



MASTERPLAST Nyrt.
ANNUAL REPORT 2023

MASTERPLAST Nyrt.

ANNUAL FINANCIAL STATEMENTS

for the year ended 31 December 2023
in accordance with International Financial Reporting Standards (IFRS)
(as adopted by the EU)

Sárszentmihály, 25 April 2024

CEO

CONTENT

- 1. Statement of financial position (Balance sheet)..... 4
- 2. Profit and loss statement..... 5
- 3. Comprehensive profit and loss statement 5
- 4. Statement of Changes in Equity 6
- 5. Cash flow statement 8
- 6. Company information..... 9
- 7. Accounting policy 11
- 8. Significant accounting assumptions and estimates..... 25
- 9. Intangible assets, property, plant and equipment and assets in the course of construction 27
- 10. Assets purchased under financial lease 28
- 11. Investments in subsidiaries 29
- 12. Investments in associates 32
- 13. Other long-term financial assets 36
- 14. trade receivables 37
- 15. Other current assets 38
- 16. Cash and cash equivalents 38
- 17. Liabilities from issued bonds..... 39
- 18. Deferred income..... 41
- 19. Other NON-CURRENT LIABILITIES..... 41
- 20. Trade payables 42
- 21. Other current liabilities..... 42
- 22. Materials and services used 42
- 23. Personnel related costs..... 42
- 24. Other income and expenses..... 43
- 25. Other financial profit or loss 43
- 26. Taxes 44
- 27. revenues..... 46
- 28. Related party transactions 47
- 29. FINANCIAL RISK MANAGEMENT..... 51
- 30. Contingent liabilities and commitments..... 54
- 31. Research and development activities..... 54
- 32. Equity matching schedule 55
- 33. MASTERPLAST Employee Shared Ownership Program 57
- 34. Earnings per share based on consolidated data..... 57
- 35. Subsequent events 58
- 36. Statements for the future 58
- 37. Assumption of responsibility 59
- 38. Approval of the annual financial statements..... 59

MASTERPLAST PLC.
ANNUAL FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2022
(all figures in thousand HUF unless indicated otherwise)

1. STATEMENT OF FINANCIAL POSITION (BALANCE SHEET)

	Notes	31 December 2023	31 December 2022
NON-CURRENT ASSETS			
Property, plant and equipment	9	3 733 445	3 149 738
Intangible assets	9	278 282	231 979
Investments in subsidiaries	11	10 056 759	5 251 787
Investments in associates	12	5 609 518	835 063
Deferred tax assets	26	124 247	32 401
Other non-current financial assets	13	15 608 706	21 172 631
Non-current assets		35 410 957	30 673 599
CURRENT ASSETS			
Trade receivables	14	313 330	327 151
Tax receivables	26	59 517	16 434
Other current assets	15	984 391	3 998 786
Cash and cash equivalents	16	912 694	7 131 496
Other current financial assets		1 898 340	-
Current Assets		4 168 272	11 473 867
TOTAL ASSETS		39 579 229	42 147 466
EQUITY			
Share capital		1 685 063	1 685 063
Reserves		13 444 879	10 371 215
Treasury shares		(779 206)	(780 893)
Profit/(loss) for the year		(327 383)	2 267 731
Equity		14 023 353	13 543 116
PROVISIONS			
Provisions		9 157	3 122
Provisions		9 157	3 122
NON-CURRENT LIABILITIES			
Non-current finance lease liabilities	10	31 659	11 195
Deferred income	18	82 516	85 307
Liabilities from issued bonds	17	16 480 471	19 476 340
Other non-current liabilities	19	2 644 502	4 500 000
Long-term liabilities		19 239 148	24 072 842
CURRENT LIABILITIES			
Trade payables	20	112 012	143 535
Current finance lease liabilities	10	18 279	8 137
Current deferred income	18	2 793	2 793
Other finance liabilities	17	945 300	2 224 738
Other current liabilities	21	5 229 187	2 149 183
Current liabilities		6 307 571	4 528 386
TOTAL LIABILITIES		25 546 719	28 601 228
TOTAL EQUITY AND LIABILITIES		39 579 229	42 147 466

MASTERPLAST PLC.
ANNUAL FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2023
(all figures in thousand HUF unless indicated otherwise)

2. PROFIT AND LOSS STATEMENT

	Notes	2023	2022
Revenues	27	937 025	982 953
Materials and services used	22	(569 510)	(825 520)
Payments to personnel	23	(788 063)	(766 511)
Depreciation, amortisation and impairment	9	(200 997)	(134 703)
Dividend income	27	931 592	1 261 862
Other operating (expense)/income	24	(220 906)	255 569
OPERATING PROFIT		89 141	773 650
Interest income	25	1 248 188	641 050
Interest expense	25	(973 637)	(752 130)
Other financial (expense)/income	25	(958 414)	1 669 185
FINANCIAL PROFIT/(LOSS)		(683 863)	1 558 105
Profit/ (loss) attributable to associates	12	175 493	132 383
PROFIT/(LOSS) BEFORE TAX		(419 229)	2 464 138
Income tax	26	91 846	(196 407)
PROFIT/(LOSS) FOR THE YEAR		(327 383)	2 267 731

3. COMPREHENSIVE PROFIT AND LOSS STATEMENT

	31 December 2023	31 December 2022
Profit/(loss) for the year	(327 383)	2 267 731
Comprehensive income related to CCIRS transaction*	713 496	(69 088)
Other comprehensive income	713 496	(69 088)
Comprehensive income/(loss)	386 113	2 198 643

*In subsequent periods, the amount relating to the Company is not recognised in the income statement.

MASTERPLAST PLC.**STATEMENT OF CHANGES IN EQUITY**

FOR THE YEAR ENDED 31 DECEMBER 2023

(all figures in thousand HUF unless indicated otherwise)

4. STATEMENT OF CHANGES IN EQUITY

	Note	Share capital	Treasury Shares*	Share Premium	Comprehensive income	Retained earnings	Reserves, total	Profit/(loss) for the year	Equity, total
1 January 2023.		1 685 063	(780 893)	11 106 827	(920 407)	184 795	10 371 215	2 267 731	13 543 116
Loss for the year	2	-	-	-	-	-	-	(327 383)	(327 383)
Share capital increase		-	-	-	-	-	-	-	-
Other comprehensive income – CCIRS	3	-	-	-	713496	-	713 496	-	713 496
Derecognition of shares		-	-	-	-	(43 043)	(43 043)	-	(43 043)
Prior year's profit or loss reclassified		-	-	-	-	2 267 731	2267 73	(2 267 731)	-
Redeemed treasury shares	6	-	(45 822)	-	-	-	-	-	(45 821)
Dividend paid		-	-	-	-	-	-	-	-
ESOP consolidation		-	(68 690)	-	-	135 480	135 480	-	66 790
ESOP allowance (2020)	33	-	52 654	-	-	-	-	-	52 654
ESOP allowance (2021)		-	30 367	-	-	-	-	-	30 367
ESOP allowance (2022)	33	-	33 178	-	-	-	-	-	33 178
31 December 2023	1	1 685 063	(779 206)	11 106 827	(206 911)	2 544 963	13 444 879	(327 383)	14 023 353

* The Company held 251,587 shares of treasury shares with a value of HUF 779,206 thousand as at 31 December 2023

MASTERPLAST PLC.
ANNUAL FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2023
(all figures in thousand HUF unless indicated otherwise)

	Note	Share capital	Treasury Shares*	Share Premium	Comprehensive income	Retained earnings	Reserves, total	Profit/(loss) for the year	Equity, total
1 January 2022		1 460 128	(831 097)	2 318 248	(851 319)	477 692	1 944 621	928 200	3 501 852
Profit for the year	2	-	-	-	-	-	-	2 267 731	2 267 731
Capital increase		224 935	-	8 788 579	-	-	8 788 579	-	9 013 514
Other comprehensive income – CCIRS	3	-	-	-	(69 088)	-	(69 088)	-	(69 088)
Prior year’s profit or loss reclassified		-	-	-	-	928 200	928 200	(928 200)	-
Redeemed treasury shares	6	-	486 586	-	-	(486 586)	(486 586)	-	-
Not used shares		-	(11 386)	-	-	-	-	-	-
Dividends paid		-	-	-	-	(799 471)	(799 471)	-	(799 471)
ESOP consolidation		-	(422 475)	-	-	(3 180)	(3 180)	-	(425 655)
ESOP allowance (2020)	33	-	(68 140)	-	-	68 140	68 140	-	-
ESOP allowance (2021)	33	-	65 619	-	-	-	-	-	65 619
31 December 2022		1 685 063	(780 893)	11 106 827	(920 407)	184 795	10 371 215	2 267 731	13 543 116

* The Company held 275,454 shares of treasury shares with a value of HUF 842,591 thousand as at 31 December 2022

MASTERPLAST NYRT.
NOTES TO THE ANNUAL FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2023
(all figures in thousand HUF unless indicated otherwise)

5. CASH FLOW STATEMENT

	2023	2022
OPERATING ACTIVITIES		
Profit/(loss) before tax	(419 229)	2 464 138
Depreciation, amortisation and impairment of tangible assets	397 227	134 703
Impairment loss/(gain)	(1 648)	(1 028 219)
Provisions (released)/made	-	-
(Gains)/losses on disposal of tangible and intangible assets	6 035	-
Loss of subsidiaries sold	-	-
Interest paid	973 637	752 130
Interest received	(1 248 188)	(641 050)
(Profit)/loss from associates	(175 493)	(132 384)
Unrealised foreign exchange (gain)/ loss	1 061 367	(1 279 482)
Working capital changes:		
Increase/(decrease) in trade receivables	15 667	(103 069)
Increase/(decrease) in other current assets	2 929 956	(3 485 060)
(Increase)/decrease in trade payables	(30 897)	40 555
(Increase)/decrease in other liabilities	(3 021 431)	4 240 132
ESOP result	135 480	(3 180)
Income tax paid	-	(196 407)
Net cash flows from operations	622 482	762 807
INVESTING ACTIVITIES		
Purchase of tangible and intangible assets	(925 842)	(1 348 002)
Subsidiaries purchased/ increased in capital	(9 501 886)	(1 020 129)
Subsidiaries sold	-	-
Proceeds from the disposal of tangible and intangible assets	(3 443)	-
Interest received	1 248 188	(34 019)
Net cash flows from investing activities	(9 182 983)	(1 761 100)
FINANCING ACTIVITIES		
Issuance of shares	-	9 013 514
Loans taken	-	-
Loans repaid	-	-
Issued bonds	713 496	(69 088)
Dividends paid	-	(799 471)
Increase in non-current loans provided to subsidiaries	2 761 470	(2 154 534)
Interest paid	(973 637)	(752 130)
Net cash flows from financing activities	2 501 329	5 238 291
Increase/(decrease) in cash and cash equivalents	(6 059 172)	4 239 998
Cash and cash equivalents at the beginning of the year	7 131 496	2 950 267
Net foreign exchange translation gain or loss	(159 629)	(58 769)
Cash and cash equivalents at the end of the year	912 694	7 131 496

6. COMPANY INFORMATION

These financial statements are prepared by Masterplast Nyilvánosan Működő Részvénytársaság [public company limited by shares] (company registration No.: 07-10-001342, tax ID: 13805300-4-07).

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

The Company's core operation: Asset management (holding). TEAOR 6420 '08

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

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

The Company's average number of staff was 71 in 2023 (70 in 2022).

The cost of the Company's external audit for 2023 is EUR 55,900 + VAT (EUR 52,000 + VAT in 2022) including the audit of the consolidated financial statements as well.

These are the IFRS stand-alone annual financial statements of the Company. The Company also prepares IFRS consolidated annual financial statements that are available at www.masterplastgroup.com.

Masterplast Business Report

The core activity of Masterplast Nyrt. is asset management, however it is also involved in real estate management. As an asset manager the Company hold investments in subsidiaries of the Masterplast Group thus changes in the construction industry have a significant impact on the Company's profitability through the profitability and capital structure of its subsidiaries.

The Company's real estate management activity is linked to its properties in Sárszentmihály and Kál. The Company owns several buildings and other properties in these two locations, which are rented primarily to the Company's subsidiaries but also – to a lesser extent – to third parties independent from the Group.

In addition of the above the Company grants intercompany loans to its subsidiaries, obtains bank loans for the Group and signs purchasing contracts in the name of the Group. Group management as well as employees carrying out various group-level activities are employed by Masterplast Nyrt. As a consequence group-level functions are supervised by the Company, thus it is the Company that manages the Group.

Profitability of Masterplast Nyrt. in 2023 is attributed to the following key factors:

- The Company's revenues are largely derived from rent and interest income related to the abovementioned activities.
- The company's performance in 2023 was greatly influenced by a dividend of HUF 782 million received from its three subsidiaries in Hungary and 150 million from its a foreign subsidiarie.

The above transaction did not have an impact on the consolidated profit of the Group.

MASTERPLAST PLC.
ANNUAL FINANCIAL STATEMENTS
 FOR THE YEAR ENDED 31 DECEMBER 2023
 (all figures in thousand HUF unless indicated otherwise)

The Company measures its investments in subsidiaries at each year-end. Almost all of the Group's subsidiaries made a profit and had positive cash flows, as a consequence all of their equities (both per statutory and IFRS reporting standards) exceeded the net book value of the corresponding investments in the records of Masterplast Nyrt as a 31 December 2023.

Information on shares:

The share capital comprises of: 16 850 629 pieces of registered ordinary shares with nominal value of HUF 100 each (16 850 629 pieces of registered ordinary shares with nominal value of HUF 100 each in 2022).

Type of shares: registered, dematerialised
 ISIN code of the shares: HU0000093943

The shareholders are as follows:

Shareholders		2023	2022
1	Tibor Dávid	HUF 454 805 700	HUF 454 805 700
2	Ács Balázs	HUF 387 725 900	HUF 387 725 900
4	Bunford Tivadar	HUF 45 169 000	HUF 45 169 000
6	Nádasi Róbert	HUF 12 903 400	HUF 10 562 000
7	Jancsó Illés	HUF 4 490 900	HUF 4 490 900
8	Pécsi László	HUF 2 013 200	HUF 3 277 200
9	Lukács Flórián László	HUF 252 000	HUF 252 000
10	Several minority shareholders	HUF 752 544 300	HUF 751 235 000
11	Redeemed treasury shares	HUF 25 158 700	HUF 27 545 400
Total		HUF 1 685 063 100	HUF 1 685 063 100

The voting rights are as follows:

Shareholders	2023	2023	2022	2022	-
1 Tibor Dávid (1)	4 548 057	27,0%	4 548 057	27%	votes
2 Ács Balázs (1)	3 877 259	23,0%	3 877 259	23%	votes
3 Bunford Tivadar	451 690	2,7%	451 690	3%	votes
4 Nádasi Róbert	129 034	0,8%	105 620	1%	votes
5 Jancsó Illés	44 909	0,3%	44 909	0%	votes
6 Pécsi László	20 132	0,1%	32 772	0%	votes
7 Lukács Flórián László	2 520	0,0%	2 520	0%	votes
8 Several minority shareholders	7 525 443	44,7%	7 512 350	45%	votes
Total	16 599 044	98,5%	16 575 177	98,4%	votes

(1) The founding owners hold 50% + 1 (8,425,316) of the shares issued by Masterplast Nyrt. thus they continue to have majority ownership and voting rights.

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 - fulfil the statutory roles of the

MASTERPLAST PLC.
ANNUAL FINANCIAL STATEMENTS
 FOR THE YEAR ENDED 31 DECEMBER 2023
 (all figures in thousand HUF unless indicated otherwise)

Directors and the Supervisory Board as an integrated corporate governance body. The Board of Directors is responsible for decision making in all issues that are not the exclusive authority of the Shareholders' Meeting and for those that are declared to be the responsibility of the Board of Directors by legislation or by the Articles of Association.

Members of the Board of Directors:

TIBOR Dávid – chairman
 ÁCS Balázs – vice chairman
 DEZSE Margaret Elizabeth – independent member
 Dirk THEUNS – independent member
 FAZEKAS Bálint – independent member

Name	Title	Beginning date of BoD membership	End date of BoD membership	Lengths of time spent as a member of the BoD	Number of shares
Tibor Dávid	Chairment of the Board of Directors	03.04. 2008	30.04. 2024	approximately 16 years	4 548 057
Ács Balázs	Vice-Chairment of the Board of Directors	03.04. 2008	30.04. 2024	approximately 16 years	3 877 259
Dirk Theuns	Member of the Board of Directors	01.05.2014	30.04. 2024	approximately 10 years	-
Dezse Margaret	Member of the Board of Directors	01.05.2020	30.04. 2024	approximately 4 years	1 300
Fazekas Bálint	Member of the Board of Directors	01.05.2022	30.04. 2024	approximately 2 years	1 145

Members of the Audit Committee:

DEZSE Margaret Elizabeth
 Dirk THEUNS
 FAZEKAS Bálint

The Company's activity:

The Company's principal activity is asset management, however since its investments are in enterprises operating in the construction industry, its present and future are defined by domestic and international construction industry trends.

7. ACCOUNTING POLICY

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 2023:

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 IAS 1 “Presentation of Financial Statements” and parallel to it IFRS Practice Statement 2: Disclosure of Accounting policies were amended. The amendment seeks to improve disclosures on accounting policies by customising them and reducing disclosures on general accounting policies.
- Amendments to IAS 8 “Accounting policies, Changes in Accounting Estimates and Errors” were amended to clarify the concept of accounting estimates.
- IFRS 17 “Insurance Contracts” is effective for annual periods beginning on or after 1 January 2023. This standard governs the settlement of insurance contracts.
- Amendments to IFRS 17 “Insurance Contracts”: initial application of IFRS 17 and IFRS 9- Comparative Information includes transitional options for comparative information on financial assets presented at the initial application of IFRS 17
- Amendments to IAS 12 “Income Taxes”: The amendments clarify that In case of Deferred Tax related to Assets and Liabilities arising from a Single Transaction, the 'initial recognition exception' should not apply where the transaction incurs both deductible and taxable temporary differences of the same amount
- Amendments to IAS 12, income taxes, in relation to international tax reform. The amendment provides temporary relief for the recognition of deferred taxes resulting from the introduction of second-pillar model rules and stipulates that companies applying the standard must disclose information that allows users of financial statements to assess the nature and financial impact of income tax consequences stemming from second-pillar rules.

The above listed amendments became effective as of 1 January 2023.

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

- Amendment to IFRS 16 clarifying the measurement of lease liability in case of leaseback, effective January 1, 2024.
- Amendments to IAS 1 Presentation of Financial Statements that become effective for reporting periods beginning on 1 January 2024 onwards relate to:
 - Classification of liabilities as current or non-current
 - Long-term liabilities with terms (with covenants),

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

IFRSs adopted by the EU differ from regulations adopted by the International Accounting Standards Board – IASB – as of the date of publication of the financial statements in respect of the following new standards and amendments to existing standards and new interpretations:

- IAS 7 Cash Flow Statements and IFRS 7 Financial Instruments: Amendments to Disclosures: The amendment requires additional disclosures for vendor financing arrangements and will enter into force for reporting periods beginning January 1, 2024 onwards.
- Amendments to IAS 21, the effects of changes in exchange rates, which provides guidance on determining when a currency is convertible and how to determine the exchange rate when it is not. The amendment will enter into force on 1 January 2025.

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 Foreign exchange operations

Functional and reporting currency

The Company's stand-alone annual financial statements are prepared using the currency of its primary operating environment (functional currency). Considering the contents and circumstances of the underlying economic events, the Company's functional currency is forint (HUF).

Transactions and balances

Transactions in foreign currencies are translated to the 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.

7.4 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. Intangible assets are amortised 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 Company on a straight-line basis.

7.5 Property, plant and equipment

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

Land is not depreciated.

Depreciation is charged on a straight-line basis over the useful life of the component of an 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 or 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.

Residual values of significant assets are determined by the Technical Director of the Group who assesses them and reviews their residual values annually.

MASTERPLAST PLC.
ANNUAL FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2023
(all figures in thousand HUF unless indicated otherwise)

7.6 Investments in subsidiaries & associates

7.6.1 Investments in subsidiaries

The Company has ownership in the following companies at the balance sheet date:

Company	Incorporated in	Core operations	Date of Acquisition/ Founda- tion	Ownership (%)		Voting right (%)	
				2023	2022	2023	2023
Master Plast S.r.o.	Slovakia	Wholesale of construction materials	04.11.1999	100%	100%	100%	100%
MasterFoam Kft.	Hungary	Foam sheet production	29.06.2004	100%	100%	100%	100%
Masterplast d.o.o.	Croatia	Wholesale of construction materials	25.02.2002	100%	100%	100%	100%
Masterplast Medical Kft.	Hungary	Wholesale of construction materials	30.09.2007	100%	100%	100%	100%
Masterplast Hungária Kft.	Hungary	Wholesale of construction materials	17.05.2016	100%	100%	100%	100%
Masterplast International Kft.	Hungary	Wholesale of construction materials	17.05.2016	100%	100%	100%	100%
Masterplast Modulhouse Kft. (2)	Hungary	Wholesale of construction materials	17.05.2016	100%	100%	100%	100%
Fidelis Bau Kft	Hungary	Manufacture of insulating light concrete	01.07.2020	100%	100%	100%	100%
Masterplast Romania S.R.L.	Romania	Wholesale of construction materials	19.01.2001	100%	100%	100%	100%
Masterplast Sp zoo	Poland	Wholesale of construction materials	06.06.2005	80,04%	80,04%	80,04%	80,04%
Masterplast Nonwoven GmbH	Germany	Roof film production	01.07.2020	100%	100%	100%	100%
Masterplast Italia SRL (5)	Italy	Wholesale of construction materials	04.04.2022	98,70%	51%	98,70%	51%
MasterPlast TOV	Ukraine	Wholesale of construction materials	17.03.2005	80%	80%	80%	80%
Masterplast YU D.o.o.	Serbia	Wholesale of construction materials EPS and fiberglass production	19.03.2002	100%	100%	100%	100%
MP Green Invest	Ukraine	Asset management	08.06.2012	100%	100%	100%	100%
Masterplast D.O.O. (1)	Macedonia	Wholesale of construction materials	17.02.2002	100%	100%	100%	100%
MASTERWOOL MW-1 d.o.o (3)	Serbia	Rockwool productions	27.01.2022	100%	51%	100%	50%
Masterplast Proizvodnja D.o.o (4)	Serbia	EPS production	02.01.2021	100%	0%	100%	0%

(1) In 2021 an additional 80% of the company was held through Masterplast YU d.o.o. In 2022, the Company acquired the 80% stake in Masterplast YU d.o.o. as well as the remaining 10% stake that was formerly externally owned and now is the sole owner of the entity.

(2) The Company changed its name from Masterplast Production Kft. to Masterplast Modulhouse Kft. on 4 November 2021.

(3) The Company purchased 49% of shares in Masterwool MW 1 d.o.o. in 2023

(4) The Company holds 100% stake indirectly, through Masterplast Medical Kft.

MASTERPLAST PLC.
ANNUAL FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2023
(all figures in thousand HUF unless indicated otherwise)

- (5) On March 16, 2023, the Company entered into a business transfer agreement with MASTERPLAST Italia S.r.l. for the purchase of a share of 47.7% of its registered capital with a nominal value of EUR 89,000. As a result of the transfer of the business part, MASTERPLAST Nyrt. became MASTERPLAST Italia S.r.l. became its member with a 98.7% stake. During the transfer of the business part signed on November 28, Masterplast Italia S.r.l. another member of the company disposed of Masterplast Nyrt's 6,400-euro share capital of its 9,000-euro nominal value

Investments in subsidiaries were evaluated during the first time adoption of the IFRS using their deemed historical cost based on IFRS 1.D15. As deemed historical cost, the Company selected the book value as per the accounting standards used in the past

7.6.2 Investments in associates

The Company has the following investment in an associate company:

Company	Incorporated in	Core operations	Foundation date	Ownership (%)		Voting rate (%)	
				2023	2022	2023	2022
MasterProfil Kft. (1)	Hungary	Profil production	26.04. 2007	20%	20%	20%	20%
T-Cell Plasztik Kft. (2)	Hungary	Polistyrene production	03.06.2019	24%	24%	24%	24%
Master Modul Kft. (3)	Hungary	Modul production	12.04.2021	0%	25%	0%	25%
PIMCO Kft. (4)	Hungary	Glasswool production	12.05.2011	50%	0%	50%	0%
MIP Zrt. (5)	Hungary	Rockwool production	27.01.2022	50%	0%	50%	0%

(1) Majority (80%) owner is Mr. Zsolt Császár.

(2) Majority owners in equal parts are B.C.S Befektetési Kft. and Marcell Lakatos. Masterplast Nyrt acquired its 24% share in the entity on 3 June 2019.

(3) Majority owner is Németh-Oboh Ágnes. Masterplast Nyrt acquired its 25% share in the entity on 12 April 2021.

(4) Joint-owner is Selena FM S.A.

(5) Joint-owner is Market Zrt.

Investments in associates are measured using the equity method both at initial recognition and subsequently. Results from the valuation of investments are recognized through profit and loss statement and not through other comprehensive income.

7.6.3 Impairment on investments in subsidiaries

Investments in subsidiaries are reported at initial recognition value less impairment in the stand-alone annual financial statements of the Company. Initial recognition value is equal to the amount paid in cash or cash equivalents, or the fair value of any other kind of compensation paid. In case of an acquisition in foreign currency, initial recognition value is translated into HUF using the official exchange rate published by the Hungarian National Bank on the day of the transaction. Investments in subsidiaries carried in foreign currencies are not subject to annual year-end revaluation.

Investments in subsidiaries are reviewed by the Company for impairment on an annual basis based on the Company's share in their equity as well as their future plans. In case a subsidiary has been making losses for the past two consecutive years or it has lost more than 50% of its equity in the current year then these facts are considered to be indications of impairment. In such a case the Company assesses the potential impairment in line with IAS 36 by estimating the net present value of expected future cash flows of the subsidiary. In case the net present value is lower than the net carrying value then impairment is recognized.

At subsequent measurement dates if impairment tests show that the impairment of an investment in a subsidiary is no longer valid then the carrying amount of the investment is increased up to the recoverable amount by reversing the previously recognized impairment, but only up its original initial recognition value. Impairments and their reversals are recognized in operating profit.

7.7 Impairment of assets

The attached notes are part of the annual financial statements.

The carrying amounts of assets subject to depreciation or impairment are reviewed when changes in the events or circumstances indicate that their carrying value may not be recoverable. Impairment equals the amount by which the asset's carrying value exceeds 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, the carrying value of the asset (cash generating unit) is increased to the recoverable amount. An impairment 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.

7.8 Financial assets

The first-time adopted IFRS 9 introduced new requirements for the classification, measurement and impairment as well as for the hedge accounting of financial assets.

7.8.1 Classification of financial assets

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

- (a) financial assets subsequently measured at amortised cost,
- (b) financial assets subsequently measured at fair value through other comprehensive income
- (c) financial assets subsequently 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 Company's business model for managing them. The business model for managing financial assets relates to the method how the Company plans to recover cash from that particular financial asset. Namely, whether the Company 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:

- (a) the financial asset is held within a business model whose objective is to hold financial assets in order to collect contractual cash flows and
- (b) 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:

- (a) the financial asset is held within a business model whose objective is achieved by both collecting contractual cash flows and selling financial assets and
- (b) 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.

7.8.2 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 the case of a financial asset not at fair value through profit or loss - transaction costs that are directly attributable to the acquisition or issue of the financial asset.

MASTERPLAST PLC.
ANNUAL FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2023
(all figures in thousand HUF unless indicated otherwise)

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

7.8.3 *Impairment on financial assets*

The company recognises a loss allowance for expected credit losses (ECL) on a financial asset measured at amortized cost or at fair value through other comprehensive income. On each reporting date the Company 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.

The Company has examined the impact of expected credit losses identifiable under IFRS 9 on profit or loss and does not consider it material and as a result no expected credit losses (ECL) were accounted for.

7.8.4 *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 Company. 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 includes 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 Company and as a result were classified as financial assets measured at amortized costs.

7.8.5 *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.

7.8.6 *Derivative financial instruments*

The Company uses derivative financial instruments such as forward foreign exchange contracts or interest rate swaps to manage the risks arising from changes in interest rates and exchange rates. These derivative financial instruments are recorded at fair value on the date of conclusion of the contract and revalued in subsequent periods. Derivatives are recorded as financial instruments if their fair value is positive or as liabilities if their fair value is negative. Income and expense arising from changes in the fair value of derivatives that are not hedges are accounted through profit or loss as income or expense of financial transactions. The fair value of derivative financial instruments at the end of the financial year is based on the calculation prepared by the Contractual Partner of the Company taking into account daily the fluctuations of exchange rates as well the contractual terms.

The Company has a foreign exchange contract as well as an interest rate swap one. The transaction consists of a foreign exchange and 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).

Based on the above the Company considered the CCIRS transaction 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.

7.8.7 Cash and cash equivalents

Cash and cash equivalents comprise of 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 Equity

In accordance with section 33 and 34 of IAS 32 share capital, share premium, retained earnings and treasury shares are presented at initial cost in the annual financial statements.

In accordance with IAS 1 treasury shares are presented separately both in the statement of financial position and in the notes to the annual financial statements.

Treasury shares are recognised as a reduction in equity (share premium). Any gain or loss on the disposal of treasury shares is recognised directly in share premium accordingly.

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

7.10 Financial liabilities

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

- (a) *financial liabilities at fair value through profit or loss*. Such liabilities, including *derivatives* that are liabilities, shall be subsequently measured at fair value.
- (b) financial liabilities that arise when a transfer of a financial asset does not qualify for derecognition or when the continuing involvement approach applies.
- (c) *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
- (d) 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:
 - (i) the amount of the loss allowance determined in accordance with Section 5.5 and
 - (ii) 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.
- (e) 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 Company 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:

- (a) 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.
- (b) a group of financial liabilities or financial assets and financial liabilities is 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.

7.11 Trade payables and other liabilities

Trade payables and other liabilities (including prepayments and accrued expenses) are recognised by the Company 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.

7.12 Provisions

A provision is recognised if, as a result of a past event, the Company has a present legal or contractual obligation that can be estimated reliably, and it is probable that an outflow of economic benefits will be required to settle the obligation. The Company makes provisions for:

- (a) fines and penalty interests that are legally enforceable and are payable to an authority.
- (b) 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.
- (c) litigations and other legal cases where third party claims are already at court and the Company has sufficient information to make a reliable estimate of any resulting payment liability.

7.13 Employee benefits

The Company applies IAS 19 to the accounting of employee benefits. Employee bonuses are all forms of remuneration given by the company for the service performed by the employees, not only in cash, but also in kind.

Classification of employee benefits

- short term employee benefits are those ones that are payable within 12 months after the end of the period when the employee had completed the related work, with the exception of severance payments.
- Post-employment benefits: employee benefits paid under formal or non-formal agreements that are payable after the termination of the employment relationship, with the exception of severance payments.
- Severance payments: employee benefits that may be payable due to the decision of the company's employees to terminate their employment before the usual retirement date or because of the employee's decision to accept voluntary termination in exchange for these benefits.

The amount of pension contribution is deducted from an employee's gross salary and is forwarded to the social security fund. The Company does not have a corporate pension plan and therefore has no legal or contractual obligation to pay further contributions in the future should the assets of the social security fund fail to provide sufficient coverage for the retirement benefits the employees have already served in prior periods or in the reporting period.

Masterplast Nyrt. established the MASTERPLAST Employee Shared Ownership Program ("ESOP") on 14 December 2016.

Masterplast Nyrt. (Founder) has established the ESOP organization to efficiently conduct incentive remunerations related to Masterplast's business goals (Participants). According to IFRS 2, the ESOP organization is 100% recorded

in its books as an extension, as it determines the operation of the ESOP organization through the remuneration policy.

Because the benefit is based on shares, it is valued and accounted for in accordance with IFRS 2.

7.14 Operating profit or loss

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

7.15 Leases

Determining whether an arrangement is, or contains, a lease at the inception of the arrangement is 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 is made only if any one of the following conditions is met:

- a) there is a change in the contractual terms, unless the change only renews or extends the arrangement;
- b) 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;
- c) there is a change in the determination of whether fulfilment is dependent on a specified asset; or
- d) there is a substantial change to the asset.

If an arrangement is reassessed, lease accounting is 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.

7.15.1 The Company as a lessee

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

The Company 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 Company applies a single recognition and measurement approach for all leases, except for short-term leases and leases of low-value assets. The Company recognises lease liabilities to make lease payments and right-of-use assets representing the right to use the underlying assets.

The Company 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 Company 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 in-substance 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 Company and payments of penalties for terminating the lease, if the lease term reflects the Company 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 Company 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 Company's lease liabilities are included – dependent on their maturities - in short or long-term Interest-bearing loans and borrowings

The Company 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.

7.15.2 The Company as a lessor

The Company also conducts leasing activities for its subsidiaries and external companies that are not classified as leases. Assets leased are included in the balance sheet as property, plant and equipment. Revenues from lease activities are recognized in the profit and loss statement as revenue. The Company did not apply the IFRS16 standard for the 2018 business year.

7.16 Government grants

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

Government grants 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.

7.17 Revenues

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

Revenue is recorded when all five conditions as required by IFRS 15 Customer Contracts are met.

7.18 Dividend income

Since the Company's main activity is asset management, dividends income from investments in subsidiaries and associates is recognized in operating profit in the profit and loss statement at initial fair value in the period when they are approved by the shareholders.

7.19 Interest income

Interest income is recognised as the interest accrues in order to reflect the actual gains 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.

7.20 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 Company in profit or loss. Borrowing costs consist of interest and other costs that the Company incurs in connection with the borrowing of funds.

Borrowing costs are capitalised until the asset starts to be used. 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 Company when the commissioning process of the asset is prolonged for a considerable period (typically more than 6 months).

7.21 Income taxes

7.21.1 Current income 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.

7.21.2 Deferred income taxes

Deferred tax is recognised using the liability method, providing for temporary differences between the carrying amounts of assets and liabilities for 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 Company's best estimate as to how the current tax assets and tax liabilities 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.

7.22 Earnings per share

When calculating the basic value of earnings per share, the profit for the given period for ordinary shareholders is calculated by dividing the number of ordinary shares outstanding with the weighted average for that period, after deducting the average number of preferred shares.

The calculation of the diluted value of earnings per share is consistent with the calculation of the basic value of earnings per share, while taking into account the impact of all dilutive potential ordinary shares outstanding during the period:

- We increase the profit for ordinary stock holders for the period by the after-tax amount of dividends and interests recognised in relation with the dilutive potential ordinary shares during the period concerned and adjust it by any other changes in revenue or expenses that would have resulted from the conversion of dilutive potential ordinary shares,
- the weighted average number of ordinary shares outstanding shall be increased by the weighted average of the number of additional ordinary shares which would have been in circulation, assuming the conversion of all dilutive potential ordinary shares.

7.23 Off-balance sheet items

Contingent liabilities, unless acquired through a business combination, are not recognised in the statement of financial position or the profit and loss statement. 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 statement of financial position or the profit and loss statement but are disclosed in the notes to the financial statements when an inflow of economic benefits is probable.

7.24 Related parties

IAS 24 provides that an enterprise's financial statements include the disclosures necessary to draw attention to the possibility that the company's financial location and results may have been affected by the existence of the related parties and the transactions with them, as well as the outstanding balances against them.

7.25 Segment reporting

From the business aspect, the Company has a single segment: asset management.

7.26 Statement of Cash flows

The purpose of the cash flow statement is to provide information on the company's ability to generate cash and cash equivalents as part of the financial statements in support of investors' business decisions, as well as what the company used them for.

Cash in accordance with „IAS 7 Statement of Cash Flows” includes petty cash accounts as well as current bank accounts, while cash equivalents include short-term, high liquidity and easy-to-convert-to cash assets with immaterial risk for change in value.

The cash flow statement details the cash flows of the period broken down by operating, investment and financing activities. The Company prepares its statement of cash flow 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 Company. 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 Company’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 Company’s tax planning strategy as to the timing and amounts of any future taxable profits.

8.2 Impairment of trade debtors

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 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 Impairment of investments for subsidiaries and associates

Investments in subsidiaries are reported at initial recognition value less impairment in the stand-alone annual financial statements of the Company. Initial recognition value is equal to the amount paid in cash or cash equivalents, or the fair value of any other kind of compensation paid. In case of an acquisition in foreign currency, initial recognition value is translated into HUF using the official exchange rate published by the Hungarian National Bank on the day of the transaction. Investments in subsidiaries carried in foreign currencies are not subject to annual year-end revaluation.

Investments in subsidiaries are reviewed by the Company for impairment on an annual basis in accordance with IAS 36 based on the Company’s share in their equity as well as their future plans. In case a subsidiary has been making losses for the past two consecutive years or it has lost more than 50% of its equity in the current year then these facts are considered to be indications of impairment. In such a case the Company assesses the potential impairment by estimating the net present value of expected future cash flows of the subsidiary.

In case the net present value is lower than the net carrying value then impairment is recognized to the extent that the new carrying value of the investment equals its estimated net present value.

At subsequent measurement dates if impairment tests show that the impairment of an investment in a subsidiary is no longer valid then the carrying amount of the investment is increased up to the recoverable amount by reversing the previously recognized impairment, but only up its original initial recognition value. Impairments and their reversals are recognized in operating profit other operating expense or income.

8.4 Provisions

Making provisions involves significant subjective judgment, especially when the underlying cause is a legal dispute. The Company 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 Company's cash generating units and is the higher of their fair value less costs to sell and their value in use.

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 and as a result the estimates are subject to a higher degree of uncertainty.

MASTERPLAST PLC.
ANNUAL FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2023
(all figures in thousand HUF unless indicated otherwise)

9. INTANGIBLE ASSETS, PROPERTY, PLANT AND EQUIPMENT AND ASSETS IN THE COURSE OF CONSTRUCTION

2023	Intangible assets	Properties	Machinery, equipment	Assets in construction	Tangible Assets	Total
Gross value, opening	393 354	3 093 038	423 825	717 710	4 234 573	4 627 927
Increase	85 528	716 703	169 024	918 188	1 803 915	1 889 443
Decrease	(5 436)	-	(95 397)	(885 727)	(981 124)	(981 124)
Gross value, closing	473 446	3 809 741	497 452	750 171	5 057 364	5 536 246
Accumulated depreciation and impairment, opening	(161 375)	(880 475)	(204 360)	-	(1 084 835)	(1 246 210)
Increase	(39 225)	(101 206)	(60 566)	(98 278)	(260 050)	(299 275)
Decrease	5 436	-	20 966	-	26 402	31 838
Accumulated depreciation and impairment, closing	(195 164)	(981 681)	(243 960)	(98 278)	(1 318 483)	(1 513 647)
Net book value, opening	231 979	2 212 563	219 465	717 710	3 149 738	3 381 717
Net book value, closing	278 282	2 828 060	253 492	651 893	3 733 445	4 011 727

2022	Intangible assets	Properties	Machinery, equipment	Assets in construction	Tangible Assets	Total
Gross value, opening	192 227	2 508 851	292 712	277 387	3 078 950	3 271 177
Increase	201 127	584 187	162 154	1 219 259	1 965 600	2 166 727
Decrease	-	-	(31 041)	(778 936)	(809 977)	(809 977)
Gross value, closing	393 354	3 093 038	423 825	717 710	4 234 573	4 627 927
Accumulated depreciation and impairment, opening	(152 546)	(806 454)	(177 778)	-	(984 232)	(1 136 778)
Increase	(8 829)	(74 021)	(51 852)	-	(125 873)	(134 702)
Decrease	-	-	25 270	-	25 270	25 270
Accumulated depreciation and impairment, closing	(161 375)	(880 475)	(204 360)	-	(1 084 835)	(1 246 210)
Net book value, opening	39 681	1 702 397	114 934	277 387	2 094 718	2 134 399
Net book value, closing	231 979	2 212 563	219 465	717 710	3 149 738	3 381 717

Masterplast Nyrt. does not have intangible assets with an indefinite useful life. No finance cost was capitalised as part of the gross value during 2022 and 2023. Part of our bank loans are covered by the net book value of tangible assets of Masterplast Nyrt:

2023	2022
3 733 445	3 198 646

MASTERPLAST PLC.
ANNUAL FINANCIAL STATEMENTS
 FOR THE YEAR ENDED 31 DECEMBER 2023
 (all figures in thousand HUF unless indicated otherwise)

10. ASSETS PURCHASED UNDER FINANCIAL LEASE

Tangible assets include the assets the Company purchased under finance lease. The Company took over various tangible assets under finance leases in the following values:

	31 December 2023	31 December 2022
Gross value	112 978	55 351
Accumulated depreciation	33 315	22 887
Net value	79 663	32 465

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

	31 December 2023	31 December 2022
Lease liabilities within 1 year	18 279	8 137
Due in 2-5 years	31 659	11 195
Due over 5 years	-	-
Total lease obligations	49 938	19 332

The present values of minimum lease payments were as follows:

Period	31 December 2023	31 December 2022
	Minimum lease payments	
Lease payments falling due within 1 year	18 279	8 137
Lease payments falling due within 2-5 years	31 659	11 195
Lease payments falling due over 5 years	-	-
Minimum lease payments	49 938	19 332
Financing expenses	-	-
Present value of minimum lease payments	49 938	19 332

MASTERPLAST PLC.
ANNUAL FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2023
(all figures in thousand HUF unless indicated otherwise)

11. INVESTMENTS IN SUBSIDIARIES

The Company's shares in investments in subsidiaries and their book values were as follows

Description	31 December 2023		31 December 2022	
	Ownership ratio	Book value	Ownership ratio	Book value
Masterplast Kft.	100,00%	871 924	100,00%	871 924
MasterFoam Kft	100,00%	108 575	100,00%	108 575
Masterplast Hungária Kft.	100,00%	230 000	100,00%	230 000
Mastermesh Production Kft.	100,00%	300 000	100,00%	300 000
Masterplast International Kft.	100,00%	3 000	100,00%	3 000
Fidelis Bau Kft.	100,00%	114 857	100,00%	114 857
Master Plast S.r.o.	100,00%	78 068	100,00%	78 068
Masterplast Sp zoo	80,04%	59 503	80,04%	59 503
Masterplast Nonwoven GmbH*	100,00%	1 121 309	100,00%	548 244
Masterplast Romania S.R.L.	100,00%	353 071	100,00%	353 071
Masterplast Italia SRL	98,70%	418 250	51,00%	38 435
Masterplast YU D.o.o.	100,00%	2 846 146	100,00%	1 049 134
Masterplast d.o.o	100,00%	255 581	100,00%	255 581
Masterplast D.O.O	100,00%	492 229	100,00%	492 230
MasterPlast Ukrajna	80,00%	604 775	80,00%	604 775
Green MP Invest	100,00%	144 390	100,00%	144 390
Masterwool MW-1 d.o.o	100,00%	935 174	51,00%	497 849
Masterplast Proizvodnja D.o.o	100,00%	1 119 907	0,00%	-
Investment in subsidiaries		10 056 759		5 251 787
T-Cell Plasztik Kft.	24,00%	291 653	24,00%	279 446
MasterProfil Kft.	20,00%	29 871	20,00%	57 018
Master Modul Kft.	0,00%	-	25,00%	750
Masterwool MW-1 d.o.o	-	-	51,00%	497 849
Pimco Kft.	50,00%	3 007 638	0,00%	-
MIP Zrt.	50,00%	2 280 356	0,00%	-
Investment in associates		5 609 518		835 063
Total		15 666 277		6 086 850

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 entity was to produce modular buildings and has a subscribed capital of HUF 3 million. MASTERPLAST Nyrt.. sold its stake in Master Modul Kft. on 15 February 2023. Activities planned for Master Modul Kft. will be implemented by MASTER-PLAST Modulhouse Kft.

MASTERPLAST PLC.
ANNUAL FINANCIAL STATEMENTS
 FOR THE YEAR ENDED 31 DECEMBER 2023
 (all figures in thousand HUF unless indicated otherwise)

MIP Zrt.

Based on the strategic cooperation agreement concluded in December 2022, the Company acquired a 50% stake in MIP Raw Material Manufacturing Private Limited Company (MIP Plc.) on 9 June 2023. As a result MIP Zrt is 50%-50% owned by the Company and Market Építő Zrt.

PIMCO Kft.

The Company purchased 100% of PIMCO Kft. as part of its glass wool manufacturing investment project on January 18, 2023. The Company and Selena FM S.A. decided to strategically co-operate in glass wool production on June 28, 2023. As a result the registered capital of PIMCO Kft. was increased from HUF 153,000 thousand to HUF 3,627,942 thousand on 6 November 2023 in a way that now both the ownership and the voting rights of PIMCO Kft is divided 50%-50% between the Company and Selena FM S.A.

Masterplast Italia Srl.

On March 16, 2023, the Company entered into a business transfer agreement with MASTERPLAST Italia S.r.l. for the purchase of a share of 47.7% of its registered capital with a nominal value of EUR 89,000. As a result of the transfer of the business part, MASTERPLAST Nyrt. became MASTERPLAST Italia S.r.l. became its member with a 98.7% stake. During the transfer of the business part signed on November 28, Masterplast Italia S.r.l. another member of the company disposed of Masterplast Nyrt's 6,400 euro share of the business with a nominal value of 9,000 euro.

Green MP Invest

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 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 2022 either. In 2022, the Company evacuated its supplies from war zones using the property as a warehouse.

The market value of the property based on its updated valuation is UAH 13,5 million in 2022, 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.

Based on the fair value hierarchy, the valuation is classified as Level 2. Fair values were determined by third party experts contacted by management using the method of comparison of similar assets' prices. Based on this method assets were impaired to their estimated market values less costs of sale.

The Company recognized an impairment of UAH 8 292 523 (EUR 196 469) in its 2023 records for its investment in Ukraine as summarized in the schedule below:

Type of asset	Book Value	Estimated Market Price	Impairment	Average Impairment %
Properties	292 053	296 153	7 747	2,7%
Machinery & equipment	98 472	0	98 472	100,0%
Other	91 059	809	90 250	99,1%
Total	481 584	296 962	196 469	40,8%

The Company recognized an impairment of UAH 7 371 180 (189 243 EUR) in its 2022 records for its investment in Ukraine as summarized in the schedule below:

MASTERPLAST PLC.**ANNUAL FINANCIAL STATEMENTS**

FOR THE YEAR ENDED 31 DECEMBER 2023

(all figures in thousand HUF unless indicated otherwise)

Type of asset	Book Value	Estimated Market Price	Impairment	Average Impairment %
Properties	316 474	348 797	0	0%
Machinery & equipment	97 478	0	97 478	100,0%
Other	92 655	891	91 765	99,0%
Total	506 607	349 688	189 243	37,4%

Changes in investments in subsidiaries during 2023:

Company	Opening Net Book Value	Additional paid-in capital	Share purchase option	Share settlement	Impairment reversal	Impairment charge	Result of investments in associates	Closing Net Book Value
Masterplast Nonwoven GmbH	548 244	573 064	-	-	-	-	-	1 121 308
Masterplast YU D.o.o.	1 049 135	1 797 012	-	-	-	-	-	2 846 147
Master Modul Kft.	750	-	-	(750)	-	-	-	-
Masterplast Italia SRL	38 435	379 815	-	-	-	-	-	418 250
Masterwool MW-1 d.o.o	497 849	535 277	-	-	(97 952)	-	-	935 174
Masterplast Proizvodnja D.o.o	-	1 119 907	-	-	-	-	-	1 119 907
Masterprofil Kft.	57 018	-	-	-	-	-	(27 147)	29 871
T-Cell Plasztk	279 446	-	-	-	-	-	12 207	291 653
Pimco Kft.	-	2 827 994	-	-	-	-	179 645	3 007 639
MIP Zrt.	-	2 269 567	-	-	-	-	10 788	2 280 355
Összesen	2 470 877	9 502 636	-	(750)	(97 952)	-	175 493	12 050 304

Changes in investments in subsidiaries during 2022:

Company	Opening Net Book Value	Additional paid-in capital	Share purchase option	Share settlement	Impairment reversal	Impairment charge	Result of investments in associates	Closing Net Book Value
Masterplast Nonwoven GmbH	548 244	-	-	-	-	-	-	548 244
Green MP Invest	144 390	-	-	-	-	-	-	144 390
Masterprofil Kft.	54 556	-	-	-	-	-	2 462	57 018
T-Cell Plasztk	149 524	-	-	-	-	-	129 922	279 446
Masterplast Ukrajna	604 775	-	-	-	-	-	-	604 775
Master Modul Kft.	750	-	-	-	-	-	-	750
Masterplast Romania S.R.L.	-	-	-	-	353 071	-	-	353 071
Masterplast Italia SRL	-	38 435	-	-	-	-	-	38 435
Masterplast D.O.O	-	483 845	-	-	-	-	-	483 845
Total	1 502 239	1 020 129	-	-	353 071	-	132 384	3 007 823

Impairment charges and reversals recorded for investments in subsidiaries were as follows in 2023:

Impairment on investments	Opening impairment	Translation difference	Impairment Charge	Impairment Reversal	Closing impairment
Green MP Invest	(239 550)	-	-	-	(239 550)
Masterplast Proizvodnja D.o.o	-	-	(97 952)	-	(97 952)
Összesen	(239 550)	-	(97 952)	-	(337 502)

Impairment charges and reversals recorded for investments in subsidiaries were as follows in 2022:

The attached notes are part of the annual financial statements.

MASTERPLAST PLC.
ANNUAL FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2023
(all figures in thousand HUF unless indicated otherwise)

Impairment on investments	Opening impairment	Translation difference	Impairment Charge	Impairment Reversal	Closing impairment
Green MP Invest	(239 550)	-	-	-	(239 550)
Masterplast Romania S.r.l.	(353 071)	-	353 071	-	-
Total	(592 621)	-	353 071	-	(239 550)

12. INVESTMENTS IN ASSOCIATES

The Company's shares in investments in associates and their book values were as follows

Company	31 December 2023		31 December 2022	
	Ownership (%)	Book Value	Ownership (%)	Book Value
MasterProfil Kft.	20,00%	29 871	20,00%	57 018
T-Cell Plasztik Kft.	24,00%	291 653	24,00%	279 446
Master Modul Kft.	-	-	25,00%	750
Masterwool MW-1 d.o.o.	-	-	51,00%	497 849
Pimco Kft.	50,00%	3 007 638	-	-
-MIP Zrt.	50,00%	2 280 356	-	-
Total		5 609 518		835 063

Changes in book value in 2023:

Company	Opening balance	Increase / (Decrease)	Share of profit of associates	Other comprehensive income	Closing balance
MasterProfil Kft.	57 018	-	(27 147)	-	29 871
T-Cell Plasztik Kft.	279 446	-	12 207	-	291 653
Master Modul Kft.	750	(750)	-	-	-
Masterwool MW-1 d.o.o.*	497 849	(497 849)	-	-	-
Pimco Kft.	-	2 827 994	179 645	-	3 007 639
MIP Zrt.	-	2 269 567	10 788	-	2 280 355
Összesen	835 063	4 598 962	175 493	-	5 609 518

Company	Opening balance	Increase / (Decrease)	Share of profit of associates	Other comprehensive income	Closing balance	Ownership ratio (%)
MasterProfil Kft.	57 018	-	(27 147)	-	29 871	20,00%
T-Cell Plasztik Kft.	279 446	-	12 207	-	291 653	24,00%
Master Modul Kft.	750	(750)	-	-	-	0,00%
Masterwool MW	497 849	(497 849)	-	-	-	100,00%
Pimco Kft.	-	2 827 994	179 645	-	3 007 639	50,00%
MIP Zrt.	-	2 269 567	10 788	-	2 280 355	50,00%
Összesen	835 063	4 598 962	175 493	-	5 609 518	

Changes in book value in 2022:

Company	Opening Net Book Value	Additions / (Disposals)	Profit or loss attributable to associates	Comprehensive income	Closing Net Book Value
---------	------------------------	-------------------------	---	----------------------	------------------------

The attached notes are part of the annual financial statements.

MASTERPLAST PLC.
ANNUAL FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2023
(all figures in thousand HUF unless indicated otherwise)

MasterProfil Kft.	54 556	-	2 462	-	57 018
T-Cell Plasztik Kft.	149 524	-	129 922	-	279 446
Master Modul Kft.	750	-	-	-	750
Masterwool MW-1 d.o.o	-	497 849	-	-	497 849
Total	204 830	497 849	132 384	-	835 063

The Company did not received dividends from any of its associates in either 2022 or 2023.

Key financial data of the Associated Company:

1. MasterProfil Kft.

The abbreviated balance sheet of the Associated Company:

	31 December 2023	31 December 2022
Non-current assets	451 884	364 356
Current assets	442 669	1 337 132
Long-term liabilities	-	-
Short-term liabilities	745 201	1 416 402
Net asset value	149 352	285 086
Ownership ratio in the Associated Company	20%	20%
Net asset value for the Associated Company	29 870	57 017

The abbreviated profit and loss statement of the Associated Company:

	2022	2021
Sales revenue	1 227 897	1 935 138
Operating profit	(155 174)	54 372
Earning attributable to owners	(135 734)	12 307
Income to the Company on the basis of the ownership ratio	(27 147)	2 461

The financial data underlying the Company's investment in MasterProfil Kft. were prepared in accordance with IFRS based the accounting policy applied by the Company for similar transactions.

2. T-Cell Plasztik Kft.

The abbreviated balance sheet of the Associated Company:

	31 December 2023	31 December 2022
Non-current assets	3 170 276	1 509 956
Current assets	863 191	1 642 880
Long-term liabilities	1 505 707	559 723
Short-term liabilities	1 515 923	1 632 139
Net asset value	1 011 837	960 974
Ownership ratio in the Associated Company	24%	24%
Net asset value for the Associated Company	242 841	230 634

The abbreviated profit and loss statement of the Associated Company:

	2023	2022
Sales revenue	3 030 662	6 158 966
Operating profit	162 929	669 624
Earning attributable to owners	50 863	541 342

The attached notes are part of the annual financial statements.

MASTERPLAST PLC.
ANNUAL FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2023
(all figures in thousand HUF unless indicated otherwise)

Income to the Company on the basis of the ownership ratio	12 207	129 922
---	---------------	----------------

MASTERPLAST PLC.
ANNUAL FINANCIAL STATEMENTS
 FOR THE YEAR ENDED 31 DECEMBER 2023
 (all figures in thousand HUF unless indicated otherwise)

3. MIP Zrt.

	31 December 2023	31 December 2022.
Non-current assets	4 208 097	0
Current assets	503 616	0
Long-term liabilities	0	0
Short-term liabilities	162 542	0
Net asset value	4 549 171	0
Ownership ratio in the Associated Company	50%	0
Net asset value for the Associated Company	2 274 586	0

The abbreviated profit and loss statement of the Associated Company

	2023	2022
Sales revenue	0	6 158 966
Operating profit	-49 173	669 624
Earning attributable to owners	21 339	541 342
Income to the Company on the basis of the ownership ratio	10 670	129 922

4. Pimco Kft.

PIMCO Kft.	31 December 2023	31 December 2022
Non current assets	4 884 465	1 656 316
Current assets	202 671	17 314
Non current liabilities	27 430	184 953
Current liabilities	418 381	1 572 084
Net asset value	4 641 325	960 974
Ownership ratio of the Company:	50%	50%
The Company's share from net asset value	2 320 663	480 487
	2023	2022
Net Sales	-	-
Operating Profit	573 879	(83 674)
Net Profit After Tax*	359 289	-
*For the period from 6.11.2023 to 31.12.2023.12.31		
The Company's share from net profit after tax	179 645	-

MASTERPLAST PLC.
ANNUAL FINANCIAL STATEMENTS
 FOR THE YEAR ENDED 31 DECEMBER 2023
 (all figures in thousand HUF unless indicated otherwise)

13. OTHER LONG-TERM FINANCIAL ASSETS

Company name	31 December 2023	31 December 2022
Masterplast YU D.o.o.	654 590	3 762 350
Masterplast International Kft.	8 306 326	10 406 500
Masterplast Nonwoven GmbH	3 942 634	3 802 375
Masterplast Modulhouse Kft.	0	750 000
Masterplast Italia SRL	612 448	200 125
Masterplast Proizvodnja	2 092 708	2 001 250
Masterwool	0	50 031
Master Modul Kft.	0	20 000
IHT Enterprise Kft.	0	180 000
Total	15 608 706	21 172 631

LOANS RECLASSIFIED AS CURRENT FINANCIAL ASSETS

Company name	31 December 2023	31 December 2022
Masterplast YU D.o.o.	1 148 340	-
Masterplast Modulhouse Kft.	750 000	-
Total	1 898 340	-

MASTERPLAST PLC.
ANNUAL FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2023
(all figures in thousand HUF unless indicated otherwise)

The Company has granted loans to its subsidiaries in line with the following conditions (data in HUF and EUR)

Amount	Initiation date	Összeg	Currency	Interest rate	Maturity date
Masterplast d.o.o (YU)	02.02.2016	1.000.000	EUR	0%	30.06.2024
Masterplast d.o.o (YU)	20.05.2016	2.000.000	EUR	0%	30.06.2024
Masterplast d.o.o (YU)	17.02.2021	2.000.000	EUR	0%	31.12.2026
MP International Kft.	20.12.2019	13.906.388	EUR	1 month EURIBOR+1,5%	31.12.2026
MP International Kft.	26.08.2021	7.793.612	EUR	1 month EURIBOR+1,5%	31.12.2026
MP Nonwoven GmbH	29.06.2020	4.091.593	EUR	1 month EURIBOR+1,5%	31.12.2027
MP Nonwoven GmbH	20.10.2021	3.108.407	EUR	1 month EURIBOR+1,5%	31.12.2027
MP Nonwoven GmbH	31.10.2022	2.100.000	EUR	1 month EURIBOR+1,5%	31.12.2027
MP Nonwoven GmbH	01.10.2023	1.000.000	EUR	1 month EURIBOR+1,5%	31.12.2027
Masterplast Modulhouse	24.11.2022	750.000.000	HUF	1 month EURIBOR+1,5%	31.12.2024
Masterplast Italia SRL	06.12.2022	100.000	EUR	1 month EURIBOR+1,5%	31.12.2027
Masterplast Italia SRL	03.07.2023	600.000	EUR	1 month EURIBOR+1,5%	31.12.2027
Masterplast Italia SRL	06.10.2023	900.000	EUR	1 month EURIBOR+1,5%	31.12.2027
Masterplast Proizvodnja	08.12.2022	5.000.000	EUR	0%	31.12.2031
Masterplast Proizvodnja	25.01.2023	2.000.000	EUR	0%	31.12.2031
Masterplast Proizvodnja	06.11.2023	1.300.000	EUR	0%	31.12.2031

Contracts expiring in 2024 will be extended.

14. TRADE RECEIVABLES

	31 December 2023	31 December 2022
Trade receivables	313 563	327 464
Impairment	(233)	(313)
Trade Receivables net of impairment	313 330	327 151

Trade receivables were paid in 45,2 days in average in 2023 (44,1 days in 2022).

Impairment charged and reversed on trade receivables in 2023:

Impairment on trade receivables	Opening impairment	Translation difference	Impairment Charge	Impairment Reversal	Impairment write-back	Closing Impairment
Vevő értékvesztés	(313)	-	(15)	95	-	(233)
Összesen	(313)	-	(15)	95	-	(233)

Impairment charged and reversed on trade receivables in 2022:

Impairment on trade receivables	Opening impairment	Translation difference	Impairment Charge	Impairment Reversal	Impairment write-back	Closing Impairment
Impairment of trade receivables	(1 961)	-	(95)	1 743	-	(313)
Total	(1 961)	-	(95)	1 743	-	(313)

MASTERPLAST PLC.
ANNUAL FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2023
(all figures in thousand HUF unless indicated otherwise)

The ageing of trade receivables is as follows:

	31 December 2023			31 December 2022		
	Gross book	Impairment loss	Net book value	Gross	Impairment loss	Net book value
Not yet due	311 056	-	311 056	325 131	-	325 131
Due over 0-60 days	1 537	-	1 537	1 577	-	1 577
Due over 61-90 days	4	-	4	348	-	348
Due over 91-180 days	725	(4)	721	-	-	-
Due over 181-360 days	23	(11)	12	190	(95)	95
Due over 360 days	218	(218)	-	218	(218)	-
Total Trade Receivable	313 563	(233)	313 330	327 464	(313)	327 151

15. OTHER CURRENT ASSETS

Megnevezés	31 December 2023	31 December 2022
Advance to the supplier	30 965	2 319 863
Bonuses, commissions	87 723	110 425
Other receivables *	25 002	107 455
Impairment loss on other receivables	(3 946)	(2 946)
Deferred commission fees	164 056	186 924
Accrued costs	38 235	61 892
Other deferred in come	8 478	62 313
VAT receivables from VAT group members	143 138	161 442
Cash pool receivable	447 922	919 671
ESOP receivable	42 818	71 747
Total	984 391	3 998 786

16. CASH AND CASH EQUIVALENTS

Cash and cash equivalents	31 December 2023	31 December 2022
Cash	3 661	3 671
Bank deposits	909 034	7 127 825
Total	912 694	7 131 496

The Company did not have restricted cash or cash equivalents as at 31 December 2023 or 31 December 2022.

MASTERPLAST PLC.
ANNUAL FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2023
(all figures in thousand HUF unless indicated otherwise)

17. LIABILITIES FROM ISSUED BONDS

The Group participated in the growth bond programme announced by the MNB both in 2019, 2020 and 2021, under which Masterplast Nyrt issued bonds with a nominal value of HUF 6-6-9 billion. 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.

Description of bond	MASTERPLAST 2026/I HUF	MASTERPLAST 2027/I HUF	MASTERPLAST 2031/I HUF
Date of issue	6 December 2019	21 December 2020	25 August 2021
Maturity Date	6 Deember 2026	21 December 2027	25 Augustt 2031
Registration Date:	18 February 2020	19 February 2021	1 October 2021
Nominal Value	50 000 000	50 000 000	50 000 000
Issued pieces	120	120	180
Term (year)	7	7	10
Type of interest	fixed	fixed	fix
Interest	2,00%	2,10%	2,10%
Effective rate	0,12%	0,12%	0,12%
Date of interest payments	Annually, 6st of December	Annually, 21st of December	Annually, 25st of August
Principal payments	Equal instalments between years 4-7	Equal instalments between years 4-7	Equal instalments between years 6-10
MASTERPLAST 2026/I HUF		2023	2022
Total nominal value of issued bonds		6 000 000 000	6 000 000 000
Amortized cost		4 495 398 747	5 994 884 694
Fair value		4 108 479 377	4 809 125 440
Face value		4.500 000 000	6 000 000 000
MASTERPLAST 2027/I HUF		2023	2022
Total nominal value of issued bonds		6 000 000 000	6 000 000 000
Amortized cost		5 983 019 699	5 978 858 122
Fair value		5 388 210 505	4 485 308 003
Face value		6 000 000 000	6 000 000 000
MASTERPLAST 2031/I HUF		2023	2022
Total nominal value of issued bonds		9 000 000 000	9 000 000 000
Amortized cost		9 002 910 820	9 002 609 701
Fair value		8 525 500 929	6 885 433 583
Face value		9 000 000 000	9 000 000 000

MASTERPLAST PLC.
ANNUAL FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2023
(all figures in thousand HUF unless indicated otherwise)

In 2019, the Group participated in the development bond programme announced by the MNB, under which Masterplast Nyrt issued bonds with a nominal value of HUF 6 billion (EUR 18,1 million) to restructure the financing of the Group. 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 decreased, while its liabilities from issued bonds increased by the same amount in the balance sheet. In December 2019, 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, which will reduce interest costs calculated on the basis of the Company's current financing structure in the coming years. The bonds were introduced to the BÉT Xbond market on 18 February 2020. The impact was HUF 243,792 in 2020 that was accounted for through equity.

In 2020, the Company issued additional bonds with a nominal value of 6 HUF billion under the Development Bond Program to finance its further growth. The additional HUF 6 billion of bonds issued under the bond program provides a stable source for the Company's ongoing and future investments. Temporarily, the Company used the funds raised in part to re-finance its short-term loans, which resulted in a decrease in the amount of short-term loans and an increase in Group's bond liabilities on the balance sheet. The bonds were introduced to the BÉT Xbond market on 19 February 2021.

In 2021, the Company issued additional bonds with a nominal value of HUF 9.0 billion under the Development Bond Program to finance its further growth. By the issuance of these additional bonds the Company raised additional funds to finance its ongoing and future investment projects. Temporarily, the Company used these additional funds in part to refinance its short-term loans, as a result of which the amount of short-term loans decreased and the Group's bond liabilities increased in the balance sheet. The bonds were introduced to the BÉT Xbond market on 1 October 2021.

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 purpose of the transaction is to fix interest and exchange rates. The transaction is accounted for by the Company as a cash flow hedge.

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

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 portfolio related to the Company's CCIRS transactions had a loss balance of HUF 945,299,607 at at 31 December 2023. Of this HUF 224,985,509 was recorded though current year profit and loss, HUF 2,224,737,619 is accounted for in retained earnings and HUF 206,911,428 is through other comprehensive income.

HUF 1,500,000,000 principal of MASTERPLAST 2026/I HUF bond was repaid on 6 December 2023 in parallel of the withdrawal of EUR 4,576,597 from CCIRS hedging. As a result of the transaction an exchange rate difference of HUF 224,985,509 was recognized.

MASTERPLAST PLC.
ANNUAL FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2023
(all figures in thousand HUF unless indicated otherwise)

The details of the transactions were as follows:

	MASTERPLAST 2026/ I HUF 2023	MASTERPLAST 2026/ I HUF 2022
Binding date	16 December 2019	16 December 2019
Maturity date:	7 December 2026	7 December 2026
Place of implementation	OTC	OTC
Party paying fix interest	Raiffeisen Bank Zrt.	Raiffeisen Bank Zrt.
Contracted Amount	HUF 4 517 101 351	HUF 6 022 801 800
Fix interest rate	1,9264% p.a.	1,9264% p.a.
Amount of related interest	HUF 87 034 376	HUF 113 184 119
Party paying fix interest	Masterplast Nyrt.	Masterplast Nyrt.
Contracted Amount	EUR 13 729 191	EUR 18 306 388
Fix interest rate	1,08% p.a.	1,08% p.a.
Amount of related interest	EUR 150 753	EUR 196 061

18. DEFERRED INCOME

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

Subsidy ID	Description of support	Beneficiary	31 December 2023	31 December 2022
GVOP-1.1.2.-2004-11-0003/5.0	""Master"" educator; MASTER3AS centre - Products, Services, Training at ""Master"" level	Masterplast Nyrt.	74 920	77 112
SZVP-2003-6-03-08-1	Networking at ""Master"" level	Masterplast Nyrt.	10 389	10 988
Total:			85 309	88 100
Current part:			2 793	2 793
Non-current part:			82 516	85 307

The Company does not have contingent liabilities or commitments in relation of deferred income.

The company received an advance payment of HUF 143,800,000 within the framework of the HIPA-GYAR-2022-0294 tender as a result of the acceptance of the grant application submitted on 28 February 2023.

19. OTHER NON-CURRENT LIABILITIES

Description	31 December 2023	31 December 2022
Masterplast Hungária loan	2 300 000	4 500 000
Master Plast S.r.o. (SK) loan	344 502	-
Total other non current liabilities	2 644 502	4 500 000

The Company received a loan from its subsidiary on the following terms:

The attached notes are part of the annual financial statements.

MASTERPLAST PLC.
ANNUAL FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2023
(all figures in thousand HUF unless indicated otherwise)

Company	Initiation date	Amount	Currency	Interest rate	Maturity date
Masterplast Hungária Kft.	29.12.2022	2.500.000.000	HUF	1 month BUIBOR+1,5%	12.31.2024
Master Plast S.r.o. (SK)	04.12.2023	900 000	EUR	1 month EURIBOR+1,5%	12.31.2027

The contract that expires in 2024 will be extended.

20. TRADE PAYABLES

The maturity of trade payables is as follows:

Description	31 December 2023	31 December 2022
Not yet due	68 956	112 449
Due over 0-60 days	43 051	31 019
Due over 61-90 days	-	-
Due over 91-180 days	-	-
Due over 181 days	6	-
Total	112 012	143 535

21. OTHER CURRENT LIABILITIES

Description	31 December 2023	31 December 2022
Taxes payable	107 611	296 142
Other current liabilities	327 080	134 786
PIMCO KFT capital increase	842 737	-
Short term liabilities from issued bonds	3 000 000	1 500 000
Cash pool liabilities	747 459	-
Related party liabilities	204 300	218 255
Other current liabilities	5 229 187	2 149 183

22. MATERIALS AND SERVICES USED

Description	2023	2022
Material costs	(106 729)	(135 709)
Services used	(462 781)	(689 811)
Total	(569 510)	(825 520)

23. PERSONNEL RELATED COSTS

Description	2023	2022
Payroll costs	(683 287)	(618 055)
Other payments to personnel	(39 798)	(68 504)
Payroll taxes and social security contributions	(64 978)	(79 952)
Total	(788 063)	(766 511)

The attached notes are part of the annual financial statements.

MASTERPLAST PLC.
ANNUAL FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2023
(all figures in thousand HUF unless indicated otherwise)

24. OTHER INCOME AND EXPENSES

Description	2023	2022
Received and paid concessions	(39 786)	(42 416)
Impairment Charges	(920)	(95)
Sale of investments in subsidiaries	-	-
Change in impairment of investments	(98 278)	353 071
Forgiven loan to subsidiary	-	-
Gains on fixed asset sales	(13 104)	28 938
Other	(68 818)	(83 929)
Total	(220 906)	255 569

25. OTHER FINANCIAL PROFIT OR LOSS

Description	2023	2022
Interest income	1 248 188	641 050
Interest expense	(973 637)	(752 130)
Other incomes and expenses of financial transactions	(958 414)	1 669 185
Total	(683 863)	1 558 105

The Company's financial instruments at book and fair value were as follows:

Valuation of financial instruments	Book value		Book value	
	2023.12.31	2022.12.31	2023.12.31	2022.12.31
Other non-current financial assets	15 608 706	21 172 631	15 608 706	19 112 858
Trade receivables	313 330	327 151	313 330	327 151
Tax receivables	59 517	16 434	59 517	16 434
Other current assets	536 469	3 079 115	536 469	3 079 115
Related party cash pool assets	447 922	919 671	447 922	919 671
Other current financial assets	1 898 340	0	1 898 344	0
Cash and cash equivalents	912 694	7 131 496	912 694	7 131 496
Total	19 776 978	32 646 498	19 776 978	30 586 725
Non-current finance lease liabilities	31 659	11 195	31 659	11 195
Liabilities from issued bonds	16 480 471	19 476 340	15 022 191	16 179 867
Other non-current liabilities	2 644 502	4 500 000	2 644 502	4 217 149
Current finance lease liabilities	18 279	8 137	18 279	8 137
Trade payables	112 012	143 535	112 012	143 535
Other current liabilities	5 427 027	4 373 921	5 427 027	4 373 921
Related party cash pool liabilities	747 460	0	747 460	0
Total	25 461 410	28 513 128	24 003 130	24 933 804

Current assets and liabilities are instruments with maturity less than a year which are recoverable on a short term basis, as a consequence their book value equals with their fair value.

MASTERPLAST PLC.
ANNUAL FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2023
(all figures in thousand HUF unless indicated otherwise)

The current loans of the Company are linked to reference interest rates. As a consequence beyond their being current payables their book value also reflects the impact of any expected interest rate changes, as a consequence their book value also equals with their fair value.

Related party cash pool has the same conditions as the current loans of the Company as a consequence their book value also equals with their fair value.

Undiscounted cash-flow 2023	Payment within 1 year	Payment within 2-5 year	Payment beyond 5 year
Total loans and credits	-	-	-
Cash pool	(299 538)	-	-
Transaction costs	(34 746)	-	-
Total	(334 284)	-	-

Undiscounted cash-flow 2022	Payment within 1 year	Payment within 2-5 year	Payment beyond 5 year
Total loans and credits	-	-	-
Cash pool	919 671	-	-
Transaction costs	10 024	-	-
Total	929 696	-	-

26. TAXES

Tax receivables and tax payables were as follows:

	31 December 2023	31 December 2022
Taxes Receivable	59 517	16 434
Taxes Payable	(107 611)	(296 142)
Net Tax Receivable/(Payable)	(48 094)	(279 708)

Income tax for the years ended 31 December 2023 and 31 December 2022 includes the following components:

Income tax expense	2023	2022
Current Income Tax Expense	0	(105 599)
Deferred Income Tax Expense	91 846	(90 808)
Total Income Tax Expense	91 846	(196 407)

The actual tax rate of the Company in the past two years was as follows:

Period	Actual tax rate
2023	9%
2022	9%

MASTERPLAST PLC.
ANNUAL FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2023
(all figures in thousand HUF unless indicated otherwise)

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

Year-end balance of deferred tax	31 December 2023	31 December 2022
Property, plant and equipment	10 259	10 532
Receivables	111	28
Carried forward tax losses	73 833	-
Provisions	824	281
Prior years Impairment on investments (RO, SK)	8 845	21 560
Closing deferred tax assets, net	30.375	32 401
Of which deferred tax assets	124 247	32 401
Of which deferred tax liability	124 247	-

The Company does not consider it relevant to present the difference between the tax payable calculated using the average tax rate and the actual tax payable, given that the two tax rates are the same. The Company does not have carried forward prior year losses in 2023.

The Masterplast Nyrt's corporate income tax calculation as of 31 December 2023:

Items increasing the corporate income tax base

Description	Current Year 2023
Current year depreciation and amortization plus the net book value of written off PP&E recognized in the records	275 427
Impairment on receivables	1 015
Paid penalties	35
Waived-off receivables	304 472
Provision	9157
Impairment on investments	97 952
Impairment on various assets	98 278
Non deductible costs	74 025
Total	860 361

Items decreasing the corporate income tax base

Description	Current Year 2023
Current year depreciation and amortization plus the net book value of written off PP&E recognized by the tax law	278 468
20% of donations	6 060
Write-back of impairment on receivables	95
Vocational training discount within the framework of dual training	18 431
Write-back of provision	3 122
Dividend received	782 220
Total	1 088 396

MASTERPLAST PLC.
ANNUAL FINANCIAL STATEMENTS
 FOR THE YEAR ENDED 31 DECEMBER 2023
 (all figures in thousand HUF unless indicated otherwise)

Corporate income tax calculation	2023
<i>Profit before tax*</i>	(327 383)
Adjusted pre-tax profit	(592 328)
Tax-basis decreasing items	(1 088 396)
Tax-basis increasing items	860 361
Tax base	(820 363)
Adjusted tax basis	(820 363)
Corporate income tax payable (9%)	-
<i>Tax benefits</i>	-
Payable income tax (9%)	-

**Without consolidation of ESOP*

Difference between the actual and effective corporate income tax payable is as follows:

Profit before tax	(820 363)
Actual income tax rate:	9,0%

The company will not pay corporate income tax in 2023 and it will make a declaration to this effect under the Corporate Income Tax Act.

Under the Global Minimum Tax Act, MNE Group or Large Domestic Group members resident in low-tax states may incur additional tax liability on their excess profits, provided that the income according to the consolidated financial statements of the group exceeds the threshold of EUR 750 million in at least two of the last four years. According to the law, states with a low tax burden are those where the effective tax rate of the resident group member is lower than 15 percent.

27. REVENUES

The Company has a single segment, hence reporting by segment is not relevant.

Sales revenue by main activity in 2023 and 2022 was as follows:

Net sales	2023	2022
Provision of Services (real estates rents, fee for bookkeeping, finance and HR services)	759 591	796 029
Sale of Products	13 378	-
Bonuses, concessions	164 056	186 924
Összesen	937 025	982 953

MASTERPLAST PLC.
ANNUAL FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2023
(all figures in thousand HUF unless indicated otherwise)

The majority of the Company's revenue comes from rent, interest and dividend income. Dividend income from subsidiaries is accounted through profit and loss on a separate line:

Company	2023	2022
Masterplast Medical Kft.	-	400 000
Masterplast Hungária Kft.	400 000	400 000
Masterplast International Kft.	382 220	393 010
Masterplast Sp zoo	149 372	68 852
Masterplast Nonwoven GmbH	-	-
Total	931 592	1 261 862

28. RELATED PARTY TRANSACTIONS

Related party transactions are conducted on an arm's length basis in a manner similar to transactions with third parties. Transfer prices applied between related parties meet the criteria of usual market prices as defined by the transfer pricing legislation. The pricing method and documentation applied for our transfer prices comply with the concept of an arm's length price as defined in the applicable OECD Guidelines that form the legal basis of transfer pricing.

Revenue received from related parties for the years ending on 31 December 2023 and 2022 is as follows:

Related company	2023	2022
Masterplast Medical Kft.	495 481	724 485
Master Plast S.r.o.	8 144	3 440
Masterplast d.o.o.	5 690	3 269
Masterplast Romania S.R.L.	19 283	7 813
Masterplast YU D.o.o.	16 849	11 170
Fidelis Bau Kft.	279	143
MasterFoam Kft.	62 859	62 329
Masterplast Hungária Kft.	324 920	307 114
Masterplast Modulhouse Kft.	28 004	10 624
Masterplast International Kft.	406 230	411 379
Masterplast Nonwoven GmbH	4 135	2 881
Masterplast Proizvodnja d.o.o.	4 487	-
Total:	1 376 361	1 544 647

Associated company	2023	2022
Masterprofil Kft.	22 205	20 801
T-Cell Plasztik Kft.	2 481	2 665
MIP Zrt.	11 084	-
Pimco Kft.	8 506	-
Total:	44 276	23 466

MASTERPLAST PLC.
ANNUAL FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2023
(all figures in thousand HUF unless indicated otherwise)

Interest received from related parties for the years ending on 31 December 2023 and 2022 is as follows:

Related company	2023	2022
Masterplast Romania S.R.L.	-	2 480
Masterplast YU D.o.o.	147 686	73 264
Masterplast International Kft.	418 584	213 006
Masterplast Nonwoven GmbH	193 653	59 133
Masterplast Modulhouse Kft.	121 217	14 183
Masterplast Proizvodnja d.o.o.	109 033	2 969
PIMCO Kft.	17 450	-
Masterplast Italia SRL	26 225	445
Total	1 033 848	365 480

Associated company	2023	2022
T-CELL Plasztik Kft.	21 582	-
Pimco Kft.	177	-
Masterwool MW-1 d.o.o. Sid	623	671
Total	22 382	671

Cost of services provided by and cost of materials purchased from related parties in the years ending on 31 December 2023 and 2022 are as follows:

Related company	2023	2022
Masterplast International Kft.	1 688	89
Masterplast Medical. Kft.	4 549	8 077
Masterplast Hungária Kft.	6 390	8 320
Masterfoam Kft.	-	6 941
Master Plast sro	-	872
Masterplast YU D.o.o.	23 055	-
Total	35 682	24 299

Name of associated company	2023	2022
Masterprofil Kft.	-	1 270
T-Cell Plasztik	726	2 416
MIP Zrt.	-	-
Pimco Kft.	-	-
Total	726	3 686

MASTERPLAST PLC.
ANNUAL FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2023
(all figures in thousand HUF unless indicated otherwise)

Interest paid to related parties for the years ending 31 December 2023 and 2022 are as follows:

Company name	2023	2022
Masterplast Hungária Kft.	368 332	122 026
Master Plast S.r.o. (SK)	725	-
Total	369 057	122 026

Receivables from related parties as of 31 December 2023 and 31 December 2022 are as follows:

Related company	31 December 2023	31 December 2022
Masterplast Medical Kft.	54 400	58 662
Masterfoam Kft.	10 265	10 162
Masterplast Hungária Kft.	56 135	48 213
Masterplast Modulhouse Kft.	10 021	12 381
Masterplast International Kft.	67 334	59 067
Fidelis Bau Kft.	2	3
Master Plast S.r.o.	3 215	90
Masterplast Romania S.R.L.	3 215	1 394
Masterplast Nonwoven GmbH	19 086	9 484
Masterplast Italia	7 838	445
Masterplast YU D.o.o.	3 500	10 846
Masterplast d.o.o.	3 215	2 969
Total	238 226	213 716

Associated company	31 December 2023	31 December 2022
Masterprofil Kft	4 022	4 197
T-Cell Plasztk Kft.	493	257
MIP Zrt.	12 351	-
Pimco Kft.	695	-
Masterwool MW-1 d.o.o	-	144
Total	17 561	4 598

Liabilities to related parties as of 31 December 2023 and 31 December 2022 are as follows:

Related company	31 December 2023	31 December 2022
Masterplast Medical Kft.	182	785
Masterfoam Kft.	-	4 000
Masterplast Hungária Kft.	24 139	32 682
Masterplast Modulhouse Kft.	19	-
Master Plast S.r.o.	725	-
Total:	25 065	37 467

MASTERPLAST PLC.
ANNUAL FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2023
(all figures in thousand HUF unless indicated otherwise)

Associated company	31 December 2023	31 December 2022
Masterprofil Kft.	-	1 270
T-Cell Plasztik Kft.	-	-
MIP Zrt.	-	-
Pimco Kft.	-	-
Total:	-	1 270

Cash pool receivables from and payables to related parties as at 31 December 2022 and 31 December 2021 are presented in the table below. Masterplast Nyrt. is the main account holder of the cash pool. The cash pool balance of the Company reflects the liability for Raiffeisen Bank.

31 December 2023

Company name	Receivable	Liability
Masterplast Medical Kft.	569 206	-
Masterplast Hungária Kft.	45 377	-
Masterplast Modulhouse Kft.	-	(230 583)
Masterplast International Kft.	-	(1 138 803)
MasterFoam Kft.	455 265	-
Total	1 069 848	(1 369 386)
Net balance:		(299 538)

31 December 2022

Company name	Receivable	Liability
Masterplast Kft.	643 077	-
Masterplast Hungária Kft.	77 712	-
Mastermesh Production Kft.	-	(126 317)
Masterplast International Kft.	506 385	-
MasterFoam Kft.	-	(181 186)
Total:	1 227 174	(307 503)
Net balance:	919 671	

Loans granted to related parties as of 31 December 2023 and 31 December 2022 are as follows:

Company name	31 December 2023	31 December 2022
Masterplast YU D.o.o.	1 802 930	3 762 350
Masterplast International Kft.	8 306 326	10 406 500
Masterplast Nonwoven GmbH	3 942 634	3 802 375
Masterplast Modulhouse Kft.	750 000	750 000
Masterplast Italia SRL	612 448	200 125
Masterplast Proizvodnja	2 092 709	2 001 250
Masterwool	0	50 031
Master Modul Kft.	0	20 000
IHT Enterprise Kft.	0	180 000
Total	17 507 046	21 172 631

MASTERPLAST PLC.
ANNUAL FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2023
(all figures in thousand HUF unless indicated otherwise)

Loans received from related parties as of 31 December 2023 and 31 December 2022 are as follows:

Company name	31 December 2023	31 December 2022
MP Hungária	2 300 000	4 500 000
Master Plast S.r.o. (SK)	344 502	-
Total	2 644 502	-

Dávid Tibor owns 100% of Essence Invest Ltd., Tibor Di Transilvania Srl, and together with Balázs Ács they own Primolinvest Kft. (formerly Fóliatex Kft.) and AMZSAB Kft. Dávid Tibor holds a senior position at Minifoci Kft. and CyBERG Corp Zrt.. Balázs Ács owns 100% of Firmum Capital Zrt. The Group's customer turnover with these related entities was EUR 0 in 2023 and 2022, while its supplier turnover with Minifoci Kft was EUR 0 in 2023 and EUR 0 in 2022. HUF 30,000 thousands and HUF 35,000 thousands were paid to Minifoci Kft. as sports grants in 2023 and 2022, respectively.

Key executives of the Company discharge their duties as employees. Short-term allowances paid to them in 2023 amounted to HUF 102,127 thousands (total company cost: HUF 113,463 thousands), while it was HUF 173,789 thousands (total company cost: HUF 196,405 thousands in 2022). No loans were granted to senior officers either in 2023 or in 2022. Total fees paid to the members of the Board of Directors was HUF 7,200 thousands both in 2023 and 2022 (total company cost: HUF 8,424 thousands both in 2023 and 2022).

29. FINANCIAL RISK MANAGEMENT

The Company's activities are subject to various financial risks, such as market risks (especially exchange rate risk and price risk), liquidity risk and credit risk. The Company's comprehensive risk management programme focuses on the unpredictability of financial markets and tends to minimise its potential negative effects on the Company's financial operations.

Market risk

Market risk is the risk of market trends, such as changes in exchange rates, interests and prices affecting the Company's income and the value of financial instruments. The goal of market risk management is to keep market risks within the Company's risk appetite, in addition to optimising the yield.

Exchange rate risk

The Company conducts some operations in foreign currency, which entails the risk arising from the fluctuation of exchange rates, especially the exchange rates of the Euro. Exchange rate risk may arise from future commercial transactions, assets and liabilities included in the balance sheet.

MASTERPLAST PLC.
ANNUAL FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2023
(all figures in thousand HUF unless indicated otherwise)

The analysis of EUR/HUF exchange rate risk sensitivity associated with loans and its effect on profit before tax (exchange rate risk is calculated against the EUR loans):

	2023	2023
Appreciation of EUR / HUF rates by 3 %		
Financial profit/(loss)	(683 863)	1 558 105
Effect of exchange rate increase	13 438	32 069
Adjusted financial profit/(loss)	(670 425)	1 590 174
Profit before tax	(419 229)	2 464 138
Effect of exchange rate increase	13 438	32 069
Adjusted profit before tax	(405 791)	2 496 207
Depreciation of EUR / HUF rates by 3 %		
Financial profit/(loss)	(683 863)	1 558 105
Effect at FX rate decrease	(13 438)	(32 069)
Adjusted financial profit/(loss)	(697 301)	1 526 036
Profit before tax	(419 229)	2 464 138
Effect of exchange rate decrease	(13 438)	(32 069)
Adjusted profit before tax	(432 667)	2 432 069

Interest rate risk

The 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:

	2023	2022
Appreciation of interest rates by 1 % point		
Financial profit/(loss)	(683 863)	1 558 105
Effect of interest rate increase	(2 995)	9 197
Adjusted financial profit/(loss)	(686 858)	1 567 302
Profit before tax	(419 229)	2 464 138
Effect of interest rate increase	(2 995)	9 197
Adjusted profit before tax	(422 224)	2 473 335
Depreciation of interest rates by 1 % point		
Financial profit/(loss)	(683 863)	1 558 105
Effect of interest rate decrease	2 995	(9 197)
Adjusted financial profit/(loss)	(680 868)	1 548 908
Profit before tax	(419 229)	2 464 138
Effect of interest decrease	2 995	(9 197)
Adjusted profit before tax	(416 234)	2 454 941

MASTERPLAST PLC.
ANNUAL FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2023
(all figures in thousand HUF unless indicated otherwise)

Total credit risk

The Company performs most of its business activities with subsidiaries operating under its own control, whereas its contacts with external suppliers and customers are marginal.

7.1 Liquidity risk

Liquidity risk is the risk that the Company cannot meet its liabilities on due date. The Company is on to ensure that there is always sufficient resources available when the liability expire.

The table below includes the financial liabilities of the Company broken down by maturity as at 31 December 2021 and 2022 based on the non-discounted values of contractual payments.

2023	Falling due within 1 year	Falling due within 1-5 years	Falling due beyond 5 years	Total
Finance lease liabilities	18 279	31 659	-	49 938
Liabilities from issued bonds	3 000 000	10 852 871	5 627 600	19 480 471
Other non-current liabilities	0	2 644 502	-	2 644 502
Creditors and other liabilities	2 341 199	0	-	2 341 199
Total	5 359 478	13 529 032	5 627 600	24 516 110

2022	Falling due within 1 year	Falling due within 1-5 years	Falling due beyond 5 years	Total
Finance lease liabilities	8 137	11 195	-	19 332
Liabilities from issued bonds	1 500 000	10 469 298	9 003 011	20 972 309
Other non-current liabilities	-	4 500 000	-	4 500 000
Creditors and other liabilities	2 292 718	-	-	2 292 718
Total	3 800 855	14 980 493	9 003 011	27 784 359

Bank financing of the Company is based on group agreements, and its covenants and performances are presented in the table below:

Name and calculation of Covenant	Required	Met	
	2023	2023	2022
net debt/EBITDA	≤3,25	n/a	2,87

Due to negative EBITDA, the Group did not meet the conditions of bond Nr 2031/I HUF related covenants on 31 December 2023. Since the Company does not have a possible or real demand for non-performance, the rate calculated in this way only prohibits the assumption of new financial obligations, and is not considered a financial covenant.

7.2 Tax risk

The Company monitors the changes in legislation and acts immediately when a change in regulations affecting the Company 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.

7.3 Equity risk

Capital structure

Regarding its capital structure, the Company aims to protect its ability to operate continuously, ensure profits for its shareholders and other interest groups, and maintain an optimal capital structure for the purpose of reducing the cost of capital.

Dividend payment policy

In the event the Company cannot find development and acquisition targets required for its growth, it can pay dividends to its shareholders - if the profits so allow -subject to specific decisions of the Board of Directors.

Optimum capital structure

On 15 January 2018 the Board of Directors decided to privately issue 858.318 pieces of new dematerialized ordinary shares where all rights attached to the new shares were identical to the previously issued ordinary shares (series 'A') with a nominal value of HUF 100 per shares, at an issue price of HUF 607 per shares and thus increasing the share capital to HUF 1.460.127.900. The Company's leverage ratio has significantly improved by the HUF 521 000 000 increase of capital, which the Company intends to maintain in order to mitigate its liquidity risk in the face of the unpredictability of financial markets.

In accordance with the Company's Board Decision No. 1/2022 (10.17.), an increase of the Company's capital by offering new 2,249,352 pieces of registered, dematerialized ordinary shares to the public - providing the same rights as previously issued ordinary shares - with a nominal value of HUF 100 each, and an issue value of HUF 4,100 each - in return for a cash contribution were carried out and HUF 9 222 343 200 HUF were fully paid-in until 20 October 2022. The increased share capital is HUF 1.685.063.100 the date of the amended Articles of Incorporation is 20 October 2022.

Continuous operations

To ensure the efficiency of its financial operations, the Company 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.

30. CONTINGENT LIABILITIES AND COMMITMENTS

The Company does not have any still ongoing, unclosed tenders as of 31 December 2023. There is no litigation initiated against or initiated by the Company and there are not any ongoing legal processes.

31. RESEARCH AND DEVELOPMENT ACTIVITIES

The Company did not have any research and development activities in the current year.

MASTERPLAST NYRT.**NOTES TO THE ANNUAL FINANCIAL STATEMENTS**

FOR THE YEAR ENDED 31 DECEMBER 2023

(all figures in thousand HUF unless indicated otherwise)

32. EQUITY MATCHING SCHEDULE

2022	Note	Share capital	Treasury Shares	Share Premium	Comprehensive income	Retained earnings	Profit/(loss) for the year	Equity, total
Equity matching in accordance with section 114/B of the Accounting Law		Share capital	Capital Reserve	Capital Reserve	Valuation Reserve	Retained earnings	Profit/(loss) for the year	Equity, total
1 January 2022		1 460 128	(831 097)	2 318 248	(851 319)	477 692	928 200	3 501 852
Profit for the year	2						2 267 731	2 267 731
Share capital increase		224 935		8 788 579				9 013 514
Other comprehensive income - CCIRS	3				(69 088)			(69 088)
Prior year's profit or loss re-classified						928 200	(928 200)	0
Redeemed treasury shares	6		486 586			(486 586)		0
Unused common stock			(11 386)					
Dividends paid						(799 471)		(799 471)
ESOP consolidation			(422 475)			(3 180)		(425 655)
ESOP Remuneration (2021)	33		(68 140)			68 140		0
ESOP Remuneration (2022)	33		65 619					65 619
31 December 2022		1 685 063	(780 893)	11 106 827	(920 407)	184 795	2 267 731	13 543 116

The presentation of transaction listed in points a); b); c); d); e); f); g) and h) of subsection 4 of section 114/B of the Accounting Law is not relevant.

'* Capital subscribed at the Registration Court equals with share capital in accordance with IFRS.

'** Retained earnings usable to pay dividend is HUF 2.452.526 thousands.

MASTERPLAST NYRT.**NOTES TO THE ANNUAL FINANCIAL STATEMENTS**

FOR THE YEAR ENDED 31 DECEMBER 2023

(all figures in thousand HUF unless indicated otherwise)

2023	Note	Share capital	Treasury Shares	Share Premium	Comprehensive income	Retained earnings	Profit/(loss) for the year	Equity, total
Equity matching in accordance with section 114/B of the Accounting Law		Share capital	Capital Reserve	Capital Reserve	Valuation Reserve	Retained earnings	Profit/(loss) for the year	Equity, total
1 January 2023		1 685 063	(780 893)	11 106 827	(920 407)	184 795	2 267 731	13 543 116
Profit for the year	2						(327 383)	(327 383)
Share capital increase								0
Other comprehensive income - CCIRS	3				713 496			713 496
Effect of equity disposal (PIMCO)						(43 043)		(43 043)
Prior year's profit or loss reclassified						2 267 731	(2 267 731)	0
Redeemed treasury shares	6		(45 822)			0		(45 822)
Dividends paid								0
ESOP consolidation			(68 690)			135 480		66 790
ESOP Remuneration (2019-2020)	33		52 654					52 654
ESOP Remuneration (2020-2021)			30 367					30 367
ESOP Remuneration (2021-2022)	33		33 178					33 178
31 December 2023		1 685 063	(779 206)	11 106 827	(206 911)	2 544 963	(327 383)	14 023 353

The presentation of transaction listed in points a); b); c); d); e); f); g) and h) of subsection 4 of section 114/B of the Accounting Law is not relevant.

'* Capital subscribed at the Registration Court equals with share capital in accordance with IFRS.

'** Retained earnings usable to pay dividend is HUF 1.405.892 thousands.

MASTERPLAST NYRT.**NOTES TO THE ANNUAL FINANCIAL STATEMENTS**

FOR THE YEAR ENDED 31 DECEMBER 2023

(all figures in thousand HUF unless indicated otherwise)

33. MASTERPLAST EMPLOYEE SHARED OWNERSHIP PROGRAM

Masterplast Nyrt. established the MASTERPLAST Employee Shared Ownership Program (“ESOP”) on 14 December 2016. The ESOP organization is based in: 1062 Budapest, Andrásy út 100. Masterplast Nyrt. (Founder) has established the ESOP organization to efficiently conduct incentive remunerations related to Masterplast's business goals (Participants). According to IFRS 2, the ESOP organization is 100% recorded in its books as an extension, as it determines the operation of the ESOP 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, ESOP participants are employees of Masterplast Nyrt. and its fully owned subsidiaries (Masterplast Medical Ltd., Masterplast Hungaria 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 ESOP 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 ESOP in exchange for Masterplast shares and financial instruments allocated as non-cash contributions by the Founder.

The share-based 2022-2023 program related to 2023 was launched by the Company on 6 April 2022., however, due to non-compliance with the turnover and performance indicators specified in the remuneration policy, no ESOP benefits will be provided in relation to the financial year. Accordingly, the Company did not recognise any expenses related to ESOP remuneration in the 2023 financial year in the income statement.

Description of required indexes	Required	Actual	implementation %
Group turnover growth compared to fiscal year 2021	191 488 699	145 203 554	75,83%
Growth of consolidated profit after tax compared to prior year	15 700 211	-15 610 304	-99,43%
Growth of consolidated profit after tax compared to strategic plan	1 000 000	-15 610 304	-1561,03%

As the Company and the ESOP organization launch 2-year programs, the 2023/2024 remuneration program was launched in 2023. The vesting period is the second year after the launch of the programme, i.e. 2024, so the launch of this programme does not affect the consolidated accounts for 2023

34. EARNINGS PER SHARE BASED ON CONSOLIDATED DATA

Consolidated data are presented in EUR.

	2023	2022
Shareholders' share of the consolidated profit/(loss) for the year (EUR)	-15 810 988	15 691 150
Weighted average of ordinary shares (pieces)	16 591 430	14 874 208
Consolidated profit/(loss) for the year per share (basic) (EUR)	-0,95	1,05
Shareholders' share of the modified consolidated profit/(loss) for the year (EUR)	-15 810 988	15 691 150
Weighted average of ordinary shares (pieces)	16 591 430	14 874 330
Shareholders' share of the diluted consolidated profit/(loss) for the year (EUR)	-0,95	1,05

Treasury shares do not constitute to be ordinary shares for the calculation of earnings per share as a consequence they are not included in the weighted average stock of ordinary shares.

MASTERPLAST PLC.
ANNUAL FINANCIAL STATEMENTS
 FOR THE YEAR ENDED 31 DECEMBER 2023
 (all figures in thousand HUF unless indicated otherwise)

In accordance with IAS 33.4 the earnings per share of the Company equals with the earnings per share of the consolidated Group. In accordance with this interpretation the earnings per share calculation is based on the consolidated profit/(loss) for the year.

The consolidated profit for the year per share is EUR -0,95. The calculated diluted earnings per share (EUR -0.95) could not be higher than the basic earnings per share in accordance with IFRS. In the value of the calculated diluted EPS, the shares transferred to the ESOP are considered to have a dilutive effect, as they are expected to increase the weighted average stock of ordinary shares if they are drawn down in the future. The dilution effect is less than EUR 0.01.

The weighted average stock of ordinary shares (taking into account the above) was calculated as follows:

2023

<i>Date</i>	<i>Issued ordinary shares (piece)</i>	<i>Treasury shares (piece)</i>	<i>Traded ordinary shares (piece)</i>	<i>Number of days</i>	<i>Weighted average</i>
31.12.2022	16 850 631	70 537	16 780 094	365	14 874 208
31.12.2023	16 850 631	70 537	16 780 094	365	14 874 208

2022

<i>Date</i>	<i>Issued ordinary shares (piece)</i>	<i>Treasury shares (piece)</i>	<i>Traded ordinary shares (piece)</i>	<i>Number of days</i>	<i>Weighted average</i>
31.12.2021	14 601 279	205 000	14 396 279	365	14 389 606
31.12.2022	16 850 631	70 537	16 780 094	365	14 874 208

35. SUBSEQUENT EVENTS

In the case concerning imports of anti-dumped products concerning the suppliers of the Romanian subsidiary of the Company, extended to MASTERPLAST Romania S.R.L. and its executive officers, the Bihor County – Oradea Regional Prosecutor's Office – definitively terminated the investigation without prosecution and ordered the unlocking of assets used as precautionary measures, in the absence of evidence that a criminal offence had been committed. Accordingly, the seizure and prohibition on disposal of real estate in Romania owned by MASTERPLAST Romania S.R.L. in the value of EUR 2 000 430 (RON 9 951 341) - as a guarantee for possible future enforcement - will also be lifted by court order. On the basis of the above, the proceedings against MASTERPLAST Romania S.R.L. and its executive officers were confirmed to be unfounded.

Scope Ratings GmbH has conducted a periodic review of the Company's corporate bonds issued under the Growth Bond Program, the results of which will be announced on 28 February 2024. Scope Ratings GmbH has changed Masterplast Nyrt.'s issuer rating to B+/Negative for possible downgrading under review. It changed the rating of the unsecured bond from B+/ Negative for possible downgrading to B.

(Scope Ratings GMBH corrected its report on 7 March 2024 that Masterplast Nyrt's bond terms do not contain clauses that require accelerated repayment of the outstanding nominal debt amount if the bonds' ratings remain below B+ or fall below B for more than two years.)

No dividend will be paid in connection with the financial year 2023.

36. STATEMENTS FOR THE FUTURE

The stand-alone annual financial statements include 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

The attached notes are part of the annual financial statements.

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.

Estimates and assumptions are reviewed regularly. Changes to accounting estimates are presented in the period of adjustment of the estimate if the change affects only the year in question, or in the period of the amendment as well as in subsequent periods, if the amendment affects both current and later years.

37. ASSUMPTION OF RESPONSIBILITY

In compliance with the applied accounting framework, 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. The business report gives a fair view of the positions, development and performance of Masterplast Nyrt. describes all the major risks uncertainties involved.

38. APPROVAL OF THE ANNUAL FINANCIAL STATEMENTS

The annual financial statements of Masterplast Nyrt. for the year ended 31 December 2023 were approved by the Board of Directors in a resolution dated 25 April 2024 and allowed their publication. The annual financial statements may only be amended by the Annual Meeting of the Shareholders.

MASTERPLAST





MASTERPLAST PLC.
MANAGEMENT AND BUSINESS REPORT 2023

Company registration number: 07-10-001342
Tax number: 13805300-4-07

Company: Masterplast Nyrt.
Company address: 8143 Sárszentmihály, Árpád u. 1/a.

MANAGEMENT AND BUSINESS REPORT

Business year: 1 January 2023 – 31 December 2023

Sárszentmihály, 25 April 2024

.....
CEO

Contents

- Introduction..... 3
- Short summary of business data 3
- Financial and other management indicators 4
- Distribution of Share Capital 4
- Voting rights and voting 4
- Board of Directors 5
- Audit Committee 5
- Internal audit 5
- General Meeting..... 5
- Subsidiaries..... 6
- Plans for expansion 6
- The impact of macroeconomic developments..... 7
- Management and structural subsequent events 9
- Treasury shares data 10
- Research and development activities 10
- Overview of the sites..... 11
- Environmental activities 12
- Energy crisis and insulation 12
- Energy consumption..... 13
- Waste management 13
- Risk management policy..... 14
- Ethical norms..... 16
- Labour force management..... 16
- Equal Opportunities 17
- Respect for human rights 17
- Short-term plans..... 17
- Corporate governance..... 20
- Corporate governance statement 20
- Equal opportunity and diversity 24
- Masterplast Employee Shared Ownership Program 24
- Subsequent events 25
- Summary 25

Introduction

This annual report presents an analysis of the Corporate Group's results and all other information necessary to evaluate its operation, including the directions of expected development along with the associated risks, the introduction of management as well as research and development activities and corporate social responsibility.

Short summary of business data

The Company's registered seat is at: Árpád u. 1/a., 8143 Sárszentmihály, Hungary.

Masterplast Ltd. was founded by individuals in 1997 with the purpose of selling building materials and was transformed into a private company limited by shares on 29 September 2006 through reorganisation. In order to enter the stock market, it was transformed into a public company limited by shares on 20 April 2011. Its shares were technically introduced at the Budapest Stock Exchange on 29 November 2011.

Owing to the dynamic growth in the period since its foundation, the Company's principal activity today is the management of its subsidiaries and properties, however it is also involved in real estate management. As an asset manager the Company hold investments in subsidiaries of the Masterplast Group thus changes in the construction industry have a significant impact on the Company's profitability through the profitability and capital structure of its subsidiaries.

The Company's real estate management activity is linked to its properties in Sárszentmihály and Kál. The Company owns several buildings and other properties in these two locations, which are rented primarily to the Company's subsidiaries but also – to a lesser extent – to third parties independent from the Group.

In addition of the above the Company grants intercompany loans to its subsidiaries, obtains bank loans for the Group and signs purchasing contracts in the name of the Group. Group management as well as employees carrying out various group-level activities are employed by Masterplast Nyrt. As a consequence group-level functions are supervised by the Company, thus it is the Company that manages the Group.

The most important data of the balance sheet included in the supplement – prepared in accordance with the International Financial Reporting Standards (IFRS) as approved and implemented by the European Union (EU) - are as follows:

1. Annual domestic net sales: HUF 937 025 thousands (2022: HUF 982 953 thousands)
2. The Company has an annual operation loss of HUF 89 141 thousands (2020: HUF 773 650 thousands), while it has profit before tax of HUF -419 229 thousands (2022: HUF 2 464 138 thousands)
3. Total assets amount to HUF 39 579 229 thousands (2022: HUF 42 147 466 thousands).
4. Equity was HUF 14 023 353 thousands (2022: HUF 13 543 116). During the capital increase of the Company, the share capital increased to HUF 1,685,063 thousand compared to HUF 1 685 063 million in the financial year 2022.

Financial and other management indicators

Name of the indicators and their calculation		2023	2022
Ratio of non-current assets	<u>Non-current assets</u> Total assets	0,89	0,73
Equity ratio	<u>Equity</u> Total equity and liabilities	0,35	0,32
Liquidity indicator I.	<u>Current assets</u> Current liabilities	0,66	2,53
Liquidity indicator II.	<u>Cash and cash equivalents</u> Current liabilities	0,14	1,57
Efficiency of equity	<u>Profit for the year</u> Equity	-0,02	0,17
Operating Efficiency	<u>Operating profit/(loss)</u> Equity	0,01	0,06

Distribution of Share Capital

Share capital consists of 16,850,629 registered ordinary shares each with a face value of HUF 100. Shares are issued in the form of dematerialised shares.
ISIN identification number: HU0000093943

		2023	2022
1	Tibor Dávid	454 805 700 HUF	454 805 700 HUF
2	Ács Balázs	387 725 900 HUF	387 725 900 HUF
3	Bunford Tivadar	45 169 000 HUF	45 169 000 HUF
4	Nádasi Róbert	12 903 400 HUF	10 562 000 HUF
5	Jancsó Illés	4 490 900 HUF	4 490 900 HUF
6	Pécsi László	2 013 200 HUF	3 277 200 HUF
7	Lukács Flórián László	252 000 HUF	252 000 HUF
8	Additional minority owners	752 544 300 HUF	751 235 000 HUF
9	Repurchased shares	25 158 700 HUF	27 545 400 HUF
Total		1 685 063 100 HUF	1 685 063 100 HUF

* Identified among minority owners in 2023

Voting rights and voting

Every ordinary shareholder is entitled to one vote. Only the shareholders registered in the share register before the General Meeting entitled to take part at the General Meeting with a voting right.

The General Meeting passes its decisions with simple majority of votes, except when a three quarters majority of the submitted votes is required for a decision under the Act on Business Organisations.

If the General Meeting decides to change a decision made by the Board of Directors, the decision modifying the original decision is only valid subject to approval by the shareholders in attendance.

Board of Directors

It is the Company's final decision-making body except in matters that are within the general meeting's competence. Its activities are governed by the Company's Statutes, the general meeting's decisions and the effective laws. Pursuant to the Statutes, the Board of Directors comprises five members elected by the Annual General Meeting.

Members of the Board of Directors on 31 December 2023:

- Dávid Tibor – Chairman
- Balázs Ács – Deputy Chairman
- Dezse Margaret – Independent member
- Dirk Theuns – Independent member
- Fazekas Bálint – Independent member

Audit Committee

The General Meeting and the independent members of the Board of Directors have created a three-member Audit Committee to carry out the powers defined in the Company Act and the Capital Market Act.

Members of the Audit Committee:

- Dezse Margaret
- Dirk Theuns
- Fazekas Bálint

The Audit Committee is responsible for:

- a) commenting on the annual financial statements drawn up according to the accounting act;
- b) making recommendations on the identity and remuneration of the Auditor;
- c) preparing the contract to be concluded with the Auditor and signing the contract on behalf of the publicly traded company based on the powers conferred by the Statutes;
- d) monitoring the professional requirements that apply to the Auditor and adherence to conflict of interest requirements, performing functions related to cooperating with the Auditor and, if applicable, recommending measures for the Board of Directors;
- e) evaluating the functioning of the financial reporting system and recommending necessary measures;
- f) assisting the Board of Directors in its work to exercise of adequate control over the financial reporting system;
- g) supervising and managing internal audit work.

Internal audit

The Company has an internal audit. In 2023, the Company's internal audit was performed by Katalin Csemák.

General Meeting

The Company's topmost body is the General Meeting consisting of all shareholders. The annual general meeting is in charge, amongst other things, of accepting the annual financial statements and of deciding on the utilisation of profit/(loss) for the year, electing and withdrawing members of the Board of Directors, selecting the auditor, amending the Statutes and all other decisions that have a material impact on the Company's share capital and which are conferred to the general meeting's exclusive competence under legislation or the Statutes.

Subsidiaries

On 31 December 2023, Masterplast Nyrt. had fully owned subsidiaries in 10 countries through which had an indirect share in the regions's construction industry. The Company had the following subsidiaries:

Company name	Place of registration	Share rate	Vote rate
Masterplast Hungária Kft.	Hungary	100%	100%
Masterplast International Kft.	Hungary	100%	100%
Masterplast Medical Kft.	Hungary	100%	100%
Masterplast Modulhouse Kft.	Hungary	100%	100%
MasterFoam Kft.	Hungary	100%	100%
Masterplast YU D.o.o.	Serbia	100%	100%
Masterplast Sp zoo	Poland	80,04%	80,04%
Master Plast S.r.o.	Slovakia	100%	100%
Masterplast Romania S.R.L.	Romania	100%	100%
MasterPlast TOV	UKraine	80%	80%
Masterplast d.o.o.	Croatia	100%	100%
Masterplast D.O.O.	Macedonia	100%	100%
MP Green Invest	Ukraine	100%	100%
Masterplast Nonwoven GmbH	Germany	100%	100%
Fidelis Bau Kft.	Hungary	100%	100%
Masterplast Proizvodnja D.o.o.	Serbia	100%	100%
Masterplast Italia Srl. (1)	Italy	98,7%	98,7%
MASTERWOOL MW-1 d.o.o. (2)	Serbia	100%	100%

<u>Affiliated undertaking</u>			
MasterProfil Kft.	Hungary	20%	20%
T-CELL Kft.	Hungary	24%	24%
MIP Zrt. (2)	Hungary	50%	50%
PIMCO Kft. (3)	Hungary	50%	50%

Masterplast Nyrt. performs the management and coordination of the Group and ensures adequate operational background (provision of central contracts, guarantees, marketing and PR material, etc.).

Plans for expansion

The Company aims to maintain a dynamic growth rate, which is planned to achieve through acquisition-based expansion, greenfield investments and organic development. Geographically, the countries of the European Union and Serbia could be the growth areas.

The turnover and profit increase are planned to be achieved in construction, healthcare, modular architecture, and industrial sales markets. The Company has significantly increased its capacities in the production of fiberglass and diffusion roof foil, with which it can serve the market of premium category products with the highest quality requirements. The Company expanded its thermal insulation production capacities with one XPS and two new EPS factories in 2023, and the stone and glass wool production development investments launched jointly with co-investors are in progress.

In dealing with the energy crisis, the renovation and energy renovation of buildings have gained in value, which ensures an increase in demand for insulation materials. The Company's modular building element manufacturing

business launched in recent years and the exploitation of the potential in the health industry division can further increase Masterplast's effectiveness and business diversification in the coming years.

The impact of macroeconomic developments

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.

The persistently unfavourable macroeconomic environment (high inflation and interest rates worldwide), which has persisted as a result of recent events such as the Russian-Ukrainian war, the epidemic measures and the energy crisis, showed some signs of improvement towards the end of the year under review, but in the construction demand, which has also been felt at European level, has still not brought any significant recovery either in the new construction market or in the renovation segment. The market has been characterised by a wait-and-see attitude due to the earlier expiry of building renovation subsidy programmes and the delay in launching new programmes. There are no procurement difficulties and price transparency is good. This has resulted in a highly competitive construction industry where prices have fallen significantly.

In Hungary compared to last year's base period, which was boosted by home renovation subsidies, there was a slowdown in public investment, as well as a sharp slowdown in private investment in property development and residential work. In addition to the loss of demand, the significant fall in sales prices further erode market participants' revenues. According to the assessment of the National Union of Building Contractors (ÉVOSZ), based on a survey of 150 building materials trading enterprises, the construction industry was being forced to take serious decisions, such as laying off skilled workers, closing shifts or even closing factories. Almost all actors expect something from the state: the residentials are looking forward to new subsidies, projected in family housing and energy investments, while entrepreneurs are waiting a reduction in the bank base rate and investment incentive tenders. The state has already announced that if the funds expected from the EU for Hungary arrive, it will make a large-scale, complex renovation subsidy program available to everyone. It would be a big relief for the industry if the renovation programmes were launched.

In Romania in 2023, construction output in the residential and non-residential segments of the construction sector decreased, as well as the number of building permits issued. The decline in real estate activity has been largely driven by the increase in bank interest rates and the contraction of financing opportunities. In this market also construction firms have typically tried to adapt to the situation by making redundancies, while in other cases it is the labour shortage that has made the situation difficult for market players. The larger companies focused on public investment, this sector remained the most stable in the year under review.

In Poland, economic output is estimated to have increased marginally in the fourth quarter compared with the previous year. In construction, data on production and housing starts show a decline. The introduction by the government of a fixed-rate housing loan subsidy has started, which has significantly boosted demand, but has not been accompanied by an increase in the number of housing projects, which has led to a rise in new house prices.

The German economy is estimated to have declined by 0,3% on both an annual and quarterly basis, with the construction sector lagging significantly behind in terms of housing starts. The price correction (decline) continued even in the fourth quarter. The German chancellor earlier announced a 14-point crisis plan to address the country's housing shortage, which includes, among other things, tax breaks related to construction and support for families building or buying homes.

The number of building permits and construction output in Serbia have been on the rise recently. Serbia has decided to amend the Law on Planning and Construction. The Law on Planning and Construction, which has entered into force in August this year, will bring modern solutions for sustainable and energy-efficient construction and the digitalisation of the construction industry. It will also speed up the procedures for issuing

building permits and make the process of issuing permits more transparent in order to protect citizens and builders.

In Slovakia, too, the construction sector is facing fierce competition, with a shortage of skilled labour. However, private sector orders are increasing and a renovation incentive programme was launched in the fourth quarter, which should boost the market from the coming quarters. The sector could also be helped by the new construction law, which will come into force from 2024 and will significantly reduce the administrative burden around permitting processes.

In Ukraine, despite the war in the country, GDP is on an upward trend (estimated at +5%) and economic activity is continuing in the non-combat zones. In 2023, the real estate market showed a boom in all segments. After a two-thirds downturn since the start of the full-scale Russian invasion, Ukrainians have returned to the idea of buying their own property. The interest in buying a home in Ukraine has reached 70% of pre-war levels. A state programme has earmarked significant funds for new construction and reconstruction, the government's eOselya programme includes loans for households, and the eRebuild programme, launched in May 2023, has already received more than 62 thousand applications for financial assistance for damaged properties by mid-December 2023, of which 26,5 thousand applicants have received payments for home repairs so far. The shortage of skilled workers in the construction sector is a challenge, as many are on the front line defending Ukraine's territories.

Based on EUROSTAT statistics, the table below summarises the percentage development of GDP growth, construction output and the number of housing permits issued by country compared to the previous year

Country	GDP growth %		Change in construction industry emissions (Compared to the previous year) %		Change in the number of building permits issued (Compared to the previous year) %	
	2022	2023	2022	2023	2022	2023
Germany	1,8	-0,3	-1,5	-1,1	-7,1	-31,1
Croatia	6,3	2,8	4,7	4,8	12,9	0
Italy	3,7	0,9	12,6	-0,1	:	:
Hungary	4,6	-0,9	3,3	-5,1	20	:
Poland	4,9	0,2	8,2	5,3	-12,7	-19,4
Romania	4,8	2,1	13,3	16,2	-7,4	-24,8
Slovakia	1,7	1,1	-0,4	0,5	-16,2	-11,9
North-Macedonia	2,1	1	-11,9	-2	-41,4	12,6
Serbia	2,3	2,5	-12,5	11,6	:	:
EU (27 members)	3,5	0,4	2,7	1,4	:	:

Source: EUROSTAT: EUROSTAT: Building permits - annual data [STS_COBP_A_custom_5562514]; Production in construction - annual data [STS_COPR_A_custom_5561911]; Real GDP growth rate - volume [TEC00115]

OVERVIEW OF SALES BY PRODUCT GROUP

Sales by main product groups (thousands of EUR)	2023	2022	Change %
	(A)	(B)	(A/B-1)
Thermal insulation system	78 416	106 626	-26%
Roofing foils and accessories	24 765	26 293	-6%
Dry construction system	11 913	18 232	-35%
Heat, sound and water insulation materials	13 057	19 214	-32%
Building industry accessories	4 598	5 900	-22%
Industrial applications	12 455	25 515	-51%
Total sales revenue	145 204	201 780	-28%

Contribution of product groups in percentage to the total sales revenue		
Thermal insulation system	54%	52%
Roofing foils and accessories	17%	13%
Dry construction system	8%	9%
Heat, sound and water insulation materials	9%	10%
Building industry accessories	3%	3%
Industrial applications	9%	13%
Total sales revenue	100%	100%

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

Management and structural subsequent events

CEO Dávid Tibor has appointed Illés Jancsó as Deputy CEO of the Company for an indefinite period of time from January 22, 2024. The Company's deputy CEOs are: Balázs Ács, Vice-Chairman of the Board of Directors, Róbert Nádasi and Illés Jancsó. The Company's long-term strategy

Long-term strategy, future expectations

The company's vision for the future as follows:

As a leading environmentally conscious European manufacturer, we contribute to the construction of energy-efficient buildings.

The Company aims to maintain a dynamic growth rate, which it plans to achieve through greenfield investments and organic developments. Geographically, the countries of the European Union and Serbia can be the scene of growth.

The Company plans to increase its turnover and profit in the construction, healthcare, modular building and industrial sales markets.

The Masterplast Group's distributor subsidiaries serve building materials retailers, purchasing companies and DIY chains. The structure of the building materials trading sector varies from country to country, and therefore each market requires a specific sales policy to ensure the highest market share and profitability. Markets without a subsidiary are served through export departments, which the Company presents as export sales. The aim is to have strong local strategic partners representing Masterplast's products in the respective market. The development of export activities will ensure the strengthening of the market position of fiberglass mesh and roofing membranes and the increase of the market share in these segments in the countries of the European Union. A broad product range and a developing manufacturing base will ensure increasing competitiveness. The main value propositions for partners are security of supply, stable quality, product certifications and value for money.

Within the construction sector, Company's development focuses on the insulation industry. With our product portfolio and the use of our insulation materials, we enable the energy-efficient thermal insulation of institutional and residential buildings, thus actively contributing to achieve the European Union's announced target on reduction of energy consumption of buildings. In this area, the Company plans to expand its manufacturing portfolio related to product areas where it a significant market share in sales is controlled by the Company, but does not have its own production. In the future, the Company plans to produce thermal insulation materials that will also play a role in future construction technologies. The ongoing rock wool and glass wool production projects, launched with our co-investors, will make an outstanding contribution to reducing emissions across Europe.

The role of recyclability in the insulation industry is planned to be enhanced. The Company currently collects and recycles its insulation material (EPS and XPS) cuttings under the Hungarocell Green Programme. In the future,

the Company plans to develop insulation systems to expand its green product portfolio, which will allow for the long-term degradation, collection and recycling of insulation materials. The Group also intends to further develop its manufacturing and sales capabilities to meet the growing future energy expectations of the market and regulators. The Company is also reorganising its manufacturing and business processes, with a focus on reducing waste and harmful emissions, specific energy consumption and the use of an increasing share of renewable energy sources. Automation and robotisation will become an important aspect of future investments and developments in production and sales. Effective use of multi-legged, wide-range supplier relationships will ensure that growing manufacturing and sales requirements are smoothly satisfied.

The purpose of the Company is to operate a healthcare business, both in raw materials and finished products segment. With a finished product portfolio of protective clothing, bed sheets and medical incontinence products, the Company plans to meet domestic and international demand. The aim is to establish an effective market presence and build a distribution chain by acquiring extensive market- and product knowledge. Masterplast's priority is to find solutions for the recovery and recycling of healthcare products.

Our sustainability and environmental objectives are served by our modular building division, where the construction of buildings under factory conditions limits the production of waste on site. The rise of modular construction is supported by a shortage of skilled workers, rising labour costs and the need for predictability. The customer demand is also increasingly open to non-traditional building solutions, the functionality, sustainability and recyclability of the buildings will be the key value factors for the new generation, and not the type of building materials and the method of construction. Modular construction results the industrial production of building units with a high apportion of finished construction steps. The benefits of modular construction are mainly seen in high-volume production, where the use of standard designs and solutions reduces unit design costs, optimises production processes through factory production and improves procurement by the usage of standard materials. The Company's aim is to become a major player in this rapidly developing market as a preferred partner for general contractors of modular architecture in Hungary.

The Company is continuously reviewing its portfolio of products suitable for industrial production. It is focusing on leveraging its manufacturing expertise to develop and manufacture products for other industries. The non-woven textile products of the Aschersleben plant, which has been integrated into the group through the acquisition, are suitable for the filtration, furniture, clothing, packaging and agro-industry. Fiberglass mesh can be used to make composite materials, fabrics to reinforce plastic products can be used in the automotive and marine industries, and composite materials for the construction industry can be used in facade cladding systems and building panels.

Within the framework of the Company's organizational and human strategy, Masterplast stated that a company is only capable of achieving success if it has ability to change and adapts rapidly and has increased agility. The goal is to increase the density of talent in key positions, to employ the most talented, motivated employees with outstanding performance for the given jobs. Creating a more lovable, flexible workplace, strengthening your employee brand, and increasing ability to engage and retain.

As part of its digitalisation and online strategy, the Company focuses on supporting web-based sales and plans to transform and digitalise its business processes to enable faster, more efficient and less human intervention. The Company pays particular attention to ensuring that all elements of the corporate culture are communicated, known and accepted by all employees of the Masterplast Group. The aim of senior management is to reinforce this culture through authentic, exemplary behaviour and the continuous involvement of colleagues.

Treasury shares data

The company form is a public company limited by shares. At the balance sheet date, the Company had 251 587 pieces of dematerialised treasury shares.

Research and development activities

Masterplast's innovation work is the sum of technical, organizational, management and commercial operations aimed at improving the efficiency and profitability of economic activity, as a result of which a new or substantially modified product is created and a new product is introduced to the market. This activity at Masterplast mainly focuses on experimental development (even technology), which aims at the design and production of new products, processes and services, but also includes the production of prototypes that are not sold and the testing of alternative raw materials that do not result in a new product.

In 2023 the focus in fiberglass production was on optimising production and improving the machinery used in production. Thanks to the technological modifications made to the machines, they have also become suitable for the use of different raw materials. The improvements not only increased the quantity but also the quality level, and will allow the production of new types of products. The possibilities for the production of special products have also been further extended.

Masterplast Medical Ltd., working in partnership with Masterplast Nonwoven GmbH, has successfully launched its new RX Linopore product range. Through a pilot activity on raw materials, a PP raw material version has been developed for the division with mechanical properties that exceed those of any comparable base material currently available on the market. With a similar objective, the Company has also been working on the development of a compound material, a fourth generation version of which has been successfully introduced into daily production in Germany, and which could provide a significant competitive advantage following the completion of this project. A small on-site solar power plant has been built on the site, which will operate from 2024. The division has improved the electricity system by investing in phase balancing. Insulation of the entire heating system of the production line extruders and calender mills results in electricity savings of ~14000 KWh per week. To ensure continuous quality control, the Division has also integrated two new equipment into its processes, resulting in a significant reduction in intervention times, with promoting incoming goods inspection and finished product weight, thickness and homogeneity control. In the development activities of both nonwoven sites, a strong emphasis is placed on increasing the use of recyclate to promote both environmental awareness and cost efficiency. Raw material tests and trials for special nonwoven products with high tensile strength are also underway.

Development activities in Masterplast's modular housing business, which started in 2022, aim to create a steel 3D modular construction system that allows to build building in factory circumstances with 95% completion, thus minimising on-site works. During the year, the original steel frame was improved in two stages, resulting in a frame structure that is more transportable, storable and 30% cheaper to build. The new type of frame has passed all internal tests and will be put into practical use in 2024 in the ÉMI National Exhibition Building of the National Mint Park. In addition to the development of the basic frame, the Company has worked on rationalising the building element stock, resulting in a reduction of about 10% in the number of materials used and thus in the material cost, a lower stock level and, last but not least, an increasing use of recycled/recyclable materials. The integrated flat roof solution developed in the current year, has also significantly improved the cost level, which will further improve the competitiveness of the building system. The layering systems have also been optimised in terms of fire protection, acoustics, thermal insulation and phase shifting. The calculation of the carbon footprint of the building system - which also had an impact on the building element inventory - has been started. The Company has developed a temporary water protection system to protect the modules from water ingress during transport and installation - minimising exposure to the weather. In addition to the technological developments, prototype plans for different market-targets have been developed: workers' accommodation, offices, hall-connected office and residential buildings.

Overview of the sites

The maintenance of the buildings, utilities and grounds of the sites is permanent.

In the year 2023, 2 warehouses in Sárszentmihály have been completely modernised and converted to energy efficiency. Taking into account the energy management guidelines, the renovation was carried out with sustainability focus, the thermal insulation was made with PIR sandwich panels, the heating system with heat pump energy-saving thermoventilators, while the lighting was designed with LED technology. In Kal, the large production hall of Masterfoam was renovated and converted, and at the end of the year an EPS production hall

was handed over, equipped with the latest technology to meet all requirements. In Germany, the company handed over a €3 million investment in the development of a logistics hall, which will support more efficient access to the German market and market positioning.

The total energy consumption of the Masterplast Group in 2023 was 189 488 022.6 MJ. Thanks to our conscious energy management, this represents a 36% reduction compared to 2022. We also manage the amount of energy used for several large consuming manufacturing entities.

The Hungarian sites have previously implemented the ISO 9001:2015 Quality Management System Standard, the ISO 14001:2015 Environmental Management System Standard and the ISO 50001:2019 Energy Management System Standard and the ISO 45001:2018 Occupational Health and Safety (OH&S) Management System in Masterplast Nyrt, Masterplast Hungária Kft, Masterplast International Kft and Masterplast Medical Kft, which were successfully renewed in 2023. The maintenance of the ISO 50001:2019 Energy Management System Standard for Masterfoam Ltd and Masterprofil Ltd have also been successfully audited. In Masterplast Modulhouse Ltd, the surveillance audit for the integrated ISO 9001:2015 ISO 14001:2015, ISO 45001:2018 and 50001:2019 Management System Standards was also completed in mid-December 2023, facilitating the regulated operation of the manufacturing unit. In 2023, we obtained MDR (Medical Device Regulation) certification for 344 of our healthcare products (batches). And for Masterplast Medical Ltd, the scope of our certifications has been further extended with the ISO 13485 Medical Device Quality Management System.

Environmental activities

Our Group sets out the details of its environmental activities in a company policy. The purpose of this policy is to define the Group's rules, practices, procedures and responsibilities that are essential for the implementation of the Group's environmental policy, to provide a framework for these, to ensure the conditions for the work carried out to protect the environment, to describe the process of measures taken to reduce the environmental impact of activities, coordinated by the Environmental Engineer of the Asset Management Department of Masterplast.

Our environmental principles

- Precaution, prevention and recovery
- Responsibility
- Cooperation
- Awareness, information and publicity

Our Group runs an ISO 14001:2015 compliant Environmental Management System in which our environmental engineer measures and records environmental factors and impacts. The implementation of the system and the detailed rules for its operation are described in the Integrated Management Manual. Our environmental priorities: water quality protection, air quality protection, waste management, chemical substance management, noise and vibration control, soil protection, emergency activities.

Compliance with environmental regulations and legislation, and the use of new environmentally sound technologies wherever possible, are a priority in both operational and strategic decision-making, as well as in trade policy. And the members of our Group, as responsible businesses, follow and comply with all applicable environmental regulations and rules.

Energy crisis and insulation

In Hungary, 80 % of the building stock is weakly insulated or not insulated at all, and there is no alternative to local or regional production of insulation material. The energy crisis, changes in the price of household energy and uncertainties about the future of the energy market are encouraging people to reduce their energy consumption in some way. According to a representative survey jointly conducted by GKI and Masterplast in December 2022, every eighth family plans to modernize their home to save energy (insulation, replacement of windows and doors, installation of a new heating solution) in the next year. The energy crisis has therefore

confirmed that there is a massive need for insulation materials and their production in the region and that demand for insulation products is expected to remain strong even in a weaker market environment. Insulation is an important step towards more efficient and lower energy consumption, as it means the best savings.

Masterplast offers a remedy tailored right for this situation. With the correct application of façade insulation materials, over their lifetime, one can save ~150-200 times the energy used for input/preparation.

Energy consumption

We strongly believe that using energy more efficiently and choosing renewable energy sources are vital in fighting climate change. Responsible management of natural resources and efficiency improvements are of key importance for our Group. In 2019, at our larger entities we introduced ISO Integrated Management Systems, including the ISO 50001 standard as an integral part of it. That standard provides guidance to continuously improve the energy performance of our Group, including energy efficiency, energy security, use and consumption. We also aim at lowering our energy use and, thus, our energy costs, while reducing the volume of greenhouse gas emissions. At Group level, we purchase the energy we consume, from the national grid. We use energy in various forms, mostly as electricity in our manufacturing processes. Energy is also used in our commercial services in the form of fuel during the operation of the Company's own fleet of vehicles. We secure energy for our Hungarian entities' consumption through Group level procurement tenders, while our foreign subsidiaries purchase the necessary quantities from energy traders in the countries concerned.

Insulation materials significantly contribute to reducing the emission levels of buildings responsible for the highest emissions, and this will ensure long term demand for products manufactured and distributed by Masterplast. With our products, we contribute significantly to saving up to about 60% of the heating and cooling costs in residential and non-residential properties, thereby reducing the CO2 emissions of buildings. Waste management.

Waste management

We maintain an environmental management system in conformity with the ISO 14001:2015 standard that serves as the basis for our responsible waste management operations, contributing to the mitigation of the negative impacts on the environment. Additionally, we act in accordance with our environmental regulations and our hazardous waste management regulations in fulfilling our obligations related to waste.

The majority of our annual waste generation stems from our manufacturing activities. As a responsible corporation, within the framework of our comprehensive waste management program, we strive to utilise the waste generated at various sites within our production processes. If that is not feasible, we have the waste recycled or handled within our collaboration with specialised companies.

Waste generated is monitored at Group level. Waste is separated and collected by the type as set forth in our Group's environmental policy. We pursue eco-conscious waste management at our facilities through selective waste collection and internal recycling. Bearing in mind the principle of prevention, we focus on generating less waste. We work to ensure that the waste we produce is recycled and disposed of at the nearest, appropriate, and licensed facilities. We strive at Group level to analyze the lifecycles of our products and to plan their lifetimes, reusability, and disposal.

In educational sessions about environment protection, we communicate to all our employees the expectation to minimize waste generation in their day-to-day activities, to be committed to participating in selective waste collection, and to fully comply with our relevant guidelines.

95% of the waste generated during our manufacturing process is recyclable or reusable. Under the auspices of the Hungarocell Green Program, we collect and recycle the cutting waste from the insulation materials (EPS and XPS) that we sell.

Our waste management suppliers operate in possession of the required licenses. The handling of the transferred waste is checked during on-site visits to their facilities. We maintain records of hazardous and non-hazardous waste in accordance with regulatory requirements, which allows us to accurately track their quantities. All types of waste are managed off-site.

Data on waste is collected in compliance with legal requirements for the whole Group. We have waste management and hazardous waste regulations. As our main activities in 2023 focused on the preparation for the EPR, all our Hungarian companies made registration with MOHU and for the EPR in 2023. No environmental fine was imposed in the operational areas of Masterplast Group in the reporting period.

We provide general guidance to the new hires and call their attention to mandatory selective waste collection. Every new employee undergoes environmental training, which is followed by mandatory annual refresher training. The effectiveness of training is assessed in written tests. Our employees who work with hazardous or non-hazardous waste receive introductory training, and strong emphasis is put on continuously refreshing and updating their skills.

We keep up-to-date records of all waste generated in the Group. We submit waste declarations on time in compliance with reporting obligations, helping authorities monitor waste management and track information on waste – such as quantity, composition, origin, recovery, etc. – to make progress towards waste reduction, circular economy and sustainability goals.

We pay special attention at Masterplast that our employees appropriately handle and reduce waste both at their workplaces and in their private environments. To this end, our Green Newsletter regularly informs them about the importance of selective waste collection and about important world days (e.g. World Water Day), for which we organise various programs and activities. Our key goal is to shape our employees' environmentally conscious mindset. Also, we encourage them to take an active part in promoting waste reduction and sustainability.

Masterplast's waste is made up mainly of packaging waste, including paper, foil, wood, and metals generated during manufacturing and commercial processes; hazardous waste is, for instance, the items contaminated with oil. Our main operations primarily generate non-hazardous paper and cardboard packaging waste, plastic packaging waste, and wood waste, from the sale of goods, materials, and raw materials. Cardboard, paper, and plastic packaging materials are stored in closed cardboard boxes in specially designed covered areas, according to waste categories. Wood waste is also stored in specially designed areas. Non-hazardous waste generated on-site has been handed over in full to our contractual partner which holds valid permits and licenses. As per treatment method codes E0206 and G0001.

Risk management policy

Total credit risk

The Group supplies goods and services to numerous customers. Given its contract volumes and the creditworthiness of its customers, the Group does not face any significant credit risk. The control mechanisms in place at the Group's subsidiaries, operated according to its international receivables management policy, ensure that sales are only made to customers with a sound financial background in order to decrease the Group's credit risk.

Loans provided by the Company's bank are assessed at a group level, which includes the risk of performance related assessments for subsidiaries. In order to autonomously fund their operations, subsidiaries also borrow from their local banks in the form of investment and working capital funding loans.

The largest amount that can potentially be exposed to credit risk is the balance sheet value of financial assets, including transactions decreased by impairment included in the balance sheet.

Interest rate risk

The Group's management deems that the interest rate risk stemming from variable interest rate loans is not significant as the adjusted interest amounts defined by banks in the wake of the financial crisis are not as substantial and can be covered from the Group's operating profit.

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 2023, the Group had credit lines totalling nearly EUR 51.7 million (EUR 49.7 million on 31 December 2022), 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 50.9 million as at 31 December 2023) 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..

Geographic risk

The majority of subsidiaries constituting the Group is located in Central Europe, but the Group also has subsidiaries in Ukraine. This relative dispersion nevertheless does not pose much risk as the Corporate Group has created local groups (regions) to oversee and improve subsidiary operations. These local groups are managed and overseen by specialised regional management.

Country risk

The Group's activities and success were shaped by the political, macroeconomic and general sovereign financial situation in Central-Eastern, South-Eastern and Eastern European countries. Potential changes in the political and macroeconomic environment may have a negative impact on the Group's activities and its profit generating capacity.

Exchange rate risk

Masterplast procures its products primarily on a USD and EUR basis and sells them in the local currency of its subsidiaries, which creates currency exposure for the Group. As the currency of the majority of the Group's country portfolio is euro-based (with the exception of the Ukraine), fluctuations in local currencies relative to the euro and fluctuations in the EUR/USD exchange rate for products procured based on the USD impact the exchange-rate effect of its trading activities.

Exchange rate risk is managed by Masterplast centrally at the Group level and at the subsidiary level under the coordination of the parent company's CFO. The optimal coverage strategy is defined as part of annual financial planning and is implemented by the Group's following approval.

The entities in Hungary have working capital loans disbursed in euro and the Serbian subsidiary has a euro-based investment loan.

Taxation risk

The Group constantly monitors and keeps track of changes in statutory regulations, and if legislative changes that affected the Group are adopted, it immediately takes the necessary measures and creates or changes its rules of procedure. As a result, there are no significant taxation risks identified by management.

Management of capital risks

- 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 as well as in 2022 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 as well as in 2022, 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.

Ethical norms

The Company pays special attention to observe the human rights, fight against corruption and prevent bribery. The Company have a Code of Ethics, which covers the followings:

- Regarding to the clients, among other things, to protect information, regulate fair business, handle conflicts of interest, business gifts, representation, and hospitality control, and the prohibition of bribery and corruption.
- Regarding to the employees of the Company or its affiliates, communication between the employees, contact with the management, non-discrimination, work-related requirements, protection of values, labor health and safety issues and health protection.
- Regarding to the shareholders of the Company, among other things, the prohibition of insider trading, the handling of confidential information held by the Company, the protection of corporate property, and the intellectual properties of the Company.
- In relation to the Company and the society, public participation, prohibition of child and forced labor, corporate social responsibility and environmentally awareness.

The Code of Ethics regulates the personal responsibility for the above. It regulates the additional requirements from the leaders and the obligation of notification in case of breach of the Code and the sanctioning of ethical offenses and violations. The Codex also arranges for compliance with the rules.

In addition, the Company has an internal audit system. The internal auditor brings into focus the respect for human rights, the fight against corruption and the prevention of bribery. Any abuses or breaches of the rules can be reported to the internal auditor in an anonymous manner by employees or other stakeholders. The internal auditor reports her work to an independent Audit Committee.

Labour force management

According to our philosophy, we can be successful if our ability to change and adapt speeds up and our agility increases. Expanding our management team with international experience and developing the organization's capacity for integration is therefore key to achieving our strategic goals. Another key human resource management commitment is to identify the potential of our employees, to recognize and retain the performance of talented employees who are of high importance to the company, and to motivate them continuously, even by further development of their skills and competences. Ensuring a sustained inflow of young people is necessary for the competitiveness of the organization.

The aim is to increase the talent density in key positions, and to recruit the most gifted, talented, motivated and high performing employees for the jobs in question. To broaden our employee base, we intend to expand our cooperation with secondary and higher education institutions, building on professional internships and traineeship programmes.

Our objective is to create a more lovable, flexible workplace and to strengthen our employee brand, making it more attractive and retaining. We pay particular attention to create and maintain an appealing working schedule and environment, developing our employees and providing them with opportunities for professional self-realization.

The achievement of the above group-wide objectives is fully supported by the internal organizational development manager of Masterplast, as well. The key to the success of the corporate strategy is its extensive communication, understanding and advocacy, which fosters employee engagement.

In our programmes and HR campaigns, sustainability-related topics and events are consciously included. Equal Opportunities Guidelines

Equal Opportunities

In line with Masterplast's policy of equal opportunities as set out in its Code of Ethics,, particular attention is paid to the diversity of cultural and social environments and of employees also varying from country to country. It places great emphasis on non-discrimination and ensuring equal opportunities and equal treatment.

Respect for human rights

Our Group respects fundamental human rights. Each of our employees is obliged to accept the Code of Ethics and renew it annually.

Short-term plans

At the end of 2023, inflation forecasts across Europe showed a significant improvement, coinciding with a sharp cut of the central banks base rates, which are expected to continue in 2024. The improvement in the interest rate environment could have a stimulating effect on building investments, the previously frozen projects can be restarted. The market recovery is expected to be slow, and the Company expects a subdued construction environment still in 2024. Production capacity at its production units has been optimised accordingly. The estimated effective headcount and number of shifts can be increased and the factories are flexible to any faster recovery in the market and higher customer demand. Even with its conservative calculations, the Company expects a positive result for 2024 at its main production units.

The construction industry is adopting a wait-and-see attitude in both the housing and renovation segments, not only in Hungary but also internationally. After two years of negotiations, the European Parliament and the Council have adopted the new Energy Performance of Buildings Directive. The Directive sets an ambitious target: to achieve a carbon dioxide-free building stock by 2050. The package, together with two other elements - directives to increase energy efficiency and to increase the use of renewable energy - calls for a huge energy improvement in the buildings sector, i.e. a multiplication of both the number and the depth (thoroughness) of building renovations over the next two and a half decades.

This will entail regulatory changes in member countries and the launch of renovation programmes, which will lead to a significant increase in demand for insulation in the medium to long term, but the market's wait-and-see attitude means that no recovery in demand is expected until these are underway. Improving the short-term outlook, the government in Hungary - the Company's largest market - has already announced the main elements of a new home renovation programme in April 2024, a very important step towards energy efficiency and carbon reduction. The new home renovation programme, expected to start in June 2024, will be available for the energy modernisation of family houses built before 1990.

In the subdued market conditions of 2023, the focus of the Company has shifted to optimising operations, production and inventory levels, as well as conscious energy management. The Company has restructured and made its management operations more efficient, reviewed its processes and embarked on a significant headcount optimisation and cost reduction programme in both manufacturing and operations. Slow moving, loss-making products were phased out during 2023. Sales staff and distribution points were reduced but with taking care on keeping customer service smooth and flexible. The roll-out of the B2B system to more and more units could play a major role in this.

In recent years, the Group has made significant investments in production development. The Group has significantly increased its capacity in the production of fiberglass mesh and diffusion roofing foils, which enables to serve the premium market with the highest quality standards. The new EPS and XPS plants, which started the production in 2023, will contribute significantly to increase the capacity in 2024, and will also allow further penetration of Western European markets.

The potential for further upgrading in the medium term is the start of production of the ongoing joint venture projects. In the case of the glass wool plant in Szerencs, which is being built on 4.3 hectares with a non-refundable HIPA grant of HUF 5.645 billion and with the 50% participation of the Polish company Selena FM S.A., production is expected to start in the first half of 2025. One of the main raw materials for the product is waste glass, which will be recycled in the production process according to the principles of circular economy. The Company, together with Market Construction Ltd, is also working on the construction of an annual 35 000 tonne capacity rock wool factory in Halmajugra, which is expected to start in the second half of 2025. Both production plants will be equipped with environmentally sound, modern electric kiln production technology, partly powered by renewable energy sources.

For Masterplast, as a long-established producer of building materials and insulating materials in the Ukrainian market, there is also great business potential in the reconstruction of Ukraine, which, subject to a possible ceasefire, will also be exploitable in the medium and long term.

The Company's vision is that by the second half of the decade, Masterplast will be the only insulation materials manufacturer in the Central and Eastern European region with significant manufacturing and market positions in both plastics and mineral insulation materials.

Masterplast's prospects are further strengthened by the increasing attention for the modular housing business. Masterplast Modulhouse Kft. has now started its first residential project, following previous successful office building projects. The future of the technology is also promising from an environmental point of view, as the production of the buildings in factory conditions eliminates waste on site. The future ramp-up of modular construction could be based on the completion of a prototype house in 2024, which could be built in Szentendre with significant government grant.

The Company's healthcare segment also has the potential to generate additional revenue and profit above expectations.

Corporate Social Responsibility

Masterplast is committed to operating responsibly, with care and concern for the environment and those around us. The Company's CSR activities are an integral part of its operations, contributing to increasing employee engagement and the practical expression of the Company's values.

- The Company carries out CSR activities throughout the entire Group.
- The Company's CSR activities are based on the firm's profitable operation, that enables to finance its programmes proportionately.
- Masterplast's Corporate Social Responsibility programme is implemented in a transparent and prudent manner, according to strict ethical standards.

The donation strategy is based on professional, strategic and ethical guidelines for the Company's support activities, with the aim of ensuring that the Company's CSR activities create value for the entire society and for the Group.

Masterplast Plc. became a member of the BCSDH - Business Council for Sustainable Development in Hungary in 2022. The BCSDH is a community of companies committed to sustainable development, working together to accelerate the transformation of systems needed for a climate-neutral, nature-positive and more equitable future. Masterplast agrees with the BCSDH's Corporate Responsibility Guidelines and applies them in its daily work. Thus, these principles also apply to its CSR activities.

Masterplast Group's CSR activities are closely linked to the company's business activities and values and reflect the Company's commitment to social responsibility and sustainability. As a matter of principle, Masterplast's donation policy focuses on social benefit and reflecting the company's values. The company, in its support activities, places a strong focus on supporting people in the immediate environment, local communities and seeks to build long-term partnerships.

CSR activities are organised around five main areas of support:

Welfare and health of children: the Company's practices focus on programmes that support children's wellbeing and health, and help children to lead fulfilling lives. In addition, children's environmental and health awareness

and education are also important to Masterplast, and are reflected as an aspect of its activities in other areas of support.

Environment and environmental awareness: through its core activities, the Company is closely linked to achieving climate protection goals and creating a sustainable future by reducing the energy consumption and carbon footprint of buildings. Masterplast places a high priority on translating sustainable thinking into construction practice, and invests resources in its investment and business operating practices to advance a circular management culture and promote sustainable operations.

Creating local value: the Group attaches great importance to improving the life chances and well-being of its employees and their families through its local value creation activities. The local support programmes are based on the principles of social utility and the expression of value, where reaching the widest possible local social beneficiaries is an important aspect.

Sport and Health: the Society pays particular attention to the promotion of sport and healthy lifestyles, which is often reflected in the activities of child welfare programmes and local value creation programmes. The Company supports its employees through individual sporting activities, local communities by supporting group physical activity and sport projects, and amateur and competitive sports organisations with national activities.

Professional programmes: promoting the sustainability of the construction industry is a priority for Masterplast, and an important element of this is to improve the attitude of the construction profession by participating in education, shaping professional opinion and launching design competition projects.

Activities and Programmes: the Group considers it of the utmost importance not only to participate as an employer in the economic and social life of its immediate environment, but also to support the work of foundations and associations that take on a social role.

Masterplast's key CSR activities:

The Masterplast Group has been a supporter of the Hungarian Children's Rescue Foundation since 2015, and from 2020 onwards it will become a main supporter. The support is provided through donations to support the purchase of targeted equipment, marketing and professional support, and the launch of joint educational projects. Every year, thousands of parents, teachers and sports coaches receive first aid training through this cooperation, and the financial support will enable the renewal of the Foundation's equipment and infrastructure investments.

Since 2013, the company has been an active supporter of the KÉPES programme, which was established by the Municipality of Székesfehérvár in cooperation with local companies to support local community projects, mainly for the implementation of local kindergarten and school renovation and development projects.

The company took over its headquarters in Sárszentmihály in 2002 and has been an active participant and supporter of the local community ever since. It has been a major sponsor and professional partner in the development of the village, including the new playground, the kindergarten and the medical clinic.

Masterplast was the first company in the Hungarian construction industry to launch a circular economy model. This is a very important milestone, aiming at recycling the insulation materials produced by the Company and providing an environmentally conscious alternative for users in practice. The programme will help to recycle around 10,000 cubic metres of polystyrene per year and demonstrates in practice the Company's commitment to the environment and sustainable construction.

Developing Green Thinking. The Company supports the development of environmental thinking through a number of small projects, including tree planting, syringe removal, sewer cleaning, selective waste collection and the reduction of single-use plastics.

The Company supports the health of its employees by providing in-house sporting opportunities and by sponsoring joint sporting activities, such as running race entry opportunities and supporting staff football teams. Since its establishment, Masterplast Group has been a major sponsor of the National Minifootball Association, making amateur sporting opportunities available to a wider range of social beneficiaries.

Masterplast also supports competitive sports, nationally by supporting the BOM - Foundation for Hungarian Sport, which supports young Hungarian sport talents and future Olympians, and regionally by sponsoring the HYDRO FEHÉRVÁR AV19 ice hockey club

Masterplast's CSR activities in its subsidiaries are also constantly evolving. In Subotica, the Serbian subsidiary is implementing a programme to purchase equipment for the hospital and support higher education. In Romania, the local company supports a long-term school renovation programme, while in Croatia it supports a children's football team and in Poland it supports families fleeing the war in Ukraine.

The Masterplast Group's corporate social responsibility programs have a positive impact on the lives of the community, the Company's employees and the Company's business reputation. Through the many different sustainability and employer awards won over the years, external organisations have also provided feedback on

the usefulness of the Company's programmes, which is confirmed by feedback from employees, partners and ordinary people. The Company's CSR activities form an integral part of the Company's ESG reporting. The measurement and processing of the specific impacts of CSR activities are presented in the Company's ESG Report, the detail of which is continuously evolving..

Corporate governance

The Consolidated Annual Report drawn up according to the applied accounting requirements provides a true and accurate overview of the assets, liabilities, financial situation and earnings of Masterplast Nyrt. and its undertakings included in the consolidation. Moreover, the Annual Report gives a reliable picture of the situation, development and performance of Masterplast Nyrt. and its undertakings included in the consolidation, presenting the main risks and factors of uncertainty.

The Group will do its best to operate in accordance with the statutory and regulatory requirements and in line with the principles of ethical business conduct. Therefore, the Company places particular emphasis on the corporate governance recommendations of the Budapest Stock Exchange in its day-to-day operations and regulation. The documents available on the following website:

https://www.masterplastgroup.com/document_folder/tarsasagiranyitasi-dokumentumok/.

Corporate governance statement

The market for shares of MASTERPLAST Plc. is the Budapest Stock Exchange (BSE), accordingly the Company observes the corporate governance principles established in Hungary and the related mandatory legal requirements.

MASTERPLAST Plc. controls the Masterplast Group. The Group consists of the parent company Masterplast Plc., as well as the 16 companies belonging to the scope of consolidation and four associated companies. The Company places great emphasis on the implementation of responsible corporate governance recommendations and guidelines, taking into account the organization and capabilities of the group of companies formed by the Company and its subsidiaries. The Company's management, under the guidance of the Board of Directors, continuously develops its operational and control practices.

The corporate governance practices of MASTERPLAST Plc. are in line with the requirements of the Budapest Stock Exchange and the current capital market regulations. In addition, the Company regularly reviews its principles in order to comply with the constantly evolving international best practices in this field as well.

Masterplast attaches great importance to sustainability, energy efficiency and environmental protection both in its internal processes and in the production and development of its products.

The bodies of MASTERPLAST Plc. are: General Meeting, Board of Directors, Audit Committee, Management and CEO.

The Supreme Body of the Company is the General Meeting, which contains every Shareholders. The General Meeting, as the main decision-making body of the Company, enables its shareholders to make decisions, decide on corporate governance measures and exercise their control rights in matters of major importance for their operations. The rules of the calling and the procedure of the General Meetings, as well as the conditions of shareholders' rights and obligations, and the method of exercising the shareholders' rights are regulated in detail by the Articles of Association of the Company, which can be read on the webpage of the Company and the webpage of the Budapest Stock Exchange.

The managing body of the Company is the Board of Directors which has 5 members. The responsibilities of the Board of Directors shall include decisions that are related to the governance of a legal person, and are beyond the competence of the General Meeting, and such decisions which are delegated to the power of the Board of Directors by the Articles of Association and the legal rules. The rules of procedure, scope of authority and responsibilities of the Board of Directors are regulated in detail by the Section VIII. of the Articles of Association

and the Rules of Procedure of the Board of Directors which can be read on the webpage of the Company. The Company's Board of Directors continuously monitors the company's operations, receives continuous information about the operation of the company from the Management and the CEO.

The operational activity of the Company is led by the Chief Executive Officer who elected by the Board of Directors and works as an employee. Over the CEO the employer's rights are exercised by the Board of Directors. The employers' rights over the Company's employees are exercised by the CEO, with the exception of the President and the Vice-president. Over the President and the Vice-president - with the exception of their election and recall – the employers' rights exercised by the Board of Directors.

The 5-member Board of Directors is the executive body of Masterplast Nyrt. Its scope of authority and responsibilities are detailed in the Rules of Procedure of the Board of Directors, which can be read on the Company's website. The independent members of the Board of Directors do not participate in the daily activities of the work organization of the Company. The President and Vice-president of the Board of Directors of MASTERPLAST Nyrt. are elected by the Board of Directors for the same period as the members of the Board of Directors.

Members of the Board of Directors of the Company until April 30, 2023:

David Tibor, President (non-independent)

Mr Balázs Ács Vice-President (non-independent)

Dirk Theuns (independent)

Margaret Elizabeth Dezse (independent)

Ottó Sinkó (independent)

Members of the Board of Directors of the Company as of May 1, 2023:

David Tibor, President (non-independent)

Mr Balázs Ács Vice-President (non-independent)

Dirk Theuns (independent)

Margaret Elizabeth Dezse (independent)

Bálint Fazekas (independent)

The Company has a three-member audit committee, whose members are elected by the General Meeting from among the independent members of the Board of Directors for the same term as their members of the Board of Directors. The Audit Committee shall elect its chairman from among its members and shall take its decisions by simple majority vote. In 2023, Margaret Elizabeth Dezse filled this position.

Members of the Audit Committee until April 30, 2023:

President Dezse Margaret Elizabeth (Independent)

Dirk Theuns (independent)

Ottó Sinkó (independent)

Members of the Audit Committee from May 1, 2023:

President Dezse Margaret Elizabeth (Independent)

Dirk Theuns (independent)

Bálint Fazekas (independent)

The presentation of the members of the Board of Directors and the Audit Committee can be viewed on the Company's website.

Masterplast Group is managed by the management of Masterplast Plc. within the framework of the Articles of Association, resolutions of the General Meeting and Board of Directors, as well as the Rules of Organization and Operation of Masterplast Plc. The division of tasks and responsibilities of management members related to certain corporate governance areas is included in the Organizational and Operational Regulations of Masterplast Plc. The professional careers and presentations of the members of the Management can be viewed on the website of the Company.

Members of the Management until April 27 2023:

David Tibor, President
Balázs Ács, Vice-President
Róbert Nádasi, CEO

Members of the Management from April 27 until October 2 2023:

David Tibor, President, CEO
Balázs Ács, Deputy CEO
Róbert Nádasi, Deputy CEO

Members of the Management from October 2 2023:

David Tibor, President, CEO
Balázs Ács, Deputy CEO
Róbert Nádasi, Deputy CEO
Laszló Pécsi, member
Illés Jancsó, member
Tivadar Bunford, member
László Flórián Lukács, member

All matters that are not referred by law or the Articles of Association to the exclusive competence of the General Meeting or the Board of Directors shall be vested in the management.

The daily operational work and work organization of the Company and the provision of the conditions necessary for the activities of the Company are directed and controlled by the CEO within the framework determined by law, the General Meeting and the decisions of the Board of Directors. The CEO is not a member of the Board of Directors and participates in its meetings as a permanent invitee. The employer's rights over the employees of the Company are exercised by the CEO. His professional career and presentation can be viewed on the Company's website.

In 2023, the Board of Directors held 5 meetings with 100% participation. The presence took place in person or by electronic means of public communication.

There is no Supervisory Board at the Company.

The Audit Committee held 2 meetings with 100% attendance and 1 meeting with 66.66% participation in 2023. The presence took place in person or by electronic means of public communication. The Board of Directors shall function as a body and take decisions. When the Company went public, it defined its own operations in a rules of procedure, which were last updated in March 2023 to maintain best practice.

The order of business shall include:

- the tasks and powers of the Management Board,
- the main duties of the Chairman and Vice-Chairman of the Board of Directors,
- the schedule and preparation of Board meetings, decision-making system, control over the implementation of decisions, rules on conflicts of interest.

In order to increase its operational efficiency, taking into account the size, structure and efficiency of the Company and the professional basis of decisions, the Board of Directors does not operate committees, the relevant functions are performed by the members of the Board of Directors without a formal body.

In 2023, the Board of Directors did not make any decision contrary to the recommendation of the Audit Committee.

The tasks and powers of the Audit Committee were performed on the basis of Act V of 2013 on the Civil Code and the Company's Articles of Association. The Rules of Procedure of the Audit Committee can be viewed on the Company's website.

The Audit Committee is responsible for assisting the Board of Directors in auditing the financial reporting system, selecting the auditor and cooperating with the auditor.

Members of the Audit Committee shall not receive any remuneration beyond their Board of Directors' fees.

Members of the Board of Directors and the Audit Committee have the necessary expertise, background and experience related to the current subject. The introduction of the members can be viewed on the website of the Company.

The operation of the internal audit started at the Company in 2008. The purpose of its operation is to assess various risks inherent in current and future business activities, to check the action plans for the identified shortcomings.

The main task of internal audit is to control the regular, efficient and reliable operation of the parent company and all subsidiaries, and to continuously review and evaluate internal control systems. With its recommendations, the internal audit supports the timely correction and prevention of deficiencies, irregularities, errors and incorrect actions.

The internal control function of the Company is performed by Katalin Csemák, internal auditor. It reports on the results of its investigations to the Audit Committee and to the management of the Company.

Audits are carried out on the basis of an internal audit plan for the current year, approved by the Audit Committee with the agreement of the CEO.

The audit of 2023 was carried out by the auditor of the Company, MAZARS Accounting and Consulting Limited Liability Company (1139 Budapest, Fiashen utca 4-8. 2nd floor, Cg. 01-09-078412, chamber registration number: 000220), personally responsible auditor's registration number: 007145.

MASTERPLAST Plc. pays special attention to defining the disclosure rules related to its stock exchange presence, thereby complying with the applicable legislation, the public's expectations regarding information and compliance with the principle of transparency. The disclosure rules and the operation of the system are determined by internal regulations.

The Company, as the issuer of shares admitted to trading on the Budapest Stock Exchange on a regulated market, qualifies as a public-interest issuer. The exact contact details of the Company (postal address, telephone number, fax number, e-mail address) are displayed on the Company's website (www.masterplastgroup.com).

In its disclosures, the Company acts in accordance with the applicable legislation and stock exchange rules. The Company is required to disclose regulated information. Regulated information: systematic and extraordinary information, acquisitions and inside information.

The Company, as the issuer of shares classified in the Premium category of the Budapest Stock Exchange, makes its disclosures in Hungarian and English.

The Company regularly informs the public about the main data of its assets, income situation and operation. The Company shall inform the Supervisory Authority at the time of publication and shall ensure that the individual information remains publicly available for at least ten years.

The official channels of communication with shareholders are regular information: the annual report, the half-yearly.

report and quarterly results, as well as extraordinary briefings. In addition, shareholders are informed about the business, results and strategy at the Annual General Meeting and the Annual Investor Meeting. The company always pays special attention to comply with best practice provide a wide range of information to the capital market.

The means of communication to be used for the publication of public announcements are:

- (a) BSE website via the KIBINFO client system (www.bet.hu),
- (b) the information storage system (www.kozzetetelek.mnb.hu) operated by the Supervisory Authority,
- (c) editorial staff of at least one media outlet with a website accessible to investors,
- (d) the Company's website (www.masterplastgroup.com).

In order to strengthen the position of shareholders and ensure that corporate and investor decisions serve the long-term stability of companies (Directive 2017/828 of the European Parliament and of the Council of 17 May 2017 (SRD 2)), KELER Zrt. launched its new system (so-called Directive 2) on 3 September 2020. CAPS system), in which the Company is obliged to record certain corporate events.

MASTERPLAST Plc. is committed to fair trading of publicly traded securities. In order to ensure this, the Company has prepared its insider dealing guidelines in the form of internal regulations, which it regularly educates its employees and stakeholders.

Stakeholders are expected to:

- not to acquire or dispose of, directly or indirectly, for his own account or for the account of a third party, shares or other financial instruments in possession of inside information, to withdraw or amend, to instruct or instruct any other person to do so, to induce third parties to do so, and not to advise or accept decisions relating to those financial instruments;
- not to divulge inside information unless they have written authorisation to do so;
- even within the Company's employees, they should be careful about sharing inside information, disclosing information only with permission and to the extent necessary for work, and protecting inside information from accidental disclosure.

The General Meeting is the supreme body of the Company and consists of all shareholders.

The General Meeting, which is the main control of the operation of the Company, is prepared according to a schedule established for this purpose, in strict compliance with deadlines, ensuring that all necessary information is available in time for making decisions. The Board of Directors shall formulate its position on each planned agenda item in order to help inform shareholder decisions.

The Company shall publish the proposals and proposals for resolutions on the agenda of the General Meeting electronically no later than the 21st day prior to the General Meeting on the Company's website (www.masterplastgroup.com) and on further announcement surfaces (www.bet.hu; www.kozzetetelek.mnb.hu) pursuant to Section 14.1 of the Articles of Association.

Otherwise, the General Meeting shall be governed by Chapter VII of the Company's Articles of Association. The rules related to the convening and conduct of the General Meeting, the rights and obligations of shareholders and the method of exercising shareholder rights are detailed in the Company's Articles of Association, which can be viewed on the websites of the Company and the Budapest Stock Exchange.

Equal opportunity and diversity

The Size of the Group does not justify the application of Diversity and Employment Policy, but the Group pays great attention to the diversity of cultural and social environments, as well as the diversity of employees, varying from country to country. Takes care of non-discrimination and equal opportunities and equal treatment.

Masterplast Employee Shared Ownership Program

Masterplast Nyrt. established the MASTERPLAST Employee Shared Ownership Program on 14 December 2016. The MRP organization is based in: 1013 Budapest, Pauler utca 11.

Masterplast Nyrt. (Founder) has established the MRP organization to efficiently conduct incentive remunerations related to Masterplast's business goals (Participants).

The Participants of the MRP in 2023 were the employees of Masterplast Nyrt. and of by 100% controlled Masterplast KHUF., Masterplast Hungária KHUF., Masterplast International KHUF. and Masterfoam KHUF, where the Company's Remuneration Policies are applied and covered. The Founder assigned those leaders of the aforementioned companies to the Participants, who had the greatest impact on the achievement of the company's business goals set out in the Remuneration Policies.

Subsequent events

As a result of the negative EBITDA, the Group has breached the covenants of several outstanding loan agreements on 31.12.2023 in relation to a single facility, however, the lending banks have extended the loan agreements in all cases and there are no penalties against the company for breach of covenant in relation to the facility. Details on the covenants are presented in Note 16 (Long and short-term loans)

The Company has issued a comfort letter to Masterplast YU D.o.o. on 19.02.2024 at the request of the local auditor, in which the Company has agreed to maintain and finance the continued operations of the Company. On 14 March 2024, the Company increased the capital of Masterplast Nonwoven GmbH in order to maintain liquidity and, at the request of the local auditor, issued a comfort letter on 26 March 2024, in which it undertook to maintain and finance the continued operation of the company.

In the case concerning imports of anti-dumped products concerning the suppliers of the Romanian subsidiary of the Company, extended to MASTERPLAST Romania S.R.L. and its executive officers, the Bihor County – Oradea Regional Prosecutor's Office – definitively terminated the investigation without prosecution and ordered the unlocking of assets used as precautionary measures, in the absence of evidence that a criminal offence had been committed. Accordingly, the seizure and prohibition on disposal of real estate in Romania owned by MASTERPLAST Romania S.R.L. in the value of of EUR 2 000 430 (RON 9 951 341)- as a guarantee for possible future enforcement - will also be lifted by court order. On the basis of the above, the proceedings against MASTERPLAST Romania S.R.L. and its executive officers were confirmed to be unfounded.

Scope Ratings GmbH has conducted a periodic review of the Company's corporate bonds issued under the Growth Bond Program, the results of which will be announced on 28 February 2024. Scope Ratings GmbH has changed Masterplast Nyrt.'s issuer rating to B+/Negative for possible downgrading under review. It changed the rating of the unsecured bond from B+/ Negative for possible downgrading to B. (Scope Ratings GMBH corrected its report on 7 March 2024 that Masterplast Nyrt's bond terms do not contain clauses that require accelerated repayment of the outstanding nominal debt amount if the bonds' ratings remain below B+ or fall below B for more than two years.)Summary

Summary

As a result of the record-high inflation and the unfavourable interest rate environment, the construction industry market demand showed a significant decline in 2023, as a result of that the Company's sales revenue decreased by 28%. In the sharp competition the company was able to sell its own production stock - that was produced from the former more expensive raw materials – with an extremely strong margin reduction, and the production capacities' lower utilisation also resulted in loss-making operations. In response to the changed market conditions, the Company focused on reducing the operating costs, optimizing the production and inventory levels, and more economical energy cost management. The Company transformed and made the operation of the management more efficient, revised its processes and carried out significant personnel optimization in both the production and the distributing segment. All these measures moderated and stopped the loss making of the EBITDA during the year moderate. The optimized organization now enables the Company to operate efficiently even in a more moderate industry environment. The Group's EBITDA loss for the current year was EUR 6 128 thousand, the PAT due to the unfavorable exchange rate movements closed at a loss of EUR 15 610 thousand.

With the measures on the table to meet the EU energy policy objectives (REPowerEU plan; "Fit for 55%" package of measures), the Company's medium-term business outlook in the insulation market remains positive. Relying on these factors, the Company – with intention to maintain its current production capacities - continues to implement the intensive investment strategy that lays the foundation for the growth path, including the elements of stone and glass wool production projects launched together with co-investors. The forecasts estimate a positive turnaround in the construction sector for 2025, so the timing of the new investments seems proper.

MASTERPLAST

