MASTERPLAST

MASTERPLAST PLC.
HALF-YEARLY REPORT 2023

27 July 2023

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Consolidated, non-audited

According to International Financial and Reporting Standards (IFRS)

27 July 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 8 different production plant units are operated. The Group represents itself with its construction industry products on thermal insulation system, heat, sound and water insulation, roofing and on dry construction market, furthermore the Company participates with hygiene products on healthcare market. The international and domestic manufacturing bases ensure competitiveness to deliver the products of the Group to the European markets and markets outside Europe, via its subsidiaries and partners. The aspects of sustainability, energy efficiency and environment protection are considered by Masterplast as high importance in the internal processes, as in production and innovation.

1. SUMMARY

The decline in the construction market intensified in the second quarter, as a result of the lower demand the Company's revenue decreased by 34% compared to the base period. During this quarter, the Company sold most of its stocks manufactured from raw materials previously purchased at a higher price, which continued to negatively impact profitability in a highly competitive environment with shrinking margins. Adapting to the changed market conditions, the Company focused on reducing operating costs, optimizing production capacities and inventory levels, with the focus on efficient energy cost management. The Company made more efficient and restructured the operation of the management, revised the processes and the number of employees in both production and operation. As a result of these actions, the Company’s EBITDA loss was significantly smaller in the second quarter compared to previous quarter (EUR -463 thousand, -1,2% EBITDA margin, cumulative EUR -2 493 thousand, -3,3% EBITDA margin). Unfavorable exchange rate effects for the Group resulted lower profitability, so the Company closed the second quarter with a loss after tax of EUR 3 475 thousand, and the loss after tax for the first six months of the year was EUR 9 311 thousand. Due to the delay in building energy renovation programs, a wait-and-see attitude is common in the market, and low demand is expected at least until the start of these programs. However, the implemented efficiency measures, strict cost management and the run-out of raw materials purchased at high prices are already predicting positive EBITDA results.

With the measures on the table to meet the EU energy policy objectives (REPowerEU plan; "Fit for 55%" package of measures), the Company's medium-term business outlook in the insulation market remains positive. According to the Company's updated medium-term profit forecast, Masterplast could return to its original growth path from 2024, and annual profit after tax could exceed EUR 30 million by 2026. Relying on these factors, the Company – with intention to maintain its current production capacities - continues to implement the intensive investment strategy that lays the foundation for the growth path, including the elements of stone and glass wool production projects launched together with strategic partners.

Data in 1000 EUR	Q2 2023	Q2 2022	H1 2023	H1 2022
Sales revenues	37 812	57 597	75 414	109 107
EBITDA	-463	8 400	-2 493	13 634
EBITDA ratio	-1,2%	14,6%	-3,3%	12,5%
Profit/loss after taxation	-3 475	8 258	-9 311	11 477
Net income ratio	-9,2%	14,3%	-12,3%	10,5%

Source: consolidated non-audited report of the Group on 30th of June 2023 and non-audited report on 30th of June 2022 based on IFRS accounting rules, as well as the non-audited data from the Group’s management information system

- Due to high inflation and the unfavorable interest rate environment recession of construction industry is typical on the markets where Company operates. The European market for new constructions is declining spectacularly, and there is also a significant decline in the renovation segment, the wait-and-see attitude is common on the market driven by the expiration of subsidized building renovation programs and the delay in the start of new programs. The supply chain difficulties typical of previous periods no longer exist, the supply of goods is not interrupted. As a result of sharp competition developed in the construction industry, prices have fallen significantly.

- In response to the changed circumstances, the Company's management developed an action plan for three areas. The decision-making and operational structure of the management was transformed, effective headcount optimization will reduce the Group's workforce by around 200 people and as part of further cost reduction plans, the defined goal is to achieve annual savings of EUR 2 million.
- The Group's sales revenue was EUR 37 812 thousand in Q2 2023, 34% lower than the base period.
- The revenue of the thermal insulation systems product group - representing the largest share (56%) and which mainly includes self-manufactured products - decreased by 32%. Sales also decreased in the Company's other product groups: roofing foils and accessories decreased by 7%, dry construction system product group by 43%, heat, sound and water insulation materials by 41%, building industry accessories by 18% and industrial applications product group by 60% compared to last year's second quarter base.
- The Company's turnover increased in Croatia (14%) and in Ukraine, which had a low base due to the start of the war (65%). In the most important Hungarian market, sales were 47% below the base level, and turnover decreased as well in Exports (-17%), Polish (-14%), Romanian (-24%), German (-21%), Italian (-54%), Serbian (-37%), Slovak (-44%) and North Macedonian (-24%) markets as well.
- As a result of the lower revenue and raw materials purchased at a higher price, the gross margin was significantly below the base period value.
- In line with demand trends, production outputs at Serbia's EPS fiberglass mesh production plants decreased compared to a year earlier. Due to the lower capacity utilization, in the first half of this year the Company reduced the number of employees by approximately 105 people in its production facilities in Serbia. The output of the fleece production unit in Aschersleben also decreased compared to last year's base, where production has been suspended for shorter period due to reduced demand. At this plant, the German state provides partial wage compensation to the Company (Kurzarbeit) in order to compensate for lost incomes. At the same time, the output of diffusion roofing foil production in Sárszentmihaly increased, but it still generated loss. Due to low demand, only a small series of production took place in of healthcare finished products in the central site. In the Group's plant in Kál, the implementation of the equipment of the new EPS production line has been completed, but due to the drop in market demand, production in this plant is currently set to a single-shift work schedule. The XPS investment in Subotica has also been completed, where trial production started already in May.
- In June, the Company entered into a strategic partnership with the Polish Selena Group, according to which the companies plan to continue building the glass wool factory in Szerencs, which is already in advanced stages of preparation, together with a 50%-50% stake. The realization of the stone wool factory planned in Halmajugra together with the professional co-investor, Market Építő Zrt., is also underway. To carry out the joint partnership, on June 9, 2023, the Company acquired a 50% share in MIP Zrt., whose shareholder with an additional 50% ownership share is MARKET Építő Zrt. The start-up of factories producing prioritized mineral wool is expected in the first half of 2025.
- The cost of materials and services – including the change in the self-manufactured inventories as well – were 25% below the base level in the first quarter.
- Despite the wage increases, the Company's personnel expenses decreased by around 10% in the second quarter of 2023 compared to the base period. At the end of June 2023, the Group employed 1 316 people, compared to its 1 551 employees at the end of the base period. In both production and other operational areas, the Company reviewed its processes and started employee optimization, the impacts of which are expected to be visible in the second quarter.
- In terms of other operating results, the Company recorded a profit of EUR 384 thousand compared to the profit of EUR 1 005 thousand in the last year.
- The Group's EBITDA in Q2 2023 was a loss of EUR 463 thousand (-1,2% EBITDA ratio) compared to EUR 8 400 thousand (14,6% EBITDA ratio) in the base period. Considering the first six months of the year, the Group's EBITDA was a loss of EUR 2,493 thousand (-3.3% EBITDA) compared to a profit of EUR 13 634 thousand (12.5% EBITDA share) in the base period.

- Taking depreciation into account, the result of earnings before interest and taxes (EBIT) was a loss of EUR 2 115 thousand, compared to the base profit of EUR 7 047 thousand. The EBIT in the first half of the year was a cumulative loss of EUR 5 531 thousand, compared to the profit of EUR 10 954 thousand in the first half of last year.
- The Company's interest expenses increased moderately, and as a result of unfavorable exchange rate effects for the Group - strengthening HUF foreign exchange rate - the unrealized exchange rate loss resulting from the revaluation of foreign currency-based receivables and liabilities was also accounted for in the second quarter of 2023. The Company has mostly HUF-based bonds with favorable fixed interest rates (~2,15%) and euro-based loans with variable interest rates (~2,85%), so the deteriorating interest rate environment has a moderate impact.
- As a result of all these effects, the Company's net profit in Q2 2023 was a loss of EUR 3 475 thousand, compared to a profit of EUR 8 258 thousand a year earlier. At the first six months of the year, the Group's profit after tax was a loss of EUR 9 311 thousand compared to a profit of EUR 11 477 thousand in the base period.
- Due to the ongoing new CAPEX projects, the value of fixed assets at the end of June 2023 was EUR 137 184 thousand, EUR 39 301 thousand higher than at the end of the base period.
- The value of inventory was EUR 46 992 thousand at the end of June 2023, which - due to the initial effect of the actions introduced to optimize the inventory level - is 22% lower than the closing value of December 31, 2022, besides compared to the high base at the end of the second quarter, it decreased by EUR 23 637 thousand, by 33%. The inventory reduction program will continue in the following quarters.
- The Company's accounts receivable closed at the end of June 2023 at a lower level of 38%, i.e. EUR 11 605 thousand (EUR 19 266 thousand) compared to base period, in line with declined 34% revenue.
- The Group's cash balance was EUR 13 785 thousand at the end of June 2023, which is EUR 1 140 thousand lower than the balance at the end of the base period.
- As a result of the capital increase in October 2022, the value of the Company's equity on 30 June 2023 was EUR 70 824 thousand, which is EUR 14 381 thousand higher than the value of a year earlier.

2. Business Prospects

Due to the unfavourable interest rate and inflation environment and to the wait-and-see attitude, the downturn is larger than expected both in the housing market and in the renovation segment, not only in Hungary but also internationally. The European Council and Parliament have agreed on a significant reduction of the energy efficiency targets for 2030, which all Member States will have to meet by renewing their buildings at a certain pace (REPowerEU plan; "Fit for 55%" package of measures). This will entail changes in the regulations and the launch of renovation programmes in the Member States, which will lead to a significant increase in demand for insulation in the medium term, but in the short term, due to the wait-and-see attitude of the market, no significant recovery in demand is expected.

In response to the subdued market conditions, the Company's focus has shifted to optimising operations, production and inventory levels, as well as conscious energy management. The Company has restructured its management operations more efficient, reviewed its processes and and launched significant headcount optimization and cost reduction program both in the field of production and operations. The measures taken have already resulted in improvement in EBITDA levels in the second quarter. Continued cost management in line with the level of sales and the run-out of raw materials previously purchased at higher prices are already projecting positive EBITDA production from the second half of the year.

Based on the medium-term business prospects strengthened in the thermal insulation industrial market, the Company strives to maintain its current production capacities, strengthen its market positions, and continues to implement its investment strategy to support its growth path.

In recent years, the Group has made significant investments in production development. The Group has significantly increased its capacity in the production of fiberglass mesh and diffusion roofing foils, which enables it to serve the premium market with the highest quality standards. With three additional plants - one XPS and two EPS plants - to be launched in 2023, the Group's production capacity for thermal insulation materials has also been increased by orders of magnitude, opening up the possibility of further expansion in Western European markets. The completion of the fibre insulation material manufacturing projects launched from the source of the HUF 9.22 billion of stock market capital increase in October 2022 includes the potential to take a big step forward. The Company is working together with Market Építő Zrt. on the construction of a stone wool factory with an annual capacity of 35 000 tons in Halmajugra. To carry out the joint work, the Company acquired a 50% stake in MIP Zrt. on 9 June 2023, of which MARKET Építő Zrt. is the shareholder of MIP Zrt. with 50% ownership is MARKET Építő Zrt. For the production of glass wool, the Company had previously acquired PIMCO Ltd., a 4.3-hectare industrial area prepared for factory construction and an advanced glass wool manufacturing investment project are available, for the implementation of which a nonrefundable state subsidy of HUF 5,645 billion is provided by Hungarian Investment Promotion Agency. In June, the Company entered into a strategic cooperation with the Polish Selena Group. Under the cooperation, the companies decided to continue the glass wool plant investment in Szerencs jointly with a 50-50% ownership. One of the main raw materials for the product is waste glass, which will be recycled during production according to the principles of circular economy. Both fibre insulation material plants will be equipped with environmentally friendly, modern electric furnace and production technology, which will be partially powered by renewable energy sources.

The company's vision is that by the second half of the decade, Masterplast will be the only insulation materials manufacturer in the Central and Eastern European region with significant manufacturing and market positions in both plastics and mineral insulation materials.

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.

The events of recent periods - the Russia-Ukraine war, epidemiological measures, the energy crisis - have resulted in high inflation and rising interest rates worldwide. All this had a strong impact on the construction industry in the Company's markets. Since the last quarter of last year, the market for new constructions had been declining spectacularly at European level. The renovation market is in significant decline as well, with the market characterised by a wait-and-see situation due to the end of building renovation programmes and the delay in launching new ones. The procurement difficulties experienced earlier have disappeared, the supply of goods is good in the market. As a result, a sharp competition has developed in the construction industry, prices have fallen significantly.

In Hungary, which the most significant market for the Company, available statistics show that construction output fell by 3% in the first four months of the year, while the volume of contracts for the construction of buildings was 38% lower than a year earlier at the end of March. The downturn affected all parts of the construction sector. Indeed, compared to last year's base period, which was boosted by home renovation subsidies, there was a slowdown in public investment, as well as a sharp slowdown in private investment in property development and residential work. The Hungarian bank base rate provide investors with one of the most expensive financial financing options in the region. In addition to the loss of demand, the significant fall in unit prices will further erode market participants' revenues. According to the assessment of the National Union of Building Contractors (ÉVOSZ), based on a survey of 150 building materials trading enterprises, the construction industry is being forced to take serious decisions, such as laying off skilled workers, closing shifts or even closing factories. The launch of an energy renovation programme could provide a breath of relief.

In Romania, experts forecast GDP growth of around 2,5% and a fall in the inflation rate to 7,1% by 2023. According to construction statistics for the first four months of the year, construction output increased by 13%, which was realized mainly in industrial construction, while the volume of residential and non-residential construction stagnated. Price competition in the relevant market for the company's products in Romania was sharp.

The effects of the above-mentioned factors did not spare the Serbian, Polish, German, Slovak and Croatian markets either. Construction production, the number of building permits issued and new housing market indicators are all declining, and market participants are facing a strong competitive situation. In Slovakia the market is awaiting the launch of the government's promised incentive

program which would support the renovation of 30 000 energy-inefficient old houses, but in the current political situation (interim government) no substantial progress is expected until the early elections scheduled for September.

In Ukraine, despite the war in the country, GDP is on an increasing trend, economic activities are being resumed in the non-combat zones. So far, more than 170 000 buildings have been destroyed during the war. State programmes allocated EUR 400 million for new construction and reconstruction. In the first half of the year, 544 new buildings were handed over in Ukraine.

4. Sales by main product groups

Sales by main product groups:

Data in 1000 EUR	Q2 2023	Q2 2022	Index	H1 2023	H1 2022	Index
	(A)	(B)	(A/B-1)	(A)	(B)	(A/B-1)
Thermal insulation system	20 894	30 930	-32%	41 244	56 808	-27%
Roofing foils and accessories	6 214	6 662	-7%	12 197	14 156	-14%
Dry construction system	3 033	5 299	-43%	6 637	11 010	-40%
Heat, sound and water insulation materials	3 465	5 912	-41%	6 601	10 185	-35%
Building industry accessories	1 284	1 563	-18%	2 405	3 016	-20%
Industrial applications	2 922	7 231	-60%	6 331	13 932	-55%
Total sales revenue	**37 812**	**57 597**	**-34%**	**75 415**	**109 107**	**-31%**
Contribution of product groups in percentage to the total sales revenue						
Thermal insulation system	56%	54%	-	55%	52%	-
Roofing foils and accessories	16%	12%	-	16%	13%	-
Dry construction system	8%	9%	-	9%	10%	-
Heat, sound and water insulation materials	9%	10%	-	9%	9%	-
Building industry accessories	3%	3%	-	3%	3%	-
Industrial applications	8%	12%	-	8%	13%	-
Total sales revenue	**100%**	**100%**	-	**100%**	**100%**	-

Source: consolidated non-audited report of the Group on 30th of June 2023 and non-audited report on 30th of June 2022 based on IFRS accounting rules, as well as the non-audited data from the Group's management information system

Group sales revenue in Q2 2023 was EUR 37 812 thousand, which is -34% lower than in the base period. As a result of the recession in the industry, sales in both the insulation materials product group related to the renovation market and the product groups related to the new construction market decreased significantly.

Mainly due to the wait-and-see attitude of the renovation market, sales revenue of the thermal insulation system product group – representing the largest share (56%) and mainly includes self-manufactured products, fell by 32%. Within this product group, sales of adhesives and own-produced fiberglass mesh products were decreased slightly, while sales of other products were significantly down on a year earlier. Regarding regional data, sales of the product group increased in the Croatian, German and Ukrainian markets, while sales in the other target countries decreased in the first quarter compared to the base.

Sales of roofing foils and accessories closed Q2 2023 at 7% lower than the same period in 2022. In terms of markets, sales of roofing foils increased significantly in Serbia and Ukraine, and also increased slightly in Croatia and Germany. However, sales in the other markets decreased to a lesser or greater extent compared to the base.

Second quarter sales of the dry construction systems product group fell 43% compared to the 2022 base. Drywall and drywall profile sales were both down year-on-year. Sales in all markets resulted in a decline across the product group.

Second quarter sales of the heat, sound and water insulation materials product group were 41% below the last year's base turnover. Within the product group, sales of mineral wool, waterproofing materials and foam foil all declined compared to the base period. By market, sales increased in Poland and Serbia, while sales in the other countries decreased in the second quarter compared to the base.

In Q2 2023, sales of building industry accessories products were 18% below last year's base level. The Polish and Ukrainian markets saw an increase in sales, while sales in the other markets showed a decline in the product group.

In the industrial applications product group, sales closed 60% below the base level in Q2 2023. Sales of healthcare products, packaging products and non-strategic raw material trade all fell significantly

5. 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.

Sales by countries:

Data in 1000 EUR	Q2 2023	Q2 2022	Index	H1 2023	H1 2022	Index
	(A)	(B)	(A/B-1)	(A)	(B)	(A/B-1)
Hungary	13 749	26 143	-47%	28 048	48 104	-42%
Export	4 368	5 234	-17%	8 503	9 824	-13%
Poland	3 248	3 768	-14%	7 605	7 656	-1%
Romania	3 427	4 536	-24%	6 702	8 863	-24%
Germany	2 906	3 690	-21%	5 306	7 737	-31%
Serbia	2 485	3 926	-37%	4 899	7 341	-33%
Italy	2 008	4 393	-54%	4 242	9 109	-53%
Ukraine	2 326	1 412	65%	3 502	2 539	38%
Slovakia	1 582	2 813	-44%	3 005	4 632	-35%
Croatia	1 308	1 146	14%	2 864	2 273	26%
North-Macedonia	405	536	-24%	739	1 029	-28%
Total sales revenue	**37 812**	**57 597**	**-34%**	**75 415**	**109 107**	**-31%**
Contribution of countries in percentage to the total sales revenue						
Hungary	36%	45%	-	37%	44%	-
Export	12%	9%	-	11%	9%	-
Poland	9%	7%	-	10%	7%	-
Romania	9%	8%	-	9%	8%	-
Germany	8%	6%	-	7%	7%	-
Serbia	7%	7%	-	6%	7%	-
Italy	5%	8%		6%	8%	
Ukraine	6%	2%	-	5%	2%	-
Slovakia	4%	5%	-	4%	4%	-
Croatia	3%	2%	-	4%	2%	-
North-Macedonia	1%	1%	-	1%	1%	-
Total sales revenue	**100%**	**100%**	**-**	**100%**	**100%**	**-**

Source: consolidated non-audited report of the Group on 30th of June 2023 and non-audited report on 30th of June 2022 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, sales decreased by 47% overall in Q2 2023 compared to base. Sales declined across all product groups. In the Hungarian market, high interest rates are not favourable for renovation and construction works, and instead of the home renovation subsidy, which ended at the end of last year, no new ones have been launched yet. The decline in turnover therefore reflects the wait-and-see behaviour of market demand, and the lag was further reinforced by the fall in prices.

Sales in export markets decreased by 17% in Q2 2023 compared to the same period last year. All product groups were affected by the downturn. Within this, the sales fall of own-produced fiberglass mesh (belonging to the thermal insulation system product group) and of roofing foils was smaller, while in the case of heat, sound and water insulation materials there was a significant lag compared to the base. In many export countries, second-quarter sales declined compared to the base quarter, while the Company to achieved strong growth in several other markets. Sales in France, Portugal and Belgium were particularly good.

Sales in the Romanian market closed 24% lower in Q2 2023 compared to the base period, with a similar decline by product group.

Sales on the German market decreased by 21% in the second quarter compared to the corresponding period last year. The turnover of the thermal insulation systems product group increased significantly, and the sales revenue of the roofing foils and accessories product group also showed a slight increase. Sales of the Dry Construction system product group, thermal, sound and water insulation materials, as well as sales of health-care raw materials, all showed a significant decline.

In Italy, sales fell by 54% compared to the very strong second quarter of last year, where the Italian state's tax refund action for thermal insulation renovation works strongly stimulated demand. In Italy, the majority of buildings are uninsulated, therefore new renovation programs is likely to be launched in the near future to meet the energy targets. The thermal insulation system product group accounts for the majority of sales on the Italian market.

Sales in the Polish market decreased by 14% in Q2 2023. Sales revenue for the thermal insulation product group decreased slightly. The building industry accessories product group, as well as the turnover of heat, sound and waterinsulation materials also performed well. The dry construction systems product group, roof foils and industrial applications declined.

Serbia's turnover in Q2 2023 decreased by 37% compared to the base. There was a significant increase in sales of roofing foils and accessories, and a sales slightly increased in the thermal, sound and waterinsulation product group. However, sales in the other product groups on the Serbian market declined in the second quarter.

Sales in the Slovak market fell by 44% compared to base in Q2 2023. Sales revenue by product groups also showed a decrease in the quarter under review compared to a year earlier.

In Ukraine, despite the war situation, second-quarter sales increased by 65% compared to a base in 2022 where sales activity was significantly limited in the period following the outbreak of war. Given that sales activity in war-torn regions is still limited, the good sales result is mainly due to its performance in the western territories. Sales decreased in the heat, sound, waterinsulation materials and dry building systems product groups compared to a year earlier, while sales of thermal insulation systems, roofing foils and building industry accessories increased.

Sales in the Croatian market increased by 14% in Q2 2023 compared to the same period last year. Regarding sales of roof foils and healthcare products belonging to the industrial applications product group, the Company achieved strong growth in the Croatian market in the quarter under review, but sales of thermal insulation systems also increased. The turnover of the other product groups was below the base level.

In North-Macedonia, which has the smallest share of sales, turnover decreased by 24% compared to baseline. The turnover of all product groups also decreased in the quarter under review compared to a year earlier.

In summary, the Company's revenue decreased by 34% in the second quarter compared to a strong base. As a result of the industry recession, sales fell both in the thermal insulation materials product groups linked to the renovation market and also in the product groups related to the market for new construction. Sales revenue in the industrial applications product group was also below the base level. In terms of markets, sales increased in the Croatian and Ukrainian markets, while turnover decreased in other countries, including exports, in the quarter under review.

6. 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 EUR	Q2 2023	Q2 2022	Change	Index	H1 2023	H1 2022	Change	Index
	(A)	(B)	A-B	(A/B-1)	(A)	(B)	A-B	(A/B-1)
Sales revenues	**37 812 187**	**57 596 954**	**-19 784 767**	**-34%**	**75 414 435**	**109 106 837**	**-33 692 402**	**-31%**
Cost of materials and services	-31 799 140	-47 827 195	16 028 055	-34%	-62 654 325	-89 219 156	26 564 831	-30%
Payroll costs and contributions	-6 182 535	-6 894 498	711 963	-10%	-12 714 212	-13 687 843	973 631	-7%
Depreciation	-1 652 502	-1 352 794	-299 708	22%	-3 037 991	-2 680 422	-357 569	13%
Change in self-manufactured inventories	-677 402	4 518 812	-5 196 214	-115%	-2 737 968	6 805 187	-9 543 155	-140%
Other operating revenues and expenses	384 314	1 005 474	-621 160	-62%	198 763	629 326	-430 563	-68%
EBITDA	**-462 576**	**8 399 547**	**-8 862 123**	**-106%**	**-2 493 307**	**13 634 351**	**-16 127 658**	**-118%**
EBIDTA ratio	*1,2%*	*14,6%*	*-13,4%*	***-/-***	*3,3%*	*12,5%*	***0***	***-/-***
PROFIT / LOSS OF BUSINESS ACTIVITY (EBIT)	**-2 115 078**	**7 046 753**	**-9 161 831**	**-130%**	**-5 531 298**	**10 953 929**	**-16 485 227**	**-150%**
Interest revenues	233 104	137 764	95 340	69%	460 908	262 083	198 825	76%
Interest expenses	-887 890	-575 352	-312 538	54%	-1 640 183	-1 062 333	-577 850	54%
Other financial revenues and expenses	-772 597	2 533 796	-3 306 393	-130%	-2 975 296	2 710 134	-5 685 430	-210%
FINANCIAL PROFIT/LOSS	**-1 427 383**	**2 096 208**	**-3 523 591**	**-168%**	**-4 154 571**	**1 909 884**	**-6 064 455**	**-318%**
Profit/loss from associations	2 793	121 285	-118 492	-98%	18 137	121 285	-103 148	-85%
Profit/loss before income tax	**-3 539 668**	**9 264 246**	**-12 803 914**	**-138%**	**-9 667 732**	**12 985 098**	**-22 652 830**	**-174%**
Taxes	64 650	-1 006 225	1 070 875	-106%	357 127	-1 508 540	1 865 667	-124%
Profit/loss after taxation	**-3 475 018**	**8 258 021**	**-11 733 039**	**-142%**	**-9 310 605**	**11 476 558**	**-20 787 163**	**-181%**
Profit attributable to the owners of the parent	-12 706 294	8 197 168	-20 903 462	-255%	-9 396 066	11 507 396	-20 903 462	-182%
Profit attributable to the minority	177 152	60 853	116 299	191%	85 461	-30 838	116 299	-377%
Earnings per share (EPS) (EUR)	**-0,77**	**0,57**			**-0,57**	**0,80**		
Diluted earnings per share (diluted EPS) (EUR)	**-0,76**	**0,57**			**-0,56**	**0,80**		

Source: consolidated non-audited report of the Group on 30th of June 2023 and non- audited report on 30tht of June 2022 based on IFRS accounting rules.

The Group's sales revenue was EUR 37 812 thousand in Q2 2023, 34% lower than the base period.

As a result of the lower revenue and raw materials purchased at a higher price, the gross margin was significantly below the base period value.

In line with demand trends, production outputs at Serbia's EPS fiberglass mesh production plants decreased compared to a year earlier. Due to the lower capacity utilization, in the first half of this year the Company reduced the number of employees by approximately 105 people in its production facilities in Serbia. The output of the fleece production unit in Aschersleben also decreased compared to last year's base, where production has been suspended for shorter period due to reduced demand. At this plant, the German state provides partial wage compensation to the Company (Kurzarbeit) in order to compensate for lost incomes. At the same time, the output of diffusion roofing foil production in Sárszentmihaly increased, but it still generated loss. Due to low demand, only a small series of production took place in of healthcare finished products in the central site. In the Group's plant in Kál, the implementation of the equipment of the new EPS production line has been completed, but due to the drop in market demand, production in this plant is currently set to a single-shift work schedule. The XPS investment in Subotica has also been completed, where trial production started already in May.

The cost of materials and services – including the change in the self-manufactured inventories as well – were 25% below the base level in the first quarter. Raw material costs decreased In line with the decline in sales. Other materials, energy and fuel costs decreased slightly less, while the value of services used was at a similar level in Q2 compared to the base period.

Despite the wage increases, the Company's personnel expenses decreased by around 10% in the second quarter of 2023 compared to the base period. At the end of June 2023, the Group employed 1 316 people, compared to its 1 551 employees at the end of the base period. In both production and other operational areas, the Company reviewed its processes and started employee optimization, the impacts of which were already visible in the second quarter.

The amount of depreciation increased by 22% compared to base period amount. The subsidies related to CAPEX investments on Hungarian and Serbian sites was accounted proportionally in the financial figures based on depreciation figures.

In terms of other operating results, the Company recorded a profit of EUR 384 thousand compared to the profit of EUR 1 005 thousand in the last year, where reversal of inventory write-off significantly improved the other results in the basis period.

The Group's EBITDA in Q2 2023 was a loss of EUR 463 thousand (-1,2% EBITDA ratio) compared to EUR 8 400 thousand (14,6% EBITDA ratio) in the base period. Considering the first six months of the year, the Group's EBITDA was a loss of EUR 2,493 thousand (-3.3% EBITDA) compared to a profit of EUR 13 634 thousand (12,5% EBITDA share) in the base period. Taking depreciation into account, the result of earnings before interest and taxes (EBIT) was a loss of EUR 2 115 thousand, compared to the base profit of EUR 7 047 thousand. The EBIT in the first half of the year was a cumulative loss of EUR 5 531 thousand, compared to the profit of EUR 10 954 thousand in the first half of last year

The Company's interest expenses increased moderately, and as a result of unfavorable exchange rate effects for the Group - strengthening HUF foreign exchange rate - the unrealized exchange rate loss resulting from the revaluation of foreign currency-based receivables and liabilities was also accounted for in the second quarter of 2023. The Company has mostly HUF-based bonds with favorable fixed interest rates (~2,15%) and euro-based loans with variable interest rates (~2,85%), so the deteriorating interest rate environment has a moderate impact.

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 period, the company had EUR/HUF futures transactions.

The following table shows the exchanges of major currencies for the Group in 2023, 2022 and 2021:

Closing exchange rates	31-12-2021	31-03-2022	30-06-2022	31-12-2022	31-03-2023	30-06-2023	Index	Index	Index	Index	Index
	A	B	C	D	E	F	C/A	F/D	C/B	F/E	F/C
EUR/USD	1,13	1,11	1,04	1,07	1,09	1,08	92,16%	101,74%	93,81%	99,53%	103,81%
EUR/HUF	369,00	369,62	396,75	400,25	380,99	371,13	107,52%	92,72%	107,34%	97,41%	93,54%
EUR/RON	4,95	4,95	4,95	4,95	4,95	4,96	99,95%	100,32%	99,98%	100,29%	100,36%
EUR/RSD	117,58	117,75	117,41	117,32	117,29	117,23	99,85%	99,92%	99,71%	99,95%	99,85%
EUR/UAH	30,92	32,59	30,78	38,95	39,78	40,00	99,53%	102,69%	94,45%	100,55%	129,97%
USD/HUF	325,71	332,09	379,99	375,68	349,85	342,40	116,67%	91,14%	114,42%	97,87%	90,11%
USD/RON	4,37	4,45	4,74	4,63	4,55	4,58	108,50%	98,71%	106,55%	100,63%	96,47%
USD/RSD	103,93	105,50	112,26	110,15	107,56	107,82	108,02%	97,88%	106,41%	100,24%	96,04%
USD/UAH	27,28	29,25	29,25	36,57	36,57	36,57	107,25%	100,00%	100,00%	100,00%	125,00%

Source: Hungarian National Bank rates

As a result of unfavourable exchange rate movements for the Company - strengthening HUF foreign exchange rate -, the unrealized exchange rate loss resulting from the revaluation of foreign currency-based receivables and liabilities amounted to EUR 773 thousand, compared to a profit of EUR 2 534 thousand in the base period.

As a result of all these effects, the Company's net profit in Q2 2023 was a loss of EUR 3 475 thousand, compared to a profit of EUR 8 258 thousand a year earlier. At the first six months of the year, the Group's profit after tax was a loss of EUR 9 311 thousand compared to a profit of EUR 11 477 thousand in the base period.

In summary, in a recessionary environment, the company's revenue decreased by 34% compared to base in the second quarter. In addition to the effect of the stock of raw materials purchased at previously higher prices, and tightening margins due to a competitive market had a negative impact on the Company's quarterly results, but the measures implemented reduced the EBITDA loss compared to the previous quarter. Group EBITDA in Q2 2023 was a loss of EUR 463 thousand (-1,2% EBITDA margin) against a profit of EUR 8 400 thousand (EBITDA margin of 14,6%) in the base period. The exchange rate movements further worsened quarterly earnings, thus, the Company closed the swcond quarter with a loss-after-tax of EUR 3 475 thousand.

7. Other comprehensive income

Data in EUR	30-06-2023	30-06-2022
Profit for the year	**-9 310 605**	**11 476 558**
Foreign exchange result on translation*	-2 813 116	-2 205 354
Comprehensive income related to a CCIRS transaction*	1 231 254	-292 661
Parent company's share of the change in the value of associates*	1 571 998	-38 683
Other comprehensive income	**-9 864**	**-2 536 698**
Comprehensive income	**-9 320 469**	**8 939 860**

Source: consolidated non-audited report of the Group on 30th of June 2023 and non-audited report on 30tht of June 2022 based on IFRS accounting rules

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

8. Balance sheet

Due to the strong seasonal impact of the Group's business during the year, the Company presents and analyses its balance sheet as at 30th June 2023 comparing to the balance sheet data of the same date of the previous year. A separate table shows the comparison with year-end volumes.

Data in EUR	30-06-2023	30-06-2022	Change	Index
	(A)	(B)	A-B	(A/B-1)
FIXED ASSETS				
Land, buildings and equipment	126 240 629	95 163 376	31 077 253	33%
Intangible assets	754 447	141 386	613 061	434%
Shares in related companies	9 789 905	1 890 485	7 899 420	418%
Deferred tax assets	398 760	688 093	-289 333	-42%
Other long-term financial assets	426	0	426	0%
Total fixed assets	**137 184 167**	**97 883 340**	**39 300 827**	**40%**
CURRENT ASSETS				
Inventories	46 992 340	70 629 209	-23 636 869	-33%
Trade accounts receivable	19 266 426	30 871 842	-11 605 416	-38%
Tax receivables	4 065 890	4 799 889	-733 999	-15%
Other financial receivables	734 952	13 667	721 285	5278%
Other current assets	3 936 110	3 949 092	-12 982	0%
Liquid assets	13 785 304	14 924 885	-1 139 581	-8%
Total current assets	**88 781 022**	**125 188 584**	**-36 407 562**	**-29%**
TOTAL ASSETS	**225 965 189**	**223 071 924**	**2 893 265**	**1%**
CAPITAL AND RESERVES				
Subscribed capital	6 049 289	5 503 939	545 350	10%
Reserves	75 750 652	40 771 963	34 978 689	86%
Repurchased shares	-2 102 730	-1 928 219	-174 511	9%
Parent share of interests	-9 396 066	11 507 396	-20 903 462	-182%
Equity attributable to the owners of the parent	**70 301 145**	**55 855 079**	**14 446 066**	**26%**
Minority interests	523 232	587 809	-64 577	-11%
Total capital and reserves	**70 824 377**	**56 442 888**	**14 381 489**	**25%**
LONG-TERM LIABILITIES				
Long- term loans	17 096 378	14 154 610	2 941 768	21%
Liabilities from issued bonds	52 487 419	52 865 871	-378 452	-1%
Deferred tax liabilities	728 928	495 127	233 801	47%
Deferred income	32 663 721	37 790 740	-5 127 019	-14%
Other long-term liabilities	2 893 215	647 180	2 246 035	347%
Total long-term liabilities	**105 869 661**	**105 953 528**	**-83 867**	**0%**
SHORT-TERM LIABILITIES				
Short-term loans	17 247 037	16 638 856	608 181	4%
Liabilities from issued bonds (short-term)	4 038 265	0	4 038 265	0%
Trade accounts payable	15 153 578	27 271 918	-12 118 340	-44%
Short-term leasing liabilities	126 519	160 586	-34 067	-21%
Other financial liabilities	3 335 307	5 828 195	-2 492 888	-43%
Tax liabilities	1 724 792	6 206 832	-4 482 040	-72%
Short-term deferred income	1 607 104	2 784 959	-1 177 855	-42%
Provisions	621 479	758 749	-137 270	-18%
Other short-term liabilities	5 417 070	1 025 413	4 391 657	428%
Total short-term liabilities	**49 271 151**	**60 675 508**	**-11 404 357**	**-19%**
TOTAL LIABILITIES	**155 140 812**	**166 629 036**	**-11 488 224**	**-7%**
TOTAL CAPITAL AND LIABILITIES	**225 965 189**	**223 071 924**	**2 893 265**	**1%**

Source: consolidated non-audited report of the Group on 30sth of June 2023 and non-audited report on 30th of June 2022 based on IFRS accounting rules

On 30th June 2023, the Group's assets amounted to EUR 225 965 thousand, EUR 2 893 thousand higher than at the end of the base period.

Due to the ongoing new CAPEX projects, the value of fixed assets at the end of June 2023 was EUR 137 184 thousand, EUR 39 301 thousand higher than at the end of the base period.

The value of inventory was EUR 46 992 thousand at the end of June 2023, which - due to the initial effect of the actions introduced to optimize the inventory level - is 22% lower than the closing value of December 31, 2022, besides compared to the high base at the end of the second quarter, it decreased by EUR 23 637 thousand, by 33%. The inventory reduction program will continue in the following quarters.

The Company's accounts receivable closed at the end of June 2023 at a lower level of 38%, i.e. EUR 11 605 thousand (EUR 19 266 thousand) compared to base period, in line with declined 34% revenue.

The Group's cash balance was EUR 13 785 thousand at the end of June 2023, which is EUR 1 140 thousand lower than the balance at the end of the base period.

As a result of the capital increase in October 2022, the value of the Company's equity on 30 June 2023 was EUR 70 824 thousand, which is EUR 14 381 thousand higher than the value of a year earlier.

Group's bond liabilities in the balance sheet remained unchanged in nominal terms. The total amount of loans increased by EUR 3 550 thousand.

The Group's accounts payable closed at EUR 15 154 thousand, compared to EUR 27 272 thousand at the end of the second 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 balance decreased by a total of EUR 2 million.

9. Cash-flow, bank information

Data in EUR	30-06-2023	30-06-2022	Change	Index
	(A)	(B)	A-B	(A/B-1)
Operating Activities				
PBT	-9 667 732	12 985 098	-22 652 830	-174%
Depreciation and Amortisation	3 037 991	2 680 422	357 569	13%
Bed debt provision	920 497	347 527	572 970	165%
Shortage and scrap of stocks	91 105	265 202	-174 097	-66%
Provisions	38 558	191 486	-152 928	-80%
Profit on fixed asset sale	-69 791	-29 399	-40 392	137%
Interest expense	1 640 183	1 062 333	577 850	54%
Interest revenue	-460 908	-262 083	-198 825	76%
Profit/loss from associations	-18 137	-121 285	103 148	-85%
Unrealized foreign exchange gain (loss)	9 370 972	-3 209 891	12 580 863	-392%
Changes in Working Capital				
Change in Accounts Receivable	-1 914 267	-10 207 100	8 292 833	-81%
Change in Inventory	12 047 963	-23 807 116	35 855 079	-151%
Change in Other Assets	4 343 380	-4 072 729	8 416 109	-207%
Change in Accounts Payable	-1 379 730	10 482 192	-11 861 922	-113%
Change in Short-term liabilities	-1 055 888	208 296	-1 264 184	-607%
Taxation	-1 424 031	-1 371 430	-52 601	4%
Net Cash from Operations	**15 500 165**	**-14 858 478**	**30 358 643**	**-204%**
Investing Activities				
CAPEX	-15 553 445	-6 211 007	-9 342 439	150%
Sale of fixed assets	93 762	47 757	46 005	96%
Subsidiaries share purchase	-7 919 727	-1 351 918	-6 567 809	486%
Interest received	460 908	262 083	198 825	76%
Net Cash from Investing activities	**-22 918 502**	**-7 253 084**	**-15 665 417**	**216%**
Financing Activities				
Redeemed treasury shares	-123 443	-1 129 967	-123 443	0%
Borrowing	2 376 192	21 186 128	-18 809 936	-89%
Loan repayments	-100 300	-617 690	517 390	-84%
Dividends paid	0	-45 248	45 248	-100%
Interest paid	-1 640 183	-1 062 333	-577 850	54%
Net Cash from Financing activities	**512 266**	**18 330 890**	**-17 818 624**	-97%
Net Cash flow of the period	-6 782 628	-3 780 673	-3 001 955	79%
Cash at beginning of period	25 882 135	15 381 844	10 500 291	68%
Effect of exchange rate changes	-5 314 203	3 323 713	-8 637 916	-260%
Cash at end of period	**13 785 304**	**14 924 885**	**-1 139 581**	**-8%**

Source: consolidated non-audited report of the Group on 30th of June 2023 and non-audited report on 30th of June 2022 based on IFRS accounting rules

The net cash flow from operation was EUR 15 500 thousand at the end of June 2023, compared to the EUR -14 858 thousand value of end of the base period.

The cash flow from investing activities was EUR -22 919 thousand at end of June 2023 compared to EUR -7 253 thousand in base period.

The net cash flow from financial related activities amounted to EUR 512 thousand versus the EUR 18 331 thousand of the base year.

All in all, the cash and equivalents of the Company was EUR 13 785 thousand at the end of June 2023 which was lower by EUR 1 140 thousand than the EUR 14 925 thousand level of the previous period end.

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 2 004 944 (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 251 048 (RON 1 246 053) and additionally EUR 79 913 (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 468 390 (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)".

10. Change in equity

Data in 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
01-01-2022	**5 503 939**	**-2 252 298**	**8 062 732**	**34 351 463**	**-13 808 548**	**28 605 647**	**15 860 834**	**47 718 122**	**646 123**	**48 364 245**
Profit for the year	0	0	0	0	0	0	11 507 396	11 507 396	-30 838	11 476 558
Comprehensive income related to a CCIRS transaction	0	0	0	0	-292 661	-292 661	0	-292 661	0	-292 661
Dividends to minority shareholders	0	0	0	0	0	0	0	0	-45 248	-45 248
MRP share based payments	0	180 723	0	0	0	0	0	180 723	0	180 723
Other comprehensive income	0	0	0	0	-2 261 809	-2 261 809	0	-2 261 809	17 772	-2 244 037
Prior year's profit or loss reclassified	0	0	0	15 860 834	0	15 860 834	-15 860 834	0	0	0
Redeemed treasury shares	0	143 356	0	-1 074 991	0	-1 074 991	0	-931 635	0	-931 635
Other	0	0	0	-65 057	0	-65 057	0	-65 057	0	-65 057
30-06-2022	**5 503 939**	**-1 928 219**	**8 062 732**	**49 072 249**	**-16 363 018**	**40 771 963**	**11 507 396**	**55 855 079**	**587 809**	**56 442 888**
01-01-2023	**6 049 289**	**-1 951 014**	**29 367 867**	**47 040 357**	**-16 285 415**	**60 122 809**	**15 691 150**	**79 912 234**	**688 850**	**80 601 084**
Profit for the year	0	0	0	0	0	0	-9 396 066	-9 396 066	85 461	-9 310 605
Comprehensive income related to a CCIRS transaction	0	0	0	0	1 231 254	1 231 254	0	1 231 254	0	1 231 254
MRP share based payments	0	166 245	0	-304 522	0	-304 522	0	-138 277	0	-138 277
Other comprehensive income	0	0	0	0	-990 039	-990 039	0	-990 039	-251 079	-1 241 118
Prior year's profit or loss reclassified	0	0	0	15 691 150	0	15 691 150	-15 691 150	0	0	0
Redeemed treasury shares	0	-317 961	0	0	0	0	0	-317 961	0	-317 961
30-06-2023	**6 049 289**	**-2 102 730**	**29 367 867**	**62 426 985**	**-16 044 200**	**75 750 652**	**-9 396 066**	**70 301 145**	**523 232**	**70 824 377**

Source: consolidated non-audited report of the Group on 30th of June 2023 and non- audited report on 30th of June 2022 based on IFRS accounting rules.

11. Contingent liabilities

Company	Type of guarantee	Covert amount by guarantee	Currency	Amount in EUR	Currency
Masterplast Romania	Bank guarantee	1 246 053	RON	251 048	EUR
Masterplast Romania	Bank guarantee	396 638	RON	79 913	EUR
Masterfoam Kft.	Tender guarantee	251 003 670	HUF	676 323	EUR
Masterplast Proizvodnja DOO Subotica	Bill of exchange	2 524 795 725	HUF	6 802 996	EUR
Masterplast YU D.o.o.	Bank guarantee	10 000 000	RSD	85 302	EUR
Total:				**7 895 581**	**EUR**

Source: consolidated non-audited report of the Group on 30th of June 2023 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.

12. Presentation of the manufacturing capacity

H1 2023 (Data in EUR)	Sales	Production	Unallocated costs	Segment elimination	Consolidated
Sales revenues	70 630 265	4 673 993	110 177		75 414 435
Sales between segments	14 094 378	31 407 609	1 045 708	-46 547 694	0
Depreciation	-552 197	-2 252 806	-232 988	0	-3 037 991
Operating expenses	-80 209 398	-42 222 874	-2 023 165	46 547 694	-77 907 742
EBITDA	4 515 245	-6 141 273	-867 280	0	-2 493 308
EBIDTA ratio	5,33%	-17,02%	-75,03%	0,00%	-3,31%
EBIT	3 963 048	-8 394 079	-1 100 268	0	-5 531 299
EBIT ratio	4,68%	-23,26%	-95,19%	0,00%	-7,33%
Fixed Assets	12 682 317	96 835 970	16 722 343	0	126 240 629
Inventories	33 889 050	13 043 905	59 386	0	46 992 340

H1 2022 (Data in EUR)	Sales	Production	Unallocated costs	Segment elimination	Consolidated
Sales revenues	99 743 708	9 316 693	46 436	0	109 106 837
Sales between segments	30 148 368	39 488 394	1 097 173	-70 733 935	0
Depreciation	-523 962	-1 948 704	-207 757	0	-2 680 422
Operating expenses	-119 266 755	-44 558 451	-2 381 215	70 733 935	-95 472 486
EBITDA	**10 625 320**	**4 246 636**	**-1 237 605**	**0**	**13 634 351**
EBIDTA ratio	8,18%	8,70%	-108,22%	-	12,50%
EBIT	**10 101 359**	**2 297 932**	**-1 445 362**	**0**	**10 953 929**
EBIT ratio	7,78%	4,71%	-126,39%	-	10,04%
Fixed Assets	11 469 772	75 108 081	8 585 523	0	95 163 376
Inventories	60 672 820	9 936 759	19 630	0	70 629 209

Source: consolidated non-audited report of the Group on 30th of June 2023 and non-audited report on 30th of June 2022 based on IFRS accounting rules

Revenue of the Sales segment H1 2023. was EUR 84 725 thousand, which is EUR 46 167 thousand (-35%) lower than the value of the base period. The EBITDA of the sales segment was EUR 4 515 (5,3% EBITDA share), which means a decrease of almost 60% compared to the base. The decline in the profitability of the sales segment is driven by mostly the lower sales revenue and the decreasing margin due to the sharp competition.

Total sales revenue of the Manufacturing segment H1 2023. in the first half of the year was EUR 36 082 thousand, which is EUR 12 723 thousand (-26%) lower than last year. As a result of the lower capacity utilization driven by the decrease in market demand, as well as the effect of previously purchased raw materials at a higher price, production EBITDA resulted a loss of EUR 6 141 thousand (EBITDA ratio -17,0%) compared to EUR 4 247 thousand profit in the first half of 2022 (EBITDA ratio 4,7%). Considering the mid-term insulation material market potential increase, the Company introduced cost optimization and efficiency measures with the approach to maintain its current capacities, which could result in a significant improvement in the results of both the production segment and the sales segment as well from the second quarter. The production performance of each production unit is presented below.

In the Group's EPS factory in Subotica, the output of finished products was significantly lower in the second quarter compared to a year earlier, but slightly exceeded the previous Q1 period. In the production area of the most labor-intensive fiberglass mesh, there was also a significant decline in this period compared to the same period last year, which is resulted the 110 person downsizing that was communicated and started in the first quarter continued and was realized by 105 people, parallel to this, the optimization of the stock level is also at an expected level in line with time schedule. At the same site, the production start-up of the XPS investment and the technology implementation of the machinery are progressing at a good pace, in the third quarter the company is expected to appear on the market with its own manufactured product.

In Sárszentmihály, the output of the fleece production equipment at the central site increased significantly in this period compared to last year, and related stock level decreased, the output of the own diffusion roof foils production also increased. In the case of health products, due to low demand, only small series productions were carried out.

The output of the fleece production unit in Aschersleben also decreased compared to last year's base, where production has been suspended for shorter period driven by the reduced demand. At this plant, the German state provides partial wage compensation (Kurzarbeit) to the Company to compensate for lower income.

At the Group's plant in Kál, the implementation of the equipment of the new EPS production line has been completed and sample productions and production ramp-up began, but due to the drop in market demand, production in this plant is currently set to a single-shift work schedule.

The implementation of the EPS production machinery in Calerno, Italy, is in line with expectations, and the project has also entered to the technological assembly phase, test production will also begin here in the third quarter.

The implementation of the investments that are running in parallel and produce priority treated mineral wool is in progress. Both the 35 000 ton annual capacity stone wool factory planned in Halmajugra together with Market Építő Zrt, and the 19 000 ton capacity glass wool factory planned in Szerencs - with the involvement of professional co-investor Selena Group - are expected to start in the first half of 2025.

13. Changes of the full time employees (headcount)

	30-06-2023	31-12-2022	30-06-2022
Company employees	76	79	74
Group level employees	1 316	1 499	1 551

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

14. Significant events between the quarter-end and the publication of this report

On 24 July 2023, the Company and Selena FM S.A. entered into a conditional investment agreement on cooperation in PIMCO Kft. According to the agreement, the acquisition of quota by Selena FM S.A. is, in particular, subject to the condition precedent of approval (or a finding that such approval is not required) of the Hungarian Competition Authority and the convertible loan granted by Selena FM S.A to PIMCO Kft., which becomes the share capital of PIMCO Kft later. In case of fulfilling the conditions, the share capital of PIMCO Kft. will be increased, as a result of which Selena FM S.A. will acquire a 50% of the shares and voting in PIMCO Kft. The contribution of Selena FM S.A. to PIMCO Kft. in the transaction will be a maximum of EUR 10 million.

15. Balance sheet compared with 31 December 2022 status

Data in EUR	30-06-2023	31-12-2022	Change	Index
	(A)	(B)	A-B	(A/B-1)
FIXED ASSETS				
Land, buildings and equipment	126 240 629	109 530 317	16 710 312	15%
Intangible assets	754 447	196 832	557 615	283%
Shares in related companies	9 789 905	2 084 481	7 705 424	370%
Deferred tax assets	398 760	395 844	2 916	1%
Other long-term financial assets	426	125 000	-124 574	-100%
Total fixed assets	**137 184 167**	**112 332 474**	**24 851 693**	**22%**
CURRENT ASSETS				
Inventories	46 992 340	59 939 360	-12 947 020	-22%
Trade accounts receivable	19 266 426	17 464 704	1 801 722	10%
Tax receivables	4 065 890	2 325 031	1 740 859	75%
Other financial receivables	734 952	274 515	460 437	168%
Other current assets	3 936 110	10 356 212	-6 420 102	-62%
Liquid assets	13 785 304	25 882 135	-12 096 831	-47%
Total current assets	**88 781 022**	**116 241 957**	**-27 460 935**	**-24%**
TOTAL ASSETS	**225 965 189**	**228 574 431**	**-2 609 242**	**-1%**
CAPITAL AND RESERVES				
Subscribed capital	6 049 289	6 049 289	0	0%
Reserves	75 750 652	60 122 809	15 627 843	26%
Repurchased shares	-2 102 730	-1 951 014	-151 716	8%
Parent share of interests	-9 396 066	15 691 150	-25 087 216	-160%
Equity attributable to the owners of the parent	**70 301 145**	**79 912 234**	**-9 611 089**	**-12%**
Minority interests	523 232	688 850	-165 618	-24%
Total capital and reserves	**70 824 377**	**80 601 084**	**-9 776 707**	**-12%**
LONG-TERM LIABILITIES				
Long- term loans	17 096 378	14 680 082	2 416 296	16%
Liabilities from issued bonds	52 487 419	48 663 832	3 823 587	
Deferred tax liabilities	728 928	751 881	-22 953	-3%
Deferred income	32 663 721	30 158 650	2 505 071	8%
Other long-term liabilities	2 893 215	386 799	2 506 416	648%
Total long-term liabilities	**105 869 661**	**94 641 244**	**11 228 417**	**12%**
SHORT-TERM LIABILITIES				
Short-term loans	17 247 037	17 218 410	28 627	0%
Liabilities from issued bonds (short-term)	4 038 265	3 744 294	293 971	8%
Trade accounts payable	15 153 578	16 533 308	-1 379 730	-8%
Short-term leasing liabilities	126 519	250 252	-123 733	-49%
Other financial liabilities	3 335 307	5 566 386	-2 231 079	-40%
Tax liabilities	1 724 792	1 612 834	111 958	7%
Short-term deferred income	1 607 104	2 784 959	-1 177 855	-42%
Provisions	621 479	582 921	38 558	7%
Other short-term liabilities	5 417 070	5 038 739	378 331	8%
Total short-term liabilities	**49 271 151**	**53 332 103**	**-4 060 952**	**-8%**
TOTAL LIABILITIES	**155 140 812**	**147 973 347**	**7 167 465**	**5%**
TOTAL CAPITAL AND LIABILITIES	**225 965 189**	**228 574 431**	**-2 609 242**	**-1%**

Source: consolidated non-audited report of the Group on 30th of June 2023 and audited report on 31th of December 2022 based on IFRS accounting rules

16. 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. (3)	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. (6)	Italy	200 000	EUR	95,5%	95,5%	Wholesale of building materials
MASTERWOOL MW-1 d.o.o.(2)	Serbia	293 900 000	RSD	100%	100%	Rockwool production
PIMCO Kft. (5)	Hungary	153 000 000	HUF	100%	100%	Glasswool production
Indirect relations:						
Masterplast Proizvodnja D.o.o.	Serbia	600 000	RSD	100%	100%	XPS production
Affiliated company of the Group (4):						
Masterprofil Kft.	Hungary	3 000 000	HUF	20%	20%	Profile production
T-CELL Plasztik Kft.(1)	Hungary	104 000 000	HUF	24%	24%	EPS production
MIP Zrt. (7)	Hungary	810 000 000	HUF	50%	50%	Stonewool production

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

(1) 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

(2) In order to launch rock wool production activities, MASTERWOOL MW-1 d.o.o. was established in Serbia in 2022 with 51% ownership of the Company and 50% voting rights. Investment activities and operations have not yet taken place within the framework of this economic organization. On March 21 2023, MASTERPLAST Plc. signed a share transfer agreement for the purchase of 49% of the registered capital of MASTERWOOL MW-1 d.o.o. As a result of the share transfer, MASTERPLAST Plc. became the sole member of MASTERWOOL MW-1 d.o.o. with a 100% share.

(3) 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 22nd December 2022.

(4) As a result of the transfer of shares, MASTERPLAST Plc. no longer has a share in Master Modul Kft., the planned activity in Master Modul Kft. will be implemented by MASTERPLAST Modulhouse Kft.

(5) On 18 January 2023, the Company entered into a purchase agreement for the purchase of a 100% share in PIMCO Kft., which has a glass wool manufacturing investment project. On 24 July 2023, the Company and Selena FM S.A. entered into a conditional investment agreement on cooperation in PIMCO Kft. According to the agreement, the acquisition of quota by Selena FM S.A. is, in particular, subject to the condition precedent

of approval (or a finding that such approval is not required) of the Hungarian Competition Authority and the convertible loan granted by Selena FM S.A to PIMCO Kft., which becomes the share capital of PIMCO Kft later. In case of fulfilling the conditions, the share capital of PIMCO Kft. will be increased, as a result of which Selena FM S.A. will acquire a 50% of the shares and voting in PIMCO Kft. The contribution of Selena FM S.A. to PIMCO Kft. in the transaction will be a maximum of EUR 10 million.

(6) On March 16, 2023, the Company entered into a share transfer agreement for the purchase of shares in MASTERPLAST Italia S.r.l., representing 44.5% of the registered capital of MASTERPLAST Italia S.r.l. with a nominal value of EUR 89 thousand. As a result of the share transfer, MASTERPLAST Plc. becomes a 95.5% shareholder of MASTERPLAST Italia S.r.l.

(7) Based on the strategic cooperation agreement concluded in December 2022, the Company acquired a 50% share in MIP Alapanyaggyártó Zartkörűen Működő Reszvénytársaság (MIP Zrt.) on June 9, 2023, as a result of which MASTERPLAST Nyrt. owns 50% of MIP Zrt. , the shareholder of MIP Zrt. with an additional 50% ownership share is MARKET Építő Zrt.

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.

17. 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	30-04-2024	approximately 15 years	4 548 057 ordinary shares
Ács Balázs	Vice Chairman of the Board	03-04-2008	30-04-2024	approximately 15 years	3 877 259 ordinary shares
Dirk Theuns	Board member	01-05-2014	30-04-2024	approximately 9 years	-
Dezse Margaret	Board member	01-05-2020	30-04-2024	approximately 3 years	1 300 ordinary shares
Fazekas Bálint	Board member	01-05-2022	30-04-2024	approximately 1 year	1 145 ordinary shares

The data of the Company's top management are shown in the table below on 30th June 2023:

Name	Post	Beginning of the current top management position	Completion of current top management position	Stockholding (pcs)
Tibor Dávid	CEO	27-04-2023	indefinite duration	4 548 057
Ács Balázs	Deputy CEO	27-04-2023	indefinite duration	3 877 259
Nádasi Róbert	Deputy CEO	27-04-2023	indefinite duration	129 034

18. 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%
Total		**8 425 316**	**50,00%**

(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.

19. Presentation of the amount of own shares (pcs)

	30-06-2023
Issuing ownership	0
MRP organisation	251 587
Affiliated companies ownership	0
Total	**251 587**

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

Publication date	Object
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
23.02.2023.	Interim management report
01.03.2023.	Voting rights, registered capital
16.03.2023.	Information on the acquisition of a stake in the Italian subsidiary
21.03.2023.	Information on the acquisition of a stake in the Serbian subsidiary
27.03.2023.	GM – Invitation
27.03.2023.	Information about investor forum
27.03.2023.	Changing of corporate action timetable
27.03.2023.	Corporate Action Timetable
03.04.2023.	Voting rights, registered capital
06.04.2023.	GM – Proposals
27.04.2023.	GM - Resolutions
27.04.2023.	Presentation of the 27 April 2023 investor forum
27.04.2023.	Annual Report
27.04.2023.	CG Declaration
27.04.2023.	Remuneration Report
27.04.2023.	Remuneration Policy
27.04.2023.	ESG Report
27.04.2023.	Information on changes to the management structure
02.05.2023.	Voting rights, registered capital
11.05.2023.	Publication of Q1 2023 results, interim management report
19.05.2023.	Information on the registration of changes to the company's register according to the resolutions of the AGM
19.05.2023.	Articles of Associations
22.05.2023.	Information on the acquisition and transfer of treasury shares
24.05.2023.	Information on the transaction of person discharging managerial responsibilities
24.05.2023.	Information on share purchasing by MASTERPLAST Employee Stock Ownership Program Organization
25.05.2023.	Information on share purchasing by MASTERPLAST Employee Stock Ownership Program Organization
26.05.2023.	Information on share purchasing by MASTERPLAST Employee Stock Ownership Program Organization
30.05.2023.	Information on share purchasing by MASTERPLAST Employee Stock Ownership Program Organization
31.05.2023.	Information on share purchasing by MASTERPLAST Employee Stock Ownership Program Organization
01.06.2023.	Voting rights, registered capital
01.06.2023.	Information on share purchasing by MASTERPLAST Employee Stock Ownership Program Organization
02.06.2023.	Information on share purchasing by MASTERPLAST Employee Stock Ownership Program Organization
05.06.2023.	Information on share purchasing by MASTERPLAST Employee Stock Ownership Program Organization
06.06.2023.	Information on share purchasing by MASTERPLAST Employee Stock Ownership Program Organization
07.06.2023.	Information on share purchasing by MASTERPLAST Employee Stock Ownership Program Organization
08.06.2023.	Information on share purchasing by MASTERPLAST Employee Stock Ownership Program Organization
09.06.2023.	Information on share purchasing by MASTERPLAST Employee Stock Ownership Program Organization
09.06.2023.	Information on the joint venture of MASTERPLAST Nyrt. and MARKET Építő Zrt.
12.06.2023.	Information on share purchasing by MASTERPLAST Employee Stock Ownership Program Organization
13.06.2023.	Information on share purchasing by MASTERPLAST Employee Stock Ownership Program Organization
14.06.2023.	Information about credit rating
14.06.2023.	Information on share purchasing by MASTERPLAST Employee Stock Ownership Program Organization
15.06.2023.	Information on share purchasing by MASTERPLAST Employee Stock Ownership Program Organization
16.06.2023.	Information on share purchasing by MASTERPLAST Employee Stock Ownership Program Organization
19.06.2023.	Information on share purchasing by MASTERPLAST Employee Stock Ownership Program Organization

20.06.2023.	Information on share purchasing by MASTERPLAST Employee Stock Ownership Program Organization
21.06.2023.	Information on share purchasing by MASTERPLAST Employee Stock Ownership Program Organization
22.06.2023.	Information on share purchasing by MASTERPLAST Employee Stock Ownership Program Organization
23.06.2023.	Information on share purchasing by MASTERPLAST Employee Stock Ownership Program Organization
26.06.2023.	Information on share purchasing by MASTERPLAST Employee Stock Ownership Program Organization
27.06.2023.	Information on share purchasing by MASTERPLAST Employee Stock Ownership Program Organization
28.06.2023.	Information on share purchasing by MASTERPLAST Employee Stock Ownership Program Organization
29.06.2023.	Information on the strategic cooperation with Selena FM S.A.
29.06.2023.	Information on share purchasing by MASTERPLAST Employee Stock Ownership Program Organization
03.07.2023.	Voting rights, registered capital
24.07.2023.	Information on the signing of the investment agreement with Selena FM S.A.

DECLARATION

MASTERPLAST Public Limited Company (8143 Sárszentmihály, Árpád u. 1 / A, hereafter referred to as "the Company") states that the consolidated half-yearly report prepared with the best of its knowledge and based on the applicable accounting standards provides a true and fair view of the issuer and of the assets, liabilities and financial state development profits and losses, and performance of the issuing and consolidating companies, describing the main assets affecting the remaining six months of the financial year and the consolidated financial statements of the consolidating companies, risks and uncertainties.

Sárszentmihály, 27 July 2023

Tibor Dávid
Chairman of the Board

MASTERPLAST