

TERAPLAST SA

SIMPLIFIED CONSOLIDATED FINANCIAL STATEMENTS

**AT AND FOR THE SIX-MONTH PERIOD
ENDED JUNE 30, 2021**

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

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TERAPLAST SA
CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME
FOR THE 6-MONTH PERIOD ENDED JUNE 30, 2021
(all amounts are expressed in RON, unless otherwise specified)

	<u>Note</u>	<u>Period ended June 30, 2021</u>	<u>Period ended June 30, 2020</u> <i>(restated)*</i>
Income from contracts with customers, of which:	4	<u>272,903,026</u>	<u>195,244,747</u>
<i>Income from the sale of finished goods</i>		246,824,198	168,685,196
<i>Income from the sale of goods</i>		25,119,640	25,949,216
<i>Income from provision of services</i>		959,188	610,335
Other operating income		364,151	233,143
Income from investment subsidies		1,026,654	1,005,746
Changes in stocks of finished goods and work in progress		10,105,754	(3,174,052)
Raw materials, consumables and merchandise	5	(183,738,596)	(117,679,766)
Expenses with employees' benefits	6	(30,083,040)	(23,213,382)
Amortisation/depreciation and impairment of non-current assets, net	8	(9,852,895)	(9,189,934)
Impairment of non-current assets, net		1,106,831	(381,974)
Income/Expenses with reversal of provisions, net		(191,903)	219,852
Losses on the write-off of tangible and intangible assets, assets held for sale and investment property		(3,925)	(402,881)
Other operating expenses	7	(27,742,238)	(21,972,572)
Sponsorship		(133,562)	(12,954)
Operating profit/loss		<u>33,760,257</u>	<u>20,675,974</u>
FX differences, net		(571,383)	1,158,481
Interest expenses, net		(1,555,913)	(2,879,698)
Other financial income		336,699	26,039
Financial result, net		<u>(1,790,597)</u>	<u>(1,695,178)</u>
Profit before tax		<u>31,969,660</u>	<u>18,890,796</u>
Income tax expenses		(3,295,393)	(2,164,220)
Profit of businesses that continue their activity within the Group		<u>28,674,267</u>	<u>16,816,575</u>
Profit of Profiles business		(346,741)	477,597
Profit of Steel and TeraPlast Hungary businesses/ Profit from sale of business	1	<u>189,231,375</u>	<u>12,250,456</u>
Profit for the year		<u>217,558,901</u>	<u>29,544,628</u>

These consolidated simplified financial statements were approved on July 26, 2021.

ALEXANDRU STANEAN
CEO

IOANA BIRTA
CFO

TERAPLAST SA
CONSOLIDATED STATEMENT OF FINANCIAL POSITION
JUNE 30, 2021
(all amounts are expressed in RON, unless otherwise specified)

	<u>Note</u>	<u>June 30, 2021</u>	<u>December 31, 2020</u>
ASSETS			
Non-current assets			
Property, plant and equipment	8	186,106,728	164,230,946
Investment property	12	3,650,550	3,686,767
Leased right-of-use assets	10	7,691,440	5,157,915
Intangible assets	9	1,771,521	1,112,186
Long-term receivables		434,673	304,521
Other long-term equity investments		15,500	15,400
Total non-current assets		<u>199,670,412</u>	<u>174,507,735</u>
Current assets			
Inventories	13	108,852,250	65,049,188
Trade and other receivables	14	180,760,195	115,859,276
Receivables from the sale of the Joinery Profiles business	14	17,881,779	-
Prepaid expenses		1,392,907	572,570
Cash	20	261,417,566	16,620,936
Total current assets		<u>570,304,697</u>	<u>198,101,970</u>
Assets held for sale – Joinery profiles		-	25,399,520
Assets held for sale – Steel division	1	-	333,788,087
Total assets		<u>769,975,109</u>	<u>731,797,312</u>
EQUITY AND LIABILITIES			
Equity			
Share capital		<u>174,320,048</u>	<u>174,320,048</u>
Revaluation reserves		13,394,410	13,394,410
Legal reserves		16,627,688	16,627,688
Retained earnings		319,840,976	129,200,928
Capital attributable to controlling interests		<u>524,183,122</u>	<u>333,543,074</u>
Non-controlling interests	15	3,634,256	655,430
Total equity		<u>527,817,378</u>	<u>334,198,504</u>
Long-term liabilities			
Bank loans	16	21,369,769	27,234,942
Finance lease liabilities		5,408,804	2,829,732
Other long-term liabilities	17	8,830,479	9,376,689
Employees' benefits		1,568,516	1,321,041
Subsidies for investments – long-term portion		17,025,012	17,836,056
Deferred tax liabilities		1,311,043	1,313,416
Total long-term liabilities		<u>55,513,623</u>	<u>59,911,876</u>

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

TERAPLAST SA
CONSOLIDATED STATEMENT OF FINANCIAL POSITION
JUNE 30, 2021

(all amounts are expressed in RON, unless otherwise specified)

	<u>Note</u>	<u>June 30,</u> <u>2021</u>	<u>December 31,</u> <u>2020</u>
Current liabilities			
Trade and other payables	17	120,550,953	66,337,280
Bank loans	16	57,980,899	100,408,930
Finance lease liabilities		1,866,889	1,261,591
Income tax payable		3,081,073	1,335,867
Subsidies for investments – current portion		2,051,447	2,051,447
Provisions for risks and charges		1,112,846	563,170
Total current liabilities		<u>186,644,107</u>	<u>171,958,285</u>
Liabilities related to assets held for sale and discontinued activities	1		165,728,647
Total liabilities		<u>242,157,730</u>	<u>397,598,808</u>
Total equity and liabilities		<u>769,975,108</u>	<u>731,797,312</u>

These consolidated simplified financial statements were approved on July 26, 2021.

ALEXANDRU STANEAN
 CEO

IOANA BIRTA
 CFO

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TERAPLAST SA
CONSOLIDATED STATEMENT OF CHANGES IN SHAREHOLDERS' EQUITY
FOR THE 6-MONTH PERIOD ENDED JUNE 30, 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	334,198,505
Result for the year	-	-	-	217,521,030	217,521,030	37,871	217,558,901
Total comprehensive income	-	-	-	217,521,030	217,521,030	37,871	217,558,901
Dividends allocated in Q3 2020	-	-	-	(30,682,530)	(30,682,530)	-	(30,682,530)
Purchase of Somplast (31.03.2021)	-	-	-	3,801,549	3,801,549	3,596,385	7,397,934
Other equity items increases / (reductions)	-	-	-	-	-	(655,430)	(655,430)
Balance at June 30, 2021	174,320,048	16,627,688	13,394,410	319,840,976	524,183,123	3,634,256	527,817,379

	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
Total comprehensive income	-	-	-	-	-	-	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)
Balance as at December 31, 2020	174,320,048	16,627,688	13,394,410	-	-	-	129,200,928	333,543,074	655,430	334,198,504

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.

Out of the profit registered in March 2021, the GMS of Teraplast approved 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. The dividends were paid on July 22, 2021.

The RON 3.8 million reserve is the difference between the cost of the 70% ownership in Somplast and the higher net asset purchased. At December 31, 2021, the Group will perform the Purchase Price Allocation as per IFRS 3) and will reclassify such reserve, if required.

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

TERAPLAST SA
CONSOLIDATED STATEMENT OF CASH FLOWS
FOR THE 6-MONTH PERIOD ENDED JUNE 30, 2021
(all amounts are expressed in RON, unless otherwise specified)

	Period ended June 30, 2021	Period ended June 30, 2020
<i>Cash flows from operating activities:</i>		
Profit before tax*	217,558,901	33,982,791
(Profit)/Losses from sale of (fixed) assets and scrapping	(51,584)	1,068,818
Impairment and amortization of non-current assets	9,852,895	17,518,878
Allowance for risks and charges, net	-	35,358
Allowance for doubtful debts	(931,174)	2,666,075
Inventory impairment	(175,657)	258,275
Gains from sale of Steel division and Joinery profiles business	(188,884,634)	
Loss on the sale of investment property		166,632
Interest expense	1,555,913	4,254,931
Operating profit before changes in working capital	38,924,660	59,951,758
Increase in trade and other receivables	(82,802,013)	(38,535,173)
Increase in inventories	(43,627,405)	(26,828,352)
Increase in trade and other payables	60,463,813	51,248,276
Net asset Somplast	(18,972,284)	
Income tax paid	(1,550,187)	(1,479,512)
Interest paid, net	(1,555,913)	(4,254,931)
Income from subsidies	(811,044)	(1,406,284)
Cash generated by operating activities	(49,930,373)	38,695,783
<i>Cash flows used for investment:</i>		
Payments for acquisition of property, plant and equipment and intangible assets	(31,280,538)	(29,617,825)
Payments for purchase of shares in Wetterbest	-	(19,034,400)
Payments for purchase of shares in Cortina	-	(1,397,223)
Proceeds from the sale of property, plant and equipment	94,961	9,461,050
Proceeds from the sale of the Steel division and the Joinery Profiles business	375,483,190	-
Receipts from State aid	-	10,043,865
Cash flows used in investing activities	344,297,613	(30,544,533)
<i>Cash flows generated by financing activities:</i>		
Payment of finance lease liabilities	(996,448)	360,439
Net repayments/ drawdowns from investment loans	(5,865,173)	27,626,005
Net repayments/ drawdowns from credit lines	(42,708,991)	(36,456,061)
Net cash flows from financing activities	(49,570,6122)	(8,469,617)
Net increase/(decrease) of cash	244,796,629	(318,367)
Cash and cash equivalents at the beginning of the period	16,620,936	29,472,744
Cash and cash equivalents at the end of the period	261,417,566	29,154,381

The comparative statement of cash flows for the period ended June 30, 2020 was not restated.
These consolidated simplified financial statements were approved on July 26, 2021.

ALEXANDRU STANEAN
CEO

IOANA BIRTA
CFO

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

1. GENERAL INFORMATION

These are the consolidated financial statements of the Teraplast SA Group (the "Group"). These financial statements have not been audited.

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),
- TeraBio Pack SRL (manufacturer of biodegradable packaging, biodegradable bags and waste bags), the company will go into production in Q4 2021, with a greenfield investment of EUR 12 million, co-financed by State aid.
- Somplast – manufacturer of flexible packaging; TeraPlast exercises control over the company and consolidates the financial statements of Somplast as of April 1, 2021.

The Steel Business:

- TeraSteel SA (Romania) and TeraSteel D.o.o. (Serbia) (manufacturers of sandwich panels and galvanised steel structures),
- Wetterbest SA (manufacturer of metal tiles).

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 price of RON 375 million.

Joinery profiles business

- TeraPlast Hungaria Kft. (distributor) and the joinery profiles business of TeraPlast SA were sold to Dynamic Selling Group. The transfer is complete as at the date of these financial statements.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

2.1 Statement of compliance

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

2.2 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.

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. SIGNIFICANT ACCOUNTING JUDGMENTS, ESTIMATES AND ASSUMPTIONS

Restatement of the consolidated statement of comprehensive income

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

At June 30, 2021, the Group applies IFRS 5 Non-Current Assets Held for Sale and Discontinued Operations.

4. REVENUES AND OPERATING SEGMENTS

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;
- the methods used for distributing the products or providing the services.

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

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.

The Installations segment includes the results obtained by TeraPlast Recycling from the sale of micro-ionised recycled PVC, which is the raw material for the co-extruded PVC pipes.

4. REVENUES AND OPERATING SEGMENTS (continued)

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.

In S1 2021, TeraPlast Recycling sold recycled PVC compounds to third parties. The results from the sale of this product used in the production of joinery profiles are included in the Compounds segment, along with the results of the compound business of TeraPlast SA.

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.

Flexible packaging

Includes the result of Somplast and TeraBio Pack.

TeraPlast acquired in December 2020, 70% of the shares of Somplast – manufacturer of flexible packaging in Năsăud. The production of PE pipes of Somplast was discontinued as of June 1, 2021 further to the transfer of the business line to Teraplast SA.

The EUR 12 million investment made by TeraBio Pack implies the construction and equipment of a state-of-the-art plant for the manufacturing of biodegradable sacks and bags, as well as biodegradable compounds. The production process is vertically integrated, and the company's goods will disrupt imports on the Romanian market. Production will start in Q4 2021.

Continuous development

In 2020, the TeraPlast Group received the financing agreements for three projects co-funded under the State aid scheme:

- *Extension of the production capacity for PVC pipes and fittings*
The project worth EUR 7.9 million aims at growing the production capacity by purchasing high-end highly productive equipment. Thus, we will be able to better meet the growing demand.
- *Extension of the production capacity for PE systems*
The project aims at building and equipping a new plant for polyethylene water, natural gas and irrigations systems. The plant will be built in the TeraPlast Industrial Park in Sărățel, and the total value of the investment if EUR 9.8 million. Along with the project of extending the production capacity for PVC pipes and fittings, the total production capacity of the installations business line will increase by 50%.
- *Establishment of a production unit for biodegradable packaging – TeraBio Pack SRL*
The investment in the biodegradable packaging plant is worth EUR 12 million and will benefit from modern technology, superior to most of the equipment currently owned by European manufacturers. This investment will be our entry ticket for Romanian OK Home Compost certified products as per SR EN 1243 on a fast growing market, where half of the local consumption (Romania) is covered by import goods.

The total value of the State aid that the TeraPlast group will benefit from is EUR 14.6 million. This amount represents the taxes and levies paid to the State budget for the 3 projects over the course of 5 years from the completion of the investments. The implementation of the projects started in November 2020.

The sustainable development of the products of TeraPlast group is also reflected in the investments in TeraPlast Recycling. In 2021, the company invests in doubling its processing capacity, which will reach 31,000 tons annually. Further to such investment, TeraPlast Recycling will be the biggest manufacturer of micro-ionised recycled PVC in Europe and among the top 5 European recyclers of rigid PVC.

TERAPLAST SA
NOTES TO THE SIMPLIFIED CONSOLIDATED FINANCIAL STATEMENTS
FOR THE SIX-MONTH PERIOD ENDED JUNE 30, 2021
(all amounts are expressed in RON, unless otherwise specified)

4. REVENUES AND OPERATING SEGMENTS (continued)

January - June 2021	Installations and recycling	Compounds, including recycled	Joinery profiles	Flexible packaging	Total
Turnover	182,242,209	64,591,986	19,914,536	6,154,296	272,903,026
Other operating income	326,988	3,634	6,392	27,137	364,151
Income from subsidies	623,357	-	403,297	-	1,026,654
Raw materials, consumables used and merchandise	(115,017,767)	(42,949,328)	(11,398,235)	(4,267,511)	(173,632,842)
Employee benefits expenses	(19,536,583)	(5,187,504)	(4,137,477)	(1,221,475)	(30,083,040)
Amortization and adjustments for the impairment of assets and provisions	(7,003,623)	(1,680,293)	(1,159,944)	(204,863)	(10,048,723)
Adjustments for the impairment of current assets	812,303	-	267,066	27,462	1,106,831
Other expenses	(19,225,761)	(4,685,822)	(3,283,606)	(680,611)	(27,875,800)
Expenses related to indirect sales and administrative expenses	(159,971,432)	(54,502,948)	(19,712,196)	(6,346,998)	(234,186,576)
Operating result	23,221,122	10,092,672	612,029	(165,566)	33,925,823
EBITDA	29,601,388	11,772,965	1,368,676	39,297	42,743,029
EBITDA %	16,2%	18,2%	6,9%	0,6%	15,7%

June 30, 2021	Installations and recycling	Compounds	Joinery profiles	Flexible packaging	Unallocated amounts	Total
Assets						
Total assets, out of which	369,519,672	63,788,104	43,142,971	33,865,493	259,658,869	769,975,109
Non-current assets	128,188,726	23,509,101	24,508,293	13,854,416	9,609,877	199,670,412
Current assets	241,330,947	40,279,004	18,634,678	20,011,077	23,433,055	343,688,760
Cash for payment of dividends in July 2021					226,615,937	226,615,937
Net assets, TeraPlast Hungary						
Liabilities						
Total liabilities, out of which:	167,796,276	42,283,789	19,345,971	11,831,454	900,239	242,157,730
Non-current liabilities	37,517,600	8,736,948	9,044,396	214,679		55,513,623
Current liabilities	130,278,676	33,546,841	10,301,575	11,616,775	900,239	186,644,107

TERAPLAST SA
NOTES TO THE SIMPLIFIED CONSOLIDATED FINANCIAL STATEMENTS
FOR THE SIX-MONTH PERIOD ENDED JUNE 30, 2021
(all amounts are expressed in RON, unless otherwise specified)

4. REVENUES AND OPERATING SEGMENTS (continued)

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

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

Unallocated non-current assets are the buildings leased to the buyer of the Joinery Profiles business for a period of one year and investment properties. Unallocated current assets include the Ron 17 million receivable from the sale of the Joinery Profiles business and the receivables from such business, collectible in the normal course of business.

January – June 2020 (restated)	Installations and recycling	Compounds	Joinery profiles	Total
Turnover	145,137,572	34,646,459	15,460,716	195,244,747
Other operating income	219,136	-	14,007	233,143
Income from subsidiaries	421,714	180,735	403,297	1,005,746
Raw materials, consumables used and merchandise	(88,295,157)	(23,951,508)	(8,607,154)	(120,853,819)
Employee benefits expenses	(16,853,978)	(2,494,881)	(3,864,523)	(23,213,382)
Amortization and adjustments for the impairment of assets and provisions	(7,734,410)	(721,740)	(916,812)	(9,372,962)
Adjustments for the impairment of current assets	(531,468)	25,400	124,094	(381,974)
Other expenses	(16,886,837)	(2,237,209)	(2,861,480)	(21,985,526)
Expenses related to indirect sales and administrative expenses	(130,301,850)	(29,379,937)	(16,125,875)	(175,807,663)
Operating result	15,476,573	5,447,256	(247,855)	20,675,974
EBITDA	22,789,269	5,988,261	265,660	29,043,190
EBITDA %	15,7%	17,3%	1,7%	14,9%

December 31, 2020	Installations and recycling	Compounds	Joinery profiles	Unallocated amounts	Total
Assets					
Total assets, out of which	259,199,090	42,820,105	39,907,981	30,682,530	372,609,705
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
Liabilities					
Total liabilities, out of which:	142,532,102	32,767,971	24,036,959	32,533,129	231,870,161
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
Additions of fixed assets	26,123,358	2,963,233	726,817	-	29,813,408

5. RAW MATERIALS, CONSUMABLES USED AND MERCHANDISE

	Period ended June 30, 2021	Period ended June 30, 2020
		<i>(restated)*</i>
Raw materials expenses	155,436,951	89,651,110
Consumables expenses	10,230,157	8,323,412
Merchandise expenses	16,662,357	19,171,660
Packaging expenses	1,409,131	533,584
Total	183,738,596	117,679,766

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8. EMPLOYEE BENEFIT EXPENSES AND REMUNERATION OF THE BOARD OF ADMINISTRATION

	Period ended June 30, 2021	Period ended June 30, 2020
		<i>(restated)*</i>
Wages	27,697,138	21,681,558
Contributions to the public social security fund	794,842	475,704
Meal tickets	1,591,060	1,056,120
Total	30,083,040	23,213,382

6. OTHER EXPENSES

	Period ended June 30, 2021	Period ended June 30, 2020
		<i>(restated)*</i>
Transport costs	10,021,936	9,034,269
Expenses with utilities and green certificates	7,225,984	5,818,633
Expenses with third party services	5,569,729	3,168,084
Expenses with compensations, fines and penalties	3,499	14,561
Entertainment, promotion and advertising expenses	478,127	709,044
Other general expenses	431,673	480,219
Expenses with other taxes and duties	849,969	709,720
Repair expenses	1,615,638	1,096,779
Travelling expenses	244,540	221,302
Rent expenses	379,990	17,279
Mail and telecommunication expenses	189,476	141,740
Insurance premium expenses	731,676	560,940
Total	27,742,238	21,972,572

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7. PROPERTY, PLANT AND EQUIPMENT

	Land	Buildings	Plant and equipment and vehicles	Installations and furniture	Tangible assets in progress	Total
COST						
Balance at January 1, 2020	14,127,564	123,158,231	310,466,655	3,263,853	11,960,673	462,976,976
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)
Balance at December 31, 2020	7,096,069	61,329,721	207,797,326	1,979,890	10,121,142	288,324,148
Balance at January 1, 2021	7,096,069	61,329,721	207,797,326	1,979,890	10,121,142	288,324,148
Increases:	375,384		371,773	27,556	21,822,513	22,597,226
Out of which:						
Inflows from acquisition of Somplast	2,139,000	5,573,531	13,119,436	207,720	7,154	21,046,841
Transfers in / from non-current assets in progress		2,002,430	11,842,273	38,895	(13,883,598)	-
Transfers of right of use			184,003			184,003
Disposals and other decreases	(25,148)		(2,954,716)	(40,380)		(3,020,245)
Balance at June 30, 2021	9,585,305	68,905,681	230,360,095	2,213,681	18,067,211	329,131,973

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12. PROPERTY, PLANT AND EQUIPMENT (continued)

	Land	Buildings	Plant and equipment and vehicles	Installations and furniture	Tangible assets in progress	Total
ACCUMULATED DEPRECIATION						
Balance at January 1, 2020	24,652	11,957,050	167,246,327	1,629,817	1,303,978	182,161,824
Depreciation recorded during the year – businesses that remain in the Group	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)
Balance at January 1, 2021	1,382	9,998,752	111,808,743	1,029,150	1,255,176	124,093,203
Depreciation recorded during the year – businesses that remain in the Group (Note 8)	173	1,430,114	8,000,628	118,202	-	9,549,116
Disposals and decreases	-	-	(2,625,848)	(39,470)	-	(2,665,318)
Impairment	-	(188,923)	(108,893)	-	-	(297,816)
Inflows from acquisition of SOPL	-	1,410,543	10,881,255	207,144	-	12,498,942
Transfers of right-of-use assets in leases	-	-	(152,882)	-	-	(152,882)
Balance at June 30, 2021	1,555	12,650,485	127,803,002	1,315,027	1,255,176	143,025,245
NET CARRYING AMOUNT						
Net carrying amount as at January 1, 2021	7,094,687	51,330,969	95,988,583	950,740	8,865,966	164,230,946
Net carrying amount as at June 30, 2021	9,583,750	56,255,196	102,557,093	898,654	16,812,035	186,106,728

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12. INTANGIBLE ASSETS

	<u>Goodwill</u>	<u>Licenses and other intangible assets</u>	<u>Intangible assets in progress</u>	<u>Total</u>
Cost				
Balance at January 1, 2020	35,230,839	45,102,769	165,649	80,499,257
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)
Balance at December 31, 2020	-	7,178,916	199,572	7,378,488
Increases		329,238	593,937	923,175
Transfers into / from tangible assets in progress		33,387	(33,387)	-
Disposals and other decreases		(287,741)		(287,741)
Inflows from acquisition of SOPL		155,392		155,392
Balance at June 30, 2021	-	7,409,193	760,121	8,169,314
Accumulated amortisation				
Balance at January 1, 2020	25,204,000	11,341,747	-	36,545,747
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 (Note 28)	(25,204,000)	(6,270,768)	-	(31,474,768)
Balance at December 31, 2020	-	6,266,302	-	6,266,302
Amortization expense (Note 8)		312,123		312,123
Impairment		(19,526)		(19,526)
Decreases		(316,499)		(316,499)
Inflows from acquisition of SOPL		155,392		155,392
Balance at June 30, 2021	-	6,397,793	-	6,397,793
Net carrying amount				
At December 31, 2020	-	912,615	199,572	1,112,186
At June 30, 2021	-	1,011,400	760,121	1,771,521

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13. 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
Balance at January 1, 2021	5,462,186	2,848,732	2,848,732	8,310,918
Additions	3,784,706	2,719	2,719	3,787,425
Disposals	(62,206)	(238,228)	(238,228)	(300,434)
Balance at June 30, 2021	9,184,685	2,613,223	2,613,223	11,797,909
Amortisation				
Balance at January 1, 2021	2,144,918	1,008,085	1,008,085	3,153,003
Amortisation expenses	882,017	267,615	267,615	1,149,632
Amortization of equipment transferred to assets held for sale and discontinued operations	(62,206)	(133,960)	(133,960)	(196,166)
Balance at June 30, 2021	2,964,729	1,141,740	1,141,740	4,106,469
Carrying amount at January 1, 2021	3,317,268	1,840,647	1,840,647	5,157,915
Carrying amount at June 30, 2021	6,219,956	1,471,483	1,471,483	7,691,440

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14. SUBSIDIARIES AND FINANCIAL INVESTMENTS

At June 30, 2021 and December 31, 2020, the parent company has the following investments:

Subsidiary	Country	Shareholding	June 30,	Shareholding	December 31,
		%	2021	%	2020
			RON		RON
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	sold			held for sale
Wetterbest SA	Romania	sold			held for sale
TeraSteel DOO Serbia	Serbia	sold			held for sale
TerBio Pack SRL	Romania	100	100,000	-	-
Somplast	Romania	70,75	4,897,400	-	-
		-	16,813,750	-	11,816,350

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 and in TeraPlast Hungary were reclassified to assets held for sale:

At June 30, 2021, the transfer to the buyers was complete.

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 at December 31, 2020, 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.

14. SUBSIDIARIES AND FINANCIAL INVESTMENTS (continued)

Other long-term equity investments

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

Investment name	Country	Investment share	June 30, 2021	Investment share	December 31, 2020
		%	RON	%	RON
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
		-	16,472	-	16,472

The other Group companies do not have any equity investments.

15. INVESTMENT PROPERTY

At December 31, 2020 and June 30, 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.

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.

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16. INVENTORIES

	<u>June 30, 2021</u>	<u>December 31, 2020</u>
Finished goods	38,479,624	23,248,828
Raw materials	56,411,562	29,437,932
Commodities	9,814,789	8,423,038
Consumables	3,962,718	3,313,139
Inventory items	336,059	316,062
Semi-finished goods	2,275,351	2,390,562
Residual products	936,638	460,074
Goods to be purchased	1,180,597	728,921
Packaging	391,014	235,467
Inventories – gross value	<u>113,788,352</u>	<u>68,554,024</u>
	<u>June 30, 2021</u>	<u>December 31, 2020</u>
Value adjustments for raw materials and consumables	(2,261,032)	(1,460,849)
Value adjustments for finished products	(1,449,702)	(849,869)
Value adjustments for merchandise	(1,225,368)	(1,194,118)
Total value adjustments	<u>(4,936,102)</u>	<u>(3,504,836)</u>
Total inventories – net value	<u>108,852,250</u>	<u>65,049,188</u>

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, as well as those found inconsistent are depreciated in full.

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

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17. TRADE AND OTHER RECEIVABLES

	June 30, 2021	December 31, 2020
Short-term receivables		
Trade receivables	143,753,556	66,079,006
Trade notes not exigible	49,068,722	28,865,223
Advances paid to suppliers of assets	17,198,301	3,959,699
Advances paid to suppliers of inventories and services	1,193,918	475,504
Advances paid to employees	3,412	129
Other receivables	5,506,057	34,686,689
Loss allowance	(18,081,992)	(18,206,973)
- of which, for SOPL clients	(1,021,790)	
Balance at the end of the year	180,760,195	115,859,276

The changes in adjustment for impairment on doubtful receivables

	June 30, 2021	December 31, 2020
	RON	RON
Balance at the beginning of the year	(18,206,974)	(26,038,861)
Receivables written-off during the year	215,598	936,608
Impairment adjustment charged to statement of comprehensive income for trade receivables	931,174	(2,301,664)
Impairment adjustment for assets held for sale and discontinued operations		9,196,944
Balance at the end of year	(17,060,202)	(18,206,974)

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. NON-CONTROLLING INTERESTS

	<u>June 30, 2021</u>	<u>December 31, 2020</u>
Opening balance	655,430	2,253,380
Result for the year	37,871	201,391
Reserves representing revaluation surplus		(820,641)
Acquisition of SOPL	3,596,385	
Other elements	(655,430)	(978,900)
Closing balance	3,634,256	655,430

19. BORROWINGS

	Short-term		Long-term	
	June 30, 2021	December 31, 2020	June 30, 2021	December 31, 2020
Teraplast SA	51,568,310	89,608,176	18,124,453	23,631,466
Somplast SA	5,471,655			
Teraglass Bistrita SRL	940,934	10,800,754	3,245,316	3,603,476
Total	57,980,899	100,408,930	21,369,769	27,234,942

The currency break-down of bank loans and finance lesaes is the following:

<u>Currency</u>	<u>June 30, 2021</u>	<u>December 31, 2020</u>
EUR	9,924,983	7,747,063
RON	76,701,378	123,988,133
Total	86,626,361	131,735,195

At June 30, 2021 and December 31, 2020 the status of finance lease liabilities was as follows:

	Short-term		Long-term	
	June 30, 2021	December 31, 2020	June 30, 2021	December 31, 2020
Teraplast SA	5,151,753	1,095,826	1,986,859	2,712,004
Teraglass Bistrita SRL	39,248	40,756	97,833	117,727
Total	5,191,001	1,136,582	2,084,692	2,829,732

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

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

The Group's cash availabilities are fully pledged in favour of financing banks.

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20. TRADE AND OTHER PAYABLES

	June 30, 2021	December 31, 2020
Trade payables	95,816,372	48,506,108
Trade notes payable	3,269,292	535,957
Liabilities from the purchase of non-current assets	11,785,586	11,534,913
Other current payables	16,142,289	13,572,034
Advance payments from clients	2,367,893	1,564,957
Total	129,381,432	75,713,969

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 PAYABLES

	June 30, 2021	December 31, 2020
Salary-related payables to employees and social security payables	8,818,004	6,566,338
VAT payable	5,377,073	1,398,995
Unclaimed employee rights	88,293	72,778
Other creditors	66,510	1,297,178
Commercial guarantees received	249,846	978,978
Other taxes payable	410,452	2,125,656
Dividends payable	1,132,111	1,132,111
Total	16,142,289	13,572,034

22. FINANCIAL INSTRUMENTS

The Group's risk management activity revolves around financial risks (credit risk, market risk, geographical risk, currency risk, interest rate risk and liquidity risk), operating risks and legal risks. The main objectives of the financial risk management activity are to determine the risk limits and then to ensure that the exposure to risks is maintained between these limits. The management of operating and legal risks is aimed at guaranteeing the good functioning of the internal policies and procedures for minimizing operating and legal risks.

(a) Capital risks management

The Group manages its capital to ensure that the entities within the Group will be able to continue their activity and, at the same time, maximize revenues for the shareholders, by optimizing the balance of liabilities and equity.

The structure of the Group capital consists in debts, which include the loans, the cash and cash equivalents and the equity attributable to equity holders of the parent Group. Equity includes the share capital, reserves and retained earnings.

Managing the Group's risks also includes a regular analysis of the capital structure. As part of the same analysis, management considers the cost of capital and the risks associated to each class of capital. Based on the management recommendations, the Group may balance its general capital structure through the payment of dividends, by issuing new shares and repurchasing shares, as well as by contracting new liabilities and settling the existing ones.

Just as other industry representatives, the Group monitors the capital based on the gearing ratio. This ratio is calculated as net debt divided by total capital. The net debt is represented by the total loans (including long-term and short-term loans as detailed on the balance sheet) less the cash and cash equivalents. Total capital represents "equity", as detailed on the consolidated balance sheet plus the net debt.

The gearing ratio at June 30, 2021 and December 31, 2020 was as follows:

	June 30, 2021	December 31, 2020
Bank loans and finance lease liabilities (Notes 22 and 23)	86,626,361	131,735,195
Less cash and cash equivalents	(261,417,566)	(16,620,936)
	(174,791,205)	
Net debt		115,114,259
Total equity	527,817,378	334,198,504
Total equity and net debt	353,026,173	449,312,763
Gearing ratio	n/a	26%

(b) Summary of significant accounting policies

The details on the main accounting policies and methods adopted, including the recognition criteria, measurement basis and revenue and expenses recognition basis, concerning each class of financial assets, financial liabilities and capital instruments are presented in Note 2 to the financial statements.

(c) Objectives of the financial risk management

The treasury department of the Group provides services needed for the activity, coordinates the access to the national financial market, monitors and manages the financial risks related to the Group operations by way of reports on the internal risks, which analyse the exposure to and extent of the risks.

These risks include the market risk (including the foreign currency risk, fair value interest rate risk and the price risk), credit risk, liquidity risk and cash flow interest rate risk.

22. FINANCIAL INSTRUMENTS (continued)

(d) Market risk

The Group activities expose it primarily to the financial risks related to the fluctuation of the exchange rates and of the interest rate.

The Group management continuously monitors its exposure to risks. However, the use of this approach does not protect the Group from the occurrence of potential losses beyond the foreseeable limits in case of significant fluctuations on the market. There was no change from the prior year in relation to the Group exposure to the market risks or to how the Group manages and measures its risks.

(e) FX risk management

The Group carries out transactions in various currencies. Hence, the risk of fluctuations in exchange rate. Exposures to interest rate are managed according to the approved policies.

(f) Interest rate risk management

The interest-bearing assets of the Group, the revenues, and the cash flows from operating activities are exposed to the fluctuations of market interest rates. The Group's interest rate risk relates to its bank loans. Floating interest rate loans expose the Group to interest rate cash flow risk. The Group performed no hedging operation with a view to reducing its exposure to the interest rate risk.

The Group continuously monitors its exposure to the interest rate risk. These include simulating various scenarios, including the refinancing, discounting current positions, financing alternatives. Based on these scenarios, the Group estimates the potential impact of determined fluctuations in the interest rate on the profit and loss account. For each simulation, the same interest rate fluctuation is used for all models. These scenarios are only prepared for the debts representing the main interest-bearing positions.

The Group is exposed to the interest rate risk taking into account that the Group entities borrow funds both at fixed, and at floating interest rates. The risk is managed by the Group by maintaining a optimal balance between fixed rate and floating rate interest loans.

(g) Other price risks

The Group is not exposed to the equity price risks arising from equity investments. The financial investments are held for strategic purposes rather than commercial ones and are not significant. The Group does not actively trade these investments.

(h) Credit risk management

Credit risk refers to the risk that a third party fails to meet its contractual obligations, thus causing financial losses to the Group. The Group has adopted a policy of performing transactions with trustworthy parties, and obtaining sufficient guarantees, if applicable, as a means of decreasing the financial losses caused by breaches of contracts. The Group exposure and the credit ratings of third parties to contracts are monitored by the management.

Trade receivables are from a high number of clients from different industries and geographical areas. The permanent credit assessment is performed in relation to the clients' financial condition and, when appropriate, a credit insurance is concluded.

Cash is held at financial institutions which, at the time of the deposit, are deemed as having the lowest risk of default. The Group has policies in place that limit the value of the exposure for any financial institution.

The carrying amount of receivables, net of the provision for receivables, plus the cash and cash equivalents, are the maximum amount exposed to the credit risk. Although the receivable collection could be influenced by economic factors, the management considers there is no significant loss risk for the Group, beyond the provisions already recorded.

The Group considers the exposure to the credit risk in relation to a counterparty or a group of similar counterparties by analysing the receivables individually and making impairment adjustments together with the customer credit management department.

22. FINANCIAL INSTRUMENTS (continued)

(i) Liquidity risk management

The ultimate responsibility for managing liquidity risk lies with the Board, which has designed a proper framework for managing liquidity risks as far as insuring the Group's short, medium and long-term funds and requirements regarding liquidity management are concerned. The Group manages the liquidity risks by maintaining appropriate reserves, bank facilities and reserve loan facilities, by continuously monitoring actual cash flows and by correlating the maturity profiles of financial assets and liabilities.

23. RELATED PARTY TRANSACTIONS

The Company's related parties and affiliates are:

June 30, 2021 and December 31, 2020

Subsidiaries

Teraglass Bistrita SRL
Terasteel SA
Politub SA
Teraplast Recycling SA
Teraplast Hungaria Kft
Wetterbest SA
Terasteel Doo Serbia
Cortina WTB SRL
TERASTEEL SLOVAKIA S.R.O.

Related parties (common shareholding/decision-maker)

ACI Cluj SA Romania
AGROLEGUMICOLA DRAGU SRL Romania
Ditovis Impex SRL Romania
Eurohold AD Bulgaria
FERMA POMICOLA DRAGU SRL Romania
Hermes SA Romania
INFO SPORT SRL
ISCHIA ACTIVHOLDING SRL
ISCHIA INVEST SRL
LA CASA RISTORANTE PIZZERIA PANE DOLCE SRL
Magis Investment SRL
Mundus Services AD Bulgaria
NEW CROCO PIZZERIE SRL
Parc SA
PARCSERV SRL
RSL Capital Advisors SRL
Sphera Franchise Group SA
Dedal As s.r.l.
Rematinvest s.r.l.
Remat Salaj s.a.
Remat s.a. Satu Mare
Remat Alba s.a.
Recomet s.r.l.
Paziv s.r.l.
Anda Imobiliare s.r.l.
Colina Construct s.r.l.

The transactions between the parent company and its subsidiaries, the Group's affiliates were eliminated from the consolidation.

24. CASH AND CASH EQUIVALENTS

For cash flow statement purposes, the cash include cash on hand and in bank accounts.

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:

	<u>June 30, 2021</u>	<u>December 31, 2020</u>
	<i>RON</i>	<i>RON</i>
Cash in bank accounts	260,981,267	16,446,405
Notes receivable	297,724	
Cash on hand	60,544	111,019
Cash in bank accounts, restricted	<u>78,031</u>	<u>63,511</u>
Total	<u>261,417,566</u>	<u>16,620,936</u>

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

These simplified consolidated financial statements were approved on July 26, 2020.

ALEXANDRU STANEAN
CEO

IOANA BIRTA
CFO

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.

July 26, 2021
Board of Administration

ALEXANDRU STANEAN
CEO

IOANA BIRTA
CFO

TERAPLAST SA Report on S1 2021**as per FSA Regulation no. 5/2018 Annex no. 13A****Date of report:** 26 July 2021**Name of company:** TERAPLAST SA**Registered office:** Sieu-Magherus, Saratel village, DN 15A, KM 45+500, Bistrita-Nasaud**Telephone/Fax:** 0263 238202; Fax: 0263 231221**Tax reference number:** 3094980**Trade Register registration no.:** J06/735/1992**Regulated market for the trading of the securities issued:** Bucharest Stock Exchange**Subscribed and paid in share capital:** RON 174,320,047.80**Main characteristics of the securities issued by the company:**

- 1,743,200,478 NOMINAL SHARES at a face value of RON 0.1/share.

B. Economic and financial ratios

	30.06.2020	30.06.2021
a) Current (general) liquidity = <i>Current assets / Current liabilities (recommended value is around 2)</i>	1.61	3.06

Current – general liquidity registered at March 31, 2021 is RON 4.10 and represents the degree of coverage of current liabilities with the current assets held by the company.

	30.06.2020	30.06.2021
a) Gearing ratio = <i>Capital borrowed / Capital employed</i>	0.17	0.04

Capital borrowed – loans with maturity of more than 1 year,
Capital employed = Capital employed + Equity

	30.06.2020	30.06.2021
d) Turnover of payables – customers = <i>average client balance / turnover x 180 days</i>	84.48	96.68
a) Turnover of non-current assets = <i>turnover / non-current assets</i>	1.23	1.37

ALEXANDRU STANEAN
CEO

IOANA BIRTA
CFO