
PRESS RELEASE

Investments and acquisitions accelerate TeraPlast Group's growth in H1/2024

- **Turnover in H1/2024 reached RON 428 million, 34% higher than in H1/2023.**
- **Consolidated EBITDA approached RON 27 million, reflecting a 15% increase compared to H1 2023.**
- **Volumes increased by 57% compared to H1/2023, reaching 54,009 tons.**
- **Sales outside Romania doubled in H1/2024 compared to H1/2023, and account for 23.5% of the Group's consolidated results.**

Bistrița, July 31, 2024

In the first half of 2024, TeraPlast Group had a 34% increase in turnover compared to the same period in 2023, reaching RON 428 million, while EBITDA stood at nearly RON 27 million, exceeding the projected figures. This growth is attributed to the expansion of the installation market along with contributions from Opal stretch films and recent acquisitions - the Wolfgang Freiler Group (Polytech & Pro-Moulding) and Palplast Moldova.

Quantitatively, TeraPlast Group experienced a significant volume increase of 57%, from 34,483 tons in H1/2023 to 54,009 tons in H1/2024.

TeraPlast Group's strategy of expanding its geographical footprint led to a **doubling of sales outside Romania in the first half of 2024 compared to the same period in 2023.** Their share of the consolidated turnover increased to 23.5% in H1/2024, up from 15% in H1/2023. The Group's sustained activity in European markets enhances business resilience and reduces the dependence on the Romanian market.

EBITDA improved to RON 26.9 million in the first half of 2024, representing a 15% increase from H1/2023, driven by increased volumes. The EBITDA margin declined slightly to 6.3% in H1/2024, down from 7.3% in H1/2023, primarily due to sales price pressures from the market and efforts to expand market share. Additionally, the gross margin exceeded RON 150 million, reflecting a 29% increase compared to H1/2023, underscoring the effectiveness of the market share-focused strategy.

The negative net result is RON 1.7 million larger than anticipated, attributed to one-off expenses of RON 3.8 million and the accelerated ramp-up of the Opal stretch film business. According to the budgeted targets, the net result is projected to return to positive territory starting the third quarter.

<i>amounts in RON, thousand</i>	H1/2024 (6 months)	H1/2023 (6 months)	Variation H1/'24 vs H1/'23
Turnover,			
of which	428,029	320,580	34%
Installation*	307,013	231,647	33%
Compounds*	48,345	42,324	14%
Packaging*	49,561	22,044	125%
Windows*	23,110	24,565	-6%
Gross margin	150,715	117,047	29%
EBITDA,			
of which	26,880	23,279	15%
Group EBITDA Margin	6.3%	7.3%	
Installation	27,294	23,672	15%
<i>EBITDA Margin</i>	8.9%	10.2%	
Compounds	4,672	4,022	16%
<i>EBITDA Margin</i>	9.7%	9.5%	
Packaging	-5,987	-3,448	n/a
<i>EBITDA Margin</i>	-12.1%	-15.6%	
Windows	901	-967	n/a
<i>EBITDA Margin</i>	3.9%	-3.9%	
Net result	-6,621	-998	n/a

*The Installation segment includes the complete installations systems of TeraPlast, the micronized recycled PVC from TeraPlast Recycling, the companies of Wolfgang Freiler Group (Polytech & Pro-Moulding) and Palplast Moldova.

The Compounds segment include the PVC compounds of TeraPlast and the recycled compounds of TeraPlast Recycling.

The Packaging segment includes the flexible packaging of TeraBio Pack and the Opal stretch film.

The Windows segment includes the windows and doors from TeraGlass.

"Recent investments in expanding our product portfolio and the acquisitions of the Wolfgang Freiler Group and Palplast Moldova, along with organic growth, have brought robust results in the first half of 2024 for TeraPlast Group. These reflect the effectiveness of our strategy to expand and strengthen our businesses. We are on the right track to evolve from a regional leader to a European one, in line

with our long-term vision," stated Alexandru Stănean, CEO of TeraPlast Group. "The current economic landscape is not ideal, and the markets we operate in are also experiencing it, displaying mixed trends: engineering works are advancing, while the residential sector is contracting, and inflation is impacting retail purchasing power. Moreover, the performance of our newly acquired companies is influenced by the below-expectations performance of the Western European markets. Our approach, focused on geographical expansion, reducing dependency on one market, agility in adapting to market contexts, and identifying opportunities, are core competitive advantages that significantly mitigate the adverse effects that volatile periods can have on the performance of TeraPlast Group," Mr. Stănean added.

The Installations segment saw a 33% increase in revenue compared to H1/2023, reaching RON 307 million, and a 15% increase in EBITDA compared to the first half of last year, reaching RON 27 million, while the EBITDA margin is nearly 9%. The segment's growth reflects both the contribution of the activity of the Wolfgang Freiler Group and Palplast, as well as the demand from Romania's infrastructure projects. Despite the positive evolution, there are still shortcomings such as delays in issuing the orders for work commencement for contracts funded by major programs (both European and Anghel Saligny). The acceleration of projects funded by the Anghel Saligny program observed in Q2/2024 will lessen in the third quarter, as the available funds have been almost entirely allocated.

The contraction in private consumption of construction materials has slowed down current repairs and maintenance works. At the same time, residential works saw a 21.6% decline from January to May 2024, compared to the same period in 2023. In such conditions, demand from distributors and DIY networks stagnates or decreases, thus for the moment, the driver for the demand of products in the Installations segment remain public infrastructure works.

From a product portfolio perspective, in the first half of 2024, TeraDuct by TeraPlast – the system for optical fiber protection – expanded its range of configurations, and Neoter by TeraPlast – the underfloor heating system – will extend its product range in the third quarter with PE-RT pipe.

For the Compounds segment, revenue advanced by 14% compared to H1/2023, and the EBITDA margin was the highest within the Group, at 9.7%. Thus, revenue for this segment increased to RON 48 million, while EBITDA was RON 4.7 million. These results indicate a similar trend to the first quarter and the preservation of TeraPlast's market position in an unfavorable climate. The cable manufacturing industry, where TeraPlast is the main supplier, is contracting due to decreased demand in the value chain and increased prices for other raw materials such as copper. In this context, manufacturers have turned to meeting demand from existing stocks to avoid internalizing these price increases.

The rigid PVC recycling business, consolidated in the results of the Installations segment (micronized recycled) and Compounds (regranulated recycled), continues to have a linear evolution due to the low prices of virgin raw materials.

The Flexible packaging segment contributed nearly RON 50 million to the Group's consolidated revenue in the first half of the current year, but it is still in negative EBITDA territory. The focus in H1/2024 was on increasing the geographical footprint, which also led to winning new tenders. Demand for packaging is affected by decreased retail purchasing power, which puts additional pressure on the efficiency of the implemented profitability measures.

The segment's results also include the results of Opal stretch films – the newest business in the Group's portfolio, currently in the ramp-up phase and increasing its market share. Production volumes are constantly increasing due to the expanding client portfolio both in Romania and abroad. Several partnerships have been initiated to boost exports, adding further traction to the distribution of Opal products in Central Europe. The first orders on the new channels will be delivered in the third quarter of the current year. Additionally, newly developed products, including those with recycled material, are undergoing international certification and will further contribute to the expansion of the stretch film portfolio and, implicitly, to the attractiveness of Opal, especially in external markets.

The Windows and Doors business line had a similar performance as last year, with revenue 6% lower than in H1/2023, amounting to RON 23 million, but a positive EBITDA of RON 901 thousand, as the strategy shifts towards the non-retail segment while the residential segment is declining. In H1/2024, revenue from non-retail client contracts increased by 38%, and the share of these contracts in total revenue reached 33%, 10 percentage points more than in 2023.

Sales volumes are in line with budgeted figures, but there is a gap between the execution of some works and actual collection, due to longer settlement terms for contracts funded by public funds. Another positive influencing factor that will be visible in Q3/2024 is represented by ongoing special projects with aluminum joinery.

The Wolfgang Freiler Group, consolidated into TeraPlast Group's results starting Q2/2024, had similar volumes in the first half compared to the same period last year. The margins of Polytech and Pro-Moulding products – Wolfgang Freiler Group's factories – are below potential due to price pressures in the Central and Western European construction sector. In the Hungarian market, the most significant opportunities arise from irrigation projects. In this market, competition is mainly represented by imported products, so local production is a significant competitive advantage. During this period, the integration of Wolfgang Freiler Group's processes within TeraPlast Group are underway, as well as the initiation of cross-selling processes, which will begin to show results in the following quarters.

Palplast Moldova is performing well, mainly due to the accelerated development of residential developers' projects and less so public works, a segment realigning after the 2023 election year. A potential trend of acceleration in public projects might be visible towards the end of the current year upon the activation of projects funded by pre-accession funds.

TeraPlast Group Q2/2024 vs Q2/2023 results

An annual comparison of the second-quarter results shows a significant increase in revenue, up 45% in Q2/2024 compared to Q2/2023, reaching RON 251 million, including due to the integration of the Wolfgang Freiler Group and Palplast Moldova.

Recent M&A operations are visible in the Installations segment, whose revenue reached RON 185 million, a 43% increase in Q2/2024 compared to Q2/2023. A strong growth of 151% in Q2/2024 compared to Q2/2023 is also seen in the revenue of the Packaging segment, following the commissioning of the Opal stretch film factory.

The gross margin in Q2/2024 exceeded RON 86 million, up 43% compared to Q2/2023.

EBITDA increased by 5% in Q2/2024 compared to Q2/2023, reaching nearly RON 15 million, reflecting the impact of one-off costs and market price pressures, and implicitly, the increase in market shares.

About TeraPlast Group

TeraPlast Group is the largest polymer processor in Southeastern Europe. The Group comprises of the following companies: TeraPlast, TeraGlass, TeraPlast Recycling, TeraBio Pack, Palplast Moldova, the companies of the Wolfgang Freiler Group, and Somplast.

Since July 2, 2008, TeraPlast SA has been 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, and in the MSCI Frontier IMI (Investable Market Index) indices. As part of the VEKTOR evaluation based on 12 criteria regarding corporate governance and investor communication, conducted by ARIR, TeraPlast has achieved the maximum score of 10 for the fifth consecutive year.

The teleconference regarding the Group's financial results for the first half of 2024 will be held on August 1, starting 11AM in Romanian and 1PM in English, and the registration details are available here: <https://www.bvb.ro/FinancialInstruments/SelectedData/NewsItem/TRP-Detalii-teleconferinta-rezultate-S1-2024/48C17>

The report containing the consolidated unaudited financial results for the first half of 2024 is available on the website <https://investors.teraplast.ro/reports-and-information/financial-reports/> and can also be seen on the Bucharest Stock Exchange website, TRP symbol.

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