



Illustrative disclosures

Guide to condensed interim financial statements

IFRS® Accounting Standards



June 2023

Updated to illustrate amendments to
IAS 12 *Income Taxes* issued in May 2023

Contents

About this guide	2
References and abbreviations	6
Independent auditors' report on review of condensed consolidated interim financial statements	7
Condensed consolidated interim financial statements	9
Primary statements	
Condensed consolidated statement of financial position	10
Condensed consolidated statement of profit or loss and OCI	12
Condensed consolidated statement of changes in equity	14
Condensed consolidated statement of cash flows	18
Notes to the condensed consolidated interim financial statements	20
Appendices	
I New accounting standards or amendments for 2023 and forthcoming requirements	60
II Presentation of comprehensive income – Two-statement approach	62
III Condensed consolidated statement of profit or loss and OCI – Quarterly reporter	64
Acknowledgements	67
Keeping in touch	68

Notes to the condensed consolidated interim financial statements

Basis of preparation

1. Reporting entity	20
2. Basis of accounting	20
3. Use of judgements and estimates	21
4. Change in accounting policy	22

Performance for the period

5. Operating segments	24
6. Revenue	26
7. Discontinued operation	29
8. Other income/expenses	31

Employee benefits

9. Share-based payment arrangements	32
10. Employee benefits	33

Income taxes

11. Income tax expense	34
------------------------	----

Alternative performance measure

12. Adjusted earnings before interest, tax, depreciation and amortisation (adjusted EBITDA)	36
---	----

Assets

13. Inventories	37
14. Disposal group held for sale	37
15. Property, plant and equipment	38
16. Intangible assets and goodwill	39

Equity and liabilities

17. Capital and reserves	41
18. Loans and borrowings	42
19. Provisions	43

Financial instruments

20. Financial instruments – Fair values and risk management	44
---	----

Group composition

21. Acquisition of subsidiary	53
22. Acquisition of NCI	56

Other information

23. Contingencies	57
24. Related parties	58
25. Subsequent event	58
26. Accounting standards issued but not yet effective	59

About this guide

This guide has been produced by the KPMG International Standards Group (part of KPMG IFRG Limited).

The guide is intended to help entities to prepare and present condensed consolidated interim financial statements in accordance with IAS 34 *Interim Financial Reporting* by illustrating one possible format for financial statements for a fictitious multinational corporation (the Group) involved in general business activities. This hypothetical reporting entity has been applying IFRS Accounting Standards for some time – i.e. it is not a first-time adopter. For more information on adopting the Accounting Standards for the first time, see Chapter 6.1 in the 19th Edition 2022/23 of our publication [Insights into IFRS](#).

In June 2023, the guide was updated to illustrate disclosures related to *International Tax Reform – Pillar Two Model Rules – Amendments to IAS 12*, which were issued in May 2023.

Content

This guide assumes that the hypothetical reporting entity:

- chooses to publish a set of condensed interim financial statements under IAS 34;
- has previously issued annual financial statements and the users of the interim financial statements will have access to the last annual financial statements;
- provides only significant updates to the information that was reported in the notes to the last annual financial statements;
- prepares its interim financial statements on a consolidated basis;
- applies the same accounting policies as in its last annual financial statements, unless otherwise stated; and
- prepares a half-yearly interim report, but does not prepare quarterly interim reports.

What's new in 2023?

[Appendix I](#) provides a comprehensive list of new accounting standards and amendments issued by the International Accounting Standards Board (IASB), distinguishing between those that are effective for an entity with an annual reporting period beginning on 1 January 2023 and those with a later effective date. The newly effective accounting standards and amendments do not introduce any new disclosures that are explicitly required in the condensed interim financial statements.

The Group applied ***Deferred Tax related to Assets and Liabilities arising from a Single Transaction – Amendments to IAS 12*** for the first time in its 2023 condensed interim financial statements. Although IAS 34 does not set out specific disclosure requirements in respect of deferred tax in condensed interim financial statements, it does include a general requirement for entities to describe the nature and effect of any changes in accounting policies. See [Note 4\(A\)](#) for illustrative disclosure explaining the nature and effect of the change relating to deferred tax in the first year of the amendments' application.

The Group applied the relief from deferred tax accounting introduced by ***International Tax Reform – Pillar Two Model Rules – Amendments to IAS 12*** immediately upon release of the amendments on 23 May 2023. The new disclosures about the exposure to Pillar Two top-up taxes introduced under the amendments are not required in interim periods ending on or before 31 December 2023. However, an entity that expects to be subject to these taxes may determine that it is relevant to a user's understanding of its financial position and performance to disclose information about the potential exposure. See [Notes 4\(B\)](#) and [11](#) for illustrative disclosures explaining the nature and effect of the change resulting from the amendments, as well as the Group's potential exposure to top-up taxes. The scenario illustrated assumes that new tax laws have been enacted in one of the jurisdictions where the Group operates during the interim period. For further information, see our [web article](#) and read our [talkbook](#).

The Group does not have any transactions that are affected by the other newly effective accounting standards and amendments.

Although it is not specifically required by IAS 34, entities that participate in **supplier finance arrangements** may determine that providing information about these arrangements and their effects on the entity's liabilities and cash flows is relevant to an understanding of the interim period. See [Note 20\(A\)](#) for an illustration of these disclosures.^a

Accounting standards covered

This guide reflects accounting standards, amendments and interpretations (broadly referred to in this guide as 'Accounting Standards') that have been issued by the IASB as at 20 March 2023^b and that are required to be applied by an entity with an annual reporting period beginning on 1 January 2023 ('currently effective requirements'). Accounting Standards other than IAS 34 are not illustrated in this guide, except in the context of disclosures on the face of or in the notes to the condensed interim financial statements. The early adoption of accounting standards that are effective for annual periods beginning after 1 January 2023 ('forthcoming requirements') has not been illustrated.

In addition, accounting standards and their interpretation change over time. Accordingly, this guide should not be used as a substitute for referring to their requirements and other relevant interpretative guidance.

Preparers should also consider applicable local legal and regulatory requirements. This guide does not consider the requirements of any particular jurisdiction – e.g. IFRS Accounting Standards do not require the presentation of separate financial statements for the parent entity. Consequently, this guide includes only consolidated financial statements.

Financial reporting in uncertain times

Many entities are likely to be facing challenges in these uncertain times. External events such as COVID-19, natural disasters, geopolitical events like the Ukraine-Russia conflict, and inflation are just a few of the major issues driving global economic uncertainty today.

This evolving uncertainty creates a variety of issues and risks, including changes in consumer demand, disrupted supply chains, staff shortages, increasing interest rates, increased market volatility and changes to the way entities operate. It also creates the potential for additional accounting and disclosure implications.

This guide does not illustrate the potential impacts of external events on the interim financial statements of the hypothetical entity.

Depending on the industry and economic environment in which an entity operates, there may be various external events that affect the recognition and measurement of its assets and liabilities, income and expenses. Also, as a consequence of these events, entities may be facing going concern difficulties due to liquidity pressures. The considerations that apply for management's going concern assessment and the related disclosures when preparing annual financial statements also apply for interim financial statements.

Preparers should carefully evaluate and consider the impact of external events on their 2023 interim financial reporting and provide an update of relevant entity-specific disclosures since the last annual reporting date. Changes in circumstances may have made significant disclosures included in the recent annual financial statements less relevant. As such, preparers will need to consider providing additional supplementary disclosures in their interim financial statements. For example, entities may need to update and expand disclosures about liquidity – especially compared with what might have been included in previous annual or interim reports.

- a. In response to investors' calls for greater transparency of the impact of supplier finance arrangements on the financial statements, the IASB is proposing additional disclosure requirements for entities that enter into these arrangements. At the date of this guide's publication, the proposals had not yet been finalised. For more information, see our web article [Disclosure of supplier finance arrangements](#).
- b. This guide was updated in June 2023 to illustrate disclosures related to *International Tax Reform – Pillar Two Model Rules – Amendments to IAS 12*, which were issued in May 2023 (see [Notes 4\(B\)](#) and [11](#)). It has not been updated for any subsequent developments in IFRS Accounting Standards after 20 March 2023.

For guidance, see our [Financial reporting in uncertain times resource centre](#), and especially the web article [What is the impact of external events on interim financial statements?](#)

Climate change and financial reporting

All entities are facing climate-related risks and opportunities and are making strategic decisions in response – including around their transition to a low-carbon economy. These climate-related risks and strategic decisions could impact their financial statements – and KPIs. For an illustration of the climate-related impact linked to emissions schemes, see [Note 19\(C\)](#).

Our [Climate change financial reporting resource centre](#) provides FAQs to help entities identify the potential financial statement impacts on their business.

Additionally, the International Sustainability Standards Board (ISSB) has published a proposed climate-related disclosures standard. For more on this and related developments, see our [Sustainability reporting](#) web page.

Need for judgement

This guide is part of our suite of [guides to financial statements](#) and specifically focuses on compliance with IAS 34. Although it is not exhaustive, it illustrates the disclosures required by IAS 34 for a hypothetical reporting entity, merely for illustrative purposes and, as such, largely without regard to materiality. The information contained herein is of a general nature and is not intended to address the circumstances of any particular entity.

The preparation and presentation of financial statements requires the preparer to exercise judgement in view of the objectives of IAS 34 – e.g. in terms of the choice of accounting policies, the ordering of notes to the financial statements, tailoring the disclosures to reflect the reporting entity's specific circumstances, and the relevance of disclosures considering the needs of the users.

Materiality

Materiality is relevant to the presentation and disclosure of items in the interim financial statements and should be assessed based on interim period financial information, not the full annual reporting period. The overriding goal is to ensure that an interim financial report includes all information that is relevant to understanding an entity's financial position on the interim reporting date and its financial performance during the interim period.

Preparers also need to take care not to reduce the understandability of their financial statements by obscuring material information with immaterial information or by aggregating material information that is different by nature or function. Individual disclosures that are not material to the financial statements do not need to be presented – even if they are a specific requirement of an accounting standard. Preparers need to consider the appropriate level of disclosure based on materiality for the interim period.

Specific guidance on materiality and its application to interim financial statements is included in paragraphs 23–25 of IAS 34. Paragraphs 84–88 of Practice Statement 2 *Making Materiality Judgements* provide guidance on applying materiality in the preparation of interim financial statements.

When preparing interim financial statements under IAS 34, preparers need to consider the same materiality factors they consider in preparing their annual financial statements, while taking into consideration that the time period and the purpose of interim financial statements differ from those of annual financial statements. Preparers need to provide an update on the latest complete set of annual financial statements.

Remember the bigger picture

Financial reporting is not just about technical compliance, but also effective communication. Investors continue to ask for a step-up in the quality of business reporting, so preparers should be careful not to become buried in compliance to the exclusion of relevance. In preparing their financial statements, entities need to focus on improving their communication by reporting financial information in a meaningful way.

Entities may also consider innovating their financial statement presentation and disclosure in the broader context of corporate reporting. For more information, see our [Better business reporting](#) web page.

References and abbreviations

References are included in the left-hand margin of this guide to identify their sources. Generally, they relate only to presentation and disclosure requirements.

<i>IAS 34.15</i>	Paragraph 15 of IAS 34.
<i>[IFRS 2.45]</i>	Paragraph 45 of IFRS 2. The square brackets indicate that the paragraph relates to presentation or disclosure requirements in annual financial statements. Such presentation or disclosures are not specifically required in condensed interim financial statements, unless they are judged to be material to understanding the interim period.
<i>Insights 2.3.60.10</i>	Paragraph 2.3.60.10 of the 19th Edition 2022/23 of our publication Insights into IFRS .

The following markings in the left-hand margins indicate the following.

█ Disclosures that apply only to entities in the scope of IFRS 8 *Operating Segments* and IAS 33 *Earnings per Share*.

|| Major changes since the previous edition.

The following abbreviations are used often in this guide.

CGU	Cash-generating unit
EBITDA	Earnings before interest, tax, depreciation and amortisation
ECL	Expected credit loss
FVOCI	Fair value through other comprehensive income
FVTPL	Fair value through profit or loss
NCI	Non-controlling interests
Notes	Notes to the condensed consolidated interim financial statements
OCI	Other comprehensive income

[Name of the Company]

**Independent auditors' report
on review of condensed
consolidated interim financial
statements**



Independent auditors' report on review of condensed consolidated interim financial statements^a

To the Shareholders of [*Name of the Company*]

Introduction

We have reviewed the accompanying condensed consolidated statement of financial position of [*Name of the Company*] as at 30 June 2023, the condensed consolidated statements of profit or loss and other comprehensive income, changes in equity and cash flows for the six-month period then ended, and notes to the interim financial statements ('the condensed consolidated interim financial statements'). Management is responsible for the preparation and presentation of these condensed consolidated interim financial statements in accordance with IAS 34 *Interim Financial Reporting*. Our responsibility is to express a conclusion on these condensed consolidated interim financial statements based on our review.

Scope of review

We conducted our review in accordance with the International Standard on Review Engagements 2410 *Review of Interim Financial Information Performed by the Independent Auditor of the Entity*. A review of interim financial statements consists of making inquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with International Standards on Auditing and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

Conclusion

Based on our review, nothing has come to our attention that causes us to believe that the accompanying condensed consolidated interim financial statements as at and for the six months ended 30 June 2023 are not prepared, in all material respects, in accordance with IAS 34 *Interim Financial Reporting*.

KPMG

[Address]

[Date of report]

^a. This example report has been prepared based on International Standards on Review Engagements 2410 *Review of Interim Financial Information Performed by the Independent Auditor of the Entity*. Its format does not reflect the legal requirements of any particular jurisdiction.

[Name of the Company]

Condensed consolidated interim financial statements

Condensed consolidated statement of financial position^{a, b, c}

IAS 34.8(a), 10, 20(a)

<i>In thousands of euro</i>	Note	30 June 2023	31 December 2022
Assets			
Property, plant and equipment ^d	15	26,154	33,230
Intangible assets and goodwill	16	6,175	4,541
Biological assets	13(B)	7,629	7,662
Investment property	15(C)	1,555	400
Equity-accounted investees		1,791	1,948
Other investments, including derivatives ^e	20	3,752	3,525
Deferred tax assets		1,649	1,379
Employee benefits		383	731
Non-current assets^f		49,088	53,416
Intangible assets ^g	16	115	120
Biological assets		156	140
Inventories ^h	13	11,589	12,119
Contract assets ⁱ	6(B)	1,316	782
Other investments, including derivatives	20	526	1,032
Current tax assets		-	228
Trade and other receivables	6, 20	20,379	19,824
Prepayments ^j		1,000	1,200
Cash and cash equivalents	20	2,355	1,850
		37,436	37,295
Assets held for sale ^k	14	12,891	-
Current assets^f		50,327	37,295
Total assets		99,415	90,711

[IFRS 15.105]

[IFRS 5.38, 40]

IAS 34.10

IAS 1.BC33, 34.8, 15B(g), 16A(a), 20(a), Insights 5.9.30.22

IFRS 16.47(a), 48

Insights 7.10.40.50

IAS 1.60–61

IAS 1.66, Insights 3.1.30

IFRS 15.B21, BC367

- a. Each of the condensed primary financial statements includes, at a minimum, each of the headings and subtotals that were included in the last annual financial statements. Additional line items are included if their omission would make the financial statements misleading.
- b. When the interim financial statements are unaudited, this fact may be disclosed. This disclosure may also be a requirement in some jurisdictions.
- c. Under IAS 34, the minimum components of condensed interim financial statements do not include a statement of financial position as at the beginning of the preceding period when comparative information is restated following a change in accounting policy, correction of an error or reclassification of items. However, disclosure is required for certain events and transactions, including a change in accounting policy or correction of a material prior-period error.
- d. The Group has presented right-of-use assets that do not meet the definition of investment property within 'property, plant and equipment' – i.e. the same line item in which it presents underlying assets of the same nature that it owns – with a separate disclosure in the notes. Alternatively, the Group may choose to present right-of-use assets separately in the statement of financial position. Right-of-use assets that meet the definition of investment property are presented within investment property.
- e. The Group has presented its derivative assets within the 'other investments' line item because they are insignificant. In our view, derivative assets and liabilities should be presented in separate line items in the statement of financial position if they are significant.
- f. The Group has made a current/non-current distinction in the statement of financial position. An entity may present its assets and liabilities broadly in order of liquidity if such a presentation provides information that is reliable and more relevant. Our [Guide to annual financial statements – Illustrative disclosures for banks](#) (December 2022) provides an example presentation of assets and liabilities in order of liquidity.
- g. The Group has classified certain intangible assets (emissions certificates) as current (see [Note 19\(C\)](#)) because they are expected to be realised within 12 months of the reporting date. An entity needs to apply the requirements in IAS 1 *Presentation of Financial Statements* in determining whether to classify intangible assets as current or non-current.
- h. IFRS 15 *Revenue from Contracts with Customers* and other accounting standards do not specify where assets for rights to recover products from customers with regards to sales with a right of return should be presented. The Group has included the assets in 'inventories' and disclosed them separately (see [Note 13\(C\)](#)).

Condensed consolidated statement of financial position (continued)

IAS 34.8(a), 10, 20(a)

<i>In thousands of euro</i>	Note	30 June 2023	31 December 2022
Equity			
Share capital	17	14,979	14,550
Share premium	17	4,777	3,500
Reserves		1,188	426
Retained earnings		15,975	13,795
Equity attributable to owners of the Company		36,919	32,271
Non-controlling interests		3,497	3,093
Total equity		40,416	35,364
Liabilities			
Loans and borrowings ⁱ	18, 20	23,467	21,145
Employee benefits	10	606	841
Trade and other payables ^m	20	252	1,675
Provisions	19	1,100	400
Deferred tax liabilities		2,587	1,567
Non-current liabilities^f		28,012	25,628
Bank overdraft	20	120	282
Current tax liabilities		1,323	-
Loans and borrowings ⁱ	18, 20	4,747	4,794
Trade and other payables ^{m, n}	20	20,792	22,906
Contract liabilities ⁱ	6(B)	148	117
Deferred income/revenue		57	420
Provisions	19	150	1,200
		27,337	29,719
Liabilities directly associated with the assets held for sale ^k	14	3,650	-
Current liabilities^f		30,987	29,719
Total liabilities		58,999	55,347
Total equity and liabilities		99,415	90,711

The notes on pages 20 to 59 are an integral part of these condensed consolidated interim financial statements.

IFRS 15.105, 109, A,
BC320–BC321,
Insights 4.2.480.50

- i. Although it is not specifically required, the Group has presented in the statement of financial position line items related to contract assets and contract liabilities. An entity also applies the requirements in IAS 1 in classifying contract assets and contract liabilities as current or non-current.

Although this guide uses the terms 'contract assets' and 'contract liabilities', an entity may also use other terms.

IAS 1.66,
Insights 3.1.30

- j. The Group has classified prepayments as current because they relate to the purchase of inventories and are expected to be realised within 12 months of the reporting date. An entity applies the requirements in IAS 1 in determining whether to classify prepayments as current or non-current.

IFRS 5.30, IAS 34.10,
Insights 5.9.40.20

- k. Although it is not specifically required by IAS 34, in our view non-current assets or a disposal group classified as held-for-sale or held-for-distribution at the interim reporting date should be presented separately from other assets and liabilities in the condensed statement of financial position.

IFRS 16.47(b)

- l. The Group has presented lease liabilities within loans and borrowings. Alternatively, a lessee may choose to present lease liabilities separately from other liabilities in the statement of financial position.

Insights 3.1.10.30,
7.10.35.70–100,
IU 12-20

- m. The Group has presented amounts owed for the purchase of goods or services but related to reverse factoring within 'trade and other payables' because it considers that the nature and function of the financial liability is not different from other trade payables and does not warrant a separate presentation on the face of the statement of financial position. In our view, regardless of whether the original trade payable is derecognised, an entity should consider the appropriate presentation of amounts related to reverse factoring arrangements in the statement of financial position. The Group has disclosed those amounts separately in the notes (see Note 20).

IFRS 15.55

- n. The Group has presented its refund liabilities under IFRS 15 as 'trade and other payables'. The Group's returns policy offers only an exchange for another good – i.e. the Group does not offer a cash refund. Therefore, refund liabilities do not meet the definition of a financial liability in IAS 32 *Financial Instruments: Presentation*. If a refund liability or a liability related to a repurchase agreement meets the definition of a financial liability in IAS 32, then it is subject to the disclosure requirements in IFRS 7 *Financial Instruments: Disclosures*.

Condensed consolidated statement of profit or loss and OCI^{a, b}

IAS 34.8(b), 10, 20(b)

For the six months ended 30 June

		2022	
	<i>In thousands of euro</i>	<i>Note</i>	2023
			re-presented*
Continuing operations			
[IAS 1.82(a)]	Revenue ^c	6	52,530
	Cost of sales	13, 15, 19	(31,303)
	Gross profit		21,227
	Other income	8, 15	644
	Selling and distribution expenses		(7,698)
	Administrative expenses	10, 19, 21	(8,474)
	Research and development expenses		(605)
[IAS 1.82(ba)]	Impairment loss on trade and other receivables, including contract assets ^{b, d}	20	(190)
	Other expenses	8, 14, 16, 21	(686)
	Operating profit		4,218
	Finance income ^e	20, 21	457
[IAS 1.82(b)]	Finance costs ^f	20	(1,002)
	Net finance costs		(545)
[IAS 1.82(c)]	Share of profit of equity-accounted investees, net of tax		233
	Profit before tax	5	3,906
[IAS 1.82(d)]	Income tax expense	11	(1,109)
	Profit from continuing operations		2,797
	Discontinued operation^g		2,524
	Profit (loss) from discontinued operation, net of tax ^h	7	379
	Profit for the period		3,176
	Other comprehensive income		
[IAS 1.82A]	Items that will not be reclassified to profit or loss		
	Revaluation of property, plant and equipment		200
	Remeasurements of the defined benefit liability (asset)		72
	Equity investments at FVOCI – net change in fair value		141
	Related tax ⁱ		(137)
			276
[IAS 1.82A]	Items that are or may be reclassified subsequently to profit or loss		
	Foreign operations – foreign currency translation differences		437
	Reclassification of foreign currency differences on loss of significant influence	21	20
	Net investment hedge – net loss		(3)
	Equity-accounted investees – share of OCI		10
	Cash flow hedges – effective portion of changes in fair value ^j		(93)
	Cash flow hedges – reclassified to profit or loss ^{i, k}		(17)
	Cost of hedging reserve – changes in fair value		34
	Cost of hedging reserve – reclassified to profit or loss ^k		8
	Debt investments at FVOCI – net change in fair value		55
	Debt investments at FVOCI – reclassified to profit or loss ^k		(47)
	Related tax ⁱ		19
			423
	Other comprehensive income for the period, net of tax		699
	Total comprehensive income for the period		3,875
			2,530

* Comparative information has been re-presented due to a discontinued operation. See Note 7.

IAS 1.99–100, 34.8(b),
8A, 10, 20(b)

a. The Group has presented comprehensive income following a one-statement approach and has analysed expenses based on functions within the Group. Alternatively, an entity may present the analysis based on nature if this presentation provides information that is reliable and more relevant. The analysis of expenses may also be presented in the notes. Appendix II provides an illustration of the alternative two-statement approach.

Condensed consolidated statement of profit or loss and OCI (continued)

For the six months ended 30 June

<i>In thousands of euro</i>	<i>Note</i>	2023	2022 re-presented*
Profit attributable to:			
Owners of the Company		2,985	2,014
Non-controlling interests		191	88
		3,176	2,102
Total comprehensive income attributable to:			
Owners of the Company		3,660	2,396
Non-controlling interests		215	134
		3,875	2,530
Earnings per share			
Basic earnings per share (euro)		0.82	0.51
Diluted earnings per share (euro)		0.80	0.50
Earnings per share – Continuing operations¹			
Basic earnings per share (euro)		0.70	0.64
Diluted earnings per share (euro)		0.69	0.63
Adjusted earnings before interest, tax, depreciation and amortisation (adjusted EBITDA)^m			
	<i>12</i>	6,765	7,902

The notes on pages 20 to 59 are an integral part of these condensed consolidated interim financial statements.

IAS 34.8(b), 10, 20(b)

IAS 34.11

IAS 34.11

IAS 34.10, [IAS 1.82]

Insights 4.2.560.25

IAS 1.82(ba), 85, 31,
Insights 4.1.20.40

IAS 1.82(a),
Insights 7.10.70.15–20

IAS 1.82(b), IFRS 16.49

IFRS 5.30, IAS 34.10,
Insights 5.9.40.20

IFRS 5.33(a)–(b),
IAS 1.82(ea)

IAS 1.91, 34.10

IFRS 9.6.5.11, 6.5.15,
[IAS 1.82A(a)],
Insights 7.10.90.35

IAS 1.94, 34.10

IAS 34.10,
Insights 5.9.50.10

IAS 34.10,
Insights 4.1.150

- b. Each of the condensed primary financial statements includes, at a minimum, each of the headings and subtotals that were included in the last annual financial statements. Additional line items are included if their omission would make the financial statements misleading. IAS 1 requires the separate presentation of specific line items in the statement of profit or loss but the Group has not presented some of them because during the interim period it did not have any events or transactions to be reflected in those line items.
- c. In our view, an entity is not required to present revenue from contracts with customers as a separate line item in the statement of profit or loss and may aggregate it with other types of revenue considering the requirements in IAS 1. However, in providing a separate disclosure of revenue from contracts with customers – either in the notes or in the statement of profit or loss – we believe that an entity should not include amounts that do not fall in the scope of IFRS 15.
- d. An entity that presents the analysis of expenses by function or by nature in the statement of profit or loss and OCI may face challenges in determining how this presentation interacts with the specific requirements to present the effect of some events or circumstances as a single amount in the statement of profit or loss and OCI – e.g. impairment losses determined under Section 5.5 of IFRS 9 *Financial Instruments*. The Group has applied judgement in determining an appropriate presentation and disaggregated the impairment loss amount into:
- impairment related to trade and other receivables, including contract assets, which is presented separately in the statement of profit or loss and OCI; and
 - impairment related to investments in debt securities, which is not presented separately but included under ‘finance costs’ due to materiality considerations.
- The Group believes that this presentation is relevant to an understanding of its financial performance.
- e. The Group has presented interest income on financial assets that are subsequently measured at amortised cost or FVOCI as part of ‘finance income’ because it does not consider it as part of its revenue-generating activities. If interest income, calculated using the effective interest method, constituted revenue, then the entity would be required to separately present that income as interest revenue in the statement of profit or loss and OCI. In our view, an entity may present interest income from other financial assets in another revenue line item if it arises in the course of the entity’s ordinary activities.
- f. The Group has presented interest expense on the lease liability separately from the depreciation charge for the right-of-use asset. Interest expense on the lease liability is a component of finance costs, which is presented separately in the statement of profit or loss and OCI.
- g. Although it is not specifically required by IAS 34, in our view operations that are discontinued at the interim reporting date or disposed of during the interim period should be presented separately, following the principles in IFRS 5 *Non-current Assets Held for Sale and Discontinued Operations*.
- h. The Group has elected to disclose a single amount of post-tax profit or loss of discontinued operations in the statement of profit or loss and OCI, and has analysed that single amount into revenue, expenses and the pre-tax profit or loss in Note 7. Alternatively, an entity may present the analysis in the statement.
- i. The Group has elected to present individual components of OCI before related tax, with an aggregate amount presented for tax in the statement of profit or loss and OCI. Alternatively, individual components of OCI may be presented net of related tax effects.
- j. IFRS 9 specifies whether and when amounts previously recognised in OCI are reclassified to profit or loss. However, in some circumstances it may be unclear at the time when a gain or loss is recognised in OCI whether it will subsequently be reclassified to profit or loss. For example, if an entity hedges a future purchase of a non-financial item, then the related hedging gains and losses will subsequently be included in the initial cost of the non-financial item and affect profit or loss when the non-financial item is disposed of or written down. Conversely, if the future hedged cash flows are no longer expected to occur or if a loss is no longer expected to be recoverable, then the hedging gains or losses will be reclassified to profit or loss. Accordingly, in our view gains or losses on cash flow hedges and costs of hedging relating to the future recognition of a non-financial asset or liability should be presented in OCI as items that may be subsequently reclassified to profit or loss when specific conditions are met.
- k. The Group has elected to present reclassification adjustments in the statement of profit or loss and OCI. Alternatively, these adjustments may be presented in the notes.
- l. Although it is not specifically required by IAS 34, the Group has disclosed:
- the earnings per share from continuing operations on the face of the condensed consolidated statement of profit or loss and OCI; and
 - the earnings per share from discontinued operations in the notes (see Note 7).
- The appropriate level of disclosure for an interim reporting period may vary depending on materiality.
- m. The Group has disclosed adjusted EBITDA because management believes that this measure is relevant to an understanding of the entity’s financial performance. This disclosure is provided for illustrative purposes only.

Condensed consolidated statement of changes in equity

For the six months ended 30 June 2023

Attributable to owners of the Company

IAS 34.8(c), 10, 20(c)

<i>In thousands of euro</i>	<i>Note</i>	Share capital	Share premium	Translation reserve	Hedging reserve
Balance at 31 December 2022		14,550	3,500	143	490
Total comprehensive income for the period					
Profit for the period		-	-	-	-
Other comprehensive income for the period		-	-	440	(74)
Total comprehensive income for the period		-	-	440	(74)
Hedging gains and losses and costs of hedging transferred to the cost of inventory		-	-	-	4
Transactions with owners of the Company					
Contributions and distributions					
Issue of ordinary shares	17	390	1,160	-	-
Issue of ordinary shares related to business combinations	21	24	63	-	-
Issue of convertible notes	18	-	-	-	-
Treasury shares sold ^a		-	19	-	-
Dividends	17	-	-	-	-
Equity-settled share-based payment ^b	9	-	-	-	-
Share options exercised	17	15	35	-	-
Total contributions and distributions		429	1,277	-	-
Changes in ownership interests					
Acquisition of NCI without a change in control	22	-	-	8	-
Acquisition of subsidiary with NCI	21	-	-	-	-
Total changes in ownership interests		-	-	8	-
Total transactions with owners of the Company		429	1,277	8	-
Balance at 30 June 2023		14,979	4,777	591	420

The notes on pages 20 to 59 are an integral part of these condensed consolidated interim financial statements.

Attributable to owners of the Company								
Cost of hedging reserve	Fair value reserve	Revaluation reserve	Treasury share reserve	Equity component of convertible notes	Retained earnings	Total	Non-controlling interests	Total equity
(26)	99	-	(280)	-	13,795	32,271	3,093	35,364
-	-	-	-	-	2,985	2,985	191	3,176
27	100	134	-	-	48	675	24	699
27	100	134	-	-	3,033	3,660	215	3,875
4	-	-	-	-	-	8	-	8
-	-	-	-	-	-	1,550	-	1,550
-	-	-	-	-	120	207	-	207
-	-	-	-	109	-	109	-	109
-	-	-	11	-	-	30	-	30
-	-	-	-	-	(1,243)	(1,243)	-	(1,243)
-	-	-	-	-	363	363	-	363
-	-	-	-	-	-	50	-	50
-	-	-	11	109	(760)	1,066	-	1,066
-	-	-	-	-	(93)	(85)	(115)	(200)
-	-	-	-	-	-	-	304	304
-	-	-	-	-	(93)	(85)	189	104
-	-	-	11	109	(853)	981	189	1,170
5	199	134	(269)	109	15,975	36,919	3,497	40,416

IAS 32.33,
Insights 7.3.750.10–20

a. IFRS Accounting Standards do not mandate a specific method of presenting treasury shares within equity. However, local laws may prescribe the allocation method. Therefore, an entity needs to take into account its legal environment when choosing how to present its own shares within equity. An entity needs to choose a presentation format, to be applied consistently to all treasury shares. The Group has elected to present the total cost of treasury shares as a separate category of equity.

Insights 4.5.900.30

b. Generally, IFRS 2 *Share-based Payment* does not address whether an increase in equity recognised in connection with a share-based payment transaction should be presented in a separate component within equity or within retained earnings. In our view, either approach is allowed under IFRS Accounting Standards. The Group has elected to present this increase in retained earnings.

Condensed consolidated statement of changes in equity (continued)

For the six months ended 30 June 2022

Attributable to owners of the Company

IAS 34.8(c), 10, 20(c)

<i>In thousands of euro</i>	<i>Note</i>	Share capital	Share premium	Translation reserve	Hedging reserve
Balance at 1 January 2022, as previously reported		14,550	3,500	(129)	434
Total comprehensive income for the period					
Profit for the period		-	-	-	-
Other comprehensive income for the period		-	-	248	74
Total comprehensive income for the period		-	-	248	74
Hedging gains and losses and costs of hedging transferred to the cost of inventory		-	-	-	(1)
Transactions with owners of the Company					
Contributions and distributions					
Dividends	17	-	-	-	-
Equity-settled share-based payment	9	-	-	-	-
Total transactions with owners of the Company		-	-	-	-
Balance at 30 June 2022		14,550	3,500	119	507

The notes on pages 20 to 59 are an integral part of these condensed consolidated interim financial statements.

Attributable to owners of the Company								
Cost of hedging reserve	Fair value reserve	Revaluation reserve	Treasury share reserve	Equity component of convertible notes	Retained earnings	Total	Non-controlling interests	Total equity
(35)	17	-	-	-	8,516	26,853	2,720	29,573
-	-	-	-	-	2,014	2,014	88	2,102
8	62	-	-	-	(10)	382	46	428
8	62	-	-	-	2,004	2,396	134	2,530
1	-	-	-	-	-	-	-	-
-	-	-	-	-	(524)	(524)	-	(524)
-	-	-	-	-	173	173	-	173
-	-	-	-	-	(351)	(351)	-	(351)
(26)	79	-	-	-	10,169	28,898	2,854	31,752

Condensed consolidated statement of cash flows

IAS 34.8(d), 10, 20(d)

For the six months ended 30 June

In thousands of euro

	Note	2023	2022
Cash flows from operating activities^a			
Profit for the period		3,176	2,102
Adjustments for:			
– Depreciation		2,604	2,490
– Amortisation		295	355
– (Reversal of) impairment losses on property, plant and equipment	15	(393)	1,123
– Impairment losses on intangible assets and goodwill	16	16	285
– Impairment losses on remeasurement of disposal group	14	25	-
– Change in fair value of biological assets		60	(38)
– Increase in fair value of investment property		(55)	(50)
– Net finance costs		545	662
– Share of profit of equity-accounted investees, net of tax		(233)	(278)
– Gain on sale of property, plant and equipment	15	(50)	(25)
– Gain on sale of discontinued operation, net of tax	7	(516)	-
– Equity-settled share-based payment transactions		361	173
– Tax expense		1,084	697
		6,919	7,496
Change in:			
– Intangible assets (emissions certificates) ^b		5	(20)
– Inventories		249	450
– Trade and other receivables		(7,441)	2,126
– Contract assets		(533)	-
– Prepayments		200	(1,200)
– Trade and other payables		3,676	(1,743)
– Contract liabilities		31	27
– Provisions and employee benefits		(329)	132
– Deferred income/revenue		(363)	(20)
Cash generated from operating activities		2,414	7,248
Interest paid ^{c, d}		(920)	(800)
Taxes paid		(200)	(950)
Net cash from operating activities		1,294	5,498
Cash flows from investing activities			
Interest received ^c		116	85
Dividends received ^c		51	100
Proceeds from sale of property, plant and equipment	15	1,177	406
Proceeds from sale of investments		427	213
Disposal of discontinued operation, net of cash disposed of ^e	7	10,890	-
Acquisition of subsidiary, net of cash acquired	21	(1,799)	-
Acquisition of property, plant and equipment	15	(11,859)	(2,315)
Acquisition of investment property		(300)	-
Purchase of non-current biological assets		(155)	(219)
Acquisition of other investments		(215)	-
Development expenditure		(846)	(881)
Receipt of asset-related government grant ^f		68	146
Net cash used in investing activities		(2,445)	(2,465)

IAS 7.18, 34.10

a. The Group has elected to present cash flows from operating activities using the indirect method.

Alternatively, an entity may present operating cash flows using the direct method, disclosing major classes of gross cash receipts and payments related to operating activities. An example of this presentation is illustrated in Appendix III to our [Guide to annual financial statements – Illustrative disclosures](#) (September 2022).

Condensed consolidated statement of cash flows (continued)

IAS 34.8(d), 10, 20(d)

For the six months ended 30 June

In thousands of euro

	Note	2023	2022
Cash flows from financing activities			
Proceeds from the issue of ordinary shares	17	1,550	-
Proceeds from the issue of convertible notes	18	5,000	-
Proceeds from the issue of redeemable preference shares	18	2,000	-
Proceeds from the sale of treasury shares		30	-
Proceeds from exercise of share options	17	50	-
Proceeds from settlement of derivatives		6	11
Transaction costs related to loans and borrowings	18	(311)	-
Acquisition of non-controlling interests	22	(200)	-
Repayment of borrowings	18	(4,811)	(3,408)
Payment of lease liabilities ^g	18	(254)	(123)
Dividends paid ^c	17	(1,243)	(524)
Net cash from (used in) financing activities		1,817	(4,044)
Net increase (decrease) in cash and cash equivalents		666	(1,011)
Cash and cash equivalents at 1 January*		1,568	2,226
Effect of exchange rate fluctuations on cash held		1	7
Cash and cash equivalents at 30 June*		2,235	1,222

* Cash and cash equivalents includes bank overdrafts that are repayable on demand and form an integral part of the Group's cash management.

The notes on pages 20 to 59 are an integral part of these condensed consolidated interim financial statements.

IAS 76, 11, Insights 2.3.20.11

b. The Group has classified cash flows related to emissions certificates (current intangible assets) within operating activities because they relate to the Group's principle revenue-generating activities and the assets are not considered long-term in nature. The emissions certificates are expected to be realised within 12 months of the reporting date by surrendering them to the government to settle the annual emissions obligation. In determining the classification of cash flows, an entity considers the nature of the activity to which they relate.

IAS 7.31, Insights 2.3.50.10–20

c. IFRS Accounting Standards require cash flows from interest and dividends received and paid to be disclosed separately. In our view, such disclosure is required in the statement of cash flows, rather than in the notes. In the absence of specific guidance in the Accounting Standards, an entity chooses an accounting policy, to be applied consistently, for classifying interest and dividends paid as either operating or financing activities, and interest and dividends received as either operating or investing activities. The Group has elected to classify cash flows from interest paid as operating activities, cash flows from interest received and dividends received as investing activities, and cash flows from dividends paid as financing activities.

Interest paid includes the interest portion of the lease liabilities. See footnotes (d) and (g) below.

Insights 2.3.50.38

d. In our view, an entity should choose an accounting policy, to be applied consistently, to classify cash flows related to capitalised interest as follows:

- as cash flows from investing activities if the other cash payments to acquire the qualifying asset are reflected as investing activities; or
- consistently with interest cash flows that are not capitalised.

The Group has presented capitalised interest consistently with interest cash flows that are not capitalised.

IAS 7.10, IFRS 5.33(c), Insights 5.4.220.50

e. The Group has presented a condensed consolidated statement of cash flows that includes an analysis of all cash flows in total – i.e. including both continuing and discontinued operations; amounts related to discontinued operations are disclosed in the notes (see Note 7). However, in our view there are numerous ways in which the requirements of IFRS 5 and IAS 7 *Statement of Cash Flows* regarding cash flow presentation may be met.

IAS 7.10–11, Insights 2.3.20.11

f. There is no specific guidance in IFRS Accounting Standards on the classification of cash flows from the receipt of government grants. Cash flows should be classified based on the nature of the activity to which they relate. The Group has classified cash flows related to asset-related grants as investing activities and those related to income-related grants as operating activities because this reflects the nature of the related activities.

IFRS 16.50, IAS 7.17(e)

g. The Group has classified:

- cash payments for the principal portion of lease payments as financing activities;
- cash payments for the interest portion as operating activities consistent with the presentation of interest payments chosen by the Group (see footnote (c) above); and
- short-term lease payments and payments for leases of low-value assets as operating activities.

IAS 34.8(e)

IAS 34.10, 15, 19,
Insights 5.9.30.10

IAS 1.113–114

- a. Notes are presented, to the extent practicable, in a systematic manner and are cross-referred to/from items in the primary statements. In determining a systematic manner of presentation, an entity considers the effect on the understandability and comparability of the financial statements. The Group has applied its judgement in presenting related information together in a manner that it considers to be most relevant to an understanding of its financial performance and financial position. The order presented is only illustrative and entities need to tailor the organisation of the notes to fit their specific circumstances.

IAS 1.4, 25, 122,
10.14, 16, 34.15Insights 5.9.10.35,
37

- b. Although not illustrated in this guide, an entity considers whether it is relevant to disclose certain matters related to the use of the going concern basis of accounting in its interim financial statements. An entity discloses in interim financial statements any material uncertainties related to events or conditions that may cast significant doubt on its ability to continue as a going concern, identified before the date of authorisation for issue, regardless of whether they were disclosed in the last annual financial statements. Even when management concludes that there are no material uncertainties but reaching that conclusion involved significant judgement (a 'close-call' scenario), judgements made in concluding that there remain no material uncertainties related to events or conditions that may cast significant doubt on its ability to continue as a going concern need to be disclosed. For further details see our web article [Impact of external events on the going concern assessment and disclosures](#).

For example disclosures related to going concern matters, see Appendix IV to our [Guide to annual financial statements – Illustrative disclosures](#) (September 2022).

IAS 1.4, 34.20,
Insights 5.9.70

- c. Unless an entity is a new company, condensed interim financial statements include comparative primary financial statements; otherwise, they cannot claim to comply with IAS 34. However, IAS 34 is less specific in respect of the comparative information (both quantitative and narrative) that should be included in the selected explanatory notes. In our experience, entities generally include both quantitative and narrative comparative information in the explanatory notes because the disclosure is of continuing relevance to the current interim period. In our view, management should exercise judgement to decide what comparative information should be included in the selected explanatory notes.

IAS 10.17–18

- d. Although it is not specifically required by IAS 34, it may be relevant to a user's understanding to disclose the date of authorisation and who gave the authorisation, because any event that occurs after that date is not disclosed or adjusted in the condensed interim financial statements of the current interim period. These disclosures may also be required by local laws.

Notes to the condensed consolidated interim financial statements^a

1. Reporting entity

[Name] (the 'Company') is a company domiciled in [country]. These condensed consolidated interim financial statements ('interim financial statements') as at and for the six months ended 30 June 2023 comprise the Company and its subsidiaries (together referred to as 'the Group'). The Group is primarily involved in manufacturing paper and paper-related products, cultivating trees and selling wood (see [Notes 5](#) and [6](#)).

2. Basis of accounting^{b, c}

These interim financial statements for the six months ended 30 June 2023 have been prepared in accordance with IAS 34 *Interim Financial Reporting*, and should be read in conjunction with the Group's last annual consolidated financial statements as at and for the year ended 31 December 2022 ('last annual financial statements'). They do not include all of the information required for a complete set of financial statements prepared in accordance with IFRS Accounting Standards. However, selected explanatory notes are included to explain events and transactions that are significant to an understanding of the changes in the Group's financial position and performance since the last annual financial statements.

These interim financial statements were authorised for issue by the Company's board of directors on [date].^d

IAS 34.8(e)

Notes to the condensed consolidated interim financial statements (continued)

3. Use of judgements and estimates^a

IAS 34.41

In preparing these interim financial statements, management has made judgements and estimates that affect the application of accounting policies and the reported amounts of assets and liabilities, income and expense. Actual results may differ from these estimates.

IAS 34.15, 16A(d), 28

The significant judgements made by management in applying the Group's accounting policies and the key sources of estimation uncertainty were the same as those described in the last annual financial statements.

Measurement of fair values^b

IAS 34.16A(j),
IFRS 13.93(g)

A number of the Group's accounting policies require the measurement of fair values, for both financial assets and liabilities and non-financial assets and liabilities.

The Group has an established control framework with respect to the measurement of fair values. This includes a valuation team that has overall responsibility for overseeing all significant fair value measurements, including Level 3 fair values, and reports directly to the chief financial officer.

The valuation team regularly reviews significant unobservable inputs and valuation adjustments. If third party information, such as broker quotes or pricing services, is used to measure fair values, then the valuation team assesses the evidence obtained from the third parties to support the conclusion that these valuations meet the requirements of the Accounting Standards, including the level in the fair value hierarchy in which the valuations should be classified.

Significant valuation issues are reported to the Group audit committee.

When measuring the fair value of an asset or a liability, the Group uses market observable data as far as possible. Fair values are categorised into different levels in a fair value hierarchy based on the inputs used in the valuation techniques as follows:

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

IAS 34.15, 16A(d),
28

a. Although it is not illustrated in this guide, an entity needs to carefully evaluate and consider the impact of external events – e.g. COVID-19, natural disasters, geopolitical events like the Ukraine-Russia conflict, and inflation – on its financial reporting and provide an update of relevant entity-specific disclosures since the last annual reporting date. For relevant guidance, see our [Financial reporting in uncertain times resource centre](#), and especially the web article [What is the impact of external events on interim financial statements?](#)

IAS 34.15, 16A(j),
Insights 5.9.140.30

b. IAS 34 is clear that the fair value measurement (IFRS 13 *Fair Value Measurement*) disclosure requirements relate only to financial instruments, even though the related disclosure requirements of IFRS 13 also apply to other assets and liabilities. However, fair value disclosures related to non-financial assets and non-financial liabilities may be necessary in some circumstances – e.g. when an entity provides an explanation of events and transactions that are significant to an understanding of the changes in its financial position and performance since the last annual reporting date.

IAS 34.8(e)

IFRS 13.95,
IAS 34.16A(j)IAS 12.15(a)(iii),
22A, 24(c),
Insights 3.13.213

IAS 34.15

Notes to the condensed consolidated interim financial statements (continued)

3. Use of judgements and estimates (continued)

If the inputs used to measure the fair value of an asset or a liability are categorised in different levels of the fair value hierarchy, then the fair value measurement is categorised in its entirety in the same level of the fair value hierarchy as the lowest level input that is significant to the entire measurement.

The Group recognises transfers between levels of the fair value hierarchy at the end of the reporting period during which the change has occurred.

Further information about the assumptions made in measuring fair values is included in [Note 20](#).

4. Change in accounting policy^a

Except as described below, the accounting policies applied in these interim financial statements are the same as those applied in the Group's consolidated financial statements as at and for the year ended 31 December 2022.

The policy for recognising and measuring income taxes in the interim period is disclosed in [Note 11](#) and is consistent with that applied in the comparative interim period except for the changes outlined below.

A. Deferred tax related to assets and liabilities arising from a single transaction

The Group has adopted *Deferred Tax related to Assets and Liabilities arising from a Single Transaction – Amendments to IAS 12* from 1 January 2023. The amendments narrow the scope of the initial recognition exemption to exclude transactions that give rise to equal and offsetting temporary differences – e.g. leases and decommissioning liabilities. For leases and decommissioning liabilities, an entity is required to recognise the associated deferred tax assets and liabilities from the beginning of the earliest comparative period presented, with any cumulative effect recognised as an adjustment to retained earnings or other components of equity at that date. For all other transactions, an entity applies the amendments to transactions that occur after the beginning of the earliest period presented.

The Group previously accounted for deferred tax on leases and decommissioning liabilities applying the 'integrally linked' approach, resulting in a similar outcome to the amendments, except that the deferred tax asset or liability was recognised on a net basis. Following the amendments, the Group has recognised a separate deferred tax asset in relation to its lease liabilities and a deferred tax liability in relation to its right-of-use assets. However, there was no impact on the statement of financial position because the balances qualify for offset under paragraph 74 of IAS 12. There was also no impact on the opening retained earnings as at 1 January 2022 as a result of the change. The key impact for the Group relates to disclosure of the deferred tax assets and liabilities recognised – this disclosure will be provided in the annual financial statements.^b

The change in accounting policy will also be reflected in the Group's consolidated financial statements as at and for the year ending 31 December 2023.

- a. The Group chose to present a separate note describing its change in accounting policy since the last annual financial reporting period. Alternatively, this information could be provided in the basis of accounting note – see [Note 2](#).
- b. The Group has not disclosed additional explanatory information about the separate deferred tax assets and liabilities recognised in relation to leases. Since there is no net impact on the statement of financial position, such information is not considered significant to an understanding of the changes in financial position of the Group since the last annual financial reporting period.

IAS 34.8(e)

Notes to the condensed consolidated interim financial statements (continued)

4. Change in accounting policy (continued)

B. Global minimum top-up tax

IAS 12.4A, 88A–88D

The Group has adopted *International Tax Reform – Pillar Two Model Rules – Amendments to IAS 12* upon their release on 23 May 2023. The amendments provide a temporary mandatory exception from deferred tax accounting for the top-up tax, which is effective immediately, and require new disclosures about the Pillar Two exposure from 31 December 2023. The mandatory exception applies retrospectively. However, because no new legislation to implement the top-up tax was enacted or substantively enacted at 31 December 2022 in any jurisdiction in which the Group operates and no related deferred taxes were recognised at that date, the retrospective application has no impact on the Group's condensed interim financial statements.

The relief and the new disclosures will also be reflected in the Group's consolidated financial statements as at and for the year ending 31 December 2023.

IAS 34.8(e)

Notes to the condensed consolidated interim financial statements (continued)

5. Operating segments

A. Information about reportable segments

In thousands of euro	Reportable segments					
	Non-recycled Papers		Recycled Papers		Packaging (Discontinued)** ^a	
	30 June 2023	30 June 2022 restated*	30 June 2023	30 June 2022 restated*	30 June 2023	30 June 2022 restated*
External revenues	34,716	36,814	13,607	11,030	7,543	23,193
Inter-segment revenue	-	-	159	161	940	2,835
Segment profit (loss) before tax	2,035	2,630	3,449	1,101	(158)	(458)

In thousands of euro	Reportable segments					
	Non-recycled Papers		Recycled Papers		Packaging (Discontinued)** ^a	
	30 June 2023	31 December 2022 restated*	30 June 2023	31 December 2022 restated*	30 June 2023	31 December 2022 restated*
Segment assets ^b	39,054	25,267	21,025	16,003	-	13,250
Segment liabilities ^b	37,399	26,907	9,875	14,316	-	2,959

* As a result of the acquisition of Papyrus Pty Limited (Papyrus) during the six months ended 30 June 2023 (see Note 21), the Group has changed its internal organisation and the composition of its operating segments, which resulted in a change in reportable segments. Accordingly, the Group has restated the previously reported segment information for the six months ended 30 June 2022 and as at 31 December 2022.

** See Note 7.

B. Reconciliation of reportable segment profit or loss

In thousands of euro	For the six months ended 30 June	
	2023	2022 restated*
Total profit before tax for reportable segments	5,964	4,454
Profit before tax for other segments	385	98
Elimination of inter-segment profit	(1,695)	(1,235)
Elimination of discontinued operation	158	458
Unallocated amounts:		
– Other corporate expenses	(906)	(510)
Profit before tax	3,906	3,265

* See Notes 5(A)(*) and 7.

IAS 34.16A(g)(i)
IAS 34.16A(g)(ii)
IAS 34.16A(g)(iii)

IAS 34.16A(g)(iv)
IAS 34.16A(g)(iv)

IFRS 8.29

IAS 34.16A(g)(vi)

Reportable segments											
Forestry		Timber Products		Research and Development		Total reportable segments		All other segments		Total	
30 June 2023	30 June 2022 restated*	30 June 2023	30 June 2022 restated*	30 June 2023	30 June 2022 restated*	30 June 2023	30 June 2022 restated*	30 June 2023	30 June 2022 restated*	30 June 2023	30 June 2022
1,925	1,823	1,504	1,493	-	-	59,296	74,353	777	426	60,073	74,779
1,341	1,338	923	962	438	497	3,801	5,793	444	383	4,245	6,176
708	508	(120)	640	50	33	5,964	4,454	385	98	6,349	4,552

Reportable segments											
Forestry		Timber Products		Research and Development		Total reportable segments		All other segments		Total	
30 June 2023	31 December 2022 restated*	30 June 2023	31 December 2022 restated*	30 June 2023	31 December 2022 restated*	30 June 2023	31 December 2022 restated*	30 June 2023	31 December 2022 restated*	30 June 2023	31 December 2022
20,046	16,942	4,521	3,664	2,323	1,946	86,969	77,072	6,398	3,683	93,367	80,755
4,769	7,097	1,236	1,456	169	158	53,448	52,893	237	454	53,685	53,347

- IAS 34.16A(g)(v)* a. The Group has presented the Packaging segment, which is also a discontinued operation, as an operating segment. If it no longer met the definition of an operating segment, then it would not have been included in the segment disclosures; however, a description of the difference from the last annual financial statements in the basis of segmentation would have been provided.
- IAS 34.16A(g)(iv)* b. The Group has disclosed measures of segment assets and segment liabilities for all reportable segments, although they are required only if they are regularly provided to an entity's chief operating decision maker and are materially different from the amounts disclosed in the entity's last annual financial statements for that reportable segment.

IAS 34.8(e)

Notes to the condensed consolidated interim financial statements (continued)

6. Revenue

IFRS 15.113(a)

The Group's operations and main revenue streams are those described in the last annual financial statements (see also [Note 7](#) for an operation that was discontinued during the reporting period). The Group's revenue is derived from contracts with customers, except for immaterial amounts related to hedge accounting presented as 'other revenue'.

A. Disaggregation of revenue

IAS 34.16A(f),
IFRS 15.114–115

In the following table, revenue is disaggregated by primary geographical market, major products and service lines and timing of revenue recognition. The table also includes a reconciliation of the disaggregated revenue with the Group's reportable segments (see [Note 5](#)).^{a, b, c}

For six months ended 30 June <i>In thousands of euro</i>	Reportable segments					
	Non-recycled Papers		Recycled Papers		Packaging (Discontinued) ^d	
	2023	2022	2023	2022	2023	2022
Primary geographic markets						
Europe	27,771	29,820	10,884	8,935	6,034	18,786
US	6,943	6,995	2,721	2,096	1,509	4,407
	34,714	36,815	13,605	11,031	7,543	23,193
Major products/service lines						
Standard paper products	27,771	29,452	10,884	8,825	-	-
Made-to-order paper products	6,943	7,363	2,721	2,206	-	-
Forestry services	-	-	-	-	-	-
Timber products	-	-	-	-	-	-
Packaging and other	-	-	-	-	7,543	23,193
	34,714	36,815	13,605	11,031	7,543	23,193
Timing of revenue recognition						
Products transferred at a point in time	27,771	29,452	10,884	8,825	7,543	23,193
Products and services transferred over time	6,943	7,363	2,721	2,206	-	-
Revenue from contracts with customers	34,714	36,815	13,605	11,031	7,543	23,193
Other revenue	2	(1)	2	(1)	-	-
External revenue as reported in Note 5	34,716	36,814	13,607	11,030	7,543	23,193

IFRS 15.114, B88,
IE210–IE211

- a. The extent to which an entity's revenue is disaggregated for the purposes of this disclosure depends on the facts and circumstances of the entity's contracts with customers.

In determining the appropriate categories, an entity considers how revenue is disaggregated in:

- disclosures presented outside the financial statements: e.g. earnings releases, annual reports or investor presentations;
- information reviewed by the chief operating decision maker for evaluating the financial performance of operating segments; and
- other similar information that is used by the entity or users of the entity's financial statements to evaluate performance or make resource allocation decisions.

IFRS 15.B89

Examples of categories that might be appropriate in disclosing disaggregated revenue include, but are not limited to, the following.

TYPE OF CATEGORY	EXAMPLE
Type of good or service	Major product lines
Geographic region	Country or region
Market or type of customer	Government and non-government customers
Type of contract	Fixed-price and time-and-materials contracts
Contract duration	Short-term and long-term contracts
Timing of transfer of goods or services	Goods or services transferred to customers: <ul style="list-style-type: none"> • at a point in time • over time
Sales channels	Goods or services sold: <ul style="list-style-type: none"> • directly to consumers • through intermediaries

Reportable segments									
Forestry		Timber Products		Total reportable segments		All other segments		Total	
2023	2022	2023	2022	2023	2022	2023	2022	2023	2022
1,540	1,477	1,203	1,209	47,433	60,228	467	240	47,900	60,467
385	346	301	284	11,859	14,127	155	81	12,015	14,208
1,925	1,823	1,504	1,493	59,292	74,355	622	321	59,914	74,676
-	-	-	-	38,655	38,277	-	-	38,655	38,277
-	-	-	-	9,665	9,569	-	-	9,665	9,569
1,925	1,823	-	-	1,925	1,823	-	-	1,925	1,823
-	-	1,504	1,493	1,504	1,493	-	-	1,504	1,493
-	-	-	-	7,543	23,193	622	321	8,165	23,514
1,925	1,823	1,504	1,493	59,292	74,355	622	321	59,914	74,676
-	-	1,504	1,493	47,702	62,963	195	87	47,897	63,050
1,925	1,823	-	-	11,590	11,392	428	234	12,018	11,626
1,925	1,823	1,504	1,493	59,292	74,355	622	321	59,914	74,676
-	-	-	-	4	(2)	155	105	159	103
1,925	1,823	1,504	1,493	59,296	74,353	777	426	60,073	74,779

IFRS 15.112, 114, BC340

- b. Some entities may not be able to meet the objective in paragraph 114 of IFRS 15 for disaggregating revenue by providing segment revenue information and may need to use more than one type of category. Other entities may meet the objective by using only one type of category. Even if an entity uses consistent categories in the segment note and in the revenue disaggregation note, further disaggregation of revenue may be required because the objective of providing segment information under IFRS 8 is different from the objective of the disaggregation disclosure under IFRS 15 and, unlike IFRS 8, there are no aggregation criteria in IFRS 15.

Nonetheless, an entity does not need to provide disaggregated revenue disclosures if the information about revenue provided under IFRS 8 meets the requirements of paragraph 114 of IFRS 15 and those revenue disclosures are based on the recognition and measurement requirements in IFRS 15.

IFRS 15.115

- c. An entity is required to disclose sufficient information to enable users of financial statements to understand the relationship between the disclosure of disaggregated revenue and revenue information that is disclosed for each reportable segment, if the entity applies IFRS 8.

IFRS 15.114, 5.5B

- d. Although it is not explicitly required by IAS 34 to include discontinued operations as part of the disaggregation of revenue from contracts with customers, the Group has provided that information.

Notes to the condensed consolidated interim financial statements (continued)

6. Revenue (continued)

B. Contract balances^a

The following table provides information about receivables, contract assets and contract liabilities from contracts with customers.

<i>In thousands of euro</i>	Note	30 June 2023	31 December 2022
Receivables, which are included in 'trade and other receivables'		20,364	19,816
Receivables, which are included in 'assets held for sale'	14	1,385	-
Contract assets		1,316	782
Contract liabilities		(148)	(117)

The contract assets primarily relate to the Group's rights to consideration for work completed but not billed at the reporting date on made-to-order paper products. The contract assets are transferred to receivables when the rights become unconditional. This usually occurs when the Group issues an invoice to the customer. The contract liabilities primarily relate to the advance consideration received from customers for construction of storage units and warehouses, for which revenue is recognised over time, and to the unredeemed customer loyalty points. This will be recognised as revenue when the points are redeemed by customers, which is expected to occur over the next two years.

The full amount of €117 thousand recognised in contract liabilities at the beginning of the period has been recognised as revenue in the six months ended 30 June 2023.

The amount of revenue recognised in the six months ended 30 June 2023 from performance obligations satisfied (or partially satisfied) in previous periods is €8 thousand (2022: nil). This is mainly due to changes in the estimate of the stage of completion of construction of storage units and warehouses.

C. Seasonality of operations

The Group's Forestry segment is subject to seasonal fluctuations as a result of weather conditions. In particular, the cultivation of pine trees and the provision of related services in key geographic areas are adversely affected by winter weather conditions, which occur primarily from January to March. This segment typically has lower revenues and results for the first half of the year.

For the 12 months ended 30 June 2023, the Forestry segment reported revenue of €6,486 thousand (12 months ended 30 June 2022: €6,280 thousand) and profit before tax of €1,184 thousand (12 months ended 30 June 2022: €1,687 thousand).^b

IAS 34.8(e)

IAS 34.15, 15C,
[IFRS 15.116–118]

IAS 34.16A(b)

IAS 34.21

IAS 34.15, 15C

a. Although it is not explicitly required by IAS 34, this disclosure is provided because the Group believes that it is relevant to an understanding of the changes in the Group's financial position and performance during the interim period.

IAS 34.21

b. An entity whose business is highly seasonal is encouraged to disclose additional information, including:

- financial information for the 12 months ended at the interim reporting date; and
- comparative information for the comparable 12-month period.

IAS 34.8(e)

Notes to the condensed consolidated interim financial statements (continued)

7. Discontinued operation^a

In February 2023, the Group sold its entire Packaging segment (see Note 5). Management committed to a plan to sell this division in January 2023, following a strategic decision to place greater focus on the Group's key competencies – being the manufacture of paper used in the printing industry, forestry and the manufacture of timber products.

The Packaging segment was not previously classified as held-for-sale or as a discontinued operation. The comparative condensed consolidated statement of profit or loss and OCI has been re-presented to show the discontinued operation separately from continuing operations.

Subsequent to the disposal, the Group has continued to purchase packaging from the discontinued operation. Although intra-group transactions have been fully eliminated in the consolidated financial results, management has elected to attribute the elimination of transactions between the continuing operations and the discontinued operation before the disposal in a way that reflects the continuance of these transactions subsequent to the disposal, because management believes that this is useful to the users of the financial statements.

To achieve this presentation, management has eliminated from the results of the discontinued operation the inter-segment sales (and costs thereof, less unrealised profits) made before its disposal. Because purchases from the discontinued operation will continue subsequent to the disposal, inter-segment purchases made by the continuing operations before the disposal are retained in continuing operations.

<i>In thousands of euro</i>	For the six months ended 30 June	
	2023	2022
A. Results of discontinued operation^b		
Revenue	8,483	26,028
Elimination of inter-segment revenue	(940)	(2,835)
External revenue	7,543	23,193
Expenses	(8,641)	(26,486)
Elimination of expenses related to inter-segment sales	936	2,827
External expenses	(7,705)	(23,659)
Results from operating activities	(162)	(466)
Income tax	25	44
Results from operating activities, net of tax	(137)	(422)
Gain on sale of discontinued operation	846	-
Income tax on gain on sale of discontinued operation	(330)	-
Profit (loss) from discontinued operation for the period, net of tax	379	(422)
Basic earnings per share (euro) ^c	0.12	(0.14)
Diluted earnings per share (euro) ^c	0.11	(0.14)

[[IFRS 5.33(b)(i)]]

[[IFRS 5.33(b)(i)]]

[[IFRS 5.33(b)(i)]]

[[IFRS 5.33(b)(i)]]

[[IFRS 5.33(b)(i)]]

[[IFRS 5.33(b)(ii)]]

[[IFRS 5.33(b)(iii)]]

[[IFRS 5.33(b)(iv)]]

[[IFRS 5.33(a)]]

IAS 34.15C, 16A(i)

a. An entity discloses the effects of changes in its composition during an interim reporting period. Although it is not specifically required by IAS 34, the Group has disclosed information that would be required by IFRS 5 in its annual financial statements. The appropriate level of disclosure may vary depending on the significance of the discontinued operation.

Insights 5.4.230.40

b. In our view, considering that IFRS 5 does not specify how the elimination should be attributed to continuing and discontinued operations, an entity may present transactions between the continuing and discontinued operations in a way that reflects the continuance of those transactions, when that is useful to the users of the financial statements. It may be appropriate to present additional disclosure either on the face of the statement of profit or loss and OCI or in the notes. In our experience, if the additional disclosure is provided in the statement of profit or loss and OCI, then judgement may be required whether the disaggregated information should be presented as part of the statement itself or as an additional disclosure alongside the totals in that statement. Clear disclosure of the approach taken to the elimination of intra-group transactions will be relevant, including an explanation of any additional analysis of discontinued operations in the notes to the statement of profit or loss and OCI.

IAS 33.68

c. Alternatively, basic and diluted earnings per share for the discontinued operation may be presented in the statement of profit or loss and OCI.

Notes to the condensed consolidated interim financial statements (continued)

7. Discontinued operation (continued)

A. Results of discontinued operation (continued)

The profit for the period from the discontinued operation of €379 thousand (2022: loss of €422 thousand) was attributable entirely to the owners of the Company. Of the profit from continuing operations of €2,811 thousand (2022: €2,524 thousand), an amount of €2,674 thousand was attributable to the owners of the Company (2022: €2,022 thousand).

B. Cash flows from (used in) discontinued operation^a

<i>In thousands of euro</i>	For the six months ended 30 June	
	2023	2022
Net cash used in operating activities	(225)	(910)
Net cash from investing activities	10,890	-
Net cash flow for the period	10,665	(910)

C. Effect of disposal on the financial position of the Group

<i>In thousands of euro</i>	Note	
Property, plant and equipment	15	(7,986)
Inventories		(134)
Trade and other receivables		(3,955)
Cash and cash equivalents		(110)
Deferred tax liabilities		110
Trade and other payables		1,921
Net assets and liabilities		(10,154)
Consideration received in cash		11,000
Cash and cash equivalents disposed of		(110)
Net cash inflow		10,890

IAS 34.8(e)

[IFRS 5.33(d)]

[IFRS 5.33(c), 34]

[IAS 7.40(d)]

[IAS 7.40(c)]

[IAS 7.40(a)–(b)]

IAS 7.10,
IFRS 5.33(c),
Insights 5.4.220.50

^a In our view, there are numerous ways in which the requirements of IFRS 5 and IAS 7 on cash flow presentation may be met. The Group has elected to present:

- a statement of cash flows that includes an analysis of all cash flows in total: i.e. including both continuing and discontinued operations; and
- amounts related to discontinued operations by operating, investing and financing activities in the notes.

Alternatively, cash flows attributable to operating, investing and financing activities of discontinued operations can be presented separately in the statement of cash flows.

IAS 34.8(e)

Notes to the condensed consolidated interim financial statements (continued)

IAS 34.16A(c)

8. Other income/expenses

A. Government grants^{a, b}

The Group was awarded a government grant, received in 2022, amounting to €420 thousand. This grant was conditional on the Group meeting certain volume targets for production and sale of recycled paper.

During the six months ended 30 June 2023, when the terms attached to the grant were complied with, the grant was recognised in 'other income' in the condensed consolidated statement of profit or loss and OCI.

B. Earthquake-related expenses^a

During the six months ended 30 June 2023, expenses of €219 thousand were incurred due to an earthquake near production facilities in [*country*]. The expenses relate to the survey of production facilities and the removal of damaged items. These are included in 'other expenses' in the condensed consolidated statement of profit or loss and OCI. There was no damage to the production facilities themselves.

IAS 34.16A(c)

a. This is an example of disclosures about the nature and amount of items affecting assets, liabilities, equity, net income or cash flows that are unusual because of their nature, size or incidence.

IAS 20.29,
Insights 4.3.140.10

b. The Group has elected to present government grants related to income separately as 'other income'. Alternatively, an entity may offset these grants against the related expenditure (net presentation).

IAS 34.8(e)

IAS 34.15

[IFRS 2.45(a)]

[IFRS 2.46–47(a)(i),
IAS 1.125]

[IFRS 2.47(a)(i)]

[IFRS 2.44–45(a)]

IAS 34.15

Notes to the condensed consolidated interim financial statements (continued)

9. Share-based payment arrangements^a

A. Description of share-based payment arrangements

At 30 June 2023, the Group had the following share-based payment arrangements.

i. Share option programme (equity-settled)

On 1 January 2019 and 1 January 2022, the Group established share option programmes that entitle key management personnel to purchase shares in the Company. On 1 January 2023, a further grant on similar terms was offered to key management and senior employees. Under these programmes, holders of vested options are entitled to purchase shares at the market price of the shares at the grant date. Currently, these programmes are limited to key management personnel and other senior employees.

All options are to be settled by physical delivery of shares. The terms and conditions of the share options granted during the six months ended 30 June 2023 are as follows.

Grant date/employees entitled	Number of instruments in thousands	Vesting conditions	Contractual life of options
Option grant to key management personnel on 1 January 2023	225	3 years' service from grant date and 5% increase in operating income in each of the 3 years	10 years
Option grant to senior employees on 1 January 2023	100	3 years' service from grant date	10 years

The fair value of services received in return for share options granted is based on the fair value of the share options granted, measured using the Black-Scholes model.

ii. Replacement awards (equity-settled)

In connection with the acquisition of Papyrus, the Group exchanged equity-settled share-based payment awards held by employees of Papyrus for 150,000 equity-settled share-based payment awards of the Group with a contractual life of nine years from the vesting date (see [Note 21](#)).

The fair value of the replacement awards at grant date (business combination date of acquisition) was determined using the Black-Scholes model.

iii. Share purchase plan (equity-settled)

On 1 January 2023, the Group offered 26 of its employees the opportunity to participate in an employee share purchase plan. To participate in the plan, the employees are required to save an amount of 5 percent of their gross monthly salary, up to a maximum of €300 per month, for a period of 36 months. Under the terms of the plan, at the end of the three-year period the employees are entitled to purchase shares using funds saved at a price 20 percent below the market price at grant date. Only employees who remain in service and save the required amount of their gross monthly salary for 36 consecutive months will become entitled to purchase the shares. Employees who cease their employment, do not save the required amount of their gross monthly salary in any month before the 36-month period expires, or elect not to exercise their options to purchase shares – e.g. because the share price is below the exercise price – will be refunded their saved amounts. The arrangement includes a dividends protection feature preventing any decline in the value of the option caused by the payment of a dividend.

The requirement that the employee has to save in order to purchase shares under the share purchase plan is a non-vesting condition. This feature has been incorporated into the fair value at grant date by applying a discount to the valuation based on a Monte Carlo simulation. The discount has been determined by estimating the probability that the employee will stop saving based on historical behaviour.

^a Although it is not explicitly required by IAS 34, share-based payment transactions may be significant to an understanding of the current interim reporting period. The Group has provided details of share-based payment transactions in the period and disclosed the changes since the last annual financial statements. The appropriate level of disclosure for an interim reporting period may vary depending on the significance of the events and transactions to an understanding of the interim reporting period.

IAS 34.8(e)

Notes to the condensed consolidated interim financial statements (continued)

9. Share-based payment arrangements (continued)

A. Description of share-based payment arrangements (continued)

iv. Share appreciation rights (cash-settled)

On 1 January 2023, the Group granted 300,000 share appreciation rights (SARs) to employees that entitle them to a cash payment after three years of service. The SARs expire at the end of a five-year period after grant date. The amount of the cash payment is determined based on the increase in the share price of the Company between grant date and the time of exercise.

The fair value of the SARs at grant date is determined using the Black-Scholes model. The fair value of the liability, classified as an employee benefit liability, is remeasured at each reporting date and at settlement date.

B. Measurement of grant date fair values

The following inputs were used in the measurement of the fair values at grant date of the share-based payment plans.

	Share option programme				
	Key management personnel (see (a)(i))	Senior employees (see (a)(ii))	Replacement awards (see (a)(iii))	Share purchase plan (see (a)(iii))	SARs (see (a)(iv))
Fair value at grant date	€3.54	€3.14	€3.81	€4.02	€2.82
Share price at grant date	€10.10	€10.10	€10.30	€10.10	€10.10
Exercise price	€10.10	€10.10	€10.30	€8.08	€10.10
Expected volatility (weighted-average volatility)	46.6%	45.7%	52.0%	46.1%	46.4%
Option life (expected weighted-average life)	8.6 years	5.4 years	5.9 years	3.0 years	3.2 years
Expected dividends	3.2%	3.2%	3.2%	n/a	3.2%
Risk-free interest rate (based on government bonds)	1.0%	0.9%	1.5%	0.8%	0.8%

Expected volatility is estimated taking into account historical average share price volatility.

10. Employee benefits^a

As a result of a plan amendment in the pension arrangement for a number of employees in [country], the Group's defined benefit pension obligation decreased by €100 thousand during the six months ended 30 June 2023 (six months ended 30 June 2022: nil). A negative past service cost of €100 thousand resulting from the plan amendment was included in 'administrative expenses' in the condensed consolidated statement of profit or loss and OCI for the six months ended 30 June 2023.

(IFRS 2.45(a))

(IFRS 2.47(a)(i))

(IFRS 2.52)

(IFRS 2.47(a))

IAS 34.15, 16A(d)

IAS 19.99, BC59, 34.IE.B9, Insights 5.9.150

^a. Determining whether there is a need to remeasure the net defined benefit liability (asset) for interim reporting purposes requires judgement and depends on the potential materiality of the remeasurements. However, an updated measurement of plan assets and obligations is required when a plan amendment, curtailment or settlement is recognised. In addition, significant market fluctuations may trigger the need for an updated actuarial valuation to remeasure the net defined benefit liability (asset). The Group has remeasured the net defined benefit liability during the interim reporting period due to a plan amendment, and has provided relevant disclosure. The appropriate level of disclosure for an interim reporting period may vary depending on the materiality.

IAS 34.8(e)

IAS 34.15

IAS 34.30(c)

IAS 34.IE.B19

Notes to the condensed consolidated interim financial statements (continued)

11. Income tax expense^a

A. Income tax expense for the period

Income tax expense is recognised at an amount determined by multiplying the profit (loss) before tax for the interim reporting period by management's best estimate of the weighted-average annual income tax rate expected for the full financial year, adjusted for the tax effect of certain items recognised in full in the interim period. As such, the effective tax rate in the interim financial statements may differ from management's estimate of the effective tax rate for the annual financial statements.

The Group's consolidated effective tax rate in respect of continuing operations for the six months ended 30 June 2023 was 28 percent (six months ended 30 June 2022: 23 percent). The change in effective tax rate was caused mainly by the following factors.

- In March 2023, the government in [country] introduced one-off tax relief in the form of additional tax deductions in response to a country-wide emergency. These deductions were available for a limited time against taxable income earned between 1 January and 30 June 2023. The Group recognised the impact of the tax relief in full during the six months ended 30 June 2023.
- On 31 March 2023, Papyrus, a former associate of the Group, became a subsidiary (see Note 21). The profit or loss from Papyrus, which operates in a tax jurisdiction with higher tax rates, had been presented as 'net of tax' under the equity method. This impact has been considered in determining the weighted-average annual income tax rate for the full financial year.
- In April 2023, the tax rate in [country], in which the Group generates 50 percent of its taxable income, increased by 3 percent. The new rate applies to taxable income generated after 1 May 2023.
- During the six months ended 30 June 2023, adjustments regarding transfer pricing at a subsidiary [entity name] caused an additional tax expense as a result of different tax rates between [entity name] and the Group. The Group recognised this obligation during the period.
- During the six months ended 30 June 2023, adjustments related to prior-period tax filings were recognised in full. These expenses relate to tax assessments raised by tax authorities from their review of filed tax returns for open tax years in certain jurisdictions.
- In April 2023, the government in [country] removed the five-year limit for the use of tax losses carried forward and companies will be able to utilise their tax losses indefinitely. As a result, the Group's management determined that a previously unrecognised deferred tax asset in relation to unused tax losses has become recoverable. This change has been reflected in calculating the expected annual effective tax rate and will be apportioned between the interim periods^b.

IAS 34.15

^a Although it is not explicitly required by IAS 34, this is an example of events and transactions for which disclosures are provided because the events and transactions are significant to an understanding of the current interim reporting period.

Insights 5.9.180.50

^b If management's estimate of the recoverability of unused tax losses changes during an interim period, then in our view it is acceptable for this change to be reflected in calculating the expected annual effective tax rate and apportioned between the interim periods.

IAS 34.8(e)

Notes to the condensed consolidated interim financial statements (continued)

11. Income tax expense (continued)

B. Global minimum tax

The Group operates in [Country K], which has enacted new tax legislation to implement the global minimum top-up tax. The Group expects to be subject to the top-up tax in relation to its operations in [Country F], where the statutory tax rate is 10 percent, and in [Country G], where Subsidiary X receives government support through additional tax deductions that reduce its effective tax rate to below 15 percent. However, since the newly enacted tax legislation in [Country K] is effective only from 1 January 2024, there is no current tax impact in the period ended 30 June 2023 (six months ended 30 June 2022: nil).

The Group has applied a temporary mandatory relief from deferred tax accounting for the impacts of the top-up tax and accounts for it as a current tax when it is incurred (see [Note 4\(B\)](#)).

If the top-up tax had applied in 2023, then the profits relating to the Group's operations in [Country F and Country G] for the period ended 30 June 2023 that would be subject to it amount to €168 thousand (six months ended 30 June 2022: €126 thousand) and the average effective tax rate applicable to those profits is 12 percent (six months ended 30 June 2022: 11 percent). ^{a, b, c}

IAS 12.88A,
[IAS 1.17(c),
IAS 12.88B–88D,
EI.88C–88D(a)(b)(ii)]

- a. In May 2023, the IASB issued *International Tax Reform – Pillar Two Model Rules – Amendments to IAS 12*, which introduced a temporary mandatory exception from accounting for deferred tax that arises from legislation implementing the top-up tax (Pillar Two legislation). The amendments also require an entity to provide new disclosures from 31 December 2023. The new disclosures about exposure to Pillar Two taxes are not required in interim periods ending on or before 31 December 2023. However, the Group has determined that information about its potential exposure is relevant to its users' understanding of its financial position and performance and therefore disclosed it. The nature of the disclosures – i.e. quantitative or qualitative – and the level of detail will depend on the progress of the Group's assessment of the potential exposure. For further information, see our [web article](#) and read our [talkbook](#).
- b. The OECD's draft legislative framework for the global minimum top-up tax (Pillar Two model rules) applies to multinational enterprise groups with a total consolidated group revenue of €750 million or more in at least two of the four preceding years, although jurisdictions may introduce a lower threshold. Although the Group may not be subject to this global minimum top-up tax, the disclosures are included for illustration purposes.
- c. It is noted that for the purposes of the top-up tax, if a single jurisdiction in which a group operates enacts or substantively enacts changes to its tax laws, then that entire group may be impacted regardless of whether a similar tax law has been enacted or substantively enacted in the jurisdiction of the ultimate parent. An entity needs to monitor the progress of the legislative process in each jurisdiction in which it operates to determine whether and when it may become subject to the top-up tax.

IAS 34.8(e)

Notes to the condensed consolidated interim financial statements (continued)

12. Adjusted earnings before interest, tax, depreciation and amortisation (adjusted EBITDA)^a

Management has presented the performance measure adjusted EBITDA because it monitors performance at a consolidated level and believes that this measure is relevant to an understanding of the Group's financial performance. The definition of adjusted EBITDA is the same as in the last annual financial statements.

Adjusted EBITDA is not a defined performance measure in IFRS Accounting Standards. The Group's definition of adjusted EBITDA may not be comparable with similarly titled performance measures and disclosures by other entities.

Reconciliation of adjusted EBITDA to profit from continuing operations

In thousands of euro	For the six months ended 30 June	
	2023	2022 re-presented*
Profit from continuing operations	2,797	2,524
Income tax expense	1,109	741
Profit before tax	3,906	3,265
Adjustments for:		
– Net finance costs	545	662
– Depreciation	2,604	2,490
– Amortisation	295	355
– (Reversal of) impairment losses on property, plant and equipment	(393)	1,123
– Impairment losses on goodwill	116	-
– (Reversal of) impairment losses on intangible assets	(100)	285
– Impairment loss on remeasurement of disposal group	25	-
– Share of profit of equity-accounted investees, net of tax	(233)	(278)
Adjusted EBITDA	6,765	7,902

* Comparative information has been re-presented due to a discontinued operation. See [Note 7](#).

IAS 34.10, 1.55A, 85A–85B, BC38G

- ^a The Group has disclosed adjusted EBITDA because management believes that this measure is relevant to an understanding of the Group's financial performance. This disclosure is provided for illustrative purposes only.
- If an entity presents additional subtotals in the statement of financial position or statement of profit or loss and OCI, then the subtotals:
- comprise line items made up of amounts recognised and measured in accordance with IFRS Accounting Standards;
 - are presented and labelled in a manner that makes the line items that constitute the subtotal clear and understandable;
 - are consistent from period to period;
 - are displayed with no more prominence than other subtotals and totals presented in the statement of financial position or statement of profit or loss and OCI; and
 - for the additional subtotals presented in the statement of profit or loss and OCI, are reconciled with the subtotals and totals required by IAS 1.

IAS 34.8(e)

Notes to the condensed consolidated interim financial statements (continued)

13. Inventories

IAS 34.15B(a)

A. Write-down of inventories^a

During the six months ended 30 June 2023, the Group wrote down its finished goods inventory by €258 thousand due to a chemical reaction that rendered the goods obsolete. The write-down is included in 'cost of sales' in the condensed consolidated statement of profit or loss and OCI.^b There were no inventory write-downs recognised during the six months ended 30 June 2022.

B. Transfer from biological assets^a

During the six months ended 30 June 2023, harvested timber amounting to €1,131 thousand (2022: €985 thousand) was transferred to inventories.

IFRS 15.B25

C. Right to recover returned goods^a

Inventories at 30 June 2023 include a right to recover returned goods amounting to €572 thousand (2022: €478 thousand). These are measured with reference to the former carrying amount of the sold inventories less any expected costs to recover those inventories.

 IAS 34.16A(i),
 IFRS 5.38, 41

14. Disposal group held for sale^c

In June 2023, management committed to a plan to sell part of a manufacturing facility within the Non-recycled Papers segment. Accordingly, part of that facility is presented as a disposal group held for sale. Efforts to sell the disposal group have started and a sale is expected by April 2024.

As at 30 June 2023, the disposal group comprised assets of €12,891 thousand less liabilities of €3,650 thousand, detailed as follows.

<i>In thousands of euro</i>	<i>Note</i>	
Property, plant and equipment	15	8,756
Inventories		2,750
Trade and other receivables	6	1,385
Trade and other payables		(3,650)
		9,241

IAS 34.15B(b)

An impairment loss of €25 thousand writing down the carrying amount of the disposal group to its fair value less costs to sell has been included in 'other expenses' in the condensed consolidated statement of profit or loss and OCI.^a

IAS 34.15B

^{a.} This is an example of events and transactions for which, if they are significant, disclosures are required by IAS 34.

Insights 3.8.400.70

^{b.} In our view, for an entity that presents an analysis of expenses by function in the statement of profit or loss and OCI, the write-down of inventories to net realisable value and any reversals should be included in 'cost of sales'.

IAS 34.16A(i)

^{c.} An entity discloses the effects of changes in its composition during an interim reporting period. Although it is not specifically required by IAS 34, the Group has disclosed details of non-current assets and non-current liabilities held for sale that would be required in its annual financial statements. The appropriate level of disclosure may vary depending on the significance of the effects on the entity. For example disclosures for the distribution of non-cash assets to owners, see Appendix IV to our [Guide to annual financial statements – Illustrative disclosures](#) (September 2022).

Notes to the condensed consolidated interim financial statements (continued)

IAS 34.8(e)

15. Property, plant and equipment

IAS 34.15B(d)

A. Acquisitions and disposals^a

During the six months ended 30 June 2023, the Group acquired assets with a cost of €12,156 thousand (six months ended 30 June 2022: €2,315 thousand). This amount excludes capitalised borrowing costs, but includes assets acquired through a business combination (see [Note 21](#)) of €1,955 thousand (six months ended 30 June 2022: nil). In addition, the Group acquired a piece of land with the intention of constructing a new factory on the site. The cost of acquisition was €1,100 thousand. The Group commenced construction of the new factory, and costs incurred up to the reporting date totalled €682 thousand.

During the six months ended 30 June 2023, the Group entered into a new lease agreement for use of production equipment for 10 years. The Group makes fixed payments and additional variable payments depending on the usage of the asset during the contract period. On lease commencement, the Group recognised €200 thousand of right-of-use asset and lease liability.

Assets with a carrying amount of €7,986 thousand were disposed of as part of the discontinued operation (see [Note 7](#)). Other assets with a carrying amount of €1,127 thousand were disposed of during the six months ended 30 June 2023 (six months ended 30 June 2022: €381 thousand), resulting in a gain on disposal of €50 thousand (six months ended 30 June 2022: gain of €25 thousand), which was included in 'other income' in the condensed consolidated statement of profit or loss and OCI. Assets with a carrying amount of €8,756 thousand were transferred to held-for-sale (see [Note 14](#)) (six months ended 30 June 2022: nil).

IAS 34.15B(b), 16A(d)

[IAS 36.130(a)–(d)]

B. Reversal of impairment loss in relation to a new product^b

In 2022, regulatory restrictions on the manufacture of a new product in the Non-recycled Papers segment caused the Group to assess the recoverable amount of the related production line.

The production line relates to a new product that was expected to be available for sale in 2023. However, a regulatory inspection in 2022 revealed that the product did not meet certain environmental standards, necessitating substantial changes to the manufacturing process. As a result, production and the expected launch date were deferred.

[IAS 36.130(e)]

Accordingly, management estimated the recoverable amount of the CGU (the production line) in 2022. The recoverable amount was estimated based on its value in use, assuming that the production line would go live in August 2022. Based on the assessment in 2022, the carrying amount of the production line was determined to be higher than its recoverable amount of €1,083 thousand and an impairment loss of €1,408 thousand was recognised for the year ended 31 December 2022. €1,123 thousand of the loss related to property, plant and equipment and €285 thousand related to capitalised development costs (see [Note 16](#)).

[IAS 36.130(a)–(e)]

During the six months ended 30 June 2023, following certain changes to its plans, the Group reassessed its estimates and reversed part of the initially recognised impairment. The recoverable amount was determined to be €1,576 thousand. As a result, €493 thousand of the initially recognised impairment has been reversed; of this amount, €393 thousand related to property, plant and equipment and €100 thousand related to capitalised development costs.

IAS 34.15B

a. This is an example of events and transactions for which, if they are significant, disclosures are required by IAS 34.

IAS 34.15B(b), 15C, 16A(d), B35–B36

b. IAS 34 requires disclosure of the nature and amount of changes in estimates. In addition, impairment losses and reversals of impairment losses are examples of events and transactions for which, if they are significant, disclosures are required by IAS 34. IAS 36 *Impairment of Assets* provides relevant disclosures to be considered in this regard. Furthermore, the Group has disclosed the key assumptions used (discount rate and terminal growth rate) to determine the value in use of the CGU in [Note 16B](#), although only disclosure of the discount rate is required if the recoverable amount is value in use and the CGU does not contain goodwill or intangible assets with indefinite useful lives. The appropriate level of disclosure for an interim reporting period may vary depending on the circumstances of the entity.

Notes to the condensed consolidated interim financial statements (continued)

15. Property, plant and equipment (continued)

B. Reversal of impairment loss in relation to a new product (continued)

The impairment loss and subsequent reversal have been included in 'cost of sales' in the condensed consolidated statement of profit or loss and OCI.^a

The estimate of value in use was determined using a pre-tax discount rate of 10.5 percent (2022: 9.8 percent) and a terminal value growth rate of 3 percent from 2029 (2022: 3 percent from 2028).

C. Transfer to investment property^b

During the six months ended 30 June 2023, a building with a carrying amount of €600 thousand was transferred to investment property, because it was no longer used by the Group and it was decided that the building would be leased to a third party.

Immediately before the transfer, the Group remeasured the property to fair value and recognised a gain of €200 thousand in OCI.

D. Capital commitments^b

During the six months ended 30 June 2023, the Group entered into a contract to buy property, plant and equipment for €1,465 thousand (six months ended 30 June 2022 and year ended 31 December 2022: nil). Delivery is expected in March 2024.

16. Intangible assets and goodwill

A. Reversal of impairment loss in relation to a new product

As described in Note 15, the Group recognised an impairment loss of €285 thousand in respect of capitalised development costs related to the affected production line in the year ended 31 December 2022. During the six months ended 30 June 2023, €100 thousand of the loss was reversed.

B. Impairment loss in relation to Timber Products^c

The carrying amount of the CGU was determined to be higher than its recoverable amount of €3,654 thousand and an impairment loss of €116 thousand (six months ended 30 June 2022: nil) was recognised. The impairment loss was allocated fully to goodwill, reducing the goodwill included in the Timber Products segment to €960 thousand; and has been included in 'other expenses' in the condensed consolidated statement of profit or loss and OCI.^a

The recoverable amount of the CGU was based on its value in use and was determined with the assistance of independent appraisers.

IAS 34.8(e)

IAS 34.15B(b), 16A(d)

IAS 36.126(a)–(b)

IAS 36.130(g)

IAS 34.15B(e)

IAS 34.15B(b), 16A(d),
IAS 36.126(a)–(b)

IAS 36.130(e)

IAS 36.134(c)

IAS 36.126,
Insights
3.10.410.20–30

a. If an entity classifies expenses based on their function, then any loss is allocated to the appropriate function. In our view, in the rare case that an impairment loss cannot be allocated to a function, it should be included in 'other expenses' as a separate line item if it is significant – e.g. impairment of goodwill – with additional information given in a note. In our view, an impairment loss that is recognised in published interim financial statements should be presented in the same line item as in the annual financial statements, even if the asset is subsequently sold and the gain or loss on disposal is included in a line item that is different from impairment losses in the annual financial statements.

IAS 34.15B

b. This is an example of events and transactions for which, if they are significant, disclosures are required by IAS 34.

IAS 34.15B(b), 15C,
16A(d), B35–B36

c. IAS 34 requires disclosure of the nature and amount of changes in estimates. In addition, impairment losses and reversals of impairment losses are examples of events and transactions for which, if they are significant, disclosures are required by IAS 34. IAS 36 provides relevant disclosures to be considered in this regard. The appropriate level of disclosure for an interim reporting period may vary depending on the circumstances of the entity.

IAS 34.8(e)

Notes to the condensed consolidated interim financial statements (continued)

16. Intangible assets and goodwill (continued)

B. Impairment loss in relation to Timber Products (continued)

Value in use was determined by discounting the future cash flows to be generated from the continuing use of the CGU. Value in use as at 30 June 2023 was determined similarly to the 31 December 2022 goodwill impairment test, and was based on the following key assumptions.

- A pre-tax discount rate of 9.6 percent (2022: 10.0 percent) was applied and based on the rate of 10-year government bonds issued by the government in the relevant market and in the same currency as the cash flows, adjusted for a risk premium to reflect both the increased risk of investing in equities generally and the systematic risk of the specific CGU.
- Five years of cash flows were included in the discounted cash flow model. A long-term growth rate into perpetuity of 1.8 percent from 2029 (2022: 2.0 percent from 2028) has been determined as the lower of the nominal gross domestic product (GDP) rates for the countries in which the CGU operates and the long-term compound annual EBITDA growth rate estimated by management.
- An average budgeted EBITDA growth rate for the next five years of 8.0 percent (2022: 9.0 percent) was applied based on expectations of future outcomes taking into account past experience, adjusted for anticipated revenue growth. Revenue growth was projected taking into account the average growth levels experienced over the past five years and the estimated sales volume and price growth for the next five years. It was assumed that sales prices would grow at a constant margin above forecast inflation over the next five years, in line with information obtained from external brokers who publish a statistical analysis of long-term market trends.

Following the impairment loss recognised in the Group's Timber Products CGU, the recoverable amount was equal to the carrying amount. Therefore, any adverse change in a key assumption may result in further impairment.

Other CGUs were not tested for impairment because there were no impairment indicators at 30 June 2023.

C. Reconciliation of carrying amount of goodwill

<i>In thousands of euro</i>	Note	30 June 2023
Cost		
Balance at 1 January 2023		3,545
Acquisition through business combination	<i>21</i>	541
Balance at 30 June 2023		4,086
Impairment losses		
Balance at 1 January 2023		138
Impairment loss		116
Balance at 30 June 2023		254
Carrying amounts		
Balance at 1 January 2023		3,407
Balance at 30 June 2023		3,832

IFRS 3.B67(d),
IAS 34.16A(i)

IAS 34.8(e)

Notes to the condensed consolidated interim financial statements (continued)

17. Capital and reserves

A. Issue of ordinary shares

IAS 34.16A(e)

In April 2023, the Company issued 130,000 ordinary shares at a price of €11.92 per share (2022: nil).

Additionally, 5,000 ordinary shares were issued as a result of the exercise of vested options arising from the 2019 share option programme by key management personnel (2022: nil). Options were exercised at an average price of €10 per share.

8,000 ordinary shares were also issued as a result of the acquisition of Papyrus (see [Note 21](#)).

All ordinary shares were issued with a par value of €3.

B. Dividends

IAS 34.16A(f)

The following dividends were declared and paid by the Company.

<i>In thousands of euro</i>	For the six months ended 30 June	
	2023	2022
25.97 cents per qualifying ordinary share (2022: 4.28 cents)	805	86
25.03 cents per non-redeemable preference share (2022: 25.03 cents)	438	438
	1,243	524

Notes to the condensed consolidated interim financial statements (continued)

18. Loans and borrowings^a

IAS 34.8(e)

IAS 34.16A(e)

<i>In thousands of euro</i>	<i>Note</i>	<i>Currency</i>	<i>Nominal interest rate</i>	<i>Year of maturity</i>	<i>Face value</i>	<i>Carrying amount</i>
Balance at 1 January 2023						25,939
New issues						
Convertible notes	(a)	EUR	3.00%	2025	5,000	4,596
Redeemable preference shares	(b)	EUR	4.40%*	2029	2,000	1,939
Unsecured bank loan assumed	21	USD	3.80%	2023	510	500
Lease liabilities	15	EUR	6.2%	2033	282	200
Repayments						
Loan from associate		EUR	4.80%	-	(1,000)	(1,000)
Secured bank loan		GBP	SONIA+1.1%	-	(3,694)	(3,694)
Unsecured bank loans		EUR	5.5%	-	(117)	(117)
Lease liabilities		EUR	6.5–7.0%	-	(254)	(254)
Other movements						
				-	-	105
Balance at 30 June 2023						28,214

* Dividend rate for redeemable preference shares.

A. Convertible notes

In thousands of euro

Proceeds from issue of convertible notes (1,250,000 notes at €4 par value)	5,000
Transaction costs	(250)
Net proceeds	4,750
Amount classified as equity (net of transaction costs of €9 thousand)	(163)
Accrued interest	9
Carrying amount of liability at 30 June 2023	4,596

The convertible notes have a three-year term. Interest is paid in arrears at a nominal annual interest rate of 3 percent. The notes are convertible into 250 thousand ordinary shares of the Group at any time until maturity.

B. Redeemable preference shares

In thousands of euro

Proceeds from issue of redeemable preference shares	2,000
Transaction costs	(61)
Carrying amount at 30 June 2023	1,939

During the six months ended 30 June 2023, 1,000,000 redeemable preference shares were issued as fully paid with a par value of €2 per share (2022: nil). The redeemable preference shares do not carry the right to vote. The holders of the redeemable preference shares participate in the Company's residual assets only to the extent of the face value of the shares.

The redeemable preference shares are mandatorily redeemable at par on 31 May 2029. The Group is obliged to pay holders of redeemable preference shares annual dividends of 4.4 percent of the par amount on 31 May each year until and on maturity.

IAS 34.16A(e) ^a. Although IAS 34 only requires the disclosure of issues and repayments of debt securities, the Group has provided additional disclosure by reconciling the opening and closing balance of total loans and borrowings. The appropriate level of disclosure for an interim reporting period may vary depending on the significance of these transactions.

IAS 34.8(e)

Notes to the condensed consolidated interim financial statements (continued)

19. Provisions

A. Restructuring^a

IAS 34.15B(c),
Insights 4.1.30.40

A provision of €600 thousand was recognised during the year ended 31 December 2022 in respect of the Group's committed restructuring of the manufacturing and distribution division of Paper Pabus Co. This was due to a decrease in demand as a result of deteriorating economic circumstances. The restructuring was completed during the six months ended 30 June 2023 at a cost of €500 thousand. The unused provision of €100 thousand was reversed, and has been included in 'cost of sales' in the condensed consolidated statement of profit or loss and OCI.

B. Site restoration

i. Romania

IAS 34.16A(c)

In accordance with Romanian law, the Group's subsidiary in Romania is required to restore contaminated land to its original condition before the end of 2025. During the six months ended 30 June 2023, the Group provided €500 thousand for this purpose.

Because of the long-term nature of the liability, the biggest uncertainty in estimating the provision is the costs that will be incurred. In particular, the Group has assumed that the site will be restored using technology and materials that are currently available. The provision has been calculated using a discount rate of 5.9 percent, which is the risk-free rate in Romania as at 30 June 2023. The rehabilitation is expected to occur progressively over the next two to three years.

ii. Acquisition of Papyrus

As part of the acquisition of Papyrus, the Group recognised environmental provisions of €150 thousand, measured on a provisional basis (see [Note 21](#)).

C. Emissions schemes

IAS 34.16A(c)

The Group participates in a 'cap and trade' scheme in various countries. The Group recognises a liability to surrender emissions certificates as it emits pollutants. The liability is measured based on the carrying amount of the certificates on hand (which are recognised as intangible assets) to the extent of emissions within the annual limit, and at the current market value of certificates to the extent that the Group would be required to purchase additional certificates to settle the obligation.

During the period, the Group recognised a provision for pollutants emitted of €60 thousand.

D. Levies

IAS 34.16A(c)

The Group recognised a liability to pay environmental taxes imposed by legislation in full at the end of the tax year (31 March), when the obligating event in the legislation occurs. The levy for the year ended 31 March 2023 of €30 thousand (2022: €30 thousand) has been recognised as administrative expense in profit or loss for the six months ended 30 June 2023. At 30 June 2023, no liability for environmental taxes has been recognised.

IAS 34.15B

^a. This is an example of events and transactions for which, if they are significant, disclosures are required by IAS 34.

IAS 34.8(e)

Notes to the condensed consolidated interim financial statements (continued)

20. Financial instruments – Fair values and risk management

A. Accounting classifications and fair values^{a, b}

The following table shows the carrying amounts and fair values of financial assets and financial liabilities, including their levels in the fair value hierarchy. It does not include fair value information for financial assets and financial liabilities not measured at fair value if the carrying amount is a reasonable approximation of fair value.

Trade and other receivables and trade and other payables classified as held-for-sale are not included in the table below (see Note 14). Their carrying amount is a reasonable approximation of fair value.

30 June 2023 <i>In thousands of euro</i>	Carrying amount		
	Fair value – Hedging instruments	Mandatorily at FVTPL – Others	FVOCI – Debt instruments
Financial assets measured at fair value			
Interest rate swaps used for hedging	116	-	-
Forward exchange contracts used for hedging	227	-	-
Other forward exchange contracts	-	86	-
Sovereign debt securities	-	213	-
Corporate debt securities	-	-	118
Equity securities	-	251	-
	343	550	118
Financial assets not measured at fair value			
Trade and other receivables	-	-	-
Cash and cash equivalents	-	-	-
Corporate debt securities	-	-	-
	-	-	-
Financial liabilities measured at fair value			
Interest rate swaps used for hedging	(20)	-	-
Forward exchange contracts used for hedging	(8)	-	-
Contingent consideration	-	(232)	-
	(28)	(232)	-
Financial liabilities not measured at fair value			
Bank overdrafts	-	-	-
Secured bank loans	-	-	-
Unsecured bank loans	-	-	-
Unsecured bond issues	-	-	-
Convertible notes – liability component	-	-	-
Redeemable preference shares	-	-	-
Dividends payable on redeemable shares	-	-	-
Trade payables*	-	-	-
	-	-	-

* Other payables that are not financial liabilities (refund liabilities recognised under IFRS 15 – €883 thousand) are not included. Trade payables also include EUR 3,165 thousand of trade payables that have been factored by suppliers in a supply chain financing arrangement.

Carrying amount				Fair value			
FVOCI – Equity instruments	Financial assets at amortised cost	Other financial liabilities	Total carrying amount	Level 1	Level 2	Level 3	Total
-	-	-	116	-	116	-	116
-	-	-	227	-	227	-	227
-	-	-	86	-	86	-	86
-	-	-	213	213	-	-	213
-	-	-	118	48	70	-	118
710	-	-	961	961	-	-	961
710	-	-	1,721				
-	20,379	-	20,379				
-	2,355	-	2,355				
-	2,557	-	2,557	2,561	-	-	2,561
-	25,291	-	25,291				
-	-	-	(20)	-	(20)	-	(20)
-	-	-	(8)	-	(8)	-	(8)
-	-	-	(232)	-	-	(232)	(232)
-	-	-	(260)				
-	-	(120)	(120)				
-	-	(7,589)	(7,589)	-	(8,325)	-	(8,325)
-	-	(501)	(501)	-	(519)	-	(519)
-	-	(9,012)	(9,012)	-	(9,675)	-	(9,675)
-	-	(4,596)	(4,596)	-	(4,671)	-	(4,671)
-	-	(1,939)	(1,939)	-	(2,036)	-	(2,036)
-	-	(20)	(20)	-	(22)	-	(22)
-	-	(20,218)	(20,218)				
-	-	(43,995)	(43,995)				

IFRS 7.8, 29

a. The Group has disclosed the fair value of each class of financial assets and financial liabilities in a way that permits the information to be compared with the carrying amounts. In addition, it has reconciled the assets and liabilities to the different categories of financial instruments as defined in IFRS 9. This presentation method is optional and different presentation methods may be desirable, depending on circumstances.

IFRS 7.B1–B3

b. The Group has grouped its financial instruments into 'classes'. Although IFRS 7 does not define 'classes', as a minimum instruments measured at amortised cost should be distinguished from instruments measured at fair value.

IAS 34.8(e)

Notes to the condensed consolidated interim financial statements (continued)

20. Financial instruments – Fair values and risk management (continued)

A. Accounting classifications and fair values (continued)

IFRS 7.8, 25–26, 29,
13.93(a)–(b), 94, 97, 99,
IAS 34.16A(j)

31 December 2022 <i>In thousands of euro</i>	Carrying amount		
	Fair value – Hedging instruments	Mandatorily at FVTPL – Others	FVOCI – Debt instruments
Financial assets measured at fair value			
Interest rate swaps used for hedging	131	-	-
Forward exchange contracts used for hedging	375	-	-
Other forward exchange contracts	-	89	-
Sovereign debt securities	-	568	-
Corporate debt securities	-	-	373
Equity securities	-	254	-
	506	911	373
Financial assets not measured at fair value			
Trade and other receivables	-	-	-
Cash and cash equivalents	-	-	-
Corporate debt securities	-	-	-
	-	-	-
Financial liabilities measured at fair value			
Interest rate swaps used for hedging	(5)	-	-
Forward exchange contracts used for hedging	(7)	-	-
	(12)	-	-
Financial liabilities not measured at fair value			
Bank overdrafts	-	-	-
Secured bank loans	-	-	-
Unsecured bank loans	-	-	-
Unsecured bond issues	-	-	-
Loan from associate	-	-	-
Trade payables*	-	-	-
	-	-	-

* Other payables that are not financial liabilities (refund liabilities recognised under IFRS 15 – €1,128 thousand) are not included. Trade payables also include EUR 3,165 thousand of trade payables that have been factored by suppliers in a supply chain financing arrangement because they are considered to have a similar nature and function to other trade payables.

Insights
7.10.35.70–100

Carrying amount				Fair value			
FVOCI – Equity instruments	Financial assets at amortised cost	Other financial liabilities	Total carrying amount	Level 1	Level 2	Level 3	Total
-	-	-	131	-	131	-	131
-	-	-	375	-	375	-	375
-	-	-	89	-	89	-	89
-	-	-	568	568	-	-	568
-	-	-	373	72	301	-	373
511	-	-	765	540	-	225	765
511	-	-	2,301				
-	19,824	-	19,824				
-	1,850	-	1,850				
-	2,256	-	2,256	2,259	-	-	2,259
-	23,930	-	23,930				
-	-	-	(5)	-	(5)	-	(5)
-	-	-	(7)	-	(7)	-	(7)
-	-	-	(12)				
-	-	(282)	(282)				
-	-	(11,093)	(11,093)	-	(12,861)	-	(12,861)
-	-	(117)	(117)	-	(125)	-	(125)
-	-	(9,200)	(9,200)	-	(9,381)	-	(9,381)
-	-	(1,000)	(1,000)	-	(1,039)	-	(1,039)
-	-	(23,453)	(23,453)				
-	-	(45,145)	(45,145)				

IAS 34.8(e)

Notes to the condensed consolidated interim financial statements (continued)

20. Financial instruments – Fair values and risk management (continued)

B. Measurement of fair values

i. Valuation techniques and significant unobservable inputs

The following tables show the valuation techniques used in measuring Level 2 and Level 3 fair values at 30 June 2023 and 31 December 2022 for financial instruments measured at fair value in the statement of financial position, as well as the significant unobservable inputs used. Related valuation processes are described in [Note 3](#).

Financial instruments measured at fair value

Type	Valuation technique	Significant unobservable inputs	Inter-relationship between significant unobservable inputs and fair value measurement
Contingent consideration	<i>Discounted cash flows:</i> The valuation model considers the present value of expected payments, discounted using a risk-adjusted discount rate.	<ul style="list-style-type: none"> Expected cash flows (30 June 2023: range €318 – €388 thousand, 31 December 2022: N/A). Risk-adjusted discount rate (30 June 2023: 15%, 31 December 2022: N/A). 	<p>The estimated fair value would increase (decrease) if:</p> <ul style="list-style-type: none"> the expected cash flows were higher (lower); or the risk-adjusted discount rate were lower (higher).
Equity securities	<i>Market comparison technique:</i> The valuation model is based on market multiples derived from quoted prices of companies comparable to the investee, adjusted for the effect of the non-marketability of the equity securities, and the revenue and EBITDA of the investee. The estimate is adjusted for the net debt of the investee.	<ul style="list-style-type: none"> Adjusted market multiple (30 June 2023: N/A*, 31 December 2022: 4–7). 	<ul style="list-style-type: none"> The estimated fair value would increase (decrease) if the adjusted market multiple were higher (lower).
Corporate debt securities	<i>Market comparison/discounted cash flow:</i> The fair value is estimated considering (i) current or recent quoted prices for identical securities in markets that are not active and (ii) a net present value calculated using discount rates derived from quoted yields of securities with similar maturity and credit rating that are traded in active markets, adjusted by an illiquidity factor.	Not applicable.	Not applicable.

* See [Note 20\(B\)\(iii\)](#).

IFRS 13.91(a), 92, 93(d), (h)(i), 99, IAS 34.16A(j)

IFRS 3.B67(b)(iii)

NOTES

IAS 34.8(e)

Notes to the condensed consolidated interim financial statements (continued)

20. Financial instruments – Fair values and risk management (continued)

B. Measurement of fair values (continued)

i. Valuation techniques and significant unobservable inputs (continued)

Financial instruments measured at fair value (continued)

Type	Valuation technique	Significant unobservable inputs	Inter-relationship between significant unobservable inputs and fair value measurement
Forward exchange contracts	<i>Forward pricing:</i> The fair value is determined using either quoted forward exchange rates at the reporting date or present value calculations based on high credit quality yield curves in the respective currencies.	Not applicable.	Not applicable.
Interest rate swaps	<i>Swap models:</i> The fair value is calculated as the present value of the estimated future cash flows. Estimates of future floating-rate cash flows are based on quoted swap rates, futures prices and interbank borrowing rates. Estimated cash flows are discounted using a yield curve constructed from similar sources and which reflects the relevant benchmark interbank rate used by market participants for this purpose when pricing interest rate swaps. The fair value estimate is subject to a credit risk adjustment that reflects the credit risk of the Group and of the counterparty; this is calculated based on credit spreads derived from current credit default swap or bond prices.	Not applicable.	Not applicable.

ii. Transfers between Levels 1 and 2

At 30 June 2023, FVOCI corporate debt securities with a carrying amount of €48 thousand were transferred from Level 1 to Level 2 because quoted prices in the market for these debt securities were no longer regularly available. To determine the fair value of the debt securities, management used a valuation technique in which all significant inputs were based on observable market data. There were no transfers from Level 2 to Level 1 during the six months ended 30 June 2023 and no transfers in either direction during the six months ended 30 June 2022.

IFRS 13.93(c),
IAS 34.15B(k), 16A(j)

IAS 34.8(e)

Notes to the condensed consolidated interim financial statements (continued)

20. Financial instruments – Fair values and risk management (continued)

B. Measurement of fair values (continued)

iii. Level 3 fair values

Reconciliation of Level 3 fair values

The following table shows a reconciliation from the opening balances to the closing balances for Level 3 fair values.

<i>In thousands of euro</i>	<i>Note</i>	FVOCI – Equity securities	Contingent consideration
Balance at 1 January 2022		-	-
Gain included in OCI			
– Net change in fair value (unrealised)		6	-
Purchases		212	-
Balance at 30 June 2022		218	-
Balance at 1 January 2023		225	-
Assumed in a business combination	21	-	(250)
Gain included in ‘finance income’			
– Net change in fair value (unrealised)		-	18
Gain included in OCI			
– Net change in fair value (unrealised)		18	-
Transfers out of Level 3 (see below)		(243)	-
Balance at 30 June 2023		-	(232)

Transfer out of Level 3

The Group holds an investment in equity shares of MSE Limited with a fair value of €243 thousand at 30 June 2023. The fair value of this investment was categorised as Level 3 at 31 December 2022 (for information on the valuation technique, see (i) above). This was because the shares were not listed on an exchange and there were no recent observable arm’s length transactions in the shares.

During the six months ended 30 June 2023, MSE Limited listed its equity shares on an exchange and they are currently actively traded in that market. Because the equity shares now have a published price quotation in an active market, the fair value measurement was transferred from Level 3 to Level 1 of the fair value hierarchy at 30 June 2023.

Sensitivity analysis

For the fair value of contingent consideration, reasonably possible changes at 30 June 2023 to one of the significant unobservable inputs, holding other inputs constant, would have the following effects.

Contingent consideration

<i>Effect in thousands of euro</i>	Profit or loss	
	Increase	Decrease
30 June 2023		
Expected cash flows (10% movement)	(23)	23
Risk-adjusted discount rate (1% movement (100 bps))	6	(6)

IAS 34.8(e)

Notes to the condensed consolidated interim financial statements (continued)

20. Financial instruments – Fair values and risk management (continued)

C. Concentration of credit risk^a

The Group's strategy to generate an increasing proportion of its revenue from its wholesale customers has resulted in an increase in trade receivables outstanding (because wholesale customers are entitled to more favourable credit terms than other customers). As at 30 June 2023, wholesale customers comprised €14,672 thousand or approximately 72 percent of trade receivables (31 December 2022: €11,894 thousand or approximately 60 percent).

[IFRS 7.35H]

The movement in the allowance for impairment in respect of trade receivables and contract assets during the reporting period was as follows.

In thousands of euro

Balance at 31 December 2022	214
Amounts written off	(84)
Net remeasurement of loss allowance	190
Balance at 30 June 2023	320

The increase in the loss allowance is mainly attributable to the total increase in the gross carrying amounts of trade receivables and contract assets. The increase in the proportion of wholesale customers and increase in the gross carrying amount for other customers more than 90 days past due contributed to the increase in the loss allowance. The methodology for the calculation of ECLs is the same as described in the last annual financial statements.

D. Impairment of debt securities

During the six months ended 30 June 2023, the Group recognised an impairment charge of €30 thousand related to debt securities – financial assets measured at amortised cost (six months ended 30 June 2022: €8 thousand). The impairment is included in 'finance costs' in the condensed consolidated statement of profit or loss and OCI.

IAS 34.15B(b)

[IAS 1.82(ba)]

IAS 34.15–15C

^a Although it is not specifically required by IAS 34, the Group has disclosed information that is relevant to an understanding of changes in the concentration of credit risk attributed to its trade receivables and contract assets.

IAS 34.8(e)

Notes to the condensed consolidated interim financial statements (continued)

20. Financial instruments – Fair values and risk management (continued)

E. Interest rate benchmark reform^a

The Group completed its transition to alternative benchmark rates, the interest rate benchmark reform (IBOR reform), during the interim period. The Group's remaining IBOR exposures as at 31 December 2022 – corporate debt securities indexed to US dollar London Inter-bank Offered Rate – have been automatically switched to the Secured Overnight Financing Rate in accordance with fallback clauses.

IAS 34.15–15C ^{a.} Although it is not specifically required by IAS 34, the Group has disclosed information that is relevant to an understanding of the impact of IBOR reform on its financial position and performance during the interim period.

IAS 34.8(e)

Notes to the condensed consolidated interim financial statements (continued)

IAS 34.16A(i)

21. Acquisition of subsidiary^a

IFRS 3.B64(a)–B64(c)

On 31 March 2023, the Group acquired 65 percent of the shares and voting interests in Papyrus. As a result, the Group's equity interest in Papyrus increased from 25 percent to 90 percent, obtaining control of Papyrus. Papyrus is one of the Group's strategic suppliers and is principally engaged in the production of paper pulp in Kentucky, US. Papyrus is not publicly listed.

IFRS 3.B64(d)

Taking control of Papyrus will enable the Group to modernise its production process through access to Papyrus's patented technology. The acquisition is expected to provide the Group with an increased share of the standard paper market through access to Papyrus's customer base. The Group also expects to reduce costs through economies of scale.

IFRS 3.B64(a)

In the three months to 30 June 2023, Papyrus contributed revenue of €4,500 thousand and profit of €90 thousand to the Group's results. If the acquisition had occurred on 1 January 2023, management estimates that consolidated revenue would have been €58,480 thousand, and consolidated profit for the period would have been €3,427 thousand. In determining these amounts, management has assumed that the fair value adjustments, determined provisionally, that arose on the date of acquisition would have been the same if the acquisition had occurred on 1 January 2023.

A. Consideration transferred

IFRS 3.B64(f)

The following table summarises the acquisition date fair value of each major class of consideration transferred.

<i>In thousands of euro</i>	<i>Note</i>
Cash	2,500
Equity instruments (8,000 ordinary shares)	17 87
Replacement share-based payment awards	9 120
Contingent consideration	20 250
Settlement of pre-existing relationship	(326)
Total consideration transferred	2,631

[IAS 7.40(a)–(b)]

i. Equity instruments issued

IFRS 3.B64(f)(iv)

The fair value of the ordinary shares issued was based on the listed share price of the Company at 31 March 2023 of €10.88 per share.

ii. Replacement share-based payment awards

IFRS 3.B64(l)

In accordance with the terms of the acquisition agreement, the Group exchanged equity-settled share-based payment awards held by employees of Papyrus (the acquiree's awards) for equity-settled share-based payment awards of the Company (the replacement awards). The details of the acquiree's awards and replacement awards are as follows.

	Acquiree's awards	Replacement awards
Terms and conditions	Grant date 1 April 2022 Vesting date 31 March 2026 Service condition	Vesting date 31 March 2026 Service condition
Market-based measure at date of acquisition	€527 thousand	€571 thousand

IFRS 3.59, 61, 63, IAS 34.16A(i)

^a Under IAS 34, an entity discloses the effects of changes in its composition as a result of business combinations during an interim reporting period by providing information required by IFRS 3 *Business Combinations*.

If the specific disclosures under the requirements of IFRS 3 and other accounting standards are not sufficient to enable evaluation of the nature and financial effects of:

- business combinations effected in the current period; or
 - any adjustments recognised in the current period relating to business combinations effected in prior periods,
- then additional information necessary to meet these objectives is disclosed.

IAS 34.8(e)

Notes to the condensed consolidated interim financial statements (continued)

21. Acquisition of subsidiary (continued)

A. Consideration transferred (continued)

ii. Replacement share-based payment awards (continued)

The value of the replacement awards is €520 thousand, after taking into account an estimated forfeiture rate of 9 percent. The consideration for the business combination includes €120 thousand transferred to employees of Papyrus when the acquiree's awards were substituted by the replacement awards, which relates to past service. The balance of €400 thousand will be recognised as post-acquisition compensation cost. For further details on the replacement awards, see [Note 9](#).

iii. Contingent consideration

The Group has agreed to pay the selling shareholders in three years' time additional consideration of €600 thousand if the acquiree's cumulative EBITDA over the next three years exceeds €10,000 thousand. The Group has included €250 thousand as contingent consideration related to the additional consideration, which represents its fair value at the date of acquisition. At 30 June 2023, the contingent consideration had decreased to €232 thousand (see [Note 20](#)).

iv. Settlement of pre-existing relationship

The Group and Papyrus were parties to a long-term supply contract under which Papyrus supplied the Group with timber at a fixed price. Under the contract, the Group could terminate the agreement early by paying Papyrus €326 thousand. This pre-existing relationship was effectively terminated when the Group acquired Papyrus.

The Group has attributed €326 thousand of the consideration transferred to the extinguishment of the supply contract, and has included the amount in 'other expenses' in the condensed consolidated statement of profit or loss and OCI. This amount is the lower of the termination amount and the value of the off-market element of the contract. The fair value of the agreement at the date of acquisition was €600 thousand, of which €400 thousand related to the unfavourable aspect of the contract to the Group relative to market prices.

B. Acquisition-related costs

The Group incurred acquisition-related costs of €50 thousand relating to external legal fees and due diligence costs. These costs have been included in 'administrative expenses' in the condensed consolidated statement of profit or loss and OCI.

C. Identifiable assets acquired and liabilities assumed

The following table summarises the recognised amounts of assets acquired and liabilities assumed at the date of acquisition.

<i>In thousands of euro</i>	<i>Note</i>	
Property, plant and equipment	15	1,955
Intangible assets		250
Inventories		825
Trade and other receivables		848
Cash and cash equivalents		375
Loans and borrowings	18	(500)
Deferred tax liabilities		(79)
Contingent liabilities		(20)
Site restoration provision	19	(150)
Trade and other payables		(460)
Total identifiable net assets acquired		3,044

IFRS 3.B64(g), B67(b)

IFRS 3.B64(l)

IFRS 3.B64(m)

IFRS 3.B64(i),
[IAS 7.40(c)–(d)]

IFRS 3.B64(h)(i)

[IAS 7.40(c)]

IAS 34.8(e)

Notes to the condensed consolidated interim financial statements (continued)

21. Acquisition of subsidiary (continued)

C. Identifiable assets acquired and liabilities assumed (continued)

IFRS 3.B64(h)(ii)–(iii)

Trade and other receivables comprised gross contractual amounts due of €900 thousand, of which €52 thousand was expected to be uncollectable at the date of acquisition.

Fair values measured on a provisional basis

IFRS 3.B67(a)(i)–(ii)

The following fair values have been determined on a provisional basis.

- The fair value of Papyrus’s intangible assets (patented technology and customer relationships) has been measured provisionally, pending completion of an independent valuation.
- Papyrus is a defendant in legal proceedings brought by a customer that alleges that Papyrus supplied defective goods. Management’s assessment, based on its interpretation of the underlying sales contract and independent legal advice, is that the basis for the customer’s claim has little merit and it is not probable that an outflow will be required to settle the claim. Management’s assessment of the fair value of this contingent liability, taking into account the range of possible outcomes of the judicial process, is €20 thousand.
- Papyrus’s operations are subject to specific environmental regulations. The Group has conducted a preliminary assessment of the site restoration provisions arising from these regulations and has recognised a provisional amount. The Group will continue to review these matters during the measurement period.

IFRS 3.B64(j), B67(c),
[IAS 37.85]

D. Goodwill

Goodwill arising from the acquisition has been recognised as follows.

<i>In thousands of euro</i>	<i>Note</i>	
Total consideration transferred	(a)	2,631
NCI, based on their proportionate interest in the recognised amounts of the assets and liabilities of Papyrus		304
Fair value of existing interest in Papyrus		650
Fair value of identifiable net assets	(c)	(3,044)
Goodwill	16	541

IFRS 3.B64(o)(i)

IFRS 3.B64(p)(i)

IFRS 3.B64(p)(ii)

The remeasurement to fair value of the Group’s existing 25 percent interest in Papyrus resulted in a gain of €250 thousand (€650 thousand less the €420 thousand carrying amount of the equity-accounted investee at the date of acquisition plus €20 thousand of translation reserve reclassified to profit or loss). This amount has been included in ‘finance income’ in the condensed consolidated statement of profit or loss and OCI.

IFRS 3.B64(e), (k)

The goodwill is attributable mainly to the skills and technical talent of Papyrus’s work force, and the synergies expected to be achieved from integrating the Company into the Group’s existing Standard Papers business. None of the goodwill recognised is expected to be deductible for tax purposes.

Notes to the condensed consolidated interim financial statements (continued)

IAS 34.8(e)

IAS 34.16A(i)

[IFRS 12.18]

22. Acquisition of NCI

In June 2023, the Group acquired an additional 15 percent interest in Swissolote AG, increasing its ownership from 60 percent to 75 percent. The carrying amount of Swissolote's net assets in the Group's consolidated financial statements on the date of acquisition was €767 thousand.

The following table summarises the effect of changes in the Company's ownership interest in Swissolote.

In thousands of euro

Carrying amount of NCI acquired (€767 x 15%)	115
Consideration paid to NCI in cash	200
A decrease in equity attributable to owners of the Company	(85)

The decrease in equity attributable to owners of the Company comprised:

- a decrease in retained earnings of €93 thousand; and
- an increase in the translation reserve of €8 thousand.

IAS 34.8(e)

Notes to the condensed consolidated interim financial statements (continued)

IAS 34.15B(m)
[IAS 10.9(a)]

23. Contingencies^a

Since 2019, a subsidiary has been defending an action brought by an environmental agency in Europe. The Group initially recognised a provision of €100 thousand in relation to this action because it appeared probable that settlement of the obligation would be enforced by law. However, in July 2023 the Group successfully defended the claim and has derecognised the provision in the current period. The counterparty will appeal the claim and if the appeal is successful, then fines and legal costs could amount to €450 thousand, of which €350 thousand would be reimbursable under an insurance policy. Based on legal advice, management does not expect the outcome of the action to have a material effect on the Group's financial position.

Introduction

Auditors' report

Primary statements

NOTES

Appendices

IAS 34.15B

^a. This is an example of events and transactions for which, if they are significant, disclosures are required by IAS 34.

Notes to the condensed consolidated interim financial statements (continued)

IAS 34.8(e)

IAS 34.15B(j)

24. Related parties^{a, b}

A. Parent and ultimate controlling party^c

During the six months ended 30 June 2023, a majority of the Company's shares were acquired by Cameron Paper Co from Brown Products Corporation. As a result, the new ultimate controlling party of the Group is AJ Pennypacker.

B. Transactions with key management personnel

i. Loans to directors

Unsecured loans advanced to directors during the six months ended 30 June 2023 were €65 thousand (six months ended 30 June 2022: €35 thousand). No interest is payable by the directors, and the loans are repayable in full three months after the issue date. As at 30 June 2023, the balance outstanding was €15 thousand (as at 31 December 2022: €8 thousand) and is included in 'trade and other receivables'.

[IAS 19.171, 24.17(d)]

ii. Key management personnel compensation^a

As a result of the termination of the employment of one of the Group's executives in France, the executive received an enhanced retirement entitlement. Accordingly, the Group has recognised an expense of €25 thousand for the six months ended 30 June 2023 (six months ended 30 June 2022: nil).

[IAS 24.18]

C. Other related party transactions

In thousands of euro	Transactions for the six months ended		Balance outstanding	
	30 June 2023	30 June 2022	30 June 2023	31 December 2022
Sale of goods and services				
Parent of the Group – Cameron Paper Co (2022: Brown Products Corporation)	128	165	110	150
Joint venture	328	67	156	121
Associate	208	71	157	119
Purchase of goods				
Joint venture	518	416	-	-
Others				
Associate – Loan and related interest	2	3	-	1,000

During the six months ended 30 June 2023, the Group repaid a loan of €1,000 thousand received from one of its associates (see [Note 18](#)).

All outstanding balances with related parties are to be settled in cash within six months of the reporting date. None of the balances is secured.

25. Subsequent event

IAS 34.16A(h)

On 22 July 2023, the Group announced its intention to acquire all of the shares of ABC Company for €6,500 thousand. The transaction still has to be approved by the Group's shareholders and by regulatory authorities. Approvals are not expected until late in 2023 or early in 2024.

IAS 34.15B(j),
Insights 5.9.60.50

- a. In respect of related party transactions, care should be taken in determining the level of disclosure that is necessary in the condensed interim financial statements. If related party transactions are significant, then disclosure may be necessary, even though the nature and amounts of those transactions are consistent with previous periods.
- b. For example disclosures for government-related entities that apply the exemption in paragraph 25 of IAS 24 *Related Party Disclosures*, see Appendix IV to our [Guide to annual financial statements – Illustrative disclosures](#) (September 2022).

Insights 5.9.60.60

- c. In our view, an entity does not generally have to update the disclosure of related party relationships unless there has been a significant change, such as a change in the ultimate controlling party.

IAS 34.8(e)

Notes to the condensed consolidated interim financial statements (continued)

26. Accounting standards issued but not yet effective^a

[IAS 8.30–31]

A number of new accounting standards and amendments to accounting standards are effective for annual periods beginning after 1 January 2023 and earlier application is permitted. The Group has not early adopted any of the forthcoming new or amended accounting standards in preparing these condensed consolidated interim financial statements.

Introduction

Auditors' report

Primary statements

NOTES

Appendices

[IAS 8.30–31]

- ^a. Although it is not explicitly required by IAS 34, an entity might describe updates to information relevant to assessing the possible impact that the application of the new accounting standards will have on its financial statements in the period of initial application. The appropriate level of disclosure generally depends on the status of the reporting entity's preparations to adopt any accounting standards not yet effective as well as the extent of disclosure in the last annual financial statements. See [Appendix I](#) for a list of new accounting standards or amendments issued by the IASB that are required to be applied for an annual period beginning after 1 January 2023.

Appendix I

New accounting standards or amendments for 2023 and forthcoming requirements

Since the March 2022 edition of this guide, a number of IFRS Accounting Standards, as well as amendments to and interpretations of the Accounting Standards, have been issued. This Appendix lists those new requirements that have been issued by the IASB as at 20 March 2023^a, and contains two tables, as follows.

- **New currently effective requirements:** This table lists the recent changes to the IFRS Accounting Standards that are required to be applied by an entity with an annual reporting period beginning on 1 January 2023.
- **Forthcoming requirements:** This table lists the recent changes to the IFRS Accounting Standards that are required to be applied for an annual period beginning after 1 January 2023 and that are available for early adoption in annual periods beginning on 1 January 2023. These requirements are not included in this guide.

The tables also include references to KPMG guidance, as appropriate.

New currently effective requirements

Effective date	New accounting standards or amendments	KPMG guidance
1 January 2023	IFRS 17 <i>Insurance Contracts</i>	<i>Insights into IFRS</i> (Chapter 8.1A), web article , First Impressions , A new transition option for IFRS 17
	<i>Disclosure of Accounting Policies – Amendments to IAS 1 and IFRS Practice Statement 2</i>	<i>Insights into IFRS</i> (2.1.15), web article
	<i>Definition of Accounting Estimate – Amendments to IAS 8</i>	<i>Insights into IFRS</i> (2.8.115), web article
	<i>Deferred Tax related to Assets and Liabilities arising from a Single Transaction – Amendments to IAS 12</i>	<i>Insights into IFRS</i> (3.13.213, 6.1.235), web article
23 May 2023 ^b	<i>International Tax Reform – Pillar Two Model Rules – Amendments to IAS 12</i>	Web article , talkbook

^{a.} This guide was updated in June 2023 to illustrate disclosures related to *International Tax Reform – Pillar Two Model Rules – Amendments to IAS 12*, which were issued in May 2023 (see [Notes 4\(B\)](#) and [11](#)). It has not been updated for any subsequent developments in IFRS Accounting Standards after 20 March 2023.

^{b.} The amendments introduce a relief from deferred tax accounting for the global minimum top-up tax under Pillar Two, which applies immediately, and new disclosure requirements about the Pillar Two exposure that apply from 31 December 2023. No disclosures are required in interim periods ending on or before 31 December 2023.

Forthcoming requirements

Effective date	New accounting standards or amendments	KPMG guidance
1 January 2024	<i>Non-current Liabilities with Covenants – Amendments to IAS 1</i> and <i>Classification of Liabilities as Current or Non-current – Amendments to IAS 1</i>	<i>Insights into IFRS</i> (2.9.45, 80, 3.1.47, 60, 7.10.55, 780), web article
	<i>Lease Liability in a Sale and Leaseback – Amendments to IFRS 16</i>	<i>Insights into IFRS</i> (5.1.780), web article , Leases – Sale and leaseback
Available for optional adoption/ effective date deferred indefinitely ^a	<i>Sale or Contribution of Assets between an Investor and its Associate or Joint Venture (Amendments to IFRS 10 and IAS 28)</i>	N/A

^a. The effective date for these amendments was deferred indefinitely. Early adoption continues to be permitted.

Appendix II

Presentation of comprehensive income – Two-statement approach

Condensed consolidated statement of profit or loss^a

For the six months ended 30 June

In thousands of euro

	Note	2023	2022*
Continuing operations			
Revenue	6	52,530	51,586
Cost of sales	13, 15, 19	(31,303)	(31,922)
Gross profit		21,227	19,664
Other income	8, 15	644	190
Selling and distribution expenses		(7,698)	(7,498)
Administrative expenses	10, 19, 21	(8,474)	(8,358)
Research and development expenses		(605)	(179)
Impairment loss on trade and other receivables, including contract assets	20	(190)	(170)
Other expenses	8, 14, 16, 21	(686)	-
Operating profit		4,218	3,649
Finance income	20, 21	457	345
Finance costs	20	(1,002)	(1,007)
Net finance costs		(545)	(662)
Share of profit of equity-accounted investees, net of tax		233	278
Profit before tax	5	3,906	3,265
Income tax expense	11	(1,109)	(741)
Profit from continuing operations		2,797	2,524
Discontinued operation			
Profit (loss) from discontinued operation, net of tax	7	379	(422)
Profit for the period		3,176	2,102
Profit attributable to:			
Owners of the Company		2,985	2,014
Non-controlling interests		191	88
		3,176	2,102
Earnings per share			
Basic earnings per share (euro)		0.82	0.51
Diluted earnings per share (euro)		0.80	0.50
Earnings per share – Continuing operations			
Basic earnings per share (euro)		0.70	0.64
Diluted earnings per share (euro)		0.69	0.63
Adjusted earnings before interest, tax, depreciation and amortisation (adjusted EBITDA)			
	12	6,765	7,902

* Comparative information has been re-presented due to a discontinued operation. See Note 7.

IAS 34.8(b), 8A, 10,
20(b)

IAS 1.82(a)

IAS 1.82(ba)

IAS 1.82(b)

IAS 1.82(c)

IAS 1.82(d)

IAS 34.11A

IAS 34.11A

IAS 1.10A

^a. This Appendix illustrates the two-statement approach to the presentation of comprehensive income, consisting of a separate income statement displaying profit or loss, and a second statement displaying the components of OCI.

Condensed consolidated statement of profit or loss and OCI

For the six months ended 30 June

In thousands of euro

	Note	2023	2022*
Profit for the period		3,176	2,102
Other comprehensive income			
Items that will not be reclassified to profit or loss			
Revaluation of property, plant and equipment	15	200	-
Remeasurements of the defined benefit liability (asset)		72	(15)
Equity investments at FVOCI – net change in fair value		141	48
Related tax		(137)	(11)
		276	22
Items that are or may be reclassified subsequently to profit or loss			
Foreign operations – foreign currency translation differences		437	330
Reclassification of foreign currency differences on loss of significant influence	21	20	-
Net investment hedge – net loss		(3)	(8)
Equity-accounted investees – share of OCI		10	-
Cash flow hedges – effective portion of changes in fair value		(93)	97
Cash flow hedges – reclassified to profit or loss		(17)	(11)
Cost of hedging reserve – changes in fair value		34	10
Cost of hedging reserve – reclassified to profit or loss		8	2
Debt investments at FVOCI – net change in fair value		55	74
Debt investments at FVOCI – reclassified to profit or loss		(47)	(48)
Related tax		19	(40)
		423	406
Other comprehensive income for the period, net of tax		699	428
Total comprehensive income for the period		3,875	2,530
Total comprehensive income attributable to:			
Owners of the Company		3,660	2,396
Non-controlling interests		215	134
		3,875	2,530

* Comparative information has been re-presented due to a discontinued operation. See [Note 7](#).

IAS 34.8(b), 8A, 10, 20(b)

[IAS 1.82A]

[IAS 1.82A]

Introduction

Auditors' report

Primary statements

Notes

APPENDICES

Appendix III

Condensed consolidated statement of profit or loss and OCI – Quarterly reporter^a

IAS 34.20(b)		For the three months ended 30 June		For the six months ended 30 June	
	Note	2023	2022*	2023	2022*
		<i>In thousands of euro</i>			
		Continuing operations			
[IAS 1.82(a)]		6	27,823	26,421	52,530
	13, 15, 19	(15,405)	(16,119)	(31,303)	(31,922)
		12,418	10,302	21,227	19,664
	8, 15	570	101	644	190
		(4,337)	(3,802)	(7,698)	(7,498)
	10, 19, 21	(5,783)	(4,098)	(8,474)	(8,358)
		(260)	(145)	(605)	(179)
[IAS 1.82(ba)]		(87)	(10)	(190)	(170)
	20	(244)	-	(686)	-
	8, 14, 16, 21				
		2,277	2,348	4,218	3,649
	20, 21	257	214	457	345
[IAS 1.82(b)]	20	(614)	(754)	(1,002)	(1,007)
		(357)	(540)	(545)	(662)
[IAS 1.82(c)]		124	172	233	278
		2,044	1,980	3,906	3,265
[IAS 1.82(d)]	5	(596)	(447)	(1,109)	(741)
	11	1,448	1,533	2,797	2,524
		197	(220)	379	(422)
	7	1,645	1,313	3,176	2,102

* Comparative information has been re-presented due to a discontinued operation. See [Note 7](#).

Condensed consolidated statement of profit or loss and OCI – Quarterly reporter (continued)

IAS 34.20(b)

IAS 1.82A]

IAS 1.82A]

<i>In thousands of euro</i>	<i>Note</i>	For the three months ended 30 June		For the six months ended 30 June	
		2023	2022*	2023	2022*
Other comprehensive income					
Items that will not be reclassified to profit or loss					
Revaluation of property, plant and equipment	15	-	-	200	-
Remeasurements of the defined benefit liability (asset)		72	(15)	72	(15)
Equity investments at FVOCI – net change in fair value		148	-	141	48
Related tax		(69)	5	(137)	(11)
		151	(10)	276	22
Items that are or may be reclassified subsequently to profit or loss					
Foreign operations – foreign currency translation differences		245	153	437	330
Reclassification of foreign currency differences on loss of significant influence	21	-	-	20	-
Net investment hedge – net loss		(3)	(5)	(3)	(8)
Equity-accounted investees – share of OCI		10	-	10	-
Cash flow hedges – effective portion of changes in fair value		(72)	32	(93)	97
Cash flow hedges – reclassified to profit or loss		(5)	(11)	(17)	(11)
Cost of hedging reserve – changes in fair value		16	6	34	10
Cost of hedging reserve – reclassified to profit or loss		5	-	8	2
Debt investments at FVOCI – net change in fair value		16	32	55	74
Debt investments at FVOCI – reclassified to profit or loss		(23)	-	(47)	(48)
Related tax		8	(24)	19	(40)
		197	183	423	406
Other comprehensive income for the period, net of tax		348	173	699	428
Total comprehensive income for the period		1,993	1,486	3,875	2,530

* Comparative information has been re-presented due to a discontinued operation. See Note 7.

IAS 34.20

- a. This Appendix illustrates a condensed consolidated statement of profit or loss and OCI for an entity that publishes quarterly financial statements. The statement of financial position, statement of changes in equity and statement of cash flows for a quarterly interim reporter will be the same as those illustrated for the example entity that publishes a half-year interim report only.

Condensed consolidated statement of profit or loss and OCI – Quarterly reporter (continued)

IAS 34.20(b)

<i>In thousands of euro</i>	<i>Note</i>	For the three months ended 30 June		For the six months ended 30 June	
		2023	2022*	2023	2022*
Profit attributable to:					
Owners of the Company		1,547	1,258	2,985	2,014
Non-controlling interests		98	55	191	88
		1,645	1,313	3,176	2,102
Total comprehensive income attributable to:					
Owners of the Company		1,883	1,407	3,660	2,396
Non-controlling interests		110	79	215	134
		1,993	1,486	3,875	2,530
Earnings per share					
Basic earnings per share (euro)		0.44	0.34	0.82	0.51
Diluted earnings per share (euro)		0.40	0.33	0.80	0.50
Earnings per share – Continuing operations					
Basic earnings per share (euro)		0.32	0.47	0.70	0.64
Diluted earnings per share (euro)		0.28	0.46	0.69	0.63
Adjusted earnings before interest, tax, depreciation and amortisation (adjusted EBITDA)					
	<i>12</i>	3,515	4,586	6,765	7,902

* Comparative information has been re-presented due to a discontinued operation. See [Note 7](#).

IAS 34.11

IAS 34.11

Acknowledgements

We would like to acknowledge the principal contributors to and reviewers of this publication, who include:

Toshiyuki Bukawa

Uni Choi

Beakal Ayenew Desta

Irina Ipatova

Daisuke Masuda

Genevieve Naik

Keeping in touch

Follow 'KPMG IFRS' on LinkedIn or visit kpmg.com/ifrs for the latest news.



Whether you are new to IFRS Accounting Standards or a current user, you can find digestible summaries of recent developments, detailed guidance on complex requirements, and practical tools such as illustrative disclosures and checklists.

IFRS Today

Blogs, podcasts and videos



News

Search all KPMG articles on IFRS Accounting Standards and IFRS® Sustainability Disclosure Standards



IFRS app

Download the app to your iOS or Android device



Financial reporting in uncertain times resource centre



Climate change financial reporting resource centre



Sustainability reporting resource centre



Reporting

Insights into IFRS®

Helping you apply IFRS Accounting Standards to real transactions and arrangements



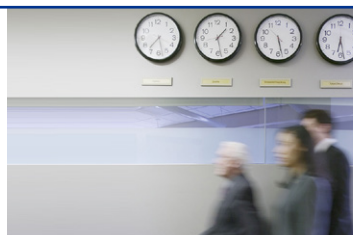
Guides to financial statements

Illustrative disclosures and checklists



Newly effective accounting standards

Create your own customised list using our web tool




Better communication in financial reporting




Handbooks

Combined and/or carve-out financial statements



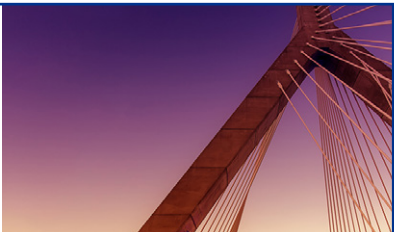
Earnings per share




Fair value measurement




IFRS compared to US GAAP



Leases




Revenue



Share-based payments



Toolkit



More guidance and insight


Business combinations and consolidation




Insurance contracts



Financial instruments



Banks



For access to an extensive range of accounting, auditing and financial reporting guidance and literature, visit KPMG's Accounting Research Online. This web-based subscription service is a valuable tool for anyone who wants to stay informed in today's dynamic environment. For a free 30-day trial, go to aro.kpmg.com and register today.

kpmg.com/ifrs

Publication name: *Guide to condensed interim financial statements – Illustrative disclosures*

Publication number: 137838

Publication date: June 2023

© 2023 KPMG IFRG Limited, a UK company, limited by guarantee. All rights reserved.

The KPMG name and logo are trademarks used under license by the independent member firms of the KPMG global organization.

KPMG International Standards Group is part of KPMG IFRG Limited.

KPMG refers to the global organization or to one or more of the member firms of KPMG International Limited ("KPMG International"), each of which is a separate legal entity. KPMG International Limited is a private English company limited by guarantee and does not provide services to clients. For more detail about our structure please visit kpmg.com/governance.

The information contained herein is of a general nature and is not intended to address the circumstances of any particular individual or entity. Although we endeavour to provide accurate and timely information, there can be no guarantee that such information is accurate as of the date it is received or that it will continue to be accurate in the future. No one should act upon such information without appropriate professional advice after a thorough examination of the particular situation.

This publication contains copyright © material of the IFRS® Foundation. All rights reserved. Reproduced by KPMG IFRG Limited with the permission of the IFRS Foundation. Reproduction and use rights are strictly limited. For more information about the IFRS Foundation and rights to use its material please visit www.ifrs.org.

Disclaimer: *To the extent permitted by applicable law the IASB, the ISSB and the IFRS Foundation expressly disclaims all liability howsoever arising from this publication or any translation thereof whether in contract, tort or otherwise (including, but not limited to, liability for any negligent act or omission) to any person in respect of any claims or losses of any nature including direct, indirect, incidental or consequential loss, punitive damages, penalties or costs.*

Information contained in this publication does not constitute advice and should not be substituted for the services of an appropriately qualified professional.

'ISSB™' is a Trade Mark and 'IFRS®', 'IASB®', 'IFRIC®', 'IFRS for SMEs®', 'IAS®' and 'SIC®' are registered Trade Marks of the IFRS Foundation and are used by KPMG IFRG Limited under licence subject to the terms and conditions contained therein. Please contact the IFRS Foundation for details of countries where its Trade Marks are in use and/or have been registered.