Press Release

7 February: Smurfit Kappa Group plc ('SKG', 'Smurfit Kappa' or 'the Group') today announced results for the full year ending 31 December 2023.

2023 Full Year | Key Financial Performance Measures

€m	FY 2023	FY 2022	Change	H2 2023	H2 2022	Change	H1 23	Change
Revenue	€11,272	€12,815	(12%)	€5,435	€6,430	(15%)	€5,837	(7%)
EBITDA [1]	€2,080	€2,355	(12%)	€967	€1,181	(18%)	€1,113	(13%)
EBITDA Margin [1]	18.5%	18.4%		17.8%	18.4%		19.1%	
Operating Profit before Exceptional Items [1]	€1,403	€1,662	(16%)	€624	€823	(24%)	€779	(20%)
Profit before Income Tax	€1,055	€1,293	(18%)	€396	€524	(24%)	€659	(40%)
Basic EPS (cent)	293.5	365.3	(20%)	109.5	143.4	(24%)	184.0	(40%)
Pre-exceptional Basic EPS (cent) [1]	348.7	444.1	(21%)	151.5	222.2	(32%)	197.2	(23%)
Free Cash Flow [1]	€628	€545	15%	€509	€573	(11%)	€119	326%
Return on Capital Employed [1]	17.1%	21.8%					19.0%	
Net Debt [1]	€2,840	€2,992	(5%)				€3,175	(11%)
Net Debt to EBITDA (LTM) [1]	1.4x	1.3x					1.4x	

Key points:

- Revenue of €11.3 billion
- EBITDA of €2,080 million and an EBITDA margin of 18.5%
- Return on capital employed of 17.1%
- Free cash flow of €628 million
- Net Debt to EBITDA ratio of 1.4x
- Announced combination[2] with WestRock to create a global leader in sustainable packaging
- Final dividend increased by 10% to 118.4 cent per share

Tony Smurfit, Group CEO, commented:

"We are pleased to deliver an excellent outcome for the Group in 2023 with full year EBITDA of €2,080 million, an EBITDA margin of 18.5% and a ROCE above our target. Our results, the second best in our 90 year history, reflect the excellence of our people and their dedication in providing the most innovative and sustainable packaging solutions for our customers. The results also demonstrate the continuing benefits of SKG's multi-year and highly effective capital programmes.

"The demand environment for the industry in 2023 was difficult primarily due to destocking and a lack of economic activity in certain sectors, particularly durable goods. However, one trend in which we have seen strong acceleration, is an increasing demand for sustainable packaging solutions. While full year volumes for the Group were down 3.5%, we saw a progressive improvement in demand during the year, with a return to growth in the fourth quarter.

"Our performance-led culture continues to drive our industry leading performance, with our people living our values of Loyalty, Integrity, Respect and Safety at work. We have a relentless focus on quality and delivery for our customers. This, combined with an unparalleled offering across our 36 countries and our unique industry applications, gives us an unrivalled advantage.

[1] Additional information in relation to these Alternative Performance Measures is set out in Supplementary Financial Information on pages 31 to 38.

[2] On 12 September 2023, Smurfit Kappa and WestRock Company ('WestRock') announced that they had reached a definitive agreement on the terms of a proposed combination ('the 'Combination').

“As mentioned above, our disciplined capital allocation programme has been a significant source of our success. During 2023 we invested over €1 billion, which together with prior years’ spend, sets a strong platform for future growth and delivery. Additionally, with the wide geographic and product diversity that exists within SKG we continue to see opportunities for growth and expansion. As an example, we are developing our Bag-in-Box business across multiple geographic regions and have expanded into Morocco with a new state of the art corrugated facility.

“In SKG we have always been at the forefront of ensuring we provide the most innovative and sustainable packaging for our customers as well as setting ambitious sustainability targets for ourselves. We will shortly release our 17th Sustainable Development Report, illustrating progress towards our 2030 targets. The Group continued to be recognised in 2023 for its leading sustainability credentials. Moreover in 2023, we received numerous awards across multiple categories, best illustrated by our 12 most recent WorldStar awards for innovation, significantly in excess of our peers.

“In September, we announced an agreement to combine with WestRock to form Smurfit WestRock. Since then we have had the opportunity to expand our knowledge of the WestRock organisation, and its people, and have visited many of their facilities. With a deeper understanding of the WestRock business, we are increasingly excited about the potential this combination presents.

“Our 2023 results again demonstrate Smurfit Kappa Group’s proven capacity to perform across all market conditions. While there are, and will always be, challenges in the macro environment, we look forward to the year ahead with confidence and excitement. Reflecting the continuing confidence in the strength, quality and performance of the Smurfit Kappa business, the Board is recommending a 10% increase in the final dividend to 118.4 cent per share.”

About Smurfit Kappa

Smurfit Kappa, a FTSE 100 company, is one of the leading providers of paper-based packaging solutions in the world, with approximately 47,000 employees in over 350 production sites across 36 countries and with revenue of approximately €11.3 billion in 2023. We are located in 22 countries in Europe, 13 in the Americas and one in Africa. We are the only large-scale pan-regional player in Latin America. Our products, which are 100% renewable and produced sustainably, improve the environmental footprint of our customers.

With our proactive team, we relentlessly use our extensive experience and expertise, supported by our scale, to open up opportunities for our customers. We collaborate with forward-thinking customers by sharing superior product knowledge, market understanding and insights in packaging trends to ensure business success in their markets. We have an unrivalled portfolio of paper-based packaging solutions, which is constantly updated with our market-leading innovations.

This is enhanced through the benefits of our integration, with optimal paper design, logistics, timeliness of service, and our packaging plants sourcing most of their raw materials from our own paper mills.

We have a proud tradition of supporting social, environmental and community initiatives in the countries where we operate. Through these projects we support the UN Sustainable Development Goals, focusing on where we believe we have the greatest impact.

Follow us on LinkedIn, Twitter, Facebook, YouTube.
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Important Additional Information

Neither this announcement nor any copy of it may be taken or transmitted directly or indirectly into or from any jurisdiction where to do so would constitute a violation of the relevant laws or regulations of such jurisdiction. Any failure to comply with this restriction may constitute a violation of such laws or regulations. Persons into whose possession this announcement or other information referred to herein should inform themselves about, and observe, any restrictions in such laws or regulations.

This announcement has been prepared for the purpose of complying with the applicable law and regulation of the United Kingdom, the United States and Ireland and information disclosed may not be the same as that which would have been disclosed if this announcement had been prepared in accordance with the laws and regulations of jurisdictions outside the United Kingdom, the United States or Ireland.

Subject to the Market Abuse Regulation and the FCA's Disclosure Guidance and Transparency Rules and the UK Listing Rules, the delivery of this announcement shall not create any implication that there has been no change in the affairs of Smurfit Kappa since the date of this announcement or that the information in this announcement is correct as at any time subsequent to its date.

Additional Information about the Proposed Combination and Where to Find It

In connection with the proposed combination (the "Combination") of Smurfit Kappa Group plc ("Smurfit Kappa") and WestRock Company ("WestRock"), the entity which will ultimately own the combined businesses of Smurfit Kappa and WestRock following the Combination ("Smurfit WestRock") will file with the U.S. Securities and Exchange Commission (the "SEC") a registration statement, which will include a proxy statement of WestRock that will also constitute a prospectus of Smurfit WestRock (the "proxy statement/prospectus"). Each of Smurfit Kappa, WestRock and Smurfit WestRock will also file other relevant documents in connection with the Combination. The definitive proxy statement/prospectus will be sent to the stockholders of WestRock. Smurfit Kappa will also publish a shareholder circular approved by the UK Financial Conduct Authority (the "FCA"), which will be sent to Smurfit Kappa's shareholders or otherwise made available in accordance with Smurfit Kappa's articles of association and the UK Listing Rules. Smurfit WestRock will publish a prospectus approved by the FCA, which will be made available in accordance with

Rule 3.2 of the UK Prospectus Regulation Rules (the "UK listing prospectus"). This document is not a substitute for any registration statement, proxy statement/prospectus, UK listing prospectus or other document Smurfit Kappa, WestRock and/or Smurfit WestRock may file with the SEC or applicable securities regulators in the United Kingdom and Ireland in connection with the Combination. BEFORE MAKING ANY VOTING OR INVESTMENT DECISIONS, INVESTORS, STOCKHOLDERS AND SHAREHOLDERS OF SMURFIT KAPPA AND WESTROCK ARE URGED TO READ CAREFULLY AND IN THEIR ENTIRETY THE REGISTRATION STATEMENT, THE PROXY STATEMENT/PROSPECTUS, THE SHAREHOLDER CIRCULAR AND THE UK LISTING PROSPECTUS, AS APPLICABLE, AND ANY OTHER RELEVANT DOCUMENTS THAT ARE FILED OR WILL BE FILED WITH THE SEC OR APPLICABLE SECURITIES REGULATORS IN THE UNITED KINGDOM AND IRELAND, AS WELL AS ANY AMENDMENTS OR SUPPLEMENTS TO THESE DOCUMENTS, IN CONNECTION WITH THE COMBINATION WHEN THEY BECOME AVAILABLE, AS THEY CONTAIN OR WILL CONTAIN IMPORTANT INFORMATION ABOUT SMURFIT KAPPA, WESTROCK, SMURFIT WESTROCK, THE COMBINATION AND RELATED MATTERS. The registration statement and proxy statement/prospectus and other documents filed by Smurfit Kappa, WestRock and Smurfit WestRock with the SEC, when filed, will be available free of charge at the SEC's website at www.sec.gov. In addition, investors and shareholders will be able to obtain free copies of the proxy statement/prospectus and other documents filed with the SEC by WestRock online at ir.westrock.com/ir-home/, upon written request delivered to 1000 Abernathy Road, Atlanta, Georgia or by calling (770) 448-2193, and will be able to obtain free copies of the registration statement, proxy statement/prospectus, shareholder circular, UK listing prospectus and other documents which will be filed with the SEC and applicable securities regulators in the United Kingdom and Ireland by Smurfit WestRock or Smurfit Kappa online at www.smurfitkappa.com/investors, upon written request delivered to Beech Hill, Clonskeagh, Dublin 4, D04 N2R2, Ireland or by calling +353 1 202 7000. The information included on, or accessible through, Smurfit Kappa's or WestRock's website is not incorporated by reference into this document.

This document is for informational purposes only and is not intended to, and shall not, constitute an offer to sell or buy or the solicitation of an offer to sell or buy any securities, nor shall there be any sale of securities in any jurisdiction in which such offer, solicitation or sale would be unlawful prior to appropriate registration or qualification under the securities laws of any such jurisdiction. No offering of securities in the United States shall be made except by means of a prospectus meeting the requirements of Section 10 of the U.S. Securities Act of 1933, as amended.

Participants in the Solicitation of Proxies

This document is not a solicitation of proxies in connection with the Combination. However, under SEC rules, Smurfit Kappa, WestRock, Smurfit WestRock, and certain of their respective directors, executive officers and other members of the management and employees may be deemed to be participants in the solicitation of proxies in connection with the Combination.

Information about (i) WestRock's directors is set forth in the section entitled "Board Composition" on page 8 of WestRock's proxy statement on Schedule 14A filed with the SEC on December 13, 2023 (and available here) and (ii) WestRock's executive officers is set forth in the section entitled "Executive Officers" on page 141 of WestRock's Annual Report on Form 10-K (the "WestRock 2023 Annual Report") filed with the SEC on November 17, 2023 (and available here). Information about the compensation of WestRock's directors is set forth in the section entitled "Director Compensation" starting on page 19 of WestRock's proxy statement on Schedule 14A filed with the SEC on December 13, 2023 (and available here) and on WestRock's current report on Form 8-K filed with the SEC on December 15, 2023 (and available here). Information about the compensation of WestRock's executive officers is set forth in the section entitled "Executive Compensation Tables" starting on page 38 of WestRock's proxy statement on Schedule 14A filed with the SEC on December 13, 2023 (and available here). Transactions with related persons (as defined in Item 404 of Regulation S-K promulgated under the Securities Act of 1933, as amended) are disclosed in the section entitled "Certain Relationships and Related Person Transactions" on page 20 of WestRock's proxy statement on Schedule 14A filed with the SEC on December 13, 2023 (and available here). Information about the beneficial ownership of WestRock's securities by WestRock's directors and named executive officers is set forth in the section entitled "Beneficial Ownership of Common Stock" starting on page 53 of WestRock's proxy statement on Schedule 14A filed with the SEC on December 13, 2023 (and available here). As of January 29, 2024, none of the participants (within the meaning of Rule 13d-3 under the Securities Exchange Act of 1934, as amended) owned more than 1% of shares of common stock, par value $0.01 per share, of WestRock.

Information about Smurfit Kappa's directors and executive officers is set forth in the section entitled "Board of Directors," starting on page 100 of Smurfit Kappa's 2022 Annual Report (the "Smurfit Kappa 2022 Annual Report") published on Smurfit Kappa's website on March 28, 2023 (and available here) which was filed with the FCA in the United Kingdom on March 28, 2023, Euronext Dublin in Ireland on March 28, 2023 and the

Irish Companies Registration Office in Ireland on September 30, 2023. Information about the compensation of Smurfit Kappa executive officers and directors is set forth in the remuneration report starting on page 120 of the Smurfit Kappa 2022 Annual Report (and available here). Transactions with related persons (as defined under Paragraph 24 of the International Accounting Standards) are disclosed in the subsection entitled "Related Party Transactions" to the section entitled "Notes to the Consolidated Financial Statements," on pages 219 and 220 of the Smurfit Kappa 2022 Annual Report (and available here). Information about the beneficial ownership of Smurfit Kappa's securities by Smurfit Kappa's directors and executive officers is set forth in the section entitled "Executive Directors' Interests in Share Capital at 31 December 2022," on page 133 of the Smurfit Kappa 2022 Annual Report (and available here). Additional information regarding the interests of such potential participants in the solicitation of proxies in connection with the Combination will be included in the proxy statement/prospectus and other relevant materials filed with the SEC when they become available.

Information Regarding Forward-Looking Statements

This document contains forward-looking statements as that term is defined in Section 27A of the Securities Act of 1933, as amended, and Section 21E of the Securities Exchange Act of 1934, as amended by the Private Securities Litigation Reform Act of 1995. These forward-looking statements generally include statements regarding the Combination between WestRock and Smurfit Kappa, including any statements regarding the Combination and the listing of Smurfit WestRock, the rationale and expected benefits of the Combination (including, but not limited to, synergies), and any other statements regarding WestRock's and Smurfit Kappa's future expectations, beliefs, plans, objectives, results of operations, financial condition and cash flows, or future events or performance. Forward-looking statements can sometimes be identified by the use of forward-looking terms such as "believes," "expects," "may," "will," "shall," "should," "would," "could," "potential," "seeks," "aims," "projects," "predicts," "is optimistic," "intends," "plans," "estimates," "targets," "anticipates," "continues" or other comparable terms or negatives of these terms or other variations or comparable terminology or by discussions of strategy, plans, objectives, goals, future events or intentions, but not all forward-looking statements include such identifying words.

Forward-looking statements are based upon current plans, estimates and expectations that are subject to risks, uncertainties and assumptions. Should one or more of these risks or uncertainties materialize, or should underlying assumptions prove incorrect, actual results may vary materially from those indicated or anticipated by such forward-looking statements. We can give no assurance that such plans, estimates or expectations will be achieved and therefore, actual results may differ materially from any plans, estimates or expectations in such forward-looking statements. Important factors that could cause actual results to differ materially from such plans, estimates or expectations include: a condition to the closing of the Combination may not be satisfied; the occurrence of any event that can give rise to termination of the Combination; a regulatory approval that may be required for the Combination is delayed, is not obtained in a timely manner or at all or is obtained subject to conditions that are not anticipated; Smurfit Kappa is unable to achieve the synergies and value creation contemplated by the Combination; Smurfit WestRock's availability of sufficient cash to distribute to its shareholders in line with current expectations; Smurfit Kappa is unable to promptly and effectively integrate WestRock's businesses; management's time and attention is diverted on issues related to the Combination; disruption from the Combination makes it more difficult to maintain business, contractual and operational relationships; credit ratings decline following the Combination; legal proceedings are instituted against Smurfit Kappa or WestRock; Smurfit Kappa or WestRock are unable to retain or hire key personnel; the announcement or the consummation of the Combination has a negative effect on the market price of the capital stock of Smurfit Kappa or WestRock or on Smurfit Kappa or WestRock's operating results; evolving legal, regulatory and tax regimes; changes in economic, financial, political and regulatory conditions, in Ireland, the United Kingdom, the United States and elsewhere, and other factors that contribute to uncertainty and volatility, natural and man-made disasters, civil unrest, pandemics (e.g., the coronavirus (COVID-19) pandemic (the "COVID-19 pandemic")), geopolitical uncertainty, and conditions that may result from legislative, regulatory, trade and policy changes associated with the current or subsequent Irish, U.S. or U.K. administrations; the ability of Smurfit Kappa or WestRock to successfully recover from a disaster or other business continuity problem due to a hurricane, flood, earthquake, terrorist attack, war, pandemic, security breach, cyber-attack, power loss, telecommunications failure or other natural or man-made event, including the ability to function remotely during long-term disruptions such as the COVID-19 pandemic; the impact of public health crises, such as pandemics (including the COVID-19 pandemic) and epidemics and any related company or governmental policies and actions to protect the health and safety of individuals or governmental policies or actions to maintain the functioning of national or global economies and markets; actions by third parties, including government agencies; the risk that disruptions from the Combination will harm Smurfit Kappa's or WestRock's business, including current plans and operations; certain restrictions during the pendency of the Combination that may impact Smurfit Kappa's or WestRock's ability to pursue certain business opportunities or strategic transactions; Smurfit Kappa's or WestRock's ability to meet expectations regarding the accounting and tax treatments of the Combination; the risks and uncertainties discussed in the “Risks and Uncertainties” section in Smurfit Kappa’s reports available on the National Storage Mechanism at https://data.fca.org.uk/#/nsm/nationalstoragemechanism and on its website at https://www.smurfitkappa.com/investors; and the risks and uncertainties discussed in the “Risk Factors” and “Information Regarding Forward-Looking Statements” sections in the WestRock 2023 Annual Report (and available here). These risks, as well as other risks associated with the Combination, will be more fully discussed in the proxy statement/prospectus, the shareholder circular, the UK listing prospectus and the other relevant materials filed with the SEC and applicable securities regulators in the United Kingdom. The list of factors presented here should not be considered to be a complete statement of all potential risks and uncertainties. Unlisted factors may present significant additional obstacles to the realization of forward-looking statements. We caution you not to place undue reliance on any of these forward-looking statements as they are not guarantees of future performance or outcomes and that actual performance and outcomes, including, without limitation, the actual results of operations, financial condition and liquidity, and the development of new markets or market segments in which we operate, may differ materially from those made in or suggested by the forward-looking statements contained in this document. Except as required by law, none of Smurfit Kappa, WestRock or Smurfit WestRock assume any obligation to update or revise the information contained herein, which speaks only as of the date hereof.

The forward-looking statements in this document do not constitute reports or statements published in compliance with any of Regulations 6 to 8 of the Transparency (Directive 2004/109/EC) Regulations 2007.

Nothing in this document should be construed as a profit estimate or profit forecast. No statement in this document, including statements regarding the potential effect of the Combination on cash flows and capital returns should be interpreted to mean that cash flows or capital returns of Smurfit Kappa, WestRock or Smurfit WestRock for the current or future financial years will necessarily match or exceed the historical cash flows or capital returns of Smurfit Kappa or WestRock.

Completion of the Combination will be subject to the satisfaction or waiver of several conditions. Consequently, there can be no certainty that the completion of the Combination will be forthcoming.

This document is not a prospectus for the purposes of the UK Prospectus Regulation Rules or the EU Prospectus Regulation.

The contents of this document are not to be construed as legal, business or tax advice. Each shareholder should consult its own legal adviser, financial adviser or tax adviser for legal, financial or tax advice, respectively.

Except as explicitly stated in this document, none of the contents of Smurfit Kappa’s or WestRock’s websites, nor any website accessible by hyperlinks on Smurfit Kappa’s or WestRock’s websites, is incorporated in or forms part of, this document.

2023 Full Year | Performance Overview

The Group reported EBITDA for the full year of €2,080 million, 12% lower than 2022. However, the Group EBITDA margin for the year was 18.5%, up from 18.4% in 2022. In what has been a challenging year for the wider sector, this result reflects the effectiveness of our capital allocation program, the security of SKG's integrated operating model and the commitment and dedication of our people in providing our customers with industry-leading, innovative and sustainable packaging solutions.

In Europe, EBITDA decreased by 14% to €1,593 million in 2023. The EBITDA margin was 18.8%, up from 18.6% in 2022 with the move reflecting lower box volumes and lower average box prices, which were more than compensated by the impact of lower recovered fibre, energy and other raw material costs. While box volumes in Europe were down 3.3% year-on-year, each quarter showed sequential improvement in demand and box volumes in the fourth quarter of the year remained flat compared to the same period of 2022. Demand weakness in Western European markets was partly offset by a more resilient performance in our operations in Southern and Eastern Europe.

Our European business continued to build on its strong operating platform during the year with a number of projects across our paper, corrugated and specialty divisions. In our paper division, we approved investments right across our mill network which will take out costs, increase efficiencies and enhance the Group's leadership position in sustainability. In our corrugated division, we are investing in modern, energy efficient equipment, including upgrades to corrugators, new converting equipment and expanding capacity in our Bag-in-Box division. These investments will allow the Group to increase production, reduce our environmental footprint and expand our portfolio of value-added packaging solutions.

In the first half of the year, the Group completed its strategic expansion in Poland with our Pruszków corrugated plant now becoming one of the most advanced packaging plants in Europe. In the second half of the year, the Group completed important sustainability projects including a pioneering purification and wastewater treatment plant in Serbia, the first of its kind in the country.

In 2023, the average price of testliner was €221 per tonne lower and the average price of kraftliner was €188 per tonne lower compared to the prior year. Commercial downtime taken by our recycled containerboard mills in Europe was approximately 330,000 tonnes in 2023 with almost no commercial downtime taken in our kraftliner mills. In order to maintain our position as a key player in the market and to address the weak demand backdrop, SKG announced the closure of its 75,000 tonnes per year Alfa d'Avignon recycled containerboard mill in Le Pontet, France.

In the Americas, EBITDA increased by 1% on 2022 to €557 million. The EBITDA margin improved to 20.1% from 19.0% in 2022 with Colombia, Mexico and the US accounting for over 75% of the region's earnings. Box volumes in the Americas, excluding acquisitions, were down by 4.3% compared to 2022 with sequential demand improvement seen through each quarter and a return to growth realised in the fourth quarter of 1.6% year-on-year.

SKG continued to invest in its Americas business during the year, with growth and sustainability related investments across our forestry, paper and packaging businesses in Brazil, Colombia, Mexico and the US. We approved investments in our paper division to upgrade machines and increase production efficiencies, investing in automation in our forestry division to take out costs, while investing in state-of-the-art converting equipment in our corrugated division. We are also expanding our capacity in Bag-in-Box in the region.

Earlier in the year, the Group announced that it had sold its Russian operations to local management thereby completing its exit from the Russian market. In July, the Group opened a new integrated corrugated plant in Morocco, making this SKG's first operation in the attractive growth market of North Africa. Also during the year, the Group acquired a specialty packaging operation in Spain and a folding carton business in Poland.

The Group reported free cash flow of €628 million in the full year of 2023, up 15% on the €545 million reported in 2022. The average maturity profile of the Group's debt was 4.0 years at 31 December 2023 with an average interest rate of 2.79%. Net debt to EBITDA was 1.4x at the year-end versus 1.4x at the half year and 1.3x at the end of December 2022. The Group remains strongly positioned within its BBB-/BBB-/Baa3 credit rating. Following the announcement of the combination with WestRock on 12 September 2023, Moody's placed our credit rating on Review for Upgrade, S&P Global Ratings placed our credit rating on CreditWatch Positive and Fitch Ratings placed our long-term issuer default rating on Rating Watch Positive.

2023 Full Year | Financial Performance

Revenue for the full year was €11,272 million, down 12% on the prior year on a reported basis and down 11% on an underlying basis[3]. Revenue in Europe was down 14%, driven primarily by lower paper and box pricing year-on-year and lower box volumes. On an underlying basis, revenue in Europe was down 12%. In the Americas, revenue was down 5% on 2022, or 6% on an underlying basis.

EBITDA for the full year was €2,080 million, down 12% on the prior year. On an underlying basis, Group EBITDA was down 9% year-on-year, with Europe down 10% and the Americas was flat.

Operating profit before exceptional items for the full year of 2023 at €1,403 million was 16% lower than €1,662 million in 2022.

Exceptional items charged within operating profit in 2023 amounted to €152 million, €58 million of this related to costs associated with the WestRock combination, €34 million related to currency recycling, impairment of residual assets up to the date of disposal and other costs associated with the disposal of our Russian operations, €30 million due to the devaluation of the Argentinian Peso, €11 million related to redundancy and reorganisation costs in the Americas and €14 million and €5 million respectively for the closure of our operations and impairment of property, plant and equipment in Alfa d'Avignon, France.

Exceptional items charged within operating profit in 2022 amounted to €223 million, of which €128 million related to the impairment of assets in our Russian operations, €56 million and €11 million respectively for the impairment of goodwill in Argentina and Peru, €14 million for redundancy and reorganisation costs in the Americas along with €14 million for the impairment of property, plant and equipment in our North American operations.

Pre-exceptional net finance costs at €185 million were €36 million higher than 2022 primarily due to a negative swing in the net monetary hyperinflationary gain in 2022 to a loss in 2023 and a higher interest cost on net pension liabilities, partly offset by lower cash interest.

Net exceptional finance items charged in 2023 amounted to €13 million and related to bond consent and bridge facility fees regarding the combination with WestRock, partly offset by an exceptional item in relation to the devaluation of the Argentinian Peso.

There were no exceptional finance items charged in 2022.

With the €259 million decrease in operating profit before exceptional items, combined with the €36 million increase in pre-exceptional net finance costs, the pre-exceptional profit before income tax was €1,220 million, or €296 million lower than in 2022.

After exceptional items of €165 million, the profit before tax for the full year of 2023 was €1,055 million compared to a profit before tax of €1,293 million in 2022. The income tax expense was €296 million compared to €348 million in 2022, resulting in a profit of €759 million for the year to December 2023 compared to a profit of €945 million in 2022.

Basic EPS for the full year of 2023 was 293.5 cent, compared to 365.3 cent in 2022. On a pre-exceptional basis, EPS was 348.7 cent in 2023, compared to 444.1 cent in the full year of 2022.

2023 Full Year | Free Cash Flow

Free cash flow for the full year of 2023 was €628 million compared to €545 million for 2022, an increase of €83 million. Lower EBITDA of €275 million combined with higher outflows on exceptional items, higher tax payments and a higher outflow for changes in employee benefits and other provisions were more than offset by a positive swing in working capital from an outflow in 2022 to an inflow in 2023 with capital outflows remaining broadly stable.

The working capital inflow in 2023 was €148 million compared to an outflow of €358 million in 2022. The working capital inflow in 2023 was a combination of a significant decrease in debtors and stock, partly offset by a decrease in creditors. These movements reflected the combination of lower box prices, lower paper prices and lower energy, recovered fibre and other raw material prices. Working capital amounted to

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[3] Additional information on underlying performance is set out within Supplementary Financial Information on pages 31 to 38.

€768 million at December 2023 and represented 7.0% of annualised revenue compared to 8.3% at December 2022.

Capital expenditure in 2023 amounted to €1,056 million (equating to 171% of depreciation) compared to €970 million (equating to 155% of depreciation) in 2022.

Cash interest amounted to €123 million in 2023 compared to €132 million in 2022, with the decrease largely as a result of additional interest income earned on our deposits due to the higher interest rate environment. This was partly offset by higher interest costs on our variable rate debt balances.

Tax payments of €406 million in 2023 were €85 million higher than in 2022. The increase in 2023 mainly arises due to high taxable profits generated in prior periods and the associated timing of tax payments.

2023 Full Year | Capital Structure

Net debt was €2,840 million at the end of December 2023, resulting in a net debt to EBITDA ratio of 1.4x compared to 1.4x at the end of June 2023 and 1.3x at the end of December 2022. The Group's balance sheet continues to provide considerable long-term strategic and financial flexibility, subject to the stated leverage range of 1.5x to 2.0x through the cycle.

At 31 December 2023, the Group's average interest rate was 2.79% compared to 2.89% at 31 December 2022. The decrease in our average interest rate on debt is primarily due to the repayment of debt during the year in certain of our higher interest rate environments. At 31 December 2023, over 95% of the Group's gross borrowings were at fixed interest rates.

The Group's diversified funding base and long-dated maturity profile of 4.0 years (31 December 2022: 4.9 years) provide a stable funding outlook. At 31 December 2023, we had a strong liquidity position of approximately €2.56 billion comprising cash balances of €905 million, undrawn available committed facilities of €1,346 million on our sustainability-linked Revolving Credit Facility ('RCF') and €312 million on our sustainability-linked securitisation facilities.

Dividends

The Board is recommending a 10% increase in the final dividend to 118.4 cent per share. It is proposed to pay this dividend on 10 May 2024 to all ordinary shareholders on the share register at the close of business on 12 April 2024, subject to the approval of the shareholders at the AGM.

2023 Full Year | Sustainability

Smurfit Kappa continues to make significant progress towards achieving its sustainability goals as outlined in its 16th Sustainable Development Report ('SDR') published in 2023. The report shows that the Group's actions are delivering today, and together with its ongoing investments and continuous improvement, we are well positioned to deliver on our long-term ambition to have at least net zero emissions by 2050.

Several landmark achievements are noted in the report including the announcement of a US$100 million investment in a sustainable biomass boiler in our paper mill in Cali, Colombia, our largest single decarbonisation project to date, which will reduce our Group emissions by approximately 6%. Further progress is also outlined across key metrics including CO_2 emissions reduction, water consumption, chain-of-custody certification, waste reduction and health and safety.

An example of some of the important sustainability projects undertaken during the year include the installation of 12,000 solar panels at our Sanguesa paper mill in Spain. This solar energy project is the latest for Smurfit Kappa which has launched similar green energy initiatives at plants in Spain, Colombia, Mexico and most recently, in our new facility in Morocco.

In 2023 we also completed a €27 million investment in a new waste management and recovery facility at our Nervión paper mill in Iurreta, Spain. This investment sees the mill adopt a fully circular production process involving the biggest landfill reduction project that SKG has undertaken to date.

In September, we inaugurated a pioneering purification and wastewater treatment plant in Belgrade, Serbia, the first of its kind in the country. This innovative treatment purifies water to the highest standards before it can be returned to the environment. It also reduces electricity usage and CO_2 emissions by up to 80% and the purified water can be reused thereby further reducing water consumption by up to 90%.

During the year, we approved significant investments to upgrade a combined heat and power plant in one of our European paper mills which will further reduce our carbon emissions alongside upgrading a number of water treatment plants and systems right across our operations.

Having been awarded in 2023 as both a Regional Top Rated and Industry Top Rated company by Morningstar Sustainalytics, SKG has retained both honours this year for its strong ESG credentials and continuous improvement. SKG is now ranked 1st in Paper & Packaging in 2024, up from 2nd in 2023 and 4th in 2022.

Smurfit Kappa continues to be listed on various environmental, social and governance indices and disclosure programmes, such as, CDP, FTSE4Good, the Green Economy Mark from the London Stock Exchange, Euronext Vigeo Europe 120, STOXX Global ESG Leaders, ISS Solactive and Ethibel's sustainable investment register. SKG also performs strongly across a number of third party certification bodies, including MSCI, ISS ESG and Morningstar Sustainalytics.

2023 Full Year | Commercial Offering and Innovation

SKG's leadership in innovation and unrivalled market offering is a defining characteristic of our business. With over 1,000 designers across the Group, supported by a network of laboratories, design facilities and unique applications, we continued to deliver the most innovative and sustainable packaging solutions for our customers in 2023. The Group continues to invest in research and development to push the boundaries of paper-based packaging and our design teams work closely with our customers to develop bespoke solutions which optimise functionality, cost-effectiveness and consumer appeal.

Demonstrating our industry leadership, SKG won 74 awards across a host of categories including design, safety, sustainability, community engagement and as a top employer. Smurfit Kappa was recognised for its technical innovation and creativity by winning 14 awards at the Flexographic Industry Association UK awards in addition to eight WorldStar 2023 awards. The latter was followed up by winning an impressive 12 WorldStar 2024 awards in January of this year, more than any other entrant. The Group was also the proud winner of PepsiCo's prestigious 'Supplier of the Year' award. This award recognises excellence across sustainability, speed to market and overall business performance and is the latest milestone in a fifteen-year partnership during which PepsiCo and Smurfit Kappa have collaborated on various stand-out projects.

During the year, SKG launched its patented Vitop Uno tap which is the first tap in the Bag-in-Box market to have attached tamper protection. Vitop is the leading provider of Bag-in-Box closure solutions with over six billion taps sold worldwide and the Uno tap is now patented in Europe, the USA and a number of other countries.

In 2023, the Group announced the expansion of its Design2Market Factory after a successful first year in operation in the Netherlands. This unique facility, which provides customers with tangible packaging prototypes that can be tested in the market in just two weeks before moving into large-scale production, will be replicated across Germany, Italy, Poland and the UK.

SKG also launched its new digital solution for our existing SupplySmart application. With SupplySmart, we create a digital model of our customer's supply chains which allows us to stress-test their processes in a completely risk-free way. This helps us to optimise their packaging solutions, enhance efficiencies, reduce CO_2 emissions during transport and drive business growth.

The Group continues to experience strong levels of pipeline development across our business as customers strive for more sustainable packaging solutions.

Summary Cash Flow

Summary cash flows for the second half and full year are set out in the following table.

	H2 2023 €m	H2 2022 €m	**FY 2023 €m**	FY 2022 €m
EBITDA	**967**	1,181	**2,080**	2,355
Exceptional items	**(49)**	(3)	**(49)**	(3)
Cash interest expense	**(57)**	(71)	**(123)**	(132)
Working capital change	**410**	143	**148**	(358)
Capital expenditure	**(627)**	(621)	**(1,056)**	(970)
Change in capital creditors	**108**	84	**73**	(24)
Tax paid	**(233)**	(163)	**(406)**	(321)
Change in employee benefits and other provisions	**(20)**	(3)	**(66)**	(25)
Other	**10**	26	**27**	23
Free cash flow	**509**	573	**628**	545
Disposal of Russian operations	**-**	(50)	**1**	(50)
Share buyback	**-**	(41)	**-**	(41)
Purchase of own shares	**-**	(1)	**(28)**	(28)
Purchase of businesses, investments and NCI*	**(26)**	(62)	**(30)**	(110)
Dividends	**(87)**	(83)	**(367)**	(333)
Bond consent and bridge facility fees	**(23)**	-	**(23)**	-
Derivative termination (payments)/receipts	**(3)**	1	**(3)**	1
Net cash inflow/(outflow)	**370**	337	**178**	(16)
Acquired net cash/(debt)	**-**	2	**-**	(3)
Deferred debt issue costs amortised	**(4)**	(3)	**(7)**	(7)
Currency translation adjustment	**(31)**	(19)	**(19)**	(81)
Decrease/(increase) in net debt	**335**	317	**152**	(107)

* 'NCI' refers to non-controlling interests

A reconciliation of the Summary Cash Flow to the Consolidated Statement of Cash Flows and a reconciliation of Free Cash Flow to Cash Generated from Operations are included in sections K and L in Alternative Performance Measures in the Supplementary Financial Information on pages 35 to 38.

Funding and Liquidity

The Group's primary sources of liquidity are cash flow from operations and borrowings under the RCF. The Group's primary uses of cash are for funding day to day operations, capital expenditure, debt service, dividends and other investment activity including acquisitions.

The Group has a €1,350 million sustainability-linked RCF with a maturity of January 2026, which incorporates five KPIs spanning the Group's sustainability objectives regarding climate change, forests, water, waste and people, with the level of KPI achievement linked to the pricing on the facility. Borrowings under the RCF are available to fund the Group's working capital requirements, capital expenditure and other general corporate purposes. At 31 December 2023, the Group's drawings on this facility were €4 million, at an interest rate of 4.595%.

At 31 December 2023, the Group had outstanding €250 million 2.75% senior notes due 2025, US$292.3 million 7.50% senior debentures due 2025, €1,000 million 2.875% senior notes due 2026, €750 million 1.5% senior notes due 2027, €500 million 0.5% senior green notes due 2029 and €500 million 1.0% senior green notes due 2033.

At 31 December 2023, the Group had outstanding €13 million variable funding notes ('VFNs') issued under the €230 million trade receivables securitisation programme maturing in November 2026 and €5 million VFNs issued under the €100 million trade receivables securitisation programme maturing in January 2026.

Funding and Liquidity (continued)

Both these securitisation programmes are sustainability-linked and incorporate five KPIs spanning the Group's sustainability objectives regarding climate change, forests, water, waste and people, with the level of KPI achievement linked to the pricing on the programmes.

In connection with the proposed WestRock combination, we entered into a Bridge facility agreement in the amount of US$1,500 million which is available to finance the cash consideration and any fees, commissions, costs and expenses in connection with the proposed combination. At 31 December 2023, the facility was undrawn.

Market Risk and Risk Management Policies

The Group is exposed to the impact of interest rate changes and foreign currency fluctuations due to its investing and funding activities and its operations in different foreign currencies. Interest rate risk exposure is managed by achieving an appropriate balance of fixed and variable rate funding. At 31 December 2023, the Group had fixed an average of 98% of its interest cost on borrowings over the following 12 months.

The Group's fixed rate debt comprised €250 million 2.75% senior notes due 2025, US$292.3 million 7.50% senior debentures due 2025, €1,000 million 2.875% senior notes due 2026, €750 million 1.5% senior notes due 2027, €500 million 0.5% senior green notes due 2029 and €500 million 1.0% senior green notes due 2033.

The Group's earnings are affected by changes in short-term interest rates on its floating rate borrowings and cash balances. If interest rates for these borrowings increased by one percent, the Group's interest expense would increase, and income before taxes would decrease, by approximately €2 million over the following 12 months. Interest income on the Group's cash balances would increase by approximately €9 million assuming a one percent increase in interest rates earned on such balances over the following 12 months.

The Group uses foreign currency borrowings, currency swaps and forward contracts in the management of its foreign currency exposures.

Principal Risks and Uncertainties

Risk assessment and evaluation is an integral part of the management process throughout the Group. Risks are identified, evaluated and appropriate risk management strategies are implemented at each level in the organisation.

The Board in conjunction with senior management identifies major business risks faced by the Group and determines the appropriate course of action to manage these risks.

The Board regularly monitors all of the Group's risks and appropriate actions are taken to mitigate those risks or address their potential adverse consequences. In addition, emerging risks and the current global uncertainties were also considered as part of the year-end assessment. The process completed for risk at the year-end focused on the principal risks and uncertainties for Smurfit Kappa as a standalone entity.

However, consideration was also given to risks which arise specifically as a result of the proposed Combination with WestRock, which included the following: (1) Smurfit Kappa has incurred, and will incur, further fees and costs in connection with the Combination, regardless of whether it is completed, and these fees and costs may be greater than anticipated. Any delay in the completion of the Combination would likely incur additional fees and costs. In the event of a valid termination of the Combination by Smurfit Kappa, termination fees may be payable by Smurfit Kappa to WestRock; and (2) Smurfit Kappa has been, and will continue to, invest resources in the Combination and the associated integration planning activities. In the event that the Combination was not to complete, these resources could otherwise have been spent in connection with other activities of Smurfit Kappa.

The principal risks and uncertainties facing the Group are summarised below.

- If the current economic climate were to deteriorate, for example as a result of geopolitical uncertainty, trade tensions and/or a pandemic, it could result in an increased economic slowdown which if sustained over any significant length of time, could adversely affect the Group's financial position and results of operations.

- The cyclical nature of the packaging industry could result in overcapacity and consequently threaten the Group's pricing structure.

- If operations at any of the Group's facilities (in particular its key mills) were interrupted for any significant length of time, it could adversely affect the Group's financial position and results of operations.

- Price fluctuations in energy and raw material costs could adversely affect the Group's manufacturing costs.

- The Group is exposed to currency exchange rate fluctuations.

- The Group may not be able to attract, develop and retain suitably qualified employees as required for its business.

- Failure to maintain good health, safety and employee wellbeing practices may have an adverse effect on the Group's business.

- The Group is subject to a growing number of environmental and climate change laws and regulations, and the cost of compliance or the failure to comply with current and future laws and regulations may negatively affect the Group's business.

- The Group is subject to anti-trust and similar legislation in the jurisdictions in which it operates.

- The Group, similar to other large global companies, is susceptible to cyber-attacks with the threat to the confidentiality, integrity and availability of data in its systems.

- The global impact of climate change in the long-term could adversely affect the Group's business and results of operations.

The principal risks and uncertainties faced by the Group, were outlined in our 2022 Annual Report on pages 34 to 36. The Annual Report is available on our website; smurfitkappa.com.

Consolidated Income Statement
For the Financial Year Ended 31 December 2023

	2023 Unaudited			2022 Audited		
	Pre-exceptional	**Exceptional**	**Total**	Pre-exceptional	Exceptional	Total
	€m	**€m**	**€m**	€m	€m	€m
Revenue	**11,272**	**-**	**11,272**	12,815	-	12,815
Cost of sales	**(7,485)**	**-**	**(7,485)**	(8,752)	-	(8,752)
Gross profit	**3,787**	**-**	**3,787**	4,063	-	4,063
Distribution costs	**(927)**	**-**	**(927)**	(961)	-	(961)
Administrative expenses	**(1,457)**	**-**	**(1,457)**	(1,440)	-	(1,440)
Other operating expenses	**-**	**(152)**	**(152)**	-	(223)	(223)
Operating profit	**1,403**	**(152)**	**1,251**	1,662	(223)	1,439
Finance costs	**(234)**	**(23)**	**(257)**	(184)	-	(184)
Finance income	**49**	**10**	**59**	35	-	35
Share of associates' profit (after tax)	**2**	**-**	**2**	3	-	3
Profit before income tax	**1,220**	**(165)**	**1,055**	1,516	(223)	1,293
Income tax expense			**(296)**			(348)
Profit for the financial year			**759**			945
Attributable to:						
Owners of the parent			**758**			944
Non-controlling interests			**1**			1
Profit for the financial year			**759**			945
Earnings per share						
Basic earnings per share - cent			**293.5**			365.3
Diluted earnings per share - cent			**291.2**			361.8

Consolidated Statement of Comprehensive Income

For the Financial Year Ended 31 December 2023

	2023 Unaudited €m	2022 Audited €m
Profit for the financial year	**759**	945
Other comprehensive income:		
Items that may be subsequently reclassified to profit or loss		
Foreign currency translation adjustments:		
- Arising in the financial year	**12**	(63)
- Recycled to Consolidated Income Statement	**28**	-
Effective portion of changes in fair value of cash flow hedges:		
- Movement out of reserve	**5**	-
- Fair value loss on cash flow hedges	**(1)**	(5)
Changes in fair value of cost of hedging:		
- Movement out of reserve	**-**	(1)
	44	(69)
Items which will not be subsequently reclassified to profit or loss		
Defined benefit pension plans:		
- Actuarial (loss)/gain	**(46)**	51
- Related tax	**11**	(8)
	(35)	43
Total other comprehensive income/(expense)	**9**	(26)
Total comprehensive income for the financial year	**768**	919
Attributable to:		
Owners of the parent	**767**	918
Non-controlling interests	**1**	1
Total comprehensive income for the financial year	**768**	919

Consolidated Balance Sheet
At 31 December 2023

	2023 Unaudited €m	2022 Audited €m
ASSETS		
Non-current assets		
Property, plant and equipment	**5,129**	4,631
Right-of-use assets	**353**	345
Goodwill and intangible assets	**2,670**	2,672
Other investments	**10**	10
Investment in associates	**19**	16
Biological assets	**156**	100
Other receivables	**39**	39
Employee benefits assets	**21**	17
Derivative financial instruments	**-**	2
Non-current income tax assets	**12**	-
Deferred income tax assets	**138**	141
	8,547	7,973
Current assets		
Inventories	**1,023**	1,231
Biological assets	**13**	10
Trade and other receivables	**2,084**	2,399
Derivative financial instruments	**17**	46
Current income tax assets	**39**	-
Cash and cash equivalents	**905**	788
	4,081	4,474
Assets classified as held for sale	**-**	35
	4,081	4,509
Total assets	**12,628**	12,482
EQUITY		
Capital and reserves attributable to owners of the parent		
Equity share capital	**-**	-
Share premium	**2,646**	2,646
Other reserves	**311**	236
Retained earnings	**2,603**	2,143
Total equity attributable to owners of the parent	**5,560**	5,025
Non-controlling interests	**14**	13
Total equity	**5,574**	5,038
LIABILITIES		
Non-current liabilities		
Borrowings	**3,570**	3,600
Employee benefits liabilities	**532**	534
Derivative financial instruments	**1**	4
Deferred income tax liabilities	**171**	190
Non-current income tax liabilities	**-**	16
Provisions for liabilities	**41**	37
Capital grants	**34**	26
Other payables	**11**	10
	4,360	4,417
Current liabilities		
Borrowings	**175**	180
Trade and other payables	**2,378**	2,642
Current income tax liabilities	**-**	49
Derivative financial instruments	**17**	21
Provisions for liabilities	**124**	100
	2,694	2,992
Liabilities associated with assets classified as held for sale	**-**	35
	2,694	3,027
Total liabilities	**7,054**	7,444
Total equity and liabilities	**12,628**	12,482

Consolidated Statement of Changes in Equity
For the Financial Year Ended 31 December 2023

	Attributable to owners of the parent						
	Equity share capital €m	Share premium €m	Other reserves €m	Retained earnings €m	Total €m	Non-controlling interests €m	Total equity €m
Unaudited							
At 1 January 2023	**-**	**2,646**	**236**	**2,143**	**5,025**	**13**	**5,038**
Profit for the financial year	**-**	**-**	**-**	**758**	**758**	**1**	**759**
Other comprehensive income		**-**					
Foreign currency translation adjustments	**-**	**-**	**40**	**-**	**40**	**-**	**40**
Defined benefit pension plans	**-**	**-**	**-**	**(35)**	**(35)**	**-**	**(35)**
Effective portion of changes in fair value of cash flow hedges	**-**	**-**	**4**	**-**	**4**	**-**	**4**
Total comprehensive income for the financial year	**-**	**-**	**44**	**723**	**767**	**1**	**768**
Hyperinflation adjustment	**-**	**-**	**-**	**104**	**104**	**-**	**104**
Dividends paid	**-**	**-**	**-**	**(367)**	**(367)**	**-**	**(367)**
Share-based payment	**-**	**-**	**59**	**-**	**59**	**-**	**59**
Shares acquired by SKG Employee Trust	**-**	**-**	**(28)**	**-**	**(28)**	**-**	**(28)**
At 31 December 2023	**-**	**2,646**	**311**	**2,603**	**5,560**	**14**	**5,574**
Audited							
At 1 January 2022	-	2,646	260	1,473	4,379	13	4,392
Profit for the financial year	-	-	-	944	944	1	945
Other comprehensive income							
Foreign currency translation adjustments	-	-	(63)	-	(63)	-	(63)
Defined benefit pension plans	-	-	-	43	43	-	43
Effective portion of changes in fair value of cash flow hedges	-	-	(5)	-	(5)	-	(5)
Changes in fair value of cost of hedging	-	-	(1)	-	(1)	-	(1)
Total comprehensive (expense)/income for the financial year	-	-	(69)	987	918	1	919
Hyperinflation adjustment	-	-	-	66	66	-	66
Dividends paid	-	-	-	(332)	(332)	(1)	(333)
Share-based payment	-	-	63	-	63	-	63
Share buyback	-	-	(41)	-	(41)	-	(41)
Share cancellation	-	-	41	(41)	-	-	-
Shares acquired by SKG Employee Trust	-	-	(28)	-	(28)	-	(28)
Derecognition of equity instruments	-	-	10	(10)	-	-	-
At 31 December 2022	-	2,646	236	2,143	5,025	13	5,038

An analysis of the movements in Other reserves is provided in Note 13.

Consolidated Statement of Cash Flows

For the Financial Year Ended 31 December 2023

	2023 Unaudited €m	2022 Audited €m
Cash flows from operating activities		
Profit before income tax	**1,055**	1,293
Net finance costs	**198**	149
Depreciation charge	**587**	581
Impairment of non-current assets	**5**	66
Impairment of goodwill	**-**	85
Disposal of Russian operations	**28**	-
Amortisation of intangible assets	**48**	49
Amortisation of capital grants	**(4)**	(4)
Share-based payment expense	**61**	65
Profit on sale of property, plant and equipment	**(12)**	(7)
Devaluation of the Argentinian Peso	**30**	-
Lease modifications	**(1)**	(3)
Share of associates' profit (after tax)	**(2)**	(3)
Net movement in working capital	**167**	(350)
Change in biological assets	**(19)**	(2)
Change in employee benefits and other provisions	**(43)**	(19)
Other (primarily hyperinflation adjustments)	**3**	8
Cash generated from operations	**2,101**	1,908
Interest paid	**(178)**	(135)
Income taxes paid:		
Irish corporation tax (net of tax refunds) paid	**(34)**	(24)
Overseas corporation tax (net of tax refunds) paid	**(372)**	(297)
Net cash inflow from operating activities	**1,517**	1,452
Cash flows from investing activities		
Interest received	**28**	9
Additions to property, plant and equipment and biological assets	**(841)**	(873)
Additions to intangible assets	**(18)**	(17)
Receipt of capital grants	**13**	6
Purchase of investments	**-**	(1)
Disposal of property, plant and equipment	**16**	12
Dividends received from associates	**1**	1
Purchase of subsidiaries (net of acquired cash)	**(26)**	(90)
Deferred consideration paid	**(4)**	(14)
Net cash outflow from investing activities	**(831)**	(967)
Cash flows from financing activities		
Share buyback	**-**	(41)
Purchase of own shares	**(28)**	(28)
(Decrease)/increase in other interest-bearing borrowings	**(46)**	8
Repayment of lease liabilities	**(106)**	(103)
Derivative termination (payments)/receipts	**(3)**	1
Dividends paid to non-controlling interests	**-**	(1)
Dividends paid to shareholders	**(367)**	(332)
Net cash outflow from financing activities	**(550)**	(496)
Increase/(decrease) in cash and cash equivalents	**136**	(11)
Reconciliation of opening to closing cash and cash equivalents		
Cash and cash equivalents at 1 January	**771**	841
Currency translation adjustment	**(17)**	(59)
Increase/(decrease) in cash and cash equivalents	**136**	(11)
Cash and cash equivalents at 31 December	**890**	771

An analysis of the net movement in working capital is provided in Note 11.

Selected Explanatory Notes to the Consolidated Financial Statements

1. General Information

Smurfit Kappa Group plc ('SKG plc' or 'the Company') and its subsidiaries (together 'SKG', 'Smurfit Kappa' or 'the Group') primarily manufacture, distribute and sell containerboard, corrugated containers and other paper-based packaging products. The Company is a public limited company with a premium listing on the London Stock Exchange and a secondary listing on Euronext Dublin. It is incorporated and domiciled in Ireland. The address of its registered office is Beech Hill, Clonskeagh, Dublin 4, D04 N2R2, Ireland.

Transaction Agreement with WestRock

On 12 September, 2023, the Company and WestRock Company, a public company incorporated in Delaware ('WestRock') announced they had reached a definitive agreement on the terms of a proposed combination (the 'Transaction Agreement') to be implemented through (i) an acquisition by Smurfit WestRock Limited (to be renamed Smurfit WestRock plc) ('Smurfit WestRock') of the entire issued share capital of Smurfit Kappa by means of a scheme of arrangement under Section 450 of the Companies Act 2014 of Ireland (the 'Scheme'); and (ii) a merger of a subsidiary of Smurfit WestRock ('Merger Sub') with and into WestRock (the 'Merger' and together with the Scheme, the 'Combination').

Under the terms of the Transaction Agreement:

1) for each share of common stock of WestRock (a 'WestRock Share'), the common stockholders of WestRock will receive one new Smurfit WestRock share and $5.00 in cash; and
2) for each ordinary share of the Company (a 'Smurfit Kappa Share'), the shareholders of the Company will receive one new Smurfit WestRock share.

Following completion of the Combination ('Completion'), Smurfit WestRock will be the parent company of the combined group. The combined group will be headquartered and domiciled in Dublin, Ireland, with North and South American headquarters in Atlanta, Georgia, U.S. Smurfit WestRock will have a dual listing on the New York Stock Exchange ('NYSE') and the standard listing segment of the Official List of the Financial Conduct Authority ('FCA'), and the shares of Smurfit WestRock (the 'Smurfit WestRock Shares') will be admitted to trading on the NYSE and the main market for listed securities of the London Stock Exchange ('LSE').

The Combination is subject to certain conditions set forth in the Transaction Agreement, including, but not limited to: certain regulatory clearances, approval by the shareholders of the Company and stockholders of WestRock, sanction of the Scheme by the High Court of Ireland, the US registration statement for the offer of the shares of Smurfit WestRock being declared effective by the Securities and Exchange Commission ('SEC'), approval of the shares of Smurfit WestRock for listing on the NYSE, and approval of the shares of Smurfit WestRock for listing on the Official List of the FCA.

Subject to shareholder approval and other closing conditions, the Combination is expected to close in early July 2024.

The Transaction Agreement contains certain termination rights for both parties. Each of the Company and WestRock may be required to make payments to the other party in connection with the termination of the Transaction Agreement under specified circumstances.

2. Basis of Preparation and Accounting Policies

Basis of preparation and accounting policies

The Consolidated Financial Statements of the Group are prepared in accordance with International Financial Reporting Standards ('IFRS') issued by the International Accounting Standards Board ('IASB') as adopted by the European Union ('EU'); and those parts of the Companies Act 2014 applicable to companies reporting under IFRS.

The financial information in this report has been prepared in accordance with the Group's accounting policies. Full details of the accounting policies adopted by the Group are contained in the Consolidated Financial Statements included in the Group's Annual Report for the year ended 31 December 2022 which is available on the Group's website; smurfitkappa.com. The accounting policies adopted by the Group and the significant accounting judgements, estimates and assumptions made by management in the preparation of the Group financial information are consistent with those described and applied in the Annual Report for the year ended 31 December 2022. A number of changes to IFRS became effective in 2023, however, they did not have a material effect on the Consolidated Financial Statements included in this report.

2. Basis of Preparation and Accounting Policies (continued)

Going concern

The Group is a highly integrated manufacturer of paper-based packaging solutions with leading market positions, quality assets and broad geographic reach. The financial position of the Group, its cash generation, capital resources and liquidity continue to provide a stable financing platform.

The Group's diversified funding base and long-dated maturity profile of 4.0 years at 31 December 2023 provide a stable funding outlook. At 31 December 2023, the Group had a strong liquidity position of approximately €2.56 billion comprising cash balances of €905 million, undrawn available committed facilities of €1,346 million on its RCF and €312 million on its sustainability-linked securitisation facilities. At 31 December 2023, the strength of the Group's balance sheet, a net debt to EBITDA ratio of 1.4x (31 December 2022: 1.3x) and its investment grade credit ratings, continues to secure long-term strategic and financial flexibility.

Having assessed the principal risks facing the Group on page 13, together with the Group's forecasts and significant financial headroom, the Directors believe that the Group is well placed to manage these risks successfully and have a reasonable expectation that the Company, and the Group as a whole, have adequate resources to continue in operational existence for the foreseeable future. For this reason, they continue to adopt the going concern basis in preparing the Consolidated Financial Statements.

The financial model upon which the stress test scenarios are applied to assess the viability of the Group do not incorporate financial modelling resulting from the proposed combination with WestRock, or the finance bridging facility put in place.

Statutory financial statements and audit opinion

The financial information presented in this preliminary release does not constitute full statutory financial statements. The Annual Report and Financial Statements will be approved by the Board of Directors and reported on by the Auditor in due course. Accordingly, the financial information is unaudited. Full statutory financial statements for the year ended 31 December 2022 have been filed with the Irish Registrar of Companies. The audit report on those statutory financial statements was unqualified.

This preliminary release was approved by the Board of Directors.

3. Segment and Revenue Information

The Group has identified operating segments based on the manner in which reports are reviewed by the chief operating decision maker ('CODM'). The CODM is determined to be the executive management team responsible for assessing performance, allocating resources and making strategic decisions. The Group has identified two operating segments: 1) Europe and 2) the Americas.

The Europe and the Americas segments are each highly integrated. They include a system of mills and plants that primarily produce a full line of containerboard that is converted into corrugated containers within each segment. In addition, the Europe segment also produces other types of paper, such as solidboard, sack kraft paper and graphic paper; and other paper-based packaging, such as solidboard packaging and folding cartons; and Bag-in-Box packaging. The Americas segment, which includes a number of Latin American countries and the United States, also comprises forestry; other types of paper, such as boxboard, sack paper and graphic paper; and paper-based packaging, such as folding cartons and paper sacks. Inter-segment revenue is not material. No operating segments have been aggregated for disclosure purposes.

Segment profit is measured based on EBITDA.

	FY 2023			FY 2022		
	Europe	**The Americas**	**Total**	Europe	The Americas	Total
	€m	**€m**	**€m**	€m	€m	€m
Revenue and results						
Revenue	**8,496**	**2,776**	**11,272**	9,900	2,915	12,815
EBITDA	**1,593**	**557**	**2,150**	1,846	553	2,399
Segment exceptional items	**(49)**	**(40)**	**(89)**	(58)	(14)	(72)
EBITDA after exceptional items	**1,544**	**517**	**2,061**	1,788	539	2,327
Unallocated centre costs			**(70)**			(44)
Share-based payment expense			**(61)**			(65)
Depreciation and depletion (net)*			**(568)**			(579)
Amortisation			**(48)**			(49)
Impairment of non-current assets			**(5)**			(66)
Impairment of goodwill			**-**			(85)
Exceptional costs			**(58)**			-
Finance costs			**(257)**			(184)
Finance income			**59**			35
Share of associates' profit (after tax)			**2**			3
Profit before income tax			**1,055**			1,293
Income tax expense			**(296)**			(348)
Profit for the financial year			**759**			945

* Depreciation and depletion is net of fair value adjustments arising on biological assets.

3. Segment and Revenue Information (continued)

	H2 2023 Unaudited			H2 2022 Unaudited		
	Europe €m	**The Americas €m**	**Total €m**	Europe €m	The Americas €m	Total €m
Revenue and results						
Revenue	**4,012**	**1,423**	**5,435**	4,961	1,469	6,430
EBITDA	**725**	**283**	**1,008**	920	282	1,202
Segment exceptional items	**(15)**	**(40)**	**(55)**	(58)	(14)	(72)
EBITDA after exceptional items	**710**	**243**	**953**	862	268	1,130
Unallocated centre costs			**(41)**			(21)
Share-based payment expense			**(28)**			(34)
Depreciation and depletion (net)*			**(290)**			(300)
Amortisation			**(25)**			(24)
Impairment of non-current assets			**(5)**			(66)
Impairment of goodwill			**-**			(85)
Exceptional items			**(58)**			-
Finance costs			**(147)**			(99)
Finance income			**36**			21
Share of associates' profit (after tax)			**1**			2
Profit before income tax			**396**			524
Income tax expense			**(113)**			(153)
Profit for the financial period			**283**			371

* Depreciation and depletion is net of fair value adjustments arising on biological assets.

Revenue information about geographical areas

The Group has a presence in 36 countries worldwide. The following information is a geographical revenue analysis about country of domicile (Ireland) and countries with material revenue.

	2023 €m	2022 €m
Ireland	**118**	118
Germany	**1,567**	1,861
France	**1,379**	1,521
Mexico	**1,242**	1,296
Other Europe* - eurozone	**3,192**	3,787
Other Europe* - non-eurozone	**2,181**	2,566
Other Americas*	**1,593**	1,666
Total revenue by geographical area	**11,272**	12,815

* No individual country represents greater than 10% of revenue.

Revenue is derived almost entirely from the sale of goods and is disclosed based on the location of production.

3. Segment and Revenue Information (continued)

Disaggregation of revenue

The Group derives revenue from the following major product lines. The economic factors which affect the nature, amount, timing and uncertainty of revenue and cash flows from the sub categories of both paper and packaging products are similar.

	2023			2022		
	Paper €m	**Packaging €m**	**Total €m**	Paper €m	Packaging €m	Total €m
Europe	**1,276**	**7,220**	**8,496**	1,828	8,072	9,900
The Americas	**148**	**2,628**	**2,776**	254	2,661	2,915
Total revenue by product	**1,424**	**9,848**	**11,272**	2,082	10,733	12,815

Packaging revenue is derived mainly from the sale of corrugated products. The remainder of packaging revenue is comprised of Bag-in-Box and other paper-based packaging products.

4. Exceptional Items

	2023 €m	2022 €m
The following items are regarded as exceptional in nature:		
Costs associated with the proposed WestRock combination	**58**	-
Disposal of Russian operations	**34**	128
Devaluation of the Argentinian Peso	**30**	-
Redundancy and reorganisation costs	**11**	14
Closure of operations	**19**	-
Impairment of goodwill	**-**	67
Impairment of non-current assets	**-**	14
Exceptional items included in operating profit	**152**	223
Exceptional finance costs	**23**	-
Exceptional finance income	**(10)**	-
Exceptional items included in net finance costs	**13**	-
Total exceptional items	**165**	223

Exceptional items charged within operating profit in 2023 amounted to €152 million, €58 million of this related to costs associated with the proposed WestRock combination, €34 million related to currency recycling, impairment of residual assets up to the date of disposal and other costs associated with the disposal of our Russian operations, €30 million due to the devaluation of the Argentinian Peso, €11 million related to redundancy and reorganisation costs in the Americas and €14 million and €5 million respectively for the closure of our operations and impairment of property, plant and equipment in Alfa d'Avignon, France.

Exceptional items charged within operating profit in 2022 amounted to €223 million, of which €128 million related to the impairment of assets in our Russian operations, €56 million and €11 million respectively for the impairment of goodwill in Argentina and Peru, €14 million for redundancy and reorganisation costs in the Americas along with €14 million for the impairment of property, plant and equipment in our North American operations.

Net exceptional finance items charged in 2023 amounted to €13 million and related to bond consent and bridge facility fees regarding the proposed combination with WestRock, partly offset by an exceptional item in relation to the devaluation of the Argentinian Peso.

There were no exceptional finance items in 2022.

5. Finance Costs and Income

	2023	2022
	€m	€m
Finance costs:		
Interest payable on bank loans and overdrafts	**46**	49
Interest payable on leases	**12**	10
Interest payable on other borrowings	**101**	91
Bond consent and bridge facility fees – exceptional	**23**	-
Foreign currency translation loss on debt	**30**	24
Fair value loss on financial assets	**-**	2
Interest cost on net pension liability	**19**	8
Net monetary loss - hyperinflation	**26**	-
Total finance costs	**257**	184
Finance income:		
Other interest receivable	**(30)**	(9)
Foreign currency translation gain on debt	**(18)**	(13)
Fair value gain on derivatives not designated as hedges	**(1)**	(4)
Devaluation of the Argentinian Peso – exceptional	**(10)**	-
Net monetary gain - hyperinflation	**-**	(9)
Total finance income	**(59)**	(35)
Net finance cost	**198**	149

6. Income Tax Expense

Income tax expense recognised in the Consolidated Income Statement

	2023 €m	2022 €m
Current tax:		
Europe	**221**	249
The Americas	**78**	100
	299	349
Deferred tax	**(3)**	(1)
Income tax expense	**296**	348
Current tax is analysed as follows:		
Ireland	**41**	31
Foreign	**258**	318
	299	349

Income tax recognised in the Consolidated Statement of Comprehensive Income

	2023 €m	2022 €m
Arising on defined benefit pension plans	**(11)**	8

The income tax expense for the financial year 2023 is €52 million lower than in the comparable period in 2022, primarily due to lower profitability.

There is a €2 million increase in the deferred tax credit compared to the prior year. The movement is largely due to the reversal of timing differences on which deferred tax was previously recognised, offset by the recognition of other tax benefits and credits.

In 2023, there is a tax credit of €22 million on exceptional items compared to a €20 million tax credit in the prior year.

7. Employee Benefits – Defined Benefit Plans

The table below sets out the components of the defined benefit cost for the year:

	2023 €m	2022 €m
Current service cost	**28**	39
Actuarial gain arising on other long-term employee benefits	**-**	(4)
Past service cost	**3**	-
Net interest cost on net pension liability	**19**	8
Defined benefit cost	**50**	43

Analysis of actuarial (losses)/gains recognised in the Consolidated Statement of Comprehensive Income:

	2023 €m	2022 €m
Gain/(loss) on plan assets (excluding interest income)	**57**	(660)
Actuarial loss due to experience adjustments	**(30)**	(41)
Actuarial (loss)/gain due to changes in financial assumptions	**(70)**	746
Actuarial gain due to changes in demographic assumptions	**-**	6
Effect of asset ceiling	**(3)**	-
Total (loss)/gain recognised in the Consolidated Statement of Comprehensive Income	**(46)**	51

The following is a summary of the Group's employee benefit obligations and their related funding status:

	2023 €m	2022 €m
Present value of funded or partially funded obligations	**(1,807)**	(1,713)
Fair value of plan assets	**1,736**	1,608
Deficit in funded or partially funded plans	**(71)**	(105)
Present value of wholly unfunded obligations	**(435)**	(410)
Amounts not recognised as assets due to asset ceiling	**(5)**	(2)
Net pension liability	**(511)**	(517)
Defined Benefit Asset (for overfunded plans)	**21**	17
Defined Benefit Liability (for unfunded and partially funded plans)	**(532)**	(534)

8. Earnings per Share ('EPS')

Basic
Basic EPS is calculated by dividing the profit attributable to owners of the parent by the weighted average number of ordinary shares in issue during the year less own shares.

	2023	2022
Profit attributable to owners of the parent (€ million)	**758**	944
Weighted average number of ordinary shares in issue (million)	**258**	258
Basic EPS (cent)	**293.5**	365.3

Diluted
Diluted EPS is calculated by adjusting the weighted average number of ordinary shares outstanding to assume conversion of all dilutive potential ordinary shares. These comprise deferred and performance shares issued under the Group's long-term incentive plans. Where the conditions governing exercisability and vesting of these shares have been satisfied as at the end of the reporting period, they are included in the computation of diluted earnings per ordinary share.

	2023	2022
Profit attributable to owners of the parent (€ million)	**758**	944
Weighted average number of ordinary shares in issue (million)	**258**	258
Potential dilutive ordinary shares assumed (million)	**2**	3
Diluted weighted average ordinary shares (million)	**260**	261
Diluted EPS (cent)	**291.2**	361.8

Pre-exceptional

	2023	2022
Profit attributable to owners of the parent (€ million)	**758**	944
Exceptional items included in profit before income tax (€ million)	**165**	223
Income tax on exceptional items (€ million)	**(22)**	(20)
Pre-exceptional profit attributable to owners of the parent (€ million)	**901**	1,147
Weighted average number of ordinary shares in issue (million)	**258**	258
Pre-exceptional basic EPS (cent)	**348.7**	444.1
Diluted weighted average ordinary shares (million)	**260**	261
Pre-exceptional diluted EPS (cent)	**346.0**	439.8

9. Dividends

The following dividends were declared and paid by the Group.

	2023 €m	2022 €m
Final: paid 107.6 cent per ordinary share on 12 May 2023 (2022: paid 96.1 cent per ordinary share on 6 May 2022)	**280**	250
Interim: paid 33.5 cent per ordinary share on 27 October 2023 (2022: paid 31.6 cent per ordinary share on 28 October 2022)	**87**	82
	367	332

The Board is recommending a 10% increase in the final dividend to 118.4 cent per share (approximately €309 million). It is proposed to pay this dividend on 10 May 2024 to all ordinary shareholders on the share register at the close of business on 12 April 2024, subject to the approval of the shareholders at the AGM.

10. Property, Plant and Equipment

	Land and buildings €m	Plant and equipment €m	Total €m
Financial year ended 31 December 2023			
Opening net book amount	**1,269**	**3,362**	**4,631**
Reclassifications	**190**	**(188)**	**2**
Additions	**-**	**901**	**901**
Acquisitions	**8**	**9**	**17**
Depreciation charge	**(64)**	**(420)**	**(484)**
Impairments	**-**	**(5)**	**(5)**
Retirements and disposals	**(1)**	**(3)**	**(4)**
Hyperinflation adjustment	**17**	**49**	**66**
Foreign currency translation adjustment	**(6)**	**11**	**5**
At 31 December 2023	**1,413**	**3,716**	**5,129**
Financial year ended 31 December 2022			
Opening net book amount	1,175	3,090	4,265
Reclassifications	115	(112)	3
Additions	21	817	838
Acquisitions	43	15	58
Depreciation charge	(62)	(421)	(483)
Impairments	(25)	(37)	(62)
Retirements and disposals	(1)	(2)	(3)
Hyperinflation adjustment	8	36	44
Foreign currency translation adjustment	(5)	(24)	(29)
At 31 December 2022	1,269	3,362	4,631

11. Net Movement in Working Capital

	2023 €m	2022 €m
Change in inventories	**196**	(187)
Change in trade and other receivables	**267**	(238)
Change in trade and other payables	**(296)**	75
Net movement in working capital	**167**	(350)

12. Analysis of Net Debt

	2023	2022
	€m	€m
Revolving credit facility due 2026 (1)	**1**	4
US$292.3 million 7.5% senior debentures due 2025 (including accrued interest)	**267**	276
Bank loans and overdrafts	**76**	110
€100 million receivables securitisation VFNs due 2026 (including accrued interest) (2)	**5**	4
€230 million receivables securitisation VFNs due 2026 (3)	**11**	11
€250 million 2.75% senior notes due 2025 (including accrued interest)	**252**	252
€1,000 million 2.875% senior notes due 2026 (including accrued interest)	**1,010**	1,008
€750 million 1.5% senior notes due 2027 (including accrued interest)	**749**	748
€500 million 0.5% senior green notes due 2029 (including accrued interest)	**497**	496
€500 million 1.0% senior green notes due 2033 (including accrued interest)	**497**	497
Gross debt before leases	**3,365**	3,406
Leases	**380**	374
Gross debt including leases	**3,745**	3,780
Cash and cash equivalents	**(905)**	(788)
Net debt including leases	**2,840**	2,992

(1) At 31 December 2023, the following amounts were drawn under this facility:
(a) Revolver loans - €4 million
(b) Drawn under ancillary facilities and facilities supported by letters of credit – nil
(c) Other operational facilities including letters of credit - nil

(2) At 31 December 2023, the amount drawn under this facility was €5 million.

(3) At 31 December 2023, the amount drawn under this facility was €13 million.

In connection with the proposed WestRock combination, we entered into a Bridge facility agreement in the amount of US$1,500 million which is available to finance the cash consideration and any fees, commissions, costs and expenses in connection with the proposed combination. At 31 December 2023, the facility was undrawn.

13. Other Reserves

Other reserves included in the Consolidated Statement of Changes in Equity are comprised of the following:

	Reverse acquisition reserve €m	Cash flow hedging reserve €m	Cost of hedging reserve €m	Foreign currency translation reserve €m	Share-based payment reserve €m	Own shares €m	FVOCI reserve €m	Total €m
At 1 January 2023	**575**	**(4)**	**-**	**(604)**	**334**	**(65)**	**-**	**236**
Other comprehensive income								
Foreign currency translation adjustments	**-**	**-**	**-**	**40**	**-**	**-**	**-**	**40**
Effective portion of changes in fair value of cash flow hedges	**-**	**4**	**-**	**-**	**-**	**-**	**-**	**4**
Total other comprehensive income	**-**	**4**	**-**	**40**	**-**	**-**	**-**	**44**
Share-based payment	**-**	**-**	**-**	**-**	**59**	**-**	**-**	**59**
Shares acquired by SKG Employee Trust	**-**	**-**	**-**	**-**	**-**	**(28)**	**-**	**(28)**
Shares distributed by SKG Employee Trust	**-**	**-**	**-**	**-**	**(16)**	**16**	**-**	**-**
At 31 December 2023	**575**	**-**	**-**	**(564)**	**377**	**(77)**	**-**	**311**
At 1 January 2022	575	1	1	(541)	293	(59)	(10)	260
Other comprehensive income								
Foreign currency translation adjustments	-	-	-	(63)	-	-	-	(63)
Effective portion of changes in fair value of cash flow hedges	-	(5)	-	-	-	-	-	(5)
Changes in fair value of cost of hedging	-	-	(1)	-	-	-	-	(1)
Total other comprehensive expense	-	(5)	(1)	(63)	-	-	-	(69)
Share-based payment	-	-	-	-	63	-	-	63
Shares acquired by SKG Employee Trust	-	-	-	-	-	(28)	-	(28)
Shares distributed by SKG Employee Trust	-	-	-	-	(22)	22	-	-
Share buyback	-	-	-	-	-	(41)	-	(41)
Share cancellation	-	-	-	-	-	41	-	41
Derecognition of equity instruments	-	-	-	-	-	-	10	10
At 31 December 2022	575	(4)	-	(604)	334	(65)	-	236

Supplementary Financial Information

Alternative Performance Measures

The Group uses certain financial measures as set out below in order to evaluate the Group's financial performance. These Alternative Performance Measures ('APMs') are not defined under IFRS and are presented because we believe that they, and similar measures, provide both SKG management and users of the Consolidated Financial Statements with useful additional financial information when evaluating the Group's operating and financial performance.

These measures may not be comparable to other similarly titled measures used by other companies, and are not measurements under IFRS or other generally accepted accounting principles, and they should not be considered in isolation or as substitutes for the information contained in our Consolidated Financial Statements.

Please note where referenced 'CIS' refers to Consolidated Income Statement, 'CBS' refers to Consolidated Balance Sheet and 'CSCF' refers to Consolidated Statement of Cash Flows.

The principal APMs used by the Group, together with reconciliations where the non-IFRS measures are not readily identifiable from the Consolidated Financial Statements, are as follows:

A. EBITDA

Definition

EBITDA is earnings before exceptional items, share-based payment expense, share of associates' profit (after tax), net finance costs, income tax expense, depreciation and depletion (net) and intangible assets amortisation. It is an appropriate and useful measure used to compare recurring financial performance between periods.

Reconciliation of Profit to EBITDA

	Reference	**2023 €m**	2022 €m
Profit for the financial year	CIS	**759**	945
Income tax expense (after exceptional items)	CIS	**296**	348
Exceptional items charged in operating profit	CIS	**152**	223
Net finance costs (after exceptional items)	Note 5	**198**	149
Share of associates' profit (after tax)	CIS	**(2)**	(3)
Share-based payment expense	Note 3	**61**	65
Depreciation, depletion (net) and amortisation	Note 3	**616**	628
EBITDA		**2,080**	2,355

B. EBITDA margin

Definition

EBITDA margin is a measure of profitability by taking our EBITDA divided by revenue.

	Reference	**2023 €m**	2022 €m
EBITDA	A	**2,080**	2,355
Revenue	CIS	**11,272**	12,815
EBITDA margin		**18.5%**	18.4%

Alternative Performance Measures (continued)

C. Operating profit before exceptional items

Definition

Operating profit before exceptional items represents operating profit as reported in the Consolidated Income Statement before exceptional items. Exceptional items are excluded in order to assess the underlying financial performance of our operations.

	Reference	**2023 €m**	2022 €m
Operating profit	CIS	**1,251**	1,439
Exceptional items	CIS	**152**	223
Operating profit before exceptional items	CIS	**1,403**	1,662

D. Pre-exceptional basic earnings per share

Definition

Pre-exceptional basic EPS serves as an effective indicator of our profitability as it excludes exceptional one-off items and, in conjunction with other metrics such as ROCE, is a measure of our financial strength. Pre-exceptional basic EPS is calculated by dividing profit attributable to owners of the parent, adjusted for exceptional items included in profit before income tax and income tax on exceptional items, by the weighted average number of ordinary shares in issue. The calculation of pre-exceptional basic EPS is shown in Note 8.

E. Underlying EBITDA and revenue

Definition

Underlying EBITDA and revenue are arrived at by excluding the incremental EBITDA and revenue contributions from current and prior year acquisitions and disposals and the impact of currency translation, hyperinflation and any non-recurring items.

The Group uses underlying EBITDA and underlying revenue as additional performance indicators to assess performance on a like-for-like basis each year.

	Europe 2023	**The Americas 2023**	**Total 2023**	Europe 2022	The Americas 2022	Total 2022
EBITDA						
Currency	**(2%)**	**(2%)**	**(2%)**	-	7%	2%
Hyperinflation	**-**	**2%**	**-**	-	-	-
Acquisitions/disposals	**(2%)**	**1%**	**(1%)**	1%	5%	2%
Underlying EBITDA change	**(10%)**	**-**	**(9%)**	41%	13%	34%
Reported EBITDA change	**(14%)**	**1%**	**(12%)**	42%	25%	38%
Revenue						
Currency	**(1%)**	**(4%)**	**(1%)**	-	7%	2%
Hyperinflation	**-**	**4%**	**1%**	-	2%	-
Acquisitions/disposals	**(1%)**	**1%**	**(1%)**	2%	4%	2%
Underlying revenue change	**(12%)**	**(6%)**	**(11%)**	24%	16%	23%
Reported revenue change	**(14%)**	**(5%)**	**(12%)**	26%	29%	27%

Alternative Performance Measures (continued)

F. Net debt

Definition

Net debt comprises borrowings net of cash and cash equivalents. We believe that this measure highlights the overall movement resulting from our operating and financial performance.

	Reference	2023 €m	2022 €m
Borrowings	Note 12	**3,745**	3,780
Less:			
Cash and cash equivalents	CBS	**(905)**	(788)
Net debt		**2,840**	2,992

G. Net debt to EBITDA

Definition

Leverage (ratio of net debt to EBITDA) is an important measure of our overall financial position.

	Reference	2023 €m	2022 €m
Net debt	F	**2,840**	2,992
EBITDA	A	**2,080**	2,355
Net debt to EBITDA (times)		**1.4**	1.3

H. Return on capital employed ('ROCE')

Definition

ROCE measures profit from capital employed. It is calculated as operating profit before exceptional items plus share of associates' profit (after tax) divided by the average capital employed (where average capital employed is the average of total equity and net debt at the current and prior year-end).

	Reference	2023 €m	2022 €m
Operating profit before exceptional items	C	**1,403**	1,662
Share of associates' profit (after tax)	CIS	**2**	3
Operating profit before exceptional items plus share of associates' profit (after tax)		**1,405**	1,665
Total equity – current year-end	CBS	**5,574**	5,038
Net debt – current year-end	F	**2,840**	2,992
Capital employed – current year-end		**8,414**	8,030
Total equity – prior year-end	CBS	**5,038**	4,392
Net debt – prior year-end	F	**2,992**	2,885
Capital employed – prior year-end		**8,030**	7,277
Average capital employed		**8,222**	7,654
Return on capital employed		**17.1%**	21.8%

Alternative Performance Measures (continued)

I. Working capital

Definition

Working capital represents total inventories, trade and other receivables and trade and other payables.

	Reference	**2023 €m**	2022 €m
Inventories	CBS	**1,023**	1,231
Trade and other receivables (current and non-current)	CBS	**2,123**	2,438
Trade and other payables	CBS	**(2,378)**	(2,642)
Working capital		**768**	1,027

J. Working capital as a percentage of sales

Definition

Working capital as a percentage of sales represents working capital as defined above shown as a percentage of annualised quarterly revenue.

	Reference	**2023 €m**	2022 €m
Working capital	I	**768**	1,027
Annualised quarterly revenue		**10,958**	12,361
Working capital as a percentage of sales		**7.0%**	8.3%

Alternative Performance Measures (continued)

K. Summary cash flow

Definition

The summary cash flow is prepared on a different basis to the Consolidated Statement of Cash Flows and as such the reconciling items between EBITDA and increase in net debt may differ from amounts presented in the Consolidated Statement of Cash Flows. The summary cash flow details movements in net debt. The Consolidated Statement of Cash Flows details movements in cash and cash equivalents.

Reconciliation of the Summary Cash Flow to the Consolidated Statement of Cash Flows

	Reference	**2023 €m**	2022 €m
EBITDA	A	**2,080**	2,355
Exceptional items	K.1	**(49)**	(3)
Cash interest expense	K.2	**(123)**	(132)
Working capital change	K.3	**148**	(358)
Capital expenditure	K.4	**(1,056)**	(970)
Change in capital creditors	K.4	**73**	(24)
Tax paid	CSCF	**(406)**	(321)
Change in employee benefits and other provisions	K.6	**(66)**	(25)
Other	K.7	**27**	23
Free cash flow	L	**628**	545
Disposal of Russian operations	L	**1**	(50)
Share buyback	CSCF	**-**	(41)
Purchase of own shares	CSCF	**(28)**	(28)
Purchase of businesses, investments and NCI	K.8	**(30)**	(110)
Dividends	CSCF	**(367)**	(333)
Derivative termination (payments)/receipts	CSCF	**(3)**	1
Bond consent and bridge facility fees	K.2	**(23)**	-
Net cash inflow/(outflow)		**178**	(16)
Acquired net debt	K.9	**-**	(3)
Deferred debt issue costs amortised		**(7)**	(7)
Currency translation adjustment		**(19)**	(81)
Decrease/(increase) in net debt		**152**	(107)

K.1 Exceptional items

	2023 €m	2022 €m
Redundancy and reorganisation costs - paid	**(2)**	(3)
Costs associated with the proposed WestRock combination – paid	**(47)**	-
Per summary cash flow	**(49)**	(3)

Alternative Performance Measures (continued)

K.2 Cash interest expense

	Reference	**2023 €m**	2022 €m
Interest paid	CSCF	**(178)**	(135)
Interest received	CSCF	**28**	9
Move in accrued interest		**4**	(6)
Bond consent and bridge facility fees	K	**23**	-
Per summary cash flow		**(123)**	(132)

K.3 Working capital change

	Reference	**2023 €m**	2022 €m
Net movement in working capital	CSCF	**167**	(350)
Impairment loss on Russian trade receivables		**(8)**	(8)
Costs associated with the proposed WestRock combination – unpaid		**(11)**	-
Per summary cash flow		**148**	(358)

K.4 Capital expenditure

	Reference	**2023 €m**	2022 €m
Additions to property, plant and equipment and biological assets	CSCF	**(841)**	(873)
Additions to intangible assets	CSCF	**(18)**	(17)
Additions to right-of-use assets		**(124)**	(104)
Change in capital creditors	K	**(73)**	24
Per summary cash flow		**1,056**	(970)

K.5 Capital expenditure as a percentage of depreciation

	Reference	**2023 €m**	2022 €m
Capital expenditure	K.4	**1,056**	970
Depreciation, depletion (net) and amortisation	A	**616**	628
Capital expenditure as a percentage of depreciation		**171%**	155%

Alternative Performance Measures (continued)

K.6 Change in employee benefits and other provisions

	Reference	**2023 €m**	2022 €m
Change in employee benefits and other provisions	CSCF	**(43)**	(19)
Reorganisation and restructuring costs - unpaid	K.6.1	**(9)**	(11)
Closure of operations – unpaid	K.6.2	**(14)**	-
Right-of-use asset retirement obligation	L	**-**	5
Per summary cash flow		**(66)**	(25)

K.6.1 Reorganisation and restructuring costs
The change in the provision relating to exceptional redundancy and reorganisation costs is not included in the summary cash flow as it is not within EBITDA. Exceptional redundancy and reorganisation costs which were paid in 2023 and 2022 are shown as a separate line item within 'Exceptional items' in the summary cash flow.

K.6.2 Closure of operations
The change in the provision relating to exceptional closure of operations costs is not included in the summary cash flow as it is not within EBITDA.

K.7 Other

	Reference	**2023 €m**	2022 €m
Other within the summary cash flow comprises the following:			
Amortisation of capital grants	CSCF	**(4)**	(4)
Profit on sale of property, plant and equipment	CSCF	**(12)**	(7)
Other (primarily hyperinflation adjustments)	CSCF	**3**	8
Receipt of capital grants	CSCF	**13**	6
Disposal of property, plant and equipment	CSCF	**16**	12
Dividends received from associates	CSCF	**1**	1
Right-of-use asset terminations/modifications	L	**10**	7
Per summary cash flow		**27**	23

K.8 Purchase of businesses, investments and NCI

	Reference	**2023 €m**	2022 €m
Purchase of subsidiaries (net of acquired cash)	CSCF	**(26)**	(90)
Deferred consideration paid	CSCF	**(4)**	(14)
Acquired cash and cash equivalents	K.9	**-**	(6)
Per summary cash flow		**(30)**	(110)

Alternative Performance Measures (continued)

K.9 Acquired net debt

	Reference	2023 €m	2022 €m
Acquired debt		**-**	(9)
Acquired cash and cash equivalents	K.8	**-**	6
Per summary cash flow		**-**	(3)

L. Free cash flow ('FCF')

Definition

FCF is the result of the cash inflows and outflows from our operating activities, and is before those arising from acquisition and disposal of businesses. We use FCF to assess and understand the total operating performance of the business and to identify underlying trends.

Reconciliation of Free Cash Flow to Cash Generated from Operations

	Reference	2023 €m	2022 €m
Free cash flow	K	**628**	545
Reconciling items:			
Cash interest expense	K.2	**123**	132
Capital expenditure (net of change in capital creditors)	K.4	**983**	994
Tax payments	CSCF	**406**	321
Disposal of property, plant and equipment	CSCF	**(16)**	(12)
Right-of-use asset terminations/modifications	K.7	**(10)**	(7)
Receipt of capital grants	CSCF	**(13)**	(6)
Dividends received from associates	CSCF	**(1)**	(1)
Disposal of Russian operations	K	**1**	(50)
Right-of-use asset retirement obligation	K.6	**-**	(5)
Lease modifications	CSCF	**(1)**	(3)
Non-cash financing activities		**1**	-
Cash generated from operations	CSCF	**2,101**	1,908