

## PRESS RELEASE

### **TeraPlast Group after the first three quarters of 2024: 32% increase in turnover and rising exports**

**Bistrița, October 30, 2024**

**TeraPlast Group reported a 32% increase in turnover after the first nine months of 2024**, reaching RON 681 million compared to RON 517.3 million in the same period of 2023. **EBITDA reached a similar level compared to the first three quarters of 2023**, totaling RON 45.2 million with an EBITDA margin of 6.6%.

Interest expenses, non-recurring costs related to geographic expansion, and the impact of Opal's stretch film ramp-up affected the Group's profitability, resulting in a loss of RON 6.9 million for the current year's first nine months.

The gross margin increased by 28%, from RON 188 million in the first nine months of 2023 to RON 240 million in the same period of 2024. However, this increase was offset by higher costs related to wages, transportation, and utilities, as well as over RON 4 million in non-recurring expenses.

**Sales outside of Romania represented 25.3% of the consolidated turnover** for the first three quarters, compared to 16.7% in the same period of 2023, reaching RON 172.4 million. **Total volumes increased by 49%**, from 56,671 tonnes in the first nine months of 2023 to 84,624 tonnes in the same period of 2024, 12% above the total volumes recorded for the entire year 2023.

*"The third quarter brought upon intensified pressure, especially from Western markets. This, along with fluctuations in public infrastructure projects payments, and a contraction in Romania's residential sector, creates a challenging environment, limiting our ability to deliver significant immediate growth to our shareholders, especially in terms of profitability. However, we are solidly positioned to approach this period with maturity and responsibility. We focused on diversifying external markets, including the acquisition of Optiplast, and on maintaining market share amidst fluctuations. Additionally, we are implementing operational efficiency measures across both the parent company and subsidiaries to enhance profitability,"* said Mr. Bogdan Crăciunaș, CFO of TeraPlast Group.

<i>values in lei, thousand</i>	<b>Q3/2024 (9 months)</b>	<b>Q3/2023 (9 months)</b>	<b>Variation Q3/'24 vs Q3/'23</b>	<b>Q3/2024 (3 months)</b>	<b>Q3/2023 (3 months)</b>	<b>Variation Q3/'24 vs Q3/'23</b>
<b>Turnover, of which</b>	<b>681.158</b>	<b>517.384</b>	<b>32%</b>	<b>253.130</b>	<b>196.804</b>	<b>29%</b>
Installation*	485.707	387.489	25%	178.694	155.841	15%
Granules*	71.246	59.777	19%	22.901	17.453	31%
Packaging*	86.789	33.004	163%	37.228	10.960	240%
Windows*	37.416	37.114	1%	14.307	12.550	14%
<b>Gross margin</b>	<b>240.177</b>	<b>187.996</b>	<b>28%</b>	<b>89.461</b>	<b>70.950</b>	<b>26%</b>
<b>EBITDA, of which</b>	<b>45.211</b>	<b>45.011</b>	<b>0%</b>	<b>18.331</b>	<b>21.731</b>	<b>-16%</b>
<b>Group EBITDA margin</b>	<b>6,6%</b>	<b>8,7%</b>		<b>7,2%</b>	<b>11,0%</b>	
Installation	46.859	44.540	5%	19.564	20.868	-6%
EBITDA margin	9,6%	11,5%		10,9%	13,4%	
Granules	7.105	5.513	29%	2.434	1.491	63%
EBITDA margin	10,0%	9,2%		10,6%	8,5%	
Packaging	-10.668	-5.193	105%	-4.681	-1.746	n/a
EBITDA margin	-12,3%	-15,7%		-12,6%	-15,9%	
Windows	1.915	151	1168%	1.014	1.118	n/a
EBITDA margin	5,1%	0,4%		7,1%	8,9%	
<b>Net result</b>	<b>-6.995</b>	<b>6.797</b>	<b>n/a</b>	<b>-374</b>	<b>7.795</b>	<b>n/a</b>

\*The Installation segment includes the complete installations systems of TeraPlast, the micronized recycled PVC from TeraPlast Recycling, the companies of Wolfgang Freiler Group (Polytech & Pro-Moulding) and Palplast Moldova.

The Compounds segment include the PVC compounds of TeraPlast and the recycled compounds of TeraPlast Recycling.

The Packaging segment includes the flexible packaging of TeraBio Pack and the Opal stretch film.

The Windows segment includes the windows and doors from TeraGlass.

**The Installations segment** recorded a turnover of RON 485.7 million, marking a 25% increase compared to the first nine months of 2023, while EBITDA rose by 5%, reaching nearly RON 47 million. These results reflect discrepancies across regional markets. In Romania, infrastructure project financing slowed in Q3, causing payment and execution delays and limiting the segment's performance.

**The Wolfgang Freiler Group**, consolidated within this segment, continues to face pressure from Western markets, resulting in lower sales prices than in previous periods.

In Q3 2024, growth in the Austrian market and the Hungarian irrigation market could not offset weaker results in Germany and France.

For **Palplast Moldova**, demand remained strong in Q3, driven by ongoing residential projects. The company reported a turnover of nearly RON 15 million and an EBITDA margin of 13.4% after the first nine months of the year. In line with its initial plans, Palplast is also developing its industrial infrastructure in Călărași by expanding storage and production capacity.

With a similar value-quantity evolution as in the first nine months of 2023, **TeraDuct**, the division specializing in microtubes for optical fiber protection, focused on increasing sales outside of Romania. Through new partnerships in Western Europe, exports now represent 45.5% of total sales after the first nine months of 2024, compared to 22% in the same period last year. TeraPlast Group is exploring new markets for this division and expanding product applications beyond telecom services for the general public in both Romania and abroad.

**The Granules segment** achieved a 19% turnover increase, reaching RON 71.2 million, and a 29% increase in EBITDA to RON 7.1 million, compared to the first three trimesters of 2023, driven by higher volume. The EBITDA margin improved slightly to 10%, up from 9.2% in the first nine months of 2023. Delivered quantity in this segment increased by 38% in the first three quarters of 2024, backed by stronger demand in Q3 2024.

**The Flexible Packaging segment** generated nearly RON 87 million in consolidated turnover for the first nine months of 2024, driven largely by Opal's stretch film business. However, EBITDA remained negative in the first three trimesters (RON -10.6 million), affected by the ramp-up costs of the stretch film factory. In the first nine months, Opal produced and delivered 8,600 tonnes of stretch film, matching the quality of foreign competitors and replacing more expensive imports. Optiplast Croatia will join this segment pending approval from the general meeting on November 14.

**Opal** is expanding its customer base, increasing its share of high-volume clients, while recipe refinement and cost-control measures are expected to steer the business toward profitability from 2025 onward. Working with the research department, Opal developed and launched products that incorporate up to 30% recycled material, supporting TeraPlast Group's contribution to the transition to a circular economy. Opal also recently launched an online store to improve customer access to its stretch film portfolio.

**TeraBio Pack's** financial improvement has been slower than budgeted. Although losses have significantly reduced, the company will not reach profitability by the end of 2024. However, the geographic expansion strategy has proven effective, with sales outside Romania now representing 31% of turnover after the first nine months, up from 12% during the same period of 2023.

**The Windows segment** saw a significant EBITDA improvement, reaching RON 1.9 million in the first nine months of 2024 compared to RON 151,000 in the same period last year, with an EBITDA margin of 5.1%. Turnover remained steady at RON 37.4 million, supported by the completion of large residential projects and continuity from ongoing projects from last quarters. A diversified mix of clients and projects helped to partially offset the residential market contraction.

As novelty, TeraPlast Group's initiative to contribute to restore Romania's forested areas, **TeraVerde Carbon**, has already started the first projects. With a surface of over 30 hectares set to be reforested this fall, the project contributes to carbon sequestration and is funded by NPRR grants managed by the Ministry of Environment.

### **TeraPlast Group Q3 2024 vs. Q3 2023 results**

In Q3 2024, consolidated turnover grew by 29% compared to Q3/2023, primarily due to a 31% increase in the Granules segment and a 240% increase in Packaging, which now includes the stretch film factory commissioned in Q4 2023. This resulted in consolidated turnover reaching RON 253.1 million in Q3 2024. The gross margin rose by 26%, from RON 70.9 million in Q3 2023 to RON 89.5 million in Q3 2024.

EBITDA was impacted by Opal's activity, totaling RON 18.3 million in Q3 2024, down 16% from RON 21.7 million in Q3 2023. The Granules segment saw a 63% increase in EBITDA over the same period.

### **2024 Forecast**

For 2024, TeraPlast Group estimates a turnover of RON 883.7 million and EBITDA of RON 56.5 million, representing growth of 31% and 10%, respectively, over 2023, with a projected loss of RON 14 million.

*"The results for 2024 reflect our increased production capacities and expansion through external acquisitions, but market challenges constrain consolidated profitability. We focus on efficient cost management and risk anticipation to maintain stable growth parameters. Our development continues as we prepare for the next growth cycle, once European markets regain an upward trajectory."* stated Mr. Bogdan Crăciunaș, CFO of TeraPlast Group.

### **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 report containing the consolidated unaudited financial results for the first nine months of 2024 is available on the website <https://investors.teraplast.ro/reports-and-information/financial-reports/> and can be seen by accessing the link below:

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