ANNUAL REPORT 2020

MASTERPLAST

PUBLIC LIMITED COMPANY

ANNUAL REPORT 2020

CHAIRMAN'S GREETINGS

I would like to welcome our shareholders!

The release of the annual report is always a special and joyful moment for me. This is when we can comprehensively present the results of our work and I can also address the company's investors. The outbreak of the coronavirus epidemic in the spring of 2020 and the radical changes that followed it fundamentally changed our lives and sharply tested the stability and adaptability of economic actors. Masterplast found itself facing a sudden global crisis but was in full swing, with a stable business base and an excellent team.

For us, however, this period has brought not only many human and professional difficulties but also new opportunities. Nowhere has the operation of the construction industry become impossible, and we have been able to prove that we can make our company a success even in unusual circumstances, to which we are able to remember with pride. With regard to the outstanding business results and investor value creation achieved in 2020, we can rightly mention a step-forward, but the impressive figures cannot reflect the feeling we have experienced and are living in everyday life from within. Agile approach, quick adaptation, and quick but calm decisions are needed to ride the waves and we did. The reached step change was firstly done within the company, the Masterplast Team merged as one person, everyone did their tasks and we marched towards our goals together. We have achieved excellent results by mobilizing great energies, performing them dedicatedly and responsibly. As a leader of a company, this is one of the biggest things to be at the head of such a team, so of course I am very proud of that and congratulations to my colleagues for the fantastic results!

Masterplast's entry into the new decade has been eventful and loud from records, which we certainly do not mind in the slightest. Relying on our manufacturing background and continuous services, we further expanded our market share in the construction segment in the viral situation, and in the spring we started the production of another main product, diffusion roofing foils. At the end of a longer process, we managed to acquire a professional manufacturing unit in Germany that is also capable of producing construction membranes and health care raw materials. With the purchase of the plant, we also gained a significant manufacturer knowledge and the opportunity to enter the German market. Responding to the calling voice of the market, Masterplast was able to immediately enter the healthcare industry and lay the foundations for a new industry division in the company. Meanwhile, our previous production investments turned productive with high utilization and the favourable support environment also allowed us to launch further investments. Thanks to this, we were able to launch two large-scale investments in 2020, which are also crucial for the decade ahead. By 2030, the performance of the healthcare division could reach the level of the construction segment and realize the multi-legged position that will further enhance Masterplast's productivity and crisis resilience.

Masterplast is now very well positioned in both two industries and the foundations for a successful future are in place. In the fight against climate change, the insulation industry faces very important tasks through the thermal insulation of buildings. Therefore, Masterplast aims to further increase its market share in the construction industry, increase its manufacturing activities and build its own production capacities in newer thermal insulation products. Next to the climate change, the protection of our environment is becoming an increasingly important aspect, that is why we have launched a program implementing a unique circular farming model in the Hungarian construction industry. The essence of the Hungarocell Green Program is to solve the collection of polystyrene residues generated during use and to re-produce thermal insulation material from it. We hope that in the future, environmental considerations will also become more important in customer decisions, which will support the development of recyclable product solutions.

In addition, we are in a very relevant position in the healthcare industry, which we believe could be one of the economic drivers in the next decade. The coronavirus crisis has also triggered a major wave of modernization in the healthcare industry, which has facilitated the creation and spread of many new personal protective equipment and isolation products. The transformation of the sector has begun, which could result in an expanding market environment and continued sustainable growth in the healthcare segment even after the virus subsides. Masterplast aims to be part of this transformation as a producer of both raw materials and finished products and to develop into a major European market player in the healthcare industry in the coming years.

2020 was also outstanding in terms of investor value creation. Through the acquisitions and investments launched, serious prospects have opened up for us and the value of the company's assets has also increased significantly. The significant increase in Masterplast's share price provides good feedback on our work and reflects the value of our crisis resilience. However, the step change in the efficiency we have reached, our construction positions and our aspirations in the healthcare industry, and our medium-term visions, I believe that everything is given for dynamic development. Stay with us in the sequel to Masterplast's exciting stock market adventure as well!

Tibor Dávid
Chairman of the Board

INTRODUCTION OF MASTERPLAST GROUP

Founded in 1997, the main areas of activity of Masterplast (later: "Group", "Masterplast") are production and sales of building industry insulation materials. With its headquarters in Hungary, the Central and Eastern European international company group has 9 active subsidiary companies all over the world, where it operates 5 own-property production units. The Group has a presence with its main products, thermal insulation system, heat, sound and water insulation, roofing and dry construction on the market. Its international production bases (own and production under license) ensure that group products reach the European markets and the markets outside Europe through its subsidiary companies and partners. Masterplast considers the aspects of sustainability, energy efficiency and environment protection of high importance in its internal processes as well as in production and innovation.

As of 31 December 2020, the Company had the following ownership at the subsidiaries.

Company	Place of registration	Ownership	Voting right
Master Plast S.r.o.	Slovakia	100%	100%
MasterFoam Kft.	Hungary	100%	100%
Masterplast d.o.o.	Croatia	100%	100%
Masterplast Kft.	Hungary	100%	100%
Masterplast Hungária Kft.	Hungary	100%	100%
Masterplast International Kft.	Hungary	100%	100%
Mastermesh Production Kft.	Hungary	100%	100%
Masterplast Romania S.R.L.	Romania	100%	100%
Masterplast Sp zoo	Poland	80,04%	80,04%
MasterPlast TOV	Ukraine	80%	80%
Masterplast Nonwoven GmbH	Germany	50%	100%
Fidelis Bau Kft.	Hungary	100%	100%
Indirect relationship:			
Masterplast D.O.O.	North Macedonia	90%	90%
The Group's affiliated undertaking:			
Masterprofil Kft.	Hungary	20%	20%
T-CELL Plasztik Kft.	Hungary	24%	24%

Source: data from the Company's management information system

Masterplast with the agreement on acquiring a plant in Germany - which was announced on 21 May 2020 – the Company established the Masterplast Nonwoven GmbH on 4 June 2020. The Company acquired a 50% stake and exclusive management rights in the subsidiary. According to the plans of the Company, the subsidiary started its operation on 1 July 2020, with the acquisition of the Aschersleben plant, which produces special fleeces and multilayer membranes for the healthcare and construction industries.

The Company – by a share purchase agreement signed on 1 July 2020 - acquired the 100% share in the Fidelis BAU Építőipari és Kereskedelmi Korlátolt Felelősségű Társaság. The purchase price of the share consists of a fixed amount of HUF 100 million, and the sum of the net book value of assets and liabilities based on the balance sheet of the company for H1 2020. The total purchase price was HUF 114,9 million. The planned return on the acquisition is 7 years. Fidelis BAU Kft founded in 2002, is a manufacturer of "Thermobeton", a thermal insulation lightweight concrete made from recycled raw materials, and a former supplier of the Masterplast Group. Fidelis BAU Kft has the necessary official permits for the collection, transport and processing of polystyrene waste, as well as production technology. With the acquisition of Fidelis BAU Kft the production technology required for the recycling of polystyrene waste and all official permits are available within the Masterplast Group, thus the Masterplast Group implements a circular production system called the "Hungarocell Green Program".

Amidst a slightly moderated but mostly positive market environment, the Group's sales revenue exceeded last year's base by 15% in 2020. Taking advantage of the positive industrial trend and market embed, in respect of value, the Hungarian and Germany turnover increased the most, while in respect of product range, the greatest turnover expansion occurred in the healthcare products and roofing foils. In 2020, the Company's trading margin increased as did the Group's production output. The cost of materials and services – considering the change in the self-manufactured inventories as well – has increased by 10% versus the turnover expansion with 15%. The Group's personnel expenses increased, and the Group's depreciation also increased, as did other operating expenses compared to the base period. As a result of all of these, the Group's EBITDA was EUR 11 076 thousand versus EUR 7 327 thousand during the reference period, while the operating profit was EUR 8 203 thousand in 2020, compared to EUR 5 242 thousand in the base period. Taking into account the financial results, the Group's profit after tax in 2020 exceeded the profit of the base period by EUR 1 676 thousand (35%).

SUMMARY

- In 2020, the corona virus and the related measures determined the living environment but did not fundamentally affect the operation of the construction industry. There were modest but typically positive trends in the industry environment of the Group's country portfolio in each market. Based on the feedback of the market participants, the construction industry in Hungary, which is the most important in terms of markets, was mixed in 2020. The government has provided incentive measures to the construction sector to protect against the coronavirus, but on an annual basis, construction output has fallen by nearly 10% compared to the already strong 2019. In Romania, the construction industry was also characterized by a mixed picture, although the performance of the economy decreased, but construction output increased, which was mainly due to renovations. In Serbia, due to the viral situation, the value of construction works done in the building industry was lower than last year on an annual basis, while the number of building permits issued increased. In Germany, the coronavirus epidemic largely paralyzed the economy in the first half of the year, then the economic downturn stopped in the third quarter, the economy grew at a record rate, and the construction industry also performed well. In Ukraine, the building industry declined on an annual basis, while the value of construction work performed was higher versus last year. In Poland there was also a decline in the construction industry, but the number of new homes handed over at the end of the year reached a record in 2020. In Slovakia, the situation was mixed in the construction industry, the construction output declining after there was a growth in the first quarter. In Croatia, after a stronger first two months due to the epidemiological situation, the significant decline in tourism weakened construction activity, the willingness to invest declined, and the number of building permits issued also decreased. In North Macedonia, the demand due to the viral situation was smaller, the number of building permits issued and the estimated total value of construction sites were also lower than last year.
- The Company continued to follow sales practices that take into account the situation in each market and product price movements, with the goal of maximizing margins, including shipping costs, next to increasing production capacity.
- The major part of the increase in turnover was due to the higher sales of the industrial applications product group (76%), where the sales of the German factory's health products and the sales of the protective clothing launched in December were recorded. The turnover of roofing foils and accessories also increased significantly (41%), within which the revenue of diffusion roofing foils increased 1,5 times, to which the turnover of the production unit of Masterplast Nonwoven GmbH also contributed greatly. The sales of the thermal insulation system product group (3%) – including the sales of self-manufactured fiberglass mesh – and the sales of the dry construction system product group (7%) also increased. The group of heat, sound and water insulation materials did not change (0%), while the sales of building industry accessories (-1%) decreased slightly compared to the 2019 base.
- Regarding the markets, the turnover in the largest Hungarian market increased by 11%, in the Export areas by 3%, in Romania by 14% and in Serbia by 4% compared to the previous year. Turnover from Germany, which was shown separately from 2020, also increased significantly, but Poland (22%) and Slovakia (6%) also performed well. Sales decreased in Ukraine (-6%), Croatia (-4%) and North Macedonia (-3%).
- In addition to the record turnover, the Group's trade margin also increased in 2020 compared to the base period.

- The output of the profile and fiberglass mesh factory in Subotica increased in 2020 compared to the base, while the output of EPS and the output of the foam plant in Kál which is in an already improving trend, decreased slightly. The German fleece unit was operating at high-capacity utilization in the second half of the year.
- Due to the growing manufacturing output and growing sales revenue, the Group's manufacturing raw material and other material costs increased. The cost of materials and services – considering the change in the self-manufactured inventories as well – has increased by 10% versus the turnover expansion with 15%.
- As a result of the operation of the Aschersleben plant and due to the increase in salaries the personnel expenses of the Company increased in the year compared to the base.
- Mainly related to the operation of the new Germany subsidiary there was an increase in the amount of depreciation.
- Other operating expenses increased compared to the profit of the base period.
- The Group's EBITDA was EUR 11 076 thousand (9,0 % EBITDA ratio) versus EUR 7 327 thousand (6,8 % EBITDA ratio) during the reference period, while the operating profit was EUR 8 203 thousand in 2020, compared to EUR 5 242 thousand in the base period.
- Also considering the financial results, the Group's profit after tax came to EUR 6 439 thousand in 2020 as opposed to the EUR 4 763 thousand profit in the reference period.
- The inventories of the Group amounted to EUR 25 084 thousand at the end of December 2020, which is EUR 3 827 thousand higher than the closing inventory of the reference period.
- The Company issued a total of 6 billion HUF nominal value of bonds under Growth Bond Program announced by the National Bank of Hungary in December 2020 to provide a stable source for the ongoing and future investments.
- The Company expects its industry environment continued to remain positive in the years to come, which may provide the basis for achieving the earnings targets defined in its strategic plans given the Group's improving production and operating efficiency.

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.

In 2020 the coronavirus and the measures related to the current situation determined the living environment but did not fundamentally affect the operation of the construction industry. The Masterplast has faced with slightly moderated but mostly favourable trends and industrial climate in its country portfolio.

On the most significant Hungarian market according to the feedback of the market participants, the construction industry was mixed in 2020. The government has provided incentive measures to the construction sector to protect against the coronavirus (such as 5% VAT on housing in so-called rust zones, advancing the public building renovations, launching a hotel and restaurant renovation loan program, non-repayable corporate real estate investment loans). According to CSO data, construction output was higher in each month from June to November than in the previous months. Overall, however, on an annual basis, the construction output declined by nearly 10% compared to the already strong 2019 year. The current construction expectation for 2021 is again strongly positive, thanks to the family support home creation program and the housing renovation support that is introduced in 2021. However, it should be noted that, these measures pushed back the already weakening demand in the last part of the year. The Company's construction expectations for 2021 are positive, confident of further revenue and earnings growth, even if it lags behind the results achieved in previous years.

In Romania, the construction industry was characterized by also a mixed picture. At the beginning of the year, the volume of construction work increased, but from the middle of March an emergency situation was declared due to the coronavirus, the stopped construction works and the larger thermal insulation projects could continue only in September. By the summer, however, the market had revived, with both traditional and residential demand starting to grow. On an annual basis, although the performance of the economy decreased, construction output increased, mainly due to renovations.

In Serbia, in view of the viral situation in order to reduce its negative effects, the government introduced economic protection measures in March, reducing interest rates to ensure the liquidity of the economy until the end of the year. In the construction sector, the value of work performed fell behind of last year on an annual basis, while the number of building permits issued increased.

In Germany, the coronavirus epidemic in the first half of the year largely paralyzed the economy. The government has introduced several stabilization and growth-enhancing programs to offset the effects of the epidemic. In Q3 the economic downturn stopped, and the economy grew at a record rate. The construction industry also performed well, although the public investment lagging behind, the number of housing constructions jumped significantly and the number of construction orders increased, approaching pre-crisis levels of January 2020. As a result of the second national closures due to the coronavirus, a major economic recovery is not expected by the beginning of 2021, it will be postponed.

In Ukraine, GDP fell on an annual basis, construction dropped back. After a good start at the beginning of the year, the restrictions imposed at the end of Q1 due to the viral situation significantly affected the sector, the demand for building materials and constructions decreased, while the value of construction work was higher than last year.

In Poland as a whole, there was a decline in the construction industry. The value of new construction as well as renovation works also decreased year-on-year compared to the base, while the number of new homes handed over at the end of the year reached a record due to new energy efficiency regulations in force from 2021 onwards.

In Slovakia, the situation was mixed in the building industry, after a growth in the first quarter the construction output declined. Industrial production also landed on a lower level, the coronavirus and a shortage of skilled labor led to a slowdown in major constructions. There was a decrease in the number of construction projects and a number of building permits, while there was an increase in the number of renovations.

In Croatia, after a stronger first two months, the epidemiological situation led to an almost complete decline in construction activity, most construction stopped, only the major construction projects continuing. The situation was further aggravated by the fact that in March Zagreb was hit by an earthquake, during which many buildings were damaged and even a few became unusable. In 2020, neither the economy nor the construction industry was able to expand compared to the same period last year. Due to the epidemiological situation, the significant decline in tourism weakened construction activity, the willingness to invest declined, and the number of building permits issued also decreased.

In North Macedonia, the industrial production decreased just as the foreign trade. With regard to the construction industry, the virus situation reduced the demand, the number of building permits issued and the estimated total value of construction projects were also lower than last year.

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

Percentage change in the number of construction permits 2017 - 2020:

Country	2017	2018	2019	2020
Croatia	34,9	-6,0	30,8	-16,1
Hungary	21,5	-3,2	-3,7	-38,1
Poland	19,3	3,3	4,6	3,2
Romania	7,7	2,6	-0,4	-2,9
Slovakia	-8,6	11,4	-0,9	-6,5
Serbia	34,0	9,4	29,1	7,4

Source: EUROSTAT: Building permits – percentage change

OVERVIEW OF SALES BY PRODUCT GROUP

Sales by main product groups (thousands of EUR)	2020	2019	Change %
	(A)	(B)	(A/B-1)
Thermal insulation system	54 110	52 475	3%
Roofing foils and accessories	20 177	14 320	41%
Dry construction system	12 351	11 563	7%
Heat, sound and water insulation materials	13 397	13 450	0%
Building industry accessories	5 499	5 566	-1%
Industrial applications	17 140	9 730	76%
Total sales revenue	**122 673**	**107 104**	**15%**

Contribution of product groups in percentage to the total sales revenue		
Thermal insulation system	45%	49%
Roofing foils and accessories	16%	13%
Dry construction system	10%	11%
Heat, sound and water insulation materials	11%	13%
Building industry accessories	4%	5%
Industrial applications	14%	9%
Total sales revenue	**100%**	**100%**

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

On an annual level, the Group’s sales revenue grew by 15% to EUR 122 673 thousand.

Within the Group’s sales revenues, thermal insulation system primarily accounted for the largest share (45%) and saw an overall 3% increase in year-on-year terms. The majority of sales revenue growth was driven by rising sales of own-produced fiberglass mesh in the European Union markets of the Group, where only in Croatian and in Germany there was a minor decline. The Group’s EPS sales decreased, mostly in Hungary, but also in Slovakia compared to the base. Turnover of accessory products (glue, profiles) increased in 2020.

The turnover in roofing foils and accessories increased by 41% compared to the 2019 base year. The turnover of diffusion roofing films increased 1,5 times, to which the production unit of Masterplast Nonwoven GmbH also contributed greatly. In terms of markets, the Group's turnover in this product group increased almost everywhere, only in Croatia landed on a lower level.

The company’s turnover in dry construction systems grew by 7% in 2020 compared to the 2019 base year. There were different sales results in each market, the Group's sales increased in North Macedonia, Hungary, Slovakia and Romania, while sales in other countries decreased compared to the base period.

In the heat, sound and water insulation materials product group reached the same level of the previous year’s base. There were different sales results in each market, the Group's turnover in the North Macedonian, Hungarian, Slovakian and Romanian areas increased, while in the other countries the sales revenue decreased compared to the base.

Building industry accessories exhibited an 1% turnover drop compared 2020 to the base year. Although sales increased in North Macedonia, Poland, Hungary, Romania, Serbia and Germany, the loss of income was larger in the Group's other markets as a whole.

The Group’s industrial applications product group achieved a 76% turnover increase in 2020 compared to the base period. Non-strategic trade in raw materials slightly declined, while revenue from packaging products increased compared to last year. Also, the revenue of the German factory's healthcare products and the sale of protective clothing to the Hungarian healthcare industry, which started in December, are presented here, which also contributed significantly to the sales growth of the product group.

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.

In the first half of 2020, the Company revised and changed the breakdown of its sales by country. With acquisition of Masterplast Nonwoven GmbH, the Group reclassified the German market from the Export category to a separate category, as from H2 2020 Masterplast has own subsidiary in the country.

Sales by countries (thousands of EUR)	2020	2019	Change %
	(A)	(B)	(A/B-1)
Hungary	47 252	42 629	11%
Export	16 249	15 734	3%
Romania	13 741	12 044	14%
Serbia	9 625	9 236	4%
Germany	8 858	1 590	457%
Ukraine	8 416	8 912	-6%
Poland	8 310	6 834	22%
Slovakia	5 066	4 759	6%
Croatia	3 644	3 811	-4%
North Macedonia	1 513	1 555	-3%
Total sales revenue	**122 673**	**107 104**	**15%**

Contribution of countries in percentage to the total sales revenue		
Hungary	39%	41%
Export	13%	15%
Romania	11%	11%
Serbia	8%	9%
Germany	7%	1%
Ukraine	7%	8%
Poland	7%	6%
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 turnover increased by 11% in 2020 on the Hungarian market, its largest market, compared to the base previous year. The turnover increased in all product groups. The reason for its growth was mainly the entry into the health care finished goods market, as 450 thousand protective clothing belonging to the industrial applications product group was sold to Hungarian healthcare in the last quarter. Revenues also increased significantly in the product group of thermal insulation system, in the roofing foils and accessories, as well as in the product group of heat, sound and water insulation materials compared to the base period. Within the thermal insulation system product group, EPS sales fell slightly.

Sales turnover grew by an annual 3% on Export markets. The revenue of fiberglass mesh products from the thermal insulation system product group and the sales of diffusion roofing foils from the roofing foils and accessories product group increased the most, but sales of medical foils among Industrial applications and the income from dry construction system products also increased. Turnover fell in the other product groups. In terms of markets, Masterplast achieved growth in the English, Portuguese and Latvian areas, while sales decreased the most in Estonia, Italy, Denmark and Greece.

The Group exhibited a 14% rise on its Romanian market, also one of its major markets. The turnover of fiberglass mesh products, belonging to the thermal insulation system product group, increased mainly compared to the base in 2020, but the sales of roofing foils and accessories also improved significantly. The turnover of the other product groups also reached higher level compared to 2019.

The Group's sales in Serbia increased by 4% in 2020 compared to the base year. Sales revenue in thermal insulation system product group increased the most, within the fiberglass mesh revenue was higher. There was a drop in the heat, sound and water insulation materials and in products of industrial applications. Revenue increased in the other product groups.

The German market is reported separately compared to previous periods, because Masterplast has been present in the country with direct sales since H2 2020. Thanks to the new manufacturing company, turnover in the country has increased significantly. Masterplast Nonwoven's products are categorized in the product group of Roofing foils and accessories and in the medical foils in the Industrial applications. However, the Group is still present in the German market with its other product groups, where there was a smaller drop in sales of thermal insulation system products, dry construction system products and heat, sound and water insulation materials compared to the base period.

In Ukraine, the Company's turnover closed the year with a 6% decrease compared to the previous year. With the exception of the roofing foils and accessories and the dry construction system product group, the turnover of each group decreased compared to last year. Sales of fiberglass mesh (not manufactured by the Group) belonging to the thermal insulation system products fell the most compared to the base.

The Group's sales revenue improved by 22% on the Polish market compared to the 2019 base year. The turnover increased the most in the roofing foils and accessories product group, but the turnover of the thermal insulation system product group also improved significantly. The revenue only in the dry construction system and heat, sound and water insulation materials product groups decreased compared to the base.

The Company achieved a 6% increase in turnover in Slovakia in the year under review. With the exception of building industry accessories and industrial applications, the sales increased in all product groups compared to the base.

The Group's turnover dropped by 4% in Croatia compared to 2019. With the exception of the dry construction system products and industrial applications product group, there was a smaller decline in sales in all areas.

In North Macedonia with the smallest share of turnover, the revenue decreased by 3% in 2020 compared to the previous year. With the exception of the dry construction system and the thermal insulation system product groups, the turnover of the other product groups increased.

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 2020	31 December 2019	Change	Change %
	(A)	(B)	(A-B)	(A/B-1)
Sales revenues	122 673	107 104	15 568	15%
Materials and services used	-95 790	-87 808	-7 982	9%
Payments to personnel	-16 197	-14 027	-2 170	15%
Depreciation, amortisation and impairment	-2 873	-2 085	-788	38%
Movements in self-produced inventories	970	1 838	-868	-47%
Other operating income (expense)	-580	219	-799	-364%
OPERATING PROFIT	**8 203**	**5 242**	**2 961**	**56%**
Interest received	388	77	311	402%
Interest paid	-922	-554	-369	67%
Other financial (expense) income	-334	572	-906	-158%
Financial loss	**-868**	**96**	**-963**	**-1008%**
PROFIT FOR THE YEAR	**6 439**	**4 763**	**1 676**	**35%**
EBITDA	11 076	7 327		
EBITDA ratio	9,0%	6,8%		
Earnings per share (EPS) (EUR)	0,40	0,32		
Diluted earnings per share (diluted EPS) (EUR)	0,40	0,32		

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

GROUP RESULTS

The consolidated annual turnover for the year 2020 amounted to EUR 122 673 thousand, which corresponds to an increase of 15% compared with the value of the reference period.

In line with the prevailing commodity and basic material prices and exchange rate trends, the Group continued to follow a sales strategy in 2020 for its strategic products that took into account the position of the markets and the price fluctuations of products, focusing on maximising the margins that also include transportation costs.

Despite the effects of the coronavirus epidemic, the Company closed a year with outstanding turnover and profitability. With the production of healthcare textiles in Germany and the sale of healthcare protective clothing marketed in Hungary, the Company successfully entered the healthcare industry, which contributed to the Group's profit by generating higher profits in addition to sales revenue. Thus, the Company achieved outstanding results in both the construction and healthcare segments.

In addition to the record turnover, the Group's trading margin increased in 2020 compared to the base period. With the exception of the Croatian market, both the Group's trading margin and realized margin volume increased in all markets for the full year.

The output of the profile and fiberglass mesh factory in Subotica increased in 2020 compared to the base, while the output of EPS and the output of the foam plant in Kál which is in an already improving trend, decreased slightly. The German fleece unit was operating at high-capacity utilization in the second half of the year, and demand for healthcare products remained strong. The Group's production efficiency improved, and its production profit increased compared to last year, mainly due to the expanding output in Subotica. Throughout the year, production indicators, efficiency and quality indicators continued to improve, which had a positive impact on cost.

Due to the growing manufacturing output and growing sales revenue, the Group's manufacturing raw material and other material costs increased, just as energy costs, foreign transport costs and maintenance and repair costs, while fuel and rents decreased in 2020 compared to the base period. The cost of materials and services – considering the change in the self-manufactured inventories as well – has increased by 10% versus the turnover expansion with 15%.

As a result of the operation of the Aschersleben plant and due to the increase in salaries the personnel expenses of the Company increased in the year compared to the base. The Group had 1 109 employees at the end of 2020 opposed to the staff level of 1 099 people of the base period. 450 people were employed at the fiberglass mesh production unit in Subotica at the end of this quarter, compared to the level of 486 staff at end of December 2019. The Masterplast Nonwoven plant employed 38 people at the end of the quarter.

Mainly related to the operation of the new Germany subsidiary there was an increase in the amount of depreciation.

Other operating expenses increased compared to the profit of the base period, the provision made in connection with the penalty of the Romanian tax office worsens the result of the period compared to the base period.

As a result of all of the above factors, the Group's EBITDA was EUR 11 076 thousand (9,0% EBITDA ratio) in 2020 compared with the EUR 7 327 thousand (6,8% EBITDA ratio) in the reference period. The net income of its business activities came to EUR 8 203 thousand in 2020 compared with EUR 5 242 thousand in the reference period.

The Group's interest income improved, while interest expenses increased in 2020 compared to the base period.

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

The Group recognized as other financial results a EUR 334 thousand loss in 2020 compared to the gain of EUR 572 thousand in the base period.

Also considering the financial results, the Group's profit after tax came to EUR 6 439 thousand in 2020 as opposed to the EUR 4 763 thousand profit in the reference period.

THE COMPANY'S FINANCIAL POSITION

As of 31 December 2020, the Group's assets were worth EUR 131 925 thousand meaning an increase of EUR 51 046 thousand over the closing value of the reference period.

As of the end of December, the value of fixed assets was EUR 54 425 thousand which was EUR 16 358 thousand higher than the closing value of assets on the cut-off date of the reference period. The Corporate Group spent a total of EUR 16 098 thousand for investments and for the replacement of other assets in the reporting year.

Due to the increase in production output the inventories of the Group amounted to EUR 25 084 thousand at the end of December 2020, which is EUR 3 827 thousand higher than the closing inventory of the reference period.

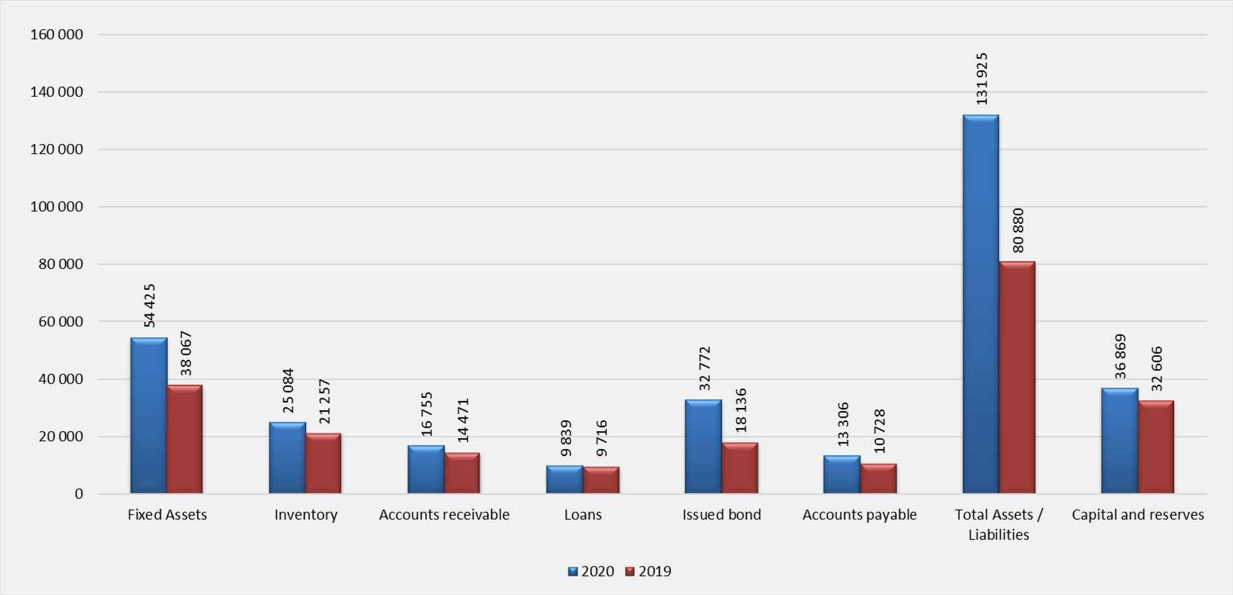
The Group's trade receivables grew by 16%, EUR 2 283 thousand compared with the 2019 reference period.

The Group's cash and equivalents amounted to EUR 33 267 thousand as of 31 December 2020, which was EUR 28 736 thousand higher than the closing stock in the same period of 2019. In December 2020 the Ministry of Finance transferred support for the medical foil production investment located in Sárszentmihály, 100% of the state aid, approximately EUR 20,5 million was paid.

The Group's stock of trade payables also increased and was EUR 2 578 thousand higher than in 2019.

The Company issued a total of 6 billion HUF nominal value of bonds under Growth Bond Program announced by the National Bank of Hungary in December 2020 to provide a stable source for the ongoing and future investments. The Company temporarily used the borrowed funds to refinance part of its short-term loans, as a result of which the amount of short-term loans decreased, and the Group's liabilities related to bonds in the balance sheet increased.

The deferred income also dropped in 2020 related to the government grants to investments compared to the base.



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

Members of the Board of Directors on 31 December 2020:

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

Audit committee:

Margaret Dezse
Dirk Theuns
Ottó Sinkó

STATEMENT

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

Sárszentmihály, 29 April 2021

Róbert Nádasi

CEO

MASTERPLAST NYRT.

CONSOLIDATED ANNUAL FINANCIAL STATEMENTS

for the year ended 31 December 2020
in accordance with International Financial Reporting Standards (IFRS)
(as adopted by the EU)

Sárszentmihály, 29 April 2021

CEO

TABLE OF CONTENTS

1. Independent Auditor's Report 4

Financial statements:

2. Consolidated Statement of Financial Position 10
3. Consolidated Statement of Profit or Loss 11
4. Consolidated Statement of Other Comprehensive Income 12
5. Consolidated Statement of Changes in Equity 13
6. Consolidated Statement of Cash Flows 14

Notes to the financial statements and other information:

7. General information 15
8. Accounting policies 18
9. Significant accounting assumptions and estimates 31
10. Intangible assets, property, plant and equipment and assets in the course of construction 32
11. Assets purchased under financial lease 34
12. Investments in associates 35
13. Inventories 36
14. Trade receivables 37
15. Other current assets 38
16. Cash and cash equivalents 38
17. Short-term and long-term loans 39
18. Liabilities from issued bonds and 41
19. Deferred income 43
20. Other long-term liabilities 43
21. Provisions 44
22. Trade payables 44
23. Other current liabilities 44
24. Cost of materials and services used 45
25. Personnel related costs 45
26. Other income and expense 45
27. Other financial profit or loss and fair value adjustments 45
28. Taxes 48
29. Earnings per share 50
30. Segments 51
31. Sales revenues broken down by country (EUR thousand): 53
32. Non-current assets broken down by country (EUR thousand): 53
33. Related party transactions 54
34. Issuance of shares 54
35. Change of investments in subsidiaries 54
36. Share of external (minority) owners 56
37. Risk management 57
38. Research and development 60
39. Contingent liabilities and future commitments 61
40. Litigations and extrajudicial legal cases involving the Group 63
41. MASTERPLAST Employee Shared Ownership Program 64

42. Subsequent events ... 65
43. Statements for the future ... 66
44. Assumption of responsibility ... 66
45. Approval of the consolidated annual financial statements ... 67

This is an English translation of the Independent Auditor's Report on the 2020 Consolidated Annual Financial Statements of Masterplast Nyilvánosan működő Részvénytársaság issued in Hungarian. If there are any differences, the Hungarian language original prevails. This report should be read in conjunction with the complete statutory Annual Report it refers to.

INDEPENDENT AUDITOR'S REPORT

To the Shareholders of MASTERPLAST Nyilvánosan működő Részvénytársaság

Report on the audit of the consolidated annual financial statements

Opinion

We have audited the accompanying 2020 consolidated annual financial statements of MASTERPLAST Nyilvánosan működő Részvénytársaság ("the Company") and its subsidiaries (altogether "the Group"), which comprise the consolidated statement of financial position as at 31 December 2020 - showing a balance sheet total of EUR 131,925,371 and a total comprehensive income for the year of EUR 3,225,899 -, the related consolidated profit and loss statement and consolidated statement of other comprehensive Income, consolidated statement of changes in equity, consolidated statement cash flows for the year then ended and notes to the consolidated annual financial statements, including a summary of significant accounting policies.

In our opinion the consolidated annual financial statements give a true and fair view of the financial position of the Group as at 31 December 2020 and of its consolidated financial performance and its consolidated cash flows for the financial year then ended in accordance with International Financial Reporting Standards as adopted by the EU ("EU IFRSs") and has been prepared, in all material respects, in accordance with the supplementary requirements of Act C of 2000 on Accounting ("Hungarian Accounting Law") relevant for consolidated annual financial statements prepared in accordance with EU IFRSs.

Basis for opinion

We conducted our audit in accordance with Hungarian National Standards on Auditing ("HNSA") and with applicable laws and regulations in force in Hungary. Our responsibilities under those standards are further described in the "Auditor's responsibilities for the audit of the financial statements" section of our report.

We are independent of the Group in accordance with the applicable laws of Hungary, with the Hungarian Chamber of Auditors' Rules on ethics and professional conduct of auditors and on disciplinary process and, as well as with respect to issues not covered by these Rules, with the International Code of Ethics for Professional Accountants (including International Independence Standards) issued by the International Ethics Standards Board for Accountants (the IESBA Code) and we also comply with further ethical requirements set out in these.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Key audit matters

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the consolidated annual financial statements of the current period. These matters were addressed in the context of our audit of the consolidated annual financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters. For the matter below, our description of how our audit addressed the matter is provided in that context.

Key Account Matters	**Diligences performed in relation to the Key Audit Matters**
Revenue recognition The Group's consolidated revenue amounted to EUR 122.672.706 as of 31 December 2020. The Group focuses on revenue as a key performance measure which might create an incentive for revenue to be recognized before the risks and rewards have been transferred. During our audit we have to evaluate the risk of completeness of revenue flows. Based on this we consider revenue recognition significant to our audit and a key audit matter. The Group's disclosures about revenue are included in Note 8.22 Revenue recognition and Note 31 Revenues per country to the consolidated annual financial statements.	Our audit procedures included, among others, analysing the entire population of journal entries including correlations between revenue, accounts receivables, value added tax and cash inflows. We circularized outstanding debtor balances and tested subsequent cash inflows on a sample basis. We tested credit notes issued after the balance sheet date to assess whether revenue was recognized in the correct period. We performed analytical review procedures on revenue comparing actual data to our expectations developed based on our prior experience of the Group's business, including performing detailed review of non-core transactions. We also considered the adequacy of the Group's disclosures in respect of revenue in the consolidated annual financial statements, including disclosure requirements of IFRS 15 standard.
First time consolidation of a subsidiary and related financial liabilities The Group recognized a goodwill of EUR 4,291,000 relating to the acquisition of a subsidiary in Germany. We have qualified the first time consolidation of the subsidiary as a key audit matter due to the following reasons: 1)Considering the 50% ownership, the determination of the existence of control entails significant management assumptions and requires thorough evaluation of the circumstances. 2) Upon first time consolidation, the amount of consideration paid, the measurement of the asset's and liabilities' cost and fair value may entail significant assumptions. 3) In the frame of the acquisition agreements, a call option had been concluded, which ensures the acquisition of the remaining 50% of the quota, which may result in future cash outflows and as a consequence a recognition of a financial liability. Based on this we consider First time consolidation of a subsidiary and related financial liability significant to our audit and a key audit matter. The accounting policies, circumstances and significant assumptions have been disclosed in Section 35.3 Increase of investments in subsidiaries in 2020 of the Notes.	In connection with the new acquisition, we understood the structure and circumstances of the acquisition and validated the Group's assumption regarding the existence of control, based on the corresponding acquisition documentation, the ownership and control rights and obligations defined in the governing agreements, and based on the control over the business strategy. We have validated the elements of the purchase price, the calculation of goodwill and the accounting policies, assumptions and corresponding disclosures. We understood the elements of the call option agreement for the acquisition of additional shares, the conditions and probability of the exercise and future cash-flow outflows. Based on the discounted value of future payments, we recalculated the amount of the call option to acquire additional shares and verified the fair value of the financial liability recognized with an independent recalculation. We checked whether the applied discount rate corresponds to the characteristics of the Group. We assessed the adequacy of the Group's disclosures about the goodwill and first-time-consolidation in accordance with EU IFRSs including the accounting policies and assumptions relating to the recognition and measurement of goodwill and the financial liability related to the call option.

Liabilities from issued bonds	Diligences performed in relation to the Key Audit Matters
As at 31 December 2020, the balance of liabilities arising from bonds is EUR 32,771,800. During 2019 and 2020, the Company initiated a review of its external financing structure in order to diversify and improve the composition of the Company's debt portfolio. Accordingly, the Company has issued bonds within the framework of the Growth Bond Program ("NCP") of the Magyar Nemzeti Bank and has obtained a competitive source of funding These liabilities are recognized as financial liabilities at amortized cost using the effective interest method, which is determined by reference to the proceeds from the issue, the cost of the issue, the nominal interest rate of the bond, the amount of repayments due at issue and the market price of the bonds at issue. Due to the size of the bonds issued by the Company, the determination of the carrying amount of the bonds was identified as a key audit matter. Detailed information and related accounting policies can be found in paragraphs 18 of the Notes.	We have reviewed the agreements, the prospectus and interpreted its content. We reconciled the amounts received from the bond issue, the issue costs, the nominal interest rate of the bond and the amount of repayments due at the time of repayment for the underlying documents. We compared the amounts offered for the bonds with the prices of similar financial instruments available in the market. We reconciled the number of bonds registered by KELER with the closing date analysis. We recalculated the initial effective interest rate associated with the bonds and the carrying amount of the bonds using the above data in the underlying documents. We have reviewed the appropriateness of the accounting treatment applied to the bonds, including amortized cost accounting, in accordance with the requirements of IFRS 9. We have checked the completeness and accuracy of the publications.

Other matters

The consolidated annual financial statements of the Company for the year ended December 31, 2019, were audited by another auditor who expressed an unmodified opinion on those statements on April 23, 2020.

Other information

Other information consists of the 2020 consolidated business report of the Group and the information included in the consolidated annual report excluding the consolidated annual financial statements and independent auditor's report. Management is responsible for the other information, including preparation of the consolidated business report in accordance with the Hungarian Accounting Law and other relevant legal requirements, if any. Our opinion on the consolidated annual financial statements does not cover the other information.

In connection with our audit of the consolidated annual financial statements, our responsibility is to read the other information and, in doing so, consider whether 1) the other information is materially inconsistent with the consolidated annual financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated and 2) the consolidated business report has been prepared in accordance with the Hungarian Accounting Law and other relevant legal requirements, if any.

Our opinion on the consolidated business report should include the information required according to Subsection (2) e) and f) of Section 95/B of the Hungarian Accounting Law and we are required to confirm also whether the information prescribed in Subsection (2) a)-d) and g)-h) of Section 95/B of the Hungarian Accounting Law have been made available and whether the consolidated business report includes the non-financial statement as required by Section 95/C and Subsection (5) of Section 134 of the Hungarian Accounting Law.

In our opinion, the consolidated business report of the Group, including the information required according to Subsection (2) e) and f) of Section 95/B of the Hungarian Accounting Law for 2020 is consistent, in all material respects, with the 2020 consolidated annual financial statements of the Group and the relevant requirements of the Hungarian Accounting Law.

Since no other legal regulations prescribe for the Group further requirements with regard to its consolidated business report, we do not express opinion in this regard.

We also confirm that the Group have made available the information required according to Subsection (2) a)-d) and g)-h) of Section 95/B of the Hungarian Accounting Law and that the consolidated business report includes the non-financial statement as required by Section 95/C and Subsection (5) of Section 134 of the Hungarian Accounting Law.

Further to the above, based on the knowledge we have obtained about the Group and its environment in the course of the audit we are required to report whether we have identified any material misstatement in the other information, and if so, the nature of the misstatement in question. We have nothing to report in this regard.

Responsibilities of management and those charged with governance for the consolidated annual financial statements

Management is responsible for the preparation and fair presentation of the consolidated annual financial statements in accordance with EU IFRSs and the supplementary requirements of the Hungarian Accounting Law relevant for consolidated annual financial statements prepared in accordance with EU IFRSs, and for such internal control as management determines is necessary to enable the preparation of consolidated annual financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the consolidated annual financial statements, management is responsible for assessing the Group's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Group or to cease operations, or has no realistic alternative but to do so.

Those charged with governance are responsible for overseeing the Group's financial reporting process.

Auditor's responsibilities for the audit of the consolidated annual financial statements

Our objectives are to obtain reasonable assurance about whether the consolidated annual financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with Hungarian National Auditing Standards and with applicable laws and regulations in Hungary, will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these consolidated annual financial statements.

As part of an audit in accordance with Hungarian National Auditing Standards and with applicable laws and regulations in Hungary, we exercise professional judgment and maintain professional scepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the consolidated annual financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Group's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the consolidated annual financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Group to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the consolidated annual financial statements, including the disclosures, and whether the consolidated annual financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the consolidated annual financial statements. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinion.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide those charged with governance with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

From the matters communicated with those charged with governance we determine those matters that were of most significance in the audit of the consolidated annual financial statements of the current period and are therefore the key audit matters.

From the matters communicated with those charged with governance, we determine those matters that were of most significance in the audit of financial statements of the current period and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter our when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

Report on other legal and regulatory requirements

Reporting requirements on content of auditor's report in compliance with Regulation (EU) No. 537/2014:

- We were appointed as statutory auditor by the General Assembly of Shareholders of MASTERPLAST Nyilvánosan működő Részvénytársaság on 14 December 2020. Our engagement is uninterrupted since this date.
- Our audit opinion on the consolidated annual financial statements expressed herein is consistent with the additional report to the audit committee of the Company, which we issued in accordance with Article 11 of the Regulation (EU) No. 537/2014 on the same date as the date of this report.
- We declare that no prohibited non-audit services referred to in Article 5(1) of Regulation (EU) No. 537/2014 were provided by us to the Group and its controlled undertakings and we remained independent from the Group in conducting the audit.
- In addition, we declare that in the financial year from January 1, 2020 to December 31, 2020, we provided non-audit professional services in accordance with ISRS 4400 Related Services, which is set out in point 7 of the consolidated supplementary notes.

The engagement partner on the audit resulting in this independent auditor's report is Molnár Andrea Kinga.

Budapest, April 29, 2021

Philippe Michalak Budzan
Philippe Michalak Budzan
Partner

Molnár Andrea Kinga
Molnár Andrea Kinga
Registered Auditor
Registration number: IFRS000265
K000027

Mazars Kft.
1123 Budapest, Nagyenyed utca 8-14
Registration number: 000220

2. Consolidated Statement of Financial Position

Item	Note	31 December 2020	31 December 2019
NON-CURRENT ASSETS			
Property, plant and equipment	10, 32	48 904 259	37 193 397
Intangible assets	10, 32	176 669	190 676
Goodwill	35	4 291 000	0
Investments in associates	12	298 798	320 837
Deferred tax assets	28	753 967	362 248
Non-current assets		**54 424 693**	**38 067 158**
CURRENT ASSETS			
Inventories	13	25 084 151	21 256 794
Trade receivables	14	16 754 723	14 471 408
Taxes receivable	28	618 569	784 089
Other current financial assets	27	13 006	2 331
Other current assets	15	1 763 577	1 767 428
Cash and cash equivalents	16	33 266 652	4 530 341
Current assets		**77 500 678**	**42 812 391**
TOTAL ASSETS		**131 925 371**	**80 879 549**
EQUITY			
Share capital	5, 34	5 503 939	5 503 939
Reserves	5, 34	23 836 615	22 437 942
Redeemed treasury shares	5	-138 422	-381 447
Parent company's share of the profit or loss	3, 5	5 767 984	4 572 942
Equity attributable to parent company's shareholders	**5**	**34 970 116**	**32 133 376**
Non-controlling interests	36	1 899 176	472 963
Equity		**36 869 292**	**32 606 339**
LONG-TERM LIABILITIES			
Long-term loans	17	3 925 533	3 863 601
Liabilities from issued bonds	18	32 771 800	18 136 170
Deferred tax assets	28	337 911	265 720
Deferred income	19	3 362 161	3 748 351
Other long-term liabilities	11, 20	4 598 549	694 767
Long-term liabilities		**44 995 954**	**26 708 609**
CURRENT LIABILITIES			
Short-term loans	17	5 913 545	5 852 621
Trade payables	22	13 306 267	10 727 776
Short-term financial leasing liabilities	11	268 759	289 975
Other current financial liabilities	27	2 479 708	92 092
Taxes payable	28	2 496 539	1 047 445
Current part of deferred income	19	449 799	625 658
Provisions	21	317 166	218 824
Other current liabilities	23	24 828 342	2 710 210
Current liabilities		**50 060 125**	**21 564 601**
TOTAL LIABILITIES		**95 056 079**	**48 273 210**
EQUITY AND LIABILITIES		**131 925 371**	**80 879 549**

3. Consolidated Statement of Profit or Loss

Profit or loss category	Note	2020	2019
Sales revenues	31	122 672 706	107 104 241
Materials and services used	24	-95 790 036	-87 807 539
Payments to personnel	25	-16 196 620	-14 026 924
Depreciation, amortisation and impairment	10	-2 873 283	-2 085 057
Movements in self-produced inventories	-	969 977	1 837 965
Other operating income (expense)	26	-579 650	219 432
OPERATING PROFIT		**8 203 094**	**5 242 118**
Interest received	-	388 426	77 426
Interest paid	-	-922 346	-553 566
Other financial (expense) income	27	-333 838	571 662
Financial loss		**-867 758**	**95 522**
Profit or loss attributable to associates	12	8 226	-11 769
PROFIT BEFORE TAX		**7 343 562**	**5 325 871**
Income tax	28	-904 583	-562 953
PROFIT FOR THE YEAR		**6 438 979**	**4 762 918**
Profit attributable to parent company shareholders	5	5 767 984	4 572 942
Profit attributable to non-controlling interests	36	670 995	189 976
Earnings per share (EPS)	29	0,40	0,32
Diluted earnings per share (diluted EPS)	29	0,40	0,32

4. Consolidated Statement of Other Comprehensive Income

Other Comprehensive Income	2020	2019
Profit for the year	6 438 979	4 762 918
Foreign exchange loss on translation*	-2 515 131	-207 460
Comprehensive income related to CCIRS transaction *	-667 684	0
Parent company's share of the Other Comprehensive income of associates*	-30 265	-3 238
Other comprehensive income	**-3 213 080**	**-210 698**
Comprehensive income	**3 225 899**	**4 552 220**
Profit attributable to parent company shareholders	2 593 715	4 367 123
Profit attributable to non-controlling interests	632 184	185 097

* Will not be recognised in profit or loss in future periods

5. 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 2019	**-**	**5 503 939**	**-20 843**	**8 062 732**	**21 346 318**	**-8 480 506**	**20 928 544**	**3 283 382**	**29 695 022**	**287 866**	**29 982 888**
Profit for the year	3	0	0	0	0	0	0	4 572 942	4 572 942	189 976	4 762 918
Other comprehensive income	4	0	0	0	0	-205 819	-205 819		-205 819	-4 879	-210 698
Prior year's profit or loss reclassified	4	0	0	0	3 283 382	0	3 283 382	-3 283 382	0	0	0
Redeemed treasury shares	-	0	-360 604	0	0	0	0	0	-360 604	0	-360 604
Dividends paid	-	0	0	0	-1 568 165	0	-1 568 165	0	-1 568 165	0	-1 568 165
31 December 2019	**-**	**5 503 939**	**-381 447**	**8 062 732**	**23 061 535**	**-8 686 325**	**22 437 942**	**4 572 942**	**32 133 376**	**472 963**	**32 606 339**
1 January 2020	**-**	**5 503 939**	**-381 447**	**8 062 732**	**23 061 535**	**-8 686 325**	**22 437 942**	**4 572 942**	**32 133 376**	**472 963**	**32 606 339**
Profit for the year	3	0	0	0	0	0	0	5 767 984	5 767 984	670 995	6 438 979
Comprehensive income related to CCIRS transaction	18	0	0	0	0	-667 684	-667 684	0	-667 684	0	-667 684
Masterplast Nonwoven GmbH first involvement NCI	35	0	0	0	0	0	0	0	0	833 062	833 062
Dividends to minority shareholders	36	0	0	0	0	0	0	0	0	-39 033	-39 033
MRP share based payment	41	0	311 762	0	0	0	0	0	311 762	0	311 762
Other comprehensive income	4	0	0	0	0	-2 506 585	-2 506 585	0	-2 506 585	-38 811	-2 545 396
Prior year's profit or loss reclassified	4	0	0	0	4 572 942	0	4 572 942	-4 572 942	0	0	0
Redeemed treasury shares	-	0	-68 737	0	0	0	0	0	-68 737	0	-68 737
31 December 2020	**-**	**5 503 939**	**-138 422**	**8 062 732**	**27 634 477**	**-11 860 594**	**23 836 615**	**5 767 984**	**34 970 116**	**1 899 176**	**36 869 292**

6. Consolidated Statement of Cash Flows

Cash-flow items	31 December 2020	31 December 2019
OPERATING ACTIVITIES		
Profit before tax	7 343 562	5 325 871
Depreciation, amortisation and impairment of tangible assets	2 873 283	2 085 057
Impairment loss	505 596	127 082
Inventory shortage, scrapped inventories	129 635	159 806
Provisions (released) made	98 342	31 880
(Gains) on the disposal of tangible and intangible assets	-303 124	-75 360
Interest paid	922 346	553 566
Interest received	-388 426	-77 426
(Profit) loss from associates	-8 226	11 769
Unrealised foreign exchange (gain) loss	446 573	9 318
Working capital changes:		
Movements in trade receivables	-2 525 433	-2 179 766
Movements in inventories	-4 220 470	1 677 924
Movements in other current assets	158 696	318 013
Movements in trade payables	2 578 491	-2 046 063
Movements in other liabilities	2 482 173	-717 241
Income tax paid	-1 551 139	-200 213
Net cash flows from operations	**8 541 879**	**5 004 216**
INVESTING ACTIVITIES		
Purchase of tangible and intangible assets	-16 097 695	-3 586 900
Proceeds from the disposal of tangible and intangible assets	490 120	213 605
Subsidiaries sold	0	100
Interest received	388 426	77 426
Net cash flows from investing activities	**-15 219 149**	**-3 295 770**
FINANCING ACTIVITIES		
Loans taken	3 661 926	1 305 750
Loans repaid	-3 539 070	-16 015 776
Issued bond	14 635 630	18 136 170
Subsidies received	21 748 515	0
Dividends paid	-39 033	-1 568 165
Interest paid	-922 346	-553 566
Net cash flows from financing activities	**35 545 622**	**1 304 413**
Increase (decrease) in cash and cash equivalents	28 868 352	3 012 859
Cash and cash equivalents at the beginning of the year	4 530 341	2 089 823
Net foreign exchange translation gain or loss	-132 041	-572 342
Cash and cash equivalents at the end of the year	**33 266 652**	**4 530 341**

7. 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 1 109 in 2020 (2019: 1099).
The cost of the Group's external audit for 2020: EUR 114 968 (2019: EUR 141 056).
In addition to the audit service, Mazars' fee for professional services under ISRS 4400 is EUR 1 500. The service was aimed at reviewing the accounts of the Macedonian subsidiary (Masterplast D.O.O.).

Shares:

The parent company's share capital totals HUF 1 460 127 900 (2019: 1 460 127 900). The parent company's share capital is presented in the consolidated annual statements at initial cost in EUR totalling EUR 5 503 939 (2019: EUR 5 503 939).

The share capital comprises of:
14 601 279 registered ordinary shares of HUF 100 face value each (2019: 14 601 279 registered ordinary shares of HUF 100 face value each).

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

The shareholders are as follows:

Shareholders	2020	2019
Tibor Dávid	454 805 700 Ft	454 805 700 Ft
Ács Balázs	387 725 900 Ft	387 725 900 Ft
OTP Alapkezelő	93 676 200 Ft	93 518 400 Ft
LPH Kft., SOH Kft.	79 886 900 Ft	77 967 600 Ft
Nádasi Róbert	3 386 400 Ft	3 386 400 Ft
Additional minority owners	416 626 400 Ft	424 844 100 Ft
Repurchased shares	24 020 400 Ft	17 879 800 Ft
Total:	**1 460 127 900 Ft (5 503 939 EUR)**	**1 460 127 900 Ft (5 503 939 EUR)**

The voting rights are as follows:

Shareholders	2020	2019	-
Tibor Dávid	4 548 057	4 548 057	votes
Ács Balázs	3 877 259	3 877 259	votes
OTP Alapkezelő	936 762	935 184	votes
LPH Kft., SOH Kft.	798 869	779 676	votes
Nádasi Róbert	33 864	33 864	votes
Additional minority owners	4 166 264	4 248 441	votes
Total	**14 361 075**	**14 422 481**	**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
SINKÓ Ottó – independent member

Audit Committee:

DEZSE Margaret
DIRK Theuns
SINKÓ Ottó

The Group's operations:

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

The Group's products ranges 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.

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

The Group's retains production in its own facilities of products

- 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

8. Accounting policies

8.1. 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.

8.2. 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 2019:

- Amendment to IAS 1 and IAS 8: Definition of Material
- Amendment to IFRS 3 Business Combination
- Amendment to References to the Conceptual Framework in IFRS Standards
- Amendment to IFRS 9, IAS 39 and IFRS 7 Interest Rate Benchmark Reform

8.3. Standards issued but not yet effective and not early adopted

- IFRS 17 Insurance Contracts including Amendments to IFRS 17 (effective for annual periods beginning on or after 1 January 2023 not yet endorsed by EU)

- Amendment to IAS 1 Presentation of Financial Statements: Classification of Liabilities as Current or Non-current (effective for annual periods beginning on or after 1 January 2023 not yet endorsed by EU)

- Amendments to IAS 1 Presentation of Financial Statements and IFRS Practice Statement 2: Disclosure of Accounting policies (effective for annual periods beginning on or after 1 January 2023 not yet endorsed by EU)

- Amendments to IAS 8 Accounting policies, Changes in Accounting Estimates and Errors: Definition of Accounting Estimates (effective for annual periods beginning on or after 1 January 2023 not yet endorsed by EU)

- Amendment to IFRS 3 Business Combinations (effective for annual periods beginning on or after 1 January 2022 not yet endorsed by EU)

- Amendment to IAS 16 Property, Plant and Equipment (effective for annual periods beginning on or after 1 January 2022 not yet endorsed by EU)

- Amendment to IAS 37 Provisions, Contingent Liabilities and Contingent Assets (effective for annual periods beginning on or after 1 January 2022 not yet endorsed by EU)

- Amendment to Annual Improvements 2018-2020 (effective for annual periods beginning on or after 1 January 2022 not yet endorsed by EU)

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

- Amendment to IFRS 4 Insurance Contracts- deferral of IFRS 9 (effective for annual periods beginning on or after 1 January 2021 and endorsed by EU)

The above-mentioned standards and amendments are not expected to significantly impact the Group's consolidated results, financial position or disclosures.

8.4. Consolidated financial statements

8.4.1 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 (%)	
				2020	2019	2020	2019
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 Kft.	Hungary	Wholesale of construction materials	14025477-4-07	100%	100%	100%	100%
Mastermesh Production Kft.	Hungary	Wholesale of construction materials	25562709-2-07	100%	100%	100%	100%
MasterFoam Kft.	Hungary	Foam sheet production	13297590-4-07	100%	100%	100%	100%
Masterplast YU D.o.o.	Serbia	Wholesale of construction materials EPS and fiberglass production	100838195	100%	100%	100%	100%
Masterplast Sp zoo	Poland	Wholesale of construction materials	PL7772708671	80.04%	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	33438138	80%	80%	80%	80%
Masterplast d.o.o.	Croatia	Wholesale of construction materials	4012002113867	100%	100%	100%	100%
Masterplast D.O.O. (1)	North Macedonia	Wholesale of construction materials	4012002113867	90%	90%	90%	90%
MP Green Invest	Ukraine	Asset management	38243479	100%	100%	100%	100%
Masterplast Nonwoven GmbH (2)	Germany	Fleece and multilayer membranes production	DE815873693	50%	0%	100%	0%
Fidelis Bau Kft. (3)	Hungary	Thermobeton production	12790818-2-07	100%	0%	100%	0%

(1) 80% of the company held by Masterplast YU d.o.o., 10% is held by Masterplast Nyrt.
(2) The 50% share of this company was purchased on 4 June 2020.
(3) The 100% share of this company was purchased on 1 July 2020.

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.

8.4.2 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 associate is:

Company	Incorporated in	Core operations	Tax ID	Ownership (%)		Voting rate (%)	
				2020	2019	2020	2019
Quotaholders: Császár Zsolt, Masterplast Nyrt							
MasterProfil Kft.	Hungary	Profiles production	13874656-4-07	20%	20%	20%	20%
Quotaholders: Sinkó Zsolt and Lakatos Marcell together (76%), Masterplast Nyrt							
T-CELL Plasztik Kft. (1)	Hungary	EPS production	24648378-2-09	24%	0%	24%	0%

(1) Masterplast Nyrt. acquired a 24% share in the company on 3 June 2019

8.5. Foreign currency transactions

In view of the substance and circumstances of the underlying economic events, the parent company's functional currency is the Hungarian forint (HUF) and the Group's reporting currency is the euro (EUR).

The decision to choose the euro as the reporting currency for consolidated reporting purposes was based on considerations such as the Group's extensive international business relations and the users of the financial statements for whom the use of the EUR as reporting currency facilitates the interpretation of the consolidated financial statements in an international environment.

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

Company	Country	2020	2019
Masterplast Nyrt	Hungary	HUF	HUF
Masterplast Hungária Kft.	Hungary	HUF	HUF
Masterplast International Kft.	Hungary	EUR	EUR
Masterplast Kft.	Hungary	HUF	HUF
Mastermesh Production Kft.	Hungary	HUF	HUF
MasterFoam Kft.	Hungary	HUF	HUF
Masterplast YU D.o.o.	Serbia	RSD	RSD
Masterplast Sp. z.o.o	Poland	PLN	PLN
Master Plast S.r.o.	Slovakia	EUR	EUR
Masterplast Romania S.R.L.	Romania	RON	RON
Masterplast TOV	Ukraine	UAH	UAH
Masterplast d.o.o.	Croatia	HRK	HRK
Masterplast D.O.O.	North Macedonia	MKD	MKD
Green MP Invest	Ukraine	UAH	UAH
Masterplast Nonwoven GmbH	Germany	EUR	EUR
Fidelis Bau Kft.	Hungary	HUF	HUF

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.

8.6. 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.

8.7. 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.

8.8. 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.

8.9. Inventories

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

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

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

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

8.10. Investments and Financial assets

8.10.1 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 that particular financial assets. 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

8.10.2 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.

8.10.3 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.

8.10.4 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

8.10.5 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.

8.10.6 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

8.10.7 Investments

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

8.10.8 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.

8.11. Treasury shares

Treasury shares are recognised as a reduction in equity.

8.12. 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.

8.13. 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.

8.14. 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.

8.15. 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.

8.16. 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.

8.17. Pension contributions

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

8.18. Operating profit or loss

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

8.19. Leases

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

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

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

The Group as a lessee:

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

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

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

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

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

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

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

8.20. 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.

8.21. 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.

8.22. Revenues

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

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

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

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

8.23. Research and development

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

8.24. Borrowing costs

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

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

8.25. 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.

8.26. Earnings per share

Earnings per share is calculated by the Company by dividing the profit or loss attributable to ordinary shareholders of the Company by the weighted average number of ordinary shares outstanding during the period. Diluted earnings per share is determined in view of the weighted average number of ordinary shares with a potential dilutive effect, if any.

8.27. 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.

8.28. 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.

9. 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.

9.1. 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.

9.2. 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.

9.3. 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.

9.4. 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.

9.5. 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.

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

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

2019	Intangible assets	Properties	Machinery, equipment	Assets in construction	Tangible assets	Total
Cost, opening	**852 944**	**22 269 285**	**22 685 145**	**3 267 134**	**48 221 564**	**49 074 508**
Increase	35 000	748 628	4 562 561	0	5 311 189	**5 346 189**
Decrease	-84 711		-805 155	-1 330 924	-2 136 079	**-2 220 790**
Reclassification				0	0	**0**
Translation gain or loss	-19 870	-259 199	-36 734	112 622	-183 311	**-203 181**
Cost, closing	**783 363**	**22 758 714**	**26 405 817**	**2 048 832**	**51 213 363**	**51 996 726**
Accumulated depreciation and impairment, opening	**645 916**	**4 479 770**	**8 185 540**	**101 621**	**12 766 931**	**13 412 847**
Increase	39 129	555 808	1 490 120	0	2 045 928	**2 085 057**
Decrease	-76 309	0	-676 392	0	-676 392	**-752 701**
Reclassification				0	0	**0**
Translation gain or loss	-16 049	-78 361	-58 494	20 354	-116 501	**-132 550**
Closing accumulated depreciation and impairment	**592 687**	**4 957 217**	**8 940 774**	**121 975**	**14 019 966**	**14 612 653**
Opening net book value	**207 028**	**17 789 515**	**14 499 605**	**3 165 513**	**35 454 633**	**35 661 661**
Closing net book value	**190 676**	**17 801 497**	**17 465 043**	**1 926 857**	**37 193 397**	**37 384 073**

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 2020 and 2019. Part of our bank loans are covered by the closing balance of the tangible assets of Masterplast Nyrt., Masterplast Kft., Masterplast Hungária Kft. and Masterplast International Kft. in the value of:

Closing balance of the tangible assets	2020	2019
Closing balance of the tangible assets	16 349 813	8 701 609

There has been no significant economic change in Ukraine in 2020. In the first quarter of fiscal year 2016, the Company decided to stop its investment in Ukraine and to sell previously purchased assets and machinery. In order to the determine market prices, the Fair Value of assets was re-examined by the Company as a result of which all assets with the exception of the property and cash were fully depreciated. The market value of the property is UAH 12,5 million based on the updated valuation, while the company has set the book value of the property at 12 million UAH. The Company deemed the difference to be insignificant thus it was accounted for as impairment. The company is currently exploring the leasing possibilities of utilising 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 345 thousand) at 31 December 2020 can comprised of the following:

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

The value of the Group's investment in the Ukraine was UAH 19,9 million (EUR 762 thousand) at 31 December 2019 in the following categories:

Asset category	Investment value UAH	Investment value EUR
Properties	12 326 964	471 034
Machinery, equipment	3 493 786	133 503
Other	4 127 439	157 716
Total	**19 948 189**	**762 254**

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:

Asset category	Asset value	Estimated market value	Impairment	Average impairment%
Properties	12 326 964	12 500 000	326 964	2.7%
Machinery, equipment	3 615 946	0	3 615 946	100.0%
Other	3 904 423	34 713	3 869 710	99,1%
Total	**19 847 333**	**12 534 713**	**7 812 620**	**39.4%**

The Company recognised an impairment loss of UAH 7 812 620 (EUR 224 891) in its balance sheet on its investment in the Ukraine at the end of the 2020 financial year as follows:

Asset category	Asset value	Estimated market value	Impairment	Average impairment%
Properties	354 839	359 820	9 412	2.7%
Machinery, equipment	104 087	0	104 087	100.0%
Other	112 391	999	111 392	99,1%
Total	**571 317**	**360 819**	**224 891**	**39.4%**

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

The impairment loss on the investment in the Ukraine from the Consolidated Annual Finance statement of 2019:

Asset category	Asset value	Estimated market value	Impairment	Average impairment%
Properties	12 326 964	12 300 000	26 964	0.2%
Machinery, equipment	3 493 786	1 468 488	2 025 298	58.0%
Other	4 127 439	1 066 572	3 060 867	74.2%
Total	**19 948 189**	**14 835 060**	**5 113 128**	**25.6%**

The Company recognised an impairment loss of UAH 5 113 128 (EUR 195 381) in its balance sheet on its investment in the Ukraine at the end of the 2019 financial year as follows:

Asset category	Asset value	Estimated market value	Impairment	Average impairment%
Properties	471 034	470 004	1 030	0.2%
Machinery, equipment	133 503	56 113	77 390	58.0%
Other	157 716	40 756	116 961	74.2%
Total	**762 254**	**566 873**	**195 381**	**25.6%**

The total amount of impairment loss in the balance sheet reduces "*Tangible assets*" (EUR 161 thousand at the closing rate of 2019).

11. 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	2020	2019
Gross value	2 147 369	2 262 183
Accumulated depreciation	801 540	665 230
Net value	**1 345 829**	**1 596 953**

The value and movements of lease liabilities for the end of 2019 were as follows:

Leasing movement table	2020
January 1, 2020 (first application)	841 579
Growth	136 368
Interest	-21 009
Payments	-61 924
Revaluation of lease liability	-94 445
December 31, 2020	800 569
Short-term lease liabilities	**268 759**
Long-term lease liabilities	**531 810**

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

Lease liabilities	2020	2019
Lease liabilities within 1 year	268 759	289 975
Due in 2-5 years	531 810	551 604
Total lease obligations	**800 569**	**841 579**

The present values of minimum lease payments were as follows:

Minimum lease payments	2020	2019
Lease payments falling due within 1 year	292 783	301 710
Lease payments falling due within 2-5 years	557 502	563 570
Minimum lease payments	**850 285**	**865 279**
Financial expenses	-49 716	-23 700
Present value of minimum lease payments	**800 569**	**841 579**

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

12. 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.

The associates entity is consolidated using the equity method through profit and loss accounts.

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

*Includes no profit or loss from discontinued operations.

Share of the profits of associates	2019
Opening	33 775
Share of the profits of associates	-11 769
Growth	302 069
Comprehensive income	-3 238
Closing*	**320 837**

*Includes no profit or loss from discontinued operations.

13. Inventories

Type of inventory	2020			2019		
	Gross book value	Impairment charge	Net book value	Gross book value	Impairment charge	Net book value
Finished products	2 650 897	0	2 650 897	2 640 856	0	2 640 856
Semi-finished products, WIP	2 407 969	0	2 407 969	1 740 936	0	1 740 936
Raw materials, additives and fuels	2 895 097	0	2 895 097	2 104 919	0	2 104 919
Goods	17 490 085	-359 897	17 130 188	14 815 061	-44 977	14 770 083
Total	**25 444 048**	**-359 897**	**25 084 151**	**21 301 772**	**-44 977**	**21 256 794**

Impairment charge recognised and reversed on inventories in 2020:

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

Impairment charge recognised and reversed on inventories in 2019:

Impairment of inventories 2019	EUR
Opening impairment	123 395
Translation difference	136
Charges	-3 892
Reversals	-74 662
Closing	**44 977**

In 2020, based on reviews and valuations performed by the Company's subsidiaries, the amount of impairment recognized at the Group level increased by EUR 315e compared to the previous year.

The cost of sold inventories (purchased goods and self-produced inventories):

Cost of goods sold	2020	2019
Cost of goods sold	89 756 818	86 201 877

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

Closing balances of the inventories	2020	2019
Closing balances of the inventories	8 509 598	8 083 321

14. Trade receivables

Debtors	2020	2019
Debtors	17 583 429	15 401 943
Impairment of doubtful receivables	-828 706	-930 535
Total	**16 754 723**	**14 471 408**

Average payment term of trade receivables was 40 days in 2020 (49 days in 2019). There is no significant concentration in our trade receivables.

Impairment charged recognised and reversed on trade receivables in 2020:

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

Impairment charged recognised and reversed on trade receivables in 2019:

Impairment of trade receivables	Opening impairment	Translation difference	Charges	Reversals	Closing
Impairment of trade receivables	993 712	18 063	204 389	-285 629	930 535
Total	**993 712**	**18 063**	**204 389**	**-285 629**	**930 535**

Aging of trade receivables is as follows:

Aged analysis	2020			2019		
	Gross book value	Impairment charge	Net book value	Gross book value	Impairment charge	Net book value
Not yet due	13 076 351	0	13 076 351	8 752 250	0	8 752 250
Due over 0-60 days	2 988 194	0	2 988 194	5 099 712	0	5 099 712
Due over 61-90 days	354 016	3 961	350 055	288 183	0	288 183
Due over 91-180 days	441 689	105 979	335 710	380 557	94 533	286 024
Due over 181-360 days	46 443	42 030	4 413	89 200	43 961	45 239
Due over 360 days	676 736	676 736	0	792 041	792 041	0
Total	**17 583 429**	**828 706**	**16 754 723**	**15 401 943**	**930 535**	**14 471 408**

15. Other current assets

Other current assets	2020	2019
Advances paid	81 213	169 401
Bills of exchange and cheques receivable	267 638	303 559
Other receivables	957 676	989 387
Bonus from suppliers	504 916	487 068
Impairment on other receivables	-347 775	-378 254
Accrued income	28 281	4 759
Prepaid expense	271 628	191 509
Total	**1 763 577**	**1 767 428**

16. Cash and cash equivalents

Cash and cash equivalents	2020	2019
Cash	34 694	34 155
Bank deposits	33 231 958	4 496 186
Total	**33 266 652**	**4 530 341**

The Group does not have restricted cash or cash-equivalents as at 31 December 2020 or 31 December 2019.

17. Short-term and long-term loans

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

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

On December 31, 2020 the required loan covenants were fulfilled in all cases.

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

The Group's credit exposure is linked to two banks.

Short-term and long-term bank loans taken – 2019

Company name	Loan ID	Loan type	Currency of disbursement	Interest (%)	Period of interest settlement	Amount of outstanding loan debt EUR	Repayment Amount of repayment falling due within 1 year	Amount of repayment falling due within 2-5 years	Amount of repayment falling due beyond 5 years	Collaterals	Criteria of enforcement of mortgage
Masterplast YU d.o.o.	00-421-1700025.1	investment loan	RSD	2W REPO + 3,33%	monthly	2 826 020	235 502	2 367 271	223 247	promissory note + mortgage + MP NYRT guarantor	-
Masterfoam Kft.	TCF-DK-77/2017	FX loan	EUR	EUR CIRR + 0.1.75 % p.a	every 6 months	875 076	250 076	625 000	0	Net sales pledged to Bank, first demand absolute direct surety	Set off right + sales revenues + MP Kft. as guarantor
Masterplast International Kft.	TCF-DK-76/2017	FX loan	EUR	EUR CIRR + 0.1.75 % p.a.	every 6 months	840 000	240 000	600 000	0	collateral of bank credit line	Implementing rights of a third party are registered on mortgage property as collateral for credit line, or a third party enforces mortgage rights on the property.
Masterplast Romania	35/2016	investment loan	RON	ROBOR 1 M +1.75%	monthly	71 744	39 131	32 613	0	mortgage + bank guarantee	If a loan repayment plan is violated unjustified, the Bank has the right to enforce the guarantees following calculation of penalty interest. Repayment and interest payment due date on 15th of every month, deviation is possible with permission from the Bank only.
Masterplast YU D.o.o.*	00-422-0001389.6	bridging loan	RSD	3-month EURIBOR + 2.5%	monthly	700 000	700 000	0		promissory note + mortgage + MP NYRT guarantor	
Masterplast s.r.o.	-	financing	EUR	3.26% p.a.	monthly	20 300	4 830	15 470	0	mortgage	
Total investment and working capital loans						**5 333 140**	**1 469 539**	**3 640 354**	**223 247**		
Masterplast Romania	56 (OVD)	overdraft facility	RON	ROBOR 1M+1%	monthly	2 410 733	2 410 733	0	0	mortgage	-
Masterplast s.r.o.	-	overdraft facility	EUR	6-month EURIBOR +1.6%	monthly	449 336	449 336	0	0	mortgage	-
Masterplast Nyrt.	F-50/2017	overdraft facility	HUF	1-month BUBOR +1%	monthly	1 523 013	1 523 013	0	0	-	-
Total overdraft facilities						**4 383 082**	**4 383 082**	**0**	**0**		
Total loans and credits						**9 716 222**	**5 852 621**	**3 640 354**	**223 247**		

On December 31, 2019 the required loan covenants were fulfilled in all cases.
* Bridging loan linked to development subsidies and will be repaid as a bullet payment upon receipt of the subsidy
The secured loans were drawn for specific development projects and are secured by the financed assets.
The Group's credit exposure is linked to two banks.

18. Liabilities from issued bonds and

18.1. Liabilities from issued bonds

The Group participated in the growth bond programme announced by the MNB both in 2019 and 2020, under which Masterplast Nyrt issued bonds with a nominal value of HUF 6 -6 billion (EUR 32.7 million of balance sheet value as at 31 December 2020). 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 bonds were introduced to the BÉT Xbond market on 18 February 2020.

The proceeds from the bond issued in 2020 will be used in full by the Group to finance its ongoing and future investments. The bonds were introduced to the BÉT Xbond market on 19 February 2021.

The Company uses the effective interest rate calculation method for both 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
Date of release		2019.12.06	2020.12.21
Expiration date		2026.12.06	2027.12.21
Introduction date		2020.02.18	2021.02.19
Nominal value (HUF)		50 000 000	50 000 000
Number of units issued		120	120
Term (year)		7	7
Type of interest		fixed	fixed
Interest rate		2,00%	2,10%
Effective interest rate		0,12%	0,12%
Interest payment date		Annually, 6th December	Annually, 21st December
Repayment of principle		Between 4-7 years amortised in equal instalments	Between 4-7 years amortised in equal instalments

MASTERPLAST 2026/I HUF	HUF		EUR	
	2020	2019	2020	2019
Total nominal value of the bond issued	6 000 000 000	6 000 000 000	16 432 503	18 153 213
Amortized cost	5 994 366 113	5 999 454 110	16 417 067	18 136 170
Real value	5 992 548 448	5 999 454 110	16 412 096	18 136 170
Existing obligation	6 000 000 000	6 000 000 000	16 432 503	18 153 213

MASTERPLAST 2027/I HUF	HUF		EUR	
	2020	2019	2020	2019
Total nominal value of the bond issued	6 000 000 000	0	16 432 503	0
Amortized cost	5 971 603 830	0	16 354 733	0
Real value	5 993 364 000	0	16 414 329	0
Existing obligation	6 000 000 000	0	16 432 503	0

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 transaction details are as follows:

	MASTERPLAST 2026/I HUF
Trade day	2019.12.16
Expiration date	2026.12.07
Place of execution	OTC
Party paying fixed interest	Raiffeisen Bank Zrt.
Amount	6 022 801 800 HUF
Fixed interest rate	1,9264% p.a.
Amount of relevant interest	113 184 119 HUF
Party paying fixed interest	Masterplast Nyrt.
Amount	18 306 388 EUR
Fixed interest rate	1,08% p.a.
Amount of relevant interest	196 061 EUR

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	2020	2019
SZVP-2003-6-03-08-1	Networking at "Master" level	Masterplast Nyrt. Masterplast Kft.	36 350	41 268
GVOP-1.1.2-2004-11-0003/5.0	Central and Eastern European regional company headquarter: "Master" educator; MASTER3AS centre - Products, Services, Training at "Master" level	Masterplast Nyrt. Masterplast Kft.	220 246	250 655
GVOP-1.1.1-05/1.-2005-11-0010/5.0	"Development of the PE foam producing plant of MasterFoam Kft. at Kál in Heves county"	Masterfoam Kft.	13 090	14 460
GOP-1.3.3.09-2010-0013	"Development of new type building industry and packaging industry units with MASTERFOAM Kft to strengthen supplier status"	Masterfoam Kft.	10 893	12 033
NGM/34052-6/2017	Corporate Investment support	Masterfoam Kft.	562 294	680 996
Government Grant	Fiberglass-mesh plant	Masterplast YU D.o.o.	2 848 167	3 213 713
GOP-1.3.1-10/A-2010-0143	"Launch of premix production know how with MASTERPLAST Kft'	Masterplast Kft	0	2 884
GINOP-2.1.1-15-2016-00767	Development of the new wind and air-tight diffusion roof foil with favourable properties at Masterplast Kft.	Masterplast Kft	92 130	124 957
GOP-1.3.1-11/A-2011-0084	"Energy modernisation of high buildings and the development of the related compliance with fire protection provisions with MASTERPLAST Kft"	Masterplast Kft	28 790	33 043
Total			**3 811 960**	**4 374 009**
Short-term part			**449 799**	**625 658**
Long-term part			**3 362 161**	**3 748 351**

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

20. Other long-term liabilities

Other long-term liabilities	2020	2019
Long-term part of lease liabilities (Note 11)	531 810	551 604
Long - term liability to external (minority) owners (Note 35.3)	3 457 938	0
Other long-term liabilities	608 801	143 163
Total	**4 598 549**	**694 767**

21. Provisions

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

2019	Opening balance	Translation difference	Increase	Current year use	Reversed	Closing
For unused holidays	69 967	2 776	92 247	69 967	0	95 023
For bonuses	0	0	0	0	0	0
For commissions	13 526	-369	25 876	13 526	0	25 507
Other	103 451	-1 172	6 879	7 929	2 935	98 294
Total	**186 944**	**1 235**	**125 002**	**91 422**	**2 935**	**218 824**

22. Trade payables

Ageing of trade payables is as follows:

Creditors	2020	2019
Not yet due	12 692 822	9 259 865
Due over 0-60 days	499 144	1 300 912
Due over 61-90 days	4 608	34 559
Due over 91-180 days	2 340	70 379
Due over 180 days	107 353	62 061
Total	**13 306 267**	**10 727 776**

23. Other current liabilities

Other current liabilities	2020	2019
Advances received	76 217	57 686
Liabilities to employees	879 142	1 015 823
Other current liabilities	332 906	292 745
Government grant advance	21 748 515	0
Bonus to customers	1 134 572	1 122 589
Insurance	46 300	0
Deferred income	8 764	4 085
Accrued expenses	601 927	217 282
Total	**24 828 342**	**2 710 210**

24. Cost of materials and services used

Material type expenses	2020	2019
Cost of materials	36 352 149	31 395 482
Cost of services used	6 063 974	5 236 946
Cost of goods sold	53 502 857	51 229 270
Obtained sconto	-82 603	-52 176
Received bonus	-46 340	-1 983
Total	**95 790 036**	**87 807 539**

25. Personnel related costs

Payments to personnel	2020	2019
Payroll costs	12 766 675	10 816 467
Other payments to personnel	1 176 963	1 135 681
Payroll taxes and social security contribution	2 252 982	2 074 776
Total	**16 196 620**	**14 026 924**

26. Other income and expense

Other income and expenses	2020	2019
Result of fixed asset sales	303 124	75 360
Inventory shortage, scrapped	-129 635	-159 806
Impairment reversed/(charged) on inventories, debtors and other receivables	-293 076	66 531
Taxes, duties	-161 287	-223 457
Credit loss	-212 520	-193 612
Income from tenders (release of deferred income)	618 108	624 711
Tax penalty	-476 056	0
Provisions reversed/(charged)	-98 342	-30 645
Negative goodwill	32 568	0
Other	-162 534	60 350
Total	**-579 650**	**219 432**

27. Other financial profit or loss and fair value adjustments

Other financial profit or loss	2020	2019
Foreign exchange gain/(loss)	-606 424	751 621
Recognised gain/(loss) on derivatives and fair value adjustments	272 586	-198 729
Other	0	18 770
Total	**-333 838**	**571 662**

The Group had the following open derivative transactions (at trading rate) at the end of years 2020 and 2019:

Description	Maturity/closing date	Currency	Value	Fair value 2020	Fair value 2019
Forward buy of EURO for Polish zloty at rate 4.2615 (at trading rate: 4.3735 EUR/PLN)	15.01.2020	PLN	139 952	0	-842
Forward buy of EURO for Polish zloty at rate 4.2615 (at trading rate: 4.3729 EUR/PLN)	15.01.2020	PLN	135 560	0	-811
Forward buy of EURO for Polish zloty at rate 4.2615 (at trading rate: 4.3689 EUR/PLN)	15.01.2020	PLN	117 960	0	-681
Forward buy of EURO for Polish zloty at rate 4.265 (at trading rate: 4.4166 EUR/PLN)	28.01.2020	PLN	220 830	0	-1 780
Forward buy of EURO for Polish zloty at rate 4.265 (at trading rate: 4.3792 EUR/PLN)	28.01.2020	PLN	218 960	0	-1 341
Forward buy of EURO for Polish zloty at rate 4.2671 (at trading rate: 4.3588 EUR/PLN)	5.02.2020	PLN	174 352	0	-861
Forward buy of EURO for Polish zloty at rate 4.2671 (at trading rate: 4.3571 EUR/PLN)	5.02.2020	PLN	161 213	0	-782
Forward buy of EURO for Polish zloty at rate 4.2708 (at trading rate: 4.3358 EUR/PLN)	19.02.2020	PLN	86 716	0	-305
Forward buy of EURO for Polish zloty at rate 4.270 (at trading rate: 4.3231 EUR/PLN)	19.02.2020	PLN	86 462	0	-246
Forward buy of EURO for Polish zloty at rate 4.2707 (at trading rate: 4.3219 EUR/PLN)	19.02.2020	PLN	64 829	0	-180
Forward buy of EURO for Polish zloty at rate 4.2773 (at trading rate: 4.2932 EUR/PLN)	16.03.2020	PLN	85 864	0	-74
Forward buy of EURO for Polish zloty at rate 4.3818 (at trading rate: 4.3168 EUR/PLN)	19.02.2020	PLN	86 336	0	305
Forward buy of EURO for Polish zloty at rate 4.5596 (at trading rate: 4.408 EUR/PLN)	28.01.2020	PLN	220 400	0	1 780
Forward buy of EURO for Polish zloty at rate 4.362 (at trading rate: 4.3096 EUR/PLN)	19.02.2020	PLN	86 192	0	246
Forward buy of EURO for Polish zloty at rate 4.6155 (at trading rate: 4.498 EUR/PLN)	12.01.2021	PLN	143 936	815	0
Forward buy of EURO for Polish zloty at rate 4.6155 (at trading rate: 4.4879 EUR/PLN)	12.01.2021	PLN	157 077	968	0
Forward buy of EURO for Polish zloty at rate 4.6155 (at trading rate: 4.59 EUR/PLN)	12.01.2021	PLN	137 700	166	0
Forward buy of EURO for Polish zloty at rate 4.6155 (at trading rate: 4.5841 EUR/PLN)	12.01.2021	PLN	366 728	544	0
Forward buy of EURO for Polish zloty at rate 4.6199 (at trading rate: 4.4833 EUR/PLN)	10.03.2021	PLN	143 466	947	0
Forward buy of EURO for Polish zloty at rate 4.6199 (at trading rate: 4.5021 EUR/PLN)	10.03.2021	PLN	261 122	1 480	0
Forward buy of US Dollar for Polish zloty at rate 3.7582 (at trading rate: 3.7708 USD/PLN)	12.01.2021	PLN	61 389	-44	0
Forward buy of EURO for Polish zloty at rate 4.6199 (at trading rate: 4.4781 EUR/PLN)	10.03.2021	PLN	170 168	1 168	0
Forward buy of EURO for Polish zloty at rate 4.6228 (at trading rate: 4.4809 EUR/PLN)	14.04.2021	PLN	179 236	1 230	0
Forward buy of EURO for Polish zloty at rate 4.6228 (at trading rate: 4.4428 EUR/PLN)	14.04.2021	PLN	111 070	975	0
Forward buy of EURO for Polish zloty at rate 4.6228 (at trading rate: 4.4552 EUR/PLN)	14.04.2021	PLN	133 656	1 090	0
Forward buy of EURO for Polish zloty at rate 4.6228 (at trading rate: 4.4512 EUR/PLN)	14.04.2021	PLN	155 792	1 302	0
Forward buy of EURO for Polish zloty at rate 4.6228 (at trading rate: 4.4493 EUR/PLN)	14.04.2021	PLN	142 378	1 203	0
Forward buy of EURO for Polish zloty at rate 4.624 (at trading rate: 4.4518 EUR/PLN)	28.04.2021	PLN	133 554	1 118	0
Forward buy of EURO for Polish zloty at rate 4.5847 (at trading rate: 4.5533 EUR/PLN)	12.01.2021	PLN	366 776	-543	0
EUR/HUF foreign exchange swap at rate 365.13 (at trading rate: 329 HUF/EUR)	16.12.2026	HUF	6 022 801 800	-2 479 121	-84 189
Total				**-2 466 702**	**-89 761**
Of which other financial receivables				**13 006**	**2 331**
Of which other financial (liabilities)				**-2 479 708**	**-92 092**

In 2020 and 2019 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	2020		2019	
	Level 2	Fair value total	Level 2	Fair value total
Financial assets				
FX derivative transactions	13 006	**13 006**	2 331	**2 331**
Financial assets total	**13 006**	**13 006**	**2 331**	**2 331**
Financial liabilities				
FX derivative transactions	2 479 708	**2 479 708**	92 092	**92 092**
Financial liabilities total	**2 479 708**	**2 479 708**	**92 092**	**92 092**

The Group's financial instruments at book value and fair value were as follows at the end of 2020 and 2019:

Valuation of financial instruments	Book value		Fair value	
	31-12-2020	31-12-2019	31-12-2020	31-12-2019
Trade receivables	16 754 723	14 471 408	16 754 723	14 471 408
Taxes receivables	618 569	784 089	618 569	784 089
Other financial assets	13 006	2 331	13 006	2 331
Cash and cash equivalents	33 266 652	4 530 341	33 266 652	4 530 341
Total	**50 652 950**	**19 788 169**	**50 652 950**	**19 788 169**
Long-term loans	3 925 533	3 863 601	3 925 533	3 863 601
Liabilities from issued bonds	32 771 800	18 136 170	32 826 425	18 136 170
Other long-term liabilities	4 598 549	694 767	4 598 549	694 767
Taxes payable	2 496 539	1 047 445	2 496 539	1 047 445
Short-term loans	5 913 545	5 852 621	5 913 545	5 852 621
Trade payables	13 306 267	10 727 776	13 306 267	10 727 776
Short-term finance lease liabilities	268 759	289 975	268 759	289 975
Other financial liabilities	2 479 708	92 092	2 479 708	92 092
Total	**65 760 700**	**40 704 447**	**65 815 325**	**40 704 447**

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

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

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

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

In the case of bonds, the difference between fair value and book value is EUR 38 thousand, which was deemed to be immaterial by the Company.

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

Undiscounted cash-flow 2019	Payment within 1 year	Payment within 2-5 year	Payment beyond 5 year
Total loans and credits	5 825 621	3 640 354	223 247
Interests of loans and credits	285 920	744 883	7 637
Total	**6 111 541**	**4 385 237**	**230 884**

28. Taxes

Taxes receivable and taxes payable were as follows:

Taxes receivable and taxes payable	2020	2019
Taxes receivable	618 569	784 089
Taxes payable	-2 496 539	-1 047 445
Net tax receivable	**-1 877 970**	**-263 356**

Income tax expense for the years ended 31 December 2020 and 31 December 2019 includes the following components:

Income tax expense	2020	2019
Income tax expense for the current year	1 057 868	596 753
Deferred income tax expense	-153 285	-33 800
Income tax expense	**904 583**	**562 953**

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

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

Average tax rate	2020	2019
Average tax rate	13,2%	12,2%

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

Year-end balance of deferred tax	2020	2019
Tangible fixed assets	-231 923	-163 805
Inventories	161 739	56 635
Provisions	96 142	1 782
Receivables	153 632	168 301
Development reserves	0	0
Losses carried forward	132 290	32 556
Deferred tax adjustments due to consolidation	0	0
Other	104 176	1 059
Closing deferred tax assets, net	**416 056**	**96 528**
Of which deferred tax assets	**753 967**	**362 248**
Of which deferred tax (liability)	**-337 911**	**-265 720**

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	2020	2019
Profit before tax as per consolidated statement of profit or loss	7 310 994	5 325 871
Actual average tax rate	13,2%	12.2%
Income tax payable calculated at actual average tax rate	**-671 449**	**-649 756**
Permanent differences	0	10 402
Impact of the different tax rates	-275 530	40 788
Local business tax, reclassification of innovation contribution	-91 887	0
Revaluation of deferred tax assets and liabilities	-1 246	3 085
Other	135 529	32 528
Total differences	**-233 134**	**86 803**
Total income tax expenses	**-904 583**	**-562 953**
Effective income tax rate	**12,4%**	**10,6%**

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

Losses carried forward not considered in the deferred-tax	2020	2019	Usability
Masterplast Romania	0	585 868	Can be used up to 7 years from generation
Masterplast SK	0	34 795	Can be used up to 5 years from generation
Total	**0**	**620 663**	

29. Earnings per share

Earnings per share	2020	2019
Profit distributable to shareholders	5 767 984	4 572 942
Weighted average number of shares traded during the year	14 389 100	14 488 851
Earnings per share	**0,40**	**0,32**

Diluted earnings per share	2020	2019
Profit distributable to shareholders	5 767 984	4 572 942
Weighted average number of shares traded during the year	14 389 606	14 488 851
Diluted earnings per share	**0,40**	**0,32**

The Company did not have undrawn stock options in 2019, which would have a dilutive effect, so earnings per share were equal to diluted earnings per share. However, due to the dilutive effect of the MRP allowance for 2020 on the average annual share count (as it is expected to increase the weighted average number of shares traded during the year), the average number of shares presented in the diluted EPS calculation has increased minimally. The EPS calculation was not affected by the minimum number of units.

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

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

2019	Sales	Production	Unallocated expenses	Inter-segment eliminations	Consolidated
Sales revenues from third parties	106 859 252	0	244 989	0	**107 104 241**
Inter-segment sales revenues	0	32 912 489	2 685 449	-35 597 938	**0**
Materials and services used	-94 013 398	-26 906 016	-2 486 063	35 597 938	**-87 807 539**
Payments to personnel	-6 861 156	-5 780 220	-1 385 548	0	**-14 026 924**
Depreciation and amortisation	-1 051 031	-762 761	-271 265	0	**-2 085 057**
Changes in self- produced inventories	251 108	1 586 857	0	0	**1 837 965**
Other operating income (expenses)	-15 810	458 418	-223 176	0	**219 432**
EBITDA	**6 219 996**	**2 271 528**	**-1 164 349**	**0**	**7 327 175**
EBITDA %	5.8%	6.9%	-39.7%	0	**6.8%**
OPERATING PROFIT/LOSS	**5 168 965**	**1 508 767**	**-1 435 614**	**0**	**5 242 118**
EBIT %	4.8%	4.6%	-49.0%	0	**4,9%**
Interest income	75 322	2 011	93	0	**77 426**
Interest expenses	-325 632	-156 251	-71 683	0	**-553 566**
Other income (expenses) of financial transactions	350 332	60 047	161 283	0	**571 662**
Financial profit/loss	**100 022**	**-94 193**	**89 693**	**0**	**95 522**
Share of the profit of associates	0	0	-11 769	0	**-11 769**
PROFIT/LOSS BEFORE TAX	**5 269 131**	**1 414 574**	**-1 357 834**	**0**	**5 325 871**
Income tax	-454 711	-20 160	-88 082		**-562 953**
PROFIT/LOSS FOR THE YEAR	**4 814 420**	**1 394 414**	**-1 445 916**	**0**	**4 762 918**
ASSETS					
Tangible fixed assets	10 968 873	19 676 638	6 547 886	0	**37 193 397**
Inventories	14 999 145	6 257 649	0	0	**21 256 794**
Debtors	13 778 716	577 018	115 673	0	**14 471 408**
LIABILITIES					
Long-term loans	648 079	3 215 522	0	0	**3 863 601**
Deferred income	452 805	3 921 204	0	0	**4 374 009**
Short-term loans/OVD	-2 473 299	8 325 920	0	0	**5 852 621**
Creditors	10 547 040	256 174	-75 439	0	**10 727 776**

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

Sales revenues by countries	2020	2019
Hungary	47 252	42 629
Export	16 249	15 734
Romania	13 741	12 044
Serbia	9 625	9 236
Germany	8 858	1 590
Ukraine	8 416	8 912
Poland	8 310	6 834
Slovakia	5 066	4 759
Croatia	3 644	3 811
North Macedonia	1 513	1 555
Total	**122 673**	**107 104**

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):

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

2019	Total	Properties, machinery and equipment	Intangible assets	Participation in associates	Long-term financial assets
Hungary	**11 099**	10 618	160	321	0
Romania	**3 616**	3 611	5	0	0
Serbia	**20 224**	20 203	21	0	0
Croatia	**402**	402	0	0	0
Ukraine	**1 259**	1 254	5	0	0
Slovakia	**399**	399	0	0	0
Poland	**393**	393	0	0	0
North Macedonia	**313**	313	0	0	0
Total	**37 705**	**37 193**	**191**	**321**	**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

Tibor Dávid, the majority owner of the Group holds 100% of the quotas of Arany Kócsag Kft. (formerly Kheiron Kft.) and Tibor Di Transilvania Srl, as well as Primoinvest Kft. (formerly Fóliatex Kft.). The Group's creditor turnover with the above related parties was EUR 0 in 2020 and EUR 866 in 2019, debtors' turnover was EUR 0 in 2020 and EUR 0 in 2019. Services were used on an ad hoc basis as per contracts based on arm's length prices.

The Group's creditor turnover with these entities was as follows:

Creditor balances	2020	2019
Masterplast Nyrt.	0	866
Total	**0**	**866**

Key executives of the Group discharge their duties as employees. Short-term allowances paid to them in 2020 amounted to EUR 1 079 611 and EUR 1 107 755 in 2019. No loans were granted to senior officers in 2020 or 2019. The sum total of fees paid to members of the Board of Directors was EUR 23 236 in 2020 and EUR 26 141 in 2019.

34. Issuance of shares

On 15 January 2018 the Board of Directors decided to privately issue 858 318 pieces of new dematerialized ordinary shares where all rights attached to the new shares were identical to the previously issued ordinary shares (series 'A") with a nominal value of HUF 100 per shares, at an issue price of HUF 607 per shares and thus increasing the share capital to HUF 1 460 127 900. The newly issued shares are fully paid through contributed-in-kind the acknowledge claims of Tibor David and Balázs Ács against the Company, which were previously reported as short-term liabilities in the Company's records. The mutually agreed value of these acknowledge claims contributed-in-kind and the number and nominal value of shares issued in exchange of them are as follows:

35. Change of investments in subsidiaries

35.1. Decrease of investments in subsidiaries in 2020:

None

35.2. Decrease in investments in subsidiaries in 2019:

ICS Masterplast Construct S.r.l
ICS Masterplast Construct S.R.L., a Moldavian entity fully owned by Masterplast Romania S.R.L. was closed down on 29 April 2019. The entity had been dormant for years and the Group decided that its continued maintenance was no longer feasible.

The closing balance of ICS Masterplast Construct S.r.l was as follows:

Balance sheet item	29 April 2019
TOTAL ASSETS	**0**
EQUITY	
Share capital	428
Reserves	-428
Equity	**0**
EQUITY AND LIABILITIES	**0**

Masterplast Österreich GmBH
Masterplast Nyrt. sold its 100% share in Masterplast Österreich on 6 June 2019. The entity had been dormant for years and the Group decided that its continued maintenance was no longer feasible.

Investment	Buyer	Percentage of investment sold (%)	Selling price
Masterplast Österreich GmBH	Private individual	100%	35 000

The closing balance of Masterplast Österreich GmBH was as follows:

Balance sheet item	6 June 2019
CURRENT ASSETS	
Cash and cash equivalents	29 765
Current assets	**29 765**
TOTAL ASSETS	**29 765**
EQUITY	
Share capital	798 262
Reserves	-768 497
Equity	**29 765**
EQUITY AND LIABILITIES	**29 765**

35.3. Increase of investments in subsidiaries in 2020:

Masterplast Nonwoven GmbH
Masterplast Nyrt. founded Masterplast Nonwoven GmbH. on 4 June 2020. The Company acquired a 50% share of the Subsidiary as well as exclusive management rights while Mr. Hartmut Layer acquired ownership of the remaining 50% share. The newly founded company acquired LHB GmbH & Co.'s Beschichtungs KG plant in Aschersleben.
The plant produces special fabrics and multilayered membranes for healthcare as well as the construction industry. Due to exclusive management rights the Group fully consolidates this entity. The Company's future plans include the purchase of the remaining share, for which it entered into an option contract of EUR 4,1 million with a 3-year deadline with the co-owner. Based on the Company's estimate, the full option value will be exercised. The total (discounted) amount of the option is included in the Group's report in the "Other long-term liabilities" To determine fair value, the Company calculated with WACC (7.05%) used in the DCF models in accordance with the Group's accounting policy.
The contracted purchase price of the tangible assets is EUR 6.2 million. However, their fair values are currently being determined by experts contacted by management. Though the fair values of assets can be estimated with great certainty until the closing of the accounts, until the valuation is officially completed, the Company

will make use of section 45 of IFRS 3 (business combinations) to make use of the option to prepare the valuation within a year from the date of the acquisition.

Based on its current information the Company presents the difference resulting from the fair value estimate as temporary goodwill in the accounts amounting to EUR 4,291 thousand. The minority interest of the co-owner is EUR 833 thousand.

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

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

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

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

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

35.4. Increase of investments in subsidiaries in 2019:

None

36. Share of external (minority) owners

Share of external owners	Share rate		Amount of share	
	2020	2019	2020	2019
Masterplast Sp zoo	19,96%	19,96%	174 334	143 177
MasterPlast TOV	20,00%	20,00%	157 998	222 939
Masterplast D.O.O.	10,00%	10,00%	110 382	106 847
Masterplast Nonwoven GmbH	50,00%	0,00%	1 514 431	0
Total	**-**	**-**	**1 957 145**	**472 963**

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	2020	2019
+ 1% increase in interest rates		
Financial profit/(loss)	-867 758	95 522
Effect of interest rate increase	-98 391	-97 162
Adjusted financial loss	**-966 149**	**-1 640**
Profit before tax	7 343 562	5 325 871
Effect of interest rate increase	-98 391	-97 162
Adjusted profit before tax	**7 245 171**	**5 228 709**
+ 1% decrease in interest rates		
Financial profit/(loss)	-867 758	95 522
Effect of interest rate decrease	98 391	97 162
Adjusted financial loss	**-867 758**	**-867 758**
Profit before tax	7 343 562	5 325 871
Effect of interest rate decrease	98 391	97 162
Adjusted profit before tax	**7 441 953**	**5 423 033**

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	2020	2019
Appreciation of EUR / HUF, EUR/RSD rates by 3 %		
Financial profit/(loss)	-867 758	95 522
Effect of exchange rate appreciation	201 685	277 398
Adjusted financial loss	**-666 073**	**372 920**
Profit before tax	7 343 562	5 325 871
Effect of exchange rate appreciation increase	201 685	277 398
Adjusted profit before tax	**7 545 247**	**5 603 269**
Deprecation of EUR / HUF, EUR/RSD rates by 3 %		
Financial profit/(loss)	-867 758	95 522
Effect of exchange rate depreciation	-201 685	-277 398
Adjusted financial loss	**-1 069 443**	**-181 876**
Profit before tax	7 343 562	5 325 871
Effect of exchange rate depreciation decrease	-201 685	-277 398
Adjusted profit before tax	**7 141 877**	**5 048 473**

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 2020, the Group had credit lines totalling nearly EUR 36,4 million, including short-term and long-term lines as well as letters of credit and guarantee limits. In addition to the credit lines, the bonds issued under the Development Bond Program with a nominal value of HUF 12 billion (EUR 37.2 million as at 31 December 2020) 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 2020 and 2019 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.

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

2019	Falling due within 1 year	Falling due within 1-5 years	Falling due beyond 5 years	Total
Finance lease liabilities	301 710	563 570	0	865 280
Bank loans	5 852 621	3 640 354	223 247	9 716 222
Liabilities from issued bonds	0	9 068 085	9 068 085	18 136 170
Trade payables and other liabilities	10 727 776	143 163	0	10 870 939
Total	**16 882 107**	**13 415 172**	**9 291 332**	**39 588 611**

Non-compliance with the indicators identified by the Group's account keeping bank represents certain risks regarding the Group's loans or the prolongation of its credit facilities. The following table presents the required loan covenants and their fulfilments as at 31 December 2019.

Name and calculation of indicator	Required	Met	Required	Met
	2020		2019	
Liquidity ratio (current assets / (current liabilities -liabilities to shareholders))	≥1,00	1,55	≥1,00	1,99
Leverage ratio (equity / (balance sheet total-accrued income + net total loans of T-Cell))	≥30%	33,21%	≥30%	42,12%
Operating profitability (Operating profit or loss / net sales revenues)	≥4,00%	6,69%	≥4,00%	4,89%
net debt (including net total loans of T-Cell too) /EBITDA	≤3,9	1,66	≤3,9	3,43

As at 31 December 2020 the Group complied with all requirements of covenants.

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 no aware of any significant tax risk.

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, and may decide to do so in the future as well in order to meet its future strategic objectives. With a few exceptions, the Group is not planning to increase the capital of its subsidiaries from shareholder contributions; any increase in equity will be funded from the profits of previous years.
- Optimum capital structure: following the capital increase implemented in 2012, the Group's debt/equity ratio improved significantly and this rate is intended to be maintained in the future in order in order to mitigate its liquidity risk in the face of the unpredictability of financial markets.
- Continuous operations: To ensure the efficiency of its financial operations, the Group makes continuous efforts to prolong the payment terms of transactions and contracts with its suppliers in order to compensate for payment delays by its debtors.

38. Research and development

Changes in R&D costs:

R&D cost	2020	2019
R&D cost	0	0

39. Contingent liabilities and future commitments

Unclosed tenders and related commitments – 2020

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

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

Unclosed tenders and related commitments – 2019

Tender ID	Tender title	Subsidised company	Amount	Method of settlement	Source of funds	Amount to be repaid	Implemented project	Commitments	Fund available until
GOP-1.3.1-11/A-2011-0084	"Energy modernisation of high buildings and the development of the related compliance with fire protection provisions with Masterplast Kft"	Masterplast Kft.	128 408	09-12-2011 15-08-2012 30-07-2014	85% from the European Regional Development Fund of the European Union, 15% from the government budget of the Republic of Hungary.	128 408	Yes	Headcount of 2010 to be retained in 2 consecutive business years following the end of the project. Increase of 2010 sales revenues by at least 30% of the funds to be achieved by the applicant at any time during the 5 years of the retention period.	31-12-2019
GINOP-2.1.1-15-2016-00767	A new advantageous wind and airtight diffusion roofing foil product development at Masterplast Kft	Masterplast Kft.	166 247	18-04-2017 12-09-2018 21-08-2019	European Regional Development Fund of the European Union and the government budget of the Republic of Hungary.	166 247	Yes	The income of the product / process developed in the project must be reach 30.8% of the total sales for 2 consecutive business years after the completion of the development no later than 31.12.2020.	31-12-2024
NGM/34052-6/2017	Significant company improvement at Masterfoam Kft.	Masterfoam Kft.	759 421	30-04-2018 31-10-2018	100% local funds	759 421	Yes	Creating 21 new positions in the business years 2019 and 2020, ensuring an increase in wages compared to the base period (2016)	31-10-2023
05 No. 401-5329/2015-1	Production development	Masterplast YU D.o.o.	2 000 000	2015 2016 2017	Serbian State	2 000 000	Yes	Retention of headcount (205 people) for the years 2018-2022	31.12.2022
KK-H-02/2017-I-7-0005*	Production development	Masterplast YU D.o.o.	2 472 770	2018	Serbian State	2 472 770	Yes	Maintaining an economic activity for 7 years, 105 new employees with an undefined-term contract with 75% of average salary for the average salary of the regional industrial sector. There are 10 new suppliers to contract.	31.12.2024

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

Bank guarantees

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

Company	Type of guarantee	2020	2019
Masterplast Kft.	Customs	27 388	30 255
Masterfoam Kft.	Tender guarantee	687 436	786 639
Masterplast Romania	Bank guarantee	255 895	260 719
Masterplast Romania	Bank guarantee	81 455	82 991
Masterplast YU D.o.o.	Bank guarantee	2 000 000	2 000 000
Total		**3 052 174**	**3 160 604**

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 2 043 648 (9 951 341 RON), ordered the seizure and banned the alienation of Romanian properties owned by MASTERPLAST Romania S.R.L. This procedure has no influence on the operation and business activities of the MASTERPLAST Romania Srl.

The Company has initiated a legal redress against the decision. The legal redress is under procedure. As the result of the completed tax investigation, the Romanian tax authority determined a VAT liability in the amount of 255 894 EUR (1 246 053 RON) and additionally 81 455 EUR (396 638 RON) as default interest for the inspected period from 01-01-2014 to 31-08-2016. The Company represented a bank guarantee for the tax liabilities.

As part of the transfer price investigation launched at the Romanian subsidiary of the Company, the Romanian Tax Authorities identified a tax deficit of EUR 476 056 (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, which is presented in the profit and loss account as "Other operating income (expenses)".

The Company and its subsidiaries had 5 litigation and non-litigation proceedings totalling approximately EUR 1,130,000 in the 2020 financial year, including the value of the case relating to the Romanian subsidiary mentioned above. The Group expects that the above proceedings will not have a major impact on the Group's financial position and profits.

Litigations and extrajudicial cases launched by the Group:

The Company and its subsidiaries have approximately 89 legal proceedings in progress launched by the Group with a total approximate value of EUR 607 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 2019/2020 programme, MRP participants are employees of Masterplast Nyrt. and its fully owned subsidiaries (Masterplast Ltd., Masterplast Hungária Kft., Masterplast International Kft. and Masterfoam Kft.), who are covered by the company's Remuneration Policies. The Company has included those managers of the aforementioned companies as Participants in the MRP entity who had the greatest influence on the achievement of the corporate business objectives set out in the Remuneration Policies.
Participants acquired shareholding in the MRP in exchange for Masterplast shares and financial instruments allocated as non-cash contributions by the Founder.

The 2019-2020 programme for 2020 was launched by the Company on 7 June 2019 based on a stock option agreement between the MRP entity and Masterplast Nyrt. (date: 17 June 2019) which can be called down if the overachieving targets set out in the remuneration policy are met. If conditions are fulfilled, the MRP entity shall transfer the option right to the members, who may exercise their right of option (and settle the option price of HUF 100 per share) to acquire Masterplast shares from Masterplast Nyrt. in proportion of their achievements compared to the objectives.
The fair value of the option is determined based on the Black Scholes model. Fair value is determined at the grant date.
At the balance sheet date, the Company has the total number of shares related to the MRP allowance, which is presented as repurchased treasury shares in equity under "MRP share-based payment" (less the estimated value of share-based remunerations for 2020). The total amount of the benefit is accounted for though profit and loss under IFRS 2, while all treasury share transactions linked to the MRP remunerations are accounted for through equity. The soonest the Settlement may take place is on the first working day after the approval of the current financial statements by the General Meeting.

The grant date is the date on which the remuneration policy was signed, in this case 7 June 2019 in connection with the 2019/2020 program. The vesting period shall be the second year following the start of the programme, i.e. until 31 December 2020.
In determining the value of the benefit, the option right that is expected to be exercised is taken into account.

The stock option was valued taking into account the following values:

MRP 2019/2020		
Grant date	-	07 June 2019
Withdrawal deadline	-	31 May 2021
Option price	HUF/pieces	100
Fair value of share option at grant date	HUF/pieces	616
Fair value of share option at grant date	EUR/pieces	1,68707
Risk-free rate	p.a.	3,18%
Shares expected to be called	pieces	184 794
Expected value of options exercised	EUR	311 762

The Company used the interest rate of the 10-year Hungarian Government Bond for the calculation of the risk-free return, and to the exchange rate changes the volatility of Masterplast Nyrt.'s ordinary shares listed on the BÉT were used.
The fulfillment of the KPI's prescribed in the MPR remuneration policy (not belong for the consolidated EBIT 2020) was as follows:

KPI name	Fullfillment %
Konszolidált adózott eredmény növekedés az előző évhez képest	135,2%
Konszolidált adózott eredmény növekedés a stratégiai tervhez képest	117,1%

If the following KPI's are met, the a precondition for the benefit is that the sales revenue included in the 2020 consolidated financial statements exceeds 2018.

KPI name	Fullfillment %
Group turnover increase compared to 2018	126,0%
Masterfoam Kft increase in adjusted pre-tax profit	141,2%
Central European region audited EBIT growth compared to the previous year	196,5%
Export profit center adjusted EBITDA growth over the previous year	183%
Masterplast Hungária Kft. profit center adjusted EBITDA growth over the previous year	125,6%
International Trade Department adjusted margin requirement	212,1%
HQ profit center adjusted EBITDA growth over the previous year	141,9%
Warehousing profit center adjusted EBITDA growth over the previous year	149,6%
Fiberglass manufactured quatity requirement 2020	100%
EPS manufactured quatity requirement 2020	0%

The expected gross payments in each company are as follows in relation to the 2019/2020 program are as follows:

Subsidiary	2020	2019
Masterplast Nyrt	164 544	0
Masterfoam Kft.	7 816	0
Masterplast International Kft.	54 597	0
Masterplast Hungária Kft.	42 398	0
Masterplast Kft.	42 407	0
Total	**311 762**	**0**

As the Company and the MRP entity are launching 2-year programmes, the 2020/2021 remuneration programme has been launched in 2020. Similar to the previous programme, an option contract was signed between the MRP entity and Masterplast Nyrt. in which the vesting period is the second year after the start of the programme, i.e. 2021, so the launch of this programme has no impact on the consolidated accounts for 2020.

42. Subsequent events

In January 2019, bonuses were paid to the senior and middle management of the parent company and to the executives of the subsidiaries based on their individual performance in the previous financial year. The related payroll costs and social security (EUR 34 326) are presented in the financial statements.

Masterplast Group faced the current situation triggered by the spread of the COVID-19 virus with strong market embeddedness and a stable liquidity situation. With regard to the industry, it is now clear that the construction and building materials industries are less severely affected by the situation. The operating environment has deteriorated appreciably, but nowhere has it been impossible, and targeted government programmes have significantly reduced this.

In the recent period of the crisis the Group has worked so far with calm, level-headed thinking and consciously to ensure that the Company can function effectively even in the case of declining demand. By streamlining operating processes, optimising inventory, saving measures and managing outstanding balances more efficiently, the Group adapts to the conditions caused by declining demand, taking into account business continuity and maintaining a high level of service.
In the changed market situation, the Company is constantly exploring alternative business opportunities so it entered the healthcare products market in 2020, which brings new opportunities and results not only higher net sales but also contributes to the increased profitability of the Group.
In 2021 Masterplast will further expand its products by producing raw materials and finished products for personal health protective equipments, as the strategic product supply for virus control has come to the fore and appreciated within the healthcare sector. Increasing market demand and the need for innovation provide a solid basis for the coming periods. The Group remains confident that targeted economic protection subsidies for the construction sector will continue to be in place and can help offset falling demand. At the same time, the Company expects that energy upgrades of buildings will continue to grow even during the emergency period, which continues to have significant potential for the Group.

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

The Company's Serbian subsidiary has launched the development of additional glass fabrics in order to increase its production capacity by 25% by modernizing existing production and developing a modern warehouse base and up-to-date department.
39% of the necessary funds for the investment is provided by the Prosperitati Foundation, 25% by the Group from the funds raised under the Growth Bond Programme, while the remaining funds will be provided by MASTERPLAST's YU D.o.o.'s bank in the form of loans. Production is expected to start in early 2022.

A subsidiary, Masterplast Kft., with the support of the Hungarian State, has started to build up capacities to produce personal heath protections equipments and goods. The project is going to be carried out at the Company's headquarters in Sárszentmihály. By creating the new production capacity, it is possible to produce such medical products as protective overalls, medical gowns, sluice-gate clothes, footbags, headgear and isolation sheets.
Total value of the investment is HUF 2,590,803,496 and its 80% (HUF 2,072,642,796) is financed through a non-refundable subsidy of the Hungarian State. The Company expects to start operation in September 2021.

Master Modul Kft. was established on 12.04.2021 (for the production of modular buildings) with a 25% ownership share of the Company.

43. Statements for the future

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

44. Assumption of responsibility

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

45. Approval of the consolidated annual financial statements

The consolidated annual financial statements of Masterplast Nyrt. for the year ended 31 December 2019 were approved by the Board of Directors in a resolution dated 23 April 2020 and allowed their publication The consolidated annual financial statements may only be amended by the Annual Meeting of the Shareholders.

MASTERPLAST