

PRESS RELEASE

Substantial increases in TeraPlast Group's turnover and EBITDA in Q1/2024

- **Operating result (EBITDA) is 32% higher compared to Q1/2023 and exceeds the budgeted figures.**
- **Group sales increased by 20% in Q1/2024 compared to Q1/2023 and are 19% above budget.**
- **Volumes have increased by 50% compared to the same period last year.**
- **Sales outside Romania grew by 32% and represent 17% of the consolidated turnover in Q1/2024.**
- **The results of the first quarter also reflect the activity of Palplast Moldova.**

Bistrița, May 8, 2024

"This quarter, the stars have aligned. We have increased the turnover, grown the EBITDA, boosted exports, and surpassed budgeted targets. The acquisition of Palplast has proven to be a resounding success, with sales nearly 50% higher. All tests conducted with the customers of the stretch film factory have been successful, giving us confidence that we will become the market leader in Romania. The growth strategy we have implemented begins to show its results, and thanks to our new production capacities, we can deliver Romanian products of the highest quality where we used to find imports in previous years. All these without the consolidation of Freiler Group's results, which will begin in the second quarter. The vision of transforming TeraPlast Group into a regional leader is taking shape," stated Mr. Dorel Goia, Chairman of the TeraPlast Board of Directors.

TeraPlast Group's results in the first quarter of 2024 exceed both the budget and the previous year's performance, driven by streamlining the activities in each business line and organic growth alike. Positive contributions to the Group's results were brought by the start of production at the Opal stretch film factory and the integration of Palplast's operations in the Republic of Moldova, the recently acquired company.

Group EBITDA reached nearly RON 12 million in Q1/2024, up by 32% compared to Q1/2023, exceeding the budget for the same period.

Turnover reached nearly RON 177 million, up by 20% compared to Q1/2023 and 19% above budget.

The Group's sales volumes increased by 50% in Q1/2024 compared to Q1/2023, reaching 23,355 tons. The decrease in raw material prices was passed on to the market to increase the utilization rate of production capacities and consolidate market shares.

Sales outside Romania increased by 32% and accounted for 17% of the consolidated turnover in the current year's first quarter. TeraPlast Group's products reach 22 European countries, primarily Hungary, the Republic of Moldova, and Germany.

The gross margin rate decreased (36% in Q1/'24 vs. 38% in Q1/'23), as part of the strategy to increase market shares. However, due to higher capacity utilization, profitability in relative terms improved, and **the EBITDA margin increased to 6.7% in the first 3 months of 2024 from 6.1%** in the same period last year.

Regarding the net result compared to the previous year, after the first 3 months of 2024, TeraPlast Group reduced the loss to RON 2.5 million, influenced by a mix of factors. Due to seasonality in the first quarter, TeraPlast paid turnover tax, resulting in an additional cost of RON 1 million. Additionally, there is an increase in depreciation expenses, generated by the commissioning of new investments, by nearly RON 2 million, along with non-recurring expenses of nearly RON 1 million, for recent M&A operations. Compared to the budget, the loss for Q1/2024 is significantly lower than anticipated due to favourable developments in the installations and compounds segments, as well as lower than anticipated ramp-up costs for the Opal stretch film business.

<i>figures in RON, thousands</i>	1Q24	1Q23	Variation 1Q24 vs 1Q23
Turnover, of which	176,841	147,190	20%
Installations*	121,930	102,534	19%
Compounds*	20,501	20,452	0%
Flexible packaging*	24,014	11,872	102%
Windows and doors*	10,396	12,333	-16%
Gross margin	64,274	56,498	14%
EBITDA, of which	11,931	9,025	32%
Group EBITDA margin	6.7%	6.1%	
Installation	11,997	9,207	30%
EBITDA margin	9.8%	9.0%	
Compounds	2,279	2,000	14%
EBITDA margin	11.1%	9.8%	
Flexible packaging	-2,822	-2,065	n/a
EBITDA margin	-11.8%	-17.4%	
Windows & doors	478	-117	n/a
EBITDA margin	4.6%	-0.9%	
Net result	-2,526	-2,624	n/a

* Installation segment includes complete systems for installations in TeraPlast and micronized recycled PVC in TeraPlast Recycling.

Compounds segment includes compounds manufactured in TeraPlast as well as recycled compounds in TeraPlast Recycling.

Packaging segment includes products manufactured in TeraBio Pack and Opal stretch film.

Windows segment includes the doors & windows manufactured in TeraGlass.

"In the first quarter, a trajectory that began to take shape in the latter part of 2023 strengthened, resulting in an improvement in financial performance. We have seen organic growth in the Installation business line and enhanced performance in other segments, complemented by Palplast Moldova. These confirm the effectiveness of our investment and M&A-focused strategy, which enhances the value and competitiveness of the Group," stated Ioana Birta, CFO of TeraPlast Group.

"It is essential for infrastructure funding allocations to continue into the second half of the year, following local elections, because as demonstrated last year, the construction sector remains a growth engine for Romania's Gross Domestic Product," added Mrs. Birta.

The results of the **Installation** segment continued to generate the highest turnover, reaching RON 122 million in Q1/2024, a 19% increase compared to Q1/2023, while the EBITDA margin approaches 10%, driven by significant volume growth. This reflects the acceleration of public infrastructure works through an increased number of projects reaching the execution phase. Besides the demand generated by water and sewage infrastructure works, there is also a significant advancement in the natural gas transportation and distribution works. TeraPlast remains the first choice for these projects, with a tradition of solid, long-term partnerships with market-leading construction companies.

The Installation segment also includes the results of **Palplast Moldova** in the first quarter. Sales of the recently acquired company increased by nearly 50% in the first 3 months of the year compared to Q1/2023, while margins decreased as part of the effort to gain market share. With the closing of the Wolfgang Freiler Group acquisition at the end of March, its results will be consolidated within the Installation segment starting from the current year's second quarter.

For the Compounds business line, the EBITDA margin has normalized to 11%, while sales have stagnated in value. The Group remains focused on increasing market share, and in the first quarter, TeraPlast managed to achieve this by replacing part of the imports.

For **recycled material**, the context remains unfavourable due to the decline in prices for virgin raw materials. Volumes sold to third parties are currently below estimates, but overall (including quantities sold to TeraPlast's Installation segment), volumes have increased by 48% compared to Q1/2023.

The **Flexible Packaging** segment doubled its turnover in the first quarter, up to RON 24 million. **Sales of TeraBio Pack's polyethylene and biodegradable/compostable flexible packaging are at budgeted levels**, with smaller losses compared to previous years.

The budget for this business line anticipates operational losses for this year as margins in Romania's biodegradable packaging market have deteriorated significantly. Additionally, to support reaching profitability, the segment has undergone a process of diversifying the supplier base and product portfolio.

The evolution of the Flexible Packaging segment also reflects the commissioning of the **Opal stretch film** factory. Opal's activity had a favourable start, with sales volumes doubling compared to set targets. Opal has thus become one of the top 3 players in Romania's market, with a client portfolio including major food and beverage producers both domestically and abroad.

"The growth of TeraPlast Group's sales in Romania has been achieved by replacing imports. Every ton of TeraPlast products sold here eliminates a ton of imports that burden the country's balance of payments. If all Romanian companies were to set this goal, the country's economy would look different," mentioned Mr. Dorel Goia, Chairman of TeraPlast's Board of Directors.

Due to demand, the range of special products, Power and Super Power films aimed at industrial customers, have already been introduced to the market, although they were scheduled for launch in the second quarter of this year.

The Opal factory is still in the ramp-up phase, so even though volumes are exceeding expectations, EBITDA remains in negative territory, with the prospect of a positive result in 2025.

The **Windows & Doors** segment saw a 16% decrease in revenues compared to the first quarter of last year, a level in line with the budget. At the same time, the EBITDA margin improved as the Group adapted its strategy for this segment, focusing on sales to Romania's residential and rehabilitation new projects market to reduce dependence on retail.

About TeraPlast Group

TeraPlast Group is the largest polymer processor in Southeastern Europe. The Group comprises of the following companies: TeraPlast, TeraGlass, TeraPlast Recycling, TeraBio Pack, Palplast Moldova, the companies of the Wolfgang Freiler Group, and Somplast.

Since July 2, 2008, TeraPlast SA has been listed on the Bucharest Stock Exchange under the symbol TRP. The company's shares are included in the BET reference index of the Bucharest Stock Exchange,

in the Small Cap and Global All Cap indices of FTSE Russell, and in the MSCI Frontier IMI (Investable Market Index) indices.

As part of the VEKTOR evaluation based on 12 criteria regarding corporate governance and investor communication, conducted by ARIR, TeraPlast has achieved the maximum score of 10 for the fifth consecutive year.

The teleconference regarding the Group's financial results for the first quarter of 2024 will be held on May 9, starting 1PM in Romanian and 3PM in English, and the registration details are available here: <https://bvb.ro/FinancialInstruments/SelectedData/NewsItem/TRP-Detalii-teleconferinta-rezultate-T1-2024/261FA>

The report containing the consolidated unaudited financial results for the first quarter of 2024 is available on the website <https://investors.teraplast.ro/reports-and-information/financial-reports/> and on the BSE website, TRP symbol.

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