Audit approach and key observations

For the purposes of understanding the restructuring measures resolved on in the financial year, we read the corresponding resolutions of the Company's Management Board and Supervisory Board and gained an understanding of the measures resolved on. Based thereon, we received detailed documentation from management and checked the impact of the decisions made by the Management Board on the assets to be allocated to the respective locations and the provisions to be set up.

With regard to the examination of impairment of property, plant and equipment and inventories made by the Management Board, we ascertained the completeness of the assets affected at the locations and checked the assumed values serving as basis for the impairment losses. Property, plant and equipment still reporting a fair value also after the discontinuation was impaired to the respective fair value less cost to sell. In this respect, the Management Board consulted individual external independent experts who, as requested, determined the lower fair values less cost to sell. We critically assessed the expertise, skills and objectivity of the engaged experts. We partially involved our internal measurement experts when assessing whether the significant assumptions and input parameters used are appropriate as well as whether the measurement is adequate. We examined the measurement methods applied to determine

whether they are in accordance with the relevant measurement principles for the consolidated balance sheet.

With respect to the restructuring provisions for the social plans, we gained an understanding of the structure of the employees that have been laid off or are to be laid off, and, in addition to examining whether all affected persons were included in the social plan, we examined management's significant assumptions regarding the expected payments to be made to the employees.

We examined the basis and amount of the provision for post-closure obligations for inherited liabilities set up for the Hirschwang location in the financial year. Together with external experts, we checked the Management Board's significant assumptions as to their completeness, plausibility and appropriateness. Moreover, we critically assessed the expertise, skills and objectivity of the engaged experts.

Finally, we evaluated whether the disclosures on the restructuring in the notes to the consolidated financial statements as of December 31, 2020 are complete and adequate.

The approach serving as a basis for determining the impairment of property, plant and equipment and inventories is adequate and complies with the accounting principles that are to be applied. The significant assumptions made by management for determining the impairment as well as for determining the provisions to be set up for the social plans and post-closure obligations are reasonable. The recognized impairment and expenses for costs resulting from the social plans are complete. The disclosures on the restructuring measures in Austria and in Germany in the notes to the consolidated financial statements as of December 31, 2020 comply with the provisions set forth in the IFRSs and are appropriate in relation to the impact on the Group's financial situation and profitability.

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 of December 31, 2020 under note 5 – "Changes in the consolidated companies and other significant events" in subsection c – "Other significant events in 2020" as well as in notes 6, 15 and 18.

2. Impairment of assets – Recoverability of property, plant and equipment, and the carrying amounts of the cash generating units

Description

The consolidated financial statements of Mayr-Melnhof Karton Aktiengesellschaft, Vienna, include property, plant and equipment in the amount of thous. EUR 996,472 as of December 31, 2020 (prior year: thous. EUR 1,034,471). In case of any indications in this regard pursuant to IAS 36, the Management Board evaluates whether property, plant and equipment or the carrying amounts of a cash generating unit may be impaired.

An impairment loss is recognized to the extent that the carrying amount of the asset, the group of assets or the cash generating unit exceeds the recoverable amount. The recoverable amount of an asset, a group of assets or a cash generating unit is the higher of the value in use or the fair value less cost to sell. When evaluating whether there are any indications for impairment, external and internal sources of information are to be taken into account. The Group determines the value in use by means of a discounted cash flow method (DCF method). In addition to forecasts of future cash flows (Free Cash Flows) before tax, particularly the capitalization rate (WACC) is also to be classified as such that it requires significant discretionary decisions. As already slight changes in the capitalization rate may have a significant impact on the recoverable amount, there are major estimation uncertainties with regard to determining the value in use and thus the recoverability of property, plant and equipment, 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 amounts of the asset, a group of assets or a cash generating unit, the management determines the fair value less cost to sell of the asset, the group of assets or the cash generating unit together with external independent experts, not impairing the individual assets to an amount that is lower than their respective fair value less cost to sell. In the financial year 2020, an impairment in the amount of thous. EUR 31,517 (prior year: thous. EUR 0) was recognized.

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

Audit approach and key observations

We examined the indications for a possible impairment observed by the Management Board and checked whether there were any indications that the cash generating units exposed to risk and identified in this process may be impaired. Moreover, we evaluated whether all relevant internal and external sources of information were taken into account by management. We evaluated the impairment recognized by the Management Board in the financial year as to whether the distribution of the determined impairment limited to the lower of carrying amount and fair value less cost to sell of the (impaired) assets was adequately carried out.

We partially involved our measurement experts when examining the appropriateness of the significant assumptions and input parameters as well as the measurement of the values in use and, where relevant, the fair values less cost to sell. In doing so, we particularly ascertained the appropriateness of the assumptions made with regard to the planned development of future cash flows before tax. We assessed the capitalization rates being applied and how they were derived, both with regard to the individual assumptions and parameters based on available market data and against the backdrop of a critical overall evaluation in comparison with similar companies in the packaging industry. We verified the assumptions made by management with regard to the amount of the fair values less cost to sell of the assets to be tested and reconciled them with the information made available by the external expert. We checked the measurement methods applied to determine whether they are in accordance with the measurement principles set forth in the provisions of the IFRSs.

Finally, we evaluated whether the disclosures in the notes to the consolidated financial statements on the recoverability of property, plant and equipment of the cash generating units are complete and adequate. The carrying amounts of the property, plant and equipment or 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 impairment recognized in the financial year was carried out adequately as to its basis and amount. The disclosures in the notes to the consolidated financial statements as of December 31, 2020 with regard to the recoverability of property, plant and equipment and 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 of December 31, 2020 under note 6 – "Development of fixed assets" in in subsection a – "Property, plant and equipment including leases", subsection b "Intangible assets including goodwill" and in subsection c – "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 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, 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 of 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 (IFRSs) as adopted by the EU, and the additional regulations of section 245a of the Austrian Commercial Code, and for such internal control as management determines is necessary to enable the preparation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.

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

The audit committee is responsible for overseeing the Group's financial reporting process.

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

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

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

In addition, the following applies:

We identify and assess the risks of material misstatement of the consolidated financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risks of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.

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

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

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

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

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

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

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

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

Report on Other Legal and Regulatory Requirements

Comments on the Management Report for the Group

Pursuant to the Austrian Commercial Code, 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 the Austrian Commercial Code.

We conducted our audit in accordance with Austrian Standards on Auditing for the audit of the management report for the Group.

Opinion

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

Statement

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

Additional information in accordance with Article 10 of the EU Regulation

We were elected as statutory auditor at the Ordinary Shareholders' Meeting dated April 29, 2020. We were appointed by the Supervisory Board on July 29, 2020. We have audited the Company for an uninterrupted period since 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 paragraph 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 Frédéric VILAIN, Austrian Certified Public Accountant.

Vienna, March 15, 2021

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 Group 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 paragraph 2 of the Austrian Commercial Code (UGB) apply.

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

Lagebericht

gem. § 243 UGB der Mayr-Melnhof Karton Aktiengesellschaft
über das Geschäftsjahr 1. Jänner 2020 bis 31. Dezember 2020

Die Mayr-Melnhof Karton Aktiengesellschaft ist die geschäftsleitende Holdinggesellschaft des Mayr-Melnhof Konzerns, der in zwei operativen Segmenten geführt wird: Mayr-Melnhof Karton („MM Karton“) und Mayr-Melnhof Packaging („MM Packaging“).

MM Karton produziert und vermarktet eine vielfältige Palette an Kartonsorten, hauptsächlich gestrichenen Faltschachtelkarton auf Basis von Recycling- und Frischfasern. MM Packaging verarbeitet Karton zu Faltschachteln, hauptsächlich für die Nahrungsmittel-, Zigaretten- und sonstige Konsumgüterindustrie. Die von der Gesellschaft wahrgenommenen Führungs- und Steuerungsaufgaben umfassen die Bereiche Strategie, Investitionen, Rechnungswesen, Controlling, Steuern, Finanz- und Risikomanagement, Investor Relations, Qualitätswesen, Einkauf, Informationstechnologie und Human Resources.

1 — GESCHÄFTSVERLAUF UND LAGE DES UNTERNEHMENS IN 2020

Im Vergleich zur Gesamtwirtschaft war die Nachfrage auf den europäischen Karton- und Faltschachtelmärkten insgesamt durch eine gewisse Resilienz gegenüber der Pandemie gekennzeichnet. Während sich die Nachfrage für Verpackungen von Gütern des täglichen Bedarfs sehr robust und jene im E-Commerce dynamisch zeigten, war der Absatz in Märkten wie Duty-free, Kosmetik, aber auch Food-Service (Fast Food) durch temporär deutlichen Rückgang gekennzeichnet, welcher im Jahresverlauf nicht mehr aufgeholt werden konnte.

Die Faserstoffmärkte verzeichneten nach dem Preisrückgang für gemischte Altpapierqualitäten zu Jahresbeginn einen deutlichen Anstieg im Zuge reduzierten Aufkommens während des ersten Lockdowns im Frühjahr, dem nach einer Entspannung während der Sommermonate ein neuerlicher Preisauftrieb infolge verschärfter Pandemiemaßnahmen folgte. Dagegen zeigten die Preise für frischfaserbasierte Produkte wie Zellstoff erst ab dem vierten Quartal eine Aufwärtsbewegung nach lang anhaltender Seitwärtsbewegung. Während der Markt für Recyclingkarton von Kontinuität geprägt war, entwickelte sich jener für Frischfaserkarton leicht besser als im Jahr zuvor, wobei die Preise in beiden Bereichen recht fest blieben. Kapazitätserhöhungen in der europäischen Kartonindustrie konzentrierten sich auch 2020 vor allem auf laufende Investitionstätigkeit in bereits bestehende Anlagen. In der Gruppe der größten europäischen Kartonproduzenten waren die Ankündigungen von MM hinsichtlich des Erwerbes von Kotkamills im Dezember 2020 und IP Kwidzyn im Februar 2021 die bedeutendsten Veränderungen. Die Auslastung der Branche entwickelte sich insgesamt auf gutem Niveau.

Das Thema Nachhaltigkeit bei Verpackungen, insbesondere die Substitution von Kunststoff, ist in 2020 weiter ins Zentrum gerückt und wird von allen Teilnehmern in der Wertschöpfungskette, Karton- und Faltschachtelproduzenten sowie Konsumgüterherstellern und Einzelhandel proaktiv vorangetrieben.

Gleichzeitig hat sich der Trend zur Spezialisierung und Erhöhung der Funktionalität von Kartonverpackung fortgesetzt.

Die Konsolidierung in der europäischen Faltschachtelindustrie setzt sich fort, wobei sich Low-Cost-Produktion und der spezifische Fokus auf einzelne Marktsegmente wie FMCG, Health, Personal Care, Spezialverpackungen etc. als Hauptstoßrichtungen abzeichnen. Die Anbieterstruktur bleibt insgesamt weiter von starker Fragmentierung geprägt.

a — Geschäftsverlauf 2020 in den Divisionen

MM Karton

Die Nachfrage auf den europäischen Kartonmärkten war im Jahr 2020 trotz eines bewegten Verlaufes insgesamt durch Robustheit gekennzeichnet. Verstärkter Ordertätigkeit zu Beginn der Pandemie folgten gegen Jahresmitte sukzessive Normalisierung und im letzten Quartal zunehmend verhaltenere Planung der Kunden. Trotz hoher Preisdisziplin gelang es MM Karton, seine Marktanteile durch eine selektive Absatzpolitik gut zu behaupten. Der durchschnittliche Auftragsstand lag mit rund 100.000 Tonnen über dem Vergleichswert des Vorjahres (2019: 68.000 Tonnen). Wie im Vorjahr belief sich die Kapazitätsauslastung auf 97 %. Ungeachtet der Coronasituation konnten die Investitionen für weiteres Wachstum und Qualität durch die technologische Entwicklung unserer Werke fortgesetzt werden.

Auf den Beschaffungsmärkten verzeichneten die Preise für gemischte Altpapiersorten nach einem sprunghaften Anstieg infolge von Sammelengpässen während des Lockdowns im Frühjahr eine volatile Bewegung auf niedrigem Niveau. Seit dem vierten Quartal befinden sich die Preise jedoch aufgrund weiterer Lockdowns und guter Nachfrage der verarbeitenden Industrien wieder deutlich im Steigen. Demgegenüber entwickelten sich die Preise für Frischfaserprodukte und Energie insgesamt stabiler und unter Vorjahresniveau.

Die Produktion lag mit 1.710.000 Tonnen leicht (0,8 %) unter 2019 (1.723.000 Tonnen). Davon entfielen 1.365.000 Tonnen (80 %) auf Recyclingkarton und 345.000 Tonnen (20 %) auf Frischfaserkarton (2019: 1.382.000 Tonnen bzw. 80 % und 341.000 Tonnen bzw. 20 %). Bezogen auf den durchschnittlichen Mitarbeiterstand wurden 693 Tonnen (2019: 687 Tonnen) pro Mitarbeiter erzeugt. Der Kartonabsatz entwickelte sich mit 1.704.000 Tonnen stabil zum Vorjahr (2019: 1.705.000 Tonnen).

Die Umsatzerlöse lagen mit 1.050,8 Mio. EUR preisbedingt leicht unter dem Vergleichswert (2019: 1.078,3 Mio. EUR). Mit einem Anteil von rund 66 % in Westeuropa (2019: 65 %) und 22 % in Osteuropa (2019: 22 %) wurde wieder mehr auf den europäischen Märkten abgesetzt, wodurch der Verkaufsanteil in Länder außerhalb Europas auf 12 % (2019: 13 %) zurückging.

MM Packaging war mit einem Lieferanteil von rund 13 % bzw. 226.000 Tonnen (2019: 12 % bzw. 201.000 Tonnen) unverändert größter Kunde von MM Karton.

Während das laufende Geschäft von hoher Kontinuität unter herausfordernden gesamtwirtschaftlichen Rahmenbedingungen geprägt war, war 2020 auch ein Jahr bedeutender Transformation für MM Karton.

So musste am kleinsten Kartonstandort im österreichischen Hirschwang die 70 Jahre alte, wettbewerbschwache Maschine infolge hoher anstehender Ausgaben, die nicht zu rechtfertigen waren, Anfang November stillgelegt werden.

Demgegenüber wurde für MMK Frohnleiten, Europas größtes Recyclingkartonwerk, ein umfassendes Erneuerungs- und Ausbauprogramm mit einem Investitionsvolumen von insgesamt über 100 Mio. EUR für die Jahre 2021 – 2022 verabschiedet. Im Zentrum stehen Nachhaltigkeit, Digitalisierung und Kapazitätserweiterungen zur Zukunftssicherung unter Einsatz modernster Technologien. Innovative voll digitalisierte Prozesse werden die Effizienz in der Stoffaufbereitung deutlich erhöhen und gleichzeitig den spezifischen Verbrauch von Energie und Wasser senken. Neueste Produktionstechnologien in der Kartonerzeugung steigern Produktqualität und Kapazitäten als Voraussetzung für weitere Einsatzmöglichkeiten von Recyclingkarton z.B. auch im Plastikersatz. Hochautomatisierte Logistik wird die Warenbewegung signifikant beschleunigen.

Das betriebliche Ergebnis reduzierte sich infolge von Einmaleffekten in Höhe von 40,2 Mio. EUR, die zu einem Großteil aus der Schließung des Kartonwerkes Hirschwang und marktbedingten Wertminderungen im 2. Quartal resultierten, auf 86,7 Mio. EUR (2019: 110,5 Mio. EUR). Die Operating Margin betrug 8,3 % (2019: 10,2 %), der Return on Capital Employed 14,5 % (2019: 18,7 %). Der Cash Flow aus der Geschäftstätigkeit erreichte 126,3 Mio. EUR nach 155,3 Mio. EUR im Jahr zuvor.

Im Dezember 2020 und Februar 2021 folgten mit dem Erwerb von Kotkamills und Kwidzyn zwei historische Vertragsabschlüsse mit transformativem Charakter. Zielsetzung ist es, neben dem angestammten Recyclingkartongeschäft im wachsenden, hochqualitativen Frischfaserkartonbereich mit innovativen, nachhaltigen und wettbewerbsfähigen Qualitäten die Position gegenüber den beiden Marktführern auszubauen.

MM Packaging

Die europäischen Faltschachtelmärkte waren in 2020 ähnlich wie der Kartonmarkt insgesamt durch ein hohes Maß an Kontinuität gekennzeichnet. Nach einem Rekordniveau beim Auftragseingang zu Beginn der Pandemie verzeichnete MM Packaging auch im weiteren Jahresverlauf eine Entwicklung auf gutem Niveau. Vor allem das Geschäft in den Bereichen FMCG und E-Commerce war von einer im Vergleich zum Vorjahr starken Auslastung und Umsatzentwicklung geprägt. Dem stand jedoch ein Rückgang in einigen Premiummärkten wie Duty-free und Kosmetikartikeln gegenüber.

Werksstillstände infolge der Coronasituation gab es nur kurzzeitig an vereinzelten Produktionsstandorten. Kostensenkungsprogramme, Investitionen und notwendige strukturelle Anpassungen wurden konsequent weiterverfolgt und umgesetzt. Hierzu zählen insbesondere auch Projekte der Automatisierungen und Digitalisierungen zur Erhöhung von Effizienz und Qualität in den Werken. Mit „MMP digital“ verfügt MM Packaging seit 2020 über einen digitalen Verkaufs- und Servicekanal für eine 24/7-Anbindung von Kunden.

Die verarbeitete Tonnage Karton und Papier erhöhte sich vor allem bedingt durch Veränderungen im Produktmix um 7,9 % auf 847.000 Tonnen (2019: 785.000 Tonnen).

Die Umsatzerlöse lagen mit 1.594,2 Mio. EUR leicht über dem Vorjahresniveau (2019: 1.578,0 Mio. EUR). Diese verteilten sich zu 50 % und 32 % auf West- und Osteuropa sowie zu 18 % auf außereuropäisches Geschäft (2019: 49 %; 33 %; 18 %). MM Packaging beliefert in verschiedenen Konsumgüterbranchen mehr als 1.700 Kunden. Hauptmärkte sind FMCG und E-Commerce sowie Premiummärkte der Bereiche Health, Beauty & Personal Care sowie Cigarette und Luxury. Ein bedeutender Anteil des Geschäftes entfällt infolge der hohen Konzentration in den Abnehmerindustrien auf multinationale Großkunden, wobei 2020 mit den top fünf Kunden rund 40 % (2019: 41 %) der Umsatzerlöse erwirtschaftet wurden.

Das betriebliche Ergebnis blieb mit 144,7 Mio. EUR (2019: 144,8 Mio. EUR) trotz Einmaleffekten in Höhe von 23,8 Mio. EUR, welche insbesondere aus strukturellen Anpassungen resultierten, am Vorjahresniveau. Die Operating Margin belief sich entsprechend auf 9,1 % (2019: 9,2 %). Der Return on Capital Employed betrug 13,2 % (2019: 13,6 %), der Cash Flow aus der Geschäftstätigkeit 191,9 Mio. EUR nach 176,1 Mio. EUR in 2019.

Im Zentrum des intensivierten Investitionsprogrammes von MM Packaging stehen die verstärkte Ausrichtung auf Wachstumsmärkte, wie E-Commerce, sowie Großstandorte mit vorteilhafter Kostenstruktur. Zielsetzung ist es, durch Effizienz und Innovation den Marktanteil mit nachhaltigen Faltschachteln zu erhöhen.

In diesem Zusammenhang wurde 2020 für die Faltschachtelproduktion Neupack am österreichischen Standort Hirschwang ein umfangreiches Zukunftsprogramm in Höhe von 18 Mio. EUR verabschiedet. Investitionen in Gebäude und Maschinen sollen die internationale Wettbewerbsfähigkeit des Standortes bei E-Commerce-Verpackung und hochwertig bedruckter Konsumgüterverpackung in Feinwelle (Mikrowelle) für Produkte wie Lebensmittel, Tiernahrung und elektrische Haushaltsgeräte deutlich erhöhen.

b — Geschäftsverlauf der Gesellschaft im Jahr 2020

Im Geschäftsjahr 2020 verzeichnete die Gesellschaft verglichen zum Vorjahr gestiegene Beteiligungserträge, denen die Dividendenzahlung für 2020 gegenüberstand.

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

c — Finanzielle Leistungsindikatoren

(in EUR)	2020	2019
Finanzergebnis	149.956.435,68	80.209.270,49
Umsatzerlöse	31.022.820,32	34.874.189,64
Betriebsergebnis	(20.086.034,55)	(12.340.381,90)
Cash Earnings	132.467.574,51	68.397.589,08
Eigenkapitalausstattung	93,88 %	94,50 %
Netto-Geldfluss aus laufender Geschäftstätigkeit	130.523.219,60	69.005.771,40
Netto-Geldfluss aus der Investitionstätigkeit	(823.431,62)	(308.499,64)
Netto-Geldfluss aus der Finanzierungstätigkeit	(64.334.236,42)	(148.576.500,44)

d — Nichtfinanzielle Leistungsindikatoren

Personal

Die Gesellschaft beschäftigt keine Arbeitnehmer.

Umweltbelange

Nachhaltigkeit ist seit jeher bestimmender Erfolgsfaktor in der Ausrichtung und Führung der MM Gruppe. Langfristiges, verantwortliches Wirtschaften steht im Zentrum unserer Tätigkeit, abseits von Moden und Trends. Durch den Einsatz vorwiegend nachwachsender Rohstoffe in der Produktion hochwertiger Kartonverpackungsprodukte, die nach dem Gebrauch stofflich wieder vollständig verwertet werden können, ist die Umsetzung von Kreislaufwirtschaft immanenter Teil unseres Geschäftes. In unserem Wertschöpfungsprozess übernehmen wir dabei gesamthaft Verantwortung, mit dem Ziel, Mehrwert und Chancen sowohl in wirtschaftlicher Hinsicht als auch für unsere Mitarbeiter, die Umwelt und die Gesellschaft zu schaffen.

Als Grundlage und Orientierung dienen die langfristige strategische Positionierung des Unternehmens als Marktführer auf Basis von Kosten-, Technologie- und Innovationsführerschaft sowie die Verhaltensregeln der MM Gruppe. Diese sind in unserem Unternehmenskodex (Code of Conduct) zusammengefasst. Dieser Ausrichtung folgen laufende Zielsetzungen und die Ressourcenallokation im Konzern. So sichern wir Nachhaltigkeit und eine erfolgreiche Zukunft der MM Gruppe.

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

e — Zweigniederlassungen

Die Gesellschaft betreibt keine Zweigniederlassungen.

2 — DIE VORAUSSICHTLICHE ENTWICKLUNG UND DIE RISIKEN DES UNTERNEHMENS

a — Voraussichtliche Entwicklung des Unternehmens in 2021

Dieser Ausblick entspricht den Einschätzungen des Vorstandes zum 15. März 2021 und berücksichtigt keine Auswirkungen von Akquisitionen, Veräußerungen oder anderen strukturellen Änderungen innerhalb des Jahres 2021. Die vorangegangenen und nachfolgenden vorausblickenden Aussagen unterliegen sowohl bekannten als auch unbekanntem Risiken und Unsicherheiten, die dazu führen können, dass die tatsächlichen Ereignisse von den hier getroffenen Aussagen abweichen können.

Die Covid-19-Pandemie und Maßnahmen zu ihrer Eindämmung werden auch im laufenden Jahr die gesamtwirtschaftliche Situation in unseren Absatzmärkten trotz angelaufener Impfprogramme stark belasten. Die konjunkturelle Erholung scheint geringer als erwartet auszufallen. Ausmaß und Zeitbezug bleiben weiter schwer abschätzbar. Aufgrund des Geschäftsportfolios der MM Gruppe mit Schwerpunkt auf systemrelevanten Verpackungsprodukten für Güter des täglichen Bedarfs sollte jedoch auch weiterhin eine gewisse Resilienz in der Nachfrage gegeben sein. Die aktuelle Entwicklung der Auftragsstände beider Divisionen signalisiert jedenfalls Kontinuität.

Demgegenüber befinden sich die Preise für den strategischen Rohstoff Altpapier stark im Steigen. Parallel steigen auch die Preise für Zellstoff, Energie, Chemikalien und Logistik, weshalb MM Karton die Preise für Recyclingkarton erhöht hat, was sich ab dem zweiten Quartal auswirkt.

Aufgrund des aktuell starken Drucks auf die Kartonmargen, ist eine Behauptung der Ertragsniveaus des Vorjahres eine Herausforderung für 2021.

Der Fokus auf Optimierung der Kostenstrukturen und Erhöhung der Marktdurchdringung mit nachhaltigen und innovativen Verpackungsprodukten wird konsequent fortgesetzt. Darauf gerichtete Investitionsstätigkeiten werden 2021 – 2022 intensiviert und sollen das Wachstum in den Folgejahren sicherstellen. Dabei setzt MM insbesondere auf E-Commerce und Circular-Economy durch Innovation im Plastikersatz sowie Digitalisierung.

In zahlreichen Werken von MM Packaging werden Investitionen zur Kapazitäts- und Effizienzsteigerung durchgeführt. Bei MM Karton stehen neben dem Großprojekt Frohnleiten mit Umbauten in Neuss und Kolicvo insbesondere Hochleistungsstandorte im Fokus. Dementsprechend ist für Investitionen in 2021 und 2022 statt der üblichen rund 150 Mio. EUR von einer Bandbreite von 250 – 300 Mio. EUR p.a. auszugehen.

Bei den Akquisitionen Kotkamills, Finnland, und Kwidzyn, Polen, deren Closing für Jahresmitte bzw. im dritten Quartal 2021 erwartet wird, steht für die nächsten zwei Jahre die Integration im Mittelpunkt.

Die Finanzierung des Investitionsprogrammes und der Akquisitionen erfolgt über per Ende Februar 2021 aufgenommene Schuldscheindarlehen und Namensschuldverschreibungen, zugesagte Kreditlinien und Cash Flow.

Aus heutiger Sicht rechnet die Gesellschaft mit Beteiligungserträgen auf Vorjahresniveau.

b — Wesentliche Risiken und Ungewissheiten

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

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

Ein aktives Cash- und Credit-Management stellt sicher, dass ausreichend Liquidität (eigene Mittel bzw. jederzeit ausnutzbare Kreditlinien) verfügbar ist, um eingegangene Verbindlichkeiten zu begleichen.

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

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

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

Die Gesamteinschätzung der Risikosituation der Gesellschaft weist keine bestandsgefährdenden Elemente auf. Derartige Risiken sind auch im kommenden Geschäftsjahr nicht zu erwarten.

3 — FORSCHUNG UND ENTWICKLUNG

Die Gesellschaft selbst betreibt keine Forschung und Entwicklung. Die nachfolgenden Ausführungen beziehen sich auf den Mayr-Melnhof Konzern. Im Zentrum der Forschungs- und Entwicklungstätigkeiten des Mayr-Melnhof Konzerns steht die nachhaltige Sicherung und Stärkung der Wettbewerbs- und Wachstumsfähigkeit durch Fortschritt in den beiden Divisionen MM Karton und MM Packaging.

Grundlage ist unsere strategische Zielsetzung, auf Basis von industrieller Führerschaft bei Kosten, Technologie und Innovation nachhaltig Mehrwert zu schaffen. Wir haben dabei den Anspruch, Markt- und Zukunftstrends frühzeitig zu identifizieren und für unsere Kunden und das Unternehmen wertbringend zu nutzen. Damit dies langfristig gelingt, greifen wir auf ein breites Ressourcenspektrum in und außerhalb unserer Organisation zurück, schaffen regelmäßig Raum und Anreize, damit sich Neues entwickeln kann, und investieren kontinuierlich in Fortschritt und die Zukunft unseres Unternehmens. Unsere Neuerungen folgen einem holistischen Ansatz und schließen regelmäßig Aspekte der gesamten Supply Chain sowie der relevanten Stakeholdergruppen mit ein.

Basis unserer F&E-Aktivitäten ist das Zusammenwirken von Experten aus verschiedenen Bereichen des Konzerns unter Rückgriff auf neueste Erkenntnisse und die langjährige Wissensbasis im Unternehmen. Anlassbezogen werden darüber hinaus externe Spezialisten und Forschungseinrichtungen miteinbezogen. Ein laufend weiterentwickelter Innovationsprozess stellt sicher, dass Neuerungen von der Ideenfindung bis zur Umsetzung zielgerichtet mit den notwendigen Ressourcen begleitet werden. Unser gemeinsames Ziel ist es, Innovationen stets zügig umzusetzen und dabei den Anforderungen hinsichtlich modernster technologischer Funktionalität, Qualität, Sicherheit und Nachhaltigkeit zu entsprechen. Dazu verfolgen wir einen proaktiven Ansatz, der sowohl Aspekte der Grundlagenforschung als auch visionäre Konzepte und Ideen miteinbezieht. Unsere enge Zusammenarbeit mit den Gremien der Normung und Gesetzgebung stellt sicher, dass zukünftige Regelungen in unseren Entwicklungen bereits frühzeitig berücksichtigt werden.

Nachhaltige, plastikfreie Verpackungen, ein natürlicher Auftritt, Convenience und Sicherheit sowie die perfekte Einbindung in Onlinevertrieb und -kommunikation sind aktuell prägende Trends und Anforderungen in der Verpackung. In enger Zusammenarbeit mit unseren Kunden erarbeiten wir individuelle Lösungen unter diesen Vorgaben und achten auf höchstmögliche Performance und Effizienz bei der Umsetzung.

Wir verarbeiten vorwiegend nachwachsende Rohstoffe und setzen modernste Hochleistungstechnologien ein, um ressourcenschonend überzeugende Druck- und Verpackungsprodukte zu fertigen. Diese können nach Gebrauch stofflich vollständig wiederverwertet werden. Somit sind Nachhaltigkeit und die Umsetzung von Kreislaufwirtschaft seit jeher auch fester Bestandteil der Entwicklungs- und Innovationsstätigkeit der Mayr-Melnhof Gruppe.

Sowohl die Corona-Pandemie als auch der Klimawandel führen uns vor Augen, dass Sicherheit und Wohlstand davon abhängen, wie wir Gemeingüter, wie öffentliche Gesundheit und Klimastabilität, langfristig erhalten: Die Gesellschaft und Wirtschaft müssen widerstandsfähig, nachhaltig und klimafreundlich aufgebaut sein. Das EU-Kreislaufwirtschaftspaket mit der Einweg-Kunststoffrichtlinie (Single Use Plastics Directive, SUPD) und der Richtlinie über Verpackungen und Verpackungsabfälle (Packaging and

Packaging Waste Directive, PPWD) können hier unterstützen und neben ökologischen (Entlastung der Umwelt von Abfall und Ressourcenverbrauch) auch wirtschaftliche (Investitionen und Wachstum) und soziale Aspekte (Schaffung von Arbeitsplätzen) abdecken. Beide Direktiven werden künftig wesentliche Auswirkung auf die Wahl des Verpackungsmaterials haben, Karton sollte dadurch als umweltfreundliche Verpackung an Bedeutung gewinnen. Die Chance liegt darin, Kunden dahingehend zu unterstützen, Plastik mit innovativen, aber auch bewährten Lösungen aus Papier und Karton zu ersetzen.

Unsere innovativen Leistungen im Bereich Klimaschutz wurden im Geschäftsjahr 2020 besonders geschätzt und gewürdigt. So wurde die Mayr-Melnhof Gruppe für ihren Beitrag durch innovative Kartonverpackung mit dem neu eingeführten GreenTech Award der ÖGSV (Österreichische Gesellschaft für Verbraucherstudien) ausgezeichnet.

In den vergangenen Jahren konzentrierte sich die Digitalisierung mit „MMK digital“ (digitaler Verkaufs- und Servicekanal) insbesondere auf den Verkaufsbereich, wo MM Karton als Vorreiter weiterhin in der Kartonindustrie neue Maßstäbe setzt. In 2020 wurde „MMK digital“ um mehrere innovative und hilfreiche Bereiche erweitert wie z.B. eine benutzerfreundliche Reklamationsabwicklung und eine nahtlose Änderungsfunktion von Bestellungen. Auch die direkte Kundenanbindung über elektronischen Datenaustausch war eines der Fokusthemen in diesem Jahr. Mit der Verleihung des international angesehenen PPI Awards für IoT & Digitalisierung erfuhr die digitale Vorreiterrolle der Kartondivision eine besondere Würdigung durch eine hochkarätige Jury.

Mayr-Melnhof Packaging ist 2020 diesem Erfolgskonzept gefolgt und hat mit „MMP digital“ eine neue Verkaufs- und Serviceplattform auf den Markt gebracht, die das Auftragsmanagement einfacher denn je gestaltet. MMP digital eröffnet eine neue Ära der Effizienz administrativer Geschäftsprozesse, die nun in Sekundenschnelle, online, transparent und 24/7 durchgeführt werden können. Mit MMP digital ist Mayr-Melnhof Packaging federführend in der Verpackungsindustrie und setzt neue Maßstäbe in Geschwindigkeit und Kommunikation.

In der Fertigung erfährt die Automatisierung von Arbeitsabläufen in beiden Divisionen fortschreitende Durchdringung mit dem Ziel, neue Wettbewerbsvorteile zu schaffen. Damit einher geht auch die Entstehung einer Vielzahl neuer qualifizierter Funktionen im Konzern.

Infolge der Corona-Pandemie hat sich 2020 insbesondere auch die Digitalisierung unserer Kommunikationsprozesse im Konzern deutlich beschleunigt. Der Einsatz modernster Onlinekommunikations- sowie E-Learning-Tools erweist sich als sehr effektiv und bestimmt eine neue Form der Zusammenarbeit innerhalb der MM Gruppe und mit Geschäftspartnern.

a — Innovationstätigkeit 2020 in der Division MM Karton

Die Innovationsaktivitäten von MM Karton umfassten insbesondere stetige Verbesserungen der Produkte und ihrer Eigenschaften. Erhöhung der Produktqualität und Ausweitung der Funktionalitäten zielen darauf ab, neue Anwendungsfelder zu besetzen. Schwerpunkte lagen auf Steigerung von Steifigkeit und Glätte sowie der Entwicklung einer neuartigen Fettbarriere. Im Zeichen der, unter anderem auch

durch die „Single Use Plastic Directive“, gesteigerten Nachfrage von nachhaltigen und umweltverträglichen Lebensmittelverpackungen setzt unsere Forschung und Entwicklung auf neue Lösungen zur Ausweitung der Kreislaufwirtschaft von faserbasierten Verpackungsmaterialien.

Grundlegende Innovationsarbeit wird vom Forschungs- und Entwicklungszentrum in Frohnleiten erbracht. Hier ist vor allem die unmittelbare Nähe von Wissenschaft und Produktion von Vorteil, da Erkenntnisse und Ergebnisse praxisnahe gewonnen und umgesetzt werden können. Darüber hinaus war auch 2020 durch bedeutende Technologiekooperationen mit externen Forschungseinrichtungen und Kunden gekennzeichnet.

Das umfangreiche Know-how und Leistungsspektrum der Kartonwerke ermöglicht es, unser Produktportfolio stetig auf Verbesserungen zu prüfen und diese auch betriebsintern durchzuführen. Im Fokus steht die bestmögliche Bedienung wachsender Kundenanforderungen, entsprechend eng ist die Zusammenarbeit zwischen der Vertriebsorganisation und den Kartonwerken. Das Produktentwicklungsprogramm stellt dabei sicher, dass Projekte systematisch durch einen Prozess geführt werden – von der Idee bis zur Markteinführung. Daraus hervorgegangene Produkte, die nicht älter als fünf Jahre sind, machten im Jahr 2020 über 20 % des Gesamtabsatzes der Kartondivision aus.

Die in 2020 entwickelte GC2-Frischfaserkartonqualität Excellent Top™ Strong des deutschen Frischfaserwerks Baiersbronn kombiniert hohe Steifigkeit mit ausgezeichneter Verarbeitungseffizienz bei gewohnt konstanter Qualität. Mit zusätzlich möglicher Freeze-Behandlung eignet sich Excellent Top™ Strong auch für gekühlte bzw. tiefgekühlte Lebensmittel. Aufgrund der optischen Eigenschaften sowie ausgezeichneter Inkjet- und Laser-Codiermöglichkeiten ist die neue Qualität zudem ideal für anspruchsvolle Verpackungslösungen im Pharmasegment einsetzbar. Für den Digitaldruck werden perfekte Ergebnisse z. B. bei personalisierten Faltschachteln im Kosmetik- und Körperpflege-Bereich ermöglicht.

Multicolor Mirabell Fungizid™, ein Karton mit Fungizidbehandlung auf der Rückseite aus dem österreichischen Kartonwerk Frohnleiten, wurde speziell für das Segment Hygiene- und Körperpflege entwickelt, in dem der Schutz vor Schimmelbefall eine besondere Herausforderung darstellt. Wurden Faltschachtel in der Vergangenheit für diesen Bereich auf beiden Seiten mit Polyethylen (PE) beschichtet, entspricht die neue Lösung klar dem Konzept der Circular Economy.

b — Innovationstätigkeit 2020 in der Division MM Packaging

Zielsetzung des Innovationsnetzwerkes von MM Packaging ist es, in jeder Phase des Innovationsprozesses relevante und überzeugende Lösungen für den Erfolg unserer Kunden zu entwickeln. Es setzt sich aus folgenden internen Einheiten zusammen: PacProject, dem kreativen Innovationszentrum in Hamburg, dem Premium Printing Center in Trier sowie dem Technical Competence Center zur Koordination gezielter Kundenbriefings mit den lokalen Packaging-Development-Centern und einzelnen Werken. In 2020 wurde das Innovationsnetzwerk um das Forschungs- und Entwicklungszentrum der Tann-Gruppe erweitert. Um auch die Bedürfnisse beim Kunden hinsichtlich technischer Ausrichtung bzw. Ausstattung zu berücksichtigen, erfolgt eine enge Abstimmung mit dem Divisional Technical Support Team.

Der Innovationsprozess bei MM Packaging reicht von der Trendstudie bis zu den Ideenworkshops. Bei PacProject in Hamburg werden in enger Abstimmung mit dem Kunden Konzeptstudien bis hin zu ersten Prototypen erstellt. Durch die enge Zusammenarbeit mit dem Technical Account Management wird bereits in diesem Stadium eine erste Machbarkeitsanalyse durchgeführt. Im Premium Printing Center in Trier kommen hochinnovative Technologien zur Anwendung, um Verpackungsdesigns mit außergewöhnlichen Effekten in kürzester Zeit zu realisieren.

Die Innovationstätigkeiten von MM Packaging waren in 2020 insbesondere auf die Themen Nachhaltigkeit und E-Commerce gerichtet.

Die Reduktion bzw. der Ersatz von Plastik bei Verpackungen in unterschiedlichsten Bereichen des täglichen Bedarfs bleibt ein wesentlicher Innovationsschwerpunkt. In Zusammenarbeit mit Kunden, Fachhochschulen und Forschungseinrichtungen wurde an der Optimierung kreislaufgerechter Verpackungen sowie an der Entwicklung neuer Produkte gearbeitet. Von Elektronikverpackungen über Tissueboxen bis hin zu Obst- und Gemüseverpackungen erstreckte sich das breit gefächerte Innovationsfeld.

Für plastikfreie Obst- und Gemüseverpackung wurden in 2020 folgende Verpackungslösungen auf den Markt gebracht: MM Easybox, MM Clickbox und MM Basket. Diese Produkte sind in drei Look-Konfigurationen verfügbar, was die individuelle Gestaltung und Anpassungsfähigkeit erlaubt. Die Recyclingfähigkeit wurde mit über 98 % bewertet.

Um die Nachhaltigkeitsaspekte bereits bei der Entwicklung eines Produktes zu berücksichtigen und Kostenvorteile für die Kunden vorzulegen, wurde „Cost-Initiative in advance“ eingeführt. Bei dieser Initiative handelt es sich um die Berechnung der Kosten für bestellte Produkte bereits bei der Planung mit der Beachtung des Nachhaltigkeitsaspektes. Vor Beginn eines neuen Projektes werden verschiedene Varianten mit Rücksicht auf die technischen Aspekte, Marktanforderungen, Design und Kosten des neuen Produktes berechnet und dem Kunden zur Auswahl präsentiert.

Natural Look hat in 2020 noch mehr an Bedeutung in der Verpackungsbranche gewonnen. In gemeinsamen Workshops mit Kunden wurden die technischen Möglichkeiten zur Entwicklung von Produkten mit einem natürlichen Erscheinungsbild aufgezeigt und umgesetzt. Vor allem das Zusammenspiel von unterschiedlichsten Kartonoberflächen, Artwork, Lacken und auf die Oberfläche abgestimmten Druckfarben ermöglicht es, Faltschachtelverpackungen im Natural Look zu präsentieren.

Coronabedingt hat die Nachfrage nach E-Commerce-Verpackungen in 2020 signifikant zugenommen. Darüber hinaus trugen Projekte für den Ersatz von Kunststoffen und Plastik, die von allen E-Commerce-Plattformen und Marktplätzen umgesetzt wurden, zum Nachfrageanstieg bei. MM Packaging ist ein wichtiger Lieferant von E-Commerce-Verpackungsartikeln aus Vollpappe und investiert in neue Produktionskapazitäten sowie die Konzeption wettbewerbsfähiger neuer Verpackungslösungen und die Etablierung eines paneuropäischen Logistiknetzwerkes. Auf E-Commerce spezialisierte Werke befinden sich aktuell in Rumänien, Österreich und Polen.

Bei den European Carton Excellence Awards, dem renommiertesten Wettbewerb für Kartonverpackungen, wurde MM Karton für eine Anwendung der Qualität Excellent Top™ mit einem Gold Award für Nachhaltigkeit und Umweltfreundlichkeit ausgezeichnet.

Ferner konnte sich MMP Austria über einen Platin-Award für eine Verpackung im Auftrag eines namhaften Kunden freuen. Die Verpackungslösung wurde für ein Beauty-Care-Produkt gestaltet, um den verantwortungsvollen Umgang mit Ressourcen hervorzuheben.

4 — DIE WESENTLICHEN MERKMALE DES INTERNEN KONTROLL- UND DES RISIKOMANAGEMENTSYSTEMS IM HINBLICK AUF DEN RECHNUNGSLEGUNGSPROZESS

Der Vorstand ist für die Einrichtung und Ausgestaltung eines angemessenen internen Kontroll- und Risikomanagementsystems im Hinblick auf den Rechnungslegungsprozess sowie die Finanzberichterstattung und die Aufstellung des Konzernabschlusses verantwortlich. Dieses gewährleistet die Vollständigkeit, Zuverlässigkeit und Nachvollziehbarkeit von Finanzinformationen. Darüber hinaus werden die Zweckmäßigkeit und Wirtschaftlichkeit der Prozesse sowie die Einhaltung der gesetzlichen, vertraglichen und internen Regelungen sichergestellt.

Der Rechnungslegungsprozess umfasst dabei alle wesentlichen Arbeitsschritte, die gewährleisten, dass die rechnungslegungsrelevanten Informationen vollständig, richtig und zeitgerecht erfasst und verarbeitet werden und die Abbildung in der Finanzberichterstattung den jeweils anzuwendenden Rechnungslegungsstandards entspricht.

In der Aufbau- und Ablauforganisation sind klare und eindeutige Verantwortungen bezogen auf die Einzelgesellschaften und den Konzern vorgegeben. Den zentralen Funktionsbereichen „Corporate Accounting“ sowie „Planning and Reporting“ obliegt dabei die Ausgestaltung einheitlicher Konzernrichtlinien auf dem neuesten fachlichen Stand sowie die Organisation und Kontrolle der Finanzberichterstattung im Konzern.

Die Berichterstattung an Vorstand und Aufsichtsrat erfolgt regelmäßig, umfassend und zeitnah. Die Übereinstimmung mit konzerninternen Richtlinien und Verfahren für die Erfassung, Verbuchung und Bilanzierung von Geschäftsfällen wird kontinuierlich kontrolliert. Die eingesetzten Datenverarbeitungssysteme werden gezielt weiterentwickelt und laufend optimiert. Der Rechnungslegungsprozess und die Finanzberichterstattung werden regelmäßig auf mögliche Risiken geprüft. Verbesserungsmaßnahmen werden schnellstmöglich eingeleitet und rasch umgesetzt.

5 — ANGABEN ZU KAPITAL-, ANTEILS-, STIMM- UND KONTROLLRECHTEN UND DAMIT VERBUNDENEN VERPFLICHTUNGEN

Zusammensetzung des Kapitals, Aktiengattungen

Es wird auf die Anhangangabe 3f verwiesen.

Beschränkungen hinsichtlich der Stimmrechte bzw. der Übertragung von Aktien

Rund 57 % der Aktien werden von den Kernaktionärsfamilien in einem Syndikat gehalten. Es besteht ein Syndikatsvertrag, welcher die Übertragbarkeit der Aktien innerhalb des Syndikates und nach außen regelt. Angelegenheiten, die die Hauptversammlung betreffen, beschließt das Syndikat mit 65 % der Stimmen. Änderungen des Syndikatsvertrages bedürfen 90 % der Stimmen.

Direkte oder indirekte Beteiligungen am Kapital, die zumindest 10 vom Hundert betragen

Nach den der Gesellschaft bekannt gegebenen Informationen bestanden per Jahresende 2020 folgende Beteiligungen von mindestens 10 Prozent am Kapital:

MMS Mayr-Melnhof-Saurau Beteiligungsverwaltung KG

CAMA-Privatstiftung

Die Inhaber von Aktien mit besonderen Kontrollrechten und eine Beschreibung dieser Rechte

Es bestehen keine Aktien mit besonderen Kontrollrechten.

Die Art der Stimmrechtskontrolle bei einer Kapitalbeteiligung der Arbeitnehmer, wenn sie das Stimmrecht nicht unmittelbar ausüben

Es besteht kein derartiges Kapitalbeteiligungsmodell für Mitarbeiter.

Die sich nicht unmittelbar aus dem Gesetz ergebenden Bestimmungen über die Ernennung und Abberufung der Mitglieder des Vorstandes und des Aufsichtsrates und über die Änderung der Satzung der Gesellschaft

Es bestehen keine Bestimmungen dieser Art.

Die sich nicht unmittelbar aus dem Gesetz ergebenden Befugnisse der Mitglieder des Vorstandes, insbesondere hinsichtlich der Möglichkeit, Aktien auszugeben oder zurückzukaufen

Es bestehen keine Befugnisse dieser Art.

Alle bedeutenden Vereinbarungen, an denen die Gesellschaft beteiligt ist und die bei einem Kontrollwechsel in der Gesellschaft infolge eines Übernahmeangebotes wirksam werden, sich ändern oder enden, sowie ihre Wirkungen; ausgenommen hiervon sind Vereinbarungen, deren Bekanntmachung der Gesellschaft erheblich schaden würde, es sei denn, die Gesellschaft ist zur Bekanntgabe derartiger Informationen aufgrund anderer Rechtsvorschriften ausdrücklich verpflichtet

Es wird von der Schutzklausel hinsichtlich der Bekanntgabe Gebrauch gemacht. Die Größenordnung des betroffenen Geschäftes ist als überschaubar einzustufen.

Bestand und wesentlicher Inhalt von Entschädigungsvereinbarungen zwischen der Gesellschaft und ihren Vorstands- und Aufsichtsratsmitgliedern oder Arbeitnehmern für den Fall eines öffentlichen Übernahmeangebotes

Es bestehen keine Vereinbarungen dieser Art.

Wien, am 15. März 2021

Der Vorstand

Mayr-Melnhof Karton Aktiengesellschaft

MMag. Peter OSWALD e.h.

Dr. Andreas BLASCHKE e.h.

Mag. Franz HIESINGER e.h.

Bilanz

AKTIVA (in EUR)	Stand 31. Dez. 2020	Stand 31. Dez. 2019	PASSIVA (in EUR)	Stand 31. Dez. 2020	Stand 31. Dez. 2019
A. ANLAGEVERMÖGEN			A. EIGENKAPITAL		
I. Immaterielle Vermögensgegenstände			I. Eingefordertes und einbezahltes Stammkapital	80.000.000,00	80.000.000,00
1. Konzessionen, gewerbliche Schutzrechte und ähnliche Rechte und Vorteile sowie daraus abgeleitete Lizenzen	15.882,48	0,00			
II. Sachanlagen			II. Kapitalrücklagen		
1. Grundstücke, grundstücksgleiche Rechte und Bauten, einschließlich der Bauten auf fremdem Grund	1.724.221,36	1.786.518,88	1. Gebundene Kapitalrücklagen	172.658.448,08	172.658.448,08
2. Andere Anlagen, Betriebs- und Geschäftsausstattung	322.935,45	28.022,75	III. Gewinnrücklagen		
	2.047.156,81	1.814.541,63	1. Andere Rücklagen (freie Rücklagen)	189.386.962,71	176.280.754,30
III. Finanzanlagen			IV. Bilanzgewinn	130.000.000,00	75.000.000,00
1. Anteile an verbundenen Unternehmen	284.066.939,31	284.036.939,31	<i>davon Gewinnvortrag EUR 11.000.000,00 (2019: EUR 1.000.000,00)</i>		
2. Beteiligungen	494.917,78	494.917,78		572.045.410,79	503.939.202,38
3. Wertpapiere (Wertrechte) des Anlagevermögens	0,00	0,00			
	284.561.857,09	284.531.857,09	B. RÜCKSTELLUNGEN		
	286.624.896,38	286.346.398,72	1. Rückstellungen für Abfertigungen	0,00	1.951.557,00
B. UMLAUFVERMÖGEN			2. Rückstellungen für Pensionen	1.770.005,00	1.979.263,63
I. Forderungen und sonstige Vermögensgegenstände			3. Steuerrückstellungen	15.596.228,31	15.346.811,75
1. Forderungen gegenüber verbundenen Unternehmen	301.282.443,52	234.352.811,17	4. Sonstige Rückstellungen	9.222.789,11	9.681.304,41
davon mit einer Restlaufzeit von mehr als einem Jahr EUR 0,00 (2019: EUR 0,00)				26.589.022,42	28.958.936,79
2. Sonstige Forderungen und Vermögensgegenstände	18.952.516,74	10.162.194,46	C. VERBINDLICHKEITEN		
davon mit einer Restlaufzeit von mehr als einem Jahr EUR 0,00 (2019: EUR 0,00)			<i>davon mit einer Restlaufzeit von bis zu einem Jahr EUR 10.703.583,93 (2019: EUR 374.809,21)</i>		
	320.234.960,26	244.515.005,63	<i>davon mit einer Restlaufzeit von mehr als einem Jahr EUR 0,00 (2019: EUR 0,00)</i>		
II. Kassenbestand und Guthaben bei Kreditinstituten	321.650,18	279.517,96	1. Verbindlichkeiten aus Lieferungen und Leistungen	440.118,55	234.855,87
	320.556.610,44	244.794.523,59	<i>davon mit einer Restlaufzeit von bis zu einem Jahr EUR 440.118,55 (2019: EUR 234.855,87)</i>		
C. RECHNUNGSABGRENZUNGSPOSTEN	517.878,79	228.512,62	<i>davon mit einer Restlaufzeit von mehr als einem Jahr EUR 0,00 (2019: EUR 0,00)</i>		
D. AKTIVE LATENTE STEUERN	1.638.631,53	1.903.513,45	2. Verbindlichkeiten gegenüber verbundenen Unternehmen	10.235.950,22	114.038,00
			<i>davon mit einer Restlaufzeit von bis zu einem Jahr EUR 10.235.950,22 (2019: EUR 114.038,00)</i>		
			<i>davon mit einer Restlaufzeit von mehr als einem Jahr EUR 0,00 (2019: EUR 0,00)</i>		
			3. Sonstige Verbindlichkeiten		
			<i>davon mit einer Restlaufzeit von bis zu einem Jahr EUR 27.515,16 (2019: EUR 25.915,34)</i>		
			<i>davon mit einer Restlaufzeit von mehr als einem Jahr EUR 0,00 (2019: EUR 0,00)</i>		
			a) Steuern	11.988,56	13.201,95
			b) Soziale Sicherheit	12.340,69	9.246,00
			c) Übrige	3.185,91	3.467,39
				27.515,16	25.915,34
				10.703.583,93	374.809,21
SUMME AKTIVA	609.338.017,14	533.272.948,38	SUMME PASSIVA	609.338.017,14	533.272.948,38

Gewinn- und Verlustrechnung

(in EUR)	2020	2019
1. Erträge aus Beteiligungen		
a) Verbundene Unternehmen	150.000.000,00	80.000.000,00
b) Übrige	302.400,00	242.200,00
	150.302.400,00	80.242.200,00
2. Sonstige Zinsen und ähnliche Erträge		
a) Verbundene Unternehmen	9.503,63	4.030,74
b) Übrige	0,05	0,24
	9.503,68	4.030,98
3. Zinsen und ähnliche Aufwendungen		
a) verbundene Unternehmen	(5.592,53)	(776,07)
b) übrige	(349.875,47)	(36.184,42)
	(355.468,00)	(36.960,49)
4. Zwischensumme aus Z 1 bis 3 (Finanzergebnis)	149.956.435,68	80.209.270,49
5. Umsatzerlöse	31.022.820,32	34.874.189,64
6. Sonstige betriebliche Erträge		
a) Erträge aus dem Abgang vom und der Zuschreibung zum Anlagevermögen mit Ausnahme der Finanzanlagen	11.461,64	5.049,86
b) Übrige	184.553,90	725.461,52
	196.015,54	730.511,38
7. Aufwendungen für Material und sonstige bezogene Herstellungsleistungen		
a) Aufwendungen für bezogene Leistungen	(27.870.992,08)	(29.878.334,04)
	(27.870.992,08)	(29.878.334,04)
8. Personalaufwand		
a) Gehälter	(13.387.676,27)	(9.352.280,17)
b) Soziale Aufwendungen	(4.116.882,41)	(2.874.229,98)
<i>davon Aufwendungen für Altersvorsorgen</i>	<i>(576.104,02)</i>	<i>(1.833.215,57)</i>
<i>aa) Aufwendungen für Abfertigungen und Leistungen an betriebliche Mitarbeitervereinigungen</i>	<i>(2.665.398,56)</i>	<i>(510.196,53)</i>
<i>bb) Aufwendungen für gesetzlich vorgeschriebene Sozialabgaben sowie vom Entgelt abhängige Abgaben und Pflichtbeiträge</i>	<i>(632.705,69)</i>	<i>(530.817,88)</i>
<i>cc) Sonstige Sozialaufwendungen</i>	<i>(242.674,14)</i>	<i>0,00</i>
	(17.504.558,68)	(12.226.510,15)
9. Abschreibungen		
a) auf immaterielle Vermögensgegenstände und Sachanlagen	(100.668,73)	(70.728,43)
	(100.668,73)	(70.728,43)
10. Sonstige betriebliche Aufwendungen		
a) Steuern, soweit sie nicht unter Steuern vom Einkommen und vom Ertrag fallen	(1.714,36)	(1.714,35)
b) Übrige	(5.826.936,56)	(5.767.795,95)
	(5.828.650,92)	(5.769.510,30)
11. Zwischensumme aus Z 5 bis 10 (Betriebsergebnis)	(20.086.034,55)	(12.340.381,90)
12. Ergebnis vor Steuern (Zwischensumme aus Z 4 und Z 11)	129.870.401,13	67.868.888,59
13. Steuern vom Einkommen und vom Ertrag	2.235.807,28	1.733.031,96
<i>davon latente Steuern EUR -264.881,92 (2019: EUR 1.275.059,90)</i>		
14. Jahresüberschuss	132.106.208,41	69.601.920,55
15. Auflösung von Gewinnrücklagen	0,00	4.398.079,45
16. Zuweisung zu Gewinnrücklagen	(13.106.208,41)	0,00
17. Jahresgewinn	119.000.000,00	74.000.000,00
18. Gewinnvortrag aus dem Vorjahr	11.000.000,00	1.000.000,00
19. Bilanzgewinn	130.000.000,00	75.000.000,00

Anhang

der Mayr-Melnhof Karton Aktiengesellschaft für das Geschäftsjahr 1. Jänner 2020 bis 31. Dezember 2020

1 — ALLGEMEINE ERLÄUTERUNGEN

Der vorliegende Jahresabschluss wurde unter Beachtung der Grundsätze ordnungsmäßiger Buchführung, Bilanzierung und der Generalnorm, ein möglichst getreues Bild der Vermögens-, Finanz- und Ertragslage des Unternehmens zu vermitteln, aufgestellt. Die Bestimmungen des Unternehmensgesetzbuches in der zum Bilanzstichtag geltenden Fassung stellen die Grundlage dieses Jahresabschlusses dar.

Bei der Bilanzierung und Bewertung wurde den allgemein anerkannten Grundsätzen Rechnung getragen. Dabei wurden die in § 201 Abs. 2 UGB kodifizierten Grundsätze ordnungsmäßiger Buchführung ebenso beachtet wie die Gliederungs- und Bewertungsvorschriften für die Bilanz und die Gewinn- und Verlustrechnung der §§ 195 bis 211 und 222 bis 235 UGB.

Die im vorjährigen Jahresabschluss angewandten Bilanzierungs- und Bewertungsmethoden sowie der Ausweis gegenüber dem Vorjahr sind unverändert geblieben.

Die Gesellschaft ist Mutterunternehmen gemäß § 189a Z 6 UGB des Mayr-Melnhof Konzerns und stellt den Konzernabschluss für den größten und kleinsten Kreis der Unternehmen auf.

Die rechtlichen und wirtschaftlichen Beziehungen zu verbundenen Unternehmen gemäß § 238 Abs. 1 Z 20 UGB werden nicht angegeben, da sie dem Unternehmen oder einem verbundenen Unternehmen einen erheblichen Nachteil zufügen würden.

Der Grundsatz der Vollständigkeit wurde bei der Erstellung des Jahresabschlusses eingehalten.

Bei der Bewertung der einzelnen Vermögensgegenstände und Schulden wurde der Grundsatz der Einzelbewertung beachtet und eine Fortführung des Unternehmens unterstellt.

Dem Vorsichtsprinzip wurde dadurch Rechnung getragen, dass nur die am Abschlussstichtag verwirklichten Gewinne ausgewiesen wurden. Alle erkennbaren Risiken und drohenden Verluste wurden berücksichtigt.

Die Gliederung der Gewinn- und Verlustrechnung wird nach dem Gesamtkostenverfahren aufgestellt und entsprechend der Holdingfunktion der Mayr-Melnhof Karton Aktiengesellschaft so dargestellt, dass der Finanzerfolg an den Anfang der Gewinn- und Verlustrechnung gestellt wird.

2 — BILANZIERUNGS- UND BEWERTUNGSMETHODEN

a — Anlagevermögen

Immaterielle Vermögensgegenstände

Die Zugänge sind mit Anschaffungs- zuzüglich Anschaffungsnebenkosten bewertet.

Die unter diesem Posten ausgewiesenen Softwarelizenzen sind zu Anschaffungskosten bewertet und werden planmäßig auf 10 Jahre linear abgeschrieben.

Sachanlagen

Das Sachanlagevermögen ist mit Anschaffungs- zuzüglich Anschaffungsnebenkosten bewertet. Zinsen für Fremdkapital zur Finanzierung der Herstellung von Gegenständen des Anlagevermögens werden nicht aktiviert.

Die Ermittlung der planmäßigen Abschreibung erfolgt linear unter Anwendung folgender Nutzungsdauern:

Gebäude	10 - 40 Jahre
Andere Anlagen, Betriebs- und Geschäftsausstattung	3 - 7 Jahre

Geringwertige Vermögensgegenstände mit Einzelanschaffungskosten unter EUR 800,00 (31. Dezember 2019: EUR 400,00) werden gem. § 204 Abs. 1a UGB im Jahr ihrer Anschaffung oder Herstellung voll abgeschrieben.

Bei voraussichtlich dauernder Wertminderung werden Gegenstände des Anlagevermögens außerplanmäßig auf den niedrigeren beizulegenden Wert am Abschlussstichtag abgeschrieben. Sofern die dafür maßgeblichen Gründe nicht mehr bestehen, gilt die Verpflichtung, den Betrag der außerplanmäßigen Abschreibung im Umfang der Werterhöhung unter Berücksichtigung der Abschreibungen, die inzwischen vorzunehmen gewesen wären, zuzuschreiben. Im vorliegenden Jahresabschluss sind keine Beiträge aus solchen Zuschreibungen enthalten.

Finanzanlagen

Die Anteile an verbundenen Unternehmen und die Beteiligungen sind zu Anschaffungskosten bewertet. Voraussichtlich dauerhafte und wesentliche Wertminderungen werden durch außerplanmäßige Abschreibungen berücksichtigt.

Als verbundene Unternehmen werden alle Tochterunternehmen bezeichnet, die von der Mayr-Melnhof Karton Aktiengesellschaft unmittelbar oder mittelbar beherrscht werden (§ 189 Z 7 und 8 UGB).

In den Wertpapieren des Anlagevermögens sind Ansprüche aus Rückdeckungsversicherungen auf Grund von Pensionszusagen enthalten. Der Ansatz dieser Ansprüche erfolgt mit dem Deckungskapital.

Die Gesellschaft hat eine Rückdeckungsversicherung für ihre Pensionsverpflichtung gegenüber den Begünstigten abgeschlossen. Die Ansprüche aus der Rückdeckungsversicherung wurden an die Anspruchsberechtigten verpfändet und unter Beachtung der Vermögensobergrenze mit der entsprechenden Gesamtpensionsverpflichtung saldiert.

Bei Finanzanlagen, die keine Beteiligungen sind, erfolgt die Abschreibung auf den niedrigeren beizulegenden (Zeit-) Wert. Bei Finanzanlagen dürfen solche Abschreibungen auch vorgenommen werden, wenn die Wertminderung voraussichtlich nicht von Dauer ist. Sofern die Gründe für die außerplanmäßige Abschreibung nicht mehr bestehen, gilt die Verpflichtung, den Betrag der außerplanmäßigen Abschreibung im Umfang der Werterhöhung unter Berücksichtigung der Abschreibungen, die inzwischen vorzunehmen gewesen wären, zuzuschreiben. Im vorliegenden Jahresabschluss sind keine Beträge aus solchen Zuschreibungen enthalten.

b — Umlaufvermögen

Bei Gegenständen des Umlaufvermögens erfolgt gegebenenfalls eine Abschreibung, um sie mit dem niedrigeren beizulegenden Wert zum Abschlussstichtag anzusetzen. Sofern die Gründe für die Abschreibung nicht mehr bestehen, gilt die Verpflichtung, den Betrag der Abschreibung im Umfang der Werterhöhung zuzuschreiben. Im vorliegenden Jahresabschluss sind keine Beträge aus solchen Zuschreibungen enthalten.

Forderungen und sonstige Vermögensgegenstände

Forderungen und sonstige Vermögensgegenstände sind mit dem Nennwert angesetzt. Erkennbare Einzelrisiken werden durch Wertberichtigungen berücksichtigt.

c — Rückstellungen

Rückstellungen werden nach dem Grundsatz der unternehmerischen Vorsicht in Höhe des voraussichtlichen Erfüllungsbetrages gebildet.

Die Pensions- und Abfertigungsrückstellungen werden gemäß der Stellungnahme 27 des Austrian Financial Reporting and Auditing Committee (AFRAC) „Personalrückstellungen (UGB)“, Stand März 2018, bilanziert. Bei der Berechnung, die nach dem Anwartschaftsbarwertverfahren ("Projected Unit Credit Method") erfolgt, werden zukünftige Lohn- und Gehaltssteigerungen in Form einer langfristigen Prognose berücksichtigt. Der Zinssatz wird nach dem aktuellen langfristigen Zinssatz am Kapitalmarkt zum Bilanzstichtag bemessen.

Der Berechnung der Pensions- und Abfertigungsrückstellungen werden das frühestmögliche Anfallsalter für die (vorzeitige) Alterspension gemäß Pensionsreform 2004 (Budgetbegleitgesetz 2003) unter Berücksichtigung der Übergangsregelungen sowie die biometrischen Richttafeln AVÖ 2018-P „Angestellte“ bzw. „Gemischt“ (2019: AVÖ 2018-P „Angestellte“ bzw. „Gemischt“) zugrunde gelegt. Für Vorstandsmitglieder wird ausschließlich auf die Dauer des Vorstandsmandats abgestellt.

Pensionszusagen, die durch verpfändete Rückdeckungsversicherungen gedeckt sind und für die die Gesellschaft wirtschaftlich somit kein Risiko trägt, werden in der Bilanz saldiert ausgewiesen.

Bei der Bilanzierung der Rückstellung für Abfertigungen, Pensionen, Jubiläumsgelder sowie der sonstigen langfristigen personenbezogenen Verpflichtungen wird vom Wahlrecht, die rechnermäßigen Zinsen im Finanzergebnis auszuweisen, Gebrauch gemacht.

d — **Verbindlichkeiten**

Die Verbindlichkeiten sind mit ihrem Erfüllungsbetrag angesetzt.

e — **Währungsumrechnung**

Fremdwährungsforderungen sowie die Zahlungsmittel in Fremdwährungen sind mit dem Anschaffungskurs bzw. dem niedrigeren Devisenkurs zum Bilanzstichtag bewertet worden.

Die Fremdwährungsverbindlichkeiten sind mit dem Anschaffungskurs bzw. dem höheren Devisenkurs zum Bilanzstichtag bewertet worden.

3 — ERLÄUTERUNGEN ZU EINZELNEN POSTEN DER BILANZ UND GEWINN- UND VERLUSTRECHNUNG

BILANZ

a — Anlagenspiegel gemäß § 226 UGB

(in EUR)	Anschaffungs- bzw. Herstellungskosten				Kumulierte Abschreibungen				Buchwert 31.12.2020	Buchwert 31.12.2019	
	Stand	Zugänge	Abgänge	Umbuchung	Stand	Stand	Zugänge	Abgänge			Stand
	01.01.2020	2020	2020	2020	31.12.2020	01.01.2020	2020	2020			31.12.2020
I. Immaterielle Vermögensgegenstände											
1. Konzessionen, gewerbliche Schutzrechte und ähnliche Rechte und Vorteile sowie Lizenzen ¹⁾	0,00	17.647,08	0,00	0,00	17.647,08	0,00	1.764,60	0,00	1.764,60	15.882,48	0,00
Summe I	0,00	17.647,08	0,00	0,00	17.647,08	0,00	1.764,60	0,00	1.764,60	15.882,48	0,00
II. Sachanlagen											
1. Grundstücke, grundstücksgleiche Rechte und Bauten, einschließlich der Bauten auf fremden Grund											
a) Grundwert	577.352,82	0,00	0,00	0,00	577.352,82	0,00	0,00	0,00	0,00	577.352,82	577.352,82
b) Gebäudewert	2.641.168,05	0,00	0,00	0,00	2.641.168,05	1.432.001,99	62.297,52	0,00	1.494.299,51	1.146.868,54	1.209.166,06
2. Andere Anlagen, Betriebs- und Geschäftsausstattung ²⁾	81.469,67	356.057,67	61.168,85	0,00	376.358,49	53.446,92	36.606,61	36.630,49	53.423,04	322.935,45	28.022,75
Summe II	3.299.990,54	356.057,67	61.168,85	0,00	3.594.879,36	1.485.448,91	98.904,13	36.630,49	1.547.722,55	2.047.156,81	1.814.541,63
Summe I und II	3.299.990,54	373.704,75	61.168,85	0,00	3.612.526,44	1.485.448,91	100.668,73	36.630,49	1.549.487,15	2.063.039,29	1.814.541,63
III. Finanzanlagen											
1. Anteile an verbundenen Unternehmen	284.036.939,31	30.000,00	0,00	0,00	284.066.939,31	0,00	0,00	0,00	0,00	284.066.939,31	284.036.939,31
2. Beteiligungen	494.917,78	0,00	0,00	0,00	494.917,78	0,00	0,00	0,00	0,00	494.917,78	494.917,78
3. Wertpapiere (Wertrechte) des Anlagevermögens	0,00	918.861,16	324.306,12	(594.555,04)	0,00	0,00	0,00	0,00	0,00	0,00	0,00
Summe III	284.531.857,09	948.861,16	324.306,12	(594.555,04)	284.561.857,09	0,00	0,00	0,00	0,00	284.561.857,09	284.531.857,09
Gesamt	287.831.847,63	1.322.565,91	385.474,97	(594.555,04)	288.174.383,53	1.485.448,91	100.668,73	36.630,49	1.549.487,15	286.624.896,38	286.346.398,72

¹⁾ Von verbundenen Unternehmen wurden im Berichtsjahr immaterielle Vermögensgegenstände um EUR 17.647,08 erworben (2019: EUR 0,00).

²⁾ Im Jahr 2020 sind geringwertige Vermögensgegenstände in Höhe von EUR 4.184,55 zu- und abgegangen.

b — Aufgliederung der Anteile an verbundenen Unternehmen

(in EUR)	31.12.2020	Geschäftsjahr 2019	
	Anteil in %	Eigenkapital	Jahresergebnis
Mayr-Melnhof Service GmbH (vormals Ultimatec Engineering GmbH) Wien (AUT) ¹⁾	100,00	32.391,26	k. A
Lokalbahn Payerbach-Hirschwang Gesellschaft m.b.H., Reichenau/Rax (AUT) ¹⁾	100,00	3.306.109,28	k. A
Mayr-Melnhof Cartonboard International GmbH, Wien (AUT) ¹⁾	100,00	266.739.996,04	k. A
Mayr-Melnhof Packaging International GmbH, Wien (AUT) ¹⁾	100,00	474.250.206,91	k. A

¹⁾ Hinsichtlich der Angabe der Jahresergebnisse wird von der Schutzklausel gemäß § 242 Abs. 2 UGB Gebrauch gemacht.

c — Wertpapiere (Wertrechte) des Anlagevermögens

Unter Wertpapiere (Wertrechte) des Anlagevermögens sind die Rückdeckungsversicherungen, die im Wesentlichen zugunsten der Pensionsberechtigten verpfändet sind, saldiert mit den Pensionsverpflichtungen ausgewiesen.

d — Forderungen

Zum 31. Dezember gliedern sich die Forderungen wie folgt:

(in EUR)	31.12.2020	31.12.2019
1. Forderungen gegenüber verbundenen Unternehmen		
a) aus Lieferungen und Leistungen	9.140.030,46	7.163.188,55
b) aus sonstigen Forderungen	292.142.413,06	227.189.622,62
	301.282.443,52	234.352.811,17
2. Sonstige Forderungen und Vermögensgegenstände	18.952.516,74	10.162.194,46
Gesamt	320.234.960,26	244.515.005,63

In den sonstigen Forderungen gegenüber verbundenen Unternehmen sind auch Forderungen aus Cash Pooling-Vereinbarungen in Höhe von EUR 290.255.861,80 (31. Dezember 2019: EUR 224.932.442,46) sowie aus Steuerumlagen in Höhe von EUR 1.884.507,03 (31. Dezember 2019: EUR 2.947.529,47) ausgewiesen.

Wie im Vorjahr sind in den sonstigen Forderungen und Vermögensgegenständen Erträge von unwesentlicher Höhe enthalten, welche erst nach dem Bilanzstichtag zahlungswirksam werden.

e — Latente Steuern

Der latente Steueranspruch aus dem Saldo der aktiven und passiven latenten Steuern beträgt zum 31. Dezember 2020 EUR 1.638.631,53 (31. Dezember 2019: EUR 1.903.513,45).

Die aktiven latenten Steuern wurden auf Unterschiede zwischen dem steuerlichen und unternehmensrechtlichen Wertansatz zum Bilanzstichtag, unter Zugrundelegung eines Körperschaftsteuersatzes von 25 %, für folgende Posten gebildet:

	2020		2019	
	Aktive latente Steuern	Passive latente Steuern	Aktive latente Steuern	Passive latente Steuern
Rückstellungen für Abfertigungen			X	
Rückstellungen für Pensionen	X		X	

Die aktiven latenten Steuern entwickelten sich wie folgt:

(in EUR)	2020	2019
Aktive latente Steuern 01.01.	1.903.513,45	628.453,55
Auflösung	(278.636,25)	0,00
Zuführung	13.754,33	1.275.059,90
Aktive latente Steuern 31.12.	1.638.631,53	1.903.513,45

f — Eigenkapital

Grundkapital

Das Grundkapital in Höhe von EUR 80.000.000,00 ist in 20.000.000 Stück nennbetragslose Stückaktien eingeteilt, von denen jede am Grundkapital in gleichem Umfang beteiligt ist.

Der Vorstand wurde von der 25. Hauptversammlung ermächtigt, eigene Aktien im Ausmaß von bis zu 10 % des Grundkapitals mit Wirksamkeit bis 24. Oktober 2021 zu erwerben. Von dieser Ermächtigung hat der Vorstand bis zum 31. Dezember 2020 keinen Gebrauch gemacht.

g — Rückstellungen

Abfertigungs- und Pensionsverpflichtungen

Die Rechenparameter zu den jeweiligen Stichtagen stellen sich wie folgt dar:

(in %)	31.12.2020		31.12.2019	
	Abfertigungen	Pensionen	Abfertigungen	Pensionen
Abzinsungsfaktor	0,85 %	0,85 %	1,90 %	1,90 %
Langfristige Gehaltssteigerungsraten	2,50 %	2,50 %	2,50 %	2,50 %
Langfristige Rentensteigerungsraten	-	2,00 %	-	2,00 %

Versicherungsmathematische Gewinne bzw. Verluste, die sich aufgrund von Änderungen im Bestand der Versorgungsberechtigten und Abweichungen der tatsächlichen Entwicklung gegenüber den der Berechnung zugrunde gelegten Annahmen ergeben, werden zur Gänze erfolgswirksam erfasst.

Die Anwartschaftsbarwerte betreffend Abfertigungs- bzw. Pensionsverpflichtungen sowie die Überleitungen zum bilanzierten Rückstellungsbetrag stellen sich wie folgt dar:

(in EUR)	Abfertigungen	Pensionen
Bilanzierte langfristige Rückstellung 31.12.2019	1.951.557,00	11.514.779,93
Zuführung Dienstzeitaufwand 2020	66.786,00	183.650,00
Zuführung Zinsaufwand 2020	17.164,00	100.456,00
Auszahlungen 2020	(2.274.000,00)	(344.677,00)
Versicherungsmathematische Verluste bzw. (Gewinne) 2020	238.493,00	445.967,73
Bilanzierte langfristige Rückstellung 31.12.2020	0,00	11.900.176,66
Deckungskapital		(10.130.171,66)
Saldierte Pensionsverpflichtung		1.770.005,00

Der Zinsaufwand ist unter dem Posten „Zinsen und ähnliche Aufwendungen“ im Finanzergebnis ausgewiesen.

Der Wert der Ansprüche aus der Rückdeckungsversicherung beträgt EUR 10.130.171,66 (31. Dezember 2019: EUR 9.535.516,30). Die Ansprüche aus der Rückdeckungsversicherung wurden an die Anspruchsberechtigten verpfändet und daher, unter Beachtung der Vermögensobergrenze, mit der entsprechenden Gesamtpensionsverpflichtung in Höhe von EUR 11.900.176,66 (31. Dezember 2019: EUR 11.514.779,93) saldiert.

Sonstige Rückstellungen

Neben der Rückstellung für die variablen Vorstandsbezüge des laufenden Jahres in Höhe von EUR 7.375.971,00 (31. Dezember 2019: EUR 8.160.000,00) enthalten die sonstigen Rückstellungen im

Wesentlichen Rückstellungen für Rechts-, Prüfungs- und Beratungsaufwand und die Vergütung für die Aufsichtsratsstätigkeit.

h — Verbindlichkeiten

Zum 31. Dezember gliedern sich die Verbindlichkeiten wie folgt:

(in EUR)	31.12.2020	Davon Restlaufzeit über 5 Jahre	31.12.2019	Davon Restlaufzeit über 5 Jahre
1. Verbindlichkeiten aus Leistungen	440.118,55	0,00	234.855,87	0,00
2. Verbindlichkeiten gegenüber verbundenen Unternehmen				
a) aus Lieferungen und Leistungen	3.005.771,67	0,00	114.038,00	0,00
b) aus sonstigen Verbindlichkeiten	7.230.178,55	0,00	0,00	
	10.235.950,22	0,00	114.038,00	0,00
3. Sonstige Verbindlichkeiten				
a) Steuern	11.988,56	0,00	13.201,95	0,00
b) Soziale Sicherheit	12.340,69	0,00	9.246,00	0,00
c) Übrige	3.185,91	0,00	3.467,39	0,00
	27.515,16	0,00	25.915,34	0,00
Gesamt	10.703.583,93	0,00	374.809,21	0,00

In den sonstigen Verbindlichkeiten sind Aufwendungen von unwesentlicher Höhe enthalten, welche erst nach dem Bilanzstichtag zahlungswirksam werden.

Aufgrund des saldierten Ausweises von Forderungen und Verbindlichkeiten einzelner Konzerngesellschaften sind in den Verbindlichkeiten gegenüber verbundenen Unternehmen auch Forderungen gegenüber verbundenen Unternehmen in Höhe von EUR 15.901,55 (31. Dezember 2019: EUR 0,00) enthalten.

GEWINN- UND VERLUSTRECHNUNG

a — Nettoerlöse nach geografischen Märkten

(in EUR)	2020	2019
Verbundene Unternehmen		
Österreich	7.621.927,52	6.472.388,08
Andere EU-Länder	16.288.908,05	21.980.952,00
Nicht EU-Länder	7.111.984,75	6.420.849,56
Gesamt	31.022.820,32	34.874.189,64

b — Personalaufwand

Die unter den Aufwendungen für Abfertigungen und Leistungen an betriebliche Mitarbeitervorsorgekassen enthaltenen Beiträge an die Mitarbeitervorsorgekasse betragen EUR 74.676,88 (2019: EUR 71.416,53).

Die Aufwendungen an ausgelagerte Einheiten in Form von beitragsorientierten Plänen betragen EUR 499.999,98 (2019: EUR 133.311,00).

Der Gesamtbetrag der Aufwendungen und Erträge für Abfertigungen inklusive Zinsergebnis und Altersversorgung für den Vorstand gliedert sich wie folgt:

(in EUR)	2020	2019
Anpassung der Abfertigungsrückstellung und Abfertigungszahlungen	2.665.398,56	466.357,00
Anpassung der Pensionsrückstellung	(209.258,63)	1.931.462,06

Aus der Auflösungsvereinbarung mit dem ehemaligen Vorstandsvorsitzenden wurden insgesamt EUR 7.206.296,93 aufwandswirksam erfasst.

c — Sonstige betriebliche Aufwendungen

Zu den Aufwendungen, die im Geschäftsjahr auf die Tätigkeit des Abschlussprüfers entfallen, wird auf die Angaben im Konzernabschluss zum 31. Dezember 2020 der Mayr-Melnhof Karton Aktiengesellschaft verwiesen.

d — Steuern vom Einkommen und vom Ertrag

Im Dezember 2005 hat die Gesellschaft als Gruppenträger einen Antrag auf Feststellung einer Unternehmensgruppe gemäß § 9 Abs. 8 KStG 1988 mit nachfolgend angeführten verbundenen Unternehmen als Gruppenmitglieder zum Zwecke der Gruppenbesteuerung ab dem Veranlagungsjahr 2005 eingebracht. Es wurde ein Steuerumlagevertrag abgeschlossen, der die Belastungsmethode vorsieht.

Die Gruppenmitglieder sind:

Mayr-Melnhof Karton Gesellschaft m.b.H., Frohnleiten
 Mayr-Melnhof Cartonboard International GmbH, Wien
 Mayr-Melnhof Packaging International GmbH, Wien
 Neupack Gesellschaft m.b.H., Reichenau an der Rax
 Mayr-Melnhof Packaging Austria GmbH, Wien
 free-com solutions GmbH, Wien

Aufgrund des Umlagevertrages zwischen den inländischen Gesellschaften wurden im Geschäftsjahr 2020 EUR 3.824.819,78 (2019: EUR 1.553.072,81) an die Gruppenmitglieder weiterverrechnet.

Die Steuern vom Einkommen und vom Ertrag weisen im Jahr 2020 einen Ertrag von EUR 2.500.689,20 (2019: Ertrag EUR 457.972,06) auf.

e — Ergebnisverwendung

Der Vorstand schlägt vor, aus dem Bilanzgewinn in Höhe von EUR 130.000.000,00 eine Dividende von EUR 3,20 je Aktie auszuschütten.

4 — SONSTIGE ANGABEN

a — Angaben über Organe und Mitglieder

Die Gesellschaft beschäftigt keine Arbeitnehmer.

Bezüge des Vorstandes

An die aktiven Vorstandsmitglieder wurden die nachfolgend dargestellten Vergütungen gewährt:

(in EUR)	2020	2019
a) von der Gesellschaft	8.995.147,30	8.689.612,54
b) von verbundenen Unternehmen	503.493,25	1.511.694,40
Gesamt	9.498.640,55	10.201.306,94
Davon		
a) fixe Bezüge	3.499.878,55	2.756.079,96
b) variable Vergütung	5.998.762,00	7.445.226,98
Gesamt	9.498.640,55	10.201.306,94

An ehemalige Organmitglieder und deren Hinterbliebene wurden im Geschäftsjahr 2020 Gesamtbezüge von EUR 7.043.479,43 (2019: EUR 859.381,00) gewährt.

Bezüge des Aufsichtsrates

(in EUR)	2020	2019
von der Gesellschaft	697.500,00	497.000,00
Gesamt	697.500,00	497.000,00

Die Organe der Gesellschaft setzten sich im abgelaufenen Geschäftsjahr wie folgt zusammen:

Vorstand

MMag. Peter OSWALD (Vorsitzender seit 1. April 2020)
 Dr. Andreas BLASCHKE (Mitglied des Vorstandes)
 Mag. Franz HIESINGER (Mitglied des Vorstandes)
 Dr. Wilhelm HÖRMANSEDER (Vorsitzender bis 31. März 2020)

Aufsichtsrat

Dipl.-Ing. Rainer ZELLNER (Vorsitzender)
 Mag. Johannes GOESS-SAURAU (1. Stellvertretender Vorsitzender)
 Dr. Nikolaus ANKERSHOFEN (2. Stellvertretender Vorsitzender)
 o. Univ.-Prof. Dr. Romuald BERTL (Mitglied des Aufsichtsrates, bis 29. April 2020)
 Dr. Guido HELD (Mitglied des Aufsichtsrates, bis 29. April 2020)
 Dr. Alexander LEEB (Mitglied des Aufsichtsrates)
 MMMag. Georg MAYR-MELNHOF (Mitglied des Aufsichtsrates)
 Mag. Ferdinand MAYR-MELNHOF-SAURAU, MSc (Mitglied des Aufsichtsrates seit 29. April 2020)
 Univ.-Prof. Dr. Klaus RABEL (Mitglied des Aufsichtsrates, seit 29. April 2020)
 Ing. Franz RAPPOLD (Mitglied des Aufsichtsrates, seit 29. April 2020)
 Andreas HEMMER (Arbeitnehmersvertreter)
 Gerhard NOVOTNY (Arbeitnehmersvertreter)

b — Ereignisse nach dem Abschlussstichtag

Mit der im Dezember 2020 abgeschlossenen Vereinbarung der Mayr-Melnhof Gruppe mit den bisherigen Eigentümern von Kotkamills Group Oyj („Kotkamills“) erwirbt der Konzern deren Anteile zu einem Unternehmenswert abzüglich der zu übernehmenden Nettoverschuldung von rund EUR 425 Millionen.

Die Transaktion steht unter dem Vorbehalt üblicher Abschlussbedingungen und der Zustimmung der Aufsichtsbehörden. Der Abschluss der Transaktion und Einbeziehung des Unternehmenszusammenschlusses in den Konzernabschluss wird für Mitte 2021 erwartet.

Am 12. Februar 2021 hat die Mayr-Melnhof Gruppe eine Vereinbarung getroffen, die International Paper (Poland) Holding sp. z o. o. („Kwidzyn“) von International Paper für rund EUR 670 Millionen EUR zu erwerben und zusätzlich Leasingverbindlichkeiten von rund 33 Millionen EUR zu übernehmen.

Die Transaktion steht unter Vorbehalt üblicher Abschlussbedingungen. Das Closing der Transaktion wird für das dritte Quartal 2021 erwartet.

Zur Finanzierung der Akquisitionen hat die Mayr-Melnhof Karton AG im Februar 2021 Darlehen in Form von Schuldscheinen und Namensschuldverschreibungen in Höhe von 1.000 Millionen EUR aufgenommen. Die Laufzeiten der zu marktüblichen Konditionen verzinsten Darlehen betragen zwischen 5 und 15 Jahren.

Darüber hinaus sind nach dem Bilanzstichtag keine Ereignisse eingetreten, die wesentliche Auswirkungen auf die Vermögens-, Finanz- und Ertragslage des Konzerns haben.

Wien, am 15. März 2021

Der Vorstand

Mayr-Melnhof Karton Aktiengesellschaft

MMag. Peter OSWALD e.h.

Dr. Andreas BLASCHKE e.h.

Mag. Franz HIESINGER e.h.

Bestätigungsvermerk

Bericht zum Jahresabschluss

Prüfungsurteil

Wir haben den Jahresabschluss der Mayr-Melnhof Karton Aktiengesellschaft, Wien, bestehend aus der Bilanz zum 31. Dezember 2020, der Gewinn- und Verlustrechnung für das an diesem Stichtag endende Geschäftsjahr und dem Anhang, geprüft.

Nach unserer Beurteilung entspricht der beigefügte Jahresabschluss den gesetzlichen Vorschriften und vermittelt ein möglichst getreues Bild der Vermögens- und Finanzlage zum 31. Dezember 2020 sowie der Ertragslage der Gesellschaft für das an diesem Stichtag endende Geschäftsjahr in Übereinstimmung mit den österreichischen unternehmensrechtlichen Vorschriften.

Grundlage für das Prüfungsurteil

Wir haben unsere Abschlussprüfung in Übereinstimmung mit der EU-Verordnung Nr. 537/2014 (im Folgenden EU-VO) und mit den österreichischen Grundsätzen ordnungsmäßiger Abschlussprüfung durchgeführt. Diese Grundsätze erfordern die Anwendung der International Standards on Auditing (ISA). Unsere Verantwortlichkeiten nach diesen Vorschriften und Standards sind im Abschnitt „Verantwortlichkeiten des Abschlussprüfers für die Prüfung des Jahresabschlusses“ unseres Bestätigungsvermerks weitergehend beschrieben. Wir sind von der Gesellschaft unabhängig in Übereinstimmung mit den österreichischen unternehmensrechtlichen und berufsrechtlichen Vorschriften, und wir haben unsere sonstigen beruflichen Pflichten in Übereinstimmung mit diesen Anforderungen erfüllt. Wir sind der Auffassung, dass die von uns bis zum Datum des Bestätigungsvermerks erlangten Prüfungsnachweise ausreichend und geeignet sind, um als Grundlage für unser Prüfungsurteil zu diesem Datum zu dienen.

Besonders wichtige Prüfungssachverhalte

Besonders wichtige Prüfungssachverhalte sind solche Sachverhalte, die nach unserem pflichtgemäßen Ermessen am bedeutsamsten für unsere Prüfung des Jahresabschlusses des Geschäftsjahres waren. Diese Sachverhalte wurden im Zusammenhang mit unserer Prüfung des Jahresabschlusses als Ganzes und bei der Bildung unseres Prüfungsurteils hierzu berücksichtigt, und wir geben kein gesondertes Prüfungsurteil zu diesen Sachverhalten ab.

Unsere Darstellung dieser besonders wichtigen Prüfungssachverhalte haben wir wie folgt strukturiert:

- Sachverhalt
- Prüferisches Vorgehen und Erkenntnisse
- Verweis auf weitergehende Informationen

Organbezüge – Bewertung der Rückstellungen für variable Bezüge

Sachverhalt

Die variablen Bezüge der Vorstandsmitglieder stellen Erfolgsbeteiligungen am Konzernergebnis des jeweiligen Geschäftsjahres der Gesellschaft dar. Sie werden auf Basis des für das aktuelle Geschäftsjahr aufgestellten Konzernabschlusses der Gesellschaft zum jeweiligen Stichtag ermittelt und entsprechend rückgestellt. Zum 31. Dezember 2020 betragen die Rückstellungen für variable Bezüge der aktiven und unterjährig ausgetretenen Vorstandsmitglieder EUR 7.375.971,00 (Vorjahr: EUR 8.160.000,00). Die Höhe der variablen Bezüge ist maßgeblich vom Erreichen der vertraglich vereinbarten, vom Vergütungsausschuss festgelegten Konzernkennzahlen abhängig. Für unterjährig ausgeschiedene Vorstandsmitglieder wurden entsprechend der mit der Gesellschaft getroffenen Auflösungsvereinbarung die Ansprüche aufwandswirksam erfasst bzw. die noch nicht ausgezahlten Ansprüche rückgestellt. Fehler in der Ermittlung der Konzernkennzahlen können wesentliche Auswirkungen auf die Höhe der unter den sonstigen Rückstellungen ausgewiesenen Rückstellungen für variable Bezüge und damit auf den Jahresabschluss haben.

Prüferisches Vorgehen und Erkenntnisse

Im Rahmen der Jahresabschlussprüfung haben wir von den zum Stichtag aktiven Vorstandsmitgliedern die Vorstandsverträge gelesen, mit den vom Vergütungsausschuss genehmigten Regelungen zu den variablen Bezügen abgestimmt und die von der Gesellschaft erstellte Berechnung der Rückstellungen für variable Bezüge nachgerechnet. Die für die Rückstellungsermittlung relevanten Konzernkennzahlen haben wir mit dem Konzernabschluss zum 31. Dezember 2020 abgestimmt. Für unterjährig ausgeschiedene Vorstandsmitglieder haben wir neben dem Abgleich der Berechnung für die Ermittlung der Höhe der variablen Bezüge mit dem Vorstandsvertrag auch die mit der Gesellschaft geschlossene Auflösungsvereinbarung eingeholt und gelesen. Den, darin dem ausgeschiedenen Vorstandsmitglied, zugesagten Anspruch auf Erfolgsbeteiligung, in Abhängigkeit von der Höhe der Konzernkennzahlen des Geschäftsjahres 2020, haben wir nachgerechnet und unter Berücksichtigung der vor dem Stichtag erfolgten Auszahlungen auf den Rückstellungsbetrag übergeleitet. Abschließend haben wir die von den §§ 238 und 239 UGB geforderten Anhangangaben zu den Organbezügen mit den zu Grunde liegenden Daten und Informationen abgestimmt.

Aufgrund unserer Prüfungshandlungen konnten wir die sachgerechte, mit dem Vergütungsausschuss der Gesellschaft vereinbarte Ermittlung der Rückstellungen für variable Bezüge im Jahresabschluss zum 31. Dezember 2020 feststellen. Die bei der Ermittlung der Höhe der variablen Bezüge zur Anwendung gelangten Konzernkennzahlen wurden entsprechend der in den Vorstandsverträgen bzw. mit dem Vergütungsausschuss vereinbarten Ermittlung der Kennzahlen von dem von uns geprüften Konzernabschluss der Gesellschaft zum 31. Dezember 2020 abgeleitet. Die von den entsprechenden Regelungen der §§ 238 und 239 UGB geforderten Angaben sind vollständig und zutreffend.

Verweis auf weitergehende Informationen

Weitergehende Informationen zu diesem besonders wichtigen Prüfungssachverhalt finden sich im Anhang des Jahresabschlusses unter Anhangangabe 3 – „Erläuterungen zu einzelnen Posten der Bilanz und Gewinn- und Verlustrechnung“ im Unterpunkt g – „Rückstellungen“ sowie in Anhangangabe 4 – „Sonstige Angaben“ im Unterpunkt a – „Angaben über Organe und Mitglieder“.

Sonstige Informationen

Die gesetzlichen Vertreter sind für die sonstigen Informationen verantwortlich. Die sonstigen Informationen umfassen alle Informationen im Geschäftsbericht, ausgenommen den Jahresabschluss, den Lagebericht und den Bestätigungsvermerk.

Unser Prüfungsurteil zum Jahresabschluss erstreckt sich nicht auf diese sonstigen Informationen, und wir geben dazu keine Art der Zusicherung.

Im Zusammenhang mit unserer Prüfung des Jahresabschlusses haben wir die Verantwortlichkeit, diese sonstigen Informationen zu lesen und dabei zu würdigen, ob die sonstigen Informationen wesentliche Unstimmigkeiten zum Jahresabschluss oder zu unseren bei der Abschlussprüfung erlangten Kenntnissen aufweisen oder anderweitig falsch dargestellt erscheinen.

Falls wir auf der Grundlage der von uns zu den vor dem Datum dieses Bestätigungsvermerks erlangten sonstigen Informationen durchgeführten Arbeiten den Schluss ziehen, dass eine wesentliche falsche Darstellung dieser sonstigen Informationen vorliegt, sind wir verpflichtet, über diese Tatsache zu berichten. Wir haben in diesem Zusammenhang nichts zu berichten.

Verantwortlichkeiten der gesetzlichen Vertreter und des Prüfungsausschusses für den Jahresabschluss

Die gesetzlichen Vertreter sind verantwortlich für die Aufstellung des Jahresabschlusses und dafür, dass dieser in Übereinstimmung mit den österreichischen unternehmensrechtlichen Vorschriften ein möglichst getreues Bild der Vermögens-, Finanz- und Ertragslage der Gesellschaft vermittelt. Ferner sind die gesetzlichen Vertreter verantwortlich für die internen Kontrollen, die sie als notwendig erachten, um die Aufstellung eines Jahresabschlusses zu ermöglichen, der frei von wesentlichen falschen Darstellungen aufgrund von dolosen Handlungen oder Irrtümern ist.

Bei der Aufstellung des Jahresabschlusses sind die gesetzlichen Vertreter dafür verantwortlich, die Fähigkeit der Gesellschaft zur Fortführung der Unternehmenstätigkeit zu beurteilen, Sachverhalte im Zusammenhang mit der Fortführung der Unternehmenstätigkeit – sofern einschlägig – anzugeben, sowie dafür, den Rechnungslegungsgrundsatz der Fortführung der Unternehmenstätigkeit anzuwenden, es sei denn, die gesetzlichen Vertreter beabsichtigen, entweder die Gesellschaft zu liquidieren oder die Unternehmenstätigkeit einzustellen, oder haben keine realistische Alternative dazu.

Der Prüfungsausschuss ist verantwortlich für die Überwachung des Rechnungslegungsprozesses der Gesellschaft.

Verantwortlichkeiten des Abschlussprüfers für die Prüfung des Jahresabschlusses

Unsere Ziele sind, hinreichende Sicherheit darüber zu erlangen, ob der Jahresabschluss als Ganzes frei von wesentlichen falschen Darstellungen aufgrund von dolosen Handlungen oder Irrtümern ist, und einen Bestätigungsvermerk zu erteilen, der unser Prüfungsurteil beinhaltet. Hinreichende Sicherheit ist ein hohes Maß an Sicherheit, aber keine Garantie dafür, dass eine in Übereinstimmung mit der EU-VO und mit den österreichischen Grundsätzen ordnungsmäßiger Abschlussprüfung, die die Anwendung der ISA erfordern, durchgeführte Abschlussprüfung eine wesentliche falsche Darstellung, falls eine solche vorliegt, stets aufdeckt. Falsche Darstellungen können aus dolosen Handlungen oder Irrtümern resultieren und werden als wesentlich angesehen, wenn von ihnen einzeln oder insgesamt vernünftigerweise erwartet werden könnte, dass sie die auf der Grundlage dieses Jahresabschlusses getroffenen wirtschaftlichen Entscheidungen von Nutzern beeinflussen.

Als Teil einer Abschlussprüfung in Übereinstimmung mit der EU-VO und mit den österreichischen Grundsätzen ordnungsmäßiger Abschlussprüfung, die die Anwendung der ISA erfordern, üben wir während der gesamten Abschlussprüfung pflichtgemäßes Ermessen aus und bewahren eine kritische Grundhaltung.

Darüber hinaus gilt:

Wir identifizieren und beurteilen die Risiken wesentlicher falscher Darstellungen aufgrund von dolosen Handlungen oder Irrtümern im Abschluss, planen Prüfungshandlungen als Reaktion auf diese Risiken, führen sie durch und erlangen Prüfungsnachweise, die ausreichend und geeignet sind, um als Grundlage für unser Prüfungsurteil zu dienen. Das Risiko, dass aus dolosen Handlungen resultierende wesentliche falsche Darstellungen nicht aufgedeckt werden, ist höher als ein aus Irrtümern resultierendes, da dolose Handlungen kollusives Zusammenwirken, Fälschungen, beabsichtigte Unvollständigkeiten, irreführende Darstellungen oder das Außerkraftsetzen interner Kontrollen beinhalten können.

Wir gewinnen ein Verständnis von dem für die Abschlussprüfung relevanten internen Kontrollsystem, um Prüfungshandlungen zu planen, die unter den gegebenen Umständen angemessen sind, jedoch nicht mit dem Ziel, ein Prüfungsurteil zur Wirksamkeit des internen Kontrollsystems der Gesellschaft abzugeben.

Wir beurteilen die Angemessenheit der von den gesetzlichen Vertretern angewandten Rechnungslegungsmethoden sowie die Vertretbarkeit der von den gesetzlichen Vertretern dargestellten geschätzten Werte in der Rechnungslegung und damit zusammenhängende Angaben.

Wir ziehen Schlussfolgerungen über die Angemessenheit der Anwendung des Rechnungslegungsgrundsatzes der Fortführung der Unternehmenstätigkeit durch die gesetzlichen Vertreter sowie, auf der Grundlage der erlangten Prüfungsnachweise, ob eine wesentliche Unsicherheit im Zusammenhang mit Ereignissen oder Gegebenheiten besteht, die erhebliche Zweifel an der Fähigkeit der Gesellschaft zur Fortführung der Unternehmenstätigkeit aufwerfen können. Falls wir die Schlussfolgerung ziehen, dass eine wesentliche Unsicherheit besteht, sind wir verpflichtet, in unserem Bestätigungsvermerk auf die dazugehörigen Angaben im Jahresabschluss aufmerksam zu machen oder, falls diese Angaben unangemessen sind, unser Prüfungsurteil zu modifizieren. Wir ziehen unsere Schlussfolgerungen auf der Grundlage der bis zum Datum unseres Bestätigungsvermerks erlangten

Prüfungsnachweise. Zukünftige Ereignisse oder Gegebenheiten können jedoch die Abkehr der Gesellschaft von der Fortführung der Unternehmenstätigkeit zur Folge haben.

Wir beurteilen die Gesamtdarstellung, den Aufbau und den Inhalt des Jahresabschlusses einschließlich der Angaben sowie ob der Jahresabschluss die zugrunde liegenden Geschäftsvorfälle und Ereignisse in einer Weise wiedergibt, dass ein möglichst getreues Bild erreicht wird.

Wir tauschen uns mit dem Prüfungsausschuss unter anderem über den geplanten Umfang und die geplante zeitliche Einteilung der Abschlussprüfung sowie über bedeutsame Prüfungsfeststellungen, einschließlich etwaiger bedeutsamer Mängel im internen Kontrollsystem, die wir während unserer Abschlussprüfung erkennen, aus.

Wir geben dem Prüfungsausschuss auch eine Erklärung ab, dass wir die relevanten beruflichen Verhaltensanforderungen zur Unabhängigkeit eingehalten haben, und tauschen uns mit ihm über alle Beziehungen und sonstigen Sachverhalte aus, von denen vernünftigerweise angenommen werden kann, dass sie sich auf unsere Unabhängigkeit und – sofern einschlägig – damit zusammenhängende Schutzmaßnahmen auswirken.

Wir bestimmen von den Sachverhalten, über die wir uns mit dem Prüfungsausschuss ausgetauscht haben, diejenigen Sachverhalte, die am bedeutsamsten für die Prüfung des Jahresabschlusses des Geschäftsjahres waren und daher die besonders wichtigen Prüfungssachverhalte sind. Wir beschreiben diese Sachverhalte in unserem Bestätigungsvermerk, es sei denn, Gesetze oder andere Rechtsvorschriften schließen die öffentliche Angabe des Sachverhalts aus oder wir bestimmen in äußerst seltenen Fällen, dass ein Sachverhalt nicht in unserem Bestätigungsvermerk mitgeteilt werden sollte, weil vernünftigerweise erwartet wird, dass die negativen Folgen einer solchen Mitteilung deren Vorteile für das öffentliche Interesse übersteigen würden.

Sonstige gesetzliche und andere rechtliche Anforderungen

Bericht zum Lagebericht

Der Lagebericht ist aufgrund der österreichischen unternehmensrechtlichen Vorschriften darauf zu prüfen, ob er mit dem Jahresabschluss in Einklang steht und ob er nach den geltenden rechtlichen Anforderungen aufgestellt wurde.

Die gesetzlichen Vertreter sind verantwortlich für die Aufstellung des Lageberichts in Übereinstimmung mit den österreichischen unternehmensrechtlichen Vorschriften.

Wir haben unsere Prüfung in Übereinstimmung mit den Berufsgrundsätzen zur Prüfung des Lageberichts durchgeführt.

Urteil

Nach unserer Beurteilung ist der Lagebericht nach den geltenden rechtlichen Anforderungen aufgestellt worden, enthält zutreffende Angaben nach § 243a UGB und steht in Einklang mit dem Jahresabschluss.

Erklärung

Angesichts der bei der Prüfung des Jahresabschlusses gewonnenen Erkenntnisse und des gewonnenen Verständnisses über die Gesellschaft und ihr Umfeld wurden wesentliche fehlerhafte Angaben im Lagebericht nicht festgestellt.

Zusätzliche Angaben nach Artikel 10 der EU-VO

Wir wurden von der ordentlichen Hauptversammlung am 29. April 2020 als Abschlussprüfer gewählt. Wir wurden am 29. Juli 2020 vom Aufsichtsrat beauftragt. Wir sind seit dem Geschäftsjahr 2019 Abschlussprüfer der Gesellschaft.

Wir erklären, dass das Prüfungsurteil im Abschnitt „Bericht zum Jahresabschluss“ mit dem zusätzlichen Bericht an den Prüfungsausschuss nach Artikel 11 der EU-VO in Einklang steht.

Wir erklären, dass wir keine verbotenen Nichtprüfungsleistungen (Artikel 5 Abs. 1 der EU-VO) erbracht haben und dass wir bei der Durchführung der Abschlussprüfung unsere Unabhängigkeit von der geprüften Gesellschaft gewahrt haben.

Auftragsverantwortlicher Wirtschaftsprüfer

Der für die Abschlussprüfung auftragsverantwortliche Wirtschaftsprüfer ist Frédéric Vilain.

Wien

15. März 2021

PwC Wirtschaftsprüfung GmbH

Frédéric Vilain e.h.
Wirtschaftsprüfer

Die Veröffentlichung oder Weitergabe des Jahresabschlusses mit unserem Bestätigungsvermerk darf nur in der von uns bestätigten Fassung erfolgen. Dieser Bestätigungsvermerk bezieht sich ausschließlich auf den deutschsprachigen und vollständigen Jahresabschluss samt Lagebericht. Für abweichende Fassungen sind die Vorschriften des § 281 Abs. 2 UGB zu beachten.

Corporate Governance Report

The Mayr-Melnhof Group pursues a responsible business activity focusing on sustainable value added. In order to ensure this in the long term, we ensure that Corporate Governance is consistently practiced and further developed in all areas of the Company. This includes the whole system of management and control of the Company with the aim of promoting the trust of our employees, shareholders, customers, suppliers and the public in the MM Group and consolidating a high level of transparency.

This report summarizes the disclosures required by sections 243 c and 267 b of the Austrian Commercial Code.

COMMITMENT TO THE AUSTRIAN CORPORATE GOVERNANCE CODE

Since the Austrian Corporate Governance Code (Österreichischer Corporate Governance Kodex – ÖCGK) became effective in 2002, Mayr-Melnhof Karton AG has voluntarily committed itself to compliance with the Code in its respectively applicable version. 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, in accordance with national and international developments, regularly reviewed and adjusted accordingly. 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 Mayr-Melnhof Karton AG. Furthermore, an external evaluation of compliance with C rules is carried out every three years, which was last performed in 2018 in order to rotation.

The implementation and evaluation for the business year 2020 is based on the Code's version of January 2021. Mayr-Melnhof Karton AG 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 2020:

Rule 27a	In case of an early termination of a member of the Management Board without any good cause, such member shall be compensated for no more than the remaining term of the contract. The economic situation of the Company is not considered. Explanation: Content of current contracts with the members of the Management Board
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COMPOSITION OF THE BOARD

THE MANAGEMENT BOARD

Peter OSWALD

Chairman

Member of the Management Board

since April 1, 2020

appointed until March 31, 2025

born 1962

Franz HIESINGER

Member of the Management Board

since October 1, 2017

appointed until September 30, 2025

born 1965

Andreas BLASCHKE

Member of the Management Board

since May 14, 2002

appointed until April 30, 2025

born 1961

Wilhelm Hörmanseder, born 1954, was a member of the Management Board from March 9, 1994 to March 31, 2020, and was Chairman of the Management Board from May 14, 2002 to March 30, 2020. Peter Oswald succeeded Wilhelm Hörmanseder as Chairman of the Management Board as of April 1, 2020.

The members of the Management Board do not hold any mandates in Supervisory Boards outside the Group. As a member of the Management Board, Wilhelm Hörmanseder was also a member of the Board of Directors of Krono Holding AG, Luzern, Switzerland.

THE SUPERVISORY BOARD

Rainer ZELLNER

Chairman since April 29, 2015

born 1947

Independent entrepreneur; Chairman of the Supervisory Board of Mayr-Melnhof Holz Holding AG, Leoben

Johannes GOESS-SAURAU

1st Deputy Chairman since May 7, 2008

Member of the Supervisory Board since May 18, 2005

born 1955

Manager of his own companies

Nikolaus ANKERSHOFEN

2nd 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

Alexander LEEB

Member of the Supervisory Board since May 7, 2008

born 1959

Deputy Chairman of the Supervisory Board at Plansee Holding AG, Reutte; Deputy Chairman of the Supervisory Board at Andritz AG, Graz; 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 Corporate Governance at the Institute of Corporate Accounting and Taxation at the Karl-Franzens-University, Graz; Deputy Chairman of the Professional Committee for Business Administration of the Chamber of Advisors and Auditors, 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

Franz RAPPOLD

Member of the Supervisory Board since April 29, 2020
born 1952

Managing partner at RAFRA Consulting GmbH; Supervisory Board member at Polo Handels AG, Vienna; Supervisory Board member at Mayr-Melnhof Holz Holding AG, Leoben; Management Board member of a private trust; former Management Board member at Mayr-Melnhof Karton AG

Andreas HEMMER

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

Gerhard NOVOTNY

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

Romuald BERTL

Member of the Supervisory Board from March 2, 1994 to April 29, 2020
born 1953

Auditor and tax consultant, Ordinary University Professor of Accounting and Auditing at the Vienna University of Economics and Business; Head of the Institute of Accounting and Auditing at the Vienna University of Economics and Business; President of the Austrian Financial Reporting and Auditing Committee (AFRAC); Management Board member of Austrian family trusts and Supervisory Board member in Austrian family-owned companies

Guido HELD

Member of the Supervisory Board from May 7, 2008 to April 29, 2020
born 1944

Lawyer and managing partner at hba Rechtsanwälte GmbH; Management Board member of several private trusts; member of the management of various companies

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

Members of the Committees of the Supervisory Board

Presidium (Committee for Management Board Issues)

Rainer ZELLNER, Chairman
 Johannes GOESS-SAURAU
 Nikolaus ANKERSHOFEN

Audit Committee

Klaus RABEL, Chairman since April 29, 2020
 Rainer ZELLNER
 Johannes GOESS-SAURAU
 Nikolaus ANKERSHOFEN
 Gerhard NOVOTNY
 Romuald BERTL, Chairman until April 29, 2020

Members of the Supervisory Board with additional Supervisory Board mandates in publicly listed companies

Alexander LEEB
 Deputy Chairman of the Supervisory Board, Andritz AG, Graz

Independence of the members of the Supervisory Board

The members of the Supervisory Board use the guidelines of the Austrian Corporate Governance Code as an orientation for 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.

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 2020, 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 the employment law relationship of the Management Board members of Mayr-Melnhof Karton AG with the AG. Ankershofen Goëss Hinteregger Rechtsanwälte OG charges on the basis of hourly rates customary for lawyers. In the financial year 2020, fees totaling thous. EUR 45 were charged.

Franz RAPPOLD

RAFRA Consulting GmbH provides consulting services on the basis of a consulting agreement with Mayr-Melnhof Karton AG, which are outside the activities of Franz Rappold as a member of the Supervisory Board. The consulting agreement has a total term of 3 years and ends on June 30, 2022. The contractually agreed consulting fee amounts to thous. EUR 100 per calendar year plus any cash expenses.

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

Allocation of rights and duties within the Management Board

Peter OSWALD, Chairman, CEO

(Member of the Management Board since April 1, 2020)

Strategic and profit-responsible management of the entire Group and in particular the areas:

- Group strategy
- Group organization
- Human resources of the Group and Board of the subsidiaries
- External and internal communication and investor relations
- Communication with the Chairman of the Supervisory Board and major shareholders
- Sustainability including occupational safety
- Determination of representatives at associations as well as
- Primary profit responsibility for the cartonboard division (including sales and marketing, production, innovation and product development)
- Procurement

Franz HIESINGER, CFO

- 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
- IT
- Internal Audit

Andreas BLASCHKE, Member of the Management Board Packaging

Primary profit responsibility for the packaging division (including sales and marketing, production, innovation and product development)

Wilhelm HÖRMANSEDER, Chairman, CEO (Member of the Management Board until March 30, 2020)

The Management Board manages the business in accordance with the law, the bylaws, and the Articles of Association of the Company. 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 on material Group- and division-relevant topics. 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 direction on a continuous basis and to prepare resolutions for the Supervisory Board concerning all strategic matters. Furthermore, this Committee decides on issues concerning the Management Board in accordance with statutory regulations and also fulfills the functions of the Nomination and Compensation Committee. The quality of the Committee's work is guaranteed by the long-standing experience and know-how of its members in the field of compensation 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. Each Chairman of the Committee informs the Supervisory Board on a regular basis about the activities of the Committee.

Focus of the Supervisory Board

The Supervisory Board convened in eight meetings in the business year 2020, with the participation of the Management Board, and fulfilled its tasks and obligations in accordance with the law and the Articles of Association.

All the members of the Supervisory Board attended at least six meetings. In addition to analyzing ongoing business development, the focus was in particular placed on strategic, organic and acquisition-based growth options. In this context, on the one hand, the most comprehensive investment program to strengthen the competitiveness and growth potential of selected existing sites was discussed. On the other hand, the potential expansion of MM Karton's position in the virgin fiber-based cartonboard sector was at the center of the discussions on non-organic growth opportunities, which finally resulted in successful agreements to acquire Kotkamills, Finland, in December 2020 and IP Kwidzyn, Poland, in February 2021. Due to the changed general conditions and the new personnel situation within the Management Board, amendments to the bylaws of the Management Board and Supervisory Board were adopted and organizational topics were covered in depth. In addition, projects for necessary structural adjustments were accompanied and topics relating to financing, risk evaluation, Corporate Governance, compliance, and succession planning were discussed. The Supervisory Board paid particular attention to the Covid-19 pandemic and its impact on business performance, the personnel situation, and the value added chain.

The Supervisory Board carried out a self-evaluation for the financial year 2020, with the result that the activity of the Supervisory Board was assessed to have been generally efficient. The amended bylaws, 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 to this. A new level of efficiency was achieved with the digitalization of reporting and voting management in the Supervisory Board.

Discussions in the Supervisory Board and Management Board meetings were characterized by openness and a high degree of constructiveness also in 2020. All participants had sufficient opportunities to ask questions and engage in discussions.

Focus of the Committees of the Supervisory Board

In 2020, the Presidium (Committee for Management Board Issues) met ten times. It dealt especially with Group strategy, in particular with issues of transformation through acquisitions and investments as well as matters relating to the Management Board, and prepared the meetings of the Supervisory Board.

The implementation and review of the compensation policy and the reporting on compensation have been taken care of (see compensation report 2020 at <https://www.mayr-melnhof.com/en/for-investors/reports/>).

In 2020, the Audit Committee held two meetings and fulfilled its statutory duties. One focus was placed on dealing with the Group financial statements and the individual financial statements for 2019 as well as the preparation of the Group financial statements and the individual financial statements for 2020. 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 the key audit matters were determined.

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

The MM Group's concept of diversity is stated in the Code of Conduct. It is laid down there that we commit ourselves to creating a working environment throughout the Group that is characterized by openness and mutual respect. Diversity enables us to see things from different perspectives and against the background of different experiences, which we consider to be an enrichment that allows us to perform our tasks in even more effective and innovative ways. We are committed to providing equal opportunities, regardless of national or ethnic decent, gender, age, religion or life situation. Employees and job applicants are assessed based on the principle of non-discrimination.

The Supervisory Board currently comprises ten men, and the Management Board three. In the election of Supervisory Board members at the 26th Annual General Meeting, attention was paid to the candidates' professional and personal qualifications, independence and impartiality, and to a well-balanced composition. A balanced gender ratio within the Supervisory Board remains an objective.

The MM Group, however, follows the recommendations of the Equality Act to observe diversity when filling management positions within the Company and to strive for achieving a reasonable allocation according to gender, age, and expertise. Women have been holding leading positions within the MM Group for a long time, particularly in the areas of human resources, legal matters, information management, sales, finance and product development, and safety. The strategic goal is to achieve the best possible diversity at top management level and to further increase the proportion of women in management positions. By making work arrangements more flexible, the compatibility of career and family is supported. Owing to the Group's activities in heavy industry and the shift systems, the proportion of women within the Group and in the recruitment process tends to be low, however. Being an attractive employer for women, also in technical occupations, is our long-term aspiration.

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

EXTERNAL EVALUATION

The Code (ÖCGK) requires a regular external evaluation (at least every three years) of the Company's compliance with the C rules (Comply or Explain). The last was carried out in the course of the annual audit of the financial statements 2018 by Grant Thornton Austria GmbH Wirtschaftsprüfungs- und Steuerberatungsgesellschaft. 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 2021.

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 15, 2021

The Management Board

Peter Oswald m. p.

Andreas Blaschke m. p.

Franz Hiesinger m. p.

Statement of the Management Board

according to Section 124 of the Austrian Stock
Exchange Act

We confirm to the best of our knowledge that the consolidated financial statements give a true and fair view of the assets, liabilities, financial position, and profit or loss of the Group as required by the applicable accounting standards and that the Group management report gives a true and fair view of the development and performance of the business and the position of the Group together with a description of the principal risks and uncertainties the Group faces.

We confirm to the best of our knowledge that the separate financial statements give a true and fair view of the assets, liabilities, financial position and profit or loss of the parent company as required by the applicable accounting standards and that the management report gives a true and fair view of the development and performance of the business and the position of the company together with a description of the principal risks and uncertainties the company faces.

Vienna, March 15, 2021

The Management Board

Peter Oswald m. p.
Chairman of the Management Board

Andreas Blaschke m. p.
Member of the
Management Board

Franz Hiesinger m. p.
Member of the
Management Board

The English version of this annual financial report is a translation of the original German text. In case of doubt, the German version takes precedence.