

PRESS RELEASE

TeraPlast Group - net profit up by 41% in the first nine months and 46% increase in turnover

- **The turnover increased by 46%: from RON 310 million (9 months 2020) to RON 415 million (9 months 2021)**
- **EBITDA increased by 32%: from RON 49 million (9 months 2020) to RON 64.5 million (9 months 2021)**
- **Operating profit advanced by 37%: from RON 36.8 million (9 months 2020) to RON 50.5 million (9 months 2021)**
- **Net profit increased by 41%: from RON 30.6 million (9 months 2020) to RON 43.3 million (9 months 2021)**
- **CFO Ioana Birta: "We continued the operational and investment development at a fast pace, although the third quarter was characterized by many market challenges that could continue in the fourth quarter of 2021"**

Bistrița, October 25, 2021

TeraPlast Group continued its competitive and dynamic evolution in the third quarter, despite the challenging climate and the growing uncertainty of the business environment compared to previous intervals. The Group's turnover had a robust evolution, and at nine months it registered an increase of 46% compared to the corresponding period of the prior year's restated results, to over RON 451 million. The operating profit advanced by 37%, up to RON 50.5 million. At the same time, the net profit reached RON 43.3 million, a significant progress of 41%, a performance that reflects both the volume increases and the efficiency of the activity.

Even in a complex environment, characterized by many external constraints, TeraPlast Group managed the performance to exceed the results recorded for the entire financial year 2020 after the first three quarters of the year, a comparison that takes into account the resizing of the group, following the sale of steel products and window profiles divisions. Thus, **the turnover is higher at nine months by 14% compared to the whole year 2020, and the EBITDA shows an advance of 18% compared to the entire year 2020.**

"With a 46% increase in turnover and a 41% increase in net profit, in the first 9 months of 2021, we will probably be once again among the performers in the main index of the stock exchange - BET." stated Mr. Lucian Anghel, member of the TeraPlast Board of Directors.

<i>values in RON thousand if not otherwise stated</i>	TeraPlast Group Total	Installation (including micronized recycled)	Compounds (including recycled)	Windows & Doors	Flexible Packaging
Turnover 9M/2021	451.044	300.839	108.051	31.378	10.774
<i>Evolution compared to 9M/2020</i>	46%	30%	104%	21%	n/a
EBITDA 9M/2021	64.528	41.945	21.196	2.303	-0,9
<i>Evolution compared to 9M/2020</i>	32%	17%	75%	115%	n/a
EBITDA Margin 9M/2021	14,30%	13,90%	19,60%	7,30%	-8,50%
Net profit 9M/2021	43.256				
<i>Evolution compared to 9M/2020</i>	41%				
Operating profit 9M/2021	50.542				
<i>Evolution compared to 9M/2020</i>	37%				

"We are in the final stages of putting the biodegradable packaging plant into operation. It is a line of business in which we see great growth potential and which, at the same time, together with the recycling segment, represents our commitment to the sustainable economy and the conservation of resources. The plant becomes operational in the coming weeks. We are glad that despite all the major challenges related to the period we are going through, we manage to complete this very complex project, without having significant deviations from the initial schedule. EBITDA in the packaging segment, newly formed in the group, was affected by these small delays, but also by the expenses involved in the commissioning of this major project. However, we are convinced that the investments made will yield promising results in the medium and long term in this area of biodegradable packaging in which we want to become one of the major players in Central and Eastern Europe." said Ioana Birta, CFO of the TeraPlast Group.

At nine months, the EBITDA continues to show an upward trend compared to the same period in 2020, with an increase of 32%. The EBITDA margin, of 14.3%, shows continuous improvement, although in the third quarter there was a slowdown. Market uncertainty and substantially increased raw material costs, were adverse factors and a brake on performance acceleration. The group has adapted to cushion or cancel various shocks that currently dominate the raw materials market, both in terms of price and availability. At the same time, the Group's consolidated results were affected by expenses related to the implementation of the new investments. Until September 30, 2021, TeraPlast paid investments worth RON 83 million which, following the commissioning of the projects, will have an impact on the financial results in the coming quarters. At the same time, the management is constantly analyzing new development opportunities through investments and/or M&A that will generate long-term growth for the group in the flexible packaging segment, but not exclusively.

"Overall, we have maintained our upward trend and keep a double-digit growth rate, in spite of the less favorable market conditions compared to previous quarters. The delay in infrastructure projects, including delays in recalculating contract prices based on new raw material and labor costs, has spread vertically in the construction market, to all suppliers and all companies operating in our field", added Ms. Birta .

The macroeconomic climate is dominated by multi-level uncertainties (raw material costs, energy prices, public policies, supply chains pressures), and therefore the entire business environment bears short- and medium-term risks.

Installation & Recycling business line (TeraPlast and TeraPlast Recycling)

- It was the main generator of Group-level turnover, with two thirds of the consolidated result: RON 300 million. The advance in the third quarter has decelerated, and at nine months the progress is 30%.
- EBITDA stood at almost RON 42 million with a margin slightly below the group average: 13.9%
- The results were influenced by raw material costs and a change in demand in a market in search of a new trend. Disturbances were observed mainly due to the extended period of implementation of the indexation of construction materials prices in ongoing public procurement contracts and due to the non-correlation of cost standards at open / launched tenders during this period with the new market realities.



Compounds business line (TeraPlast and TeraPlast Recycling)

- Includes rigid and plasticized PVC compounds, but also recycled compounds.
- The business line with accelerating performance, including compared to previous quarters
- The turnover reached RON 108 million and shows a doubling compared to the same period of last year. EBITDA had a similar evolution, with an increase of 75%.
- The growth was also supported by the sale of recycled compounds.

Windows & Doors business line (TeraGlass)

- The EBITDA margin for this business line has improved compared to the first two quarters of 2021.
- The increase in EBITDA for the first nine months is 115% compared to the same period in 2020.
- TeraGlass continues to focus on both the external and internal markets.

Flexible packaging business line (TeraBio Pack)

- The turnover reached RON 10.8 million
- It is the new business line within the Group. It will experience a significant increase starting 2022 following the commissioning of the investment worth EUR 12 million in the TeraBio Pack.
- The performance of the business line was affected in the third quarter by some delays in the commissioning of the biodegradable packaging factory.
- The segment includes the polyethylene film businesses taken over from Somplast and Brikston, which require an efficiency of operations, including the construction of a new production infrastructure.

Recent events

- As part of the share capital increase operated on September 30, TeraPlast shareholders received one free share for every 4 shares held.
- TeraPlast (TRP) has been promoted, since September 20, in the FTSE Russell indices for Emerging Markets, in the Small Cap and All Cap indices, respectively, which brought to shareholding some of the largest investment funds in the world
- TeraPlast took over the production of polyethylene film from Brikston Construction Solutions, which completes the Group's flexible packaging portfolio.
- In the last 6 months, TeraPlast has been in the top 3 companies in BET, compared to the indicators: traded volume, number of transactions and price evolution.

About TeraPlast Group

The Group is comprised of the companies TeraPlast, TeraGlass, TeraPlast Recycling, TeraBio Pack and Somplast. Starting July 2nd, 2008, TeraPlast SA – the parent-company of the TeraPlast Group – is listed on the Bucharest Stock Exchange under the TRP symbol. The company's shares are included in the BSE reference index, BET, and starting September 2021, in FTSE Russell's Small Cap and Global All Cap indices. Within the Vektor evaluation based on 15 criteria for investor relations communication, conducted by ARIR, TeraPlast received the highest mark: 10, for the second year.

For additional information you can contact us by

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The report containing the financial results for January-September of 2021 is available on the website <https://investors.teraplast.ro/>, Reports section, Financial reports