

TERAPLAST SA

SIMPLIFIED CONSOLIDATED INTERIM FINANCIAL STATEMENTS

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

**AT AND FOR THE THREE-MONTH PERIOD
ENDED MARCH 30, 2022**

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TERAPLAST SA
CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME
FOR THE 3-MONTH PERIOD ENDED MARCH 31, 2022
(all amounts are expressed in RON, unless otherwise specified)

	<u>Note</u>	<u>Period ended March 31, 2022</u>	<u>Period ended March 31, 2021</u>
Income from contracts with customers, of which:	4	170,560,134	107,897,740
<i>Income from the sale of finished goods</i>		<i>159,021,530</i>	<i>97,877,999</i>
<i>Income from the sale of goods</i>		<i>10,723,940</i>	<i>9,714,261</i>
<i>Income from provision of services</i>		<i>814,664</i>	<i>305,480</i>
Other operating income	5	122,806	234,458
Income from investment subsidies		793,293	516,056
Changes in stocks of finished goods and work in progress		12,232,178	7,673,946
Raw materials, consumables and merchandise	6	(126,769,346)	(74,530,911)
Expenses with employees' benefits	9	(19,400,872)	(13,177,799)
Transport expenses		(6,657,071)	(4,276,892)
Utilities expenses		(6,179,570)	(3,120,786)
Amortisation/depreciation and impairment of non-current assets, net	8	(7,253,900)	(4,806,639)
Impairment of non-current assets, net	8	(1,734,480)	958,467
Provisions, net		180,822	
Gain/(Losses) on the write-off of assets	7	127,645	(41,317)
Other expenses	10	(6,307,514)	(4,049,921)
Sponsorship		(248,274)	(77,566)
Operating profit/loss		9,465,851	13,198,836
Financial expenses	5	(128,524)	(934,738)
Interest expenses, net	5	(1,043,435)	(953,878)
Financial income	5	22,583	458,890
Financial result, net		(1,149,376)	(1,429,726)
Profit before tax		8,316,475	11,769,110
Income tax expenses		(1,451,393)	(112,229)
Profit of businesses that continue their activity within the Group		6,865,082	11,656,881
Profit of Profiles business		-	(410,400)
Profit from sale of Steel business	1	-	189,398,108
Profit for the year		6,865,082	200,644,589

Signed and approved:

April 26, 2022
Board of Administration

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
MARCH 31, 2022
(all amounts are expressed in RON, unless otherwise specified)

	Note	March 31, 2022	December 31, 2021
ASSETS			
Non-current assets			
Property, plant and equipment	11	291,145,408	278,313,714
Investment property	17	4,355,802	4,355,802
Leased right-of-use assets	13	9,304,282	9,618,149
Intangible assets	12	2,648,403	2,362,252
Long-term receivables		1,559,610	1,593,212
Other long-term equity investments	14	15,500	15,500
Total non-current assets		309,029,005	296,258,629
Current assets			
Inventories	15	147,319,087	118,075,643
Trade receivables	16	194,593,459	171,569,289
Receivables representing dividends paid and share capital increase from year's profit		270,195,925	270,195,925
Advances to suppliers of non-current assets		12,460,824	15,265,483
Prepaid expenses		1,199,038	615,133
Cash	24	8,607,703	7,712,109
Total current assets		634,376,036	583,433,582
Total assets		943,405,041	879,692,211
EQUITY AND LIABILITIES			
Equity			
Share capital	18	217,900,036	217,900,036
Treasury shares		-	(4,935,035)
Revaluation reserves		15,877,973	15,877,973
Legal reserves		33,296,210	33,296,210
Retained earnings		332,239,826	325,740,259
Capital attributable to controlling interests		599,314,045	587,879,443
Non-controlling interests		3,616,996	3,651,481
Total equity		602,931,041	591,530,924
Long-term liabilities			
Bank loans	21	36,753,831	39,477,363
Finance lease liabilities		427,143	530,210
Right-of-use lease liabilities	22	6,517,776	6,517,775
Long-term liabilities for non-current assets	20	9,714,625	9,012,910
Employees' benefits	19	1,915,984	1,915,984
Subsidies for investments – long-term portion	25	30,343,203	31,829,530
Deferred tax liabilities		991,582	991,582

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TERAPLAST SA
CONSOLIDATED STATEMENT OF FINANCIAL POSITION
MARCH 31, 2022
(all amounts are expressed in RON, unless otherwise specified)

	<u>Note</u>	<u>March 31, 2022</u>	<u>December 31, 2021</u>
Total long-term liabilities		86,664,144	90,275,354
Current liabilities			
Trade and other payables	20	144,387,991	103,854,967
Bank loans	21	100,980,221	86,512,393
Finance lease liabilities		442,102	465,906
Right-of-use lease liabilities	22	1,870,043	2,031,337
Income tax payable		1,749,804	278,444
Subsidies for investments – current portion	25	3,251,950	2,554,125
Provisions for risks and charges	19	1,127,745	2,188,761
Total current liabilities		253,809,856	197,885,933
Total liabilities		340,474,000	288,161,287
Total equity and liabilities		943,405,041	879,692,211

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CEO

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TERAPLAST SA
CONSOLIDATED STATEMENT OF CHANGES IN SHAREHOLDERS' EQUITY
FOR THE 3-MONTH PERIOD ENDED MARCH 31, 2022
(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, 2021	174,320,048	16,627,688	13,394,410	-	129,200,928	333,543,074	655,430	334,198,504
Result for the year	-	-	-	-	231,899,050	231,899,050	(358,938)	231,540,112
Other comprehensive income	-	-	-	-	5,481,682	5,481,682	-	5,481,682
Total comprehensive income	-	-	-	-	237,380,732	237,380,732	(358,938)	237,021,794
Share capital increase from reserves (Note 19)	43,579,988	-	-	-	-	43,579,988	-	43,579,988
Legal reserve setting	-	16,668,522	-	-	(16,668,522)	-	-	-
Reserves representing revaluation surplus	-	-	2,483,563	-	7,089,563	9,573,126	-	9,573,126
Buy-back of treasury shares	-	-	-	(4,935,035)	-	(4,935,035)	-	(4,935,035)
Dividends granted in Q1 2021	-	-	-	-	(30,682,530)	(30,682,530)	-	(30,682,530)
Acquisition of Somplast at March 31, 2021	-	-	-	-	(579,912)	(579,912)	3,354,989	2,775,077
Balance as at December 31, 2021	217,900,036	33,296,210	15,877,973	(4,935,035)	325,740,259	587,879,443	3,651,481	591,530,924
	<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, 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	-	-	-	-	6,899,567	6,899,567	(34,485)	6,865,082
Total comprehensive income	-	-	-	-	6,899,567	6,899,567	(34,485)	6,865,082
Benefits granted to employees as financial instruments	-	-	-	4,935,035	-	4,935,035	-	4,935,035
Losses on sale of treasury shares	-	-	-	-	(372,441)	(372,441)	-	(372,441)
Other equity items increases / (reductions)	-	-	-	-	(27,559)	(27,559)	-	(27,559)
Balance as at March 31, 2022	217,900,036	33,296,210	15,877,973	-	332,239,826	599,314,045	3,616,996	602,931,041

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

INDIRECT METHOD	Period ended March 31, 2022	Period ended March 31, 2021
<i>Cash flows from operating activities:</i>		
Profit before tax*	8,316,475	200,756,818
Gains from sale of Steel division	-	(189,626,383)
Losses from disposal of fixed assets	(127,645)	(56,123)
Impairment and amortization of non-current assets	7,253,900	4,806,639
Provisions, net	(180,822)	
Allowance for doubtful debts	953,719	(111,896)
Inventory impairment	780,760	(846,571)
Interest expense	1,043,435	953,878
Operating profit before changes in working capital	18,039,822	15,876,362
Increase in trade receivables	(24,561,794)	(40,521,756)
Increase in inventories	(30,024,204)	(20,186,244)
Increase in trade and other payables	44,012,270	34,158,712
Income tax paid	1,491,327	(1,541,010)
Interest paid, net	(1,043,435)	(953,878)
Income from subsidies	(793,293)	(516,056)
Cash used in operating activities	7,120,693	(13,683,870)
<i>Cash flows used for investment:</i>		
Payments for acquisition of non-current assets	(17,958,451)	(13,623,237)
Proceeds from the sale of Steel division	-	373,000,000
Partial receipt from the sale of the Joinery Profiles business	-	4,350,491
Proceeds from State aid subsidies	4,791	-
Receipts from the sale of tangible assets	111,134	56,123
Cash flows generated by / (used in) investing activities	(17,842,526)	363,783,377
<i>Cash flows generated by financing activities:</i>		
Net (repayments)/ drawdowns from bank loans	11,744,296	(77,298,517)
Payment of finance lease liabilities	(126,868)	-
Net increase of cash and cash equivalents	895,594	272,800,990
Cash and cash equivalents at the beginning of the period	7,712,109	16,620,936
Cash and cash equivalents at the end of the period	8,607,703	289,421,926

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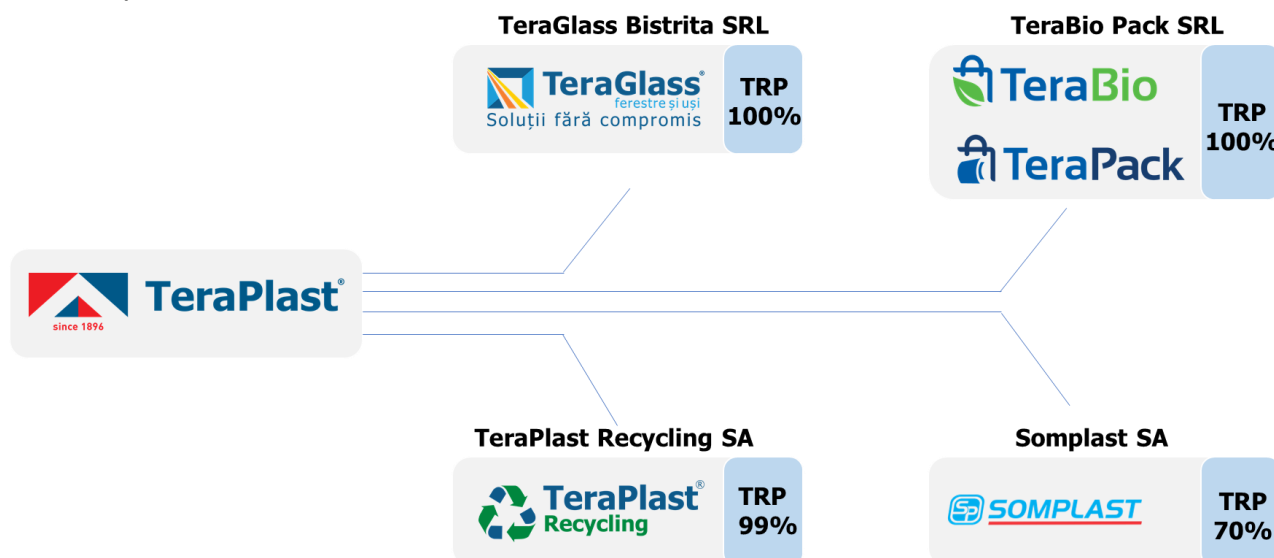
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1. GENERAL INFORMATION

These are the consolidated financial statements of the TeraPlast SA Group (the “Group”). These interim financial statements are not audited.

With a tradition of 125 years, TeraPlast SA is the parent company of the TeraPlast Group, one of the most important producers of construction materials and PVC compounds.

Membership of TeraPlast



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, Bistrița- Năsăud 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 – PVC recycler,
- TeraBio Pack SRL – manufacturer of biodegradable polyethylene packaging, with a share of 100% of TeraPlast SA, established in August 2020,
- 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.

TeraPlast SA sold its shares in TeraSteel Romania and Serbia and Wetterbest to the Kingspan group, based on a contract concluded on 24 July 2020. The transaction was completed on 26 February 2021, when TeraPlast received a price of RON 375 million. TeraPlast used the money to pay the special dividend and for investments.

TeraPlast Hungaria Kft. (distributor) along with the joinery profiles business of TeraPlast SA were sold to Dynamic Selling Group

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

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

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

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, 2021.

3. SIGNIFICANT ACCOUNTING JUDGMENTS, ESTIMATES AND ASSUMPTIONS

Acquisition of Somplast

Teraplast SA purchased a 70.8% stake in Somplast SA on AeRo, in December 2020, at a price of RON 4,897,400. The Group purchased this stake and integrated the production and sale of flexible polyethylene packaging in BioPack, in order to be able to offer its clients a complete range of flexible packaging. The production of polyethylene pipes was integrated into TeraPlast SA and the production of consumer goods was interrupted.

The fair value of Somplast at 1 January 2021 was RON 13,734 thousand determined further to a revaluation report prepared by an external valuer. Teraplast SA consolidates Somplast as of 1 April 2021, once it receives the approval of the Competition Council.

The fair value of the assets and liabilities of Somplast SA at the date of first consolidation are:

	31 March 2021 (lei)
Non-current assets	10,207,999
Inventories	7,514,132
Trade and other receivables	5,444,733
Cash and cash equivalents	2,749,827
Total assets	25,916,691
Trade and other payables	6,000,460
Bank loans	6,076,981
Provisions	90,280
Total liabilities	12,167,721
Total net assets at fair value	13,748,971
Fair value of 70.8% of the net assets purchased	4,897,400
Cost of acquisition	9,738,551
Negative goodwill	4,841,151

4. REVENUES AND OPERATING SEGMENTS

An analysis of the Group revenues is detailed below:

	<u>Period ended March 31, 2022</u>	<u>Period ended March 31, 2021</u>
Sales of finished goods	161,360,737	99,364,477
Sale of merchandise	10,723,940	9,714,261
Revenues from other activities	814,664	305,480
Trade discounts granted	(2,339,207)	(1,486,478)
TOTAL	<u>170,560,134</u>	<u>107,897,740</u>

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

4. REVENUES AND OPERATING SEGMENTS (continued)

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

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

The 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)

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.

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.

4. REVENUES AND OPERATING SEGMENTS (continued)

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 THREE-MONTH PERIOD ENDED MARCH 31, 2022
(all amounts are expressed in RON, unless otherwise specified)

4. REVENUES AND OPERATING SEGMENTS (continued)

Period ended March 31, 2022	Installations and recycling	Compounds, including recycled	Joinery profiles	Flexible packaging	Total
Turnover	113,735,845	35,103,843	12,072,154	9,648,292	170,560,134
Other operating income	84,925	30,831	5,472	1,578	122,806
Income from subsidies	485,428	-	201,648	106,217	793,293
Operating income, total	114,306,198	35,134,674	12,279,274	9,756,087	171,476,233
Raw materials, consumables used and merchandise	(73,234,371)	(25,756,428)	(7,604,572)	(7,941,797)	(114,537,168)
Employee benefits expenses	(11,783,515)	(2,106,333)	(2,676,878)	(2,834,146)	(19,400,872)
Transport	(4,833,867)	(505,383)	(1,006,263)	(311,558)	(6,657,071)
Utilities	(4,661,788)	(515,121)	(361,594)	(641,067)	(6,179,570)
Amortization and adjustments for the impairment of assets and provisions	(4,815,733)	(536,420)	(582,183)	(1,011,097)	(6,945,433)
Adjustments for the impairment of current assets	(1,786,972)	-	40,194	12,298	(1,734,480)
Sponsorships	(243,274)	-	(5,000)	-	(248,274)
Other expenses	(4,318,961)	(904,458)	(578,908)	(505,187)	(6,307,514)
Expenses related to indirect sales and administrative expenses	(105,678,481)	(30,324,143)	(12,775,204)	(13,232,554)	(162,010,382)
Operating result	8,627,717	4,810,531	(495,930)	(3,476,467)	9,465,851
EBITDA	12,958,025	5,346,951	(115,396)	(2,571,580)	15,618,000
EBITDA %	11,4%	15,2%	-1,0%	-26,7%	9,2%

March 31, 2022	Installations and recycling	Compounds	Joinery profiles	Flexible packaging	Unallocated amounts	Total
Assets						
Total assets, out of which	460,649,172	76,449,216	44,901,894	82,835,432	278,569,327	943,405,041
Non-current assets	199,206,432	23,498,005	21,474,798	56,476,369	8,373,402	309,029,005
Current assets	261,442,740	52,951,211	23,427,097	26,359,063	270,195,925	634,376,036
Liabilities						
Total liabilities, out of which:	204,037,733	44,640,863	34,253,526	57,541,876	-	340,473,999
Non-current liabilities	45,109,527	8,259,659	7,474,535	25,820,423	-	86,664,143
Current liabilities	158,928,206	36,381,204	26,778,991	31,721,454	-	253,809,856

TERAPLAST SA
NOTES TO THE SIMPLIFIED CONSOLIDATED FINANCIAL STATEMENTS
FOR THE THREE-MONTH PERIOD ENDED MARCH 31, 2022
(all amounts are expressed in RON, unless otherwise specified)

4. REVENUES AND OPERATING SEGMENTS (continued)

Year ended March 31, 2021	Installations and recycling	Compounds	Joinery profiles	Total
Turnover	76,449,878	22,591,364	8,856,498	107,897,740
Other operating income	229,514	-	4,944	234,458
Income from subsidies	314,408	-	201,648	516,056
Operating income, total	76,993,800	22,591,364	9,063,090	108,648,254
Raw materials, consumables used and merchandise	(45,510,224)	(16,360,613)	(4,986,129)	(66,856,965)
Employee benefits expenses	(9,624,183)	(1,538,035)	(2,015,581)	(13,177,799)
Amortization and adjustments for the impairment of assets and provisions	(3,792,436)	(474,703)	(580,817)	(4,847,956)
Adjustments for the impairment of current assets	752,602	-	205,865	958,467
Sponsorships	(76,873)	-	(693)	(77,566)
Other expenses	(8,856,810)	(1,237,251)	(1,353,538)	(11,447,599)
Expenses related to indirect sales and administrative expenses	(67,107,924)	(19,610,602)	(8,730,892)	(95,449,418)
Operating result	9,885,876	2,980,762	332,197	13,198,836
EBITDA	13,363,905	3,455,466	711,366	17,530,736
EBITDA %	17,5%	15,3%	8,0%	16,2%

December 31, 2021	Installations and recycling	Compounds	Joinery profiles	Flexible packaging	Unallocated amounts	Total
Assets						
Total assets, out of which	413,482,964	67,066,630	44,052,372	76,520,918	278,569,327	879,692,211
Non-current assets	188,691,657	24,004,135	22,153,456	53,035,979	8,373,402	296,258,629
Current assets	224,791,307	43,062,495	21,898,916	23,484,939	270,195,925	583,433,582
Liabilities						
Total liabilities, out of which:	166,657,995	39,199,857	33,568,992	49,767,720	-	289,194,564
Non-current liabilities	47,263,095	8,888,616	8,180,624	26,976,297	-	91,308,632
Current liabilities	119,394,900	30,311,241	25,388,368	22,791,423	-	197,885,932
Additions of fixed assets	69,670,639	1,880,704	224,821	49,274,976		121,051,139

4. REVENUES AND OPERATING SEGMENTS (continued)

EBITDA = Operating result + amortization and the adjustments for the impairment of non-current assets and provisions – Income from subsidies – impairment of goodwill and write-off of liabilities, net

Unallocated non-current assets represent property leased to the buyer of the Joinery Profiles business for a period of one year and investment property.

Unallocated current assets represent the claim of TeraPlast over the company's shareholders further to the payment of dividends (July 2021) and the award of free shares (September 2021). The claim will be settled with the retained earnings after the GMS approves the annual financial statements (in April 2022), according to the regulations on quarterly dividends.

The additions of fixed assets refer mainly to the extension of the production and storage capacity for PVC pipes and fittings and equipment for the floor heating system.

The extrusion and manufacturing divisions in the flexible packaging plant were put into operation in December 2021. The equipment for the biodegradable compounds division will be put into operation in early 2022.

Apart from such investments that will enhance the production capacity in 2021 and will generate operating efficiency, the Group also invested in capital maintenance works.

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5. SUNDRY INCOME AND EXPENSES

Financial income and expenses

	<u>Period ended March 31, 2022</u>	<u>Period ended March 31, 2021</u>
Interest expense	(1,044,192)	(961,184)
Interest income	757	7,306
Income from foreign exchange differences, net	182,271	446,841
Loss from foreign exchange differences	(310,795)	(934,738)
Other financial income/ expenses	22,583	12,049
Net financial loss	<u>(1,149,376)</u>	<u>(1,429,726)</u>

Other operating income

	<u>Period ended March 31, 2022</u>	<u>Period ended March 31, 2021</u>
Compensations, fines and penalties	40,910	205,582
Other income	81,896	28,876
Total	<u>122,806</u>	<u>234,458</u>

The Group did not capitalize any borrowing cost in 2021 and 2020 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.

6. RAW MATERIALS, CONSUMABLES USED AND MERCHANDISE

	<u>Period ended March 31, 2022</u>	<u>Period ended March 31, 2021</u>
Raw materials expenses	111,782,208	61,982,888
Consumables expenses	6,897,499	5,062,000
Merchandise expenses	7,825,975	6,352,634
Packaging expenses	263,664	1,133,389
Total	<u>126,769,346</u>	<u>74,530,911</u>

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7. GAINS AND LOSSES ON DISPOSAL OF FIXED ASSETS

	<u>Period ended March 31, 2022</u>	<u>Period ended March 31, 2021</u>
Income from the disposal of the tangible and intangible assets and investment property	111,134	56,123
Expenses with the disposal of tangible and intangible assets and investment property	<u>16,511</u>	<u>(97,440)</u>
Net loss from the disposal of tangible and intangible assets	<u>127,645</u>	<u>(41,317)</u>

8. EXPENSES WITH PROVISIONS, IMPAIRMENT ADJUSTMENTS AND AMORTIZATION

	<u>Period ended March 31, 2022</u>	<u>Period ended March 31, 2021</u>
Expenses with non-current assets impairment (IAS 36)	(685,232)	(553,290)
Income from reversal of non-current assets impairment (IAS 36)	32,758	68,884
Amortization and depreciation expenses (Notes 12 and 13) (IAS 36)	<u>(6,601,426)</u>	<u>(4,322,233)</u>
Net adjustments for non-current assets impairment	<u>(7,253,900)</u>	<u>(4,806,639)</u>
Inventory impairment expenses (IAS 36)	(804,013)	(4,037,576)
Income from inventory impairment reversal (IAS 36)	<u>23,252</u>	<u>4,884,147</u>
Net adjustments for inventory impairment (Note 16)	<u>(780,761)</u>	<u>846,571</u>
Expenses with allowance for doubtful debts (IFRS 9)	(996,919)	(39,630)
Income from impairment reversal (IFRS 9)	43,200	346,921
Receivables charged to expenses (IFRS 9)	<u>-</u>	<u>(195,395)</u>
Net adjustments for doubtful debts (Note 17)	<u>(953,719)</u>	<u>111,896</u>
Total impairment of current assets	<u>(1,734,480)</u>	<u>958,467</u>

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

Impairment of non-current assets

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

Inventory impairment

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

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

	<u>Period ended March 31, 2022</u>	<u>Period ended March 31, 2021</u>
Wages	17,872,620	12,039,143
Contributions to the public social security fund	492,822	377,906
Meal tickets	1,035,430	760,750
Total, as presented on line "Employee benefit expenses"	<u>19,400,872</u>	<u>13,177,799</u>

Remuneration of the Board of Administration

The Chairman and the Members of the Board have a monthly net salary of EUR 2,000.

10. OTHER EXPENSES

	<u>Period ended March 31, 2022</u>	<u>Period ended March 31, 2021</u>
Transport costs	6,657,071	4,276,892
Expenses with utilities and green certificates	6,179,570	3,120,786
Expenses with third party services	2,933,529	1,752,325
Expenses with compensations, fines and penalties	23,142	1,649
Entertainment, promotion and advertising expenses	442,024	222,949
Other general expenses	150,123	209,157
Expenses with other taxes and duties	515,127	380,424
Repair expenses	1,277,729	801,478
Travelling expenses	92,358	118,202
Rent expenses	398,451	184,630
Mail and telecommunication expenses	115,927	90,890
Insurance premium expenses	359,104	288,217
Total	<u>19,144,155</u>	<u>11,447,599</u>

In 2020, Expenses with third party expenses include expenses with the sale of the Steel division in amount of RON 3,483,100. The Group also registered non-recurrent expenses related to the 3 State aid projects for which financing agreements were obtained.

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11. 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, 2021	7,096,069	61,329,721	207,797,326	1,979,890	10,121,142	288,324,148
Increases:	896,384	1,793,423	4,558,828	68,486	113,734,018	121,051,139
Out of which:						
Transfer of Somplast business line			1,161,530			1,161,530
Additions from Somplast acquisition	2,139,000	5,573,531	13,119,436	207,720	7,154	21,046,841
Transfers in / from non-current assets in progress	-	(1,388,448)	60,046,304	635,176	(59,293,032)	-
Accumulated depreciation of revalued property, plant and equipment		(12,044,434)				(12,044,434)
Increase/(Decrease) in revaluation	(139,839)	6,535,834				6,395,995
Transfers of right of use			309,760			309,760
Disposals and other decreases	(321,016)	(495,804)	(9,156,855)	(332,928)	(1,185,336)	(11,491,939)
Balance at December 31, 2021	9,670,598	61,303,823	277,836,329	2,558,344	63,383,946	414,753,040
Balance at January 1, 2022	9,670,598	61,303,823	277,836,329	2,558,344	63,383,946	414,753,040
Increases:	53,434	570,534	216,439	2,521	18,337,537	19,180,465
Out of which:						
Transfers in / from non-current assets in progress	-	4,369,804	6,453,608		(10,823,412)	-
Transfers of right of use						
Disposals and other decreases			(281,159)			(281,159)
Non-current assets related to Steel and Joinery Profiles businesses						
Balance at March 31, 2022	9,724,032	66,244,161	284,225,217	2,560,865	70,898,072	433,652,346

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11. 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, 2021	1,381	9,998,752	111,808,743	1,029,150	1,255,176	124,093,202
Depreciation recorded during the year	346	3,594,274	16,968,565	243,276		20,806,461
Disposals and decreases		(16,570)	(7,688,626)	(535,941)		(8,241,137)
Impairment		(189,975)	(219,489)			(409,464)
Accumulated depreciation of revalued property, plant and equipment		(12,044,434)				(12,044,434)
Net transfers of right-of-use assets			(264,244)			(264,244)
Additions from Somplast acquisition		1,410,543	10,881,254	207,145		12,498,942
FX differences						
Balance at December 31, 2021	1,727	2,752,590	131,486,203	943,630	1,255,176	136,439,326
Balance at January 1, 2021	1,727	2,752,590	131,486,203	943,630	1,255,176	136,439,326
Depreciation recorded during the year – businesses that remain in the Group (Note 8)	86	1,011,391	5,409,930	68,122		6,489,530
Depreciation recorded during the year – Steel and profiles (Note 28)						
Disposals and decreases			(281,159)			(281,159)
Impairment		(1,645)	(21,170)	(177)		(22,992)
Transfers of right-of-use assets in leases			(117,767)			
Accumulated depreciation of non-current assets related to Steel and Joinery Profiles businesses						
Balance at March 31, 2022	1,814	3,762,336	136,476,037	1,011,575	1,255,176	142,506,938
NET CARRYING AMOUNT						
Net carrying amount as at January 1, 2022	9,668,871	58,551,233	146,350,126	1,614,714	62,128,770	278,313,714
Net carrying amount as at March 31, 2022	9,722,218	62,481,825	147,749,180	1,549,290	69,642,895	291,145,408

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12. INTANGIBLE ASSETS

	Licenses and other intangible assets	Intangible assets in progress	Total
Cost			
Balance at January 1, 2021	7,178,916	199,572	7,378,488
Increases	655,582	1,425,289	2,080,871
Transfers into / from tangible assets in progress	33,387	-33,387	-
Disposals and other decreases	(10,919)	(140,735)	(151,654)
Increases from Somplast acquisition	155,392		155,392
Balance at December 31, 2021	8,012,358	1,450,739	9,463,097
Balance at January 1, 2022	8,012,358	1,450,739	9,463,097
Increases	51,599	454,460	506,059
Transfers into / from tangible assets in progress			
Disposals and other decreases			
Non-current assets related to Steel and Joinery Profiles businesses			
Balance at March 31, 2022	8,063,957	1,905,199	9,969,156
Accumulated amortisation			
Balance at January 1, 2021	6,266,302	-	6,266,302
Amortization expense	729,121		729,121
Impairment	(39,051)		(39,051)
Decreases	(10,919)		(10,919)
Increases from Somplast acquisition	155,392		155,392
Balance at December 31, 2021	7,100,844		7,100,844
Balance at January 1, 2022	7,100,844		7,100,844
Amortization expense (Note 8)	229,672		229,672
Impairment	(9,763)		(9,763)
Decreases			
Amortisation of non-current assets related to Steel and Joinery Profiles business (Note 28)			
Balance at March 31, 2022	7,320,753		7,320,753
Net carrying amount			
At January 1, 2022	911,513	1,450,739	2,362,252
At March 31, 2022	743,203	1,905,199	2,648,403

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13. RIGHT OF USE OF LEASED ASSETS

The Group has right of use assets from rented buildings, warehouses and showrooms. The Group finances through lease agreements 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, 2022	8,615,787	2,095,544	2,462,186	2,462,186	13,173,517
Additions		469,933			469,933
Disposals		(117,047)			(117,047)
Balance at March 31, 2022	8,615,787	2,448,430	2,462,186	2,462,186	13,526,403
Amortisation					
Balance at January 1, 2022	2,215,152	62,075	1,278,141	1,278,141	3,555,368
Amortisation expenses (Note 8)	430,609	136,857	117,767	117,767	685,233
Reductions		(18,481)			(18,481)
Balance at March 31, 2022	2,645,761	180,451	1,395,908	1,395,908	4,222,120
Carrying amount at January 1, 2022	6,400,635	2,033,469	1,184,045	1,184,045	9,618,149
Carrying amount at March 31, 2022	5,970,026	2,267,978	1,066,278	1,066,278	9,304,282

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14. SUBSIDIARIES AND FINANCIAL INVESTMENTS

At March 31, 2022 and December 31, 2021, the Company has the following investments:

Subsidiary	Country	Shareholding	March 31,	Shareholding	December 31,
			2022		2021
		%	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
TeraPlast Folii Biodegradabile SRL	Romania	100	10,100,000	100	10,100,000
		-	30,232,090	-	30,232,090

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

Other long-term equity investments

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

Investment name	Country	Investment	March 31,	Investment	December 31,
		share	2021	share	2020
		%	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.

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15. INVENTORIES

	<u>Balance at March 31, 2022</u>	<u>Balance at December 31, 2021</u>
Finished goods	58,583,471	46,701,636
Raw materials	74,034,173	59,191,087
Commodities	9,693,369	7,424,010
Consumables	5,400,564	5,298,998
Inventory items	322,734	311,334
Semi-finished goods	1,965,480	1,970,154
Residual products	868,255	718,238
Goods to be purchased	1,080,547	342,973
Packaging	659,251	625,210
Inventories – gross value	<u>152,607,844</u>	<u>122,583,640</u>
Value adjustments for raw materials and consumables	(1,670,021)	(1,535,640)
Value adjustments for finished products	(2,122,038)	(1,837,956)
Value adjustments for merchandise	(1,496,698)	(1,134,401)
Total value adjustments	<u>(5,288,757)</u>	<u>(4,507,997)</u>
Total inventories – net value	<u>147,319,087</u>	<u>118,075,643</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 are depreciated in full.

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

16. TRADE AND OTHER RECEIVABLES

	Balance at March 31, 2022	Balance at December 31, 2021
Short-term receivables		
Trade receivables	133,073,558	106,034,597
Trade notes not exigible	43,575,372	43,856,350
Advances paid to suppliers of inventories and services	26,333,350	29,969,566
Advances paid to employees	6,327	2,365
Other receivables	9,109,415	8,257,254
Loss allowance	(17,504,563)	(16,550,843)
Balance at the end of the year	194,593,459	171,569,289

The changes in adjustment for impairment on doubtful receivables

	March 31, 2022	December 31, 2021
	RON	RON
Balance at the beginning of the year	(16,550,843)	(18,206,973)
Receivables written-off during the year		3,166,606
Impairment adjustment charged to statement of comprehensive income for trade receivables	(953,718)	(488,686)
Impairment adjustment for assets held for sale and discontinued operations		
Receivables with transferred clients	(953,718)	(1,021,790)
Balance at the end of year	(17,504,563)	(16,550,843)

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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17. INVESTMENT PROPERTY

At March 31, 2022 and December 31, 2021, 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 4,332 thousand.

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

The Group carries its investment properties at fair value, with changes in fair value being recognized in the statement of profit or loss. Investment properties were revalued as at 31 December 2021 by an external independent valuator. The valuation method used was the market comparison.

18. SHARE CAPITAL

	<u>March 31, 2022</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 31 December 2021, the value of the share capital subscribed and paid up of the parent-company included 2,179,000,358 (2020: 1,743,200,478) 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 (2020: RON 174,320,048). Common shares bear a vote each and give the right to dividends.

On 19.08.2021, the Financial Supervisory Authority issued Certificate for registration of securities, corresponding to the increase of share capital approved by the amount of RON 43,579,988, through the issuance of 435,799,880 new shares, at a nominal value of RON 0.1 /share.

On 10.07.2020, the Financial Supervisory Authority issued Certificate for registration of securities, corresponding to the increase of share capital approved by the amount of RON 40,539,546, through the issuance of 405,395,460 new shares, at a nominal value of RON 0.1 /share.

Out of the profit registered in March 2021, TeraPlast SA distributed a special dividend of RON 226,615,937 and granted a free share for every 4 shares held. The dividends were paid in July 2021. The share capital increase by RON 43,579,988 representing the free shares distributed, was done in August 2021.

In 2020, TeraPlast SA distributed dividends worth RON 45,323,187, based on the results at 30 September 2020, of which RON 14,640,657 from reserves and the remaining from the profit of January – September 2020. The dividends were paid in December 2020.

The RON 4.9 million reserve is the fair value of the gains from the bargain purchase of the 70.8% ownership in Somplast SA. The report on the allocation of the purchase price was prepared by an independent valuer in compliance with IFRS 3 – Business combinations, according to which the purchaser must allocate the cost of the ownership purchased by recognising the acquiree's identifiable assets and liabilities at fair value at the purchase date. The fair value at 31 December 2020 of the net assets of Somplast was estimated at RON 13,734 thousand. The valuer estimated the value of the minority RON 4,010 thousand ownership using the pro rata allocation method of IFRS 3. Teraplast SA acquired the ownership at RON 4,897 thousand.

At 31 December 2021 and 31 December 2020, the revaluation reserves include the amounts representing the surplus from the revaluation of lands and buildings. The Group commissioned a revaluation of land and buildings at 31 December 2021.

Shareholding

	<u>March 31, 2022</u>		<u>December 31, 2021</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

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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>

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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	
	March 31, 2022	December 31, 2021	March 31, 2022	December 31, 2021
Employee benefits		-	1,915,984	1,915,984
Provisions for risks and charges	1,127,745	2,188,761		
Total	1,127,745	2,188,761	1,915,984	1,915,984

	Financial year ended March 31, 2022	Financial year ended December 31, 2021
Long-term employee benefits	1,915,984	1,321,041
Opening balance	-	594,943
Movements	1,915,984	1,915,984
Closing balance	1,915,984	1,321,041

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.

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

20. TRADE AND OTHER PAYABLES

	March 31, 2022	December 31, 2021
Trade payables	109,174,534	75,160,166
Trade notes payable	4,771,458	3,902,457
Liabilities from the purchase of non-current assets	16,602,962	16,771,308
Other current payables	19,919,889	15,566,474
Advance payments from clients	3,633,769	1,467,472
Total	154,102,612	112,867,877

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.

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Long-term liabilities for non-current assets in amount of RON 9,714,621 at March 31, 2022 (December 31, 2021: RON 9,012,910) represent the debt to E.On for the solar cells.

OTHER CURRENT LIABILITIES

	<u>March 31, 2022</u>	<u>December 31, 2021</u>
Salary-related payables to employees and social security payables	9,764,034	11,736,284
VAT payable	9,537,067	2,035,400
Unclaimed employee rights	587	587
Other creditors	495,705	594,553
Commercial guarantees received	69,980	339,980
Other taxes payable	6,966	814,120
Dividends payable	45,500	45,500
Total	<u>19,919,889</u>	<u>15,566,474</u>

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21. LOANS FROM BANKS

Teraplast SA

Financing bank	Type of financing	Origination date	Balance at December 31, 2021	Balance at March 31, 2022	Short term at March 31, 2022	Long term at March 31, 2022	Period
Banca Transilvania	Working capital	07.06.2017	31,092,264	30,875,611	30,875,611	-	12 MONTHS
BCR	Working capital	28.08.2020	12,594,456	18,915,771	18,915,771	-	12 MONTHS
Banca Transilvania	Investments	20.04.2017	5,416,924	4,766,507	2,119,281	2,647,226	84 MONTHS
Banca Transilvania	Investments	24.07.2017	544,706	272,353	272,353	-	60 MONTHS
Banca Transilvania	Investments	31.07.2017	1,188,536	594,268	594,268	-	60 MONTHS
Banca Transilvania	Investments	07.11.2017	1,500,000	1,500,000	1,500,000	-	60 MONTHS
Banca Transilvania	Investments	07.03.2019	6,126,200	5,516,880	2,453,780	3,063,100	60 MONTHS
Banca Transilvania	Investments	30.03.2020	6,754,670	6,155,610	2,471,244	3,684,366	60 MONTHS
Banca Transilvania	Investments	23.12.2020	7,769,410	7,327,385	1,843,096	5,484,289	72 MONTHS
TOTAL			72,987,166	75,924,385	61,045,404	14,878,981	

Teraglass Bistrita SRL

Financing bank	Type of financing	Origination date	Balance at December 31, 2021	Balance at March 31, 2022	Short term at March 31, 2022	Long term at March 31, 2022	Period
Transilvania Bank	Investments	07.12.2017	183,753	123,333	123,333	-	60 MONTHS
Transilvania Bank	Investments	08.03.2019	3,486,458	3,409,630	764,021	2,645,609	60 MONTHS
Transilvania Bank	Working capital	08.07.2020	9,828,600	9,793,479	9,793,479	-	12 MONTHS
BCR Bank	Working capital	23.12.2020	4,875,585	5,696,239	5,696,239	-	12 MONTHS
TOTAL			18,374,396	19,022,682	16,377,072	2,645,609	

The stocks, receivables and cash of the Group are pledged in favour of financing banks, as well as a part of the Group's non-current assets.

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21. LOANS FROM BANKS (continued)

TeraBio Pack SRL

<u>Financing bank</u>	<u>Type of financing</u>	<u>Origination date</u>	<u>Balance at December 31, 2021</u>	<u>Balance at March 31, 2022</u>	<u>Short term at March 31, 2022</u>	<u>Long term at March 31, 2022</u>	<u>Period</u>
BCR Bank	Investments	29.04.2021	19,664,034	20,223,814	994,573	19,229,241	60 MONTHS
BCR Bank	Investments	29.04.2021	9,088,008	9,580,106	9,580,106		12 MONTHS
BCR Bank	Working capital	29.11.2021	2,843,554	4,214,230	4,214,230		12 MONTHS
BCR Bank	Working capital	29.11.2021	2,495,336	6,011,888	6,011,888		12 MONTHS
TOTAL			34,090,932	40,030,038	20,800,797	19,229,241	

Somplast SA

<u>Financing bank</u>	<u>Type of financing</u>	<u>Origination date</u>	<u>Balance at December 31, 2021</u>	<u>Balance at March 31, 2022</u>	<u>Short term at March 31, 2022</u>	<u>Long term at March 31, 2022</u>	<u>Period</u>
Transilvania Bank	Working capital	08.07.2021	537,262	2,756,948	2,756,948	-	12 MONTHS

The financing facilities for working capital contracted for 12-month periods will be extended in 2022.

The Group's companies agreed with the financing banks upon the fulfillment of certain financial covenants, calculated on the consolidated financial statements of the group, namely gearing ratio, liquidity, debt service coverage ratio and share of equity in total assets.

At March 31, 2022 and December 31, 2021 the Group complied with such financial covenants and there were not cases of default in the financing agreements.

22. LEASE LIABILITIES

Lease contracts as recognised under IFRS 16 for the financial year ended:

	Minimum lease payments	
	March 31, 2022	December 31, 2021
Present value of minimum lease payments		
Amounts payable in one year	2,409,817	2,074,305
More than one year but less than five years	5,295,760	7,470,920
More than 5 years	1,795,927	
Total lease liabilities	9,501,504	9,545,225
Less future finance expenses	1,113,685	996,113
Current amount of minimum lease payments	8,387,819	8,549,112

23. RELATED PARTY TRANSACTIONS

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

March 31, 2022

Subsidiaries

- Teraglass Bistrita SRL
- TeraPlast Recycling SA
- TeraPlast Folii Biodegradabile SRL
- Somplast Sa

Related parties (common shareholding/decision-makers)

- ACI Cluj SA Romania
- Ditovis Impex SRL Romania
- Hermes SA Romania
- INFO SPORT SRL
- ISCHIA ACTIVHOLDING SRL
- ISCHIA INVEST SRL
- LA CASA RISTORANTE PIZZERIA PANE DOLCE SRL
- NEW CROCO PIZZERIE SRL
- Parc SA
- Primcom SA
- Sens Unic Imobiliare SRL
- Alpha Quest Tech SRL
- Banca Romaneasca SA
- Bittnet Systems SA
- 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 Q1 2022 and 2021, the Group did not enter into significant transactions with related parties

24. CASH AND CASH EQUIVALENTS

Cash

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

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

	March 31, 2022	December 31, 2021
	RON	RON
Cash in bank accounts	8,461,406	7,406,650
Unsettled amounts	8,449	180,652
Cash on hand	81,143	30,010
Cash in bank accounts, restricted	56,705	94,797
Total	8,607,703	7,712,109

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

25. 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 for production equipment and personal protective equipment. There are no unfulfilled conditions or other contingencies associated with such subsidies.

	March 31, 2022	December 31, 2021
At 1 January	34,383,655	19,887,503
Inflows of subsidies		16,659,942
Transferred to statement of comprehensive income	(788,502)	(2,379,400)
Transferred to assets held for sale		
In balance, Somplast SA		215,610
Total	33,595,153	34,383,655
Current	3,251,950	2,554,125
Non-current	30,343,203	31,829,530

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.

26. 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 preliminary 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:

April 26, 2022
Board of Administration

ALEXANDRU STANEAN
CEO

IOANA BIRTA
CFO

SI 2022 report of TERAPLAST SA
as per FSA Regulation no. 5/2018 Annex no. 13A

Date of report: 26 April 2022

Name of company: TERAPLAST SA

Registered office: Sieu-Magherus, Saratel village, National Road 15A, KM 45+500, Bistrita-Nasaud

Telephone/Fax: 0263 238202; Fax: 0263 231221

Tax reference code: 3094980

Registration number at the Trade Register: J06/735/1992

Regulated market where the issued securities are traded: Bucharest Stock Exchange

Share capital subscribed and paid-up: 217,900,036.00 lei

Main attributes of the securities issued by the company:

- 2,179,000,358 nominal shares with a face value of RON 0.1/share.

B. Economic and financial ratios

	31.03.2021	31.03.2022
a) Current (general) liquidity = <i>Current assets / Current liabilities (recommended value is approximately 2)</i>	4.10	2.50

Current – general liquidity registered at 31.03.2022 is 2.50 and represents the coverage of current liabilities with the current assets held by the company.

	31.03.2021	31.03.2022
a) Gearing ratio = <i>Capital borrowed / Capital employed</i>	0.04	0.14

Capital borrowed – more than 1 year old loans,
Capital employed = Capital borrowed + Equity

	31.03.2021	31.03.2022
d) Turnover of receivables - clients = <i>average balance of receivables / turnover x 90 days</i>	99.69	77.58
a) Turnover of non-current assets = <i>turnover / non-current assets</i>	0.61	0.55

Alexandru Stanean

CEO

Ioana Birta

CFO