MASTERPLAST PLC.

ANNUAL REPORT 2024

17 April 2025

MASTERPLAST

PUBLIC LIMITED COMPANY

ANNUAL FINANCIAL STATEMENTS

for the year ended 31 December 2024
in accordance with International Financial Reporting Standards (IFRS)
(as adopted by the EU)

Sárszentmihály, 17 April 2025

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CEO

CONTENT

(all figures in thousand HUF unless indicated otherwise)

1. STATEMENT OF FINANCIAL POSITION (BALANCE SHEET)

	Notes	31 December 2024	31 December 2023
NON-CURRENT ASSETS			
Property, plant and equipment	9	3 463 635	3 733 445
Intangible assets	9	248 759	278 282
Investments in subsidiaries	11	9 011 867	10 056 759
Investments in associates	12	6 418 302	5 609 518
Deferred tax assets	26	59 537	124 247
Other non-current financial assets	13	12 877 253	15 608 706
Non-current assets		**32 079 353**	**35 410 957**
CURRENT ASSETS			
Trade receivables	14	475 403	313 330
Tax receivables	26	32 662	59 517
Other current assets	15	563 537	984 391
Cash and cash equivalents	16	220 099	912 694
Other current financial assets		0	1 898 340
Current Assets		**1 291 701**	**4 168 272**
Assets held for sales	**15**	363 064	**0**
TOTAL ASSETS		**33 734 118**	**39 579 229**
EQUITY			
Share capital		1 685 063	1 685 063
Reserves		13 171 962	13 444 879
Treasury shares		(868 279)	(779 206)
Profit/(loss) for the year		(2 829 163)	(327 383)
Equity		**11 159 583**	**14 023 353**
PROVISIONS			
Provisions		21 148	9 157
Provisions		**21 148**	9 157
NON-CURRENT LIABILITIES			
Non-current finance lease liabilities	10	40 338	31 659
Deferred income	18	295 421	82 516
Liabilities from issud bonds	17	13 489 320	16 480 471
Other non-current liabilities	19	2 915 135	2 644 502
Long-term liabilities		**16 740 214**	**19 239 148**
CURRENT LIABILITIES			
Trade payables	20	215 008	112 012
Current finance lease liabilities	10	15 289	18 279
Current deferred income	18	2 793	2 793
Other finance liabilities	17	868 817	945 300
Other current liabilities	21	4 711 266	5 229 187
Current liabilities		**5 813 173**	**6 307 571**
TOTAL LIABILITIES		**22 553 387**	**25 546 719**
TOTAL EQUITY AND LIABILITIES		**33 734 118**	**39 579 229**

The attached notes form part of the consolidated annual financial statements.

(all figures in thousand HUF unless indicated otherwise)

2. PROFIT AND LOSS STATEMENT

	Notes	2024	2023
Revenues	27	1 356 969	937 025
Materials and services used	22	(626 920)	(569 510)
Payments to personnel	23	(1 069 489)	(788 063)
Depreciation, amortisation and impairment	9	(224 101)	(200 997)
Dividend income	27	1 254 966	931 592
Other operating (expense)/income	24	(58 640)	(220 906)
OPERATING PROFIT		**632 785**	**89 141**
Interest income	25	983 388	1 248 188
Interest expense	25	(843 900)	(973 637)
Other financial (expense)/income	25	(3 483 721)	(958 414)
FINANCIAL PROFIT/(LOSS)		**(3 344 233)**	**(683 863)**
Profit/ (loss) attributable to associates	12	(33 954)	175 493
PROFIT/(LOSS) BEFORE TAX		**(2 745 402)**	**(419 229)**
Income tax	26	(83 761)	91 846
PROFIT/(LOSS) FOR THE YEAR		**(2 829 163)**	**(327 383)**

3. COMPREHENSIVE PROFIT AND LOSS STATEMENT

	31 December 2024	31 December 2023
Profit/(loss) for the year	**(2 829 163)**	**(327 383)**
Comprehensive income related to CCIRS transaction*	80 327	713 496
Other comprehensive income	**80 327**	**713 496**
Comprehensive income/(loss)	**(2 748 836)**	**386 113**

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

(all figures in thousand HUF unless indicated otherwise)

4. STATEMENT OF CHANGES IN EQUITY

STATEMNT OF CHANGES IN SHARE CAPITAL	Share capital	Treasury Shares*	Capital Reserve	Comprehensive income	Retained earnings	Total Reserves	Profit/(loss) for the year	Total Equity
01 January 2024	**1 685 063**	**(779 206)**	**11 106 827**	**(206 911)**	**2 544 963**	**13 444 879**	**(327 383)**	**14 023 353**
Loss for the year							(2 829 163)	(2 829 163)
Share capital increase						0		0
Other comprehensive income – CCIRS				80 327		80 327		80 327
Derecognition of shares						0		0
Prior year's profit or loss reclassified					(324 988)	(324 988)	327 383	2 395
Redeemed treasury shares					(25 866)	(25 866)		(51 732)
Dividend paid					0	0		0
MRP consolidation					(2 390)	(2 390)		(2 390)
MRP Remuneration (2019-2020)						0		0
MRP Remuneration (2020-2021)								0
MRP Remuneration (2021-2022)								0
MRP Remuneration (2022-2023)		448 311						448 311
MRP Remuneration (2023-2024)								0
MRP Remuneration (2024-2025)		(537 384)						(537 384)
31 December 2024	**1 685 063**	**(868 279)**	**11 106 827**	**(126 584)**	**2 191 719**	**13 171 962**	**(2 829 163)**	**11 159 583**

* The Company held 290 151 shares of treasury shares with a value of HUF 29 015 thousand as at 31 December 2024.

The attached notes form part of the consolidated annual financial statements.

(all figures in thousand HUF unless indicated otherwise)

	Note	Share capital	Treasury Shares*	Capital Reserve	Comprehensive income	Retained earnings	Total Reserves	Profit/(loss) for the year	Total Equity
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	226 773	(2 267 731)	-
Redeemed treasury shares	6	-	(45 822)	-	-	-	-	-	(45 821)
Dividend paid		-	-	-	-	-	-	-	-
MRP consolidation		-	(68 690)	-	-	135 480	135 480	-	66 790
MRP allowance (2020)	33	-	52 654	-	-	-	-	-	52 654
MRP allowance (2021)		-	30 367	-	-	-	-	-	30 367
MRP 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

(all figures in thousand HUF unless indicated otherwise)

5. CASH FLOW STATEMENT

	2024	2023
OPERATING ACTIVITIES		
Profit/(loss) before tax	(2 745 402)	(419 229)
Depreciation, amortisation and impairment of tangible assets	125 823	397 227
Impairment loss/(gain)	4 264 215	(1 648)
Provisions (released)/made	11 991	0
(Gains)/losses on disposal of tangible and intangible assets	153	6 035
Loss of subsidiaries sold	0	0
Interest paid	843 900	973 637
Interest received	(983 388)	(1 248 188)
(Profit)/loss from associates	33 954	(175 493)
Unrealised foreign exchange (gain)/ loss	(1 331 267)	1 061 367
Working capital changes:		
Increase/(decrease) in trade receivables	(162 237)	15 667
Increase/(decrease) in other current assets	1 984 860	2 929 956
(Increase)/decrease in trade payables	103 923	(30 897)
(Increase)/decrease in other liabilities	(3 055 872)	(3 021 431)
ESOP result	(114 934)	135 480
Income tax paid	(19 051)	(0)
Net cash flows from operations	**(2 578 609)**	**622 482**
INVESTING ACTIVITIES		
Purchase of tangible and intangible assets	177 709	(925 842)
Subsidiaries purchased/ increased in capital	(2 327 458)	(9 501 886)
Subsidiaries sold	0	
Proceeds from the disposal of tangible and intangible assets	(4 352)	(3 443)
Interest received	983 388	1 248 188
Net cash flows from investing activities	**(1 170 713)**	**(9 182 983)**
FINANCING ACTIVITIES		
Issuance of shares	0	0
Loans taken	6 719 055 0	0
Loans repaid	0	0
Issued bonds	80 327	713 496
Dividends paid	0	0
Increase in non-current loans provided to subsidiaries	(4 435 768)	2 761 470
Interest paid	(843 900)	(973 637)
Net cash flows from financing activities	**(1 519 714)**	**2 501 329**
Increase/(decrease) in cash and cash equivalents	(694 331)	(6 059 172)
Cash and cash equivalents at the beginning of the year	912 694	7 131 496
Net foreign exchange translation gain or loss	(1 736)	(159 629)
Cash and cash equivalents at the end of the year	**220 099**	**912 694**

The attached notes form part of the consolidated annual financial statements.

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 75 in 2024 (71 in 2023).

The cost of the Company's external audit for 2024 is EUR 67 500 + VAT (EUR 55 900 + VAT in 2023) 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 2024 was greatly influenced by a dividend of HUF 1 098 million received from its two subsidiaries in Hungary and HUF 157 million from its a foreign subsidiarie.

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

The Company measures its investments in subsidiaries at each year-end. Major 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 2024. The Company will regularize the capital position of its loss-making subsidiaries in 2025.

(all figures in thousand HUF unless indicated otherwise)

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 2023).

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

The shareholders are as follows:

	Shareholders	2024	2023
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 42 169 000	HUF 45 169 000
6	Nádasi Róbert	HUF 12 903 400	HUF 12 903 400
7	Jancsó Illés	HUF 4 490 900	HUF 4 490 900
8	Pécsi László	HUF 2 013 200	HUF 2 013 200
9	Lukács Flórián László	HUF 252 000	HUF 252 000
10	Several minority shareholders	HUF 751 687 900	HUF 752 544 300
11	Redeemed treasury shares	HUF 29 015 100	HUF 25 158 700
Total		**HUF 1 685 063 100**	**HUF 1 685 063 100**

The voting rights are as follows:

	Shareholders	2024	2024	2023	2023	-
1	Tibor Dávid (1)	4 548 057	27,5%	4 548 057	27,4%	votes
2	Ács Balázs (1)	3 877 259	23,4%	3 877 259	23,3%	votes
3	Bunford Tivadar	421 690	2,5%	451 690	2,7%	votes
4	Nádasi Róbert	129 034	0,8%	129 034	0,8%	votes
5	Jancsó Illés	44 909	0,3%	44 909	0,3%	votes
6	Pécsi László	20 132	0,1%	20 132	0,1%	votes
7	Lukács Flórián László	2 520	0%	2 520	0,0%	votes
8	Several minority shareholders	7 516 879	45,4%	7 525 443	45,3%	votes
	Total	**16 560 480**	**100,0%**	**16 599 044**	**100,0%**	**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 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.

(all figures in thousand HUF unless indicated otherwise)

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	Lenghts 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. 2026	approximately 17 years	4 548 057
Ács Balázs	Vice-Chairment of the Board of Directors	03.04. 2008	30.04. 2026	approximately 17 years	3 877 259
Dirk Theuns	Member of the Board of Directors	01.05.2014	30.04. 2026	approximately 11 years	-
Dezse Margaret	Member of the Board of Directors	01.05.2020	30.04. 2026	approximately 5 years	1 300
Fazekas Bálint	Member of the Board of Directors	01.05.2022	30.04. 2025	approximately 3 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

New and Amended Standards and Interpretations Applied in the Reporting Year

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 2024:

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:

As of the date of approval of these financial statements, the following standards issued by the IASB and adopted by the EU, as well as amendments to existing standards and interpretations, have been applied in the preparation of the report

- 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)

- Amendments to IAS 7 – Statement of Cash Flows and IFRS 7 – Financial Instruments: Disclosures: the amendments introduce additional disclosure requirements related to supplier finance arrangements, effective from 1 January 2024 and applicable to reporting periods beginning on or after that date.

The amendments presented above became effective as of 1 January 2024.

New and amended standards and interpretations issued by the IASB and adopted by the EU but not yet effective:

- Amendment to IAS 21 – The Effects of Changes in Foreign Exchange Rates, which provides guidance on determining when a currency is exchangeable and how to determine the exchange rate when it is not. The amendment becomes effective on 1 January 2025.

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:

- Amendments to IFRS 9 and IFRS 7 relating to the classification and measurement of financial instruments, effective from 1 January 2026. The amendments address the following three areas:
    - Derecognition of financial liabilities
    - Classification of financial assets
    - Disclosures
- IFRS 18 – Presentation and Disclosure in Financial Statements, effective from 1 January 2027, introduces the following presentation requirements:
    - Requires the inclusion of specified new subtotals in the statement of profit or loss
    - Requires disclosures related to Management Performance Measures (MPMs) defined by management
    - Provides principles for the aggregation and disaggregation of information
- IFRS 19 – Subsidiaries without Public Accountability: Disclosures, effective from 1 January 2027:
    - Allows certain subsidiaries to apply IFRS accounting standards with reduced disclosure requirements
    - These subsidiaries apply the recognition, measurement, and presentation requirements of IFRS standards, along with the disclosure requirements of IFRS 19

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.

(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/ Foundation	Ownership (%)		Voting right (%)	
				2024	2023	2024	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.	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 (1)	Italy	Wholesale of construction materials	04.04.2022	100%	98,70%	100%	98,70%
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.	Macedonia	Wholesale of construction materials	17.02.2002	100%	100%	100%	100%
MASTERWOOL MW-1 d.o.o	Serbia	Rockwool productions	27.01.2022	100%	100%	100%	100%
Masterplast Proizvodnja D.o.o	Serbia	EPS production	02.01.2021	100%	100%	100%	100%

(1) With the acquisition of the remaining 1.3% external ownership interest in Masterplast Italia Srl., effective as of 10 July 2024, the Company's consolidated ownership increased to 100%.

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

(all figures in thousand HUF unless indicated otherwise)

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 (%)	
				2024	2023	2024	2023
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%
PIMCO Kft. (3)	Hungary	Glasswool production	12.05.2011	50%	50%	50%	50%
MIP Zrt. (4)	Hungary	Rockwool production	27.01.2022	50%	50%	50%	50%

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

(4) 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 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.

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

The share capital, capital reserve, retained earnings, and repurchased treasury shares are presented in the annual financial statements at their original acquisition cost.

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.

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.

Classiciation 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 (“MRP”) 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 insubstance fixed payments) less any lease incentives receivable, variable lease payments that depend on an index or a rate, and amounts expected to be paid under residual value guarantees. The lease payments also include the exercise price of a purchase option reasonably certain to be exercised by the 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.

(all figures in thousand HUF unless indicated otherwise)

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

2024	Intangible assets	Properties	Machinery, equipment	Assets in construction	Tangible Assets	Total
Gross value, opening	**473 446**	**3 809 741**	**497 452**	**750 171**	**5 057 364**	**5 530 810**
Increase	75 654	135 254	99 656	280 405	515 315	**590 969**
Decrease	(65 281)	(187 564)	(13 181)	(509 305)	(710 050)	**(775 331)**
Gross value, closing	**483 819**	**3 757 431**	**583 927**	**521 271**	**4 862 629**	**5 346 448**
Accumulated depreciation and impairment, opening	**(195 164)**	**(981 681)**	**(243 960)**	**(98 278)**	**(1 323 919)**	**(1 519 083)**
Increase	(43 245)	(112 977)	(67 879)		(180 856)	**(224 101)**
Decrease	3 349	0	7 503	98 278	105 781	**109 130**
Accumulated depreciation and impairment, closing	**(235 060)**	**(1 094 658)**	**(304 336)**	**0**	**(1 398 994)**	**(1 634 054)**
Net book value, opening	**278 282**	**2 828 060**	**253 492**	**651 893**	**3 733 445**	**4 011 727**
Net book value, closing	**248 759**	**2 662 773**	**279 591**	**521 271**	**3 463 635**	**3 712 394**

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**

Masterplast Nyrt. does not have intangible assets with an indefinite useful life. No finance cost was capitalised as part of the gross value during 2024 and 2023. Part of our bank loans are covered by the net book value of tangible assets of Masterplast Nyrt:

2024	2023
3 463 635	3 733 445

(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 2024	31 December 2023
Gross value	130 848	112 978
Accumulated depreciation	44 880	33 315
Net value	85 968	79 663

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

	31 December 2024	31 December 2023
Lease liabilities within 1 year	15 289	18 279
Due in 2-5 years	40 338	31 659
Due over 5 years	0	0
Total lease obligations	**55 627**	**49 938**

The present values of minimum lease payments were as follows:

Period	31 December 2024	31 December 2023
	Minimum lease payments	
Lease payments falling due within 1 year	15 289	18 279
Lease payments falling due within 2-5 years	40 338	31 659
Lease payments falling due over 5 years		
Minimum lease payments	**55 627**	**49 938**
Financing expenses		
Present value of minimum lease payments	**55 627**	**49 938**

(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 2024		31 December 2023	
	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%	0	100,00%	1 121 309
Masterplast Romania S.R.L.	100,00%	353 071	100,00%	353 071
Masterplast Italia SRL	100,00%	0	98,70%	418 249
Masterplast YU D.o.o.	100,00%	3 342 231	100,00%	2 846 146
Masterplast d.o.o	100,00%	255 581	100,00%	255 581
Masterplast D.O.O	100,00%	492 230	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	100,00%	935 174
Masterplast Proizvodnja D.o.o	100,00%	1 118 488	100,00%	1 119 907
Investment in subsidiaries		***9 011 867***		***10 056 759***
T-Cell Plasztik Kft.	*24,00%*	*236 630*	*24,00%*	*291 653*
MasterProfil Kft.	*20,00%*	*16 185*	*20,00%*	*29 871*
Pimco Kft.	*50,00%*	*3 830 926*	*50,00%*	*3 007 638*
MIP Zrt.	*50,00%*	*2 334 561*	*50,00%*	*2 280 356*
Investment in associates		***6 418 302***		***5 609 518***
Total		**15 430 169**		**15 666 277**

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.

MIP Zrt.
Based on the strategic cooperation agreement concluded in December 2022, the Company acquired a 50% ownership interest in MIP Alapanyaggyártó Zártkörűen Működő Részvénytársaság (MIP Zrt.) on 9 June 2023. As a result, MASTERPLAST Nyrt. holds a 50% ownership stake in MIP Zrt., while the remaining 50% is owned by MARKET Építő Zrt.

PIMCO Kft.
On 18 January 2023, the Company concluded a share purchase agreement to acquire 100% ownership interest in PIMCO Kft., which holds a glass wool manufacturing investment project. On 28 June 2023, the Company and Selena FM S.A. decided, under a jointly executed instrument, to carry out the glass wool manufacturing investment within the framework of a strategic cooperation. On 6 November 2023, the registered capital of PIMCO Kft. was increased,

(all figures in thousand HUF unless indicated otherwise)

as a result of which MASTERPLAST Nyrt. and Selena FM S.A. each hold a 50% ownership and voting right. Following the capital increase, the registered capital of PIMCO Kft. rose from HUF 153 000 thousand to HUF 3 627 942 thousand.

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.

The Company, with the assistance of an external expert, determined the market value of the above-mentioned assets less costs to sell based on comparable prices, and recognized the resulting impairment accordingly.

The Company recognized 7 886 863 UAH (179 546 EUR) impairment in its balance sheet for its investment in the Ukraine at the end of 2024 as detailed below:

Type of asset	Book Value	Estimated Market Price	Impairment	Average Impairment %
Properties	280 626	300 678	7 443	2,7%
Machinery & equipment	96 099	0	96 099	100,0%
Other	76 785	780	76 004	99,0%
Total	**453 510**	**301 458**	**179 546**	**39,6%**

The Company recognized 8 292 523 UAH (196 469 EUR) impairment in its balance sheet for its investment in the Ukraine at the end of 2023 as detailed 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%**

Changes in investments in subsidiaries during 2024:

Company	Opening Net Book Value	Additional paid-in capital	Impairment charge	Result of investments in associates	Closing Net Book Value
Masterplast Nonwoven GmbH	1 121 309	986 475	(2 107 784)	0	0
Masterplast Italia SRL	418 249	3 578	(421 827)	0	0
Masterplast YU D.o.o.*	2 846 146	496 085	0	0	3 342 231
Masterplast YU Proizvodnja*	1 119 907	(1 419)	0	0	1 118 488
Masterprofil Kft.	29 871	0	0	(13 686)	16 185
T-Cell Plasztik	291 653	0	0	(55 023)	236 630
Pimco Kft.	3 007 639	842 738	0	(19 450)	3 830 927
MIP Zrt.	2 280 356	0	0	54 205	2 334 561
Total	**11 115 130**	**2 327 457**	**(2 529 611)**	**(33 954)**	**10 79 022**

*Includes adjustment due to interest unwinding.

(all figures in thousand HUF unless indicated otherwise)

Changes in investments in subsidiaries during 2023:

Company	Opening Net Book Value	Additional paid-in capital	Share settlement	Impairment charge	Result of in-vestments 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 Plasztik	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
Total	**2 470 877**	**9 502 636**	**(750)**	**(97 952)**	**175 493**	**12 050 304**

Impairment charges and reversals recorded for investments in subsidiaries were as follows in 2024:

Impairment on investments	Opening impairment	Translation difference	Impairment Charge	Impairment Reversal	Closing impairment
Masterplast Nonwoven GmbH*			2 107 784		2 107 784
Masterplast Italia SR*L			421 827		421 827
Green MP Invest	239 550				239 550
Masterplast Proizvodnja D.o.o	97 952				97 952
Total	**337 502**	**0**	**2 529 611**	**0**	**2 867 113**

*The impairment was justified by the ownership-to-equity ratio.

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)
Total	**(239 550)**	**0**	**(97 952)**	**0**	**(337 502)**

(all figures in thousand HUF unless indicated otherwise)

12. INVESTMENTS IN ASSOCIATES

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

Changes in book value in 2024:

Company	Opening balance	Increase / (Decrease)	Share of profit of associates	Other compre-henstive income	Closing balance	Ownership ratio (%)
MasterProfil Kft.	29 871	0	(13 686)	0	16 185	20%
T-Cell Plasztik Kft.	291 653	0	(55 023)	0	236 630	24%
Pimco Kft.	3 007 639	842 738	(19 450)	0	3 830 927	50%
MIP Zrt.	2 280 356	0	54 205	0	2 334 561	50%
Összesen	**5 609 519**	**842 738**	**(33 954)**	**0**	**6 418 303**	

Changes in book value in 2023:

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

The Company did not received dividends from any of its associates in either 2024 or 2023.

(all figures in thousand HUF unless indicated otherwise)

Key financial data of the Associated Company:

1. MasterProfil Kft.

The abbreviated balance sheet of the Associated Company:

	31 December 2024	31 December 2023
Non-current assets	422 932	451 884
Current assets	486 254	442 120
Long-term liabilities	0	0
Short-term liabilities	599 369	500 948
Net asset value	**309 817**	**393 056**
Ownership ratio in the Associated Company	20%	20%
Net asset value for the Associated Company	61 963	78 611

The abbreviated profit and loss statement of the Associated Company:

	2024	2023
Sales revenue	894 476	1 227 897
Operating profit	-29 762	-155 174
Income to the Company on the basis of the ownership ratio	***-13 686***	***-27 147***

2. T-Cell Plasztik Kft.

The abbreviated balance sheet of the Associated Company:

	31 December 2024	31 December 2023
Non-current assets	3 166 959	3 170 276
Current assets	360 637	861 927
Long-term liabilities	492 489	1 505 707
Short-term liabilities	1 981 511	1 204 609
Net asset value	**1 053 596**	**1 321 887**
Ownership ratio in the Associated Company	24%	24%
Net asset value for the Associated Company	252 863	317 253

The abbreviated profit and loss statement of the Associated Company:

	2024	2023
Sales revenue	2 135 261	3 030 662
Operating profit	5 493	162 927
Income to the Company on the basis of the ownership ratio	***-55 023***	***12 207***

(all figures in thousand HUF unless indicated otherwise)

3. MIP Zrt.

The abbreviated balance sheet of the Associated Company:

	31 December 2024	31 December 2023
Non-current assets	5 666 001	4 208 097
Current assets	191 478	503 577
Long-term liabilities	0	0
Short-term liabilities	1 194 870	157 577
Net asset value	**4 662 609**	**4 554 097**
Ownership ratio in the Associated Company	50%	50%
Net asset value for the Associated Company	2 331 305	2 277 049

The abbreviated profit and loss statement of the Associated Company

	2024	2023
Sales revenue	0	0
Operating profit	-164 545	-49 173
Income to the Company on the basis of the ownership ratio	***54 205***	***10 670***

4. Pimco Kft.

The final financial statements were not yet available at the time of preparing this report.

The abbreviated balance sheet of the Associated Company:

	31 December 2024	31 December 2023
Non-current assets	19 248 038	4 884 465
Current assets	2 155 042	202 671
Long-term liabilities	5 665 089	0
Short-term liabilities	6 377 094	27 430
Net asset value	**9 360 897**	**5 059 706**
Ownership ratio in the Associated Company	50%	50%
Net asset value for the Associated Company	4 680 449	2 529 853

The abbreviated profit and loss statement of the Associated Company:

	2024	2023
Sales revenue	-	-
Operating profit	-78 436	573 879
Income to the Company on the basis of the ownership ratio	***-19 450***	***179 645***

(all figures in thousand HUF unless indicated otherwise)

13. OTHER LONG-TERM FINANCIAL ASSETS

Company name	31 December 2024	31 December 2023
Masteplast Modulhouse Kft.	300 000	0
Masterplast International Kft.	4 956 662	8 306 326
Masterplast Nonwoven GmbH	3 258 228	3 942 634
Masterplast Italia SRL	0	612 448
Masterplast YU D.o.o.	1 502 933	654 590
Proizvodnja	2 359 430	2 092 708
MIP Zrt.	500 000	0
Total	**12 877 253**	**15 608 706**

In 2024, the impairment and reversal of impairment on other non-current financial assets developed as follows:

Megnevezés	Opening impairment	Impairment Derecognized	Impairment Recognized	Impairment Reversed	Impairment Reversed
Masterplast Nonwoven GmbH	0	0	145 519	0	145 519
Masterplast Italia Srl.	0	0	1 589 099	0	1 589 099
Összesen	**0**	**0**	**1 734 618**	**0**	**1 734 618**

LOANS RECLASSIFIED AS CURRENT FINANCIAL ASSETS

Company name	31 December 2024	31 December 2023
Masterplast YU D.o.o.	0	1 148 340
Masterplast Modulhouse Kft.	0	750 000
Total	**0**	**1 898 340**

(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 YU d.o.o.	2016.02.02	1.000.000	EUR	-	2031.04.20
Masterplast YU d.o.o.	2016.05.20	2.000.000	EUR	-	2031.04.20
Masterplast YU d.o.o.	2021.01.25	2.000.000	EUR	-	2031.04.20
MP International Kft.	2019.12.20	12.086.767,73	EUR	-	2026.12.31
MP Nonwoven GmbH	2020.06.29	2.091.593	EUR	1 havi EURIBOR+2,5%	2027.12.31
MP Nonwoven GmbH	2021.10.20	3.108.407	EUR	1 havi EURIBOR+2,5%	2027.12.31
MP Nonwoven GmbH	2022.10.31	2.100.000	EUR	1 havi EURIBOR+2,5%	2027.12.31
MP Nonwoven GmbH	2023.01.10	1.000.000	EUR	1 havi EURIBOR+2,5%	2027.12.31
Masterplast Modulhouse	2022.11.24	300.000.000	HUF	1 havi BUBUR + 1,5%	2027.12.31
Masterplast Italia SRL	2022.12.08	1.000.000	EUR	1 havi EURIBOR+2,5%	2027.12.31
Masterplast Italia SRL	2023.07.03	600.000	EUR	1 havi EURIBOR+2,5%	2027.12.31
Masterplast Italia SRL	2023.10.06	900.000	EUR	1 havi EURIBOR+2,5%	2027.12.31
Masterplast Italia SRL	2024.01.12	1.000.000	EUR	1 havi EURIBOR+2,5%	2028.12.31
Masterplast Italia SRL	2024.03.05	1.000.000	EUR	1 havi EURIBOR+2,5%	2028.12.31
Masterplast Italia SRL	2024.10.21	275.000	EUR	1 havi EURIBOR+2,5%	2028.12.31
MIP Alapanyaggyártó Zrt.	2024.06.27	500.000.000	HUF	-	2026.01.01
Masterplast Proizvodnja	2022.12.16	5.000.000	EUR	-	2031.12.31
Masterplast Proizvodnja	2023.01.25	2.000.000	EUR	-	2031.12.31
Masterplast Proizvodnja	2023.11.06	1.300.000	EUR	-	2031.12.31

Contracts expiring in 2024 will be extended.

14. TRADE RECEIVABLES

	31 December 2024	31 Decembe 2023
Trade receivables	475 403	313 563
Impairment	0	(233)
Trade Receivables net of impairment	**475 403**	**313 330**

Trade receivables were paid in 49 days in average in 2024 (45,2 days in 2023).

Impairment charged and reversed on trade receivables in 2024:

Impairment on trade receivables	Opening impairment	Translation difference	Impairment Charge	Impairment Reversal	Impair-ment write-back	Closing Impairment
Impairment of trade receivables	(233)		0	218	15	0
Total	**(233)**	**0**	**0**	**218**	**15**	**0**

Impairment charged and reversed on trade receivables in 2023:

Impairment on trade receivables	Opening impairment	Translation difference	Impairment Charge	Impairment Reversal	Impair-ment write-back	Closing Impairment
Impairment of trade receivables	(313)	-	(15)	95	-	(233)
Total	**(313)**	**-**	**(15)**	**95**	**-**	**(233)**

(all figures in thousand HUF unless indicated otherwise)

The ageing of trade receivables is as follows:

	31 December 2024			31 December 2023		
	Gross book	Impairment loss	Net book value	Gross	Impairment loss	Net book value
Not yet due	452 975	0	452 975	311 056	0	311 056
Due over 0-60 days	1 590	0	1 590	1 537	0	1 537
Due over 61-90 days	1 070	0	1 070	4	0	4
Due over 91-180 days	1 336	0	1 336	725	(4)	721
Due over 181-360 days	18 100	0	18 100	23	(11)	12
Due over 360 days	332	0	332	218	(218)	0
Total Trade Receivable	**475 403**	**0**	**475 403**	**313 563**	**(233)**	**313 330**

15. OTHER CURRENT ASSETS

Megnevezés	31 December 2024	31 December 2023
Advance to the supplier	67 650	30 965
Bonuses, commissions	51 318	87 723
Other receivables	51 974	25 002
Impairment loss on other receivables	(3 946)	(3 946)
Deferred commission fees	0	164 056
Accrued other costs	46 258	38 235
Accued other income	4 177	8 478
Receivable from associate	28 862	0
VAT receivables from VAT group members	274 428	143 138
Cash pool receivable from related companies	0	447 922
Other receivables from related companies	42 816	42 818
Total	**563 537**	**984 391**

ASSETS HELD FOR SALE

As of 31. 12. 2024, the Group has EUR 3 121 070 of property, plant and equipment reclassified for sale. The carrying amount of the asset equalled its fair value less costs to sell; therefore, no gain or loss was recognized upon reclassification. The assets meet the conditions required by IFRS 5 for reclassification:

- management is committed to the sale plan
- the property is available for immediate sale
- there is an active program to find a buyer
- the sale is likely to occur within 12 months of the reclassification
- the asset is actively being sold at a reasonable selling price compared to its fair value
- based on the actions necessary to complete the sale plan, it is unlikely that the plan will be significantly changed or withdrawn.

(all figures in thousand HUF unless indicated otherwise)

16. CASH AND CASH EQUIVALENTS

Cash and cash equivalents	31 December 2024	31 December 2023
Cash	1 531	3 661
Bank deposits	218 568	909 034
Total	**220 099**	**912 694**

The Company did not have restricted cash or cash equivalents as at 31 December 2024 or 31 December 2023.

The Company holds its investment in MIP Zrt. (4,500 shares) in a segregated custody account.

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	4x12,5% in 6-9 years, 50% amortised in the 10th year

MASTERPLAST 2026/I HUF	2024	2023
Total nominal value of issued bonds	6 000 000 000	6 000 000 000
Amortized cost	2 999 797 077	4 495 398 747
Fair value	2 814 842 940	4 108 479 377
Face value	3 000 000 000	4 500 000 000

MASTERPLAST 2027/I HUF	2024	2023
Total nominal value of issued bonds	6 000 000 000	6 000 000 000
Amortized cost	4 487 515 268	5 983 019 699
Fair value	4 124 087 898	5 388 210 505
Face value	4 500 000 000	6 000 000 000

MASTERPLAST 2031/I HUF	2024	2023
Total nominal value of issued bonds	9 000 000 000	9 000 000 000
Amortized cost	9 002 007 466	9 002 910 820
Fair value	8 420 397 860	8 525 500 929
Face value	9 000 000 000	9 000 000 000

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 thousand 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

Based on the above, the Company assessed the hedge effectiveness of the CCIRS transaction and determined it to be 100% effective. Therefore, hedge accounting in accordance with IFRS 9 is applied. The Company recognizes the effects arising from changes in foreign exchange rates directly in profit or loss, while the changes resulting from yield curve movements are recognized in other comprehensive income.

The portfolio related to the Company's CCIRS transactions had a loss balance of HUF 868 816 520 at at 31 December 2024. Of this HUF 3 844 342 was recorded though current year profit and loss, HUF 738 388 177 is accounted for in retained earnings and HUF 126 584 000 is through other comprehensive income.

The attached notes form part of the consolidated annual financial statements.

(all figures in thousand HUF unless indicated otherwise)

HUF 1 500 000 000 principal of MASTERPLAST 2026/I HUF bond was repaid on 6 December 2024 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 383 061 177 was recognized.

The details of the transactions were as follows:

	MASTERPLAST 2026/ I HUF 2023	MASTERPLAST 2026/ I HUF 2023
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 3 011 400 900	HUF 4 517 101 351
Fix interest rate	1,9264% p.a.	1,9264% p.a.
Amount of related interest	HUF 58 318 208	HUF 87 034 376
Party paying fix interest	Masterplast Nyrt.	Masterplast Nyrt.
Contracted Amount	EUR 9 153 194	EUR 13 729 191
Fix interest rate	1,08% p.a.	1,08% p.a.
Amount of related interest	EUR 100 777	EUR 150 753

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 2024	31 December 2023
GVOP-1.1.2.-2004-11-0003/5.0	"“Master” educator; MASTER3AS centre - Products, Services, Training at “Master” level	Masterplast Nyrt.	72 728	74 920
SZVP-2003-6-03-08-1	Networking at "Master” level	Masterplast Nyrt.	9 786	10 389
HIPA/GYAR-2022-0294	Energy efficiency tender	Masterplast Nyrt.	215 700	
Total:			**298 214**	**85 309**
Current part:			**2 793**	**2 793**

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 2024	31 December 2024
Masterplast Hungária Kft. loan	2 300 000	2 300 000
Master Plast S.r.o. (SK) loan	533 117	344 502
Masterplast d.o.o. (HR) loan	82 018	0
Total other non current liabilities	**2 915 135**	**2 644 502**

(all figures in thousand HUF unless indicated otherwise)

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

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%	12.31.2027
Master Plast S.r.o.	04.12.2023	900 000	EUR	1 month EURIBOR+1,5%	12.31.2027
Masterplast d.o.o.	01.07.2024	2 000 000	EUR	1 havi EURIBOR+1,5%	12.31.2027

20. TRADE PAYABLES

The maturity of trade payables is as follows:

Description	31 December 2024	31 December 2023
Not yet due	81 393	69 124
Due over 0-60 days	133 615	43 051
Due over 61-90 days	0	0
Due over 91-180 days	0	(169)
Due over 181 days	0	6
Total	**215 008**	**112 012**

21. OTHER CURRENT LIABILITIES

Description	31 December 2024	31 December 2023
Taxes payable	292 749	107 611
PIMCO KFT capital increase		842 737
Other current liabilities*	55 917	327 080
Short term liabilities from issued bonds	3 000 000	3 000 000
Cash pool liabilities	1 180 627	747 459
Deferred income	3 311	*
Accrued expenses	156 846	*
Related party liabilities	21 818	204 300
Other current liabilities	**4 711 266**	**5 229 187**

*No detailed allocation was presented.

22. MATERIALS AND SERVICES USED

Description	2024	2023
Material costs	(111 111)	(106 729)
Services used	(515 809)	(462 781)
Total	**(626 920)**	**(569 510)**

23. PERSONNEL RELATED COSTS

Description	2024	2023
Payroll costs	(902 474)	(683 287)
Other payments to personnel	(43 610)	(39 798)
Payroll taxes and social security contributions	(123 405)	(64 978)
Total	**(1 069 489)**	**(788 063)**

(all figures in thousand HUF unless indicated otherwise)

24. OTHER INCOME AND EXPENSES

Description	2024	2023
Received and paid concessions	(25 483)	(39 786)
Impairment Charges	15	(920)
Sale of investments in subsidiaries	0	0
Change in impairment of investments	50 000	(98 278)
Forgiven loan to subsidiary	0	0
Gains on fixed asset sales	4 352	(13 104)
Other	(87 523)	(68 818)
Total	**(58 640)**	**(220 906)**

25. OTHER FINANCIAL PROFIT OR LOSS

Description	2024	2023
Interest income	983 388	1 248 188
Interest expense	(843 900)	(973 637)
Impairment loss on investments	(2 529 612)	0
Impairment loss on loans granted to related parties	(1 734 618)	0
Other incomes and expenses of financial transactions	780 509	(958 414)
Total	**(3 344 233)**	**(683 863)**

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

Valuation of financial instruments	**Book value**		**Fair value**	
	2024.12.31	**2023.12.31**	**2024.12.31**	**2023.12.31**
Other non-current financial assets	12 877 253	15 608 706	12 877 253	15 608 706
Trade receivables	475 403	313 330	475 403	313 330
Tax receivables	32 662	59 517	32 662	59 517
Other current assets	563 537	536 469	563 537	536 469
Related party cash pool assets	0	447 922	0	447 922
Other current financial assets	0	1 898 340	0	1 898 344
Cash and cash equivalents	220 099	912 694	220 099	912 694
Total	**14 168 954**	**19 776 978**	**14 168 954**	**19 776 978**
Non-current finance lease liabilities	40 338	31 659	40 338	31 659
Liabilities from issued bonds	13 489 320	16 480 471	12 359 329	15 022 191
Other non-current lieabilities	2 915 135	2 644 502	2 915 135	2 644 502
Current finance lease liabilities	15 289	18 279	15 289	18 279
Trade payables	215 008	112 012	215 008	112 012
Other current liabilities	4 399 456	5 427 027	4 399 456	5 427 027
Related party cash pool liabilities	1 180 627	747 460	1 180 627	747 460
Total	**22 255 173**	**25 461 410**	**21 125 182**	**24 003 130**

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.

(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 2024	**Payment within 1 year**	**Payment within 2-5 year**	**Payment beyond 5 year**
Total loans and credits	0	0	0
Cash pool	(1 180 627)	0	0
Transaction costs	(88 547)	0	0
Total	**(1 269 174)**	**0**	**0**

Undiscounted cash-flow 2023	**Payment within 1 year**	**Payment within 2-5 year**	**Payment beyond 5 year**
Total loans and credits	-	0	0
Cash pool	(299 538)	0	0
Transaction costs	(34 746)	0	0
Total	**(334 284)**	**0**	**0**

26. TAXES

Tax receivables and tax payables were as follows:

	31 December 2024	**31 December 2023**
Taxes Receivable	32 662	59 517
Taxes Payable	(292 749)	(107 611)
Net Tax Receivable/(Payable)	**(260 087)**	**(48 094)**

Income tax for the years ended 31 December 2024 and 31 December 2023 includes the following components:

Income tax expense	**2024**	**2023**
Current Income Tax Expense	(19 051)	0
Deferred Income Tax Expense	(64 710)	91 846
Total Income Tax Expense	**(83 761)**	**91 846**

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

Period	**Actual tax rate**
2024	9%
2023	9%

(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 2024	31 December 2023
Property, plant and equipment	10 015	10 259
Receivables	0	111
Impairment of loans	0	0
Impairment of property, plant and equipment	(8 845)	8 845
Provisions	1 903	824
Carried forward loss	34 905	73 833
Prior years Impairment on investments (RO, SK)	21 559	30 375
Closing deferred tax assets, net	**59 537**	**124 247**
Of which deferred tax assets	**59 537**	**124 247**
Of which deferred tax liability	**0**	**0**

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.

Amount of deferred tax (DT) not recognized by the Company in the calculation of deferred tax:

Unrecognized deferred tax assets	DT base	DT	DT used	DT unused
Impairment recognized on investments	2 867 115	258 040	21 560	236 481
Impairment recognized on loans granted to related parties	1 734 618	156 116	0	156 116
Total	4 601 733	414 156	21 560	392 596

The Masterplast Nyrt's corporate income tax calculation as of 31 December 2024:

Items increasing the corporate income tax base

Description	Current Year 2024
Current year depreciation and amortization plus the net book value of written off PP&E recognized in the records	417 343
Impairment on loans	1 734 618
Paid penalties	6 263
Impairment on invetments	2 529 612
Provisions recognized	21 148
Non deductible costs	8 227
Total	**4 717 211**

Items deccreasing the corporate income tax base

Description	Current Year 2024
Current year depreciation and amortization plus the net book value of written off PP&E recognized by the tax law	420 048
20% of donations may be accounted for as a tax base reducing item	6 412
Write-back of impairment on receivables	15
Reversal of previously recognized impairment	50 000
Release of provisions	9 157
Dividend received from a domestic related party	1 097 720
Carried forward losses from previous years	211 676
Total	**1 795 028**

(all figures in thousand HUF unless indicated otherwise)

Corporate income tax calculation	2024
*Profit before tax**	***(2 710 507)***
Adjusted pre-tax profit	(1 795 028)
Tax-basis decreasing items	4 717 211
Tax-basis increasing items	**211 676**
Tax base	19 051
Adjusted tax basis	0
Corporate income tax payable (9%)	19 051
Tax benefits	***(2 710 507)***
Payable income tax (9%)	(1 795 028)

**Without consolidation of MRP*

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

Profit before tax	***(2 710 507)***
Actual income tax rate:	9,0%

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 2024 and 2023 was as follows:

Net sales	2024	2023
Provision of Services (real estates rents, fee for bookkeeping, finance and HR services)	1 224 463	759 591
Sale of Products	23	13 378
Bonuses, discounts	132 483	164 056
Total	**1 356 969**	**937 025**

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	2024	2023
Masterplast Medical Kft.	0	0
Massterplast Hungária Kft.	500 000	400 000
Masterplast International Kft.	597 720	382 220
Masterplast Modulhouse Kft	0	0
MasterPlast Ukrajna	0	0
Masterplast Sp zoo	157 246	149 372
Masterplast Nonwoven Kft.	0	0
Total	**1 254 966**	**931 592**

(all figures in thousand HUF unless indicated otherwise)

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 2024 and 2023 is as follows:

Related company	2024	2023
Masterplast Medical Kft.	607 257	495 481
Master Plast S.r.o.	43 303	8 144
Masterplast d.o.o.	14 991	5 690
Masterplast Romania S.R.L.	26 273	19 283
Masterplast Italia SRL	7 326	0
Masterplast Sp. z.o.o.	5 721	0
Masterplast D.O.O. (MAC)	951	0
Masterplast Ukraina TOV	5 754	0
Masterplast YU D.o.o.	36 208	16 849
Fidelis Bau Kft.	1 494	279
MasterFoam Kft.	79 919	62 859
Masterplast Hungária Kft.	486 998	324 920
Masterplast Modulhouse Kft.	32 116	28 004
Masterplast International Kft	536 499	406 230
Masterplast Nonwoven GmbH	7 533	4 135
Masterplast Proizvodnja d.o.o.	784	4 487
Total:	**1 893 127**	**1 376 361**

Associated company	2024	2023
Masterprofil Kft.	27 643	22 205
T-Cell Plasztik Kft.	5 011	2 481
MIP Zrt.	11 104	11 084
Pimco Kft.	5 079	8 506
Total:	**48 837**	**44 276**

(all figures in thousand HUF unless indicated otherwise)

Interest received from related parties for the years ending on 31 December 2024 and 2023 is as follows:

Related company	2024	2023
Masterplast Romania S.R.L.	0	0
Masterplast YU D.o.o.	67 455	147 686
Masterplast International Kft	401 402	418 584
Masterplast Nonwoven GmbH	189 701	193 653
Masterplast Modulhouse Kft.	47 341	121 217
Masterplast Proizvodnja d.o.o.	115 995	109 033
Pimco Kft.	0	17 450
Masterplast Italia SRL	72 664	26 225
Total:	**894 559**	**1 033 848**

Associated company	2024	2023
T-Cell Plasztik Kft.	0	21 582
Pimco Kft.	0	177
Masterwool MW-1 d.o.o. Sid	0	623
Total:	**0**	**22 382**

Cost of services provided by and cost of materials purchased from related parties in the years ending on 31 December 2024 and 2023 are as follows:

Related company	2024	2023
Masterplast International Kft.	12 226	1 688
Masterplast Medical. Kft.	2 255	4 549
Masterplast Hungária Kft.	6 137	6 390
Masterplast YU D.o.o.	60	23 055
Total	**20 678**	**35 682**

Associated company	2024	2023
T-Cell Plasztik Kft.	0	726
Total	**0**	**726**

(all figures in thousand HUF unless indicated otherwise)

Interest paid to related parties for the years ending 31 December 2024 and 2023 are as follows:

Related company	2024	2023
Masterplast Hungária Kft.	204 538	368 332
Master Plast S.r.o.	24 747	725
MASTERPLAST d.o.o.	10 98	0
Masterplast d.o.o MAC	2 906	0
Total:	**233 289**	**369 057**

Receivables from related and associated parties as of 31 December 2024 and 31 December 2023 are as follows:

Related company	2024	2023
Masterplast Medical Kft.	71 654	54 400
Masterfoam Kft.	12 146	10 265
Masterplast Hungária Kft.	54 486	56 135
Masterplast Modulhouse Kft	6 183	10 021
Masterplast International Kft.	192 700	67 334
Fidelis Bau Kft.	257	2
Master Plast S.r.o.	1 558	3 215
Masterplast Romania S.R.L.	2 009	3 215
Masterplast Nonwoven GmbH	16 747	19 086
Masterplast Italia	9 856	7 838
Masterplast YU D.o.o.	5 421	3 500
Masterplast d.o.o.	20	3 215
Masterplast D.O.O.	164	0
Masterplast Ukrajna	1 476	0
Masterplast Proizvodnja d.o.o.	306	0
Total:	**374 983**	**238 226**

Associated company	2024	2023
MasterProfil Kft.	5 233	4 022
T-Cell Plasztik Kft.	1 118	493
MIP Zrt.	21 134	12 351
Pimco Kft.	195	695
Total:	**27 680**	**17 561**

(all figures in thousand HUF unless indicated otherwise)

Liabilities from related and associated parties as of 31 December 2024 and 31 December 2023 are as follows:

Related company	2024	2023
Masterplast Medical Kft.	144	182
Masterfoam Kft.	0	0
Masterplast Hungária Kft.	16 092	24 139
Masterplast Modulhouse Kft.	0	19
Master Plast S.r.o.	2 443	725
Masterplast International Kft.	133 461	0
MASTERPLAST d.o.o.	226	0
Masterplast D.O.O:(MAC)	452	0
Masterplast Italia SRL	409	0
Total:	**153 227**	**25 065**

Associated company	2024	2023
MasterProfil Kft.	0	0
T-Cell Plasztik Kft.	0	0
MIP Zrt.	0	0
Pimco Kft.	0	0
Total:	**0**	**0**

Cash pool receivables from and payables to related parties as at 31 December 2024 and 31 December 2023 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 2024

Company name	Receivable	Liability
Masterplast Medical Kft.	0	(665 910)
Masterplast Hungária Kft.	325 501	0
Masterplast Modulhouse Kft.	151 087	
Masterplast International Kft.	1 975 046	0
MasterFoam Kft.		(605 098)
Total	**2 451 635**	**(1 271 008)**
Net Balance:		**1 180 627**

31 December 2023

Company name	Receivable	Liability
Masterplast Medical Kft.	569 206	0
Masterplast Hungária Kft.	45 377	0
Masterplast Modulhouse Kft.	0	(230 583)
Masterplast International Kft.	0	(1 138 803)
MasterFoam Kft.	455 265	
Total	**1 069 848**	**(1 369 386)**
Net Balance:		**-299 538**

Loans granted to related and associated parties as of 31 December 2024 and 31 December 2023 are as follows:

(all figures in thousand HUF unless indicated otherwise)

Related company	2024	2023
Masteplast Modulhouse Kft.	300 000	750 000
Masterplast International Kft.	4 956 662	8 306 326
Masterplast Nonwoven GmbH	3 258 228	3 942 634
Masterplast Italia SRL	0	612 448
Masterplast YU D.o.o.	1 502 933	1 802 930
Masterplast Proizvodnja d.o.o.	2 359 430	2 092 709
Total:	**12 377 253**	**17 507 046**

Associated company	2024	2023
MIP Zrt.	500 000	0
Total:	**500 000**	**0**

Loans received from related parties as of 31 December 2024 and 31 December 2023 are as follows:

Related company	2024	2023
Masterplast Hungária Kft.	2 300 000	2 300 000
Master Plast S.r.o.	533 117	344 502
MASTERPLAST d.o.o.	82 018	0
Total:	**2 915 135**	**2 644 502**

Dávid Tibor owns 100% of Essence Invest Ltd., Tibor Di Transilvania Srl, and together with Balázs Ács they own PrimoInvest Kft. (formerly Fóliatex Kft.) and Budai út 8. Kft. At AMZSAB Kft. and Firmum Capital Zrt. are 100% owned by Balázs Ács. Dávid Tibor holds a senior position at Országos Minifoci Szövetség. The Group's customer turnover with these related entities was EUR 0 in 2024 and 2023. HUF 30 000 thousand in 2024 and 30 000 thousand in 2023 were paid to Országos Minifoci Szövetség as sports grants.

Key executives of the Company discharge their duties as employees.

Short-term allowances paid to them in 2024 amounted to HUF 209 728 thousand (total company cost: HUF 220 127 thousand), while it was HUF 102 127 thousand (total company cost: HUF 113 463 thousand in 2023).

No loans were granted to senior officers either in 2024 or in 2023.

Total fees paid to the members of the Board of Directors was HUF 8 800 thousand in 2024 (total company cost: HUF 9 944 thousand, while it was HUF 7 200 thousand in 2023 (total company cost: HUF 8 424 thousand)

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.

(all figures in thousand HUF unless indicated otherwise)

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.

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):

	2024	2023
Appreciation of EUR / HUF rates by 3 %		
Financial profit/(loss)	(3 344 233)	(683 863)
Effect of exchange rate increase	(12 614)	13 438
Adjusted financial profit/(loss)	**(3 356 847)**	**(670 425)**
Profit before tax	(2 745 402)	(419 229)
Effect of exchange rate increase	(12 614)	13 438
Adjusted profit before tax	**(2 758 016)**	**(405 791)**
Depreciation of EUR / HUF rates by 3 %		
Financial profit/(loss)	(3 344 233)	(683 863)
Effect at FX rate decrease	12 614	(13 438)
Adjusted financial profit/(loss)	**(3 331 619)**	**(697 301)**
Profit before tax	(2 745 402)	(419 229)
Effect of exchange rate decrease	12 614	(13 438)
Adjusted profit before tax	**(2 732 788)**	**(432 667)**

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:

	2024	2023
Appreciation of interest rates by 1 % point		
Financial profit/(loss)	(3 344 233)	(683 863)
Effect of interest rate increase	11 806	(2 995)
Adjusted financial profit/(loss)	**(3 332 427)**	**(686 858)**
Profit before tax	(2 745 402)	(419 229)
Effect of interest rate increase	11 806	(2 995)
Adjusted profit before tax	**(2 733 596)**	**(422 224)**
Depreciation of interest rates by 1 % point		
Financial profit/(loss)	(3 344 233)	(683 863)
Effect of interest rate decrease	(11 806)	2 995
Adjusted financial profit/(loss)	**(3 356 039)**	**(680 868)**
Profit before tax	(2 745 402)	(419 229)
Effect of interest decrease	(11 806)	2 995
Adjusted profit before tax	**(2 757 208)**	**(416 234)**

(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.

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 2023 and 2024 based on the non-discounted values of contractual payments.

2024	Falling due within 1 year	Falling due within 1-5 years	Falling due beyond 5 years	Total
Finance lease liabilities	15 289	40 338	0	55 627
Liabilities from issud bonds		8 987 312	4 502 007	13 489 320
Other non-current liabilities		2 915 135	0	2 915 135
Creditors and other liabilities	4 926 274	0	0	4 926 274
Total	**4 941 563**	**11 942 785**	**4 502 007**	**21 386 356**

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	0	49 938
Liabilities from issud bonds	3 000 000	10 852 871	5 627 600	19 480 471
Other non-current liabilities	0	2 644 502	0	2 644 502
Creditors and other liabilities	2 341 199	0	0	2 341 199
Total	**5 359 478**	**13 529 032**	**5 627 600**	**24 516 110**

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	Fact	
	2024	**2024**	**2023**
net debt/EBITDA	≤3,25	14,8	n/a

Due to negative EBITDA, the Group did not meet the conditions of bond Nr 2031/I HUF related covenants on 31 December 2024. The working capital loan disbursed on 5 December 2024 was granted with the written consent of all bondholders.

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.

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 2024.
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.

(all figures in thousand HUF unless indicated otherwise)

32. EQUITY MATCHING SCHEDULE

STATEMNT OF CHANGES IN SHARE CAPITAL	Share capital	Treasury Shares	Capital Reserve	Comprehensive income	Retained earnings	Total Reserves	Profit (/loss) for the year	Total equity
01 January 2024	**1 685 063**	**(779 206)**	**11 106 827**	**(206 911)**	**2 544 963**	**13 444 879**	**(327 383)**	**14 023 353**
Profit for the year							(2 829 163)	(2 829 163)
Other comprehensive income - CCIRS						0		0
Effect of equity disposal (PIMCO)				80 327		80 327		80 327
Prior year's profit or loss reclas-sified						0		0
Transfer of Prior Year Profit					(324 988)	(324 988)	327 383	2 395
Restricted reserve					(25 866)	(25 866)		(51 732)
Redeemed treasury shares					0	0		0
Dividends paid						0		0
MRP consolidation					(2 390)	(2 390)		(2 390)
MRP Remuneration (2019-2020)						0		0
MRP Remuneration (2020-2021)								0
MRP Remuneration (2021-2022)								0
MRP Remuneration (2022-2023)		448 311						448 311
MRP Remuneration (2023-2024)								0
MRP Remuneration (2024-2025)		(537 384)						(537 384)
31 December 2024	**1 685 063**	**(868 279)**	**11 106 827**	**(126 584)**	**2 191 719**	**13 171 962**	**(2 829 163)**	**11 159 583**

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 subscibed at the Registration Court equals with share capital in accordance with IFRS.
** Rerained earnings usable to pay dividend is HUF 2 191 719 thousand.

(all figures in thousand HUF unless indicated otherwise)

33. MASTERPLAST EMPLOYEE SHARED OWNERSHIP PROGRAM

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

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

In connection with the 2023/2024 programme, MRP participants are employees of Masterplast Nyrt. and its fully owned subsidiaries (Masterplast Medical Kft., Masterplast Hungária Kft., Masterplast International Kft., Masterplast Modulhouse Kft. and Masterfoam Kft.), who are covered by the company's Remuneration Policies. The Company has included those managers of the aforementioned companies as Participants in the MRP entity who had the greatest influence on the achievement of the corporate business objectives set out in the Remuneration Policies.

Participants acquired shareholding in the ESOP in exchange for Masterplast shares and financial instruments allocated as non-cash contributions by the Founder.

The share-based 2023-2024 program related to 2024 was launched by the Company on 6 April 2023, however, due to non-compliance with the turnover and performance indicators specified in the remuneration policy, no MRP benefits will be provided in relation to the financial year. Accordingly, the Company did not recognise any expenses related to MRP remuneration in the 2024 financial year in the income statement.

Description of required indeces	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 MRP organization launch 2-year programs, the 2024/2025 remuneration program was launched in 2024, involving 140 000 shares. The vesting period is the second year after the launch of the programme, i.e. 2025, so the launch of this programme does not affect the consolidated accounts for 2024.

(all figures in thousand HUF unless indicated otherwise)

34. EARNINGS PER SHARE BASED ON CONSOLIDATED DATA

Consolidated data are presented in EUR.

	2024	2023
Shareholders' share of the consolidated profit/(loss) for the year (EUR)	-4 825 348	-15 810 988
Weighted average of ordinary shares (pieces)	16 577 520	16 591 430
Consolidated profit/(loss) for the year per share (basic) (EUR)	-0,29	-0,95
Shareholders' share of the modified consolidated profit/(loss) for the year (EUR)	-4 825 348	-15 810 988
Weighted average of ordinary shares (pieces)	16 577 520	16 591 430
Shareholders' share of the diluted consolidated profit/(loss) for the year (EUR)	-0,29	-0,95

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.

In accordance wtih 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 caluculation is based on the consolidated profit/(loss) for the year.

The consolidated profit for the year per share is EUR -0,29. The calculated diluted earnings per share (EUR -0,29) could not be higher than the basic earnings per share in accordancw 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:

Date	*Issued ordinary shares (piece)*	*Treasury shares (piece)*	*Traded ordinary shares (piece)*	*Number of days*	*Weighted average*
31.12.2023	16 850 631	251 857	16 598 774	365	16 591 430
31.12.2024	16 850 631	290 151	16 560.480	365	16 577 520

35. SUBSEQUENT EVENTS

In 2025, the Company implemented a capital increase at the following subsidiaries in order to maintain liquidity:

Company	Place of registration	Date
Masterplast Medical Kft.	Hungary	2025.04.01
Masterplast Modulhouse Kft.	Hungary	2025.04.01
MasterFoam Kft.	Hungary	2025.04.01
Masterplast YU D.o.o.	Serbia	2025.04.01
Masterplast Italia Srl. (1)	Italy	2025.02.17

On 28 February 2025, the Board of Directors of the Company has decided to increase the Company's share capital by way of a private placement of new ordinary shares in exchange for a monetary contribution, as follows: The amount of the share capital increase is HUF 240 000 000, in connection with which 2 400 000 registered, dematerialized new ordinary shares with a nominal value of HUF 100 per share and an issue price of HUF 2 500 per share will be issued. As a result, the total increased share capital amounts to HUF 1 925 063, comprising 19 250 631 registered ordinary shares with a nominal value of HUF 100 per share, each conferring identical rights.
The issue price of the ordinary shares involved in the share capital increase is HUF 2 500 share, totaling HUF 6 000 000 000. The amount exceeding the nominal value per share – HUF 5 760 000 000 in total – shall be allocated to

the Company's capital reserve. Based on the preliminary commitment statement and the Board of Directors' resolution on the share capital increase, MFB Vállalati Beruházási és Tranzakciós Magántőkealap; legally represented by Focus Ventures Befektetési Alapkezelő Zártkörűen Működő Részvénytársaság has acquired the right to subscribe for 2 400 000 registered, dematerialized new ordinary shares, and it has made a cash contribution of HUF 6 000 000 000, corresponding to their total issue value, within the deadline, in view of which the share capital increase was implemented on 4 March 2025. The Budapest Stock Exchange Plc. introduced the 2 400 000 dematerialized, registered ordinary shares, each with a nominal value of HUF 100, with a total nominal value of HUF 240 000 000, to stock exchange trading on 11 April 2025, and the number of securities introduced thus changed from 16 850 631 to 19 250 631.

Tibor Dávid and Ács Balázs – who together currently hold over 50% of the shares in the Company – have undertaken not to dispose of their Masterplast ordinary shares in a manner that would reduce their joint ownership and voting rights below 33% of the increased share capital without the Investor's consent, as long as the Investor remains a shareholder of the Company, but no later than 30 June 2036.

No dividend will be paid in connection with the financial year 2024.

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 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 2024 were approved by the Board of Directors in a resolution dated 17 April 2025 and allowed their publication. The annual financial statements may only be amended by the Annual Meeting of the Shareholders.

Registration number:07-10-001342

Tax number: 13805300-4-07

Company name: Masterplast Nyrt.

Address:8143 Sárszentmihály, Árpád u. 1/a.

MASTERPLAST PLC.

MANAGEMENT AND BUSINESS REPORT

Business year: 01/JAN/2024 – 31/DEC/2024

Sárszentmihály, 17th April 2025.

…………………………………….

CEO

Content

INTRODUCTION

The business report includes an analysis of the Group's financial performance, along with all other relevant information necessary to assess its operations. This encompasses, among others, the anticipated direction of future development along with associated risks, an introduction of the management team, R&D activities, and corporate social responsibility initiatives.

SUMMARY OD FINANCIAL DATA

The Company is registered in Hungary, with its registered office at 8143 Sárszentmihály, Árpád u. 1/a.

Masterplast Ltd., originally established for the trading of construction materials by private individuals, was transformed into a private limited company (Zrt.) on 29 September 2006. In preparation for listing on the stock exchange, the Company was converted into a public limited company (Nyrt) on 20 April 2011. Its technical listing on the Budapest Stock Exchange was completed on 29 November 2011.

Since its foundation, the Company has undergone dynamic growth. Today, its core activities include the management of its subsidiaries and real estate assets. In addition, the Company is engaged in real estate utilization.

Its investments are primarily held in subsidiaries of the Masterplast Group; therefore, developments in the construction industry significantly influence the Company's financial performance through the profitability and capital structure of its subsidiaries.

he Company's real estate utilization activities are linked to its sites in Sárszentmihály and Kál. All properties established at these two locations are 100% owned by Masterplast Plc and are leased out under rental agreements. The majority of tenants are subsidiaries operating on these premises, while a smaller portion consists of independent third-party businesses unrelated to the Group.

In addition, the Company provides parent company loans to its subsidiaries and enters into Group-level banking and procurement agreements. Group management and employees performing Group-wide functions are employed by Masterplast Plc, meaning that these centralized functions fall under the Company's supervision. Consequently, the governance of the Masterplast Group is also exercised through the Company.

The most significant figures from the balance sheet included in the supplementary notes, prepared in accordance with the International Financial Reporting Standards (IFRS) as adopted and endorsed by the European Union, are as follows:

1. Net Sales 1 356 969 e Ft (2023: 937 025 e Ft).

2. The result from operating activities for the year 2024 was negative. Operational profit: 632 785 T HUF (2023: 89 141 T HUF), PBT: -2 745 402 T HUF (2023: -419 229 T HUF).

3. Total assets 33 734 118 T HUF (2023: 39 579 229 T HUF).

4. Shareholder's euity 11 159 583 T HUF (2023: 14 023 353 T HUF). Share capital: 1 685 063 T HUF (2023: 1 685 063 T HUF).

FINANCIAL AND OTHER KPIS

Name of the indicators and their calculation		2024	2023
Ratio of non-current assets	Non-current assets / Total assets	0,95	0,89
Equity ratio	Equity / Total equity and liabilities	0,33	0,35
Liquidity indicator I.	Current assets / Current liabilities	0,22	0,66
Liquidity indicator II.	Cash and cash equivalents / Current liabilities	0,04	0,14
Efficiency of equity	Profit for the year / Equity	-0,25	-0,02
Operating Efficiency	Operating profit/(loss) / Equity	0,06	0,01

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

		2024	2023
1	Tibor Dávid	454 805 700 Ft	454 805 700 Ft
2	Ács Balázs	387 725 900 Ft	387 725 900 Ft
3	Bunford Tivadar	42 169 000 Ft	45 169 000 Ft
4	Nádasi Róbert	12 903 400 Ft	12 903 400 Ft
5	Jancsó Illés	4 490 900 Ft	4 490 900 Ft
6	Pécsi László	2 013 200 Ft	2 013 200 Ft
7	Lukács Flórián László	252 000 Ft	252 000 Ft
8	Több kisebbségi tulajdonos	751 687 900 Ft	752 544 300 Ft
9	Visszavásárolt részvények	29 015 100 Ft	25 158 700 Ft
Total:		**1 685 063 100 Ft**	**1 685 063 100 Ft**

VOTIN 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 COMITTE

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 2024, 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 Stat**utues.**

SUBSIDIARIES

As of 31 December 2024, Masterplast Plc has wholly owned and operational subsidiaries in 10 countries. Through these subsidiaries, the Company holds indirect interests and maintains a presence in the construction markets of the region.

SHARES

Társaság neve	Cégbejegyzés helye	Tulajdonosi hányad	Szavazati arány
Master Plast S.r.o.	Szlovákia	100%	100%
MasterFoam Kft.	Magyarország	100%	100%
Masterplast d.o.o.	Horvátország	100%	100%
Masterplast Medical Kft.	Magyarország	100%	100%
Masterplast Hungária Kft.	Magyarország	100%	100%
Masterplast International Kft.	Magyarország	100%	100%
Masterplast Modulhouse Kft. (3)	Magyarország	100%	100%
Fidelis Bau Kft.	Magyarország	100%	100%
Masterplast Romania S.R.L.	Románia	100%	100%
Masterplast Sp zoo	Lengyelország	80,04%	80,04%
Masterplast Nonwoven GmbH	Németország	100,00%	100,00%
Masterplast Italia SRL (6)	Olaszország	100,00%	98,7%
MasterPlast TOV	Ukrajna	80%	80%
Masterplast YU D.o.o.	Szerbia	100%	100%
MP Green Invest	Ukrajna	100%	100%
Masterplast D.O.O. (1)	Macedónia	100%	100%
MASTERWOOL MW-1 d.o.o (4)	Szerbia	100%	100%
Masterplast Proizvodnja D.o.o (5)	Szerbia	100%	100%
A Csoport társult vállalkozása:			
MasterProfil Kft.	Magyarország	20%	20%
T-CELL Kft.	Magyarország	24%	24%
MIP Zrt. (2)	Magyarország	50%	50%
PIMCO Kft. (3)	Magyarország	50%	50%

Masterplast Plc is responsible for the management and coordination of the Group's operations.
It provides the necessary operational infrastructure, including centralised contracts, guarantees, marketing and PR materials, among other support functions.

THE IMPACT OF MACROECONOMIC TRENDS ON THE CORPORATE GROUP'S ACTIVITIES

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.

Recent global events—such as the Russia–Ukraine war, pandemic-related restrictions, and the energy crisis—have created a persistently adverse macroeconomic environment characterized by high inflation and interest rates worldwide. Although slight improvements have been observed, the contraction in construction demand across Europe has not yet shown substantial signs of recovery, neither in new construction nor in the renovation segment. With previous renovation support programs having expired and new programs being delayed, the market in 2024 has been largely characterized by a wait-and-see approach. There are currently no major procurement difficulties, and product availability remains strong. As a result, the construction sector is marked by intensified competition and a significant drop in prices.

In several European countries, new economic policy measures and housing construction stimulus programs, as well as the stabilization of interest rates, are now only expected to be introduced in 2025. With the adoption of the EU directive on the energy performance of buildings, large-scale renovation programs have been proposed across Europe, which are expected to stimulate the renovation market in the near future. These modernization efforts will focus heavily on energy efficiency.

In Hungary, which remains our most significant market in terms of volume and strategic importance, the performance of the construction industry lagged behind the levels seen in 2023. A moderate decline was recorded in both the volume of new construction contracts and the number of building permits issued. Although an energy-efficiency-focused home renovation program was launched in the Hungarian market as early as the beginning of the second half of the year, the slow and bureaucratic nature of the application process resulted in lower-than-expected demand. A more pronounced market response is anticipated in 2025, following planned simplifications to the program's framework and access criteria. Furthermore, the announcement of the Rural Home Renovation Program's relaunch in 2025 had a dampening effect on demand in 2024, as many potential participants chose to delay their investments. With the planned expansion of the program's eligible user base, a substantial increase in demand may be expected in the coming year.

In Romania, the construction industry showed an overall decline in 2024. The downturn was driven by high inflation, rising interest rates, sectoral labor shortages, and increasing construction costs. While, according to the National Institute of Statistics, the number of building permits issued for residential properties increased compared to the base year, the volume of construction works declined during the first nine months of the year.

In Poland, the overall economy improved in 2024 compared to the previous year. However, construction sector performance declined due to rising construction costs and continued weakness in the residential building segment.

The German economy is estimated to have contracted by 0.2%. Industrial output decreased and demand remained weak. The construction industry faced substantial challenges in 2024, with the number of new residential buildings falling sharply below projections. Rising interest rates made financing more expensive, which dampened investment activity and contract signings. Although the German economy appears to be gradually emerging from recession, construction remains one of the most severely impacted sectors.

In Slovakia, despite GDP growth projections for the full year, the construction sector experienced a downturn in 2024. Demand decreased, as did the value of construction output and the number of new builds. A slight upturn was observed in the final month of the year, and forecasts for the coming year indicate a continued recovery in consumption, declining inflation, and an increase in investment projects supported by inflowing EU funds.

In Ukraine, the construction sector showed significant growth in 2024, with the volume of completed construction work rising by nearly one quarter compared to the previous year—when the sector had already begun to stabilize from the initial shock of war. Growth was recorded in engineering structures as well as residential and non-residential buildings. However, the war necessitated the redesign or suspension of numerous infrastructure projects. Reconstruction efforts have led to new contracts, particularly in transportation infrastructure and the energy sector. Foreign investment and international aid have also contributed to the formation of new projects. Overall, the Ukrainian real estate market in 2024 demonstrated strong regional disparities: while the western regions experienced growth, the eastern regions suffered setbacks due to the proximity and direct impact of the war. Government programs and foreign investments are expected to support further stabilization and growth of the market in the future.

The table below summarises the year-on-year evolution of GDP growth, construction output and the number of housing permits issued by country, based on EUROSTAT statistics.

	GDP growth (current prices)%		Change in construction output (compared with previous year)%		Change in the number of building permits issued (compared to previous year)%	
Country	**2023**	**2024**	**2023**	**2024**	**2023**	**2024**
Germany	- 0,3	- 0,2	- 1,1	- 3,1	- 31,1	- 19,5
Croatia	3,3	3,8	5,2	14,9	-	8,8
Italy	0,7	0,7	6,9	5,0	- 7,7	
Hungary	- 0,9	0,5	- 5,3	- 0,3	- 39,8	- 3,2
Poland	0,1	2,9	5,2	- 7,7	- 19,4	21,6
Romania	2,4	0,9	16,2	- 5,8	- 24,8	2,2
Slovakia	1,4	2,0	0,5	- 5,4	- 3,9	- 24,6
North Macedonia	2,1	2,8	- 1,8	19,5	12,6	6,1
Serbia	3,8	3,9	12,7	6,0	- 1,2	
EU (27 Member States)	0,4	1,0	1,3	- 1,3	- 19,6	

Source: *EUROSTAT: Building permits - annual data [sts_cobp_a__custom_15768074]; Production in construction - annual data [sts_copr_a__custom_15767899]; Real GDP growth rate - volume [tec00115__custom_15767522]*

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	69 360	78 416	-12%
Roofing foils and accessories	24 107	24 765	-3%
Dry construction system	8 756	11 913	-27%
Heat, sound and water insulation materials	15 512	13 057	19%
Building industry accessories	3 971	4 598	-14%
Industrial applications	14 431	12 455	16%
Total sales revenue	**136 137**	**145 204**	**-6%**

Contribution of product groups in percentage to the total sales revenue		
Thermal insulation system	51%	54%
Roofing foils and accessories	18%	17%
Dry construction system	6%	8%
Heat, sound and water insulation materials	11%	9%
Building industry accessories	3%	3%
Industrial applications	11%	9%
Total sales revenue	**100%**	**100%**

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

In 2024, the Group's consolidated revenue decreased by 6%, amounting to EUR 136 137 thousand.

Breaking down the revenue, the Thermal Insulation System product group continued to account for the largest share (51%). However, sales in this segment declined by 12% compared to the previous year. Within the product group, the most significant drop was observed in self-manufactured EPS products and fiberglass mesh, while accessory products such as adhesives and profiles also saw a comparable decrease. On a geographical basis, revenue increased in Serbia and North Macedonia, while it declined across the Group's other markets.

Sales of Roofing Foils and Accessories decreased by a moderate 3% compared to the 2023 base year. The Group's in-house manufacturing capacity enabled access to new markets and partners, which partially mitigated the impact of the industry-wide recession in this product category. Regionally, revenues increased in Poland, Hungary, and North Macedonia, while declining in other markets.

In the Dry Construction System segment, the Group's revenue fell by 27% year-on-year. Both drywall profiles and panels recorded a decrease in sales. With the exception of Ukraine, revenues declined across all geographical markets in this segment.

The product group comprising Heat, Sound and Water Insulation Materials recorded a 19% increase in sales compared to 2023. Growth was primarily driven by the recently launched self-manufactured XPS product line, as well as the expanding sales of glass wool and rock wool products. From a geographical perspective, revenues declined in Slovakia, Romania, and Poland, while they either remained stable or increased in other regions.

In the market of Building Industry Accessories, the Group’s revenue declined by 14% in 2024 compared to the base period. Sales performance fell short of the previous year’s results across all of the Group’s operating markets.

The Industrial Applications product group saw a 16% increase in revenue compared to 2023. Revenue growth was observed in healthcare products, nonwoven fleece, and multilayer membranes. In addition, this segment includes the revenue from the sale of Certified Energy Savings (CES), generated through energy-efficiency renovation projects carried out with the involvement of MASTERPLAST.

TURNOVER BY COUNTRY

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

Sales by countries (thousands of EUR)	2024	2023	Change %
	(A)	(B)	(A/B-1)
Hungary	49 950	54 094	-8%
Export	14 514	15 484	-6%
Poland	13 139	13 547	-3%
Romania	12 209	13 209	-8%
Serbia	11 265	10 253	10%
Germany	9 803	9 644	2%
Ukraine	7 641	8 415	-9%
Italy	7 063	7 625	-7%
Slovakia	5 133	6 030	-15%
Croatia	3 948	5 466	-28%
North Macedonia	1 473	1 437	3%
Total sales revenue	**136 137**	**145 204**	**-6%**

Contribution of countries in percentage to the total sales revenue		
Hungary	37%	37%
Export	11%	11%
Poland	10%	9%
Romania	9%	9%
Serbia	8%	7%
Germany	7%	7%
Ukraine	6%	6%
Italy	5%	5%
Slovakia	4%	4%
Croatia	3%	4%
North Macedonia	1%	1%
Total sales revenue	**100%**	**100%**

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

In the Group's largest market, Hungary, revenue declined by 8% in 2024 compared to the previous year. A wait-and-see attitude dominated the market, driven primarily by anticipation surrounding the launch or revision of renovation support programs, most of which are scheduled to take effect from 2025. It is important to note, however, that the sale of Certified Energy Savings (CES) also made a significant contribution to the Group's annual Hungarian revenue performance.

In export markets, annual revenue decreased by 6%. The Roofing Foils and Accessories product group—which relies on the Group's in-house production capacity—registered a drop in sales, and stagnation or decline was observed in several other product groups as well. MASTERPLAST managed to increase its revenue in certain countries, such as the Czech Republic, Turkey, Austria, and Bulgaria. However, revenues declined in several other markets—most notably in France and Greece—compared to the previous year.

In Poland, the Group registered a milder 3% revenue decline relative to the strong base year of 2023. Revenue increased in the Roofing Foils and Accessories product group thanks to growing sales of self-manufactured products, while sales in all other product groups declined year-on-year.

In Romania, revenue fell by 8%. Slight growth was recorded in the sales of self-manufactured fiberglass mesh, allowing the Thermal Insulation System product group to close the year near its 2023 level. However, revenues in all other product groups declined compared to the prior year.

In Serbia, sales increased by 10% year-on-year in 2024. Growth was driven primarily by the Heat, Sound and Water Insulation Materials product group—most notably in self-manufactured XPS products. Significant growth was also recorded in self-manufactured EPS products within the Thermal Insulation System product group, compared to 2023.

In Germany, revenue grew by 2% year-on-year in 2024. Sales of self-manufactured nonwoven fleece materials used in healthcare applications performed well, while sales in the Roofing Foils and Accessories and the Thermal Insulation System product groups declined slightly.

In Ukraine, revenue declined by 9% in 2024 compared to the prior year, which was also characterized by wartime conditions. The decrease was mainly attributable to lower sales in the Thermal Insulation System and Roofing Foils and Accessories product groups.

In Italy, revenue fell by 7% year-on-year. The market is dominated by the Thermal Insulation System product group. Within the segment, sales of fiberglass mesh declined significantly, while sales of self-manufactured EPS products and nonwoven fleece for industrial applications increased relative to the previous year.

In Slovakia, revenue dropped by 15% in 2024. All product groups registered lower sales compared to the prior year.

In Croatia, the Group's revenue declined by 28% compared to 2023. The most significant decreases occurred in the Thermal Insulation System and Roofing Foils and Accessories product groups.

In North Macedonia, the market with the smallest share of the Group's total revenue, sales increased by 3% year-on-year. Growth was primarily driven by the Thermal Insulation System product group, supported by positive performance in Roofing Foils and Accessories. Other product groups, however, experienced a decline in sales.

LONG-TERM STRATEGY

The Company's vision is clearly defined as follows: As a leading environmentally conscious European manufacturer, we contribute to the construction of energy-efficient buildings.

Over recent years, the Group has executed substantial production development investments. Manufacturing capacity has been significantly expanded in fiberglass mesh and diffusion roofing membranes, enabling the Group to serve premium markets with the highest quality requirements. Insulation capacities have also grown with the commissioning of two new EPS plants and one XPS facility.

MASTERPLAST aims to sustain its dynamic growth rate, with geographic focus on European Union countries and Serbia. Sales and earnings growth are targeted across the construction sector, modular construction, and industrial sales markets.

The Group’s distributor subsidiaries serve construction material traders, purchasing associations, and DIY retail chains. Given the structural differences in construction materials trading by country, tailored sales strategies are developed per market to ensure maximum market share and profitability. Markets without local subsidiaries are managed through export departments, with sales classified as export revenue. The strategic goal is to have strong, local partners represent the MASTERPLAST product portfolio in each market.

Growth in export activity supports the strengthening of the Company’s market position in fiberglass mesh and roofing membranes and increases targeted market share across EU countries in these segments. A broad product range combined with an expanding production base ensures increasing competitiveness. For partners, value is delivered through supply security, consistent quality, product certifications, and competitive price-to-value ratios.

Within the construction industry, insulation remains the primary growth driver for the Group. MASTERPLAST’S product portfolio and insulation systems enable the energy-efficient thermal insulation of institutional and residential buildings, directly supporting the EU’s goals to reduce building energy consumption.

The Group’s medium-term growth trajectory is further supported by ongoing joint venture investments in mineral fiber insulation manufacturing. Construction of a glass wool plant in Szerencs, supported by HIPA funding of HUF 5.645 billion on a 4.3-hectare site, is progressing as planned in partnership with Polish firm Selena FM S.A., holding a 50% stake. Pilot production is expected in Q2 2025, with full-scale commercial production starting in Q3 2025. The facility will operate on circular economy principles, using recycled glass as a primary raw material. Design planning has been completed for the rock wool plant in Halmajugra. MASTERPLAST and Market Építő Zrt. have signed a mutual agreement on involving a financially strong and professionally experienced investor, including the possibility of acquiring the other party’s ownership stake.

The recyclability of insulation materials is becoming increasingly important. In Hungary, the Company continues to operate the “Hungarocell Green Program,” collecting and recycling EPS and XPS cutting waste. In the future, MASTERPLAST aims to develop insulation systems—expanding its green product portfolio—that allow for the dismantling, collection, and reuse of insulation materials at the end of their lifecycle.

The Group plans to further develop both its manufacturing and sales capabilities to meet the rising regulatory and market-driven energy efficiency demands. Manufacturing and business processes are being reorganized to reduce waste, emissions, and specific energy consumption, while increasing the use of renewable energy sources. Automation and robotics will play an important role in future investments and developments. Leveraging a wide and diversified supplier network ensures smooth fulfillment of growing production and sales needs.
The Group’s modular construction division contributes to its environmental and sustainability goals by enabling off-site construction of building elements, thereby minimizing on-site waste. Factors such as labor shortages, rising wages, and the need for predictability continue to drive the adoption of modular construction. Customers are increasingly open to alternative building solutions, prioritizing functionality, sustainability, and recyclability over traditional materials and methods.

In modular construction, highly finished building units are manufactured under industrial conditions. Its key advantages—particularly for large-scale production—include lower unit design costs through standardized plans, optimized production processes, and more efficient procurement due to standardized materials. The Company’s goal is to become a key partner to general contractors in Hungary’s modular construction sector and establish itself as a major player in this rapidly evolving market.

The Group continuously reviews its industrial-grade product portfolio and seeks to apply its manufacturing expertise in other industries. Through acquisitions, the Group now operates nonwoven textile production in Aschersleben and Sárszentmihály. These products are suitable for applications in filtration, furniture, apparel, packaging, and agriculture. Fiberglass mesh is used in composite materials that reinforce plastics in the automotive and marine industries, as well as in facade cladding systems and construction boards.

As part of its digitalization and online strategy, MASTERPLAST places strong emphasis on supporting web-based sales, while also planning to transform and digitize internal business processes. These initiatives are expected to facilitate faster, more efficient workflows with minimal human intervention. Recognizing the potential of digitalization, the Company actively works to optimize its manufacturing processes through cutting-edge technologies, aiming to enhance its competitiveness and operational excellence.

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 2024, the Company placed strong emphasis on improving efficiency, optimizing production processes, and further enhancing product quality in the area of fiberglass mesh manufacturing. To this end, several new machines were acquired and the existing production equipment was upgraded, ensuring increased production capacity and operational stability. These developments also elevated the overall quality standards and enabled the production of new product types, including further expansion into specialized product categories.

One of the most significant innovations was the introduction of a fully in-house developed automated quality control system. This advanced technology enables more rigorous inspection of finished products, ensuring outstanding fiberglass mesh quality and strict adherence to production standards. In addition to technological enhancements, the Company achieved several important certifications in 2024, including E-glass and ETA validations, further strengthening product competitiveness and compliance with international regulations.

At the Serbian EPS plant, MASTERPLAST enhanced production efficiency in 2024 through the implementation of a modern automated robotic system. This innovative development not only streamlined manufacturing processes but also significantly reduced the need for manual labor while improving the uniformity and precision of the final products.

One of MASTERPLAST’s most advanced production units commenced operations in 2024 in Subotica, marking the launch of XPS thermal insulation manufacturing. This strategically important development further expanded the Company’s portfolio of in-house products, reinforcing its commitment to the consistent supply of high-quality insulation solutions. The new facility also supports MASTERPLAST’s ability to offer complete thermal insulation systems while reducing reliance on external suppliers.

Production of XPS officially began in March, and following initial commissioning, the full production line underwent several major technological upgrades. These improvements were designed to apply state-of-the-art industrial solutions, enabling MASTERPLAST to deliver the highest quality standards to the market. Thanks to automation advancements and continuous process optimization, the efficiency and reliability of production significantly improved, supporting the consistent output of high-quality XPS products.

By year-end, the XPS plant received its first CE mark certification, confirming compliance with European Union standards and regulatory requirements. This certification not only boosts the competitiveness of the manufacturing operation but also validates the declared product quality, further strengthening MASTERPLAST’s position in the XPS thermal insulation market.

In its modular housing division, MASTERPLAST continued development efforts launched in 2022 with the aim of establishing a steel-based 3D modular construction system capable of achieving more than 95% factory prefabrication, thus minimizing on-site construction work. In 2024, further progress was made in refining the element kit and detail solutions. Temporary protection systems for transport and installation were successfully tested on multiple projects.

As a result, MASTERPLAST reduced the variety of construction elements. The modular element kit for the so-called "grey shell" stage has been finalized, simplified, and reduced by approximately 30% in terms of SKU count. This rationalization will allow for simpler inventory management and lower stock levels in future operations while maintaining continuous production capability.

New solutions were also developed for foundation systems and pitched roof structures. Due to the complete standstill in demand for dormitory and industrial hall head buildings, MASTERPLAST has shifted its focus toward the single-family home market. This strategic shift prompted the development of standard house plans and the creation of a new B2C online presence. In line with this, the Company redesigned its mechanical system solutions and improved lifting and installation logistics by reducing the total weight of the modules by 15%.

As a result of these developments, the number of SKUs and inventory were reduced by 30%, and crane-related installation costs were lowered by 20–25%. Standard designs and an online interface are now available for single-family home applications, and mechanical system costs have been rationalized by approximately 20%. In addition to flat roof models, pitched-roof houses can now also be constructed.

While pricing remains broadly aligned with traditional construction methods, MASTERPLAST's modular solution can be implemented in half—or even a third—of the time, based on predefined building plans, and with half the environmental footprint. Beyond technical innovation, MASTERPLAST's strategic focus in 2025 will be on successful market entry and commercialization of this product line.

ENVIRONMENTAL ACTIVITIES

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.

One of the key strategic objectives of the MASTERPLAST Group is to gradually transition to renewable energy sources in support of energy efficiency and sustainability. As part of this commitment, small-scale solar power plants have been established at various sites, including Sárszentmihály, Zalaegerszeg, Hajdúszoboszló, and Kál. Each facility operates with different installed capacities and forecasted annual outputs. Through the implementation of these new solar installations, MASTERPLAST significantly reduces the environmental impact of its energy consumption while improving operational efficiency. The Company remains firmly committed to sustainable projects of this nature, which contribute to environmental protection and the fight against climate change.

The Group operates its Environmental Management System in accordance with the ISO 14001:2015 standard. As part of the system, the environmental engineer regularly assesses and documents environmental factors and impacts. The introduction of the system and its operational procedures are detailed in the Integrated Management Manual. The Group's key environmental responsibilities include water quality protection, air pollution control, waste management, chemical handling, noise and vibration protection, soil preservation, and emergency response activities.

Environmental compliance and the adoption of environmentally conscious technologies are prioritized in both operational and strategic decision-making, as well as in commercial policy. As responsible corporate entities, the Group's members adhere to all applicable environmental regulations and standards in force at any given time.

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

The MASTERPLAST Group does not currently operate under a specific internal policy dedicated exclusively to circular economy practices; however, its ISO standards—particularly ISO 14001:2015 and ISO 50001:2018—have both direct and indirect impact on the Group’s alignment with circular economy principles. Compliance with these standards is supported by the Group’s proactive approach to preventing, mitigating, or correcting actual or potential negative environmental impacts. In addition, the standards assist in managing risks and capitalizing on opportunities.

The Group places particular emphasis on optimizing material usage, improving waste management efficiency, and advancing recycling processes. Resource outflows associated with its products include waste generated during production, emissions from manufacturing processes, and end-of-life demolition waste management.

MASTERPLAST operates an Environmental Management System in accordance with the ISO 14001:2015 standard, which forms the basis for responsible waste management and contributes to reducing environmental impact. The Group also complies with its internal Environmental Policy and Hazardous Waste Management Regulation in fulfilling its waste-related obligations.

The majority of the Group’s annual waste is generated from its manufacturing activities. As a responsible company, MASTERPLAST has implemented a comprehensive waste management program, aiming to reuse production waste on-site whenever possible. Where reuse is not feasible, the Group collaborates with professional external partners to ensure proper recycling or treatment of waste.

Waste generated across the Group is monitored centrally. Waste is collected separately by type in accordance with the Group’s Environmental Policy. Each site practices conscious waste management through selective collection and in-house reuse. Consistent with the principle of prevention, the Company focuses on minimizing waste generation. It ensures that recyclable or hazardous waste is processed at the nearest licensed and suitable facility. The Group also aims to assess the full life cycle of its products, including their durability, potential for reuse, and end-of-life disposal.

In line with circular economy principles, MASTERPLAST implemented several key measures in 2024 to optimize material consumption, enhance waste handling efficiency, and improve recycling opportunities. One of the most significant steps was the acquisition of a new recycling unit at the production site of MASTERPLAST Medical Kft. This equipment enables the recycling of production scraps generated during roofing membrane manufacturing. The recovered materials are reintegrated into the raw material stream, reducing both waste volume and the need for virgin materials.

Approximately 95% of production-related waste is recyclable or reusable. Under the “Hungarocell Green Program,” MASTERPLAST collects and recycles EPS and XPS insulation material cutting waste. MASTERPLAST Hungária Kft. takes pride in being the first company in the Hungarian construction industry to launch such a green initiative, offering environmentally conscious solutions for customers who use MASTERPLAST insulation systems by providing free collection and treatment of leftover polystyrene.

What makes this initiative unique is that clean cutting waste is collected from partners, transported free of charge, and converted into new insulation material—Thermobeton. This product contributes to reducing buildings' carbon emissions across its entire lifecycle, offering an outstanding sustainable solution.

All waste management suppliers involved in the process operate with the required licenses, and their facilities are regularly inspected by the Company. MASTERPLAST maintains records of both hazardous and non-hazardous waste in full compliance with legal regulations, ensuring traceability of waste types, volumes, and destinations. All waste is treated off-site by certified partners. Waste data collection is performed at Group level, as required by national legislation.

The Company has established formal waste management and hazardous waste handling policies. In 2023, all Hungarian subsidiaries completed MOHU and EPR (Extended Producer Responsibility) registration. No environmental fines were imposed on the Group during the reporting period.

MASTERPLAST places strong emphasis on ensuring that employees manage and reduce waste both in the workplace and in their personal lives. Through its "Green Newsletter," the Group regularly raises awareness about selective waste collection and environmental awareness days (e.g. World Water Day), complemented by various educational programs and activities. A key objective is to promote a sustainability-focused mindset among employees and encourage active engagement in waste reduction and environmental responsibility.

As part of the environmental training program, all employees are expected to minimize waste generation and commit to selective waste collection in line with internal policies. New hires receive general guidance during onboarding and are informed about the obligation to collect waste separately. Every new colleague participates in environmental training, which is followed by annual refresher sessions. The effectiveness of the training is verified through written tests. Employees handling hazardous or non-hazardous waste receive specialized training, and their continuous education is a priority at MASTERPLAST.

The Group maintains up-to-date records of all waste generated across its operations. MASTERPLAST fulfills its waste reporting obligations on time, thereby assisting authorities in tracking waste data—including volume, composition, origin, and treatment—and supporting efforts to reduce waste, promote circularity, and meet sustainability goals.

The Group's main waste types include packaging waste generated during manufacturing and commercial activities, such as paper, plastic film, wood, and metal. Hazardous waste primarily includes tools contaminated with oil. The Company's core activities produce non-hazardous paper and cardboard packaging waste, plastic packaging waste, and wood scraps. Paper, cardboard, and plastic packaging materials are stored in specially designated covered areas using sealed boxes, separated by waste category. Wood waste is also stored in dedicated locations. Non-hazardous waste generated at the sites is handed over to licensed waste management partners under codes E0206 and G0001.

MASTERPLAST's sustainability objectives include both statutory requirements and voluntary commitments. In line with legal regulations, the Company ensures proper construction waste collection and works to reduce CO_2 emissions. On a voluntary basis, the Company promotes the increased use of recycled raw materials and the development of a sustainable supplier network. Its goals are aligned with the circular economy criteria of the EU Taxonomy Regulation (2020/852), and continuous efforts are made to meet the "Do No Significant Harm" (DNSH) requirements.

SHORT-TERM PLANS AND THE COMPANY'S LONG-TERM STRATEGY

The MASTERPLAST Group's strategy is built upon sustainability and innovation, responding to global construction trends and addressing both environmental and economic challenges. The Company aims to assume a leading role in the construction materials industry—particularly in the field of sustainable, energy-efficient solutions—while continuously strengthening its international presence and expanding its production capacities.

The primary objective of the European Union's Energy Performance of Buildings Directive (EPBD) is to significantly reduce the energy consumption of buildings through energy efficiency measures, contributing to the EU's climate neutrality target by 2050. The directive requires Member States to develop national plans to improve the energy performance of their building stock, including increasing renovation rates and outlining long-term strategies. This regulatory evolution is expected to drive the launch of renovation programs across Europe, resulting in significant medium- and long-term growth in demand for thermal insulation materials.

According to the Company's vision, by the second half of the decade, MASTERPLAST could become the only insulation material manufacturer in the Central and Eastern European region with significant production and market positions in both plastic-based and mineral-based insulation products.

In Hungary—the Company's largest market—the impact of the newly introduced home renovation program is expected to be felt as early as the beginning of 2025. The simplified program, designed to benefit homeowners, offers highly favorable conditions for the energy modernization of single-family homes built before 2007. Moreover, the outlook for the construction industry is further strengthened by the government's New Economic Policy Action Plan, of which 10 out of 21 measures directly support the construction and housing sectors. Among these, the relaunch of the Rural Home Renovation Program in 2025 is expected to boost construction demand, particularly by supporting housing improvements—including but not limited to energy upgrades—for residents of municipalities with fewer than 5 000 inhabitants.

The Group also sees business potential in entering the market for Certified Energy Savings (CES). CES represents a tradable right generated through accredited energy efficiency measures. These certificates can be sold within the Energy Efficiency Obligation Scheme (EEOS) to obligated parties. In line with this, MASTERPLAST launched its Hungarocell Renovation Program in September 2024—the first initiative in Hungary to generate CES from thermal insulation of single-family homes. Additionally, the Company joined similar attic insulation programs through partner collaborations. Revenue generated from CES transactions is expected to further support the Group's performance in the first half of 2025.

In parallel with the European Central Bank's rate-cutting actions, development activities have begun to resume—albeit gradually—across European markets. Positive changes are already visible in the Group's export framework agreements, especially benefiting the Company's self-manufactured product categories. As a long-standing player in the Ukrainian market, MASTERPLAST also sees significant business potential in the country's post-war reconstruction. Recent developments in international diplomacy have created realistic prospects for a ceasefire agreement. Based on these trends, the Company anticipates an accelerating positive trajectory in 2025 and a stronger market recovery with a breakthrough in financial performance by 2026.

In 2024, the Company continued to focus on optimizing operations, production, and inventory levels, alongside conscious energy management. The Group restructured and streamlined its management functions, reviewed core processes, and launched significant cost-reduction and workforce optimization initiatives across both production and operational areas.

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Over recent years, the Group has executed substantial production development investments. Manufacturing capacity has been significantly expanded in fiberglass mesh and diffusion roofing membranes, enabling the Group to serve premium markets with the highest quality requirements. Insulation capacities have also grown with the commissioning of two new EPS plants and one XPS facility.

MASTERPLAST aims to sustain its dynamic growth rate, with geographic focus on European Union countries and Serbia. Sales and earnings growth are targeted across the construction sector, modular construction, and industrial sales markets.

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Growth in export activity supports the strengthening of the Company's market position in fiberglass mesh and roofing membranes and increases targeted market share across EU countries in these segments. A broad product range combined with an expanding production base ensures increasing competitiveness. For partners, value is delivered through supply security, consistent quality, product certifications, and competitive price-to-value ratios.

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The Group's medium-term growth trajectory is further supported by ongoing joint venture investments in mineral fiber insulation manufacturing. Construction of a glass wool plant in Szerencs, supported by HIPA funding of HUF 5.645 billion on a 4.3-hectare site, is progressing as planned in partnership with Polish firm Selena FM S.A., holding a 50% stake. Pilot production is expected in Q2 2025, with full-scale commercial production starting in Q3 2025. The facility will operate on circular economy principles, using recycled glass as a primary raw material.

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The Group plans to further develop both its manufacturing and sales capabilities to meet the rising regulatory and market-driven energy efficiency demands. Manufacturing and business processes are being reorganized to reduce waste, emissions, and specific energy consumption, while increasing the use of renewable energy sources. Automation and robotics will play an important role in future investments and developments. Leveraging a wide and diversified supplier network ensures smooth fulfillment of growing production and sales needs.

The Group's modular construction division contributes to its environmental and sustainability goals by enabling off-site construction of building elements, thereby minimizing on-site waste. Factors such as labor shortages, rising wages, and the need for predictability continue to drive the adoption of modular construction. Customers are increasingly open to alternative building solutions, prioritizing functionality, sustainability, and recyclability over traditional materials and methods.

In modular construction, highly finished building units are manufactured under industrial conditions. Its key advantages—particularly for large-scale production—include lower unit design costs through standardized plans, optimized production processes, and more efficient procurement due to standardized materials. The Company's goal is to become a key partner to general contractors in Hungary's modular construction sector and establish itself as a major player in this rapidly evolving market.

The Group continuously reviews its industrial-grade product portfolio and seeks to apply its manufacturing expertise in other industries. Through acquisitions, the Group now operates nonwoven textile production in Aschersleben and Sárszentmihály. These products are suitable for applications in filtration, furniture, apparel, packaging, and agriculture. Fiberglass mesh is used in composite materials that reinforce plastics in the automotive and marine industries, as well as in facade cladding systems and construction boards.

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RISK MANAGEMENT

Total credit risk

The Group supplies the goods and services to numerous customers. Given its contract volumes and the creditworthiness of its buyers, the Company 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.

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

Th 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 2024, the Group had credit lines totalling nearly EUR 50.1 million (EUR 51.7 million on 31 December 2023), 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 40,2 million as at 31 December 2024) 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 available credit lines and financing arrangements provide the Group with adequate liquidity and financial stability to support the achievement of its 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 was shaped by the political, macroeconomic and general government 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.

Foreign currency risk

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

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

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

Tax risk

The Group monitors the changes in legislation and acts immediately when a change in regulations affecting the Group as a whole takes effect and implements measures or amends existing policies as necessary. As a result management is not aware of any significant tax risks.

Equity Risk

- Dividend payment policy

In the event the Group cannot find development and acquisition targets required for its growth, it can pay dividends to shareholders in addition to providing adequate profitability and working capital. The dividend rate is the maximum of 50% of the profit for the year.

- Capital increase

Masterplast increased its capital in 2018 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. On 28 February 2025, the Company’s Board of Directors resolved to increase the share capital by way of a private placement of new ordinary shares against cash contribution.

- 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.

In order to ensure lawful operations, the MASTERPLAST Group operates an internal whistleblowing system in accordance with Directive (EU) 2019/1937 of the European Parliament and of the Council on the protection of persons who report breaches of Union law, as well as Act XXV of 2023 on complaints, public interest disclosures, and the rules related to whistleblowing in Hungary (hereinafter: “Whistleblower Protection Act”). The system is also governed by the Group’s internal Whistleblowing Policy.The purpose of the whistleblowing system is to investigate reports concerning actual or suspected unlawful acts, omissions, or other misconduct, in full compliance with the applicable legal requirements.

The Group’s expectations toward its suppliers are outlined in the Supplier Code of Conduct and Ethics, which is available on the Company’s website: https://www.masterplastgroup.com/vallalatiranyitas/

LABOUR FORCE MANAGEMENT

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

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

Respect for human rights is a fundamental value of the MASTERPLAST Group and is embedded in all aspects of our operations—whether in manufacturing, product development, sales, or in our engagement with stakeholders, including employees, investors, suppliers, customers, and others.

We support and are committed to integrating the United Nations Guiding Principles on Business and Human Rights and the OECD Guidelines for Multinational Enterprises across our business activities. We also encourage our partners and suppliers to adopt the same principles in their cooperation with the MASTERPLAST Group.

Our approach to human rights is an integral part of the Group’s Code of Ethics and the Supplier Code of Conduct and Ethics.

https://www.masterplastgroup.com/emberi-jogi-politika

OVERVIEW OF THE SITES

As of 31 December 2024, the MASTERPLAST Group operated facilities in 10 countries and maintained production bases in 5 of them. The Group’s subsidiaries collectively manage movable property assets across nearly 548 000 m², including 7 000 m² of office space, 49 000 m² of production halls, 82 000 m² of warehouse buildings, and 182 000 m² of paved and asphalted open-air storage areas, parking lots, and internal roads.

The maintenance and technical upkeep of buildings, utility infrastructure, and exterior spaces at these sites is continuous and ensures the preservation of operational quality.

To manage energy consumption more efficiently, the Group has installed sub-meters at high-consumption facilities in multiple phases. The first meters were deployed in 2020, followed by an expansion in 2023 in response to regulatory tightening. This allowed for increased coverage and monitoring of energy use. In spring 2024, a 0.5 MWh capacity small-scale solar power plant was commissioned. Following the completion of the current solar project, the Group plans to further expand photovoltaic capacity at the Sárszentmihály site (0.228 MWh), including the installation of a 400 kW / 800 kWh energy storage unit at the medium-voltage connection point (KÖF.POD).

The implementation of innovative production lines not only optimizes energy consumption, but also reduces the environmental impact of manufacturing by minimizing waste and enhancing raw material efficiency. As a result, the Company is better positioned to meet increasingly stringent energy efficiency and environmental regulations, while also improving production costs and enhancing long-term competitiveness.

At Hungarian facilities, the following ISO standards had previously been implemented at Masterplast Nyrt., Masterplast Hungária Kft., Masterplast International Kft., Masterplast Medical Kft., and Masterplast Modulhouse Kft.: ISO 9001:2015 (Quality Management System), ISO 14001:2015 (Environmental Management System), ISO 50001:2019 (Energy Management System), and ISO 45001:2018 (Occupational Health and Safety Management System – OH&S). All systems were successfully renewed in 2024 through their first supervisory audit.

The ISO 50001:2019 Energy Management System was also successfully maintained at Masterfoam Kft. and Masterprofil Kft., ensuring continued regulatory compliance and efficiency in those production units.

In 2023, the Group obtained MDR (Medical Device Regulation) certification for 344 healthcare products. The certification portfolio at Masterplast Medical Kft. was further expanded with the ISO 13485 Quality Management System for medical devices, and its first supervisory audit was also successfully completed in 2024.

MANAGEMENT AND STRUCTURAL SUBSEQUENT EVENTS

Effective from 1 January 2025, CEO Tibor Dávid appointed Flórián László Lukács as Deputy CEO of the Company for an indefinite term. The Company's Deputy CEOs are: Balázs Ács (Vice Chairman of the Board of Directors), Róbert Nádasi, Illés Jancsó, and Flórián László Lukács.

Further details on the organizational changes occurring after the balance sheet date are discussed under the section "subsequent events".

Társadalmi felelősségvállalás

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.

Our donation and sponsorship activities are governed by clear professional, strategic, and ethical guidelines, with the aim of ensuring that the Group's CSR initiatives create value both for society and for the Company. MASTERPLAST'S CSR strategy is aligned with the United Nations Guiding Principles on Business and Human Rights and the OECD Guidelines for Multinational Enterprises, which we actively support and seek to embed throughout our operations. We also encourage our business partners and suppliers to follow these principles in their cooperation with MASTERPLAST. Our approach to human rights is reflected in both our Group Code of Ethics and our Supplier Code of Conduct and Ethics.

The CSR activities of the MASTERPLAST Group are closely linked to its business operations and values, expressing the Company's deep commitment to social responsibility and sustainability. The core principle of our donation policy is to generate tangible societal value and to reflect MASTERPLAST'S ethical and social commitments. The Company places special emphasis on supporting local communities and the people living in its immediate surroundings, with a focus on long-term partnerships based on mutual engagement.

The Group's CSR efforts are structured around five main focus areas that are interpreted as an integrated whole.

Child welfare and health represent a key priority, with emphasis on supporting initiatives that promote children's physical and mental well-being, as well as enabling equal opportunities for a fulfilling life. Educational programs and awareness-raising about environmental and health topics are also central to this effort.

Environmental protection and awareness are deeply linked to the Group's core business, particularly through its contribution to reducing buildings' energy consumption and carbon emissions. MASTERPLAST is committed to embedding sustainable thinking into construction practices and allocates resources to promote circular economy models and sustainable operations.

Local value creation is also a key objective, with a focus on improving the living standards of employees and their families. Locally implemented CSR programs aim to deliver measurable benefits to as wide a segment of society as possible.

In the field of sports and health, the Company supports both individual and community-level initiatives, including amateur and professional sports organizations, as well as opportunities for physical activity among its employees. MASTERPLAST also considers it vital to promote professional development in the construction industry by contributing to education, participating in public discourse, and initiating design competitions.

MASTERPLAST's most notable CSR activities include its long-standing support of the Hungarian Child Rescue Foundation since 2015. This collaboration combines financial donations for equipment procurement, joint educational campaigns, and professional support. As a result, thousands of parents receive first aid training annually, and the Foundation is able to modernize its infrastructure and equipment.

Since 2013, the Company has actively supported the KÉPES Program, a community initiative launched in cooperation with the Municipality of Székesfehérvár and local businesses, focusing on educational institution development projects. Since establishing its headquarters in Sárszentmihály in 2002, MASTERPLAST has been a key sponsor and expert partner in numerous community developments, including the construction of a new playground and the renovation of the local kindergarten and medical office.

The Group was the first in Hungary's construction industry to launch a practical circular economy model for the recycling of insulation materials. Through this initiative, approximately 10 000 cubic meters of polystyrene are recycled each year, offering an environmentally responsible alternative to users and showcasing the Company's commitment to sustainable construction. The Group also supports smaller-scale environmental awareness projects, including tree planting, bird habitat preservation, canal cleaning, selective waste collection systems, and the reduction of single-use plastics.

Employee health is a priority at MASTERPLAST, supported through internal sports initiatives and team sponsorships, including funding for participation in running events and company football teams. Since its inception, the Company has been the main sponsor of the National Minifootball Association, making amateur sports accessible to a broad range of individuals. In professional sports, MASTERPLAST supports Hungary's young athletes and future Olympians through BOM – Foundation for Hungarian Sport, as well as the regional HYDRO FEHÉRVÁR AV19 ice hockey team.

CSR initiatives at the Group's subsidiaries continue to evolve. In Subotica, home to MASTERPLAST'S regional center and largest workforce, the Company plays an active role in community life. The Serbian subsidiary supports a wide range of civil society organizations, cultural and educational programs, amateur and professional sports clubs, and also contributes to hospital equipment procurement. It works closely with the Subotica Technical College, where many students complete internships and begin their careers at MASTERPLAST.

Supporting the training of future construction professionals and promoting quality education is a strategic goal for the Company. In 2024, MASTERPLAST began building a strategic partnership with the Jáky József Technical School of the Székesfehérvár Vocational Training Center. As a first step in the collaboration, a new digital classroom was established with the Company's support, providing students with modern professional knowledge using BIM design tools and 3D node printing technologies.

MASTERPLAST'S CSR programs have a positive impact on the communities it serves, its employees, and the Company's reputation. The social utility of these programs is recognized not only by external awards in the fields of sustainability and responsible employment, but also through consistent positive feedback from colleagues, partners, and members of the public. The Group's CSR initiatives form an integral part of its ESG report. The specific outcomes and impacts of these activities are measured and presented in the ESG report, the scope and detail of which are continually expanding.

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 17 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, Group Management and CEO, deputy CEO.

The supreme decision-making body of the Company is the General Meeting, composed of all shareholders. The General Meeting enables shareholders to make decisions on matters of significant importance related to the Company’s operations, to determine corporate governance measures, and to exercise their rights of oversight. The rules governing the convening and conduct of the General Meeting, the rights and obligations of shareholders, and the procedures for exercising shareholder rights are detailed in the Articles of Association of the Company, which are available on the Company's website and on the website of the Budapest Stock Exchange.

The Company’s executive body is the five-member Board of Directors. The Board acts as a collegiate body, and its responsibilities include making decisions related to the management of the Company, except for matters that fall within the exclusive competence of the General Meeting or are otherwise assigned by law or by the Articles of Association. The operational framework, powers, and responsibilities of the Board are defined in detail in Section VIII of the Articles of Association and in the Board’s Rules of Procedure, both of which are available on the Company’s website. The Board of Directors continuously monitors the Company’s activities and receives regular reports from the management and the CEO. Independent members of the Board do not participate in the Company’s daily operational activities. The Chair and Vice-Chair of the Board are elected by the Board from among its members for a term identical to their mandate as directors.

The day-to-day operational management of the Company is carried out by the Chief Executive Officer, who is appointed by the Board of Directors and employed by the Company. Employer’s rights over the CEO are exercised by the Board of Directors. The CEO exercises employer’s rights over the Company’s employees, except for the Chair and Vice-Chair of the Board. With the exception of their election and dismissal, employer’s rights over the Chair and Vice-Chair are exercised by the Board of Directors.

Members of the Board of Directors of the Company until April 30, 2024:

- David Tibor President (non-independent)
- Balázs Ács Vice-President (non-independent)
- Dirk Theuns (independent)
- Margaret Elizabeth Dezse (independent)
- Bálint Fazekas (independent)

Members of the Board of Directors of the Company as of May 1, 2024:

- President David Tibor (non-independent)
- Mr Balázs Ács Vice-President (non-independent)
- Dirk Theuns (independent)

- Margaret Elizabeth Dezse (independent)
- Bálint Fazekas (independent)

Masterplast Nyrt. has a 3-member Audit Committee, the members are elected by the General Meeting from among the independent members of the Board of Directors for the same period as their membership of the Board of Directors. The Audit Committee elects its chairman from among its members and makes its decisions by simple majority. In the year of 2024 Margaret Elizabeth Dezse held this position.
Members of the Audit Committee until April 30, 2024:

- Margaret Elizabeth Dezse President (Independent)
- Dirk Theuns (independent)
- Bálint Fazekas (independent)

Members of the Audit Committee from May 1, 2024:

- President 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.

The management of the Masterplast Group - in accordance with the Articles of Association, the resolutions of the General Meeting and the Board of Directors, and the Articles of Association of Masterplast Plc. The Group Management (hereinafter referred to as "Management") is responsible for the management of the Group within the framework of the Articles of Association, the Board of Directors' resolutions and the Management Board's resolutions, and the Organisational and Operational Rules of Masterplast Group Management (hereinafter referred to as "Management"). The assignment of tasks and responsibilities of the members of the Management in relation to certain areas of corporate governance is laid down in the Masterplast Plc. The organisational and operational rules of the Masterplast Group. The professional careers and profiles of the members of Management are available on the Company's website.

Members of the Group Management until 22 January 2024

- Tibor Dávid President, CEO
- Balázs Ács Vice President, Deputy CEO
- Róbert Nádasi Deputy CEO
- László Pécsi Group Management Member
- Illés Jancsó Group Management Member
- Tivadar Bunford Group Management Member
- László Lukács Flórián Group Management Member

Members of the Group Management from 22 January 2024

- Tibor Dávid President, CEO
- Balázs Ács Vice President, Deputy CEO
- Róbert Nádasi Deputy CEO
- László Pécsi Group Management Member
- Illés Jancsó Group Deputy CEO
- Tivadar Bunford Group Management Member
- László Lukács Flórián Group Management Member

In all matters which are not referred by law or the Articles of Association to the exclusive competence of the General Meeting or the Board of Directors, the right of decision rests with the management.

The daily operations and organizational structure of the Company, as well as the provision of resources necessary for its activities, are directed and supervised by the Chief Executive Officer within the framework defined by applicable laws, resolutions of the General Meeting, and the Board of Directors. Employer’s rights over the Company’s employees are exercised by the Chief Executive Officer. The CEO’s professional background and biography are available on the Company’s website.

In 2024, the Board of Directors held five meetings with a 100% attendance rate. Participation was ensured either in person or via electronic communication tools. The Company does not operate a Supervisory Board.

The Audit Committee held two meetings with full (100%) attendance and one meeting with a 66.66% attendance rate during 2024. These meetings were also attended either in person or through electronic means of communication.

The Board of Directors operates as a collegiate body and makes decisions collectively. Upon the Company's listing on the stock exchange, the Board adopted its own Rules of Procedure, which were last updated in April 2023 in order to maintain adherence to best practices.

The rules of procedure include:
- the tasks and powers of the Board of Directors,
- the rules applicable to the members of the Board of Directors,
- the main responsibilities of the Chair and Vice-Chair of the Board of Directors,
- the order and preparation of Board meetings, the decision-making system, the monitoring of the implementation of decisions, the rules on conflicts of interest.

Taking into account the Company's size, structure, efficiency, and the need for professional and informed decision-making, the relevant functions are performed directly by the members of the Board without the establishment of formal subcommittees.

The Board of Directors did not take any decision contrary to the Audit Committee's recommendation in 2024.

The tasks and responsibilities of the Audit Committee are defined by Act V of 2013 on the Civil Code, Act CXX of 2001 on the Capital Market, the Company's Articles of Association, and the Rules of Procedure of the Audit Committee. The Rules of Procedure are available on the Company's website.

The Audit Committee supports the Board of Directors in overseeing the financial reporting system, the selection of the statutory auditor, and the cooperation with the auditor. In 2024, members of the Audit Committee did not receive any remuneration beyond their fee as members of the Board of Directors, with the exception of the Committee Chair.

Members of the Board of Directors and the Audit Committee possess the expertise, relevant background, and experience necessary to perform their duties. Information on the members is available on the Company's website.

Internal audit functions were launched at the Company in 2008, with the purpose of identifying current and potential business risks and monitoring the implementation of action plans to address identified deficiencies. The primary responsibility of internal audit is to verify the lawful, efficient, and reliable operation of the parent company and all subsidiaries, and to continuously review and evaluate internal control systems. Through its recommendations, the internal audit function contributes to the timely correction and prevention of deficiencies, irregularities, errors, and improper actions.

At the Company, the internal control function is performed by internal auditor Katalin Csemák, who reports the findings of her reviews to the Audit Committee and the Company's management. Audits are carried out based on the internal audit plan approved by the Audit Committee each year.

The audit of the Company's 2024 financial statements and sustainability report was performed by the statutory auditor FORVIS MAZARS Kft. (H-1139 Budapest, Fiastyúk utca 4-8. II. floor, Cg. 01-09-078412, chamber registration number: 000220, auditor registration number: 007145).

Masterplast Nyrt. places special emphasis on complying with disclosure obligations related to its stock exchange presence, adhering to applicable legal regulations, meeting public expectations for transparency, and upholding the principle of openness. These obligations and the related system of disclosure are governed by internal policies.

As a public interest entity listed on the Budapest Stock Exchange (regulated market), the Company publishes its exact contact information (postal address, telephone, fax, e-mail) on its official website (www.masterplastgroup.com).

The Company complies with current legislation and stock exchange regulations regarding disclosures. Regulated information must be published, including periodic and ad hoc reports, disclosures related to acquisitions of influence, and insider information.

As an issuer listed in the Premium Category of the Budapest Stock Exchange, the Company publishes its announcements in both Hungarian and English.

The Company regularly informs the public of its financial position, earnings, and operational highlights. Upon disclosure, the Company must simultaneously notify the Supervisory Authority and ensure that the disclosures remain publicly accessible for at least ten years.

Official shareholder communication channels include regular reports such as the annual report, semi-annual report, and quarterly financial results, as well as extraordinary announcements. In addition, shareholders receive updates on the Company's business, results, and strategy at the Annual General Meeting and during the annual Investor Meeting. The Company consistently strives to provide capital markets with comprehensive information in line with best practices.

The communication channels used for public announcements are:

a) the website of the Budapest Stock Exchange via the KIBINFO client system (www.bet.hu),

b) the information storage system operated by the Supervisory Authority (www.kozzetetelek.mnb.hu), and

c) the Company's website (www.masterplastgroup.com).

To strengthen shareholder rights and ensure that corporate and investor decisions contribute to long-term corporate stability, KELER Zrt. launched a new system (the so-called CAPS system) on 3 September 2020 in line with Directive (EU) 2017/828 (SRD II). The Company is required to record specified corporate actions within this system.

Masterplast Nyrt. is committed to the fair trading of publicly listed securities. To ensure this, the Company has established internal policies governing insider trading, which are regularly communicated to employees and relevant parties.

Affected parties are expected not to trade or dispose of the Company's shares or other financial instruments, directly or indirectly, for their own or third-party benefit while in possession of insider information; not to cancel or amend transactions involving such instruments; not to give or accept instructions to this effect; not to advise others to act in this way; and not to disclose insider information without written authorization. Even within the Company, such information should only be shared on a need-to-know basis and with appropriate permission. Parties are expected to safeguard insider information from accidental disclosure.

The General Meeting is the Company's highest decision-making body and comprises all shareholders. The organization of the General Meeting follows a pre-established schedule, ensuring compliance with deadlines and the timely availability of information required for decision-making. The Board of Directors formulates its position on each proposed agenda item in advance, supporting informed decision-making by shareholders.

Proposals and draft resolutions for items on the General Meeting agenda are published no later than 21 days prior to the meeting on the Company's website (www.masterplastgroup.com) and through other designated publication platforms in accordance with Section 14.1 of the Articles of Association (www.bet.hu; www.kozzetetelek.mnb.hu).

Otherwise, the General Meeting is governed by Chapter VII of the Articles of Association. Detailed rules regarding the convening and conduct of the General Meeting, the rights and obligations of shareholders, and the exercise of shareholder rights are set out in the Articles of Association, which is available on the websites of the Company and the Budapest Stock Exchange.

MASTERPLAST EMPLOYEE SHARED OWNERSHIP PROGRAM

Masterplast Nyrt. established the MASTERPLAST Employee Shared Ownership Program ("MRP") on 14 December 2016. The MRP organization is based in: 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 2024 were the employees of Masterplast Nyrt. and of by 100% controlled Masterplast Medical Kft., Masterplast Hungária Kft., Masterplast International Kft., Masterplast Modulhouse Kft. and Masterfoam Kft, 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

In 2025, the Company implemented a capital increase at the following subsidiaries in order to maintain liquidity:

Company	Place of registration	Date	Currency	Amount
Masterplast Medical Kft.	Hungary	2025.04.01	EUR	4 060 000
Masterplast Modulhouse Kft.	Hungary	2025.04.01	HUF	920 000 000
MasterFoam Kft.	Hungary	2025.04.01	HUF	80 000 000
Masterplast YU D.o.o.	Serbia	2025.04.01	EUR	10 000 000
Masterplast Italia Srl.	Italy	2025.02.17	EUR	1 362 940

In order to finalise the future ownership and financing structure of MIP Zrt., which provides the framework for the rock wool investment, MASTERPLAST Nyrt. and Market Építő Zrt. have signed an agreement on 14 January 2025 on the mutual possibility and conditions of involving a new investor with a strong financial background and professional experience, in addition to the purchase of the other Party's share of ownership.

On 28 February 2025, the Board of Directors of the Company has decided to increase the Company's share capital by way of a private placement of new ordinary shares in exchange for a monetary contribution, as follows: The amount of the share capital increase is HUF 240 000 000, in connection with which 2 400 000 registered, dematerialized new ordinary shares with a nominal value of HUF 100 per share and an issue price of HUF 2 500 per share will be issued. As a result, the total increased share capital amounts to HUF 1 925 063, comprising 19 250 631 registered ordinary shares with a nominal value of HUF 100 per share, each conferring identical rights.
The issue price of the ordinary shares involved in the share capital increase is HUF 2 500 share, totaling HUF 6 000 000 000. The amount exceeding the nominal value per share – HUF 5 760 000 000 in total – shall be allocated to the Company's capital reserve. Based on the preliminary commitment statement and the Board of Directors' resolution on the share capital increase, MFB Vállalati Beruházási és Tranzakciós Magántőkealap; legally represented by Focus Ventures Befektetési Alapkezelő Zártkörűen Működő Részvénytársaság has acquired the right to subscribe for 2 400 000 registered, dematerialized new ordinary shares, and it has made a cash contribution of HUF 6 000 000 000, corresponding to their total issue value, within the deadline, in view of which the share capital increase was implemented on 4 March 2025. The Budapest Stock Exchange Plc. introduced the 2 400 000 dematerialized, registered ordinary shares, each with a nominal value of HUF 100, with a total nominal value of HUF 240 000 000, to stock exchange trading on 11 April 2025, and the number of securities introduced thus changed from 16 850 631 to 19 250 631.
The dilutive effect of the shares is expected in future periods, which effect is presented in Note 29 in relation to the 2024 earnings per share.

Tibor Dávid and Ács Balázs – who together currently hold over 50% of the shares in the Company – have undertaken not to dispose of their Masterplast ordinary shares in a manner that would reduce their joint ownership and voting rights below 33% of the increased share capital without the Investor's consent, as long as the Investor remains a shareholder of the Company, but no later than 30 June 2036.

Based on the above and the share register notifications, the shareholders of the Company holding more than 5% are with the date of 11 April 2025.

Name	Despository	Quantity (piece)	Participation (%)
Tibor Dávid	no	4 548 057	23,62%
Ács Balázs	no	3 877 259	20,14%
MFB Vállalati Beruházási és Tranzakciós Magántőkealap képv.: Focus Ventures Befektetési Alapkezelő Zártkörűen Működő Részvénytársaság	no	3 131 707	16,27%
Total:		**11 557 023**	**60,03%**

According to the Government Decision 1058/2025 (III.13.) published in the Hungarian Gazette, a strategic cooperation agreement will be concluded in the near future between the Hungarian Government and MASTERPLAST Nyrt., aiming at strengthening and developing the Company's presence in Hungary in the long term. Priority areas of cooperation include the development of manufacturing, the promotion of innovation and research & development, and support for the dual training system. Under the strategic cooperation agreement under preparation, the Company is committed to expanding its investments in Hungary, while the Government is ready to support MASTERPLAST's export activities and the training of its employees. The cooperation would also include the integration of Hungarian suppliers, support for local communities and the promotion of Hungary as an investment destination internationally.
Bálint Fazekas, the member of the Board of Directors and the Audit Committee, has announced to the Company on 24 March 2025 that he resigns from his membership in the Board of Directors and the Audit Committee with effect 30 April 2025 due to his other commitments. The Company will arrange the election of the new Board and Audit Committee member at its Annual General Meeting.

OBSERVATION REGARDING THE FUTURE

The Annual Report also includes observations regarding the future. These findings are based on the current plans, estimates and forecasts, so it would not be correct to rely on these findings any more than warranted. Observations regarding the future carry risk and uncertainty. The Corporate Group stresses that there are many important factors that may cause actual results to differ greatly from what is stated among the observations regarding the future.

MASTERPLAST