

## PRESS RELEASE

### **TeraPlast Group's activity continues to accelerate in the third quarter: positive net result and growing EBITDA margin**

- **Positive net result of almost 7 million lei at Group level after the first 9 months of 2023 as a result of the performance in Q3/2023**
- **70% increase in consolidated EBITDA Q3/2023 compared to Q3/2022**
- **Good evolution of the Installations segment, the Group's powerhouse, as a result of the improved dynamics for public works**
- **2023 Forecast: EBITDA growth of 6% vs. 2022 and EBITDA margin improvement to 8,3% compared to 7,4% in 2022**

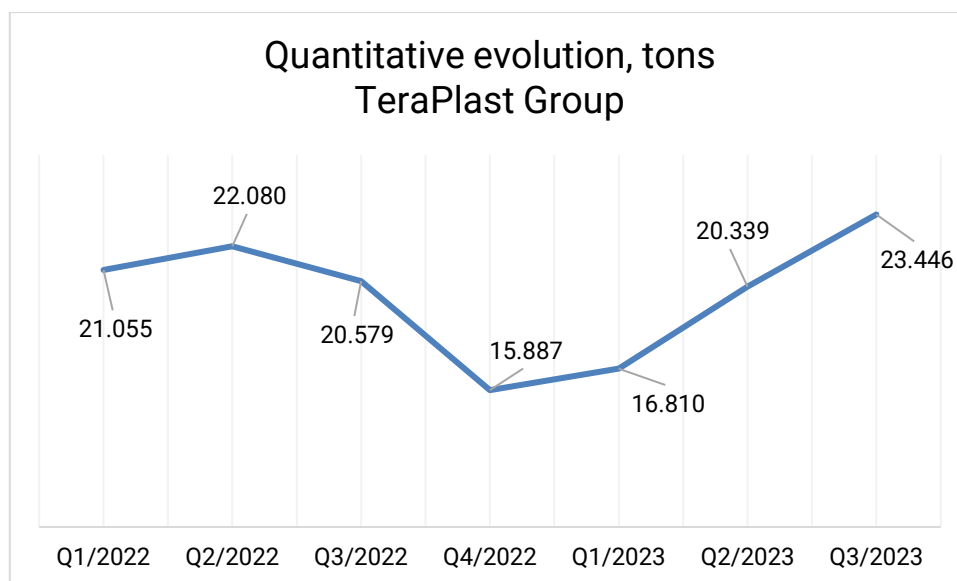
#### **Bistrița, October 24, 2023**

TeraPlast Group's activity accelerated in Q3/2023 with additional traction from the increase in infrastructure works and exports, but hindered by the below-expected evolution of subsidiaries' businesses (windows and doors and flexible packaging segments). The key figures are below the first 9 months of 2022, but management's expectation is that this gap will be closed by the end of the year.

Consolidated turnover reached RON 517 million, 8% below the level of the first 9 months of 2022. EBITDA is at RON 45 million, 7% behind the same period last year. The consolidated net result reached positive territory after three quarters, at almost RON 7 million. TeraPlast Group's exports reached 17% of the turnover, standing at RON 87 million.

The quarterly evolution compared to the same period last year (Q3/2023 vs Q3/2022) indicates a turnover 4% higher compared to the one of the third quarter of last year and a 70% increase in EBITDA. Also, **in the third quarter of the current year, the consolidated EBITDA margin reached 11%.**

This is also reflected in the quantities sold – in the third quarter of 2023 there was a **14% increase in the volumes compared to Q3/2022.**



## 9 months / 2023 Results

<i>RON, thousand</i>	<b>Group Total</b>	Installation & Recycling	Compounds & Recycling	Windows & doors	Flexible Packaging
Turnover	<b>517.384</b>	387.489	59.777	37.114	33.004
% vs 9 months/ 2022	<b>-8%</b>	1%	-44%	-15%	17%
EBITDA	<b>45.011</b>	44.540	5.513	151	-5.193
% vs 9 months/ 2022	<b>-7%</b>	1%	-55%	-35%	n/a
EBITDA margin	<b>8,7%</b>	11,5%	9,2%	0,4%	-15,7%

*„We’ve experienced a consistently improved demand resulting from the more accelerated development of infrastructure projects that were on the trajectory we had hoped for last year. Unfortunately, the other segments, although they are generally on a positive quarterly trend, do not stand at the expected level. We keep our focus in the current context on the efficiency of the activity and the profitability of these business lines which also suffer due to the unfavorable context.”* stated Mrs Ioana Birta, CFO of TeraPlast Group.

In the first 9 months of 2023, the **Installations and Recycling** segment, the most solid of the Group, was slightly above the same period of 2022, contributing the most to the consolidated results. Turnover, which reached RON 387 million, and EBITDA of RON 44,5 million, are 1% above the first 9 months of 2022, while the EBITDA margin remained at a double-digit value, namely 11,5%.

Compared to the first 9 months of 2022, there was an evolution generated by the good dynamic on public works, visible in the results of the third quarter, when compared to Q3/2022, the turnover increased by 16% and the EBITDA by 85%. Thus, the EBITDA

margin reached 13,4% in the quarter, higher than the one recorded for the nine months period. The upward trend in public works will continue to produce positive effects in the results of the Installations and Recycling division until the end of 2023.

The **Compounds and Recycling** segment had mixed developments in the first 9 months of 2023, registering a turnover of RON 59,8 million, 44% below last year but an EBITDA margin of 9,2%. While pressure from non-EU raw materials eased in Q3/2023, demand for this segment fell sharply amid a lack of orders further down the value chain. In this mixed climate, affected by falling demand, attention turned to preserving market share. Even though the segment's EBITDA margin was 9,2% in the first 9 months of 2023, compared to 11,3% in the first 9 months of 2022, the level can be considered satisfactory.

For the **Windows and doors** segment, domestic sales continued to grow in Q3/2023, which led to positive developments in nominal EBITDA (+47% compared to Q3/2022) and EBITDA margin (8,9% in Q3/2023 compared to 4,8% in Q3/2022). However, although it indicates a positive trend, the growth was not enough to reach levels similar to the first 9 months of 2022, being weighed down by the results of the previous quarters. Thus, turnover reached RON 37 million after the first nine months of 2023, 15% below the same period of 2022, while EBITDA reached RON 151 thousand, 35% below the one in the first nine months of 2022.

The **Flexible Packaging** segment had a turnover of RON 33 million, 17% higher compared to the first three quarters of 2022, against the background of increased volumes sold. Compared to the first 9 months of the previous year, the operating loss decreased by almost RON 3 million. Volume growth is slower than expected, with volumes sold still below break-even. The company continues to actively participate in competitive procurement processes to achieve critical mass.

## Investment projects

As expected, in Q3/2023, TeraPlast signed the PNRR financing contract for a new photovoltaic plant. Currently, the company is awaiting the adjustment of some parameters of the investment before starting the tender for the project. The investment is to become operational by June 30, 2024.

The stretch film factory is also on schedule, during this period the preparations for the trials have started, so that by the end of 2023 the production activity will begin.

## 2023 Forecast

Regarding the results **for 2023, the representatives of the Group expect consolidated levels in line with 2022** for the main financial indicators.

## 2023 Forecast

<i>RON, thousand</i>	<b>Group Total</b>	Installation & Recycling	Compounds & Recycling	Windows & doors	Flexible Packaging
Turnover	<b>673.838</b>	500.866	75.066	49.071	48.835
% vs 2022	<b>-5%</b>	3%	-40%	-13%	21%
EBITDA	<b>55.963</b>	55.835	7.007	372	-7.251
% vs 2022	<b>6%</b>	10%	-45%	8%	n/a
EBITDA margin	<b>8,3%</b>	11,1%	9,3%	0,8%	-14,8%

Thus, for 2023, TeraPlast Group estimates a turnover of RON 673,8 million and an EBITDA of RON 56 million, the Group's main driver still being the Installations & Recycling segment. For the same period, Group EBITDA margin is estimated at 8,3%, compared to 7,4% at the end of 2022, on the back of slight improvement in margins and EBITDA for the Windows and Doors and Flexible Packaging segments. The effect of low demand is expected to continue until the end of the year for the Compounds and Recycling segment, which is also reflected in the forecasted results, but which is expected to improve starting the beginning of next year.

*„Looking at the big picture, we expect the end of the year to show a stabilization of the trend and an acceleration of the growth rate. We estimate in 2023 a 6% increase in EBITDA compared to 2022, the results being influenced by the evolution of average prices that dilute the potential effect of the increase in volumes in 2023. We believe that we will continue to see positive developments of the key figures and an improvement in the profitability of the subsidiaries. Our activity continues at an equally sustained pace towards the long-term development of TeraPlast Group, we have the vision and ability to capitalize on the future opportunities that the markets we operate both internally and externally will bring.”* added Mrs Birta.

## About TeraPlast Group

*TeraPlast Group is the largest polymer processor in South-Eastern Europe. The group is comprised of the following companies: TeraPlast, TeraGlass, TeraPlast Recycling, TeraBio Pack and Somplast. Since July 2, 2008, TeraPlast SA is 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, in the MSCI Frontier IMI (Investable Market Index) indices and in the CECE MidCap and ROTX EUR indices of the Vienna Stock Exchange.*

*In the VEKTOR assessment based on 12 criteria on corporate governance and communication with investors, carried out by ARIR, TeraPlast achieved the maximum score, 10, for the fourth year in a row.*

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The report containing the consolidated unaudited financial results for the first nine months of 2023 is available on the website <https://investors.teraplast.ro/reports-and-information/financial-reports/> and on the BSE website, TRP symbol.