



ANNUAL REPORT 2023



TeraPlast®

Report of the Board of Directors

teraplast.ro

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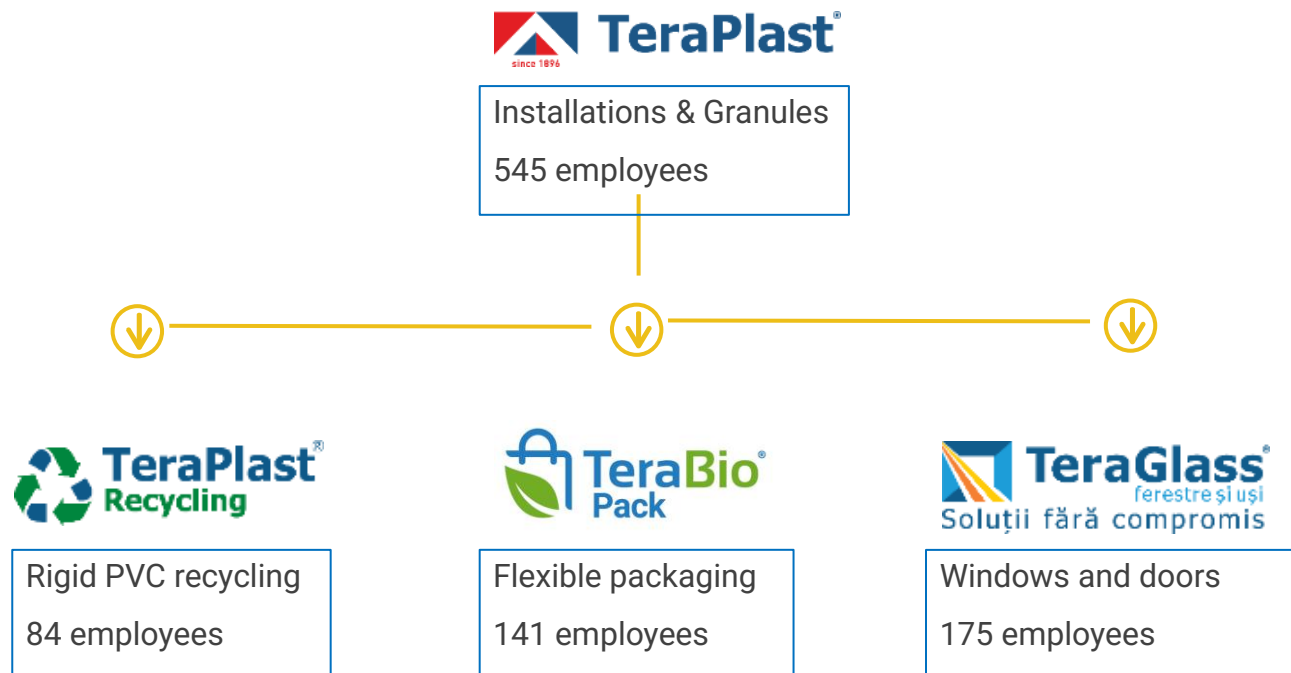
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About TeraPlast Group

The TeraPlast Group is the largest polymer processor in Central and Southeastern Europe.

The TeraPlast Group is composed of TeraPlast SA, a company listed on the Bucharest Stock Exchange since 2008, and its subsidiaries: TeraPlast Recycling SA (100% ownership), TeraGlass Bistrița SRL (100% ownership), TeraBio Pack SRL (100% ownership), Somplast SA (70,75% ownership), and TeraPlast Magyarország KFT (100% ownership).

From an operational perspective, in 2023 the TeraPlast Group had the following structure:



In December 2023, the acquisition of Palplast company from the Republic of Moldova was announced, resulting in TeraPlast SA holding a 51% stake. Given the transaction date and the fact that it finalized at the beginning of 2024, Palplast is not part of this report and the financial statements for year 2023. In 2023, there were no significant reorganizations, acquisitions, asset disposals, or mergers within the TeraPlast Group that would alter its structure.

Geographical footprint

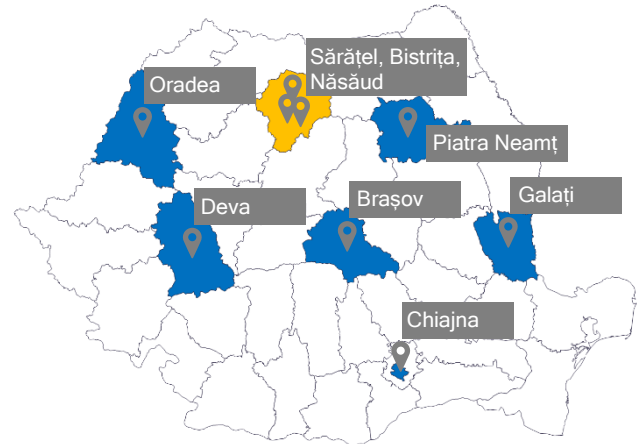
The production activity of the Group takes place in 3 locations in Bistrița-Năsăud county, namely: Sărățel, Bistrița, and Năsăud. The headquarters is located in Sărățel, in the industrial park that hosts most of the Group's factories. Additionally, there are the Group's own distribution centers located in Romania and Hungary.

The distribution centers are located as follows:

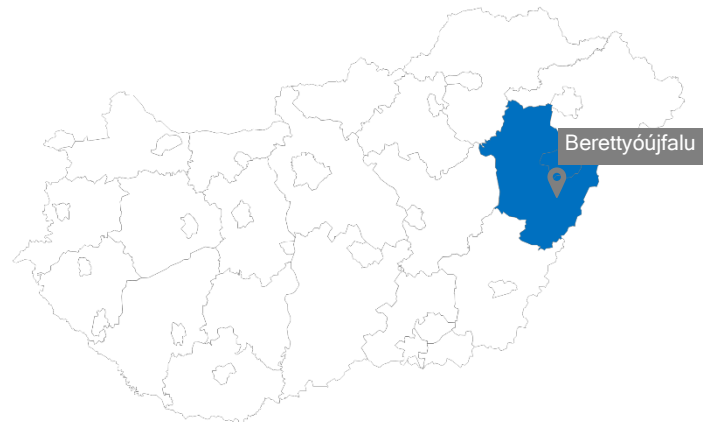
- Romania: Oradea, Deva, Brașov, Piatra Neamț, Chiajna și Galați.
- Hungary: Berettyóújfalu.

The storage facilities in Hungary and Galați started their activity in 2023, strengthening the in-house distribution force existing in 2022.

Romania



Hungary



The locations of the TeraPlast Group amount to 346.000 m², of which 103.600 m² are covered production and storage spaces, and 114.600 m² are outdoor storage platforms.

TeraPlast Group factories feature state-of-the-art equipment, on par with those of major global manufacturers, ensuring high productivity and resource consumption optimization. The total production capacity of the Group is 175.869 tons annually. This includes the existing capacities within the Group in 2023, including the stretch film factory capacity, but does not include the capacities added from 2024 onwards, following the completion of the acquisitions of Palplast and the Wolfgang Freiler Group.

TeraPlast Group factories

- PVC pipes factory, Sărățel (TeraPlast)**
 - Polypropylene factory, Sărățel (TeraPlast)**
 - Polyethylene factory, Sărățel (TeraPlast)**
 - Polyethylene factory II, Sărățel (TeraPlast)**
 - Rigid PVC recycling factory, Năsăud (TeraPlast Recycling)**
 - Windows and doors factory, Bistrița (TeraGlass)**
 - Polyethylene packaging factory, Năsăud (TeraBio Pack)**
 - Biodegradable packaging factory, Sărățel (TeraBio Pack)**
 - Stretch film factory, Sărățel (TeraPlast Recycling)**
 - PVC granules factory, Sărățel (TeraPlast)**
 - Fittings factory, Sărățel (TeraPlast)**
 - Rotomoulded products factory, Sărățel (TeraPlast)**
 - Microducts and PE-XA pipes factory, Sărățel (TeraPlast)**
-

Product portfolio and targeted markets

The product portfolio of the TeraPlast Group is structured across several business lines: installations, granules, windows and doors, rigid PVC recycling, and flexible packaging. In turn, the business lines are organized into product categories, as represented in the accompanying figure. Detailed information about TeraPlast Group products is available on our website [at this link](#).

Business line	Product categories
Installations	Complete systems for :
	› indoor sewers
	› outdoor sewers
	› water and gas transport and distribution
	› rainwater management
	› electric and telecommunication cable protection
	› floor heating
Granules	Plasticized PVC granules
	Rigid PVC granules
	HFFR granules
Windows and doors	PVC windows and doors
	Aluminum windows and doors
	Garage doors
	Curtain walls
Rigid PVC recycling	Micronized recycled PVC
	Regranulated recycled PVC
Flexible packaging	Biodegradable and compostable packaging
	Polyethylene packaging

In our financial reports, business lines are organized into 4 segments: Installations & Recycling, Granules & Recycling, Windows & Doors, and Flexible packaging. From the perspective of the companies composing the TeraPlast Group, the installations and granules portfolios are managed by TeraPlast SA, TeraGlass manages the windows & doors portfolio, TeraPlast Recycling the rigid PVC recycling portfolio, while TeraBio Pack manages the flexible packaging portfolio.

The Group's product mix addresses the construction market through the installations and thermal insulation joinery segments, the manufacturing industry through the granules segment, the PVC processors market through the rigid PVC recycling portfolio, and the flexible packaging market through the polyethylene and biodegradable foils and films portfolio.

The client portfolio reflects a B2B business model and includes contracting companies, distributors, DIY stores, for the installations and windows & doors businesses, PVC processors and manufacturers that use PVC as raw material for the recycling and granules businesses. Flexible packaging customers are large retail chains, distributors and industrial companies that use foils for packaging goods.

Strong market positions

TeraPlast Recycling is the largest rigid PVC recycler in Romania and in the top 10 in Europe. Through the Installation business line, we are the market leader in water and sewage infrastructure in Romania, being the first choice for our customers.

Additionally, TeraPlast is the main supplier of PVC granules in the Romanian market, and TeraBio Pack is one of the top 5 producers in the flexible packaging market. TeraGlass operates in a market that includes approximately 1.000 producers, and the company's objective is to rank among the top 10 window and door manufacturers in Romania.

At TeraPlast, we have our own laboratory, accredited by RENAR for physical and mechanical tests, where our colleagues test new recipes and ensure that our products meet the highest quality standards and comply with all necessary technical properties. Our portfolio products are certified and tested by institutions such as IFT Rosenheim, SRAC, ICECON Romania, DIN CERTCO, and TUV Austria. The activities of TeraPlast Group companies are carried out in an Integrated Quality – Environment – Health and Safety at Work Management System, according to ISO 9001, 14001, 45001. In 2023, TeraPlast SA initiated the certification process also for the Energy Management System, ISO 50001.



Stretch film factory

At the end of the fourth quarter of 2023, the stretch film factory commenced production activity. The products will be marketed under the Opal brand and will follow the B2B model of the Group's other businesses. Opal's clients come from various industries, and the products are suitable for safely packaging palletized goods for transportation, serving both manufacturers and distributors as well as logistics service providers. The factory is the result of an investment of over 86 million lei, co-financed through the state aid scheme. Opal's activity will be reflected starting in 2024 in the results of the Flexible Packaging business line.

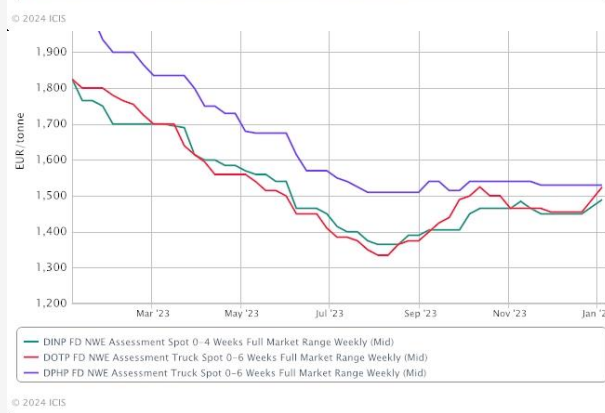
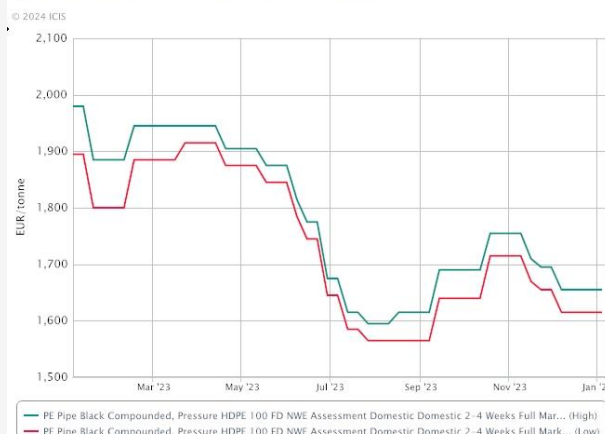
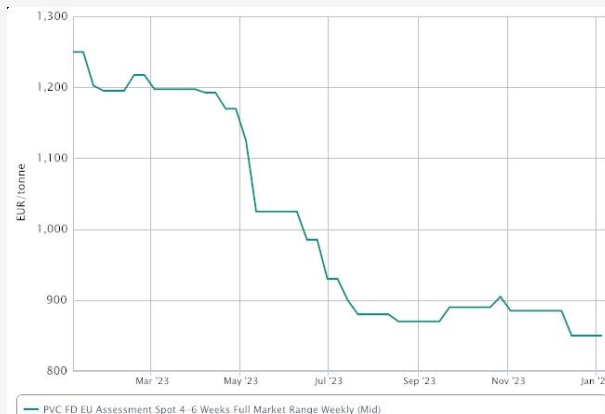
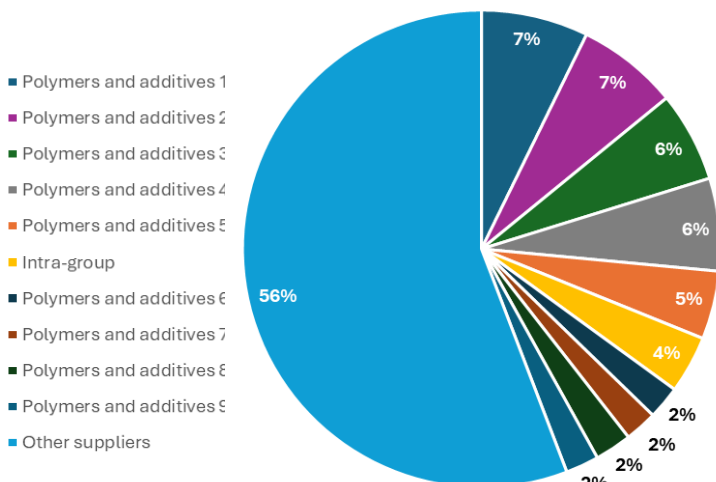
Procurement sources

The TeraPlast Group has a global procurement footprint. Even though our main suppliers of raw materials are from the European Union, we also purchase raw materials from the United States of America, North Africa, and even the Far East.

The year 2023 was marked by an accelerated deflation of raw material prices, far beyond our expectations. Seasonal developments throughout the year were not adhered to, with raw materials reaching their lowest levels by the end of the third quarter, when under normal circumstances they should have peaked in price.

There were no availability issues, however, procurement sources from the European Union only improved their price competitiveness in the second half of the year, with import prices from non-EU countries being lower until then. In the latter part of the year, prices tended to return towards normal levels compared to multi-year averages, and as petrochemical plants in the European Union lowered prices, non-EU imports decreased as well.

TeraPlast Group's supplier mix



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Key figures 2023

The financial results of TeraPlast Group in 2023 bear the imprint of a macroeconomic environment filled with challenges. Nevertheless, the overall performance was relatively similar to that of 2022, which was the second best year in the Group's history after the record 2021.

TURNOVER	EBITDA	EBITDA MARGIN
672,3 MLN. LEI	51,4 MLN. LEI	7,6%

The consolidated turnover contracted with 5% in 2023, to RON 672 million, under the significant influence of the decrease in the Compounds segment.

For the whole year 2023, **EBITDA stands at RON 51.3 million**, a 3% decrease versus 2022, mainly due to the decrease in the Compounds segment. **EBITDA margin, Group level, slightly increased to 7.6%**, while for the Installations segment remains in the double-digit range.

The net result of 2023 remained in positive range of RON 1.1 million despite business seasonality of the last quarter of the year. The Installations segment generated a net profit of RON 17.3 million. Two divisions had a net loss, Windows (RON 1.9 million lei) and Packaging (RON 15.7 million lei).

Exports reached 16% of the turnover and the Group's products reached 22 European markets.

The Group's **gross margin increased from 32% to 37%**, representing a 10% increase in absolute terms. However, this increase was burdened by salary increases and utility prices. In this regard, a good cost management brings potential improvements in the bottom line.

The information within this chapter are available, alongside the financial statements at this link [at this link](#).

Segments' evolution

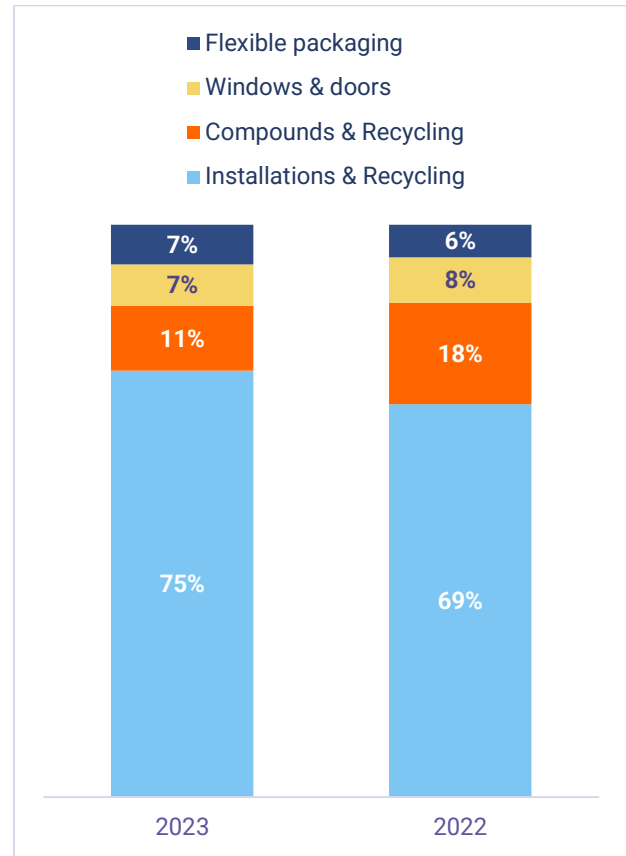
Installations segment, the largest and best performing in the Group had positive results even though the growth was moderate compared to the previous years, under the influence of deflation brought about by a sharp decrease in raw material prices. This activity profited from the increase in public works, which accelerated sharply in the second part of last year. EBITDA margin of the Installations segment stood at over 10% while the **net profit of RON 17.3 million** covered the negative results of other business lines.

Compounds segment had a sharp contraction of the turnover (-40%) because of sales decrease of its customers. Despite this contraction, which affected its whole market, TeraPlast remains the main supplier for its customers in this market. Due to an increase in costs, EBITDA dropped to RON 6 million (-51% vs 2022), but EBITDA margin was above the average, at 7.9%. On the other hand, this division had a **positive contribution of RON 1.6 million to the net profit**.

The **Windows segment** suffered as a result of decrease in orders from the retail segment, which had a 40% contraction of sales volumes. To counterbalance this effect, the Group's strategy, since 2023 and for 2024 is to focus on the domestic renovations and new buildings market in order to reduce the dependence on DIY stores. Non-DIY sales reached 28% of the sales in the previous year. This market segment has a higher margin, reflected in an increase from 39% to 44% of the sales (2022 vs 2023) of the gross margin. This increase however, failed to be fully felt in the EBITDA which stood at RON 0.4 million as the segment faced sharp cost increases. The average salary increased in this

division by 46% versus 2022, mostly due to the increase in minimum wage in the construction and related sectors.

Busines lines' weight in the results of TeraPlast Group















The packaging segment was the only one with a negative EBITDA in the Group but the activity improved throughout the year, which gives good perspectives for 2024. This segment reached **optimum volumes of orders** in the last months, an essential step towards being profitable. In the next stage, the focus will be to increase profitability, which means discontinuing production on inefficient lines in Nasaud. **TeraBio Pack** went through an adjustment of headcount for the new market conditions.

RON '000	TeraPlast Group			Installations			Compounds			Windows			Packaging		
	12m'2022	12m'2023	Var %	12m'2022	12m'2023	Var %	12m'2022	12m'2023	Var %	12m'2022	12m'2023	Var %	12m'2022	12m'2023	Var %
Net Sales	711.126	672.331	-5%	488.214	501.000	3%	126.073	76.074	-40%	56.500	48.846	-14%	40.340	46.410	15%
Other operating income	655	1.835	180%	556	1.311	136%	61	-	-100%	16	14	-13%	21	510	2281%
Total Operating Income	711.781	674.165	-5%	488.770	502.311	3%	126.134	76.074	-40%	56.516	48.860	-14%	40.361	46.920	16%
Raw materials, consumables & merch	(486.499)	(424.942)	-13%	(320.704)	(308.839)	-4%	(98.286)	(56.668)	-42%	(34.679)	(27.378)	-21%	(32.830)	(32.056)	-2%
Salaries and employee benefits	(83.556)	(95.056)	14%	(52.885)	(63.516)	20%	(7.827)	(6.470)	-17%	(11.204)	(11.492)	3%	(11.641)	(13.577)	17%
Amortization, impairments, provisions	(26.285)	(33.002)	26%	(18.919)	(23.210)	23%	(2.680)	(2.982)	11%	(1.352)	(1.168)	-14%	(3.334)	(5.642)	69%
Other operating expenses	(89.008)	(102.796)	15%	(64.233)	(77.506)	21%	(7.340)	(6.921)	-6%	(10.288)	(9.571)	-7%	(7.148)	(8.797)	23%
Total Operating Costs	(685.349)	(655.796)	-4%	(456.741)	(473.072)	4%	(116.133)	(73.042)	-37%	(57.522)	(49.609)	-14%	(54.952)	(60.073)	9%
EBIT	26.433	18.369	-31%	32.029	29.239	-9%	10.001	3.033	-70%	(1.007)	(749)	-26%	(14.591)	(13.153)	-10%
EBITDA	52.718	51.372	-3%	50.948	52.449	3%	12.681	6.014	-53%	346	419	21%	(11.257)	(7.511)	-33%
EBITDA %	7.4%	7.6%		10.4%	10.5%		10.1%	7.9%		0.6%	0.9%		-27.9%	-16.2%	
Financial result, net	(9.877)	(13.167)	33%	(6.774)	(9.115)	35%	(708)	(824)	16%	(1.174)	(1.225)	4%	(1.221)	(2.004)	64%
Profit before tax	16.556	5.202	-69%	25.255	20.124	-20%	9.293	2.209	-76%	(2.180)	(1.974)	-9%	(15.812)	(15.157)	-4%
Income tax expense	(1.182)	(4.064)	244%	(1.647)	(2.819)	71%	(928)	(630)	-32%	(418)	-	-100%	1.812	(615)	-134%
Net Profit	15.374	1.138	-93%	23.608	17.305	-27%	8.365	1.579	-81%	(2.599)	(1.974)	-24%	(14.000)	(15.772)	13%
Net Profit %	2.2%	0.2%		4.8%	3.5%		6.6%	2.1%		-4.6%	-4.0%		-34.7%	-34.0%	

In terms of quantities, total volumes are close to the 2022 levels – **75,346 tonnes in 2023 versus 76,931 tonnes in 2022** – meaning a decrease by 2% yoy. The quantities sold in the second half of the year, especially the 27% increase in volumes in Q4 2023 vs. Q4 2022 show positive market dynamics, well above that of 2022.

Detailed quantities

			2023	2022
	Pipes	 +34%	34,3 mln. LM	25,6 mln. LM
	Fittings	 +2%	10,8 mln. PCS	10,6 mln. PCS
	Compounds	 -21%	13.112 T	16.639 T
	Recycling	 -37%	7.738 T	12.286 T
	Flexible packaging	 +29%	3.972 T	3.082 T
	Windows & doors	 -27%	123 TH UNITS	168 TH UNITS

Key events in 2023

Performance in the capital market

We have achieved, for the fourth consecutive time, the maximum score of 10 in the Vektor evaluation coordinated by ARIR - the Association for Investor Relations at the Bucharest Stock Exchange. The score assesses the activity of listed companies regarding corporate governance and communication with investors. TeraPlast is one of the 18 companies listed on the BSE to have obtained the maximum score, while the average among companies in the BET index was 9.4.



The new distribution center in Galați

We have strengthened our geographical coverage in Romania by opening a new warehouse in the southeast of the country, in Galați. The facility serves as a logistical center for fast and efficient supply and delivery for the counties of Galați, Brăila, Tulcea, Vrancea, Ialomița, and Constanța.



Partnership with Sipex

TeraPlast joined forces with Sipex, one of the largest distributors of construction materials in Romania, listed on the Bucharest Stock Exchange in the AeRO market. The partnership involves the distribution of TeraPlast products, especially the complete underfloor heating system tailored to the current needs of consumers, NeoTer.

Support for the local community

We have expanded our support for CS Gloria 2018 Bistrița Năsăud through a contract where the new polyvalent hall in Bistrița bears the name TeraPlast Arena. The agreement is valid for a period of 5 years, with the possibility of extension through an additional agreement. The value of the contract exceeds 600,000 lei per year. The hall was completed in 2022, following an investment of 27.3 million euros, with funding provided both from the national budget and the local budget.



Inclusion in the ROTX index in Vienna

TRP shares were included by the Vienna Stock Exchange in the ROTX EUR index, starting from March 20, 2023. The ROTX, launched in 2005, is a market capitalization-weighted price index composed of 15 Romanian blue-chip stocks. It is tradable and used as a reference for structured products and standardized derivatives. TRP shares were part of this index until March 2024.

Continuity in the executive team

The Board of Directors has decided to extend the mandate of Ms. Ioana Birta as Chief Financial Officer until September 2027. Ms. Birta has been part of the TeraPlast Group's executive team since 2017. As CFO, she played a key role in the management team that implemented the transformation strategy of the TeraPlast Group, resulting in accelerated development through investments and M&A, digitalization and automation of processes, as well as increased transparency within the organization, both internally and externally.



15 years on the Bucharest Stock Exchange

On July 3, 2023, we celebrated 15 years since TeraPlast went public on the Bucharest Stock Exchange on July 2, 2008. During these 15 years of presence on the stock exchange, the company's market capitalization has grown by over four times, with revenues increasing from 219 million lei in 2007 to 711 million lei in 2022, and assets growing from 170 million lei to nearly 700 million lei. Investments during the same period amount to almost 800 million lei.



Development of renewable energy through NRRP

We have signed the financing contract for a financial support of approximately 5.5 million lei under the National Recovery and Resilience Plan for the development of a new photovoltaic plant within the Industrial Park in Sărățel. The non-reimbursable financing will cover about a quarter of the total investment of the company in this project, whose budget amounts to 22,565,775.35 lei. The new photovoltaic plant is designed with a capacity of approximately 4.56 MWp, corresponding to a produced power (from inverters) of approximately 3.81 MW, and is part of TeraPlast's sustainable development strategy, which also includes increasing energy independence from renewable sources.

Upgrade within MSCI

The performance and relevance of TeraPlast Group have been recognized through the upgrade of the company's shares to a higher category within the MSCI indices. As of September 1st, the stocks with the symbol TRP have transitioned from the Small Cap category to the Mid Cap / Large Cap category and are included in the MSCI Frontier and MSCI Romania indices.



Digitization of the analysis and quoting process

To optimize the analysis and quoting process, a program has been implemented that enables both a quick analysis of demand, by reporting the requested price to recorded costs, and access to the price history for the respective products. The software structure has been carefully customized by the TeraPlast team, and the program has been successfully developed and implemented by Cicada Technologies from Cluj. The increased response speed to inquiries has been made possible by equipping the sales team with IT equipment that allows rapid and real-time access to information regarding prices, stocks, and offers. The software programs replace the previous logistics and quoting management system, which was based on an Excel format and was no longer meeting current requirements due to the vast volume of data.

TeraPlast Investor Day

On November 28th, the 2023 edition of the Investor Day took place. During the event, the company's shareholders and investors from the capital market interested in TeraPlast, visited the industrial park in Sărățel where they saw the latest investments in place. The management team presented the recent evolution of the Group, its vision, and plans, while participants had the opportunity to engage in discussions with the management.



Acquisition of pipe manufacturer Palplast in the Republic of Moldova

The company operates two production lines for high-density polyethylene pipes used in water and gas supply networks. The transaction amounted to 1.8 million euros, comprising 1 million euros contributed by TeraPlast SA to Palplast Moldova's capital and 800 thousand euros paid to the existing shareholder. As a result, the ownership structure consists of TeraPlast, holding a 51% stake, and Fribourg Capital, the current shareholder, holding 49%. The 1 million euro contribution will be utilized by Palplast Moldova to diversify its production capacity and expand its existing logistics platform. The transaction was announced in December 2023 and closed in January 2024.

Events following the reported period

Acquisition of the Wolfgang Freiler Group from the Uhl family in Austria

In February, the agreement was signed for the acquisition of the Wolfgang Freiler Group, which has modern production facilities in Hungary and a dynamic distribution division in Austria. The two factories in Hungary are Polytech and Pro-Moulding. The first, Polytech, specializes in the production of pipes for the protection of electric cables and optical fiber, while the activity of Pro-Moulding involves plastic injection moulding. The products are sold on the markets of Hungary, the Czech Republic, Austria, Germany and France, where the two companies have solid market positions. The acquisition also includes an industrial base of 5 hectares of land and warehouses in the south-west of Hungary.

TeraPlast received the certification of Best Managed Company

TeraPlast's performances were recognized at the Best Managed Companies Romanian Gala, TeraPlast being awarded the "Best Managed Company". This recognition underscores the sustained efforts and commitment of the entire organization to continuous performance and development. The „Romania Best Managed Companies” program represents a valuable initiative to recognize Romanian entrepreneurial performance, based on an international methodology, the program being carried out simultaneously in over 45 countries around the world. The four assessment pillars were: strategy, resources and innovation, culture and commitment, and governance and financial aspects of the company.



Raiffeisen Bank International is the second issuer market maker

Starting March 1st, 2024, TeraPlast benefits from market making services from Raiffeisen Bank International. The collaboration with Raiffeisen Bank International also includes a Sponsored Research component, which expands the sources of information available to investors on the capital market. This collaboration, together with the BRK Financial Group market making services we benefit from since 2020, contributes to the increased liquidity of TRP securities, which will attract increased visibility of the company both domestically and internationally.

The TeraPlast Group team

We are one of the largest employers in the county and we believe that it is our responsibility to provide employees with a fair, safe, and development-friendly workplace.

By the end of 2023, the TeraPlast Group team counted more than 950 employees, in slight decline compared to 2022 due to the necessary resizing in the operational efficiency process.

Code of Conduct

In our daily activities, we emphasize adherence to a strong set of principles of ethics and integrity according to the [Code of Conduct](#). We promote among our colleagues an upright and professional behavior while being conscious of the environment and society. We emphasize equal opportunities, non-discrimination, and respect for the rights and freedoms of each individual in their professional activity.

This also includes respecting and protecting human rights, employee rights, and fair practices in our relationships with suppliers and customers. The Code of Conduct applies to all employees of the Group.

Integrity warnings

Any violation of the code of conduct or any incident regarding the breach of laws or integrity norms by the company, employees, or collaborators can be reported through the integrity whistleblower [available on our website](#). The received reports are handled by the Integrity Officer and analyzed when necessary within the Integrity Committee. According to the integrity warnings procedure, we ensure the confidentiality of those who report irregularities and their protection against possible retaliation, as well as effective measures for addressing and preventing the reported situations.

We also pay increased attention to health and safety at work regulations, and the knowledge and compliance with emergency situations and fire prevention and extinguishing measures. With the help of the internal dedicated department, we ensure that these provisions and practices are up-to-date in order to provide a healthy and safe working environment for our colleagues.

The TeraPlast trade union is the strongest bridge between employees and management through periodic consultations regarding the collective labor agreement and employee benefits.

Our responsibility to the community extends beyond supporting local projects aimed at bringing about positive change. In addition to job creation, we recognize the importance of training the new generations of professionals and are involved in a dual education program to train computer numerical control (CNC) machine operators.

Last year took place the first craft contest, part of the **county project „My Craft – a job of the future”**. During the competition, participating students took two individual tests, one theoretical and one practical, and the evaluation committee consisted of 3 representatives from partner companies involved in the project. The students who participated in the CNC Operator competition are from Grigore Moisil Technical High School in Bistrița and from Beclean Agricultural Technical High School.



Within the program, a total of 33 students were trained for the CNC machine operator specialization, and the first graduates of the program completed the course in June 2023. Participants received a monthly scholarship, transportation, and meals for each day of training at TeraPlast.

Detailed information about our employees and related topics such as diversity, training and recruitment will be part of the 2023 Sustainability Report which will be published by the end of April 2024. The 2022 Sustainability Report is available [at this link](#).

TeraPlast on the capital market

TeraPlast SA has been listed on the Bucharest Stock Exchange (BVB) since July 2, 2008, under the symbol TRP. Currently, TRP shares are included in the reference BET index of the BVB, as well as in the FTSE Russell and MSCI indices.

During March 2023 to March 2024, TRP shares were also included in the ROTX index of the Vienna Stock Exchange, and since September 2023, they have been promoted in the MSCI indices from the Small Cap category to the Mid Cap/Large Cap category in the MSCI Frontier and MSCI Romania indices.

2023 also marked the **15th anniversary since going public on the Bucharest Stock Exchange (BSE)**. Over these 15 years, the company's market capitalization has increased more than fourfold, with revenues growing from 219 million lei in 2007 to 711 million lei in 2022, and assets rising from 170 million lei to nearly 700 million lei. Total investments during this period amount to almost 800 million lei.

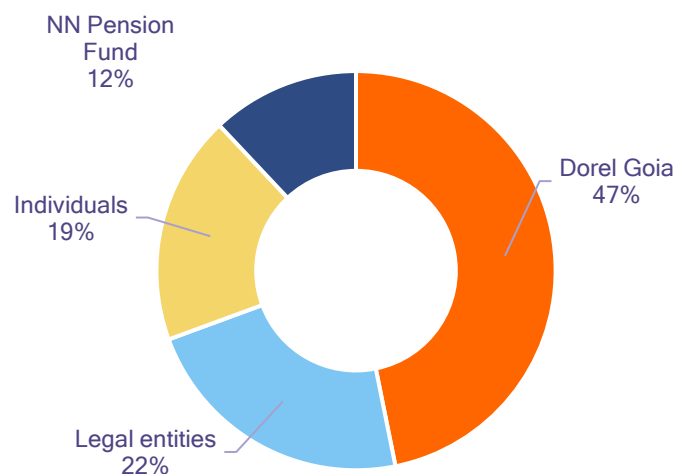


TRP shareholders

At the end of 2023, TeraPlast's shareholder structure comprised of over 14,000 shareholders. Throughout the year, the structure remained largely unchanged. This information can be viewed in the accompanying graph and [on the BSE website](#) where comprehensive details about the company's announcements from the previous year are also available.

As of December 31, 2023, Mr. Dorel Goia (Chairman of the Board of Directors) held 1,020,429,614 TRP shares, Mr. Alexandru Stănean (CEO) held 1,806,252 TRP shares, and Ms. Ioana Birta (CFO) held 206,309 TRP shares. Regarding the other members of the TeraPlast Board of Directors, Mr. Lucian Claudiu Anghel and Mr.

TeraPlast's shareholding structure



Vlad-Nicolae Neacșu each held 310,000 TRP shares as of the same date, while Mr. Vasile Pușcaș held 20,000 TRP shares.

In 2023, no dividends were distributed, and there were no increases in share capital. The Stock Option Plan program initiated in 2022 was completed according to the remuneration policy (available [here](#)), with the share buyback finalized on February 17, 2023. As a result, 2,670,000 shares were allocated to employees of the TeraPlast Group, free of charge. The shares were granted based on performance during the 2020-2021 period, reflecting the record results achieved in 2021. The stock option plan program aligns with the Group's strategy for retaining key personnel, and according to TeraPlast's remuneration policy, the actual allocation of shares takes place after 12 months from the end of the period that they are granted for. At the General Meeting of Shareholders on April 28, 2023, a new share buyback program was approved, which was completed in February 2024. The shares related to this program were granted to employees in March 2024.

TeraPlast's communication with both the financial journalists and shareholders and investors was publicly recognized in 2023. For the fourth consecutive year, our company received **the highest score, 10, in the Vektor evaluation conducted by ARIR** - the Association for Investor Relations on the Romanian Stock Exchange. The evaluation criteria include the availability of information about the board of directors, events dedicated to investor management interaction, company policies, non-financial reporting, and dissemination of new information.

At the ARIR Gala held in November 2023, TeraPlast was awarded the **prize for "Best Company in Investor Relations - Public Vote for the Main Market"**. Additionally, at the BVB Awards event in February 2023, TeraPlast received the award for **"Best Communication by an Issuer with Journalists in 2022 - Financial Press Award."**

In 2023, the TeraPlast team participated in 5 events dedicated to interactions between listed companies and investors, where we met with over 30 investors from Romania and abroad in total. Comprehensive information about corporate governance documents (policies, governance statutes, etc.), reporting, and other relevant aspects of TeraPlast's activity on the capital market are available on the dedicated investor website: <https://investors.teraplast.ro/>



Board of Directors and Group's management

Our company is managed in a unitary system, overseen by the Board of Directors. The General Shareholders' Meeting (GSM) is the highest decision-making body. Members of the Board of Directors are elected upon the proposal of significant shareholders of the company and appoint the executive leadership.



Dorel Goia

Chairman

Birth year: 1954

Experience: entrepreneurship

First time elected in the BoD: 2008

Entrepreneur with extensive experience in various fields



Vasile Pușcaș

Independent Non-Executive Director

Birth year: 1952

Experience: politics

First time elected in the BoD: 2023

Activity: university professor



Lucian Claudiu Anghel

Independent Non-Executive Director

Birth year: 1972

Experience: banking, capital markets

First time elected in the BoD: 2021

Activity: Libra Bank



Vlad Nicolae Neacșu

Independent Non-Executive Director

Birth year: 1981

Experience: financial

First time elected in the BoD: 2020

Activity: Sens Unic Imobiliare SRL

The executive management of the TeraPlast Group is provided by Mr. Alexandru Stănean, with a mandate of 4 years, starting on July 2, 2020, as CEO, and by Ms. Ioana Birta, Chief Financial Officer, whose mandate is valid until September 2027.



Alexandru Stănean

Executive director (CEO)

Birth year: 1982

Experience: business administration

First time elected in the BoD: 2007

Activity: TeraPlast Group (CEO)

The members of the TeraPlast Board of Directors were re-elected at the AGM on September 14, 2023, for a term of 4 years (September 14, 2023 - September 14, 2027). The Chairman of the Board of Directors elected by the board members is Mr. Dorel Goia, with a 4-year term, identical to that of the other directors. Currently, 3 out of 5 directors are independent.

Additional information about the Board of Directors and executive management are available on our [website at this link](#).

There are no past or ongoing litigations or administrative proceedings involving the directors and/or executive management regarding their activities or their ability to fulfill their duties within TeraPlast.

Advisory committees

TeraPlast currently has 3 advisory committees, as detailed below. The committees have an advisory role, and the International Development Committee was established in 2023.

The Audit Committee consists of Mr. Vlad Nicolae Neacșu - Chairman - and Mr. Dorel Goia, Mr. Lucian-Claudiu Anghel, Mr. Vasile Pușcaș, and Ms. Andreea Elena Manta - an independent member appointed by the AGOA Resolution dated September 14, 2023.

Mr. Lucian Claudiu Anghel chairs the **Nomination and Remuneration Committee**, and the other members are Mr. Dorel Goia, Mr. Vlad Nicolae Neacșu, and Mr. Vasile Pușcaș.

The International Development Committee has an advisory role regarding the international business development projects of the TeraPlast Group, in accordance with the strategy in this regard. Thus, the International Development Committee assists the Board of Directors in evaluating and selecting investment opportunities, both as M&A operations and greenfield projects.

The responsibilities of each TeraPlast committee are detailed in dedicated documents on our website, [available here](#). In the same section, you can find information about the company's policies: dividend policy, remuneration policy, and forecasting policy.

Other relevant information on TRP shares

Number of shares	2.179.000.358
Share capital	217.900.035,80 lei
Nominal value	0,1000
No. of shares traded in 2023	203.251.162
Value traded in 2023	106.914.382 lei
Maximum medium price in 2023	0,6370 lei
Minimum medium price in 2023	0,4580 lei
No. of shareholders as of 31.12.2023	14.500
2023 market maker	BRK Financial Group

Sustainable development

Our mission is to provide efficient solutions for people and the environment.

As a polymer processor we consider it our responsibility to bring solutions, contributing to the substitution of plastics in general and those with a short life cycle in particular with sustainable alternatives where possible. We also contribute to the responsible management of plastic waste and the responsible consumption of resources, and fairness and integrity are solid elements of our vision of sustainable development.

We publish every year, according to the regulations in force in the field of disclosure of non-financial information, a sustainability report that includes detailed information in this area. The most recent report published at the time of writing this report is the 2022 Sustainability Report, which can be viewed by [accessing this link](#). The 2023 report will be published in April 2024, and its availability will be announced through the company's official communication channels, including on the BSE website (TRP symbol).

In 2023 there were no litigations related to environmental aspects.

Our approach

In our vision of sustainable development, 4 major directions of action are highlighted:



Clean water, responsible consumption of resources and climate protection for a sustainable future



Circular economy and efficient waste management for a sustainable value chain



Continuous development for healthy communities and fair work



Solid corporate governance for a resilient and transparent business

These directions articulate how sustainable development is integrated into our businesses every day and how our mission to provide efficient solutions for people and the environment is embodied in medium and long-term strategic actions.

We are a company whose products are largely aimed for water management. The Installations Division provides solutions for clean water (potable water supply, water for irrigation from both underground and above-ground sources), waste water and rainwater management. By adhering to the highest quality standards, ensuring longevity and technical properties, our products contribute to the transportation and distribution of clean, uncontaminated water, safe transportation of wastewater, and the durability of infrastructure for healthy cities and modern agriculture..

We contribute to the circular economy and efficient waste management through **the operation of the rigid PVC recycling factory and the integration of recycled material into finished products for outdoor sewers**. We also use recycled materials from third parties in our products, where we have not developed our own recycling capabilities. We have ecological alternatives in our portfolio where possible, such as OK Compost certified biodegradable and compostable packaging according to the EN 13432 standard.

Last but not least, the size of the TeraPlast Group and the vision we have for our development require the existence of a **robust corporate governance**, which formalizes and addresses topics such as risk management, ethics and integrity, transparency, etc.

We are a signatory of the **UN Global Compact**, and thus we have a voluntary commitment to promote the ten principles of the UN regarding human rights, labor standards, environment, anti-corruption, and to contribute to the achievement of sustainable development goals.

Our progress in these 4 directions is contained in the annual sustainability report. The report also includes information on the EU Taxonomy (Regulation 2020/852 on the establishment of a framework to facilitate sustainable investment).

Through the nature of our production processes, the largest share of our resource consumption is electricity. As a result, we have invested in a photovoltaic plant and in 2024 we will build a new one, to increase our share of **renewable energy** in the total consumption. Also, the electricity supplier provides us with guarantees of origin for the purchased electricity, and they cover 100% of the energy purchased by TeraPlast SA.

Awareness of greenhouse gas emissions we generate helps us identify opportunities to reduce our impact, to help **mitigate climate change**. We calculate the Scope 1, 2 and 3 carbon footprint and also performed a risk assessment based on the TCFD (Task Force on Climate-Related Financial Disclosures) framework.

From a continuous development perspective, the expansion of our businesses has a **direct impact in local communities** through job creation, the well-being of our employees and involvement in local projects and initiatives.

Ratings and reviews

We remain consistent and have agreed, for the fourth year, to publish the score obtained from Sustainalytics in the project they are carrying out in collaboration with BSE. The information is available on the [BSE Research Hub Portal](#), in the dedicated section.

In 2023, for the first time, we carried out our CDP – Carbon Disclosure Project – evaluation for the Water and Climate questionnaires. Last year we also completed the EcoVadis evaluation, where we obtained Silver Recognition.

Detailed information on the above-mentioned assessments will be included in the sustainability report.

2024 Budget

For this year, we present a budget with moderated organic growth.

The slightly conservative approach results from past years' experience in which, the premises from the start of the year materialised only in part throughout the year. The macroeconomic context imposes such an approach, with expectations that several market segments will face contractions on various levels while public works, with governmental or European financing will be on the upswing.

RON '000	2022	2023	2024 B
Net Sales	711.126	672.331	864.518
Other operating income	655	1.835	139
Total Operating Income	711.781	674.165	864.657
Raw materials, consumables & merchandise	(486.499)	(424.942)	(545.111)
Salaries and employee benefits	(83.556)	(95.056)	(116.432)
Utilities	(21.128)	(32.593)	(42.400)
Amortization, impairments, provisions	(26.285)	(33.002)	(36.491)
Other operating expenses	(67.880)	(70.203)	(89.057)
Total Operating Costs	(685.349)	(655.796)	(829.491)
EBIT	26.433	18.369	35.166
EBITDA	52.718	51.372	71.657
EBITDA %	7%	8%	8%
Financial result, net	(9.877)	(13.167)	(17.017)
Profit before tax	16.556	5.202	18.149
Income tax expense	(1.182)	(4.064)	(7.500)
Net Profit	15.374	1.138	10.649
Net Profit %	2%	0%	1%

Main expenses, as percentage of the turnover, will be in line with last year. In order for this to happen, the Group planned for several optimizations and fixed costs reduction in segments that underperformed in 2023. Additionally, at the consolidated level, a preservation of business lines' weight in revenues is forecasted.

Key figures
for 2024

TURNOVER

864,5 MLN. LEI

+29% compared to 2023

EBITDA

71,7 MLN. LEI

+39% compared to 2023

EBITDA MARGIN

8,3%

+0,7pp compared to 2023

NET PROFIT

10,6 MLN. LEI

+836% compared to 2023

GROSS MARGIN

37%

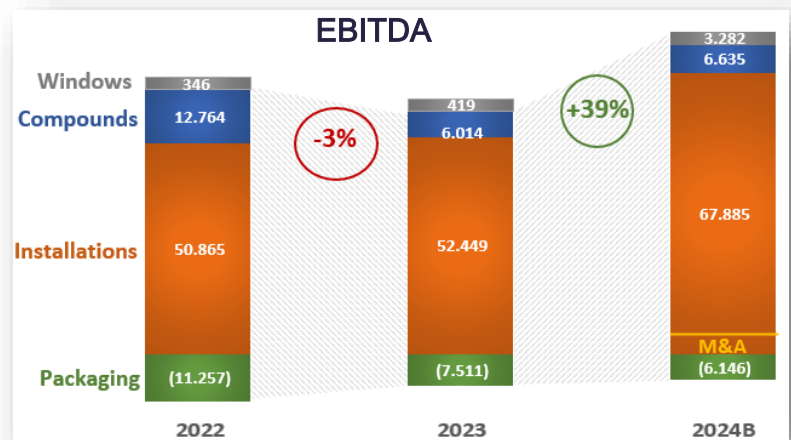
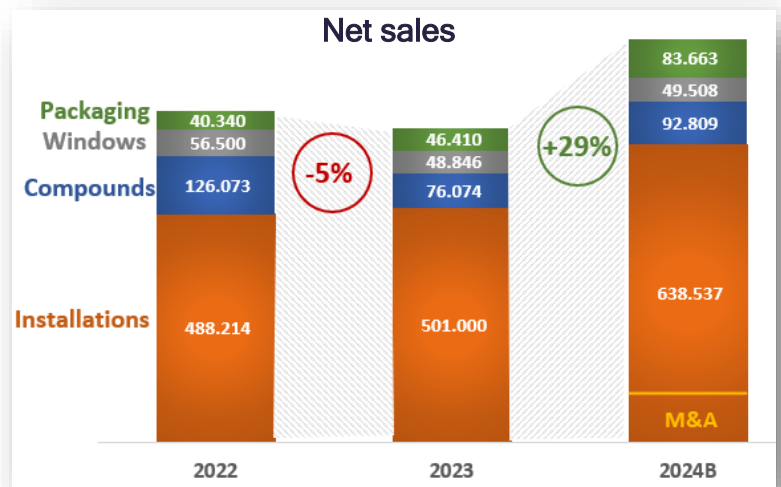
As a whole, **the turnover as well as the EBITDA will increase consistently**. The M&A operations conducted within the Installations segment will make a significant contribution, while the new stretch film business will drive revenue growth in the Packaging segment.

For the Installation segment, domestic infrastructure projects are expected to grow in 2024 as well. Sales volumes for the current activity of the Group are forecasted to grow by 16% to 80 thousand tonnes. These will be topped by the sales volumes of the newly acquired subsidiaries. Thus, for the whole year, **TeraPlast Group will reach sales volumes of 100 thousand tonnes, amounting to 33% increase in sales volumes compared to 2023.**

TeraGlass will continue the strategy of 2023 to switch to non-DIY customers. This switch will be boosted by the newly recruited, experienced sales team, focused on the renovations and new buildings market.

For the Packaging segment, radical transformations are to be expected in 2024. The turnover will grow by 80% due to the commissioning of Opal (stretch film). TeraBio Pack will reach break-even this year, however as a whole, the Packaging segment will generate a loss, as until Opal reaches critical mass, it will have a negative impact on the EBITDA.

Romania is a net importer of stretch film, which gives competitive advantage for domestic production, reflected in lower lead-times and costs. Opal products target both domestic market and existing export markets of the Group, as well as new markets that will be assimilated following the integration of the newly purchased companies.



The newly acquired subsidiaries are expected to bring sales of 8,000 tonnes for this year. They will constitute about 15% of the Group's sales and EBITDA for 2024 and will be consolidated in the Installations segment.