



MASTERPLAST PLC.  
INTERIM MANAGEMENT REPORT

23 February 2023

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**Interim management report**  
**2022**

Consolidated, non-audited  
According to International Financial and Reporting Standards (IFRS)  
23 February 2023

The main activity areas of Masterplast (later: “Group”, “Masterplast”, “Company”), founded in 1997, are production and sales of building insulation materials and systems in construction industry, complemented by the production and sale of healthcare textile and hygiene products. The international Group, which headquarter is based in Hungary, has its own active subsidiary companies in 10 European countries, where 7 different production plant units are operated. The Group represents itself with its construction industry products on thermal insulation system, heat, sound and water insulation, roofing and on dry construction market, furthermore the Company participates with hygiene products on healthcare market. The international and domestic manufacturing bases ensure competitiveness to deliver the products of the Group to the European markets and markets outside Europe, via its subsidiaries and partners. The aspects of sustainability, energy efficiency and environment protection are considered by Masterplast as high importance in the internal processes, as in production and innovation.

## 1. SUMMARY

As result of the negative economic effects also in connection with construction industry and shrinking markets the Company's sales decreased by 17% in Q4 compared to the base period. Despite that during base quarter Masterplast with strategic inventory had strong position, in the current quarter holding higher inventory level was a disadvantage in market characterised by decreasing prices of raw materials and finished products driven by falling demand. The actions of market participants in relation to the stock reduction and sales price decrease also made the demand for the Company's products weaker and resulted lower margins. The other production costs of Masterplast also increase – mainly driven by energy costs. As result of all these effects, the Company Q4 2022 EBITDA was EUR 1 020 thousand (2,7% EBITDA ratio) compared to the base value of EUR 3 624 (EBITDA 8,0% ratio). Unfavorable exchange rate movements for the Group resulted further lower profits, so the Company closed the last quarter with a loss after tax of EUR 1 385 thousand. On annual basis, the Company's sales revenue increased by 5% and exceeded EUR 200 million due to the strong performance of the construction industry segment, which also compensated the decline in healthcare product sales. The yearly EBITDA (EUR 20 383 thousand, 10,1% EBITDA ratio) of the Company and profit after tax reached higher levels compared to the profit warning presented in January 2023. Total net profit EUR 15 646 thousand was lower by 3% compared to the base EUR 16 070 thousand. Due to the inventory effect described above, in the first half of 2023 the Company foresees profitability decrease compared to prior based period, but in parallel profit increase is expected after reduction of expensive stocks. The Group already expects a positive growth trend in the second half of 2023, thanks to the new investments already in place and the expected renovation support programs at the European level. The opportunities inherent in the thermal insulation market of the renovation sector ensure Masterplast's growth path in the long term, so the Company continues to implement its strategic major investments.

Data in 1000 EUR	Q4 2022	Q4 2021	2022 YTD	2021 YTD
Sales revenues	37 663	45 376	201 799	191 489
EBITDA	1 020	3 624	20 383	22 831
EBITDA ratio	2,7%	8,0%	10,1%	11,9%
Profit/loss after taxation	-1 385	1 892	15 646	16 070
Net income ratio	-2,4%	4,2%	8,0%	8,4%

Source: consolidated non-audited report of the Group on 31st of December 2022 and audited report on 31st of December 2021 based on IFRS accounting rules, as well as the non-audited data from the Group's management information system

- The global energy crisis, rising inflation and deteriorating interest rate environment are having a strong impact on the construction industry in the Company's markets. Demand for new construction continued to fall, while in the renovation segment, demand for works supporting energy efficiency improvements remained strong. Across countries, the industry trend was generally down or stagnating, with the backlog of contracts and the number of investments started almost all lagging behind the previous year. In Ukraine, the war situation since the end of February has limited construction activity in several regions. Although work is ongoing in the central and western regions, industry indicators are still significantly below last year's figures.

- Masterplast's revenue in Q4 2022 was EUR 37 663 thousand, 17% lower than in the same period of 2021. However, total 2022 year revenue was 5% above the base thanks to a strong first two quarters performance.
- In line with the change in industry demand, sales of thermal insulation systems product group - which represents the largest share (58%) of total revenue and largely includes self-produced products - expanded by 7%, while sales of the other product groups, which are more closely linked to the new construction segment, declined. Sales of roofing foils and accessories closed 22% below the base, the dry construction systems product group fell 29% below the base and sales of heat, sound and water insulation materials was 19% below the base. Turnover of building industry accessories showed a moderate decline (-5%), while industrial applications declined 68%.
- In the largest Hungarian market, focusing only on construction product groups, the segment grew by 9%, but the Company's overall sales in Hungary declined by 22% due to weaker performance in industrial applications. Sales increased in Poland (56%) and Croatia (8%), while the Company's other markets reported lower sales in the fourth quarter compared to a year earlier (Exports -19%, Romania -6%, Germany -40%, Italy -16%, Serbia -11%, Slovakia -27%, Northern Macedonia -26%). In war-torn Ukraine, with business limited to non-combat areas, overall sales fell 23% in the fourth quarter compared to the period one year earlier.
- Due to lower sales and the impact of higher priced inventories the gross margin amount in Q4 2022 was below the base period, with the margin rate on turnover also decreasing.
- EPS production output in Serbia continued to grow, with capacity utilisation related to the mesh edge protection plant improving after a decline in the previous quarter. Investments have increased production capacity at the fiberglass mesh factory in Serbia, which capacity the Company is working to fulfill with orders. There was no production at the Group's plant in Kál in the fourth quarter, as the Company sold its foam manufacturing equipment in September and a new EPS manufacturing plant is under construction at this site. The two new EPS production plants expected to operate in the second half of 2023 (site in Kál and the plant to be established in the Italian county of Reggio Emilia) and the new XPS production plants (at the Serbian production base site) provide the opportunity to gain further opportunities in the Western European markets as well. Production output from the Aschersleben fleece manufacturing unit decreased compared to last year's base. At the central site in Sárszentmihály, diffusion roofing foil production was at the same level as a year earlier, while capacity at the fleece production unit is increasingly fulfilled with customer orders. In the case of health products, product development continues in order to serve customer needs as widely as possible.
- The cost of materials and services – including the change in the self-manufactured inventories as well – reached overall the base level, in addition to the decrease of revenue (-17%).
- The personnel expenses of the Company increased by 20% in Q4 2022 compared to the base, due to the higher number of employees of the Serbian production plant and to the salary increase in line with market trends. The Group had 1 499 employees at the end of December 2022, compared to the staff level of 1 379 headcount of the base period.
- The amount of depreciation was in line with base period amount. The subsidies related to CAPEX investments on Hungarian and Serbian sites was accounted proportionally in the financial figures based on depreciation.
- The other operating income and expense recorded a profit of EUR 2 159 thousand compared to the loss of EUR 4 255 thousand in the base period, where the difference is explained by the cancellation of the subsidies received in proportion to the depreciation and the reversed impairment of the inventory used. Due to better-than-expected payment discipline and inventory management in Ukraine, the Company reduced its impairment on Ukrainian receivables and inventories.
- The Group's EBITDA in Q4 2022 was EUR 1 020 thousand (2.7% EBITDA ratio) compared to EUR 3 624 thousand (8.0% EBITDA ratio) in the base period. The cumulated EBITDA is EUR 20 383 thousand (10.1% EBITDA ratio), which is 11% lower than the base value of EUR 22 831 thousand, but at the same time it exceeded the profit warning figures presented in January 2023.
- Interest expenses of the Company increased, besides other financial operations resulted lower profit in Q4 2022 compared to the base period due to unfavourable exchange rate effects for the Company. The Company has favourable fixed-rate HUF bonds (~2.15%) and floating-rate euro loans (~2.85%), which are moderately impacted by the deteriorating interest rate environment.

- As a result of all these effects, the Company's net profit in Q4 2022 was a loss of EUR 1 385 thousand. Its total profit after tax - exceeding the level predicted in January 2023 - closed at EUR 15 646 thousand, which is 3% below the previous year profit after tax of EUR 16 070 thousand.
- The value of fixed assets at the end of December 2022 was EUR 112 766 thousand, EUR 21 764 thousand higher than at the end of the base period due to the new investment.
- The value of the high inventory built up to ensure a stable supply chain was EUR 60 532 thousand at the end of December 2022, EUR 13 444 thousand higher than the closing stock at the end of the base period. The increase in inventories related to own production and the increase in the volume and price of purchased inventories. The impact of the measures introduced to optimise the level of stocks is expected in the following periods.
- The Company's accounts receivables at the end of December 2022 was EUR 17 485 thousand, EUR 3 526 thousand lower than the base year, in-line with the lower sales performance.
- At the end of December 2022, the Group's cash and equivalents amounted to EUR 25 925 thousand, EUR 10 543 thousand higher than at the end of the base period. During the quarter, the Company raised capital of HUF 9.2 billion (EUR 22 359 thousand) from financial markets, mainly to finance its investments in mineral wool production.
- The two strategic investments – the rock wool production with the launch of a strategic agreement with Market Zrt. in December 2022 for joint establishment of factory, and the glass wool production project with the acquisition in 2023 January – have entered the implementation phase until the publication of this report.
- As a result of the capital increase, the value of the Company's equity as of December 31, 2022 was EUR 81 578 thousand, which is EUR 33 214 thousand higher than its value a year earlier.
- The total amount of loans increased by a total of EUR 21 683 thousand due to the low interest rate bank loans drawn to finance the higher working capital requirements for investments and increased own production.

## **2. Business Prospects**

The unfavourable macro environment, rising inflation and rising interest rates have pushed the construction sector into recession. Increasing financing costs will discourage investment, leading to a further slowdown in the new construction market. At the same time, the outlook for the renovation segment is positive. In the energy crisis, the renovation and energy retrofitting of buildings has gained in importance, with the EU and governments projecting strong building energy subsidy programmes in Europe. This will ensure that demand for insulation materials continues to grow in the face of a deteriorating economic environment and recession.

While the construction recession may result in a lower performance period for the Company in the short term, operating in a crisis-resistant industry will ensure that its growth goals are met in the medium to long term. In response to the changed market conditions, the Company's focus has shifted to optimizing inventory levels, increasing operational and production efficiency, and conscious energy management, while continuing to implement an intensive investment strategy that will underpin the growth trajectory.

In the thermal insulation material market, the effects of previous investments may appear already from 2023, and with the development of Hungarian and Italian EPS and Serbian XPS production, there will be an opportunity for further expansion in Western European markets as well. In line with the growth and investment strategy, the Company has acquired a call option on the remaining share of the currently partly owned EPS plants in Zalaegerszeg and Hajdúszoboszló, and will enable it to become 100% owner of T-CELL Ltd. The call option is valid for a period of 3 years from the publication of the 2022 annual audited report of T-CELL Ltd., but from no later than 31 May 2023.

In October 2022, Masterplast carried out a successful stock exchange capital raising worth HUF 9.2 billion with the aim of using the fresh funds primarily to finance mineral wool production developments. The company's mineral wool production development departments have now entered the implementation phase in both targeted product segments. The rock wool investment project launched with the strategic agreement on joint establishment of factories

concluded with Market Zrt. in December 2022. Regarding glass wool segment, in 2023 January the Company acquired PIMCO Kft., becoming so the owner of an advanced phase glass wool investment project worth HUF 14.1 billion, financed with 40% state development grant, in the Szerencs area of Hungary.

The modular business is expected to enter the market in 2023. In preparation for this, the first modular office building was successfully installed in the last quarter of the year under review, and in January 2023 the Company signed a strategic cooperation agreement with KÉSZ Holding Zrt. Within the framework of this cooperation, KÉSZ Holding Zrt., with decades of experience in steel structure manufacturing, will support the Company's objectives partly as a developer and supplier of steel structures and partly as a buyer of modules made with the jointly developed frame. With the ramp-up of commercial production, the Company expects to produce 500 building modules per year, which it intends to expand continuously in the coming years.

In the framework of conscious energy management, the Company has applied for the Hungarian government's Factory Rescue Programme, which will provide more than 40% grant for the Company for a total of €1.6 million worth of investments to improve energy efficiency and energy security.

Masterplast has ensured the security of assets and resources in Ukraine and is currently operating its subsidiary in non-war-torn areas. In the medium to long term, the business potential for Masterplast, as a long-established producer of building materials and insulation materials in the Ukrainian market, in the reconstruction of Ukraine may offset the loss of revenues during the war period.

The stable supply chain, the manufacturing and development investments already made and underway, the strong financial backing and the agile organisational culture provide a solid basis for the Company's further and sustainable growth.

### **3. Presentation of the external economic and industrial environment**

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

Recent events - the Russian-Ukrainian war, the epidemic measures, the energy crisis - have led to high inflation and rising interest rates around the world. All this has had an impact on the evolution of demand in the construction sector. In the last quarter, the market for new construction in Europe fell spectacularly, while the renovation segment, which aims to improve the energy efficiency of buildings, did not experience downturn. The correction in raw material prices in the last quarter had a significant impact on the construction market. As demand slowed, prices of raw materials - plastics, steel and fibreglass - started to fall, prompting operators to reduce high stock levels, leading to oversupply and price competition in the market.

Hungary, the most significant market for the Company, has by far the highest inflation rate and central bank base rate in the EU, and the forint weakened also sharply in 2022. Available statistics for the fourth quarter show a slight decline in construction output, the number of contracts for the construction of buildings at the end of October was also at a lower level than a year earlier in the contracting sector. However, in the insulation materials market, the government's home renovation subsidy, which ended at the end of the current year, and the regulations that altered the overheads reduction announced in the previous quarter, continued to fuel demand in the fourth quarter.

Romania's GDP is forecasted to grow by 4.9% in 2022, better than previously announced expectations. At the same time, the annual inflation rate continued to rise in the quarter, standing at 16.4% in December. According to the statistical office, construction output showed a slight increase at the beginning of the quarter, followed by a slight

decline in the quarter compared to a year earlier. The number of building permits showed a larger decline, with construction permits at a 15-33% lower level in the final months of the year compared to the same period last year.

In 2022, total economic activity in Serbia, measured by real gross domestic product (GDP), is estimated to have increased by 2.3% compared to 2021, while annual inflation is estimated at 15.1%. The value of construction works in 2022 decreased by 11.8% compared to the previous year. The number of building permits issued has been falling steadily in recent months, with November 16% below the base level.

In the war-torn Ukraine GDP is forecasted to fall by 30.4% in 2022. Construction, real estate and several sectors of the economy are affected by the war situation. According to statistics, by November 2022, 16 800 residential buildings and 126 700 private houses had been destroyed by the war, causing an estimated USD 52.5 billion in damage to Ukraine. New house construction halved in the first three quarters of the year compared to 2021. The Ukrainian state has a home purchase assistance programme to help citizens left without a home.

In the fourth quarter of 2022, Germany's gross domestic product (GDP) fell by 0.2% compared with the third quarter of 2022. Changes in the interest rate environment and inflation are also having a negative impact on the construction sector in Germany. Cancellations of housing construction are becoming increasingly significant, with the number of new housing starts significantly below the target set in the previous year. In 2022, the market for insulation materials in Germany grew to €3 billion for the first time. However, according to market research institute Brancheradar.com, only the rise in selling prices is responsible for the increase and a nearly 13% rise in manufacturer revenues, with demand actually one percent below the previous year.

In Poland, GDP grew by 2% in the last quarter, a further slowdown from the 3,6% growth rate in the previous quarter. The statistics show that both construction starts and building permits fell sharply compared to the baseline. Inflation and rising construction material prices are clearly holding back housing purchases and investor sentiment.

Construction output in Slovakia stagnated overall in the last quarter. The Slovak market experienced a strong oversupply and consequent price competition in the quarter under review. At the same time, industry players are experiencing significantly fewer requests for quotations and are waiting for the launch of the incentive programme promised by the government, which could help the situation. Under the green programme adopted by the government, currently in the tendering phase, EUR 560 million is planned to support the renovation of 30 000 energy-inefficient old houses.

In Croatia, the inflation rate moderated in the last months of the year, and the volume of construction work and the number of permits issued increased slightly. Continued stable demand for residential property, infrastructure investments (financed by EU funds) and the necessary reconstruction of earthquake-affected areas are strengthening demand.

### 3. Sales by main product groups

Sales by main product groups:

Data in 1000 EUR	Q4 2022	Q4 2021	Index	2022	2021	Index
	(A)	(B)	(A/B-1)	(A)	(B)	(A/B-1)
Thermal insulation system	21 798	20 452	7%	106 635	77 007	38%
Roofing foils and accessories	5 233	6 690	-22%	26 294	29 652	-11%
Dry construction system	3 323	4 657	-29%	18 237	17 969	1%
Heat, sound and water insulation materials	3 251	4 006	-19%	19 158	17 019	13%
Building industry accessories	1 180	1 248	-5%	5 896	5 824	1%
Industrial applications	2 651	8 323	-68%	25 353	44 018	-42%
<b>Total sales revenue</b>	<b>37 436</b>	<b>45 376</b>	<b>-17%</b>	<b>201 573</b>	<b>191 489</b>	<b>5%</b>
<b>Contribution of product groups in percentage to the total sales revenue</b>						
Thermal insulation system	58%	44%	-	52%	41%	-
Roofing foils and accessories	14%	16%	-	13%	15%	-
Dry construction system	9%	10%	-	9%	9%	-
Heat, sound and water insulation materials	9%	9%	-	10%	9%	-
Building industry accessories	3%	3%	-	3%	3%	-
Industrial applications	7%	18%	-	13%	23%	-
<b>Total sales revenue</b>	<b>100%</b>	<b>100%</b>	<b>-</b>	<b>100%</b>	<b>100%</b>	<b>-</b>

Source: consolidated non-audited report of the Group on 31st of December 2022 and audited report on 31st of December 2021 based on IFRS accounting rules, as well as the non-audited data from the Group's management information system

The Group's sales revenue in Q4 2022 was EUR 37 663 thousand, 17% lower than in the base period. In line with the change in industry demand, sales remained stable in the insulation materials product group related to the renovation market, while sales decreased in the other product groups related more to the new building segment.

Thanks to stable demand in the renovation market, the product group of thermal insulation systems, which comprises the largest share (58%) of the portfolio and largely includes products own-manufactured, grew by 7%. Within the product group, sales of EPS products were strong, but sales of fiberglass mesh and adhesive products also increased, while sales of other products were slightly down on a year earlier. Looking at regional data, sales of the product group grew in the Hungarian, Polish, German, Romanian and Croatian markets, while sales in the other target countries declined in the quarter compared to the base.

Roofing foils and accessories sales closed Q4 2022 22% lower compared to the same period in 2021. By market, sales of roofing foils increased significantly in Poland and Serbia, while sales in the other markets decreased to a lesser or greater extent compared to the base.

The dry construction systems product group's quarterly turnover decreased by 29% compared to the 2021 base. Drywall sales increased, while drywall profile sales were down year-on-year. On a country-by-country basis, sales increased in export territories, while in other markets, turnover of the product group decreased.

Sales of heat, sound and water insulation materials, also linked to the renovation market, were 19% below a year earlier. Sales of mineral wool products showed an increase, while sales of XPS and waterproofing materials declined. Following the sale of foam production equipment, the increased sales in the third quarter due to the inventory clearance resulted in a significant decline in foam foil sales in the fourth quarter compared to the base. In terms of markets, sales increased in Hungary, Poland, Northern Macedonia and Romania, while sales in the other countries decreased in the quarter compared to the base.

In Q4 2022, sales of building industry accessories were 5% below their base level. Sales were up or stagnant in most markets, while export sales and sales in Ukraine were down.



In the industrial applications product group, sales closed 68% below the base level in Q4 2022. Sales of healthcare

#### 4. Sales by countries

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

In the first half of 2022, the Company revised and changed the breakdown of its sales by country. With foundation of Masterplast Italia Srl., the Group reclassified the Italian market from the Export category to a separate category, as from H1 2022 Masterplast has own subsidiary in the country.

The following table describes the reclassifications for the base period:

Data in 1000 EUR	Q4 2022			2021		
	Sales revenue by previous classification	Reclassification	Sales revenue according to the new classification	Sales revenue by previous classification	Reclassification	Sales revenue according to the new classification
Hungary	20 389		20 389	87 516		87 516
Export	7 500	-3 163	4 337	27 110	-9 022	18 088
Germany	3 372		3 372	15 201		15 201
Poland	1 897		1 897	11 901		11 901
Romania	3 325		3 325	14 603		14 603
Serbia	2 840		2 840	11 890		11 890
Italy	0	3 163	3 163	-	9 022	9 022
Ukraine	2 747		2 747	10 446		10 446
Slovakia	1 748		1 748	6 974		6 974
Croatia	1 063		1 063	3 922		3 922
North Macedonia	494		494	1 926		1 926
<b>Total sales revenue</b>	<b>45 376</b>	<b>0</b>	<b>45 376</b>	<b>191 489</b>	<b>0</b>	<b>191 489</b>

Source: non-audited data from the Group's management information system

Sales by countries:

Data in 1000 EUR	Q4 2022	Q4 2021	Index	2022	2021	Index
	(A)	(B)	(A/B-1)	(A)	(B)	(A/B-1)
Hungary	15 970	20 390	-22%	89 601	87 516	2%
Export	3 528	4 337	-19%	18 462	18 088	2%
Romania	3 109	3 325	-6%	16 883	14 603	16%
Germany	2 009	3 372	-40%	14 379	15 201	-5%
Italy	2 651	3 163	-16%	13 581	9 022	51%
Poland	2 966	1 897	56%	13 495	11 901	13%
Serbia	2 540	2 840	-11%	13 351	11 890	12%
Slovakia	1 272	1 748	-27%	8 101	6 974	16%
Ukraine	2 104	2 747	-23%	7 458	10 446	-29%
Croatia	1 146	1 063	8%	4 598	3 922	17%
North-Macedonia	368	494	-26%	1 890	1 926	-2%
<b>Total sales revenue</b>	<b>37 663</b>	<b>45 376</b>	<b>-17%</b>	<b>201 799</b>	<b>191 489</b>	<b>5%</b>
<b>Contribution of countries in percentage to the total sales revenue</b>						
Hungary	43%	46%	-	44%	46%	-
Export	9%	10%	-	9%	9%	-
Romania	8%	7%	-	8%	8%	-
Germany	5%	7%	-	7%	8%	-
Italy	7%	7%	-	7%	5%	-
Poland	8%	4%	-	7%	6%	-
Serbia	7%	6%		7%	6%	
Slovakia	3%	4%	-	4%	4%	-
Ukraine	6%	6%	-	4%	5%	-
Croatia	3%	2%	-	2%	2%	-
North-Macedonia	1%	1%	-	1%	1%	-
<b>Total sales revenue</b>	<b>100%</b>	<b>100%</b>	<b>-</b>	<b>100%</b>	<b>100%</b>	<b>-</b>

Source: consolidated non-audited report of the Group on 31st of December 2022 and audited report on 31st of December 2021 based on IFRS accounting rules, as well as the non-audited data from the Group's management information system

In the Group's largest Hungarian market, total revenue decreased by 22% in Q4 2022 compared to the base. The decline in the last quarter was mainly driven by the sales fall of the industrial applications product group (packaging and healthcare products and non-strategic commodities trading). The performance of the construction product groups was in line with market trends, with the segment growing by 9% overall in the Hungarian market. Thanks also to the government subsidy for renovation, which was available until the end of the year, sales of the thermal insulation product group continued to grow, and that of heat, sound and water insulation materials also increased. In the other construction product groups, which are more closely linked to the renovation segment, sales declined or stagnated compared to the quarterly base period.

In export markets, turnover fell by 19% in Q4 2022 compared to the same period last year. Sales of own-produced fiberglass mesh, part of the thermal insulation system product group, were below the base level, while sales of roofing foils, heat, sound and water insulation materials and building accessories also declined. However, sales of dry construction products and industrial applications increased in the quarter under review. Sales in the Nordic countries and the Czech Republic were the main contributors to the quarterly decline compared to the base quarter, while the Company significantly increased its sales in other markets (e.g. Greece, Portugal, France).

Sales in the Romanian market closed at a 6% lower level in Q4 2022 compared to the base period. Sales of heat, sound and water insulation materials increased, while sales of the thermal insulation product group stagnated. Turnover of the other product groups decreased in the quarter under review compared to a year earlier.

In the German market, turnover fell by 40% in Q4 compared to the same period last year. The decline was caused primarily by lower sales of own-produced roofing foils and secondly by lower sales of medical raw materials, while sales of fiberglass mesh in the thermal insulation product group increased significantly in the German market in the quarter under review.

In Italy, now a separate market with a subsidiary presence, sales were down 16% compared to the same quarter last year, where the Italian government's insulation tax rebate campaign had boosted the demand until the first half of this year. The thermal insulation systems product group accounts for the vast majority of sales of the Company in the Italian market.

The Polish market grew by 56% in Q4 2022. Only the drywall product group showed a decline, while sales in the other product groups increased significantly. Thermal insulation product group performing particularly well compared to the base.

Serbia's turnover in Q4 2022 decreased by 11% compared to the base. Sales of roofing foils and accessories increased significantly, but turnover of building industry accessories was also higher than a year earlier. However, sales in the other product groups on the Serbian market decreased in the fourth quarter.

In Q4 2022, revenue in the Slovak market fell by 27% compared to the base period. EPS sales in the thermal insulation product group were only slightly down year-on-year, while the other product groups showed a more spectacular decline.

In Ukraine, quarterly turnover was 23% below the 2021 base period due to the war situation. Given that sales activity in war-affected regions is very limited, the sales shortfall affected all product groups. However, sales performance in the western regions of the country continued to be good, with the backlog catching up.

Sales in the Croatian market increased by 8% in Q4 2022 compared to the same period of the previous year. In the product groups of thermal insulation systems and industrial applications, the Company achieved strong growth in the Croatian market in the quarter under review, but also increased sales of building industry accessories products. Sales in the other product groups were below the base level.

In Northern Macedonia, which has the lowest share of turnover, turnover fell by 26% compared to the base. Sales increased in heat, sound and water insulation materials and building industry accessories, while sales in the other product groups decreased compared to the base.

In summary, in the fourth quarter, the Company's revenue decreased by 17% compared to the base period. In line with the change in industry demand, sales increased in the insulation materials product group related to the renovation market, while turnover decreased in the other product groups also related to the new construction market. Sales also fell in the industrial applications product group. In terms of markets, turnover increased in Poland, Croatia and, if only construction products are in focus, in Hungary, while sales decreased in the other countries, including the export area, in the quarter under review.

5. Profit and loss account

The exhibit below shows the consolidated profit and loss statement of the Masterplast PLC. in total cost form, in thousand EUR.

Data in 1000 EUR	Q4 2022	Q4 2021	Change	Index	2022	2021	Change	Index
	(A)	(B)	A-B	(A/B-1)	(A)	(B)	A-B	(A/B-1)
Sales revenues	37 663	45 376	-7 713	-17%	201 799	191 489	10 310	5%
Cost of materials and services	-36 812	-34 919	-1 893	5%	-171 204	-146 994	-24 210	16%
Payroll costs and contributions	-6 591	-5 497	-1 094	20%	-27 131	-21 395	-5 736	27%
Depreciation	-1 378	-1 373	-5	0%	-5 429	-4 556	-873	19%
Change in self-manufactured inventories	4 601	2 919	1 682	58%	12 933	4 173	8 760	210%
Other operating revenues and expenses	2 159	-4 255	6 414	-151%	3 986	-4 442	8 428	-190%
<b>EBITDA</b>	<b>1 020</b>	<b>3 624</b>	<b>-2 604</b>	<b>-72%</b>	<b>20 383</b>	<b>22 831</b>	<b>-2 448</b>	<b>-11%</b>
<i>EBITDA ratio</i>	<i>2,7%</i>	<i>8,0%</i>			<i>10,1%</i>	<i>11,9%</i>		
<b>PROFIT / LOSS OF BUSINESS ACTIVITY (EBIT)</b>	<b>-358</b>	<b>2 251</b>	<b>-2 609</b>	<b>-116%</b>	<b>14 954</b>	<b>18 275</b>	<b>-3 321</b>	<b>-18%</b>
Interest revenues	630	100	530	530%	1 058	351	707	201%
Interest expenses	-794	-517	-277	54%	-2 508	-1 452	-1 056	73%
Other financial revenues and expenses	-1 009	494	-1 503	-304%	4 011	1 136	2 875	253%
<b>FINANCIAL PROFIT/LOSS</b>	<b>-1 173</b>	<b>77</b>	<b>-1 250</b>	<b>-1623%</b>	<b>2 561</b>	<b>35</b>	<b>2 526</b>	<b>7217%</b>
Profit/loss from associations	168	94	74	79%	375	259	116	45%
<b>Profit/loss before income tax</b>	<b>-1 363</b>	<b>2 422</b>	<b>-3 785</b>	<b>-156%</b>	<b>17 890</b>	<b>18 569</b>	<b>-679</b>	<b>-4%</b>
Taxes	-22	-532	510	-96%	-2 244	-2 499	255	-10%
<b>Profit/loss after taxation</b>	<b>-1 385</b>	<b>1 890</b>	<b>-3 275</b>	<b>-173%</b>	<b>15 646</b>	<b>16 070</b>	<b>-424</b>	<b>-3%</b>
<i>Profit attributable to the owners of the parent</i>	<i>-1 442</i>	<i>1 789</i>	<i>-3 231</i>	<i>-181%</i>	<i>15 635</i>	<i>15 861</i>	<i>-226</i>	<i>-1%</i>
<i>Profit attributable to the minority</i>	<i>57</i>	<i>102</i>	<i>-45</i>	<i>-44%</i>	<i>11</i>	<i>209</i>	<i>-198</i>	<i>-95%</i>
<i>Earnings per share (EPS) (EUR)</i>	<i>-0,03</i>	<i>0,12</i>			<i>0,93</i>	<i>1,10</i>		

Source: consolidated non-audited report of the Group on 31st of December 2022 and audited report on 31st of December 2021 based on IFRS accounting rules.

Masterplast's revenue in Q4 2022 was EUR 37 663 thousand, 17% lower than in the same period of 2021.

Lower sales, together with higher inventories purchased at higher prices and increased manufacturing (typically energy) costs during the year, the gross margin amount in Q4 2022 was below the base period, with the margin rate on turnover also decreasing. The moderation in energy prices towards the end of the year should lead to a reduction in manufacturing costs for the Group, as the Company purchases energy at market prices and has not committed to any fixed prices.

EPS production output in Serbia continued to grow, with capacity utilisation at the mesh edge protection plant improving after a decline in the previous quarter. Investments have increased production capacity at the glass fabric

factory in Serbia, which the Company is working to book. There was no production at the Group's plant in Kal in the fourth quarter, as the Company sold its foam manufacturing equipment in September and a new EPS manufacturing plant is under construction at the site. Output in the Aschersleben fleece production unit decreased compared to last year's base. At the central site in Sárszentmihály, diffusion roofing foil production was at the same level as a year earlier, while capacity at the fleece production unit is increasingly tied up with customer orders.

The Company's cost of materials and services, including the change in own-produced inventories was at the level of the base in the fourth quarter, despite the decline in turnover. The Group's costs of raw and other materials for production, energy and fuel and value of services also increased in Q4 2022 compared to the base period.

The personnel expenses of the Company increased by 20% in Q4 2022 compared to the base, due to the higher number of employees of the Serbian production plant and to the salary increase in line with market trends. The Group had 1 499 employees at the end of December 2022, compared to the staff level of 1 379 headcount of the base period.

The amount of depreciation was in line with base period amount. The subsidies related to CAPEX investments on Hungarian and Serbian sites was accounted proportionally in the financial figures based on depreciation.

In the other operating results, the Company recorded a profit of EUR 2 159 thousand compared to a loss of EUR 4 255 thousand in the base period, where the difference is explained by the release of grants received in proportion to depreciation and the reversal of the write-down of inventories used. The Company also reduced its impairment of its Ukrainian receivables due to the better payment morale than expected.

The Group's EBITDA in Q4 2022 was EUR 1 020 thousand (2.7% EBITDA margin) compared to EUR 3 624 thousand (8.0% EBITDA margin) in the base period. Total EBITDA was EUR 20 383 thousand (10.1% EBITDA margin), 11% lower than the base year of EUR 22 831 thousand. Taking into account depreciation and amortization, the operating result of the Group in the fourth quarter (EBIT) was a loss of EUR 358 thousand, compared to a base value of EUR 2 251 thousand. Total EBIT amounted to EUR 14 954 thousand compared to EUR 18 275 thousand in the base period.

The Company's interest expenses increased as a result of bond issues and borrowing. At the same time, interest income also increased during the quarter, resulting in an interest profit of EUR 253 thousand compared to the base. The Company has favourable fixed rate HUF bonds (~2.15%) and floating rate (~2.85%) EUR based loans, which are moderately impacted by the deteriorating interest rate environment.

The other financial related incomes and expenditures mainly represent the exchange rate related profits/losses. As the Company mainly realizes its purchases in EUR and USD and the sales are being generated in local currencies therefor the fluctuation of these currencies can have a remarkable effect on the Group's results. Since most of the local currencies are linked to the EUR, the EUR/USD rate moves also influence – in case USD purchases – the exchange rate results. At the end of the year, the company had EUR/HUF futures transactions, the revaluations of which were also included in the Group's financial results.

The following table shows the exchanges of major currencies for the Group in 2022, 2021 and 2020:

Closing exchange rates	31-12-2020	30-09-2021	31-12-2021	30-09-2022	31-12-2022	Index	Index	Index	Index
	A	B	C	D	E	C/A	C/D	E/C	E/D
EUR/USD	1,23	1,16	1,13	0,98	1,07	92,26%	97,62%	94,04%	108,35%
EUR/HUF	365,13	360,52	369,00	421,41	400,25	101,06%	102,35%	108,47%	94,98%
EUR/RON	4,87	4,95	4,95	4,95	4,95	101,62%	100,02%	99,99%	99,97%
EUR/RSD	117,58	117,56	117,58	117,32	117,32	100,00%	100,02%	99,78%	100,00%
EUR/UAH	34,74	30,98	30,92	35,56	38,95	89,01%	99,81%	125,96%	109,53%
USD/HUF	297,36	310,66	325,71	428,57	375,68	109,53%	104,84%	115,34%	87,66%
USD/RON	3,97	4,25	4,37	5,05	4,63	110,20%	102,91%	106,04%	91,83%
USD/RSD	95,66	101,29	103,93	119,55	110,15	108,64%	102,60%	105,99%	92,14%
USD/UAH	28,27	26,58	27,28	36,57	36,57	96,48%	102,64%	134,06%	100,00%

Source: Hungarian National Bank rates

As a result of unfavourable exchange rate movements for the Company, a loss of EUR 1 009 thousand was recognised in other financial operations in Q4 2022, compared to a profit of EUR 494 thousand in the base period.

As a result, the Company's profit after tax in Q4 2022 was a loss of EUR 1 385 thousand, and its overall profit after tax of EUR 15 646 thousand was also below the profit of EUR 16 070 thousand of the previous year.

In summary, in a recessionary environment, the company's revenue in Q4 decreased by 17% compared to the base. In addition to inventory being recorded at historical inflationary prices, increased manufacturing costs also had a negative impact on the Company's quarterly results. As a result, the Company's Q4 EBITDA was EUR 1 020 thousand (2.7% EBITDA margin) compared to the base of EUR 3 625 thousand (8.0% EBITDA margin), and total EBITDA of EUR 20 383 thousand (10.1% EBITDA margin) was 11% lower than a year earlier. Unfavorable exchange rate movements for the Group in the last quarter further deteriorated the quarterly result. As a result, the Company closed the last quarter with a loss after tax of EUR 1 385 thousand, with an overall profit after tax of EUR 15 646 thousand, also down from a profit of EUR 16 070 thousand a year earlier.

## 6. Other comprehensive income

Data in 1000 EUR	2022	2021
Profit for the year	15 646	16 070
Foreign exchange result on translation*	-2 221	-316
Comprehensive income related to a CCIRS transaction*	-173	-1 639
Parent company's share of the change in the value of associates*	1 200	-4
<b>Other comprehensive income</b>	<b>-1 194</b>	<b>-1 959</b>
<b>Comprehensive income</b>	<b>14 452</b>	<b>14 111</b>

Source: consolidated non-audited report of the Group on 31st of December 2022 and audited report on 31st of December 2021 based on IFRS accounting rules

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

7. Balance sheet

Data in 1000 EUR	31-12-2022	31-12-2021	Change	Index
	(A)	(B)	A-B	(A/B-1)
<b>FIXED ASSETS</b>				
Land, buildings and equipment	109 722	89 624	20 098	22%
Intangible assets	197	151	46	30%
Shares in related companies	2 128	553	1 575	285%
Deferred tax assets	594	674	-80	-12%
Other long-term financial assets	125	0	125	0%
<b>Total fixed assets</b>	<b>112 766</b>	<b>91 002</b>	<b>21 764</b>	<b>24%</b>
<b>CURRENT ASSETS</b>				
Inventories	60 532	47 088	13 444	29%
Trade accounts receivable	17 485	21 011	-3 526	-17%
Tax receivables	2 936	1 926	1 010	52%
Other financial receivables	275	75	200	267%
Other current assets	11 319	2 689	8 630	321%
Cash and cash equivalents	25 925	15 382	10 543	69%
<b>Total current assets</b>	<b>118 472</b>	<b>88 171</b>	<b>30 301</b>	<b>34%</b>
<b>TOTAL ASSETS</b>	<b>231 238</b>	<b>179 173</b>	<b>52 065</b>	<b>29%</b>
<b>CAPITAL AND RESERVES</b>				
Subscribed capital	6 049	5 504	545	10%
Reserves	59 721	28 605	31 116	109%
Repurchased shares	-438	-2 252	1 814	-81%
Parent share of interests	15 635	15 861	-226	-1%
<b>Equity attributable to the owners of the parent</b>	<b>80 967</b>	<b>47 718</b>	<b>33 249</b>	<b>70%</b>
Minority interests	611	646	-35	-5%
<b>Total capital and reserves</b>	<b>81 578</b>	<b>48 364</b>	<b>33 214</b>	<b>69%</b>
<b>LONG-TERM LIABILITIES</b>				
Long-term loans	14 680	4 152	10 528	254%
Liabilities from issued bonds	48 664	56 836	-8 172	-14%
Deferred tax liabilities	560	502	58	12%
Deferred income	29 836	29 923	-87	0%
Other long-term liabilities	593	651	-58	-9%
<b>Total long-term liabilities</b>	<b>94 333</b>	<b>92 064</b>	<b>2 269</b>	<b>2%</b>
<b>SHORT-TERM LIABILITIES</b>				
Short-term loans	17 218	6 063	11 155	184%
Short-term liabilities from issued bonds	3 744	0	3 744	0%
Trade accounts payable	17 022	16 790	232	1%
Short-term leasing liabilities	50	299	-249	-83%
Other financial liabilities	5 566	4 300	1 266	29%
Tax liabilities	2 845	3 263	-418	-13%
Short-term deferred income	2 785	2 785	0	0%
Provisions	579	567	12	2%
Other short-term liabilities	5 518	4 678	840	18%
<b>Total short-term liabilities</b>	<b>55 327</b>	<b>38 745</b>	<b>16 582</b>	<b>43%</b>
<b>TOTAL LIABILITIES</b>	<b>149 660</b>	<b>130 809</b>	<b>18 851</b>	<b>14%</b>
<b>TOTAL CAPITAL AND LIABILITIES</b>	<b>231 238</b>	<b>179 173</b>	<b>52 065</b>	<b>29%</b>

Source: consolidated non-audited report of the Group on 31st of December 2022 and audited report on 31st of December 2021 based on IFRS accounting rules

On 31st December 2022, the Group's assets amounted to EUR 231 238 thousand, EUR 52 067 thousand higher than at the end of the base period.

The value of fixed assets at the end of December 2022 was EUR 112 766 thousand, EUR 21 764 thousand higher than at the end of the reference period due to the launched investments.

The value of the high inventory stock built up to ensure a stable supply chain was EUR 60 532 thousand at the end of December 2022, EUR 13 444 thousand higher than the closing stock at the end of the base period. The increase in inventories related to own production and the increase in the volume and price of purchased inventories. The impact of the measures introduced to optimise the level of stocks is expected in the following periods.

The Company's trade accounts receivables at the end of December 2022 was EUR 17 485 thousand, EUR 3 526 thousand lower than the base year, in-line with the lower sales performance.

At the end of December 2022, the Group's cash and cash equivalents amounted to EUR 25 925 thousand, which is EUR 10 543 thousand higher than at the end of the base period. In the quarter, the Company raised capital of HUF 9.2 billion (EUR 22 359 thousand) from financial markets, mainly to finance its investment plans in mineral wool production.

As a result of the capital increase, the value of the Company's equity at 31 December 2022 was EUR 81 578 thousand, EUR 33 213 thousand higher than a year earlier.

Group's bond liabilities in the balance sheet remained unchanged in nominal terms. The total amount of loans increased by a total of EUR 21 683 thousand due to the low interest rate bank loans drawn to finance higher working capital requirements of increased own production and investments.

The Group's accounts payable closed at EUR 17 022 thousand, compared to EUR 16 790 thousand at the end of the first quarter of last year. Amount of deferred income– includes grants related to investments not yet recognised in profit or loss – and the balance of other current liabilities did not change significantly.



8. Cash-flow, bank information

Data in 1000 EUR	31-12-2022	31-12-2021	Change	Index
	(A)	(B)	A-B	(A/B-1)
<b>Operating Activities</b>				
PBT	17 890	18 569	-679	-4%
Depreciation and Amortisation	5 426	4 556	870	19%
Bad debt provision	-3 057	4 020	-7 077	-176%
Shortage and scrap of stocks	495	745	-250	-34%
Provisions	12	250	-238	-95%
Profit on fixed asset sale	-1 310	-17	-1 293	7606%
Interest expense	2 507	1 451	1 056	73%
Interest revenue	-1 058	-351	-707	201%
Profit/loss from associations	-375	-259	-116	45%
Unrealized foreign exchange gain (loss)	-2 614	-1 354	-1 260	93%
<b>Changes in Working Capital</b>				
Change in Accounts Receivable	3 505	-4 586	8 091	-176%
Change in Inventory	-10 860	-26 440	15 580	-59%
Change in Other Assets	-9 964	-2 295	-7 669	334%
Change in Accounts Payable	232	3 483	-3 251	-93%
Change in Short-term liabilities	-6 532	1 708	-8 240	-482%
Taxation	-1 861	-921	-940	102%
<b>Net Cash from Operations</b>	<b>-7 564</b>	<b>-1 441</b>	<b>-6 123</b>	<b>425%</b>
<b>Investing Activities</b>				
CAPEX	-26 004	-45 867	19 863	-43%
Sale of fixed assets	1 360	114	1 246	1093%
Subsidiaries foundation and share purchase	-2 521	-1 500	-1 021	68%
Interest received	1 058	351	707	201%
<b>Net Cash from Investing activities</b>	<b>-26 107</b>	<b>-46 902</b>	<b>20 795</b>	<b>-44%</b>
<b>Financing Activities</b>	0	0	0	0%
Proceeds from issue of shares	21 853	0	21 853	0%
Redeemed treasury shares	-1 644	0	-1 644	0%
Borrowing	22 983	2 536	20 447	806%
Loan repayments	-1 300	-2 159	859	-40%
Issued bond	0	24 064	-24 064	-100%
Government grant	3 546	8 579	-5 033	-59%
Dividends paid	-1 986	-2 333	347	-15%
Interest paid	-2 507	-1 451	-1 056	73%
<b>Net Cash from Financing activities</b>	<b>40 945</b>	<b>29 236</b>	<b>11 709</b>	<b>40%</b>
Net Cash flow of the period	7 274	-19 107	26 381	-138%
Cash at beginning of period	15 382	33 267	-17 885	-54%
Effect of exchange rate changes	3 269	1 222	2 047	168%
<b>Cash at end of period</b>	<b>25 925</b>	<b>15 382</b>	<b>10 543</b>	<b>69%</b>

Source: consolidated non-audited report of the Group on 31st of December 2022 and audited report on 31st of December 2021 based on IFRS accounting rules

The net cash flow from operation was EUR -7 564 thousand at the end of 2022, compared to the EUR -1 441 thousand value of end of the base period.

The cash flow from investing activities was EUR -26 107 thousand at end of December 2022 compared to EUR -46 902 thousand in same period 2021.

The net cash flow from financial related activities amounted to EUR 40 945 thousand versus the EUR 29 236 thousand of the base year.

All in all, the cash and equivalents of the Company was EUR 25 925 thousand at the end of 2022 which was higher by EUR 10 543 thousand than the EUR 15 382 thousand level of the previous year end.

**Loans and bank related information:**

By the end of December 2022, the Company had complied with the lately redefined and contracted banking covenant requirements. The group-level covenants were based on the numbers in the interim management report as follows:

Mutató megnevezése és számítása	Required	Fulfilled	Required	Fulfilled
	2022		2021	
Net debt/EBITDA	≤3,25	2,90	≤3,5	2,30

*Source: consolidated non-audited report of the Group on 31st of December 2022 and audited report on 31st of December 2021 based on IFRS accounting rules, as well as the non-audited data from the Group's management information system*

**Investigations against Masterplast:**

In connection with the tax audits of the Romanian subsidiary explained below, there have been no changes after the financial years 2019 and 2020. The Group expects that the above proceedings will not have a major impact on the Group's financial position and profits.

An investigation has been extended to the MASTERPLAST Romania Srl. which was launched by the Romanian tax authority to an assumed tax claim in relation with anti-dumping laws on imported products concerning the operations of some of the suppliers of the Romanian subsidiary of the Company, and the investigative authority suspected MASTERPLAST Romania S.R.L. and two executive officials of it. For the upcoming periods of the procedure, as a security for possible future enforcement up to the amount of EUR 2 011 428 (RON 9 951 341), ordered the seizure and banned the alienation of Romanian properties owned by MASTERPLAST Romania S.R.L.

This procedure has no influence on the operation and business activities of the MASTERPLAST Romania Srl.

The Company has initiated a legal redress against the decision. The legal redress is under procedure.

As the result of the completed tax investigation, the Romanian tax authority determined a VAT liability in the amount of EUR 251 860 (RON 1 246 053) and additionally EUR 80 171 (RON 396 638) as default interest for the inspected period from 01-01-2014 to 31-08-2016. The Company represented a bank guarantee for the tax liabilities.

As part of the transfer price investigation launched at the Romanian subsidiary of the Company, the Romanian Tax Authorities identified a tax deficit of EUR 468 551 (RON 2 318 107) for the financial years 2014-2018. The Company has appealed because of the finding with the assistance of experts thus the proceedings are still ongoing. In order to avoid possible future tax fines, the Company has paid the full amount to the tax authorities in year 2020, which was presented in the profit and loss account as "Other operating income (expenses)".

9. Change in equity

Data in 1000 EUR	Subscribed capital	Shares	Capital reserves	Accumulated profit reserves	Conversation reserves	Total reserves	Parent company's share of profit	Equity per shareholders in parent company	Share of external owners	Shareholders' equity
01-01-2021	5 504	-138	8 063	27 634	-11 861	23 836	5 768	34 970	1 899	36 869
Profit for the year	0	0	0	0	0	0	15 861	15 861	210	16 071
Comprehensive income related to a CCIRS transaction	0	0	0	0	-1 639	-1 639	0	-1 639	0	-1 639
Dividends to minority shareholders	0	0	0	0	0	0	0	0	-618	-618
MRP share based payments	0	-134	0	0	0	0	0	-134	0	-134
Other comprehensive income	0	0	0	0	-308	-308	0	-308	-12	-320
Prior year's profit or loss reclassified	0	0	0	5 768	0	5 768	-5 768	0	0	0
Redeemed treasury shares	0	-1 980	0	0	0	0	0	-1 980	0	-1 980
Dividends paid	0	0	0	-1 715	0	-1 715	0	-1 715	0	-1 715
Acquisition of Masterplast Nonwoven GmbH	0	0	0	2 790	0	2 790	0	2 790	-833	1 957
Other	0	0	0	-127	0	-127	0	-127	0	-127
31-12-2021	5 504	-2 252	8 063	34 350	-13 808	28 605	15 861	47 718	646	48 364
01-01-2022	5 504	-2 252	8 063	34 350	-13 808	28 605	15 861	47 718	646	48 364
Profit for the year	0	0	0	0	0	0	15 635	15 635	10	15 645
Capital increase	545	0	21 308	0	0	21 308	0	21 853	0	21 853
Comprehensive income related to a CCIRS transaction	0	0	0	0	-173	-173	0	-173	0	-173
Dividends to minority shareholders	0	0	0	-1 941	0	-1 941	0	-1 941	0	-1 941
MRP share based payments	0	0	0	0	0	0	0	0	-45	-45
Other comprehensive income	0	-6	0	-1 015	0	-1 015	0	-1 021	0	-1 021
Prior year's profit or loss reclassified	0	0	0	0	-3 103	-3 103	0	-3 103	0	-3 103
Redeemed treasury shares	0	0	0	15 861	0	15 861	-15 861	0	0	0
Acquisition of Masterplast Nonwoven GmbH	0	1 820	0	0	0	0	0	1 820	0	1 820
31-12-2022	6 049	-438	29 371	47 434	-17 084	59 721	15 635	80 967	611	81 578

Source: consolidated non-audited report of the Group on 31st of December 2022 and audited report on 10st of December 2021 based on IFRS accounting rules.

10. Contingent liabilities

Company	Type of guarantee	Covert amount by guarantee	Currency	Amount in EUR	Currency
Masterplast Romania	Bank guarantee	1 246 053	RON	251 860	EUR
Masterplast Romania	Bank guarantee	396 638	RON	80 171	EUR
Masterfoam Kft.	Tender guarantee	251 003 670	HUF	627 117	EUR
Masterplast Proizvodnja DOO Subotica	Bill of exchange	2 524 795 725	HUF	6 308 047	EUR
Masterplast YU D.o.o.	Bank guarantee	10 000 000	RSD	85 235	EUR
Masterplast YU D.o.o.	Bank guarantee	2 000 000	EUR	2 000 000	EUR
<b>Total:</b>				<b>9 352 430</b>	<b>EUR</b>

*Source: consolidated non-audited report of the Group on 31<sup>st</sup> of December 2022 based on IFRS accounting rules, as well as the non-audited data from the Group's management information system*

Off balance sheet items: relevant items in financial terms but items are not being presented in the balance sheet (such as guarantees, mortgage related liabilities etc.).

The Company has presented a bank guarantee covering the liabilities which were determined by the Romanian tax authority in the amount of 1 246 053 RON and 396 638 RON as default interest. Taking into account the legal outcome of the case, in consultation with the Company's legal counsel, the obligation is presented by the Company as a contingent liability.

#### **11. Presentation of the manufacturing capacity**

At the Group's EPS plant in Subotica, finished product output continued to grow in the fourth quarter compared to the previous quarter. After a decline in the previous quarter, the capacity utilization of the mesh edge protection plant improved significantly. There was also a significant increase in production volumes at the fiberglass mesh factory in Serbia, where the investments made in the previous period were set up for production and are operating. In all factory units, great emphasis is placed on optimizing inventory levels.

The Group's plant in Kal did not produce in the fourth quarter. The Company has sold its foam production equipment since September, and the construction of a new EPS plant at the site is underway.

At the central site in Sárszentmihály, the production of diffusion roofing foils brought the results of the same period last year. The fleece manufacturing plant saw a 15% increase compared to the previous quarter. Partner orders are growing, booking more and more capacity for the next year. Orders related to healthcare finished products are also increasing, in parallel with which product development is underway in order to serve the customer's needs widely. Customer service was uninterrupted, which is largely due to the stable supply of raw materials.

Emissions of the Aschersleben flíz production unit decreased compared to last year's base. In addition to retaining its largest customers, the factory unit has switched primarily to serving the needs of the affiliates.

#### **12. Changes of the full time employees (headcount)**

	31-12-2022	31-12-2021
Company employees	79	63
Group level employees	1 499	1 379

*Source: non-audited data from the Group's management information system*

#### **13. Significant events between the quarter-end and the publication of this report**

On 18 January 2023, the Company entered into a sale and purchase agreement to acquire 100% of the shares of PIMCO Kft. has a 4.3-hectare industrial site in Szerencs, prepared for the construction of a factory, and a HUF 14,1 billion investment project for the production of glass wool, which is at an advanced stage of preparation, and for the implementation of which HIPA National Investment Agency Nonprofit Public Limited Company is providing 40 percent non-refundable state aid of HUF 5 645 billion. Owing to the favourable terms of the acquisition, the high level of preparation of the investment will also result in significant time savings for the Company. The new 11 500 m<sup>2</sup> plant will be capable of producing around 20 000 tonnes of glass wool insulation material per year and is expected to start production at the end of 2024. The investment project will be financed by the HUF 9.2 billion raised in October 2022 from the stock market to finance production upgrades.

On 31 January 2023, the Company entered into a strategic cooperation agreement with KÉSZ Holding Zrt. for the joint development of the steel frame system of modular buildings to be manufactured by MASTERPLAST Modulhouse Kft. According to the strategic cooperation agreement, the joint development and utilisation is related to the Company's modular building element manufacturing business, under which KÉSZ Holding Zrt. and its affiliates designated to participate in the cooperation can support the Company's objectives partly as suppliers of the steel structures and partly as customers of the modules manufactured with the jointly developed frame. The Company expects to produce 500 building modules per year once production ramps up and intends to expand this capacity in the coming years. To ensure the success of the cooperation, KÉSZ Holding Zrt. will provide its decades of steel structure manufacturing experience and capacity, while Masterplast will provide its manufacturing know-how in thermal insulation materials, its expertise in building energy and its know-how in the design and manufacture of modular building elements.

On 15 February 2023, the Company entered into a share transfer agreement for the sale of a HUF 750,000 nominal value share in Master Modul Kft., representing 25% of the share capital of Master Modul Kft. As a result of the share transfer, the Company no longer holds a stake in Master Modul Kft., and the planned activities in Master Modul Kft. will be carried out by MASTERPLAST Modulhouse Kft.

**14. Consolidated companies**

Company	Place of business registration	Equity capital	Foreign currency	Ownership	Voting rate	Activity
Masterplast Romania S.R.L.	Romania	36 000	RON	100%	100%	Wholesale of building materials
Masterplast YU D.o.o.	Serbia	192 557 060	RSD	100%	100%	Wholesale of building materials, EPS and fiberglass production
Master Plast s.r.o.	Slovakia	26 555	EUR	100%	100%	Wholesale of building materials
Masterplast d.o.o.	Croatia	20 000	HRK	100%	100%	Wholesale of building materials
MasterPlast TOV	Ukraine	27 000	UAH	80%	80%	Wholesale of building materials
Masterplast Sp zoo	Poland	200 000	PLN	80,04%	80,04%	Wholesale of building materials
MasterFoam Kft.	Hungary	3 000 000	HUF	100%	100%	Foam sheet production
Masterplast Medical Kft.	Hungary	10 000 000	HUF	100%	100%	Wholesale of building materials Production of medical raw materials and finished products
Masterplast D.O.O.***	North Macedonia	973 255	MKD	100%	100%	Wholesale of building materials
Green MP Invest	Ukraine	33 223 500	UAH	100%	100%	Asset management
Masterplast Hungária Kft.	Hungary	230 000 000	HUF	100%	100%	Wholesale of building materials
Masterplast Modulhouse Kft.	Hungary	300 000 000	HUF	100%	100%	Construction of residential and non-residential buildings
Masterplast International Kft.	Hungary	3 000 000	HUF	100%	100%	Wholesale of building materials
Masterplast Nonwoven GmbH	Germany	25 000	EUR	100%	100%	Fleece and multilayer membrane production
Fidelis Bau Kft.	Hungary	3 000 000	HUF	100%	100%	Thermobeton production
Masterplast Italia Srl.	Italy	200 000	EUR	51%	51%	Wholesale of building materials
<b>Indirect relations:</b>						
Masterplast Proizvodnja D.o.o.	Serbia	600 000	RSD	100%	100%	XPS production
<b>Affiliated company of the Group:</b>						
Masterprofil Kft.	Hungary	3 000 000	HUF	20%	20%	Profile production
Master Modul Kft.****	Hungary	3 000 000	HUF	25%	25%	Production of modular buildings
T-CELL Plasztik Kft.*	Hungary	104 000 000	HUF	24%	24%	EPS production
MASTERWOOL MW-1 d.o.o.**	Serbia	293 900 000	RSD	51%	50%	Rock wool production

Source: non-audited data from the Group's management information system

\*On 14 September 2022, Masterplast Plc got a call option for the remaining share, which will enable it to become 100% owner of T-CELL Ltd. The call option is valid for a period of 3 years from the publication of the annual audited accounts of T-CELL Kft. for 2022, but no later than 31 May 2023

\*\*MASTERWOOL MW-1 d.o.o. has been established, investment and operations are not yet underway.

\*\*\* With the acquisition of the 10% stake in Masterplast D.O.O. previously held by an external shareholder, the Company's consolidated ownership changed from 90% to 100% from 31 December 2022.

\*\*\*\* Due to the transfer of shares, MASTERPLAST Plc. no longer holds a stake in Master Modul Kft., and the planned activities in Master Modul Kft. will be carried out by MASTERPLAST Modulhouse Kft.

The consolidation of the affiliate companies is based on equity valuation (equity method) and recognized in profit and loss account. The fair value of the interest at the date of preparation of the interim management report is the same as the purchase value, so the profit and loss account has not been adjusted by the difference resulting from the valuation of the share.

**15. Leaders and strategic employees influencing the operation of the Issuer**

The members of the Board:

Name	Post	Commencement of mandate (beginning of membership in the Board)	Completion of mandate	Time spent in Board /as Board members	Stockholding (pcs)
Tibor Dávid	Chairman of the Board	03-04-2008	30-04-2023	approximately 15 years	4 548 057
Ács Balázs	Vice Chairman of the Board	03-04-2008	30-04-2023	approximately 15 years	3 877 259
Dirk Theuns	Board member	01-05-2014	30-04-2023	approximately 9 years	-
Dezse Margaret	Board member	01-05-2020	30-04-2023	approximately 3 years	1 300
Fazekas Bálint	Board member	01-05-2022	30-04-2023	approximately 1 year	1 145

Sinkó Otto's membership terminated by 30-04-2022.

The data of the Company's top management are shown in the table below on 31st December 2022:

Name	Post	Beginning of the current top management position	Completion of current top management position	Stockholding (pcs)
Tibor Dávid	Chairman	03-04-2008	indefinite duration	4 548 057
Ács Balázs	Vice Chairman	03-04-2008	indefinite duration	3 877 259
Nádasi Róbert	CEO	01-08-2018	indefinite duration	105 620

**16. The shareholders of the Company with a holding above 5%**

The Company's shareholders with a holding of more than 5% at the time of the closure of the report based on the announcements:

Name	Deposit handler	Quantity (pcs)	Share (%)
Tibor Dávid (1)	no	4 548 057	26,99%
Ács Balázs (1)	no	3 877 259	23,01%
<b>Total</b>		<b>8 425 316</b>	<b>50,00%</b>

(1) The founding owners own 50% + 1pcs (8,425,316) of the shares issued by Masterplast Nyrt., maintaining majority ownership and voting rights for founding owners.

**17. Presentation of the amount of own shares (pcs)**

	31-12-2022
Issuing ownership	70 537
MRP organisation	204 917
Affiliated companies ownership	0
<b>Total</b>	<b>275 454</b>

18. Publications issued by Masterplast PLC. in the reference period:

Publication date	Object
03.01.2022.	Voting rights, registered capital
18.01.2022.	Information on documents and press release related to the investor forum on 18 January 2022
01.02.2022.	Voting rights, registered capital
15.02.2022.	Changing of corporate action timetable
15.05.2022.	Corporate Action Timetable
24.02.2022.	<u>Interim management statement</u>
01.03.2022.	Voting rights, registered capital
28.03.2022.	GM - Invitation
28.03.2022.	Information on transaction with own shares
01.04.2022.	Voting rights, registered capital
06.04.2022.	<u>GM - Proposals</u>
13.04.2022.	Information on the decision of the Company to expand its market in Italy
13.04.2022.	Information on the establishment of a foreign subsidiary
28.04.2022.	Information on the start of production in Italy
28.04.2022.	General Meeting Resolutions
28.04.2022.	CG Declaration
28.04.2022.	Annual Report
28.04.2022.	Remuneration Report
28.04.2022.	ESG Report
28.04.2022.	Summary report
02.05.2022.	Voting rights, registered capital
03.05.2022.	Information on the planned share purchase schedule of the MASTERPLAST Employee Stock Ownership Program Organization
04.05.2022.	Information on share purchasing by MASTERPLAST Employee Stock Ownership Program Organization
05.05.2022.	Publication of Q1 2022 results, interim management report
05.05.2022.	Information on share purchasing by MASTERPLAST Employee Stock Ownership Program Organization
06.05.2022.	Information on share purchasing by MASTERPLAST Employee Stock Ownership Program Organization
09.05.2022.	Information on share purchasing by MASTERPLAST Employee Stock Ownership Program Organization
11.05.2022.	Information on share purchasing by MASTERPLAST Employee Stock Ownership Program Organization
12.05.2022.	Information on share purchasing by MASTERPLAST Employee Stock Ownership Program Organization
13.05.2022.	Information on share purchasing by MASTERPLAST Employee Stock Ownership Program Organization
16.05.2022.	Information on share purchasing by MASTERPLAST Employee Stock Ownership Program Organization
17.05.2022.	Information on share purchasing by MASTERPLAST Employee Stock Ownership Program Organization
18.05.2022.	Information on share purchasing by MASTERPLAST Employee Stock Ownership Program Organization
19.05.2022.	Information on share purchasing by MASTERPLAST Employee Stock Ownership Program Organization
20.05.2022.	Information on share purchasing by MASTERPLAST Employee Stock Ownership Program Organization
23.05.2022.	Information on share purchasing by MASTERPLAST Employee Stock Ownership Program Organization
24.05.2022.	Information on share purchasing by MASTERPLAST Employee Stock Ownership Program Organization
25.05.2022.	Information on share purchasing by MASTERPLAST Employee Stock Ownership Program Organization
26.05.2022.	Information on share purchasing by MASTERPLAST Employee Stock Ownership Program Organization
31.05.2022.	Information on share purchasing by MASTERPLAST Employee Stock Ownership Program Organization
01.06.2022.	Information on share purchasing by MASTERPLAST Employee Stock Ownership Program Organization
01.06.2022.	Voting rights, registered capital
02.06.2022.	Information on share purchasing by MASTERPLAST Employee Stock Ownership Program Organization
07.06.2022.	Information on share purchasing by MASTERPLAST Employee Stock Ownership Program Organization
08.06.2022.	Information on share purchasing by MASTERPLAST Employee Stock Ownership Program Organization
09.06.2022.	Information on share purchasing by MASTERPLAST Employee Stock Ownership Program Organization
10.06.2022.	Information on share purchasing by MASTERPLAST Employee Stock Ownership Program Organization
13.06.2022.	Information on share purchasing by MASTERPLAST Employee Stock Ownership Program Organization
14.06.2022.	Information on share purchasing by MASTERPLAST Employee Stock Ownership Program Organization
15.06.2022.	Information on share purchasing by MASTERPLAST Employee Stock Ownership Program Organization
16.06.2022.	Information on share purchasing by MASTERPLAST Employee Stock Ownership Program Organization
17.06.2022.	Information on share purchasing by MASTERPLAST Employee Stock Ownership Program Organization
20.06.2022.	Information on share purchasing by MASTERPLAST Employee Stock Ownership Program Organization
21.06.2022.	Information on the transfer of own shares
21.06.2022.	Information on transaction by person discharging material responsibility
22.06.2022.	Information on share purchasing by MASTERPLAST Employee Stock Ownership Program Organization
22.06.2022.	Articles of Associations
22.06.2022.	Information on the registration of changes to the company's register according to the resolutions of the AGM
23.06.2022.	Information on share purchasing by MASTERPLAST Employee Stock Ownership Program Organization
24.06.2022.	Information on the decision of MNB
27.06.2022.	Information on share purchasing by MASTERPLAST Employee Stock Ownership Program Organization
01.07.2022.	Voting rights, registered capital
15.07.2022.	Extraordinary information about credit rating
22.07.2022.	Announcement regarding dividend payment
26.07.2022.	Information on the expansion of the production capacity for thermal insulation products



**MASTERPLAST NYILVÁNOSAN MŰKÖDŐ RÉSZVÉNYTÁRSASÁG**

28.07.2022.	Half-yearly Report
01.08.2022.	Voting rights, registered capital
22.08.2022.	Information on the share analysis of OTP Bank Plc.
31.08.2022.	Information about investor forum
01.09.2022.	Voting rights, registered capital
06.09.2022.	Information on the launch plan for the production of Masterplast Italia Srl. in Italy
07.09.2022.	Information on the establishment of a mineral wool insulation materials production line of business
12.09.2022.	The analysis of DR. KALLIWODA RESEARCH GmbH about the MASTERPLAST Nyrt.
14.09.2022.	Information on the option contract for the business share of T-Cell Kft.
19.09.2022.	Information on the Ministry's notification of an application for a stone wool production plant
20.09.2022.	Information on the decision to launch a Public Offering
20.09.2022.	Changing of corporate action timetable
20.09.2022.	Corporate Action Timetable 2022
20.09.2022.	Presentation of the 20 September 2022 investor forum
26.09.2022.	MASTERPLAST Plc. Simplified Prospectus approved by the MNB
03.10.2022.	Voting rights, registered capital
18.10.2022.	Information on the result of the public offering of shares and on the increase of share capital
21.10.2022.	Information on the realisation of the capital increase
24.10.2022.	Information on the registration of changes corresponding to the increase in share capital to the company register
24.10.2022.	Articles of Associations
26.10.2022.	Information on share creation, listing and share structure of the Company
27.10.2022.	Information on the acquisition of shares by member of the Board of Directors
02.11.2022.	Voting rights, registered capital
10.11.2022.	Interim management statement
01.12.2022.	Voting rights, registered capital
09.12.2022.	Information on the strategic cooperation agreement between MASTERPLAST Nyrt. and MARKET Építő Zrt.
16.12.2022.	Corporate Action Timetable
02.01.2023.	Voting rights, registered capital
06.01.2023.	Updated forecast of 2022 results
18.01.2023.	Information on the purchase of a project company for the development of glass wool production
31.01.2023.	Information on the strategic cooperation agreement between MASTERPLAST Nyrt. and KÉSZ Holding Zrt.
01.02.2023.	Voting rights, registered capital
15.02.2023.	Information on the transfer of shares

**DECLARATION**

MASTERPLAST Nyrt. (H-8143 Sárszentmihály, Árpád u. 1/A.) declares that the Publication of Q1-Q4 2022 results provides a true and fair view of the financial position of MASTERPLAST Nyrt., comprises the subsidiaries included in the consolidation.

Sárszentmihály, 23 February 2023



Tibor Dávid  
Chairman of the Board

**MASTERPLAST**

