

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 SIX-MONTH PERIOD
ENDED JUNE 30, 2023**

CONTENTS	PAGE
CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME	4
CONSOLIDATED STATEMENT OF FINANCIAL POSITION	5-6
CONSOLIDATED STATEMENT OF CHANGES IN EQUITY	7
CONSOLIDATED STATEMENT OF CASH FLOWS	8
NOTES TO THE SIMPLIFIED CONSOLIDATED FINANCIAL STATEMENTS	9 – 36
ANNEX 13A	37

TERAPLAST SA
CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME
FOR THE 6-MONTH PERIOD ENDED JUNE 30, 2023
(all amounts are expressed in RON, unless otherwise specified)

	Note	Period ended June 30, 2023	Period ended June 30, 2022
Income from contracts with customers, of which:	4	320,579,995	373,691,113
<i>Income from the sale of finished goods</i>		290,057,690	346,014,651
<i>Income from the sale of goods</i>		28,451,072	25,973,078
<i>Income from provision of services</i>		2,071,233	1,703,384
Other operating income	5	897,501	242,567
Income from investment subsidies	5	3,479,254	1,600,265
Changes in stocks of finished goods and work in progress		2,470,820	21,760,640
Works and services in progress		74,382	-
Raw materials, consumables and merchandise	6	(206,078,664)	(277,483,301)
Expenses with employees' benefits	9	(45,150,886)	(41,328,217)
Transport expenses		(14,187,740)	(14,448,798)
Utilities expenses		(15,943,322)	(11,481,987)
Amortisation/depreciation and impairment of non-current assets, net	8	(19,822,458)	(14,713,914)
Impairment of non-current assets, net	8	(1,251,330)	(943,545)
Provisions, net	8	-	183,447
Gains on the write-off of tangible and intangible assets	7	93,624	161,308
Other expenses	10	(17,610,423)	(13,739,004)
Sponsorship		(520,791)	(507,472)
Operating profit/loss		7,029,962	22,993,102
FX differences, net	5	(462,095)	(214,573)
Interest expenses, net	5	(6,040,313)	(2,844,040)
Other financial income	5	26,052	22,583
Financial result, net		(6,476,356)	(3,036,030)
Profit before tax		553,606	19,957,072
Income tax expenses		(1,551,450)	(3,555,068)
Profit of businesses that continue their activity within the Group		(997,844)	16,402,004
Profit for the year		(997,844)	16,402,004

Approved:

July 25, 2023
Board of Directors

ALEXANDRU STANEAN
CEO

IOANA BIRTA
CFO

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

TERAPLAST SA
CONSOLIDATED STATEMENT OF FINANCIAL POSITION
for the period ended June 30, 2023
(all amounts are expressed in RON, unless otherwise specified)

	Note	June 30, 2023	December 31, 2022
ASSETS			
Non-current assets			
Property, plant and equipment	11	333,436,946	338,129,808
Investment property	17	4,914,955	4,914,955
Leased right-of-use assets	13	20,631,068	17,822,871
Intangible assets	12	4,156,069	3,771,984
Long-term receivables	16	1,567,901	1,843,922
Deferred tax receivables		318,622	298,077
Other long-term equity investments	14	15,500	15,500
Total non-current assets		365,041,061	366,797,117
Current assets			
Inventories	15	132,473,708	129,120,491
Works and services in progress		74,382	-
Trade receivables	16	179,585,066	146,301,682
Advances to suppliers of non-current assets		10,382,711	7,380,625
Prepaid expenses		1,815,393	825,641
Income tax recoverable		-	415,696
Cash	23	31,859,242	10,713,209
Total current assets		356,190,502	294,757,344
Total assets		721,231,563	661,554,461
EQUITY AND LIABILITIES			
Equity			
Share capital	18	217,900,036	217,900,036
Own shares		-	(495,209)
Revaluation reserves		17,071,464	17,304,558
Legal reserves		35,211,724	35,211,724
Retained earnings		36,807,455	36,295,643
Capital attributable to controlling interests		306,990,679	306,216,752
Non-controlling interests		3,221,389	3,262,421
Total equity		310,212,068	309,479,173
Long-term liabilities			
Bank loans	21	39,459,282	38,845,711
Finance lease liabilities		2,168,487	1,354,523

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TERAPLAST SA
CONSOLIDATED STATEMENT OF FINANCIAL POSITION
for the period ended June 30, 2023
(all amounts are expressed in RON, unless otherwise specified)

	<u>Note</u>	<u>June 30, 2023</u>	<u>December 31, 2022</u>
Right-of-use lease liabilities		7,578,373	5,893,504
Long-term liabilities for non-current assets	20	7,628,471	8,371,526
Employees' benefits	19	1,956,847	1,956,847
Subsidies for investments – long-term portion	24	62,111,413	55,127,841
Deferred tax liabilities		-	-
Total long-term liabilities		<u>120,902,873</u>	<u>111,549,952</u>
Current liabilities			
Trade and other payables	20	111,225,039	79,523,181
Dividends payable		45,550	45,550
Bank loans	21	167,233,927	151,781,759
Finance lease liabilities		793,718	639,914
Right-of-use lease liabilities		2,512,903	2,143,844
Income tax payable		820,751	
Subsidies for investments – current portion	24	6,532,094	5,438,448
Provisions for risks and charges	19	952,640	952,640
Total current liabilities		<u>290,116,622</u>	<u>240,525,336</u>
Total liabilities		<u>411,019,495</u>	<u>352,075,288</u>
Total equity and liabilities		<u>721,231,563</u>	<u>661,554,461</u>

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TERAPLAST SA
CONSOLIDATED STATEMENT OF CHANGES IN SHAREHOLDERS' EQUITY
for the 6-month period ended June 30, 2023
(all amounts are expressed in RON, unless otherwise specified)

	Share capital	Legal reserves	Revaluation reserve	Treasury shares	Cumulated retained earnings	Capital attributable to parent's equity holders	Non-controlling interests	Total equity
Balance as at January 1, 2022	217,900,036	33,296,210	15,877,973	(4,935,035)	325,740,259	587,879,443	3,651,481	591,530,924
Result for the year	-	-	-	-	15,762,928	15,762,928	(389,060)	15,373,868
Other comprehensive income	-	-	-	-	1,081,359	1,081,359	-	1,081,359
Total comprehensive income	-	-	-	-	16,844,287	16,844,287	(389,060)	16,455,227
Legal reserve setting	-	1,915,514	-	-	(1,915,514)	-	-	-
Reserves representing revaluation surplus	-	-	1,426,585	-	-	1,426,585	-	1,426,585
Benefits granted to employees in the form of financial instruments	-	-	-	4,439,826	-	4,439,826	-	4,439,826
Loss on sale of own shares	-	-	-	-	(411,138)	(411,138)	-	(411,138)
Dividends paid and share capital increase (2021)	-	-	-	-	(270,195,925)	(270,195,925)	-	(270,195,925)
Dividends paid in 2022	-	-	-	-	(32,684,967)	(32,684,967)	-	(32,684,967)
Other capital increases/(decreases)	-	-	-	-	(1,081,359)	(1,081,359)	-	(1,081,359)
Balance at December 31, 2022	217,900,036	35,211,724	17,304,558	(495,209)	36,295,643	306,216,752	3,262,421	309,479,173

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TERAPLAST SA
CONSOLIDATED STATEMENT OF CHANGES IN SHAREHOLDERS' EQUITY
for the 6-month period ended June 30, 2023
(all amounts are expressed in RON, unless otherwise specified)

	<u>Share capital</u>	<u>Legal reserves</u>	<u>Revaluation reserve</u>	<u>Treasury shares</u>	<u>Cumulated retained earnings</u>	<u>Capital attributable to parent's equity holders</u>	<u>Non-controlling interests</u>	<u>Total equity</u>
Balance as at January 1, 2023	217,900,036	35,211,724	17,304,558	(495,209)	36,295,643	306,216,752	3,262,421	309,479,173
Result for the year					(956,812)	(956,812)	(41,032)	(997,844)
Other comprehensive income								
Total comprehensive income					(956,812)	(956,812)	(41,032)	(997,844)
Reserves representing revaluation surplus					1,459,326	1,459,326		1,459,326
Legal reserve setting								
Benefits granted to employees in the form of financial instruments				1,546,354		1,546,354		1,546,354
Buy-back of own shares				(1,051,145)		(1,051,145)		(1,051,145)
Gains on sale of own shares					9,299	9,299		9,298
Other capital increases/(decreases)			(233,095)			(233,095)		(233,095)
Balance at June 30, 2023	217,900,036	35,211,724	17,071,464	-	36,807,455	306,990,679	3,221,389	310,212,068

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TERAPLAST SA
CONSOLIDATED STATEMENT OF CASH FLOWS
FOR THE 6-MONTH PERIOD ENDED JUNE 30, 2023
(all amounts are expressed in RON, unless otherwise specified)

INDIRECT METHOD	Period ended June 30, 2023	Period ended June 30, 2022
<i>Cash flows from operating activities:</i>		
Profit before tax	553,606	19,957,072
Profit from sale of fixed assets	(93,624)	(161,308)
Impairment and amortization of non-current assets	19,822,458	14,713,914
Allowance for risks and charges, net	-	(183,447)
Allowance for doubtful debts	956,683	1,356,908
Inventory impairment, net	294,648	(413,367)
Interest expense	6,040,313	2,844,040
Operating profit before changes in working capital	27,574,084	38,113,812
(Increase) in trade receivables	(32,227,735)	(41,194,829)
(Increase) in inventories	(3,722,247)	(48,397,614)
Increase in trade and other payables	32,594,126	43,181,814
Income tax paid	(335,548)	(734,686)
Interest paid, net	(6,040,313)	(2,844,040)
Income from subsidies	(3,470,505)	(1,590,683)
Cash generated by/(used in) operating activities	14,371,862	(13,466,226)
<i>Cash flows used for investment:</i>		
Payments for acquisition of intangible assets	(20,582,039)	(44,314,373)
Proceeds from State aid	11,547,723	
Proceeds from the sale of property, plant and equipment	701,217	144,798
Net cash used in investing activities	(8,333,099)	(44,169,575)
<i>Cash flows generated by financing activities:</i>		
Payment of finance lease liabilities	(967,768)	(450,255)
Net drawdowns of loans	16,065,739	53,297,235
Buy-back of own shares, net of option exercise	9,299	
Net cash generated by financing activities	15,107,270	52,846,980
Net increase/(decrease) of cash	21,146,033	(4,788,821)
Cash and cash equivalents at the beginning of the period	10,713,209	7,712,109
Cash and cash equivalents at the end of the period	31,859,242	2,923,288

Approved, July 25, 2023
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1. GENERAL INFORMATION

These are the consolidated financial statements of the Teraplast SA Group (the "Group"). With a tradition of 125 years, TeraPlast SA is the parent company of the TeraPlast group, one of the most important manufacturers on the building materials and PVC compounds market.

These financial statements are not audited.

Structure of TeraPlast 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, Bistrita- Nasaud County, Romania.

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

TeraPlast produces systems for sewage, water and natural gas transport and distribution, rainwater management systems and for cable protection and PVC plasticised and rigid compounds.

Group Teraplast includes Teraplast and its subsidiaries:

- Teraglass Bistrita SRL - manufacturer of PVC windows and doors;
- TeraPlast Recycling SA – PVC recycler;
- TeraBio Pack SRL – manufacturer of biodegradable polyethylene packaging;
- Teraplast Magyarország – distributor of TeraPlast's products in Hungary;
- Somplast SA – the Company holds production halls that it leases to TeraBioPack and TeraPlast Recycling. At 31 December 2021, the Company does not register any more production, since the production of installations is integrated in TeraPlast and the production of flexible polyethylene packaging is integrated in TeraBio Pack. TeraPlast exercises control of the company and consolidates the financial statements of Somplast as of 1 April 2021;
- TeraGreen Compound – inactive company.

TERAPLAST SA
NOTES TO THE SIMPLIFIED CONSOLIDATED FINANCIAL STATEMENTS
FOR THE SIX-MONTH PERIOD ENDED JUNE 30, 2023
(all amounts are expressed in RON, unless otherwise specified)

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The consolidated financial statements of the Group have been prepared in accordance with the provisions of Order no. 2844/2016 approving the accounting regulations compliant with the International Financial Reporting Standards applicable to trading companies whose securities are admitted to trading on a regulated market, as subsequently amended and clarified (“**MoPFO 28422/2016**”). These provisions are compliant with the provisions of the International Financial Reporting Standards adopted by the European Union (“**EU IFRS**”).

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, 2022.

3. ESTIMATES AND ASSUMPTIONS

The main assumptions regarding future sources and other key sources of uncertainty in the estimates at the reporting date, which present a significant risk of causing a significant adjustment to the carrying amounts of assets and liabilities in the next financial year, are described below. The Group based its assumptions and estimates on the parameters available in preparing the separate financial statements. However, existing circumstances and assumptions about future developments may change due to market changes or circumstances beyond the Group's control. Such changes are reflected in the assumptions when they occur.

4. SEPARATE FINANCIAL STATEMENTS – TERAPLAST SA

The statement of comprehensive income and the standalone interim statement of financial position of Teraplast SA at June 30, 2023 are presented below:

Statement of comprehensive income at June 30, 2023:

	Period ended June 30, 2023	Period ended June 30, 2022
Income from contracts with customers, of which:	270,800,176	310,458,639
<i>Income from the sale of finished goods</i>	243,558,616	285,041,952
<i>Income from the sale of goods</i>	25,837,153	24,841,371
<i>Income from provision of services</i>	1,404,407	575,316
Other operating income	818,730	956,344
Income from investment subsidies	1,954,585	975,889
Changes in stocks of finished goods and work in progress	(114,182)	20,321,898
Raw materials, consumables and merchandise	(177,235,703)	(239,600,771)
Expenses with employees' benefits	(29,619,526)	(27,111,691)
Transport expenses	(10,751,768)	(10,826,932)
Utilities expenses	(11,577,700)	(8,001,841)
Amortisation/depreciation and impairment of non-current assets, net	(13,646,012)	(9,781,233)
Impairment of non-current assets, net	(832,651)	(1,081,585)
Reversal of provisions, net	-	1,058,682
Gains on write-off of tangible and intangible assets	81,319	96,696
Sponsorship, donations	(496,179)	(492,472)
Other operating expenses	(11,872,038)	(8,512,823)
Operating result	17,509,051	28,458,800
FX differences, net	(303,325)	(168,760)
Interest expenses, net	(3,523,832)	(1,651,665)
Other finance income	-	85,361

TERAPLAST SA
NOTES TO THE SIMPLIFIED CONSOLIDATED FINANCIAL STATEMENTS
FOR THE SIX-MONTH PERIOD ENDED JUNE 30, 2023
(all amounts are expressed in RON, unless otherwise specified)

	Period ended June 30, 2023	Period ended June 30, 2022
Financial result	(3,827,157)	(1,735,064)
Profit before tax	13,681,894	26,723,736
Income tax expenses	(1,551,450)	(3,134,404)
Profit for the year	12,130,444	23,589,332
Total comprehensive income	12,130,444	23,589,332

TERAPLAST SA
NOTES TO THE SIMPLIFIED CONSOLIDATED FINANCIAL STATEMENTS
FOR THE SIX-MONTH PERIOD ENDED JUNE 30, 2023
(all amounts are expressed in RON, unless otherwise specified)

4. SEPARATE FINANCIAL STATEMENTS – TERAPLAST SA (continued)

Statement of financial position at June 30, 2023 and December 31, 2022:

	June 30, 2023	December 31, 2022
ASSETS		
Non-current assets		
Property, plant and equipment	215,639,976	221,107,304
Investment property	18,226,476	18,226,476
Intangible assets	2,467,079	2,354,118
Leased right-of-use assets	20,611,407	17,775,451
Investments in subsidiaries	43,172,203	30,269,152
Other financial investments	15,400	15,400
Other long-term receivables	23,838,286	26,379,125
Total non-current assets	323,970,827	316,127,026
Current assets		
Inventories	99,154,724	99,325,133
Trade and other receivables	179,912,543	131,077,281
Receivables representing dividends paid and share capital increase out of year's profit		
Prepaid expenses	1,268,222	677,079
Cash and short-term deposits	27,720,380	2,584,035
Total current assets	308,055,869	233,663,528
Total assets	632,026,696	549,790,554
EQUITY AND LIABILITIES		
Equity		
Capital subscribed	217,900,036	217,900,036
Own shares	-	(495,209)
Revaluation reserves	12,748,498	12,716,963
Legal reserves	30,997,771	30,997,771
Retained earnings	68,309,970	56,166,628
Capital attributable to controlling interests	329,956,275	317,286,189
Total equity	329,956,275	317,286,189
Long-term liabilities		
Loans and finance lease liabilities	19,088,649	15,369,845
Lease liabilities	9,733,064	7,213,261
Other long-term liabilities	7,628,471	8,371,527
Liabilities with employees' benefits	1,580,838	1,580,838
Subsidies for investments – long-term portion	34,229,694	33,260,035
Deferred tax liabilities	1,800,265	1,820,809
Total long-term liabilities	74,060,981	67,616,315
Current liabilities		
Trade and other payables	92,996,343	56,747,436

TERAPLAST SA
NOTES TO THE SIMPLIFIED CONSOLIDATED FINANCIAL STATEMENTS
FOR THE SIX-MONTH PERIOD ENDED JUNE 30, 2023
(all amounts are expressed in RON, unless otherwise specified)

	June 30,	December 31,
	2023	2022
Bank loans	125,989,872	101,242,033
Lease liabilities	3,264,048	2,741,137
Income tax payable	1,269,771	53,586
Subsidies for investments – current portion	3,574,395	3,188,847
Provisions	915,011	915,011
Total current liabilities	228,009,440	164,888,050
Total liabilities	302,070,421	232,504,365
Total equity and liabilities	632,026,696	549,790,554

TERAPLAST SA
NOTES TO THE SIMPLIFIED CONSOLIDATED FINANCIAL STATEMENTS
FOR THE SIX-MONTH PERIOD ENDED JUNE 30, 2023
(all amounts are expressed in RON, unless otherwise specified)

4. SEPARATE FINANCIAL STATEMENTS – TERAPLAST SA (continued)

Statement of cash flows	June 30, 2023	June 30, 2022
<i>Cash flows from operating activities:</i>		
Net profit before tax – business that continues its operations within the Group	13,681,894	26,723,736
<i>Adjustments for:</i>		
Profit from sale or scrap of fixed assets	(81,319)	(96,696)
Gains from sale of Steel division and Joinery profiles business	-	-
Impairment and amortization of non-current assets	13,646,012	9,781,233
Allowance for risks and charges, net	-	(1,058,682)
Allowance for doubtful debts	(270,460)	(1,093,639)
Inventory impairment	(554,905)	12,052
Interest expense	3,523,832	1,651,665
Operating profit before changes in working capital	29,945,054	35,919,669
Increase in trade and other receivables	(49,155,944)	(36,978,154)
Increase in inventories	725,313	(46,650,256)
Increase in trade and other payables	38,515,832	52,052,201
Income tax paid	(379,450)	(1,899,324)
Interest paid	(3,523,832)	(1,651,665)
Income from subsidies	(1,954,585)	(975,889)
Cash generated by operating activities	14,172,388	(183,418)
<i>Cash flows generated by investing activities:</i>		
Payments for acquisition of property, plant and equipment and intangible assets	(7,104,551)	(27,833,727)
Proceeds from the sale of property, plant and equipment	578,021	96,696
Increase of subsidiary's share capital	(12,903,051)	-
Proceeds from State aid subsidies	3,301,043	-
Net cash generated by investing activities	(16,128,538)	(27,737,031)
<i>Cash flows generated by financing activities:</i>		
Net (repayments)/ drawdowns from credit lines	28,466,643	27,520,423
Payment of finance lease liabilities	(323,003)	(268,906)
Buy-back of shares	(1,051,145)	-
Net cash generated by financing activities	27,092,495	27,251,517
Net changes in cash	25,136,345	(668,932)
Cash and cash equivalents at the beginning of the period	2,584,035	2,297,805
Cash and cash equivalents at the end of the period	27,720,380	1,628,873

TERAPLAST SA
NOTES TO THE SIMPLIFIED CONSOLIDATED FINANCIAL STATEMENTS
FOR THE SIX-MONTH PERIOD ENDED JUNE 30, 2023
(all amounts are expressed in RON, unless otherwise specified)

5. REVENUES AND OPERATING SEGMENTS

An analysis of the Group revenues is detailed below:

	Period ended June 30, 2023	Period ended June 30, 2022
Sales of finished goods	295,150,732	351,309,797
Sale of merchandise	28,451,072	25,973,078
Revenues from other activities	2,071,233	1,703,384
Trade discounts granted	<u>(5,093,042)</u>	<u>(5,295,146)</u>
TOTAL	<u>320,579,995</u>	<u>373,691,113</u>

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 distribution channels of the products of TeraPlast group are:

- distributors and resellers (domestic and exports)
- specialised networks (DIY stores – domestic and exports)
- contractors and builders (infrastructure projects auctions)
- producers (domestic and exports)

Based on the geographic distribution, the turnover is broken down as follows:

	Year ended June 30, 2023	Year ended June 30, 2022
	RON	RON
Romanian market	272,215,867	309,877,319
Foreign markets	<u>48,364,128</u>	<u>63,813,794</u>
Total	<u>320,579,995</u>	<u>373,691,113</u>

BUSINESS LINES

Installations

The complete systems for installations are made of PVC, PP (polypropylene) and PE (polyethylene) and are part of the portfolio of TeraPlast SA. They comprise systems for: indoor sewer system, outdoor sewer system, transport and distribution of water and natural gas, rain water management, cable protection and floor heating.

The products in the Installations portfolio are mainly intended for the infrastructure market, but also for the residential and non-residential building market. TeraPlast is the leader of the PVC outdoor sewer market and is ranked top 3 on the other segments of the Romanian installations market.

5. REVENUES AND OPERATING SEGMENTS (continued)

The company has a long history of market innovations:

- We were the first producer of approved polyethylene pipes in Romania
- We were the first producer of multi-layered PVC pipes for outdoor sewer
- We are the only Romanian producer that holds a patent for the production of multi-layered PVC pipes (with recycled core) for outdoor sewer

The development of the range of products also includes objectives related to their sustainability. Therefore, we have developed over the years solutions such as the multi-layered PVC pipes or the PE 100-RC pipe resistant to crack propagation and a useful life of almost 100 years according to PAS 1075.

The Recovery and Resilience Plan for Romania has a EUR 5 billion budget for investment projects, which directly influences the demand for TeraPlast products and offers growth opportunities for the Group's businesses.

Compounds

The PVC compounds business line is part of the portfolio of TeraPlast SA and comprises plasticized and rigid compounds. They are used in extrusion and injection processes in the processing industry. Further to an investment project co-funded under the State aid scheme, our company introduces an innovation on the Romanian compound market: fireproof halogen-free compounds (HFFR). They are waiting homologation with the clients.

TeraPlast is the leader of the Romanian PVC compound market, with a market share of over 34%.

Recycling

Through its recycling activity, TeraPlast Recycling is the largest rigid PVC recycler in Romania and one of the top 10 in Europe. The plant processes post-industrial and post-consumption rigid PVC waste. The finished product resulting from recycling, the regranulated PVC or micronized PVC, can be used by PVC processors in production without altering the technical or qualitative characteristics of the finished products.

The micronized PVC produced by TeraPlast Recycling is used by TeraPlast in the production of PVC pipes and by other European pipe manufacturers. Given the utilization of the product, the micronized PVC business is presented along with the Installations business.

The regranulated PVC replaces certain compounds made of virgin material. The compound business of TeraPlast Recycling is presented along with the compound business of TeraPlast.

Windows and doors

The windows and doors business line belongs to TeraGlass Bistrița SRL. The product range includes PVC and aluminium windows and doors, facades and terraces, garage doors. More than 70% of the annual production goes abroad in countries like Germany, Hungary, Slovakia or Austria. An important distribution channel for the TeraGlass products is represented by the home development outlets abroad.

Flexible packaging

In December 2021, TeraBio Pack began the production of biodegradable flexible films and packaging in the new plant located in TeraPlast Industrial Park.

As of September 2021, TeraBio Pack took over the polyethylene flexible packaging business from Somplast. The flexible packaging line includes polyethylene foils and films, polyethylene covers, sacks (thick, thin, household), and bags.

Polyethylene foils and films for agricultural use (solarium foil), in the construction industry (film, protection foil) and as semi-finished product in the packaging industry.

TERAPLAST SA
NOTES TO THE SIMPLIFIED CONSOLIDATED FINANCIAL STATEMENTS
FOR THE SIX-MONTH PERIOD ENDED JUNE 30, 2023
(all amounts are expressed in RON, unless otherwise specified)

5. REVENUES AND OPERATING SEGMENTS (continued)

Period ended June 30, 2023	Installations and recycling	Compounds, including recycled	Joinery profiles	Flexible packaging	Total
Turnover	231,647,331	42,323,910	24,564,618	22,044,137	320,579,995
Other operating income	884,127	-	9,556	3,818	897,501
Total operating income	232,531,458	42,323,910	24,574,174	22,047,955	321,447,496
Raw materials, consumables used and merchandise*	(141,199,560)	(32,160,486)	(14,674,155)	(15,499,261)	(203,533,462)
Employee benefits expenses	(30,178,352)	(2,872,441)	(5,875,754)	(6,224,339)	(45,150,886)
Transport expenses	(10,393,076)	(969,166)	(2,156,762)	(668,736)	(14,187,740)
Utilities expenses	(12,418,435)	(1,003,138)	(490,952)	(2,030,797)	(15,943,322)
Amortization net of subsidies and adjustments for the impairment of assets and provisions **	(12,473,494)	(1,339,950)	(630,955)	(1,805,181)	(16,249,580)
Adjustments for the impairment of current assets	(831,341)	-	(801,639)	381,650	(1,251,330)
Sponsorships	(506,179)	-	(14,612)	-	(520,791)
Other expenses	(13,332,144)	(1,296,575)	(1,527,714)	(1,453,991)	(17,610,423)
Expenses related to indirect sales and administrative expenses	(221,332,581)	(39,641,756)	(26,172,542)	(27,300,655)	(314,447,534)
EBITDA***	23,672,371	4,022,104	(967,414)	(3,447,519)	23,279,542
EBITDA %	10,2%	9,5%	-3,9%	-15,6%	7,3%
Net result	6,135,295	1,089,949	(2,257,024)	(5,966,064)	(997,844)

*The line includes the changes in stocks of finished goods and semi-finished products "Changes in stocks of finished goods and work in progress"

**The line also includes the gains or losses from the sale or revaluation of non-current assets, including investment property

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

June 30, 2023	Installations and recycling	Compounds	Joinery profiles	Flexible packaging	Unallocated amounts	Total
Assets						
Total assets, out of which	474,165,196	63,505,232	42,150,792	91,274,638	27,314,955	720,410,812
Non-current assets	247,477,709	23,693,604	18,555,512	70,399,282	4,914,955	365,041,061
Current assets	226,687,487	39,811,628	23,595,280	20,875,356	22,400,000	355,369,751
Liabilities						
Total liabilities, out of which:	246,984,723	37,644,558	35,560,530	67,608,934	22,400,000	410,198,744
Non-current liabilities	66,641,657	7,413,856	5,902,704	45,793,109		125,751,325
Current liabilities	180,343,066	30,230,702	29,657,826	21,815,826	22,400,000	284,447,419

The amounts presented above are net of the write-off of inter-segment transactions.

The major investments completed during 2021-2022, in amount of RON 221 million, are added to those made in the last years with the aim of diversifying the Group's field of activity and geographical footprint, of increasing its energy independence and replacing virgin raw materials with recycled materials .

TERAPLAST SA
NOTES TO THE SIMPLIFIED CONSOLIDATED FINANCIAL STATEMENTS
FOR THE SIX-MONTH PERIOD ENDED JUNE 30, 2023
(all amounts are expressed in RON, unless otherwise specified)

5. REVENUES AND OPERATING SEGMENTS (continued)

Period ended June 30, 2022	Installations and recycling	Compounds, including recycled	Joinery profiles	Flexible packaging	Total
Turnover	249,703,148	76,749,264	27,889,393	19,349,308	373,691,113
Other operating income	156,528	52,782	13,680	19,577	242,567
Total operating income	249,859,676	76,802,046	27,903,073	19,368,885	373,933,680
Raw materials, consumables used and merchandise	(164,988,286)	(57,365,809)	(18,022,945)	(15,345,621)	(255,722,661)
Employee benefits expenses	(25,376,318)	(4,349,909)	(5,754,143)	(5,847,847)	(41,328,217)
Amortization net of subsidies and adjustments for the impairment of assets and provisions	(8,329,222)	(1,512,221)	(763,069)	(2,164,382)	(12,768,894)
Adjustments for the impairment of current assets	(1,081,586)	-	(205,570)	343,611	(943,545)
Other expenses	(27,501,872)	(4,267,832)	(4,450,357)	(3,957,201)	(40,177,262)
Expenses related to indirect sales and administrative expenses	(227,277,284)	(67,495,771)	(29,196,084)	(26,971,440)	(350,940,579)
Operating result	22,582,392	9,306,275	(1,293,012)	(7,602,554)	22,993,101
EBITDA	30,911,614	10,818,496	(529,943)	(5,438,172)	35,761,995
EBITDA %	12,4%	14,1%	-1,9%	-28,1%	9,6%

December 31, 2022	Installations and recycling	Compounds	Joinery profiles	Flexible packaging	Investment properties	Total
Assets						
Total assets, out of which	449,356,052	56,566,773	46,677,820	100,021,262	8,932,554	661,554,461
Non-current assets	236,983,116	24,018,018	19,961,013	76,902,416	8,932,554	366,797,117
Current assets	212,372,936	32,548,755	26,716,807	23,118,846	-	294,757,344
Liabilities						
Total liabilities, out of which:	207,211,030	31,804,062	37,735,646	75,324,550	-	352,075,288
Non-current liabilities	61,220,356	6,717,566	6,575,521	37,036,509	-	111,549,952
Current liabilities	145,990,675	25,086,496	31,160,125	38,288,041	-	240,525,336

TERAPLAST SA
NOTES TO THE SIMPLIFIED CONSOLIDATED FINANCIAL STATEMENTS
FOR THE SIX-MONTH PERIOD ENDED JUNE 30, 2023
(all amounts are expressed in RON, unless otherwise specified)

6. SUNDRY INCOME AND EXPENSES

Financial income and expenses

	Financial year ended June 30, 2023	Financial year ended June 30, 2022
Interest expense	(6,050,014)	(2,845,417)
Interest income	9,701	1,377
Income from foreign exchange differences, net	1,697,378	579,239
Loss from foreign exchange differences	(2,159,473)	(767,327)
Other financial income/ expenses	26,052	(3,902)
Net financial loss	(6,476,356)	(3,036,030)

The Group did not capitalize any borrowing cost in 2022 and 2021 because the investments financed through bank debt were assets with long implementation period (construction, installation and commissioning).

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

Other operating income

	Financial year ended June 30, 2023	Financial year ended June 30, 2022
Compensations, fines and penalties	568,791	99,878
Income from subsidies	3,479,254	1,600,265
Other income	328,710	142,689
Total	4,376,755	1,842,832

7. RAW MATERIALS, CONSUMABLES USED AND MERCHANDISE

	Financial year ended June 30, 2023	Financial year ended June 30, 2022
Raw materials expenses	174,372,209	244,024,683
Consumables expenses	11,793,745	13,646,707
Merchandise expenses	18,822,733	19,140,237
Packaging expenses	1,089,977	671,674
Total	206,078,664	277,483,301

TERAPLAST SA
NOTES TO THE SIMPLIFIED CONSOLIDATED FINANCIAL STATEMENTS
FOR THE SIX-MONTH PERIOD ENDED JUNE 30, 2023
(all amounts are expressed in RON, unless otherwise specified)

8. GAINS AND LOSSES ON DISPOSAL OF FIXED ASSETS

	Financial year ended June 30, 2023	Financial year ended June 30, 2022
Income from the disposal of the tangible and intangible assets and investment property	701,217	144,798
Expenses with the disposal of tangible and intangible assets and investment property	(607,593)	16,510
Expenses with the valuation of property, plant and equipment	-	-
Net loss from the disposal of tangible and intangible assets	93,624	161,308

9. EXPENSES WITH PROVISIONS, IMPAIRMENT ADJUSTMENTS AND AMORTIZATION

	Financial year ended June 30, 2023	Financial year ended June 30, 2022
Expenses with non-current assets impairment (IAS 36)	(2,244,475)	(1,378,246)
Income from reversal of non-current assets impairment (IAS 36)	86,877	52,223
Amortization and depreciation expenses (Notes 11 and 12) (IAS 36, IFRS 16)	(17,664,860)	(13,387,891)
Net adjustments for non-current assets impairment	(19,822,458)	(14,713,914)
Inventory impairment expenses (IAS 36)	(773,187)	552
Income from inventory impairment reversal (IAS 36)	478,539	412,815
Net adjustments for inventory impairment (note 14)	(294,648)	413,367
Expenses with allowance for doubtful debts (IFRS 9)	(1,198,534)	(1,571,930)
Income from impairment reversal of doubtful debts (IFRS 9)	923,594	215,018
Receivables charged to expenses (IFRS 9)	(681,752)	-
Net adjustments for doubtful debts (Note 15)	(956,692)	(1,356,912)
Provisions (IAS 36)	-	-
Revenues from provisions reversal / cancellation (IAS 36)	-	183,447
Net adjustment for provisions	-	183,447

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

Allowances 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.

TERAPLAST SA
NOTES TO THE SIMPLIFIED CONSOLIDATED FINANCIAL STATEMENTS
FOR THE SIX-MONTH PERIOD ENDED JUNE 30, 2023
(all amounts are expressed in RON, unless otherwise specified)

12. PROPERTY, PLANT AND EQUIPMENT

	Land	Buildings	Plant and equipment and vehicles	Installations and furniture	Tangible assets in progress	Total
COST/FAIR VALUE						
Balance at January 1, 2022	9,670,598	61,303,823	277,836,329	2,558,344	63,383,946	414,753,040
Increases:	1,847,567	570,533	6,165,212	58,387	81,470,714	90,112,414
Transfers in / from non-current assets in progress		35,487,664	88,107,389	1,544,653	(125,139,706)	-
Increase/(Decrease) in revaluation	475,105	887,909				1,363,014
Transfers of right of use			(1,514,030)			(1,514,030)
Disposals and other decreases			(6,909,596)	(35,347)	(53,624)	(6,998,567)
Balance at December 31, 2022	11,993,270	98,249,929	363,685,304	4,126,037	19,661,330	497,715,871
Balance at January 1, 2023	11,993,270	98,249,929	363,685,304	4,126,037	19,661,330	497,715,871
Increases:	566,755	2,986,468	2,484,814	21,800	10,708,051	16,767,888
Out of which:						
Transfers in / from non-current assets in progress		8,535,796	7,620,746		(16,156,542)	-
Transfers of right of use			(1,160,297)			(1,160,297)
Disposals and other decreases	(560,826)	(1,610,853)	(1,118,475)			(3,290,155)
Balance at June 30, 2023	11,999,199	108,161,339	371,512,092	4,147,837	14,212,839	510,033,307

TERAPLAST SA
NOTES TO THE SIMPLIFIED CONSOLIDATED FINANCIAL STATEMENTS
FOR THE SIX-MONTH PERIOD ENDED JUNE 30, 2023
(all amounts are expressed in RON, unless otherwise specified)

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, 2022	1,727	2,752,590	131,486,203	943,630	1,255,176	136,439,326
Depreciation recorded during the year	346	4,602,074	23,728,015	295,326		28,625,761
Disposals and decreases			(4,545,784)	(30,022)		(4,575,805)
Impairment		(152,055)	107	4,569		(147,379)
Net transfers of right-of-use assets			(755,840)			(755,840)
Balance at December 31, 2022	2,073	7,202,609	149,912,702	1,213,503	1,255,176	159,586,063
Balance at January 1, 2023	2,073	7,202,609	149,912,702	1,213,503	1,255,176	159,586,063
Depreciation recorded during the year	173	3,208,459	14,560,330	336,963		18,105,926
Disposals and decreases		(1,273)	(521,615)			(522,887)
Impairment		(1,798)	(64,918)	(637)		(67,352)
Transfers of right-of-use assets in leases			(505,389)			(505,389)
Balance at June 30, 2023	2,246	10,407,998	163,381,112	1,549,829	1,255,176	176,596,361
NET CARRYING AMOUNT						
Net carrying amount as at January 1, 2023	11,991,197	91,047,320	213,772,602	2,912,534	18,406,154	338,129,808
Net carrying amount as at June 30, 2023	11,996,953	97,753,342	208,130,980	2,598,008	12,957,663	333,436,946

TERAPLAST SA
NOTES TO THE SIMPLIFIED CONSOLIDATED FINANCIAL STATEMENTS
FOR THE SIX-MONTH PERIOD ENDED JUNE 30, 2023
(all amounts are expressed in RON, unless otherwise specified)

13. INTANGIBLE ASSETS

	Licenses and other intangible assets	Intangible assets in progress	Total
Cost			
Balance at January 1, 2022	8,012,358	1,450,739	9,463,097
Increases	214,721	1,933,667	2,148,389
Transfers into / from tangible assets in progress	2,533,327	(2,533,327)	
Disposals and other decreases			
Balance at December 31, 2022	10,760,406	851,079	11,611,485
Balance at January 1, 2023	10,760,406	851,079	11,611,485
Increases	286,232	468,403	754,635
Transfers into / from tangible assets in progress	508,012	(508,012)	-
Disposals and other decreases			
Increases from acquisition of Somplast			
Balance at June 30, 2023	11,554,650	811,470	12,366,120
Accumulated amortisation			
Balance at January 1, 2022	7,100,844		7,100,844
Amortization expense	777,706		777,706
Impairment	(39,049)		(39,049)
Decreases			
Balance at December 31, 2022	7,839,501		7,839,501
Balance at January 1, 2023	7,839,501		7,839,501
Amortization expense	389,911		389,911
Impairment	(19,362)		(19,362)
Decreases			
Increases from the acquisition of Somplast			
Balance at June 30, 2023	8,210,051		8,210,051
Net carrying amount			
At January 1, 2023	2,920,905	851,079	3,771,984
At June 30, 2023	3,344,599	811,470	4,156,069

TERAPLAST SA
NOTES TO THE SIMPLIFIED CONSOLIDATED FINANCIAL STATEMENTS
FOR THE SIX-MONTH PERIOD ENDED JUNE 30, 2023
(all amounts are expressed in RON, unless otherwise specified)

13. RIGHT-OF-USE ASSETS

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

Cost	<u>Buildings</u>	<u>Vehicles and equipment from operating leases</u>	<u>Vehicles and equipment from previous operating leases</u>	<u>Equipment</u>	<u>Total</u>
Balance at January 1, 2023	9,942,227	2,448,430	12,035,787	12,035,787	24,426,443
Additions	8,428,955	670,647	1,485,309	1,485,309	10,584,911
Disposals	(8,952,871)		(325,013)	(325,013)	(9,277,883)
Balance at June 30, 2023	9,418,311	3,119,076	13,196,083	13,196,083	25,733,471
Amortisation					
Balance at January 1, 2023	4,002,545	567,048	2,033,979	2,033,979	6,603,572
Amortisation expenses (Note 8)	1,113,656	275,635	830,401	830,401	2,219,692
Reductions	(3,395,849)		(325,013)	(325,013)	(3,720,862)
Balance at June 30, 2023	1,720,352	842,682	2,539,368	2,539,368	5,102,402
Carrying amount at January 1, 2023	5,939,682	1,881,382	10,001,807	10,001,807	17,822,871
Carrying amount at June 30, 2023	7,697,959	2,276,394	10,656,716	10,656,716	20,631,068

TERAPLAST SA
NOTES TO THE SIMPLIFIED CONSOLIDATED FINANCIAL STATEMENTS
FOR THE SIX-MONTH PERIOD ENDED JUNE 30, 2023
(all amounts are expressed in RON, unless otherwise specified)

14. SUBSIDIARIES AND FINANCIAL INVESTMENTS

At June 30, 2023 and December 31, 2022, the parent company has the following investments:

Subsidiary	Country	Shareholding	June 30,	Shareholding	December 31,
			2023		2022
		%	RON	%	RON
Teraglass Bistrița SRL	Romania	100	3,468,340	100	3,468,340
TeraPlast Recycling SA	Romania	99	11,766,350	99	11,766,350
Somplast SA	Romania	70,8	4,897,400	70,8	4,897,400
TeraBio Pack SRL	Romania	100	10,100,000	100	10,100,000
Teraplast Magyarorszag KFT	Hungary	100	36,492	100	36,492
TeraGreen Compound SRL	Romania	100	98,832	100	98,832
		-	30,367,414	-	30,367,414

Other long-term equity investments

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

Investment name	Country	Investment	June 30,	Investment	December 31,
		share	2023	share	2022
		%	RON	%	RON
CERTIND SA	Romania	7.50	14,400	7.50	14,400
Partnership for sustainable development	Romania	7.14	1,000	7.14	1,000
ECOREP GROUP SA	Romania	0.1	100	0.1	100
		-	15,500	-	15,500

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.

15. INVENTORIES

	Balance at June 30, 2023	Balance at December 31, 2022
Finished goods	61,549,511	63,079,752
Raw materials	47,964,911	51,325,425
Commodities	12,548,028	9,184,846
Consumables	6,899,812	6,201,126
Inventory items	474,792	339,349
Semi-finished goods	6,494,324	2,669,734
Residual products	1,523,787	1,283,995
Goods to be purchased	359,819	194,634
Packaging	989,255	877,513
Work in progress	74,382	
Inventories – gross value	138,878,621	135,156,374

TERAPLAST SA
NOTES TO THE SIMPLIFIED CONSOLIDATED FINANCIAL STATEMENTS
FOR THE SIX-MONTH PERIOD ENDED JUNE 30, 2023
(all amounts are expressed in RON, unless otherwise specified)

15. INVENTORIES (continued)

Value adjustments for raw materials and consumables	(2,258,740)	(2,245,425)
Value adjustments for finished products	(3,110,262)	(2,940,662)
Value adjustments for merchandise	(961,529)	(849,796)
Total value adjustments	(6,330,531)	(6,035,883)
Total inventories – net value	132,548,090	129,120,491

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.

TERAPLAST SA
NOTES TO THE SIMPLIFIED CONSOLIDATED FINANCIAL STATEMENTS
FOR THE SIX-MONTH PERIOD ENDED JUNE 30, 2023
(all amounts are expressed in RON, unless otherwise specified)

16. TRADE AND OTHER RECEIVABLES

	Balance at June 30, 2023	Balance at December 31, 2022
Short-term receivables		
Trade receivables	146,818,267	108,951,974
Trade notes not exigible	40,733,981	38,381,908
Advances paid to suppliers of non-current assets	10,382,711	7,380,625
Advances paid to suppliers of inventories and services	6,511,875	10,903,090
Advances paid to employees	1,357	3,506
Other receivables	3,877,539	6,144,493
Loss allowance	(18,358,241)	(18,083,289)
Balance at the end of the year	118,967,777	153,682,307

The changes in adjustment for impairment on doubtful receivables

	Financial year ended June 30, 2023	Financial year ended December 31, 2022
	RON	RON
Balance at the beginning of the year	(18,083,288)	(16,550,843)
Receivables written-off during the year	681,740	2,293,638
Impairment adjustment charged to statement of comprehensive income for trade receivables	(956,692)	(3,826,083)
Receivables with transferred clients	-	-
Balance at the end of year	(18,358,241)	(18,083,288)

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 60 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.

17. INVESTMENT PROPERTY

At June 30, 2023 and December 31, 2022, TeraPlast holds 21 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 4,915 thousand (RON 4,356 thousand at December 31, 2021).

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 2022 by an external independent valuator. The valuation method used was the market comparison.

TERAPLAST SA
NOTES TO THE SIMPLIFIED CONSOLIDATED FINANCIAL STATEMENTS
FOR THE SIX-MONTH PERIOD ENDED JUNE 30, 2023
(all amounts are expressed in RON, unless otherwise specified)

18. SHARE CAPITAL

	<u>June 30, 2023</u>	<u>December 31, 2022</u>
	<i>RON</i>	<i>RON</i>
Common shares paid in full	<u>217,900,036</u>	<u>217,900,036</u>

As at June 30, 2023, the value of the share capital subscribed and paid up of the parent-company included 2,179,000,358 (December 31, 2022: 2,179,000,358) authorized shares, issued and paid in full, at a value RON 0.1/share and having a total nominal value of RON 217,900,036 (December 31, 2022: RON 217,900,036). Common shares bear a vote each and give the right to dividends.

Shareholding

	<u>Balance at June 30, 2023</u>		<u>Balance at 31 December 2022</u>	
	<u>Number of shares</u>	<u>% ownership</u>	<u>Number of shares</u>	<u>% ownership</u>
Goia Dorel	1,020,429,614	46.83	1,020,429,614	46.83
FONDUL DE PENSII ADMINISTRAT PRIVAT NN/NN PENSII S.A.F.P.A.P. S.A.	261,832,007	12.02	261,832,007	12.02
FD DE PENS ADMIN PRIV AZT VIITORUL TAU/ALLIANZ PP	135,167,485	6.2	135,167,485	6.2
LCS IMOBILIAR SA	78,628,275	3.6	78,628,275	3.6
Other natural and legal persons	<u>682,942,977</u>	<u>31.34</u>	<u>682,942,977</u>	<u>31.34</u>
Total	<u>2,179,000,358</u>	<u>100</u>	<u>2,179,000,358</u>	<u>100</u>

19. EMPLOYEE BENEFIT LIABILITIES AND PROVISIONS

The Group grants its employees a retirement benefit according to the seniority within the Group when they turn the retirement age of 65 for men and of 61 for women.

The provision represents the present value of the retirement benefit as calculated on an actuarial basis.

	Short-term		Long-term	
	June 30, 2023	December 31, 2022	June 30, 2023	December 31, 2022
Employee benefits			1,956,847	1,956,847
Provisions for risks and charges	952,640	952,640	-	-
Total	952,640	952,640	1,956,847	1,956,847

Teraplast SA has set provisions for sundry expenses related to environmental protection and tax liabilities, being probable that certain obligations generated by prior events of the entity would determine an outflow of resources.

The Group has established a benefits plan through which employees are entitled to receive retirement benefits based on their seniority in the Group, upon reaching retirement age. There are no other post-retirement benefits for employees. The provision represents the current value of the retirement benefit liability calculated on an actuarial basis.

The latest actuarial valuations were performed on 31 December 2021 by Mr. Silviu Matei, a member of the Romanian Actuaries Institute. At 31 December 2022 and 30 June 2023, the revision of the actuarial computation was not necessary because there were no changes in the long-term benefits and the variation of the number of employees and the age structure thereof were insignificant.

The current value of the defined benefit liabilities and the current and past cost of the related services were measured using the projected credit unit method.

TERAPLAST SA
NOTES TO THE SIMPLIFIED CONSOLIDATED FINANCIAL STATEMENTS
FOR THE SIX-MONTH PERIOD ENDED JUNE 30, 2023
(all amounts are expressed in RON, unless otherwise specified)

20. TRADE AND OTHER PAYABLES

	June 30, 2023	December 31, 2022
Trade payables	83,245,866	62,816,152
Trade notes payable	837,848	1,492,748
Liabilities from the purchase of non-current assets	9,326,957	11,221,341
Other current payables	19,154,089	11,646,492
Advance payments from clients	6,334,300	763,524
Total	118,899,060	87,940,257

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.

OTHER CURRENT PAYABLES

	Balance at June 30, 2023	Balance at December 31, 2022
Salary-related payables to employees and social security payables	11,149,492	10,529,188
VAT payable	7,340,751	42,237
Unclaimed employee rights	-	587
Other creditors	23,626	79,859
Commercial guarantees received	71,655	71,655
Other taxes payable	523,015	877,416
Dividends payable	45,550	45,550
Total	19,154,089	11,646,492

TERAPLAST SA
NOTES TO THE SIMPLIFIED CONSOLIDATED FINANCIAL STATEMENTS
FOR THE SIX-MONTH PERIOD ENDED JUNE 30, 2023
(all amounts are expressed in RON, unless otherwise specified)

21. LOANS FROM BANKS

The bank loans at June 30, 2023 and December 31, 2022 are as follows:

Teraplast SA

Financing bank	Type of financing	Origination date	Balance at December 31, 2022	Balance at June 30, 2023	Short term at June 30, 2023	Long term at June 30, 2023	Period
Banca Transilvania	Working capital	07.06.2017	45,782,374	55,463,982	55,463,982	-	12 MONTHS
BCR	Working capital	28.08.2020	43,653,579	42,056,012	42,056,012	-	12 MONTHS
Banca Transilvania	Investments	20.04.2017	3,176,671	2,117,781	2,117,781	-	84 MONTHS
Banca Transilvania	Investments	07.03.2019	3,675,720	2,450,480	2,450,480	-	60 MONTHS
Banca Transilvania	Investments	30.03.2020	4,298,427	3,070,304	2,456,243	614,061	60 MONTHS
Banca Transilvania	Investments	23.12.2020	9,235,266	10,591,256	3,851,366	6,739,890	60 MONTHS
Banca Transilvania	Investments	15.03.2021	6,789,841	14,029,790	4,676,597	9,353,193	60 MONTHS
Banca Transilvania	Investments	15.03.2021	-	11,972,809	11,972,809	-	12 MONTHS
Banca Transilvania	Investments	28.04.2023	-	3,334,106	952,601	2,381,505	60 MONTHS
TOTAL			116,611,878	145,086,520	125,997,871	19,088,649	

Teraplast Recycling SA

Financing bank	Type of financing	Origination date	Balance at December 31, 2022	Balance at June 30, 2023	Short term at June 30, 2023	Long term at June 30, 2023	Period
Banca Transilvania	Investments	11.10.2021	2,801,623	2,450,699	712,602	1,738,097	60 MONTHS
Banca Transilvania	Working capital	08.07.2021	-	2,549,927	2,549,927	-	12 MONTHS
TOTAL			2,801,623	5,000,626	3,262,529	1,738,097	

TERAPLAST SA
NOTES TO THE SIMPLIFIED CONSOLIDATED FINANCIAL STATEMENTS
FOR THE SIX-MONTH PERIOD ENDED JUNE 30, 2023
(all amounts are expressed in RON, unless otherwise specified)

21. LOANS FROM BANKS (continued)

Teraglass Bistrita SRL

<u>Financing bank</u>	<u>Type of financing</u>	<u>Origination date</u>	<u>Balance at December 31, 2022</u>	<u>Balance at June 30, 2023</u>	<u>Short term at June 30, 2023</u>	<u>Long term at June 30, 2023</u>	<u>Period</u>
Exim	Investments	08.03.2019	2,728,145	2,432,861	769,907	1,662,954	24 MONTHS
Transilvania Bank	Working capital	08.07.2020	10,637,669	11,098,891	11,098,891	-	12 MONTHS
BCR	Working capital	23.12.2020	5,313,155	4,487,398	4,487,398	-	12 MONTHS
TOTAL			18,678,969	18,019,150	16,356,196	1,662,954	

TeraBio Pack SRL

<u>Financing bank</u>	<u>Type of financing</u>	<u>Origination date</u>	<u>Balance at December 31, 2022</u>	<u>Balance at June 30, 2023</u>	<u>Short term at June 30, 2023</u>	<u>Long term at June 30, 2023</u>	<u>Period</u>
BCR Bank	Investments	29.04.2021	24,242,260	21,872,916	4,903,334	16,969,582	72 MONTHS
BCR Bank	Investments	29.04.2021	8,912,556	684,377	684,377	-	18 MONTHS
BCR Bank	Working capital	29.11.2021	4,829,878	4,904,516	4,904,516	-	12 MONTHS
BCR Bank	Working capital	29.11.2021	10,000,000	9,981,302	9,981,302	-	12 MONTHS
TOTAL			47,984,694	37,443,111	20,473,529	16,969,582	

Somplast SA

<u>Financing bank</u>	<u>Type of financing</u>	<u>Origination date</u>	<u>Balance at December 31, 2022</u>	<u>Balance at June 30, 2023</u>	<u>Short term at June 30, 2023</u>	<u>Long term at June 30, 2023</u>	<u>Period</u>
Transilvania Bank	Working capital	08.07.2021	4,550,305	1,143,801	1,143,801	-	12 MONTHS

22. RELATED PARTY TRANSACTIONS

The related and affiliated entities of the Company are as follows:

June 30, 2023

Subsidiaries

- Teraglass Bistrita SRL
- TeraPlast Recycling SA
- TeraBio Pack Srl
- Somplast SA
- Teraplast Magyarország KFT
- TeraGreen Compound SRL

Related parties (common shareholding/decision-makers)

- ACI Cluj SA
- Hermes SA
- Info Sport SRL
- Ischia Activholding SRL
- Ischia Invest SRL
- La Casa Ristorante Pizzeria Pane Dolce SRL
- New Croco Pizzeria SRL
- Parc SA
- Primcom SA
- Sens Unic Imobiliare SRL
- Alpha Quest Tech SRL
- Banca Romaneasca SA – membra a Grupului Eximbank SA
- Grupul Bittnet Systems SA
- Global Resolution Experts SA – membra a Grupului Bittnet Systems S.A.
- Compa SA
- Magazin Universal Maramures SA
- LCS Imobiliar SA

The transactions between the parent and its subsidiaries, Group affiliates were eliminated from the consolidation. In 2022 and 2021, the Group did not enter into significant transactions with related parties.

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:

	June 30, 2023	December 31, 2022
	RON	RON
Cash in bank accounts	31,563,646	10,470,326
Notes receivable	-	-
Cash on hand	138,688	31,325
Cash in bank accounts, restricted	156,908	211,558
Total	31,859,242	10,713,209

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 TeraPlast SA, TeraGlass SRL, TeraBio Pack SRL and Somplast SA. There are no unfulfilled conditions or other contingencies associated with such subsidies.

	2023	2022
At 1 January	60,566,288	34,383,655
Inflows of subsidies	11,547,723	30,437,388
Transferred to statement of comprehensive income	(3,470,494)	(4,254,755)
At 31 December / 30 June	68,643,507	60,566,288
Current	6,532,094	5,438,448
Non-current	62,111,412	55,127,841

The value of outstanding subsidies is recognised as deferred income in the balance sheet and transferred to the statement of comprehensive income on a systematic basis, throughout the lifetime of the related assets

25. SUBSEQUENT EVENTS

There were no significant events.

The ongoing military conflict in Ukraine and the related sanctions targeted against the Russian Federation may have impact on the European economies and globally. The Company does not have any significant direct exposure to Ukraine, Russia or Belarus. However, the impact on the general economic situation may require revisions of certain assumptions and estimates. This may lead to material adjustments to the carrying value of certain assets and liabilities within the next financial year. At this stage management estimates that the war does not have an impact on the financial statements.

As events are unfolding on a daily basis, the longer-term impact may also affect trading volumes, cash flows and profitability. Nevertheless, at the date of these financial statements the Company continues to meet its obligations as they fall due and therefore continues to apply the going concern basis of preparation.

Declaration of management

We confirm to the best of our knowledge that the 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.

Approved:

July 25, 2023
Board of Administration

ALEXANDRU STANEAN
CEO

IOANA BIRTA
CFO