MASTERPLAST PLC.
ANNUAL REPORT 2024

17 April 2025

MASTERPLAST

MESSAGE FROM THE PRESIDENT TO SHAREHOLDERS

Welcome to our shareholders and investors!

The year 2024 brought yet another period of significant challenges for players in the construction industry. Despite an external environment that demanded continuous adaptation—driven by high interest rates, cautious consumer behavior, and a generally hesitant market—our company remained steadfast in pursuing its core development strategy. We are firmly convinced that mid- and long-term trends continue to favor our activities: the energy renovation of buildings is inevitable, and as a leading manufacturer of construction and thermal insulation materials in the region, Masterplast is fully equipped to become one of the key beneficiaries of the forthcoming European building renovation wave. The market will inevitably regain momentum—and we are fully prepared to seize the opportunities that lie ahead.

Compared to 2023, our company's performance showed a marked improvement. While 2024 did not close with a profit overall, we operated with a positive EBITDA for most of the year and successfully reduced our earlier disadvantage. Even in a highly constrained market, we managed to identify and leverage growth opportunities. One of our major achievements was our successful entry into the Certified Energy Savings (HEM) market, which significantly contributed to the increase in domestic sales. Masterplast has now become a key player in the HEM-based residential attic insulation program, whose flagship product—glass wool thermal insulation—will be supplied to the market from our own factory in Szerencs as of the second half of 2025. Another important milestone was the launch of our Certified Energy Savings-based discounted façade insulation initiative, the Hungarocell Renovation Program—the first of its kind in Hungary—whose popularity is expected to grow further following the tightening of the EKR regulations.

At the same time, we have never lost sight of our long-term goals or our commitment to value-driven operations. Sustainability is no longer just a matter of principle—it has become a clear business advantage. In 2024, we elevated our sustainability reporting to a new level. Now in its fourth year of publication, our report was prepared for the first time in accordance with both the EU's Corporate Sustainability Reporting Directive (CSRD) and the Hungarian Accounting Act, using the European Sustainability Reporting Standards (ESRS). We remain committed to reducing our environmental footprint—through the use of renewable energy, our pursuit of zero-waste manufacturing, and our circular economy model. Our products are now backed by independent certifications that attest to their contribution to sustainable construction, further strengthening our market position among conscious consumers and investors. Our modular building system division offers a competitive, low-impact, sustainable construction solution that also meets circular economy expectations for recyclability.

Our business outlook is once again turning positive. In 2025, a gradual recovery of the construction industry is expected both in Hungary and across Europe, supported by a resurgence in new housing construction and the reactivation of subsidized renovation schemes—such as the simplified Home Renovation Program and the Rural Renovation Program. Anticipated interest rate cuts by the European Central Bank and Germany's strong economic stimulus measures may inject fresh momentum into the eurozone construction economy. Over the long term, EU energy policy goals will ensure stable and growing demand for thermal insulation products. The future reconstruction of Ukraine presents an exceptional opportunity for Masterplast, which—thanks to its 20-year presence and stable operations—can enter this high-potential market from a well-established position.

Despite the many challenges behind us, we believe we are on the right track. The successful construction of our glass wool factory, the increasing share of our in-house manufactured products, and our cost-efficiency measures are all contributing to a strengthening trend in 2025 and lay the groundwork for a breakthrough in results by 2026. Our goal is clear: to build a more efficient, more competitive, and even more value-creating Masterplast.

Thank you for your continued trust and support. I also extend my heartfelt appreciation to my colleagues for their dedication and resilience in every circumstance, always driving the Masterplast mission forward. The future is taking shape—and we are ready to make the most of it. Join us on this journey!

Tibor Dávid
The Chairman of the Board of Directors, CEO

MASTERPLAST

PUBLIC LIMITED COMPANY

ANNUAL REPORT 2024

INTRODUCTION OF MASTERPLAST GROUP

The main activity areas of Masterplast (later: “Group”, “Masterplast”, “Company”), founded in 1997, are production and sales of building insulation materials and systems in construction industry, complemented by the production and sale of healthcare textile and hygiene products. The international Group, which headquarter is based in Hungary, has its own active subsidiary companies in 10 European countries, where 8 different production plant units are operated. The Group represents itself with its construction industry products on thermal insulation system, heat, sound and water insulation, roofing and on dry construction market, furthermore the Company participates with hygiene products on healthcare market. The international and domestic manufacturing bases ensure competitiveness to deliver the products of the Group to the European markets and markets outside Europe, via its subsidiaries and partners. The aspects of sustainability, energy efficiency and environment protection are considered by Masterplast as high importance in the internal processes, as in production and innovation.

As of 31 December 2024, the Company had the following ownership at the subsidiaries.

Company	Place of registration	Ownership	Voting right
Masterplast Hungária Kft.	Hungary	100%	100%
Masterplast International Kft.	Hungary	100%	100%
Masterplast Medical Kft.	Hungary	100%	100%
Masterplast Modulhouse Kft.	Hungary	100%	100%
MasterFoam Kft.	Hungary	100%	100%
Masterplast YU D.o.o.	Serbia	100%	100%
Masterplast Sp zoo	Poland	80,04%	80,04%
Master Plast S.r.o.	Slovakia	100%	100%
Masterplast Romania S.R.L.	Romania	100%	100%
MasterPlast TOV	Ukraine	80%	80%
Masterplast d.o.o.	Croatia	100%	100%
Masterplast D.O.O.	North-Macedonia	100%	100%
MP Green Invest	Ukraine	100%	100%
Masterplast Nonwoven GmbH	Germany	100%	100%
Fidelis Bau Kft.	Hungary	100%	100%
Masterplast Proizvodnja D.o.o.	Serbia	100%	100%
Masterplast Italia Srl.	Italy	100%	100%
MASTERWOOL MW-1 d.o.o.	Serbia	100%	100%
The Group’s affiliated undertaking:			
Masterprofil Kft.	Hungary	20%	20%
T-CELL Plasztik Kft.	Hungary	24%	24%
MIP Zrt.	Hungary	50%	50%
PIMCO Kft.	Hungary	50%	50%

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

In 2024, the European construction market continued to be characterized by cautious consumer behavior and a wait-and-see approach. As a result of the persistently weak industry environment, MASTERPLAST'S revenue amounted to EUR 136 million, representing a 6.2% decrease compared to the 2023 base year. This decline occurred despite the Company's successful entry into the Certified Energy Savings (CES) market, which generated significant additional turnover. Thanks to efficiency-focused measures, the Group's profitability improved substantially, achieving a predominantly positive EBITDA level in 2024. Unlike the previous year, the Company did not recognize significant inventory impairment in the reporting year. As a result, the Group achieved an EBITDA of EUR 2.2 million in 2024, exceeding the previous year's figure by EUR 8.4 million. However, due to low capacity utilization across production units, the Company still reported a net loss after depreciation and financial results. The EUR -4.6 million net loss for 2024 reflects an improvement of approximately EUR 11 million compared to the EUR -15.6 million loss in the prior year. The Company's medium- and long-term outlook remains positive. The EU's energy efficiency targets guarantee substantial market potential in both the renovation and new construction segments. Early signs of a gradually strengthening construction cycle are already visible in both the Hungarian and broader European markets, pointing toward continued sectoral recovery in the coming periods.

SUMMARY

- Due to persistently high interest rates and the fact that EU renovation programs are still only in their formative stages, the European construction sector remained subdued in 2024, with widespread postponement of projects across both new construction and renovation segments. The Hungarian home renovation program launched during the year has not yet had a stimulating effect on the market.
- The Group's total consolidated revenue for 2024 amounted to EUR 136 137 thousand, representing a 6.2% decrease compared to the base period. Revenue from the thermal insulation systems product group—comprising 51% of total sales and largely consisting of own-manufactured products—fell by 12% year-on-year. Sales in the heat, sound, and water insulation materials product group increased by 19%, supported by slab insulation campaigns and the recent introduction of own-manufactured XPS products. Revenue declined in the roofing foils and accessories (-3%), dry construction systems (-26%), and building industry accessories (-14%) product groups. The industrial applications product group showed a 16% increase in revenue thanks to the sale of Certified Energy Savings (CESs), despite an overall 51% decline compared to the base period in traditional product lines within this segment.
- Revenue declined in most markets, including Hungary—our largest market—where sales fell by 8%. Only Serbia (+10%), Germany, and North Macedonia recorded year-on-year growth.
- In 2024, the Group's production capacities operated more cost-effectively under a reorganized structure tailored to current demand conditions. The Serbian fiberglass plant achieved profitability in contrast to the prior year. Output at the Serbian fiberglass and German nonwoven fabric facilities increased compared to 2023, while the Sárszentmihály plant (producing fleece and roofing foil) maintained production levels close to the previous year. EPS manufacturing units operated with low capacity utilization. Meanwhile, production was successfully launched at the new XPS plant in Subotica, which is now serving Group needs with increasing output.
- Taking into account the change in own-manufactured inventory, the Company's total material costs and contracted service expenses decreased by 13% year-on-year.
- Personnel expenses increased by approximately 13% compared to the base period, while the number of employees remained largely unchanged due to the headcount optimization already reflected in the 2023 base. At the end of December 2024, the Group employed 1 150 people, compared to 1 138 at the end of the base period.
- Under other operating results, the Company recognized a profit of EUR 1 173 thousand in 2024, compared to a loss of EUR 3 677 thousand in the previous year. In 2023, significant inventory impairment was recorded, which was not necessary in the reporting period.
- Depreciation and amortization expenses increased by 17%, primarily due to the new EPS plant in Italy and the XPS plant in Serbia.

- As a result, the Company achieved EBITDA of EUR 2 205 thousand in 2024 (representing an EBITDA margin of 1.6%), compared to an EBITDA loss of EUR 6 128 thousand (-4.2% margin) in the base year. The operating result for 2024 was a loss of EUR 5 318 thousand, significantly improved compared to the prior year's loss of EUR 12 549 thousand.
- Interest income declined, while interest expenses remained at the level of the previous year. Due to favorable exchange rate effects, other financial income totaled EUR 2 510 thousand, compared to a loss of EUR 2 503 thousand in the base period.
- The Group's net loss for 2024 amounted to EUR 4 641 thousand, compared to a net loss of EUR 15 610 thousand in the previous year.
- The value of non-current assets as of 31 December 2024 was EUR 132 629 thousand, EUR 5 744 thousand lower than at the end of the base period. Ongoing mineral wool investments contributed to an approximately EUR 1 million increase in investments in associated companies. The value of property, plant and equipment decreased mainly due to current-year depreciation and the reclassification of certain properties as held for sale.
- Inventory at the end of 2024 stood at EUR 40 018 thousand, representing a 17% increase over the closing balance as of 31 December 2023. The inventory value also includes Certified Energy Savings (CES) assets available at year-end.
- As of 31 December 2024, trade receivables amounted to EUR 11 201 thousand, reflecting a 13% decrease (EUR 1 657 thousand) compared to the prior year, in line with a 6% decline in sales performance.
- • The Group's cash balance at the end of 2024 was EUR 4 370 thousand, EUR 13 840 thousand lower than at the end of the base period.
- During 2024, the Company increased its working capital loan portfolio by HUF 3 billion and successfully fulfilled its bond repayment obligation due by year-end.

PRESENTATION OF THE EXTERNAL ECONOMIC AND INDUSTRIAL ENVIRONMENT

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

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_10518203]; Production in construction - annual data Production in construction - annual data [sts_copr_a__custom_10518416; Real GDP growth rate - volume [tec00115__custom_10526288]*

OVERVIEW OF SALES BY PRODUCT GROUP

Sales by main product groups (thousands of EUR)	2024	2023	Change %
	(A)	**(B)**	**(A/B-1)**
Thermal insulation system	69 360	78 416	-26%
Roofing foils and accessories	24 107	24 765	-6%
Dry construction system	8 756	11 913	-35%
Heat, sound and water insulation materials	15 512	13 057	-32%
Building industry accessories	3 971	4 598	-22%
Industrial applications	14 431	12 455	-51%
Total sales revenue	**136 137**	**145 204**	**-28%**

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

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

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 sale.

FINANCIAL ANALYSIS

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

Profit or loss statement (thousands of EUR)	31 December 2024	31 December 2023	Change	Change %
	(A)	(B)	(A-B)	(A/B-1)
Sales revenues	136 137	145 204	-9 066	-6%
Materials and services used	-112 965	-121 437	8 473	-7%
Payments to personnel	-27 509	-24 350	-3 158	13%
Depreciation, amortisation and impairment	-7 524	-6 421	-1 103	17%
Movements in self-produced inventories	5 368	-1 867	7 235	-387%
Other operating income (expense)	1 173	-3 677	4 850	-132%
OPERATING PROFIT	**-5 318**	**-12 549**	**7 231**	**-58%**
Interest received	771	1 263	-492	-39%
Interest paid	-3 238	-3 290	52	-2%
Other financial (expense) income	2 510	-2 503	5 013	-200%
Financial loss	**43**	**-4 529**	**4 573**	**-101%**
PROFIT FOR THE YEAR	**-4 641**	**-15 610**	**10 970**	**-70%**
EBITDA	2 205	-6 128		
EBITDA ratio	*1,6%*	*-4,2%*		
Earnings per share (EPS) (EUR)	*-0,29*	*-0,95*		
Diluted earnings per share (diluted EPS) (EUR)	*-0,29*	*-0,95*		

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

GROUP RESULTS

The Group's total consolidated revenue for 2024 amounted to EUR 136 137 thousand, representing a 6.2% decrease compared to the base period.

In response to prevailing market conditions, the Group adapted its organizational structure to a more demand-sensitive model, enabling its in-house production capacities to operate more cost-effectively in 2024. Unlike the previous year, the fiberglass mesh plant in Serbia achieved profitable operations. Output increased in both the Serbian fiberglass mesh and German nonwoven textile facilities compared to 2023. The production levels of the nonwoven fleece and roofing membrane plant in Sárszentmihály remained consistent with the base period. However, the EPS production units operated at low capacity utilization. The newly established XPS plant in Subotica commenced operations successfully, and with increasing output, now supplies a growing share of the Group's internal needs.

Taking into account the changes in inventories of self-manufactured goods, the total cost of materials and services utilized decreased by 13% year-on-year, which represents a more significant decline than the drop in revenue. The Group experienced reductions in raw material and fuel costs; however, energy expenses and the cost of services used increased compared to the base period.

Personnel expenses rose by approximately 13% year-on-year. The number of employees remained broadly unchanged compared to the optimized workforce size recorded in the 2023 base year. As of the end of December 2024, the Group employed 1 150 people, compared to 1 138 at the end of the previous year.

Depreciation and amortization expenses increased by 17%, mainly due to the addition of new production capacities, particularly the new EPS plant in Italy and the XPS plant in Serbia.

Under other operating income and expenses, the Group recorded a profit of EUR 1 173 thousand in 2024, in contrast to a loss of EUR 3 677 thousand in the base period. The prior year's result had been significantly impacted by inventory impairment charges, which were not required in the reporting period. This line also includes the deferred income from government grants, released in line with related asset depreciation.

As a result of the above, the Group's EBITDA for 2024 amounted to a profit of EUR 2 205 thousand (EBITDA margin: 1.6%), compared to a loss of EUR 6 128 thousand (-4.2% EBITDA margin) in the previous year. The result from operating activities was a loss of EUR 5 318 thousand in 2024, significantly improved from the loss of EUR 12 549 thousand in the base period.

Interest income declined, while interest expenses remained at similar levels to the prior year. The net financial result from interest amounted to a loss of EUR 2 467 thousand, exceeding the previous year's loss of EUR 2 027 thousand by EUR 440 thousand.

Other financial income and expenses mainly reflect exchange rate gains and losses. The Group primarily purchases its goods in euros and U.S. dollars while selling in local currencies, making its profitability sensitive to exchange rate movements. Since most of the countries in which the Group operates are pegged to the euro, fluctuations in the EUR/USD exchange rate directly affect results on U.S. dollar-denominated purchases. Thanks to more favorable exchange rate developments, the Group reported a gain of EUR 2 510 thousand under other financial results, in contrast to a loss of EUR 2 503 thousand in the previous year.

Overall, the Group recorded a net loss of EUR 4 641 thousand for 2024, a significant improvement from the loss of EUR 15 610 thousand reported in the base period.

THE COMPANY'S FINANCIAL POSITION

As of 31 December 2024, the value of fixed assets amounted to EUR 132 629 thousand, representing a decrease of EUR 5 744 thousand compared to the closing balance of the base period. The value of investments in associated companies increased by approximately EUR 1 million due to the ongoing mineral wool plant investment. The value of property, plant and equipment declined primarily as a result of the current year's depreciation and the reclassification of properties held for sale. Properties reclassified for sale—located in Romania and held by the parent company—were presented on a separate balance sheet line, with a total value of EUR 3,1 million as at 31 December 2024.

The inventory balance stood at EUR 40 018 thousand at the end of December 2024, 17% higher than the closing value as at 31 December 2023. The year-end inventory figure also includes the value of Certified Energy Savings (CES) available as of the reporting date.

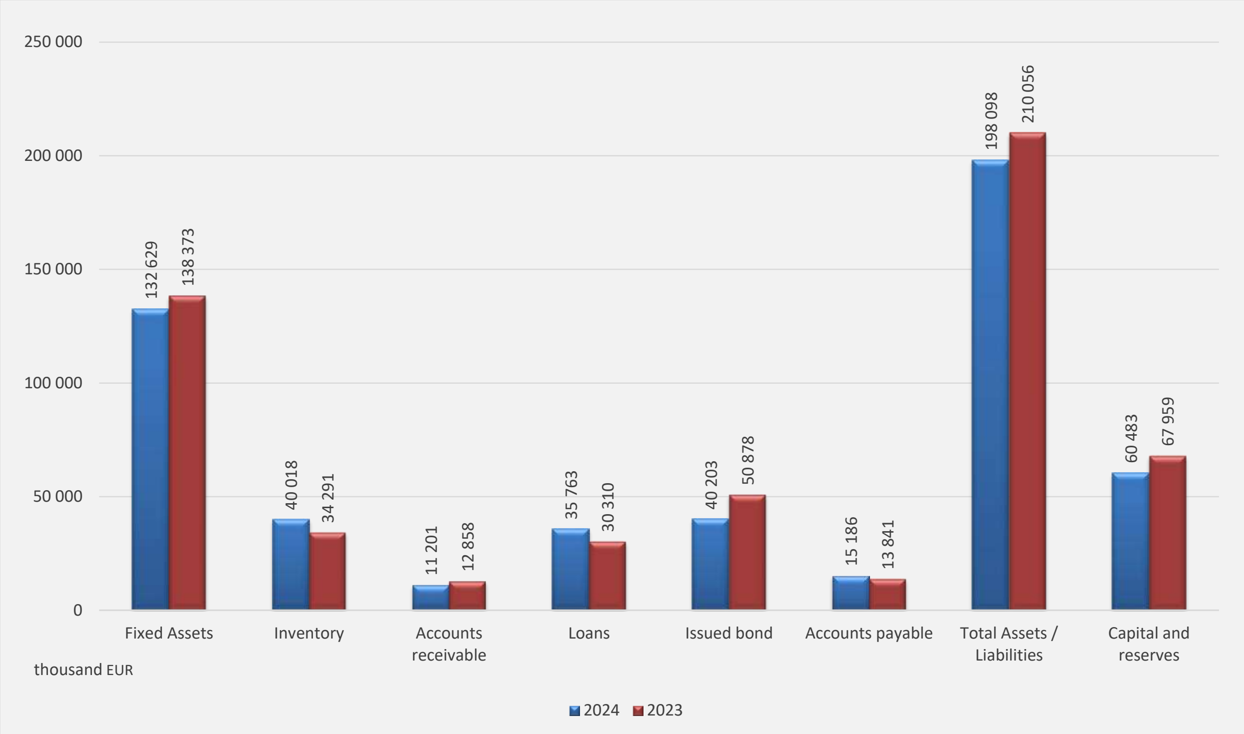
As of 31 December 2024, the Company's accounts receivable closed at EUR 11 201 thousand, which is 13% (or EUR 1 657 thousand) lower than in the base period, despite a revenue decrease of only 6%.

Cash and cash equivalents totaled EUR 4 370 thousand at year-end 2024, which is EUR 13 840 thousand lower than the closing balance in the base period.

The Group's bond-related liabilities declined in the balance sheet, in line with the repayment of HUF 3 billion in the last quarter of the year. The Company's loan portfolio amounted to EUR 35 763 thousand, reflecting an 18% increase compared to one year earlier. This increase was driven by the drawdown of a new working capital loan facility.

The Group's trade payables amounted to EUR 15 186 thousand, compared to EUR 13 841 thousand at the end of the previous year.

Deferred income related to investment grants not yet recognized in the income statement increased by EUR 381 thousand.



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

Members of the Board of Directors on 31 December 2024

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

Audit committee:

Margaret Dezse
Dirk Theuns
Bálint Fazekas

STATEMENT

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

Sárszentmihály, 17 April 2025

Tibor Dávid

CEO

the Chairman of the Board of Director

MASTERPLAST NYRT.

CONSOLIDATED 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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1. Consolidated Statement of Financial Position

Item	Note	31 December 2024	31 December 2023
NON-CURRENT ASSETS			
Property, plant and equipment	9,32	110 864 755	119 199 572
Intangible assets	9,32	2 248 444	2 272 393
Investments in associates	11,32	15 650 964	14 654 698
Deferred tax assets	28	3 864 929	2 246 229
Other long-term financial assets	-	0	0
Non-current assets		**132 629 092**	**138 372 892**
CURRENT ASSETS			
Inventories	12	40 017 888	34 291 470
Trade receivables	13	11 201 307	12 858 487
Taxes receivable	28	2 294 756	2 787 508
Other current financial assets	27	0	54 716
Other current assets	14	4 463 567	3 481 240
Cash and cash equivalents	15	4 370 134	18 210 153
Assets held for sale	16	3 121 070	0
Current assets		**65 468 722**	**71 683 574**
TOTAL ASSETS		**198 097 814**	**210 056 466**
EQUITY			
Share capital	4,34	6 049 289	6 049 289
Reserves	4,34	60 671 671	79 128 842
Redeemed treasury shares	4	-2 117 289	-2 035 653
Parent company’s share of the profit or loss	2,4	-4 825 348	-15 810 988
Equity attributable to parent company’s shareholders	4	**59 778 323**	**67 331 490**
Non-controlling interests	36	705 109	627 361
Equity		**60 483 432**	**67 958 851**
LONG-TERM LIABILITIES			
Long-term loans	17	15 919 945	12 008 428
Liabilities from issued bonds	18	32 893 571	43 054 735
Deferred tax assets	28	1 454 881	990 485
Deferred income	19	32 108 972	31 761 195
Other long-term liabilities	10,20	959 711	722 730
Long-term liabilities		**83 337 080**	**88 537 573**
CURRENT LIABILITIES			
Short-term loans	17	19 842 647	18 301 987
Short term part of issued bonds	18	7 309 188	7 817 635
Trade payables	22	15 185 952	13 840 640
Short-term financial leasing liabilities	10	275 941	280 898
Other current financial liabilities	18	2 118 601	2 492 874
Taxes payable	28	2 178 830	679 785
Current part of deferred income	19	2 067 474	2 033 468
Provisions	21	775 489	648 605
Other current liabilities	23	4 523 180	7 464 150
Current liabilities		**54 277 302**	**53 560 042**
TOTAL LIABILITIES		**137 614 382**	**142 097 615**
EQUITY AND LIABILITIES		**198 097 814**	**210 056 466**

2. Consolidated Statement of Profit or Loss

Profit or loss category	Note	2024	2023
Sales revenues	31	136 137 445	145 203 554
Materials and services used	24	-112 964 599	-121 437 150
Payments to personnel	25	-27 508 696	-24 350 287
Depreciation, amortisation and impairment	9	-7 523 762	-6 421 052
Movements in self-produced inventories	-	5 367 727	-1 867 370
Other operating income (expense)	26	1 173 386	-3 676 740
OPERATING PROFIT/-LOSS		**-5 318 499**	**-12 549 045**
Interest received	-	771 382	1 263 262
Interest paid	-	-3 238 471	-3 290 120
Other financial income/-expense	27	2 510 214	-2 502 583
FINANCIAL PROFIT/-LOSS		**43 125**	**-4 529 441**
Profit or loss attributable to associates	11	-82 442	459 701
PROFIT/-LOSS BEFORE TAX		**-5 357 816**	**-16 618 785**
Income tax	28	717 128	1 008 481
PROFIT/-LOSS FOR THE YEAR		**-4 640 688**	**-15 610 304**
Profit/-loss attributable to parent company shareholders	4	-4 825 348	-15 810 988
Profit/-loss attributable to non-controlling interests	36	184 660	200 684
Earnings per share (EPS)	29	-0,29	-0,95
Diluted earnings per share (diluted EPS)	29	-0,29	-0,95

3. Consolidated Statement of Other Comprehensive Income

Other Comprehensive Income	2024	2023
Profit/-loss for the year	-4 640 688	-15 610 304
Foreign exchange gain/-loss on translation*	-1 872 875	1 241 940
Comprehensive gain/-loss related to CCIRS transaction **	195 878	1 863 985
Parent company's share of the Other Comprehensive profit/-loss of associates*	-976 298	93 921
Other comprehensive profit/-loss	**-2 653 295**	**3 199 846**
Comprehensive profit/-loss	**-7 293 983**	**-12 410 458**
Profit/-loss attributable to parent company shareholders	-7 471 531	-12 446 608
Profit/-loss attributable to non-controlling interests	177 548	36 150

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

4. Consolidated Statement of Changes in Equity

Equity items	Note	Share capital	Treasury shares	Share Premium	Retained earnings	FX translation reserve	Reserves, total	Parent company's share of the profit or loss	Equity attributable to parent company shareholders	Non-controlling interests	Equity, total
1 January 2023	-	**6 049 289**	**-1 951 014**	**29 367 867**	**47 040 357**	**-16 285 415**	**60 122 809**	**15 691 150**	**79 912 234**	**688 850**	**80 601 084**
Profit for the year	3	0	0	0	0	0	0	-15 810 988	-15 810 988	200 684	**-15 610 304**
Comprehensive income related to CCIRS transaction	18	0	0	0	0	1 863 985	1 863 985	0	1 863 985	0	**1 863 985**
Derecognition of shares (PIMCO)	-	0	0	0	69 123	0	69 123	0	69 123	0	**69 123**
Dividends to minority shareholders	36	0	0	0	0	0	0	0	0	-97 639	**-97 639**
MRP share based payment	41	0	35 069	0	-118 620	0	-118 620	0	-83 551	0	**-83 551**
Other comprehensive income	4	0	0	0	0	1 500 395	1 500 395	0	1 500 395	-164 534	**1 335 861**
Prior year's profit or loss reclassified	4	0	0	0	15 691 150	0	15 691 150	-15 691 150	0	0	**0**
Redeemed treasury shares*	-	0	-119 708	0	0	0	0	0	-119 708	0	**-119 708**
31 December 2023	-	**6 049 289**	**-2 035 653**	**29 367 867**	**62 682 010**	**-12 921 035**	**79 128 842**	**-15 810 988**	**67 331 490**	**627 361**	**67 958 851**
1 January 2024	-	**6 049 289**	**-2 035 653**	**29 367 867**	**62 682 010**	**-12 921 035**	**79 128 842**	**-15 810 988**	**67 331 490**	**627 361**	**67 958 851**
Profit for the year	3	0	0	0	0	0	0	-4 825 348	-4 825 348	184 660	**-4 640 688**
Comprehensive income related to CCIRS transaction	18	0	0	0	0	195 878	195 878	0	195 878	0	**195 878**
Dividends to minority shareholders	36	0	0	0	0	0	0	0	0	-99 800	**-99 800**
MRP share based payment	41	0	0	0	0	0	0	0	0	0	**0**
Other comprehensive income	4	0	0	0	0	-2 842 061	-2 842 061	0	-2 842 061	-7 112	**-2 849 173**
Prior year's profit or loss reclassified	4	0	0	0	-15 810 988	0	-15 810 988	15 810 988	0	0	**0**
Redeemed treasury shares*	-	0	-81 636	0	0	0	0	0	-81 636	0	**-81 636**
31 December 2024	-	**6 049 289**	**-2 117 289**	**29 367 867**	**46 871 022**	**-15 567 218**	**60 671 671**	**-4 825 348**	**59 778 323**	**705 109**	**60 483 432**

* The total number of repurchased shares held by the Company as of 31. 12. 2024 is 290 151, with a value of EUR 2 179 659, as of 31. 12. 2023 is 251 587, with a value of EUR 2 035 650.

5. Consolidated Statement of Cash Flows

Cash-flow items	31 December 2024	31 December 2023
OPERATING ACTIVITIES		
Profit/-loss before tax	-5 357 816	-16 618 785
Depreciation, amortisation and impairment of tangible assets	7 523 762	6 421 052
Impairment loss	-212 629	5 064 354
Inventory shortage, scrapped inventories	626 730	428 539
Provisions made	126 884	65 684
Gains on the disposal of tangible and intangible assets	-98 025	-17 576
Interest paid	3 238 471	3 290 120
Interest received	-771 382	-1 263 262
Profit from associates	82 442	-459 701
Unrealised foreign exchange (gain) loss	-7 106 870	3 402 807
Working capital changes:		
Changes in trade receivables	1 621 552	4 216 741
Changes in inventories	-9 225 962	20 544 473
Changes in other current assets	-434 859	6 757 294
Changes in trade payables	1 345 312	-2 692 668
Changes in other liabilities	-652 861	-6 314 846
Income tax paid	-327 905	-2 152 793
Net cash flows from operations	**-9 623 156**	**20 671 433**
INVESTING ACTIVITIES		
Purchase of tangible and intangible assets	-2 781 732	-16 209 714
Proceeds from the disposal of tangible and intangible assets	111 262	913 981
Acquisition of subsidiary shares	-2 055 006	-8 429 263
Interest received	771 382	1 263 262
Net cash flows from investing activities	**-3 954 094**	**-22 461 734**
FINANCING ACTIVITIES		
Capital increase, issuance of shares	0	0
Purchased treasury shares	-81 636	-119 708
Loans taken	6 257 390	329 631
Loans repaid	-805 212	-1 917 733
Bond repaid	-7 257 965	0
Subsidies received	1 175 814	2 536 415
Dividends paid	-99 800	-97 639
Interest paid	-3 238 472	-3 290 120
Net cash flows from financing activities	**-4 049 881**	**-2 559 154**
Increase (decrease) in cash and cash equivalents	-17 627 131	-4 349 455
Cash and cash equivalents at the beginning of the year	18 210 153	25 882 135
Net foreign exchange translation gain or loss	3 787 112	-3 322 527
Cash and cash equivalents at the end of the year	**4 370 134**	**18 210 153**

6. General information

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

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

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

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

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

The Group's average number of staff was 1 239 in 2023 (2023: 1,263).

The cost of the Group's external audit for 2024: 229 341 EUR (2023: EUR 178 371).
Within the Group, Serbian and Romanian Forvis Mazars provided transfer pricing documentation preparation services in the amount of EUR 10 000 with the permission of the Audit Committee.

Shares:
The parent company's share capital totals HUF 1,685,063,100 (2023: 1,685,063,100). The parent company's share capital is presented in the consolidated annual statements at initial cost in EUR totalling EUR 6,049,289 (2022: EUR 6,049,289).

The share capital comprises of 16 850 631 registered ordinary shares of HUF 100 face value each (2023: 16 850 631 registered ordinary shares of HUF 100 face value each).

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

The shareholders are as follows:

Shareholders	2024	2023
Tibor Dávid	HUF 454 805 700	HUF 454 805 700
Ács Balázs	HUF 387 725 900	HUF 387 725 900
Bunford Tivadar	HUF 42 169 000	HUF 45 169 000
Nádasi Róbert	HUF 12 903 400	HUF 12 903 400
Jancsó Illés	HUF 4 490 900	HUF 4 490 900
Pécsi László	HUF 2 013 200	HUF 2 013 200
Lukács Flórián László	HUF 252 000	HUF 252 000
Additional minority owners	HUF 751 687 900	HUF 752 544 300
Repurchased shares	HUF 29 015 100	HUF 25 158 700
Total:	**HUF 1 685 063 100**	**HUF 1 685 063 100**
	(6 049 289 EUR)	**(6 049 289 EUR)**

The voting rights are as follows:

Shareholders	2024	2023	-
Tibor Dávid	4 548 057	4 548 057	votes
Ács Balázs	3 877 259	3 877 259	votes
Bunford Tivadar	421 690	451 690	votes
Nádasi Róbert	129 034	129 034	votes
Jancsó Illés	44 909	44 909	votes
Pécsi László	20 132	20 132	votes
Lukács Flórián László	2 520	2 520	votes
Több kisebbségi tulajdonos	7 516 879	7 525 443	votes
Total	**16 560 480**	**16 599 044**	**votes**

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

Board of Directors:

TIBOR Dávid – chairman
ÁCS Balázs – vice chairman
DEZSE Margaret – independent member
DIRK Theuns – independent member
FAZEKAS Bálint – independent member

Name	Position	Beginning date of membership in the board of directors	End date of membership in the board of directors	Time spent as member of the Board of Directors	Ownership of shares (pieces)
Tibor Dávid	Chairment	3 April 2008	30 June 2026.	Approximately 17 years	4 548 057
Ács Balázs	Vice Chairment	3 April 2008	30 June 2026	Approximately 17 years	3 877 259
Dirk Theuns	Member	1 May 2014	30 June 2026	Approximately 11 years	-
Dezse Margaret	Member	1 May 2020	30 June 2026	Approximately 5 years	1 300
Fazekas Bálint	Member	1 May 2022	30 April 2025	Approximately 3 years	1 145

Audit Committee:

DEZSE Margaret
DIRK Theuns
FAZEKAS Bálint

The Group's operations:

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

The Group's products range from high quality, premium category products to budget quality, so called "hobby" category products. Our services are primarily aimed at small and middle-size building material vendors. Beginning from 2020, the Company expanded its activities by selling and producing sanitary textiles (protective clothing) and hygiene products. The Group's HEM (Certified Energy Savings) sales began in 2024, thanks to several programs running in parallel.

The Group's two key activities are:

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

Sale of insulation materials and other building materials:

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

Production of insulation materials and other building materials:

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

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

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

Product range:

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

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

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

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

7. Accounting policies

7.1. Accounting convention

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

7.2. Changes in the accounting policies

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

- Amendment to IFRS 16, clarifying the measurement of lease liabilities in a sale and leaseback transaction, effective from 1 January 2024.
- Amendments to IAS 1 – Presentation of Financial Statements, effective from 1 January 2024 or for annual reporting periods beginning on or after that date:
    - Classification of liabilities as current or non-current
    - Long-term liabilities with conditions (covenants)
- Amendments to IAS 7 – Statement of Cash Flows and IFRS 7 – Financial Instruments: Disclosures amendments: the amendments introduce additional disclosure requirements related to supplier finance arrangements, effective from 1 January 2024 or for annual reporting periods beginning on or after that date.

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

There are no 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 is effective from 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 regarding Management Performance Measures (MPMs) as defined by management
    - Provides principles for the aggregation and disaggregation of information
- FRS 19 – Subsidiaries without Public Accountability: Disclosures, effective from 1 January 2027:
    - Permits eligible 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. Consolidated financial statements

7.3.1 Consolidation of subsidiaries

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

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

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

All the Company’s subsidiaries are included in the consolidation. The results of subsidiaries are included in the consolidated financial statements from the date that control commences until the date that control ceases.

The consolidated financial statements have been prepared based on the measurement and reporting principles of IFRS as adopted by the European Union.

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

The following subsidiaries are included in the consolidation:

Company	Incorporated in	Core operations	Tax ID	Ownership (%)		Voting right (%)	
				2024	2023	2024	2023
Masterplast Hungária Kft.	Hungary	Wholesale of construction materials	25562675-2-07	100%	100%	100%	100%
Masterplast International Kft.	Hungary	Wholesale of construction materials	25563243-2-07	100%	100%	100%	100%
Masterplast Medical Kft.	Hungary	Fleece and multilayer membrane production, Finished health care products production	14025477-4-07	100%	100%	100%	100%
Masterplast Modulhouse Kft.	Hungary	Construction of residential and non-residential buildings	25562709-2-07	100%	100%	100%	100%
MasterFoam Kft.	Hungary	Foam sheet production	13297590-4-07	100%	100%	100%	100%
Masterplast YU D.o.o.	Serbia	Wholesale of construction materials, EPS and fiberglass production	100838195	100%	100%	100%	100%
Masterplast Sp zoo	Poland	Wholesale of construction materials	PL7772708671	80,04%	80,04%	80,04%	80,04%
Master Plast S.r.o.	Slovakia	Wholesale of construction materials	SK2020213030	100%	100%	100%	100%
Masterplast Romania S.R.L.	Romania	Wholesale of construction materials	R13718003	100%	100%	100%	100%
MasterPlast TOV	Ukraine	Wholesale of construction materials, Manufacturing of corner protection mesh	33438138	80%	80%	80%	80%
Masterplast d.o.o.	Croatia	Wholesale of construction materials	4012002113867	100%	100%	100%	100%
Masterplast D.O.O.	North-Macedonia	Wholesale of construction materials	4012002113867	100%	100%	100%	100%
MP Green Invest	Ukraine	Asset Management	38243479	100%	100%	100%	100%
Masterplast Nonwoven GmbH	Germany	Fleece and multilayer membranes production	DE815873693	100%	100%	100%	100%
Fidelis Bau Kft.	Hungary	Thermobeton production	12790818-2-07	100%	100%	100%	100%
Masterplast Proizvodnja D.o.o.	Serbia	XPS production	112172219	100%	100%	100%	100%
Masterplast Italia Srl. (1)	Italy	Wholesale of construction materials	IT02970280356	100%	98,7%	100%	98,7%
MASTERWOOL MW-1 d.o.o.	Serbia	Not active	112807408	100%	100%	100%	100%

(1) With the purchase of the 1,3% business share of Masterplast Italia Srl. effective from July 10, 2024, the Company's consolidated share of ownership changed to 100%.

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

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

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

7.3.2 Consolidation of associates

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

The Group's associates are:

Company	Incorporated in	Core operations	Tax ID	Ownership (%)		Voting rate (%)	
				2024	2023	2024	2023
MasterProfil Kft.	Hungary	Profile production	13874656-4-07	20%	20%	20%	20%
T-CELL Kft.	Hungary	EPS production	24648378-2-09	24%	24%	24%	24%
MIP Zrt.	Hungary	Stonewool production	32027561-2-43	50%	50%	50%	50%
PIMCO Kft	Hungary	Glasswool production	23355466-2-05	50%	50%	50%	50%

7.4. Foreign currency transactions

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

Subsidiary name	Country	2023	2024
Masterplast Nyrt.	Hungary	HUF	HUF
Masterplast Hungária Kft.	Hungary	HUF	HUF
Masterplast International Kft.	Hungary	EUR	EUR
Masterplast Medical Kft.	Hungary	EUR	EUR
Masterplast Modulhouse Kft.	Hungary	HUF	HUF
MasterFoam Kft.	Hungary	HUF	HUF
Masterplast YU D.o.o.	Serbia	RSD	RSD
Masterplast Sp zoo	Poland	PLN	PLN
Master Plast S.r.o.	Slovakia	EUR	EUR
Masterplast Romania S.R.L.	Romania	RON	RON
MasterPlast TOV	Ukraine	UAH	UAH
Masterplast d.o.o.	Croatia	EUR	EUR
Masterplast D.O.O.	North Macedonia	MKD	MKD
MP Green Invest	Ukraine	UAH	UAH
Masterplast Nonwoven GmbH	Germany	EUR	EUR
Fidelis Bau Kft.	Hungary	HUF	HUF
Masterplast Proizvodnja D.o.o.	Serbia	RSD	RSD
Masterplast Italia Srl.	Italy	EUR	EUR
MASTERWOOL MW-1 d.o.o.	Serbia	RSD	RSD

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

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

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

None of the Group members operates in a hyperinflatory economy.

7.5. Intangible assets

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

7.6. Property, plant and equipment

Property, plant and equipment are carried at initial cost less any accumulated amortisation and impairment loss. Upon disposal of an asset or decrease otherwise, the cost of the asset is derecognised along with any accumulated depreciation and impairment loss and any gain or loss on the disposal is recognised in profit or loss. Any post-commissioning costs, such as maintenance and repairs, are expensed as and when incurred against profit or loss.
Land is not depreciated.

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

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

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

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

7.7. Impairment of assets

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

7.8. Inventories

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

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

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

Certified Energy Savings (CES) that have already been generated but not yet sold by the end of the reporting period are also recognized as inventory. Their acquisition cost includes the total cost of generation, including certification.

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

7.9. Investments and Financial assets

7.9.1 Classification of financial assets

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

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

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

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

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

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

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

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

7.9.2 Measurement of financial assets

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

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

7.9.3 Impairment on financial assets

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

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

7.9.4 Loans granted

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

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

7.9.5 Trade receivable

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

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

7.9.6 Cash and cash equivalents

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

7.9.7 Investments

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

7.9.8 Derivative financial instruments

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

7.10. Treasury shares

Treasury shares are recognised as a reduction in equity.

7.11. Issued capital and reserves

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

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

7.12. Foreign currency translation reserve

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

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

7.13. Financial liabilities

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

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

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

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

- commitments to provide a loan at a below-market interest rate. An issuer of such a commitment shall (unless paragraph 4.2.1(a) applies) subsequently measure it at the higher of:
  - the amount of the loss allowance determined in accordance with Section 5.5 and
  - the amount initially recognised (see paragraph 5.1.1) less, when appropriate, the cumulative amount of income recognised in accordance with the principles of IFRS 15.

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

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

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

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

7.14. Trade payables and other liabilities

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

7.15. Provisions

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

The Group makes provisions for:

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

7.16. Employee benefits

A company applies IAS 19 in accounting for employee benefits. Employee benefit is any form of consideration given by a company for services rendered by its employees, not only in cash but also in kind.

Classification of employee benefits

- Short-term employee benefits: employee benefits (other than severance benefits) that become fully due within twelve months of the end of the period in which the employee performed the related work.

- Post-employment benefits: employee benefits (other than severance benefits) provided under formal or non-formal agreements that are due after the employment relationship ends.

- Severance benefits: employee benefits that may become payable as a result of a company's decision to terminate employment before the normal retirement date or the employee's decision to accept voluntary termination in exchange for these benefits.

The Group does not have a corporate pension plan and therefore has no legal or constructive obligation to pay further contributions should the assets of the private pension funds or social security fail to provide sufficient coverage for the retirement benefits the employees have already served in prior periods or in the reporting period.

Masterplast Nyrt. founded the MASTERPLAST Employee Share Ownership Program ("MRP") Organization on 14 December 2016. Masterplast Nyrt. (Founder) established the MRP organization in order to efficiently implement incentive remuneration for company managers (Participants) related to Masterplast's business goals.

The MRP Oganization is recorded 100% in the books as an extension of the Company under IFRS 2, as the Company determines the operation of the MRP Organization through the remuneration policy.

Since the benefit qualifies as a share-based payment transaction settled in an equity instrument, it is valued and accounted for in accordance with IFRS 2.

7.17. Operating profit or loss

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

7.18. Leases

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

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

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

According to Appendix A of IFRS 16, the term "lease payments" includes those payments that must be incorporated into the valuation of the lease. Lease payments defined in Appendix A do not include variable lease payments that are not dependent on an index or interest rate (for example, payments based on a percentage of revenue generated from the use of the underlying asset). Such variable payments must be recognized in profit or loss in the period in which the event or condition triggering the payment occurs.

In a sale and leaseback transaction, the seller-lessee transfers an asset to the buyer-lessor and then leases the same asset back from the buyer-lessor. If the asset transfer by the seller-lessee meets the requirements of IFRS 15 Revenue from Contracts with Customers, paragraph 100(a) of IFRS 16 requires the seller-lessee to measure the right-of-use asset arising from the leaseback as a proportion of the previous carrying amount of the asset that relates to the rights retained by the seller-lessee. Accordingly, the seller-lessee shall recognize only the amount of gain or loss that relates to the rights transferred to the buyer-lessor.

The Group as a lessee:

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

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

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

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

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

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

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

According to Appendix A of IFRS 16, the term "lease payments" includes those payments that must be incorporated into the valuation of the lease. Lease payments defined in Appendix A do not include variable lease payments that are not dependent on an index or interest rate (for example, payments based on a percentage of revenue generated from the use of the underlying asset). Such variable payments must be recognized in profit or loss in the period in which the event or condition triggering the payment occurs.

In a sale and leaseback transaction, the seller-lessee transfers an asset to the buyer-lessor and then leases the same asset back from the buyer-lessor. If the asset transfer by the seller-lessee meets the requirements of IFRS 15 Revenue from Contracts with Customers, paragraph 100(a) of IFRS 16 requires the seller-lessee to measure the right-of-use asset arising from the leaseback as a proportion of the previous carrying amount of the asset that relates to the rights retained by the seller-lessee. Accordingly, the seller-lessee shall recognize only the amount of gain or loss that relates to the rights transferred to the buyer-lessor.

7.19. Dividends

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

7.20. Government grants and assistance

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

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

7.21. Revenue recognition

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

Revenue from the sale of goods and services is recognised net of sales taxes and discounts when the significant risks and rewards of ownership of the goods have passed to the buyer, or when the service has been completed.
Revenue is recognized when all five criteria of IFRS 15, Revenue from Contracts with Customers, are met.

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

7.22. Research and development

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

7.23. Borrowing costs

Borrowing costs that are directly attributable to the acquisition, construction or production of a qualifying asset that necessarily takes a substantial period of time to get ready are capitalised as part of the cost of that asset. Other borrowing costs are recognised by the Group in profit or loss. Borrowing costs consist of interest and other costs that the Group incurs in connection with the borrowing of funds.
Based on IAS 23, borrowing costs related to investments are not recognized in profit or loss, but in the cost of the investments.

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

7.24. Income taxes

Current year taxes:

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

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

Deferred taxes:

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

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

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

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

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

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

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

7.25. Earnings per share

Basic Earnings per share is calculated by the Company by dividing the profit or loss attributable to ordinary shareholders of the Company by the weighted average number of ordinary shares outstanding during the period.
The calculation of diluted earnings per share is consistent with the calculation of basic earnings per share while taking into account the effect of all dilutive potential ordinary shares outstanding during the period:

- We increase the profit or loss attributable to ordinary shareholders of the Company for the period by the amount after-tax-dividends and interests recognised in respect of dilutive potential ordinary shares in that period and adjust for any other changes in income or expense that would have resulted from the conversion of dilutive potential ordinary shares
- The weighted average number of ordinary shares outstanding shall be increased by the weighted average of the number of additional ordinary shares that would have been outstanding assuming the conversion of all dilutive potential ordinary shares
- Diluted earnings per share are calculated taking into account the weighted average number of dilution stock options (if any) in addition to ordinary shares.

7.26. Contingencies

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

7.27. Related parties

IAS 24 requires an entity's financial statements to include disclosures necessary to draw attention to the possibility that the company's financial position and results may have been affected by the existence of, and transactions with, and open balances with, related parties.

7.28. Segment reporting

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

7.29. Cash-flow statement

The purpose of the cash flow statement is to provide information about the company's ability to generate cash and cash equivalents, as well as what the company used them for, as part of the financial statements to support the business decisions of investors.
According to the IAS 7 Statement of Cash Flows, the concept of cash includes cash on hand and demand deposits, while short-term, highly liquid and easily convertible investments that have a negligible risk of change in value are considered cash equivalents.
The cash flow statement details the periodic cash flows broken down by operating, investment and financing activities. The Company prepares the cash flow statement using the indirect method.

8. Significant accounting assumptions and estimates

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

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

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

8.2. Impairment of debtors

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

8.3. Cash-generating units

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

8.4. Provisions

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

8.5. Impairment of property, plant and equipment

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

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

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

8.6. CCIRS

In case of CCIRS transactions the Company applies hedge accounting in accordance with IFRS 9 based on hedging efficiency. The Company recognises gains/losses arising from changes in foreign exchange rates of the transaction directly through profit and loss, while gains/losses arising from changes of yield curves are recognised through other comprehensive income.

The Company entered into the CCIRS transaction for cash flow hedging purposes, aiming to reduce its exposure to EUR/HUF exchange rate fluctuations and to achieve a more favorable interest rate compared to market conditions.

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
Cost, opening	**3 041 827**	**50 979 137**	**78 233 983**	**18 244 781**	**147 457 901**	**150 499 728**
Increase	718 963	514 432	13 199 925	2 873 850	16 588 207	**17 307 170**
Decrease	-87 175	-177 024	-546 882	-13 714 357	-14 438 263	**-14 525 438**
Reclassification	0	-3 703 527		-427 955	-4 131 482	**-4 131 482**
Translation gain or loss	-138 670	-691 025	-388 404	-121 250	-1 200 679	**-1 339 349**
Cost, closing	**3 534 945**	**46 921 993**	**90 498 622**	**6 855 069**	**144 275 684**	**147 810 629**
Accumulated depreciation and impairment, opening	**769 434**	**7 612 353**	**20 634 130**	**11 846**	**28 258 329**	**29 027 763**
Increase	579 654	1 401 355	5 542 753	0	6 944 108	**7 523 762**
Decrease	-25 239	-108 086	-357 507	0	-465 593	**-490 832**
Reclassification	0	-1 010 412	0	0	-1 010 412	**-1 010 412**
Translation gain or loss	-37 348	-168 731	-146 309	-463	-315 503	**-352 851**
Closing accumulated depreciation and impairment	**1 286 501**	**7 726 479**	**25 673 067**	**11 383**	**33 410 929**	**34 697 430**
Opening net book value	**2 272 393**	**43 366 784**	**57 599 853**	**18 232 935**	**119 199 572**	**121 471 965**
Closing net book value	**2 248 444**	**39 195 514**	**64 825 555**	**6 843 686**	**110 864 755**	**113 113 199**

2023	Intangible assets	Properties	Machinery, equipment	Assets in construction	Tangible assets	Total
Cost, opening	**809 369**	**37 513 208**	**67 568 860**	**27 964 849**	**133 046 917**	**133 856 286**
Increase	2 232 246	13 053 786	12 450 626	13 977 468	39 481 880	**41 714 126**
Decrease	-22 506	0	-1 930 396	-23 845 065	-25 775 461	**-25 797 967**
Reclassification	0	0		0	0	**0**
Translation gain or loss	22 718	412 143	144 893	147 529	704 565	**727 283**
Cost, closing	**3 041 827**	**50 979 137**	**78 233 983**	**18 244 781**	**147 457 901**	150 499 728
Accumulated depreciation and impairment, opening	**612 537**	**6 610 912**	**16 892 852**	**12 836**	**23 516 600**	24 129 137
Increase	159 172	895 980	5 365 900	0	6 261 880	**6 421 052**
Decrease	-22 506	0	-1 693 649	0	-1 693 649	**-1 716 155**
Reclassification	0	0	0	0	0	**0**
Translation gain or loss	20 231	105 461	69 027	-990	173 498	**193 729**
Closing accumulated depreciation and impairment	**769 434**	**7 612 353**	**20 634 130**	**11 846**	**28 258 329**	**29 027 763**
Opening net book value	**196 832**	**30 902 296**	**50 676 008**	**27 952 013**	**109 530 317**	**109 727 149**
Closing net book value	**2 272 393**	**43 366 784**	**57 599 853**	**18 232 935**	**119 199 572**	**121 471 965**

Masterplast Group does not have intangible assets with an indefinite useful life. No finance expense was capitalised as part of an increase in costs in 2024 and 2023.

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

Closing book value assets	2024	2023
Book value of properties	15 000 598	16 043 480

The Company decided to stop its investment in Ukraine and to sell previously purchased assets and machinery in the first quarter of fiscal year 2016. In order to determine market prices, the fair value of assets was re-examined by the Company as a result of which all assets with the exception of the property and cash were fully depreciated in 2020 which has not been revised in 2024 either. In 2022, the Company evacuated its supplies from war zones using the property as a warehouse. The market value of the property based on its updated valuation is UAH 13,2 million in 2024, however the Company decided to keep its book value at 12 million UAH as in the previous year. The difference between cost and book value was deemed immaterial by the Company and was recognized as impairment.
The company is currently exploring the possibilities to lease out the property purchased for this project. The property has not been classified as held for sale asset as its sale is not included in the Company's plans.

The value of the Group's investment in the Ukraine was UAH 12 million (EUR 273 thousand) at 31 December 2024 and comprised of the following:

Asset category	Investment value UAH	Investment value EUR
Properties	12 000 000	273 183
Machinery, equipment	0	0
Other	34 272	781
Total	**12 034 272**	**273 964**

The value of the Group's investment in the Ukraine was UAH 12 million (EUR 285 thousand) at 31 December 2023 and comprised of the following:

Asset category	Investment value UAH	Investment value EUR
Properties	12 000 000	284 306
Machinery, equipment	0	0
Other	34 146	809
Total	**12 034 146**	**285 115**

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

Fair value less cost to sell:

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

The Company recognized 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:

in UAH

Asset category	Asset value	Estimated market value	Impairment	Average impairment%
Properties	12 326 964	13 207 753	326 964	2,7%
Machinery, equipment	4 221 288	0	4 221 288	100,0%
Other	3 372 883	34 272	3 338 611	99,0%
Total	**19 921 135**	**13 242 025**	**7 886 863**	**39,6%**

in EUR

Asset category	Asset value	Estimated market value	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 Ukrainian investment was presented in the 2023 financials as follows:

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:

In UAH

Asset category	Asset value	Estimated market value	Impairment	Average impairment%
Properties	12 326 964	12 500 000	326 964	2,7%
Machinery, equipment	4 156 283	0	4 156 283	100,0%
Other	3 843 422	34 146	3 809 276	99,1%
Total	**20 326 669**	**12 534 146**	**8 292 523**	**40,8%**

in EUR

Asset category	Asset value	Estimated market value	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%**

10. Assets purchased under financial lease

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

Finance leased assets	2024	2023
Gross value	2 798 175	2 505 025
Accumulated depreciation	1 130 802	1 001 782
Net value	**1 667 373**	**1 503 243**

The value and movements of lease liabilities for the end of 2024 were as follows:

Leasing movement table	2024
January 1, 2024	871 370
Growth	580 922
Interest	-67 926
Payments	-264 267
Revaluation of lease liability	-16 718
December 31, 2024	1 103 381
Short-term lease liabilities	**275 941**
Long-term lease liabilities	**827 440**

The value and movements of lease liabilities for the end of 2023 were as follows:

Leasing movement table	2023
January 1, 2023	488 938
Growth	1 010 860
Interest	-75 569
Payments	-572 542
Revaluation of lease liability	19 682
December 31, 2023	871 369
Short-term lease liabilities	**280 898**
Long-term lease liabilities	**590 472**

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

Lease liabilities	2024	2023
Lease liabilities within 1 year	275 941	280 898
Due in 2-5 years	827 440	590 472
Total lease obligations	**1 103 381**	**871 370**

The present values of minimum lease payments were as follows:

Minimum lease payments	2024	2023
Lease payments falling due within 1 year	328 068	330 306
Lease payments falling due within 2-5 years	897 554	657 796
Minimum lease payments	**1 225 622**	**988 102**
Financial expenses	-122 241	-116 732
Present value of minimum lease payments	**1 103 381**	**871 370**

The Group cannot renew its lease agreements, and the leased assets become property of the lessee at the end of the lease term.

11. Investments in associates

Masterprofil Kft.

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

T-Cell Plasztik Kft.

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

Master Modul Kft.
Master Modul Kft was founded on 12 April 2021 with the Company's 25% participation in it. The entity was to produce modular buildings and has a subscribed capital of HUF 3 million. MASTERPLAST Nyrt.. sold its stake in Master Modul Kft. on 15 February 2023. Activities planned for Master Modul Kft. will be implemented by MASTERPLAST Modulhouse Kft.

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

PIMCO Kft.
The Company purchased 100% of PIMCO Kft. as part of its glass wool manufacturing investment project on January 18, 2023. The Company and Selena FM S.A. decided to strategically co-operate in glass wool production on June 28, 2023. As a result the registered capital of PIMCO Kft. was increased from HUF 153,000 thousand to HUF 3,627,942 thousand on 6 November 2023 in a way that now both the ownership and the voting rights of PIMCO Kft is divided 50%-50% between the Company and Selena FM S.A. In 2024, the Company carried out a further capital increase in three steps, totaling HUF 842 737 500.

Associates are consolidated based on the equity method through profit and loss.

Share from the profit of associates	2024
Opening	14 654 698
Share from the profit of associates	-82 442
Increase	2 055 006
Decrease	0
Other comprehensive income	-976 298
Closing*	**15 650 964**

* Excludes profit or loss from discontinued operations

Share from the profit of associates	2023
Opening	2 084 481
Share from the profit of associates	459 701
Increase	13 317 210
Decrease	-1 300 615
Other comprehensive income	93 921
Closing*	**14 654 698**

* Excludes profit or loss from discontinued operations

12. Inventories

Type of inventory	2024			2023		
	Gross book value	Impairment charge	Net book value	Gross book value	Impairment charge	Net book value
Finished products	4 450 474	0	4 450 474	3 327 318	0	3 327 318
Semi-finished products, WIP	4 010 596	0	4 010 596	3 298 465	0	3 298 465
Raw materials, additives and fuels	10 605 189	0	10 605 189	9 690 811	0	9 690 811
Goods	23 853 604	-2 901 975	20 951 629	21 801 506	-3 826 629	17 974 876
Total	**42 919 864**	**-2 901 975**	**40 017 889**	**38 118 099**	**-3 826 629**	**34 291 470**

Recognised and reversed impairment on inventories was the following in 2024

Impairment of inventories 2024	EUR
Opening impairment	3 826 629
Translation difference	3 701
Charges	299 753
Reversals	-1 228 109
Closing	**2 901 975**

Recognised and reversed impairment on inventories was the following in 2023

Impairment of inventories 2023	EUR
Opening impairment	359 116
Translation difference	3 058
Charges	4 704 755
Reversals	-1 240 300
Closing	**3 826 629**

In 2024, based on reviews and valuations performed by the Company's subsidiaries, the amount of impairment recognized at the Group level decreased by EUR 925 thousand compared to the previous year. The cost of sold inventories (purchased goods and self-produced inventories):

Cost of goods sold	2024	2023
Cost of goods sold	110 713 826	126 177 365

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

Closing balances of inventories	2024	2023
Closing balances of inventories	23 113 117	21 126 499

13. Trade receivables

Debtors	2024	2023
Trade receivables	11 734 369	13 510 600
Impairment of doubtful receivables	-533 062	-652 113
Total	**11 201 307**	**12 858 487**

Average payment term of trade receivables was 47 days in 2023 (42 days in 2023). There is no significant concentration in our trade receivables.

Recognised and reversed impairment on trade receivables was the following in 2024

Impairment of trade receivables	Opening impairment	Translation difference	Charges	Reversals	Closing
Impairment of trade receivables	**652 113**	-5 643	172 658	-286 067	**533 061**
Total	**652 113**	**-5 643**	**172 658**	**-286 067**	**533 061**

Recognised and reversed impairment on trade receivables was the following in 2023:

Impairment of trade receivables	Opening impairment	Translation difference	Charges	Reversals	Closing
Impairment of trade receivables	**748 381**	1 006	181 536	-278 810	**652 113**
Total	748 381	1 006	181 536	-278 810	652 113

The aging of trade receivables is as follows:

Aged analysis	2024			2023		
	Gross book value	Impairment charge	Net book value	Gross book value	Impairment charge	Net book value
Not yet due	7 143 714		7 143 714	8 898 965		8 898 965
Due over 0-60 days	2 702 144		2 702 144	3 459 564		3 459 564
Due over 61-90 days	319 129		319 129	318 193		318 193
Due over 91-180 days	630 535	53 172	577 363	122 262	30 113	92 149
Due over 181-360 days	459 182	22 890	436 291	10 416	9 313	1 102
Due over 360 days	479 666	457 000	22 667	701 200	612 687	88 514
Total	**11 734 369**	**533 062**	**11 201 307**	**13 510 600**	**652 113**	**12 858 487**

14. Other current assets

Other current assets	2024	2023
Advances paid	545 957	727 883
Bills of exchange and cheques receivable	164 622	194 533
Other receivables	2 009 786	1 949 061
Bonus from suppliers	323 058	428 591
Impairment on other receivables	-245 217	-270 448
Accrued income	14 509	110 494
Prepaid expense	431 607	341 126
Provided loans	1 219 245	0
Total	**4 463 567**	**3 481 240**

15. Cash and cash equivalents

Cash and cash equivalents	2024	2023
Cash	279 454	679 259
Bank deposits	4 090 680	17 530 894
Total	**4 370 134**	**18 210 153**

The Group does not have restricted cash or cash-equivalents as at 31 December 2024 or 31 December 2023.

16. 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.

As of 31 December 2024, the Group recognizes the following properties under assets held for sale:

Owner	Country	City	Street, number	Land Registry Number	Property type	Area (m2)
Masterplast Romania S.R.L.	Romania	Bukarest	Drumul Tarla nr 17	CF 50976-50978	land+ production facility	Land: 24 998
Masterplast Romania S.R.L.	Romania	Sepsiszentgyörgy	Ceferistilor 21 Constructorilor 16	CF 77,78, 23467, 23561, 23640, 26675, 30908, 31203, 31212	land+ production facility	Land: 31 810
Masterplast Nyrt.	Hungary	Balatonalmádi	Balatonfüredi street 7.	2643	land+ building	Land: 979, Building: 271
Masterplast Nyrt.	Hungary	Balatonvilágos	Zrínyi steet 124.	1349	land	Land: 1 055

The properties are free of encumbrances and legal disputes, and there are no obstacles to their planned sale within one year. The properties belong to the disposal segment.

17. Short-term and long-term loans

Short-term and long-term bank loans taken - 2024

Company name	Loan ID	Loan type	Currency of disbursement	Interest (%)	Period of interest settlement	Amount of outstanding loan debt EUR	Repayment Amount of repayment falling due within 1 year	Amount of repayment falling due within 2-5 years	Amount of repayment falling due beyond 5 years	Collaterals
Masterplast YU D.o.o.	00-421-1700025.1	Investment loan	RSD	2W REPO + 3,33%	monthly	331 535	331 535	0	0	promissory note + mortgage + MP Nyrt. guarantor
Masterplast YU D.o.o.	00-421-0611706.8	Investment loan	EUR	3M EURIBOR + 2,10%	monthly	1 794 779	538 434	1 256 345	0	promissory note + mortgage + MP Nyrt. guarantor
Masterplast YU D.o.o.	00-422-0013391	Working capital loan	RSD	3M EURIBOR +2,70%	monthly	1 000 000	1 000 000	0	0	promissory note + mortgage + MP Nyrt. guarantor
Masterplast YU D.o.o.	00-422-0004844	Working capital loan	RSD	3M EURIBOR +2,70%	monthly	1 000 000	1 000 000	0	0	promissory note + mortgage + MP Nyrt. guarantor
Masterplast YU D.o.o.	00-429-0300071.0	Working capital loan	RSD	3M EURIBOR + 2,70%	monthly	1 600 000	1 600 000	0	0	promissory note + mortgage + MP Nyrt. guarantor
Masterplast Italy	994205096 MPS SACE	Investment loan	EUR	6 M EURIBOR + 1,6	quarterly	1 050 000	200 000	800 000	50 000	promissory note + mortgage + MP Nyrt. guarantor
Masterplast International	TCF-R-80/2022	Working capital loan	EUR	1,85% p.a.	monthly	8 832 667	2 333 067	6 499 600	0	promissory note + mortgage + MP Nyrt. guarantor
Masterplast International	R-9/2021	Working capital loan	EUR	3M EURIBOR + 1,2%	monthly	10 000 000	10 000 000	0		promissory note + mortgage + MP Nyrt. guarantor
Masterplast International	EHIT/114590/2024/485938/001	Working capital loan	EUR	3 m BUBOR + 2,5%	monthly	7 314 000	0	7 314 000	0	promissory note + mortgage + MP Nyrt. guarantor
Total investment and working capital loans						**32 922 980**	**17 003 035**	**15 869 945**	**50 000**	
Masterplast Romania	56 (OVD)	Overdraft facility	RON	ROBOR 1M + 1%	monthly	2 163 662	2 163 662	0	0	Mortgage
Masterplast s.r.o.	-	Overdraft facility	EUR	2,4% p.a. + 1M EURIBOR	monthly	675 950	675 950	0	0	Mortgage
Total overdraft facilities						**2 839 612**	**2 836 612**	**0**	**0**	
Total loans and credits						**35 762 592**	**19 842 647**	**15 869 945**	**50 000**	

The secured loans were drawn for specific development projects and are secured by the financed assets.

Short-term and long-term bank loans taken - 2023

Company name	Loan ID	Loan type	Currency of disbursement	Interest (%)	Period of interest settlement	Amount of outstanding loan debt EUR	Repayment Amount of repayment falling due within 1 year	Amount of repayment falling due within 2-5 years	Amount of repayment falling due beyond 5 years	Collaterals
Masterplast YU D.o.o.	00-421-1700025.1	Investment loan	RSD	2W REPO + 3,33%	monthly	898 049	567 866	330 183	0	promissory note + mortgage + MP Nyrt. guarantor
Masterplast YU D.o.o.	00-421-0611706.8	Investment loan	EUR	3M EURIBOR + 2,10%	monthly	2 333 212	538 434	1 794 779	0	promissory note + mortgage + MP Nyrt. guarantor
Masterplast YU D.o.o.	00-422-0013391	Working capital loan	RSD	3M EURIBOR +2,70%	monthly	1 000 000	1 000 000	0	0	promissory note + mortgage + MP Nyrt. guarantor
Masterplast YU D.o.o.	00-422-0004844	Working capital loan	RSD	3M EURIBOR +2,70%	monthly	400 000	400 000	0	0	promissory note + mortgage + MP Nyrt. guarantor
Masterplast YU D.o.o.	00-429-0300071.0	Working capital loan	RSD	3M EURIBOR + 2,70%	monthly	1 700 000	1 700 000	0	0	promissory note + mortgage + MP Nyrt. guarantor
Masterplast Italy	994205096 MPS SACE	Investment loan	EUR	6 M EURIBOR + 1,6	quarterly	1 250 000	200 000	800 000	250 000	promissory note + mortgage + MP Nyrt. guarantor
Masterplast International	TCF-R-80/2022	Working capital loan	EUR	1,85% p.a.	monthly	9 999 500	1 166 034	8 833 466	0	promissory note + mortgage + MP Nyrt. guarantor
Masterplast International	R-9/2021	Working capital loan	EUR	3M EURIBOR + 1,2%	monthly	10 000 000	10 000 000	0	0	promissory note + mortgage + MP Nyrt. guarantor
Total investment and working capital loans						**27 580 762**	**15 572 334**	**11 758 428**	**250 000**	
Masterplast Romania	56 (OVD)	Overdraft facility	RON	ROBOR 1M + 1%	monthly	2 400 022	2 400 022	0	0	Mortgage
Masterplast s.r.o.	-	Overdraft facility	EUR	2,4% p.a. + 1M EURIBOR	monthly	329 631	329 631	0	0	Mortgage
Total overdraft facilities						**2 729 653**	**2 729 653**	**0**	**0**	
Total loans and credits						**30 310 415**	**18 301 987**	**11 758 428**	**250 000**	

The secured loans were drawn for specific development projects and are secured by the financed assets.

18. Liabilities from issued bonds and CCIRS hedging transactions

18.1. Liabilities from issued bonds

The Group participated in the growth bond programme announced by the MNB in 2019, in 2020 as well as in 2021 under which Masterplast Nyrt. issued bonds with a nominal value of HUF 6 -6 -9 billion (EUR 52.4 million of balance sheet value as at 31 December 2022). The funds raised from the 2019 issue have been used to restructure funding, providing a long-term, low-interest (1.08% on EUR basis) resource for further growth. The proceeds from the bonds issued in HUF were disbursed to subsidiaries as EUR-based parent loans, which were fully used by the subsidiaries to re-finance their existing loans. As a result, the amount of short- and long-term loans of the Group decreased while its liabilities from issued bonds increased by the same amount in the balance sheet. In order to optimise exchange rate effects and interest costs resulting from transactions denominated in different currencies, the Company entered into a CCIRS hedging transaction in December 2019, which will reduce interest costs calculated on the basis of the Company's current financing structure in the coming years.

The proceeds from the bond issued in 2020 and in 2021 have been/will be used in full by the Group to finance its ongoing and future investments.

The Company uses the effective interest rate calculation method for all three bonds, but the impact of this method on the accounts (due to the minimum difference between nominal value and amortised cost) is immaterial.

Name of bond	MASTERPLAST 2026/I HUF	MASTERPLAST 2027/I HUF	MASTERPLAST 2031/I HUF
Date of release	6 December 2019	21 December 2020	25 August 2021
Expiration date	6 December 2026	21 December 2027	25 August 2031
Introduction date	18 February 2020	19 February 2021	1 October 2021
Nominal value (HUF)	50 000 000	50 000 000	50 000 000
Covenants	-	-	net debt/EBITDA < 3,5
Number of units issued	120	120	180
Term (year)	7	7	10
Type of interest	fix	fix	fix
Interest rate	2,00%	2,10%	2,90%
Interest payment date	Annually, 6th December	Annually, 21st December	Annually, 25th August
Repayment of principle	Between 4-7 years amortised in equal instalments	Between 4-7 years amortised in equal instalments	4x12,5% in 6-9 years, 50% amortised in the 10th year

MASTERPLAST 2026/I HUF	HUF		EUR	
	2024	2023	2024	2023
Total nominal value of the bond issued	6 000 000 000	6 000 000 000	14 630 935	15 674 800
Amortized cost	5 999 797 077	5 993 865 030	14 630 440	15 658 773
Fair value	2 814 842 940	4 108 479 377	6 863 964	10 733 266
Existing obligation	3 000 000 000	4 500 000 000	7 315 467	11 756 100
Existing obligation in cost value	2 999 797 077	4 486 995 270	7 314 973	11 722 126

MASTERPLAST 2027/I HUF	HUF		EUR	
	2024	2023	2024	2023
Total nominal value of the bond issued	6 000 000 000	6 000 000 000	14 630 935	15 674 800
Amortized cost	5 987 515 268	5 983 019 699	14 600 491	15 630 440
Fair value	4 124 087 898	5 388 210 505	10 056 543	14 076 520
Existing obligation	4 500 000 000	6 000 000 000	10 973 201	15 674 800
Existing obligation in cost value	4 487 515 268	5 983 019 699	10 942 757	15 630 440

MASTERPLAST 2031/I HUF	HUF		EUR	
	2024	2023	2024	2023
Total nominal value of the bond issued	9 000 000 000	9 000 000 000	21 946 402	23 512 200
Amortized cost	9 002 007 460	9 002 910 820	21 951 297	23 519 805
Fair value	8 420 397 860	8 525 500 929	20 533 049	22 272 587
Existing obligation	9 000 000 000	9 000 000 000	21 946 402	23 512 200
Existing obligation in cost value	9 002 007 460	9 002 910 820	21 951 297	23 519 805

Due to negative EBITDA, the Group did not meet the conditions of bond Nr 2031/I HUF related covenants on 31 December 2024. Since there is no potential or actual claim for default at the Company, the rate calculated in this way only prohibits new financial commitments and does not qualify as a financial covenant

18.2. CCIRS hedging transaction

The key objective of the 2019 bond issue was to restructure the Group's funding structure. In order to reach this objective all the HUF 6 billion of proceeds from the bonds denominated in HUF were exchanged into EUR then were disbursed to subsidiaries as EUR-based parent loans. These EUR-based parent loans were fully used by the subsidiaries to re-finance their existing EUR-denominated loans. Masterplast Nyrt. entered into the CCRIS transaction in order to mitigate the risk of fluctuating HUF/EUR exchange rates since it keeps its records in HUF as well as to achieve an interest rate that is more favourable than the market price.
The transaction consists of a foreign exchange and an interest rate swaps that are inseparably linked to the bonds and provides 1:1 cover for principal and interest payments.
Cash flows from the CCIRS transaction and the bonds are in line in time and amount therefore any change in the value of the basic product is fully compensated by that of the hedging transaction (both in terms of exchange rate and interest).
The Company entered into the CCIRS transaction with Raiffeisen Bank. The Bank's credit rating does not affect credit risk. The transaction is assessed by Raiffeisen Bank Zrt. on the basis of market data at least once a month on the last day of the month.
Based on the above the Company has examined the hedging effectiveness of the CCIRS transaction and considered to be 100% effective therefore applies hedge accounting in accordance with IFRS 9. The Company recognizes the effects of changes in the exchange rates directly in profit or loss, while the changes arising from yield curves are recognized in the OCI.
The net balance of the Company’s CCIRS portfolio was an accumulated loss of HUF 868 816 520 (EUR 2 118 600) on 31 December 2024, out of which a loss of HUF 3 844 342 (EUR 9 374) was recognized as current year profit, while the losses of 2023 were HUF 565 941 999 (EUR 1 478 505) and the total loss recognized through OCI was HUF 126 584 000 (EUR 308 674).
The transaction details are as follows:

CCIRS transaction	MASTERPLAST 2026/I HUF	
	2024	2023
Trade date	16.12.2019	
Expiration date	07.12.2026.	
Place of implementation	OTC	
Party paying fixed interest	Raiffeisen Bank Zrt.	
Amount	HUF 3 011 400 900	HUF 4 517 101 350
Fixed interest rate	1,9264% p.a.	
Amount of relevant interest	HUF 58 318 208	HUF 87 034 376
Party paying fixed interest	Masterplast Nyrt.	
Amount	EUR 9 153 194	EUR 13 729 791
Fixed interest rate	1,08% p.a.	
Amount of relevant interest	EUR 100 777	EUR 150 753

19. Deferred income

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

Subsidy ID	Description of support	Beneficiary	2024	2023
SZVP-2003-6-03-08-1	Network building at „Master level”	Masterplast Nyrt. Masterplast Medical Kft.	23 863	27 141
GVOP-1.1.2-2004-11-0003/5.0	Cental and Eastern Europe Regional Corporate Headquarters „Master” course, MASTER3AS Centre – Product, Service and Training at „Master” level	Masterplast Nyrt. Masterplast Medical Kft.	177 346	195 881
HIPA/GYAR-2022-0294	Factory rescue program	Masterplast Nyrt.	525 982	0
GOP-1.3.3.09-2010-0013	„Development of new building and wrapping particles at MASTERFOAM Kft in order to strengthen supplier positions”	Masterfoam Kft.	6 169	6 609
GVOP-1.1.1-05/1.-2005-11-0010/5.0	„Development of a factory for foamed foils of Masterfoam Kft. in Kál, Heves county”	Masterfoam Kft.	367 037	423 500
NGM/34052-6/2017	Corporate Investment Subsidies	Masterfoam Kft.	3 638 433	3 977 405
State Subsidy	Glass fabric factory	Masterplast YU D.o.o.	9 011	27 984
GINOP-2.1.1-15-2016-00767	Development of a new wind and airtight diffusion roof film product with favourable properties at Masterplast Kft.	Masterplast Medical Kft.	25 597	26 694
GOP-1.3.1-11/A-2011-0084	Energy modernization of high-rise buildings and related fire safety compliance at MASTERPLAST Kft.	Masterplast Medical Kft.	16 483 964	17 422 987
PM/15207-9/2020	Production of COVID-19-relevant products - Research and development	Masterplast Medical Kft.	4 654 611	4 946 583
PM/2093-10/2021	Extension of the production capacity of personal health protection equipments in Sárszentmihály	Masterplast Medical Kft.	592 922	637 909
HIPA VNT2020-1-0634	Competitiveness-enhancing subsidy	Masterplast Medical Kft.	314 301	338 001
PM/326-9/2020	Implementation of efficient diffusion roof film production	Masterplast Medical Kft.	6 689 634	5 763 970
ID IPER 322209 ID IPER 344393 ID IPER 333554 ID IPER 344391 ID IPER 333526	Industry 4.0	Masterplast Italia Srl.	667 577	0
Total:			**34 176 446**	**33 794 663**
Short-term part:			**2 067 474**	**2 033 468**
Long-term part:			**32 108 972**	**31 761 195**

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

20. Other long-term liabilities

Other long-term liabilities	2024	2023
Long-term part of lease liabilities (Note 11)	827 440	590 472
Other long-term liabilities	132 271	132 258
Total	**959 711**	**722 730**

21. Provisions

2024	Opening balance	Translation difference	Increase	Current year use	Reversed	Closing
For unused holidays	372 129	-2 770	99 756	40 671	31 877	**396 567**
For retirement	117 497	159	38 429	17 683	0	**138 402**
For jubilee benefit	51 398	70	5 214	7 463	0	**49 219**
For warranty obligations	40 216	0	8 575	0	0	**48 791**
For outcomes of labor litigation	0	0	48 760	0	0	**48 760**
For bonuses	19 599	2	51 220	0	24 649	**46 172**
For other	47 766	-920	33 520	32 788	0	**47 578**
Total	**648 605**	**-3 459**	**285 474**	**98 605**	**55 675**	**775 489**

2023	Opening balance	Translation difference	Increase	Current year use	Reversed	Closing
For unused holidays	268 740	616	154 952	36 696	15 482	**372 130**
For bonuses	35 848	-175	79 352	42 220	53 207	**19 598**
For commissions	51 495	1 223	28 344	47 671	0	**33 391**
For warranty obligations	67 800	0	0	0	27 584	**40 216**
For other	159 038	196	44 319	20 283	0	**183 270**
Total	**582 921**	**1 860**	**306 967**	**146 870**	**96 273**	**648 605**

22. Trade payables

Ageing of trade payables is as follows:

Creditors	2024	2023
Not yet due	12 150 620	12 185 173
Due over 0-60 days	2 890 629	908 593
Due over 61-90 days	57 144	5 473
Due over 91-180 days	6 062	79 270
Due over 180 days	81 497	662 131
Total	**15 185 952**	**13 840 640**

23. Other current liabilities

Other current liabilities	2024	2023
Advances received	193 138	53 669
Liabilities to employees	1 332 092	1 168 192
Other current liabilities	1 004 379	1 431 659
Joint venture liability	0	2 201 624
Tender advance	129 746	375 673
Bonus to customers	1 080 334	1 290 708
Insurance	1 284	0
Accrued interest expense	248 728	412 492
Deferred income	8 121	40 577
Accrued expenses	525 357	489 557
Total	**4 523 180**	**7 464 150**

24. Cost of materials and services used

Cost of Materials and Services	2024	2023
Cost of materials	64 121 568	65 746 988
Cost of services	14 799 519	8 800 089
Cost of goods sold	34 091 354	46 944 382
Obtained sconto	-47 842	-49 155
Received bonus	0	-5 153
Total	**112 964 599**	**121 437 150**

25. Personnel related costs

Payments to personnel	2024	2023
Payroll costs	22 335 503	19 991 937
Other payments to personnel	1 688 943	1 676 026
Payroll taxes and social security contribution	3 484 250	2 682 324
Total	**27 508 696**	**24 350 287**

26. Other income and expense

Other income and expenses	2024	2023
Result of fixed asset sales	98 025	17 576
Inventory shortage, scrapped	-626 730	-428 539
Impairment reversed/(charged)	321 243	-4 866 844
Taxes, duties	-365 148	-530 082
Credit loss	-108 614	-197 510
Income from tenders (release of deferred income	2 097 086	1 938 334
Provisions reversed/(charged)	-58 256	-29 944
Default interest paid	-15 863	-992
Other	-168 357	421 261
Total	**1 173 386**	**-3 676 740**

27. Other financial profit or loss and fair value adjustments

Other financial profit or loss	2024	2023
Foreign exchange gain/(loss)	-2 402 713	-4 125 754
Recognised gain/(loss) on derivatives and fair value adjustments	-107 501	1 623 171
Total	**-2 510 214**	**-2 502 583**

The Group had the following open derivative transactions (at trading rate) at the end of years 2024 and 2023

Description	Expiry/Closing Date	Currency	Value	Fair Value 2024	Fair Value 2023
EUR buy PLN sell future at a rate of 4,3496924 EUR/PLN (trading rate at 4,4631 EUR/PLN)	10.01.2024	PLN	446 310	0	-2 608
EUR buy PLN sell future at a rate of 4,34968983606557 EUR/PLN (trading rate at 4,4616 EUR/PLN)	10.01.2024	PLN	272 158	0	-1 570
EUR buy PLN sell future at a rate of 4,34969676470588 EUR/PLN (trading rate at 4,4656 EUR/PLN)	10.01.2024	PLN	151 830	0	-906
EUR buy PLN sell future at a rate of 4,349669 EUR/PLN (trading rate at 4,4493 EUR/PLN)	10.01.2024	PLN	177 972	0	-917
EUR buy PLN sell future at a rate of 4,3496375 EUR/PLN (trading rate at 4,4307 EUR/PLN)	10.01.2024	PLN	141 782	0	-597
EUR buy PLN sell future at a rate of 4,34961028571429 EUR/PLN (trading rate at 4,4148 EUR/PLN)	10.01.2024	PLN	154 518	0	-525
EUR buy PLN sell future at a rate of 4,34957975 EUR/PLN (trading rate at 4,3968 USD/PLN)	10.01.2024	PLN	175 872	0	-434
EUR buy PLN sell future at a rate of 4,349524 EUR/PLN (trading rate at 4,3639 EUR/PLN)	10.01.2024	PLN	283 654	0	-215
EUR buy PLN sell future at a rate of 4,349526 EUR/PLN (trading rate at 4,3652 EUR/PLN)	10.01.2024	PLN	65 478	0	-54
EUR buy PLN sell future at a rate of 4,349556 EUR/PLN (trading rate at 4,3828 EUR/PLN)	10.01.2024	PLN	175 312	0	-306
EUR buy PLN sell future at a rate of 4,357454 EUR/PLN (trading rate at 4,3503 EUR/PLN)	14.02.2024	PLN	195 764	0	74
EUR buy PLN sell future at a rate of 4,35752666666667 EUR/PLN (trading rate at 4,3601 EUR/PLN)	14.02.2024	PLN	65 402	0	-9
EUR buy PLN sell future at a rate of 4,35758484848485 EUR/PLN (trading rate at 4,368 EUR/PLN)	14.02.2024	PLN	144 144	0	-79
EUR buy PLN sell future at a rate of 4,35744447368421 EUR/PLN (trading rate at 4,349 EUR/PLN)	14.02.2024	PLN	165 262	0	74
EUR buy PLN sell future at a rate of 4,3574355 EUR/PLN (trading rate at 4,3478 EUR/PLN)	14.02.2024	PLN	173 912	0	89
EUR buy PLN sell future at a rate of 4,3573225 EUR/PLN (trading rate at 4,3325 EUR/PLN)	14.02.2024	PLN	311 940	0	411
EUR buy HUF sell future at a rate of 382,78 EUR/HUF (trading rate at 382,39 EUR/HUF)	04.01.2024	HUF	1 503 187 338	0	-4 748
EUR buy HUF sell future at a rate of 382,78 EUR/HUF (trading rate at 383,6 EUR/HUF)	25.01.2024	HUF	2 010 576 229	0	-10 339
EUR buy HUF sell future at a rate of 391,812122 EUR/HUF (trading rate at 409,85 EUR/HUF)	31.07.2024	HUF	819 700 000	0	54 068
EUR/HUF foreign exchange swap at a rate of 382,78 EUR/HUF (trading rate at 329 HUF/EUR)	16.12.2026	HUF	4 517 101 350	0	-2 469 567
EUR/HUF foreign exchange swap at a rate of 382,78 EUR/HUF (trading rate at 329 HUF/EUR)	16.12.2026	HUF	3 011 400 900	-2 118 600	0
Total				**-2 118 600**	**-2 438 158**
Out of which financial receivable				**0**	**54 716**
Out of which financial payable				**-2 118 600**	**-2 492 874**

In 2024 and 2023 derivative transactions were evaluated by a contractual partner of the Group based on the actual market conditions that prevailed at the balance sheet date.

Fair value hierarchy	2024		2023	
	Level 2	Fair value total	Level 2	Fair value total
Financial assets				
FX derivative transactions	0	0	54 716	54 716
Financial assets total	**0**	**0**	**54 716**	**54 716**
Financial liabilities				
FX derivative transactions	2 118 600	2 118 600	2 492 874	2 492 874
Financial liabilities total	**2 118 600**	**2 118 600**	**2 492 874**	**2 492 874**

The Group's financial instruments at book value and fair value were as follows at the end of 2024 and 2023

Valuation of financial instruments	Book value		Fair value	
	31-12-2024	31-12-2023	31-12-2024	31-12-2023
Trade receivables	11 201 307	12 858 487	11 201 307	12 858 487
Taxes receivable	2 294 756	2 787 508	2 294 756	2 787 508
Other financial assets	0	54 716	0	54 716
Cash and cash equivalents	4 370 134	18 210 153	4 370 134	18 210 153
Total	**17 866 197**	**33 910 864**	**17 866 197**	**33 910 864**
Long-term loans	15 919 945	12 008 428	15 919 945	12 008 428
Liabilities from issued bonds – non current	32 893 571	43 054 735	30 144 368	41 893 230
Liabilities from issued bonds - current	7 309 188	7 817 635	7 309 188	7 817 635
Other long-term liabilities	959 711	722 730	959 711	722 730
Taxes payable	2 178 830	679 785	2 178 830	679 785
Short-term loans	19 842 647	18 301 987	19 842 647	18 301 987
Trade payables	15 185 952	13 840 640	15 185 952	13 840 640
Short-term finance lease liabilities	275 941	280 898	275 941	280 898
Other financial liabilities	2 118 601	2 492 874	2 118 601	2 492 874
Total	**96 684 386**	**99 199 712**	**93 935 183**	**98 038 207**

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

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

The expected credit loss of financial assets is an assumption based on the extent of losses and the risk of default. In determining the extent of impairment, the Group uses its own estimates and assumptions and rely on past data and future estimates.

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

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

Undiscounted cash-flow 2024	Payment within 1 year	Payment within 2-5 years	Payment beyond 5 years
Total loans and credits	19 842 647	15 869 945	50 000
Interests of loans and credits	1 758 637	2 918 421	2 081
Total	**21 601 284**	**18 788 366**	**52 081**

Undiscounted cash-flow 2023	Payment within 1 year	Payment within 2-5 years	Payment beyond 5 years
Total loans and credits	18 301 987	11 758 428	250 000
Interests of loans and credits	1 397 038	1 689 184	14 010
Total	**19 699 025**	**13 447 612**	**264 010**

28. Taxes

Taxes receivable and taxes payable were as follows:

Taxes receivable and taxes payable	2024	2023
Taxes receivable	2 294 756	2 787 508
Taxes payable	-2 178 830	-679 785
Net tax receivable	**115 926**	**2 107 723**

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

Income tax expense	2024	2023
Income tax expense for the current year	597 600	378 574
Deferred income tax expense	-1 314 728	-1 387 055
Income tax expense	**-717 128**	**-1 008 481**

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

Pursuant to the Global Minimum Tax Act, group members of a multinational corporate group or a large domestic corporate group domiciled in a state with a low tax burden may have an additional tax liability on their excess profits, provided that the income according to the consolidated financial statements of the corporate group exceeds the threshold of EUR 750 million in at least two of the last four years. According to the legislation, those states are considered to have a low tax burden, where the actual tax rate of the group member with citizenship is lower than 15 percent.

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

Average tax rate	2024	2023
Average tax rate	13,9%	13,9%

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

Year-end balance of deferred tax	2024	2023
Tangible fixed assets	-1 362 048	-851 156
Inventories	3 763	5 798
Impairment on investments	-40 261	-9 605
Provisions	117 486	42 658
Receivables	87 847	101 984
Deferred loss	3 523 791	1 996 005
Deferred tax adjustments due to consolidation	132 041	49 414
Other	-52 573	-79 354
Closing deferred tax assets, net	**2 410 047**	**1 255 744**
Of which deferred tax assets	**2 439 046**	**2 246 229**
		-502 355
Of which deferred tax (liability)	**-28 999**	**-990 485**

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

Difference between average and calculated tax rate	2024	2023
Profit before tax as per consolidated statement of profit or loss	-5 357 816	-16 618 785
Actual average income tax rate of the headquarter entity	9,0%	9,0%
Income tax payable calculated at actual average income tax rate of the headquarter entity	**-482 203**	**-1 495 691**
Impact of different income tax rates	-261 566	**-811 320**
Actual average income tax rate	13,9%	13,9%
Income tax payable calculated at actual average income tax rate	**-743 769**	**-2 307 011**
Permanent differences	1 697 901	-389 514
Impact of different income tax rates	-158 589	44 099
Reclassification of local income tax and innovation contribution	0	0
Write-off of deferred tax assets recognized in prior years	0	-350 000
Revaluation of deferred tax assets and liabilities	15 117	-2 060
Usage of carried forward losses	-1 527 787	1 996 005
Other	0	0
Total differences	**26 641**	**1 298 530**
Actual income tax expense	**-717 128**	**-1 008 481**
Effective income tax rate	**13,4%**	**6,1%**

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

Company name	Currency	2024		
		Losses of prior years	Recognized as deferred tax	Not recognized as deferred tax
Masterplast Nyrt.	HUF	-387 830 240	-387 830 240	0
Masterplast Medical Kft.	HUF	-8 020 739 144	-6 015 554 358	-2 005 184 786
Masterplast Modulhouse Kft.	HUF	-1 028 994 640	-1 028 994 640	0
Masterplast International Kft.	HUF	-426 717 555	-426 717 555	0
Masterfoam Kft.	HUF	-616 112 876	-616 112 876	0
Masterplast Romania S.R.L.	RON	-1 300 964	-1 300 964	0
Masterplast YU D.o.o.	RSD	-378 173 074	-378 173 074	0
Masterplast Nonwoven	EUR	-4 500 000	-3 375 000	-1 125 000
Masterplast Proizvodnja	RSD	-74 213 450	-74 213 450	0

29. Earnings per share

Earnings per share	2024	2023
Profit distributable to shareholders	-4 825 348	-15 810 988
Weighted average number of shares traded during the year	16 577 520	16 591 430
Earnings per share	**-0,29**	**-0,95**

Diluted earnings per share	2024	2023
Profit distributable to shareholders	-4 825 348	-15 810 988
Weighted average number of shares traded during the year	16 577 520	16 591 430
Diluted earnings per share	**-0,29**	**-0,95**

In 2024 and in 2023, due to non-compliance with the conditions of the relevant MRP program, earnings per share figures are the same for both calculations.

Following the balance sheet date, on 4 March 2025, the Company carried out a private placement of shares, during which 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, were issued. Since the shares were issued after the reporting period, these shares were not taken into account in the calculation of earnings per share (EPS). The dilutive effect of the shares is expected in future periods, which effect is presented in the table below in relation to earnings per share for 2024:

Earnings per share	Current year fact	Taking into account the capital increase of 4 March 2025	Impact (%)
Profit of 2024 distributable to shareholders	-4 825 348	-4 825 348	0%
Weighted average number of shares traded during the year	16 577 520	18 977 520	14%
Diluted earnings per share	**-0,29**	**-0,25**	**-13%**

30. Segments

In view of the Group's operations, our production and selling activities are presented as business segments.

Accordingly, the Group divides its activities into two segments: Production and Selling.

The Production segment supplies fibreglass-mesh, plasterboard profiles, plaster profiles, isofoam, EPS and XPS to the Selling segment.

The inter-segment transfer prices are based on the actual (purchase) market prices. The results of these operations also include those of the fully consolidated subsidiaries that belong to each segment.

2024	Sales	Production	Unallocated expenses	Inter-segment eliminations	Consolidated
Sales revenues from third parties	127 389 106	8 491 374	256 966	0	**136 137 445**
Inter-segment sales revenues	30 269 708	61 443 318	3 199 999	-94 913 025	**0**
Materials and services used	-145 009 548	-60 990 011	-1 878 065	94 913 025	**-112 964 599**
Payments to personnel	-8 718 427	-15 995 073	-2 795 196	0	**-27 508 696**
Depreciation and amortisation	-1 046 054	-5 910 272	-567 436	0	**-7 523 762**
Changes in self- produced inventories	2 488 396	2 879 331	0	0	**5 367 727**
Other operating income (expenses)	-113 171	1 681 622	-395 065	0	**1 173 386**
EBITDA	**6 306 063**	**-2 489 439**	**-1 611 360**	**0**	**2 205 264**
EBITDA %	5,0%	-4,1%	-46,6%		1,6%
OPERATING PROFIT/LOSS	**5 260 009**	**-8 399 711**	**-2 178 796**	**0**	**-5 318 499**
EBIT %	4,1%	-13,7%	-63,0%		-3,9%
Interest income	3 084 208	19 514	-2 332 340	0	**771 382**
Interest expenses	-2 315 307	-3 145 737	2 222 574	0	**-3 238 471**
Other income (expenses) of financial transactions	-227 783	569 548	2 168 449	0	**2 510 214**
Financial profit/loss	**541 118**	**-2 556 675**	**2 058 682**	**0**	**43 125**
Share of the profit of associates	0	0	-82 442		**-82 442**
PROFIT/LOSS BEFORE TAX	**5 801 127**	**-10 956 386**	**-202 556**	**0**	**-5 357 816**
Income tax	-358 652	1 184 609	-108 829		**717 128**
PROFIT/LOSS FOR THE YEAR	**5 442 475**	**-9 771 777**	**-311 386**	**0**	**-4 640 688**
ASSETS					
Tangible fixed assets	7 539 578	94 561 216	8 763 961		**110 864 755**
Inventories	28 233 599	11 765 796	18 493		**40 017 889**
Trade Debtors	10 438 521	520 361	242 425		**11 201 307**
LIABILITIES					
Long-term loans	13 813 600	2 106 345	0		**15 919 945**
Deferred income	0	33 449 254	727 192		**34 176 446**
Short-term loans/overdrafts	9 894 420	7 069 280	2 878 947		**19 842 647**
Trade Creditors	13 677 937	1 356 880	151 136		**15 185 952**

2023	Sales	Production	Unallocated expenses	Inter-segment eliminations	Consolidated
Sales revenues from third parties	144 291 545	0	912 009	0	**145 203 554**
Inter-segment sales revenues	0	76 429 983	2 135 039	-78 565 022	**0**
Materials and services used	-127 134 897	-71 125 620	-1 741 655	78 565 022	**-121 437 150**
Payments to personnel	-8 517 921	-13 114 303	-2 718 063	0	**-24 350 287**
Depreciation and amortisation	-1 124 669	-4 688 063	-608 320	0	**-6 421 052**
Changes in self- produced inventories	467 800	-3 281 471	946 301	0	**-1 867 370**
Other operating income (expenses)	-711 466	-2 152 226	-813 048	0	**-3 676 740**
EBITDA	**8 395 061**	**-13 243 637**	**-1 279 417**	**0**	**-6 127 993**
EBITDA %	5,8%	-17,3%	-42,0%		-4,2%
OPERATING PROFIT/LOSS	**7 270 392**	**-17 931 700**	**-1 887 737**	**0**	**-12 549 045**
EBIT %	5,0%	-23,5%	-62,0%		-8,6%
Interest income	-1 980 246	17 967	3 225 541	0	**1 263 262**
Interest expenses	2 981 042	-3 273 144	-2 998 018	0	**-3 290 120**
Other income (expenses) of financial transactions	55 263	-303 653	-2 254 193	0	**-2 502 583**
Financial profit/loss	**1 056 059**	**-3 558 830**	**-2 026 670**	**0**	**-4 529 441**
Share of the profit of associates	0	0	459 701	0	**459 701**
PROFIT/LOSS BEFORE TAX	**8 326 451**	**-21 490 530**	**-3 454 706**	**0**	**-16 618 785**
Income tax	-757 950	1 547 901	218 530	0	**1 008 481**
PROFIT/LOSS FOR THE YEAR	**7 568 501**	**-19 942 629**	**-3 236 176**	**0**	**-15 610 304**
ASSETS					
Tangible fixed assets	10 625 144	98 168 563	10 405 865	0	**119 199 572**
Inventories	21 714 642	11 416 752	1 160 076	0	**34 291 470**
Trade Debtors	12 445 991	208 990	203 506	0	**12 858 487**
LIABILITIES					
Long-term loans	8 832 767	3 175 661	0	0	**12 008 428**
Deferred income	0	33 571 794	222 869	0	**33 794 663**
Short-term loans/overdrafts	13 707 072	4 594 915	0	0	**18 301 987**
Trade Creditors	11 294 970	2 255 764	289 906	0	**13 840 640**

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

Sales revenues by countries	2024	2023
Hungary	49 950	54 094
Export	14 514	15 484
Poland	13 139	13 547
Romania	12 209	13 209
Serbia	11 264	10 253
Germany	9 803	9 644
Ukraine	7 641	8 415
Italy	7 063	7 625
Slovakia	5 133	6 030
Croatia	3 948	5 466
North Macedonia	1 473	1 437
Total	**136 137**	**145 204**

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

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

2024	Total	Properties, machinery and equipment	Intangible assets	Participation in associates	Long-term financial assets
Hungary	**70 684**	53 663	1 370	15 651	0
Germany	**9 347**	9 320	27	0	0
Romania	**689**	635	54	0	0
Serbia	**42 807**	42 771	36	0	0
Croatia	**358**	318	40	0	0
Ukraine	**610**	604	6	0	0
Slovakia	**347**	347	0	0	0
Poland	**429**	429	0	0	0
North-Macedonia	**274**	273	1	0	0
Italy	**3 219**	2 505	714	0	0
Total	**128 764**	**110 865**	**2 248**	**15 651**	**0**

2023	Total	Properties, machinery and equipment	Intangible assets	Participation in associates	Long-term financial assets
Hungary	**72 996**	56 708	1 633	14 655	0
Germany	**9 946**	9 914	32	0	0
Romania	**3 091**	3 013	78	0	0
Serbia	**44 985**	44 962	23	0	0
Croatia	**351**	351	0	0	0
Ukraine	**590**	584	6	0	0
Slovakia	**327**	327	0	0	0
Poland	**442**	442	0	0	0
North-Macedonia	**290**	289	1	0	0
Italy	**3 109**	2 610	499	0	0
Total	**136 127**	**119 200**	**2 272**	**14 655**	**0**

33. Related party transactions

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

Services used from related parties

Dávid Tibor owns 100% of Essence Invest Ltd., Tibor Di Transilvania Srl, and together with Balázs Ács they own PrimoInvest Kft. (formerly Fóliatex Kft.) and 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. EUR 73 155 in 2024 and EUR 78 374 in 2023 were paid to Országos Minifoci Szövetség as sports grants.

Key executives of the Group discharge their duties as employees. Short-term allowances paid to them amounted to EUR 1 589 792 in 2024 and EUR 2 186 318 in 2023. No loans were granted to senior officers either in 2024 or 2023. The sum total of fees paid to members of the Board of Directors was EUR 24 248 in 2024 and EUR 35 495 in 2023.

34. Issuance of shares

No capital increase took place in the financial year of 2024.

35. Change of investments in subsidiaries

35.1. Decrease of investments in subsidiaries in 2024:

None.

35.2. Decrease in investments in subsidiaries in 2023

Pimco Kft.

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

Mastermodul Kft.

MASTERPLAST Nyrt. sold its 25% share in Mastermodul Kft for HUF 750 000.

35.3. Increase in investments in subsidiaries 2024

Masterplast Italia Srl.

With the purchase of the 1,3% business share of Masterplast Italia Srl. effective from July 10, 2024, the Company's consolidated share of ownership changed to 100%.

35.4. Increase in investments in subsidiaries in 2023

Pimco Kft.

The Company purchased 100% of PIMCO Kft. as part of its glass wool manufacturing investment project on January 18, 2023.

Masterplast Italia Srl.

The Company entered into a share transfer agreement for the purchase of a packet of 44.5% of the shares of MASTERPLAST Italia S.r.l. with a nominal value of EUR 89 000 on March 16, 2023. As a result, the Company became the 95.5% owner of MASTERPLAST Italia S.r.l. The other member sold another packet with a nominal value of EUR 6 400 of its shares of Masterplast Italia S.r.l. out of its remaining shares of EUR 9 000 on 28 November 2023.

MIP Zrt.

Based on the strategic cooperation agreement concluded on 9 December 2022, the Company agrred to purchase 50% share in MIP Zrt. on 3 April 2023, which will produce rockwool materials. The purchase price was EUR 6 million plus HUF 5 million.

MASTERWOOL MW-1 d.o.o.

The Company signed a share transfer agreement for the purchase of 49% of the registered capital of MASTERWOOL MW-1 d.o.o on 21 March 2023 for EUR 1 405 000. As a result the Company became the sole owner of MASTERWOOL MW-1 d.o.o.

36. Share of external (minority) owners

Share of external owners	Share rate		Amount of share	
	2023	2023	2023	2023
Masterplast Sp zoo	19,96%	19,96%	476 192	405 282
MasterPlast TOV	20,00%	20,00%	228 916	195 851
Masterplast Italia Srl.	0	1,30%	0	26 228
Total	**-**	**-**	**705 109**	**627 361**

37. Risk management

37.1. Financial risks

Total credit risk

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

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

Interest rate risk

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

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

Interest risk	2024	2023
+ 1% increase in interest rates		
Financial profit/(loss)	43 125	-4 529 441
Effect of interest rate increase	-357 626	-303 104
Adjusted financial loss	**-314 501**	**-4 832 545**
Profit before tax	-5 357 816	-16 618 785
Effect of interest rate increase	-357 626	-303 104
Adjusted profit before tax	**-5 715 442**	**-16 921 889**
+ 1% decrease in interest rates		
Financial profit/(loss)	43 125	-4 529 441
Effect of interest rate decrease	357 626	303 104
Adjusted financial loss	**400 751**	**-4 226 337**
Profit before tax	-5 357 816	-16 618 785
Effect of interest rate decrease	357 626	303 104
Adjusted profit before tax	**-5 000 190**	**-16 315 681**

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

Exchange risk	2024	2023
Appreciation of EUR / HUF, EUR/RSD rates by 3 %		
Financial profit/(loss)	43 125	-4 529 441
Effect of exchange rate appreciation	236 699	261 939
Adjusted financial loss	**279 824**	**-4 267 502**
Profit before tax	-5 357 816	-16 618 785
Effect of exchange rate appreciation increase	236 699	261 939
Adjusted profit before tax	**-5 121 117**	**-16 356 846**
Deprecation of EUR / HUF, EUR/RSD rates by 3 %		
Financial profit/(loss)	43 125	-4 529 441
Effect of exchange rate depreciation	-236 699	-261 939
Adjusted financial loss	**-193 574**	**-4 791 380**
Profit before tax	-5 357 816	-16 618 785
Effect of exchange rate depreciation decrease	-236 699	-261 939
Adjusted profit before tax	**-5 594 515**	**-16 880 724**

37.2. Liquidity risk

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

As at 31 December 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 credit options available to the Group provide sufficient solvency and financial flexibility for the implementation of the Group's strategic objectives.

The table below includes financial liabilities of the Group broken down by maturity as at 31 December 2024 and 2023 based on the non-discounted values of contractual payments.

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

2024	Falling due within 1 year	Falling due within 1-5 years	Falling due beyond 5 years	Total
Finance lease liabilities*	328 068	897 554	0	**1 225 622**
Bank loans*	21 601 284	18 788 366	52 081	**40 441 731**
Liabilities from issued bonds	7 309 188	24 127 067	8 766 504	**40 202 759**
Trade payables and other liabilities	24 782 052	0	0	**24 782 052**
Total	**54 020 592**	**43 812 987**	**8 818 585**	**106 652 164**

2023	Falling due within 1 year	Falling due within 1-5 years	Falling due beyond 5 years	Total
Finance lease liabilities*	330 306	657 796	0	988 102
Bank loans*	19 699 025	13 447 612	264 010	33 410 647
Liabilities from issued bonds	7 817 635	28 943 831	14 110 904	50 872 370
Trade payables and other liabilities	25 126 054	0	0	25 126 054
Total	**52 973 020**	**43 049 239**	**14 374 914**	**110 397 173**

*includes the financing cost too

Non-compliance with the bank loans' covenants would also represent certain risks to the Group's capability to prolonge its loans and credit facilities.

The following table presents the required loan covenants and their fulfilments as at 31 December 2024.

Name and calculation of indicator	Required	Actual	Required	Actual
	2024		2023	
net debt/EBITDA	< 3,5	14,80	≤3,5	n/a

The Group met all required indicators as of 31 December 2024.

Due to negative EBITDA, the Group did not meet the conditions of bond Nr 2031/I HUF related covenants on 31 December 2023. As a consequence bank overdrafts denominated in RSD presented in the summary schedule of loans in Note 16, have been extended while the Group has bank waivers and long-term letters of intent to waive-off covenants in case of the other loans.

Covenants related tot he bonds are presented in the following schedule:

Name and calculation of indicator	Required	Actual	Required	Actual
	2024		2023	
net debt/EBITDA	< 3,5	14,80	≤3,5	n/a

The conditions of the convenants are as follows:

The Group met all required indicators as of 31 December 2024.

Due to negative EBITDA, the Group did not meet the conditions of bond-related covenants on 31 December 2023. Since there is no potential or actual claim for default at the Company, the rate calculated in this way only prohibits new financial commitments and does not qualify as a maintenance financial covenant

Short- and long-term loan from bank - covenants 2024

Company name	Loan code	Maturity date	Covenants	Comments
Masterplast YU D.o.o.	00-421-1700025.1	11.07.2025	1. total bank loans/EBITDA ratio shall not exceed 3 2. total bank loans/net sales ratio shall not exceed 20%	The covenants were fulfilled for 2024
Masterplast YU D.o.o.	00-421-0611706.8	20.04.2028	1. total bank loans/EBITDA ratio shall not exceed 3,5 2. total bank loans/net sales ratio shall not exceed 25%	The covenants were fulfilled for 2024
Masterplast YU D.o.o.	00-422-0013391	08.02.2025	none	Extended until 30-04-2025
Masterplast YU D.o.o.	00-422-0004844	08.02.2025	none	Extended until 30-04-2025
Masterplast YU D.o.o.	00-429-0300071.0	08.02.2025	none	Extended until 30-04-2025
Masterplast d.o.o (HR)	18518500010	-	none	-
Masterplast Italy	-	31.03. 2030	none	-
Masterplast International	TCF-R-80/2022	16.06.2027	1. Minimum 50% of exported products should be of Hungarian origin. 2. Total loans shall not exceed 85% of foreign net sales.	The covenants were fulfilled for 2024
Masterplast International	R9/2021	15.12.2025	none	
Masterplast International	EHIT/114590/2024/485938/001	2027.06.16	1. Net Working Capital for each calendar quarter shall not be less than the outstanding balance of current assets and credit lines at he the end of given quarter (calculated based on consolidation data)	The covenants were fulfilled for 2024
Masterplast Romania	56 (OVD)	-	none	-
Masterplast s.r.o.	-	-	1. Liquidity ratio shall not be less than 140% 2. Equity/ total loans shall not be less than 40% 3. cash flows shall not be less than EUR 150 000 on 30 June and shall not be less than EUR 300 000 EUR on 31 December.	Bank waiver for covenants

The financial covenant determined by the bond and loan insurers is the ratio of consolidated net indebtedness to consolidated EBITDA, which shall not exceed 3.5 times.

Description of ratio	Required	Actual	Required	Actual
	2024		2023	
net debt/EBITDA	≤3,5	14,80	≤3,5	n/a

As of 31. 12. 2024, the Group, with the exception of Masterplast s.r.o., met all required indicators. Masterplast s.ro. received the waiver from the bank.
Due to negative EBITDA, the Group did not meet the conditions of bond-related covenants on 31 December 2023. Since there is no potential or actual claim for default at the Company, the rate calculated in this way only prohibits new financial commitments and does not qualify as a financial covenant.

37.3. Geographical risk

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

37.4. Country risk

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

37.5. Foreign currency risk

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

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

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

37.6. Tax risk

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

37.7. Equity risk

- Dividend payment policy: In the event the Group cannot find development and acquisition targets required for its growth, it can pay dividends to shareholders in addition to providing adequate profitability and working capital. The dividend rate is the maximum of 50% of the profit for the year.
- Capital increase: Masterplast increased its capital in 2018 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 decided to increase the Company's share capital by issuing new ordinary shares through a private placement in exchange for 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.

38. Research and development

Changes in Research and developments costs: non incurred in current year.

Research & Development cost	2024	2023
Research & Development costs	0	0

39. Contingent liabilities and future commitments

Unclosed tenders and related commitments – 2024

Tender ID	Tender Title	Subsidized company	Amount	Settlement date	Source of fund	Repayable Amount	Implementation of project	Commitments	End of maintenance period
GINOP-2.1.1-15-2016-00767	New wind and airtight diffusion roof film product development at Masterplast Kft.	Masterplast Medical Kft.	133 990	2017.04.18 2018.09.12 2019.08.21	European Union European Regional Development Fund Republic of Hungary Central Budget	133 990	Implemented	The revenue of the process/product developed within the framework of the project must be achieved in 2 consecutive financial years after the completion of the development by 31.12.2020 at the latest. The rate is 30.8% of the grant.	2024.12.31
PM/326-9/2020	Implementation of efficient diffusion roofing film production	Masterplast Medical Kft.	375 261	2020.12.30	100% domestic fund	375 261	Implemented	Employee number maintenance (71,22 employees) and undertaking wage cost increases for the years 2021-2026	2026.12.31
PM/15207-9/2020	Production of COVID-19 relevant products	Masterplast Medical Kft.	17 851 979	2020.12.29	100% domestic fund	17 851 979	Implemented	Employee number maintenance (78,3 employees) and maintenance of developed capacities	2024.12.31
PM/15207-9/2020	Production of COVID-19 relevant products – research and development	Masterplast Medical Kft.	448 239	2020.12.29	100% domestic fund	448 239	Implemented	Employee number maintenance (78,3 employees) and maintenance of developed capacities	2025.12.31
PM/2093-10/2021	Establishment of finished product production capacity of personal protective equipment for the health industry in Sárszentmihály	Masterplast Medical Kft.	5 054 117	2021.04.21	100% domestic fund	5 054 117	Implemented	Employee number maintenance (80.5 employees) and maintenance of developed capacities	2025.12.31
NGM/34052-6/2017	Implementation of significant business development at Mastefroam Kft.	Masterfoam Kft.	612 070	2018.04.30 2018.10.31	100% domestic fund	612 070	Implemented	Creation of a total of 21 new jobs in the 2019 and 2020 financial years and undertaking an increase in wage costs compared to the base period (2016).	2024.10.31
05 No. 401 5329/2015-1	Production development	Masterplast YU D.o.o.	2 000 000	2015. 2016. 2017.	Republic of Serbia	2 000 000	Implemented	Employee number maintenance (205 employees)	2023.02.28
KK-H-02/2017-I-7-0005	Production development	Masterplast YU D.o.o.	2 484 983	2018.	Republic of Hungary through the Prosperitati Fund	2 484 983	Implemented	Maintenance of busines for 7 years, 105 new employees for an indefinite period, whose average salary is 75% of the average salary in the economic sector in which they are established. 10 new suppliers must be contracted.	2024.12.31
SZ-H-04/2019-III-1-0002	Production development	Masterplast YU D.o.o.	3 000 000	2021.	Republic of Hungary through the Prosperitati Fund	3 000 000	Implemented	Maintenance of business for 7 years beginning from the date of implementation of the project.	2027.06.30
NTP2020-000356/2	Development of new production capacity to secure production capacity and markets	Beneficiary: Masterplast Medical Kft. Consortium Member: Masterplast Proizvodnja D.o.o.	6 156 687	I Advance: 2022.01.18. I. interim settlement accepted: 2023.05.16. II. interim settlement: submitted, deficiencies being filled	Ministry of Foreign Affairs of Hungary through HEPA Exportfejlesztési Ügynökség Zrt.	6 156 687	In progress	Maintenance of assets acquired through the grant for 5 years beginning from the date of implementation of the project + at least 30% of the grant has to be received as dividend.	The maintenance period has not begun yet
HIPA/GYAR-2022-0294	Factory rescue program	MASTERPLAST Nyrt.	701 309	2023: 143 800 000 2024: 71 900 000 2025: 71 900 000	100% domestic fund	701 309	In progress	Maintaining 90% of the average statistical staff headcount in 2022 as base headcount for a period of one year after completion of the investment.	The maintenance period has not begun yet
ID IPER 322209 ID IPER 344393 ID IPER 333554 ID IPER 344391 ID IPER 333526	Industry 4.0	Masterplast Italia S.R.L.	763 420	From 01.01.2024, continuous monthly drawdown proportional to depreciation (2024: EUR 95 994,85)	EU funds (mainly NRPP-NGEU)	763 420	Implemented	Maintenance of assets until 31.12.2026.	2026+6 YRS DECADENCE PERIOD FOR FISCAL ASSESSMENT= 31/12/2032

GVOP funds are repayable with an interest that is double of the central bank prime rate if the contractual covenants are not met. All contractual covenants were met in the reporting year and will be met in the future too according to management.

Unclosed tenders and related commitments – 2023

Tender ID	Tender Title	Subsidized company	Amount	Settlement date	Source of fund	Repayable Amount	Implementation of project	Commitments	End of maintenance period
GINOP-2.1.1-15-2016-00767	New wind and airtight diffusion roof film product development at Masterplast Kft.	Masterplast Medical Kft.	143 550	2017.04.18 2018.09.12 2019.08.21	European Union European Regional Development Fund Republic of Hungary Central Budget	137 285	Implemented	The revenue of the process/product developed within the framework of the project must be achieved in 2 consecutive financial years after the completion of the development by 31.12.2020 at the latest. The rate is 30.8% of the grant.	2024.12.31
PM/326-9/2020	Implementation of efficient diffusion roofing film production	Masterplast Medical Kft.	402 035	2020.12.30	100% domestic fund	384 487	Implemented	Employee number maintenance (71,22 employees) and undertaking wage cost increases for the years 2021-2026	2026.12.31
PM/15207-9/2020	Production of COVID-19 relevant products	Masterplast Medical Kft.	19 125 654	2020.12.29	100% domestic fund	18 290 863	Implemented	Employee number maintenance (78,3 employees) and maintenance of developed capacities	2024.12.31
PM/15207-9/2020	Production of COVID-19 relevant products – research and development	Masterplast Medical Kft.	480 219	2020.12.29	100% domestic fund	459 259	Implemented	Employee number maintenance (78,3 employees) and maintenance of developed capacities	2025.12.31
PM/2093-10/2021	Establishment of finished product production capacity of personal protective equipment for the health industry in Sárszentmihály	Masterplast Medical Kft.	5 414 710	2021.04.21	100% domestic fund	5 178 371	Implemented	Employee number maintenance (80.5 employees) and maintenance of developed capacities	2025.12.31
NGM/34052-6/2017	Implementation of significant business development at Mastefroam Kft.	Masterfoam Kft.	655 739	2018.04.30 2018.10.31	100% domestic fund	627 117	Implemented	Creation of a total of 21 new jobs in the 2019 and 2020 financial years and undertaking an increase in wage costs compared to the base period (2016).	2024.10.31
05 No. 401 5329/2015-1	Production development	Masterplast YU D.o.o.	2 000 000	2015. 2016. 2017.	Republic of Serbia	2 000 000	Implemented	Employee number maintenance (205 employees)	2023.02.28
KK-H-02/2017-I-7-0005	Production development	Masterplast YU D.o.o.	2 481 615	2018.	Republic of Hungary through the Prosperitati Fund	2 478 470	Implemented	Maintenance of busines for 7 years, 105 new employees for an indefinite period, whose average salary is 75% of the average salary in the economic sector in which they are established. 10 new suppliers must be contracted.	2024.12.31
SZ-H-04/2019-III-1-0002	Production development	Masterplast YU D.o.o.	3 000 000	2021.	Republic of Hungary through the Prosperitati Fund	3 000 000	Implemented	Maintenance of business for 7 years beginning from the date of implementation of the project.	2027.06.30
NTP2020-000356/2	Development of new production capacity to secure production capacity and markets	Beneficiary: Masterplast Medical Kft.	6 595 945	I., Advance: 2022.01.18. II. After the acceptance of the I. interim settlement, 2023.04.21 (planned date)	Ministry of Foreign Affairs of Hungary through HEPA Exportfejlesztési Ügynökség Zrt.	6 595 945	In progress	Maintenance of assets acquired through the grant for 5 years beginning from the date of implementation of the project + at least 30% of the grant has to be received as dividend.	The maintenance period has not begun yet
HIPA/GYAR-2022-0294	Factory rescue program	MASTERPLAST Nyrt.	751 345	2023: 143 800 000 2024: 71 900 000 2025: 71 900 000	100% domestic fund	751 345	In progress	Maintaining 90% of the average statistical staff headcount in 2022 as base headcount for a period of one year after completion of the investment.	The maintenance period has not begun yet

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

Off-balance sheet items and bank guarantees

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

Company	Guarantee type	2024	2023
Masterfoam Kft.	Tender guarantee	306 035	655 739
Masterplast Romania	Bank guarantee	250 508	250 483
Masterplast Romania	Bank guarantee	79 741	79 733
Masterplast YU D.o.o.	Bank guarantee	85 459	85 343
Masterplast YU D.o.o.	Bank guarantee	0	12 238
Masterplast YU D.o.o.	Bank guarantee	213 648	0
Masterplast Proizvodnja DOO Subotica	Bills of Exchange	2 712 570	5 812 205
Total		**3 647 961**	**6 895 741**

40. Litigations and extrajudicial legal cases involving the Group

An investigation has been extended to the MASTERPLAST Romania Srl. which was launched by the Romanian tax authority to an assumed tax claim in relation with anti-dumping laws on imported products concerning the operations of some of the suppliers of the Romanian subsidiary of the Company, and the investigative authority suspected MASTERPLAST Romania S.R.L. and two executive officials of it. For the upcoming periods of the procedure, as a security for possible future enforcement up to the amount of EUR 2 000 430 (RON 9 951 341), ordered the seizure and banned the alienation of Romanian properties owned by MASTERPLAST Romania S.R.L. This procedure has no influence on the operation and business activities of the MASTERPLAST Romania Srl.
As the result of the completed tax investigation, the Romanian tax authority determined a VAT liability in the amount of EUR 250 483 (RON 1 246 053) and additionally EUR 79 733 (396 638 RON) as default interest for the inspected period from 1 January 2014 to 31 August 2016. The Company represented a bank guarantee for the tax liabilities.
The Company has initiated a legal redress against the decision and the investigation that follows was closed by a final order establishing no criminal offence in February 2024. The investigation was closed by a final order in February 2024 and no criminal offence was established.

As part of the transfer price investigation launched at the Romanian subsidiary of the Company, the Romanian Tax Authorities identified a tax deficit of EUR 466 035 (RON 2 318 107) for the financial years 2014-2018. The Company has appealed because of the finding with the assistance of experts thus the proceedings are still ongoing. In order to avoid possible future tax fines, the Company has paid the full amount to the tax authorities in 2020, The Group expects that the above proceedings will not have a major impact on the Group's financial position and profits.

In connection with the previous work accident at Masterplast Medical Kft., an investigation is underway by the Székesfehérvár Police Department, while the labor safety procedure of the Fejér County Government Office ended on August 26, 2024 with the imposition of a minimum fine of HUF 1,35 million

The Company and its subsidiaries had 8 litigation and non-litigation proceedings totalling approximately EUR 686 thousand in the 2024 financial year.

The Group expects that the above proceedings will not have a major impact on the Group's financial position and profits.

Litigations and extrajudicial cases launched by the Group:

The Company and its subsidiaries have approximately 86 legal proceedings in progress launched by the Group with a total approximate value of EUR 718 thousand.

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

41. MASTERPLAST Employee Shared Ownership Program

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

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

In connection with the 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 MRP 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 consolidated 2024 EBIT target	8 051 000	-5 318 499	-166%
Group consolidated 2024 profit after tax target	4 609 000	-4 640 688	-201%
Masterplast Hungária Kft. 2024 EBIT target	2 789 000	1 788 192	-36%
Masterplast International Kft. Export PC 2024 EBIT target	1 406 000	1 373 722	-2%
Masterplast Medical Kft. 2024 EBIT target	0	-3 337 804	0%
Masterplast Modulhouse Kft. 2024 EBIT target	0	-1 338 601	0%
Master Plast S.r.o. (Slovakia) 2024 EBIT target	411 000	-29 169	-107%

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

The Company launched the 2022/2023 program related to the year 2023 on April 6, 2022. However, due to the failure to meet the revenue and performance indicators specified in the remuneration policy, no MRP benefit will be paid in relation to the business year. Accordingly, the Company did not recognize any expense related to MRP remuneration in the income statement for the 2023 business year.

Description of required indeces	Required	Actual	implementation %
Group turnover growth compared to fiscal year 2021	191 488 699	145 203 554	75,83%
Consolidated profit after tax growth compared to previous year	15 700 211	-15 610 304	-99,43%
Consolidated profit after tax growth compared to strategic plan	1 000 000	-15 610 304	-1 561,03%

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.

42. 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.

43. Statements for the future

The Annual Report includes some statements relating to the future. These statements are based on current plans, estimations and forecast, 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. An adjustment to accounting estimates is recognised in the period of the estimate adjustment if the adjustment affects only the current year, and in the adjustment period and in subsequent periods if the adjustment affects both the current and subsequent years.

44. Assumption of responsibility

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

45. Approval of the consolidated annual financial statements

The consolidated 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 consolidated annual financial statements may only be amended by the Annual Meeting of the Shareholders.

MASTERPLAST PLC.

CONSOLIDATED MANAGEMENT AND BUSINESS REPORT

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

Sárszentmihály, 17 April 2025

CONTENTS

INTRODUCTION

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

OWNERSHIP

Masterplast Nyrt. is a business organisation that was established by its private individual owners for trading purposes in 1997.
Distribution of shareholder equity:

- 16 850 631 registered ordinary shares each with a face value of HUF 100

Shares are issued in the form of dematerialised shares.
ISIN identification number: HU0000093943

Owner's name	2024	2023
Tibor Dávid	454 805 700 Ft	454 805 700 Ft
Ács Balázs	387 725 900 Ft	387 725 900 Ft
Bunford Tivadar	42 169 000 Ft	45 169 000 Ft
Nádasi Róbert	12 903 400 Ft	12 903 400 Ft
Jancsó Illés	4 490 900 Ft	4 490 900 Ft
Pécsi László	2 013 200 Ft	2 013 200 Ft
Lukács Flórián László	252 000 Ft	252 000 Ft
Additional minority owners	751 687 900 Ft	752 544 300 Ft
Repurchased shares	29 015 100 Ft	25 158 700 Ft
Total:	**1 685 063 100 Ft**	**1 685 063 100 Ft**
	(6 049 289 EUR)	**(6 049 289 EUR)**

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

In early 2011, the Company decided to go public in order to raise capital on the capital market to achieve its medium-term plans and to change into a publicly listed company.
Accordingly, its conversion into a publicly listed company was registered on 20 April 2011 and it was technically introduced to the Budapest Stock exchange on 29 November 2011. In 2012 the Company raised capital of EUR 6,1 million with two share issuance transactions, which broadened its ownership structure. In October 2022, it raised a further EUR 22,4 million through public offering of ordinary shares.

VOTING RIGHTS AND VOTING

Every ordinary shareholder is entitled to one vote. Only the shareholders registered in the share register before the General Meeting entitled to take part at the General Meeting with a voting right.
The General Meeting passes its decisions with simple majority of votes, except when a three quarters majority of the submitted votes is required for a decision under the Act on Business Organisations.
If the General Meeting decides to change a decision made by the Board of Directors, the decision modifying the original decision is only valid subject to approval by the shareholders in attendance.

DATA OF OWN SHARES

At the balance sheet date, the Corporate Group had 290 151 pieces of repurchased dematerialised own shares.

BOARD OF DIRECTORS

The Board of Directors is the executive body of the Company except in matters that fall within the General Meeting's competence. Its activities are governed by the Company's Articles of Association, the General Meeting's decisions and the effective laws. The detailed powers of the Board of Directors are set out in the rules of procedure of the Board of Directors. The Board of Directors shall consist of five members, elected by the Annual General Meeting. The Board of Directors shall elect a Chairman and a Vice-Chairman from among its members, for a term equal to the term of the Board of Directors.
The Board of Directors shall not participate in the The Board of Directors shall not participate in the day-to-day activities of of Masterplast Plc., the operational management of the Company shall be carried out by the Chief Executive Officer, who shall be elected by the Board of Directors and is in employment.
The primary objective of the Board of Directors is to approve the strategy of the Group and to control the operational activities.

Members of the Board of Directors on 31 December 2024:

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

AUDIT COMMITTEE

The General Meeting and the independent members of the Board of Directors have created a three-member Audit Committee to carry out the powers defined in the Articles of Association and the Capital Market Act.
The Audit Committee shall elect its chairman from among its members and shall take its decisions by a simple majority of its members. The Audit Committee's powers shall be exercised by the Board of Directors of Masterplast Plc. The powers of the Audit Board shall be defined by the Articles of Association of Masterplast. The Audit Committee is responsible, among other things, for the professional management and control of the Internal Audit, for defining the professional requirements to be met by the Auditor and for monitoring its activities. The Audit Committee's powers and duties are set out in the Audit Committee's Rules of Procedure, which are always up to date.

Members of the Audit Committee:

- Dezse Margaret
- Dirk Theuns
- Fazekas Bálint

The Audit Committee is responsible for:

a) to audit the Company's internal control and risk management activities and to assess the functioning of the financial reporting system and to recommend the necessary measures to be taken;
b) audit of the annual and consolidated accounts under the Accounting Act in accordance with the relevant legislation
c) verification of the auditor's independence;
d) assisting the Board of Directors in monitoring the financial reporting system, selecting the auditor and cooperating with the auditor;
e) the internal auditor reports to the Audit Committee and receives instructions and assignments from the Audit Committee
f) consult with the Company's management on any decision or commitment not included in the Company's business plan and between EUR 1 and 2 million

RULES ON THE APPOINTMENT AND REMOVAL OF SENIOR OFFICIALS AND AMENDMENTS TO THE STATUTES

The Board of Directors of MASTERPLAST Nyrt. (registered seat: 8143 Sárszentmihály, Árpád u. 1/A.; registered at the Court of Companies of the Székesfehérvár, company registration number: 07-10-001342; hereinafter referred to as the "Company") - is the executive body of the Company. The Board of Directors consists of five members. The members of the Board of Directors are elected by the General Assembly. Members of the Board of Directors hold office on a mandate basis, subject to an agreement with the Company. The Board of Directors acts as a body and may allocate its tasks among its members on a permanent basis or on an ad hoc basis.

The Board of Directors, as the implementing a unified management body, performs the functions of the Board of Directors and the Supervisory Board as defined in the Civil Code. The majority of the members of the Management Board must be independent persons. The members of the Board of Directors are considered to be executive officers.

The President and the Vice-President of the Board of Directors shall be elected by the Board of Directors for a term of office equal to the term of office of the Board of Directors. In the absence of the President of the Board, the Vice-President shall perform his/her duties.

A member of the Board of Directors may be a person only if he fulfils the conditions laid down by the legislation in force and the Statutes, who has been elected by the General Meeting and who has accepted that mandate by written declaration.

A member of the Board of Directors shall be responsible for the management of the Company in his or her own capacity, on the basis of the best interests of the Company.

Membership of the Board of Directors shall terminate at the end of the term of the mandate, by recall by the General Assembly, upon resigning, upon the occurrence of a ground for exclusion specified by law or upon the death of the member.

In the event that a member of the Board of Directors becomes aware of a reason which prevents him/her from continuing in office (e.g. the occurrence of a legal exclusion or conflict of interest, or lack of time due to other commitments), he/she shall immediately inform the President of the Board of Directors thereof or tender his/her resignation.

The General Meeting is the supreme body of the public limited liability company, which consists of all shareholders. Unless otherwise provided for in the Civil Code or these Articles of Association, the General Meeting shall have exclusive competence to decide - unless otherwise provided by law - on the establishment and amendment of the Articles of Association.

The Board of Directors is competent to amend the name, registered office, permanent establishment, branch, field of activity of the Company (except for the main business) and to amend the Articles of Association in connection with this.

POWERS OF SENIOR OFFICIALS

The Board of Directors is competent to decide on all matters which do not fall within the exclusive competence of the General Meeting, or which are referred to the Board of Directors by law, the Articles of Association and the Rules of Procedure of the Board of Directors, in particular: deciding on the acquisition of own shares on the basis of the authorisation of the General Meeting, on the increase of share capital, on the issue of bonds if the conditions set out in the law and the Articles of Association are met, and on the transfer and encumbrance of the Company's own shares.

GENERAL MEETING

The supreme body of the Company is the General Meeting, which consists of all shareholders. The Annual General Meeting has the power, inter alia, to decide on the approval of the annual financial statements and the appropriation of the profit after tax, to elect and remove members of the Board of Directors and the Audit Committee, to elect and remove the Auditor, to determine his remuneration, to amend the Articles of Association and to take any decision which has a material effect on the share capital of the Company and which is referred by law or by the Articles of Association to the exclusive competence of the General Meeting.

MASTERPLAST GROUP ACTIVITIES AND BUSINESS MODEL, SUBSIDIARIES

Founded in 1997, Masterplast Group is the largest Hungarian-owned building materials manufacturing company in the Central European region. It has a direct market presence in 10 European countries through its subsidiaries and is present in most European countries through its export partners. It has a strong position in the market for façade insulation, high roof insulation and dry construction systems.

It ensures its product background mainly through manufacturing at its ISO and TÜV certified production sites in Hungary, Serbia and Germany and through strategic manufacturing partnerships. in 2020, the company entered the healthcare segment, and its strategic goal is to make the modular business division a success as soon as possible. Due to the growing demand for fibre insulation materials, the company's focus in 2023 was on the establishment of rock wool and glass wool insulation material plants to meet the needs of the Hungarian and Central and Eastern European markets, and its production development plans are now in the implementation phase in both targeted product segments.

Masterplast provides competitive business services to its partners through a well-established customer-oriented sales system, continuous quality control of manufactured and distributed products, a stable product supply background and flexible logistics solutions.

Sárszentmihály site

Presentation of the activities of the companies belonging to the Masterplast Group

Company	Place of registration	Core Operation
Masterplast Hungária Kft.	Hungary	Wholesale of building materials
Masterplast International Kft.	Hungary	Wholesale of building materials
Masterplast Medical Kft.	Hungary	Fleece and multilayer membrane production, Finished health care products production
Masterplast Modulhouse Kft.	Hungary	Modular prefabricated components manufacturing
MasterFoam Kft.	Hungary	Manufacturing of EPS
Masterplast YU D.o.o.	Serbia	Wholesale of building materials, manufacturing of EPS, fiberglass mesh production
Masterplast Sp zoo	Poland	Wholesale of building materials
Master Plast S.r.o.	Slovakia	Wholesale of building materials
Masterplast Romania S.R.L.	Romania	Wholesale of building materials
MasterPlast TOV	Ukraine	Wholesale of building materials wholesale, manufacturing of corner protection mesh
Masterplast d.o.o.	Croatia	Wholesale of building materials
Masterplast D.O.O.	North Macedonia	Wholesale of building materials
MP Green Invest	Ukraine	Asset management
Masterplast Nonwoven GmbH	Germany	Fleece and multilayer membrane production
Fidelis Bau Kft.	Hungary	Manufacturing of Thermobeton
Masterplast Proizvodnja D.o.o.	Serbia	Manufacturing of XPS
Masterplast Italia Srl.	Italy	Manufacturing of EPS
MASTERWOOL MW-1 d.o.o.	Serbia	Not active
Affiliated company of the Group:		
MasterProfil Kft.	Hungary	Manufacturing of profiles
T-CELL Kft.	Hungary	Manufacturing of EPS
MIP Zrt.	Hungary	Manufacturing of rock wool
PIMCO Kft.	Hungary	Manufacturing of glass wool

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

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]*

DEVELOPMENTS IN PERFORMANCE ON BUSINESS OPERATIONS

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**.

Szabadka – EPS factory

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.

Szabadka – XPS factory

MASTERPLAST'S CONSOLIDATED PROFIT OR LOSS

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

Profit or loss statement (thousands of EUR)	31 December 2024	31 December 2023	Change	Change %
	(A)	(B)	(A-B)	(A/B-1)
Sales revenues	136 137	145 204	-9 066	-6%
Materials and services used	-112 965	-121 437	8 473	-7%
Payments to personnel	-27 509	-24 350	-3 158	13%
Depreciation, amortisation and impairment	-7 524	-6 421	-1 103	17%
Movements in self-produced inventories	5 368	-1 867	7 235	-387%
Other operating income (expense)	1 173	-3 677	4 850	-132%
OPERATING PROFIT	**-5 318**	**-12 549**	**7 231**	**-58%**
Interest received	771	1 263	-492	-39%
Interest paid	-3 238	-3 290	52	-2%
Other financial (expense) income	2 510	-2 503	5 013	-200%
Financial loss	**43**	**-4 529**	**4 573**	**-101%**
Profit or loss attributable to associates	-82	460	-542	-118%
PROFIT BEFORE TAX	**-5 358**	**-16 619**	**11 261**	**-68%**
Income tax	717	1 008	-291	-29%
PROFIT FOR THE YEAR	**-4 641**	**-15 610**	**10 970**	**-70%**
EBITDA	2 205	-6 128		
EBITDA ratio	*1,6%*	*-4,2%*		
Earnings per share (EPS) (EUR)	*-0,29*	*-0,95*		
Diluted earnings per share (diluted EPS) (EUR)	*-0,29*	*-0,95*		

Source: *consolidated audited report of the Company on 31st of December 2024 and audited report on 31st of December 2023 based on IFRS accounting rules*

The Group's total consolidated revenue for 2024 amounted to EUR 136 137 thousand, representing a 6.2% decrease compared to the base period.

In response to prevailing market conditions, the Group adapted its organizational structure to a more demand-sensitive model, enabling its in-house production capacities to operate more cost-effectively in 2024. Unlike the previous year, the fiberglass mesh plant in Serbia achieved profitable operations. Output increased in both the Serbian fiberglass mesh and German nonwoven textile facilities compared to 2023. The production levels of the nonwoven fleece and roofing membrane plant in Sárszentmihály remained consistent with the base period. However, the EPS production units operated at low capacity utilization. The newly established XPS plant in Subotica commenced operations successfully, and with increasing output, now supplies a growing share of the Group's internal needs.

Taking into account the changes in inventories of self-manufactured goods, the total cost of materials and services utilized decreased by 13% year-on-year, which represents a more significant decline than the drop in revenue. The Group experienced reductions in raw material and fuel costs; however, energy expenses and the cost of services used increased compared to the base period.

Personnel expenses rose by approximately 13% year-on-year. The number of employees remained broadly unchanged compared to the optimized workforce size recorded in the 2023 base year. As of the end of December 2024, the Group employed 1 150 people, compared to 1 138 at the end of the previous year.

Depreciation and amortization expenses increased by 17%, mainly due to the addition of new production capacities, particularly the new EPS plant in Italy and the XPS plant in Serbia.

Under other operating income and expenses, the Group recorded a profit of EUR 1 173 thousand in 2024, in contrast to a loss of EUR 3 677 thousand in the base period. The prior year's result had been significantly impacted by inventory impairment charges, which were not required in the reporting period. This line also includes the deferred income from government grants, released in line with related asset depreciation.

As a result of the above, the Group's EBITDA for 2024 amounted to a profit of EUR 2 205 thousand (EBITDA margin: 1.6%), compared to a loss of EUR 6 128 thousand (-4.2% EBITDA margin) in the previous year. The result from operating activities was a loss of EUR 5 318 thousand in 2024, significantly improved from the loss of EUR 12 549 thousand in the base period.

Interest income declined, while interest expenses remained at similar levels to the prior year. The net financial result from interest amounted to a loss of EUR 2 467 thousand, exceeding the previous year's loss of EUR 2 027 thousand by EUR 440 thousand.

Other financial income and expenses mainly reflect exchange rate gains and losses. The Group primarily purchases its goods in euros and U.S. dollars while selling in local currencies, making its profitability sensitive to exchange rate movements. Since most of the countries in which the Group operates are pegged to the euro, fluctuations in the EUR/USD exchange rate directly affect results on U.S. dollar-denominated purchases. Thanks to more favorable exchange rate developments, the Group reported a gain of EUR 2 510 thousand under other financial results, in contrast to a loss of EUR 2 503 thousand in the previous year.

Overall, the Group recorded a net loss of EUR 4 641 thousand for 2024, a significant improvement from the loss of EUR 15 610 thousand reported in the base period.

Sárszentmihály site

THE COMPANY'S FINANCIAL POSITION

Balance sheet (thousands of EUR)	31 December 2024	31 December 2023	Change	Change %
	(A)	(B)	(A-B)	(A/B-1)
NON-CURRENT ASSETS				
Property, plant and equipment	110 865	119 200	-8 335	-7%
Intangible assets	2 248	2 272	-24	-1%
Investments in associates	15 651	14 655	996	7%
Deferred tax assets	3 865	2 246,229	1 619	72%
Other long-term financial assets	0	0	0	0
Non-current assets	**132 629**	**138 373**	**-5 744**	**-4%**
CURRENT ASSETS				
Inventories	40 018	34 291	5 726	17%
Trade receivables	11 201	12 858	-1 657	-13%
Taxes receivable	2 295	2 788	-493	-18%
Other current financial assets	0	55	-55	-100%
Other current assets	4 464	3 481	982	28%
Cash and cash equivalents	4 370	18 210	-13 840	-76%
Assets held for sale	3 121	0	3 121	0%
Current assets	**65 469**	**71 684**	**-6 215**	**-9%**
TOTAL ASSETS	**198 098**	**210 056**	**-11 959**	**-6%**
EQUITY				
Share capital	6 049	6 049	0	0%
Reserves	60 672	79 129	-18 457	-23%
Redeemed treasury shares	-2 117	-2 036	-82	4%
Parent company's share of the profit or loss	-4 825	-15 811	10 986	-69%
Equity attributable to parent company's shareholders	59 778	67 331	-7 553	-11%
Non-controlling interests	705	627	78	12%
Equity	**60 483**	**67 959**	**-7 475**	**-11%**
LONG-TERM LIABILITIES				
Long-term loans	15 920	12 008	3 912	33%
Liabilities from issued bonds	32 894	43 055	-10 161	-24%
Deferred tax assets	1 455	990	464	47%
Deferred income	32 109	31 761	348	1%
Other long-term liabilities	960	723	237	33%
Long-term liabilities	**83 337**	**88 538**	**-5 200**	**-6%**
CURRENT LIABILITIES				
Short-term loans	19 843	18 302	1 541	8%
Short-term liabilities from issued bonds	7 309	7 818	-508	-7%
Trade payables	15 186	13 841	1 345	10%
Short-term financial leasing liabilities	276	281	-5	-2%
Other current financial liabilities	2 119	2 493	-374	-15%
Taxes payable	2 179	680	1 499	221%
Current part of deferred income	2 067	2 033	34	2%
Provisions	775	649	127	20%
Other current liabilities	4 523	7 464	-2 941	-39%
Current liabilities	**54 277**	**53 560**	**717**	**1%**
TOTAL LIABILITIES	**137 614**	**142 098**	**-4 483**	**-3%**
EQUITY AND LIABILITIES	**198 098**	**210 056**	**-11 959**	**-6%**

Source: *consolidated audited report of the Company on 31st of December 2024 and audited report on 31st of December 2023 based on IFRS accounting rules*

As of 31 December 2024, the value of fixed assets amounted to EUR 132 629 thousand, representing a decrease of EUR 5 744 thousand compared to the closing balance of the base period. The value of investments in associated companies increased by approximately EUR 1 million due to the ongoing mineral wool plant investment. The value of property, plant and equipment declined primarily as a result of the current year's depreciation and the reclassification of properties held for sale. Properties reclassified for sale—located in Romania and held by the parent company—were presented on a separate balance sheet line, with a total value of EUR 3,1 million as at 31 December 2024.

The inventory balance stood at EUR 40 018 thousand at the end of December 2024, 17% higher than the closing value as at 31 December 2023. The year-end inventory figure also includes the value of Certified Energy Savings (CES) available as of the reporting date.

As of 31 December 2024, the Company's accounts receivable closed at EUR 11 201 thousand, which is 13% (or EUR 1 657 thousand) lower than in the base period, despite a revenue decrease of only 6%.

Cash and cash equivalents totaled EUR 4 370 thousand at year-end 2024, which is EUR 13 840 thousand lower than the closing balance in the base period.

The Group's bond-related liabilities declined in the balance sheet, in line with the repayment of HUF 3 billion in the last quarter of the year. The Company's loan portfolio amounted to EUR 35 763 thousand, reflecting an 18% increase compared to one year earlier. This increase was driven by the drawdown of a new working capital loan facility.

The Group's trade payables amounted to EUR 15 186 thousand, compared to EUR 13 841 thousand at the end of the previous year.

Deferred income related to investment grants not yet recognized in the income statement increased by EUR 381 thousand.

FINANCIAL AND OTHER MANAGEMENT INDICATORS

Financial and other management indicator		2024	2023
Current ratio		1,21	1,34
Interest coverage ratio		0,7	-1,9
Accounts receivable turnover ratio	day	30	32
Accounts payable turnover ratio	day	48	41
Inventory turnover rate	day	106	85
EBITDA ratio	%	1,6	-4,2
Debt ratio	%	69	68

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

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

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

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.

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.

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

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

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

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

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

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

EQUAL OPPORTUNITIES

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".

CORPORATE SOCIAL RESPONSIBILITY

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

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

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.

OBSERVATIONS 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.

CONSOLIDATED SUSTAINABILITY REPORT

The following pages contain the consolidated sustainability report, which may also be used as a standalone document.

MASTERPLAST PLC.

CONSOLIDATED SUSTAINABILITY REPORT

for the financial year ending on 31 December 2024
Taking into account the Corporate Sustainability Reporting Directive (CSRD) and the Hungarian Accounting Act (Act C of 2000 on Accounting), in accordance with the European Sustainability Reporting Standard (ESRS) adopted under Directive 2013/34/EU

17.04.2025

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Introduction

For years, **MASTERPLAST** has been committed to working towards a more sustainable future where environmental responsibility, social impact and good corporate governance are all key priorities. It has started its sustainability reporting on a voluntary basis from FY 2021 without using a standard, and subsequently, for FY 2022 and 2023, it has informed its stakeholders about its sustainability-related impacts and performance using the international GRI (Global Reporting Initiative) standard. For more information: https://www.masterplastfenntarthatosag.hu/

This Sustainability Report is part of the Annual Report 2024 of **MASTERPLAST**. Its purpose is to present the information necessary to understand the sustainability of the Group's operations, i.e. their impact on environmental, social, human rights and governance issues, and how sustainability issues affect **MASTERPLAST**'s development, performance and position.

GENERAL INFORMATION

About the report

BP-1 General basis for the preparation of the sustainability report

The Sustainability Report of **MASTERPLAST Group,** which belongs to the large company category, has been prepared in accordance with the Corporate Sustainability Reporting Directive (CSRD) and the Hungarian Accounting Act (Act C of 2000 on Accounting), observing the European Sustainability Reporting Standards (ESRS) adopted under Directive 2013/34/EU and published in the Official Journal of the European Union in the form of a delegated regulation.

MASTERPLAST prepares its consolidated financial statements in accordance with International Financial Reporting Standards (IFRS), in line with EU accounting rules. The Sustainability Report 2024 has been prepared as part of the consolidated financial statements. The reporting period covers the period from 1 January 2024 to 31 December 2024 in accordance with the financial year.

The information published in this report **relates to the domestic and foreign activities and consolidated companies of** MASTERPLAST Plc (full name: MASTERPLAST PLC registered office: Hungary, 8143 Sárszentmihály, Árpád utca 1/A). The scope of the sustainability report also includes, in addition to the scope of consolidation, T-CELL Plasztik Kft. and MASTERPROFIL Gyártó és Kereskedelmi Kft.

MASTERPLAST operates as a publicly traded company (PLC) and its shares are listed on the Budapest Stock Exchange (BSE).

MASTERPLAST Group operates in Hungary and: Northern Macedonia, Croatia, Poland, Germany, Italy, Romania, Serbia, Slovakia, Ukraine.

The scope of subsidiaries included in the consolidation:

Subsidiary	Company registration location	Main activities	Tax number	Ownership share %		Voting share (%)	
				2024	2023	2024	2023
Masterplast Hungária Kft.	Hungary	Wholesale of building materials	25562675-2-07	100%	100%	100%	100%
Masterplast International Kft.	Hungary	Wholesale of building materials	25563243-2-07	100%	100%	100%	100%
Masterplast Medical Kft.	Hungary	Fleece and multilayer membrane production Manufacture of finished sanitary products	14025477-4-07	100%	100%	100%	100%
Masterplast Modulhouse Kft.	Hungary	Construction of residential and non-residential buildings	25562709-2-07	100%	100%	100%	100%
MasterFoam Kft.	Hungary	EPS production	13297590-4-07	100%	100%	100%	100%
Masterplast YU D.o.o.	Serbia	Wholesale of building materials EPS and fiberglass meshproduction	100838195	100%	100%	100%	100%
Masterplast Sp zoo	Poland	Wholesale of building materials	PL7772708671	80.04 %	80.04 %	80.04 %	80.04 %
Master Plast S.r.o.	Slovakia	Wholesale of building materials	SK2020213030	100%	100%	100%	100%
Masterplast Romania S.R.L.	Romania	Wholesale of building materials	R13718003	100%	100%	100%	100%
MasterPlast TOV	Ukraine	Wholesale of building materials, manufacturing of edge protection profile with mesh	33438138	80%	80%	80%	80%
Masterplast d.o.o.	Croatia	Wholesale of building materials	4012002113867	100%	100%	100%	100%
Masterplast D.O.O.	North Macedonia	Wholesale of building materials	4012002113867	100%	100%	100%	100%
MP Green Invest	Ukraine	No activity	38243479	100%	100%	100%	100%
Masterplast Nonwoven GmbH	Germany	Fleece and multilayer membrane production	DE815873693	100%	100%	100%	100%
Fidelis BAU Kft.	Hungary	Thermobeton production	12790818-2-07	100%	100%	100%	100%
Masterplast Proizvodnja D.o.o.	Serbia	XPS production	112172219	100%	100%	100%	100%
Masterplast Italia Srl. [1]	Italy	EPS production	IT02970280356	100%	98.7%	100%	98.7%

Entities included in equity consolidation, associates of the group:

Associated company	Place of registration	Main activities	Tax number	Ownership share (%)		Voting share (%)	
				2024	2023	2024	2023
MasterProfil Gyártó és Kereskedelmi Kft.Kft.	Hungary	Profile production	13874656-4-07	20%	20%	20%	20%
T-CELL Plasztik Kft.	Hungary	EPS production	24648378-2-09	24%	24%	24%	24%

The data presented in this report has been collected by the relevant entities and areas of **MASTERPLAST Group**. The full contents of the Sustainability Report, its double materiality analysis (DMA) and material topics are published with the approval of the **MASTERPLAST** Green Committee, its Management Board and the President of the Board of Directors.

MASTERPLAST prioritises sustainability, energy efficiency, environmental and human rights considerations throughout its entire value chain, both in its internal processes and in the sourcing of raw materials, manufacturing, development, distribution and sales of its products.

MASTERPLAST Group and the value chain:

MASTERPLAST based its reporting on its own operations, but also looked at the upstream and downstream stages of its entire value chain. In addition to the impacts, risks and opportunities for the Group, the report also addresses the factors identified in the upstream and downstream value chain. The metrics include indicators both

[1] *With the acquisition of the 1.3% stake in Masterplast Italia Srl. held by a third party, the Company's consolidated ownership changed to 100% with effect from 10 July 2024.*

for the upstream value chain and for the Group. The Company's policies, objectives and actions are essentially for **MASTERPLAST Group**, but may also affect upstream and downstream parts of the value chain for certain topics.

Omission of classified and sensitive information relating to intellectual property, know-how or innovation results: MASTERPLAST Group makes use of the disclosure exemption for information that is classified as trade secrets, intellectual property, or other confidential business information, including know-how and innovation results. Furthermore, the transfer or disclosure of inside information related to ongoing procedures or matters under negotiation is strictly prohibited.

MASTERPLAST Group makes use of the exemption provided for in Articles 19(3) and 29(3) of Directive 2013/34/EU. The CSRD Directive requires the publication of sustainability reports in an electronic format, however, in the absence of the necessary implementing legislation **MASTERPLAST** is not yet able to publish the report in the required structure.

BP-2 Disclosures on specific circumstances

Time horizons

MASTERPLAST Group applies the time horizon defined in the standard for the preparation of the Sustainability Report starting from the end of the reporting period, as follows:

Short term: less than 1 year
Medium term: between 1 and 5 years
Long term: more than 5 years

Value chain assessment

At the time of preparing this report not all the necessary information was available for the upstream and downstream value chain for the 2024 financial year, but **MASTERPLAST** plans to gather additional and more accurate information in the future by reviewing the due diligence process.

Sources of Estimation and Measurement Uncertainty No major measurement uncertainty was identified in reporting the published quantitative measures and monetary amounts. Estimation was used in the Scope calculation and allocation in Taxonomy. Details of this are given in the relevant chapters.

Restatements
This Sustainability Report is the first sustainability report prepared by **MASTERPLAST** under the CSRD Directive. Data and information published in previous ESG reports will not be restated or corrected.

Incorporation by reference
The Company incorporates information by reference, discloses a list of the disclosure requirements of ESRS or specific data points required by a disclosure requirement that it incorporates by reference.

Governance

GOV-1.- **The role of the administrative, management and supervisory bodies**

The **General Meeting** is the supreme body of MASTERPLAST PLC, consisting of all shareholders. The General Meeting is responsible for deciding on the fundamental, strategic matters of MASTERPLAST PLC. Matters in the exclusive competence of the General Meeting are determined by the Civil Code and the Articles of Association of MASTERPLAST PLC.

The **Board of Directors** is the executive body of MASTERPLAST PLC. Its powers and duties are set out in the Board of Directors' Rules of Procedure currently in effect. In accordance with the Articles of Association, the Board of Directors is composed of five members elected for a fixed term[2] by the Annual General Meeting. The President and the Vice-President of the Board of Directors are elected by the Board of Directors for a term of office equal to the term of office of the Board of Directors. The Board of Directors is not involved in the day-to-day operational activities of the **MASTERPLAST** organisation. The operational management of the Company is carried out by the Chief Executive Officer employed by the company and elected by the Board of Directors. The primary objective of the Board of Directors is to approve the strategy of the Group and control its operational activities.

Members of the Board of Directors

Name	Position	Independence	Gender
Tibor Dávid	President of the Board of Directors	non-independent	male
Balázs Ács	Vice-president of the Board of Directors	non-independent	male
Dirk Theuns	Member of the Board of Directors	independent	male
Dezse Margaret Elizabeth	Member of the Board of Directors	independent	female
Bálint Fazekas	Member of the Board of Directors	independent	male

3 members of the 5-member Board of Directors (60%) are independent, 2 members (40%) are non-independent.

Independence
Guidelines on the presence of independent members on the Boards of Directors of companies listed on the Hungarian stock exchange are set out in the **Corporate Governance Recommendations** of the Budapest Stock Exchange (BSE). Although these recommendations are not binding, listed companies are required to declare the extent to which they comply with them on the basis of the "comply or explain" principle. According to point 2.1.4 of the BSE Corporate Governance Recommendations "The Board of Directors/Supervisory Board shall include an appropriate number of independent members", and based on point 2.1.7 "The company shall determine the criteria for the independence of the members of the Board of Directors/Supervisory Board in accordance with the Recommendations." The purpose of these Recommendations is to ensure the independence and effective functioning of corporate governance bodies, thereby promoting transparency and enhancing investor confidence.
Independent members have no financial or business interest in the group and are therefore able to make objective decisions. **Non-independent** members are also involved in day-to-day management and are directly involved in the operations through their ownership.
Further details can be found in the "Corporate Governance Report" of **MASTERPLAST**, prepared in accordance with the Corporate Governance Recommendations of the Budapest Stock Exchange and published on 25 April 2024.
https://www.bet.hu/newkibdata/129053452/FTJ_MASTERPLAST_2023_HU.pdf
https://www.bet.hu/newkibdata/129053452/FTJ_MASTERPLAST_2023_HU.pdf

[2] *The current authorisation of the Board of Directors is valid from 01.05.2024 to 30.06.2026. The same applies to the Audit Committee.*

The Board of Directors has 1 female member, with a 20% female representation.

President of the highest governing body:
Dávid Tibor is the President of the Board of Directors and also the CEO of MASTERPLAST PLC.

The management of **MASTERPLAST Group** can be divided into two main parts: **strategic management** and **operational management**.
The Strategic Governance level includes the General Meeting, the Board of Directors, the President, the Vice-President, the Audit Committee and the Internal Audit. Operational Management includes: the professional and operational tasks performed by the members of the Group's management, Central Management, Subsidiary Management and the activities of the forums and meetings related to Operational Management.

The Board of Directors, as the body implementing a unified governance system, performs the statutory functions of the Board of Directors and the Supervisory Board.

The CEO selects and develops the management team and is responsible for the establishment, smooth operation and continuous improvement of key strategic processes and systems.

The Group has a three-member **Audit Committee** whose members are elected by the General Meeting from among the independent members of the Board of Directors for the same term as their membership of the Board of Directors. The Audit Committee elects its chair from among its members and adopts its resolutions by simple majority of votes. The powers of the Audit Committee are exercised by the Board of Directors of MASTERPLAST PLC. The powers of the Audit Committee are defined by the Articles of Association of **MASTERPLAST**. The Audit Committee is responsible, among other things, for the professional management and control of the Internal Audit, defining the professional requirements for the Auditor and monitoring their activities. Its powers and duties are set out in the Audit Committee Rules of Procedure currently in effect.

Members of the Audit Committee

Name	Position	Independence	Gender
Dezse Margaret Elizabeth	President President of the Audit Committee	independent	female
Dirk Theuns	Member of the Audit Committee	independent	male
Bálint Fazekas	Member of the Audit Committee	independent	male

Of the 3-member Audit Committee 3 are independent and 1 is a woman. Independent quota 100%, female quota 33.33%.

Operational Management includes the members of the **Group Management** [3]

Employee representation on management bodies

The members of the Group Management cover the different entities of the Group, thus ensuring a unified strategic management. The employees of each entity are represented indirectly through the Group Management Board, as the management members act with knowledge of the operations and interests of the entities concerned. This structure facilitates the integration of employee perspectives into decision-making at Group level.

Professional experience of the members of the governing board

The main governing body is the Board of Directors of which Margaret Elizabeth Dezse, Dirk Theuns and Bálint Fazekas are independent members. The members of the Audit Committee are elected by the General Meeting from among the independent members of the Board of Directors thus the three of them form the Audit

[3] *Its members are 100% men.*

Committee chaired by Margaret Elizabeth Dezse who has extensive experience in corporate governance (setting up remuneration policies, promoting corporate values, code of ethics and anti-corruption processes, independence and conflict of interest investigations), risk management, human resources management (building up organisational structures with diversity in mind, equal employment opportunities and remuneration structures), supply chain management, furthermore, she has specific ESG expertise and certification for supervisory boards. Dirk Theuns is the European head of IKO Group, one of the world's leading insulation materials manufacturers. He promotes the integration of Western European sustainability trends and standards into **MASTERPLAST Group.** The third independent member of the Board of Directors is Bálint Fazekas, Managing Director of Euronics (Vöröskő Kft.), the largest technical retailer with nationwide coverage. He supports the sustainability ambitions of **MASTERPLAST Group** from a digitisation and technology perspective.

For professional information on the members of the Board of Directors and the Group Management please visit the website.

https://www.masterplastgroup.com/igazgatotanacs/
https://www.masterplastgroup.com/vallalatvezetes/

Enhancing sustainability expertise and ESG knowledge

MASTERPLAST Group places strong emphasis on complying with relevant EU and national regulatory frameworks including the Corporate Sustainability Reporting Directive (CSRD), the Corporate Sustainability Due Diligence Directive (CSDDD), the Hungarian ESG Act, and the sustainability reporting requirements set out in the Hungarian Accounting Act. It also attaches importance to the training of its relevant staff and managers and supports their participation in the events of BCSDH, KÖVET Egyesület (KÖVET Association) and ESG Club Hungary non-profit organisations - as a member company – in order to strengthen their knowledge through presentations and sharing best practices.

Through the Group Management Forum and Green Committee meetings the Company helps its senior management and decision makers to prepare for the changing ESG requirements in an agile way through informative lectures, presentations, briefings and compact knowledge sharing, thus further strengthening the integration of sustainability aspects into decision-making. The focus is on making sustainability integration into decision-making an integral part of corporate governance.

In 2024 the representatives from the Group Management Forum[4] attended the Green Committee meeting to learn about ESG and sustainability updates, trends and details on how to meet regulatory requirements. To ensure continuous improvement **MASTERPLAST Group** ensures that its managers and decision makers regularly attend external expert training and industry events that provide opportunities to deepen their sustainability knowledge. In addition to events organised by ESG Club Hungary and BCSDH, the **MASTERPLAST Group** Green Committee sessions feature invited experts and guest speakers who share their practical experience.

Sustainability in corporate governance

MASTERPLAST places a high priority on sustainability, human rights, energy efficiency and environmental protection, both in its internal processes and in the manufacturing, development and overall value chain of its products.

MASTERPLAST PLC became a member of BCSDH - Business Council for Sustainable Development in Hungary in 2022. BCSDH is a community of companies committed to sustainable development, working together to accelerate the transformation of systems needed for a climate-neutral, nature-positive and more equitable future. For more information on the Sustainable Corporate Governance Guidelines, *visit: https://www.masterplastgroup.com/a-fenntarhato-vallalatvezetes-iranyelvei/*

[4] https://bet.hu/site/newkib/hu/2023.10./Tajekoztatas_vezetoi_struktura_valtozasarol_128961854

Green Committee
The Green Committee of **MASTERPLAST Group** was established by the CEO in 2023 to support the Group's commitment to ESG, sustainable environmental policy, social responsibility and corporate governance strategy. The Green Committee assists the CEO in the development, integration, implementation and monitoring of ESG-specific topics and issues and supports the development and updating of the sustainability strategy. The Committee also facilitates the coordination of ESG-based initiatives and policy development and implementation, and is responsible for monitoring sustainability impacts, risks and opportunities.

Members of the Green Committee
Dávid Tibor, President of the Green Committee of **MASTERPLAST Group**, CEO of the Company
Balázs Ács, Deputy CEO
Róbert Nádasi, Deputy CEO
Illés Jancsó, Deputy CEO
Flórián Lukács, Deputy CEO [5]
László Pécsi, Member of Group Management
Tivadar Bunford, Member of Group Management

The Green Committee Charter - The Green Committee Charter defines its tasks, including the coordination of sustainability projects and the monitoring of associated risks. The key tasks of the Green Committee include promoting the sustainability policy and corporate social responsibility of the company as well as integrating ESG (environmental, social and governance) considerations into corporate strategy. The main role of the Green Committee is to support the sustainability strategy of **MASTERPLAST Group** ensuring the integration of ESG considerations into business operations. It monitors and reviews ESG practices, targets and performance and defines sustainability reporting practices. The Committee monitors ESG trends and best practices and liaises with departments and external consultants to ensure relevant ESG communications. It coordinates internal and external communication and contributes to the development of the Group's ESG policy. It regularly reviews and, where necessary, amends the Green Committee Charter. For further details: *https://www.masterplastgroup.com/zold-bizottsag*
Charter: *https://www.masterplastgroup.com/wp-content/uploads/2024/06/zold-bizottsag-alapito-okirat_hun_signed.pdf*

Operational implementation is led by the CEO, while ESG-related tasks are coordinated by the Green Committee.

Setting and monitoring sustainability targets
The Board of Directors and management jointly set sustainability targets, taking into account the strategy of **MASTERPLAST Group** and the market environment. The achievement of the targets is assessed at regular intervals, for example at quarterly Board meetings and Green Committee meetings, where performance indicators are reviewed and corrective actions are taken where necessary.

The Audit Committee monitors the Company's systems of internal control and risk management and the effectiveness of internal control over financial and sustainability reporting, including the electronic reporting process under the Accounting Act, without limiting its independence. It also monitors the financial and sustainability reporting process, including the process of identifying information in accordance with the electronic reporting and sustainability reporting standards, and recommends necessary actions, where appropriate.

Sustainability governance is under continuous improvement, including a review of the functioning of the Green Committee, the integration of ESG considerations into strategic planning and the strengthening of management reporting and monitoring mechanisms.

[5] *Deputy CEO as of 1 January 2025, before that member of Group Management*

The parameters of sustainability and the ESG approach are embedded in the operations of the Group. The delegation and monitoring of the material issues identified along the lines of sustainability and the definition of targets related to material impacts, risks and opportunities are as follows.

Sustainability topic	Responsibility for topic coordination
Addressing the economic, social, human rights and environmental impacts of the Group that are considered as material topics ESG strategy developement ESG strategiy commitments Publication of ESG reports	Green Committee
Employment and occupational health	Head of HR
Environmental management system Energy management Quality management system and product quality assurance Occupational Health and Safety Management System	Head of Asset Management and Operations Environmental protection engineer

Internal control
MASTERPLAST Group applies targeted controls and procedures to manage sustainability risks and opportunities based on the Risk Management Policy. These procedures are integrated into the Group's overall risk management and internal control systems, ensuring that sustainability considerations are taken into account in decision-making processes.

GOV-2. **Information provided to the administrative, management or supervisory bodies of the enterprise and the sustainability issues they address**

The Board of Directors is informed by the President/Vice-President - in the form of a Board meeting or by e-mail. As a listed company, everything is done publicly. Anything that affects the share price is always discussed at Board level and shared not only with the Board but also with the public. This is published on the website of the Budapest Stock Exchange (www.bet.hu).

The KPIs and targets in the annual Sustainability Report are evaluated annually by the Green Committee, which makes recommendations for possible strategic changes.

The Board of Directors of **MASTERPLAST** adopts a strategic plan for the whole Group on the basis of its rules of procedure. The medium-term strategy is updated annually and its implementation is monitored at Board meetings. The Board of Directors meets four times a year, with a maximum of 150 days between each meeting. The agenda of these meetings includes the Group's financial results and the progress of strategic projects.

MASTERPLAST's Green Committee monitors and reviews sustainability measures, ensuring that the Group's strategy is in line with sustainability expectations and legal requirements. In order to integrate ESG considerations, **MASTERPLAST Group** management and its relevant departments hold regular consultations.

ESG considerations are integrated into the Group's strategy and decision-making mechanisms, and sustainability aspects are taken into account in decision-making. **MASTERPLAST** prioritises sustainability-related EU regulatory compliance in its decision-making.

The Green Committee has taken a key role in overseeing the preparation of the double materiality analysis (DMA) prior to reporting for the 2024 reporting period, and in initiating further actions and plans for the identified impacts, risks and opportunities (IROs) listed in the DMA.

GOV-3. **Remuneration and incentive schemes -** Integration of sustainability-related performance in incentive schemes

Remuneration policy and the role of ESG incentives

The remuneration policy of **MASTERPLAST Group** is implemented by a decision of the Board of Directors, taken by a General Meeting of Shareholders. As a listed company, this information is published publicly, both on its own website and on the official website of the Budapest Stock Exchange. Currently, the remuneration system of **MASTERPLAST Group** does not include ESG-based incentive mechanisms, and executive compensation is linked to financial and business performance targets. Variable remuneration is not directly linked to the achievement of sustainability or social goals, so indicators related to reducing GHG emissions, increasing energy efficiency or promoting sustainable operations are currently not included in the incentive scheme. However, **MASTERPLAST Group** regularly reviews the possibility of integrating ESG considerations into the incentive scheme, in particular with regard to environmental and social sustainability objectives. The possibility of introducing ESG-based incentives is reviewed annually and the remuneration policy is amended if necessary.

Examining managerial responsibility and ESG incentives

As set out in the Sustainability Reporting Policy, a designated senior manager from **MASTERPLAST Group** is responsible for sustainability performance, while Group managers at all levels are also individually accountable for the sustainable operation of the organisation. Currently, the management incentive scheme does not include any financially based ESG incentives, but **MASTERPLAST Group** is exploring the possibility of doing so in the future.

Board evaluation process and incorporation of ESG indicators

The Board of Directors evaluates its own performance annually, prior to the re-election of its members. In the evaluation process the Board reviews the collective and individual work of the previous 12 months based on factual data. The results are used to determine the composition and responsibilities of the Board and to develop the management incentive scheme. At present, the performance appraisal system does not include sustainability indicators or ESG-based incentives, and variable remuneration is not directly linked to the achievement of environmental or social targets.

At the same time, **MASTERPLAST Group** is reviewing the possibility of integrating sustainability objectives into the performance assessment process. To this end, the following opportunities are being explored:

- incorporating environmental and social indicators into future incentives
- introducing sustainability KPIs in the annual performance assessment.

MASTERPLAST Group plans to introduce a certain percentage of ESG-based incentives in the future, which may be linked to the achievement of the following targets:

- reducing GHG emissions and increasing energy efficiency
- building sustainable supply chains
- meeting corporate social responsibility targets.

Implementation of remuneration

Remuneration is implemented based on the decision of the General Meeting following the decision of the Board of Directors. The possibility of incorporating ESG considerations is reviewed annually by the Board of Directors, which may amend the remuneration policy if necessary to ensure proper integration of sustainability objectives.

GOV-4. **Statement on due diligence**

The screening process aims to identify factors that influence, support or hinder the Company in achieving its sustainability objectives. The due diligence process identifies, prevents, mitigates and records the actual and potential negative impacts associated with the Company's business activities on the environment and people. Due diligence covers its own operations as well as impacts related to upstream and downstream value chains.

MASTERPLAST pays particular attention to engaging with stakeholders, including local communities, suppliers and partners, to understand the potential risks and impacts of its operations. In order to maintain communication with stakeholders, it regularly holds employee forums, supplier visits and environmental awareness briefings. At the heart of the strategy of **MASTERPLAST Group** is the objective of serving the interests of its stakeholders and the environment through sustainable and responsible operations. Through the introduction of integrated policies and the Green Committee, ESG considerations have been emphasised in corporate governance practices and the business model, including efforts to minimise environmental impacts.

MASTERPLAST started the due diligence of its value chain through online and telephone consultations in 2022, and has a Supplier Code of Conduct and Ethics to regulate policies and declarations. Details of this can be found in the chapter on Stakeholders (SBM-2).

When evaluating the survey the findings on impacts, risks and opportunities were taken into account only in a limited way due to the low number of substantive responses received, the Company therefore considers the methodology and approach to engaging value chain actors as a topic for future development.

In terms of due diligence, the Company is also preparing for its due diligence obligation under the Hungarian ESG Act during the period of sustainability reporting, the results of which will be reported in the ESG report[6] (separate document and obligation). In the context of the ESG report, the supply chain due diligence will be carried out using the 12 questionnaires on the website of the Regulatory Activities Monitoring Authority (RMA) currently available in Hungarian and English. The legislative environment allows for a multi-stage risk management process, including pre-qualification based on publicly available ESG information and data. ESG reporting will be completed by the end of the second quarter of 2025.

Key milestones in the due diligence process

Goal setting: **MASTERPLAST** aims to minimise its environmental footprint, ensure that its supply chain is sustainable and that its workers' rights are fully protected.

Risk analysis: identifies actual and potential environmental risks, such as carbon emissions and the risk of employee violations.

Risk management measures: **MASTERPLAST** will introduce targeted measures in its sustainability strategy.

GOV-5. **Risk management and internal controls over sustainability reporting**

MASTERPLAST has established a system of internal controls to manage sustainability risks and sustainability data. Risk management and control processes include rules for measuring and monitoring environmental impacts, accuracy of data collection and protection of employee rights.

MASTERPLAST assesses sustainability risks as set out in the double materiality analysis and pays attention to legislative changes and industry best practices. Risks are managed from an environmental, social and governance perspective and mitigation action plans and strategies are put in place. For the identified Impact, Risk and Opportunity (IROs) presented in this report, this is presented in the relevant chapters.

The Group has identified the main risks, which it addresses by diversifying its suppliers and optimising its sourcing strategy. These steps make it possible to increase the stability of the supply chain, reduce risks and improve the efficiency of the purchasing process.

The responsibilities, tasks and further details related to the reporting obligation are set out in the "VG-03 Sustainability Reporting Procedures" of **MASTERPLAST**. Details on risks are set out in the "Risk Assessment Policy".

[6] More details: https://sztfh.hu/tevekenysegek/esg-hatosagi-tevekenyseg/esg-beszamolorol/

Strategy

SBM-1 **Strategy, business model and value chain**

MASTERPLAST Group is one of the leading manufacturers of thermal insulation materials and suppliers to the construction industry in Central and Eastern Europe, specialising in the development, manufacture and distribution of products mainly related to thermal insulation systems. The company's strategy focuses on promoting energy-efficient and sustainable construction and strengthening the region's insulation manufacturing capacity.

MASTERPLAST's portfolio of building products includes EPS and XPS insulation boards, roofing membranes, glass fibre mesh, mineral wool insulation materials, edge protectors, plasterboard profiles, adhesives and ancillary system components. These solutions are mainly used for facade, roof and interior insulation of residential and public buildings, contributing to the reduction of energy consumption in buildings. It has also started to develop and manufacture modular building elements, which offer fast construction times and cost-effective solutions.

MASTERPLAST has a vertically integrated value chain that enables it to control all steps from raw material sourcing through its own manufacturing facilities to logistics and distribution networks. The Group has its own subsidiaries in 10 countries enabling it to serve markets quickly and flexibly. Although it sources its raw materials from external sources, vertical integration still reduces supply chain risks, as the company is less dependent on external partners through its own manufacturing capacity and its own subsidiaries. This makes production processes more predictable and allows them to respond more easily to changes in market demand. In addition, local production and shorter transport routes contribute to a lower carbon footprint by reducing the environmental impact and fuel consumption associated with transport.

The group does not engage in activities in the fossil fuel industry (coal, oil, gas), does not participate in fossil gas-related economic activities and does not generate revenues from these sources. In addition, it is not engaged in the manufacture of chemicals, the production of weapons, or the cultivation or production of tobacco, and therefore does not derive revenue from these activities.

Major markets and customer groups

The distributor subsidiaries of **MASTERPLAST Group** serve building materials distributors, purchasing companies and DIY chains, paying particular attention to the specific requirements and conditions of the building materials trade sector, which varies from country to country. Markets without subsidiaries are served through export departments. The aim is to have strong local strategic partners representing **MASTERPLAST** products in the region. The value for partners is primarily security of supply, stable quality, product certification and value for money. The Group's products and services comply with the legislation in force in all markets and none of them is subject to prohibition.

Staff members

Data on employees can be found in the "Own workforce" subsection of the "Society" chapter.

Turnover

SBM-1-06

The consolidated turnover of **MASTERPLAST Group** for 2024 was EUR 136 137 445.

The company will not disclose a breakdown of revenue by major ESRS sectors and other relevant sectors in the 2024 reporting period as the ESRS sector standards have not yet been finalised and formally adopted, but the company will monitor and act on changes in legislation in the future.

Major sustainability objectives

MASTERPLAST Group aims to be a leader in energy efficient, environmentally conscious and sustainable building material solutions in the Central and Eastern European region based on the Group's business strategy of contributing to climate protection, resource efficient operations and promoting sustainable building practices. In this context, **MASTERPLAST** seeks to develop products and solutions that support the improvement of energy efficiency in buildings, the reduction of carbon emissions and the reduction of the environmental impact of the construction industry.

The group's key products, such as EPS and XPS insulation boards, roof foils, glass fibre mesh and other accessories, are aimed at the energy modernisation of buildings. Thermal insulation plays a key role in reducing energy consumption and greenhouse gas emissions from building operations, and **MASTERPLAST** products have a direct impact on the EU's climate and energy targets. The company's development activities are increasingly focused on the principles of the circular economy, in particular the recyclability of products, increasing recycled content and reducing manufacturing waste.

MASTERPLAST strives to decarbonise its manufacturing activities and increase its energy efficiency. It has started to integrate renewable energy sources (e.g. solar parks) at several of its sites and to introduce technological improvements that reduce specific energy consumption and greenhouse gas emissions. Optimising waste management is also part of the environmental objectives.

The Group has taken steps to integrate a circular approach in both product development and manufacturing processes. Particular attention is paid to the recycling of production waste and the optimisation of material use, with the aim of increasing the use of recycled or low environmental impact materials in the long term, while preserving product performance and longevity. Further detailed targets are set out in the sub-chapters on the topics considered relevant for the company.

The Group's products make a significant contribution to saving heating and cooling costs in residential and non-residential buildings, thereby reducing the CO2 emissions of buildings. For residential buildings (detached and semi-detached houses, etc.), the following estimated energy savings can be achieved:

total exterior insulation: ~40%, roof insulation under roof: ~10%, attic insulation: ~10%, heating system upgrade, replacement: ~30%, window replacement: ~10%.
Insulation, especially in existing buildings, is key to energy efficiency as energy savings of up to 70% can be achieved by creating a thermal envelope.
In a detached house, the thermal envelope refers to the structural elements that separate the interior of the house from the outside and whose main role is to provide thermal insulation. This includes the walls, roof, windows, doors and floors, which control the flow of heat to help maintain the desired temperature inside the house. A well-designed thermal envelope reduces energy use by minimising heat loss in winter and preventing overheating in summer. Proper insulation makes the house more energy-efficient and improves the quality of life by making the interior more comfortable. The thermal envelope is a key component of the various insulation materials that **MASTERPLAST** manufactures and markets, and thus contributes significantly to reducing the emission value of the building stock responsible for the highest emission value. The real energy efficiency and emission reduction effects that can be achieved with the insulation materials of **MASTERPLAST** and the demand for them underpins the demand for the company's products in the long term.

Description of business model and value chain

Main raw materials: polypropylene (PP), EPS, GPPS, glass fibre, polymer coatings
Packaging materials: wood and foil
Production units: the production **capacity of MASTERPLAST** is concentrated **in 8 subsidiaries** with different production profiles
Manufacturing is made up of several entities specialised in different fields.

- **Manufacturing activity** MASTERFOAM Gyártó és Kereskedelmi Kft., MASTERPROFIL Gyártó és Kereskedelmi Kft., MASTERPLAST Medical Kft., MASTERPLAST Nonwoven GmbH, Fidelis BAU Kft., MASTERPLAST YU D.o.o., T-CELL Plasztik Kft., MASTERPLAST Proizvodnja D.o.o.
- **The largest amount of raw material processing** is carried out by the following entities: MASTERPLAST YU D.o.o., MASTERPLAST Medical Kft., T-CELL Plasztik Kft.
- **Reuse and recycling:** a significant amount of recycled and reused raw materials are processed at the sites of MASTERPLAST Medical Kft., MASTERPLAST Nonwoven GmbH, Fidelis BAU Kft., MASTERPLAST YU D.o.o., T-CELL Plasztik Kft., MASTERPLAST Proizvodnja D.o.o.
- **MASTERPLAST** aims to increase the proportion of recycled materials.

Strategic sustainability ambitions
Aim for the future:

- increasing recycling in production
- in line with the principles of a circular economy the Group is continuously improving its recycling technologies and reducing production waste.

MASTERPLAST also uses petroleum derivatives in its manufacturing processes. Although the Group is constantly working on the development of its products and various innovations, at the current technological level these materials cannot yet be replaced. **MASTERPLAST** considers it important to monitor the type and quantity of materials used in its production and to gradually increase their quality in order to monitor its dependence on natural resources and the indirect impact of their exploitation.

Presentation of the MASTERPLAST Group value chain

The Company defines its own activities as manufacturing, trading, logistics and the operation of the Hungarocell Green Programme. By upstream, it means EU+EFTA and non-EU suppliers of raw materials and finished products. By downstream, it means EU, non-EU (with a separate category for Ukraine) sales and product support activities.

Manufacturing activity
Production base SÁRSZENTMIHÁLY - Hungary - MASTERPLAST (masterplastgroup.com)
Production base SZÉKESFEHÉRVÁR - Hungary - MASTERPLAST (masterplastgroup.com)
Manufacturing base KÁL - Hungary - MASTERPLAST (masterplastgroup.com)
Production base ZALAEGERSZEG/HAJDÚSZOBOSZLÓ - Hungary - MASTERPLAST (masterplastgroup.com)
Manufacturing base CSÓR- Hungary - MASTERPLAST (masterplastgroup.com)
Production base SZABADKA - Serbia - MASTERPLAST (masterplastgroup.com)
Production base ASCHERSLEBEN - Germany - MASTERPLAST (masterplastgroup.com)
Production base CALERNO - Italy - MASTERPLAST (masterplastgroup.com)

The **MASTERPLAST** Supplier Code of Conduct and Ethics ensures that the Group's partners comply with sustainability, human rights and ethical standards. The Code includes provisions on the protection of workers' rights, fair working conditions and environmental requirements. The company monitors the sustainability and ethical compliance of its supply chain through regular audits and works closely with its partners to continuously improve the quality of raw materials and ensure responsible sourcing practices.

As a major European manufacturer, the Company is a key player in the insulation materials market, making a significant contribution to energy efficient building stock. Its products and services help to optimise energy consumption in buildings, supporting energy efficiency. In doing so, it contributes to meeting energy performance standards for buildings, in line with the energy efficiency targets of Hungary and the European Union.

HEM (Certified Energy Savings)

There is a business potential for the Company to enter the market for Certified Energy Savings (CERs). HEM is a limited marketable asset that can be generated through various energy efficiency measures by accredited organisations. These HEMs can be resold to organisations committed to energy savings under the so-called EES (Energy Efficiency Commitment Scheme). In this context, **MASTERPLAST** launched its Hungarocell Renovation Programme in September 2024, the first programme in Hungary to generate HEMs related to the thermal insulation of the façade of detached houses. In addition, through its partners, the Company has also been involved in attic renovation programmes based on a similar principle. The turnover from HEMs will continue to strengthen its performance in the first half of 2025.

ESG-related efforts are emphasised in the company's strategic planning. The Board of Directors and the senior management regularly review sustainability initiatives and an internal Green Committee supports the coordination of sustainability tasks and strategy development. As a result, sustainability considerations are an integral part of decision-making and the company shapes its business model observing long-term sustainability trends.

The company is constantly looking for opportunities to further develop its business model in the light of sustainability challenges. The long-term growth plans of **MASTERPLAST** focus on sustainable innovations - such as the introduction of recycling technologies or the development of low-carbon products - to not only meet future regulatory requirements but also to gain a competitive advantage. The future direction of the strategy is driven by the sustainability transition: it is ready to amend and adapt the business model where necessary to ensure that **MASTERPLAST** is among the winners in the transition to climate neutrality and the circular economy.

SBM-2 **Interests and views of interested parties**

Stakeholder involvement

As a responsible company, it is essential for **MASTERPLAST** to maintain contact, dialogue and effective cooperation with its internal and external stakeholders.

The MASTERPLAST Group involved stakeholders in the assessment of its sustainability activities through an anonymous online questionnaire survey during the preparation of the DMA (double materiality assessment). Respondents were asked to rate their company's sustainability practices on a linear scale along the ESRS topics and to share their views on areas for improvement by answering open-ended questions. The survey received 169 responses, the majority from company employees. The response rate was 24.25%, which **MASTERPLAST** intends to increase in the future, with a particular focus on the involvement of suppliers, customers and local communities. The results were processed by the DMA project team with a detailed analysis of quantitative and qualitative data. Based on the feedback relevant improvement opportunities were identified, taking into account the company's operations and strategy. The importance of sustainability issues was ranked according to the average score. **MASTERPLAST Group** aims to incorporate stakeholder feedback for sustainable operations and to increase future participation to base its decisions on a broader and more representative range of opinions.

Interested parties

The Company has identified as interested parties those individuals and groups who are affected by or who affect its operations or whose interests are or may be affected by the activities of the Group. The Company aims to establish active and reciprocal communication with its stakeholders. For the purpose of the 2024 double materiality analysis, the Company has identified as stakeholders its employees in Hungary and abroad, employees of the Budapest Stock Exchange, investors, suppliers of raw materials and services, customers, other business partners, financial institutions (banks, insurance companies, fund managers, etc.), analysts, risk managers, public authorities, supervisory bodies, professional associations, NGOs, foundations, associations, municipalities, consultants, media representatives, members of the local community, educational institutions (vocational schools, universities, etc.), environmentalists. In addition, it also provided the opportunity to provide anonymous feedback in the "other" category.

The company's key stakeholders are employees, customers, suppliers and investors.

Channels to communicate and engage with key stakeholder groups of MASTERPLAST Group

Key stakeholders	Focus of cooperation	Channel to cooperate and communicate
Employees	**MASTERPLAST** aims to create an open, supportive environment where you can talk openly about challenges and opportunities, identify directions for development and support innovative initiatives. The key to success is the involvement of colleagues who think and develop in unity around the Group's values, taking sustainability into account.	- News, programmes via e-mail and in a closed Facebook group (regular) - Communication emails on material topics, e.g. green newsletter (ongoing) - Employee forums (annual) - Management discussion on performance appraisal, educational development opportunities (at least once a year) - Employee focus group surveys (at least every two years)
Buyers	The sales team interacts with the company's customers on a daily basis to better understand their needs, help them follow market trends and share their experience in nearly 40 countries. In addition, **MASTERPLAST** pays particular attention to identifying local specificities and motivations in order to offer tailored, effective solutions.	- Customer Open Days at **MASTERPLAST** - Industry conferences - Trade exhibitions - Key account manager contacts - B2B platform (in Hungary, Romania, Serbia, partially in Slovakia and Croatia, as the main communication channel - among others, special promotions are published here)
Suppliers	**MASTERPLAST** strives to build long-term, mutually beneficial partnerships with suppliers based on continuous feedback and the highest ethical standards. In its cooperation, it gives priority to sustainability, environmental and human rights aspects.	- Contact by e-mail (regular) - Personal contacts, visits to suppliers and manufacturers (regular) - Direct meetings with supplier key account managers (regular) - Supplier forums, surveys, training (annual) - Participation in international exhibitions
Investors, shareholders and financial market	**MASTERPLAST** has an active and ongoing relationship with investors and the capital markets. It works closely with all stakeholders - banks, bond investors, shareholders - to ensure the most efficient allocation of capital, which is confirmed by rating agencies. It makes its ESG approach and its examination of sustainability issues an integral part of its financial partnerships.	- Investor information forums (annual) - Consultations with the Houses of Reflection (ongoing) - Annual general meeting (yearly) - Regular publications (ongoing) - Investor surveys (on request)
Local communities	**MASTERPLAST** strives to become an integral part of its environment through active dialogue with the local communities where it operates. It aims to better understand each other's needs and opportunities and to support communities in achieving their goals.	- E-mail, telephone and face-to-face consultations and contacts (ongoing) - Liaising with local authorities, organisations, local leaders (regularly)
Professional organisations	Cooperation with national and international professional organisations aims to promote industry development, knowledge sharing and innovation. In defining common goals, **MASTERPLAST** gives priority to sustainability issues and actively participates in professional dialogue.	- Professional forums (regular) - Professional cooperation, joint programmes (ongoing) - Individual meetings (ongoing)

Stakeholder interests in the strategy and business model

Stakeholder feedback, supported by due diligence processes and materiality assessments, plays a key role in shaping the company's strategy and business model. The Company's core values of continuous improvement, collaboration, immediate feedback and fact-based communication ensure a high level of stakeholder management, which colleagues have continued to strengthen despite the challenges of 2024. Part of the corporate culture is the **Fundamentals of Collaboration** Code, which defines how we operate, communicate and work together as a team based on mutual respect. The aim is to foster an open, honest and critical dialogue that enables **MASTERPLAST** to integrate stakeholder expectations into strategic decisions and the business model, ensuring sustainable operations and long-term success.

The company has not changed and does not plan to change its strategy or business model based on stakeholder feedback.

Information to administrative, management or supervisory bodies

The full content of the Sustainability Report, its material topics, including the views and interests of relevant stakeholders on the sustainability impacts of the business, is published with the approval of the **MASTERPLAST Group** Green Committee, the Group Management and the President of the Board of Directors.

SBM-3 **Material impacts, risks and opportunities and their interaction with the strategy and business model**

MASTERPLAST aims to develop a concrete action plan for all **relevant** environmental and sustainability impacts, risks and opportunities (IROs). The company's Green Committee plays a key role in the development and implementation of these measures, ensuring that they are closely aligned with the company's business model and long-term strategy. The aim is to ensure that sustainability is not a separate issue but is integrated into the company's operations and decision-making processes.

Key impacts, risks and opportunities

The Company's brief description of the material impacts, risks and opportunities identified in the double materiality analysis, their actual, potential, positive or negative impact, and their classification by risk and opportunity, time horizon and exposure within the value chain (own operation, upstream and downstream) is set out in the summary table below.

ESRS standard	Topic	Description	Classification	Value chain	Timeframe
E1 Climate change	Climate change mitigation	As a core activity (the production of high quality insulation materials), **MASTERPLAST** contributes to the long-term reduction of energy consumption and GHG emissions through the extensive use of its products.	Actual positive impact	Downstream	Short term
E1 Climate change	Energy	Climate change, too much temperature rise will cause solar cells already installed and to be installed in the future to be subjected to too much load, reducing their efficiency and production.	Potential negative impact	Own operation	Long-term
E1 Climate change	Energy	Buying energy from energy traders contributes to the company's Scope 2 emissions.	Actual negative impact	Upstream	Long-term
E1 Climate change	Energy	Introducing energy-efficient solutions in manufacturing and commercial activities, thereby reducing energy consumption. Through investments in renewable energy, **MASTERPLAST**	Actual positive impact	Own operation	Short term

		promotes the use of green energy and supports the launch of EER projects. Thanks to proper energy management, the company's overall energy consumption is reduced. It has installed sub-meters in several stages in its more energy-intensive entities in order to monitor their energy consumption properly, and is upgrading its machinery			
E1 Climate change	Energy	**MASTERPLAST** customers consume less energy when they buy the right insulation materials and upgrade their properties.	Actual positive impact	Downstream	Short term
E1 Climate change	Adapting to climate change	The demand for professional insulation materials is growing, as energy-efficient architecture becomes increasingly important.	Current opportunity		Medium term
E1 Climate change	Energy	Reduced production of solar cells may force **MASTERPLAST** to buy additional energy from the supplier, which will mean additional costs.	Expected risk		Medium term
E1 Climate change	Energy	Legislative requirements and changes may increase the price of the energy purchased.	Expected risk		Long-term
E1 Climate change	Energy	Unpredictable energy prices make it difficult to plan the company's operating costs.	Current risk		Medium term
E5 Resource use and circular economy	Resource outflows related to products and services	Recycling (e.g. reprocessing materials or products already used, reducing resource use and waste, thus contributing to a circular economy)	Actual, positive impact	Own operation	Medium term
E5 Resource use and circular economy	Resource outflows related to products and services	By recycling materials, the demand for primary raw materials can be reduced, making the company less dependent on suppliers and the availability of natural resources.	Current opportunity		Short term
Other	Product quality and product sustainability	It collects the clean, reclaimed cuttings through partners, transports them free of charge and uses them to make Thermobeton, a new insulation material. The Hungarocell Green Programme complies with the INTERCERT Certification and Certification Ltd. MSZ EN ISO 14001:2015.	Actual, positive impact	Own operation	Short term
S1 Own workforce	Working conditions - Health and safety	The company aims to create safe working conditions and protect the health of its employees, complying with current legislation and thus avoiding accidents.	Actual, positive impact	Own operation	Short term
S1 Own workforce	Working conditions - Health and safety	As a result of accidents at work, the company may be fined or investigated by the authorities, which could have a	Current risk		Short term

		negative impact on the company's reputation.			
G1 Business Conduct	Corporate culture	The Group is committed to responsible, transparent and effective corporate governance and fair business practices. It operates to high ethical standards and in compliance with the law. As a responsible corporate citizen, it makes every effort so that basic ethical standards are embedded in its day-to-day work, in its relationships with its employees and in its relationships with customers, owners, suppliers and all stakeholders. It is committed to operating ethically and transparently, with a sense of purpose, but also to competing fairly with its competitors.	Actual, positive impact	Own operation	Short term
G1 Business Conduct	Managing relationships with suppliers, including payment practices	It focuses on building long-term, mutually beneficial partnerships with its suppliers. Provides continuous feedback to develop strong partnerships while maintaining the highest ethical standards. It pays particular attention to sustainability, environmental and human rights issues in its supplier relationships.	Actual, positive impact	Own operation	Short term
G1 Business conduct	Managing relationships with suppliers, including payment practices	Any substitution (and/or exclusion) of suppliers will result in extra costs for the company.	Expected risk		Short term

Material impacts, risks and opportunities have a direct and indirect impact on **MASTERPLAST**'s business model and strategy. This is described in the relevant disclosures on material matters.
MASTERPLAST's material sustainability impacts and risks arise from different stages of the value chain. The environmental impacts of its own operations include energy consumption and GHG emissions, as well as the generation of production waste. In the upstream (supplier) value chain, the environmental burden and availability of raw materials is a risk, while on the downstream side, the energy savings that can be achieved through the use of its products have a significant positive impact (e.g. the insulation materials it produces reduce the energy demand of buildings). The company ensures that its activities are in line with its environmental and social responsibilities through close cooperation and sustainability commitments with its supplier network.

The relevant sustainability impacts and risks occur over different time horizons. Some risks may affect operations in the short term (within 1 year), such as an immediate increase in energy costs, while others may become significant in the medium term (1-5 years) or long term (beyond 5 years). **MASTERPLAST**'s strategy is therefore also to respond to current challenges in the short term (e.g. by investing in energy efficiency), to prepare for expected market and regulatory changes in the medium term, and to aim for climate neutrality and the transition to a circular economy in the long term. These time horizons ensure the resilience of our business model.

The nature of **MASTERPLAST**'s activities and its business relationships determine its exposure to sustainability impacts and the opportunitys for addressing them. Its manufacturing processes are energy and material intensive, and it places great emphasis on energy efficiency and waste reduction in its operations. At the same time, its products, in particular thermal insulation solutions, reduce its customers' energy consumption and carbon footprint, meaning that its business has a positive impact on the environment. By building relationships with its suppliers and business partners that support its sustainability efforts (for example, by giving preference to partners that supply recycled or lower-emission materials), **Masterplast** contributes to sustainability goals both through its internal processes and through its business network.

MASTERPLAST Group's material impacts on humans and the environment for the identified significant IROs are presented in the tables. The nature and classification of the IROs, as well as the actions and objectives for specific measures, are detailed in the chapters on the relevant material issues.

MASTERPLAST has assessed the material environmental, social and governance risks and opportunities that could affect the company's financial position, financial performance and cash flows. **MASTERPLAST** has also assessed the expected financial impact of material risks and opportunities in the short, medium and long term, taking into account the company's strategy and related investment and divestment plans, sources of funding and development directions. However, given that these impacts and their financial consequences affect business sensitive information, **MASTERPLAST** does not disclose detailed, quantified information on the impact on the current or expected financial statements for data items SBM-3_08, SBM-3_09.

Resilience of the company's strategy and business model

MASTERPLAST's business model and strategy is designed to remain resilient to sustainability impacts and risks. In addition, the company seeks to take advantage of opportunities that arise in the context of sustainability (e.g. green technologies, new markets), thus ensuring long-term value creation and stability.

Double materiality

*IRO-1. **Description of procedures for identifying and assessing significant impacts, risks and opportunities***

MASTERPLAST Group carried out its first double materiality assessment (DMA) during 2024 in preparation for compliance with ESRS 2 IRO-1 and IRO-2.

This double materiality analysis is the first DMA **of MASTERPLAST Group**, which forms the basis of its Sustainability Report for the financial year 2024. The DMA aims to map the Group's resilience in sustainability issues, including impacts on environmental and social issues, as well as risks and opportunities affecting financial performance.

MASTERPLAST Group will carry out its analysis (or its redefinition, revision) annually after the preparation of this DMA and will seek to progressively broaden the range of stakeholders involved and adapt the depth of the analysis to the sustainability challenges of the period.

As part of this, it consulted a wide range of **internal and external stakeholders**, including **employees, suppliers, customers, social stakeholders, investors and banks** to identify the relevant sustainability issues for **MASTERPLAST Group.**

Methodology of the materiality assessment

The scoring method and criteria for the materiality assessment were defined in accordance with the requirements of ESRS 1. The double materiality analysis means that impact materiality and financial materiality are considered together. Members of the project team, representing the interests of the subsidiaries, in particular the responsible managers of the relevant areas, actively contributed to the process. The final results of the evaluation were approved by consensus on the basis of the arguments and technical considerations expressed during the workshops.

As a first step, the Company has comprehensively mapped all potentially relevant sustainability issues that could impact the company's operations, stakeholders and the regulatory environment. This process was carried out taking into account the requirements of **the European Sustainability Reporting Standards (ESRS**), industry trends and company experience.

It then identified a long list and assessed each sustainability issue according to different relevance criteria to determine its actual importance for the Group. In order to do this, the following factors were taken into account:

- Is the topic related to the Group's business model and operations?
- Does it affect competitiveness and market position?
- Is it given priority in the regulatory environment and compliance requirements?
- To what extent is it relevant to its stakeholders - investors, suppliers, customers and employees? (In this context, a wide range of internal and external stakeholders, including employees, suppliers, customers, social actors, investors and banks were consulted to identify the relevant sustainability issues for **MASTERPLAST Group**.)

Those issues that were found to be significant in at least one respect were further investigated in detail and moved to the short list. This step was taken to exclude issues that the analysis showed were not of high priority for the company.

Following the shortlisting process**, MASTERPLAST** conducted a double materiality analysis on each of the selected topics along two dimensions:

Impact materiality

- It has taken into account the magnitude, scope, irreversibility and likelihood of impacts - both positive and negative, actual and potential.
- According to ESRS 1 (45), in the case of human rights impacts, the severity of the incident takes precedence over the likelihood of its occurrence. The classification of materiality of impact is based on a threshold set by the Group, i.e. a materiality score of 3 or 4 is considered to be a materiality of impact.

Financial materiality

- Financial risks and opportunities are assessed by the Company using a structured methodology that takes into account their type, time horizon, magnitude and probability of occurrence.
- Financially material topics are classified according to a threshold set by the Group, i.e. a topic is financially material if the risk or opportunity score is 3 or 4.

If a topic has been identified as impact or financially material, it is treated as a material topic.

In identifying impacts, risks and opportunities, **MASTERPLAST Group** pays particular attention to manufacturing sites and regions (e.g. non-EU countries) where environmental and human rights regulations may differ from EU regulations.

The analysis covers the financial risks and opportunities related to sustainability impacts and potential dependencies, and considers the potential impacts or risks that may arise from actions related to certain key sustainability issues in the future. In the analysis the Group shall record in detail the basis for considering the contribution of risks and opportunities to financial impacts. However, details of this will not be disclosed in external communications.

MASTERPLAST Group integrates sustainability risks, including environmental, social and corporate governance factors, into its operations through the activities of the Green Committee, ensuring that sustainability risks are managed on an equal footing with business risks. It also integrates the identified sustainability opportunities into its strategic and investment decisions and preparatory work through the Green Committee.

MASTERPLAST Group uses internal (e.g. energy consumption, emissions data, occupational safety statistics, HR data) and external (e.g. international benchmarks, industry analyses) data sources, expert approaches, external experts (e.g. energy auditors) and stakeholder feedback to assess impacts, risks and opportunities in the assessment process.

MASTERPLAST Group assesses the financial risks and opportunities that its sustainability impacts and dependencies may create. For example, the availability and price of raw materials, such as polymer feedstocks, has a significant impact on its operations. Tighter environmental regulations and changes in energy efficiency requirements also affect its financial performance. These factors are integrated into the company's risk management and strategic planning processes to proactively address emerging challenges and take advantage of opportunities.

Stakeholder involvement

Through sustainability analysis, the company has incorporated the views of stakeholders into its decision-making. To this end, **an anonymous online questionnaire survey** was conducted in which **MASTERPLAST** employees, suppliers, investors and customers assessed the relevance of sustainability matters.

Evaluation

Sustainability issues were assessed and consulted on by staff and experts delegated by the Green Committee.

Effect materiality	Description	Low value 1	High value 4
Scale	What is the scale of the impact?	Although noticeable, it has a minimal impact on the lives of those affected, with little or no noticeable effect.	The impact is extremely serious, seriously affecting basic living conditions or freedoms (e.g. health, livelihoods, education).
Scope	What is the extent of this effect? Scope: the extent of the impact (i.e. the number of people affected or the extent of environmental damage).	The impact is minimal, with no more than one or two sites or locations affected. Affects end-user locations (e.g.: end-user's home)	The impact is large-scale, going beyond the level of sites and locations, and can even be global.
Irremediability	If the impact is negative, what is the degree of irreversibility?	The negative impact can be fully remedied and the affected people or the environment can be quickly and fully restored to its original state.	The negative impact is such that there is no way to fully remedy it and the consequences are long-lasting.
Likelihood	If the effect is potential (negative or positive), what is the probability that it will occur?	It is an extremely rare or almost unthinkable event that can only occur in special circumstances.	The effect is almost certain to occur.
Financial materiality	**Description**	**Low value 1**	**High value 4**
Magnitude	To what extent does a given effect have a comprehensive impact on the company's financial operations? Assessment is based on subjective, consensus judgement.	It does not affect the financial functioning of the organisation.	The impact is such that it could even threaten the financial stability of the company.
Likelihood	What is the probability of the risk or opportunity occurring?	The financial impact is highly unlikely to occur, and would only arise in extreme circumstances.	The financial impact is almost certain, as circumstances and market trends are already pointing strongly in this direction.

ESRS E2 Pollution, ESRS E3 Water and marine resources, ESRS E4 Biodiversity and ecosystems, ESRS S4 Consumers and end-users

In the double materiality analysis carried out in 2024 the following sustainability topics did not meet the materiality threshold and are therefore not presented as material topics in the reporting: ESRS E2 Pollution, ESRS E3 Water and marine resources, ESRS E4 Biodiversity and ecosystems, ESRS S4 Consumers and end-users.

E2-IRO-1 ***Description of the processes to identify and assess material pollution-related impacts, risks and opportunities***

In order to identify actual and potential environmental impacts, risks and opportunities related to pollution, **MASTERPLAST Group** has conducted a review of its sites and business activities, covering its own operations and relevant stages of the upstream and downstream value chain.

The audit analysed documents related to legal compliance, official permits, internal environmental records and audit reports related to ISO 14001 certificates. With regard to point sources (e.g. air pollutant emissions), the available emission measurement reports show that all emissions were below the legal limit values.

During the materiality assessment process, the pollution impacts assessed did not show a level of environmental or social risk that would justify the issue being treated as material. On this basis, **MASTERPLAST** has not identified any significant impacts, risks or opportunities in the pollution topic area.

In assessing the risks of pollution, **MASTERPLAST** did not carry out specific consultations with affected communities, as the screening did not identify any effects or emissions that could cause significant effects on the environment or any concerns for the community.

E3-IRO-1 ***Description of the processes to identify and assess material water and marine resources-related impacts, risks and opportunities***

MASTERPLAST Group has conducted a review of its manufacturing activities and sites to identify water use impacts. The assessment examined water use intensity, site water use data, as well as geographical location and potential water stress exposure.

The consolidated water consumption in 2024 was 16 227.5 m³, which corresponds to the annual water consumption of approximately 90 households of four persons (180 m³/household). On this basis, water consumption is not considered significant for the scope and size of the company.

Marine resources are not relevant to **MASTERPLAST**'s operations, as the company has no connection with marine environments or their immediate ecosystems. Water consumption data per site were available, but none of the sites showed any significant water use or locational factors that would have a significant impact on local water resources or communities. Based on these factors, water-related environmental impacts, risks and opportunities were not identified as significant.

MASTERPLAST has not directly consulted affected communities during this assessment, as its activities will not have any discernible impact on local water sources and will not affect the water supply or access to water for communities.

E4 - IRO-1 ***Description of procedures to identify and assess relevant impacts, risks, dependencies and opportunities for biodiversity and ecosystems***

MASTERPLAST Group has carried out a review of its sites and business activities to identify actual and potential environmental impacts, risks and opportunities related to biodiversity, covering its own operations and relevant stages of the upstream and downstream value chain.

MASTERPLAST Group has not carried out a specific targeted assessment of dependencies on ecosystem services for systemic risks, proximity to biologically sensitive areas and potential impacts on affected communities.

At the same time, the nature of the company's operations - the industrial production of thermal insulation materials - does not involve the extraction of raw materials, large-scale land use or direct impact on natural habitats. Production activities are predominantly carried out in an industrial environment. **MASTERPLAST** has not directly consulted affected communities during this assessment. None of these factors were analysed as having an impact or risk that could be considered significant to the company's operations. Accordingly, **MASTERPLAST** is not currently implementing any targeted actions in the area of biodiversity, but is committed to ongoing environmental monitoring and future reassessment.

S3 IRO-1 - ***Description of procedures for identifying and assessing significant impacts, risks and opportunities for consumers and end-users***

MASTERPLAST Group uses product safety and quality control processes to assess consumer and end-user impacts. This stakeholder understanding of sustainability is supported by feedback from sales. Product certifications, as well as potential complaints, responses to complaints and feedback, provide additional useful background information.

The Group's products meet industry standards and the expectations of the relevant products. No consumer risks were identified in the 2024 review that would make this topic material for reporting. The company continues to monitor consumer feedback and is committed to continuous improvement in product safety and quality. During the current reporting period, **MASTERPLAST** did not conduct specific direct consultations with consumers or end-users as no significant risks or issues with the products were identified.

Material topics

The material topics of MASTERPLAST Group
Material topics - Environmental
ESRS E1 Climate change - Climate change adaptation
ESRS E1 Climate change – Climate change mitigation
ESRS E1 Climate Change - Energy
ESRS E5 Circular economy - Resource outflows related to products and services
Sustainable products (company-specific relevant topic, not covered by ESRS standard)
Material topic - Social
ESRS S1 Own workforce - Health and safety
Material topics - Corporate governance
ESRS G1 Business Conduct - Corporate Culture
ESRS G1 Business Conduct - Management of relationships with suppliers including payment practices

ENVIRONMENT

Climate change

*The tangible effects of climate change - extreme weather, volatile energy prices, tightening regulations - are also affecting the construction industry. Energy consumption in buildings and the production of building materials are major contributors to greenhouse gas emissions, so the industry has a crucial role to play in meeting emission reduction targets. In developing its products, **MASTERPLAST Group** takes sustainability into account while meeting economic and technical requirements. Its aim is to offer solutions that remain competitive in the long term, in response to the changing challenges of the construction industry.*

E1.GOV-3_01 - E1.GOV-3_03 **Integration of sustainability-related performance in incentive schemes**

In 2024 climate considerations were not yet taken into account in the remuneration of the company's executive, managing and supervisory board members, nor were they included in their performance appraisals.

At the same time the Green Committee, established in 2023 at the initiative of the CEO, is an integral part of the company's sustainability operations, with the main objective of integrating environmental sustainability aspects into business operations and corporate governance at a strategic level. The Committee supports senior management in achieving climate objectives through regular reports.

The company aims to progressively integrate sustainability and climate-related performance indicators into its executive remuneration system, with a particular focus on energy efficiency, GHG reduction and sustainable investment targets. This is being prepared with the technical support of the Green Committee.

E1-1. _Transition plan for climate change mitigation

MASTERPLAST is committed to mitigating climate change and its planned investments are in line with the objectives of the Paris Agreement, in particular the limitation of global warming to 1.5°C. It aims to gradually shift its operations towards climate neutrality, in line with the European Union's net zero emissions target for 2050. **MASTERPLAST Group** will adopt its prepared transition plan in 2025. The company's GHG reduction targets will be set in line with the climate neutrality targets set out in Regulation (EU) 2021/1119 (European Climate Agenda) and the EU Green Deal decarbonisation pathway. Once adopted, the transition plan will be incorporated into **MASTERPLAST**'s overall business strategy and financial planning. The plan will include the company's decarbonisation targets and long-term sustainability strategy, which will support the development of the business model and will be integrated into the financial and operational planning processes.

MASTERPLAST's transition plan is approved by the Green Committee.

The company intends to report annually on the progress made in implementing the migration plan.

Categories of investments that reduce GHG emissions (t CO2e):

1. Energy efficiency upgrades in buildings
2. Technological energy efficiency upgrades
3. Replacement or modification of technologies
4. Upgrades for conversion to electricity (fuel substitution)
5. Developing renewable energy uses
6. Buying green electricity
7. Traffic (transport) energy efficiency upgrades

8. Decarbonisation of the supply chain (substitution or modification of products)
9. Efficiency in the use of products (recycling)
10. Other GHG emission reductions
11. Design of GHG capture methods

MASTERPLAST Group base year: year 2024

Baseline GHG emissions: 141 696.2 t CO2e / year

MASTERPLAST Group focuses on increasing technological energy efficiency and the use of renewable energies, as well as the purchase of green electricity, to reduce its own emissions.

In the area of indirect emissions, **MASTERPLAST** expects significant reductions mainly from the decarbonisation of the supply chain and supply transport, in particular maritime transport.

MASTERPLAST has identified the types and risks of short, medium and long-term investments, as well as the responsibilities.

Short and medium-term investments:

- Thermal insulation of buildings, energy efficient heating and cooling. These are low-risk investments because the necessary technologies are already available, and most buildings are already modern, with good insulation and modern mechanical systems.
- Increasing the energy efficiency of the technology by upgrading heat generation, cooling, compressed air, drives, etc. These are low risk investments because the necessary technologies are available.
- Developing renewable energy by installing solar panels and heat pumps. These are low risk investments because the necessary technologies are already available.
- Purchase of green electricity by amending the electricity contract.

Long-term investments:

- Replacement or modification of technologies. These are low risk investments because the necessary technologies are already available. Taking into account Best Available Techniques (BAT), prioritising low emission solutions.
- Investing in the switch to electricity. These are medium-risk investments, because only part of the industrial technologies needed to replace natural gas are yet available. For the switch it is necessary to increase the efficiency of electricity use related to steam production, in particular.
- Energy efficiency modernisation of transport using electric cars. These are medium-risk investments because they depend on the degree of electrification of the transport sector, in particular the switchover of shipping and heavy goods vehicles on the road.
- Decarbonising the supply chain by sourcing raw materials with a lower carbon footprint. These are medium-risk investments because they depend on the transition of the companies producing the raw materials. In particular, reducing energy consumption in the production of polystyrene granules and glass fibre is important for **MASTERPLAST.**
- Efficiency in the use of products, increasing recycling. These are medium-risk investments because the lifetime of the products depends on the companies involved and the legislation.
- Other GHG emission reductions, energy storage, etc. These are medium risk investments because only part of the other GHG emission reduction technologies are yet available. In particular, the efficiency of electricity storage technologies would need to be increased.
- Developing GHG sinks through afforestation, tillage, other means. These are low-risk investments because the necessary technologies are already available, in particular afforestation and tillage.

Responsibility: the Group Management, the Green Committee and the ISO 50001 energy management officers.
MASTERPLAST does not engage in economic activities based on coal, oil or natural gas, nor does it make significant investments related to such industries. As a result, it is not one of the companies excluded by the

European Union from green financial instruments or benchmarks for activities incompatible with the objectives of the Paris Agreement.

E1.SBM-3_01 - E1.SBM-3_07 **Material impacts, risks and opportunities and their interaction with strategy and business model**

MASTERPLAST Group does not currently have a separate scenario-based resilience analysis to assess the resilience of the business model to climate change. However, the company has conducted a double materiality analysis (DMA) in 2024, identifying key physical and transition risks and their potential impacts on its operations and value chain.

MASTERPLAST plans to carry out a full resilience analysis in 2026, during which:

- it intends to apply a recognised climate change scenario (e.g. IEA Net Zero, NGFS),
- it will assess the financial impacts of climate risks, and
- it aligns with GHG reduction targets (ESRS E1-4) and financial planning (E1-9).

E1.IRO-1_01- E1.IRO-16 **Description of the processes to identify and assess material climate-related impacts, risks and opportunities**

MASTERPLAST has taken climate policy objectives into account when assessing long-term transition risks and has identified the assets and business processes that need to be transformed to make the transition to a climate-neutral economy.

In addition, the company has identified transition events that could affect its operations and assets during the transition to a low-carbon economy. As part of this:

- It assessed the exposure of energy supply systems (heating, cooling, electricity use) to changes in energy prices and supply chains.
- Examined the risks of raw material and feedstock procurement, with a particular focus on the sustainability requirements of supply chains and the stability of raw material supply.

The assessment of transition events and physical risks is consistent with the critical assumptions in **MASTERPLAST**'s financial statements, thus supporting business planning, capital allocation and investment decisions.

Significant impacts, risks and opportunities and their linkage to business model, sustainability strategy *IRO-1, SBM-3*

ESRS standard	Topic	Description	Classification	Value chain	Timeframe	Other information Link to business model, sustainability strategy
E1 Climate change	Climate change mitigation	As a core activity (production of high quality insulation materials), **MASTERPLAST** contributes to the long-term reduction of energy consumption and GHG emissions through the extensive use of its products.	Actual positive impact	Downstream	Short term	The company's products, such as EPS, XPS and rock wool, directly contribute to increasing the energy efficiency of buildings, thereby reducing greenhouse gas emissions. In addition, the widespread use of insulation materials supports sustainable construction, which has a significant positive impact on the environment and climate protection goals.
E1 Climate change	Energy	Climate change, too much temperature rise, will cause solar cells already installed and to be installed in the future to be subjected to too much load, reducing their efficiency and production.	Potential negative impact	Own operation	Long-term	The company is also exploring optimisation solutions for cooling systems to reduce overload, in order to maintain the efficiency of energy management based on renewable energy sources.
E1 Climate change	Energy	Buying energy from energy traders contributes to the company's Scope 2 emissions.	Actual negative impact	Upstream	Long-term	The company's strategic goal is to reduce the share of external procurement by increasing internal energy production, for example by using solar energy.
E1 Climate change	Energy	Introducing energy-efficient solutions in manufacturing and commercial activities, thereby reducing energy consumption. Through investments in renewable energy, **MASTERPLAST** promotes the use of green energy and supports the launch of EER projects.	Actual positive impact	Own operation	Short term	Thanks to proper energy management, the company's overall energy consumption is reduced. The company has installed sub-meters in several stages in its more energy-intensive entities to properly monitor its energy consumption, and it is also upgrading its machines.
E1 Climate change	Energy	**MASTERPLAST** customers consume less energy when they buy the right insulation materials and upgrade their properties.	Actual positive impact	Downstream	Short term	The insulation materials produced by the company directly contribute to reducing customers' energy consumption, thus supporting energy efficiency goals and climate change mitigation. In addition, these materials promote the modernisation of buildings, which has a significant positive impact on the spread of sustainable building practices and lower operating costs.
E1 Climate change	Climate change adaptation	The demand for professional insulation materials is growing, as energy-efficient architecture becomes increasingly important.	Current opportunity		Medium term	The growth in demand for professional insulation materials directly supports the company's core business and is therefore significant in magnitude. As the risk has a moderate to high probability of materialisation and will be realised

						in the medium term, the opportunity is financially material for Masterplast.
E1 Climate change	Energy	The reduced production of solar cells may force MASTERPLAST to buy additional energy from the supplier, which will mean additional costs.	Expected risk (transition risk)		Medium term	Increasing energy demand and its cost impact due to changes in the performance of solar PV systems can affect the payback period of investments.
E1 Climate change	Energy	Legislative requirements and changes may increase the price of the energy purchased.	Expected risk (transition risk)		Long-term	Changes in energy regulation and market prices affect operating costs, which in the long term represent a financial risk for the company.
E1 Climate	Energy	Unpredictable energy prices make it difficult to plan the company's operating costs.	Current risk (transition risk)		Medium term	The expiry of contracts with energy suppliers can lead to unpredictable changes in energy prices, which can directly affect the predictability of the company's operating costs. This situation could have a high financial impact, as the expected increase in energy supply costs could affect a significant part of the company's revenue in the medium term and could therefore be identified as a material financial risk.

Climate change mitigation and adaptation

E1-2, MDR-P **Policies related to climate change mitigation and adaptation**

MASTERPLAST's Hungarian entities procure energy through group purchasing tenders, while foreign subsidiaries procure the necessary quantities from energy traders in the country concerned. In order to optimise the supply and use of energy, the Group carries out continuous internal analyses and its energy policy aims at the continuous improvement of energy efficiency, taking into account sustainability and economic aspects.

Responsible management of natural resources and efficiency improvements are key for the company. In 2019 it implemented an ISO Integrated Management System across its major entities, including the ISO 50001 standard. The standard provides guidance to continuously improve the company's energy performance, including energy efficiency, energy security, use and consumption.

The Group has several ISO certifications, all of which contribute to climate change mitigation and adaptation. These ISO standards support the Group in managing climate risks and opportunities in a structured and documented way, increasing the resilience and long-term sustainability of the company.

The link between MASTERPLAST Group management systems and climate change management

ISO standard	Climate change mitigation	Climate change adaptation
ISO 9001: 2015 Quality management	Efficient process control reduces energy and raw material consumption. Quality control reduces waste and thus environmental impact.	Ensuring process flexibility to adapt to changing conditions caused by climate change Maintaining product quality and performance stability under extreme weather conditions
ISO 14001: 2015 Environmental management	Setting and meeting environmental targets to reduce CO_2 emissions Reducing resource use, minimising waste and prioritising recycling	Continuous assessment and management of environmental risks Continuous preparation to manage the environmental impacts of extreme weather events
ISO 50001: 2018 Energy management	Continuously improving energy performance, measuring and optimising energy consumption Supporting the integration of renewable energy sources	Increasing the resilience of energy systems to energy supply uncertainties Adapting to energy demand changes in extreme climatic conditions

https://www.masterplast.hu/wp-content/uploads/2024/03/tanusitvany-iso-14001.pdf

Environmental policy

MASTERPLAST Group sets out the details of its environmental activities in its corporate policy. The purpose of this is to define the rules, practices, procedures and responsibilities that are essential for the implementation of the environmental policy, to provide a framework for these, to ensure the conditions for activities to protect the environment and to describe the process of measures taken to reduce the impact on the environment. These processes are coordinated by the environmental engineer in the central Asset Management and Operations Department of **MASTERPLAST.**

E1-3, **MDR-A Actions and resources in relation to climate change policies**

MASTERPLAST Group's priority is to gradually shift to renewable energy sources for energy efficiency and sustainability. As part of this, small-scale solar power plants have been set up in Sárszentmihály, Zalaegerszeg, Hajdúszoboszló and Kál. The capacity of the installations varies from site to site and the annual forecast production also differs. Thanks to the new small power plants, **MASTERPLAST** will significantly reduce the environmental impact of its energy use and promote operational efficiency. The company is committed to this type of sustainable project, which contributes to the protection of the environment and the fight against climate change.

Increasing energy efficiency

The company has installed sub-meters in several stages in the sites with higher energy consumption in order to monitor energy consumption properly and have clear information on the current consumption levels, thus managing it consciously. The first sub-meter installations took place in 2020, followed by further installations in 2023 due to regulatory tightening, increasing the number of sub-meters.

Energy efficiency investment

In the spring of 2024 a small power plant with a capacity of 0.5 MWh was commissioned in Sárszentmihály. Following the completion of the current installation project, **MASTERPLAST** would like to start expanding the capacity of the solar power plant in Sárszentmihály with a 0.228 MWh unit and a 400 kW storage of 800 kWh, connected to the medium voltage grid. This development will further increase the share of renewable energy in the company's energy supply, while allowing for more efficient timing between energy production and consumption. The introduction of this innovative production line not only optimises energy consumption but also reduces the environmental impact of the production process, thanks to less waste and more efficient use of raw materials. This will enable the company to meet increasingly stringent energy efficiency and environmental regulatory requirements more effectively, while improving its production costs and increasing its long-term competitiveness.**Hungarocell Renovation Programme**

In September 2024 **MASTERPLAST** launched the Hungarocell Renovation Programme in Hungary, which offers customers a 50% discount on Hungarocell insulation materials in exchange for the energy savings achieved through façade insulation under the Energy Efficiency Obligation Scheme (EEO). This scheme helps to increase energy efficiency and reduce carbon emissions through thermal insulation of buildings. The energy savings achieved by the users are verified and certified by auditing organisations, and these so-called Certified Energy Savings (CERs) can be sold as an asset to Energy Traders.

Renewable energy sources

Company	Electricity produced by solar panels (kWh)
MASTERPLAST PLC (Sárszentmihály)	466 880
T-CELL Plasztik Kft (Zalaegerszeg)	75 890
T-CELL Plasztik Kft (Hajdúszoboszló)	82 741

Climate change targets

E1-4, MDR-T **Targets related to climate change mitigation and adaptation**

MASTERPLAST committed to increase the share of green electricity in its renewable energy use by 10%[7].

The GHG Protocol methodology will be used to set targets, taking into account the selected scenario, data sources and consistency with national, EU and international policy objectives.

The targets and the boundaries of the greenhouse gas inventory have been defined with the help of technical, financial and energy experts.

In setting the targets the company has taken into account relevant environmental, social, technological, market and policy developments and has defined the decarbonisation instruments on this basis. It plans to implement a reforestation project as one of the means to reduce emissions.**Energy-related targets**

The company aims to reduce energy use and energy costs and minimise greenhouse gas emissions. Energy is used in various forms, most of it in the form of electricity in manufacturing processes and as fuel for commercial and logistics activities. **MASTERPLAST Group** has completely overhauled its energy management and has developed a long-term energy strategy covering all operations, including extensive investments in renewable energy.

MASTERPLAST set a target to reduce its carbon emissions in 2023 and prepared a group-wide audited corporate carbon footprint report for Scope 1 and Scope 2 for the reporting period 2023.[8] In doing so, it laid the groundwork for tracking the emissions of the entire **MASTERPLAST Group** in order to set specific commitments at a later stage.

For the year 2024 **MASTERPLAST Group** assessed its emissions at Scope 3 level in addition to Scope 1 and Scope 2 with the help of an external energy auditor.

The company also aims to reduce its energy consumption and thus its energy costs, while reducing greenhouse gas emissions.

E1-5 **Energy**

Within **MASTERPLAST Group** the largest energy consumption is concentrated at the site in Szabadka. Among the main energy sources, MASTERPLAST YU DOO is the largest consumer of natural gas and electricity, while the Sárszentmihály site is also a prominent consumer of electricity, accounting for almost one third of total consumption.

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[7] *31 December 2030.*

[8] *More details: https://www.masterplastfenntarthatosag.hu/files/CMG_Carbon_Scope1_2_2023.pdf*

The total energy consumption of **MASTERPLAST Group** in 2024 was 188 404 316 MJ. It continuously monitors and optimises the consumption of its more energy-intensive production units. During the reporting period, fuel consumption consisted of three main categories:

- Fuel consumption is 44 222 litres/year,
- Diesel consumption is 850 863 litres/year,
- The consumption of motor gas (LPG) was 188 367 litres/year.

Energy consumption and mix	2024
1. Fuel consumption from coal and coal products (MWh)	0.00
2. Fuel consumption from crude oil and petroleum products (MWh)	0.00
3. Fuel consumption from natural gas (MWh)	23 126.90
4. Fuel consumption from other fossil sources (MWh) Fuel: Petrol: 396.77 MWh, Gas oil: 8437.73 MWh, Motor LPG gas: 1227.51 MWh	10 062.01
5. Consumption of electricity purchased from fossil sources (MWh)	5 402.89
6. Total fossil energy consumption (MWh) (calculated as the sum of rows 1-5)	**38 591.79**
Share of fossil energy sources in total energy consumption (%)	**69.9%**
7. Consumption from nuclear sources (MWh)	**9 154.47**
Share of consumption from nuclear sources in total energy consumption (%)	**16.6%**
8. Fuel consumption from renewable sources, including biomass (including industrial and municipal waste of biological origin, biogas, renewable hydrogen) (MWh	0.00
9. Consumption of electricity, heat, steam and cooling purchased or acquired from renewable sources (MWh)	6 839.93
10. Consumption of own-generated non-fuel renewable energy (MWh)	625.51
11. Total renewable energy consumption (MWh) (calculated as the sum of rows 8-10)	**7 465.44**
Share of renewable energy in total energy consumption (%)	**13.5%**
Total energy consumption (MWh) (calculated as the sum of rows 6 and 11)	**55 211.70**

The energy production split is determined on the basis of the MEKH Methodological Information Table 4.2 Gross electricity production.

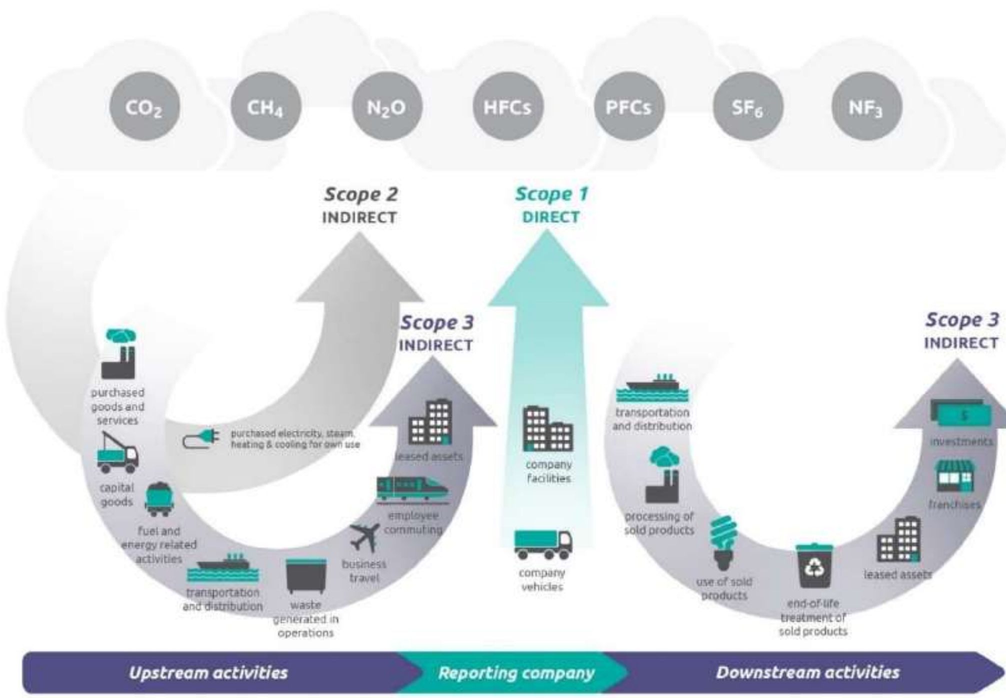
Energy use by companies in 2024

Company	Electricity, kWh/year	Natural gas, m³/year	Petrol, litres/year	Gas oil, litres/year	Motor LPG gas, litres/year
MASTERPLAST PLC.	316 273	13 913	9 272	24 549	0
MASTERPLAST Hungária Kft.	85 374	6 138	0	79 993	20 293
MASTERPLAST International Kft.	444 331	20 870	213	7 471	27 313
MASTERPLAST Medical Kft.	3 897 784	0	3 303	7 458	3 595
MASTERPLAST Modulhouse Kft.	64 957	0	1 842	3 544	0
MASTERFOAM Gyártó és Ker. Kft.	227 679	143 236	781	1 057	0
MASTERPROFIL Gyártó és Kereskedelmi Kft.	66 617	5 594	17	1 004	625
Fidelis BAU Kft.	10 614	0	0	599	0
MASTERPLAST YU D.o.o.	7 036 492	1 360 659	523	445 219	91 356
MASTERPLAST Proizvodnja D.o.o.	4 289 612	2 052	0	233	0
MASTERPLAST D.O.O.	5 617	0	0	23 618	536
MASTERPLAST D.O.O.	19 762	0	0	4 437	4 850
MASTERPLAST Sp. z o.o.	18 929	4 153	7 447	20 022	10 405
MASTERPLAST s.r.o	7 480	3 969	11	9 449	1 164
MASTERPLAST Nonwoven GmbH	4 463 482	276 215	0	892	0
MASTERPLAST ROMANIA S.R.L.	87 580	9 033	0	94 524	16 021
MASTERPLAST UKRAINE	45 013	0	18 124	126 473	9 377
MASTERPLAST Italia Srl.	56 495	29	0	0	0
T-CELL Plasztik Kft. Zalaegerszeg	90 672	160 848	0	311	2 422
T- CELL Plasztik Kft. Hajdúszoboszló	162 522	200 063	2 689	10	410
Total	**21 397 285**	**2 206 772**	**44 222**	**850 863**	**188 367**

Gross Scopes 1, 2, 3 and Total GHG emissions

E1-6 Determination of gross GHG emissions (Scope 1, Scope 2 and Scope 3)

MASTERPLAST Group determines its greenhouse gas (GHG) emissions according to the Greenhouse Gas Protocol and the ISO 14064-1:2018 Greenhouse Gas Standard. The company measures and analyses emissions in three main scopes (Scope 1, Scope 2, Scope 3).



Source: GHG Protocol

Scope 1 - Direct emissions

Direct emissions come from sources owned and controlled by **MASTERPLAST.** This includes the consumption of natural gas in the plant, emissions from manufacturing processes and fuel consumption by the company's fleet of vehicles. For the calculations, the emission factors CO_2, CH_4 and N_2O are based on the IPCC 6th Assessment Report. The share of Scope 1 emissions from the regulated emissions trading scheme is shown separately.

Scope 2 - Emissions from indirect energy use

This category includes emissions from the use of purchased electricity, district heat and steam. Energy use is determined by applying local or market-based emission factors, including those of the International Energy Agency (IEA) and the country's electricity mix. **MASTERPLAST** does not purchase district heating and steam from external suppliers.

Scope 3 - Other indirect emissions

The majority of a company's Scope 3 emissions are from its supply chain, purchased raw materials and services, waste management and logistics activities, and greenhouse gas emissions from inputs and outputs in the value chain associated with the production or supply of goods or services by companies. Greenhouse gas emissions from business travel, employee commuting and leased assets are smaller. **Gross Scope 1, 2, 3 and total GHG emissions**

E1-6_07 - E1-6_13

Type of emission	Emissions (t CO2e/year)	%
Scope 1 gross GHG emissions (tonnes of carbon dioxide equivalent)	6 844.8	4,8%
Scope 2 GHG emissions		5,5%
Scope 2 gross GHG emissions on a local basis (tonnes of carbon dioxide equivalent)	7 810.0	
Scope 2 market-based GHG emissions (tonnes of carbon dioxide equivalent)	7 810.0	
Significant GHG emissions in Scope 3	127 041,4	89,7%
Upstream (incoming) activities Scope 3 emissions Incoming and production stage:		
1. Goods and services purchased by the company	108 614,0	85,49%
2. Capital goods (tangible fixed assets)	605,4	0,48%
3. Fuel and energy related activities (non-Scope 1 and 2 uses)	647,8	0,51%
4. Inbound deliveries and distributions (fuels not covered by Scope 1 and 2)	2 834,1	2,23%
5. Waste generated during operations	757,6	0,60%
6. Business trips (not in company vehicles)	63,3	0,05%
7. Employee commuting (non-company vehicles)	883,4	0,70%
8. Leased assets used in operations	27,1	0,02%
Downstream (outgoing) activities Scope 3 emissions Output, use and end-of-life stages:		
9. Outbound deliveries and distribution	512,9	0,40%
10. Processing of products sold	123,9	0,10%
11. Use of sold products (end of life)	-	-
12. End-of-life treatment or disposal of products sold	11 971,9	9,42%
13. Leased assets	-	-
14. Franchise	-	-
15. Investments/investments	-	-
Total GHG emissions		
Total emissions (location-based)	**127 041,4**	**100%**
Total emissions (market-based)	**127 041,4**	**100%**

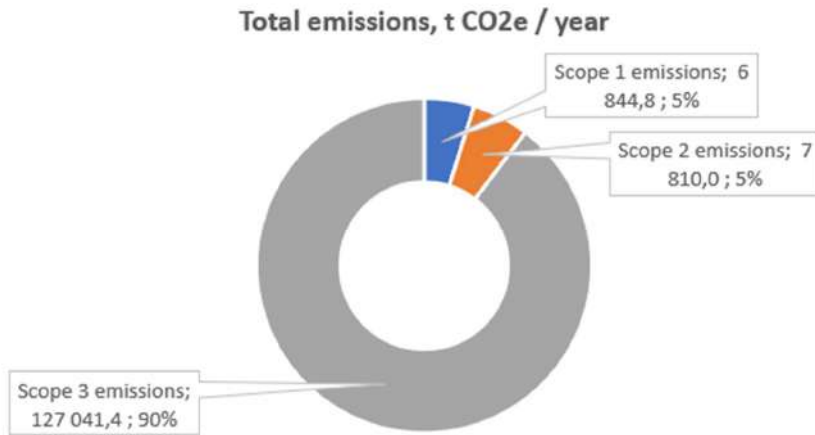
Scope 2 emissions from purchased energy can be calculated in two ways:

1. Location-based method - This method takes into account the average emission factors of the electricity networks that supply the electricity.
2. Market-based method - This method takes into account contractual arrangements under which the organisation purchases energy from specific sources, such as renewable energy.

The following types of market-based emission factors are available:

- Energy Attribute Certificates
- Contracts
- Supplier-specific emission factor
- Residual mixing factor
- Regional emission factor
- National emission factor

The company has the same local and market-based Scope 2 emissions as it does not have a separate contract to purchase renewable energy, so the electricity purchased comes exclusively from the average energy mix of the grid. Accordingly, the calculation of Scope 2 emissions is based on the grid average emission factor.



0% of all emissions are covered by the EU ETS, which means 0 tCO_2e.

Scope 1 and 2 issues by company:

Company	Scope 1 , tCO2e/year	Scope 2 , tCO2e/year
MASTERPLAST PLC	113.00	115.44
MASTERPLAST Hungária Kft.	253.71	31.16
MASTERPLAST International Kft.	101.63	162.18
MASTERPLAST Medical Kft.	32.45	1 422.69
MASTERPLAST Modulhouse Kft.	13.50	23.71
MASTERFOAM Gyártó és Ker. Kft.	277.76	83.10
MASTERPROFIL Gyártó és Kereskedelmi Kft.	14.29	24.32
Fidelis BAU Kft.	1.58	3.87
MASTERPLAST YU D.o.o.	3 909.61	2 568.32
MASTERPLAST Proizvodnja D.o.o.	4.53	1 565.71
MASTERPLAST D.O.O	63.27	2.05
MASTERPLAST d.o.o.	18.92	7.21
MASTERPLAST Sp. z o.o.	92.96	6.91
MASTERPLAST s.r.o	34.32	2.73
MASTERPLAST Nonwoven GmbH	529.22	1 629.17
MASTERPLAST ROMANIA S.R.L.	291.01	31.97
MASTERPLAST TOV	389.04	16.43
MASTERPLAST Italia Srl.	0.06	20.62
T- CELL Plasztik Kft. Zalaegerszeg	315.73	33.10
T- CELL Plasztik Kft. Hajdúszoboszló	388.26	59.32
Total	**6 844.84**	**7 810.01**

E1-6_02 **Scope 1,2 boundaries by operation and financial control**[9]

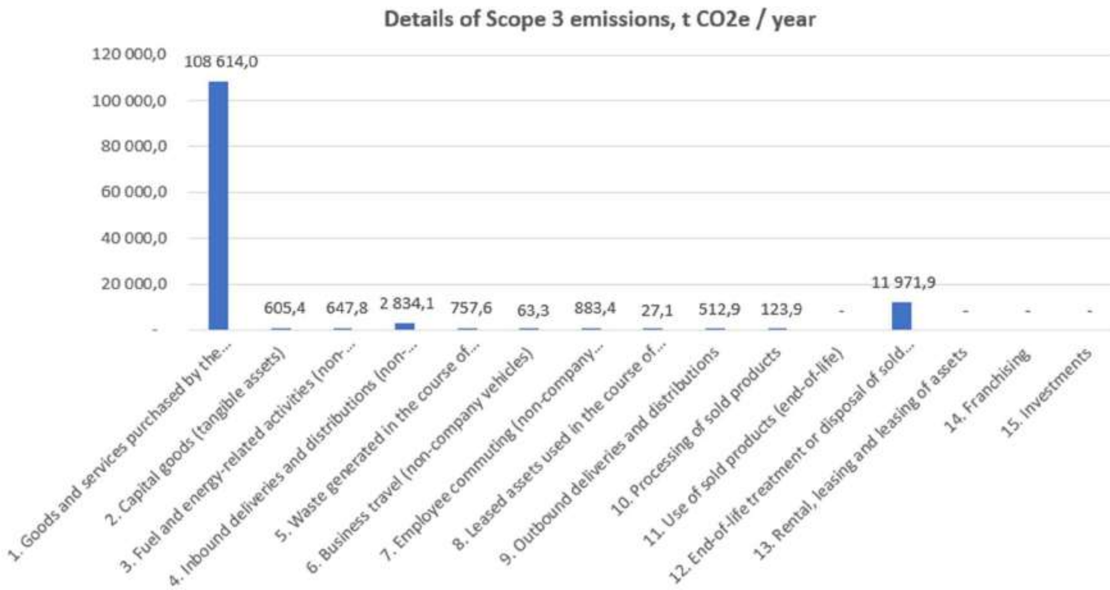
MASTERPLAST entities under operational and financial control:

Company	Scope 1, tCO2e/year	Scope 2, tCO2e/year
MASTERPLAST PLC	113.00	115.44
Masterplast Hungária Kft.	253.71	31.16
Masterplast International Kft.	101.63	162.18
Masterplast Medical Kft.	32.45	1 422.69
Masterplast Modulhouse Kft.	13.50	23.71
MASTERFOAM Gyártó és Ker. Kft.	277.76	83.10
Fidelis BAU Kft.	1.58	3.87
MASTERPLAST YU D.o.o	3 909.61	2 568.32
MASTERPLAST Proizvodnja D.o.o	4.53	1 565.71
MASTERPLAST D.O.O.	63.27	2.05
MASTERPLAST d.o.o.	18.92	7.21
MASTERPLAST Sp. z o.o.	92.96	6.91
MASTERPLAST S s.r.o	34.32	2.73
MASTERPLAST Nonwoven GmbH	529.22	1 629.17
MASTERPLAST ROMANIA S.R.L.	291.01	31.97
MASTERPLAST TOV	389.04	16.43
MASTERPLAST Italia Srl.	0.06	20.62
Total	**6 126.57**	**7 693.28**

The following entities have been added to the financial control of **MASTERPLAST** :

Company	Scope 1, tCO2e/year	Scope 2, tCO2e/year
T- CELL Plasztik Kft. Zalaegerszeg	315.73	33.10
T- CELL Plasztik Kft. Hajdúszoboszló	388.26	59.32
MASTERPROFIL Gyártó és Kereskedelmi Kft.	14.29	24.32
Total	**718.28**	**116.73**

[9] *The entities of the company, its consolidated subsidiaries, the entities included in the consolidation of equity and the group's associates are described in the chapter "About the report".*



Methodology

Scope 3 emissions calculation methodology

Scope 3 category name	Calculation method
Upstream (inbound) activities Scope 3 emissions Incoming and production stage:	
1. Purchased goods	Calculated on the basis of EPDs (Environmental Product Declaration) of products manufactured and purchased by the **Masterplast Group** and EPDs of materials in the EPD International Portal database, according to the Group's production and purchase records for 2024, in m^2/year or t/year. The calculations are based on the distribution of production rates. Materials exceeding 10 tonnes were taken into account in the calculation.
2. Capital goods (tangible fixed assets)	GHG Protocol cost ($) based calculation for the Group's capitalised investments in 2024 It is insignificant (0.48%) compared to the total issue value of the group.
3. Fuel and energy related activities (non-Scope 1 and 2 uses)	Calculated on the basis of the Scope 3 calculations of MASTERPLAST PLC at the group level. In the calculation, the gross emission factor for purchased energy already includes upstream emissions, therefore, only the emissions related to transmission and distribution (T&D) of the energy grid need to be considered. The emission factor of natural gas does not include upstream emissions, so in this case, both upstream and T&D emissions had to be accounted for. **Masterplast** does not purchase district heat and steam from external suppliers. It is insignificant (0.51%) compared to the group's total issue value.
4. Inbound deliveries and distributions (fuels not covered by Scope 1 and 2)	Calculated on the basis of **MASTERPLAST Group**'s database of shipments. Ship, rail and 32 - 40 MT truck transport were counted separately. From the database,

	the aggregated km/year data for the different modes of transport can be extracted, which ensures the accuracy of the calculation.
5. Waste generated during operations	Calculated from **MASTERPLAST Group**'s environmental database. The amount of waste for recycling and non-recycling within the hazardous and non-hazardous waste categories was taken into account in the calculation.
6. Business trips (not in company vehicles)	Calculated on the basis of data provided by the tour operator partners of **MASTERPLAST Group**. Air travel was included in the calculation because business trips by car were made by company car, which is included in Scope 1. It is insignificant (0.05%) compared to the group's total issue value.
7. Employee commuting (non-company vehicles)	Calculated on the basis of the **MASTERPLAST Group** HR database. In the calculation, commuting was grouped by distances within 25 km, 25-50 km and 50-100 km. This contains some inaccuracy, but is not significant (0.7%) in relation to the total output of the group.
8. Leased assets used in operations	MASTERPLAST PLC Scope 3 calculation. It is insignificant (0.02%) compared to the total issue value of the group.
Downstream (outgoing) activities Scope 3 emissions Output, use and end-of-life stages:	
9. Outgoing deliveries and distributions	Calculated on the basis of **MASTERPLAST Group**'s database of shipments. The database provides the aggregated km/year data by transport, which ensures the accuracy of the calculation. The majority of outbound deliveries are made by private vehicles, which are included in the Scope 1 release. Only emissions based on the km/year data of external transport companies were taken into account in the calculation. It is insignificant (0.92%) compared to the group's total issue value.
10. Processing of products sold	Calculated on the basis of EPDs of products sold by **MASTERPLAST Group** and EPDs of materials in the EPD International Portal database, in t/year according to the Group's sales records for 2024. The products sold by **MASTERPLAST group** do not require significant energy consumption. It is insignificant (0.1%) compared to the group's total issue value.
11. Use of sold products (end of lifetime)	As described in the GHG Protocol, this effect is not included in the Scope 1-2-3 inventory, but **is presented in a separate calculation**. The use of the products sold by **MASTERPLAST Group** (EPS and XPS insulation materials) results in significant thermal energy savings for users, leading to significant GHG emission reductions. The minimum lifetime of EPS and XPS insulation materials is 25 years.
12. End-of-lifetime treatment or disposal of products sold	Calculated on the basis of EPDs of products sold by **MASTERPLAST Group** and EPDs of materials in the EPD International Portal database, in t/year according to the Group's sales records for 2024. For the calculation of the end-of-life waste of the sold roofing foil product, aggregated downstream data was available, including C1, C2, C3 and C4 emission values.

	The amount of waste for recycling and non-recycled waste t/year has been taken into account in the calculation. Based on industry forecasts, the recycling rate will reach or exceed 50% at the end of the life of the products sold.
13. Leased assets	Not relevant because **MASTERPLAST Group** has no leased assets.
14. Franchise	Not relevant, because **MASTERPLAST Group** has no franchise network.
15. Investments	Not relevant because **MASTERPLAST Group** has no significant investment(s).

The use of EPS and XPS thermal insulation materials sold by **MASTERPLAST Group** results in significant thermal energy savings for users, leading to significant GHG emission reductions.

11. Use of sold products (to the end of lifeime)	2024	2030
Life-cycle emission reductions of EPS and XPS insulation t CO2e/year, based on 25-year life cycle	- 150 907	- 326 489

This effect is not included in the Scope 1-2-3 inventory.

The output by products sold in 2024 has been taken into account.

In 2030 the volume of products produced and the volume of products sold can be considered the same.

EPS and XPS insulation materials have a life expectancy of 25 years.

The use of EPS and XPS insulation materials sold by **MASTERPLAST Group** results in significant GHG emission reductions.

Scope 3 estimation uncertainty:

A significant part of the GHG emissions determined by **MASTERPLAST Group** are the EPDs of the products[10] and purchased by the Group, which contain specific emission factors for **MASTERPLAST**'s manufacturing activities and are calculated based on the EPDs of the materials in the EPD International Portal database. The emissions reported in the EPD documents have been verified and approved by an external auditor.

The commuting of workers contains some estimationses are included, but these emissions are small (0.7%) compared to total emissions. Workers' commuting is divided into three groups, workers commuting within 25 km, workers commuting between 25-50 km and workers commuting from areas further than 50 km. These distance zones provide a sufficient estimate of the average distances.

At the end of the life cycle of the products sold (after at least 25 years), the recycling rate is projected by the industry to reach or exceed 50%. The estimate is based on actual data for 2019 and a forecast for 2025. By 2025, the recycling rate is already 30%. This estimate is realistic given the sustainability ambitions of the circular economy.

MASTERPLAST has used an estimated 60% steel and 40% glass split for the main components of the Medical ATF machine and the solar PV system, which includes the steel support structure of the solar PV system, to determine the emissions from the capital goods. This split was estimated based on the design of the equipment.

The turnover generated by the products distributed by **MASTERPLAST** has been allocated proportionally according to the main characteristics of the product groups. These were used to determine the GHG emissions from the products distributed.

Overall, emissions based on estimates and projections represent 21.06%. The end-of-life treatment or disposal of Scope 3 12 products sold can only be based on estimates, as the products manufactured have a minimum life cycle of 25 years, so that only projections can be made for 2050.

Excluding Scope 3 Category 12 emissions based on the forecast, the estimation rate is 12.61%.

[10] See chapter "Sustainable products".

GHG intensity

The GHG intensity is calculated as the ratio of Scope 1, 2 and 3 GHG emissions (tCO_2e in metric tonnes) to total turnover of the Group, per million euros. Emission data are aggregated across all relevant operational areas in accordance with GHG Protocol standards. Revenue data are derived from the Group's financial statements.

Intensity	2024
Energy intensity	
Net sales (EUR million)	143.525
Total energy consumption (MWh)	55 211.70
Energy intensity (MWh/million EUR)	384.68
GHG intensity	
GHG emission intensity - location-based (tCO_2e)	141 696.20
GHG emission intensity - market-based (tCO_2e)	141 696.20
GHG emission intensity - location-based (tCO_2e/million EUR)	987.26
GHG emission intensity - market-based (tCO_2e/million EUR)	987.26

Disclosure requirement E1-7: GHG emission reductions projects financed by GHG emissions and carbon credits

MASTERPLAST Group does not currently have any GHG capture or storage projects under development and does not purchase carbon credits to finance emission reductions outside its value chain.

E1-8 Internal carbon pricing

Internal carbon pricing (neither in the form of a shadow price, nor a carbon pool, nor an internal emissions charge) is not relevant for **MASTERPLAST Group** as it is not covered by the ETS.

E1-9 Anticipated financial effects from material physical and transition risks and potential climate-related opportunities

MASTERPLAST Group has identified significant physical and transition risks in its analysis of climate risks and opportunities. However, in the current reporting period there is no reliable data, methodology or scenario-based assessment available to quantify the financial impact of these risks and to identify decarbonisation tools.

Circular economy - Resource outflow

Product-related resource outflows

The Group pays particular attention to optimising the use of materials, increasing the efficiency of waste management and improving recycling. The resource outputs associated with products include waste generated during production, materials released during manufacturing processes and the management of end-of-life demolition waste.

Significant impacts, risks and opportunities and their linkage to business model, sustainability strategy *IRO-1, SBM-3*

Topic	Description	Classification	Value chain	Timeframe	Other information Link to business model, sustainability strategy
Resource outflows related to products and services	Recycling (e.g. reprocessing of materials or products already used, reducing resource use and waste, thus contributing to a circular economy)	Actual, positive impact	Own operation	Medium term	Introducing and expanding recycling practices directly contributes to reducing resource use and minimising waste generation, which has a positive environmental impact. In addition, such practices help to achieve the company's sustainability objectives, supporting the development of a circular economy that increases the company's long-term competitiveness and meets increasingly stringent regulatory requirements.
Resource outflows related to products and services	By recycling materials, the demand for primary raw materials can be reduced, making the company less dependent on suppliers and the availability of natural resources.	Current opportunity		Short term	The use of recycled materials can reduce the cost of sourcing raw materials while reducing dependence on suppliers. These measures contribute to improving the efficiency of manufacturing processes and reducing waste, which can have a positive impact on financial performance in the short term.

Circular economy policies *MDR-P*

MASTERPLAST Group does not have a specific policy on the circular economy, but its ISO standards, in particular ISO 14001:2015 and ISO 50001:2018, have a direct or indirect impact on the circular economy. Furthermore, operating in accordance with the requirements of these standards supports **MASTERPLAST** in preventing, mitigating or taking corrective action, as required, to address actual and potential negative impacts caused by the Group**.** The standards also help to manage risks and exploit opportunities.

The link between **MASTERPLAST Group** management systems and the circular economy

ISO designation	ISO 9001 Quality management system	ISO 14001 Environmental management system	ISO 50001:2018 Energy management system
Description of the link between the circular economy and ISO	Although primarily focused on quality management, it contributes to the principles of the circular economy by extending product life, reducing material waste and optimising processes. It has an indirect impact by controlling the incorporation of recycled materials and ensuring quality compliance. Measures fixed in the ISO framework - increasing product life and minimising material loss - use of sustainable raw materials - improving quality management processes to reduce environmental impacts	Aiming to reduce environmental impacts, the standard is closely linked to the circular economy. Measures fixed in the ISO framework - waste minimisation and materials recycling - sustainable resource management and life cycle thinking - integrating environmental considerations into the supply chain	Increasing energy efficiency, using renewable energy sources and optimising energy use supports the circular economy by using resources sustainably and reducing emissions. ISO framework measures - introducing technologies to improve energy efficiency. Reduction and optimisation of energy consumption in production processes - increasing the share of renewable energy sources - reducing CO_2 emissions by optimising energy use

MASTERPLAST - ISO Certificates

ISO 9001 Quality management system	ISO 14001:2015 Environmental management system	ISO 50001:2018 Energy management system
MASTERPLAST PLC (Sárszentmihály) MASTERPLAST Hungária Kft. (Sárszentmihály) MASTERPLAST International Kft. (Sárszentmihály) MASTERPLAST Medical Kft. (Sárszentmihály) MASTERPLAST Modulhouse Kft. (Sárszentmihály) MASTERFOAM Gyártó és Ker. Kft. MASTERPLAST YU D.o.o.	MASTERPLAST PLC (Sárszentmihály) MASTERPLAST Hungária Kft. (Sárszentmihály) MASTERPLAST International Kft. (Sárszentmihály) MASTERPLAST Medical Kft. (Sárszentmihály) MASTERPLAST Modulhouse Kft. (Sárszentmihály) MASTERPLAST YU D.o.o.	MASTERPLAST PLC (Sárszentmihály) MASTERPLAST Hungária Kft. (Sárszentmihály) MASTERPLAST International Kft. (Sárszentmihály) MASTERPLAST Medical Kft. (Sárszentmihály) MASTERPLAST Modulhouse Kft. (Sárszentmihály) MASTERFOAM Gyártó és Ker. Kft. MASTERPROFIL Gyártó és Kereskedelmi Kft. (Kál)

https://www.masterplast.hu/wp-content/uploads/2024/03/tanusitvany-iso-14001.pdf

Circular economy measures *MDR-A*

In 2024 **MASTERPLAST** implemented a series of comprehensive measures to optimise material use, increase waste management efficiency and develop recycling opportunities, in line with the principles of the circular economy. The acquisition of a new recycling plant for the production area of MASTERPLAST Medical Ltd. was a significant step towards achieving these goals. The equipment helps to reduce waste by recycling scrap from the roofing membrane production process, while recovered materials are recycled back into the raw material process, reducing the use of primary raw materials.

The recycling process not only brings environmental benefits but also significant cost reduction and efficiency gains. By incorporating recycled materials, raw material procurement costs are reduced and waste treatment and disposal fees are reduced. In addition, optimised material use leads to more efficient production processes, reducing production losses. On-site processing of foil waste also helps to reduce occupational safety risks, minimising hazardous material handling operations.

These actions by **MASTERPLAST** contribute to improving the company's sustainability indicators and strengthen the company's position in green certifications and sustainable building ratings. The use of recycling solutions not only helps to put the principles of the circular economy into practice but also creates new business opportunities in the long term in markets based on sustainable and recycled materials.

The Hungarocell Green Programme continued to be at the heart of our sustainability strategy in 2024. Through the Programme, the Company collects and recycles the clean polystyrene waste generated during insulation works and uses it to produce Thermobeton insulation material. This solution reduces the burden on landfills, contributes to reducing carbon emissions from buildings and provides a sustainable alternative to the use of primary raw materials. In 2024 the number of Eco-Points increased by 0.7% and the number of bags returned grew by 0.8% compared to the previous year.

Evolution of MASTERPLAST Eco Points and bags collected between 2021-2024

	2021	2022	2023	2024
number of Eco Points	111	124	139	140
number of bags recovered (capacity of 1 bag: 0.6 m3)	4 688	7 414	10 394	10 475

95% of the waste generated in the manufacturing process is recycled or recyclable, and the amount and proportion of recycled material is continuously documented. The amount of foil sludge processed by the recycling system and its reuse rate can be accurately monitored during production planning, allowing for optimised material flow and more efficient use of resources. Digital records of waste generation, processing and recycling ensure transparency and measurability of sustainability performance. In addition, the company keeps quantitative and proportional analyses to facilitate continuous improvement in waste management. **MASTERPLAST**'s commitment to sustainable operations is demonstrated by the ISO 14001 environmental management system and other sustainability certifications.

In 2024 XPS production incorporated an estimated 456 350 kg of internal (in-house) recycled content. Of the external regrind purchased by the company in the form of regranulate, 61 651 kg was incorporated into manufactured products.

In order to optimise packaging materials the company prepared for the introduction of the EPR system in 2023 and completed its first mandatory data submission in 2024. The review of packaging practices has focused on the conscious use of packaging materials, which contributes to waste reduction and sustainable operations.

Targets related to the circular economy and resource use *MDR-T*

The Company aims to reduce material losses from production and specific energy use, increase the proportion of recycled raw materials and the use of renewable energy sources and promote the principles of the circular economy in its own operations and in the supply chain.

MASTERPLAST sets its sustainability goals in a company-specific and practice-oriented way in line with international and EU policy guidelines, taking into account the broader context of sustainable development and local environmental conditions. The following **methodologies and assumptions** are used in setting the targets:

- **Scenario-based planning:** The company develops its long-term sustainability strategy taking into account future trends in climate change, material cycles and waste reduction.
- **Data sources:** The company's targets have been set based on internal business analyses, stakeholder feedback, independent expert reports and EU Directive requirements.
- **Policy compliance:** The sustainability ambitions our **Masterplast** have been designed in line with the EU's climate strategy, the Green Deal objectives and the EU's expectations for a circular economy.
- **Taking account of local conditions:** Environmental regulations in the areas where the company operates and the sustainability needs of local communities are also taken into account when setting targets.

Resource Process	MASTERPLAST practice	Link to sustainability objectives	Measurability / Traceability
Resource inflow	**MASTERPLAST** uses an increasing proportion of recycled plastics and secondary raw materials in the production of insulation materials and roofing membranes.	It reduces the use of primary raw materials, reduces the environmental footprint and supports the circular economy.	**Indicator:** recycled raw materials as a percentage of total raw materials used (%) **Measurement method:** analysis of supplier data and internal material usage reports
Production waste	Insulation and film waste from production is recycled into the manufacture of new products and production processes are optimised to minimise waste.	Internal recycling reduces production waste, so less waste is landfilled or incinerated.	**Indicator:** Production waste (tonnes/year) **Measurement method:** regular monitoring of waste generated during manufacturing processes and analysis of internal reports
Product use section	**MASTERPLAST** insulation materials contribute to increasing the energy efficiency of buildings, thus reducing heating and cooling energy demand.	Lower CO_2 emissions can be achieved in the operation of buildings, ensuring more sustainable operations in the long term.	**Indicator:** Energy savings in buildings using **MASTERPLAST** insulation materials (kWh/m^2) **Measurement method:** data collection based on independent expert studies and client feedback
End of functional life	**MASTERPLAST**'s products (e.g. insulation systems) can be collected separately after dismantling and partially recycled, and the company is developing its collection systems.	It reduces the environmental impact of construction waste by reducing demolition waste and recycling materials.	**Indicator:** Recycled construction waste as a percentage of recovered materials (%) **Measurement method:** analysis of the results of our own collection programmes

As part of its internal sustainability measures the Group has started the preparatory work necessary to define further concrete environmental commitments and targets in the context of the continuous improvement of Group-wide data collection and processing.

In relation to the circular economy, **MASTERPLAST** is committed to continuous improvement, although it does not currently have a specific, publicly quantified target. Nevertheless, the results for the year 2024 are exemplary, with around 18% the raw materials used in production coming from recycled sources (in the form of internal and external recycled materials). The company aims to increase this percentage in line with the EU's Circular Economy Guidelines. **MASTERPLAST** is therefore planning to set specific circular targets, for example on the proportion of recycled raw materials used, and will develop the necessary action plans. By taking these steps, the company will further reduce the amount of material going to landfill and increase material efficiency, thus contributing to the sustainable use of resources.

Public disclosure of more specific targets for resource allocation is planned from the next financial year.

E5-3_13

MASTERPLAST's sustainability goals consist of legal obligations and voluntary commitments. It manages the recycling of construction waste and the reduction of CO_2 emissions in accordance with legal requirements, while voluntarily committing to, for example, increasing the use of recycled materials and developing a sustainable supply chain. Its objectives are in line with the requirements of the EU Taxonomy Regulation (2020/852) for a circular economy and it is continuously working to meet the criteria for avoiding significant damage.

With the continuous development of the Hungarocell Green Programme, **MASTERPLAST** aims to expand the network of Eco-Points and significantly increase the amount of collected cuttings, while exploring new uses and planning to use the recycled material in its own XPS production.

The introduction of sustainable packaging practices to meet the requirements of the EPR (extended producers' responsibility) scheme is also a priority. In the framework of green innovations, the company plans to use 500 tonnes of reclaimed cutting residues in the production of XPS by 31 December 2026.

E5-5_01, E5-5_04, E5-5_05 **Measurements and figures related to the circular economy**

MASTERPLAST gives preference to suppliers with low reject rates and stable quality when purchasing raw materials. Sub-standard phyllis and trilaminate materials from the production process are processed in our own reclaiming line, converting them into 100% recyclable reclaim granulate. This granulate is recycled back into the production process at a rate of 0-40%, while the excess is sold to partners using recyclate. To reduce the environmental impact of auxiliary materials, water-based dyes are used and recycled after dilution. For packaging, the Company recycles half-cylinders, reuses pallets and uses non-surface-treated labels.

The product groups include 2 and 3 ply films, fleeces (in natural and coloured versions) and their UV and flame retardant versions. Materials of unsaleable quality are fully recycled or reused. Recycled rubber produced during the manufacturing process is also recycled back into the technology, while Linopore and polypropylene raw materials ensure the durability and reusability of the products. Excipients such as water-based dyes, UV and FR additives minimise environmental impact. Among the packaging materials paper tubes, pallets, strapping, films, labels and edge protectors all provide recyclability and reusability, meeting the requirements of ISO 9001, 14001, 13485 and 50001.

The key products in the production process of **MASTERPROFIL Gyártó és Kereskedelmi Kft**. are cold-bent **plasterboard profiles** (UW/CW 50-75-100, CD 27/60 and UD 22-27) made of galvanized sheet of various thicknesses. These profiles are manufactured according to the principles of durability, dismantling and reusability, ensuring long life and easy installation. 100% of the technological waste and scrap profiles generated during the manufacturing process are collected and recycled through external partners. Product packaging is made entirely from recyclable materials (wood, plastic PP tape, steel strapping), thus reducing the environmental impact.

The **plinth starter profiles** are made **from** pre-cut **aluminium (ALU) strips** in different thicknesses and widths (UM 2m: 50-250 mm). From the point of view of the circular economy these products are also made for durability and reusability. 100% of the scrap ALU profiles and process waste generated during production is recycled through external recycling partners. Profiles are also packaged in a sustainable way using only recyclable materials (wood, stretch film), optimising material use and reducing the environmental footprint of production.

Share of recycled materials in manufacturing in 2024

Sites concerned within the MASTERPLAST Group	Share (%)
MASTERPLAST Medical Kft.	2.20
MASTERFOAM Gyártó és Ker. Kft.	100.00
Fidelis BAU Kft.	100.00
MASTERPLAST YU D.o.o	100.00
MASTERPLAST Nonwoven GmbH	63.50
MASTERPLAST Italia Srl.	~ 5.00
T-CELL Plasztik Kft. (Zalaegerszeg)	11.00
T-CELL Plasztik Kft. (Hajdúszoboszló)	9.00

Product groups and related quality certificates[11]

2-ply films, transparencies (natural and coloured)	ISO9001, 14001, 13485, 50001
2-ply films, foils (natural and coloured) non-marketable quality materials	ISO9001, 14001, 13485, 50001
3-ply films, trilaminates (natural, tinted, UV and/or FR doped)	ISO9001, 14001, 13485, 50001
3-ply films, trilaminates (natural, coloured, UV and/or FR doped non-marketable grades)	ISO9001, 14001, 13485, 50001
Linopor	ISO9001, 14001, 13485, 50001
Recyclate	ISO9001, 14001, 13485, 50001
Raw materials (polypropylene)	ISO9001, 14001, 13485, 50001
Dyes (water-based)	ISO9001, 14001, 13485, 50001
UV	ISO9001, 14001, 13485, 50001
FR	ISO9001, 14001, 13485, 50001
Packaging materials:	ISO9001, 14001, 13485, 50001
Paper tubes	ISO9001, 14001, 13485, 50001
Pallets	ISO9001, 14001, 13485, 50001
Straps	ISO9001, 14001, 13485, 50001
Films (shrink and stretch, semi-tight)	ISO9001, 14001, 13485, 50001
Labels (paper, self-adhesive)	ISO9001, 14001, 13485, 50001
Edge protection profile	ISO9001, 14001, 13485, 50001

Certified sites within the MASTERPLAST Group	ISO 9001:2015	ISO 14001:2015	ISO 45001:2018	ISO 50001:2018
MASTERPLAST PLC	yes	yes	yes	yes
MASTERPLAST Hungária Kft.	yes	yes	yes	yes
MASTERPLAST International Kft.	yes	yes	yes	yes
MASTERPLAST Medical Kft.	yes	yes	yes	yes
MASTERPLAST Modulhouse Kft.	yes	yes	yes	yes
MASTERFOAM Gyártó és Ker. Kft.	yes	yes	not	yes
MASTERPROFIL Gyártó és Kereskedelmi Kft.	not	not	not	yes
Fidelis BAU Kft.	not	not	not	not
MASTERPLAST YU D.o.o	yes	yes	not	not
MASTERPLAST d.o.o.	N/A	N/A	N/A	N/A
MASTERPLAST Proizvodnja D.o.o.	not	not	not	not
MASTERPLAST D.O.O.	not	not	not	not
MASTERPLAST Sp. z o.o.	N/A	N/A	N/A	N/A
MASTER PLAST s.r.o	not	not	not	not
MASTERPLAST Nonwoven GmbH	N/A	N/A	N/A	N/A
MASTERPLAST ROMANIA S.R.L	not	not	not	not
MASTERPLAST TOV.	not	not	not	not
MASTERPLAST Italia Srl.	not	not	not	not
T-CELL Plasztik Kft. (Zalaegerszeg)	N/A	N/A	N/A	N/A
T-CELL Plasztik Kft. (Hajdúszoboszló)	not	not	not	yes

*[11] The **MASTERPLAST** Hungarocell Green Programme is supported by INTERCERT Certification and Certification Ltd. MSZ EN ISO 14001:2015 certified circular management model in the Hungarian construction industry. It has been recognised with several objective, third-party sustainability awards.*

E5-5_02

Expected durability of products marketed by MASTERPLAST compared to the industry average for each product group

	Life expectancy of product groups (industry average)[12]	Life expectancy of MASTERPLAST products (compared to the industry average)
EPS	>50 years	>50 years*
XPS	>50 years	>50 years*
Glass fabric	>50 years	>50 years*
Roof underlayment	30 years (>25 years)	30 years (>25 years) *

*In the case of a standard installation, based on available data. In accordance with industry standards.

E5-5_03 The product is 100% recyclable in its pure state for EPS, XPS and fleece.

E5-5_06, E5-5_13 Quarterly waste data are available for the whole group of companies, broken down by waste category generated, hazardous, recycling, disposal, and by type of waste. Data do not include estimates.

E5-5_07 In 2024 the Group generated a total of 2 905 588 kg[13] of waste.

E5-5_10, E5-5_11 The amount of non-recycled waste in 2024 was 1 552 013 kg, 53% of the total waste generated.

E5-5_08, E5-5_09, E5-5_12, E5-5_14 Municipal waste accounted for 111 818 kg[14] of the main waste types, representing almost 4% of the total waste

The total weight of **non-hazardous waste generated** was 2 793 217,24 kg15 , of which 1 463 010 kg was classified as 'Other non-hazardous waste'. The significant amount of this category is due to manufacturing reasons, as it is not possible to recycle the edges of the material from the cutting waste generated during the use of glass fabric.

The most significant non-hazardous waste is *wood waste* (543,468 kg), *paper and cardboard waste* (454,013.09 kg[16]), *packaging plastic waste* (138,850.15 kg[17]), *iron and steel waste* (84,080 kg) and *office paper waste* (6,185 kg[18]). More than 48% of non-hazardous waste, 1,333,539.24 kg, was recycled in some form. 1 032 572.24 kg was prepared for recycling and the remaining waste was recycled in other recovery operations. 1 448 477 kg of non-hazardous waste was disposed of by various means, 1 431 255 kg by landfilling and 322 kg by incineration.

The total amount of **hazardous waste generated** was 82 208 kg, which was less than 3% of the total amount of waste generated. Nearly 25% of the hazardous waste was recycled (20 036 kg) and 75% was disposed of (61 757 kg). 5 536 kg of the recycled hazardous waste was prepared for recycling and 14 500 kg was recovered in other ways. Of the hazardous waste disposed of, 55 523 kg was disposed of by incineration and 6 599 kg by landfilling.

E5-5_15 The total amount of hazardous waste generated by the whole group was 82 208 kg in 2024.

E5-5_16 The total amount of radioactive waste generated by the whole group was 0 kg in 2024.

E5-5_17 The significant amount of waste disposed/landfilled is due to manufacturing reasons, as it is not possible to recycle the edges of the material from the cutting waste generated during the use of glass fabric.

E5-5_18 The waste generated by the organisation is transported by a contracted third party for all companies in the group, and the waste is managed in accordance with the legal requirements. Waste recovery and disposal is always carried out off-site.

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[12] The industry average life expectancy was determined on the basis of the EPDs (Environmental Product Declarations) available for construction products, taking into account the reference values provided by each manufacturer.
[13] No data available for MASTERPLAST D.O.O. for the year 2024
[14] Data for the year 2024 is not available for Fidelis Bau Kft, MASTERPLAST YU D.o.o., MASTERPLAST PROIZVODNJA D.o.o., MASTERPLAST D.O.O. , MASTERPLAST s.r.o., MASTERPLAST Nonwoven GmbH, MASTERPLAST Italia Srl.
[15] No data available for the year 2024 for MASTERPLAST Nonwoven GmbH, MASTERPLAST D.O.O.
[16] No data available for the year 2024 for MASTERPLAST Italia Srl., MASTERPLAST Nonwoven GmbH, MASTERPLAST D.O.O.
[17] No data available for 2024 MASTERPLAST Italia Srl., MASTERPLAST D.O.O.
[18] No data available for the year 2024 for MASTERPLAST Italia Srl., MASTERPLAST Nonwoven GmbH

MASTERPLAST Group waste data [19]

Type and quantity of waste (in kg)	2024
A. Waste for recovery	**1 353 575.24**
- A.1. Hazardous waste	20 036.00
- A.1.1. Preparation for recycling	5 536.00
- A.1.2. Other recovery operations	14 500.00
- A.2. Non-hazardous waste	1 333 539.24
- A.2.1. Preparation for recycling	1 032 572.24
- A.2.2. Other recovery operations	0.00
B. Disposed waste	**1 552 01.,00**
- B.1. Hazardous waste	61 757.00
- B.1.1. disposed of by landfilling	6 599.00
- B.1.2. disposed of by burning	55 523.00
- B.2. Non-hazardous waste	1 448 477.00
- B.2.1. disposed of by landfilling	1 431 255.00
- B.2.2. disposed of by burning	322.00
Other	
Amount of radioactive waste	0 .00
Total amount of non-recycled waste	1 552 013.00
Non-recycled waste as a percentage of total waste generated	53.41%

[19] *The 2024 data were provided according to the following methodology: data were collected at the different sites of the MASTERPLAST Group, the measured data were provided by the data managers of the responsible area on the basis of the annual waste report. The data for 2024 on raw materials and finished products used in production, scrap and recycled material are from the following production units: MASTERPLAST Nyrt, MASTERPLAST Hungária KFt., MASTERPLAST International Kft., MASTERPLAST Medical Kft, MASTERPLAST Modulhouse Kft., MASTERFOAM Gyártó és Ker. Kft., MASTERPROFIL Gyártó és Kereskedelmi Kft., Fidelis Bau Kft., MASTERPLAST YU D.o.o., MASTERPLAST d.o.o., MASTERPLAST Proizvodnja D.o.o., MASTERPLAST D.O.O., MASTERPLAST Sp. z o.o. , MASTERPLAST s.r.o, MASTERPLAST Nonwoven GmbH, MASTERPLAST ROMANIA S.R.L, MASTERPLAST UKRAINE, MASTERPLAST Italia Srl., T-Cell Plasztik Kft. Zalaegerszeg, T-Cell Plasztik Kft. Hajdúszoboszló*

Sustainable products [20]

MASTERPLAST Group is committed to developing sustainable construction solutions, as they not only play a key role in reducing environmental impact but also offer more sustainable solutions for the users of our products in the long term.

Key impacts, risks and opportunities *IRO-1, SBM-3*

Topic	Description	Classification	Value chain	Timeframe	Other information - link to business model, sustainability strategy
Product quality and product sustainability [21]	The company collects the clean, reclaimed cuttings through partners, transports them free of charge and uses them to make Thermobeton, a new insulation material. The Hungarocell Green Programme complies with the INTERCERT Certification and Certification Ltd. MSZ EN ISO 14001:2015.	Actual, positive impact	Own operation	Short term	**MASTERPLAST Group** pays particular attention to ensuring that its products meet the highest quality and sustainability standards. Hungarocell's Green Program practices comply with the requirements of MSZ EN ISO 14001:2015, ensuring environmentally friendly operations. In addition, the quality of the insulation materials produced by **MASTERPLAST** is continuously monitored and certified to meet energy efficiency and building regulations, thus strengthening sustainability and customer confidence.
Product quality and product sustainability	Increasing competitive advantage/ competitiveness	Current opportunity		Medium term	**MASTERPLAST Group'**s business model has always been based on product quality, and as a result of increasingly stringent product quality (sustainability) regulations, the company is able to stay ahead of the game.

Sustainable product policies

The Group's ISO standards support the professional operation of sustainable products. ISO 9001:2015, ISO 14001:2015, ISO 45001:2018 and ISO 50001:2018 compliant systems ensure consistent and reliable quality of sustainable products. In addition, a strict quality management system (ISO 13485:2016) is applied for healthcare products, and the Hungarocell Green Programme is implemented by INTERCERT Certification and Certification Ltd. MSZ EN ISO 14001:2015.

For EPS and XPS products, EPDs (Environmental Product Declarations) ensure that environmental impacts are minimised during the manufacturing, use and waste management stages for years to come. For both product groups EPDs and LCAs certify that no hazardous substances subject to REACH notification are used in the production process and that a significant proportion of the cutting residue recovered from the manufacturing process is recyclable or energy recoverable. Best practices in the production of XPS and EPS products and continuous environmental performance monitoring allow for the effective implementation of sustainability goals, while **MASTERPLAST** continues to strengthen its position in the EU green building materials market.

Sustainable product measures *MDR-A*

- In the ESG Report 2023 the Company informed its stakeholders about the plan to obtain an Environmental Product Declaration (EPD) for its strategic products. [22] Following the start of preparatory work, it took active steps to prepare for obtaining EPDs in 2024. During the preparation of this Sustainability Report, 3 EPDs of the Group have been successfully registered, providing transparent evidence of the environmental

20 This chapter is defined as a company-specific material topic that does not have an ESRS standard element. The information and key performance indicators (KPIs) presented have been defined and tracked at company level.
21 The topic defined as relevant in the double materiality analysis under the heading "Product quality and sustainability" is presented in the sustainability report under the heading "Sustainable products"
[22] MASTERPLAST Group ESG Report 2023, page 29, https://www.masterplastfenntarthatosag.hu/files/masterplast_esg_2023-teljes.pdf

performance of the products. The EPDs demonstrate the environmental performance of products throughout their life cycle, while the LCAs provide detailed information on the environmental impacts of the manufacturing, use and end-of-life stages. **MASTERPLAST** EPD documents have been prepared for white and grey (graphite) EPS (expanded polystyrene) and XPS (extruded polystyrene) thermal insulation products.

- In 2024 the company placed special emphasis on the inclusion of its products in the Construction Key Products Database of ÉMI (Építésügyi Minőségellenőrző Innovációs Nonprofit Kft.) in Hungary. This enabled the presence of **MASTERPLAST** products in the Home Renovation Programme to reach a wider range of renovators and also served as a quality guarantee, as the products had to meet the environmental certification criteria of ÉMI to be included in the database, which certified their quality and environmentally friendly properties. This has also increased the credibility and attractiveness of **MASTERPLAST**'s products for the conscious consumer.
- The commitment to sustainable products in 2024 was also been demonstrated by the Simplified Environmental Certification (EQC) of several products[23]. The aim of the certifications issued by ÉMI Construction Quality Control Innovation Non-profit Ltd. is to provide transparent and easily accessible information on the environmental impacts of construction products, thereby supporting users in their choice of sustainable construction materials and contributing to the uptake of sustainable construction practices.
- The Group is exploring the possibility of introducing products with a green logo (certification), taking into account the national GVH Green Marketing standards and EU regulations. No specific action was launched beyond this in 2024.**Key performance indicators and targets for sustainable products** *MDR-M, MDR-T*

MASTERPLAST focuses on the introduction of products that meet sustainability criteria and thus supports the promotion of responsible consumption in addition to environmental indicators. EPD certifications ensure the publication of accurate environmental data in line with sustainability objectives, which is essential for compliance and competitiveness in European markets.

Key Performance Indicator (KPI)	Result achieved in 2024	Target
Products with EPD	Preparatory work for 3 Environmental Product Declarations (EPD) *More details:* [24] *Grey EPS (expanded polystyrene) thermal insulation sheet* *https://www.environdec.com/library/epd20110* *White EPS (expanded polystyrene) thermal insulation sheet* *https://www.environdec.com/library/epd10011* *XPS (extruded polystyrene) thermal insulation product* *https://www.environdec.com/library/epd20112*	By 2030 the Company should have an environmental product declaration for all insulation materials in its own production.

The company's flagship products, EPS[25] (expanded polystyrene) and XPS[26] (extruded polystyrene) insulation materials play a significant role in reducing energy consumption in buildings. These products provide energy savings of up to 90% by reducing heating and cooling costs, thus directly contributing to the reduction of CO_2 emissions. [27] The Environmental Product Declarations (EPDs)[28] and Life Cycle Assessments (LCAs)[29] of EPS and XPS products are in line with **MASTERPLAST**'s sustainability and EU zero emission targets, the principles of the circular economy and the sustainable servicing of market demand.

The environmental impacts of **MASTERPLAST**'s sustainable products are mainly related to the energy demand of the manufacturing processes, the type of materials used and the life cycle impacts resulting from the construction application. According to the LCA documents, the largest environmental impact of the manufacturing process is related to energy consumption and the processing of raw materials. However, the long life, durability and recyclability of the products provide a long-term environmental benefit. The EPD of EPS and XPS products

[23] *More details: https://www.termekinfo.emi.hu/epitesi_termekek?filter%5BmanufacturerId%5D%5BisAnyOf%5D%5B0%5D=17&ps=50*
[24] *The SPDs were published in 2025, the year in which this Sustainability Report was prepared.*
[25] *EPS: Expanded Polystyrene.*
[26] *XPS: Extruded Polystyrene.*
[27] *Source : https://galiandras.hu/hoszigeteles-vastagsagok*
[28] *EPD: Environmental Product Declaration.*
[29] *LCA: Life Cycle Assessment.*

highlights that the products have a minimised environmental impact throughout their life cycle, while meeting the most stringent European environmental standards.

Numerical data and explanations

EPS products have a coefficient of thermal conductivity of 0.038 W/mK and a lifetime equivalent to the lifetime of buildings, up to 100 years.

Both white and grey (graphite) EPS products, such as EPS 30, EPS 70, EPS 80, EPS 80G and EPS 100N, contribute to increasing the energy efficiency of buildings with their excellent thermal insulation properties. The most important environmental factor in the manufacture of EPS products is the production of the raw materials, which is responsible for 42% of the global warming potential (GWP). The EPD highlights that these products maintain their technical properties for up to 100 years while minimising carbon emissions from buildings. In the production of EPS, **MASTERPLAST** strives to optimise energy consumption, recycle reclaimed cuttings and continuously reduce environmental emissions.

XPS products are mainly used for thermal insulation of basements, basement walls, plinths, low and medium load floors. XPS boards have excellent mechanical resistance and water resistance, making them ideal for areas where the use of conventional EPS is not recommended. The global warming potential (GWP) of XPS products[30] during the manufacturing process is 6.51 kg CO2 equivalent/m².

EPD and LCA documents show that EPS and XPS products have a low environmental impact throughout their life cycle.

Environmental characteristics of products

MASTERPLAST defines the environmental performance of its products in accordance with ISO 14025:2006 and EN 15804:2012+A2:2019. The EPDs and LCAs for EPS and XPS products provide detailed information on emissions, energy consumption and waste management during the manufacturing process. These documents ensure that products comply with EU environmental requirements throughout their life cycle.

The quality management system ensures the environmental compliance of products at all stages of the production process. In the production of ISO 13485 certified medical devices, **MASTERPLAST** pays particular attention to minimising waste and reducing environmental impact.

The EPD and LCA documents promote the circular economy in **MASTERPLAST**'s operations. Life Cycle Assessments enable the optimisation of manufacturing processes, increase energy efficiency and reduce material consumption, while EPDs ensure a transparent presentation of the environmental impact of products. These data help to increase recycling rates and the incorporation of secondary raw materials, thus contributing to a closed material cycle and the uptake of sustainable construction practices.

Modular building solutions and sustainability

MASTERPLAST's modular building system is an outstanding example of sustainable product development, minimising the environmental impact of construction while offering energy-efficient and long-lasting solutions. The prefabricated modules reduce the amount of labour and materials required for on-site construction, thereby reducing construction waste and the ecological footprint. Sustainability aspects permeate the entire manufacturing process: modules are produced in an optimised environment, independent of weather conditions, which contributes to the efficient use of resources and high quality standards. In addition, the compact design for road transport reduces the carbon footprint of logistics processes. For more information: *https://masterplastmodulhaz.hu/*; *https://www.masterplastgroup.com/2023/11/02/modularitas-a-jovo-epiteszeti-megoldasa/*

[30] *GWP: Global Warming Potential*

EU Taxonomy

Disclosure under EU Taxonomy means the provision of information as required by Article 8 of Regulation (EU) 2020/852 of the European Parliament and of the Council (the "Taxonomy Regulation") and includes the rules set out in the Commission's Delegated Regulations governing the content and form of the disclosure [31i]. The detailed rules for disclosure are set out in Delegated Regulation 2021/2178, commonly known as the Disclosure Act, 2021. The scope of the EU Taxonomy Disclosure Regulation covers the financial consolidation scope of the ***Masterplast Group*** *and does not extend to other companies in the capital consolidation scope. Article 8 of the Taxonomy Regulation requires non-financial companies to disclose information on the share of their turnover that is attributable to the companies in the scope of Articles 3 and 9 of the EU Taxonomy Regulation as well as of their turnover from products or services related to economic activities classified as environmentally sustainable under Articles 3 and 9; and the proportion of their capital expenditure and operating costs that relate to assets or processes related to environmentally sustainable economic activities under Articles 3 and 9.*

The purpose and business application of the EU Taxonomy framework

The EU Taxonomy Regulation (2020/852/EU) establishes a single classification system for identifying environmentally sustainable economic activities. It aims to promote sustainable investment, green transition and increase transparency of corporate activities by setting precise criteria for activities that make a significant contribution to the environment. **MASTERPLAST Group** has analysed its own activities accordingly for the financial year 2024 and has prepared its EU Taxonomy Report along the following process as part of the Sustainability Report to be published in the financial statements.

In defining appropriate activities, the European Union Regulation defines as environmentally sustainable economic activities those that make a significant contribution to at least one of the five environmental objectives, while not causing significant damage to any of the five remaining environmental objectives.[32]

Identification and alignment approach process of taxonomic activities

MASTERPLAST Group has carried out a multi-step assessment of its operations to comply with the EU Taxonomy disclosure requirements. In doing so, the following main analytical steps were carried out:

- Identification of activities (Verifiability test): the company has identified the economic activities that are potentially covered by the EU Taxonomy. The focus of the investigation was on the production of thermal insulation materials (3.5. Manufacture of energy efficiency equipment for buildings), as EPS (expanded polystyrene) and XPS (extruded polystyrene) products contribute significantly to improving the energy efficiency of buildings. These self-produced product lines have been identified as taxonomically relevant economic activities. The taxonomically relevant activities were identified on the basis of the company's TEÁOR/NACE codes and the contribution of each activity to turnover. As a result, the production of EPS and XPS insulating materials was identified as a taxonomically relevant economic activity, i.e. one that can be taxonomically adjusted.

- Taxonomic alignment analysis: the activities identified were compared with the EU Taxonomy Technical Screening Criteria. **MASTERPLAST** identified two taxonomy-aligned economic activities: the production

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[31] *EU) 2021/2178 Commission Delegated Regulation - Disclosure Delegated Act; (EU) 2021/2139 Commission Delegated Regulation - Technical Assessment Criteria Regulation (Climate Delegated Act); 2023/2485 Commission Implementing Regulation - Technical Criteria Update Regulation, amending former Commission Delegated Regulation (EU) 2021/2139; (EU) 2023/2486 Commission Delegated Regulation - Environmental Delegated Act*

[32] *Six environmental objectives set out in the EU Taxonomy: 1. mitigate climate change; 2. adapt to climate change; 3. sustainably use and protect aquatic and marine resources; 4. promote the transition to a circular economy; 5. prevent and reduce pollution; 6. protect and restore biodiversity and ecosystems.*

of EPS and XPS insulation materials. These activities contribute significantly to the EU Taxonomy's environmental objective of mitigating climate change. It was examined whether the production of EPS and XPS insulation materials meets the criteria for a significant contribution to *climate change mitigation*. The technical parameters (e.g. thermal conductivity) and uses of the products have been assessed to demonstrate that they significantly reduce the energy demand of buildings, thereby contributing to the *Climate Change Mitigation* objective.

- Environmental Contribution Analysis: EPS/XPS production as an activity was found to contribute significantly (SC) *to climate change mitigation* among the six environmental objectives defined by the EU Taxonomy. It does not contribute directly to other environmental objectives (e.g. climate change adaptation, water and marine resources, circular economy, pollution prevention, biodiversity), so the SC criteria were applied primarily to climate change mitigation for the activities under consideration.
- Verification of the DNSH criteria: based on the Taxonomy[33] , the Company has assessed whether or not the listed activities cause significant adverse impacts on the achievement of the other environmental objectives (Do No Significant Harm - DNSH principle). The assessment covered the environmental impacts of EPS/XPS production, such as energy use, emissions, waste management and other potential impacts of the production processes. It was confirmed that the production of insulating materials does not cause significant harm to any of the other environmental objectives, provided that the relevant environmental regulations are complied with. For example, the technologies used in the production of EPS in Kál and EPS and XPS in Szabadka comply with EU standards (e.g. the use of lower environmental impact foaming gases for XPS), ensuring that the activity does not compromise water, the use of circular raw materials, pollution prevention or biodiversity.
- Minimum Social Safeguards Assessment: the Group also assessed the compliance with the Minimum Social Safeguards (MSS) in line with the OECD Guidelines and the UN Guiding Principles on Business and Human Rights, including a review of **MASTERPLAST**'s policies and practices on labour rights, occupational health, business ethics, taxation and anti-corruption. Internal policies and control mechanisms ensure that the sustainability objectives are achieved in a socially and managerially responsible manner, in line with the minimum standards of Taxonomy. **MASTERPLAST** demonstrates responsible business conduct in compliance with international human rights conventions. This is enshrined in its Human Rights Policy, Code of Ethics and Supplier Code of Conduct and Ethics.

More details: *https://www.masterplastgroup.com/vallalatiranyitas/*

- Calculation of the financial indicators: finally, **MASTERPLAST** determined the ratio of taxonomy-compatible revenue, investment and operating expenditure for the year 2024. The calculations were made according to the methodology defined by the relevant EU Regulations (2021/2178/EU). Accordingly, the net revenue from EPS and XPS products within the consolidated revenue was separated and the capital expenditure (CapEx) and operating expenditure (OpEx) related to these activities and their sustainability were identified. These indicators form the basis of the Taxonomy report in the financial report.

MASTERPLAST Group has implemented strict internal processes and controls for reporting under the EU Taxonomy. Relevant data was collected by the company's financial and sustainability experts and consolidated to ensure its accuracy, comparability and auditability. The compilation of the statements has been subject to internal control and the final report has been approved by the company's management, guaranteeing its adequacy and

[33] The compliance of the activity with the technical screening criteria has been assessed on the basis of the relevant points of Annex I to Commission Regulation (EU) No 2021/2139.

credibility. It is important to underline that the calculations and background data included in the report have been subject to external audit verification, thus ensuring the reliability of the information provided.

As a result of the analysis, it was concluded that the identified taxonomy-relevant activities of **MASTERPLAST Group** are fully aligned with the EU Taxonomy requirements. The production of EPS and XPS insulating materials has been shown to make a significant contribution to the environmental objective of *climate change mitigation*, does not cause significant harm to any other environmental objective and the company's operations comply with the minimum social safeguards. This compliance provides the basis for the publication of the following financial indicators for the year 2024.

Financial indicators for 2024 according to EU Taxonomy

For the first time in 2024 **MASTERPLAST Group** will quantify and report the ratio indicators under the Taxonomy Regulation on the basis of its consolidated financial data. Below we present the relevant revenue, capital expenditure (CapEx) and operating expenditure (OpEx) ratios, both aggregated and disaggregated by product area for EPS and XPS manufacturing activities. These figures show the proportion of the Group's financial performance that is attributable to Taxonomy sustainable (aligned) activities.

- Sales: of the consolidated net sales for 2024, Taxonomy-adjusted sales ≈ EUR 20.3 million, representing approximately 15% of total sales. This amount is entirely derived from the sale of EPS and XPS insulation products manufactured in-house. Broken down by product range, the EPS product line contributed ~€16.6 million, while XPS products accounted for ~€3.7 million of the 2024 sales. Together, these two product lines provide the Taxonomy-compliant revenue reported, as revenue from other products in the group did not meet the technical criteria in 2024 and was therefore not considered from a Taxonomy perspective.

- Capital Expenditure (CapEx): During 2024 **MASTERPLAST** invested a total of € 416 thousand, which meets the EU Taxonomy criteria (15% of the total capital expenditure for the period under review). The Taxonomy-adjusted CapEx was predominantly related to the development of XPS production. Broken down by product area, investments related to XPS production amounted to approximately €369 thousand (e.g. capacity expansion in the extruded polystyrene plant in Serbia), while sustainability investments in EPS production amounted to approximately €47 thousand in 2024. The lower amount of investment in EPS production lines can be explained by the fact that new capacity expansions and technological improvements in this year were mainly targeted at XPS production. All the aligned investments identified were aimed at increasing the energy efficiency contribution of the company's products or reducing the environmental footprint of production.

- Operational Expenditure (OpEx): 80 thousand euros of the relevant operational expenditure as defined by Taxonomy in 2024 can be directly linked to the sustainable production of EPS and XPS products (6% of the total OpEx category under consideration). This includes, for example, maintenance costs related to these production areas, operational expenditure to improve energy efficiency, and R&D and training expenditure to further improve the environmental performance of EPS/XPS products. For the **MASTERPLAST Group**, the total operating expenses (Total OpEx) data for each subsidiary was calculated from the annual subsidiary-level Total OpEx data, pro-rated by the companies' Taxonomy-adjusted sales revenue. These data were aggregated to determine the Taxonomy-adjusted operating cost of the company at group level. The OpEx indicator shows that the company spent nearly a quarter of its operating budget in 2024 on activities that contribute to the achievement of its Taxonomy targets (e.g. making production equipment more efficient and reducing waste). By product area, OpEx expenditure is also related to EPS and XPS production, but a further internal breakdown of these is not provided in the report, as the majority of these are common resource overheads (e.g. energy use) that serve both product areas.

Based on the above financial indicators, a non-negligible part of **MASTERPLAST Group'**s revenues, investments and operating expenses in 2024 are already in line with EU Taxonomy requirements. EPS and XPS production, on the other hand, are already 100% taxonomy compliant for the **MASTERPLAST Group** companies within the financial scope of consolidation. All the alignment values presented in the report meet the criteria required by the Regulation: for the related activities, a significant contribution to the climate objective is demonstrated, the DNSH principle is fully respected (no significant negative impact on other environmental objectives) and the Group's operations meet the criteria for minimum social safeguards. Compliance with these criteria is essential to ensure that the reported financial indicators are presented in a verifiable and robust way in the sustainability report.

Future prospects and opportunities for expansion

The strategic considerations for **MASTERPLAST Group** include the further extension and development of the EU Taxonomy classification in the future. The company will continuously monitor the expansion of the Taxonomy framework and the emergence of future criteria for new environmental objectives (e.g. the circular economy, decontamination) or possible social objectives. Accordingly, we plan to include additional activities and to certify new product innovations for sustainability as soon as they are in line with EU standards.

In the future, **MASTERPLAST** will seek to increase the proportion of sales that are in line with the taxonomy, for example by developing new products with a high recycled content or a lower carbon footprint. It is also considering further green investments (such as the installation of renewable energy sources at its production sites or improvements in production technology to reduce emissions), which could lead to a higher proportion of aligned items in future CapEx figures. These efforts will help **MASTERPLAST Group** to meet sustainability requirements in the long term and further strengthen its market position among the companies at the forefront of the green transition.

The company's management is committed to ensuring that the Sustainability Report, including the EU Taxonomy Report, provides an up-to-date, accurate and complete picture of **MASTERPLAST**'s environmental performance at all times. The 2024 report is an important milestone in this respect and will provide an appropriate basis for expanded reporting in the future. **MASTERPLAST** will continue to communicate its taxonomy compliance in a transparent manner, thereby strengthening trust among its partners, investors and the wider society.

Masterplast Group statement on nuclear and fossil gas activities

Line	Activities related to nuclear energy	
1.	The undertaking carries out, finances or has exposure to research, development, demonstration and practical implementation activities for innovative electricity generation facilities that produce energy from nuclear processes and in which a minimum amount of waste is generated in the nuclear fuel cycle.	NO
2.	The undertaking carries out, finances or has exposures to the construction and safe operation of new nuclear installations using best available technologies or the upgrading of such installations from a safety point of view, for the purpose of generating electricity or process heat, including district heating and energy production for industrial processes such as hydrogen production.	NO
3.	The undertaking carries out, finances or has exposures to the construction and safe operation of existing nuclear installations or the safety-related upgrading of such installations for the purpose of generating electricity or process heat from nuclear energy, including district heating and power generation for industrial processes such as hydrogen production.	NO
	Activities related to fossil gases	
4.	The undertaking carries out, finances or has exposure to the construction or operation of electricity generating installations which produce electricity from fossil gaseous fuels.	NO
5.	The undertaking carries out, finances or has exposures to the construction, conversion and operation of combined heat and power and cooling and electricity generation facilities using fossil gaseous fuels.	NO
6.	The undertaking carries out, finances or has exposure to the construction, conversion or operation of heat generating installations which produce heating or cooling energy from fossil gaseous fuels.	NO

Turnover

				Essential contribution criteria						DNSH criteria (Compliance with the principle of no significant harm)									
Economic activities (1)	Code(s) (2)	Absolute amount of turnover (3)	Share of turnover (4)	Climate change mitigation	Adapting to climate	Water and marine resources	Pollution (8)	Circular economy (9)	Biodiversity and mitigation	Climate change	Adapting to climate	Water and marine resources	Pollution (14)	Circular economy (15)	Biodiversity and ecosystems	Minimum safeguards (17)	Taxonomy-adjusted share of turnover Year N (18)**	Category (supporting activity or) (20)	Category (migration activity) (21)
Text		*EUR*	*%*	*%*	*%*	*%*	*%*	*%*	*%*	*Y/N*	*Y/N*	*Y/N*	*Y/N*	*Y/N*	*Y/N*	*Y/N*	*%*	*T*	*Á*
A. TAXONOMY-ADAPTED ACTIVITIES			15%																
A.1. Turnover from environmentally sustainable (taxonomy-adapted) activities																			
3.5. Manufacture of energy efficiency equipment for buildings		20 267 629	15%	100%	0%	0%	0%	0%	0%	-	I	I	I	I	I	I	15%	T	
Turnover from environmentally sustainable (taxonomy-adapted) activities (A.1)		20 267 629.00	15%	15%	0%	0%	0%	0%	0%	-	I	I	I	I	I	I	15%	15%	0%
A.2 Turnover from taxonomically adaptable but environmentally unsustainable (non-taxonomically adaptable activities) activities																			
Turnover from taxonomically adaptable but environmentally unsustainable activities (non-taxonomically adaptable activities) (A.2)		0.00	0%																
Total (A.1+A.2)		20 267 629.00	15%																
B. NON-TAXONOMIC ACTIVITIES																			
Turnover from activities not related to taxonomy		115 869 816.00	85%																
Total (A+B)		136 137 445.00	100%																

CapEx

				Essential contribution criteria						DNSH criteria (Compliance with the principle of no significant harm)									
Economic activities (1)	Code(s) (2)	Absolute amount of CapEx (3)	CapEx ratio (4)	Climate change mitigation	Adapting to climate	Water and marine resources (7)	Pollution (8)	Circular economy (9)	Biodiversity and mitigation	Climate change	Adapting to climate	Water and marine resources (13)	Pollution (14)	Circular economy (15)	Biodiversity and ecosystems (16)	Minimum safeguards (17)	Taxonomy-adjusted share of CapEx Year N (18)**	Category (supporting activity or) (20)	Category (migration activity) (21)
Text		*EUR*	*%*	*%*	*%*	*%*	*%*	*%*	*%*	*Y/N*	*Y/N*	*Y/N*	*Y/N*	*Y/N*	*Y/N*	*Y/N*	*%*	*T*	*Á*
A. TAXONOMY-ADAPTED ACTIVITIES			15%																
A.1. CapEx of environmentally sustainable (taxonomy-adapted) activities																			
3.5. Manufacture of energy efficiency equipment for buildings		416 483.00	15%	100%	0%	0%	0%	0%	0%	-	I	I	I	I	I	I	15%	T	
CapEx of environmentally sustainable (taxonomy-adapted) activities (A.1)		416 483.00	15%	15%	0%	0%	0%	0%	0%	-	I	I	I	I	I	I	15%	15%	0%
A.2 Taxonomy-adapted but environmentally unsustainable activities (non-taxonomy-adapted activities) CapEx-e																			
CapEx of taxonomically-adapted but environmentally unsustainable (non-taxonomically-adapted activities) activities (A.2)		0.00	0%																
Total (A.1+A.2)		416 483.00	15%																
B. NON-TAXONOMIC ACTIVITIES																			
CapEx of activities that are not taxonomy-adjustable		2 365 249.00	85%																
Total (A+B)		2 781 732.00	100%																

OpEX

				Essential contribution criteria						DNSH criteria (Compliance with the principle of no significant harm)									
Economic activities (1)	Code(s) (2)	Absolute amount of OpEx (3)	OpEx rate (4)	Climate change mitigation	Adapting to climate	Water and marine resources (7)	Pollution (8)	Circular economy (9)	Biodiversity and mitigation	Climate change	Adapting to climate	Water and marine resources (13)	Pollution (14)	Circular economy (15)	Biodiversity and ecosystems (16)	Minimum safeguards (17)	Taxonomy-adjusted share of OpEx Year N (18)**	Category (supporting activity or) (20)	Category (migration activity) (21)
Text		*EUR*	*%*	*%*	*%*	*%*	*%*	*%*	*%*	*Y/N*	*Y/N*	*Y/N*	*Y/N*	*Y/N*	*Y/N*	*Y/N*	*%*	*T*	*Á*
A. TAXONOMY-ADAPTED ACTIVITIES			6%																
A.1. Environmentally sustainable (taxonomy-adapted) activities OpEx-e																			
3.5. Manufacture of energy efficiency equipment for buildings		80 472.00	6%	100%	0%	0%	0%	0%	0%	-	I	I	I	I	I	I	6%	T	
OpEx of environmentally sustainable (taxonomy-adapted) activities (A.1)		80 472.00	6%	6%	0%	0%	0%	0%	0%	-	I	I	I	I	I	I	6%	6%	0%
A.2 Taxonomically compatible but environmentally unsustainable (non-taxonomically compatible activities) activities OpEx-e																			
OpEx of taxonomically compatible but environmentally unsustainable (non-taxonomically compatible activities) activities (A.2)		0.00	0%																
Total (A.1+A.2)		80 472.00	15%																
B. NON-TAXONOMIC ACTIVITIES																			
Activities OpEx of activities not adapted to taxonomy		1 202 359.00	94%																
Total (A+B)		1 282 831.00	100%																

SOCIETY

Own workforce

*As the largest Hungarian-owned building materials company in Central Europe, **MASTERPLAST** is present in 10 countries and its more than 1,100 employees work together to ensure the success of the company. Its employees are the company's main asset, so it pays special attention to occupational safety and a safe working environment as part of its corporate culture. The Group believes that open and regular dialogue with employees is essential to building a strong, engaged community.*

Under the own workforce theme, relevant impacts, risks and opportunities have been identified in terms of health and safety. This is presented in detail in the next sub-chapter.

The most significant impact of **MASTERPLAST**'s operations is on its own employees working in the manufacturing area, as they are directly affected by the working environment and safety measures. The vast majority of the physical workers in **MASTERPLAST**'s own workforce are directly employed by the company, typically on permanent contracts and full-time.

MASTERPLAST has not identified any systemic or widespread material negative impacts and risks, including child labour, forced labour, in its areas of operation, including both EU and non-EU countries.

The significant positive impacts on **MASTERPLAST**'s own workforce are mainly related to the provision of a safe working environment, health and safety measures, and training and development programmes. These activities have a particular impact on manual workers.

This is reflected in the system of occupational safety and health training, the provision of personal protective equipment, regular inspections, and first aid and prevention measures to keep workers healthy and safe.

MASTERPLAST does not currently have a systemic assessment that links material impacts, risks or opportunities on its own workforce to specific employee groups (e.g. age group, location, country). The impacts and measures identified currently relate primarily to the total physical or mental workforce or the total workforce.

The company's operations depend to a large extent on the availability of a skilled and committed workforce, especially in manufacturing areas, so maintaining job security and motivation is key.

MASTERPLAST Group is committed to climate-neutral operations, including the achievement of emission reduction targets. Planning and preparing for this type of transition currently does not result in a material negative impact on its own workforce, as it is expected to involve technological improvements and energy efficiency investments. However, the Group will monitor the potential impact of the changeover measures on workforce.

MASTERPLAST has currently not taken any specific measures to mitigate the negative labour impacts of the transition to a climate neutral economy as the preparations and preparatory steps taken so far have not affected the employment or job roles of the workers. Accordingly, no retraining or relocation was necessary. However, the company is monitoring future regulatory and market changes and is ready to introduce programmes to support employees' adaptation to the green transition if necessary.

Overview of the people employed by MASTERPLAST Group [34]

Number of female and male[35] employees by country on 31 December 2024

Country	Masterplast Group consolidation scope			Masterplast Group capital consolidation scope [36]		
	Total	*Women*	*Men*	Total	*Women*	*Men*
NORTHERN MACEDONIA	5	0	5	5	0	5
HORVATIA	8	6	2	8	6	2
POLAND	19	4	15	19	4	15
HUNGARY	306	75	231	364	84	280
GERMANY	43	4	39	43	4	39
ITALY	7	1	6	7	1	6
ROMANIA	38	10	28	38	10	28
SERBIA	706	260	446	706	260	446
SLOVAKIA	8	2	6	8	2	6
UKRAINE	64	23	41	64	23	41
Total	**1204**	**385**	**819**	**1262**	**394**	**868**

Number of female and male[37] employees by type of employment contract and employment type on 31 December 2024

	Masterplast Group consolidation scope			Masterplast Group capital consolidation scope [38]		
Category	**Total**	**Women**	**Men**	**Total**	**Women**	**Men**
Total number of employees	*1204*	*385*	*819*	*1262*	*394*	*868*
By type of employment contract						
Employees with permanent (indefinite term) employment contract	1204	385	819	1079	338	741
Employees with fixed-term contract, Temporary staff	0	0	0	183	56	127
By type of employment						
Full-time employees	1180	371	809	1233	378	855
Part-time employees	24	14	10	29	16	13

In 2024, the Group employed a total of 1,262 people (headcount), of which 394 were women (31.2%) and 868 were men (68.8%). 28.8% of the employees *were employed in* Hungary and *71.2% outside Hungary.* 1,079 people, 85.5% of the employees, were employed on permanent contracts, while 183 (14.5%) were employed on fixed-term contracts.

Of its workforce, 909 are manual workers and 353 are white-collar workers. In Hungary, the number of manual workers is 196 and the number of white-collar workers is 168. The number of full-time employees is 1 233, of

[34] The data is collected by Masterplast's HR area and is given in headcount and includes both active and inactive staff.

[35] *Other category: irrelevant*

[36] *In addition to the financial scope of consolidation, the scope of consolidation also includes the data of T-CELL Plasztik Kft. and MASTERPROFIL Gyártó és Kereskedelmi Kft.*

[37] *Other category: irrelevant*

[38] *In addition to the financial scope of consolidation, the scope of consolidation also includes the data of T-CELL Plasztik Kft. and MASTERPROFIL Gyártó és Kereskedelmi Kft.*

which 378 are women and 855 men. The number of part-time employees is 29, of which 16 women and 13 men. There were no non-employees.

In 2024, a total of 515 new entrants joined the group, while 520 people exited employment. In the reporting period the exit rate was 38.5%, while the entry rate was 38.1%.

During the period under review, new projects, capacity expansions and technological developments required the recruitment of new entrants, while the rapidly changing operating environment naturally had an impact on the composition of the workforce. It is important to underline that turnover is also partly a consequence of the Group's continuous adaptation to market, organisational and labour market challenges. Many of those who left did so due to internal transfers, external career opportunities or family reasons, which is a natural consequence of an active and diversified company.

MASTERPLAST Group has made it a priority to increase stability and long-term employee retention by focusing on the development of internal training, motivational tools and leadership programmes.

Policies and guidelines for our own workforce

MASTERPLAST considers the protection of human life and safety, equal treatment and the right to a healthy environment and mental health as core values and respects these rights in its business decisions, in accordance with the UN Guiding Principles on Business and Human Rights. It pays particular attention to the diversity of cultural and social contexts and of its employees, which also vary from country to country. It places great emphasis on non-discrimination and equal treatment.

Human rights complaints can be reported anonymously through the Whistleblowing system. https://sites.google.com/view/mpishu No complaints with a human rights impact were identified in 2024. For more information, see Business Conduct.

Equal opportunities, diversity

MASTERPLAST provides for equal treatment, direct or indirect discrimination and pays particular attention to respecting cultural and social diversity. The whistleblowing channels provided to employees also offer the possibility to report anonymously any form of harassment or discrimination.

The EU directive on the women's quota, known in full as the "Women on Boards Directive" (Directive (EU) 2022/2381), came into force in November 2022 and the deadline for Member States and the companies concerned to comply is 30 June 2026. The Directive aims to improve gender balance on the boards of listed companies. The Group is preparing to meet the deadline.

Data management

Since the entry into force of Regulation (EU) 2016/679 of the European Parliament and of the Council (GDPR), the Group has not experienced any complaints, data theft, data loss or data leakage. The privacy notice is publicly available on the website.

Occupational health and safety

The company is ISO 45001 certified, an internationally recognised standard for occupational health and safety management systems. This ensures that occupational safety and health measures are continuously improved and risks arising from work are minimised.

More details on occupational health and safety can be found in the Health and safety chapter.

Communication and advocacy

MASTERPLAST builds its cooperation with its own workforce on open dialogue and continuous feedback, and therefore a continuous and open dialogue with its employees is a priority, and communication is ensured at several levels. The day-to-day employee relations and HR-related issues are primarily the responsibility of the heads of HR or HR-specific functions in each entity, while management and strategic issues affecting the company as a whole, such as employee forums, are handled by the managers and the CEO, who ensure direct dialogue. At the same time, in performance reviews the managers concerned are responsible for providing feedback to ensure continuous improvement and employee involvement in the achievement of common goals.

MASTERPLAST communicates with its staff in person, by email, by phone, in a closed community (Facebook) group and at events. It also liaises with colleagues on maternity leave. The company collects ideas and suggestions from colleagues by putting out a suggestion box.

Employees have the right to elect a representative or representatives from among their number to represent their rights and interests in relation to occupational health and safety.

Whistleblowing system

The companies of **MASTERPLAST Group** as employers jointly operate the internal Whistleblowing system established by the Company to ensure lawful operations, in accordance with Directive (EU) 2019/1937 of the European Parliament and of the Council on the protection of persons reporting violations of EU law and on complaints, Act XXV of 2023 on complaints, whistleblowing and rules on reporting abuse, and the **MASTERPLAST Group's** policy on the operation of Whistleblowing. The purpose of the Whistleblowing system is to investigate reported information about illegal or suspected illegal acts or omissions or other abuses in accordance with the requirements of the relevant legislation. New entrants are informed of the possibilities to lodge a complaint. The Monitoring and investigation of reports of abuse, the determination of the outcome of the investigation and any further action to be taken on the basis of the report is the responsibility and competence of the Whistleblowing Committee. The Commission shall, where possible in view of the way in which it is contacted, liaise with the whistleblower through the whistleblowing system, and may invite the whistleblower to complete or clarify the report, to clarify the facts and to provide further information. In 2024 it did not identify any human rights impact complaints among its own staff. *For more information, see the Business Conduct section.*

If **MASTERPLAST** becomes aware that its own activities have had a significant negative impact on its employees, it launches an internal investigation and take remedial or preventive action depending on the seriousness of the case. The Company does not currently carry out a regular assessment of its employees' awareness of or confidence in the available grievance mechanisms.

How the Whistleblowing system works and the process for investigating reports

Measures affecting the company’s own workforce

MASTERPLAST is committed to ensuring that its operating practices have a positive impact on its own workforce and to avoiding or preventing significant negative impacts on employees. To this end, it applies various measures to help maintain a safe and fair working environment, support the well-being of its employees and contribute to the continuous development of its organisational culture. Through its training programmes it focuses on the development of occupational safety, accident prevention, ethical behaviour, values, corporate culture, leadership and sales skills, manufacturing expertise, agile operations, collaboration, digital competences and ESG knowledge, ensuring the continuous development of its employees.

Based on the double materiality analysis (DMA), health protection is a high priority among the impacts on its own workforce and includes material issues (IROs). Accordingly, the company focuses primarily on mitigating health risks and implements targeted measures in this area, which are explained in detail in the Health and Safety chapter.

Health and safety

MASTERPLAST Group *is committed to creating a safe and healthy working environment. Its aim is to provide its employees with an environment that meets occupational health and safety standards and supports long-term health promotion. It seeks to minimise risks in the workplace through regular training, inspections and improvements, while encouraging its employees to develop a safety-conscious attitude. Occupational health and safety is an integral part of the company culture, contributing to sustainable operations and the well-being of employees.*

Significant impacts, risks and opportunities and their linkage to business model, sustainability strategy *IRO-1, SBM-3*

Topic	Description	Classification	Value chain	Timeframe	Other information Link to business model, sustainability strategy
Working conditions - Health and safety	The company aims to create safe working conditions and protect the health of its employees, complying with current legislation and thus avoiding accidents.	Actual, positive impact	Own operation	Short term	Providing a safe working environment and preventing accidents directly affects the well-being and satisfaction of employees, which contributes to the continuity and efficiency of the company's operations. In addition, compliance with legislation and the application of health and safety measures help to avoid fines and reputational risks that could have a negative impact on the company's image and long-term sustainability.
Working conditions - Health and safety	As a result of accidents at work, the company may be fined or investigated by the authorities, which could have a negative impact on the company's reputation.	Current risk		Short term	In addition to the potential fines and the financial burden of legal proceedings, the stock market impact of reputational damage is not negligible in financial terms and may affect the competitiveness of the company in the short term.

Health and safety related policies *MDR-P*

The Organisational and Operational Rules, the Human Rights Policy and the Code of Ethics guide the work.

- *https://www.masterplastgroup.com/emberi-jogi-politika/*
- *https://www.masterplastgroup.com/wp-content/uploads/2024/10/mpg_sz_hr_010_v-6-0-etikai-kodex_honlapra_alairas-nelkul.pdf*

Human rights policy

Human rights policy includes the creation of a healthy and safe workplace in line with the UN Guiding Principles.

MASTERPLAST is committed to protecting and improving physical and mental health. It takes into account the fundamental requirements of human dignity, hygiene and a healthy environment when designing working conditions. It provides a clean, safe and healthy working environment.

It respects human rights, be they employees, partners, stakeholders, trainees, students, etc.

MASTERPLAST's policies on its own workforce, in particular its Human Rights Policy and Code of Ethics, explicitly exclude all forms of human trafficking, forced labour, bonded labour and child labour, both in the company's own operations and in its supply chain. The company is committed to respecting human rights and conducts its operations in accordance with the UN Guiding Principles on Business and Human Rights.

Code of ethics

Occupational health and safety

All staff must respect the safety and well-being of other staff in their work. All employees shall comply with and act in accordance with all applicable mandatory safety and health rules and procedures. Accidents, injuries, malfunctioning of tools and equipment must be reported immediately in the manner specified in the regulations.

Health protection

The company's fundamental ambition is to protect the human being as the highest value. In this endeavour, it aims to preserve and, where possible, improve both physical and mental health. The details of this are set out in its Human Rights Policy.

Expectations during work

Employees must be available during working hours in a fit state to perform their duties with the utmost care and professionalism. The employer reserves the right to carry out random checks on the fitness for work.

Drinking alcohol at work and at official events is prohibited. Exceptions to this may include moderate consumption of alcohol at company events authorised by the employer.

All employees are required to cooperate, support each other and share information necessary to work effectively.

Health and safety related measures *MDR-A*

Occupational safety and health education, training and testing

MASTERPLAST pays particular attention to ensuring that its employees have the theoretical and practical knowledge necessary to work safely and without endangering their health throughout their employment. In order to ensure the effectiveness of the training, the training materials include theoretical and, depending on the nature of the job, practical elements, in accordance with the educational topics defined in the Occupational Health and Safety Code. At the end of the training the workers take an examination to test the knowledge acquired.

MASTERPLAST is committed to ensuring that its operations do not have a significant negative impact on its workforce. The company strives to ensure that workloads, work schedules, purchasing or sales practices do not have an indirect negative impact on the safety and well-being of its employees. The company considers HR and occupational health and safety aspects before making decisions on significant impacts.

Occupational health and safety systems (e.g. ISO 45001), responsible purchasing and sales practices and GDPR-compliant data management all serve this purpose. Where there is a tension between business pressures and employee well-being, the company puts safety and health first.
Types of occupational safety and health education:

- Pre-employment training
- On-the-job training and familiarisation
- Annual training in occupational safety and fire protection
- Training required in case of workplace or job changes
- Training on the introduction of new technologies
- Training when adapting a workplace or installing new work equipment
- Special education in special situations

Content of education and training:

- Health and safety legislation, workers' rights and obligations
- Relevant provisions of the Occupational Health and Safety Code
- Identifying and preventing accident hazards
- Use of protective equipment and consequences of not using it
- Technological, operational, handling and maintenance requirements
- Hazardous substances management and environmental impact reduction
- Accident procedures and obligations
- Transport safety, health, fire and environmental protection standards

Workplace safety and health representation

Employees have the right to choose an OHS representative to participate in the development and monitoring of OHS measures to protect their interests and safety.

Occupational Health

MASTERPLAST requires all its employees to undergo an occupational health examination before starting work and then annually. This ensures occupational health, legal compliance and effective prevention.

Managing dangerous situations

For **MASTERPLAST** the prevention, identification and professional handling and correction of hazardous situations is of paramount importance. In order to ensure the safety of our employees and our partners, the relevant rules and regulations must be followed in all cases.

- In the event of a fire emergency, staff must follow the Fire Emergency Plan, the Fire Safety Code and the procedures outlined in the regular fire safety training.
- In the event of an accident, the appropriate action will be taken in accordance with the protocol laid down in the Health and Safety at Work Regulations and the procedures outlined in the health and safety training.

The health and safety at work and fire regulations apply to all work areas, employees, student workers and external workers, as well as subcontractors' employees and partners visiting the company's premises.

Developing protective equipment and health protection

MASTERPLAST pays particular attention to the protection of the safety and health of its employees, and to this end is continuously improving its health and safety measures:

- Provision of personal protective equipment: the company provides all relevant employees with the necessary personal protective equipment, which is regularly reviewed and improved. In 2024 we provided personal protective equipment for 1 486 employees.
- Increasing the number and training of first aid staff: to increase safety in the workplace the number of first aid staff is constantly being increased. At group level 83 people have a first aid qualification.
- Developing health promotion programmes: preventive health checks and mental health programmes to protect the long-term health of workers.
- 1 screening and mental health programme was in operation in 2024.

Further priority actions in 2024

MASTERPLAST Group

- set up a MEBIR inspection plan to continuously monitor and control occupational safety, health and fire safety
- held 26 regular information sessions and 630 hours of training for employees
- held 43 senior management meetings with the OSH representative
- took a total of 58 security measures at group level
- carried out 15 OSH risk assessments
- carried out 76 health and safety inspections to confirm compliance with the rules
- implemented 63 improvements at Group level to eliminate or reduce risks, and participated in 3 social consultations.

Health and safety targets *MDR-T*

MASTERPLAST aims every year to achieve zero fatal and serious workplace accidents, while continuously striving to reduce lost time injuries (LTIs) and illnesses. The aim is to reduce the number of serious occupational injuries from 5 in the base year 2024 to an average of no more than 2 per year between 2025 and 2030, preferably with a target of zero accidents, avoiding the possible negative reputational consequences.

At present, the definition and evaluation of **MASTERPLAST** objectives is mainly done at management and expert level, without a dedicated process or formal consultation with employees or their representatives. At the same time, the company considers it important to take into account the experience and feedback of its employees in the area of occupational safety and health.

MASTERPLAST aims to implement ISO 45001 at more of its manufacturing sites by 2030.[39]

S1-14_01

ISO 45001

By complying with the requirements of occupational safety and health legislation and the MSZ ISO 45001 Occupational Health and Safety Management System (MEBIR) standard, it ensures hazard management and risk reduction by defining objectives and responsibilities, and supports compliance and improved health and safety perceptions. Its certification is regularly renewed by the company. This system ensures the protection of workers' health and safety and the continuous identification, assessment and reduction of risks in the working environment.

The percentage of employees audited by external and internal auditors is 24.33% among the companies participating in the reporting exercise. The aim is to increase this rate to over 80% by 2030.

S1-14_02, S1-14_05

The number of working days lost due to accidents at work, occupational diseases and fatalities, and the number of occupational diseases and fatalities related to workers

In 2024 there were 31 accidents, 7 fewer than in 2023 (38 accidents). In the reporting period 2024, as in the previous years (2022, 2023), there were still no fatal accidents and the number of occupational illnesses remained unchanged at zero. In 2024 **MASTERPLAST Group** received one occupational health and safety fine. The number of lost working days in 2024 was 1,030. The most common types of workplace accidents were surface cutting and hand injuries.

[39] The table in the Circular Economy section, entitled Certified sites within the MASTERPLAST Group, details the company's ISO certifications.

Accidents at work 2024				
	Number of working days lost	Number of illnesses	Number of fatal accidents	Number of accidents at work
MASTERPLAST Nonwoven GmbH	32	0	0	1
MASTERPLAST d.o.o.	0	0	0	0
MASTERPLAST Italia Srl.	0	0	0	0
MASTERPLAST Sp. z o.o.	0	0	0	0
MASTERPLAST Proizvodnja D.o.o.	62	0	0	4
MASTERPLAST ROMANIA S.R.L	0	0	0	0
MASTER PLAST s.r.o	0	0	0	0
MASTERPLAST D.O.O.	0	0	0	0
MASTERPLAST YU D.o.o	539	0	0	22
Green MP Invest	0	0	0	0
Fidelis BAU Kft.	128	0	0	1
MASTERFOAM Gyártó és Ker. Kft.	0	0	0	0
MASTERPLAST Hungária Kft.	32	0	0	1
MASTERPLAST International Kft.	0	0	0	0
MASTERPLAST Medical Kft.	225	0	0	1
MASTERPLAST Modulhouse Kft.	0	0	0	0
MASTERPLAST Nyrt.	12	0	0	1
Total consolidation scope of Masterplast Group	**1030**	**0**	**0**	**31**
MASTERPROFIL Gyártó és Kereskedelmi Kft.	0	0	0	0
T-CELL Plasztik Kft.	0	0	0	0
Masterplast Group capital consolidation round [40]	**1030**	**0**	**0**	**31**

In 2024 the number of registered accidents at work was 31, which **represents 2.46 accidents per 100 persons** compared to the total number of accidents at the end of the year (1262 persons).

Incidents, complaints and serious human rights impacts *S1-17_08-S1-17_12*

During the reporting period there were no serious human rights issues or incidents involving our own workforce that would have constituted a violation of the UN Guiding Principles or the OECD Guidelines for Multinational Enterprises. Accordingly, no fines, penalties or compensation were imposed and no related financial liabilities were incurred

In the reporting period 2024 the company did not receive any formal reports of discrimination or harassment and no cases of this type have been registered.

The above information is taken from **MASTERPLAST**'s internal ethics reporting and complaint handling system. While the company aims to ensure anonymity and thorough investigation of whistleblowing, there were no incidents requiring intervention or sanction during the year 2024.

[40] *In addition to the financial scope of consolidation, the scope of consolidation also includes the data of T-CELL Plasztik Kft. and MASTERPROFIL Gyártó és Kereskedelmi Kft.*

CORPORATE GOVERNANCE

Corporate culture

Business Conduct - Corporate Culture

*For **MASTERPLAST Group** business conduct and corporate culture are fundamental pillars for sustainable growth and long-term success. The Company believes that operating responsibly and ethically is not only about complying with legal and regulatory requirements but also about embodying corporate values and social responsibility. The Code of Business Conduct and Corporate Culture guides all levels of day-to-day operations and aims to contribute to the achievement of corporate objectives while respecting the interests of employees, partners and society.*

Significant impacts, risks, opportunities and their linkage to business model, sustainability strategy *IRO-1, SBM-3*

Topic	Description	Classification	Value chain	Timeframe	Other information Link to business model, sustainability strategy
Corporate culture	The Group is committed to responsible, transparent and effective corporate governance and fair business practices. It operates to high ethical standards and in compliance with the law. As a responsible corporate citizen, it makes every effort to ensure that basic ethical standards are embedded in its day-to-day work, in the relationships between its employees and in its relations with customers, owners, suppliers and all stakeholders. It is committed to operating ethically and transparently and to competing fairly with its competitors.	Actual, positive impact	Own operation	Short term	Accountable and transparent corporate governance and fair business practices ensure long-term trust from customers, suppliers and other stakeholders, which directly affects our business results. The application of high ethical standards reduces legal and reputational risks, ensuring sustainable growth and competitive operations.
Corporate culture	Breaches of corporate culture, such as: engaging in unfair business practices, can put the company's reputation at risk.	Expected risk		Short term	An immediate impact on the stock market is forecast, but some impact on the results of the activity is also expected. *

***** Unfair business practices and breaches of corporate culture can carry serious reputational, financial and legal risks. To avoid such situations, **a comprehensive strategy is** needed to ensure the transparency and integrity of the company's operations.

1. Code of Conduct and company policies
The Code of Ethics defines fair business practices, prohibits corruption and conflicts of interest, regulates gifts, entertainment and business relationships, and sets ethical standards for internal and external communications. The provisions of the Code of Ethics are updated from time to time and are accepted by all employees.
2. Internal control system and risk management
The company has an internal control system to minimise risks:
Internal audit: regular internal audits ensure the adequacy of financial and operational processes.
Risk analysis: continuous assessment of critical points and prevention of potential abuses. This also ensures compliance with the Hungarian ESG Act.
3. Corporate governance and management responsibility
Independent Board of Directors: the Board of Directors is composed of independent members to ensure objective decision-making.

Responsible management decision-making: leadership by example and transparent decision-making processes.
4. Reporting channels and abuse management
For employees and business partners, **MASTERPLAST** provides the possibility to report violations:
A whistleblowing system to ensure the protection of whistleblowers.
5. Sustainability and social responsibility (ESG)
To maintain the long-term credibility and stability of the company it must operate in an ESG (Environmental, Social, Governance) context:
Sustainable business practices: integrating environmental and social responsibility objectives into corporate strategy.
Transparency and disclosure: Regular ESG reporting that demonstrates the company's ethical and sustainability commitments.
Fair supply chain: working with partners who also follow ethical and sustainable principles.

MDR-P

MASTERPLAST Group Corporate Culture and Business Conduct Policy

The **Code of Ethics** of **MASTERPLAST Group** sets standards for relations with employees, customers, suppliers, competitors, shareholders, external stakeholders, communities, governments and other business partners, defining the principles that ensure ethical and fair operations and business relationships. The Code does not address all possible situations but provides guidelines highlighting key issues. In general, it is expected that in all cases the interests of the Group and the Partners should be taken into account, and that in matters not covered by the Code, the responsible manager should be consulted.

The provisions of this policy are binding and apply to all employees of **MASTERPLAST Group** and to those who do business with or work together with any of the companies of **MASTERPLAST Group.**

Respect for human rights is a fundamental value. Details of this are set out in our **Human Rights Policy.** More details *https://www.masterplastgroup.com/emberi-jogi-politika/*

The supplier relations policy of **MASTERPLAST Group** is set out in the **Supplier Code of Conduct and Business Ethics.** Details of this are presented in *the Supplier Relations section <reference>.*

The Chief Executive Officer is responsible for communicating the codes of ethics (Codes of Conduct) and for informing employees.

MASTERPLAST Group recognises the ten principles of the UN Global Compact and supports and seeks to embed the OECD Guidelines for Multinational Enterprises throughout its business. It actively promotes these principles through the application of high ethical and moral business standards in the areas of human rights, labour standards, the environment and the fight against corruption.

Communication and training

Changes to the codes are communicated in writing to those concerned. Revised, up-to-date codes are also available on our company website: *https://www.masterplastgroup.com/vallalatiranyitas*

When updating the Code of Ethics, the Company also provides training to its stakeholders where appropriate.

Although policies are developed at management level, **MASTERPLAST** has also taken into account knowledge gained from practical experience and internal feedback when developing and reviewing policies.

G1.GOV-1_01 **The role of MASTERPLAST Group's governing body with regard to business conduct**

The **MASTERPLAST** Code of Ethics< *https://www.masterplastgroup.com/wp-content/uploads/2024/10/mpg_sz_hr_010_v-6-0-etikai-kodex_honlapra_alairas-nelkul.pdf*> is issued by the Group CEO.

All employees conducting business on behalf of **MASTERPLAST** must sign a certificate of compliance with the Code when they take up their position, when the Code is amended and once a year. The person designated in the relevant subsidiary of the Group or the Human Resources area is responsible for keeping records of the declarations of compliance. Compliance audits in relation to the Code of Ethics are carried out in accordance with the internal audit policy. The Code of Ethics issued in 2009 was revised in February 2024. **MASTERPLAST**'s Code of Ethics version 6.0 includes significant updates and enhancements. The new version places greater emphasis on anti-money laundering and anti-terrorism measures, data protection, anti-harassment and anti-discrimination, and introduces an anonymous ethics reporting system. It also takes into account the principles of the UN Global Compact, while further strengthening the company's responsible and fair business practices.

G1.GOV-1_02 **Business conduct expertise of MASTERPLAST Group's governing body**

The Board of Directors is the main governance and management body of **MASTERPLAST Group**, and its members are committed to transparent business conduct and ethics, and to a corruption-free corporate culture. Their decades-long professional track record defines their professionalism in business conduct.

The members of the **MASTERPLAST** Board of Directors and Audit Committee have significant experience in corporate governance, sustainability and business ethics. Board members include experts with extensive experience in corporate law, risk management, ESG strategy and compliance.

One member of the Audit Committee is an internationally recognised compliance and corporate governance expert. Many of the members have financial and legal backgrounds, with a particular focus on ethical risk management.

More information: *https://www.masterplastgroup.com/igazgatotanacs/*

https://www.masterplastgroup.com/vallalatvezetes/

In 2024 the Group's leaders continued to focus on learning about international and domestic sustainability regulations and preparing to meet their obligations through the Green Committee meetings.

G1 **Developing and improving the corporate culture of MASTERPLAST Group**

Part of the corporate culture is the **'Basics of Collaboration'**, a code of conduct developed with employees and management that sets out how employees communicate with each other, how they run the organisation and its systems, and promotes teamwork that ensures mutual respect. In this way, the Company aims to ensure that communication at all levels is open, honest and critical.

A corporate culture that emphasises market focus, individual responsibility and entrepreneurship is the cornerstone of **MASTERPLAST**'s success. **MASTERPLAST** is a company built on employee value creation, committed to maintaining long-term working relationships and individual development. The Group is committed to responsible, transparent and effective corporate governance and fair business practices.

The company's **Articles of Association** are publicly available and describe how it operates in detail.

The company places great emphasis on the implementation of corporate governance recommendations and policies, taking into account the organisation and capabilities of the group of companies formed by the Company and its subsidiaries. The management, under the guidance of the Board of Directors, continuously improves its operational and control practices, regularly reviewing the principles applied in order to comply with the evolving international best practices in this area.

MASTERPLAST's corporate governance practices are in line with the requirements of the Budapest Stock Exchange and the current capital market regulations. The Group pays particular attention to the BSE's corporate governance recommendations in its day-to-day operations and regulation.

The Group's Code of Ethics also sets out expectations for managers (point 1.5) that members of management, directors and executives should continuously monitor and promptly report any signs of unethical behaviour or actions that may be contrary to the interests and values of the company. Employees who become aware of conduct contrary to the Code or other misconduct must report it to their line manager, to the internal auditor or to **MASTERPLAST Group's** Whistleblowing Platform (section 1.7).

Whistleblowing reports received, whether through the Code of Conduct or the whistleblowing channel, are investigated in accordance with the Whistleblowing Policy and are handled in an impartial manner with the protection of data subjects' rights as a priority.

Whistleblowing Committee: the Whistleblowing Committee is responsible for following up and investigating allegations of abuse, determining the outcome of the investigation and taking any further action on the basis of the allegation. The Whistleblowing Reporting Committee is an organisational unit within **MASTERPLAST Group** which acts to ensure the correct investigation of whistleblowing, careful follow-up, protection of the whistleblower (and any third parties who may be affected by the whistleblowing) and fairness in the operation of the system. The Committee is composed of 3 members who elect a chairperson from among themselves.

The internal auditor monitors compliance with the principles set out in the Code of Ethics and the operation of the company in accordance with the principles laid down. All staff members are expected to be fully available and to cooperate with the audit. In the event of ethical misconduct, the circumstances must be investigated and the perpetrator held accountable. Any staff member who breaches the rules of the Code of Ethics will be subject to disciplinary action. Depending on the extent of the misconduct, employment or criminal proceedings will be initiated. In the event of a criminal offence, the Company will file a complaint and may terminate the employment of the employee(s) concerned.

Violations of laws, ethical standards or significant risks can also be reported anonymously through **MASTERPLAST Group's Whistleblowing Interface** *(www.masterplastgroup.com).* Except in cases of bad faith, the whistleblower shall not suffer any detriment as a result of making a report.

No abuse reports were received in 2024.

Training courses

In 2022 the Group launched a series of operational training courses, which continued in the following years. The aim of the trainings carried out under this programme is to enable both managerial and non-managerial staff to acquire and apply the skills related to empowering leadership.

Involving staff

MASTERPLAST Group has recently reinforced its values on business conduct and corporate culture by involving its employees. To further strengthen the collaboration between management and employees, the **HRMaster mobile** app was launched at the headquarters during the reporting period in the first quarter of 2025 to support employee engagement and internal communication. It is a modern platform that provides a simple, fast and efficient way to reach colleagues in different areas who do not have a computer and/or email address, as well as providing the opportunity for continuous employee feedback. The application is currently being developed and enhanced to make the communication between employers and employees even more direct and personal.

Relationships with suppliers

Business conduct - Supplier relations

***MASTERPLAST** is committed to building long-term, sustainable and responsible supplier relationships. Working with suppliers is not only about ensuring quality and business efficiency but also about consistently applying sustainability and ethical principles. The role of **MASTERPLAST** in the supply chain is a responsible one, and it pays particular attention to ensuring that its partners comply with the expectations set out in its Code of Business Conduct.*

Significant impacts, risks and opportunities and their linkage to business model, sustainability strategy *IRO-1, SBM-3*

Topic	Description	Classification	Value chain	Timeframe	Other information Link to business model, sustainability strategy *
Managing relationships with suppliers, including payment practices	The Company focuses on building long-term, mutually beneficial partnerships with suppliers. To develop strong partnerships, it provides continuous feedback while adhering to the highest ethical standards. It pays particular attention to sustainability, environmental and human rights issues in its supplier relationships.	Actual, positive impact	Own operation	Short term	Addressing sustainability, environmental and human rights issues in the supply chain has a direct impact on a company's reputation and legal compliance. In addition, building ethical business practices and mutually beneficial partnerships promotes long-term stability and smooth supply chain operations, which are essential to maintaining a company's competitiveness.
Managing relationships with suppliers, including payment practices	Any substitution (and/or exclusion) of suppliers results in extra costs for the company.	Expected risk		Short term	On the supplier side there is a wide range of suppliers, so competition exists and any suppliers that are not available can be replaced.

***MASTERPLAST** integrates sustainability as a key element in its business model and strategy through procurement decisions. The company pays attention to the selection of energy efficient and low carbon production processes. Consideration of the ethical and social responsibility of suppliers is also an important aspect. The company ensures that its suppliers comply with global sustainability standards through certificates and certifications. Consideration of suppliers' recycling and waste management practices helps reduce environmental impacts. Through these measures **MASTERPLAST** ensures that sourcing decisions are in line with its sustainability goals. The sustainability of the business model contributes to the long-term competitiveness and success of the company.

G1-2. **Supplier relationship management**

MASTERPLAST Group places a high priority on conducting business in an ethical, socially responsible and environmentally sustainable manner. It is committed to fair business conduct in its relationships with its suppliers. It strives for effective collaborations, long-term relationships and optimised processes in its sourcing to create a sustainable and responsible supply chain for the Company.

The MASTERPLAST Group Supplier Code of Conduct and Ethics sets out the principles and expectations that the Group has of its suppliers to ensure ethical, socially responsible and environmentally sustainable business operations. The document, currently available online in 6 languages on the website *(https://www.masterplastgroup.com/vallalatiranyitas)* covers social and environmental standards, corporate governance requirements, legal compliance and ethical business practices. The company aims to ensure that its suppliers contribute to sustainable and responsible business operations by adhering to the Code's standards.

MASTERPLAST reserves the right to verify that the Suppliers' Code of Conduct and Ethics is respected by using the following methods:

- supplier self-declaration,

- third party notification,
- submission of certificates and
- carrying out on-the-spot checks.

The Supplier Code of Conduct and Ethics is an integral part of the contracts between **MASTERPLAST Group**, its suppliers and their subcontractors.

MASTERPLAST Group reserves the right not to enter into a supplier contract or to suspend a supplier contract with any party that is found not to comply with the Supplier Code of Conduct and Ethics until the Code is complied with. **MASTERPLAST** is entitled to verify compliance by means of an audit. More information in Hungarian:

https://www.masterplastgroup.com/wp-content/uploads/2024/11/hu_mpg_sz_besz_002_v-1-0-beszallitoi-magatartasi-es-etikai-kodex-withou-sign.pdf

G1-2_01 **MASTERPLAST Group** set out its policy on the prevention and management of late payments in its Organisational and Operational Rules. At the time of writing the current report, a separate policy on the management of arrears is being prepared to provide detailed regulation.

The payment of supplier invoices is governed primarily by the terms of the contract and the payment deadline stated on the invoice.

G1-2_02 **MASTERPLAST** focuses on building long-term, mutually beneficial partnerships with its suppliers and provides feedback to develop strong partnerships while maintaining the highest ethical standards. It pays particular attention to sustainability, environmental and human rights issues in its supplier relationships.

Communication between MASTERPLAST Group and its suppliers

Form of communication	Frequency
e-mail	regular
personal contacts, visits to suppliers and manufacturers	regular
direct discussions with supplier key account managers	regular
supplier forums, surveys, training	annual, according to business decision
participation in international exhibitions	annual, according to business decision

Training courses

The annual technical training of sales colleagues consists of technical tests, presentations by supplier partners, presentations on new products introduced in the company or other important technical topics. The annual training of sales colleagues focuses on the acquisition of the latest technical knowledge and the transfer of important information on the use of products, with particular emphasis on technical tests and industry trends, as well as on new solutions introduced by the company. The company organises tests for salespeople several times a year, aimed at providing a thorough understanding of product knowledge and correct application.

Optimal supply chain

MASTERPLAST Group is committed to shortening the supply chain. Fossil raw materials are sourced from the Middle East in addition to the countries where the production sites are located. For non-fossil raw materials - fibreglass - the Far East is also a supplier and currently represents the most advantageous sourcing opportunity.

The packaging materials, both fossil and non-fossil, are sourced from the countries of the site through a short supply chain.

G1-2_03

The **MASTERPLAST Group** Supplier Code of Conduct and Ethics governs the policies and actions applicable to suppliers, including supplier disclosure.

During the period of preparing this Sustainability Report, the Company is also preparing for ESG reporting and the related documented risk management system to comply with the Hungarian ESG Act. Details of this are not available for public disclosure at this time.

Payment practices

For **MASTERPLAST Group** responsible and reliable business conduct is of paramount importance, including timely financial performance towards suppliers. It pays particular attention to ensuring that small and medium-sized enterprises (SMEs) are not disadvantaged by late payments.

In its contracts **MASTERPLAST** typically commits to 60-90 days payment to its partners.For service providers:

- logistics 15-30 days,
- other services 8-30 days,
- to SMEs the typical payment deadline is 8-15 days.

63% of **MASTERPLAST**'s payments to its partners were made on time and in accordance with the general contractual conditions during the period under review.

Payments are typically made on the day of the payment deadline or 1-2 days before, but in the last two quarters of the reporting period there were delays of approximately 15-30 days in payments due to liquidity difficulties. In the case of SMEs the Group has taken particular care to ensure that they are not put in a disadvantaged situation. In these cases active consultation and communication supported the prioritisation of deliverables. In the case of sole traders, payment deadlines were met on time.

In 2024 no legal action was brought against **MASTERPLAST** for late payment.

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ESRS G1	G1-3	Prevention and detection of corruption and bribery		X
ESRS G1	G1-4	Confirmed incidents of corruption or bribery		X
ESRS G1	G1-5	Political influence and lobbying activities		X
ESRS G1	G1-6	Payment practices	113	
Non-standard	**Chapter E**	**Sustainable products**		**Material**
Own disclosure	Own KPI	Products with EPD	87	

Appendix

Relationship between the ESRS Standard and EU legislation

Disclosure requirement and related datapoint	SFDR reference([23])	Pillar 3 ([24]) reference	Benchmark regulation ([25]) reference	EU Climate Law ([26]) reference	Disclosure materiality	Page number
ESRS 2 GOV-1 Board's gender diversity paragraph 21 (d)	Indicator No 13 in Table 1 of Annex I		Annex II to Commission Delegated Regulation (EU) 2020/1816 ([27])		Material	42
ESRS 2 GOV-1 Percentage of board members who are independent paragraph 21 (e)			Annex II to Delegated Regulation (EU) 2020/1816		Material	42
ESRS 2 GOV-4 Statement on due diligence paragraph 30	Indicator No 10 in Table 3 of Annex I				Material	47
ESRS 2 SBM-1 Involvement in activities related to fossil fuel activities paragraph 40 (d) i	Indicator No 4 in Table 1 of Annex I	Article 449a of Regulation (EU) No 575/2013; Commission Implementing Regulation (EU) 2022/2453 ([28]) Table 1: Quality information on environmental risk and Table 2: Quality information on social risk	Annex II to Delegated Regulation (EU) 2020/1816		X	
ESRS 2 SBM-1 Involvement in activities related to chemical production paragraph 40 (d) ii	Indicator No 9 in Table 2 of Annex I		Annex II to Commission Delegated Regulation (EU) 2020/1816"		X	
ESRS 2 SBM-1 Involvement in activities related to controversial weapons paragraph 40 (d) ii	Indicator No 14 in Table 1 of Annex I		Delegated Regulation (EU) 2020/1818 ([29]), Article 12(1) of Delegated Regulation (EU) 2020/1816, Annex II		X	
ESRS 2 SBM-1 Involvement in activities related to cultivation and production of tobacco paragraph 40 (d) iv			Delegated Regulation (EU) 2020/1818, Article 12(1) of Delegated Regulation (EU) 2020/1816, Annex II		X	
ESRS E1-1 Transition plan to reach climate neutrality by 2050 paragraph 1				Regulation (EU) 2021/1119, Article 2(1)	X	
ESRS E1-1 Undertakings excluded from Paris-aligned Benchmarks paragraph 16 (g)		Article 449a Regulation (EU) No 575/2013; Commission Implementing	Delegated Regulation (EU) 2020/1818, Articles 12(1)(d)-(g) and 12(2).		X	

		Regulation (EU) No 2022/2453, Table 1: Banking book - Climate change adaptation risk: credit quality of exposures by sector, by emission volume and by remaining maturity				
ESRS E1-4 GHG emission reduction targets paragraph 34	Indicator No 4 in Table 2 of Annex I	Article 449a Regulation (EU) No 575/2013; Commission Implementing Regulation (EU) No 2022/2453, Table 3: Banking Book - Climate Change Convergence Risk: Adjustment metrics	Delegated Regulation (EU) 2020/1818, Article 6		Material	69
ESRS E1-5 Energy consumption from fossil sources disaggregated by sources (only high climate impact sectors) paragraph 38	Indicator 5 of Table 1 and Indicator 5 of Table 2 of Annex I				X	
ESRS E1-5 Energy consumption and mix paragraph 37	Indicator No 5 in Table 1 of Annex I				Material	69-70
ESRS E1-5 Energy intensity associated with activities in high climate impact sectors paragraphs 40 to 43	Indicator No 6 in Table 1 of Annex I				Material	78
ESRS E1-6 Gross Scope 1, 2, 3 and Total GHG emissions paragraph 44	Indicator 1 and 2 of Table 1 of Annex I	Article 449a; Regulation (EU) No 575/2013; Commission Implementing Regulation (EU) No 2022/2453, Table 1: Banking book - Climate change adaptation risk: credit quality of exposures by sector, emission volume and remaining maturity	Delegated Regulation (EU) 2020/1818, Article 5(1), Articles 6 and 8(1)		Material	71
ESRS E1-6 Gross GHG emissions intensity paragraphs 53-55	Indicator No 3 in Table 1 of Annex I	Regulation (EU) No 575/2013, Article 449a; Commission Implementing Regulation (EU) 2022/2453, Table 3: Banking Book - Climate Change Convergence Risk: Adjustment metrics	Regulation (EU) 2020/1818, Article 8(1)		X	

ESRS E1-7 GHG emissions and carbon credits paragraph 56				Regulation (EU) 2021/1119, Article 2(1)	X	
ESRS E1-9 Exposure of the benchmark portfolio to climate-related physical risks Paragraph 66			Delegated Regulation (EU) 2020/1818, Annex II, Delegated Regulation (EU) 2020/1816, Annex II		X	
ESRS E1-9 Disaggregation of monetary amounts by acute and chronic physical risk paragraph 66 (a) **ESRS E1-9** Location of significant assets at material physical risk paragraph 66 (c)		Regulation (EU) No 575/2013, Article 449a; Commission Implementing Regulation (EU) 2022/2453, Recitals 46 and 47; Table 5: Banking Book - Physical Risk: Exposure to Physical Risks.			X	
ESRS E1-9. Breakdown of the carrying value of its real estate assets by energy-efficiency classes paragraph 67 (c).		Regulation (EU) No 575/2013, Article 449a; Commission Implementing Regulation (EU) No 2022/2453, Recital 34; Table 2: Banking Book - Climate Change Convergence Risk: Loans secured on real estate - Energy efficiency of collateral			X	
ESRS E1-9 Degree of exposure of the portfolio to climate-related opportunities paragraph 69			Delegated Regulation (EU) 2020/1818, Annex II		X	
ESRS E2-4 Amount of each pollutant listed in Annex II of the E-PRTR Regulation (European Pollutant Release and Transfer Register) emitted to air, water and soil, paragraph 28	Indicator No 8 in Table 1 of Annex I, Indicator No 2 in Table 2 of Annex I, Indicator No 1 in Table 2 of Annex I, Indicator No 3 in Table 2 of Annex I				X	
ESRS E3-1 Water and marine resources paragraph 9	Indicator No 7 in Table 2 of Annex I				X	
ESRS E3-1 Dedicated policy paragraph 13	Indicator No 8 in Table 2 of Annex I				X	
ESRS E3-1 Sustainable ocean and seas paragraph 14	Indicator No 12 in Table 2 of Annex I				X	

ESRS E3-4 Total water recycled and reused paragraph 28 (c)	Indicator 6.2 in Annex I, Table 2				X	
ESRS E3-4 Total water consumption in m3 per net revenue on own operations paragraph 29	Indicator 6.1 in Annex I, Table 2				X	
ESRS 2 - IRO 1 - E4 paragraph **16**(a)(i)	Indicator No 7 in Table 1 of Annex I				X	
ESRS 2 - IRO 1 - E4 paragraph **16**(b)	Indicator No 10 in Table 2 of Annex I				X	
ESRS 2 - IRO 1 - E4 paragraph **16**(c)	Indicator No 14 in Table 2 of Annex I				X	
ESRS E4-2 Sustainable land use/agricultural practices or policies Paragraph 24(b)	Indicator No 11 in Table 2 of Annex I				X	
ESRS E4-2 Sustainable oceans / seas practices or policies paragraph 24 (c)	Indicator No 12 in Table 2 of Annex I				X	
ESRS E4-2 Policies to address deforestation paragraph 24(d)	Indicator No 15 in Table 2 of Annex I				X	
ESRS E5-5 Non-recycled waste, paragraph 37(d)	Indicator No 13 in Table 2 of Annex I				X	
ESRS E5-5 Hazardous waste and radioactive waste, paragraph 39	Indicator No 9 in Table 1 of Annex I				X	
ESRS 2 - SBM3 - S1 Risk of incidences of forced labour, paragraph 14(f)	Indicator No 13 in Table 3 of Annex I				X	
ESRS 2 - SBM3 - S1 Risk of incidents of child labour paragraph 14(g)	Indicator No 12 in Table 3 of Annex I				X	
ESRS S1-1 Human rights policy commitments paragraph 20	Indicator 9 in Table 3 and Indicator 11 in Table 1 of Annex I				X	
ESRS S1-1 Due diligence policies on issues addressed by the fundamental International Labor Organisation Conventions 1 to 8, paragraph 21			Delegated Regulation (EU) 2020/1816, Annex II		X	
ESRS S1-1	Indicator No 11 in Table 3 of Annex I				X	

processes and measures for preventing human trafficking paragraph 22						
ESRS S1-1 Workplace accident prevention policy or management system paragraph 23	Indicator 1 in Table 3 of Annex I				Material	102
ESRS S1-3 Grievance/complaints handling mechanisms, paragraph 32(c)	Indicator No 5 in Table 3 of Annex I				X	
ESRS S1-14 Number of fatalities and number and rate of work-related accidents paragraph 88 (b) and (c)	Indicator No 2 in Table 3 of Annex I		Delegated Regulation (EU) 2020/1816, Annex II		Material	105-106
ESRS S1-14 Number of days lost due to injury, accidents, fatalities or illness 88(e)	Indicator No 3 in Table 3 of Annex I				Material	105-106
ESRS S1-16 Unadjusted gender pay gap paragraph 97 (a)	Indicator No 12 in Table 1 of Annex I		Delegated Regulation (EU) 2020/1816, Annex II		X	
ESRS S1-16 Excessive CEO pay ratio paragraph 97 (b)	Indicator No 8 in Table 3 of Annex I				X	
ESRS S1-17 Incidences of discrimination, point 103(a)	Indicator No 7 in Table 3 of Annex I				X	
ESRS S1-17 Non-respect of UNGPs on Business and Human Rights and OECD paragraph 104 (a)	Indicator 10 in Table 1 and Indicator 14 in Table 3 of Annex I		Delegated Regulation (EU) 2020/1816, Annex II, Delegated Regulation (EU) 2020/1818, Article 12(1)		X	
ESRS 2 - SBM3 - S2 Significant risk of child labour or forced labour in the value chain, paragraph 11(b)	Annex I, Table 3, indicators 12 and 13				X	
ESRS S2-1 Human rights policy commitments paragraph 17	Indicator 9 in Table 3 and Indicator 11 in Table 1 of Annex I				X	
ESRS S2-1 Policies related to value chain workers paragraph 18	Annex I, Table 3, indicators 11 and 4				X	
ESRS Non-respect of UNGPs on Business and Human Rights principles and OECD guidelines paragraph 19	Indicator No 10 in Table 1 of Annex I		Delegated Regulation (EU) 2020/1816, Annex II, Delegated Regulation (EU) 2020/1818, Article 12(1)		X	

ESRS S2-1 Due diligence policies on matters covered by ILO core conventions 1-8, paragraph 19			Delegated Regulation (EU) 2020/1816, Annex II		X	
ESRS S2-4 Human rights issues and incidents connected to its upstream and downstream value chain paragraph 36	Indicator No 14 in Table 3 of Annex I				X	
ESRS S3-1 Human rights policy commitments paragraph 16	Indicator 9 in Table 3 and Indicator 11 in Table 1 of Annex I				X	
ESRS S3-1 Non-respect of UNGPs on Business and Human Rights, ILO principles or and OECD guidelines paragraph 17	Indicator No 10 in Table 1 of Annex I		Delegated Regulation (EU) 2020/1816 Annex II, Delegated Regulation (EU) 2020/1818 Article 12(1)		X	
ESRS S3-4 Human rights issues and incidents, paragraph 36	Indicator No 14 in Table 3 of Annex I				X	
ESRS S4-1 Policies related to consumers and end-users paragraph 16	Indicator 9 in Table 3 and Indicator 11 in Table 1 of Annex I				X	
ESRS S4-1 Non-respect of UNGPs on Business and Human Rights and OECD guidelines paragraph 17	Indicator No 10 in Table 1 of Annex I		Delegated Regulation (EU) 2020/1816, Annex II, Delegated Regulation (EU) 2020/1818, Article 12(1)		X	
ESRS S4-4 Human rights issues and incidents, paragraph 35	Indicator No 14 in Table 3 of Annex I				X	
ESRS G1-1 United Nations Convention against Corruption paragraph 10 (b)	Indicator No 15 in Table 3 of Annex I				X	
ESRS G1-1 Protection of whistle-blowers paragraph 10(d)	Indicator No 6 in Table 3 of Annex I				Material	110
ESRS G1-4 Fines for violation of anti-corruption and anti-bribery laws paragraph 24 (a)	Indicator No 17 in Table 3 of Annex I		Delegated Regulation (EU) 2020/1816, Annex II		X	
ESRS G1-4 Standards of anti-corruption and anti-bribery paragraph 24 (b)L_202302772EN.000101.fmx.xml	Indicator No 16 in Table 3 of Annex I				X	