

# **TERAPLAST SA**

## **SIMPLIFIED CONSOLIDATED INTERIM FINANCIAL STATEMENTS**

**Prepared in accordance with International Financial Reporting Standards as adopted by the  
European Union**

**AT AND FOR THE THREE-MONTH PERIOD  
ENDED MARCH 30, 2021**

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**TERAPLAST SA**  
**CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME**  
**FOR THE 3-MONTH PERIOD ENDED MARCH 31, 2021**  
*(all amounts are expressed in RON, unless otherwise specified)*

	<u>Note</u>	<u>Period ended March 31, 2021</u>	<u>Period ended March 31, 2020</u> <i>(restated)*</i>
<b>Income from contracts with customers, of which:</b>	<b>4</b>	<b>107,897,740</b>	<b>84,541,541</b>
<i>Income from the sale of finished goods</i>		97,877,999	73,560,600
<i>Income from the sale of goods</i>		9,714,261	10,769,150
<i>Income from provision of services</i>		305,480	211,790
Other operating income	5	234,458	69,646
Income from investment subsidies		516,056	279,548
Changes in stocks of finished goods and work in progress		7,673,946	6,365,876
Raw materials, consumables and merchandise	6	(74,530,911)	(57,356,752)
Expenses with employees' benefits	9	(13,177,799)	(11,906,086)
Amortisation/depreciation and impairment of non-current assets, net	8	(4,806,639)	(4,461,133)
Impairment of non-current assets, net	8	958,467	241,751
Losses on the write-off/measurement of tangible and intangible assets	7	(41,317)	(236,682)
Other expenses	10	(11,447,599)	(11,091,066)
Sponsorship		(77,566)	(4,454)
<b>Operating profit/loss</b>		<b>13,198,836</b>	<b>6,442,189</b>
Financial expenses	5	(934,738)	590,539
Interest expenses, net	5	(953,878)	(1,360,469)
Financial income	5	458,890	358,220
<b>Financial result, net</b>		<b>(1,429,726)</b>	<b>(411,710)</b>
<b>Profit before tax</b>		<b>11,769,110</b>	<b>6,030,479</b>
Income tax expenses		(112,229)	(724,234)
<b>Profit of businesses that continue their activity within the Group</b>		<b>11,656,881</b>	<b>5,306,244</b>
<b>Profit of Profiles business</b>		<b>(410,400)</b>	<b>314,069</b>
<b>Profit of Steel business/ Profit from sale of business</b>	<b>1</b>	<b>189,398,108</b>	<b>519,429</b>
<b>Profit for the year</b>		<b>200,644,589</b>	<b>6,139,743</b>

Signed and approved:

April 21, 2021  
Board of Administration

\_\_\_\_\_  
**ALEXANDRU STANEAN**  
CEO

\_\_\_\_\_  
**IOANA BIRTA**  
CFO

**TERAPLAST SA**  
**CONSOLIDATED STATEMENT OF FINANCIAL POSITION**  
**MARCH 31, 2021**  
*(all amounts are expressed in RON, unless otherwise specified)*

	<u>Note</u>	<u>March 31, 2021</u>	<u>December 31, 2020</u>
<b>ASSETS</b>			
<b>Non-current assets</b>			
Property, plant and equipment	12	165,179,422	164,230,946
Investment property	18	3,686,767	3,686,767
Leased right-of-use assets	14	8,147,151	5,157,915
Intangible assets	13	1,172,414	1,112,186
Long-term receivables		15,400	304,521
Other long-term equity investments		390,106	15,400
<b>Total non-current assets</b>		<b><u>178,591,260</u></b>	<b><u>174,507,735</u></b>
<b>Current assets</b>			
Inventories	16	86,082,003	65,049,188
Trade and other receivables	17	169,629,676	115,859,276
Prepaid expenses		1,424,955	572,570
Cash	26	289,421,926	16,620,936
<b>Total current assets</b>		<b><u>546,558,560</u></b>	<b><u>198,101,970</u></b>
Assets held for sale – Joinery profiles		3,628,662	25,399,520
Assets held for sale – Steel division	1	-	333,788,087
<b>Total assets</b>		<b><u>728,778,482</u></b>	<b><u>731,797,312</u></b>
<b>EQUITY AND LIABILITIES</b>			
<b>Equity</b>			
Share capital	19	<b><u>174,320,048</u></b>	<b><u>174,320,048</u></b>
Revaluation reserves		13,394,410	13,394,410
Legal reserves		16,627,688	16,627,688
Retained earnings		330,820,910	129,200,928
<b>Capital attributable to controlling interests</b>		<b><u>535,163,056</u></b>	<b><u>333,543,074</u></b>
Non-controlling interests		-	655,430
<b>Total equity</b>		<b><u>535,163,056</u></b>	<b><u>334,198,504</u></b>
<b>Long-term liabilities</b>			
Bank loans	22	24,396,104	27,234,942
Finance lease liabilities	22	6,044,356	2,829,732
Other long-term liabilities	21	9,103,584	9,376,689
Employees' benefits	20	1,568,516	1,321,041
Subsidies for investments – long-term portion	27	17,323,195	17,836,056
Deferred tax liabilities	11	1,141,957	1,313,416
<b>Total long-term liabilities</b>		<b><u>59,577,712</u></b>	<b><u>59,911,876</u></b>

The accompanying notes are an integral part of these simplified consolidated financial statements.

**TERAPLAST SA**  
**CONSOLIDATED STATEMENT OF FINANCIAL POSITION**  
**MARCH 31, 2021**  
*(all amounts are expressed in RON, unless otherwise specified)*

	<u>Note</u>	<u>March 31, 2021</u>	<u>December 31, 2020</u>
<b>Current liabilities</b>			
Trade and other payables	21	99,347,614	66,337,280
Bank loans	22	26,714,829	100,408,930
Finance lease liabilities	22	1,663,913	1,261,591
Income tax payable		27,748	1,335,867
Subsidies for investments – current portion	27	2,051,447	2,051,447
Provisions for risks and charges	20	837,027	563,170
<b>Total current liabilities</b>		<b><u>130,642,578</u></b>	<b><u>171,958,285</u></b>
Liabilities related to assets held for sale and discontinued activities	1	3,395,135	165,728,647
<b>Total liabilities</b>		<b><u>193,615,425</u></b>	<b><u>397,598,808</u></b>
<b>Total equity and liabilities</b>		<b><u>728,778,481</u></b>	<b><u>731,797,312</u></b>

Signed and approved:

April 21, 2021  
Board of Administration

\_\_\_\_\_  
**ALEXANDRU STANEAN**  
CEO

\_\_\_\_\_  
**IOANA BIRTA**  
CFO

**TERAPLAST SA**  
**CONSOLIDATED STATEMENT OF CHANGES IN SHAREHOLDERS' EQUITY**  
**FOR THE 3-MONTH PERIOD ENDED MARCH 31, 2021**  
*(all amounts are expressed in RON, unless otherwise specified)*

	Share capital	Legal reserves	Revaluation reserve	Cumulated retained earnings	Capital attributable to parent's equity holders	Non-controlling interests	Total equity
Balance as at January 1, 2021	174,320,048	16,627,688	13,394,410	129,200,928	333,543,074	655,430	334,198,504
Result for the year	-	-	-	200,644,589	200,644,589	-	200,644,589
Other comprehensive income	-	-	-	-	-	-	-
<b>Total comprehensive income</b>	-	-	-	200,644,589	200,644,589	-	200,644,589
Other equity items increases / (reductions)	-	-	-	539,094	975,393	(655,430)	319,963
<b>Balance at March 31, 2021</b>	<b>174,320,048</b>	<b>16,627,688</b>	<b>13,394,410</b>	<b>330,820,909</b>	<b>535,163,056</b>	<b>-</b>	<b>535,163,056</b>

	Total share capital	Legal reserves	Revaluation reserve	Prime de capital	Treasury shares	Reserve for FX differences upon consolidation	Cumulated retained earnings	Capital attributable to parent's equity holders	Non-controlling interests	Total equity
Balance as at January 1, 2020	133,780,651	16,096,574	17,871,014	27,384,726	(139)	(436,298)	79,198,291	273,894,816	2,253,580	276,148,399
Result for the year	-	-	-	-	-	-	77,299,408	77,299,408	201,390	77,500,798
<b>Total comprehensive income</b>	-	-	-	-	-	-	77,299,408	77,299,408	201,390	77,500,798
Share capital increase from reserves	40,539,537	-	-	(27,384,726)	-	-	(13,154,820)	(9)	-	(9)
Legal reserve setting	-	531,114	-	-	-	-	(531,114)	-	-	-
Reserves representing revaluation surplus	-	-	(4,476,605)	-	-	-	820,641	(3,655,964)	(820,641)	(4,476,605)
Write-off of 1,490 own shares redeemed	(139)	-	-	-	139	-	-	-	-	-
Dividends granted in Q3 2020	-	-	-	-	-	-	(14,640,657)	(14,640,657)	-	(14,640,657)
Other equity items increases / (reductions)	-	-	-	-	-	436,298	209,185	645,483	(978,900)	(333,417)
<b>Balance as at December 31, 2020</b>	<b>174,320,048</b>	<b>16,627,688</b>	<b>13,394,410</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>129,200,928</b>	<b>333,543,074</b>	<b>655,430</b>	<b>334,198,504</b>

TeraPlast SA distributed dividends in amount of RON 45,323,187, based on the results of September 2020, of which RON 14,640,657 from reserves and the rest from the profit of January – September 2020. The dividends were paid in December 2020 (the Company did not distribute dividends in 2019). The gross dividend of RON 0.026/share represents a return of 6.2%.

Out of the profit registered in March 2021, the Board of Administration proposed the distribution of a special dividend in total amount of RON 226.6 million and the granting of a free share for every 4 shares held.

**TERAPLAST SA**  
**CONSOLIDATED STATEMENT OF CASH FLOWS**  
**FOR THE 3-MONTH PERIOD ENDED MARCH 31, 2021**  
*(all amounts are expressed in RON, unless otherwise specified)*

<b>INDIRECT METHOD</b>	<b>Period ended March 31, 2021</b>	<b>Period ended March 31, 2020</b>
<b><i>Cash flows from operating activities:</i></b>		
<b>Profit before tax*</b>	<b>200,756,818</b>	<b>6,030,479</b>
Gains from sale of Steel division	(189,626,383)	-
Losses from disposal of fixed assets	(56,123)	-
Impairment and amortization of non-current assets	4,806,639	(4,461,133)
Allowance for doubtful debts	(111,896)	(106,434)
Inventory impairment	(846,571)	(135,317)
Interest expense	953,878	1,360,469
<b>Operating profit before changes in working capital</b>	<b>15,876,362</b>	<b>11,610,330</b>
Increase in trade receivables	(40,521,756)	(27,353,793)
Increase in gross inventories	(20,186,244)	(21,074,472)
Increase in trade and other payables	34,158,712	23,726,915
Income tax paid	(1,541,010)	(164,678)
Interest paid, net	(953,878)	(1,360,469)
Income from subsidies	(516,056)	(279,548)
<b>Cash used in operating activities</b>	<b>(13,683,870)</b>	<b>(14,895,716)</b>
<b><i>Cash flows used for investment:</i></b>		
Payments for acquisition of non-current assets	(13,623,237)	(19,409,734)
Proceeds from the sale of Steel division	373,000,000	-
Partial receipt from the sale of the Joinery Profiles business	4,350,491	-
Payment for investments – Wetterbest		(4,758,600)
Receipts from the sale of tangible assets	56,123	-
<b>Cash flows generated by / (used in) investing activities</b>	<b>363,783,377</b>	<b>(24,168,334)</b>
<b><i>Cash flows generated by financing activities:</i></b>		
Net (repayments)/ drawdowns from bank loans	<b>(77,298,517)</b>	<b>39,064,050</b>
<b>Net decrease of cash and cash equivalents</b>	<b>272,800,990</b>	<b>(8,450,147)</b>
<b>Cash and cash equivalents at the beginning of the period</b>	<b>16,620,936</b>	<b>14,352,404</b>
<b>Cash and cash equivalents at the end of the period</b>	<b>289,421,926</b>	<b>5,902,257</b>

Signed and approved:

April 21, 2021  
Board of Administration

\_\_\_\_\_  
**ALEXANDRU STANEAN**  
CEO

\_\_\_\_\_  
**IOANA BIRTA**  
CFO

## **1. GENERAL INFORMATION**

These are the consolidated financial statements of the Teraplast SA Group (the "Group").

Teraplast SA (or the "Company") is a joint stock company established in 1992. The Company's head office is in the "Teraplast Industrial Park", DN 15A (Reghin-Bistrita), km 45+500, Bistrita- Nasaud County, Romania.

Starting 2 July 2008, the Company Teraplast is listed at the Bucharest Stock Exchange under the symbol TRP.

Group Teraplast includes Teraplast (manufacturer of pipes, compounds and PVC profiles) and its subsidiaries:

- Teraglass Bistrita SRL - manufacturer of PVC windows and doors,
- TeraPlast Recycling SA - specialised in recycling following the spin-off of the recycling line from Teraplast (in May 2020, following the fulfilment of the legal requirements, Politub SA was deregistered further to the merger by absorption with TeraPlast Recycling SA),
- TeraPlast Folii Biodegradabile SRL (manufacturer of biodegradable packaging, biodegradable bags and waste bags), with a share of 100% of TeraPlast SA, established in August 2020

### **STEEL BUSINESS:**

TeraPlast SA sold to Kingspan group its shares in TeraSteel Romania and Serbia and Wetterbest, according to the contract concluded on July 24, 2020. The transaction was completed on February 26, 2021, when TeraPlast received the initial price of RON 373 million.

The final price of the transaction was RON 375,483,190. Such price was determined based on the financial statements of the subsidiaries sold, on February 28, 2021. The initial price was determined based on the estimated financial statements, as at the same date.

At the date of these financial statements, the entire amount of RON 375,483,190 was received.

### **Gains from the sale of the Steel business in these consolidated financial statements**

The RON 189,626,383 gain represents the price of the transaction less the net assets of the companies sold (as per IFRS 10).

### **Profit from the sale of the Steel business in the separate financial statements of TeraPlast SA**

In the separate financial statements, the profit from the sale of the Steel business is RON 274,148,926, calculated as the price of the transaction less the cost of TeraPlast SA with the investments in such subsidiaries, in amount of RON 101,334,264.

The Board of Administration has submitted a proposal for the GMS to be convened on June 25, 2021, the distribution of dividends in amount of RON 226,615,937, and the increase of the share capital of TeraPlast by RON 43,579,988 through the distribution of one free share for every 4 shares held.

The dividends are granted out of the profit of TeraPlast SA. The separate financial statements of TeraPlast SA at March 30, 2021, and the related audit report will be published on the website of TeraPlast before the GMS.

### **Joinery profiles business**

- TeraPlast Hungaria Kft. (distributor) is in process of being transferred to Dynamic Selling Group. The transfer will be complete in Q2. In these financial statements, the assets held for sale and related liabilities belong to TeraPlast Ungaria.
- The joinery profiles business of TeraPlast SA was transferred in March 2021. Equipment with a sale price of RON 9,737,363 and the stocks of such business are part of such transfer. Employment contracts, trade relations and know-how were also transferred.

**1. GENERAL INFORMATION (continued)**

Thus, the businesses that continue their activity are:

- The installations and compounds businesses of TeraPlast SA
- TeraPlast Recycling SA
- Teraglass Bistrita SRL

The bioplastic flexible packaging business (TeraPlast Folii Biodegradabile SRL) will enter production in the second half of 2021. It is a EUR 12 million greenfield investment, co-financed by State aid.

Teraplast SA has been preparing consolidated financial statements since 2007. These financial statements are available on the Company website ([www.TeraPlast.ro](http://www.TeraPlast.ro)).

**Purchase of the majority shareholding in Somplast SA**

TeraPlast executed the sale order of the former majority shareholder of Somplast SA on December 29, 2020.

The Competition Council approved the Somplast transaction on April 14, 2021, which means that TeraPlast exercises control on the company and will consolidate the financial statements of Somplast as of April 1, 2021.

## 2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

### Statement of compliance

The financial statements have been prepared in accordance with International Standard on Accounting – Interim Financial Reporting.

### Bases of preparation

The consolidated financial statements include the financial statements of the parent and the subsidiaries. Control is obtained when the Company has the power to direct the financial and operating policies of an entity to obtain benefits from its activities.

Where necessary, the financial statements of the subsidiary are adjusted to align its accounting policies to those of the Group.

All of the group transactions, inter-company balances and income and expenses are entirely de-consolidated.

The non-controlling interests in the net assets (exclusively goodwill) of consolidated subsidiaries are identified apart from the Group's equity in it. Non-controlling interests consist of the sum of such interests at the initial consolidation date and the share held in changes to equity as of such date.

### Main accounting policies

The accounting policies and measurement methods adopted in the preparation of the simplified consolidated interim financial statements are consistent with those used in the preparation of the annual consolidated financial statements of Teraplast SA at December 31, 2020.

## 3. RESTATEMENT OF CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

The statement of comprehensive income for January – March 2020 was restated to reflect the businesses that will continue their activity within the Group.

## 4. REVENUES AND OPERATING SEGMENTS

An analysis of the Group revenues is detailed below:

	<b>Period ended March 31, 2021</b>	<b>Period ended March 31, 2020</b>
		*restated
Sales of finished goods	99,364,477	74,490,884
Sale of merchandise	9,714,261	10,769,150
Revenues from other activities	305,480	211,790
Trade discounts granted	<u>(1,486,478)</u>	<u>(930,284)</u>
<b>TOTAL</b>	<b><u>107,897,740</u></b>	<b><u>84,541,541</u></b>

#### **4. REVENUES AND OPERATING SEGMENTS (continued)**

The information on the operational policy as reported to the management from the perspective of resource allocation and segment performance analysis is classified according to the type of products delivered. The reporting segments of the Group have been determined according to:

- The nature of the products and services;
- The nature of the production processes;
- The type or category of clients for products and services;
- Methods used for distributing the products or providing the services.

The businesses that continue their activity within the Group are structured on three business lines: **installations and recycling, compounds and windows and doors.**

On the construction materials market, the seasonality influences the monthly evolution of the sales. Therefore, the peak in our activity consists of approximately 6 months (May – October).

The Group's distribution policy targets specialised clients in the constructions sector through the following channels:

- Distributors and resellers (domestic and exports)
- Specialised networks (DIY stores – domestic and exports)
- Contractors and builders (infrastructure projects auctions)
- Producers (domestic and exports)

#### **BUSINESS LINES**

##### **Installations**

The Installations business line includes the interior and exterior sewage systems, water & gas distribution systems, rain and wastewater management systems, telecommunications, electric networks, individual utilities branches.

TeraPlast is the leader of the PVC pipes market and the second player on the installations market in Romania.

From its local top-producer position the company has an advantage in contracting the infrastructure works in Romania compared to the foreign competitors.

According to the sustainable development strategy "Romania 2025", the total value of the investments needed for the rehabilitation of the public services of water and sewage infrastructure is EUR 12.5 billion, while the annual medium of the necessary investments is EUR 625 million. As for the population connected to the water and sewage systems, in 2017 in Romania only 50.8% of the residents were connected to a sewage system, while 49.4% were connected to sewage systems with treatment stations.

EUR 11 billion were allotted for the Large Infrastructure Operational Program between 2014 and 2020. So far, EUR 2,3 billion in payments and EUR 9,7 billion in signed contracts were used.

Taking this into consideration, an increase of the demand during the next 2 years, due to the execution phase of these projects.

##### **Compounds**

With an over 34% market share, TeraPlast is the leader of the compounds market in Romania and the main supplier of PVC compounds for the cable industry in Romania. The compounds portfolio includes flexible and rigid compounds with appliance in the extrusion and injection manufacturing industry.

##### **Windows and doors**

Through the Windows and Doors business line, TeraGlass offers windows and doors.

Over 70% of its production is intended for export, the main destination markets being Germany, Hungary and Slovakia. The TeraGlass products are present mostly in the DIY networks.

TERAPLAST SA  
NOTES TO THE SIMPLIFIED CONSOLIDATED FINANCIAL STATEMENTS  
FOR THE THREE-MONTH PERIOD ENDED MARCH 31, 2021  
(all amounts are expressed in RON, unless otherwise specified)

4. REVENUES AND OPERATING SEGMENTS (continued)

Period ended March 31, 2021	Installations and recycling	Compounds	Joinery profiles	Total	
Turnover	76,449,878	22,591,364	8,856,498	107,897,740	
Other operating income	229,514	-	4,944	234,458	
Income from subsidies	314,408	-	201,648	516,056	
<b>Operating income, total</b>	<b>76,993,800</b>	<b>22,591,364</b>	<b>9,063,090</b>	<b>108,648,254</b>	
Raw materials, consumables used and merchandise	(45,510,224)	(16,360,613)	(4,986,129)	(66,856,965)	
Employee benefits expenses	(9,624,183)	(1,538,035)	(2,015,581)	(13,177,799)	
Amortization and adjustments for the impairment of assets and provisions	(3,792,436)	(474,703)	(580,817)	(4,847,956)	
Adjustments for the impairment of current assets	752,602	-	205,865	958,467	
Sponsorships	(76,873)	-	(693)	(77,566)	
Other expenses	(8,856,810)	(1,237,251)	(1,353,538)	(11,447,599)	
<b>Expenses related to indirect sales and administrative expenses</b>	<b>(67,107,924)</b>	<b>(19,610,602)</b>	<b>(8,730,892)</b>	<b>(95,449,418)</b>	
<b>Operating result</b>	<b>9,885,876</b>	<b>2,980,762</b>	<b>332,197</b>	<b>13,198,836</b>	
<b>EBITDA</b>	<b>13,363,905</b>	<b>3,455,466</b>	<b>711,366</b>	<b>17,530,736</b>	
<b>EBITDA %</b>	<b>17.5%</b>	<b>15.3%</b>	<b>8.0%</b>	<b>16.2%</b>	
<b>March 31, 2021</b>	<b>Installations and recycling</b>	<b>Compounds</b>	<b>Joinery profiles</b>	<b>Unallocated amounts</b>	<b>Total</b>
<b>Assets</b>					
<b>Total assets, out of which</b>	<b>337,774,832</b>	<b>49,249,421</b>	<b>66,279,461</b>	<b>272,079,633</b>	<b>725,383,347</b>
Non-current assets	125,324,218	21,869,925	25,125,247	6,271,870	178,591,260
Current assets, other than cash for dividends	212,450,613	27,379,496	41,154,214	38,958,299	319,942,623
Cash for payment of dividends in July 2021				226,615,937	226,615,937
Net assets, TeraPlast Hungary				233,527	233,527
<b>Liabilities</b>					
<b>Total liabilities, out of which:</b>	<b>129,579,613</b>	<b>34,518,158</b>	<b>25,131,594</b>	<b>990,925</b>	<b>190,220,290</b>
Non-current liabilities	42,897,718	6,344,511	10,335,482		59,577,712
Current liabilities	86,681,895	28,173,646	14,796,112	990,925	130,642,578

Unallocated non-current assets are the buildings leased to the buyer of the Joinery Profiles business for a period of one year. Unallocated current assets are the dividends paid in December 2020 from the profit of 2020 in amount of RON 30,682,530.

TERAPLAST SA  
NOTES TO THE SIMPLIFIED CONSOLIDATED FINANCIAL STATEMENTS  
FOR THE THREE-MONTH PERIOD ENDED MARCH 31, 2021  
(all amounts are expressed in RON, unless otherwise specified)

4. REVENUES AND OPERATING SEGMENTS (continued)

Year ended March 31, 2020 (restated)	<u>Installations and recycling</u>	<u>Compounds</u>	<u>Joinery profiles</u>	<u>Total</u>
Turnover	61,533,998	16,700,762	6,306,781	84,541,541
Other operating income	19,388	41,695	8,563	69,646
Income from subsidies	96,527	-	183,021	279,548
<b>Operating income, total</b>	<b>61,649,914</b>	<b>16,742,457</b>	<b>6,498,365</b>	<b>84,890,736</b>
Raw materials, consumables used and merchandise	(35,965,083)	(11,532,480)	(3,493,313)	(50,990,876)
Employee benefits expenses	(8,696,385)	(1,335,844)	(1,873,858)	(11,906,086)
Amortization and adjustments for the impairment of assets and provisions	(3,799,143)	(440,595)	(458,076)	(4,697,815)
Adjustments for the impairment of current assets	116,776	-	124,975	241,751
Sponsorships	(3,585)	-	(869)	(4,454)
Other expenses	(8,550,236)	(1,233,910)	(1,306,921)	(11,091,066)
<b>Expenses related to indirect sales and administrative expenses</b>	<b>(56,897,656)</b>	<b>(14,542,828)</b>	<b>(7,008,062)</b>	<b>(78,448,546)</b>
<b>Operating result</b>	<b>4,752,257</b>	<b>2,199,629</b>	<b>(509,697)</b>	<b>6,442,189</b>
<b>EBITDA</b>	<b>8,454,873</b>	<b>2,640,224</b>	<b>(234,642)</b>	<b>10,860,455</b>
<b>EBITDA %</b>	<b>13.7%</b>	<b>15.8%</b>	<b>-3.7%</b>	<b>12.8%</b>

EBITDA = Operating result + amortization and the adjustments for the impairment of non-current assets and provisions – Income from subsidies

The amounts disclosed are net of the inter-segment transactions elimination.

December 31, 2020	<u>Installations and recycling</u>	<u>Compounds</u>	<u>Joinery profiles</u>	<u>Unallocated amounts</u>	<u>Total</u>
<b>Assets</b>					
<b>Total assets, out of which</b>	<b>259,199,090</b>	<b>42,820,105</b>	<b>39,907,981</b>	<b>30,682,530</b>	<b>372,609,705</b>
Non-current assets	127,844,037	21,038,771	25,624,927	-	174,507,735
Current assets	131,355,053	21,781,333	14,283,054	30,682,530	198,101,970
<b>Liabilities</b>					
<b>Total liabilities, out of which:</b>	<b>142,532,102</b>	<b>32,767,971</b>	<b>24,036,959</b>	<b>32,533,129</b>	<b>231,870,161</b>
Non-current liabilities	45,424,967	4,655,526	9,831,383	-	59,911,876
Current liabilities	97,107,135	28,112,445	14,205,576	32,533,129	171,958,285

Unallocated current assets are the dividends paid in December 2020 from the profit of January – September 2020. Unallocated current liabilities are the investment loans contracted by TeraPlast SA to purchase the ownership in Wetterbest. Such loans were repaid in March 2021, after the sale of the Steel division was complete.

5. SUNDRY INCOME AND EXPENSES

Financial income and expenses

	Period ended March 31, 2021	Period ended March 31, 2020 <i>(restated)*</i>
Interest expense	(961,184)	(1,360,671)
Interest income	7,306	202
Income from foreign exchange differences, net	446,841	344,505
Loss from foreign exchange differences	(934,738)	590,539
Other financial income/ expenses	12,049	13,715
<b>Net financial loss</b>	<b>(1,429,726)</b>	<b>(411,710)</b>

Interest expense is for loans from banks which are measured at amortized cost.

Dividend income includes the dividends received from CERTIND.

Other operating income

	Period ended March 31, 2021	Period ended March 31, 2020 <i>(restated)*</i>
Compensations, fines and penalties	205,582	17,051
Other income	28,876	52,595
<b>Total</b>	<b>234,458</b>	<b>69,646</b>

6. RAW MATERIALS, CONSUMABLES USED AND MERCHANDISE

	Period ended March 31, 2021	Period ended March 31, 2020 <i>(restated)*</i>
Raw materials expenses	61,982,888	44,354,763
Consumables expenses	5,062,000	4,439,589
Merchandise expenses	6,352,634	8,288,542
Packaging expenses	1,133,389	273,858
<b>Total</b>	<b>74,530,911</b>	<b>57,356,752</b>

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7. GAINS AND LOSSES ON DISPOSAL OF FIXED ASSETS

	<u>Period ended March 31, 2021</u>	<u>Period ended March 31, 2020</u> <i>(restated)*</i>
Income from the disposal of the tangible and intangible assets and investment property	56,123	128,522
Expenses with the disposal of tangible and intangible assets and investment property	<u>(97,440)</u>	<u>(365,204)</u>
<b>Net loss from the disposal of tangible and intangible assets</b>	<b><u>(41,317)</u></b>	<b><u>(236,682)</u></b>

8. EXPENSES WITH PROVISIONS, IMPAIRMENT ADJUSTMENTS AND AMORTIZATION

	<u>Period ended March 31, 2021</u>	<u>Period ended March 31, 2020</u> <i>(restated)*</i>
Expenses with non-current assets impairment (IAS 36)	(553,290)	(632,997)
Income from reversal of non-current assets impairment (IAS 36)	68,884	364,814
Amortization and depreciation expenses (Notes 12 and 13) (IAS 36)	<u>(4,322,233)</u>	<u>(4,192,950)</u>
<b>Net adjustments for non-current assets impairment</b>	<b><u>(4,806,639)</u></b>	<b><u>(4,461,134)</u></b>
Inventory impairment expenses (IAS 36)	(4,037,576)	(610,140)
Income from inventory impairment reversal (IAS 36)	<u>4,884,147</u>	<u>745,457</u>
<b>Net adjustments for inventory impairment</b>	<b><u>846,571</u></b>	<b><u>135,317</u></b>
Expenses with allowance for doubtful debts (IFRS 9)	(39,630)	(192,117)
Income from impairment reversal (IFRS 9)	346,921	325,169
Receivables charged to expenses (IFRS 9)	<u>(195,395)</u>	<u>(26,618)</u>
<b>Net adjustments for doubtful debts</b>	<b><u>111,896</u></b>	<b><u>106,434</u></b>
<b>Total impairment of current assets</b>	<b><u>958,467</u></b>	<b><u>241,751</u></b>

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**8. EXPENSES WITH PROVISIONS, IMPAIRMENT ADJUSTMENTS AND AMORTIZATION (continued)**

**Impairment of non-current assets**

The Group sets up impairment allowances for equipment that will no longer be used because it is damaged or obsolete. When this equipment is scrapped, recycled or sold, the impairment allowance is reversed.

**Inventory impairment**

Allowance are set up for inventory that was not used or sold during the last 12 months, finished goods for which the demand is decreasing, that are damaged or have quality issues. The cost of finished goods on stock as at quarter end is also compared to the expected selling price and an allowance is set up, if necessary, to adjust the cost to the lower net realizable value.

**9. EMPLOYEE BENEFIT EXPENSES AND REMUNERATION OF THE BOARD OF ADMINISTRATION**

	<b>Period ended March 31, 2021</b>	<b>Period ended March 31, 2020</b> <i>(restated)*</i>
Wages	12,039,143	11,026,008
Contributions to the public social security fund	377,906	340,154
Meal tickets	760,750	539,925
<b>Total, as presented on line "Employee benefit expenses"</b>	<b>13,177,799</b>	<b>11,906,086</b>

**Remuneration of the Board of Administration**

The Chairman and the Members of the Board have a monthly gross salary of RON 8,443.

They do not receive any other benefits.

**10. OTHER EXPENSES**

	<b>Period ended March 31, 2021</b>	<b>Period ended March 31, 2020</b> <i>(restated)*</i>
Transport costs	4,276,892	4,092,711
Expenses with utilities and green certificates	3,120,786	3,324,080
Expenses with third party services	1,752,325	1,339,788
Expenses with compensations, fines and penalties	1,649	955
Entertainment, promotion and advertising expenses	222,949	574,676
Other general expenses	209,157	204,607
Expenses with other taxes and duties	380,424	358,488
Repair expenses	801,478	621,421
Travelling expenses	118,202	158,350
Rent expenses	184,630	69,189
Mail and telecommunication expenses	90,890	80,310
Insurance premium expenses	288,217	266,490
<b>Total</b>	<b>11,447,599</b>	<b>11,091,066</b>

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11. PROPERTY, PLANT AND EQUIPMENT

	Land	Buildings	Plant and equipment and vehicles	Installations and furniture	Tangible assets in progress	Total
<b>COST</b>						
<b>Balance at January 1, 2020</b>	<b>14,127,564</b>	<b>123,158,231</b>	<b>310,466,655</b>	<b>3,263,853</b>	<b>11,960,673</b>	<b>462,976,976</b>
Increases:	827,753	20,281,221	5,823,301	1,037,969	41,122,389	69,092,634
Out of which:						
Transfers in / from non-current assets in progress	-	838,559	20,821,416	414,498	(22,074,473)	-
Transfers of right of use	-	-	259,096	-	-	259,096
Disposals and other decreases	(5,531,500)	(14,934,252)	(6,461,538)	(256,709)	(18,827,235)	(46,011,234)
Non-current assets related to Steel and Joinery Profiles businesses	(2,327,749)	(68,014,038)	(123,111,604)	(2,479,721)	(2,060,212)	(197,993,324)
<b>Balance at December 31, 2020</b>	<b>7,096,069</b>	<b>61,329,721</b>	<b>207,797,326</b>	<b>1,979,890</b>	<b>10,121,142</b>	<b>288,324,148</b>
<b>Balance at January 1, 2021</b>	<b>7,096,069</b>	<b>61,329,721</b>	<b>207,797,326</b>	<b>1,979,890</b>	<b>10,121,142</b>	<b>288,324,148</b>
Increases:	43,857	-	197,269	11,777	5,299,548	5,552,451
Out of which:						
Transfers in / from non-current assets in progress	978,361	498,118	7,950,802	10,392	(9,437,673)	-
Transfers of right of use	-	-	-	-	-	-
Disposals and other decreases	(25,148)	-	(2,410,228)	(19,589)	-	(2,454,965)
<b>Balance at March 31, 2021</b>	<b>8,093,139</b>	<b>61,827,838</b>	<b>213,535,169</b>	<b>1,982,471</b>	<b>5,983,017</b>	<b>291,421,633</b>

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**12. PROPERTY, PLANT AND EQUIPMENT (continued)**

	<u>Land</u>	<u>Buildings</u>	<u>Plant and equipment and vehicles</u>	<u>Installations and furniture</u>	<u>Tangible assets in progress</u>	<u>Total</u>
<b>ACCUMULATED DEPRECIATION</b>						
<b>Balance at January 1, 2020</b>	<b>24,652</b>	<b>11,957,050</b>	<b>167,246,327</b>	<b>1,629,817</b>	<b>1,303,978</b>	<b>182,161,824</b>
Depreciation recorded during the year – businesses that remain in the Group (Note 8)	346	2,650,286	14,507,836	190,026	-	17,348,492
Depreciation recorded during the year – Steel and Profiles	5,904	1,982,845	15,335,225	340,384	-	17,664,358
Disposals and decreases	(29,518)	(2,628,590)	(5,118,946)	(187,642)	-	(7,964,696)
Impairment	-	321,648	(1,922,399)	-	(48,803)	(1,649,554)
Transfers of right-of-use assets	-	-	142,502	-	-	142,502
Cumulated depreciation of non-current assets related to Steel and Joinery Profiles business	-	(4,284,486)	(78,381,804)	(943,435)	-	(83,609,725)
<b>Balance at January 1, 2021</b>	<b>1,382</b>	<b>9,998,752</b>	<b>111,808,743</b>	<b>1,029,150</b>	<b>1,255,176</b>	<b>124,093,203</b>
Depreciation recorded during the year – businesses that remain in the Group (Note 8)	86	645,302	3,906,097	58,153	-	4,609,638
Disposals and decreases	-	-	(2,263,456)	(18,678)	-	(2,282,134)
Impairment	-	(899)	(58,222)	-	-	(59,121)
Transfers of right-of-use assets in leases	-	-	(119,375)	-	-	(119,375)
<b>Balance at March 31, 2021</b>	<b>1,469</b>	<b>10,643,155</b>	<b>113,273,787</b>	<b>1,068,625</b>	<b>1,255,176</b>	<b>126,242,211</b>
<b>NET CARRYING AMOUNT</b>						
<b>Net carrying amount as at January 1, 2021</b>	<b>7,094,687</b>	<b>51,330,969</b>	<b>95,988,583</b>	<b>950,740</b>	<b>8,865,966</b>	<b>164,230,946</b>
<b>Net carrying amount as at March 31, 2021</b>	<b>8,091,670</b>	<b>51,184,683</b>	<b>100,261,382</b>	<b>913,846</b>	<b>4,727,841</b>	<b>165,179,422</b>

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**12. PROPERTY, PLANT AND EQUIPMENT (continued)**

The land and buildings were revalued as at 31 December 2016. The Group management decided they represented a single class of assets for fair value revaluation purposes under IFRS 13. This analysis took into consideration the characteristics and risks associated to the revalued properties.

As at 31 December 2018 and 2019, the management analysed, with the assistance of an authorizer valuator, whether a new revaluation of land and buildings was necessary. Because the differences between the fair value and the carrying amount would be insignificant, the management decided not to perform a new revaluation of the Group land and buildings.

Presentation of the historical cost values that would have been recorded in connection with these assets, in the event that they would have been recognized had the assets been carried under the cost model, is not possible due to technical limitations of the accounting system. The company considers that the costs that would be incurred with obtaining this information exceed the expected benefits to users of the financial statements. Thus, the presentation of the historical cost values is not presented.

**13. INTANGIBLE ASSETS**

	<b>Goodwill</b>	<b>Licenses and other intangible assets</b>	<b>Intangible assets in progress</b>	<b>Total</b>
<b>Cost</b>				
<b>Balance at January 1, 2020</b>	<b>35,230,839</b>	<b>45,102,769</b>	<b>165,649</b>	<b>80,499,257</b>
Increases	291,876	600,701	43,110	935,687
Transfers into / from tangible assets in progress	-	5,868	(5,868)	-
Disposals and other decreases	-	(84,250)	(3,320)	(87,570)
Non-current assets related to Steel and Joinery Profiles businesses	(35,522,715)	(38,446,171)	-	(73,968,885)
<b>Balance at December 31, 2020</b>	<b>-</b>	<b>7,178,916</b>	<b>199,572</b>	<b>7,378,488</b>
Increases	-	161,259	31,452	192,711
Transfers into / from tangible assets in progress	-	-	-	-
Disposals and other decreases	-	-	-	-
Non-current assets related to Steel and Joinery Profiles businesses	-	-	-	-
<b>Balance at March 31, 2021</b>	<b>-</b>	<b>7,340,175</b>	<b>231,024</b>	<b>7,571,199</b>
<b>Accumulated amortisation</b>				
<b>Balance at January 1, 2020</b>	<b>25,204,000</b>	<b>11,341,747</b>	<b>-</b>	<b>36,545,747</b>
Amortization expense (Note 8)	-	1,292,644	-	1,292,644
Impairment	-	(39,051)	-	(39,051)
Decreases	-	(58,270)	-	(58,270)
Amortisation of non-current assets related to Steel and Joinery Profiles business	(25,204,000)	(6,270,768)	-	(31,474,768)
<b>Balance at December 31, 2020</b>	<b>-</b>	<b>6,266,302</b>	<b>-</b>	<b>6,266,302</b>
Amortization expense (Note 8)	-	142,164	-	142,164
Impairment	-	(9,681)	-	(9,681)
Decreases	-	-	-	-
Amortisation of non-current assets related to Steel and Joinery Profiles business	-	-	-	-
<b>Balance at March 31, 2021</b>	<b>-</b>	<b>6,398,785</b>	<b>-</b>	<b>6,398,785</b>
<b>Net carrying amount</b>				
<b>At December 31, 2020</b>	<b>-</b>	<b>912,615</b>	<b>199,572</b>	<b>1,112,186</b>
<b>At March 31, 2021</b>	<b>-</b>	<b>941,391</b>	<b>231,024</b>	<b>1,172,414</b>

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14. RIGHT-OF-USE ASSETS

The Group has right of use assets from rented buildings, warehouses and showrooms. The Group finances through lease agreements vehicles.

Cost	Buildings	Vehicles and equipment from previous operating leases	Equipment	Total
<b>Balance at January 1, 2021</b>	<b>5,462,186</b>	<b>2,848,732</b>	<b>2,848,732</b>	<b>8,310,918</b>
Additions	3,784,704	-	-	3,784,704
Disposals	(513,380)	-	-	(513,380)
<b>Balance at March 31, 2021</b>	<b>8,733,510</b>	<b>2,848,732</b>	<b>2,848,732</b>	<b>11,582,243</b>
<b>Amortisation</b>				
<b>Balance at January 1, 2021</b>	<b>2,144,918</b>	<b>1,008,085</b>	<b>1,008,085</b>	<b>3,153,003</b>
Amortisation expenses (Note 8)	433,916	135,966	135,966	569,882
Amortization of equipment transferred to assets held for sale and discontinued operations	(287,793)	-	-	(287,793)
<b>Balance at March 31, 2021</b>	<b>2,291,040</b>	<b>1,144,052</b>	<b>1,144,052</b>	<b>3,435,092</b>
<b>Carrying amount at January 1, 2021</b>	<b>3,317,268</b>	<b>1,840,647</b>	<b>1,840,647</b>	<b>5,157,915</b>
<b>Carrying amount at March 31, 2021</b>	<b>6,442,470</b>	<b>1,704,681</b>	<b>1,704,681</b>	<b>8,147,151</b>

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**15. SUBSIDIARIES AND FINANCIAL INVESTMENTS**

At March 31, 2021 and December 31, 2020, the parent company has the following investments:

<b>Subsidiary</b>	<b>Country</b>	<b>Shareholding</b>	<b>March 31,</b>	<b>Shareholding</b>	<b>December 31,</b>
			<b>2021</b>		<b>2020</b>
		<b>%</b>	<b>RON</b>	<b>%</b>	<b>RON</b>
TeraSteel S.A. Bistrița	Romania		sold		held for sale
Teraglass Bistrița SRL	Romania	100	50,000	100	50,000
TeraPlast Recycling SA	Romania	99	11,766,350	99	11,766,350
TeraPlast Ungaria	Hungary		held for sale		held for sale
Wetterbest SA	Romania		sold		held for sale
TeraSteel DOO Serbia	Serbia		sold		held for sale
TeraPlast Folii Biodegradabile SRL	Romania	100	100,000	-	-
		-	<b>11,916,350</b>	-	<b>11,916,350</b>

In 2020, the Company sold the Steel division to the Kingspan group, which resulted in a decrease in the investments held of RON 101,377,430 from TeraSteel Romania, Wetterbest, TeraSteel Serbia and TeraPlast Hungary:

At December 31, 2020, investments in the Steel division reclassified to assets held for sale:

<b>Subsidiary</b>	<b>Country</b>	<b>Shareholding</b>	<b>March 31,</b>	<b>Shareholding</b>	<b>December 31,</b>
			<b>2021</b>		<b>2020</b>
		<b>%</b>	<b>RON</b>	<b>%</b>	<b>RON</b>
TeraSteel S.A. Bistrița	Romania	-	-	98,72	12,027,298
Wetterbest SA	Romania	-	-	99	81,114,597
TeraSteel DOO Serbia	Serbia	-	-	100	8,192,369
<b>TOTAL</b>		-	-	-	<b>101,334,263</b>

On February 26, 2021, the transfer of ownership over the shares of the Companies forming the Steel division to the buyer took place. The investment in profiles reclassified to assets held for sale:

<b>Subsidiary</b>	<b>Country</b>	<b>Shareholding</b>	<b>March 31,</b>	<b>Shareholding</b>	<b>December 31,</b>
			<b>2021</b>		<b>2020</b>
		<b>%</b>	<b>RON</b>	<b>%</b>	<b>RON</b>
TeraPlast Ungaria	Hungary	100	43.167	100	43.167
		-	<b>43.167</b>	-	<b>43.167</b>

In 2020, TeraPlast concluded a contract with the shareholders of Somplast SA for the purchase of 70% of the shares, by an investment of RON 4,897,400. Then, the Company invested in TeraPlast Folii Biodegradabile SRL an amount of RON 100.00.

<b>Company</b>	<b>Country</b>	<b>Shareholding</b>	<b>March 31,</b>	<b>Shareholding</b>	<b>December 31,</b>
			<b>2021</b>		<b>2020</b>
		<b>%</b>	<b>RON</b>	<b>%</b>	<b>RON</b>
Somplast SA	Romania	70	4,897,400	70	4,897,400
		-	<b>4,897,400</b>	-	<b>4,897,400</b>

On 29 December 2020, TeraPlast executed the sale order of 70,7511% of the shares of Somplast SA on the spot market, at a price of RON 4,897,400. At 31 December 2020, TeraPlast SA does not exercise control over Somplast, thus, the investment was presented as an investment in financial assets, and Somplast SA was not included in the consolidation. The Competition Council approved the purchase of Somplast on April 14, 2021. Therefore, the group will consolidate the financial statements of Somplast as of April 1, 2021.

**15. SUBSIDIARIES AND FINANCIAL INVESTMENTS (continued)**

*Other long-term equity investments*

Details concerning other equity investments of Teraplast SA are the following:

<b>Investment name</b>	<b>Country</b>	<b>Investment share</b>	<b>March 31, 2021</b>	<b>Investment share</b>	<b>December 31, 2020</b>
		<b>%</b>	<b>RON</b>	<b>%</b>	<b>RON</b>
CERTIND SA	Romania	7.50	14,400	7.5	14,400
Partnership for sustainable development	Romania	7.14	1,000	7.14	1,000
Tera Tools SRL	Romania	24	72	24	72
The Association of Metal Panels Producers	Romania	11.11	1,000	11.11	1,000
		-	<b>16,472</b>	-	<b>16,472</b>

CERTIND is an independent certification body accredited by the Greek Accreditation Body – ESYD for the following certification services: certification of quality management systems according to ISO 9001, certification of environment management systems according to ISO 14001, certification of food safety management systems according to ISO 22000.

Teraplast SA did not undertake any obligations and did not make any payment on behalf of the entities in which it holds securities in the form of investments.

The other Group companies do not have any equity investments.

**TERAPLAST SA**  
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**16. INVENTORIES**

	<u>March 31, 2021</u>	<u>December 31, 2020</u>
Finished goods	32,250,345	23,248,828
Raw materials	42,075,211	29,437,932
Commodities	8,695,595	8,423,038
Consumables	3,400,565	3,313,139
Inventory items	277,509	316,062
Semi-finished goods	1,535,119	2,390,562
Residual products	962,893	460,074
Goods to be purchased	546,342	728,921
Packaging	430,278	235,467
<b>Inventories – gross value</b>	<b><u>90,173,857</u></b>	<b><u>68,554,024</u></b>
	<u>March 31, 2021</u>	<u>December 31, 2020</u>
Value adjustments for raw materials and consumables	(2,285,155)	(1,460,849)
Value adjustments for finished products	(657,351)	(849,869)
Value adjustments for merchandise	(1,149,348)	(1,194,118)
<b>Total value adjustments</b>	<b><u>(4,091,854)</u></b>	<b><u>(3,504,836)</u></b>
<b>Total inventories – net value</b>	<b><u>86,082,003</u></b>	<b><u>65,049,188</u></b>

The value adjustments are made for all categories of inventory (see above), using both general methods and specific methods according to their age and analyses on the chances to use them in the future. The categories of inventories with the age of one year or above which did not have any movements in the past year are depreciated in full.

The Group's inventories are pledged in favour of financing banks.

17. TRADE AND OTHER RECEIVABLES

	<u>March 31, 2021</u>	<u>December 31, 2020</u>
Short-term receivables		
Trade receivables	109,161,525	66,079,006
Trade notes not exigible	29,304,209	28,865,223
Advances paid to suppliers of assets	12,591,073	3,959,699
Advances paid to suppliers of inventories and services	853,624	475,504
Advances paid to employees	852	129
Other receivables	35,618,076	34,686,689
Loss allowance	(17,899,683)	(18,206,973)
<b>Balance at the end of the year</b>	<b><u>169,629,676</u></b>	<b><u>115,859,276</u></b>

The changes in adjustment for impairment on doubtful receivables

	<u>March 31, 2021</u>	<u>December 31, 2020</u>
	RON	RON
<b>Balance at the beginning of the year</b>	<b><u>(18,206,974)</u></b>	<b><u>(26,038,861)</u></b>
Receivables written-off during the year	195,395	936,608
Impairment adjustment charged to statement of comprehensive income for trade receivables	111,896	(2,301,664)
Impairment adjustment for assets held for sale and discontinued operations	-	9,196,944
<b>Balance at the end of year</b>	<b><u>(17,899,683)</u></b>	<b><u>(18,206,974)</u></b>

When determining the recoverability of a receivable, the Group takes into consideration any change in the crediting quality of the concerned receivable starting with the credit granting date until the reporting date. The concentration of the credit risk is limited taking into consideration that the client base is large and they are not related to each other.

An allowance for impairment is recorded for the full amount of trade receivables overdue for more than 90 days.

The measurement of expected credit losses is a function of the probability of default, loss given default (i.e. the magnitude of the loss if there is a default) and the exposure at default. The assessment of the probability of default is based on the risk rating of each client obtained from independent parties, adjusted, if the case with forward-looking information as described above.

As for the exposure at default, for financial assets, this is represented by the assets' gross carrying amount at the reporting date.

The Group's receivables are pledged in full in favour of the financing banks.

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**18. INVESTMENT PROPERTY**

At December 31, 2020 and March 31, 2021, TeraPlast holds 36 thousand sqm of land in Bistrița for value appreciation, classified as investment property. The production unit of TeraPlast used to be located on this land, before the Company moved to TeraPlast Industrial Park. The land has a fair value of RON 3,687 thousand.

In 2020, the investment located at Drumul Cetății Bistrița was sold, which generated a decrease of the Company's investment property by RON 3,227 thousand.

The Group carries its investment properties at fair value, with changes in fair value being recognized in the statement of profit or loss. Investment properties were revalued as at 31 December 2020 by an external independent valuator. The valuation method used was the market comparison.

**19. SHARE CAPITAL**

	<u>March 31, 2021</u>	<u>December 31, 2020</u>
	<i>RON</i>	<i>RON</i>
Common shares paid in full	<u>174,320,048</u>	<u>174,320,048</u>
<b>Total</b>	<b><u>174,320,048</u></b>	<b><u>174,320,048</u></b>

At December 31, 2020 and March 31, 2021, the value of the share capital subscribed and paid up of the Company included 1,743,200,478 authorized shares, issued and paid in full, at a nominal value RON 0.1. Common shares bear a vote each and give the right to dividends

On 19.08.2020, the Financial Supervisory Authority issued Certificate for registration of securities, corresponding to the increase of share capital approved by the amount of RON 40,539,546, through the issuance of 405,395,460 new shares, at a nominal value of RON 0.1 /share.

On 18.09.2019, the Financial Supervisory Authority issued Certificate for registration of securities, corresponding to the increase of share capital approved by the amount of RON 26,756,123.40, through the issuance of 267,561,234 new shares, at a nominal value of RON 0.1 /share.

**Shareholding**

	<u>March 31, 2021</u>		<u>December 31, 2020</u>	
	<u>Number of shares</u>	<u>% ownership</u>	<u>Number of shares</u>	<u>% ownership</u>
Goia Dorel	816,343,691	46.83	816,343,691	46.83
Viciu Emanoil	36,333,889	2.08	42,532,210	2.44
Viciu Iris	38,269,261	2.19	38,269,261	2.19
FONDUL DE PENSII ADMINISTRAT PRIVAT NN/NN PENSII S.A.F.P.A.P. S.A.	212,147,484	12.17	212,147,484	12.17
FD DE PENS ADMIN PRIV AZT VIITORUL TAU/ALLIANZ PP	108,133,988	6.2	108,133,988	6.2
LCS IMOBILIAR SA	62,902,621	3.61	62,902,621	3.61
Other natural and legal persons	<u>469,069,544</u>	<u>26.91</u>	<u>501,140,484</u>	<u>28.75</u>
<b>Total</b>	<b><u>1,743,200,478</u></b>	<b><u>100</u></b>	<b><u>1,743,200,478</u></b>	<b><u>100</u></b>

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**20. TRADE AND OTHER PAYABLES**

	<u>March 31, 2021</u>	<u>December 31, 2020</u>
Trade payables	78,450,229	48,506,108
Trade notes payable	504,588	535,957
Liabilities from the purchase of non-current assets	10,509,682	11,534,913
Other current payables	17,306,854	13,572,034
Advance payments from clients	1,679,845	1,564,957
<b>Total</b>	<b><u>108,451,198</u></b>	<b><u>75,713,969</u></b>

Contractual liabilities reflect the Company's obligation of transferring goods or services to a client from which it has received the counter value of the good/service or from which the amount due is outstanding.

Liabilities from the purchase of non-current assets include Other long-term liabilities in amount of RON 9,376,689, which represents the debt to E.On for the solar cells.

**21. OTHER CURRENT LIABILITIES**

	<u>March 31, 2021</u>	<u>December 31, 2020</u>
Salary-related payables to employees and social security payables	7,683,099	6,566,338
VAT payable	7,841,302	1,398,995
Unclaimed employee rights	88,061	72,778
Other creditors	60,418	1,297,178
Commercial guarantees received	128,574	978,978
Other taxes payable	373,289	2,125,656
Dividends payable	1,132,111	1,132,111
<b>Total</b>	<b><u>17,306,854</u></b>	<b><u>13,572,034</u></b>

**22. LOANS FROM BANKS**

The bank loans are as follows:

	Short term		Long term	
	March 31, 2021	December 31, 2020	March 31, 2021	December 31, 2020
Teraplast SA	14,999,866	89,608,176	20,877,960	23,631,466
Teraglass Bistrita SRL	11,714,963	10,800,754	3,518,144	3,603,476
<b>Total</b>	<b><u>26,714,829</u></b>	<b><u>100,408,930</u></b>	<b><u>24,396,104</u></b>	<b><u>27,234,942</u></b>

  

	Short term		Long term	
	March 31, 2021	December 31, 2020	March 31, 2021	December 31, 2020
Banca Transilvania	15,184,865	89,777,760	21,001,293	23,801,049
Exim	5,195,146	4,427,731	3,394,811	3,433,893
BCR	6,334,817	6,328,448		
Lease	1,663,914	1,136,582	6,044,356	2,829,731
<b>Total</b>	<b><u>28,378,742</u></b>	<b><u>101,670,522</u></b>	<b><u>30,440,459</u></b>	<b><u>30,064,674</u></b>

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**22. LOANS FROM BANKS (continued)**

Break-down of loans on currencies:

Currency	March 31, 2021	December 31, 2020
EUR	4,149,213	7,747,063
RON	54,669,988	123,988,133
<b>Total</b>	<b>58,819,201</b>	<b>131,735,195</b>

At March 31, 2021 and December 31, 2020 the liabilities from finance leases are as follows:

	Short term		Long term	
	March 31, 2021	December 31, 2020	March 31, 2021	December 31, 2020
Teraplast SA	1,624,134	1,220,836	5,936,508	2,712,004
Teraglass Bistrita SRL	39,780	40,756	107,848	117,727
<b>Total</b>	<b>1,663,913</b>	<b>1,261,591</b>	<b>6,044,356</b>	<b>2,829,732</b>

**23. CASH AND CASH EQUIVALENTS**

**Cash**

For cash flow statement purposes, the cash include cash on hand and in current bank accounts. The carrying amount of these assets is approximately equal to their fair value.

Cash and cash equivalents at financial year end, as disclosed on the cash flow statement, may be reconciled with the items related to the accounting balance sheet, as follows:

	March 31, 2021	December 31, 2020
	<i>RON</i>	<i>RON</i>
Cash in bank accounts	289,303,217	16,446,405
Cash on hand	52,777	111,019
Cash in bank accounts, restricted	65,932	63,511
<b>Total</b>	<b>289,421,926</b>	<b>16,620,936</b>

The Group's available cash is pledged in full in favour of financing banks.

**24. SUBSIDIES FOR INVESTMENTS**

Subsidies for investments refer to non-reimbursable funds for investments made by TeraSteel SA, Wetterbest SA, TeraPlast SA and TeraGlass SRL for production equipment and personal protective equipment. There are no unfulfilled conditions or other contingencies associated with such subsidies.

	<u>March 31, 2021</u>	<u>December 31, 2020</u>
<b>At 1 January</b>	<b>19,887,503</b>	<b>17,250,166</b>
<b>At 31 December</b>	<b>19,374,641</b>	<b>19,887,503</b>
Current	2,051,447	2,051,447
Non-current	17,323,195	17,836,056

At March 31, 2021, the total value of outstanding subsidies is RON 19,374,641 (2020: RON 19,887,503) recognised as deferred income in the balance sheet and transferred to the statement of comprehensive income on a systematic and rational basis, throughout the lifetime of the related assets. The amount of RON 512,862 (2020: RON 5,351,987) relates to assets held for sale/discontinued operations.

**28. SUBSEQUENT EVENTS**

The Competition Council approved the Somplast transaction on April 14, 2021, which means that TeraPlast exercises control on the company and will consolidate the financial statements of Somplast as of April 1, 2021.

**Declaration of management**

We confirm to the best of our knowledge that the preliminary and unaudited financial statements give a true and fair view of the assets, liabilities, financial position, and profit or loss of the Group as required by the applicable accounting standards and that the consolidated financial statements of the TeraPlast Group give a true and fair view of the development and performance of the business and the position of the Group together with a description of the principal risks and uncertainties that the Group faces.

**Signed and approved:**

**April 21, 2021**  
**Board of Administration**

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**ALEXANDRU STANEAN**  
CEO

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**IOANA BIRTA**  
CFO