MASTERPLAST

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MASTERPLAST PLC.
CONSOLIDATED ANNUAL REPORT
2021.

MASTERPLAST

PUBLIC LIMITED COMPANY

ANNUAL REPORT 2021

CHAIRMAN'S GREETINGS

I would like to welcome our shareholders!

Our annual report on our 2021 performance comes after an unprecedented year of success and a sense of satisfaction after a job well done, as we managed to achieve excellence together with our team and partners. However, at the moment of publication, unprecedented events are also taking place in the world, impacting the entire global economy and challenging economic actors.

These are difficult times, and the process of recovery from COVID has been interrupted by a bloody war. Pressures on supply chains have intensified, and we are also struggling with increased energy and commodity prices in a tense international political environment in the wake of the war.

Due to our direct involvement, we are paying special attention to our Ukrainian subsidiary and helping people involved in the war. We have provided prompt assistance to keep our employees and family members safe, while also trying to protect our assets in a best possible way in this situation, so far with success. We responded to the refugee crisis with a swift solidarity action. We provided targeted assistance in the form of foam mattresses to be used as temporary sleeping places in relief shipments of our own products and sanitary products to help maintain hygiene conditions in towns and villages near to the border, as well as directly in Transcarpathia with the support of the International Red Cross. The forced suspension of the Ukrainian company's operation resulted loss in revenue, but its financial materiality for the Group as a whole is not significant, loss could be mitigated at group level. Masterplast does not intend to withdraw its operation from Ukraine, and the Company is not giving up the market presence and reputation built up over 17 years. Just as being there to manage the situation during the war, we will be involved in post-war reconstruction, where Masterplast could be a major player in the years of recovery.

Despite or as consequence of geopolitical tensions, we see favourable trends unfolding in all of our business segments, and changes in the world are creating opportunities for us. In the insulation industry, the EU's goals for climate protection and energy independence all point in the same direction. The energy modernisation of buildings is vital, and the role of insulation is indispensable. The guidelines set out in REPowerEU foresee the emergence of massive building energy subsidy schemes that could ensure a long-term increase in demand for insulation materials. The increasing missing capacity from the construction industry and the growing demand for the construction of new buildings provide an excellent breeding ground for the development of our modular architecture business. In 2022 we plan to achieve our investment targets and from 2023 we will be a manufacturer in this sector. Meanwhile, the healthcare segment could be one of the big winners of the decade, where our aim is to consolidate our position as a manufacturer. For the company as whole, environmental and sustainability considerations are at the forefront, and our ESG report, now published for the first time, reflects this commitment.

In recent years, we have been consciously building for the future in order to achieve sustainable earnings growth. This has been done by investing in manufacturing, expanding production capacity, making acquisitions and launching new businesses. It is important to see that the vast majority of the improvements have not yet contributed to the record results achieved in 2021. However, the period of intensive development is not over yet, and we are also exploring further investment opportunities and acquisition targets related to the production of insulation materials, including our newest subsidiary in Italy.

I would like to thank our shareholders and partners for their confidence in our work and their long-term support for the development of a Hungarian manufacturing company with a Hungarian flavour. The strong share price growth based on profitability expansion is the real value creation for investors that we have successfully delivered in recent years and we want to continue on this path. We are proud to have been awarded the BSE's Most Valuable Share - Highest Share Price Growth in the premium category for two consecutive years. We could not get better feedback from the market than investors recognise our work and the soundness of Masterplast's vision and business strategy. I would like to thank my colleagues, the Masterplast Family, for the tireless work we have done as a team to take the company to a new level of success. This level is not a one-off achievement, but a solid foundation that will provide us with the opportunity for further advances.

Tibor Dávid
Chairman of the Board

INTRODUCTION OF MASTERPLAST GROUP

The main activity areas of Masterplast (later: “Group”, “Masterplast”, “Company”), founded in 1997, are production and sales of building insulation materials and systems in construction industry, complemented by the production and sale of healthcare textile and hygiene products. The international Group, which headquarter is based in Hungary, has its own active subsidiary companies in 9 European countries, where 7 different production plant units are operated. The Group represents itself with its construction industry products on thermal insulation system, heat, sound and water insulation, roofing and on dry construction market, furthermore the Company participates with hygiene products on healthcare market. The international and domestic manufacturing bases ensure competitiveness to deliver the products of the Group to the European markets and markets outside Europe, via its subsidiaries and partners. The aspects of sustainability, energy efficiency and environment protection are considered by Masterplast as high importance in the internal processes, as in production and innovation.

As of 31 December 2021, the Company had the following ownership at the subsidiaries.

Company	Place of registration	Ownership	Voting right
Master Plast S.r.o.	Slovakia	100%	100%
MasterFoam Kft.	Hungary	100%	100%
Masterplast d.o.o.	Croatia	100%	100%
Masterplast Medical Kft.*	Hungary	100%	100%
Masterplast Hungária Kft.	Hungary	100%	100%
Masterplast International Kft.	Hungary	100%	100%
Masterplast Modulhouse Kft.**	Hungary	100%	100%
Masterplast Romania S.R.L.	Romania	100%	100%
Masterplast Sp zoo	Poland	80,04%	80,04%
MasterPlast TOV	Ukraine	80%	80%
Masterplast YU D.o.o.	Serbia	100%	100%
MP Green Invest	Ukraine	100%	100%
Masterplast Nonwoven GmbH	Germany	100%	100%
Fidelis Bau Kft.	Hungary	100%	100%
Indirect relationship:			
Masterplast D.O.O.	North Macedonia	90%	90%
Masterplast Proizvodnja D.o.o.	North Macedonia	100%	100%
The Group’s affiliated undertaking:			
Masterprofil Kft.	Hungary	20%	20%
T-CELL Plasztik Kft.	Hungary	24%	24%
Master Modul Kft.	Hungary	25%	25%

Source: data from the Company's management information system

* Previously Masterplast Gyártó és Kereskedelmi Kft, the company name changed on 30.07.2021.

** Previously Mastermesh Kft, the company name changed on 03.11.2021., main activity changed on 11.11.2021.

Master Modul Kft. was established on 12.04.2021 with 25% ownership of the Company. The new company was established for the production of modular buildings with a share capital of HUF 3 million.

MASTERPLAST Kft. (later Masterplast Medical Kft.) has established Masterplast Proizvodnja DOO, a Subotica-based company, which will set up a 3 600 square metre plant for the production of XPS-based thermal insulation products, with a planned annual capacity of 200 000 cubic metres, as part of a project supported by the Hungarian State. The plant will also include the construction of a 2 000 square metre warehouse and a nearly 6 000 square metre outdoor warehouse to provide adequate storage capacity, as well as a 400 square metre office building for the labour and quality control laboratory. The project is worth HUF 5,05 billion, financed by the Company from its own resources and from 50% non-refundable state grant from the HEPA programme of the Ministry of Foreign Affairs and Trade. Production at the new plant is expected to start in early 2023. The Ministry of Foreign Affairs and Trade signed the grant contract with MASTERPLAST Ltd. on 25 June 2021.

On 20 October 2021, the Company acquired a 50% stake in Masterplast Nonwoven GmbH from BÜMO-Schrauben GmbH, a wholly owned subsidiary by Hartmut Layer, by way of a sale and purchase agreement, thus the Company acquired 100% of the subsidiary. The sale of the shares took place earlier than originally planned, with a modification of the terms of the buy-out option scheduled for 2023, and on terms more favourable to the Company. The financing of the transaction was covered by the Company from the funds raised under the Growth Bond Programme.

Favourable construction demand, raw material supply constraints and price rises characterised the market in 2021, where Masterplast, leveraging its stable supply chain, efficient inventory policy and strong market position, achieved an outstanding result. Sales increased by 56% compared to last year's base, driven by price and volume growth in the core business sales, as well as sales of protective clothing in Hungary. The Group's trading margin also increased, thanks to the solid performance of the construction segment and higher-margin sales of medical protective clothing. The profitability of the subsidiaries, the capacity utilisation of the company's production units and production efficiency also improved. As a result, EBITDA doubled to more than EUR 22 million, while profit after tax of EUR 16 million was almost 2,5 times the base year performance, earnings per share (EPS) rose to EUR 1,10. Favourable industry trends, Masterplast's strong market and economic position, stable supply chain, manufacturing background and investments provide the basis to achieve the Company's published strategic sales and earnings forecasts.

SUMMARY

- European climate protection targets, tightening energy regulations and rising energy prices have had a positive impact on industry demand, and in several countries public subsidies are encouraging insulation and renovation works. Although the coronavirus and the resulting measures have not fundamentally affected the construction industry, the economic environment, which has recovered with the easing of restrictions, has also reinforced positive trends in the industry. At the same time, the shortage of raw materials and the related price increases since the beginning of 2021 have had a significant impact on the business in the Company’s markets. Strategic inventory levels, own production capacity, the quality of supplier relationships, and appropriate pricing were key to success in this commodity-scarce market.
- The total annual turnover of the Group in 2021 was EUR 191 489 thousand, 56% higher than in the base period. In line with industry trends, turnover increased by 42% in the thermal insulation systems product group, which accounts for the largest share of sales and includes mainly own-produced products. Sales of the roofing foils and accessories product group, which includes diffusion roofing foils own manufactured, increased also significantly by 47%, while sales of the dry construction system product group closed 45% above the base. Sales of heat, sound and water insulation materials increased by 27%, while sales of building industry accessories grew by 6%. A significant part of the sales growth value was driven by an increase in sales in the industrial applications product group (157%), which includes the German factory's healthcare products and the sales of protective clothing launched in December 2020.
- The Group's largest Hungarian market grew by 85% in 2021, where besides expanding insulation and construction sales, sales of protective clothing boosted the turnover. Sales rose sharply in the Export markets (67%), in Poland (43%) and in Germany, due to the new subsidiary (72%). The Company also achieved double-digit sales growth in several other markets, including Serbia (24%), Ukraine (24%), Slovakia (38%) and Northern Macedonia (27%), but turnover increased in Romania (6%) and Croatia (8%) too.
- In line with the growth in turnover, the Group's trading margin increased in 2021 compared to the base period. This is partly due to a solid performance from sales of construction products, where, in addition to more efficient production, the rise in purchase prices has been well reflected in sales prices. On the other hand, the higher profit-generating capacity of the healthcare segment was a major contributor to the margin and margin rate growth.
- Emissions from the mesh edge profile, fiberglass mesh and EPS factories in Subotica increased in 2021 compared to the base year, while output from the Kal foam plant also reached a higher level than a year earlier. The German fleece unit operated at high capacity-utilisation in 2021. The Group's production efficiency improved and its manufacturing result increased, mainly due to the increase in output in Subotica, which had a positive impact on the cost of sales. The fleece production unit, the largest investment of the Group was handed over in 2021, where recipe development and the trial production of the entire planned product range took place in the second half of the year. Similar development and trial production works have also started in the healthcare end-product manufacturing part and incontinence plant, which was handed over at the end of September.
- The Group's raw- and other material costs increased due to rising manufacturing output and higher sales. Taking into account the change in inventories of own production, the cost of materials and services increased by 51% compared to a 56% increase in sales.

- Personnel expenses increased by 32% in 2021 compared to the base period, due to the operation of the Aschersleben plant, the new production units at the headquarters site and salary increases. At the end of December 2021, the Group employed 1 379 people compared to 1 109 in the base period.
- Mainly related to the operation of the new Germany subsidiary and to the established new CAPEX investment in Hungarian site there was an increase in the amount of depreciation.
- Other operating expenses increased compared to the profit of the base period, due to the impairment of inventories.
- The Group’s EBITDA was EUR 22 831 thousand (11,9 % EBITDA ratio) versus EUR 11 076 thousand (9 % EBITDA ratio) during the reference period, while the operating profit was EUR 18 275thousand in 2021, compared to EUR 8 203 thousand in the base period.
- Also considering the financial results, the Group’s profit after tax came to EUR 16 070 thousand in 2021 as opposed to the EUR 6 439 thousand profit in the reference period.
- Mainly due to the inventories related to own production and the increase in the price of purchased inventories, the inventory level at the end of December 2021 was EUR 47 088 thousand, which is EUR 22 004 thousand higher than the closing inventory level of the base period.
- The Company's accounts receivable increased in line with the quarterly sales growth, closed at EUR 21 011 thousand at the end of December 2021, which is EUR 4 256 thousand higher than a year earlier.
- Under the Growth Bond Programme bond issue of HUF 12 billion nominal value in previous years and of HUF 9 billion nominal value in the third quarter of 2021 increased the Group's bond liabilities in the balance sheet.
- On 20th October 2021 the Company acquired the remaining 50% of Masterplast Nonwoven GmbH, the transaction made the subsidiary company 100% owned by the Group. The acquisition of remaining ownership took place earlier than originally planned and modified favourably the terms of purchase option scheduled for 2023.
- As a result of the investments made, higher inventory stock levels and the purchase of share, the cash and cash equivalent balance decreased by EUR 17 885 thousand, to EUR 15 382 thousand compared to base year.

PRESENTATION OF THE EXTERNAL ECONOMIC AND INDUSTRIAL ENVIRONMENT

The external economic and industrial environment has a significant effect on the production and sale of the insulation and other construction materials, which are the main activities of the Masterplast. While the sale of the constructional and accessories products is mainly in relation with the new buildings market, the insulation related materials (primarily the heat insulation) depend on both the new building and home renovation markets.

European climate protection targets, tightening energy regulations and rising energy prices have had a positive impact on industry demand, and in several countries public subsidies are encouraging insulation and renovation works. Although the coronavirus and the resulting measures have not fundamentally affected the construction industry, the economic environment, which has recovered with the easing of restrictions, has also reinforced positive trends in the industry. At the same time, the shortage of raw materials and the related price increases since the beginning of 2021 have had a significant impact on the business in the Company’s markets. Strategic inventory levels, own production capacity, the quality of supplier relationships, and appropriate pricing were key to success in this commodity-scarce market.

On the most significant Hungarian market, according to the data of the KSH the construction output grew by 13% year-on-year. Government subsidies (family support home creation program, housing renovation support) continued to play a key role in the favourable development of industry demand relevant to the Company, which will be complemented in 2022 by a further incentive, namely the personal income tax rebate program for families raising children. Accordingly, the Company's growth expectations for next year are particularly positive.

In Romania, construction output showed a positive trend during the year, mainly due to an increase in residential construction. The state supported the industry with tax breaks and a sector-specific raised minimum wage, while it also helps with real estate purchases through low interest rates and state guarantees. Demand forecasts for 2022 remain positive, despite the government’s prospect of cutting state subsidies.
In Serbia the GDP grew in 2021, while industrial production declined slightly. At the same time, the value of construction work and the number of building permits issued in the construction industry increased compared to the previous year.

In Ukraine, the trend is improving. GDP has been on a slight upward trend since the second half of the year, and construction output has also expanded since the third quarter, thanks to residental works. The retail sector is supported by the state through the government programs "Affordable Mortgage" and "Large Construction".
In Germany, economic output growth was subdued compared to last year's base as a result of the coronavirus restrictions imposed, and construction investment also declined. Global shortages of raw materials and rising energy prices posed challenges to construction market players, improves the outlook that the industry appears to be in a favourable position among the new government's priorities.

In Poland, construction output remained below the performance of a year earlier, but the residential segment saw a significant increase in the number of constructions and permits issued in 2021. Rising raw material prices and labour prices, as well as labour shortages, make it significantly more difficult for industry players to operate in the Polish market.

Construction output in Slovakia increased slightly, although it was below the pre-pandemic performance. Hectic price changes and a shortage of goods at European level are having a negative effect on the market. The outlook for the Company and the industry will be improved by the Slovak government's Green House Program signed at the end of the year, which will have an impact on the volume of insulation work from the second half of 2022.

In Croatia, the construction sector has expanded compared to the same period last year, with both the value of construction work and the number of building permits issued rising. Croatia has also been affected by the developments due to the shortage of raw materials, which have challenged the Company in this market by resulting in strong price competition.

Demand for construction in Northern Macedonia in 2021 was positive, with the number of building permits issued and the estimated total value of construction works increasing compared to last year.

These developments are reflected by the EUROSTAT statistics on the number of home construction permits issued, which provides a percentage overview of the development in the number of construction permits per country compared to the previous year.

Percentage change in the number of construction permits 2018 - 2021:

Country	2018	2019	2020	2021
Croatia	-6,0	30,8	-8,2	19,1
Hungary	-3,2	-3,7	-38,1	35,0
Poland	3,3	4,6	3,2	23,9
Romania	2,6	-0,4	-2,9	24,1
Slovakia	6,8	-5,4	-2,8	5,8
Serbia	9,4	29,1	7,4	17,6
Germany	1,9	3,2	2,4	3,9

Source: EUROSTAT: Building permits – percentage change

OVERVIEW OF SALES BY PRODUCT GROUP

Sales by main product groups (thousands of EUR)	2021	2020	Change %
	(A)	(B)	(A/B-1)
Thermal insulation system	77 008	54 110	42%
Roofing foils and accessories	29 652	20 177	47%
Dry construction system	17 969	12 351	45%
Heat, sound and water insulation materials	17 019	13 397	27%
Building industry accessories	5 824	5 499	6%
Industrial applications	44 018	17 140	157%
Total sales revenue	**191 489**	**122 673**	**56%**

Contribution of product groups in percentage to the total sales revenue		
Thermal insulation system	41%	45%
Roofing foils and accessories	15%	16%
Dry construction system	9%	10%
Heat, sound and water insulation materials	9%	11%
Building industry accessories	3%	4%
Industrial applications	23%	14%
Total sales revenue	**100%**	**100%**

Source: audited data from the Company's management information system

On an annual level, the Group’s sales revenue grew by 56% to EUR 191 489 thousand.

Within the Group’s sales revenues, thermal insulation system primarily accounted for the largest share (41%) and saw an overall 42% increase in year-on-year terms. Within the product group, sales of own-produced EPS products and fiberglass mesh increased significantly, but also the sales of the accessories of the product group (adhesives, profiles) contributed to the growth. Based on the regional data, the sales of the product group increased in all the Company's markets, except Croatia. Of these, the twice as high sales performance to the export countries, the one and a half times sales performance in the Hungarian and Slovakian markets were the most outstanding.

Sales of roofing foils and accessories increased by 47% compared to the 2020 base. Turnover of own-produced diffusion roofing foils increased to one and a half times, to which the sales from the German production unit Masterplast Nonwoven GmbH contributing significantly. Looking at the markets further, sales of the product group declined slightly in the Croatian and Slovakian markets, while in almost all other markets sales increased significantly.

The Group's dry construction systems grew by 45% in the year compared to the 2020 base. The strong growth was mainly due to sales of drywall profiles, but sales of drywalls also increased. The Group's sales increased significantly in almost all markets, with the only decline in Ukraine.

In the heat, sound and water insulation materials product group, Group sales closed 27% higher than the 2020 base. In addition to sales of glass and rock wool and XPS products, sales of foam products also showed an increase. The product group also performed well in terms of markets, with Group sales up in all sales territories except North Macedonia and Romania.

In the building industry accessories market, the Group's turnover increased by 6% in 2021 compared to the base. Turnover increased in the Export, Polish, Hungarian, Romanian and Croatian regions, while sales in North Macedonia, Serbia, Slovakia and Ukraine were down year-on-year.

In the industrial applications product group, sales more than doubled compared to the 2020 base, driven mainly by sales of the German factory's healthcare products and sales of protective clothing to the Hungarian healthcare sector. Turnover of packaging products and non-strategic commodities also increased.

TURNOVER BY COUNTRY

The breakdown of the sales by countries shows the revenue realized in countries where Masterplast has its own subsidiary, regardless of which subsidiary has sold in its country. For countries where there is no subsidiary of the Group, sales are reported on the Exports line.

Sales by countries (thousands of EUR)	2021	2020	Change %
	(A)	**(B)**	**(A/B-1)**
Hungary	87 516	47 252	85%
Export	27 110	16 249	67%
Germany	15 201	8 858	72%
Romania	14 603	13 741	6%
Poland	11 901	8 310	43%
Serbia	11 890	9 625	24%
Ukraine	10 446	8 416	24%
Slovakia	6 974	5 066	38%
Croatia	3 922	3 644	8%
North Macedonia	1 926	1 513	27%
Total sales revenue	**191 489**	**122 673**	**56%**

Contribution of countries in percentage to the total sales revenue		
Hungary	46%	39%
Export	14%	13%
Germany	8%	7%
Romania	8%	11%
Poland	6%	7%
Serbia	6%	8%
Ukraine	5%	7%
Slovakia	4%	4%
Croatia	2%	3%
North Macedonia	1%	1%
Total sales revenue	**100%**	**100%**

Source: audited data from the Company's management information system

The Group's turnover in the largest Hungarian market grew by 85% in 2021 compared to the base year. The Company achieved strong growth in the construction product groups. The government incentives for home building and renovation had a positive impact on demand, but the increase also reflected the impact of higher finished product prices as a result of the situation in the raw materials market. Looking at the product groups, only building accessories grew more modestly, while the other product groups saw strong annual revenue growth of more than 30% compared to the base period. Notable among these was EPS sales, where the increase was very high. Entry into the finished healthcare products market also played a role in the strong growth of Hungarian sales.

In the Export areas, turnover increased by 67% year-on-year. Sales of own-produced fiberglass mesh - part of the thermal insulation systems product group - and diffusion roofing foils in the roofing foils and accessories, grew the most, but drywall systems and sales of non-strategic materials - shown under industrial applications - also performed well. Sales increased in all product groups. In terms of markets, turnover also increased in most of them. Masterplast performed strongly in Italy, the Czech Republic and Latvia, with declines in the Netherlands and Canada.

In the German market, sales increased by 72% compared to last year, where Masterplast has been selling directly in the country since the second half of 2020. Thanks to the new production company, sales have increased significantly in the product groups of roofing foils and accessories, as well as healthcare textiles for industrial applications. The Company is also present in the German market with its other product groups, whose sales also increased compared to the base period.

The Group's Romanian market grew by 6% overall. In particular, sales of own-manufactured fiberglass mesh products in the thermal insulation systems product group and also own-produced diffusion roofing foils included in the roofing foils and accessories, grew in 2021 compared to the base year, but the dry construction system and building industry accessories product groups also performed well. Sales in the other product groups decreased.

In the Polish market, the Group's sales increased by 43% compared to the 2020 base. Sales increased the most in the thermal insulation systems product group due to the sale of self-manufactured fiberglass products, but sales of diffusion roofing foil and dry construction systems also expanded significantly. In all product groups, the Company's sales in the Polish market increased.

In Serbia, Group sales grew by 24% in 2021 compared to the base. Sales of fiberglass mesh and EPS in the thermal insulation systems product group increased the most, but the dry construction systems product group also performed well. The only decline in the Serbian market was in building accessories.

In Ukraine, the Group's turnover in 2021 was 24% up on the previous year. With the exception of the dry construction system and building industry accessories product groups, all groups' turnover increased compared to last year. Sales of roofing foils and accessories jumped the most compared to the base, driven by both diffusion and conventional roofing foils.

The Group achieved a 38% increase in turnover in Slovakia in the year under review. There was a significant increase in sales in the product groups of thermal insulation systems, dry construction systems and Heat, sound and water insulation materials, while sales declined in the other product groups.

In Croatia, Group turnover increased by 8% compared to 2020. Drywall profiles, which are part of the drywall system productgroup, delivered the best performance, while the largest product group, thermal insulation system, showed a slight decline, due to the net result of the decline in EPS sales and an increase in glass fabric sales. Sales of the roofing folis product group also declined slightly, while sales in the other product groups increased.

In North Macedonia, which has the lowest share of Group turnover, sales grew by 27% in 2021 compared to the base. Again, the dry construction systems product group performed best in this market also, but roofing foils and thermal insulation system also grew nicely. Sales in the remaining two product groups declined.

FINANCIAL ANALYSIS

The following table shows Masterplast's consolidated audited profit or loss statement according to the total cost type profit or loss statement in EUR thousand.

Profit or loss statement (thousands of EUR)	31 December 2021	31 December 2020	Change	Change %
	(A)	(B)	(A-B)	(A/B-1)
Sales revenues	191 489	122 673	68 816	56%
Materials and services used	-146 994	-95 790	-51 204	53%
Payments to personnel	-21 395	-16 197	-5 198	32%
Depreciation, amortisation and impairment	-4 556	-2 873	-1 682	59%
Movements in self-produced inventories	4 173	970	3 203	330%
Other operating income (expense)	-4 442	-580	-3 863	666%
OPERATING PROFIT	**18 275**	**8 203**	**10 072**	**123%**
Interest received	351	388	-38	-10%
Interest paid	-1 451	-922	-529	57%
Other financial (expense) income	1 136	-334	1 470	-440%
Financial loss	**35**	**-868**	**903**	**-104%**
PROFIT FOR THE YEAR	**16 070**	**6 439**	**9 631**	**150%**
EBITDA	22 831	11 076		
EBITDA ratio	11,9%	9,0%		
Earnings per share (EPS) (EUR)	1,10	0,40		
Diluted earnings per share (diluted EPS) (EUR)	1,10	0,40		

Source: consolidated audited report of the Company based on IFRS accounting rules

GROUP RESULTS

The consolidated annual turnover for the year 2021 amounted to EUR 191 489 thousand, which corresponds to an increase of 56% compared with the value of the reference period. The turnover of the construction segment increased significantly, while sales of healthcare segment –medical textiles from the German plant and the protective clothes sold in Hungary - contributed also significantly to the growth.

The increase in turnover is matched by an increase in the trade margin in 2021 compared to the base period. This is partly due to a solid performance from sales of traditional products, where, in addition to more efficient production, the rise in purchase prices was adequately reflected in selling prices. On the other hand, the higher profit generation capacity of the healthcare segment contributed strongly to the margin expansion and the development of the margin rate. The Group's trade margin mass increased in all markets and the margin rate on turnover improved also in most of them.

The Company successfully managed raw material supply disruptions in all their factories, ensuring continuity of production. Emissions from the mesh edge profile, fiberglass mesh and EPS factories in Subotica increased in 2021 compared to the base year, while output from the Kal foam plant also reached a higher level than a year earlier. The German fleece unit operated at high capacity-utilisation in 2021. The Group's production efficiency improved and its manufacturing result increased, mainly due to the increase in output in Subotica, which had a positive impact on the cost of sales. The fleece production unit, the largest investment of the Group was handed over in 2021, where recipe development and the trial production of the entire planned product range took place in the second half of the year. Similar development and trial production works have also started in the healthcare end-product manufacturing part and incontinence plant, which was handed over at the end of September.

Due to rising manufacturing output and activity, as well as the increase in sales, the Group's manufacturing raw material and other material costs increased, but also energy costs, fuel and external transport costs, maintenance and repair costs increased in 2021 compared to the base period. The cost of materials and services – considering the change in the self-manufactured inventories as well – has increased by 51% versus the turnover expansion with 56%.

As a result of the operation of the Aschersleben plant and the new production units at the central site, and due to the increase in salaries the personnel expenses of the Company increased in the year compared to the base by 32%. The Group had 1 379 employees at the end of 2021 opposed to the staff level of 1 109 people of the base period.

Mainly related to the operation of the new Germany subsidiary and to the new production units at the central site there was an increase in the amount of depreciation.

Other operating expenses increased compared to the profit of the base period, due to the impairment of inventories.

As a result of all of the above factors, the Group's EBITDA was EUR 22 831 thousand (11,9% EBITDA ratio) in 2021 compared with the EUR 11 076 thousand (9,0% EBITDA ratio) in the reference period. The net income of its business activities came to EUR 18 275 thousand in 2021 compared with EUR 8 203 thousand in the reference period.

The change in the interest result already includes the interest expenses on the favourable bonds issued in 2021, the interest result was a loss of EUR 567 thousand compared to the base.

The other financial related incomes and expenditures mainly represent the exchange rate related profits/losses. As the Company mainly realises its purchases in EUR and USD and the sales are being generated in local currencies therefor the fluctuation of these currencies can have a remarkable effect on the Group's financial results. Since most of the local currencies are linked to the EUR, the EUR/USD rate moves also influences – in case USD purchases – the exchange rate results.

Due to favourable exchange rate effects, a profit of EUR 1 136 thousand was recorded as a result of other financial operations, compared to a loss of EUR 334 thousand in the base period.

Also considering the financial results, the Group's profit after tax came to EUR 16 070 thousand in 2021 as opposed to the EUR 6 439 thousand profit in the reference period.

THE COMPANY'S FINANCIAL POSITION

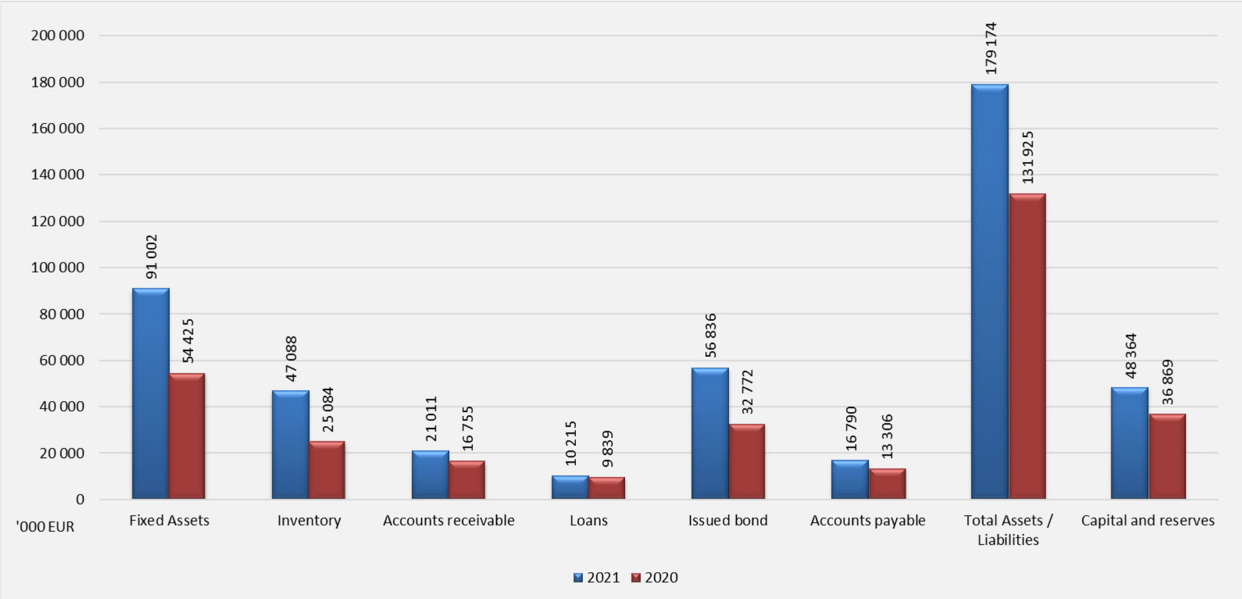
As of 31 December 2021, the Group's assets were worth EUR 179 173 thousand meaning an increase of EUR 47 248 thousand over the closing value of the reference period.

As of the end of December, the value of fixed assets was EUR 91 002 thousand which was EUR 36 578 thousand higher than the closing value of assets on the cut-off date of the reference period. The Corporate Group spent a total of EUR 45 867 thousand for investments and for the replacement of other assets in the reporting year.

Mainly due to the inventories related to own production and the increase in the price of purchased inventories, the inventory level at the end of December 2021 was EUR 47 088 thousand, which is EUR 22 004 thousand higher than the closing inventory level of the base period.

The Company's accounts receivable increased in line with the quarterly sales growth, closed at EUR 21 011 thousand at the end of December 2021, which is EUR 4 256 thousand higher than a year earlier.
As a result of the investments made, higher inventory stock levels and the purchase of share, the cash and cash equivalent balance decreased by EUR 17 885 thousand, to EUR 15 382 thousand compared to base year.
Under the Growth Bond Programme bond issue of HUF 12 billion nominal value in previous years and of HUF 9 billion nominal value in the third quarter of 2021 increased the Group's bond liabilities in the balance sheet. This has provided the Company with stable funding for its ongoing and future investments.
The Group's trade receivables closed at EUR 16 790 thousand, compared to EUR 13 306 thousand at the end of last year. The value of deferred income increased by EUR 28 896 thousand compared to the base period due to grants related to investments not yet recognized in the income statement. The balance of other current liabilities decreased by EUR 20 150 thousand, due to grants received for investments in progress.

On 20th October 2021 the Company acquired the remaining 50% of Masterplast Nonwoven GmbH, the transaction made the subsidiary company 100% owned by the Group. The acquisition of remaining ownership took place earlier than originally planned and modified favourably the terms of purchase option scheduled for 2023. The balance of other long-term liabilities on the balance sheet decreased in line with the transaction.



Source: consolidated audited report of the Company based on IFRS accounting rules

Members of the Board of Directors on 31 December 2021:

Dávid Tibor – Chairman
Balázs Ács – Deputy Chairman
Margaret Dezse – Independent member
Dirk Theuns – Independent member
Ottó Sinkó - Independent member

Audit committee:

Margaret Dezse
Dirk Theuns
Ottó Sinkó

STATEMENT

MASTERPLAST Open Joint Stock Company (8143 Sárszentmihály, Árpád u. 1/A; hereinafter: "Company") hereby states that the parent company's annual report and the joint (consolidated) annual report prepared based on the applicable accounting requirements, according to the Company's best knowledge, give a true and fair view of the assets, liabilities, financial situation and profit and loss of the issuer and its consolidated enterprises; furthermore, the parent company's management report and the joint (consolidated) management report give a fair view of the situation, development and performance of the issuer and its consolidated enterprises, while presenting the main risks and uncertainty factors.

Sárszentmihály, 28 April 2022.

Róbert Nádasi

CEO

MASTERPLAST NYRT.

CONSOLIDATED ANNUAL FINANCIAL STATEMENTS

for the year ended 31 December 2021
in accordance with International Financial Reporting Standards (IFRS)
(as adopted by the EU)

Sárszentmihály, 28 April 2022.

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1. Consolidated Statement of Financial Position

Item	Note	31 December 2021	31 December 2020
NON-CURRENT ASSETS			
Property, plant and equipment	9, 31	89 624 060	48 904 259
Intangible assets	9, 31	151 193	176 669
Goodwill	34	0	4 291 000
Investments in associates	11, 31	553 064	298 798
Deferred tax assets	27	673 888	753 967
Non-current assets		**91 002 205**	**54 424 693**
CURRENT ASSETS			
Inventories	12	47 088 375	25 084 151
Trade receivables	13	21 011 189	16 754 723
Taxes receivable	27	1 926 172	618 569
Other current financial assets	26	74 612	13 006
Other current assets	14	2 689 135	1 763 577
Cash and cash equivalents	15	15 381 844	33 266 652
Current assets		**88 171 327**	**77 500 678**
TOTAL ASSETS		**179 173 532**	**131 925 371**
EQUITY			
Share capital	4, 33	5 503 939	5 503 939
Reserves	4, 33	28 605 647	23 836 615
Redeemed treasury shares	4	-2 252 298	-138 422
Parent company’s share of the profit or loss	2, 4	15 860 834	5 767 984
Equity attributable to parent company’s shareholders	**4**	**47 718 122**	**34 970 116**
Non-controlling interests	35	646 123	1 899 176
Equity		**48 364 245**	**36 869 292**
LONG-TERM LIABILITIES			
Long-term loans	16	4 152 415	3 925 533
Liabilities from issued bonds	17	56 835 587	32 771 800
Deferred tax assets	27	502 356	337 911
Deferred income	18	29 923 217	3 362 161
Other long-term liabilities	10, 19	650 857	4 598 549
Long-term liabilities		**92 064 432**	**44 995 954**
CURRENT LIABILITIES			
Short-term loans	16	6 063 072	5 913 545
Trade payables	21	16 789 726	13 306 267
Short-term financial leasing liabilities	10	299 158	268 759
Other current financial liabilities	26	4 299 706	2 479 708
Taxes payable	27	3 262 781	2 496 539
Current part of deferred income	18	2 784 959	449 799
Provisions	20	567 263	317 166
Other current liabilities	22	4 678 190	24 828 342
Current liabilities		**38 744 855**	**50 060 125**
TOTAL LIABILITIES		**130 809 287**	**95 056 079**
EQUITY AND LIABILITIES		**179 173 532**	**131 925 371**

2. Consolidated Statement of Profit or Loss

Profit or loss category	Note	2021	2020
Sales revenues	30	191 488 699	122 672 706
Materials and services used	23	-146 994 145	-95 790 036
Payments to personnel	24	-21 394 758	-16 196 620
Depreciation, amortisation and impairment	9	-4 555 524	-2 873 283
Movements in self-produced inventories	-	4 173 225	969 977
Other operating income (expense)	24	-4 442 263	-579 650
OPERATING PROFIT		**18 275 234**	**8 203 094**
Interest received	-	350 605	388 426
Interest paid	-	-1 451 272	-922 346
Other financial (expense) income	26	1 135 735	-333 838
Financial loss		**35 068**	**-867 758**
Profit or loss attributable to associates	11	258 632	8 226
PROFIT BEFORE TAX		**18 568 934**	**7 343 562**
Income tax	27	-2 498 569	-904 583
PROFIT FOR THE YEAR		**16 070 365**	**6 438 979**
Profit attributable to parent company shareholders	4	15 860 834	5 767 984
Profit attributable to non-controlling interests	35	209 531	670 995
Earnings per share (EPS)	28	1,10	0,40
Diluted earnings per share (diluted EPS)	28	1,10	0,40

3. Consolidated Statement of Other Comprehensive Income

Other Comprehensive Income	2021	2020
Profit for the year	16 070 365	6 438 979
Foreign exchange loss on translation*	-315 974	-2 515 131
Comprehensive income related to CCIRS transaction **	-1 639 417	-667 684
Parent company’s share of the Other Comprehensive income of associates*	-4 366	-30 265
Other comprehensive income	**-1 959 757**	**-3 213 080**
Comprehensive income	**14 110 608**	**3 225 899**
Profit attributable to parent company shareholders	13 912 880	2 593 715
Profit attributable to non-controlling interests	197 728	632 184

***** Profit attributable to parent company will not be recognised in profit or loss in future periods, while the share for associates will be.
** Profit attributable to parent company will not be recognised in profit or loss in future periods

4. Consolidated Statement of Changes in Equity

Equity items	Note	Share capital	Treasury shares	Share Premium	Retained earnings	FX translation reserve	Reserves, total	Parent company's share of the profit or loss	Equity attributable to parent company shareholders	Non-controlling interests	Equity, total
1 January 2020	-	**5 503 939**	**-381 447**	**8 062 732**	**23 061 535**	**-8 686 325**	**22 437 942**	**4 572 942**	**32 133 376**	**472 963**	**32 606 339**
Profit for the year	3	0	0	0	0	0	0	5 767 984	5 767 984	670 995	6 438 979
Comprehensive income related to CCIRS transaction	18	0	0	0	0	-667 684	-667 684	0	-667 684	0	-667 684
Masterplast Nonwoven GmbH first involvement NCI	35	0	0	0	0	0	0	0	0	833 062	833 062
Dividends to minority shareholders	36	0	0	0	0	0	0	0	0	-39 033	-39 033
MRP share based payment	41	0	311 762	0	0	0	0	0	311 762	0	311 762
Other comprehensive income	4	0	0	0	0	-2 506 585	-2 506 585	0	-2 506 585	-38 811	-2 545 396
Prior year's profit or loss reclassified	4	0	0	0	4 572 942	0	4 572 942	-4 572 942	0	0	0
Redeemed treasury shares	-	0	-68 737	0	0	0	0	0	-68 737	0	-68 737
31 December 2020	-	**5 503 939**	**-138 422**	**8 062 732**	**27 634 477**	**-11 860 594**	**23 836 615**	**5 767 984**	**34 970 116**	**1 899 176**	**36 869 292**
1 January 2021	-	**5 503 939**	**-138 422**	**8 062 732**	**27 634 477**	**-11 860 594**	**23 836 615**	**5 767 984**	**34 970 116**	**1 899 176**	**36 869 292**
Profit for the year	3	0	0	0	0	0	0	15 860 834	15 860 834	209 531	16 070 365
Comprehensive income related to CCIRS transaction	18	0	0	0	0	-1 639 417	-1 639 417	0	-1 639 417	0	-1 639 417
Dividends to minority shareholders	36	0	0	0	0	0	0	0	0	-617 719	-617 719
MRP share based payment	41	0	-134 455	0	0	0	0	0	-134 455	0	-134 455
Other comprehensive income	4	0	0	0	0	-308 537	-308 537	0	-308 537	-11 803	-320 340
Prior year's profit or loss reclassified	4	0	0	0	5 767 984	0	5 767 984	-5 767 984	0	0	0
Redeemed treasury shares	-	0	-1 979 421	0	0	0	0	0	-1 979 421	0	-1 979 421
Dividends paid	-	0	0	0	-1 715 493	0	-1 715 493	0	-1 715 493	0	-1 715 493
Acquisition of Masterplast Nonwoven GmbH	-	0	0	0	2 791 000	0	2 791 000	0	2 791 000	-833 062	1 957 938
Other	33	0	0	0	-126 505	0	-126 505	0	-126 505	0	-126 505
31 December 2021	-	**5 503 939**	**-2 252 298**	**8 062 732**	**34 351 463**	**-13 808 548**	**28 605 647**	**15 860 834**	**47 718 122**	**646 123**	**48 364 245**

5. Consolidated Statement of Cash Flows

Cash-flow items	31 December 2021	31 December 2020
OPERATING ACTIVITIES		
Profit before tax	18 568 934	7 343 562
Depreciation, amortisation and impairment of tangible assets	4 555 524	2 873 283
Impairment loss	4 019 645	505 596
Inventory shortage, scrapped inventories	745 314	129 635
Provisions (released) made	250 097	98 342
(Gains) on the disposal of tangible and intangible assets	-16 963	-303 124
Interest paid	1 451 272	922 346
Interest received	-350 605	-388 426
(Profit) loss from associates	-258 632	-8 226
Unrealised foreign exchange (gain) loss	-1 354 023	446 573
Working capital changes:		
Movements in trade receivables	-4 586 129	-2 525 433
Movements in inventories	-26 439 520	-4 220 470
Movements in other current assets	-2 294 767	158 696
Movements in trade payables	3 483 459	2 578 491
Movements in other liabilities	1 708 029	2 482 173
Income tax paid	-921 161	-1 551 139
Net cash flows from operations	**-1 439 526**	**8 541 879**
INVESTING ACTIVITIES		
Purchase of tangible and intangible assets	-45 867 343	-16 097 695
Proceeds from the disposal of tangible and intangible assets	114 082	490 120
Acquisition of subsidiary shares	-1 500 000	0
Interest received	350 605	388 426
Net cash flows from investing activities	**-46 902 656**	**-15 219 149**
FINANCING ACTIVITIES		
Loans taken	2 535 631	3 661 926
Loans repaid	-2 159 261	-3 539 070
Issued bond	24 063 787	14 635 630
Subsidies received	8 579 069	21 748 515
Dividends paid	-2 333 212	-39 033
Interest paid	-1 451 272	-922 346
Net cash flows from financing activities	**29 234 742**	**35 545 622**
Increase (decrease) in cash and cash equivalents	-19 107 440	28 868 352
Cash and cash equivalents at the beginning of the year	33 266 652	4 530 341
Net foreign exchange translation gain or loss	1 222 632	-132 041
Cash and cash equivalents at the end of the year	**15 381 844**	**33 266 652**

6. General information

The ultimate parent company of Masterplast Group that prepares consolidated annual financial statements is Masterplast Nyilvánosan Működő Részvénytársaság [public company limited by shares] (company registration No.: 07-10-001342, tax ID: 13805300-4-07).

The parent company's registered seat is at: Árpád u. 1/a., 8143 Sárszentmihály, Hungary. For further details refer to the parent company's website at www.masterplastgroup.com.

Core operations: Asset management (holding) activity which entails co-ordinating the construction material production and wholesale activities of the subsidiaries.

Masterplast Group („Group" or „Masterplast") comprises Masterplast Nyilvánosan Működő Részvénytársaság („Masterplast Nyrt." or „Company") and its subsidiaries and associates. The Company was incorporated on 29 September 2006 upon transformation of its legal predecessor, Masterplast Műanyagipari és Kereskedelmi Korlátolt Felelősségű Társaság [Masterplast Plastics and Trading Limited Liability Company] as beneficiary. The legal predecessor company started operating in 1997 as a Hungarian Kft. owned by Hungarian nationals. On 20 April 2011, the company transformed into a public limited company by shares and was duly registered by the companies court. On 29 November 2011, the Company's shares were technically introduced to trade at the Budapest Stock Exchange.

The Company's financial year is from 1 January to 31 December each year.

The Group's average number of staff was 1 228 in 2021 (2020: 1 109).

The cost of the Group's external audit for 2021: EUR 135 987 203 (2020: EUR 114 968).
In addition to the audit service, Mazars' fee for professional services under ISRS 4400 is EUR 1 500. The service was aimed at reviewing the accounts of the Macedonian subsidiary (Masterplast D.O.O.). The cost of other non-audit service fee is EUR 9 888.

Shares:

The parent company's share capital totals HUF 1 460 127 900 (2020: HUF 1 460 127 900). The parent company's share capital is presented in the consolidated annual statements at initial cost in EUR totalling EUR 5 503 939 (2020: EUR 5 503 939).

The share capital comprises of:
14 601 279 registered ordinary shares of HUF 100 face value each (2020: 14 601 279 registered ordinary shares of HUF 100 face value each).

Share types: registered, dematerialised
ISIN code of the shares: HU0000093943

The shareholders are as follows:

Shareholders	2021	2020
Tibor Dávid	454 805 700 Ft	454 805 700 Ft
Ács Balázs	387 725 900 Ft	387 725 900 Ft
OTP Alapkezelő	0 Ft	93 676 200 Ft
LPH Kft., SOH Kft.	79 886 900 Ft	79 886 900 Ft
Nádasi Róbert	6 779 900 Ft	3 386 400 Ft
Additional minority owners	497 446 400 Ft	416 626 400 Ft
Repurchased shares	33 483 100 Ft	24 020 400 Ft
Total:	**1 460 127 900 Ft**	**1 460 127 900 Ft**
	(5 503 939 EUR)	**(5 503 939 EUR)**

The voting rights are as follows:

Shareholders	2021	2020	-
Tibor Dávid	4 548 057	4 548 057	votes
Ács Balázs	3 877 259	3 877 259	votes
OTP Alapkezelő*	0	936 762	votes
LPH Kft., SOH Kft.	798 869	798 869	votes
Nádasi Róbert	67 799	33 864	votes
Additional minority owners	4 974 464	4 166 264	votes
Total	**14 266 448**	**14 361 075**	**votes**

*Presented among additional minority owners in 2021

The Company's executive body is its five-member Board of Directors. The Board of Directors, and the Audit Committee, whose members are the independent members of the Board of Directors, as an integrated corporate governance body, fulfil the statutory roles of the Directors and the Supervisory Board. The Board of Directors is responsible for decision making in issues that are not the exclusive authority of the Shareholders' Meeting and are made the responsibility of the Board of Directors by legislation or by the Articles of Association.

Board of Directors:

TIBOR Dávid – chairman
ÁCS Balázs – vice chairman
DEZSE Margaret – independent member
DIRK Theuns – independent member
SINKÓ Ottó – independent member

Audit Committee:

DEZSE Margaret
DIRK Theuns
SINKÓ Ottó

The Group's operations:

Masterplast is a leading multinational Group in the insulation and construction materials producing and trading industry in Central Eastern Europe. The Group offers a complete range of services that are based on robust control over production and quick and accurate (even small volume) deliveries to thousands of business partners served by the Group's own logistics facilities.

The Group's products range from high quality, premium category products to budget quality, so called "hobby" category products. Our services are primarily aimed at small and middle-size building material vendors. Beginning from 2020, the Company expanded its activities by selling and producing sanitary textiles (protective clothing) and hygiene products

The Group's two key activities are:

- sale of insulation materials and other building materials, and
- production of insulation materials and other building materials.

Sale of insulation materials and other building materials:

The Group has been a building material trader since its foundation. The Group's subsidiaries, especially our production, supplier and trading entities, also trade with one another in accordance with the Group's applicable policies and intra-group settlement protocol.

Production of insulation materials and other building materials:

The majority of the traded goods are products are produced by contractors, while several of them are produced by the Group's own facilities.

The Group's key aim is to retain production of products in its own facilities

- that are of strategic importance within our product mix, or
- for which continuous supply in the required quality or quantity is not ensured from other resources, or
- which can be produced by the Group's facilities at lower costs compared to their procurement prices from the market.

Product range:

The Group sells insulation materials and other construction materials across Central Eastern Europe, and offers energy saving and cost-effective heat, sound and water insulation solutions as well as roof cladding and dry construction solutions.

Within the Group's product mix sold, the percentage of other brands (typically developed market branded products) continuously declines.

The Group offers products and solutions in the following six key categories:

- thermal insulation system
- roofing foils and accessories
- dry construction system
- heat, sound and water insulation materials
- building industry accessories
- Industrial applications

7. Accounting policies

7.1. Accounting convention

The consolidated annual financial statements of Masterplast Group have been prepared in accordance with International Financial Reporting Standards (IFRS) as adopted by the European Union (EU). The EU endorsed and adopted all the IFRS standards issued by the International Accounting Standards Board (IASB) that were effective at the date of preparing the consolidated annual financial statements and are relevant to Masterplast Group. As a result, the consolidated annual financial statements are also in accordance with the principles of IFRS as issued by the IASB and also meet the requirements of the Hungarian accounting act applicable for consolidated financial statements by reference to IFRS as adopted by the EU.

7.2. Changes in the accounting policies

The accounting policies adopted are consistent with those of the previous financial year except for the following amended IFRSs which have been adopted by the Group/Company as of 1 January 2021:

The following amendments to the existing standards and new interpretation issued by the International Accounting Standards Board (IASB) and adopted by the EU are effective for the current reporting period:

- **Amendments to IFRS 9, IAS 39, IFRS 7, IFRS 4 and IFRS 16**
  Interest Rate Benchmark Reform – Phase 2 adopted by EU on 13 January 2021 (effective for annual periods beginning on or after 1 January 2021)

- **Amendments to IFRS 4 "Insurance Contracts" - "Deferral of IFRS 9"**
  Adopted by EU on 15 December 2020 (effective for annual periods beginning on or after 1 January 2021)

- **Amendments to IAS 1 and IAS 8, definition of material**
  Effective for annual periods beginning on or after 1 January 2023

- **Amendments to IFRS 3, appendix and samples**
  Effective for annual periods beginning on or after 1 January 2022

- **Amendments to the Conceptual Framework for Financial Reporting**
  Effective for annual periods beginning on or after 1 January 2022

- **Amendments to IFRS 16 "Leases"**
  "Covid 19-Related Rent Concessions beyond 30 June 2021" is effective for annual periods beginning on or after 1 April 2021.

New and revised Standards and Interpretations issued by IASB and adopted by the EU but not yet effective

- **Amendments to IFRS 1 "First-time Adoption of International Financial Reporting Standards", IFRS 9 "Financial Instruments", IAS 41 "Agriculture"**
  "Annual Improvements to IFRSs 2018-2020 Cycle" - adopted by EU on 28 June 2021 and are effective for annual periods beginning on or after 1 January 2022.

- **Amendments to IFRS 3 "Business Combinations"; IAS 16 "Property, Plant and Equipment"; IAS 37 "Provisions, Contingent Liabilities and Contingent Assets"**
  Annual Improvements - adopted by the EU on 28 June 2021 and are effective fog annual periods beginning on or after 1 January 2022

- **Amendments to IFRS 17 "Insurance Contracts"**
  Effective for annual periods beginning on or after 1 January 2023

Standards and Interpretations issued by IASB but not yet adopted by the EU

- **Amendments to IAS 1 "Presentation of Financial Statements"**
  Classification of Liabilities as Current or Non-Current is effective for annual periods beginning on or after 1 January 2023

- **Amendments to IAS 1 "Presentation of Financial Statements" and IFRS Practice Statement 2- Disclosure of Accounting policies**
  Effective for annual periods beginning on or after 1 January 2023

- **Amendments to IAS 8 "Accounting policies, Changes in Accounting Estimates and Errors"**
  Definition of Accounting Estimates - effective for annual periods beginning on or after 1 January 2023

- **Amendments to IFRS 10 "Consolidated Financial Statements" and IAS 28 "Investments in Associates and Joint Ventures"**
  Sale or Contribution of Assets between an Investor and its Associate or Joint Venture and further amendments - effective date deferred indefinitely until the research project on the equity method has been concluded.

- **Amendments to IAS 12 "Income Taxes"**
  Deferred Tax related to Assets and Liabilities arising from a Single Transaction - effective for annual periods beginning on or after 1 January 2023.

- **Amendments to IFRS 17 "Insurance Contracts" – Initial application of IFRS 17 and IFRS 9**
  Comparative Information (effective date for annual periods beginning on or after 1 January 2023)

The abovementioned standards and amendments are not expected to have a significant impact on the consolidated results, financial position and financial statements of the Group.

7.3. Consolidated financial statements

7.3.1 Consolidation of subsidiaries

The consolidated financial statements include Masterplast Nyrt. and its controlled subsidiaries. Control is achieved when the Group is exposed, or has rights, to variable returns from its involvement with the investee and has the ability to affect those returns through its power over the investee. Specifically, the Group controls an investee if and only if the Group has power over the investee, i.e. existing rights that give the investor ability to direct the key activities of the investee. Key activities are activities that ultimately affect the returns of an investee.

The member of Masterplast Group prepare their separate annual financial statements in accordance with applicable accounting legislation effective in their respective local jurisdictions. The requirements of such local accounting legislation may differ from those of International Financial Reporting Standards (IFRS) and are therefore subject to adjustments during the consolidation process.

The consolidated financial statements reflect the items presented in the annual financial statements of Masterplast Nyrt. and its subsidiaries after eliminating intra-Group balances (including any interim profit or loss).

All the Company's subsidiaries are included in the consolidation. The results of subsidiaries are included in the consolidated financial statements from the date that control commences until the date that control ceases
.
The consolidated financial statements have been prepared based on the measurement and reporting principles of IFRS as adopted by the European Union.

The consolidated financial statements have been prepared on the historic cost basis.

The following subsidiaries are included in the consolidation:

Company	Incorporated in	Core operations	Tax ID	Ownership (%)		Voting right (%)	
				2021	2020	2021	2020
Masterplast Hungária Kft.	Hungary	Wholesale of construction materials	25562675-2-07	100%	100%	100%	100%
Masterplast International Kft.	Hungary	Wholesale of construction materials	25563243-2-07	100%	100%	100%	100%
Masterplast Medical Kft.	Hungary	Production of medical raw materials and finished products	14025477-4-07	100%	100%	100%	100%
Masterplast Modulhouse Kft. (2)	Hungary	Wholesale of construction materials	25562709-2-07	100%	100%	100%	100%
MasterFoam Kft.	Hungary	Foam sheet production	13297590-4-07	100%	100%	100%	100%
Masterplast YU D.o.o.	Serbia	Wholesale of construction materials EPS and fiberglass production	100838195	100%	100%	100%	100%
Masterplast Sp zoo	Poland	Wholesale of construction materials	PL7772708671	80%	80%	80%	80%
Master Plast S.r.o.	Slovakia	Wholesale of construction materials	SK2020213030	100%	100%	100%	100%
Masterplast Romania S.R.L.	Romania	Wholesale of construction materials	R13718003	100%	100%	100%	100%
MasterPlast TOV	Ukraine	Wholesale of construction materials	33438138	80%	80%	80%	80%
Masterplast d.o.o.	Croatia	Wholesale of construction materials	4012002113867	100%	100%	100%	100%
Masterplast D.O.O. (3)	North Macedonia	Wholesale of construction materials	4012002113867	90%	90%	90%	90%
MP Green Invest	Ukraine	Asset management	38243479	100%	100%	100%	100%
Masterplast Nonwoven GmbH (4)	Germany	Fleece and multilayer membranes production	DE815873693	100%	50%	100%	100%
Fidelis Bau Kft.	Hungary	Thermobeton production	12790818-2-07	100%	100%	100%	100%
Masterplast Proizvodnja D.o.o (5)	Serbia	XPS production	112172219	100%	0%	100%	0%

(1) formerly Masterplast Kft, the name and the core operation changed on 30 July 2021.
(2) formerly Mastermesh Kft, the name changed on 3 November 2021, the core operation changed on 11 November 2021.
(3) 80% of the company held by Masterplast YU D.o.o., 10% is held by Masterplast Nyrt.
(4) The Company became the sole owner of Masterplast Nonvowen GmbH on 20 October 2021 by purchasing its remaining 50% share
(5) The sole owner of the Company is Masterplast Medical Kft.

In the event of indirect ownership, the Group has considered the ownership percentages used for consolidation purposes as presented in the above table.

Equity and profit or loss attributable to non-controlling interests are presented separately in the statement of financial position and the statement of profit or loss. In the case of business combinations, non-controlling interests are recorded at fair value or at the share of non-controlling interests in the net assets of the acquiree. Following the acquisition, non-controlling interest equals the initial investment as adjusted for any increase or decrease in the acquiree’s equity attributable to non-controlling interests. Comprehensive income for the period is attributed to the non-controlling interests even if this results in the non-controlling interests having a deficit balance.

A change in the ownership interest of a subsidiary, without a loss of control, is accounted for as an equity transaction. This involves adjusting the investment of both the Group and non-controlling interests so that it reflects any change in their respective investments in the subsidiaries. The difference between the adjustment of non-controlling interests and the consideration received or paid is recognised in equity as value attributable to the Company’s owners.

7.3.2 Consolidation of associates

An associate is an entity in which the Group has significant influence, but does not control, the financial and operating policies and is neither a subsidiary nor a joint arrangement. Associates and joint arrangements are accounted for using the equity method. Under the equity method, investments in associates are initially recorded at cost and subsequently adjusted to reflect the Group's share of the net assets of the associate. Any goodwill identified on acquisition is part of the net investment in the associate and is not amortised. The consolidated statement of profit and loss includes the Group's share of the results of the associate's operations. Any change in the equity of the associate is also recognised by the Group, where applicable, on a pro rata basis as changes in the Group's equity. Any gain or loss on the transactions between the Group and the associate is set off as apportioned to the percentage of the Group's investment in the associate.

The Group's associates are:

Company	Incorporated in	Core operations	Tax ID	Ownership (%)		Voting rate (%)	
				2021	2020	2021	2020
MasterProfil Kft.	Magyarország	Profil gyártás	13874656-4-07	20%	20%	20%	20%
T-CELL Plasztik Kft.	Magyarország	EPS gyártás	24648378-2-09	24%	24%	24%	24%
Master Modul Kft.	Magyarország	Moduláris épületek gyártása	29207079-2-20	25%	0%	25%	0%

7.4. Foreign currency transactions

In view of the substance and circumstances of the underlying economic events, the parent company's functional currency is the Hungarian forint (HUF) and the Group's reporting currency is the euro (EUR). The decision to choose the euro as the reporting currency for consolidated reporting purposes was based on considerations such as the Group's extensive international business relations and the users of the financial statements for whom the use of the EUR as reporting currency facilitates the interpretation of the consolidated financial statements in an international environment.

The functional currencies used by the Group members for financial reporting purposes in their respective local jurisdictions are as follows:

Company	Country	2021	2020
Masterplast Nyrt	Hungary	HUF	HUF
Masterplast Hungária Kft.	Hungary	HUF	HUF
Masterplast International Kft.	Hungary	EUR	EUR
Masterplast Medical Kft. (1)	Hungary	HUF	HUF
Masterplast Modulhouse Kft.	Hungary	HUF	HUF
MasterFoam Kft.	Hungary	HUF	HUF
Masterplast YU D.o.o.	Serbia	RSD	RSD
Masterplast Sp. z.o.o	Poland	PLN	PLN
Master Plast S.r.o.	Slovakia	EUR	EUR
Masterplast Romania S.R.L.	Romania	RON	RON
Masterplast TOV	Ukraine	UAH	UAH
Masterplast d.o.o.	Croatia	HRK	HRK
Masterplast D.O.O.	North Macedonia	MKD	MKD
Green MP Invest	Ukraine	UAH	UAH
Masterplast Nonwoven GmbH	Germany	EUR	EUR
Fidelis Bau Kft.	Hungary	HUF	HUF
Masterplast Proizvodnja D.o.o.	Serbia	RSD	RSD

(1) Masterplast Medical Kft. functional currency is chagned to EUR from 1 January 2022.

Transactions in foreign currencies are translated to the Group's functional currency at the exchange rates prevailing at the dates of the transactions. Any gain or loss on the initial recognition and year-end revaluation of foreign currency transactions is recognised in financial profit or loss.

The balance sheet and profit and loss accounts of Group members whose functional currency is other than the reporting currency are translated into the reporting currency based as follows:

- assets and liabilities are translated at the closing foreign exchange rate at the balance sheet date;
- profit and loss items are translated at monthly average foreign exchange rate;
- any gain or loss on foreign exchange fluctuations is recognised in the statement of other comprehensive income (accumulated currency translation gain or loss).

None of the Group members operates in a hyperinflatory economy.

7.5. Intangible assets

Intangible assets are measured at initial cost upon acquisition. Intangible assets are recognised when an inflow of economic benefits is expected in connection with the asset and the cost of the assets can be reliably measured. Intangible assets are carried at initial cost less any accumulated amortisation and impairment loss. Intangible assets are written off on a straight line basis over the best estimate of their useful lives. The period and method of amortisation are reviewed at the end of each financial year. The annual amortisation rates range between 10 and 33% and are recognised by the Group on a straight line basis.

7.6. Property, plant and equipment

Property, plant and equipment are carried at initial cost less any accumulated amortisation and impairment loss. Upon disposal of an asset or decrease otherwise, the cost of the asset is derecognised along with any accumulated depreciation and impairment loss and any gain or loss on the disposal is recognised in profit or loss. Any post-commissioning costs, such as maintenance and repairs, are expensed as and when incurred against profit or loss.

Land is not depreciated.

Depreciation is charged on a component and straight-line basis over the useful life of the asset. The depreciation rates used are as follows:

Properties	2% - 8%
Machinery, equipment	6% - 33%

Any capitalised improvement on rented equipment is depreciated over the shorter of the useful life and the rent period.

The useful lives and the depreciation methods are reviewed at least annually in order to reflect the actual inflows of economic benefits from the assets. The residual values of major assets are determined on the basis of an assessment and estimation by the Technical Director of the Group. The residual values are reviewed annually.

7.7. Impairment of assets

The carrying amounts of assets subject to depreciation or impairment are reviewed when changes in the events or circumstances indicate that the carrying value of an asset may not be recoverable. Impairment loss is the carrying value of the asset over the recoverable amount. The recoverable amount of an asset is the greater of its value in use and its fair value less costs to sell. For impairment testing purposes, assets are classified at the lowest level of identifiable cash flows (cash generating units). Upon the reversal of any previously recognised impairment loss, the carrying value of the asset (cash generating unit) is increased to the recoverable amount. An impairment loss is reversed only to the extent that the asset's carrying amount does not exceed the carrying amount that would have been determined, if no impairment loss had been recognised. The Group's smallest cash generating units are its subsidiaries with distinct and independent operations.

7.8. Inventories

Inventories are carried at initial cost less any impairment loss recognised and plus any reversed impairment loss.

The initial cost of purchased inventories (materials, goods) equals their average acquisition cost determined on a periodic (quarterly) basis.

The production cost of self-produced inventories equals the average production cost determined on a periodic (quarterly) basis. Production cost includes materials, direct labour and general overhead as apportioned to the asset.

Inventories are presented at the lower of cost and net realisable value. Net realisable value is the estimated selling price in the ordinary course of business, less the estimated costs of completion (for self-produced inventories) and selling expenses.

7.9. Investments and Financial assets

7.9.1 Classification of financial assets

The Group recognises a financial asset in its statement of financial position when, and only when, the Group becomes party to the contractual provisions of the instrument. The Group classifies its financial assets at their initial recognition to the following three categories based on the Group's business model for managing the financial assets and the characteristics of their contractual cash flows:

- financial assets measured at amortised cost,
- financial assets measured at fair value through other comprehensive income
- financial assets measured at fair value through profit or loss

The classification of financial assets to the above three categories is carried out based on the characteristics of their contractual cash flows and the Group's business model for managing them. The business model for managing financial assets relates to the method how the Group plans to recover cash from a particular financial asset. Namely, whether the Group plans to recover cash solely through payments of principal and interest or though the subsequent sale of the financial assets or a combination of both.

A financial asset is measured at amortised cost if both of the following conditions are met:

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

A financial asset is measured at fair value through other comprehensive income if both of the following conditions are met:

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

A financial asset is measured at fair value through profit or loss unless it is measured – in accordance with the above listed requirements - at amortised cost or at fair value through other comprehensive income. However an entity may make an irrevocable election at initial recognition for particular investments in equity instruments that would otherwise be measured at fair value through profit or loss to present subsequent changes in fair value in other comprehensive income

7.9.2 Measurement of financial assets

Except for trade receivables that do not contain a significant financing component, the Company measures a financial asset at its fair value plus or minus - in case of a financial asset is not valued at fair value through profit or loss - transaction costs that are directly attributable to the acquisition or issuance of the financial asset.

Trade receivables that do not contain a significant financing component are measured at their transaction price as defined in IFRS 15.

7.9.3 Impairment on financial assets

Interest bearing loans and borrowings are recognized initially at fair value less discounts and attributable transaction costs. Following initial recognition, interest bearing loans and borrowings are stated at amortised cost using the effective interest rate method. The amortised cost includes disbursement expenses, any interest discount and early repayment charges. Any foreign exchange gain or loss that may arise when the liability is derecognised or written off is recognised in profit or loss.

The Group recognises a loss allowance for expected credit losses on a financial asset measured at amortized cost or at fair value through other comprehensive income. On each reporting date the Group assesses whether the credit risk of the related financial asset has increased significantly since its initial recognition and depending on this assessment recognizes impairment equal to either lifetime expected credit losses or 12-month-expected credit losses of the related financial assets.

7.9.4 Loans granted

Loans granted – in line with their maturity – are presented either as other non current financial assets or other current financial assets by the Group. At initial recognition loans granted are recognized at fair value less transaction costs then at subsequent measurements they are presented at amortized cost using the effective interest rate method. Amortized cost include transaction costs, concessions and back-end compensations, if any. Impairment charges, write-offs and foreign exchange differences of loans granted are recognized through profit and loss. Loans granted were also presented at amortized costs previously in line with IAS 39, as a consequence the adoption of IFRS 9 as at 1 January 2018 did not have a material impact on the net book value of loans granted.

Loans granted were tested in line with the business model applied as well as their contractual cash-flows by the Group and as a result were classified as financial assets measured at amortized costs

7.9.5 Trade receivable

Trade receivable represents the Company's right to an amount of consideration in exchange of provision of services and sale of goods in accordance with IFRS 15 that is unconditional, that is only the passage of time is required before payment of the consideration is due. The Company's trade receivables do not contain a significant financing component. At initial recognition, trade receivables that do not contain a significant financing component are measured at their transaction price as defined in IFRS 15. At subsequent measurements trade receivables are valued at amortised cost calculated based on the effective interest rate method less impairment, if any.

Impairment on trade receivables is recognized in case – as a result of the valuation tests at reporting date - the Company assesses the related credit risk significantly increased because there is objective proof that the Company shall not be able to recover all contractual cash flows from trade receivables. Significant financial difficulties of trade debtors, the probability of their bankruptcy or significant financial restructuring of their debts, late payments or failures to pay are indications that a trade receivable may be impaired. Depending on the nature of increase in credit risk the Company recognizes impairment equal to either lifetime expected credit losses or 12-month-expected credit losses of the related financial assets. The Group applies the simplified impairment approach in accordance with IFRS 9 B5.5.35.

7.9.6 Cash and cash equivalents

Cash and cash equivalents comprise cash balances and bank deposits. Cash equivalents are short-term (maturing within three months), highly liquid and low risk investments that can be readily converted into cash

7.9.7 Investments

Results from the valuation of investments are recognized through profit and loss statement and not through other comprehensive income.

7.9.8 Derivative financial instruments

The Group holds derivative financial instruments, such as foreign exchange forward and interest rate swap contracts, to hedge its foreign currency and interest rate risk exposures. These derivative financial instruments are recognised initially at their fair value on the contract date and are subject to revaluation in the ensuing periods. Derivatives with a positive fair value are recognised as financial assets; derivatives with a negative fair value are recognised as liabilities. Any income or expense on the changes in the fair value of derivatives that do not qualify for hedge accounting are recognised as financial income or expense in the profit and loss accounts for the relevant year. The year-end fair values of derivatives are recognised by the Group based on the fair values calculated by the Group’s contractual partner based on the daily foreign exchange rate fluctuations and on the applicable contractual terms.

7.10. Treasury shares

Treasury shares are recognised as a reduction in equity.

7.11. Issued capital and reserves

Issued capital and retained earnings are presented at initial cost in the financial statements. Any related foreign exchange gain or loss is recognised in the foreign currency translation reserve within equity.

The values of reserves presented in the consolidated financial statements do not equal the reserves available for distribution to the shareholders. The amount of dividends should be determined based on Masterplast Nyrt.’s stand-alone annual financial statements.

7.12. Foreign currency translation reserve

The foreign currency translation reserve reflects foreign exchange gains and losses arising on the consolidation of Group entities whose functional currency is other than the Group’s reporting currency (EUR). Foreign exchange gains and losses arising from a monetary asset which, in substance, is considered to form part of the Group’s investment in a foreign operation and are recognised directly in equity until the investment is derecognised.

Upon derecognition of an underlying asset, any accumulated foreign exchange translation reserve is recognised as income or expense in the same period when the gain or loss on the disposal of the asset is recognised.

7.13. Financial liabilities

In accordance with requirements of IFRS 9 the Company shall classify all financial liabilities as subsequently measured at amortised cost, except for:

- financial liabilities at fair value through profit or loss. Such liabilities, including derivatives that are liabilities, shall be subsequently measured at fair value.

- financial liabilities that arise when a transfer of a financial asset does not qualify for derecognition or when the continuing involvement approach applies.

- financial guarantee contracts. After initial recognition, an issuer of such a contract shall subsequently measure it at the higher of:
    - the amount of the loss allowance
    - the amount initially recognised less, when appropriate, the cumulative amount of income

- commitments to provide a loan at a below-market interest rate. An issuer of such a commitment shall (unless paragraph 4.2.1(a) applies) subsequently measure it at the higher of:

    - the amount of the loss allowance determined in accordance with Section 5.5 and
    - the amount initially recognised (see paragraph 5.1.1) less, when appropriate, the cumulative amount of income recognised in accordance with the principles of IFRS 15.

- contingent consideration recognised by an acquirer in a business combination to which IFRS 3 applies. Such contingent consideration shall subsequently be measured at fair value with changes recognised in profit or loss.

The Group may, at initial recognition, irrevocably designate a financial liability as measured at fair value through profit or loss when doing so results in more relevant information, because either:

- it eliminates or significantly reduces a measurement or recognition inconsistency that would otherwise arise from measuring assets or liabilities or recognising the gains and losses on them on different bases.

- a group of financial liabilities or financial assets and financial liabilities are managed and its performance is evaluated on a fair value basis, in accordance with a documented risk management or investment strategy, and information about the group is provided internally on that basis to the entity's key management personnel.

7.14. Trade payables and other liabilities

Trade payables and other liabilities (including prepayments and accrued expenses) are recognised by the Group at initial fair value, and are presented in later periods at amortised cost calculated based on the effective interest rate method. Owing to their short-term nature, the book values of trade payables and other liabilities approximate, and therefore presents fairly, their fair values.

7.15. Provisions

A provision is recognised if, as a result of a past event, the Group has a present legal or constructive obligation that can be estimated reliably, and it is probable that an outflow of economic benefits will be required to settle the obligation.

The Group makes provisions for:

- fines and penalty interest that are legally enforceable or are payable towards an authority.
- expected severance costs when the underlying decision to lay off staff was made and the decision was communicated to those affected before the balance sheet date.
- litigations and other legal cases where third party claims are already at court and the Group has sufficient information to make a reliable estimate of any resulting payment liability.

7.16. Employee benefits

The Company applies IAS 19 in accounting for employee benefits. Employee benefits are all forms of consideration given by the Company for services rendered by employees, not only in cash but also benefit in kind.

Classification of employee benefits:
Short-term employee benefits: employee benefits (other than severance payments) that become due in full within twelve months after the end of the period in which the employee renders the related service.
Post-employment benefits: employee benefits (other than severance payments) that are provided under formal or informal arrangements and are payable after termination of employment.
Severance payments: employee benefits that may become payable as a result of a company's decision to terminate an employee's employment before the normal retirement date or as a result of an employee's decision to accept voluntary termination of employment in exchange for those benefits.
The amount of pension contribution is deducted from an employee’s gross salary and is forwarded to private pension funds or social security. The Group does not have a corporate pension plan and therefore has no legal or constructive obligation to pay further contributions should the assets of the private pension funds or social security fail to provide sufficient coverage for the retirement benefits the employees have already served in prior periods or in the reporting period.

On December 14, 2016, Maserplast Plc. founded the MASTERPLAST Employee Share Ownership Program (“MRP). Masterpalst Plc. (Founder) has established the MRP organisation to effectively deliver incentive remuneration to company executives (Participants) linked to Masterplast's business objectives.
In accordance with IFRS 2, the Company records the MRP organization as 100% in its books, as it determines the operation of the MRP organization through the remuneration policy.

As the benefit is a share-based payment in an equity instrument, it is measured and accounted for in accordance with IFRS 2.

7.17. Operating profit or loss

Operating profit or loss reflects revenues and other income (expenses) less other costs.

7.18. Leases

Determining whether an arrangement is, or contains, a lease at the inception of the arrangement shall be based on whether fulfilment of the arrangement is dependent on the use of a specific asset or the arrangement conveys a right to use the asset. A reassessment of whether the arrangement contains a lease after the inception of the arrangement shall be made only if any one of the following conditions is met:

- there is a change in the contractual terms, unless the change only renews or extends the arrangement;
- a renewal or an extension is agreed to by the parties to the arrangement, unless the term of the renewal or extension had initially been included in the lease term;
- there is a change in the determination of whether fulfilment is dependent on a specified asset; or
- there is a substantial change to the asset.

If an arrangement is reassessed, lease accounting shall be applied (or cease to apply) from, in the case of (a), (c) or (d), when the change in circumstances giving rise to the reassessment occurs; or, in the case of (b), from the inception of the renewal or extension period.

The Group as a lessee:

The Group started to apply IFRS 16 Leases standard on 1 January 2019 and forward.

The Group assesses at contract inception whether a contract is, or contains, a lease. That is, if the contract conveys the right to control the use of an identified asset for a period of time in exchange for consideration. The Group applies a single recognition and measurement approach for all leases, except for short-term leases and leases of low-value assets. The Group recognises lease liabilities to make lease payments and right-of-use assets representing the right to use the underlying assets.

The Group recognises right-of-use assets at the commencement date of the lease (i.e., the date the underlying asset is available for use). Right-of-use assets are measured at cost, less any accumulated depreciation and impairment losses, and adjusted for any remeasurement of lease liabilities. The cost of right-of-use assets includes the amount of lease liabilities recognised, initial direct costs incurred, and lease payments made at or before the commencement date less any lease incentives received. Right-of-use assets are depreciated on a straight-line basis over the lease term.

At the commencement date of the lease, the Group recognises lease liabilities measured at the present value of lease payments to be made over the lease term. The lease payments include fixed payments (including insubstance fixed payments) less any lease incentives receivable, variable lease payments that depend on an index or a rate, and amounts expected to be paid under residual value guarantees. The lease payments also include the exercise price of a purchase option reasonably certain to be exercised by the Group and payments of penalties for terminating the lease, if the lease term reflects the Group exercising the option to terminate. Variable lease payments that do not depend on an index or a rate are recognised as expenses (unless they are incurred to produce inventories) in the period in which the event or condition that triggers the payment occurs

In calculating the present value of lease payments, the Group uses its incremental borrowing rate at the lease commencement date because the interest rate implicit in the lease is not readily determinable. After the commencement date, the amount of lease liabilities is increased to reflect the accretion of interest and reduced for the lease payments made. In addition, the carrying amount of lease liabilities is remeasured if there is a modification, a change in the lease term, a change in the lease payments (e.g., changes to future payments resulting from a change in an index or rate used to determine such lease payments) or a change in the assessment of an option to purchase the underlying asset.

The Group’s lease liabilities are included – dependent on their maturities - in short or long-term Interest-bearing loans and borrowings

The Group applies the short-term lease recognition exemption to its short-term leases of machinery and equipment (i.e., those leases that have a lease term of 12 months or less from the commencement date and do not contain a purchase option). It also applies the lease of low-value assets recognition exemption to leases of office equipment that are considered to be low value. Lease payments on short-term leases and leases of lowvalue assets are recognised as expense on a straight-line basis over the lease term.

7.19. Dividends

Dividends distributable to the Company’s shareholders are recognized as a liability against equity in the period when they are approved by the shareholders.

7.20. Government grants and assistance

Government grants and assistance are recognized initially at fair value when there is reasonable assurance that they will be received and that the Group will comply with the conditions associated with the grant. Grants that compensate the Group for expenses are recognised in the same periods in which the expenses are recognised.

Government assistance attributable to an asset is classified as deferred income and is recognised in profit or loss on a pro rata basis over the useful life of the asset.

7.21. Revenue recognition

Revenue is recognised to the extent that it is probable that the economic benefits will flow to the Group and the revenue can be reliably measured. Revenue is measured at the fair value of the consideration received or receivable, taking into account contractually defined terms of payment and excluding discounts, rebates, and sales taxes or duty.

Revenue from the sale of goods and services is recognised net of sales taxes and discounts when the significant risks and rewards of ownership of the goods have passed to the buyer, or when the service has been completed.

Interest income is recognised as the interest accrues in order to reflect the actual yield on the underlying asset. Any gains or losses arising from changes in the fair value of derivatives that do not qualify for hedge accounting are taken to through profit or loss in the period in which the change occurred.

Revenue is recognized when all five criteria of IFRS 15, Revenue from Contracts with Customers, are met.

7.22. Research and development

Research and development cost are expensed by the Group as and when they incur. For details, refer to Note 38.

7.23. Borrowing costs

Borrowing costs that are directly attributable to the acquisition, construction or production of a qualifying asset that necessarily takes a substantial period of time to get ready are capitalised as part of the cost of that asset. Other borrowing costs are recognised by the Group in profit or loss. Borrowing costs consist of interest and other costs that the Group incurs in connection with the borrowing of funds.

Borrowing costs are capitalised until the asset is commissioned. Borrowing costs consist of interest and other finance costs, including any gain or loss on borrowed foreign exchange project funds that are considered a substitute for interest expense. The amount of capitalisable borrowing cost equals the weighted average of general borrowing costs in the period. An asset is considered a qualifying asset by the Group when the commissioning process of the asset is prolonged for a considerable period (typically more than 6 months).

7.24. Income taxes

Current year taxes:

Corporate income tax is payable to the tax authority in the relevant jurisdiction. The corporate income tax base is the entity's pre-tax profit or loss as adjusted for deductible and non-deductible items.

Other income taxes include local taxes (local business tax). In Hungary, such taxes are payable on the basis of the net profit of a business calculated in line with applicable regulations.

Deferred taxes:

Deferred tax is recognised using the liability method, providing for temporary differences between the carrying amounts of assets and liabilities for consolidated financial reporting purposes and the amounts used for taxation purposes. Deferred tax is not recognised for the following temporary differences: the initial recognition of assets or liabilities in a transaction that is not an acquisition and that affects neither accounting nor taxable profit. Deferred tax is measured at the tax rates that are expected to be applied to the temporary differences when they are expected to reverse. The amounts of deferred tax asset and deferred tax expense reflect the Group's best estimate as to how the current income tax receivables and income tax payables at the balance sheet date will be realised.

Deferred tax assets are recognised for all deductible temporary differences, carry forward of unused tax credits and unused tax losses, to the extent that it is probable that taxable profit will be available against which the deductible temporary differences, and the carry forward of unused tax credits and unused tax losses can be utilised except:

- Where the deferred tax asset relating to the deductible temporary difference arises from the initial recognition of an asset or liability in a transaction that is not a business combination and, at the time of the transaction, affects neither the accounting profit nor taxable profit or loss; and
- In respect of deductible temporary differences associated with investments in subsidiaries, associates and interests in joint ventures, deferred tax assets are recognised only to the extent that it is probable that the temporary differences will reverse in the foreseeable future and taxable profit will be available against which the temporary differences can be utilised.

Deferred tax liabilities are recognised for all taxable temporary differences, except:

- Where the deferred tax liability arises from the initial recognition of goodwill or of an asset or liability in a transaction that is not a business combination and, at the time of the transaction, affects neither the accounting profit nor taxable profit or loss; and
- In respect of taxable temporary differences associated with investments in subsidiaries, associates and interests in joint ventures, where the timing of the reversal of the temporary differences can be controlled and it is probable that the temporary differences will not reverse in the foreseeable future.

The carrying amount of deferred tax assets is reviewed at each reporting date and reduced to the extent that it is no longer probable that sufficient taxable profit will be available to allow all or part of the deferred tax asset to be utilised. Previously unrecognised deferred tax assets are reassessed at each reporting date and are recognised to the extent that it has become probable that future taxable profits will allow the deferred tax asset to be recovered. Conversely, deferred tax assets are reduced to the extent that it is no longer probable that the related tax benefit will be realised.

Current income tax and deferred taxes are recognised directly in equity when these relate to an item recognised in the same period or in a prior period in equity. Such items include the opening balances of reserves that may be adjusted retrospectively as a result of changes in the accounting policies with a retrospective effect.

7.25. Earnings per share

Earnings per share is calculated by the Company by dividing the profit or loss attributable to ordinary shareholders of the Company by the weighted average number of ordinary shares outstanding during the period. Diluted earnings per share is in line with the earnings per share definition, meanwhile considering the following diluting effect of ordinary shares:

- The profit or loss for the period attributable to holders of ordinary shares is increased by the amount after-tax of dividends and interest recognized in respect of the dilutive potential ordinary shares during the period and it is adjusted for any other changes in income or expense that would have resulted from the conversion of dilutive potential ordinary shares
- The weighted average number of ordinary outstanding shares is increased by the weighted average number of additional ordinary shares that would have been outstanding - assuming the conversion of all dilutive potential ordinary shares
- Diluted earnings per share is determined in view of the weighted average number of ordinary shares with a potential dilutive effect, if any exists.

7.26. Contingencies

Contingent liabilities, unless acquired through a business combination, are not recognised in the consolidated statement of financial position or consolidated statement of income. These are disclosed in the notes to the financial statements, unless the possibility of an outflow of resources embodying economic benefits is remote. Contingent assets are not recognised in the consolidated statement of financial position or consolidated statement of income but are disclosed in the notes to the consolidated financial statements when an inflow of economic benefits is probable.

7.27. Related party transactions

According to the IAS 24, it is required to include disclosure in entity's financial statement that are necessary to draw attention to the possibility that the financial position and performance of the entity may have been affected by the existence of, and transactions, outstanding balances with, related parties.

7.28. Segment reporting

The Group's operations can be split into two segments: Selling and Production. These serves as basis for the segment information reported by the Group to management. Management is responsible for the allocation of economic resources to the segments and for holding the segments accountable for their performance.

7.29. Statement of Cash Flows

The purpose of the cash flow statement is to provide information about the enterprise's ability to generate cash and cash equivalents and how the enterprise has used them, as part of the financial statements, to support investors' business decisions.
The definition of cash in IAS 7 Statement of Cash Flows includes cash on hand and demand deposits, as well as cash equivalents are investments that are short-term, highly liquid and readily convertible to known amounts of cash and have a negligible risk of changes in value.
The cash flow statement details cash flows for the period by operating, investing and financing activities. The Company prepares its cash flow statement using the indirect method.

8. Significant accounting assumptions and estimates

Management makes accounting estimates and assumptions regarding the future results of operations. However, the actual results could differ from these estimates. These estimates and assumptions that are based on past experience and other factors, including expectations for the reasonable outcomes of future events, are continuously reviewed by the Group. Below is a summary of assumptions and estimates where the high degree of uncertainty could result in outcomes that require a material adjustment to the carrying amount of assets or liabilities affected in future periods.

8.1. Sufficient taxable profits for the recognition of deferred tax assets

The recognition of deferred tax assets is subject to the Group's ability to generate taxable profits in the future so that deferred tax assets can be utilised. The recognition of any deferred tax asset requires significant management assumptions based on the Group's tax planning strategy as to the timing and amounts of any future taxable profits.

8.2. Impairment of debtors

The Group determines any impairment loss on doubtful receivables based on the estimated amount of loss due to non-performance or insolvency by debtors. To make these estimates, the Group considers factors such as debtor ageing information, litigated debtors and past experience of debtor payment behaviour. These factors are assessed by the Group for each debtor at the end of the reporting year. The carrying values of the impaired debtors are reduced to the expected recoverable amount and a corresponding impairment loss is recognised for each affected debtor.

8.3. Cash-generating units

The Group has determined that its smallest cash generating units are its subsidiaries with independent operations. This assessment is explained by the fact that most of the subsidiaries are wholesalers and operate in various countries. Therefore, a comparison of their overall performance gives a better understanding of their state of affairs and any shifts in market sensitivity or demand is more readily identifiable. This structure serves as basis for the Group's analyses and strategic decisions. As the determination of the cash generating units inherently involves significant estimates, the actual amounts of impairment loss may significantly differ from these estimates.

8.4. Provisions

Making provisions involves significant subjective judgment, especially when the underlying cause is a legal dispute. The Group makes a provision for the total amount of a liability when an undesired event is considered a consequence of a past event and the probability of the undesired event is over 50 percent.

8.5. Impairment of property, plant and equipment

The calculation of impairment loss reflects the realisable value of the Group's cash generating units and is the higher of their fair value less costs to sell and their value in use.

Owing to the current political situation in the Ukraine, the fair value of the Group's investment in the Ukraine less costs to sell involves significant estimates in terms of the potential selling prices.

The value in use is determined based on the discounted expected cash flows. The key variables used to determine the expected cash flows are the discount rates, residual values, the length of the period considered in the cash flow projections as well as estimates and assumptions of cash inflows and outflows, including forecasts as to the prices of goods, operating costs, future product mixes and future market demand. The cash flows reflect the expectations of management for the future for each non-current asset. As a result, the estimates are subject to a higher degree of uncertainty in view of the economic slowdown in the Central-Eastern-European region where the Group operates.

9. Intangible assets, property, plant and equipment and assets in the course of construction

2021	Intangible assets	Properties	Machinery, equipment	Assets in construction	Tangible assets	Total
Cost, opening	**763 318**	**23 456 578**	**31 339 078**	**9 409 743**	**64 205 399**	**64 968 717**
Increase	30 535	12 751 494	33 085 314	0	45 836 808	45 867 343
Decrease	-22 661	-37 994	-794 172	-261 844	-1 094 010	-1 116 671
Reclassification				0	0	0
Translation gain or loss	-5 531	-139 579	-11 296	-41 660	-192 535	-198 066
Cost, closing	**765 661**	**36 030 499**	**63 618 924**	**9 106 239**	**108 755 662**	**109 521 323**
Accumulated depreciation and impairment, opening	**586 649**	**5 310 093**	**9 976 655**	**14 392**	**15 301 140**	**15 887 789**
Increase	59 989	735 033	3 760 502	0	4 495 535	4 555 524
Decrease	-22 661	-5 584	-623 074	0	-628 658	-651 319
Reclassification	0	0	0	0	0	0
Translation gain or loss	-9 509	-44 490	6 298	1 777	-36 415	-45 924
Closing accumulated depreciation and impairment	**614 468**	**5 995 052**	**13 120 381**	**16 169**	**19 131 602**	**19 746 070**
Opening net book value	**176 669**	**18 146 485**	**21 362 423**	**9 395 351**	**48 904 259**	**49 080 928**
Closing net book value	**151 193**	**30 035 447**	**50 498 543**	**9 090 070**	**89 624 060**	**89 775 253**

2020	Intangible assets	Properties	Machinery, equipment	Assets in construction	Tangible assets	Total
Cost, opening	**783 363**	**22 758 714**	**26 405 817**	**2 048 832**	**51 213 363**	**51 996 726**
Increase	75 430	1 623 976	6 766 428	7 631 861	16 022 265	16 097 695
Decrease	-33 139	-96 500	-758 712	0	-855 212	-888 351
Reclassification	0	0	0	0	0	0
Translation gain or loss	-62 336	-829 612	-1 074 455	-270 950	-2 175 017	-2 237 353
Cost, closing	**763 318**	**23 456 578**	**31 339 078**	**9 409 743**	**64 205 399**	**64 968 717**
Accumulated depreciation and impairment, opening	**592 687**	**4 957 217**	**8 940 774**	**121 975**	**14 019 966**	**14 612 653**
Increase	51 228	606 183	2 294 250	-78 378	2 822 055	2 873 283
Decrease	-7 413	-19 033	-753 242	0	-772 275	-779 688
Reclassification	0	0	0	0	0	0
Translation gain or loss	-49 853	-234 274	-505 127	-29 205	-768 606	-818 459
Closing accumulated depreciation and impairment	**586 649**	**5 310 093**	**9 976 655**	**14 392**	**15 301 140**	**15 887 789**
Opening net book value	**190 676**	**17 801 497**	**17 465 043**	**1 926 857**	**37 193 397**	**37 384 073**
Closing net book value	**176 669**	**18 146 485**	**21 362 423**	**9 395 351**	**48 904 259**	**49 080 928**

Masterplast Group does not have intangible assets with an indefinite useful life. No finance expense was capitalised as part of an increase in costs in 2021 and 2020.

Part of our bank loans were covered by the closing balance of the tangible assets of Masterplast Nyrt., Masterplast Medical Kft., Masterplast Hungária Kft. and Masterplast International Kft. in previous years.

As a result of the re-negotiation of the terms of the bank loans in 2021 the loans are collaterized only by the properties of Masterplast Nyrt that had the following aggregate book value:

Closing balance of the tangible assets	2021	2020
Closing balance of the tangible assets	0	16 349 813
Property book value of Masterplast Plc	4 613 547	0

The Company decided to stop its investment in Ukraine and to sell previously purchased assets and machinery in the first quarter of fiscal year 2016. In order to the determine market prices, the fair value of assets was re-examined by the Company as a result of which all assets with the exception of the property and cash were fully depreciated in 2020 which has not been revised in 2021 either.

The market value of the property based on its updated valuation is UAH 12,1 million in 2021, however the Company decided to keep its book value at 12 million UAH as in the previous year. The difference between cost and book value was deemed immaterial by the Company and was recognized as impairment. The company is currently exploring the possibilities to lease out the property purchased for this project. The property has not been classified as held for sale asset as its sale is not included in the Company's plans.

The value of the Group's investment in the Ukraine was UAH 12 million (EUR 388 thousand) at 31 December 2021 and comprised of the following:

Asset category	Investment value UAH	Investment value EUR
Properties	12 000 000	388 065
Machinery, equipment	0	0
Other	0	0
Total	**12 000 000**	**388 065**

The value of the Group's investment in the Ukraine was UAH 12 million (EUR 345 thousand) at 31 December 2020 in the following categories:

Asset category	Investment value UAH	Investment value EUR
Properties	12 000 000	345 427
Machinery, equipment	0	0
Other	0	0
Total	**12 000 000**	**345 427**

Value in use: Cash flow-based return calculation – FCFF model:
Due to abandoning the project, a cash flow based recovery calculation is not considered reasonable.

Fair value less cost to sell:

Based on the fair value hierarchy, measurement is classified as Level 2.
The Company involved external specialists in the measurement of the above asset portfolio and used benchmarks to determine the fair value less cost to sell and any resulting impairment loss. These figures are as follows:

The Company recognized UAH 7 796 454 (EUR 252 128) impairment in its balance sheet for its investment in the Ukraine at the end of 2021 as detailed below:

in UAH:

Asset category	Asset value	Estimated market value	Impairment	Average impairment%
Properties	12 326 964	12 100 000	326 964	2,7%
Machinery, equipment	3 776 243	0	3 776 243	100,0%
Other	3 727 940	34 693	3 693 247	99,1%
Total	**19 831 147**	**12 134 693**	**7 796 454**	**39,3%**

in EUR:

Asset category	Asset value	Estimated market value	Impairment	Average impairment%
Properties	398 639	391 300	10 574	2,7%
Machinery, equipment	122 119	0	122 119	100,0%
Other	120 557	1 122	119 435	99,1%
Total	**641 315**	**392 422**	**252 128**	**39,3%**

The total amount of impairment loss in the balance sheet reduces "*Tangible assets*" and *"Other current assets"* (EUR 225 thousand at the closing rate of 2020).

The Company recognized UAH 7 812 620 (EUR 224 891) impairment in its balance sheet for its investment in the Ukraine at the end of 2020 as detailed below:

in UAH:

Asset category	Asset value	Estimated market value	Impairment	Average impairment%
Properties	12 326 964	12 500 000	326 964	2,7%
Machinery, equipment	3 615 946	0	3 615 946	100,0%
Other	3 904 423	34 713	3 869 710	99,1%
Total	**19 847 333**	**12 534 713**	**7 812 620**	**39,4%**

in EUR:

Asset category	Asset value	Estimated market value	Impairment	Average impairment%
Properties	354 839	359 820	9 412	2,.7%
Machinery, equipment	104 087	0	104 087	100,0%
Other	112 391	999	111 392	99,1%
Total	**571 317**	**360 819**	**224 891**	**39,4%**

The total amount of impairment loss in the balance sheet reduces "*Tangible assets*" and *"Other current assets"* (EUR 299 thousand at the closing rate of 2019).

10. Assets purchased under financial lease

Tangible assets include the assets the Group purchased under finance lease.

The Group took over various tangible assets under finance leases in the following values:

Finance leased assets	2021	2020
Gross value	2 216 140	2 147 369
Accumulated depreciation	946 334	801 540
Net value	**1 269 806**	**1 345 829**

The value and movements of lease liabilities for the end of 2021 were as follows:

Leasing movement table	2021
January 1, 2021	800 569
Growth	317 010
Interest	-29 920
Payments	-322 708
Revaluation of lease liability	-7 811
December 31, 2021	757 140
Short-term lease liabilities	**299 158**
Long-term lease liabilities	**457 982**

Payment obligations related to the assets taken over under finance lease were as follows:

Lease liabilities	2021	2020
Lease liabilities within 1 year	299 158	268 759
Due in 2-5 years	457 982	531 810
Total lease obligations	**757 140**	**800 569**

The present values of minimum lease payments were as follows:

Minimum lease payments	2021	2020
Lease payments falling due within 1 year	325 775	292 783
Lease payments falling due within 2-5 years	495 672	557 502
Minimum lease payments	**821 447**	**850 285**
Financial expenses	-64 307	-49 716
Present value of minimum lease payments	**757 140**	**800 569**

The Group cannot renew its lease agreements, and the leased assets become property of the lessee at the end of the lease term. The related commitments include bills of exchange, deposits and blank promissory notes.

11. Investments in associates

Masterprofil Kft.

On 30 November 2013, Masterplast Nyrt. reduced its share in Masterprofil Kft. from 95% to 20%, thereby this previously fully consolidated subsidiary became an associate.

T-Cell Plasztik Kft.

Masterplast Nyrt. purchased 24% shares in T-Cell Kft. on 3 June 2019. The purchase price of the acquired share was HUF 99 840 thousand (EUR 273 437) which was paid in full. T-Cell Kft.'s key activity is to produce polystyrene in its two factories (Hajdúszoboszló and Zalaegerszeg) in Hungary.

Master Modul Kft.
Master Modul Kft was founded on 12 April 2021 with the Company's 25% participation in it. The new entity is to produce modular buildings and has a subscribed capital of HUF 3 million.

Associated companies are consolidated using the equity method through profit and loss accounts.

Share of the profits of associates	2021
Opening	298 798
Share of the profits of associates	258 632
Growth	0
Comprehensive income	-4 366
Closing*	**553 064**

*Includes no profit or loss from discontinued operations.

Share of the profits of associates	2020
Opening	320 837
Share of the profits of associates	8 226
Growth	0
Comprehensive income	-30 265
Closing*	**298 798**

*Includes no profit or loss from discontinued operations.

12. Inventories

Type of inventory	2021			2020		
	Gross book value	Impairment charge	Net book value	Gross book value	Impairment charge	Net book value
Finished products	5 284 636	0	5 284 636	2 650 897	0	2 650 897
Semi-finished products, WIP	2 047 159	0	2 047 159	2 407 969	0	2 407 969
Raw materials, additives and fuels	7 740 263	0	7 740 263	2 895 097	0	2 895 097
Goods	35 806 772	-3 790 455	32 016 317	17 490 085	-359 897	17 130 188
Total	**50 878 830**	**-3 790 455**	**47 088 375**	**25 444 048**	**-359 897**	**25 084 151**

Recognised and reversed impairment on inventories was the following in 2021

Impairment of inventories 2021	EUR
Opening impairment	359 897
Translation difference	96
Charges	3 961 557
Reversals	-531 095
Closing	**3 790 455**

Recognised and reversed impairment on inventories was the following in 2020:

Impairment of inventories 2020	EUR
Opening impairment	44 977
Translation difference	-1 002
Charges	363 294
Reversals	-47 372
Closing	**359 897**

In 2021, based on reviews and valuations performed by the Company's subsidiaries, the amount of impairment recognized at the Group level increased by EUR 3 431 thousand compared to the previous year. The cost of sold inventories (purchased goods and self-produced inventories):

Cost of goods sold	2021	2020
Cost of goods sold	141 926 672	89 756 818

The bank loans are partly covered by the closing balances of the inventories of Masterplast Nyrt., Masterplast Medical Kft., Masterplast Hungária Kft, Masterplast International Kft. and Masterfoam Kft in the following value:

Closing balances of inventories	2021	2020
Closing balances of inventories	18 725 791	8 509 598

13. Trade receivables

Debtors	2021	2020
Trade receivables	21 895 895	17 583 429
Impairment of doubtful receivables	-884 706	-828 706
Total	**21 011 189**	**16 754 723**

Average payment term of trade receivables was 40 days in 2021 (40 days in 2020). There is no significant concentration in our trade receivables.
Recognised and reversed impairment on trade receivables was the following in 2021:

Impairment of trade receivables	Opening impairment	Translation difference	Charges	Reversals	Closing
Impairment of trade receivables	828 706	9 144	289 382	-242 526	884 706
Total	**828 706**	**9 144**	**289 382**	**-242 526**	**884 706**

Recognised and reversed impairment on trade receivables was the following in 2020:

Impairment of trade receivables	Opening impairment	Translation difference	Charges	Reversals	Closing
Impairment of trade receivables	930 535	22 446	244 153	-368 428	828 706
Total	**930 535**	**22 446**	**244 153**	**-368 428**	**828 706**

The aging of trade receivables is as follows:

Aged analysis	2021			2020		
	Gross book value	Impairment charge	Net book value	Gross book value	Impairment charge	Net book value
Not yet due	15 318 984	0	15 318 984	13 076 351	0	13 076 351
Due over 0-60 days	4 051 723	0	4 051 723	2 988 194	0	2 988 194
Due over 61-90 days	1 070 630	0	1 070 630	354 016	3 961	350 055
Due over 91-180 days	702 469	192 418	510 051	441 689	105 979	335 710
Due over 181-360 days	92 594	32 793	59 801	46 443	42 030	4 413
Due over 360 days	659 495	659 495	0	676 736	676 736	0
Total	**21 895 895**	**884 706**	**21 011 189**	**17 583 429**	**828 706**	**16 754 723**

14. Other current assets

Other current assets	2021	2020
Advances paid	521 477	81 213
Bills of exchange and cheques receivable	233 094	267 638
Other receivables	1 059 857	957 676
Bonus from suppliers	522 750	504 916
Impairment on other receivables	-358 932	-347 775
Accrued income	33 195	28 281
Prepaid expense	460 892	271 628
Provided loans	216 802	0
Total	**2 689 135**	**1 763 577**

15. Cash and cash equivalents

Cash and cash equivalents	2021	2020
Cash	46 050	34 694
Bank deposits	15 335 794	33 231 958
Total	**15 381 844**	**33 266 652**

The Group does not have restricted cash or cash-equivalents as at 31 December 2021 or 31 December 2020.

16. Short-term and long-term loans

Short-term and long-term bank loans taken - 2021

Company name	Loan ID	Loan type	Currency of disbursement	Interest (%)	Period of interest settlement	Amount of outstanding loan debt EUR	Repayment Amount of repayment falling due within 1 year	Amount of repayment falling due within 2-5 years	Amount of repayment falling due beyond 5 years	Collaterals	Criteria of enforcement of mortgage
Masterplast YU D.o.o.	00-421-1700025.1	investment loan	RSD	2W REPO + 3,33%	havi	2 030 535	570 290	1 460 245	0	promissory note + mortgage + MP NYRT guarantor	
Masterplast YU D.o.o.	00-421-0611706.8	investment loan	EUR	3M EURIBOR + 2,10%	havi	2 692 170	0	2 512 690	179 480	promissory note + mortgage + MP NYRT guarantor	
Masterplast YU D.o.o.	00-475-0300006.3	current asset loan	RSD	3M EURIBOR +2,50%	havi	0	0	0	0	promissory note + mortgage + MP NYRT guarantor	
Masterplast YU D.o.o.	00-422-0013391	current asset loan	RSD	3M EURIBOR +2,50%	havi	1 000 000	1 000 000	0	0	promissory note + mortgage + MP NYRT guarantor	
Masterplast YU D.o.o.	00-429-0300071.0	current asset loan	RSD	3M EURIBOR + 2,10%	havi	1 700 000	1 700 000	0	0	promissory note + mortgage + MP NYRT guarantor	
Masterplast YU D.o.o.	00-422-0004844	current asset loan	RSD	3M EURIBOR + 2,10%	havi	400 000	400 000	0	0	promissory note + mortgage + MP NYRT guarantor	
Total investment and working capital loans						**7 822 705**	**3 670 290**	**3 972 935**	**179 480**		
Masterplast Romania	56 (OVD)	overdraft facility	RON	ROBOR 1M + 1%	havi	2 058 211	2 058 211	0	0	mortgage	Interest and loan liability
Masterplast s.r.o.		overdraft facility	EUR	1,6% p.a. + 1M EURIBOR	havi	334 571	334 571	0	0	mortgage	-
Total overdraft facilities						**2 392 782**	**2 392 782**	**0**	**0**		
Total loans and credits						**10 215 487**	**6 063 072**	**3 972 935**	**179 480**		

On December 31, 2021 the required loan covenants were fulfilled in all cases.
The secured loans were drawn for specific development projects and are secured by the financed assets.
The Group's credit exposure is linked to two banks.

Short-term and long-term bank loans taken – 2020

Company name	Loan ID	Loan type	Currency of disbursement	Interest (%)	Period of interest settlement	Amount of outstanding loan debt EUR	Repayment Amount of repayment falling due within 1 year	Amount of repayment falling due within 2-5 years	Amount of repayment falling due beyond 5 years	Collaterals	Criteria of enforcement of mortgage
Masterplast YU D.o.o.	00-421-1700025.1	investment loan	RSD	2W REPO + 3,33%	monthly	2 590 798	565 265	2 025 533	0	promissory note + mortgage + MP NYRT guarantor	-
Masterplast YU D.o.o.	00-475-0300006.3	current asset loan	RSD	3M EURIBOR +2,50%	monthly	1 996 281	1 996 281	0	0	promissory note + mortgage + MP NYRT guarantor	
Masterplast YU D.o.o.	00-422-0001887.1	current asset loan	RSD	3M EURIBOR +2,10%	monthly	700 000	700 000	0	0	promissory note + mortgage + MP NYRT guarantor	
Masterplast Nonwoven GmbH	1675/2020	investment loan	EUR	1% p.a	yearly	1 900 000	0	1 900 000	0	promissory note + mortgage + MP NYRT guarantor	
Masterplast Romania	35/2016	investment loan	RON	ROBOR 1 M + 1,75%	monthly	32 006	32 006	0	0	mortgage + bank guarantee	If a loan repayment plan is violated unjustified, the Bank has the right to enforce the guarantees following calculation of penalty interest. Repayment and interest payment due date on 15th of every month, deviation is possible with permission from the Bank only.
Total investment and working capital loans						**7 219 085**	**3 293 552**	**3 925 533**	**0**		
Masterplast Romania	56 (OVD)	overdraft facility	RON	ROBOR 1M + 1%	monthly	2 200 034	2 200 034	0	0	mortgage	-
Masterplast s.r.o.	-	overdraft facility	EUR	1,6% p.a. + 6M EURIBOR	monthly	419 959	419 959	0	0	mortgage	-
Total overdraft facilities						**2 619 993**	**2 619 993**	**0**	**0**		
Total loans and credits						**9 839 078**	**5 913 545**	**3 925 533**	**0**		

On December 31, 2020 the required loan covenants were fulfilled in all cases.
The secured loans were drawn for specific development projects and are secured by the financed assets.
The Group's credit exposure is linked to two banks.

17. Liabilities from issued bonds and

17.1. Liabilities from issued bonds

The Group participated in the growth bond programme announced by the MNB in 2019, in 2020 as well as in 2021 under which Masterplast Nyrt. issued bonds with a nominal value of HUF 6 -6 -9 billion (EUR 56.8 million of balance sheet value as at 31 December 2021). The funds raised from the 2019 issue have been used to restructure funding, providing a long-term, low-interest (1.08% on EUR basis) resource for further growth. The proceeds from the bonds issued in HUF were disbursed to subsidiaries as EUR-based parent loans, which were fully used by the subsidiaries to re-finance their existing loans. As a result, the amount of short- and long-term loans of the Group decreased while its liabilities from issued bonds increased by the same amount in the balance sheet. In order to optimise exchange rate effects and interest costs resulting from transactions denominated in different currencies, the Company entered into a CCIRS hedging transaction in December 2019, which will reduce interest costs calculated on the basis of the Company's current financing structure in the coming years.
The proceeds from the bond issued in 2020 and in 2021 have been/will be used in full by the Group to finance its ongoing and future investments.
The Company uses the effective interest rate calculation method for all three bonds, but the impact of this method on the accounts (due to the minimum difference between nominal value and amortised cost) is immaterial.

Name of bond	MASTERPLAST 2026/I HUF	MASTERPLAST 2027/I HUF	MASTERPLAST 2031/I HUF
Date of release	6 December 2019	21 December 2020	25 August 2021
Expiration date	6 December 2026	21 December 2027	25 August 2031
Introduction date	18 December 2020	19 December 2021	1 October 2021
Nominal value (HUF)	50 000 000	50 000 000	50 000 000
Number of units issued	120	120	180
Term (year)	7	7	10
Type of interest	fix	fix	fix
Interest rate	2,00%	2,10%	2,90%
Interest payment date	Annually, 6th December	Annually, 21st December	Annually, 25th August
Repayment of principle	Between 4-7 years amortised in equal instalments	Between 4-7 years amortised in equal instalments	Between 6-10 years amortised in equal instalments

MASTERPLAST 2026/I HUF	HUF		EUR	
	2021	2020	2021	2020
Total nominal value of the bond issued	6 000 000 000	6 000 000 000	16 260 163	16 432 503
Amortized cost	5 994 614 130	5 994 366 113	16 245 628	16 417 067
Real value	5 427 017 076	5 992 548 448	14 707 363	16 412 096
Existing obligation	6 000 000 000	6 000 000 000	16 260 163	16 432 503

MASTERPLAST 2027/I HUF	HUF		EUR	
	2021	2020	2021	2020
Total nominal value of the bond issued	6 000 000 000	6 000 000 000	16 260 163	16 432 503
Amortized cost	5 974 683 738	5 971 603 830	16 191 555	16 354 733
Real value	5 293 580 214	5 993 364 000	14 345 746	16 414 329
Existing obligation	6 000 000 000	6 000 000 000	16 260 163	16 432 503

MASTERPLAST 2031/I HUF	HUF	EUR

	2021	2020	2021	2020
Total nominal value of the bond issued	9 000 000 000	0	24 390 244	0
Amortized cost	9 003 011 190	0	24 398 404	0
Real value	9 091 558 651	0	24 638 370	0
Existing obligation	9 000 000 000	0	24 390 244	0

17.2. CCIRS hedging transaction

The key objective of the 2019 bond issue was to restructure the Group's funding structure. In order to reach this objective all the HUF 6 billion of proceeds from the bonds denominated in HUF were exchanged into EUR then were disbursed to subsidiaries as EUR-based parent loans. These EUR-based parent loans were fully used by the subsidiaries to re-finance their existing EUR-denominated loans. Masterplast Nyrt. entered into the CCRIS transaction in order to mitigate the risk of fluctuating HUF/EUR exchange rates since it keeps its records in HUF as well as to achieve an interest rate that is more favourable than the market price. The transaction consists of a foreign exchange and an interest rate swaps that are inseparably linked to the bonds and provides 1:1 cover for principal and interest payments. Cash flows from the CCIRS transaction and the bonds are in line in time and amount therefore any change in the value of the basic product is fully compensated by that of the hedging transaction (both in terms of exchange rate and interest).
The Company entered into the CCIRS transaction with Raiffeisen Bank. The Bank's credit rating does not affect credit risk. The transaction is assessed by Raiffeisen Bank Zrt. on the basis of market data at least once a month on the last day of the month.

Based on the above the Company has examined the hedging effectiveness of the CCIRS transaction and considered to be 100% effective therefore applies hedge accounting in accordance with IFRS 9. The Company recognizes the effects of changes in the exchange rates directly in profit or loss, while the changes arising from yield curves are recognized in the OCI.

The transaction details are as follows:

	MASTERPLAST 2026/I HUF
Trade day	16 December 2019
Expiration date	7 December 2026
Place of execution	OTC
Party paying fixed interest	Raiffeisen Bank Zrt.
Amount	6 022 801 800 HUF
Fixed interest rate	1,9264% p.a.
Amount of relevant interest	113 184 119 HUF
Party paying fixed interest	Masterplast Nyrt.
Amount	18 306 388 EUR
Fixed interest rate	1,08% p.a.
Amount of relevant interest	196 061 EUR

18. Deferred income

Deferred income includes non-refundable parts (grants) of tendered government subsidies as long as the applicable requirements are met.

Subsidy ID	Description of support	Beneficiary	2021	2020
SZVP-2003-6-03-08-1	Network building at „Master level”	Masterplast Nyrt. Masterplast Medical Kft.	31 423	36 350
GVOP-1.1.2-2004-11-0003/5.0	Cental and Eastern Europe Regional Corporate Headquarters „Master” course, MASTER3AS Centre – Product, Service and Training at „Master” level	Masterplast Nyrt. Masterplast Medical Kft.	214 918	220 246
GOP-1.3.3.09-2010-0013	„Development of new building and wrapping particles at MASTERFOAM Kft in order to strengthen supplier positions”	Masterfoam Kft.	10 778	10 893
GVOP-1.1.1-05/1.-2005-11-0010/5.0	„Development of a factory for foamed foils of Masterfoam Kft. in Kál, Heves county”	Masterfoam Kft.	12 953	13 090
NGM/34052-6/2017	Corporate Investment Subsidies	Masterfoam Kft.	502 812	562 294
State Subsidy	Glass fabric factory	Masterplast YU D.o.o.	5 238 010	2 848 167
GINOP-2.1.1-15-2016-00767	Development of a new wind and airtight diffusion roof film product with favourable properties at Masterplast Kft.	Masterplast Medical Kft.	70 401	92 130
GOP-1.3.1-11/A-2011-0084	Energy modernization of high-rise buildings and related fire safety compliance at MASTERPLAST Kft.	Masterplast Medical Kft.	28 396	28 790
PM/15207-9/2020	Production of COVID-19-relevant products - Research and development	Masterplast Medical Kft.	19 799 185	0
PM/2093-10/2021	Extension of the production capacity of personal health protection equipments in Sárszentmihály	Masterplast Medical Kft.	5 616 918	0
HIPA VNT2020-1-0634	Competitiveness-enhancing subsidy	Masterplast Medical Kft.	765 333	0
PM/326-9/2020	Implementation of efficient diffusion roof film production	Masterplast Medical Kft.	417 049	0
Total:			**32 708 176**	**3 811 960**
Short-term part :			**2 784 959**	**449 799**
Long-term part:			**29 923 217**	**3 362 161**

Contingent liabilities and commitments related to deferred income are described in Note 39.

19. Other long-term liabilities

Other long-term liabilities	2021	2020
Long-term part of lease liabilities (Note 11)	457 982	531 810
Long - term liability to external (minority) owners (Note 35.4)	0	3 457 938
Other long-term liabilities	192 875	608 801
Total	**650 857**	**4 598 549**

20. Provisions

2021	Opening balance	Translation difference	Increase	Current year use	Reversed	Closing
For unused holidays	109 554	16	152 619	46 855	17 815	197 519
For bonuses	11 867	-226	113 568	11 641	0	113 568
For commissions	49 728	-208	62 979	23 215	21 258	68 026
For Warranty obligations	43 000	0	0	0	200	42 800
For Other	103 017	-1 029	99 495	56 133	0	145 350
Total	**317 166**	**-1 447**	**428 661**	**137 844**	**39 273**	**567 263**

2020	Opening balance	Translation difference	Increase	Current year use	Reversed	Closing
For unused holidays	95 023	-8 392	115 864	83 319	9 622	109 554
For bonuses	0	0	16 915	5 048	0	11 867
For commissions	25 507	-607	44 681	19 062	791	49 728
For Warranty obligations	0	0	43 000	0	0	43 000
Other	98 294	-1 032	16 708	7 269	3 684	103 017
Total	**218 824**	**-10 031**	**237 168**	**114 698**	**14 097**	**317 166**

21. Trade payables

Ageing of trade payables is as follows:

Creditors	2021	2020
Not yet due	16 281 772	12 692 822
Due over 0-60 days	304 159	499 144
Due over 61-90 days	656	4 608
Due over 91-180 days	5 077	2 340
Due over 180 days	198 062	107 353
Total	**16 789 726**	**13 306 267**

22. Other current liabilities

Other current liabilities	2021	2020
Advances received	115 390	76 217
Liabilities to employees	1 219 187	879 142
Other current liabilities	507 473	332 906
Government grant advance	0	21 748 515
Bonus to customers	1 657 287	1 134 572
Insurance	0	46 300
Accrued interest expense	295 330	12 108
Deferred income	157 483	8 764
Accrued expenses	726 040	589 818
Total	**4 678 190**	**24 828 342**

23. Cost of materials and services used

Cost of Materials and Services	2021	2020
Cost of materials	64 255 590	36 352 149
Cost of services	14 577 729	6 063 974
Cost of goods sold	68 280 480	53 502 857
Obtained sconto	-117 132	-82 603
Received bonus	-2 521	-46 340
Total	**146 994 145**	**95 790 036**

24. Personnel related costs

Payments to personnel	2021	2020
Payroll costs	17 111 727	12 766 675
Other payments to personnel	1 339 668	1 176 963
Payroll taxes and social security contribution	2 943 363	2 252 982
Total	**21 394 758**	**16 196 620**

25. Other income and expense

Other income and expenses	2021	2020
Result of fixed asset sales	16 963	303 124
Inventory shortage, scrapped	-745 314	-129 635
Impairment reversed/(charged) on inventories, debtors and other receivables	-3 793 831	-293 076
Taxes, duties	-196 654	-161 287
Credit loss	-225 813	-212 520
Income from tenders (release of deferred income)	1 460 322	618 108
Tax penalty	0	-476 056
Provisions reversed/(charged)	-168 614	-98 342
Default interest paid	-260 803	0
Negative goodwill	0	32 568
Other	-528 519	-162 534
Total	**-4 442 263**	**-579 650**

26. Other financial profit or loss and fair value adjustments

Other financial profit or loss	2021	2020
Foreign exchange gain/(loss)	1 322 263	-606 424
Recognised gain/(loss) on derivatives and fair value adjustments	-186 528	272 586
Other	0	0
Total	**1 135 735**	**-333 838**

The Group had the following open derivative transactions (at trading rate) at the end of years 2021 and 2020

Description	Maturity/closing date	Currency	Value	Fair value 2021	Fair value 2020
EUR buy PLN sell future at a rate of 4,6155 EUR/PLN (trading rate at 4,498 EUR/PLN)	12.01.2021	PLN	143 936	0	815
EUR buy PLN sell future at a rate of 4,6155 EUR/PLN (trading rate at 4,4879 EUR/PLN)	12.01.2021	PLN	157 077	0	968
EUR buy PLN sell future at a rate of 4,6155 EUR/PLN (trading rate at 4,59 EUR/PLN)	12.01.2021	PLN	137 700	0	166
EUR buy PL sell future at a rate of 4,6155 EUR/PLN (trading rate at 4,5841 EUR/PLN)	12.01.2021	PLN	366 728	0	544
EUR buy PLN sell future at a rate of 4,6199 EUR/PLN (trading rate at 4,4833 EUR/PLN)	10.03.2021	PLN	143 466	0	947
EUR buy PLN sell future at a rate 4,6199 EUR/PLN (trading rate at 4,5021 EUR/PLN)	10.03.2021	PLN	261 122	0	1 480
EUR buy PLN sell future at a rate of 3,7582 EUR/PLN (trading rate at 3,7708 USD/PLN)	12.01.2021	PLN	61 389	0	-44
EUR buy PLN sell future at a rate of 4,6199 EUR/PLN (trading rate at 4,4781 EUR/PLN)	10.03.2021	PLN	170 168	0	1 168
EUR buy PLN sell future at a rate of 4,6228 EUR/PLN (trading rate at 4,4809 EUR/PLN)	14.04.2021	PLN	179 236	0	1 230
EUR buy PLN sell future at a rate of 4,6228 EUR/PLN (trading rate at 4,4428 EUR/PLN)	14.04.2021	PLN	111 070	0	975
EUR buy PLN sell future at a rate of 4,6228 EUR/PLN (trading rate at4,4552 EUR/PLN)	14.04.2021	PLN	133 656	0	1 090
EUR buy PLN sell future at a rate of 4,6228 EUR/PLN (trading rate at 4,4512 EUR/PLN)	14.04.2021	PLN	155 792	0	1 302
EUR buy PLN sell future at a rate of 4,6228 EUR/PLN (trading rate at 4,4493 EUR/PLN)	14.04.2021	PLN	142 378	0	1 203
EUR buy PLN sell future at a rate of 4,624 EUR/PLN (trading rate at 4,4518 EUR/PLN)	28.04.2021	PLN	133 554	0	1 118
EUR buy PLN sell future at a rate of 4,5847 EUR/PLN (trading rate at 4,553335 EUR/PLN)	12.01.2021	PLN	366 776	0	-543
EUR buy PLN sell future at a rate of 4,606 EUR/PLN (trading rate at 4,6861 EUR/PLN)	26.01.2022	PLN	210 875	-784	0
EUR buy PLN sell future at a rate of 4,606 EUR/PLN (trading rate at 4,7058 EUR/PLN)	26.01.2022	PLN	225 878	-1 042	0
EUR buy PLN sell future at a rate of 4,606 EUR/PLN (trading rate at 4,7004 EUR/PLN)	26.01.2022	PLN	188 016	-821	0
EUR buy PLN sell future at a rate of 4,606 EUR/PLN (trading rate at 4,6996 EUR/PLN)	26.01.2022	PLN	234 980	-1 018	0
EUR buy PLN sell future at a rate of 4,6123 EUR/PLN (trading rate at 4,6999 EUR/PLN)	08.02.2022	PLN	258 495	-1 048	0
EUR buy PLN sell future at a rate of 4,6122 EUR/PLN (trading rate at 4,6833 EUR/PLN)	08.02.2022	PLN	280 998	-927	0
EUR buy PLN sell future at a rate of 4,6122 EUR/PLN (trading rate at 4,6813 EUR/PLN)	08.02.2022	PLN	234 065	-751	0
EUR buy PLN sell future at a rate of 4,6121 EUR/PLN (trading rate at 4,6395 EUR/PLN)	08.02.2022	PLN	162 383	-208	0
EUR buy PLN sell future at a rate of 4,6122 EUR/PLN (trading rate at 4,6428 EUR/PLN)	08.02.2022	PLN	208 926	-300	0
EUR buy PLN sell future at a rate of 4,6121 EUR/PLN (trading rate at 4,6325 EUR/PLN)	08.02.2022	PLN	185 300	-177	0
EUR buy PLN sell future at a rate of 4,6188 EUR/PLN (trading rate at 4,6417 EUR/PLN)	22.02.2022	PLN	171 743	-184	0
EUR buy PLN sell future at a rate of 4,6187 EUR/PLN (trading rate at 4,6272 EUR/PLN)	22.02.2022	PLN	138 816	-55	0
EUR buy PLN sell future at a rate of 4,6189 EUR/PLN (trading rate at 4,6689 EUR/PLN)	22.02.2022	PLN	186 756	-435	0
EUR buy PLN sell future at a rate of 4,6188 EUR/PLN (trading rate at 4,6468 EUR/PLN)	22.02.2022	PLN	162 638	-213	0
EUR buy PLN sell future at a rate of 4,6188 EUR/PLN (trading rate at 4,6452 EUR/PLN)	22.02.2022	PLN	167 227	-207	0
EUR buy HUF sell future at a rate of 370,2099 EUR/HUF (trading rate at 370,95EUR/HUF)	31/03/2022	HUF	1 112 850 000	6 017	0
EUR buy HUF sell future at a rate of 370,2099 EUR/HUF (trading rate at 374,3EUR/HUF)	31/03/2022	HUF	374 300 000	11 084	0
EUR buy HUF sell future at a rate of 370,2099 EUR/HUF (trading rate at 375,95EUR/HUF)	31/03/2022	HUF	375 950 000	15 556	0
EUR buy HUF sell future at a rate of 370,2099 EUR/HUF (trading rate at 367,7EUR/HUF)	31/03/2022	HUF	-1 838 500 000	34 010	0
EUR buy HUF sell future at a rate of 370,2099 EUR/HUF (trading rate at 371,14EUR/HUF)	31/03/2022	HUF	371 140 000	1 977	0
USD buy EUR sell future at a rate of 1,1349 EUR/USD (trading rate at 1,1401 EUR/USD)	28/02/2022	EUR	1 300 000	5 968	0
EUR/HUF foreign exchange swap at a rate of 369 (trading rate at: 329 HUF/EUR)	16/12/2026	HUF	6 022 801 800	-4 291 536	-2 479 121
Total				**-4 225 094**	**-2 466 702**
Of which other financial receivables				**74 612**	**13 006**
Of which other financial labilities				**-4 299 706**	**-2 479 708**

In 2021 and 2020 derivative transactions were evaluated by a contractual partner of the Group based on the actual market conditions that prevailed at the balance sheet date.

Fair value hierarchy	2021		2020	
	Level 2	Fair value total	Level 2	Fair value total
Financial assets				
FX derivative transactions	74 612	74 612	13 006	13 006
Financial assets total	**74 612**	**74 612**	**13 006**	**13 006**
Financial liabilities				
FX derivative transactions	4 299 706	4 299 706	2 479 708	2 479 708
Financial liabilities total	**4 299 706**	**4 299 706**	**2 479 708**	**2 479 708**

The Group's financial instruments at book value and fair value were as follows at the end of 2021 and 2020:

Valuation of financial instruments	Book value		Fair value	
	31-12-2021	31-12-2020	31-12-2021	31-12-2020
Trade receivables	21 011 189	16 754 723	21 011 189	16 754 723
Taxes receivables	1 926 172	618 569	1 926 172	618 569
Other financial assets	74 612	13 006	74 612	13 006
Cash and cash equivalents	15 381 844	33 266 652	15 381 844	33 266 652
Total	**38 393 817**	**50 652 950**	**38 393 817**	**50 652 950**
Long-term loans	4 152 415	3 925 533	4 152 415	3 925 533
Liabilities from issued bonds	56 835 587	32 771 800	53 691 479	32 826 425
Other long-term liabilities	650 857	4 598 549	650 857	4 598 549
Taxes payable	3 262 781	2 496 539	3 262 781	2 496 539
Short-term loans	6 063 072	5 913 545	6 063 072	5 913 545
Trade payables	16 789 726	13 306 267	16 789 726	13 306 267
Short-term finance lease liabilities	299 158	268 759	299 158	268 759
Other financial liabilities	4 299 706	2 479 708	4 299 706	2 479 708
Total	**92 353 302**	**65 760 700**	**89 209 194**	**65 815 325**

Trade and other current receivables and payables are instruments with maturity less than one year and their realisation is expected in short term. As such their net book value approach to their fair value.

The short term loans of the Group are based on reference rates, so beside their short term realisation any potential market interest rate change is reflected in the reference rates of the loans and as such their net book value agrees to their value.

The majority of the long term loans of the Group are also on floating interest rate and as such the market changes are continuously followed by the interest rate changes of the loans. Considering the Group's industry and risk position management believes that there is no change of risk rating during the term of these loans. Based on this the Group determined that net book value of the long term loans agrees to their fair value.

The long term lease liabilities have the same conditions as long term loans (floating reference rate). As such their net book value agrees to their fair value.

Undiscounted cash-flow 2021	Payment within 1 year	Payment within 2-5 year	Payment beyond 5 year
Total loans and credits	6 063 072	3 972 935	179 480
Interests of loans and credits	331 999	686 342	4 796
Total	**6 395 071**	**4 659 277**	**184 276**

Undiscounted cash-flow 2020	Payment within 1 year	Payment within 2-5 year	Payment beyond 5 year
Total loans and credits	5 913 545	3 925 533	0
Interests of loans and credits	194 669	542 694	0
Total	**6 108 214**	**4 468 227**	**0**

27. Taxes

Taxes receivable and taxes payable were as follows:

Taxes receivable and taxes payable	2021	2020
Taxes receivable	1 926 172	618 569
Taxes payable	-3 262 781	-2 496 539
Net tax receivable	**-1 336 609**	**-1 877 970**

Income tax expense for the years ended 31 December 2021 and 31 December 2020 includes the following components:

Income tax expense	2021	2020
Income tax expense for the current year	2 117 003	1 057 868
Deferred income tax expense	381 566	-153 285
Income tax expense	**2 498 569**	**904 583**

The Group is regularly audited by the tax authority. As the application of the tax laws and requirements that refer to the individual transactions are subject to varying interpretation, the amounts recognized in the financial statements may change later in view of the ultimate decision of the tax authority.

The average tax rate of the Group in the past two years was as follows:

Average tax rate	2021	2020
Average tax rate	13,3%	13,2%

The year-end balance of deferred tax includes the following items:

Year-end balance of deferred tax	2021	2020
Tangible fixed assets	-319 339	-231 923
Inventories	509 094	161 739
Provisions	113 765	96 142
Receivables	160 441	153 632
Development reserves	0	132 290
Deferred tax adjustments due to consolidation	0	0
Other	-292 429	104 176
Closing deferred tax assets, net	**171 532**	**416 056**
Of which deferred tax assets	**673 888**	**753 967**
Of which deferred tax (liability)	**-502 356**	**-337 911**

Difference between the Group’s income tax payable calculated at the actual average and effective income tax rate:

Difference between average and calculated tax rate	2021	2020
Profit before tax as per consolidated statement of profit or loss	18 568 934	7 310 994
Actual average tax rate	13,3%	13,2%
Income tax payable calculated at actual average tax rate	**2 467 211**	**-671 449**
Permanent differences	249 607	0
Impact of the different tax rates	-577 027	-275 530
Local business tax, reclassification of innovation contribution	131 241	-91 887
Revaluation of deferred tax assets and liabilities	5 718	-1 246
Other	221 819	135 529
Total differences	**31 358**	**-233 134**
Total income tax expenses	**2 498 569**	**-904 583**
Effective income tax rate	**13,5%**	**12,4%**

Carried forward tax losses not yet used and the maturity of their usability:

Losses carried forward not considered in the deferred-tax	2021	2020	Usability
Masterfoam Kft.	306 577	0	Can be used for 5 years from generation
Total	**306 577**	**0**	

28. Earnings per share

Earnings per share	2021	2020
Profit distributable to shareholders	15 860 834	5 767 984
Weighted average number of shares traded during the year	14 398 805	14 389 100
Earnings per share	**1,10**	**0,40**

Diluted earnings per share	2021	2020
Profit distributable to shareholders	15 860 834	5 767 984
Weighted average number of shares traded during the year	14 399 257	14 389 606
Diluted earnings per share	**1,10**	**0,40**

As a result of the dilutive effect of the MRP allowance for 2021 on the average annual share count (as it is expected to increase the weighted average number of shares traded during the year), the average number of shares presented in the diluted EPS calculation has increased minimally. The EPS calculation was not affected by the minimum number of units.

29. Segments

In view of the Group's operations, our production and selling activities are presented as business segments. Accordingly, the Group divides its activities into two segments: Production and Selling. The Production segment supplies fibreglass-mesh, plasterboard profiles, plaster profiles, isofoam and EPS to the Selling segment. The inter-segment transfer prices are based on the actual (purchase) market prices. The results of these operations also include those of the fully consolidated subsidiaries that belong to each segment.

2021	Sales	Production	Unallocated expenses	Inter-segment eliminations	Consolidated
Sales revenues from third parties	191 252 987	0	235 712	0	191 488 699
Inter-segment sales revenues		89 635 115	1 893 915	-91 529 030	0
Materials and services used	-168 839 033	-68 534 015	-1 150 127	91 529 030	-146 994 145
Payments to personnel	-8 317 760	-11 967 191	-1 109 807	0	-21 394 758
Depreciation and amortisation	-1 093 124	-3 143 549	-318 851	0	-4 555 524
Changes in self- produced inventories	905 406	3 267 819	0	0	4 173 225
Other operating income (expenses)	-2 642 508	-1 257 771	-541 984	0	-4 442 263
EBITDA	**12 359 092**	**11 143 957**	**-672 291**	**0**	**22 830 758**
EBITDA %	**6,5%**	**12,4%**	**-31,6%**	**0,0%**	**11,9%**
OPERATING PROFIT/LOSS	**11 265 968**	**8 000 408**	**-991 142**	**0**	**18 275 234**
EBIT %	**5,9%**	**8,9%**	**-46,5%**	**0,0%**	**9,5%**
Interest income	-547 820	3 813	894 612	0	350 605
Interest expenses	130 009	-398 329	-1 182 952	0	-1 451 272
Other income (expenses) of financial transactions	312 343	-65 439	888 831	0	1 135 735
Financial profit/loss	**-105 468**	**-459 955**	**600 491**	**0**	**35 068**
Share of the profit of associates	0	0	258 632	0	258 632
PROFIT/LOSS BEFORE TAX	**11 160 500**	**7 540 453**	**-132 019**	**0**	**18 568 934**
Income tax	-1 329 124	-770 875	-398 570	0	-2 498 569
PROFIT/LOSS FOR THE YEAR	**9 831 376**	**6 769 578**	**-530 589**	**0**	**16 070 365**
ASSETS					
Tangible fixed assets	15 075 117	68 410 355	6 138 588	0	89 624 060
Inventories	35 896 969	11 185 408	5 998	0	47 088 375
Debtors	20 206 730	699 176	105 283	0	21 011 189
LIABILITIES					
Long-term loans	0	4 152 415	0	0	4 152 415
Deferred income	0	32 461 849	246 327	0	32 708 176
Short-term loans/OVD	2 015 716	4 047 357	0	0	6 063 072
Creditors	14 912 983	1 637 651	239 092	0	16 789 726

2020	Sales	Production	Unallocated expenses	Inter-segment eliminations	Consolidated
Sales revenues from third parties	122 500 310	0	172 396	0	**122 672 706**
Inter-segment sales revenues	0	59 811 211	2 083 941	-61 895 152	**0**
Materials and services used	-108 215 117	-48 867 974	-602 097	61 895 152	**-95 790 036**
Payments to personnel	-7 482 905	-7 251 166	-1 462 549	0	**-16 196 620**
Depreciation and amortisation	-1 179 916	-1 389 763	-303 604	0	**-2 873 283**
Changes in self- produced inventories	129 328	840 649	0	0	**969 977**
Other operating income (expenses)	-649 105	438 484	-369 029	0	**-579 650**
EBITDA	**6 282 511**	**4 971 204**	**-209 906**	**0**	**11 043 809**
EBITDA %	5,1%	8,3%	-9,3%	0,0%	**9,0%**
OPERATING PROFIT/LOSS	**5 102 595**	**3 581 441**	**-480 942**	**0**	**8 203 094**
EBIT %	4,2%	6,0%	-22,8%	0,0%	**6,7%**
Interest income	-330 343	259	718 510	0	**388 426**
Interest expenses	-41 959	-247 010	-633 377	0	**-922 346**
Other income (expenses) of financial transactions	-934 770	-60 077	661 009	0	**-333 838**
Financial profit/loss	**-1 307 072**	**-306 828**	**746 142**	**0**	**-867 758**
Share of the profit of associates	0	0	8 226	0	**8 226**
PROFIT/LOSS BEFORE TAX	**3 795 523**	**3 274 613**	**273 426**	**0**	**7 343 562**
Income tax	-436 315	-582 702	114 434	0	**-904 583**
PROFIT/LOSS FOR THE YEAR	**3 359 208**	**2 691 911**	**387 860**	**0**	**6 438 979**
ASSETS					
Tangible fixed assets	19 873 683	23 507 061	5 523 515	0	**48 904 259**
Inventories	19 057 683	6 026 468	0	0	**25 084 151**
Debtors	15 811 556	545 547	397 620	0	**16 754 723**
LIABILITIES					
Long-term loans	0	3 925 533	0	0	**3 925 533**
Deferred income	120 922	3 434 442	256 596	0	**3 811 960**
Short-term loans/OVD	5 913 545	0	0	0	**5 913 545**
Creditors	12 301 853	931 078	73 337	0	**13 306 267**

30. Sales revenues broken down by country (EUR thousand):

Sales revenues by countries	2021	2020
Hungary	87 516	47 252
Export	27 110	16 249
Germany	15 201	8 858
Romania	14 603	13 741
Poland	11 901	8 310
Serbia	11 890	9 625
Ukraine	10 446	8 416
Slovakia	6 974	5 066
Croatia	3 922	3 644
North Macedonia	1 926	1 513
Total	**191 489**	**122 673**

The breakdown of net sales by country shows the revenue realized in countries where Masterplast has subsidiaries regardless of which subsidiary had sales in which country. Net sales in countries where the Group does not have a subsidiary are reported as "Export".

31. Non-current assets broken down by country (EUR thousand):

2020	Total	Properties, machinery and equipment	Intangible assets	Participation in associates	Long-term financial assets
Hungary	**46 768**	46 135	80	553	0
Germany	**8 758**	8 715	43	0	0
Romania	**3 249**	3 244	5	0	0
Serbia	**29 044**	29 031	13	0	0
Croatia	**401**	401	0	0	0
Ukraine	**965**	957	8	0	0
Slovakia	**415**	415	0	0	0
Poland	**407**	407	0	0	0
North Macedonia	**321**	319	2	0	0
Total	**90 328**	**89 624**	**151**	**553**	**0**

2020	Total	Properties, machinery and equipment	Intangible assets	Participation in associates	Long-term financial assets
Hungary	**18 707**	18 306	102	299	0
Germany	**4 825**	4 777	48	0	0
Romania	**3 365**	3 360	5	0	0
Serbia	**20 260**	20 242	18	0	0
Croatia	**347**	347	0	0	0
Ukraine	**794**	790	4	0	0
Slovakia	**404**	404	0	0	0
Poland	**341**	341	0	0	0
North Macedonia	**337**	337	0	0	0
Total	**49 380**	**48 904**	**177**	**299**	**0**

32. Related party transactions

Related party transactions are conducted on an arm's length basis. Both the prices applied in related party transactions between related parties and our pricing practice comply with the arm's length principle and the concept of an arm's length price as defined in the applicable OECD Guidelines that form the legal basis of transfer pricing.

Services used from related parties

Dávid Tibor owns 100% of Essence Invest Ltd., Tibor Di Transilvania Srl, and together with Balázs Ács they own PrimoInvest Kft. (formerly Fóliatex Kft.) and AMZSAB Kft. Dávid Tibor holds a senior position at Minifoci Kft. and CyBERG Corp Plc. Balázs Ács owns 100% of Firmum Capital Zrt. The Group's customer turnover with these related entities was EUR 0 in 2021 and 2020, while its supplier turnover with Minifoci Kft was EUR 9 945 in 2021 and EUR 14 360 in 2020.

Key executives of the Group discharge their duties as employees. Short-term allowances paid to them amounted to EUR 1 503 775 in 2021 and EUR 1 079 611 in 2020. No loans were granted to senior officers in 2021 or 2020. The sum total of fees paid to members of the Board of Directors was EUR 22 829 in 2021 and EUR 23 236 in 2020.

33. Issuance of shares

The Company's capital has not been increased either in 2021 or in 2020.

34. Change of investments in subsidiaries

34.1. Decrease of investments in subsidiaries in 2021:

None

34.2. Decrease in investments in subsidiaries in 2020:

None

34.3. Increase of investments in subsidiaries in 2021:

Master Modul Kft.
Master Modul Kft was founded on 12 April 2021 with the Company's 25% participation in it. The new entity is to produce modular buildings and has a subscribed capital of HUF 3 million.

Masterplast Proizvodnja DOO
Masterplast Medical Kft. founded Masterplast Proizvodnja DOO, based in Subotica, Serbia, in which a 3,600 square meter plant will be established for the production of XPS-based thermal insulation materials within the framework of a project supported by the Hungarian State, which will have a planned annual capacity of 200,000 cubic meters. In order to develop the right storage capability, the plant will also have a 2,000-square-meter warehouse and an outdoor warehouse of nearly 6,000 square meters, as well as a 400 square meter office building for the workforce and quality control lab. The value of the Project is HUF 5.05 billion, which is financed partly by the Company's own resources partly by the 50 percent non-refundable state subsidy provided under the HEPA program of the Ministry of Foreign Affairs and Trade. Production at the new plant is expected to start in early 2023. The Ministry of Foreign Affairs and Trade concluded the grant contract (NTP 2020-000356/2) with MASTERPLAST Kft. on 25 June 2021 (Masterplast Medical Kft. from 30 July 2021).

Masterplast Nonwoven GmbH
On 20 October 2021, the Company purchased a 50% stake in Masterplast Nonwoven GmbH from BÜMO-Schrauben GmbH - which is wholly owned by Mr. Hartmut Layer; consequently it became the sole owner of this subsidiary. As a result of amending the terms of the buyout option scheduled for 2023, this share was bought by

the Company at more favourable terms and earlier than planned for EUR 1.5 million. The transaction was financed from the resources obtained through the Development Bond Program.

The purchase price of the acquired fixed assets was EUR 6.2 million in 2020, but their fair value assessment was still underway by experts contracted by the Company. Though the fair value of the purchased assets could be reliably estimated until the closing of the 2020 annual financial statements, the Company opted to apply Section 45 of IFRS 3 (Business Combination) according to which it had a full year from the date of acquisition to finalize the valuation. The valuation was finalized in 2021 according to which the fair value of the assets increased by EUR 4.3 million.

34.4. Increase of investments in subsidiaries in 2020:

Masterplast Nonwoven GmbH
Masterplast Nyrt. founded Masterplast Nonwoven GmbH. on 4 June 2020. The Company acquired a 50% share of the Subsidiary as well as exclusive management rights while Mr. Hartmut Layer acquired ownership of the remaining 50% share. The newly founded company acquired LHB GmbH & Co.'s Beschichtungs KG plant in Aschersleben. The plant produces special fabrics and multilayered membranes for healthcare as well as the construction industry. Due to exclusive management rights the Group fully consolidates this entity.

The Company's future plans included the purchase of the remaining share, for which it entered into an option contract of EUR 4,1 million with a 3-year deadline with the co-owner. Based on the Company's estimate the full option value was accounted for in 2020 and the fair value of the option was included in "Other long-term liabilities" in the Group's consolidated annual financial statements. To determine fair value, the Company calculated with WACC (7.05%) used in the DCF models in accordance with the Group's accounting policy.

Based on its current information the Company presented the estimated fair value difference of EUR 4 291 thousand as temporary goodwill in its 2020 consolidated annual financial statements. The minority interest of the co-owner was EUR 833 thousand.

Net sales achieved and consolidated in 2020 amounted to EUR 7,9 million and the annual profit after tax was EUR 1,2 million.

Fidelis Bau Kft.
Masterplast Nyrt. acquired 100% share in Fidelis Bau Kft. on 1 July 2020. Fidelis BAU Kft. - established in 2002 - is a manufacturer of "Thermobeton" and a former supplier of the Masterplast Group. Fidelis BAU Kft. has the necessary regulatory approvals and licences and manufacturing technology for the collection, transport and processing of polystyrene waste.

With the acquisition of Fidelis BAU Kft., the production technology for the recycling of polystyrene waste is available within the Masterplast Group as well as all official approvals and licenses, thereby Masterplast Group implements a circular management system called "Hungarocell Green Program".

The total purchase price is HUF 114,8 million (EUR 315,000). The purchase price corresponds to the fair value of the transaction, as the Company contracted with the seller on the basis of a preliminary survey and estimate. However, based on the final valuation, the Company recorder negative goodwill in the amount of HUF 11.7m (EUR 32k), which is presented in the income statement under “Other operating income (expenses)”.

Net sales achieved and consolidated in 2020 amounted to EUR 102,000 and the annual profit after tax was EUR 6,000.

35. Share of external (minority) owners

Share of external owners	Share rate		Amount of share	
	2021	2020	2021	2020
Masterplast Sp zoo	19,96%	19,96%	236 655	174 334
MasterPlast TOV	20,00%	20,00%	283 989	157 998
Masterplast D.O.O.	10,00%	10,00%	124 468	110 382
Masterplast Nonwoven GmbH	0%	50,00%	0	1 514 431
Total	**-**	**-**	**645 112**	**1 957 145**

36. Risk management

36.1. Financial risks

Total credit risk

The Group delivers products and provides services to a number of clients. Taking into account contract volumes and customer creditworthiness, there was no major credit risk. In compliance with the Group's international receivables management policy, the controls that exist at the subsidiaries guarantee that sales are made only to customers with a proper financial background thereby reducing any potential credit risk.

The potentially highest amount affected by credit risk is the balance sheet value of financial assets including transactions presented in the balance sheet with impairment loss.

Interest rate risk

Group management does not consider the interest rate risk from floating rate loans to be a major risk factor, because the interest rates changed as a result of banking measures taken in the wake of the financial crisis are not so high that they could not be managed from the operating profits.

Sensitivity test of interest adjustments and its impact on profit before tax:

Interest risk	2021	2020
+ 1% increase in interest rates		
Financial profit/(loss)	35 068	-867 758
Effect of interest rate increase	-102 155	-98 391
Adjusted financial loss	**-67 087**	**-966 149**
Profit before tax	18 568 934	7 343 562
Effect of interest rate increase	-102 155	-98 391
Adjusted profit before tax	**18 466 779**	**7 245 171**
+ 1% decrease in interest rates		
Financial profit/(loss)	35 068	-867 758
Effect of interest rate decrease	102 155	98 391
Adjusted financial loss	**137 223**	**-769 367**
Profit before tax	18 568 934	7 343 562
Effect of interest rate decrease	102 155	98 391
Adjusted profit before tax	**18 671 089**	**7 441 953**

Sensitivity test of foreign exchange exposure EUR/HUF and EUR/RSD related to loans and its impact on the profit before tax (the foreign exchange risk calculated was made based on the EUR loan portfolio):

Exchange risk	2021	2020
Appreciation of EUR / HUF, EUR/RSD rates by 3 %		
Financial profit/(loss)	35 068	-867 758
Effect of exchange rate appreciation	296 427	201 685
Adjusted financial loss	**331 495**	**-666 073**
Profit before tax	18 568 934	7 343 562
Effect of exchange rate appreciation increase	296 427	201 685
Adjusted profit before tax	**18 865 361**	**7 545 247**
Deprecation of EUR / HUF, EUR/RSD rates by 3 %		
Financial profit/(loss)	35 068	-867 758
Effect of exchange rate depreciation	-296 427	-201 685
Adjusted financial loss	**-261 359**	**-1 069 443**
Profit before tax	18 568 934	7 343 562
Effect of exchange rate depreciation decrease	-296 427	-201 685
Adjusted profit before tax	**18 272 507**	**7 141 877**

36.2. Liquidity risk

The Group’s liquidity policy requires the availability of liquid assets and credit lines as necessary for the implementation of the Financial Strategy

As at 31 December 2021, the Group had credit lines totalling nearly EUR 40 million, including short-term and long-term lines as well as letters of credit and guarantee limits. In addition to the credit lines, the bonds issued under the Development Bond Program with a nominal value of HUF 21 billion (EUR 56.8 million as at 31 December 2021) provide better flexibility for the Group's operations and investment activities, since its former short-term and investment loans with high financing costs were re-financed by long-term funds with more favourable interest rates. The credit options available to the Group provide sufficient solvency and financial flexibility for the implementation of the Group’s strategic objectives.

The table below includes financial liabilities of the Group broken down by maturity as at 31 December 2021 and 2020 based on the non-discounted values of contractual payments.

The loans granted by Raiffeisen Bank are assessed at Group level including the rating risk linked to the performance of the subsidiaries. The subsidiaries also rely on their local banks to fund investment and working capital needs.

2021	Falling due within 1 year	Falling due within 1-5 years	Falling due beyond 5 years	Total
Finance lease liabilities	325 775	495 672	0	**821 447**
Liabilities to shareholders	0	0	0	**0**
Bank loans	6 063 072	3 972 935	179 480	**10 215 487**
Liabilities from issued bonds	0	28 389 294	28 446 293	**56 835 587**
Trade payables and other liabilities	21 660 791	0	0	**21 660 791**
Total	**28 049 638**	**32 857 901**	**28 625 773**	**89 533 312**

2020	Falling due within 1 year	Falling due within 1-5 years	Falling due beyond 5 years	Total
Finance lease liabilities	292 782	557 501	0	**850 283**
Liabilities to shareholders	0	5 357 938	0	**5 357 938**
Bank loans	5 913 545	3 925 533	0	**9 839 078**
Liabilities from issued bonds	0	16 385 900	16 385 900	**32 771 800**
Trade payables and other liabilities	13 306 267	608 801	0	**13 915 068**
Total	**19 512 594**	**26 835 673**	**16 385 900**	**62 734 167**

Non-compliance with the bank loans' covenants would also represent certain risks to the Group's capability to prolonge its loans and credit facilities. The following table presents the required loan covenants and their fulfilments as at 31 December 2021.

Name and calculation of indicator	Required	Met	Required	Met
	2021		2020	
Liquidity ratio (current assets / (current liabilities -liabilities to shareholders))	-	-	≥1,00	1,55
Leverage ratio (equity / (balance sheet total-accrued income + net total loans of T-Cell))	-	-	≥30%	33,21%
Operating profitability (Operating profit or loss / net sales revenues)	-	-	≥4,00%	6,69%
net debt (including net total loans of T-Cell too) /EBITDA	≤3,5	2,30	≤3,9	1,66

*2020-ban T-Cell Kft. nettó hitelállományát is tartalmazta a mutató, 2021-ben már nem része.

As at 31 December 2021 the Group complied with all requirements of covenants.

36.3. Geographical risk

Most of the Group's subsidiaries are located in Central Europe, but there is subsidiary in Ukraine as well. Yet, this relative dispersion does not represent high risk, because the Group has created regions in order to ensure and increase its control over the operations of the subsidiaries that are controlled and supervised by dedicated regional managements.

36.4. Country risk

The operations and profitability of the Group are exposed to changes in the political, macro-economic and budgetary environments of the Central-Eastern, South-Eastern and Eastern-European countries. Potential changes in the political and macro-economic environments may have an adverse effect on Group operations and profitability. The impairment of assets related to the political uncertainties in the Ukraine is described in Note 10.

36.5. Foreign currency risk

Masterplast purchases its products for USD and EUR and sells them in the local currencies of its subsidiaries. This practice results in FX exposure for the Group. As most of the Group companies trade in EUR (except for the Ukraine), the fluctuation of local currencies against the EUR and changes in EUR/USD rates, with respect to products purchased for USD, influence the impact of foreign exchange rates on trading.

Masterplast manages foreign currency risk centrally at Group level as well as at the level of its subsidiaries coordinated by the finance director of the parent company. The optimum hedging strategies are identified as part of the annual financial planning process and are implemented by the Group after approval. The open positions of hedging transactions at the end of the year, their fair values and the fair value of other financial instruments are presented in Note 27.

The Hungarian entities have working capital loans disbursed in EUR and the Serbian subsidiary has a EUR based investment loan.

36.6. Tax risk

The Group monitors the changes in legislation and acts immediately when a change in regulations affecting the Group as a whole takes effect and implements measures or amends existing policies as necessary. As a result, management is no aware of any significant tax risk.

36.7. Equity risk

- Dividend payment policy: In the event the Group cannot find development and acquisition targets required for its growth, it can pay dividends to shareholders in addition to providing adequate profitability and working capital. The dividend rate is the maximum of 50% of the profit for the year.
- Capital increase: Masterplast increased its capital in 2018, and may decide to do so in the future as well in order to meet its future strategic objectives. With a few exceptions, the Group is not planning to increase the capital of its subsidiaries from shareholder contributions; any increase in equity will be funded from the profits of previous years.
- Optimum capital structure: following the capital increase implemented in 2012, the Group's debt/equity ratio improved significantly and this rate is intended to be maintained in the future in order in order to mitigate its liquidity risk in the face of the unpredictability of financial markets.
- Continuous operations: To ensure the efficiency of its financial operations, the Group makes continuous efforts to prolong the payment terms of transactions and contracts with its suppliers in order to compensate for payment delays by its debtors.

37. Research and development

Changes in R&D costs:

R&D cost	2021	2020
R&D cost	361 735	0

Masterplast Medical Ltd. incurred research and developments costs in 2021 to produce COVID-19 relevant goods for which it received a research and development subsidy (PM152079/2020).

38. Contingent liabilities and future commitments

Unclosed tenders and related commitments – 2021

Tender ID	Tender title	Subsidised company	Amount	Method of settlement	Source of funds	Amount to be repaid	Implemented project	Commitments	Fund available until
GINOP-2.1.1-15-2016-00767	New favorable wind and airtight diffusion roof film product development at Masterplast Ltd.	Masterplast Medical Kft.	148 911	2017.04.18 2018.09.12 2019.08.21	From the European Regional Development Fund of the European Union and from the Central Budget of the Republic of Hungary.	148 911	Exists	Net sales from the procedure/product developed within the framework of the project must reach 30.8%of the subsidy in the 2 consecutive financial years following the completion of the development but by 31.12.2020 at the latest.	31.12.2024
PM/326-9/2020	Implementation of efficient diffusion roof film production	Masterplast Medical Kft.	417 049	2020.12.30	100% local funds	417 049	Exists	Retention of headcount (71,22 people) and continuous increase of salaries in the financial periods 2021-2026.	31.21.2026
PM/15207-9/2020	Production of COVID-19-relevant products	Masterplast Medical Kft.	19 839 886	2020.12.29	100% local funds	19 839 886	Exists	Retention of headcount (78,3 people) as well as the maintenance of the developped capacities	31.12.2024
PM/15207-9/2020	Production of COVID-19-relevant products, research and development	Masterplast Medical Kft.	498 153	2020.12.29	100% local funds	498 153	Exists	Retention of headcount (78,3 people) as well as the maintenance of the developped capacities	31.12.2025
PM/2093-10/2021	Production capacity developement of personal health protective equipments in Sárszentmihály	Masterplast Medical Kft.	5 616 918	2021.04.21	100% local funds	5 616 918	Exists	Retention of headcount (80,5 people) as well as the maintenance of the developped capacities	31.12.2025
NGM/34052-6/2017	Implementation of significant company development at Mastefroam Ltd.	Masterfoam Kft.	680 227	2018.04.30 2018.10.31	100% local funds	680 227	Exists	A total of 21 new jobs will be created in the 2019 and 2020 financial years, as well as an increase in wage costs compared to the base period (2016).	31.10.2023
05 No. 401-5329/2015-1	Production Development	Masterplast YU D.o.o.	2 000 000	2015. 2016. 2017.	Republic of Serbia	2 000 000	Exists	Retention of headcount (205 people) for financial years 2018-2022	31.12.2022
KK-H-02/2017-I-7-0005	Production Development	Masterplast YU D.o.o.	2 472 995	2018.	Republic of Serbia	2 472 995	Exists	Maintenance of economic activity for 7 years, 105 new employees for an indefinite period, whose average earnings are at least 75% of the average earnings of the home sector Contracts must be signed with 10 new suppliers.	31.12.2024
SZ-H-04/2019-III-1-0002	Production Development	Masterplast YU D.o.o.	3 000 000	2021.	Republic of Hungary through the Prosperitati Foundation	3 000 000	Exists	Maintenance of economic activity for 5 years,	30.06.2027

GVOP funds are repayable at double the central bank's base rate if the contractual covenants are not met. All contractual covenants were met in the reporting year and will be met in the future too according to management.

Unclosed tenders and related commitments – 2020

Tender ID	Tender title	Subsidised company	Amount	Method of settlement	Source of funds	Amount to be repaid	Implemented project	Commitments	Fund available until
GOP-1.3.1-11/A-2011-0084	"Energy modernisation of high buildings and the development of the related compliance with fire protection provisions with Masterplast Kft"	Masterplast Kft.	116 236	09-12-2011 15-08-2012 30-07-2014	85% from the European Regional Development Fund of the European Union, 15% from the government budget of the Republic of Hungary.	116 236	Yes	Headcount of 2010 to be retained in 2 consecutive business years following the end of the project. Increase of 2010 sales revenues by at least 30% of the funds to be achieved by the applicant at any time during the 5 years of the retention period.	31-12-2019
GINOP-2.1.1-15-2016-00767	A new advantageous wind and airtight diffusion roofing foil product development at Masterplast Kft	Masterplast Kft.	150 489	18-04-2017 12-09-2018 21-08-2019	European Regional Development Fund of the European Union and the government budget of the Republic of Hungary.	150 489	Yes	The income of the product / process developed in the project must be reach 30.8% of the total sales for 2 consecutive business years after the completion of the development no later than 31.12.2020.	31-12-2024
PM/326-9/2020	Efficient diffusion roof film production	Masterplast Kft.	421 469	30-12-2020	100% local funds	421 469	Yes	Minimum staffing (71.22 persons) increase in payroll in the period 2021-2026	31-12-2026
VNT2020-1-0634	Competitiveness-enhancing support	Masterplast Kft.	773 445	23-07-2020	100% local funds	773 445	Yes	Minimum staffing (76 persons)	30-06-2021
PM/15207-9/2020	Production of products relevant to COVID-19	Masterplast Kft.	20 050 168	29-12-2020	100% local funds	20 050 168	Yes	Minimum staffing (78.3 persons) plus maintaining of current capacities.	31-12-2024
PM/15207-9/2020	Production of products relevant to COVID-19 - Research and development	Masterplast Kft.	503 433	29-12-2020	100% local funds	503 433	Yes	Minimum staffing (78.3 persons) plus maintaining of current capacities.	31-12-2025
NGM/34052-6/2017	Significant company improvement at Masterfoam Kft.	Masterfoam Kft.	687 436	30-04-2018 31-10-2018	100% local funds	687 436	Yes	Creating 21 new positions in the business years 2019 and 2020, ensuring an increase in wages compared to the base period (2016)	31-10-2023
05 No. 401-5329/2015-1	Production development	Masterplast YU D.o.o.	2 000 000	2015 2016 2017	Serbian State	2 000 000	Yes	Retention of headcount (205 people) for the years 2018-2022	31.12.2022
KK-H-02/2017-I-7-0005*	Production development	Masterplast YU D.o.o.	2 473 035	2018	Serbian State	2 473 035	Yes	Maintaining an economic activity for 7 years, 105 new employees with an undefined-term contract with 75% of average salary for the average salary of the regional industrial sector. There are 10 new suppliers to contract.	31.12.2024

GVOP funds are repayable at double the central bank's base rate if the contractual covenants are not met. All contractual covenants were met in the reporting year and will be met in the future too according to management.

Bank guarantees

The members of the Group have bank guarantee framework agreements. The bank guarantees relate to various tenders and counter guarantees granted to subsidiaries. Details of the existing bank guarantees are as follows:

Company	Type of guarantee	2021	2020
Masterfoam Kft.	Duty	27 100	27 388
Masterfoam Kft.	Tender guarantee	680 227	687 436
Masterplast Romania	Bank guarantee	251 825	255 895
Masterplast Romania	Bank guarantee	80 160	81 455
Masterplast YU D.o.o.	Bank guarantee	2 000 000	2 000 000
Masterplast YU D.o.o.	Bank guarantee	330 000	0
Masterplast YU D.o.o.	Bank guarantee	2 069 056	0
Masterpalst International Kft.*	Guarantee	13 178 780	0
Masterplast Proizvodnja DOO Subotica	Promissory Note	6 842 264	0
Total		**25 459 412**	**3 052 174**

* Framework guarantee is provided by the bank for the Company related to purchases for Far East.

39. Litigations and extrajudicial legal cases involving the Group

An investigation has been extended to the MASTERPLAST Romania Srl. which was launched by the Romanian tax authority to an assumed tax claim in relation with anti-dumping laws on imported products concerning the operations of some of the suppliers of the Romanian subsidiary of the Company, and the investigative authority suspected MASTERPLAST Romania S.R.L. and two executive officials of it. For the upcoming periods of the procedure, as a security for possible future enforcement up to the amount of EUR 2 011 144 (9 951 341 RON), ordered the seizure and banned the alienation of Romanian properties owned by MASTERPLAST Romania S.R.L. This procedure has no influence on the operation and business activities of the MASTERPLAST Romania Srl.

The Company has initiated a legal redress against the decision. The legal redress is under procedure. As the result of the completed tax investigation, the Romanian tax authority determined a VAT liability in the amount of EUR 251 825 (RON 1 246 053) and additionally EUR 80 160 (RON 396 638) as default interest for the inspected period from 01-01-2014 to 31-08-2016. The Company represented a bank guarantee for the tax liabilities.

As part of the transfer price investigation launched at the Romanian subsidiary of the Company, the Romanian Tax Authorities identified a tax deficit of EUR 468 484 (RON 2 318 107) for the financial years 2014-2018.

The Company has appealed because of the finding with the assistance of experts thus the proceedings are still ongoing. In order to avoid possible future tax fines, the Company has paid the full amount to the tax authorities in 2020, which is presented in the profit and loss account as "Other operating income (expenses)".

The Company and its subsidiaries had 4 litigation and non-litigation proceedings totalling approximately EUR 1,283,000 in the 2021 financial year, including the value of the case relating to the Romanian subsidiary mentioned above. The Group expects that the above proceedings will not have a major impact on the Group's financial position and profits.

Litigations and extrajudicial cases launched by the Group:

The Company and its subsidiaries have approximately 78 legal proceedings in progress launched by the Group with a total approximate value of EUR 528 thousand.

The Group has made sufficient provisions for the above proceedings and does not expected these to have a major adverse impact on the financial position or profits of the Group. The potentially successful closing of the proceedings may have a positive impact on the Group's profits.

40. MASTERPLAST Employee Shared Ownership Program

Masterplast Nyrt. established the MASTERPLAST Employee Shared Ownership Program ("MRP") on 14 December 2016. The MRP organization is based in: 1062 Budapest, Andrássy út 100. Masterplast Nyrt. (Founder) has established the MRP organization to efficiently conduct incentive remunerations related to Masterplast's business goals (Participants). According to IFRS 2, the MRP organization is 100% recorded in its books as an extension, as it determines the operation of the MRP organization through the remuneration policy.

As the benefit is a share based payment in an equity instrument, it is valued and accounted for in accordance with IFRS 2.

In connection with the 2020/2021 programme, MRP participants are employees of Masterplast Nyrt. and its fully owned subsidiaries (Masterplast Medical Kft., Masterplast Hungária Kft., Masterplast International Kft. and Masterfoam Kft.), who are covered by the company's Remuneration Policies. The Company has included those managers of the aforementioned companies as Participants in the MRP entity who had the greatest influence on the achievement of the corporate business objectives set out in the Remuneration Policies.
Participants acquired shareholding in the MRP in exchange for Masterplast shares and financial instruments allocated as non-cash contributions by the Founder.

The 2020-2021 programme for 2021 was launched by the Company on 23 April 2021 based on a stock option agreement between the MRP entity and Masterplast Nyrt. (date: 17 June 2020) which can be called down if the overachieving targets set out in the remuneration policy are met. If conditions are fulfilled, the MRP entity shall transfer the option right to the members, who may exercise their right of option (and settle the option price of HUF 100 per share) to acquire Masterplast shares from Masterplast Nyrt. in proportion of their achievements compared to the objectives. The fair value of the option is determined based on the Black Scholes model. Fair value is determined at the grant date. At the balance sheet date, the Company has the total number of shares related to the MRP allowance, which is presented as repurchased treasury shares in equity under "MRP share-based payment" (less the estimated value of share-based remunerations for 2021). The total amount of the benefit is accounted for though profit and loss under IFRS 2, while all treasury share transactions linked to the MRP remunerations are accounted for through equity. The soonest the Settlement may take place is on the first working day after the approval of the current financial statements by the General Meeting.

The grant date is the date on which the remuneration policy was signed, in this case 23 April 2020 in connection with the 2020/2021 program. The vesting period shall be the second year following the start of the programme, i.e. until 2021. In determining the value of the benefit, the option right that is expected to be exercised is taken into account. The stock option was valued taking into account the following values:

MRP 2020/2021		
Grant date	-	23 April 2020
Withdrawal deadline	-	17 June 2022
Option price	HUF/pieces	100
Fair value of share option at grant date	HUF/pieces	483
Fair value of share option at grant date	EUR/pieces	1,3089
Risk-free rate	p.a.	1,3%
Shares expected to be called	pieces	135 211
Expected value of options exercised	EUR	176 983

In order to calculate the risk-free return, the Company used zero coupon returns and for volatility the exchange rate changes of Masterplast Nyrt.'s ordinary shares introduced to the Budapest Stock Exchange. The fulfilment of the KPIs prescribed in the MRP remuneration policy (not related to consolidated EBIT for 2021) was as follows:

KPI name	Fullfillment %
Increase in consolidated profit after tax compared to previous year	249,6%
Increase in consolidated profit after tax compared to strategic plan	159,1%

If the following KPI’s are met, the precondition for the benefit is that the sales revenue included in the 2021 consolidated financial statements exceeds 2019.

KPI name	Fullfillment %
Group turnover increase compared to 2019	126,0%
Masterfoam Kft increase in adjusted pre-tax profit	14,1%
Central European region audited EBIT growth compared to the previous year	258,4%
Export profit center adjusted EBITDA growth over the previous year	150,0%
Masterplast Hungária Kft. profit center adjusted EBITDA growth over the previous year	199,4%
International Trade Department adjusted margin requirement	168,0%
HQ profit center adjusted EBITDA growth over the previous year	157,1%
Increase of EBIT compared to previous year related to manufacturing companies	225,6%

The expected gross payments in each company are as follows in relation to the 2020/2021 program are as follows:

Subsidiary	2021	2020
Masterplast Nyrt	95 634	164 544
Masterfoam Kft.	0	7 816
Masterplast International Kft.	25 239	54 597
Masterplast Hungária Kft.	33 026	42 398
Masterplast Kft.	20 138	42 407
Total	**174 037**	**311 762**

As the Company and the MRP entity are launching 2-year programmes, the 2021/2022 remuneration programme has been launched in 2021. Similar to the previous programme, an option contract was signed between the MRP entity and Masterplast Nyrt. in which the vesting period is the second year after the start of the programme, i.e. 2022, so the launch of this programme has no impact on the consolidated accounts for 2021.

41. Impact of COVID-19

Masterplast Group faced the current situation triggered by the spread of the COVID-19 virus with strong market embeddedness and a stable liquidity situation. With regard to the industry, it is now clear that the construction and building materials industries are less severely affected by the situation, however the indirect effects of the pandemic cause disruptions to the functioning of supply chains, which means further increases in raw material prices and potential supply difficulties for market actors. The supply of raw materials and goods continued to be a great challenge, but cooperation with several suppliers, well-designed inventory management and the steadily high level of orders ensured the operation of the plants and the service of the customers – despite the increasingly typical significant supplier delays. Demand has increased particularly for several products, mainly due to piling up inventories in the face of expectations for further price increases.

The operating environment has not become impossible anywhere as targeted governmental programmes helped to reduce significantly the risks. Further increases in energy prices and a high inflation environment will have a significant impact on operating costs which is expected to trigger the renovation market in order to achieve the EU's energy targets.

On the basis of the information currently available, the going concern assumption is appropriate for the Company and its liquidity is secure for the 12 months following the balance sheet date.

42. Subsequent events

Bonuses to the senior management of the parent company and to the executives of the subsidiaries based on their individual performance in the previous financial year have not been paid yet thus they are accounted for as accruals in the 2021 consolidated annual financial statements.

As a result of the Russian-Ukrainian war launched in February 2022, the Group temporarily ceased operations in Ukraine then, after securing equipment and resources, tried to continue operations in the non-war-torn areas. The potential impact of this on the Group's profitability is considered marginal due to the territorial positions of the Group's involvement. In the medium and long term, Masterplast - as a manufacturer of building and insulation materials, which has been present in the Ukrainian market for a long time - has the potential to offset its losses during the war by profits of the re-building after the war.

The war also has a significant impact on the wider operating environment. Masterplast has no Russian and Belarusian exposure, either in the procurement of raw materials or on the buyer's side, so the sanctions imposed on Russia and Belarus do not pose a direct threat to the Group. At the same time, indirect effects of the war are causing disruptions to the functioning of supply chains, which means further increases in raw material prices and potential supply difficulties for market actors. In order to alleviate these difficulties the Group works with high level of stocks of raw materials. The level of its strategic stocks and its diversified supplier portfolio ensure business continuity and high service standards.

Further increases in energy prices and high inflation will have a significant impact on operating costs. The increased prices are likely to have a negative impact on the new housing market in the coming years, but the Group expects even stronger economic activity in terms of the renovation market than previously expected. The REPowerEU package adopted by the EU in response to the Russian-Ukrainian war, with the aim of helping the EU to become independent from Russian fossil fuels, treats the renovation of the European buildings as the same priority as providing alternative gas sources and investing in renewables.

Masterplast ITALIA SRL was established on 12 April 2022 with a 51% ownership of the Company in Italy. Its headquarters is at Barco, Bibbiano, Reggio Emilia, Via Nazario Sauro 58/A CAP 42021. The co-founders of the subsidiary are individuals with extensive experience and extensive business connections in the local building materials market. The new company was established to trade thermal insulation materials in Italy with a subscribed capital of EUR 200 000. The establishment of the new subsidiary in the Italian market - which is already of great importance among the Company's export markets - increases Masterplast's market presence in Italy to a new level. The Italian market is currently the fastest growing thermal insulation materials market in Europe.

The management of Masterplast Group proposed HUF 55 per share dividend to be paid in connection with the financial year of 2021. Payment may be executed after the approval of the General Meeting in accordance with the current Articles of Association of Masterplast Plc.

43. Statements for the future

The Annual Report includes some statements relating to the future. These statements are based on current plans, estimations and forecasts, therefore it would be imprudent to place unreasonable reliance on them. Statements relating to the future carry inherent risks and uncertainties. We draw attention to the fact that several important factors exist, as a result of which the actual results of operations may be significantly different from those in the statements relating to the future.

44. Assumption of responsibility

In compliance with the applied accounting framework, the consolidated annual financial statements have been prepared to the best knowledge of the Company and provide a true and fair view of the assets, liabilities, financial position and the results of the operations of Masterplast Nyrt. and the entities included in the consolidation. The business report gives a fair view of the positions, development and performance of Masterplast Nyrt. and the entities included in the consolidation and describes all the major risks uncertainties involved.

Estimates and underlying assumptions are reviewed on an ongoing basis. Changes in accounting estimates are recognized in the period when the estimate is revised, if the revision affects only that year, and estimate treated in the period of estimate change and prospectively if the revision affects current and future years.

45. Approval of the consolidated annual financial statements

The consolidated annual financial statements of Masterplast Nyrt. for the year ended 31 December 2021 were approved by the Board of Directors in a resolution dated 28 April 2022 and allowed their publication The consolidated annual financial statements may only be amended by the Annual Meeting of the Shareholders.

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