



Leading in
Consumer Packaging

1-2Q 23

Half-Year Financial Report 2023
Mayr-Melnhof Karton AG

- Results below previous year as expected
- Growth in pharma packaging due to previous year's acquisitions
- Inflation-related restraint in consumer spending weighs on end markets
- Strong decline in volumes at MM Board & Paper related to market demand and capex
- No recovery in 3Q foreseeable
- Profit and cash protection program initiated
- Adaptation of investment program: Kwidzyn project start postponed to 2024
- Margin improvement – central aim of the initiated measures

CREATING
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Group Key Indicators

(according to IFRS for interim financial reporting, unaudited)

(consolidated, in millions of EUR)	1 st - 2 nd Quarter		+/-
	Jan. 1 - Jun. 30, 2023	Jan. 1 - Jun. 30, 2022	
Consolidated sales	2,181.4	2,218.5	- 1.7 %
EBITDA	214.3	375.8	- 43.0 %
EBITDA margin (%)	9.8 %	16.9 %	- 711 bp
Operating profit	104.0	285.0	- 63.5 %
Operating margin (%)	4.8 %	12.8 %	- 808 bp
Return on capital employed ¹⁾ (%)	9.5 %	17.0 %	- 748 bp
Profit before tax	77.2	270.2	- 71.4 %
Income tax expense	(13.9)	(64.4)	
Profit for the period	63.3	205.8	- 69.2 %
Net profit margin (%)	2.9 %	9.3 %	
Earnings per share (in EUR)	3.12	10.24	- 69.6 %
Cash flow from operating activities	150.1	138.3	+ 8.6 %
Capital expenditures (CAPEX)	215.7	173.8	+ 24.1 %
Depreciation and amortization ²⁾	110.3	90.8	+ 21.4 %

¹⁾ The calculation is based on the average of the last 12 months.

²⁾ incl. impairment of property, plant and equipment and intangible assets

	Balance sheet date	
	Jun. 30, 2023	Dec. 31, 2022
Total equity (in millions of EUR)	1,972.9	1,959.4
Total assets (in millions of EUR)	4,857.2	4,818.6
Equity ratio (%)	40.6 %	40.7 %
Net debt (in millions of EUR)	1,671.5	1,481.5
Employees ¹⁾	15,611	15,640

¹⁾ excl. temporary workers

Group Report

Dear Shareholders,

The development of your Company in the 1st half-year reflects the continuing weak demand in the cartonboard and paper sector after the record year 2022. As already communicated in mid-June, the significant decline in results is mainly attributable to the weak volume development in the division MM Board & Paper. In contrast, the division MM Packaging was able to record an overall positive performance with the successful integration of last year's acquisitions in the resilient pharmaceutical packaging sector and factoring in one-off restructuring costs.

The historically unusual decline in volumes on the European cartonboard market was higher than expected, mainly as a result of the restraint in consumer spending due to inflation as well as reduction of high inventories at customers. In addition, MM recorded considerable capex-related downtime at the Frohnleiten and Neuss board mills in the 1st half-year. Together with the annual maintenance downtime at the Kwidzyn pulp mill, this led to a significant decline in volumes and results in the MM Board & Paper division.

Due to the weak overall economy and sluggish private consumption, there are currently no signs of an improvement in demand. As a result, substantial machine downtime will again be necessary at Board & Paper in the 3rd quarter, aligning production with market demand. Taking this into account, a recovery of results is not yet predictable. In response, a profit and cash protection program has been initiated aiming at comprehensive cost savings, optimizing working capital and reducing new capital expenditures.

Securing long-term value creation, resilience, and growth in sustainable and innovative packaging for consumer goods is at the core of our business model. Through strengthening our competitiveness and quality leadership during our recent transformation as well as strategic investments in a competitive asset base and product portfolio, the MM Group is very well positioned to benefit from a promising long-term perspective.

Income Statement

The Group's consolidated sales of EUR 2,181.4 million were slightly below the previous year's figure (1st half of 2022: EUR 2,218.5 million). A primarily volume-related decline in the division MM Board & Paper was offset by an acquisition- and price-related increase in the division MM Packaging.

Operating profit decreased by EUR 181.0 million from EUR 285.0 million to EUR 104.0 million. This decline primarily results from extensive market- and capex-related downtime at MM Board & Paper. The Group's operating margin was therefore at 4.8 % (1st half of 2022: 12.8 %).

Financial income amounted to EUR 3.7 million (1st half of 2022: EUR 2.3 million). The increase in financial expenses from EUR -15.6 million to EUR -24.7 million is mainly due to higher interest expenses for *Schuldscheindarlehen* and financing of accomplished acquisitions and organic growth projects. "Other financial result - net" changed from EUR -1.6 million to EUR -5.9 million, in particular owing to currency translation.

At EUR 77.2 million, profit before tax was also lower than the previous year's figure (1st half of 2022: EUR 270.2 million). Income tax expense amounted to EUR 13.9 million after EUR 64.4 million in the 1st half of the previous year, resulting in an effective Group tax rate of 17.9 % (1st half of 2022: 23.8 %).

Profit for the period decreased from EUR 205.8 million to EUR 63.3 million and earnings per share from EUR 10.24 to EUR 3.12.

Assets, Capital, and Liquid Funds

The Group's total assets amounted to EUR 4,857.2 million as of June 30, 2023, which is EUR 38.6 million higher than the comparable value as of December 31, 2022 (EUR 4,818.6 million). The Group's total equity rose from EUR 1,959.4 million to EUR 1,972.9 million, with the mainly profit-related increase being offset chiefly by the dividend payment for 2022 of EUR 84.0 million. At 40.6 % (December 31, 2022: 40.7 %), the equity ratio remained almost unchanged.

Financial liabilities, primarily of a long-term character, increased to EUR 1,829.8 million after EUR 1,761.6 million at the end of the previous year. With total cash of EUR 158.3 million (December 31, 2022: EUR 280.1 million), net debt of the Group went up to EUR 1,671.5 million (December 31, 2022: EUR 1,481.5 million).

Non-current assets changed mostly investment-related from EUR 2,884.3 million to EUR 3,017.6 million. Current assets of EUR 1,839.6 million were below the value at the end of 2022 (EUR 1,934.3 million), in particular due to lower total cash.

Cash Flow Development

Cash flow from operating activities went up from EUR 138.3 million to EUR 150.1 million in the 1st half-year. This increase is mainly due to a lower rise of working capital in the current year.

Cash flow from investing activities changed from EUR -226.1 million to EUR -218.3 million. Higher payments for the acquisition of property, plant and equipment and intangible assets in the current year mainly contrasted with the payment of the purchase price for the acquisition of the pharma packaging group Eson Pac in the previous year. Capital expenditures in the 1st half of 2023 focused in particular on technological modernizations in both divisions.

Cash flow from financing activities changed from EUR -49.9 million to EUR -48.9 million.

Development in the 2nd quarter

Due to further market- and capex-related downtime in the division MM Board & Paper as well as weaker demand in some sales markets of MM Packaging, consolidated sales of EUR 1,059.3 million were below the 1st quarter of 2023 (EUR 1,122.1 million) as well as the previous year's level (2Q 2022: EUR 1,158.1 million).

The Group's operating profit decreased to EUR 42.4 million after EUR 61.6 million in the 1st quarter of 2023 and EUR 173.9 million in the 2nd quarter of the previous year. In addition to the extended modernization shutdown at the Neuss board mill, this was mainly attributable to the annual maintenance downtime at the Kwidzyn pulp mill. The operating margin came in at 4.0 % (1Q 2023: 5.5 %; 2Q 2022: 15.0 %). Profit for the period amounted to EUR 28.4 million (1Q 2023: EUR 34.9 million; 2Q 2022: EUR 126.3 million).

In the 2nd quarter, capacity utilization in the MM Board & Paper division was lower than in the previous quarter and the previous year's quarter. Downtime-related the operating margin amounted to -2.0 % (1Q 2023: 5.3 %; 2Q 2022: 18.1 %).

MM Packaging achieved a solid operating margin of 8.6 % in the 2nd quarter (2Q 2022: 8.4 %), after the previous quarter's figure (1Q 2023: 5.2 %) having been influenced by restructuring measures at a packaging site in Germany.

Outlook

Due to the weak overall economy and the continuing restraint in consumer spending, no recovery in demand is expected in our end markets in the coming months. While several input prices have fallen there has recently been a slight increase in recovered paper prices. As in the past few months, significant machine downtime will be necessary in the 3rd quarter to align production with market demand.

This particularly affects the MM Board & Paper division, where a modernization downtime was planned for the 3rd quarter in the Slovenian board mill Kolicovo, however, with the timing yet to be determined due to recent floods. At MM Packaging we continue to see reduced order activity mainly in the food sector.

MM responds to this development with a profit and cash protection program, which includes comprehensive cost savings, optimizing working capital and reducing new capital expenditures. The focus is to swiftly restore margins, reduce net debt and enhance our competitiveness. For the 3rd quarter 2023, however, the profit situation is expected to remain tight.

Divisions

MM Board & Paper

In the European cartonboard and paper industry, the market environment has changed drastically after the record year 2022. In addition to the reduction of high inventories in the supply chain, the inflation-related change in purchasing behavior for consumer goods led to a volume decline of around 20 % in the European cartonboard market. This historically unusual change was also exacerbated by the loss of the Russian market as well as weak and competitive overseas markets.

As a consequence, MM recorded market-related downtime on a so far unprecedented scale, analogous to the industry as a whole. Furthermore, there was planned major capex-related downtime at the Frohnleiten and Neuss board mills, with the latter lasting approximately three months. They are part of a comprehensive program to increase the competitiveness of MM Board & Paper in recycled fiber-based cartonboard through more efficient, sustainable and innovative product solutions and processes.

The sharp decline in volumes was connected with a significant reduction in profit compared with the previous year's record levels. The division's average order backlog was 139,000 tonnes after 302,000 tonnes in the 1st half of 2022.

On the procurement markets, some input prices decreased compared with the previous year due to current lower demand (e.g. recovered paper), so that more pressure was built up on sales prices.

Sales at EUR 1,019.3 million were mainly volume-related EUR 362.9 million (-26.3 %) below the comparable figure (1st half of 2022: EUR 1,382.2 million). The operating profit amounted to EUR 17.9 million (1st half of 2022: EUR 201.7 million), the operating margin to 1.8 % (1st half of 2022: 14.6 %).

Both tonnage produced and sold at 957,000 tonnes and 959,000 tonnes, respectively, were noticeable below the previous year's level (1st half of 2022: 1,330,000 tonnes and 1,280,000 tonnes, respectively).

Divisional indicators MM Board & Paper (according to IFRS for interim financial reporting, unaudited)

(in millions of EUR)	Jan. 1 - Jun. 30, 2023	Jan. 1 - Jun. 30, 2022	+/-
Sales ¹⁾	1,019.3	1,382.2	- 26.3 %
EBITDA	72.0	253.5	- 71.6 %
Operating profit	17.9	201.7	- 91.1 %
Operating margin (%)	1.8 %	14.6 %	- 1,284 bp
Cash flow from operating activities	13.0	102.1	- 87.3 %
Tonnage sold (in thousands of tonnes)	959	1,280	- 25.1 %
<i>Cartonboard</i>	<i>740</i>	<i>961</i>	<i>- 23.0 %</i>
<i>Kraft Papers</i>	<i>89</i>	<i>128</i>	<i>- 30.7 %</i>
<i>Uncoated Fine Papers</i>	<i>130</i>	<i>191</i>	<i>- 31.7 %</i>
Tonnage produced (in thousands of tonnes)	957	1,330	- 28.1 %

¹⁾ including interdivisional sales

Project start of strategic investment at MM Kwidzyn, Poland, postponed to 2024

On April 26, MM announced the approval of a comprehensive investment project to increase the long-term competitiveness of its largest board and paper mill MM Kwidzyn in Poland. Significant energy and CO₂ cost reductions as well as increased pulp integration and the entry into the market for sack kraft paper are to set the mill up for sustainable future success. The implementation of the investment project of around EUR 660 million, which is subject to certain conditions, has been planned for the years 2023 - 2026 with disbursements until 2027. Due to current market conditions, the start of the project has been postponed to 2024.

MM Packaging

The European folding carton market also showed an increasing weakening in the 1st half of 2023 against the background of declining consumer purchasing power. The food sector was particularly affected. In addition to the reduction of inventories along the entire supply chain, the decline in retail sales compared to the previous year as well as occasional temporary shifts from cartonboard to cheaper plastic packaging had an impact.

In contrast, our business in the premium sector showed an overall more stable development in the 1st half of the year, whereby order intake has also been declining here for some months in selected markets. The significant growth of MM Packaging compared to the previous year resulted particularly from the inclusion of the previous year's acquisitions in the pharmaceutical packaging area, which was contrasted by the sale of the Russian sites.

A major focus was therefore on the integration of the 21 ex-Essentra Packaging sites with improvements in quality, service and productivity, which have been overall successfully implemented to date. This once again confirms that the company is on the right track with the turnaround and the leveraging of synergies. Necessary adjustments in the existing business relating to a packaging site in Germany resulted in one-off expenses of around EUR 16 million in the 1st quarter.

At EUR 1,263.2 million, sales were acquisition- and price-related 32.0 % above the previous year's figure of EUR 957.3 million. Operating profit of EUR 86.1 million (1st half of 2022: EUR 83.3 million) was in particular influenced by the aforementioned one-off expenses, but also by the divestment of the profitable business in Russia. The operating margin amounted to 6.8 % (1st half of 2022: 8.7 %).

Produced volume increased acquisition-related by 8.4 % to 2,073 million m² (1st half of 2022: 1,913 million m²).

Divisional indicators MM Packaging (according to IFRS for interim financial reporting, unaudited)

(in millions of EUR)	Jan. 1 - Jun. 30, 2023	Jan. 1 - Jun. 30, 2022	+/-
Sales ¹⁾	1,263.2	957.3	+ 32.0 %
EBITDA	142.3	122.3	+ 16.4 %
Operating profit	86.1	83.3	+ 3.5 %
Operating margin (%)	6.8 %	8.7 %	- 188 bp
Cash flow from operating activities	137.1	36.2	+ 278.7 %
Produced volume (in millions of m ²)	2,073	1,913	+ 8.4 %

¹⁾ including interdivisional sales

Consolidated Balance Sheets

(according to IFRS for interim financial reporting, unaudited)

(all amounts in thousands of EUR)	Notes	End of 2 nd Quarter	Year-end
		Jun. 30, 2023	Dec. 31, 2022
ASSETS			
Property, plant and equipment	3	1,929,868	1,813,214
Intangible assets including goodwill	3	1,026,069	1,017,117
Investments accounted for using the equity method, securities and other financial assets		13,391	13,153
Deferred tax assets		48,280	40,793
Non-current assets		3,017,608	2,884,277
Inventories	6	735,122	730,086
Trade receivables		677,850	695,242
Income tax receivables		28,699	27,129
Prepaid expenses and other current assets		239,575	201,841
Cash and cash equivalents		158,335	280,063
Current assets		1,839,581	1,934,361
TOTAL ASSETS		4,857,189	4,818,638
EQUITY AND LIABILITIES			
Share capital		80,000	80,000
Additional paid-in capital		172,658	172,658
Retained earnings		1,940,252	1,961,929
Other reserves		(225,178)	(260,716)
Equity attributable to shareholders of the Company		1,967,732	1,953,871
Non-controlling (minority) interests		5,180	5,480
Total equity		1,972,912	1,959,351
Non-current financial liabilities	8	1,680,235	1,674,040
Provisions for non-current liabilities and charges		121,258	121,396
Deferred tax liabilities		86,866	93,950
Non-current liabilities		1,888,359	1,889,386
Current financial liabilities	8	149,589	87,549
Current tax liabilities		35,492	55,705
Trade liabilities		461,714	499,677
Deferred income and other current liabilities		300,420	296,703
Provisions for current liabilities and charges		48,703	30,267
Current liabilities		995,918	969,901
Total liabilities		2,884,277	2,859,287
TOTAL EQUITY AND LIABILITIES		4,857,189	4,818,638

Consolidated Income Statements

(according to IFRS for interim financial reporting, unaudited)

(all amounts in thousands of EUR, except per share data)	Notes	2 nd Quarter		1 st - 2 nd Quarter	
		Apr. 1 - Jun. 30, 2023	Apr. 1 - Jun. 30, 2022 (restated) ¹⁾	Jan. 1 - Jun. 30, 2023	Jan. 1 - Jun. 30, 2022 (restated) ¹⁾
Sales	11	1,059,228	1,158,122	2,181,353	2,218,529
Change in finished goods		(22,285)	41,051	8,153	67,315
Cost of materials and purchased services		(565,532)	(654,480)	(1,224,145)	(1,299,388)
Personnel expenses		(206,111)	(161,720)	(427,070)	(310,291)
Other operating income		15,598	10,109	27,728	21,153
Other operating expenses		(183,131)	(172,305)	(351,671)	(321,478)
EBITDA		97,767	220,777	214,348	375,841
Depreciation, amortization and impairment		(55,320)	(46,930)	(110,305)	(90,861)
Operating profit		42,447	173,847	104,043	284,980
Financial income		2,435	777	3,718	2,337
Financial expenses		(13,840)	(8,081)	(24,683)	(15,563)
Other financial result - net	9	(2,816)	(3)	(5,898)	(1,590)
Profit before tax		28,226	166,540	77,180	270,164
Income tax expense		220	(40,193)	(13,834)	(64,348)
Profit for the period		28,446	126,347	63,346	205,816
Attributable to:					
Shareholders of the Company		28,028	125,949	62,323	204,872
Non-controlling (minority) interests		418	398	1,023	944
Profit for the period		28,446	126,347	63,346	205,816
Earnings per share for profit for the period attributable to the shareholders of the Company:					
Earnings per share		1.41	6.29	3.12	10.24

¹⁾ As of June 30, 2023, the consolidated income statement was changed from the cost of sales method to the nature of expense method and the prior-year figures were restated to reflect the new presentation (see note 1).

Consolidated Comprehensive Income Statements

(according to IFRS for interim financial reporting, unaudited)

	2 nd Quarter		1 st - 2 nd Quarter	
	Apr. 1 - Jun. 30, 2023	Apr. 1 - Jun. 30, 2022	Jan. 1 - Jun. 30, 2023	Jan. 1 - Jun. 30, 2022
(all amounts in thousands of EUR)				
Profit for the period	28,446	126,347	63,346	205,816
Other comprehensive income:				
Actuarial valuation of defined benefit pension and severance obligations	1,905	29,629	1,230	52,909
Effect of income taxes	(62)	(6,637)	59	(11,887)
Total of items that will not be reclassified subsequently to the income statement	1,843	22,992	1,289	41,022
Currency translations	31,438	52,957	35,816	41,440
Cash flow hedge ¹⁾	2,463	0	(2,239)	0
Effect of income taxes	(492)	(955)	449	(753)
Total of items that will be reclassified subsequently to the income statement	33,409	52,002	34,026	40,687
Other comprehensive income (net)	35,252	74,994	35,315	81,709
Total comprehensive income	63,698	201,341	98,661	287,525
Attributable to:				
Shareholders of the Company	63,448	200,869	97,861	286,413
Non-controlling (minority) interests	250	472	800	1,112
Total comprehensive income	63,698	201,341	98,661	287,525

¹⁾ These include thous. EUR 39,517 from the realization of cash flow hedges and thous. EUR -41,756 from the revaluation of hedging transactions.

Consolidated Statements of Changes in Equity

(according to IFRS for interim financial reporting, unaudited)

	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
(all amounts in thousands of EUR)					Currency translations	Actuarial gains and losses	Cash flow hedge	Other reserves			
Balance at January 1, 2023		80,000	172,658	1,961,929	(195,617)	(41,366)	(23,733)	(260,716)	1,953,871	5,480	1,959,351
Profit for the period		0	0	62,323	0	0	0	0	62,323	1,023	63,346
Other comprehensive income		0	0	0	36,037	1,292	(1,791)	35,538	35,538	(223)	35,315
Total comprehensive income		0	0	62,323	36,037	1,292	(1,791)	35,538	97,861	800	98,661
Transactions with shareholders:											
Dividends paid	7	0	0	(84,000)	0	0	0	0	(84,000)	(1,100)	(85,100)
Balance at June 30, 2023		80,000	172,658	1,940,252	(159,580)	(40,074)	(25,524)	(225,178)	1,967,732	5,180	1,972,912
Balance at January 1, 2022		80,000	172,658	1,687,923	(218,254)	(66,496)	0	(284,750)	1,655,831	6,047	1,661,878
Profit for the period		0	0	204,872	0	0	0	0	204,872	944	205,816
Other comprehensive income		0	0	0	40,562	40,979	0	81,541	81,541	168	81,709
Total comprehensive income		0	0	204,872	40,562	40,979	0	81,541	286,413	1,112	287,525
Transactions with shareholders:											
Dividends paid	7	0	0	(70,000)	0	0	0	0	(70,000)	(454)	(70,454)
Balance at June 30, 2022		80,000	172,658	1,822,795	(177,692)	(25,517)	0	(203,209)	1,872,244	6,705	1,878,949

Consolidated Cash Flow Statements

(condensed version according to IFRS for interim financial reporting, unaudited)

(all amounts in thousands of EUR)	Notes	1 st - 2 nd Quarter	
		Jan. 1 - Jun. 30, 2023	Jan. 1 - Jun. 30, 2022
Profit for the period		63,346	205,816
Adjustments to reconcile profit for the period to net cash from operating activities excluding interest and taxes paid		141,662	164,329
Net cash from profit		205,008	370,145
Changes in working capital		(5,575)	(200,408)
Cash flow from operating activities excluding interest and taxes paid		199,433	169,737
Income taxes paid		(49,345)	(31,479)
CASH FLOW FROM OPERATING ACTIVITIES		150,088	138,258
Payments for property, plant and equipment, and intangible assets (incl. payments on account)		(217,801)	(169,297)
Payments for acquisition of companies or other business entities, net of cash and cash equivalents acquired (1 st HY 2023: thous. EUR 0; 1 st HY 2022: thous. EUR 915)	1	(6,887)	(60,499)
Other items		6,429	3,688
CASH FLOW FROM INVESTING ACTIVITIES		(218,259)	(226,108)
Issuance/Repayments financial liabilities		62,915	38,299
Dividends paid to the shareholders of the Company	7	(84,000)	(70,000)
Interest paid		(26,726)	(17,698)
Other items		(1,128)	(525)
CASH FLOW FROM FINANCING ACTIVITIES		(48,939)	(49,924)
Effect of exchange rate changes on cash and cash equivalents		(4,618)	142
Change in cash and cash equivalents		(121,728)	(137,632)
Cash and cash equivalents at the beginning of the period (in the consolidated balance sheet)		280,063	359,546
Cash and cash equivalents at the end of the period (in the consolidated balance sheet)		158,335	221,914

Notes to the Consolidated Half-Year Financial Statements

1 PRINCIPLES OF PREPARING THE CONSOLIDATED HALF-YEAR FINANCIAL STATEMENTS

These condensed consolidated half-year financial statements and notes thereto of Mayr-Melnhof Karton AG and its controlled subsidiaries have been prepared in accordance with IFRS for interim financial reporting (IAS 34) as adopted by the European Union and were neither voluntarily audited nor reviewed by an auditor. The condensed consolidated half-year financial statements do not include all obligatory information and disclosures required in the annual financial statements, and therefore should be read in conjunction with the Group's annual financial statements as of December 31, 2022.

As of June 30, 2023, the consolidated income statement was changed from the cost of sales method to the nature of expense method. The nature of expense method compares sales with expenses by cost type. In the cost of sales method, expenses are broken down by functional areas. The change in presentation serves to improve comparability within our industry. The previous year's figures were calculated and restated according to the same principles. For comparability purposes, the consolidated income statements are presented below using the cost of sales method.

Consolidated Income Statements according to the cost of sales method:

(all amounts in thousands of EUR)	2 nd Quarter		1 st - 2 nd Quarter	
	Apr. 1 - Jun. 30, 2023	Apr. 1 - Jun. 30, 2022	Jan. 1 - Jun. 30, 2023	Jan. 1 - Jun. 30, 2022
Sales	1,059,228	1,158,122	2,181,353	2,218,529
Cost of sales	(858,354)	(828,068)	(1,754,091)	(1,637,525)
Gross margin	200,874	330,054	427,262	581,004
Other operating income	14,849	10,036	26,667	21,003
Selling and distribution expenses	(98,737)	(103,032)	(202,800)	(198,155)
Administrative expenses	(73,677)	(62,623)	(146,095)	(117,996)
Other operating expenses	(862)	(588)	(991)	(876)
Operating profit	42,447	173,847	104,043	284,980
Financial income	2,435	777	3,718	2,337
Financial expenses	(13,840)	(8,081)	(24,683)	(15,563)
Other financial result - net	(2,816)	(3)	(5,898)	(1,590)
Profit before tax	28,226	166,540	77,180	270,164
Income tax expense	220	(40,193)	(13,834)	(64,348)
Profit for the period	28,446	126,347	63,346	205,816
Attributable to:				
Shareholders of the Company	28,028	125,949	62,323	204,872
Non-controlling (minority) interests	418	398	1,023	944
Profit for the period	28,446	126,347	63,346	205,816

The business performance of Mayr-Melnhof Karton AG is generally not affected by any significant seasonal effects. Information regarding the cyclical influences on the business activity of the Group can be found in the presentation of the divisions in the half-year management report on page 6f.

In the present financial statements, the purchase price allocation of Eson Pac, which was acquired in April 2022, was completed within the measurement period in accordance with the provisions of IFRS 3. The review of the provisional purchase price allocation did not lead to any adjustments. The contingent purchase price liability recognized in connection with the acquisition was paid to the seller in May 2023.

The condensed consolidated half-year financial statements have been prepared using the same accounting principles as for the consolidated financial statements as of December 31, 2022, except the below mentioned revised accounting regulations.

As of January 1, 2023, the following revised accounting regulations are applicable:

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

If applicable, the effective regulations were applied in the present condensed consolidated half-year financial statements. However, this has not had any significant impact on the presentation of the Group's financial situation and profitability.

2 DISCRETIONARY DECISIONS, ASSUMPTIONS, AND ESTIMATES

The valuation of defined benefit pension and severance obligations is determined on the basis of an actuarial calculation as of the respective annual reporting date. If any significant changes in the actuarial assumptions arise during the current financial year, a remeasurement of the recognized net defined benefit liability will be recorded. Provisions for non-current liabilities and charges are based on a discount rate for defined benefit pension and severance obligations of 4.13 % respectively 4.86 % as of June 30, 2023 (December 31, 2022: 4.03 % respectively 4.89 %).

As of June 30, 2023, the Group has assessed whether there is an indication of impairment of assets due to the deteriorated economic situation and the decrease in volume combined with machine downtime at MM Board & Paper. Both external and internal sources of information were used for the analysis. The impairment tests carried out did not result in any impairment losses in the divisions MM Board & Paper and MM Packaging.

As of January 1, 2023, the functional currency of MM Graphia Izmir Karton sanayi ve ticaret anonim sirketi has been changed from Turkish lira to euro. A sustained dominant export quota to euro countries since the end of 2022 is also reflected in the pricing mechanisms subject to the euro environment since January 1, 2023. As a result, the primary operating economic environment of this subsidiary is no longer Turkey but the euro area. In contrast, IAS 29 "Financial Reporting in Hyperinflationary Economies" continues to apply to another subsidiary in Turkey.

3 DEVELOPMENT OF FIXED ASSETS

The Group spent a total of thous. EUR 215,702 (1st half of 2022: thous. EUR 173,753) on acquiring property, plant and equipment and intangible assets in the 1st half-year of 2023. The carrying amount of disposals of property, plant and equipment and intangible assets amounted to thous. EUR 4,140 (1st half of 2022: thous. EUR 466).

Depreciation and amortization on property, plant and equipment and intangible assets amounted to thous. EUR 110,305 (1st half of 2022: thous. EUR 90,861).

Net book values of property, plant and equipment and intangible assets including goodwill are composed as follows:

(all amounts in thousands of EUR)	End of 2 nd Quarter	Year-end
	Jun. 30, 2023	Dec. 31, 2022
Lands, similar land rights and buildings	592,617	578,758
Technical equipment and machines	1,002,130	960,110
Other equipment, fixtures and fittings	60,720	58,211
Construction in progress	274,401	216,135
Property, plant and equipment	1,929,868	1,813,214

(all amounts in thousands of EUR)	End of 2 nd Quarter	Year-end
	Jun. 30, 2023	Dec. 31, 2022
Concessions, licenses and similar rights	34,792	34,409
Goodwill	764,663	748,821
Customer relationships and other intangible assets	226,614	233,887
Intangible assets including goodwill	1,026,069	1,017,117

4 PURCHASE COMMITMENTS

As of June 30, 2023 purchase obligations for fixed assets regarding planned capital expenditures amounted to thous. EUR 240,711 (December 31, 2022: thous. EUR 201,754).

5 FINANCIAL INSTRUMENTS DISCLOSURES

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

(all amounts in thousands of EUR)	End of 2 nd Quarter	Year-end
	Jun. 30, 2023	Dec. 31, 2022
Financial assets:		
Derivative financial instruments (level 2)	7,746	3,895
Securities (level 1)	285	283
Financial liabilities:		
Derivative financial instruments (level 2)	11,776	2,424
Contingent purchase price liability (level 3)	0	7,466
Gas supply contracts (level 3) ¹⁾	31,905	29,666

¹⁾ There is an unrealized day one gain of thous. EUR 23,132 (December 31, 2022: thous. EUR 63,427) in the context of hedge accounting.

Measurement methods

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

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

The fair value of securities (Level 1 measurement) is based on the quoted price on the active market.

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

In addition, there are financial instruments measured at fair value based on parameters for which no observable market data exist (level 3 measurement). The contingent purchase price liability recognized in the course of the acquisition of Eson Pac was paid as agreed in May 2023.

The valuation of the hedge of commodity price risks ("cash flow hedge") is based on the expected purchase volumes and transit costs (level 3 parameters) for underlying gas contracts in the years 2023 to 2025 and the TTF future prices available at the valuation date.

6 INVENTORIES

In the 1st half-year of 2023, the write-downs of inventories recognized as an expense amounted to thous. EUR 8,903 (1st half of 2022: thous. EUR 6,297), the reversal of write-downs of inventories recognized as income amounted to thous. EUR 3,299 (1st half of 2022: thous. EUR 1,765), both under cost of materials.

7 EQUITY

Dividend

By the 29th Ordinary Shareholder's Meeting, a dividend of EUR 4.20 per voting share was resolved for the year 2022 after EUR 3.50 for 2021, which was due on May 10, 2023. On schedule a total of thous. EUR 84,000 (previous year: thous. EUR 70,000) was distributed to the shareholders.

8 FINANCIAL LIABILITIES AND LEASES

Financial liabilities of the Group are as follows:

(all amounts in thousands of EUR)	End of 2 nd Quarter	Year-end
	Jun. 30, 2023	Dec. 31, 2022
Non-current interest-bearing financial liabilities	1,590,656	1,581,000
Long-term lease liabilities	89,579	93,040
Non-current financial liabilities	1,680,235	1,674,040
Current interest-bearing financial liabilities	133,130	70,288
Short-term lease liabilities	16,459	17,261
Current financial liabilities	149,589	87,549
Financial liabilities	1,829,824	1,761,589

9 OTHER FINANCIAL RESULT – NET

(all amounts in thousands of EUR)	1 st - 2 nd Quarter	
	Jan. 1 - Jun. 30, 2023	Jan. 1 - Jun. 30, 2022
Foreign currency exchange rate gains (losses) - net	(6,626)	(1,491)
Net interest cost from benefit obligations	(1,681)	(833)
Result from investments accounted for using the equity method	570	609
Dividend income	399	408
Other financial income	1,521	4
Other financial expenses	(81)	(287)
Other financial result – net	(5,898)	(1,590)

10 DISCLOSURES ON TRANSACTIONS WITH RELATED PARTIES

Raw materials for the production of cartonboard amounting to thous. EUR 4,549 were purchased from other related companies in the 1st half-year of 2023 (1st half of 2022: thous. EUR 3,418). As of June 30, 2023, trade liabilities with other related companies amounted to thous. EUR 1,078 (December 31, 2022: thous. EUR 0).

In the 1st half-year of 2023 sales from transactions with associated companies amounted to thous. EUR 726 (1st half of 2022: thous. EUR 1,038). As of June 30, 2023, trade receivables with associated companies amounted to thous. EUR 538 (December 31, 2022: thous. EUR 672). There were no trade payables either as of June 30, 2023 or as of December 31, 2022.

The cost of raw materials purchased from joint ventures amounted to thous. EUR 3,243 in the 1st half-year of 2023 (1st half of 2022: thous. EUR 2,780). As of June 30, 2023, trade liabilities with joint ventures amounted to thous. EUR 778 (December 31, 2022: thous. EUR 713).

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

Key management personnel of the Group (active Management Board and Supervisory Board members of Mayr-Melnhof Karton AG) and their close relatives are considered as related parties.

Expenses for consulting services rendered by a member of the Supervisory Board amounted to thous. EUR 4 in the 1st half-year of 2023 (1st half of 2022: thous. EUR 60). Neither as of June 30, 2023 nor December 31, 2022 liabilities were recognized in this context. Standard market rates were charged for these consulting services.

11 SEGMENT REPORTING INFORMATION

The Group measures the performance of its operating segments through the assessment of EBITDA, operating profit and profit for the period, as they are presented in the consolidated income statements.

The Group's operating segments can be illustrated as follows:

(all amounts in thousands of EUR)	1 st - 2 nd Quarter 2023			
	MM Board & Paper	MM Packaging	Eliminations	Group
Sales to external customers	918,377	1,262,976	0	2,181,353
Intersegment sales	100,924	227	(101,151)	0
Total sales	1,019,301	1,263,203	(101,151)	2,181,353
EBITDA	72,046	142,302	0	214,348
Operating profit	17,914	86,129	0	104,043
Profit for the period	3,943	59,403	0	63,346
Segment assets ¹⁾	3,043,704	2,269,636	(456,151)	4,857,189
Segment liabilities ¹⁾	1,978,803	1,361,625	(456,151)	2,884,277

¹⁾ as of June 30, 2023

(all amounts in thousands of EUR)	1 st - 2 nd Quarter 2022			
	MM Board & Paper	MM Packaging	Eliminations	Group
Sales to external customers	1,261,682	956,847	0	2,218,529
Intersegment sales	120,473	457	(120,930)	0
Total sales	1,382,155	957,304	(120,930)	2,218,529
EBITDA	253,555	122,286	0	375,841
Operating profit	201,732	83,248	0	284,980
Profit for the period	145,039	60,777	0	205,816
Segment assets ¹⁾	3,045,180	2,260,406	(486,948)	4,818,638
Segment liabilities ¹⁾	1,954,961	1,391,274	(486,948)	2,859,287

¹⁾ as of December 31, 2022

The EBITDA, operating profit and profit for the period in the total column "Group" correspond to the consolidated income statements. The reconciliation from EBITDA to operating profit and to profit for the period can therefore be derived from the consolidated income statements.

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

12 SIGNIFICANT SUBSEQUENT EVENTS AND FURTHER INFORMATION

No events that require disclosure took place between the balance sheet date June 30, 2023 and the publication approval on August 9, 2023.

Statement of the Management Board

according to section 125 of the Austrian Stock Exchange Act

We confirm to the best of our knowledge that the condensed interim 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 important events that have occurred during the first six months of the financial year and their impact on the condensed interim financial statements, of the principal risks and uncertainties for the remaining six months of the financial year as well as of the major related party transactions to be disclosed.

Vienna, August 9, 2023

The Management Board

Peter Oswald m. p.
Chairman of the Management Board

Franz Hiesinger m. p.
Member of the Management Board

Quarterly Overview

MM Group

(consolidated, in millions of EUR)	1 st Quarter 2022	2 nd Quarter 2022	3 rd Quarter 2022	4 th Quarter 2022	1 st Quarter 2023	2 nd Quarter 2023
Sales	1,060.4	1,158.1	1,231.9	1,231.7	1,122.1	1,059.3
EBITDA	155.0	220.8	215.4	138.7	116.6	97.7
Operating profit	111.1	173.9	167.2	58.1	61.6	42.4
Operating margin (%)	10.5 %	15.0 %	13.6 %	4.7 %	5.5 %	4.0 %
Profit before tax	103.6	166.6	146.6	50.1	49.0	28.2
Income tax expense	(24.1)	(40.3)	(37.2)	(20.1)	(14.1)	0.2
Profit for the period	79.5	126.3	109.4	30.0	34.9	28.4
Net profit margin (%)	7.5 %	10.9 %	8.9 %	2.4 %	3.1 %	2.7 %
Earnings per share (in EUR)	3.95	6.29	5.43	1.52	1.71	1.41
Cash flow from operating activities	49.3	89.0	117.4	44.0	67.2	82.9

Divisions

MM Board & Paper

(in millions of EUR)	1 st Quarter 2022	2 nd Quarter 2022	3 rd Quarter 2022	4 th Quarter 2022	1 st Quarter 2023	2 nd Quarter 2023
Sales ¹⁾	656.3	725.9	747.3	620.5	521.2	498.1
EBITDA	95.7	157.8	142.9	102.9	54.3	17.7
Operating profit	70.1	131.6	116.5	62.8	27.7	(9.8)
Operating margin (%)	10.7 %	18.1 %	15.6 %	10.1 %	5.3 %	-2.0 %
Cash flow from operating activities	18.5	83.6	124.9	17.4	10.0	3.0
Tonnage sold (in thousands of tonnes)	657	623	615	494	473	486
<i>Cartonboard</i>	494	467	469	373	375	365
<i>Kraft Papers</i>	64	64	51	41	40	49
<i>Uncoated Fine Papers</i>	99	92	95	80	58	72
Tonnage produced (in thousands of tonnes)	659	671	611	492	488	469

¹⁾ including interdivisional sales

MM Packaging

(in millions of EUR)	1 st Quarter 2022	2 nd Quarter 2022	3 rd Quarter 2022	4 th Quarter 2022	1 st Quarter 2023	2 nd Quarter 2023
Sales ¹⁾	454.9	502.4	552.9	658.5	656.7	606.5
EBITDA	59.3	63.0	72.5	35.8	62.3	80.0
Operating profit	41.0	42.3	50.7	(4.7)	33.9	52.2
Operating margin (%)	9.0 %	8.4 %	9.2 %	-0.7 %	5.2 %	8.6 %
Cash flow from operating activities	30.8	5.4	(7.5)	26.6	57.2	79.9
Produced volume (in millions of m ²)	959	954	1,015	1,128	1,094	979

¹⁾ including interdivisional sales

MM Shares

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



Share price (closing price)

as of August 7, 2023	138.60
2023 High	161.60
2023 Low	128.60
Stock performance (Year-end 2022 until August 7, 2023)	- 8.33 %
Number of shares issued	20 million
Market capitalization as of August 7, 2023 (in millions of EUR)	2,772
Trading volume (average per day 1 st HY 2023 in millions of EUR)	1.67

We have prepared this report and reviewed the figures with the greatest possible care. Nevertheless, rounding, typographical and printing errors cannot be excluded. The aggregation of rounded amounts and percentages may result in rounding differences due to the use of automated computational aids. This report also contains forward-looking estimates and statements based on the information currently available to us. Please note that a wide variety of factors could cause actual circumstances – and hence actual results – to deviate from the expectations contained in this report.

The determination of key indicators, which cannot be reconciled directly from the interim financial report, can be found on our website under section “For Investors/Key Indicators”.

Statements referring to people are valid for both men and women.

This report is also available in German. In case of doubt, the German version takes precedence.

Financial Calendar 2023/2024

November 7, 2023	Results for the first three quarters of 2023
March 12, 2024	Financial results for 2023
April 14, 2024	Record date "Ordinary Shareholders' Meeting"
April 23, 2024	Results for the 1 st quarter of 2024
April 24, 2024	30 th Ordinary Shareholders' Meeting – Vienna
April 30, 2024	Ex-dividend day
May 1, 2024	Record date "Dividends"
May 8, 2024	Dividend payment date
August 22, 2024	Results for the 1 st half-year of 2024
November 7, 2024	Results for the first three quarters of 2024

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