MASTERPLAST PLC.
ANNUAL REPORT 2021

MASTERPLAST Nyrt.
ANNUAL FINANCIAL STATEMENTS

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

Sárszentmihály, 28 April 2022

CEO

CONTENT

(all figures in thousand HUF unless indicated otherwise)

1. STATEMENT OF FINANCIAL POSITION (BALANCE SHEET)

	Notes	31 December 2021	31 December 2020
NON-CURRENT ASSETS			
Property, plant and equipment	9	2 094 718	1 879 126
Intangible assets	9	39 681	21 549
Investments in subsidiaries	11	4 376 436	4 478 000
Investments in associates	12	204 830	109 100
Deferred tax assets	26	123 209	97 987
Other non-current financial assets	13	16 943 300	10 441 981
Non-current assets		**23 782 174**	**17 027 743**
CURRENT ASSETS			
Trade receivables	14	223 197	258 341
Tax receivables	26	1 797	1 102
Other current financial assets	15	867 676	802 980
Cash and cash equivalents	16	2 950 267	10 521 033
Current Assets		**4 042 937**	**11 583 456**
TOTAL ASSETS		**27 825 111**	**28 611 199**
EQUITY	4		
Share capital		1 460 128	1 460 128
Reserves		1 944 621	2 825 572
Treasury shares		(831 097)	(50 542)
Profit/(loss) for the year		928 200	364 543
Equity		**3 501 852**	**4 599 701**
PROVISIONS			
Provisions		3 122	2 481
Provisions		**3 122**	**2 481**
NON-CURRENT LIABILITIES			
Non-current finance lease liabilities	10	17 046	15 304
Deferred income	18	88 102	90 898
Liabilities from issud bonds	17	20 972 309	11 965 970
Other non-current liabilities	19	0	1 262 597
Long-term liabilities		**21 077 457**	**13 334 769**
CURRENT LIABILITIES			
Trade payables	20	102 576	75 371
Current finance lease liabilities	10	8 509	5 586
Current deferred income	18	2 793	2 793
Other finance liabilities		1 583 575	905 201
Other current liabilities	21	1 545 227	9 685 297
Current liabilities		**3 242 680**	**10 674 248**
TOTAL LIABILITIES		**24 320 137**	**24 009 017**
TOTAL EQUITY AND LIABILITIES		**27 825 111**	**28 611 199**

(all figures in thousand HUF unless indicated otherwise)

2. PROFIT AND LOSS STATEMENT

	Notes	2021	2020
Revenues	27	755 788	780 286
Materials and services used	22	(461 162)	(360 430)
Payments to personnel	23	(515 735)	(489 790)
Depreciation, amortisation and impairment	9	(112 152)	(91 667)
Dividend income	27	1 000 769	687 367
Other operating (expense)/income	24	(41 105)	85 756
OPERATING PROFIT		**626 403**	**611 522**
Interest income	25	312 544	248 645
Interest expense	25	(424 892)	(225 949)
Other financial (expense)/income	25	309 319	(344 375)
FINANCIAL PROFIT/(LOSS)		**196 971**	**(321 679)**
Profit/ (loss) attributable to associates	12	94 980	2 953
PROFIT/(LOSS) BEFORE TAX		**918 354**	**292 796**
Income tax	26	9 846	71 747
PROFIT/(LOSS) FOR THE YEAR		**928 200**	**364 543**

3. COMPREHENSIVE PROFIT AND LOSS STATEMENT

	31 December 2021	31 December 2020
Profit/(loss) for the year	**928 200**	**364 543**
Comprehensive income related to CCIRS transaction	**-607 528**	**-243.792**
Other comprehensive income	**320 672**	**120.751**
Comprehensive income/(loss)	**320 672**	**120.751**

(all figures in thousand HUF unless indicated otherwise)

4. STATEMENT OF CHANGES IN EQUITY

	Note	Share capital	Treasury Shares	Share Premium	Comprehensive income	Retained earnings	Reserves, total	Profit/(loss) for the year	Equity, total
1. January 2021		**1 460 128**	**(50 542)**	**2 318 249**	**(243 792)**	**751 115**	**2 825 572**	**364 543**	**4 599 701**
Profit for the year	2						0	928 200	928 200
Other comprehensive income - CCIRS	3				(607 528)		(607 528)		(607 528)
Prior year's profit or loss reclassified						364 543	364 543	(364 543)	0
Redeemed treasury shares	6		(560 914)				0		(560 914)
Dividends paid						(633 017)	(633 017)		(633 017)
MRP consolidation			(170 027)				0		(170 027)
MRP allowance (2020)	33		(113 834)						
MRP allowance (2021)	33		64 220			(4 949)	(4 949)		59 271
31.Decembe 2021		**1 460 128**	**(831 097)**	**2 318 249**	**(851 319)**	**477 692**	**1 944 621**	**928 200**	**3 501 852**

(all figures in thousand HUF unless indicated otherwise)

	Note	Share capital	Treasury Shares	Share Premium	Comprehen-sive income	Retained earnings	Reserves, total	Profit/ (loss) for the year	Equity, total
1. January 2021		**1 460 128**	**(126 076)**	**2 318 249**	**0**	**749 827**	**3 068 076**	**(1 369)**	**4 400 759**
Profit for the year	2							364 543	364 543
Other comprehen-sive income - CCIRS	3				(243 792)		(243 792)		(243 792)
Prior year's profit or loss reclassified						(1 369)	(1 369)	1 369	
Redeemed treasury shares	6		(38 300)						(38 300)
Dividends paid									
MRP consolidation	33					2 657	2 657		2 657
MRP allowance	33		113 834						113 834
31.December 2020		**1 460 128**	**(50 542)**	**2 318 249**	**(243 792)**	**751 115**	**2 825 572**	**364 543**	**4 599 701**

(all figures in thousand HUF unless indicated otherwise)

5. CASH FLOW STATEMENT

	2021	2020
OPERATING ACTIVITIES		
Profit/(loss) before tax	918 354	292 796
Depreciation, amortisation and impairment of tangible assets	112 152	91 667
Impairment loss/(gain)	106 749	524 343
Provisions (released)/made	641	(570)
(Gains)/losses on disposal of tangible and intangible assets	0	(102 476)
Loss of subsidiaries sold	0	0
Interest paid	424 892	225 949
Interest received	(312 544)	(248 645)
(Profit)/loss from associates	(94 980)	(2 953)
Unrealised foreign exchange (gain)/ loss	(495 495)	827 995
Working capital changes:		
Increase/(decrease) in trade receivables	35 135	(130 288)
Increase/(decrease) in other current assets	(871 168)	(99 459)
(Increase)/decrease in trade payables	27 190	52 152
(Increase)/decrease in other liabilities	(8 719 096)	6 986 450
MRP result	(4 949)	2 657
Income tax paid	9 846	71 747
Net cash flows from operations	**(8 863 273)**	**8 491 365**
INVESTING ACTIVITIES		
Purchase of tangible and intangible assets	(345 876)	(13 739)
Subsidiaries purchased/ increased in capital	114 079	(119 787)
Subsidiaries sold	0	12 417
Issuance of shares	0	0
Proceeds from the disposal of tangible and intangible assets	0	143 251
Interest received	312 544	248 645
Net cash flows from investing activities	**80 747**	**270 787**
FINANCING ACTIVITIES		
Loans taken	0	0
Loans repaid	0	0
Issued bonds	8 395 483	5 727 812
Dividends paid	(633 017)	0
Increase in non-current loans provided to subsidiaries	(6 207 706)	(4 338 620)
Interest paid	(424 892)	(225 949)
Net cash flows from financing activities	**1 129 868**	**1 163 243**
Increase/(decrease) in cash and cash equivalents	(7 652 658)	9 925 395
Cash and cash equivalents at the beginning of the year	10 521 033	614 902
Net foreign exchange translation gain or loss	81 892	(19 264)
Cash and cash equivalents at the end of the year	**2 950 267**	**10 521 033**

6. COMPANY INFORMATION

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

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

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

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

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

The Company's average number of staff was 47 in 2021 (46 in 2020).

The cost of the Company's external audit for 2021 is 50 000 EUR + VAT (EUR 46 900 + VAT in 2020) including the audit of the consolidated financial statements as well.

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

Masterplast Business Report

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

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

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

Profitability of Masterplast Nyrt. in 2021 is attributed to the following key factors:

- The Company's revenues are largely derived from rent and interest income related to the abovementioned activities.
- The company's performance in 2021 was greatly influenced by a dividend of HUF 800 million received from its two subsidiaries in Hungary and 201 million from its two foreign subsidiaries.

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

(all figures in thousand HUF unless indicated otherwise)

The Company measures its investments in subsidiaries at each year-end. Almost all of the Group's subsidiaries made a profit and had positive cash flows, as a consequence all of their equities (both per statutory and IFRS reporting standards) exceeded the net book value of the corresponding investments in the records of Masterplast Nyrt. The management – based on market positions and the currently applied business model – decided to reverse part of the formerly recognized impairment for MP Green Invest, an Ukrainian subsidiary.

Information on shares:

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

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

The shareholders are as follows:

	Shareholders	2021	2020
1	Tibor Dávid	454 805 700 Ft	454 805 700 Ft
2	Ács Balázs	387 725 900 Ft	387 725 900 Ft
3	OTP Alapkezelő	n.a*	93 676 200
4	LPH Kft., SOH Kft.	79 886 900 Ft	79 886 900
5	Additional minority owners	504 226 300 Ft	420 012 800
6	Repurchased shares	33 483 100 Ft	24 020 400
Total:		**1 460 127 900 Ft**	**1 460 127 900 Ft**

* Identified among minority owners in 2021

The voting rights are as follows:

		2021	2021	2020	2020	
1	Tibor Dávid	4 548 057	32%	4 548 057	32%	votes
2	Ács Balázs	3 877 259	27%	3 877 259	27%	votes
3	OTP Alapkezelő	n.a*	n.a*	936 762	7%	votes
4	LPH Kft., SOH Kft.	798 869	6%	798 869	6%	votes
5	Several minority shareholders	5 042 263	35%	4 200 128	29%	votes
	Total:	**14 266 448**	**100%**	**14 361 075**	**100%**	**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 - fulfil the statutory roles of the Directors and the Supervisory Board as an integrated corporate governance body. The Board of Directors is responsible for decision making in all issues that are not the exclusive authority of the Shareholders' Meeting and for those that are declared to be the responsibility of the Board of Directors by legislation or by the Articles of Association.

Members of the Board of Directors:

TIBOR Dávid – chairman
ÁCS Balázs – vice chairman
DEZSE Margaret Elizabeth – independent member
Dirk THEUNS – independent member
SINKÓ Ottó – independent member

Members of the Audit Committee:

DEZSE Margaret Elizabeth
Dirk THEUNS
SINKÓ Ottó

The Company's activity:

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

7. ACCOUNTING POLICY

7.1 Basis of accounting

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.

1.1. Changes in the accounting policies

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

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

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

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

- **IAS 1 and IAS 8: Clarification of the concept of materiality**

- **IFRS 3: attachment modification and model examples change**

- **Conceptual Framework change: minor changes in the concept of asset and obligation**

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

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

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

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

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

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

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

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

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

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

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

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

The above-mentioned standards and amendments are not expected to have a significant impact on the Company's results, financial position and financial statements.

7.3 Foreign exchange operations

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

Transactions and balances
Transactions in foreign currencies are translated to the functional currency at the exchange rates prevailing at

the dates of the transactions. Any gain or loss on the initial recognition and year-end revaluation of foreign currency transactions is recognised in financial profit or loss.

7.4 Intangible assets

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

7.5 Property, plant and equipment

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

Land is not depreciated.

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

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

Any capitalised improvement on rented equipment is depreciated over the shorter of the useful life or the rent period. The useful lives and the depreciation methods are reviewed at least annually in order to reflect the actual inflows of economic benefits from the assets.

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

(all figures in thousand HUF unless indicated otherwise)

7.6 Investments in subsidiaries & associates

7.6.1 Investments in subsidiaries

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

Company	Incorporated in	Core operations	Date of Acquisi-tion/ Foundation	Ownership (%)		Voting right (%)	
				2021	2020	2021	2020
Master Plast S.r.o.	Slovakia	Wholesale of construction materials	04.11.1999	100%	100%	100%	100%
MasterFoam Kft.	Hungary	Foam sheet production	29.06.2004	100%	100%	100%	100%
Masterplast d.o.o.	Croatia	Wholesale of construction materials	25.02.2002	100%	100%	100%	100%
Masterplast Medical Kft. (1)	Hungary	Wholesale of construction materials	30.09.2007	100%	100%	100%	100%
Masterplast Hungária Kft.	Hungary	Wholesale of construction materials	17.05.2016	100%	100%	100%	100%
Masterplast International Kft.	Hungary	Wholesale of construction materials	17.05.2016	100%	100%	100%	100%
Masterplast Modulhouse Kft. (2)	Hungary	Wholesale of construction materials	17.05.2016	100%	100%	100%	100%
Fidelis Bau Kft	Hungary	Manufacture of insulating light concrete	01.07.2020	100%	0%	100%	0%
Masterplast Romania S.R.L.	Romania	Wholesale of construction materials	19.01.2001	100%	100%	100%	100%
Masterplast Sp zoo	Poland	Wholesale of construction materials	06.06.2005	80,04%	80,04%	80,04%	80,04%
Masterplast Nonwoven GmbH	Germany	Roof film production	01.07.2020	100%	50%	100%	100%
MasterPlast TOV	Ukraine	Wholesale of construction materials	17.03.2005	80%	80%	80%	80%
Masterplast YU D.o.o.	Serbia	Wholesale of construction materials EPS and fiberglass produc-tion	19.03.2002	100%	100%	100%	100%
MP Green Invest	Ukraine	Asset management	08.06.2012	100%	100%	100%	100%
Masterplast D.O.O.	Macedonia*	Wholesale of construction materials	17.02.2002	10%	10%	10%	10%
Masterplast Proizvodnja D.o.o**	Serbia	EPS production	02.01.2021	0%	100%	0%	0%

* An additional 80% of the company is held through the Serbian subsidiary.
** The Company holds 100% stake indirectly, through the Masterplast Medical subsidiary

(1) In accordance with the resolution of the owners Masterplast Kft. was renamed as Masterplast Medical Kft. effective from 30 July 2021.
(2) In accordance with the resolution of the owners Mastermesh Kft. was renamed as Masterplast Modulhouse Kft. effective from 4 November 2021.

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

(all figures in thousand HUF unless indicated otherwise)

7.6.2 Investments in associates

The Company has the following investment in an associate company:

Company	Incorporated in	Core operations	Foundation date	Ownership (%)		Voting rate (%)	
				2021	2020	2021	2020
MasterProfil Kft. (1)	Hungary	Profil production	26.04. 2007	20%	20%	20%	20%
T-Cell Plasztik Kft. (2)	Hungary	Polistyrene production	03.06.2019	24%	0%	24%	0%
Master Modul Kft. (3)	Hungary	Modul production	12.04.2021	25%	0%	25%	0%

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

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

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

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

7.6.3 Impairment on investments in subsidiaries

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

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

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

7.7 Impairment of assets

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

7.8 Financial assets

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

7.8.1 Classification of financial assets

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

(a) financial assets subsequently measured at amortised cost,
(b) financial assets subsequently measured at fair value through other comprehensive income
(c) financial assets subsequently measured at fair value through profit or loss

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

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

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

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

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

A financial asset is measured at fair value through profit or loss unless it is measured – in accordance with the above listed requirements - at amortised cost or at fair value through other comprehensive income.

7.8.2 Measurement of financial assets

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

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

7.8.3 Impairment on financial assets

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 company 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 Company assesses whether the credit risk of the related financial asset has increased significantly since its initial recognition and depending on this assessment recognizes impairment equal to either lifetime expected credit losses or 12-month-expected credit losses of the related financial assets.

7.8.4 Loans granted

Loans granted – in line with their maturity – are presented either as other non-current financial assets or other current financial assets by the Company. At initial recognition loans granted are recognized at fair value less transaction costs then at subsequent measurements they are presented at amortized cost using the effective interest rate method. Amortized cost 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 Company and as a result were classified as financial assets measured at amortized costs.

7.8.5 Trade Receivable

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

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

7.8.6 Derivative financial instruments

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

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

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

7.8.7 Cash and cash equivalents

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

7.9 Equity

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

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

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

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

7.10 Financial liabilities

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

(a) *financial liabilities at fair value through profit or loss*. Such liabilities, including *derivatives* that are liabilities, shall be subsequently measured at fair value.
(b) financial liabilities that arise when a transfer of a financial asset does not qualify for derecognition or when the continuing involvement approach applies.
(c) *financial guarantee contracts*. After initial recognition, an issuer of such a contract shall subsequently measure it at the higher of:

- the amount of the *loss allowance*
- the amount initially recognised less, when appropriate, the cumulative amount of income

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

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

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

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

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

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

7.11 Trade payables and other liabilities

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

7.12 Provisions

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

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

7.13 Employee benefits

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

Classiciation of employee benefits

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

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

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

Masterplast Nyrt. (Founder) has established the 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.

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

7.14 Operating profit or loss

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

7.15 Leases

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

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

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

7.15.1 The Company as a lessee

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

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

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

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

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

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

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

7.15.2 The Company as a lessor

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

7.16 Government grants

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

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

7.17 Revenues

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

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

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

7.18 Dividend income

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

7.19 Interest income

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

7.20 Borrowing costs

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

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

7.21 Income taxes

7.21.1 Current income taxes

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

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

7.21.2 Deferred income taxes

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

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

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

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

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

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

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

7.22 Earnings per share

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

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

- We increase the profit for ordinary stock holders for the period by the after-tax amount of dividends and interests recognised in relation with the dilutive potential ordinary shares during the period concerned and adjust it by any other changes in revenue or expenses that would have resulted from the conversion of dilutive potential ordinary shares,

- the weighted average number of ordinary shares outstanding shall be increased by the weighted average of the number of additional ordinary shares which would have been in circulation, assuming the conversion of all dilutive potential ordinary shares.

7.23 Off-balance sheet items

Contingent liabilities, unless acquired through a business combination, are not recognised in the statement of financial position or the profit and loss statement. These are disclosed in the notes to the financial statements, unless the possibility of an outflow of resources embodying economic benefits is remote.

Contingent assets are not recognised in the statement of financial position or the profit and loss statement but are disclosed in the notes to the financial statements when an inflow of economic benefits is probable.

7.24 Related parties

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

7.25 Segment reporting

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

7.26 Statement of Cash flows

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

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

The cash flow statement details the cash flows of the period broken down by operating, investment and financing activities. The Company prepares its statement of cash flow using the indirect method.

8. SIGNIFICANT ACCOUNTING ASSUMPTIONS AND ESTIMATES

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

8.1 Sufficient taxable profits for the recognition of deferred tax assets

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

8.2 Impairment of trade debtors

Impairment on trade receivables is recognized in case – as a result of the valuation tests at reporting date - the Company assesses the related credit risk significantly increased because there is objective proof that the Company shall not be able to recover all contractual cash flows from trade receivables. Significant financial difficulties of trade debtors, the probability of their bankruptcy or significant financial restructuring of their debts, late payments or failures to pay are indications that a trade receivable may be impaired. Depending on the nature of increase in credit risk the Company recognizes impairment equal to either lifetime expected credit losses or 12-month-expected credit losses of the related financial assets. The carrying values of the impaired debtors are reduced to the expected recoverable amount and a corresponding impairment loss is recognised for each affected debtor.

8.3 Impairment of investments for subsidiaries and associates

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

(all figures in thousand HUF unless indicated otherwise)

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

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

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

8.4 Provisions

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

8.5 Impairment of property, plant and equipment

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

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

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

2021	Intangible assets	Properties	Machinery, equipment	Assets in construction	Tangible Assets	Total
Gross value, opening	166 644	2 450 071	256 897	77 927	2 784 895	**2 951 539**
Increase	27 290	58 780	60 346	325 215	444 341	**471 631**
Decrease	(1 707)	0	(24 531)	(125 755)	(150 286)	**(151 993)**
Gross value, closing	**192 227**	**2 508 851**	**292 712**	**277 387**	**3 078 950**	**3 271 177**
Accumulated depreciation and impairment, opening	(145 095)	(738 174)	(167 595)	0	(905 769)	(1 050 864)
Increase	(9 158)	(68 280)	(34 714)	0	(102 994)	(112 152)
Decrease	1 707	0	24 531	0	24 531	26 238
Accumulated depreciation and impairment, closing	**(152 546)**	**(806 454)**	**(177 778)**	**0**	**(984 232)**	**(1 136 778)**
Net book value, opening	**21 549**	**1 711 897**	**89 302**	**77 927**	**1 879 126**	**1 900 675**
Net book value, closing	**39 681**	**1 702 397**	**114 934**	**277 387**	**2 094 718**	**2 134 399**

(all figures in thousand HUF unless indicated otherwise)

2020	Intangible assets	Properties	Machinery, equipment	Assets in con-struction	Tangible Assets	Total
Gross value, opening	173 307	2 324 278	226 577	271 980	2 822 835	**2 996 142**
Increase	2 731	160 408	54 084	244 633	459 125	**461 856**
Decrease	(9 394)	(34 615)	(23 764)	(438 686)	(497 065)	**(506 459)**
Gross value, closing	**166 644**	**2 450 071**	**256 897**	**77 927**	**2 784 895**	**2 951 539**
Accumulated depreciation and impairment, opening	(135 919)	(676 411)	(164 434)	0	(840 845)	(976 764)
Increase	(9 176)	(62 333)	(20 158)		(82 491)	(91 667)
Decrease		570	16 997		17 567	17 567
Accumulated depreciation and impairment, closing	**(145 095)**	**(738 174)**	**(167 595)**	**0**	**(905 769)**	**(1 050 864)**
Net book value, opening	**37 388**	**1 647 867**	**62 143**	**271 980**	**1 981 990**	**2 019 378**
Net book value, closing	**21 549**	**1 711 897**	**89 302**	**77 927**	**1 879 126**	**1 900 675**

Masterplast Nyrt. does not have intangible assets with an indefinite useful life. No finance cost was capitalised as part of the gross value during 2020 and 2021. Part of our bank loans are covered by the net book value of tangible assets of Masterplast Nyrt:

2021	2020
2 133 399	1 856 901

10. ASSETS PURCHASED UNDER FINANCIAL LEASE

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

	31 December 2021	31 December 2020
Gross value	57 869	41 385
Accumulated depreciation	19 012	11 632
Net value	38 858	**29 753**

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

	31 December 2021	31 December 2020
Lease liabilities within 1 year	8 509	5 586
Due in 2-5 years	17 046	15 304
Due over 5 years	0	0
Total lease obligations	**25 555**	**20 890**

(all figures in thousand HUF unless indicated otherwise)

The present values of minimum lease payments were as follows:

Period	31 December 2021	31 December 2020
	Minimum lease payments	Minimum lease payments
Lease payments falling due within 1 year	8 509	5 586
Lease payments falling due within 2-5 years	17 046	15 304
Lease payments falling due over 5 years	0	0
Minimum lease payments	**25 555**	**20 890**
Financing expenses	0	0
Present value of minimum lease payments	**25 555**	**20 890**

11. INVESTMENTS IN SUBSIDIARIES

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

Company	31 December 2021		31 December 2020	
	Ownership (%)	**Book Value**	**Ownership (%)**	**Book Value**
Masterplast Medical Kft.	100,00%	871 924	100,00%	871 924
MasterFoam Kft	100,00%	108 575	100,00%	108 575
Masterplast Hungária Kft.	100,00%	230 000	100,00%	230 000
Masterplast Modulhouse Kft.	100,00%	300 000	100,00%	300 000
Masterplast International Kft.	100,00%	3 000	100,00%	3 000
Fidelis Bau Kft.	100,00%	114 857	100,00%	114 857
Master Plast S.r.o.	100,00%	78 068	100,00%	78 068
Masterplast Sp zoo	80,04%	59 503	80,04%	59 503
Masterplast Nonwoven GmbH*	100,00%	548 244	50,00%	1 267 526
Masterplast Romania S.R.L.	100,00%	0	100,00%	0
Masterplast YU D.o.o.	100,00%	1 049 134	100,00%	1 049 134
Masterplast d.o.o	100,00%	255 581	100,00%	255 581
Masterplast D.O.O	10,00%	8 385	10,00%	8 385
MasterPlast Ukrajna	80,00%	604 775	80,00%	322
Green MP Invest	100,00%	144 390	100,00%	131 125
Investments in subsidiaries		***4 376 436***		***4 478 000***
T-Cell Plasztik Kft.	*24,00%*	*149 524*	*24,00%*	*97 710*
MasterProfil Kft.	*20,00%*	*54 556*	*20,00%*	*11 390*
Master Modul Kft.	*25,00%*	*750*	*0,00%*	*0*
Investments in associates		***204 830***		***109 100***
Total		**4 581 266**		**4 587 100**

*Investment in Masterplast Nonwoven GmbH included share purchase option of HUF 1.262.597 thousand in 2020.

The option was drawn down in 2021, accordingly, it was exchanged for the purchased 50% share, meaning that at the end of 2021 the value of the Nonwoven investment did not include an option.

Master Modul Kft.

Master Modul Kft was founded on 12 April 2021 with the Company's 25% participation in it. The new entity is to produce modular buildings and has a subscribed capital of HUF 3 million out of which HUF 750 thousand was subscribed by the Company.

(all figures in thousand HUF unless indicated otherwise)

Masterplast Nonwoven GmbH

On 20 October 2021, the Company purchased a 50% stake in Masterplast Nonwoven GmbH from BÜMO-Schrauben GmbH - which is wholly owned by Mr. Hartmut Layer; consequently it became the sole owner of this subsidiary. As a result of amending the terms of the buyout option scheduled for 2023, this share was bought by the Company at more favourable terms and earlier than planned for EUR 1.5 million. The transaction was financed from the resources obtained through the Development Bond Program.

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

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".

Green MP Invest

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

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

Based on the fair value hierarchy, the valuation is classified as Level 2. Fair values were determined by third party experts contacted by management using the method of comparison of similar assets' prices. Based on this method assets were impaired to their estimated market values less costs of sale. The Company recognized an impairment of UAH 7 796 454 (252 128 EUR) in its 2021 records for its investment in Ukraine as summarized in the schedule below:

Type of asset	Book Value	Estimated Market Price	Impairment	Average Impairment %
Properties	398 639	391 300	10 574	2,7%
Machinery & equipment	122 119	0	122 119	100,0%
Other	120 557	1 122	119 435	99,1%
Total	**641 315**	**392 422**	**252 128**	**39.4%**

(all figures in thousand HUF unless indicated otherwise)

The Company recognized an impairment of UAH 7 812 620 (224 891 EUR) in its 2020 records for its investment in Ukraine as summarized in the schedule below:

Type of asset	Book Value	Estimated Market Price	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%**

Changes in investments in subsidiaries during 2021:

Company	Opening Net Book Value	Additional paid-in capital	Share purchase option	Share settlement	Impairment reversal	Impairment charge	Result of investments in associates	Closing Net Book Value
MP Nonwoven GmbH	1 267 526	543 315	(1 262 597)	0	0	0	0	548 244
Fidelis Bau Kft.	114 857	0	0	0	0	0	0	114 857
Master Plast S.r.o.	78 068	0	0	0	0	0	0	78 068
Green MP Invest	131 125	0	0	0	13 265	0	0	144 390
Masterprofil Kft.	11 390	0	0	0	0	0	43 166	54 556
T-Cell Plasztik	97 710	0	0	0	0	0	51 814	149 524
Masterplast Ukrajna	322	604 453	0	0	0	0	0	604 775
Master Modul Kft.	0	750	0	0	0	0	0	750
Total	**1 700 998**	**1 148 518**	**(1 262 597)**	**0**	**13 265**	**0**	**94 980**	**1 695 164**

Changes in investments during 2020:

Company	Opening Net Book Value	Additional paid-in capital	Share purchase option	Share settlement	Impairment reversal	Impairment charge	Result of investments in associates	Closing Net Book Value
MP Nonwoven GmbH	0	4 929	1 262 597	0	0	0	0	1 267 526
Fidelis Bau Kft.	0	114 857	0	0	0	0	0	114 857
Master Plast S.r.o.	0	0	0	0	78 068	0	0	78 068
Green MP Invest	198 178	0	0	(12 416)	6 208	(60 845)	0	131 125
Masterprofil Kft.	6 307	0	0	0	0	0	5 083	11 390
T-Cell Plasztik	99 840	0	0	0	0	0	(2 130)	97 710
Total	**304 325**	**119 786**	**1 262 597**	**(12 416)**	**84 276**	**(60 845)**	**2 953**	**1 700 676**

(all figures in thousand HUF unless indicated otherwise)

Impairment charges and reversals recorded for investments in subsidiaries were as follows in 2021:

Impairment on investments	Opening impairment	Translation difference	Impairment Charge	Impairment Reversal	Closing impairment
Master Plast S.r.o.	0	0	0	0	0
Green MP Invest	(252 815)	0	0	13 265	(239 550)
Masterplast Romania S.r.l.	(353 071)	0	0	0	(353 071)
Total	**(605 886)**	**0**	**0**	**13 265**	**(592 621)**

No impairment charges needed to be recognized during 2020 only formal impairment charges on the Austrian subsidiary were reversed as a consequence of its sale:

Impairment on investments	Opening impairment	Translation difference	Impairment Charge	Impairment Reversal	Closing impairment
Master Plast S.r.o.	(78 068)	0	0	78 068	0
Green MP Invest	(198 178)	0	(60 845)	6 208	(252 815)
Masterplast Romania S.r.l.	(353 071)	0	0	0	(353 071)
Total	**(629 317)**	**0**	**(60 845)**	**84 276**	**(605 886)**

12. INVESTMENTS IN ASSOCIATES

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

Company	31 December 2021		31 December 2020	
	Ownership (%)	Book Value	Ownership (%)	Book Value
MasterProfil Kft.	20,00%	54 556	20,00%	11 390
T-Cell Plasztik Kft.	24,00%	149 524	24,00%	97 710
Master Modul Kft.	25,00%	750	0%	0
Összesen		**204 830**		**109 100**

- The initial investment of Masterplast Nyrt. in MasterProfil Kft.was HUF 600 thousand. As a result of first time adoption of IFRS for the Company’s stand-alone annual financial statements, the Company recognized the value of its investment in associates in line with IAS 28 using the equity method that resulted in a net book value of HUF 11 390 thousand for the investment in MasterProfil Kft. in the opening IFRS balance sheet as at January 1 2021.

- The Company’s investment in T-Cell Plasztik Kft. was HUF 149 524 thousand, while it had an investment of HUF 750 thousand in Master Modul Kft. HUF 750 thousand at the end of 2021.

Changes in book value in 2021:

Company	Opening Net Book Value	Profit or loss attributable to associates	Comprehensive income	Closing Net Book Value
MasterProfil Kft.	11 390	43 166	0	54 556
T-Cell Plasztik Kft.	97 710	51 814	0	149 524
Master Modul Kft.	750	0	0	750
Total	**109 850**	**94 980**	**0**	**204 830**

(all figures in thousand HUF unless indicated otherwise)

Changes in book value in 2020:

Company	Opening Net Book Value	Profit or loss attributable to associates	Comprehensive income	Closing Net Book Value
MasterProfil Kft.	6 307	5 083	0	11 390
T-Cell Plasztik Kft.	99 840	(2 130)	0	97 710
Total	**106 147**	**2 953**	**0**	**109 100**

The Company did not receive dividends from associates in 2021 or 2020.

Key financial data of the Associated Company:

1. **MasterProfil Kft.**

The abbreviated balance sheet of the Associated Company:

	31 December 2021	31 December 2020
Non-current assets	174 507	117 143
Current assets	1 925 280	478 736
Long-term liabilities	0	0
Short-term liabilities	1 827 008	538 932
Net asset value	**272 779**	**56 947**
Ownership ratio in the Associated Company	20%	20%
Net asset value for the Associated Company	54 556	11 389

The abbreviated profit and loss statement of the Associated Company:

	2021	2020
Sales revenue	1 855 520	1 041 714
Operating profit	253 842	54 176
Earning attributable to owners	215 832	25 416
Income to the Company on the basis of the ownership ratio	***43 166***	**5 083**

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

2. ***T-Cell Plasztik Kft.***

The abbreviated balance sheet of the Associated Company:

	31 December 2021	31 December 2020
Non-current assets	1 533 292	1 317 428
Current assets	1 184 455	383 125
Long-term liabilities	612 948	622 668
Short-term liabilities	1 685 482	874 459
Net asset value	**419 317**	**203 426**
Ownership ratio in the Associated Company	24%	24%
Net asset value for the Associated Company	100 636	48 822

(all figures in thousand HUF unless indicated otherwise)

The abbreviated profit and loss statement of the Associated Company:

	2021	2020
Sales revenue	3 206 806	1 953 037
Operating profit	268 697	118 236
Earning attributable to owners	215 891	96 134
Income to the Company on the basis of the ownership ratio	***51 814***	***23 072***

3. Master Modul Kft.

The balance sheet and profit and loss statement of Master Modul Kft. was not available until the preparation of the current annual financial statements.

13. OTHER LONG-TERM FINANCIAL ASSETS

	31 December 2021	31 December 2020
Loans given		
Masterplast YU D.o.o.	3 468 600	2 701 962
Masterplast International Kft.	10 664 100	6 173 030
Masterplast Nonwoven GmbH	2 730 600	1 566 989
Master Modul Kft.	8 000	0
IHT Enterprise Kft.	72 000	0
Total	**16 943 300**	**10 441 981**

The Company has granted loans to its subsidiaries in line with the following conditions:

Company	Start of loans	Value	Currency	Interest rate	Expiration date
Masterplast d.o.o (YU)	02.02.2016	1.000.000	EUR	1 havi EURIBOR+1,5%	30.06.2024
Masterplast d.o.o (YU)	20.05.2016	2.000.000	EUR	1 havi EURIBOR+1,5%	30.06.2024
Masterplast d.o.o (YU)	18.12.2019	4.400.000	EUR	1 havi EURIBOR+1,5%	31.12.2026
Masterplast d.o.o (YU)	17.02.2021	2.000.000	EUR	1 havi EURIBOR+1,5%	31.12.2026
MP International Kft.	20.12.2019	16.906.388	EUR	1 havi EURIBOR+1,5%	31.12.2026
MP International Kft.	26.08.2021	13.000.000	EUR	1 havi EURIBOR+1,5%	31.12.2026
MP Nonwoven GmbH	29.06.2020	3.623.000	EUR	1 havi EURIBOR+1,5%	31.12.2023
MP Nonwoven GmbH	15.07.2020	291.593	EUR	1 havi EURIBOR+1,5%	31.12.2023
MP Nonwoven GmbH	25.08.2020	377.000	EUR	1 havi EURIBOR+1,5%	31.12.2023
MP Nonwoven GmbH	20.10.2021	3.108.407	EUR	1 havi EURIBOR+1,5%	31.12.2023

14. TRADE RECEIVABLES

	31 December 2021	31 December 2020
Trade receivables	225 158	260 288
Impairment	(1 961)	(1 947)
Trade Receivables net of impairment	**223 197**	**258 341**

Trade receivables were paid in 48,3 days in average in 2020 (44 days in 2020).

(all figures in thousand HUF unless indicated otherwise)

Impairment charged and reversed on trade receivables in 2021:

Impairment on trade receivables	Opening impairment	Translation difference	Impairment Charge	Impairment Reversal	Impairment write-back	Closing Impairment
Impairment of trade receivables	(1 947)		(18)		4	(1 961)
Total	**(1 947)**	**0**	**(18)**		**4**	**(1 961)**

Impairment loss recognised and reversed on trade receivables in 2020:

Impairment on trade receivables	Opening impairment	Translation difference	Impairment Charge	Impairment Reversal	Impairment write-back	Closing Impairment
Impairment of trade receivables	(1 868)	0	(168)	0	89	(1 947)
Total	**(1 868)**	**0**	**0**	**0**	**89**	**(1 947)**

The maturity of trade receivables is as follows:

	31 December 2021			31 December 2020		
	Gross book value	**Impairment loss**	**Net book value**	**Gross value**	**Impairment loss**	**Net book value**
Not yet due	222 863	0	222 863	257 073	0	257 073
Due over 0-60 days	334	0	334	1 268	0	1 268
Due over 61-90 days	0	0	0	0	0	0
Due over 91-180 days	0	0	0	0	0	0
Due over 181-360 days	0	0	0	0	0	0
Due over 360 days	1 961	(1 961)	0	1 947	(1 947)	0
Total Trade Receivable	**225 158**	**(1 961)**	**223 197**	**260 288**	**(1 947)**	**258 341**

15. OTHER CURRENT ASSETS

	31 December 2021	31 December 2020
Advance to the supplier	22 090	0
Other receivables *	1 052 746	1 058 351
Impairment loss on other receivables**	(556 446)	(550 641)
Impairment loss on other receivables	176 537	172 641
Accrued bonus	36 086	31 345
Accrued other costs	107 732	37 530
Other intercompany receivable (MRP)	28 931	53 754
Total	**867 676**	**802 980**

***Impairment of HUF 547,695 thousand on the loan to the Romanian subsidiary included*

(all figures in thousand HUF unless indicated otherwise)

* The following items are included in other receivables

Description	31 December 2021	31 December 2020
Bonuses, commissions	119 185	129 357
Interest of loans granted to affiliates **	553 500	547 695
VAT receivables from VAT group members	322 981	336 615
Other receivables	57 080	44 684
Total	**1 052 746**	**1 058 351**

**The Company granted loans to its subsidiaries in line with the following conditions:

Company	Start of loans	Value	Currency	Interest rate	Expiration date
Masterplast Srl. (RO)	2020.01.02	1.250.000	EUR	1 havi EURLIBOR+1,5%	2020.12.31.
Masterplast Srl. (RO)	2020.09.03	250.000	EUR	1 havi EURLIBOR+1,5%	2021.08.31.

At the end of 2020 the Company recorded an impairment loss of HUF 547,695 thousand on the loan granted to the Romanian subsidiary, which was re-evaluated to HUF 553,500 thousand at the end of 2021.

16. CASH AND CASH EQUIVALENTS

Cash and cash equivalents	31 December 2021	31 December 2020
Cash	3 339	885
Bank deposits	2 946 927	10 520 148
Total	**2 950 267**	**10 521 033**

The Company did not have restricted cash or cash equivalents as at 31 December 2021 or 31 December 2020.

17. LIABILITIES FROM ISSUED BONDS

The Group participated in the growth bond programme announced by the MNB both in 2019, 2020 and 2021, under which Masterplast Nyrt issued bonds with a nominal value of HUF 6-6-9 billion. The Company uses the effective interest rate calculation method for all three bonds, but the impact of this method on the accounts (due to the minimum difference between nominal value and amortised cost) is immaterial.

Description of bond	MASTERPLAST 2026/I HUF	MASTERPLAST 2027/I HUF	MASTERPLAST 2031/I HUF
Date of issue	6 December 2019	21 December 2020	25 August 2021
Maturity Date	6 Deember 2026	21 December 2027	25 Augustt 2031
Registration Date:	18 February 2020	19 February 2021	1 October 2021
Nominal Value	50 000 000	50 000 000	50 000 000
Issued pieces	120	120	180
Term (year)	7	7	10
Type of interest	fixed	fixed	fix
Interest	2,00%	2,10%	2,10%
Effective rate	0,12%	0,12%	0,12%
Date of interest payments	Annually, 6st of December	Annually, 21st of December	Annually, 25st of August
Principal payments	Equal instalments between years 4-7	Equal instalments between years 4-7	Equal instalments between years 6-10

MASTERPLAST 2026/I HUF	**2021**	**2020**
Total nominal value of issued bonds	6 000 000 000	6 000 000 000
Amortized cost	5 994 614 130	5 994 366 113
Fair value	5 427 017 076	5 992 548 448
Face value	6 000 000 000	6 000 000 000

MASTERPLAST 2027/I HUF	**2021**	**2020**
Total nominal value of issued bonds	6 000 000 000	6 000 000 000
Amortized cost	5 974 683 738	5 971 603 830
Fair value	5 293 580 214	5 993 364 000
Face value	6 000 000 000	6 000 000 000

MASTERPLAST 2031/I HUF	**2021**	**2020**
Total nominal value of issued bonds	9 000 000 000	0
Amortized cost	9 003 011 190	0
Fair value	9 091 558 651	0
Face value	9 000 000 000	0

In 2019, the Group participated in the development bond programme announced by the MNB, under which Masterplast Nyrt issued bonds with a nominal value of HUF 6 billion (EUR 18,1 million) to restructure the financing of the Group.The proceeds from the bonds issued in HUF were disbursed to subsidiaries as EUR-based parent loans, which were fully used by the subsidiaries to re-finance their existing loans. As a result, the amount of short- and long-term loans decreased by EUR 18.1 million while its liabilities from issued bonds increased by the same amount in the balance sheet.

In December 2019, In order to optimise exchange rate effects and interest costs resulting from transactions denominated in different currencies, the Company entered into a CCIRS hedging transaction, which did not have a material impact on profit and loss in the last quarter of 2019, while it will reduce interest costs calculated on the basis of the Company's current financing structure in the coming years. The bonds were introduced to the BÉT Xbond market on 18 February 2020. The impact was HUF 243,792 in 2020 that was accounted for through equity.

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

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

(all figures in thousand HUF unless indicated otherwise)

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 Company entered into the CCIRS transaction with Raiffeisen Bank. The Bank's credit rating does not affect credit risk. The transaction is assessed by Raiffeisen Bank Zrt. on the basis of market data at least once a month on the last day of the month

The Company recognizes the effects of changes in the exchange rates directly in profit or loss, while the changes arising from yield curves are recognized in the OCI.

The transaction details are as follows:

Description	MASTERPLAST 2026/I HUF
Binding day	16 December 2019
Maturity Date	7 December 2026
Place of implementation	OTC
Party paying fixed interest	Raiffeisen Bank Zrt.
Contracted amount	HUF 6 022 801 800
Fixed interest rate	1,9264% p.a.
Fixed interest	HUF 113 184 119
Party paying fixed interest	Masterplast Nyrt.
Contracted amount	EUR 18 306 388
Fixed interest rate	1,08% p.a.
Fixed interest	EUR 196 061

18. DEFERRED INCOME

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

Subsidy ID	Description of support	Beneficiary	31 December 2021	31 December 2020
GVOP-1.1.2.-2004-11-0003/5.0	"“Master” educator; MASTER3AS centre - Products, Services, Training at “Master” level	Masterplast Nyrt.	79 305	81.497
SZVP-2003-6-03-08-1	Networking at "Master” level	Masterplast Nyrt.	11 591	12.194
Total:			**90 896**	**93 691**
Current part:			**2 793**	**2 793**
Non-current part:			**88 103**	**90 898**

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

(all figures in thousand HUF unless indicated otherwise)

19. OTHER NON-CURRENT LIABILITIES

Megnevezés	31 December 2021	31 December 2020
MP Nonwoven share purchase option	0	1 497 033
MP Nonwoven share purchase option discount	0	(234 436)
Total other non-current liabilities	**0**	**1 262 597**

On 20 October 2021, the Company purchased a 50% stake in Masterplast Nonwoven GmbH from BÜMO-Schrauben GmbH, which is wholly owned by Mr. Hartmut Layer. By calling the option, the liability due to the option was terminated.

20. TRADE PAYABLES

The maturity of trade payables is as follows:

Description	31 December 2021	31 December 2020
Not yet due	84 927	62 533
Due over 0-60 days	17 648	12 838
Due over 61-90 days	0	0
Due over 91-180 days	0	0
Due over 181 days	0	0
Total	**102 576**	**75 371**

21. OTHER CURRENT LIABILITIES

Description	31 December 2021	31 December 2020
Taxes payable	388 096	356 700
Other current liabilities	233 011	60 487
Current loans	0	27
Liabilities to shareholders	746 525	8 770 427
Cash pool liabilities	0	297 000
Related party liabilities	177 595	200 656
Other current liabilities	**1 545 227**	**9 685 297**

22. MATERIALS AND SERVICES USED

Description	2021	2020
Material costs	(79 511)	(57 899)
Services used	(381 651)	(302 531)
Total	**(461 162)**	**(360 430)**

(all figures in thousand HUF unless indicated otherwise)

23. PERSONNEL RELATED COSTS

Description	2021	2020
Payroll costs	(418 573)	(388 132)
Other payments to personnel	(30 213)	(40 360)
Payroll taxes and social security contributions	(66 949)	(61 298)
Total	**(515 735)**	**(489 790)**

24. OTHER INCOME AND EXPENSES

Description	2021	2020
Received and paid concessions	(33 420)	(32 144)
Impairment Charges	(14)	(79)
Sale of investments in subsidiaries	0	(12 416)
Change in impairment of investments	13 265	23 431
Forgiven loan to subsidiary	0	0
Gains on fixed asset sales	0	102 476
Other	(20 935)	4 489
Total	**(41 105)**	**85 756**

25. OTHER FINANCIAL PROFIT OR LOSS

Description	2021	2020
Interest income	312 544	248 645
Interest expense	(424 892)	(225 949)
Other incomes and expenses of financial transactions	309 319	(344 375)
Total	**196 971**	**(321 679)**

(all figures in thousand HUF unless indicated otherwise)

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

Valuation of financial instruments	**Book value** 31 December 2021	**Book value** 31 December 2020	**Fair value** 31 December 2021	**Fair value** 31 December 2020
Other non-current financial assets	16 943 300	10 441 981	17 555 474	10 873 556
Trade receivables	223 197	258 341	223 197	258 341
Tax receivables	1 797	1 102	1 797	1 102
Other current financial assets	867 676	802 980	867 676	802 980
Cash and cash equivalents	2 950 267	10 521 033	2 950 267	10 521 033
Total	**20 986 237**	**22 025 437**	**21 598 411**	**22 457 012**
Non-current finance lease liabilities	17 046	15 304	17 046	15 304
Liabilities from issued bonds	20 972 309	11 965 970	21 119 292	11 985 913
Other non-current lieabilities	0	1 262 597	0	1 262 597
Current finance lease liabilities	8 509	5 586	8 509	5 586
Trade payables	102 576	75 371	102 576	75 371
Other current liabilities	2 391 042	1 820 071	2 391 042	1 820 071
Related party cash pool liabilities	737 760	8 770 427	737 760	8 770 427
Total	**24 229 242**	**23 915 326**	**24 376 225**	**23 935 269**

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

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

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

Undiscounted cash-flow 2021	**Payment within 1 year**	**Payment within 2-5 year**	**Payment beyond 5 year**
Total loans and credits	0	0	0
Cash pool	737 760	0	0
Interests of loans and credits	8 042	0	0
Total	**745 801**	**0**	**0**

Undiscounted cash-flow 2020	**Payment within 1 year**	**Payment within 2-5 year**	**Payment beyond 5 year**
Total loans and credits	27	0	0
Cash pool	8 770 427	0	0
Interests of loans and credits	95 598	0	0
Total	**8 866 053**	**0**	**0**

(all figures in thousand HUF unless indicated otherwise)

26. TAXES

Tax receivables and tax payables were as follows:

	31 December 2021	31 December 2020
Taxes Receivable	1 797	1 102
Taxes Payable	(388 096)	(356 700)
Net Tax Receivable/(Payable)	**(386 299)**	**(355 598)**

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

Income tax expense	2021	2020
Current Income Tax Expense	(15 376)	(16 905)
Deferred Income Tax Expense	25 222	88 652
Total Income Tax Expense	**9 846**	**71 747**

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

Period	Actual tax rate
2021	9%
2020	9%

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

Year-end balance of deferred tax	31 December 2021	31 December 2020
Property, plant and equipment	10 355	10 355
Receivables	176	175
Carried forward tax losses	60 041	49 293
Provisions	(281)	(223)
Prior years Impairment on investments (RO, SK)	52 917	38 387
Closing deferred tax assets, net	**123 209**	**97 987**
Of which deferred tax assets	**123 209**	**97 987**
Of which deferred tax liability	**0**	**0**

The Company does not consider it relevant to present the difference between the tax payable calculated using the average tax rate and the actual tax payable, given that the two tax rates are the same. The Company does not have carried forward prior year losses in 2021.
The Masterplast Nyrt's corporate income tax calculation as of 31 December 2021:

Items increasing the corporate income tax base

Description	2021
Current year depreciation and amortization plus the net book value of written off PP&E recognized in the records	112 152
Impairment Charge on receivables	18
Receivables forgiven (intercompany loans)	120 000
Non-deductible costs	15 927
Total:	**248 097**

(all figures in thousand HUF unless indicated otherwise)

Items decreasing the corporate income tax base

Description	2021
Current year depreciation and amortization plus the net book value of written off PP&E recognized by the tax law	(112 697)
Donations	(600)
Reversal of imparment on receivables	(4)
Dividend received	(800 000)
Total:	**(913 301)**

Corporate income tax calculation	2021
*Profit before tax**	*813 496*
Adjusted pre-tax profit	**813 496**
Tax-basis decreasing items	(913 301)
Tax-basis increasing items	248 097
Tax base	148 292
Adjusted tax basis	***148 292***
Corporate income tax payable (9%)	13 346
Tax benefits	0
Fizetendő társasági adó (9%)	**13 346**

**without consolidate of MRP*

Profit before tax	813 496
Actual tax rate	9,0%
Tax payable calculated based on the actual tax rate	***73 215***
Impairment on trade receivable	1
Impairment on investments	0
Impairment on loans	10 800
Other	(23 891)
Received dividend	(72 000)
Research and innovation contribution	2 029
Tax benefits	0
Differences total:	***(83 061)***
Corporate income tax expense	**(9 846)**
Effective corporate income tax rate	1%

27. REVENUES

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

Sales revenue by main activity in 2021 and 2020 was as follows:

Net sales	2021	2020
Services (real estates rents, fee for bookkeeping, finance and HR services)	579 251	607 645
Bonuses, concessions	176 537	172 641
Total	**755 788**	**780 286**

(all figures in thousand HUF unless indicated otherwise)

The majority of the Company's revenue comes from rent, interest and dividend income.

Dividend income from subsidiaries is accounted through profit and loss on a separate line:

Company	2021	2020
Masterplast Medical Kft. (1)	0	600 000
Masterplast Hungária Kft.	400 000	0
Masterplast International Kft.	400 000	0
Masterplast Modulhouse Kft. (2)	0	30 000
MasterPlast Ukrajna	0	28 075
Masterplast Sp zoo	41 781	29 292
Masterplast Nonwoven GmbH	158 988	0
Total	**1 000 769**	**687 367**

(1) In accordance with the resolution of the owners Masterplast Kft. was renamed as Masterplast Medical Kft. effective from 30 July 2021.
(2) In accordance with the resolution of the owners Mastermesh Kft. was renamed as Masterplast Modulhouse Kft. effective from 4 November 2021.

28. RELATED PARTY TRANSACTIONS

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

Revenue received from related parties for the years ending on 31 December 2021 and 2020 is as follows:

Company name	2021	2020
Masterplast Medical Kft. (1)	214 884	52 454
Master Plast S.r.o.	3 854	2 059
Masterplast d.o.o.	4 411	2 251
Masterplast Romania S.R.L.	5 501	4 941
Masterplast YU D.o.o.	6 569	3 906
Fidelis Bau Kft.	15	3
MasterFoam Kft.	34 809	75 616
Masterplast Hungária Kft.	261 183	276 486
Masterplast Modulhouse Kft. (2)	2	0
Masterplast International Kft.	316 449	316 048
Masterplast Nonwoven GmbH	30 687	34 806
Masterplast Proizvodnja d.o.o.	21 714	0
Total:	**900 078**	**768 570**

(all figures in thousand HUF unless indicated otherwise)

Associate company	2021	2020
Masterprofil Kft.	19 992	13 196
T-Cell Plasztik Kft.	142 083	268
Total:	**162 075**	**13 464**

(1) In accordance with the resolution of the owners Masterplast Kft. was renamed as Masterplast Medical Kft. effective from 30 July 2021.
(2) In accordance with the resolution of the owners Mastermesh Kft. was renamed as Masterplast Modulhouse Kft. effective from 4 November 2021.

Interest received from related parties for the years ending on 31 December 2021 and 2020 is as follows:

Company name	2021	2020
Masterplast Romania S.R.L.	8 079	7 123
Masterplast YU D.o.o.	49 234	39 504
Masterplast International Kft.	111 230	66 650
Masterplast Nonwoven GmbH	25 980	11 447
Masterplast Medical Kft. (1)	0	173
Total:	**194 523**	**124 897**

(1) In accordance with the resolution of the owners Masterplast Kft. was renamed as Masterplast Medical Kft. effective from 30 July 2021.

Cost of services provided by and cost of materials purchased from related parties in the years ending on 31 December 2021 and 2020 are as follows:

Company name	2021	2020
Masterplast International Kft.	251	232
Masterplast Medical. Kft. (1)	16 072	17 243
Masterplast Hungária Kft.	3 312	1 844
Minifoci Kft. (2)	3 500	3 937
Total:	**23 135**	**23 256**

(1) In accordance with the resolution of the owners Masterplast Kft. was renamed as Masterplast Medical Kft. effective from 30 July 2021.
(2) Mr. Dávid Tibor is a senior executive at Minifoci Kft.

The Company did not receive any interest from its associated companies either in 2021 or in 2020.

(all figures in thousand HUF unless indicated otherwise)

Receivables from related parties as of 31 December 2021 and 31 December 2020 are as follows:

Company name	**31 December 2021**	**31 December 2020**
Masterplast Medical Kft (1).	92 512	9 447
Masterfoam Kft.	0	17 052
Masterplast Hungária Kft.	26 811	46 263
Masterplast Modulhouse Kft. (2)	2	0
Masterplast International Kft.	33 465	29 083
Fidelis Bau Kft.	3	3
Master Plast S.r.o.	1 033	555
Masterplast Sp zoo	0	0
Masterplast Romania S.R.L.	961	1 728
Masterplast Nonwoven GmbH	3 421	4 773
Masterplast YU D.o.o.	4 456	3 497
Masterplast d.o.o.	21 682	58
Total:	**184 346**	**112 459**

Associate company	**31 December 2021**	**31 December 2020**
Masterprofil Kft	4 152	2 723
T-Cell Plasztik Kft.	859	140 099
Total:	**5 011**	**142 822**

(3) In accordance with the resolution of the owners Masterplast Kft. was renamed as Masterplast Medical Kft. effective from 30 July 2021.
(4) In accordance with the resolution of the owners Mastermesh Kft. was renamed as Masterplast Modulhouse Kft. effective from 4 November 2021.

Liabilities to related parties as of 31 December 2021 and 31 December 2020 are as follows:

Company name	**31 December 2021**	**31 December 2020**
Masterplast Medical Kft.	2 173	3 968
Masterfoam Kft.	7 926	0
Masterplast Hungária Kft.	610	114
Masterplast Modulhouse Kft.	676	3 987
Total:	**11 385**	**8 069**

Associated company	**31 December 2021**	**31 December 2020**
T-Cell Plasztik Kft.	222	191
Total:	**222**	**191**

(all figures in thousand HUF unless indicated otherwise)

Cash pool receivables from and payables to related parties as at 31 December 2021 and 31 December 2020 are presented in the table below. Masterplast Nyrt. is the main account holder of the cash pool. The cash pool balance of the Company reflects the liability for Raiffeisen Bank.

31 December 2021

Company name	Receivable	Liability
Masterplast Kft.	0	(76 473)
Masterplast Hungária Kft.	(3 203 858)	0
Mastermesh Production Kft.	0	0
Masterplast International Kft.	0	2 080 530
MasterFoam Kft.	462 041	0
Total:	**(2 741 817)**	**2 004 057**
Net balance:		**(737 760)**

31 December 2020

Company name	Receivable	Liability
Masterplast Kft.	0	(5 998 156)
Masterplast Hungária Kft.	0	(2 007 999)
Mastermesh Production Kft.	0	0
Masterplast International Kft.	(1 175 593)	0
MasterFoam Kft.	411 321	0
Total:	**(764 272)**	**(8 006 155)**
Net balance:		**(8 770 427)**

Loans granted to related parties as of 31 December 2021 and 31 December 2020 are as follows:

Company name	31 December 2021	31 December 2020
Masterplast Romania S.R.L.	553 500	547 695
Masterplast YU D.o.o.	3 468 600	2 701 962
Masterplast International Kft.	10 664 100	6 173 030
Masterplast Nonwoven GmbH	2 730 600	1 566 989
Total:	**17 416 800**	**10 989 676**

- Loan of EUR 1,500,000 granted to Masterplast Romania S.R.L was impaired to EUR 547,695 earlier, however the remaining amount was fully impaired as at 31 December 2020.
- On 31 Decembet 2019, the Company waived EUR 500,000 from a loan of EUR 1,850,000 compared to Masterplast Romania S.R.L. on 31 December 2019, with a book value of HUF 165,260 thousand.

The Company had the following loans received from its subsidiaries as of December 31, 2021 and 2020, respectively:

Company name	31 December 2021	31 December 2020
Masterplast Modulhouse Kft.	0	297 000
Összesen:	**0**	**297 000**

(all figures in thousand HUF unless indicated otherwise)

Key executives of the Company discharge their duties as employees. Short-term allowances paid to them in 2021 amounted to HUF 113 885 thousands (total company cost: HUF 133 206 thousands), while it was HUF 116 429 thousand (total company cost: HUF 139 608 thousand) in 2020. No loans were granted to senior officers either in 2021 or in 2020. Total fees paid to the members of the Board of Directors was HUF 7 200 thousands (total company cost: HUF 8.424 thousands) in 2021 (HUF 7 200 thousand in 2020, total company cost: HUF 8.388 thousands).

29. FINANCIAL RISK MANAGEMENT

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

Market risk

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

Exchange rate risk

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

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

	2021	2020
Appreciation of EUR / HUF rates by 3 %		
Financial profit/(loss)	196 971	(321 679)
Effect of exchange rate increase	37 402	(65 998)
Adjusted financial profit/(loss)	**234 373**	**(387 677)**
Profit before tax	918 354	292 796
Effect of exchange rate increase	37 402	(65 998)
Adjusted profit before tax	**955 756**	**226 798**
Depreciation of EUR / HUF rates by 3 %		
Financial profit/(loss)	196 971	(321 679)
Effect at FX rate decrease	(37 402)	65 998
Adjusted financial profit/(loss)	**159 569**	**(255 681)**
Profit before tax	918 354	292 796
Effect of exchange rate decrease	(37 402)	65 998
Adjusted profit before tax	**880 952**	**358 794**

(all figures in thousand HUF unless indicated otherwise)

Interest rate risk

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

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

	2021	2020
Appreciation of interest rates by 1 % point		
Financial profit/(loss)	196 971	(321 679)
Effect of interest rate increase	(7 378)	(87 704)
Adjusted financial profit/(loss)	**189 593**	**(409 383)**
Profit before tax	918 354	292 796
Effect of interest rate increase	(7 378)	(87 704)
Adjusted profit before tax	**910 976**	**205 092**
Depreciation of interest rates by 1 % point		
Financial profit/(loss)	196 971	(321 679)
Effect of interest rate decrease	7 378	87 704
Adjusted financial profit/(loss)	**204 349**	**(233 975)**
Profit before tax	918 354	292 796
Effect of interest decrease	7 378	87 704
Adjusted profit before tax	**925 732**	**380 500**

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

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

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

2021	Falling due within 1 year	Falling due within 1-5 years	Falling due beyond 5 years	Total
Finance lease liabilities	8 509	17 046	0	25 555
Liabilities from issud bonds	0	5 994 614	14 977 695	20 972 309
Other non-current liabilities	0	0	0	0
Creditors and other liabilities	1 647 803	0	0	1 647 803
Total	**1 656 312**	**6 011 660**	**14 977 695**	**22 645 667**

(all figures in thousand HUF unless indicated otherwise)

2020	Falling due within 1 year	Falling due within 1-5 years	Falling due beyond 5 years	Total
Finance lease liabilities	5 586	15 304	0	20 890
Liabilities from issud bonds	0	5 982 985	5 982 985	11 965 970
Other non-current liabilities	0	1 262 597	0	1 262 597
Creditors and other liabilities	9 760 668	0	0	9 760 668
Total	**9 766 254**	**7 260 886**	**5 982 985**	**23 010 125**

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

Name and calculation of Covenant	Required		Met
	2021	2021	2020
Liquidity ratio (current assets / (current liabilities -liabilities to shareholders))	n/a	n/a	1,55
Leverage ratio (equity / (balance sheet total-accrued income))	n/a	n/a	33,15%
Operating profitability (Operating profit or loss / net sales revenues)	n/a	n/a	6,66%
net debt/EBITDA	≤3,5	2,30	1,66

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

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

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

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

Continuous operations
To ensure the efficiency of its financial operations, the Company makes continuous efforts to prolong the payment terms of transactions and contracts with its suppliers in order to compensate for payment delays by its debtors.

30. CONTINGENT LIABILITIES AND COMMITMENTS

Tender Commitments
The Company does not have any still ongoing, unclosed tenders as of 31 December 2020.

Litigations and extrajudicial cases launched by the Company
There is no litigation initiated against or initiated by the Company and there are not any ongoing legal processes.

31. RESEARCH AND DEVELOPMENT ACTIVITIES

The Company did not have any research and development activities.

(all figures in thousand HUF unless indicated otherwise)

32. EQUITY MATCHING SCHEDULE

	Note	Share capital	Treasury Shares	Share Premium	Comprehen-sive income	Retained earnings	Profit/(loss) for the year	Equity, total
Equity matching in accordance with section 114/B of the Accounting Law		Share Capital	Capital Reserve	Capital Reserve	Valuation Reserve	Retained Earnings	Profit/(loss) for the year after tax	Equity total
1 January 2021		**1 460 128**	**(50 542)**	**2 318 249**	**(243 792)**	**751 115**	**364 543**	**4 599 701**
Profit for the year	3						928 200	928 200
Other comprehensive income - CCIRS	19				(607 528)			(607 528)
Prior year's profit or loss reclassified						364 543	(364 543)	0
Redeemed treasury shares	7		(560 914)					(560 914)
Dividends paid						(633 017)		(633 017)
MRP consolidation			(170 027)					(170 027)
MRP allowance (2020)	33		(113 834)					
MRP allowance (2021)	33		64 220			(4 949)		59 271
31 December 2021		**1 460 128**	**(831 097)**	**2 318 249**	**(851 319)**	**477 692**	**928 200**	**3 501 852**

(all figures in thousand HUF unless indicated otherwise)

	Note	Share capital	Treasury Shares	Share Premium	Comprehen-sive income	Retained earnings	Profit/ (loss) for the year	Equity, total
Equity matching in accordance with section 114/B of the Accounting Law		Share Capital	Capital Reserve	Capital Reserve	Valuation Reserve	Retained Earnings	Profit/(loss) for the year after tax	Equity total
1 January 2020		**1 460 128**	**(126 076)**	**2 318 249**	**0**	**749 827**	**(1 369)**	**4 400 759**
Profit for the year	3						364 543	364 543
Other comprehen-sive income – CCIRS	19				(243 792)			(243 792)
Prior year's profit or loss reclassified						(1 369)	1 369	
Redeemed treasury shares	7		(38 300)					(38 300)
Dividends paid								
MRP consolidation	33					2 657		2 657
MRP allowance	33		113 834					113 834
31 December 2020		**1 460 128**	**(50 542)**	**2 318 249**	**(243 792)**	**751 115**	**364 543**	**4 599 701**

The presentation of transaction listed in points a); b); c); d); e); f); g) and h) of subsection 4 of section 114/B of the Accounting Law is not relevant.
'* Capital subscibed at the Registration Court equals with share capital in accordance with IFRS.
'** Rerained earnings usable to pay dividend is HUF 1.405.892 thousands.

(all figures in thousand HUF unless indicated otherwise)

33. MASTERPLAST EMPLOYEE SHARED OWNERSHIP PROGRAM

Masterplast Nyrt. established the MASTERPLAST Employee Shared Ownership Program ("MRP") on 14 December 2016. The MRP organization is based in: 1062 Budapest, Andrássy út 100.

In connection with the 2020/2021 programme, MRP participants are employees of Masterplast Nyrt. and its fully owned subsidiaries (Masterplast Medical Ltd., Masterplast Hungaria Kft., Masterplast International Kft. and Masterfoam Kft.), who are covered by the company's Remuneration Policies.The Company has included those managers of the aforementioned companies as Participants in the MRP entity who had the greatest influence on the achievement of the corporate business objectives set out in the Remuneration Policies.

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

The 2020-2021 programme for 2021 was launched by the Company on 23 April 2020 based on a stock option agreement between the MRP entity and Masterplast Nyrt. (date: 17 June 2020) which can be called down if the overachieving targets set out in the remuneration policy are met. If conditions are fulfilled, the MRP entity shall transfer the purchase right options 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 purchase option option is determined on the basis of the Black Sholes 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 shown in equity as treasury shares (less the estimated value of share-based remunerations for 2021). The total amount of the benefit is accounted for though profit and loss under IFRS 2, while all treasury share transactions linked to the MRP renumarations are accounted for through equity. The soonest the Settlement may take place is on the first working day after the approval of the current financial statements by the General Meeting.

The grant date is the date on which the remuneration policy was signed, in this case 23 April 2020 in connection with the 2020/2021 programme. The vesting period shall be the second year following the start of the programme, i.e. until 31 December 2021.

Benefit value is determined based on the value of the expected exercise of purchase right options. The share options were evaluated taking into account the following factors:

		MRP 2020/2021
Grant date	-	23 April 2020
Maturity date	-	17 June 2022
Option price	HUF/piece	100
Fair value of share option at grant date:	HUF/piece	483
Fair value of share option at grant date:	EUR/piece	1,3089
Risk-free yield	p.a.	1,3%
Expected number of shares purchased through options	piece	135 211
Expected value of shares purchased through options	EUR	176 983

For the calculation of the risk-free yield, the Company used zero-coupon yields and the exchange rate changes of Masterplast Nyrt. shares in BÉT for volatility.

(all figures in thousand HUF unless indicated otherwise)

The fulfillment of the KPI's prescribed in the MPR remuneration policy (not belong for the consolidated EBIT 2021) was as follows:

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

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

KPI name	Fullfillment %
Group turnover increase compared to 2018	*126,0%*
Masterfoam Kft increase in adjusted pre-tax profit	14,1%
Central European region audited EBIT growth compared to the previous year	258,0%
Export profit center adjusted EBITDA growth over the previous year	150%
Masterplast Hungária Kft. profit center adjusted EBITDA growth over the previous year	199,4%
International Trade Department adjusted margin requirement	168,0%
HQ profit center adjusted EBITDA growth over the previous year	157,1%
Warehousing profit center adjusted EBITDA growth over the previous year	225,6%

The expected gross payments per subsidiaries are the following:

Name of entity	31 December 2021	31 December 2020
Masterplast Hungária Kft.	12 187	15 481
Masterplast International Kft.	9 313	19 935
Masterplast Medical Kft.	7 431	15 484
Masterfoam Kft.	0	2 854
Total	**28 931**	**53 754**
Masterplast Nyrt	35 289	60 080
Total	**64 220**	**113 834**

Receivables of HUF 28.931 thousand are presented as „Other current financial assets" in the balance sheet, while expected personnel costs of HUF 60.080 thousand to the Company's employees are accounted through profit and loss as „payments to personnel". The total option value of HUF 64.220 thousand is accounted for through equity as „treasury shares".

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.

(all figures in thousand HUF unless indicated otherwise)

The share purchase option for the program related to financial year 2020 was evaluated based ont he following factors:

MRP 2019/2020		
Grant date	-	7 June 2019
Maturity date	-	31 May 2021
Option price	HUF/piece	100
Fair value of share option at grant date:	HUF/piece	616
Fair value of share option at grant date:	EUR/piece	1,68707
Risk-free yield	p.a.	3,18%
Expected number of shares purchased through options	piece	184 794
Expected value of shares purchased through options	EUR	311 762

34. EARNINGS PER SHARE

	2021	***2020***
Shareholders' share of the consolidated profit/(loss) for the year	5 929 965	2 351 064
Weighted average of ordinary shares (pieces)	14 398 805	14 389 100
Consolidated profit/(loss) for the year per share (basic) (HUF)	411,8	163,4
Shareholders' share of the modified consolidated profit/(loss) for the year	5 929 965	2 351 064
Weighted average of ordinary shares (pieces)	14 399 257	14 389 606
Shareholders' share of the diluted consolidated profit/(loss) for the year	411,8	163,4

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

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

The consolidated profit for the year per share is HUF 411.8. The calculated diluted earnings per share (HUF 411.8) could not be higher than the basic earnings per share in accordancw with IFRS. In the value of the calculated diluted EPS, the shares transferred to the MRP are considered to have a dilutive effect, as they are expected to increase the weighted average stock of ordinary shares if they are drawn down in the future. The dilution effect is less than HUF 0.1.

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

2021

Date	***Issued ordinary shares (piece)***	***Treasury shares (piece)***	***Traded ordinary shares (piece)***	***Number of days***	***Weighted average***
31.12.2020	14 601 279	240 204	14 361 075	366	14 389 100
31.12.2021	14 601 279	205 000	14 396 279	365	14 389 606

(all figures in thousand HUF unless indicated otherwise)

2020

Date	*Issued ordinary shares (piece)*	*Treasury shares (piece)*	*Traded ordinary shares (piece)*	*Number of days*	*Weighted average*
31.12. 2019	14 601 279	178 798	14 422 481	365	14 488 851
31.12. 2020	14 601 279	240 204	14 361 075	366	14 389 100

35. IMPACT OF COVID-19

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

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

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

36. SUBSEQUENT EVENTS

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

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

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

The bonuses for the parent company's senior and middle management in the previous financial year are worth HUF 35,289 thousand, which is expected to be paid in May 2022 under the remuneration programme. The cost of these bonuses is included in the annual financial statements.

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

In connection with the 2021 financial year, Management suggests a dividend of HUF 55 per share. The payment may be made after the approval of the general meeting in accordance with the current articles of incorporation of Masterplast Zrt.

37. STATEMENTS FOR THE FUTURE

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

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

38. ASSUMPTION OF RESPONSIBILITY

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

39. APPROVAL OF THE ANNUAL FINANCIAL STATEMENTS

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

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