

## REMUNERATION REPORT

Dear shareholders,

The main objective of TeraPlast Group in terms of remuneration is to respect the principle of equity, taking into account the business strategy, culture and values of the organization, the long-term interests of the company and shareholders.

This Remuneration Report was prepared by the Board of Administration and the Nomination and Remuneration Committee, respecting the Remuneration Policy of Teraplast Group. The remuneration policy valid for the period 2020-2023 is available on the Company's website ([www.teraplast.ro](http://www.teraplast.ro)). It is also reviewed annually to ensure its adequacy in promoting the sustainable growth of TeraPlast Group.

The objective of the remuneration report is to provide an overview of the remunerations, including all benefits, regardless of form, granted or due over the last five financial years, to the current managers of the Company, individually, in accordance with the Remuneration Policy.

### Remuneration of non-executive managers

In 2023, the remuneration policy of TeraPlast was amended for non-executive managers to receive only fixed remuneration.

The remuneration plan consists of two components:

1. Fixed remuneration - net allowance of EUR 2,500/month. As of 2023, the fixed remuneration was also introduced to taking part in the consulting committees of the BoD: the committee chair – net allowance of EUR 2,250/month; committee members EUR 250/month (total gross amount granted in 2023: RON 1,615,808). The fixed remuneration of the members of the Board of Administration is established by the Decision of the General Meeting of Shareholders, annually.

The allowance for committees/commissions cannot exceed 100% of the fixed annual allowance as per the resolution of the General Meeting of Shareholders and cannot be in the form of shares.

2. Variable remuneration, variable component in 2021 - 2023 - may be granted differentiated according to the activity in committees and advisory commissions and on the basis of criteria established by the Board of Administration. The variable part cannot exceed 200% of the fixed annual indemnity according to the decision of the General Meeting of Shareholders.

Administrators also have civil liability insurance.

In the period 2019-2020, the remuneration package for non-executive administrators included only the fixed component of the monthly allowance. Starting with 2021, in accordance with the Remuneration Policy, a variable component was included, a benefit in the form of shares, an integral part of the Stock Option Plan of Teraplast SA.

The amount of the remuneration in the form of shares was set as follows: the price/share at the date of allocation multiplied by the number of shares assigned. In 2023, no benefits in the form of shares were granted.

As of April 2021, the net monthly salary of the members of the Board of Administration grew from RON 4,939 to RON 9,852. Starting December 2023, the net salary of the members of the Board of Administration, who are also committee chairs, is RON 24,650, and RON 16,023 for members of the Board of Administration who are commission/committee members.

As of 2022, administrators benefit from international health insurance, presented in gross value hereinafter in the “Other benefits” category.

Individual remuneration of members of the Board of Administration:

Name	Position	Start date	Year	Fixed remuneration (monthly net)	Fixed remuneration (gross)	Other benefits**	Total annual remuneration (gross)	Fixed/variable ratio
Dorel Goia	Chairman of the Board of Administration	7/1/2008	2023	16,023	261,320	175,246	436,566	100% / 0%
			2022	9,852	202,092	43,299	245,391	100% / 0%
			2021	9,852	176,898	-	176,898	100% / 0%
			2020	4,939	101,316	-	101,316	100% / 0%
			2019	4,939	101,316	-	101,316	100% / 0%

Name	Position	Start date	End date	Year	Fixed remuneration (monthly net)	Fixed remuneration (gross)	Remuneration in the form of shares	Other benefits**	Total annual remuneration (gross)	Fixed/variable ratio
Magda Eugenia Palfi	Non-executive member	7/1/2008	9/15/2023	2023	12,343	161,812	-	30,068	191,880	100% / 0%
				2022	9,852	202,092	69,952	10,040	282,084	75% / 25%
				2021	9,852	176,898	107,800	-	284,698	62% / 38%
				2020	4,939	101,316	-	-	101,316	100% / 0%
				2019	4,939	101,316	-	-	101,316	100% / 0%

Name	Position	Start date	Year	Fixed remuneration (monthly net)	Fixed remuneration (gross)	Remuneration in the form of shares	Other benefits**	Total annual remuneration (gross)	Fixed/variable ratio
Vlad Nicolae Neacșu	Non-executive member	9/14/2020	2023	24,650	404,460	-	33,713	438,173	100% / 0%
			2022	9,852	202,092	189,870	8,526	400,488	53% / 47%
			2021	9,852	176,898	303,800	-	480,698	37% / 63%
			2020	4,939	33,772	-	-	33,772	100% / 0%

Name	Position	Start date	Year	Fixed remuneration (monthly net)	Fixed remuneration (gross)	Remuneration in the form of shares	Other benefits**	Total annual remuneration (gross)	Fixed/variable ratio
Lucian Claudiu Anghel	Non-executive member	1/20/2021	2023	24,650	404,460	-	30,816	435,276	100% / 0%
			2022	9,852	202,092	189,870	7,703	399,665	52% / 48%
			2021	9,852	176,898	303,800	-	480,698	37% / 63%

Name	Position	Start date	Year	Fixed remuneration (monthly net)	Fixed remuneration (gross)	Remuneration in the form of shares	Other benefits**	Total annual remuneration (gross)	Fixed/variable ratio
Pușcas Vasile	Non-executive member	9/14/2023	2023	24,650	147,480	-	27,847	175,327	100% / 0%

The mandate of Ms. Magda Eugenia Palfi began on 15 September 2023, when the mandate of Mr. Vasile Pușcas started, as well.

\* The fixed monthly net remuneration does not include bonuses and other benefits.

\*\* Other benefits mean benefits in kind in the form of health insurance.

The members of the Board of Administration are assigned a training budget of EUR 5,000/year/person. The 2023 training budget was carried forward to 2024.

Number of shares assigned to the members of the Board of Administration:

Non-executive managers	Position	Year	Number of allotted shares	Price at allotment date	Value of shares
Palfi Magda Eugenia	BoA member	2023	-	-	-
		2022	116,587	0.600	69,952
		2021	110,000	0.980	107,800
Neacșu Vlad Nicolae	BoA member	2023	-	-	-
		2022	316,450	0.600	189,870
		2021	310,000	0.980	303,800
Anghel Lucian Claudiu	BoA member	2023	-	-	-
		2022	316,450	0.600	189,870
		2021	310,000	0.980	303,800
Vasile Pușcaș	BoA member	2023	-	-	-

The Board of Administration meets monthly, i.e. whenever needed through online consultation, while the Nomination and Remuneration Committee, the Audit Committee and the International Development Committee meet as many times as necessary, at least three times a year.

Mr. Vlad Neacșu is the chairman of the Audit Committee and a member of the Remuneration Committee and the International Development Committee.

Mr. Lucian Claudiu Anghel is the chairman of the Remuneration Committee and a member of the Audit Committee and the International Development Committee.

Mr. Vasile Puscas is the chairman of the International Development Committee and a member of the Audit Committee and the Remuneration Committee.

Mr. Dorel Goia is a member of all 3 committees.

Messrs. Neacșu, Anghel and Pușcaș are independent non-executive administrators.

#### Remuneration of executive officers

The remuneration plan consists of 2 components:

1. The fixed remuneration, represented by the allowance according to the mandate contract or the salary agreed in the employment contract. The maximum amount of the fixed remuneration for an executive manager may be no more than 10 average salaries per company calculated in the previous year.
2. The variable remuneration (long-term performance incentives LTPI and short-term performance incentives STPI), which is based on:
  - individual performance, 10% of the total amount of the variable remuneration;
  - non-financial performance (ESG), 30% of the total amount of the variable remuneration;
  - the company's and the group's financial performance, 60% of the total amount of the variable remuneration.

Performance is evaluated on a multi-year basis to ensure a long-term performance-based evaluation process and the actual payment of performance-based remuneration components is staggered over a period that takes into account the group's business cycle and the specific risks of the activity of its subsidiaries. The remuneration committee will lay down the performance criteria annually.

The variable remuneration is awarded in cash and/or TeraPlast shares (LTPI, STPI).

LTPi depends on financial performance criteria. It is awarded based on a performance benchmark period of three years to promote value creation in the medium and long term. This bonus also aims to prevent excessive risk-taking as well as encourage retention.

LTPi cannot exceed 200% of the fixed remuneration of the Executive Managers. It is established by the Remuneration Committee and approved by the Board of Administration.

The remuneration in the form of shares become the property of the beneficiaries one year after they are granted. During this one-year period, deductions may be applied as a result of adverse events generated by transactions carried out during the evaluation period, the effect of which materialised in the one-year period between the award and the transfer of ownership.

#### Remuneration of executive managers

Name	Position	Start date	Year	Fixed remuneration (monthly net)	Annual fixed gross remuneration	Gross variable remuneration	Share-based remuneration	Other benefits*	Total remuneration	Fixed/variable ratio
Alexandru Stănean	Chief Executive Officer	7/2/2018	2023	45,012	906,068	-	-	36,672	<b>942,740</b>	100% / 0%
			2022	42,504	881,346	-	139,978	8,737	<b>1,030,061</b>	86% / 14%
			2021	42,504	849,206	-	441,000	-	<b>1,290,206</b>	66% / 34%
			2020	37,591	775,388	-	421,400	-	<b>1,196,788</b>	65% / 35%
			2019	37,591	781,679	205,444	-	-	<b>987,123</b>	79% / 21%
Ioana Maria Birta	Chief Financial Officer	5/9/2017	2023	36,675	631,281	-	-	21,105	<b>652,386</b>	100% / 0%
			2022	28,543	575,068	-	86,276	8,737	<b>670,081</b>	87% / 13%
			2021	28,619	527,567	-	147,000	-	<b>674,567</b>	78% / 22%
			2020	28,518	578,743	34,185	357,329	-	<b>970,257</b>	60% / 40%
			2019	29,019	587,797	166,965	-	-	<b>754,762</b>	78% / 22%

\* Other benefits mean benefits in kind in the form of health insurance.

The monthly net salary of Alexandru Stănean in 2023 is RON 32,652 for his executive role and RON 12,360 for his role as member in the Board of Administration. The net salary of RON 32,652 is 6.5 higher than the net average salary of the Company's employees of RON 5,018.

In addition to the fixed and variable remuneration, the members of the executive management benefit from business car and accommodation in the city of Bistrita. For 2023, the following amounts were paid for business car and accommodation: RON 138,927 for Alexandru Stănean and RON 71,791 for Ioana Birta.

The variable and share remuneration is allocated to the performance evaluation period on an accrual basis.

In the period 2018-2023, the total remuneration of Chief Executive Officer Alexandru Stănean includes the remuneration for the following roles within the Group:

- Chief Executive Officer of Teraplast S.A.: July 2, 2018 – present
- Administrator/Member of the Board of Administration:
  - Teraplast S.A.: July 2, 2018 – present;
  - Teraglass Bistrita S.R.L.: July 2, 2018 – present;
  - Teraplast Recycling S.A.: March 1, 2019 – present;
  - Terabio Pack S.R.L.: 14.06.2023 – present;
  - Teraverde Carbon S.R.L.: 03.07.2023 – present
  - Teraplast Logistic S.R.L.: July 2, 2018 – March 1, 2019 (on March 1, 2019 the name of Teraplast Logistic SRL changed to Teraplast Recycling, and the legal form changed from limited liability company to joint-stock company);
  - Politub S.A. (company absorbed by Teraplast Recycling S.A.): June 28, 2018 – March 27, 2020
  - Wetterbest S.A.: November 1, 2019 – February 26, 2021.

Also, Alexandru Stănean is the non-executive administrator of ACI Cluj SA, an affiliate of Teraplast Group, for which he is remunerated separately.

In the period 2018-2023, the total remuneration of the CFO, Ioana Maria Birta, includes the remuneration for the following roles within the Group:

- Chief Financial Officer:
  - Teraplast S.A.: June 14, 2017 – present;
  - Teraglass Bistrita S.R.L.: June 16, 2017 – present;
  - Terasteel S.A.: January 31, 2018 – February 26, 2021;
- Administrator/Member of the Board of Administration:
  - Teraplast Recycling S.A.: March 1, 2019 – present;
  - Terabio Pack S.R.L. (formerly Teraplast Folii Biodegradabile S.R.L.): August 20, 2020 – present;
  - Somplast SA: April 22, 2021 – present;
  - Teraverde Carbon Srl: 03.07.2023 – present;
  - Politub S.A.: October 12, 2017 – March 27, 2020;
  - Terasteel DOO Serbia: September 13, 2017 – February 26, 2021.

Number of shares assigned to executive officers:

Executive Officers	Position	Year	Number of allotted shares	Price at allotment date	Value of shares
Stănean Alexandru	Chief Executive Officer	2023			
		2022	233,297	0.60	139,978
		2021	450,000	0.98	441,000
		2020	771,795	0.55	421,400
		2019	-	-	-
Birta Maria Ioana	Chief Financial Officer	2023			
		2022	143,793	0.60	86,276
		2021	150,000	0.98	147,000
		2020	654,449	0.55	357,329
		2019	-	-	-

For the carrying out of their duties, the members of the Board of Administration and the executive management incurred travel and administrative costs of RON 2,315,271 in 2023.

The most important events in the period 2019-2023 involved a significant involvement from the management team and influenced both the performance of the Group, as well as the variable component of the remuneration package:

#### 2023

- ✓ The general development of the TeraPlast group was similar to the one in 2022;
- ✓ Focus on finalizing negotiations for the M&A operations;
- ✓ The putting into operation of the stretch plant which sells products under the Opal brand;
- ✓ Extending the regional presence by announcing the acquisition of Palplast in the Republic of Moldova;
- ✓ Finalising the investment plan worth RON 104 million.

#### 2022

- ✓ 2022 was the second-best year in the history of TeraPlast Group;

- ✓ The completion of the most ambitious investment plan in the history of the Group (RON 219 mil. in 2021-2022), thus becoming the largest polymer processor in Central and Eastern Europe;
- ✓ expansion of its regional presence by opening the warehouse in Hungary and increasing the portfolio of external clients for flexible packaging;
- ✓ planning investments for 2023 in total amount of RON 102 mil.

#### **2021**

- ✓ upgrade to FTSE Russell (at Small Cap & All Cap) and inclusion in the CECE MidCap of the Vienna Stock Exchange;
- ✓ completion of the sale of the group's joinery profiles business line, which also includes TeraPlast Hungary;
- ✓ acquisition and putting into operation of the polyethylene film production line of Brikston Construction Solutions;
- ✓ turning of major investment projects of over RON 160 million operational, including the extension of the production capacities of the Installations, Recycling segment, respectively the new biodegradable packaging production unit;
- ✓ planning a new investment of over RON 53 million in a new factory for the production of stretch film;
- ✓ we have become TEPPFA members (European Plastic Pipes and Fittings Association) and UN Global Compact Signatory (UN'S largest global sustainability initiative - report in April)

#### **2020**

- ✓ Commissioning of the park of 7,000 photovoltaic panels that provide about 11% of the necessary electricity in the Industrial Park in Sărățel;
- ✓ Conclusion of the agreement for the sale of the Steel division - Wetterbest, TeraSteel Romania and Serbia - to Kingspan Group, in July 2020;
- ✓ The acquisition, in December 2020, of 70% of the shares of Somplast – a manufacturer of flexible packaging from Năsăud;

#### **2019**

- ✓ TeraPlast Recycling started its activity as an independent company in 2018, following the transfer of the business line from Teraplast SA;
- ✓ Consolidating the roofing systems business, TeraPlast Group reached a 99% ownership in Wetterbest;
- ✓ Implementation of three investment projects of over RON 70 million for the expansion of production capacities for the Installations, Joinery and Metallic Tile business lines;

During the entire period in question, digitalization was a priority for the Group's Management, being a continuous process. Automation, paperless culture and the flexibility of remote work are part of the Group's organizational culture.

We have implemented a wide range of solutions, automation, cybersecurity and artificial intelligence. We have repetitive activities taken over by machines and so we release people, allowing them to be much more creative.

Since 2019 we have been using the robotization of the customer credit scoring process with UiPath software. Every year we had successions of simple and repetitive tasks that we automated with RPA.

In 2019 we implemented the electronic signature, and in 2021 we implemented the electronic signing and archiving of contracts.

In 2021 we completed the implementation at TeraPlast of the newest SAP version, S4HANA, part of a complex project to transition of all companies in the group to the newest version of ERP.

### The Group's performance and the average remuneration of Teraplast SA's employees

In 2023, Teraplast Group continuously adapted to the challenges of the business environment as well as to the changes generated by the global context. The good results were made possible by the quick, determined and judicious approach adopted by the Group's management, supported by the dedication of both employees and business partners.

The evolution of the main financial ratios in 2023 was influenced by the difficult macroeconomic market context. The growth rates were moderate compared to previous years against the background of the deflation generated by the significantly reduces prices of raw materials. The RON 672 million turnover dropped in 2023 by 5% YoY and was 21% below the budgeted rate. The RON 51.4 million EBITDA dropped by 3% YoY and was 32% below the budget. The return on invested capital was 0.21% in 2024 (budgeted: 3.41%).

Analyzing the evolution of the last five financial years, as evidenced by the following table, the commitment and ambitious objectives of the management led to the doubling of the turnover (2023: RON 672.3 million, 2019: RON 342.8 million), and to the two-fold increase of the EBITDA indicator that reached the threshold of RON 51.4 million in 2023 (2018: RON 34.1 million).

amount in million RON	2019	2020	2021	2022	2023
Turnover	342.8	396.2	615.1	711.1	672.3
EBITDA	34.1	54.5	74.2	52.7	51.4
% EBITDA	9.9%	13.7%	12.1%	7.4%	7.6%

#### % annual variation

% Cifra de afaceri YoY	29%	16%	55%	16%	-5%
% EBITDA YoY	67%	60%	36%	-29%	-3%

#### % CAGR 2018-2023

% Turnover	-	-	-	-	14%
% EBITDA	-	-	-	-	9%

The average annual growth of EBITDA was 9%, and the remuneration of managers decreased on average by 2% for Executive Officers and increased by 34% for non-executive managers.

% annual variation	2019 vs.2018	2020 vs.2019	2021 vs.2020	2022 vs.2021	2023 vs.2022	CAGR 2019-2023
<b>Officers' remuneration</b>						
Board of Administration	8%	17%	212%	-5%	25%	34%
Executive Officers	-9%	71%	-21%	-18%	-9%	-2%
<b>Company's employees' average remuneration</b>						
Gross average salary	8%	10%	11%	6%	14%	8%

In 2023, TeraPlast SA had an average of 550 employees with a monthly average salary of RON 8,580 gross, the equivalent of a net monthly salary of RON 5,018.

**Average remuneration of Company's**

<b>employees</b>	<b>2019</b>	<b>2020</b>	<b>2021</b>	<b>2022</b>	<b>2023</b>
No. of FTEs	422	454	495	517	550
Annual salary fund	29,516,592	34,870,498	42,192,807	46,771,184	56,649,593
Annual gross average salary	70,003	76,740	85,256	90,383	102,952

Lucian Anghel, Chairman of the Remuneration Committee

Alexandru Stănean, Chief Executive Officer

Ioana Birta, Chief Financial Officer