



TeraPlast[®]

**2022 preliminary unaudited results
Investors & analysts teleconference**

February 2nd, 2022



Installation
Compounds



498

Systems for interior sewage
Systems for exterior sewage
Systems for transport and distribution of
water and natural gas
Rainwater management systems
Cable protection systems
Underfloor heating

Plasticized and rigid PVC compounds
HFFR compounds



Rigid PVC recycling



98



Micronized recycled PVC
Recgranulated recycled PVC



Flexible packaging



150



Biodegradable and
compostable packaging
Polyethylene packaging



PVC & Aluminum
windows & doors



196



PVC windows and doors
Aluminum windows & doors
Garage doors
Curtain walls



Business lines



Employees as of 31.12.2022

Product categories

The largest polymer processor in Central & Eastern Europe

- We commissioned the investments in expanding the production capacities and diversifying our business segments.
- Thus, TeraPlast Group is the largest polymer processor in Central and Eastern Europe.

219 mln. lei

Total value of the investments made between 2021-2022.



NeoTer
by TeraPlast



TeraPlast[®]
since 1974



TeraDuct[®]
by TeraPlast



TeraPlast[®]
Recycling



TeraBio



We have clear, strong objectives



Double-digit annual growth both organically and through M&A
Continuous investments for the integration of innovations and sustainable solutions in our businesses
Orientation towards international development
Discipline in capital allocation and investments
Performance above the market average with the objective of being leaders in all the segments we operate

Resilient business model



Strict monitoring of internal and external credit risk; reduced dependence through customer
Effective procurement policy and diversified supplier base
Cost-effective production processes
Diversified product portfolio
Niche strategies and cost leadership

Focus on the future



Huge potential for national and regional infrastructure (budgets of over 8 billion euros)
The production capacities can serve the demand of the coming years
We are expanding and diversifying through constant investment
The diversified portfolio and synergies at the level of raw materials reduce the impact of crises on the Group's performance over time

Challenges

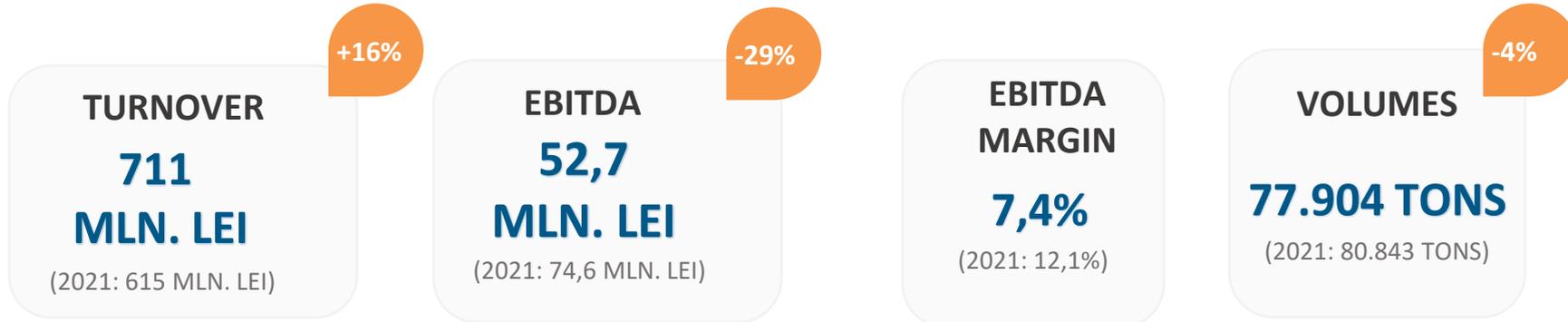
- We had an unprecedented economic context regionally and globally.
- Raw materials markets were fundamentally transformed as a result of the war in Ukraine.
- We had delays in transferring increased costs in the market especially in window and doors. Flexible packaging also had a slow start (packaging market was influenced by the shifting market context).
- Water & Sewage works slowed down in 2022; Infrastructure market was up for the whole year as a result of road works in the last quarter. It was, however, lower than expected.
- Depreciation grew as a result of high investments. Interest rate hikes generated extra costs of RON 8,3 million. These two factors impacted the bottom line.

Prospects

- 2022 was the second best year from the history of TeraPlast Group.
- We finished the implementation of the most ambitious CapEx program (RON 219 mill. 2021 – 2022) and we became the largest polymer transformer in CEE.
- We've increased the regional footprint by opening a distribution center in Hungary and by increasing the export base.
- Our long term development plans have not been affected by this year's challenges (decreased margins and a decrease in the bottom line). For this year we plan to invest RON 102 million.
- Our leading positions on the markets we're on, our purchasing strategy as well as the synergies we're having will cushion the negative impact on the development of our businesses in the current market context.

We're constantly looking ahead, over the next five years. We will keep on developing by diversification of our businesses, increasing our geographical footprint, increase our independence in energy and raw materials (by using recycled material) wherever possible. This is how we will maximize shareholder value.

- The preliminary results reflect the economic context, the operationalization of recent investments and the instability of raw material markets.



We have managed to consolidate the market share in 2022; its leading position will allow it to reap business opportunities once the markets it operates on recover in the coming years.

EBITDA is below the 2021 level as a result of the volatility of raw material prices and a below-estimated level of water & sewage works financed from European and public funding.

The decrease from the budget, but also from the 9-month reforecast, was caused by the radical change in the dynamics of the raw materials markets as a side effect of the war in Ukraine, as well as the underperformance of some of the segments.

Volumes 2022 vs. 2021

>24 mln. Linear meters of pipes	 17%
~13 mln. pcs, fittings and rotomolded products	 -10%
>16 thousands tons of compounds	 -17%
>14 thousands tons of recycled material	 10%
>3 thousands tons flexible packaging (PE, biodegradable & recycled PE)	 77%
172 thousands units, windows, doors & accessories	 20%



Lei, thousand	Group total	Installation & Recycled	Compounds & Recycled	Windows & Doors	Flexible packaging
Turnover	711.126	488.214	126.073	56.500	40.340
% vs 2021	16%	20%	-15%	30%	139%
EBITDA	52.718	50.948	12.681	346	-11.257
% vs 2021	-29%	1%	-53%	-65%	n/a
EBITDA margin	7,4%	10,4%	10,1%	0,6%	-27,9%

Although some segments performed at a record level, the consolidated result bears the imprint of the period we went through. We kept our focus on growth, despite the challenging environment, to continue delivering growth to our shareholders. Even though profitability was below expectations, we have the basis to deliver results as the general landscape begins to mend. At this point we consider that the hard part is behind us, and the current year will bring a revival, a resettlement, a better context in terms of price volatility, things that prepare the next period of growth.

INSTALLATION & RECYCLED

- Generated ~97% of the consolidated EBITDA.
- EBITDA margin remained solid: 10,4%
- Turnover increased due to inflation; volumes stagnated, which put pressure on margin.

WINDOWS & DOORS

- Turnover increase determined inclusively by the increase in sales volumes.
- Rapidly increasing raw material prices
- EBITDA impacted by the transfer of costs.

COMPOUNDS & RECYCLED

- Impacted by significant differences in quotations between raw materials in the EU and non-EU.
- Focused on maintaining the leader position.
- Margin above TeraPlast average: 10,1%

FLEXIBLE PACKAGING

- Quantities produced in 2022 are half of the production capacity; Profitability of this new division requires more time than initial estimates.
- Upward trend visible from the second half of 2022.

Our business model aims at the optimal integration of the entire value chain, compliance with business ethics, the development of a sustainable social and economic environment as well as reducing the potential negative impact we can have on what surrounds us.

- We are part of relevant international organizations to keep abreast of market trends, innovations and sustainable initiatives (e.g. TEPPFA, Recovynyl, UN Global Compact, European Bioplastics).
- We evaluate our performance annually in the management analysis, monitor our carbon footprint and engage in social programs (e.g. dual education).
- We participate in ESG rating initiatives → TeraPlast rating available on BSE Research Hub.

TeraPlast Group
carbon footprint
in 2021



22.494
Tons CO2 eq.
Scope 1 & 2

We have specific projects that address the sustainable development:

Photovoltaic plant:

We already have a photovoltaic plant made with E.ON (1.9 million euros)

We are building a new photovoltaic plant designed for a power of 4.56 MWp

We will reduce emissions, in total, by approximately 4,500 tons of CO2 eq./year



Biodegradable packaging

The technology in TeraBio's factory has a carbon footprint over 95% lower than conventional technology.

The products are OK Compost certified by TUV Austria.



Integration of recycled material

We have products that integrate recycled material as well as made of 100% recycled (Grin Pipe, polyethylene films).

We have an international patent to produce recycled PVC pipes.



The largest recycler

Through TeraPlast Recycling we are the largest producer of micronized recycled PVC in Europe.

According to studies, for every 1 ton of recycled PVC, 2 tons of CO2 are saved.



Digitization and governance

We are digitizing our processes to reduce our environmental impact and become more efficient.

The whistleblower is publicly available to anyone who wants to report irregularities.

- For the current year, TeraPlast Group is targeting significant increases in financial performance, estimating an acceleration of infrastructure works, expected at the beginning of Q3/2023 at the latest.

+19%

TURNOVER

**848
MLN. LEI**

(2022: 711 MLN. LEI)

+42%

EBITDA

**75
MLN. LEI**

(2022: 52,7 MLN. LEI)

**EBITDA
MARGIN**

8,8%

(2022: 7,4%)

+14,8%

VOLUMES

89.468 TONS

(2022: 77.904 TONS)

The consolidated results in 2023 will improve considering reduced price volatility. Turnover will increase driven by growth in volumes.

The budget presented for 2023 does not include the effects determined by possible M&A.

102 mln. lei

**Total value of the
investments for 2023.**

The most important investment projects in 2023 are the stretch film factory and the photovoltaic plant.

- Second half of 2023 will bring a positive impact for Instalations & Recycling as we expect the start of constuction for the Anghel Saligny projects as well as increased pace on POIM projects. We expect to excede the volumes of 2021.
- In compounds we see a normalisation of the market conditions, meaning more stable prices and less arbitrage which will increase demand for EU products.
- TeraGlass, (Windows & Doors), will grow based on PNRR projects worth EUR 2,2 bn (increased thermal eficiency of buildings). We will also see a slight decrease of prices as well as an increase in volumes. The profitability will grow as there will be less pressure from the cost of raw materials. On the other hand the increase in construction minimum wage will have a negative impact.
- Flexible packaging will also see an increase in volumes, as we will be over the ramp-up stage, have a broader customer base and see an overall increase in demand. In 2023 we will be over the break even threshold.

Market opportunities

INSTALLATION

7 billion EUR

Budgeted for infrastructure through National Recovery & Resilience Plan and Anghel Saligny program (water, sewerage and gas networks)

WINDOWS & DOORS

2,2 billion EUR

Budgeted for renovations – apartment blocks & public buildings renovated/ rehabilitated (PNRR Renovation Wave)

FLEXIBLE PACKAGING

274 million EUR

is worth the flexible packaging market in Romania, of which 169 mln EUR are imports

COMPOUNDS

18 billion EUR

Budgeted for other projects where the Group's products (i.e. compounds) can be used (energy, waste management, transport, social & institutional buildings, healthcare, education etc.)

+16% growth in turnover 2022 vs 2021

amounts in mil RON



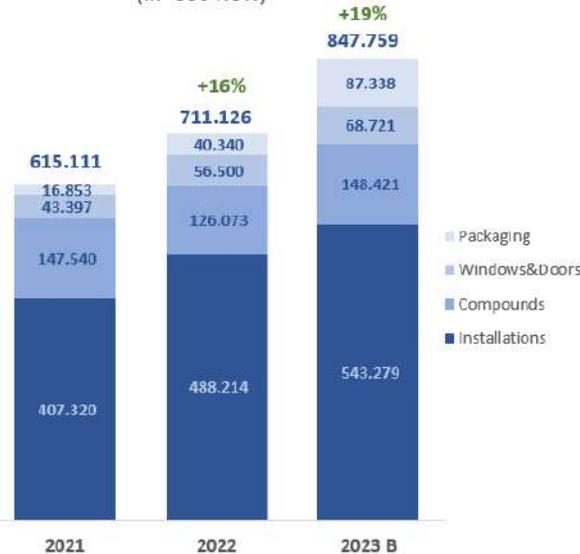
- A significant proportion of the increase in turnover is due to price increases, as a result of higher production costs
- We sold larger quantities of windows, water and gas installations. These increases were counterbalanced by the decrease in the volume of compounds sold and sewage installations.
- The turnover of new products relates mostly to biodegradable packaging, plus the new products launched in 2022 TeraDuct (telecommunications infrastructure and fiber optic tubing) and NeoTer (floor heating systems) which were commissioned at the end of H1 2022.

FINANCIAL PERFORMANCE



RON '000	2021	2022	2023 B
Net sales	615.111	711.126	847.759
Other operating income	3.486	655	704
Total operating income	618.597	711.781	848.463
Raw materials, consumables & m	(406.509)	(486.499)	(560.627)
Salaries and employee benefits	(69.275)	(83.556)	(97.196)
Depreciation and adjustments for	(23.204)	(26.285)	(30.880)
Other operating expenses	(66.291)	(89.008)	(115.634)
Total operating costs	(565.279)	(685.349)	(804.337)
EBIT	53.319	26.433	44.126
EBITDA	74.640	52.718	75.006
EBITDA %	12%	7%	9%
Financial results, net	(2.344)	(9.877)	(20.196)
Profit before tax	50.975	16.556	23.930
Income tax expenses	(8.684)	(1.182)	(4.544)
Net profit	42.291	15.374	19.385
Net profit %	7%	2%	2%

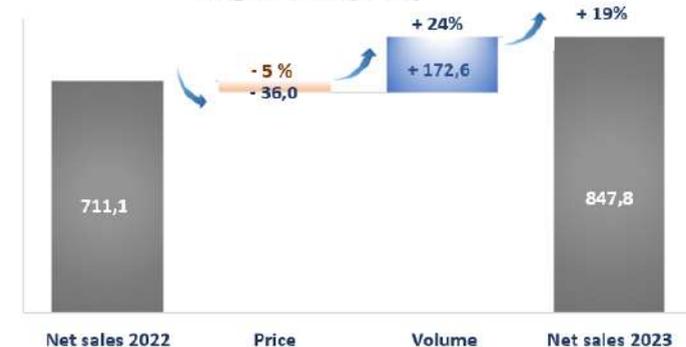
Net sales by segments
(in '000 RON)



EBITDA by segments
(in '000 RON)



Bridge net sales (mil lei)



The 2023 budget remains challenging, and we aim to slightly exceed the Group's record EBITDA in 2021, relying also on the normalization of business segments aimed at diversifying our business. We expect our business to improve in the second half of 2023.

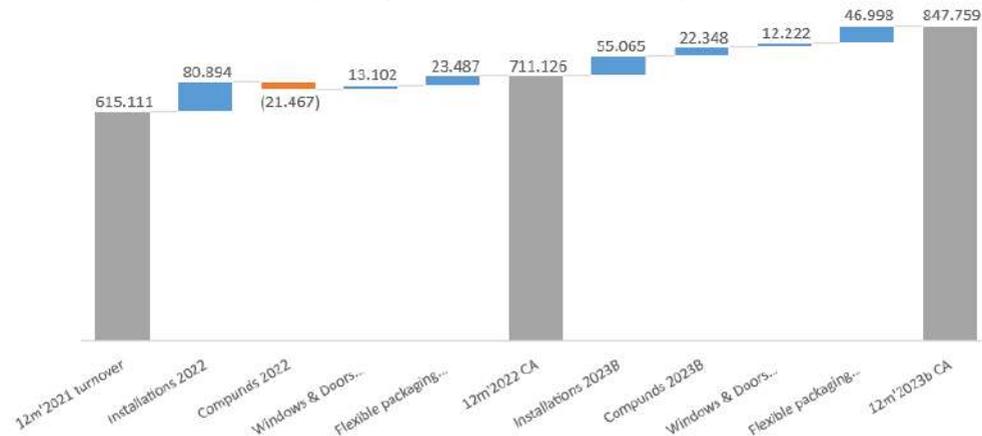
Consolidated results at Group level in 2023 will improve based on reduced price volatility (-5% price decrease). Turnover will increase from higher volumes (+24%).

FINANCIAL PERFORMANCE

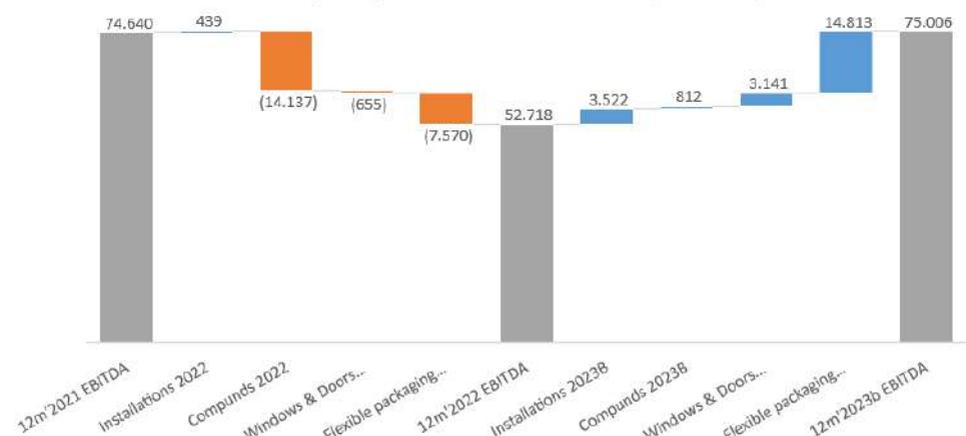


RON '000	Installations and recycling			Compunds			Windows&Doors			Flexible Packaging			Teraplast Group		
	2021	2022	2023b	2021	2022	2023b	2021	2022	2023b	2021	2022	2023b	2021	2022	2023b
Net sales	407.320	488.214	543.279	147.540	126.073	148.421	43.397	56.500	68.721	16.853	40.340	87.338	615.111	711.126	847.759
Other operating income	1.050	556	-	-	61	-	8	16	704	31	21	-	1.089	655	704
Total operating income	408.370	488.770	543.279	147.540	126.134	148.421	43.406	56.516	69.425	16.884	40.361	87.338	616.200	711.781	848.463
Raw materials, consumables, merchan	(268.521)	(320.704)	(346.874)	(99.955)	(98.286)	(112.555)	(25.683)	(34.679)	(40.271)	(12.350)	(32.830)	(60.926)	(406.509)	(486.499)	(560.627)
Salaries and employee benefits	(44.217)	(52.885)	(59.707)	(11.409)	(7.827)	(10.980)	(9.133)	(11.204)	(13.598)	(4.516)	(11.641)	(12.911)	(69.275)	(83.556)	(97.196)
Depreciation and adjustments for asset	(15.976)	(18.919)	(19.812)	(3.005)	(2.680)	(3.208)	(1.595)	(1.352)	(1.217)	(747)	(3.334)	(6.643)	(21.321)	(26.285)	(30.880)
Other operating expenses	(45.124)	(64.233)	(82.228)	(9.357)	(7.340)	(11.393)	(7.590)	(10.288)	(12.069)	(3.705)	(7.148)	(9.945)	(65.776)	(89.008)	(115.634)
Total operating costs	(373.837)	(456.741)	(508.621)	(123.726)	(116.133)	(138.135)	(44.000)	(57.522)	(67.155)	(21.318)	(54.952)	(90.425)	(562.882)	(685.349)	(804.337)
EBIT	34.533	32.029	34.658	23.814	10.001	10.285	(594)	(1.007)	2.270	(4.434)	(14.591)	(3.087)	53.319	26.433	44.126
EBITDA	50.508	50.948	54.470	26.819	12.681	13.493	1.000	346	3.487	(3.687)	(11.257)	3.556	74.640	52.718	75.006
EBITDA %	12,4%	10,4%	10,0%	18,2%	10,1%	9,1%	2,3%	0,6%	5,1%	-21,9%	-27,9%	4,1%	12,1%	7,4%	8,8%
Financial result, net	(1.437)	(6.774)	(13.710)	(235)	(708)	(1.120)	(395)	(1.174)	(2.236)	(276)	(1.221)	(3.131)	(2.344)	(9.877)	(20.196)
Profit before tax	33.096	25.255	20.948	23.579	9.293	9.166	(990)	(2.180)	34	(4.710)	(15.812)	(6.218)	50.975	16.556	23.930
Income tax expenses	(4.625)	(1.647)	(3.736)	(4.012)	(928)	(808)	-	(418)	-	(46)	1.812	-	(8.684)	(1.182)	(4.544)
Net profit	28.471	23.608	17.212	19.566	8.365	8.357	(990)	(2.599)	34	(4.756)	(14.000)	(6.218)	42.291	15.374	19.385
Net Profit %	7,0%	4,8%	3,2%	13,3%	6,6%	5,6%	-2,3%	-4,6%	0,0%	-28,2%	-34,7%	-7,1%	6,9%	2,2%	2,3%

Turnover | Bridge FY21 -> FY22 -> FY 23b (RON'000)



EBITDA | Bridge FY21 -> FY22 -> FY23b (RON'000)

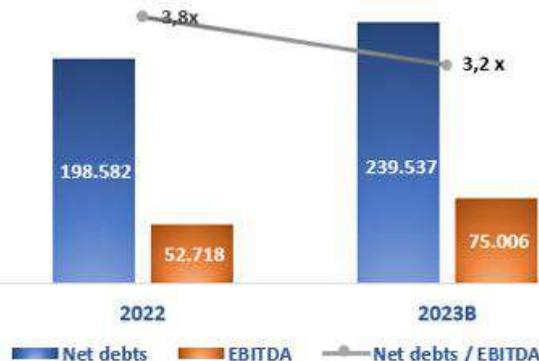


2023B | Balance sheet summary

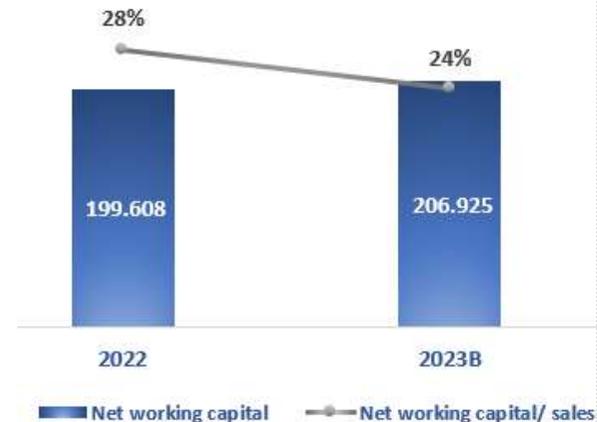
RON '000	TRP Group	
	2022	2023 B
Intangibles assets	3.772	2.859
Tangible assets	355.953	426.716
Investment Property	4.915	4.915
Other non-current assets	2.114	2.114
Total fixed assets	366.754	436.603
Inventories	129.120	150.984
Trade receivables	141.648	155.667
Trade debts	(75.513)	(103.557)
Trade working capital	195.255	203.094
Other payables	(2.002)	(1.957)
Other receivables	8.622	8.622
Working capital - other	6.620	6.665
Net working capital	201.874	209.759
Cash and cash equivalents	11.401	3.946
Finance lease loans and debts	(200.659)	(234.158)
Other long-term debts	(8.372)	(8.372)
Provisions	(953)	(953)
Net (debt) / cash	(198.582)	(239.537)
Investments grants	(60.566)	(77.961)
Net assets	309.479	328.864
Share capital	217.405	217.405
Reserves	52.516	52.516
Retained earnings	36.296	55.681
Non-controlling interest	3.262	3.262
Equity	309.479	328.864

Key aspects

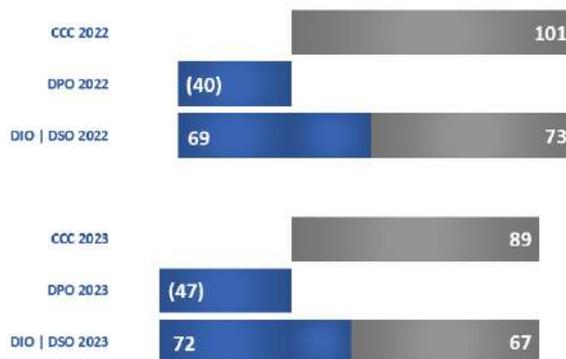
Net debts/ EBITDA ('000 RON, x)



Net working capital and % in sales



Cash Conversion Cycle (in # days)



- Investment payments were 96 million lei in 2022. For 2023 we plan to invest 100 million lei, out of which 63 million lei stretch films and 19 million lei photovoltaic panels.
- This year we received 30,4 million lei in state aid for the TeraBio investment and the TRP projects. Next year we will collect the remaining 23,9 million lei related to projects worth.
- Net working capital will increase in value in 2023 vs 2022 in line with sales growth

2023 B | Cash flow summary

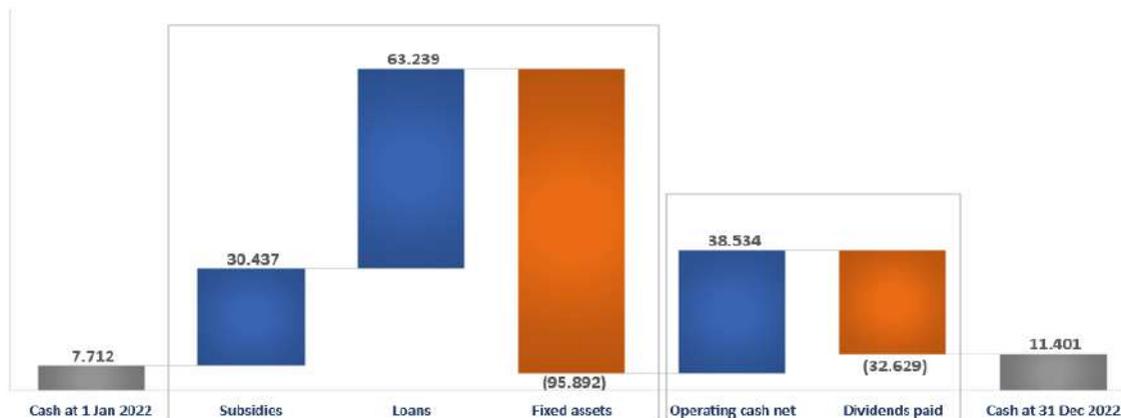
RON '000

Cash flow summary	2022	2023B
Net profit before tax	16.556	23.930
Net profit adjustments	45.733	48.518
(+) Operating profit before changes in working capital	62.289	72.448
Net impact working capital	(6.524)	(7.884)
Income tax paid	(3.102)	(4.544)
Interest paid	(9.874)	(17.639)
Income from subsidies	(4.255)	(6.538)
(-) Subtotal changes in working capital and other	(23.755)	(36.606)
=> Cash from operating activities	38.534	35.842
Payments for fixed assets acquisitions	(98.378)	(100.729)
Receipts from sales of fixed assets	2.486	-
Receipts from subsidies	30.437	23.933
(+) Net cash used for investments	(65.455)	(76.796)
Net repayments of loans and leasing	63.639	33.499
Dividends received	56	-
Dividends paid	(32.685)	-
Share repurchased	(400)	-
(-) Net cash from finance activities	30.610	33.499
Net variance	3.689	(7.455)
Cash & Equiv la Jan 1, 2022/ 2023	7.712	11.401
Cash & Equiv la Dec 31, 2022/ 2023	11.401	3.946

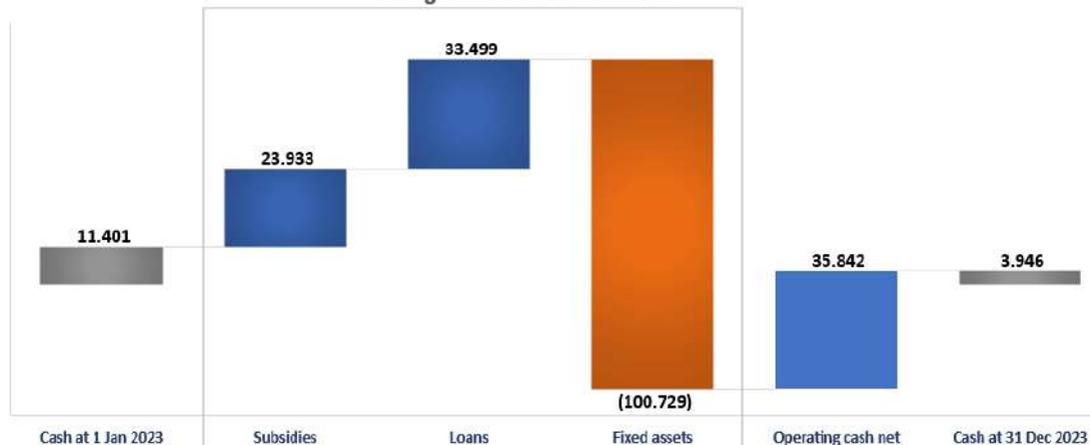
all amounts in thousands of RON unless otherwise specified

Bridge 31 December 2022 / 2023

Bridge Cash Flow 12M 2022



Bridge Cash Flow 12M 2023



- **Second best year after a record 2021.**
- There was pressure generated by the general context, increases in raw material prices and weak infrastructure market due to delays in the start of investments. We managed, nevertheless to **preserve our market share** and even **increase it on some segments** (like flexible packaging)
- We feel that the hard part is over. We expect that this year will bring growth, a more positive market context and less price volatility, forming the basis for the next growth cycle.
- We always aim high, and we take on ambitious growth objectives.
- 2023 will bring better results as **price volatility will decrease**. The increase will come from volumes, not inflation.
- **We will excede**, volumen wise, **the records in 2021** for most of our segments.
- **We keep investing in 2023:** the total amount is RON 102 million. The major projects are the stretch film factory and a new photovoltaic powerplant. We keep on diversifying and increasing our geographical footprint. We always keep in mind the care for the environment, investing in green ways to become more self-sufficient.



Teraplas

Q&A

Thank you!



TeraPlast[®]

since 1896

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