

CURRENT REPORT

In accordance with Law no. 24/2017 and Financial Supervisory Authority (ASF) Regulation no. 5/2018

Report date: **11.05.2020**

Name of issuing company: **TERAPLAST S.A.**

Registered office: **Sat Saratel, comuna Sieu-Magherus, DN 15A, KM 45+500, Judetul Bistrita-Nasaud**

Telephone/Fax: **0263/238.202; 0263/231.221**

Trade Register Office Number: **J06/735/1992**

VAT number: **RO3094980**

Subscribed and paid-up share capital: **RON 133,780,650.80**

Regulated market for shares admitted to trading: **Bucharest Stock Exchange**

Major events to report:

On 11th May 2020 took place the online meeting of TeraPlast's Board of Directors. The meeting has been attended by all members of the Board of Directors, and following a favourable vote from all the members, the management of TeraPlast Group, the largest Romanian manufacturer of construction materials, is informing its stakeholders of its intention to make changes in the employee structure of TeraPlast, starting May 2020.

The spreading of the Covid-19 pandemic has triggered the need for the Group's Assessment Commission to make of a set of action plans based on 10 scenarios implying the gradual cutting of costs based on the evolution of the healthcare crisis. The objectives of these scenarios are the continuity of business and aligning the costs to the volume of business.

During Q1 of 2020, TeraPlast Group has recorded a consolidated turnover of RON 208.9 million, in line with the budgeted level and higher by 20% than Q1 of 2019. The increases have been mainly supported by the performance recorded by TeraPlast and TeraSteel Serbia. In the same period, Wetterbest and TeraGlass have recorded high additional costs, caused by bringing to operational parameters of the 2019 investments and sizing of the staffing structure both in order to align to the requirements of the new manufacturing capacities, and to sustain the growth budgeted for 2020. Both companies have implemented measures of temporary reduction of staff costs (reduced working hours, technical unemployment) as a consequence of the crisis generated by the spreading of Covid-19.

Following the evolution of the demand in April and after evaluating demand growth perspectives over the next period, the Assessment Commission has submitted a new set of measures to align costs with employees for the new business volumes. Such measures also include the assessment of a layoff plan within TeraPlast, aiming at about 8,9% of the workforce.

“The measures of cutting costs are aimed at all our business sectors, including employees, in order to balance and increase the efficiency of the ratio between fixed costs and the evolution of the demand according to the specificity of each company. Unfortunately, this also means assessing and implementing a layoff plan. Only by acting proactively at all levels can we respond to the current economic pressure and ensure sustainability to our business. The measures we are adopting follow the legal provisions, following consultations with the Trade Union.

Our commitment to the community and our shareholders is managing in the best possible way both the growth and development of our business, as well as the crises, in order to maximise the value of our company and the long-term input brought to the community. We have to get out of the current crisis stronger and with an economic position that would enable us to recover in the future the workplaces that are being laid off” has stated Alexandru Stănean, general manager of TeraPlast Group.

TeraPlast Group’s Management will be starting consultations with the Trade Union about the layoff plan and, at the same time, will notify the Territorial Labour Inspectorate and the County Employment Agency, in accordance with the decision of the Board of Directors to approve the start of these procedures, as of 11th May 2020.

The Group’s representatives shall be returning with the final decision on this subject in accordance with the applicable regulations it complies with.

Alexandru Stănean
General Manager

If you need any further information please contact us on +4 0741 270 439, email: investor.relations@teraplast.ro , contact person Alexandra Sica – PR Manager.