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Statement from the Chairman of the Board

Dear Shareholders,

Dear Partners,

Dear Colleagues,

2024 was an important milestone for TeraPlast Group, a year in which we honored our promise to continue our development and regional expansion strategy. We moved from strategic intentions to concrete actions through acquisitions that strengthen our position in Central and Eastern Europe: we now have operations and production capacities in Hungary and Austria through the Wolfgang Freiler Group, in the Republic of Moldova through Palplast, and in Croatia through Optiplast. These investments reinforce our regional footprint, expand our product portfolio, and allow us to serve not only customers in Romania but also those in Western Europe, offering high-quality products **manufactured in Romania** or in the region, at the standards of global leaders.

In Romania, we continued to invest, with the most important project being the Opal stretch film factory. With this investment, we entered a market dominated by imports, offering high-performance Romanian products, while supporting the development of local production and surrounding businesses.

We remain **the largest polymer processor in Southeast Europe**, by production capacity. We grew not only through acquisitions but also organically, by strengthening existing partnerships and increasing our market share. At the same time, we maintained our commitment to sustainable development. Wolfgang Freiler Group's portfolio includes products with a high share of recycled material, our recycled PVC pipe patent is unique in Europe, and in Romania, we invested in a new photovoltaic plant to enhance our energy efficiency. As a result of the latter, the products manufactured by TeraPlast in Sărățel are made with 100% renewable energy, combining on-site solar generation with guarantees of origin from our electricity supplier.



At the same time, TeraVerde Carbon launches its reforestation activities with a project covering over 33 hectares, across four plots of degraded land – former pastures that will be transformed into forests. Through TeraVerde Carbon, we contribute to restoring local ecosystems, improving the microclimate, and, at the same time, to carbon sequestration.

In terms of performance, in 2024 the Group's consolidated turnover increased by 34%, reaching almost 900 million lei, and in volume, we produced and delivered over 100,000 tonnes – a 46% increase compared to the previous year. **Sales outside Romania have more than doubled** – proof that our vision for regional expansion was the right one. It is true that the year closed with a loss, but this is a natural consequence of our accelerated investments and growth. New businesses involve upfront efforts and short-term costs, but they lay the foundation for healthy growth in the medium and long term.

While many owners of similar companies felt discouraged and lacked confidence, willing to sell high-performing, well-positioned factories equipped with modern technologies, we chose to buy. We bought because we know that by producing in a country you become a market leader there – and by respecting your clients, you can remain a leader forever. **We made acquisitions when they needed to be made – not when it was easy, but when the context offered the right opportunities.** While others were afraid of global instability and stopped, we pressed forward. We did not ignore the risks, but we stayed true to our strategic direction.

The first lesson of economics still stands: everything is cyclical. After periods of stagnation and consumption decline, periods of growth inevitably follow. We have invested to be prepared for the next growth cycle. Looking back, I can say with certainty: we did what needed to be done. **We chose to act, not just to promise** – and that is why today we are bigger, stronger, and better positioned than many others who hesitated. In just five years (2019-2024), our turnover has grown more than 2.5 times, and we are getting closer to the record turnover we achieved when we sold the steel division to the global leader.

In 2025, we enter a new phase: consolidation and efficiency. We are shifting from accelerated expansion to maximizing profitability, capitalizing on the synergies of our acquisitions, and increasing our market share. We have already taken steps to optimize costs and adapt our management structure. Our goal is ambitious yet realistic: reaching 1 billion lei in turnover and returning to profitability. This way we will show our appreciation to our shareholders who trusted the journey – understanding that massive investments might affect short-term profitability, but will bring much greater rewards over the longer term than if we had allowed fear or uncertainty to slow us down.

Another important strategic step, completed at the beginning of 2025, is the acquisition of Aquatica Experience Group (A.E.G.), an integrator of digital water management solutions. TeraPlast already has a complete portfolio of products for water infrastructure, and A.E.G. adds a digital component – from consumption monitoring to leakage reduction. **In a world where natural resources are increasingly precious, we provide concrete, efficient, and sustainable solutions for our partners and society.**

A solid strategy always rests on people – they are the heart of a business. TeraPlast Group has more than 1,200 colleagues who work every day to make this project a success. We know that well-prepared people are essential to efficiently implement our vision and strategy, and that's how we remain strong and relevant even in a constantly changing global context. Thus, we ensure that

our teams benefit from the best working conditions and professional development opportunities. For us, education and care for new generations are not just principles – they are part of the responsibility to build a future here, in Romania. We want the children of our employees to grow up seeing strong examples at home and knowing that they can build a future right here, without needing to leave the country for school or work.

Thank you for your trust and support. Together, we continue on this path of growth and development. We will keep investing, innovating, and creating value together.

Bistrița
April 29, 2025

Sincerely,
Dorel Goia
Chairman of the Board of Directors, TeraPlast



1. About TeraPlast Group

1.1. Presentation of the Group

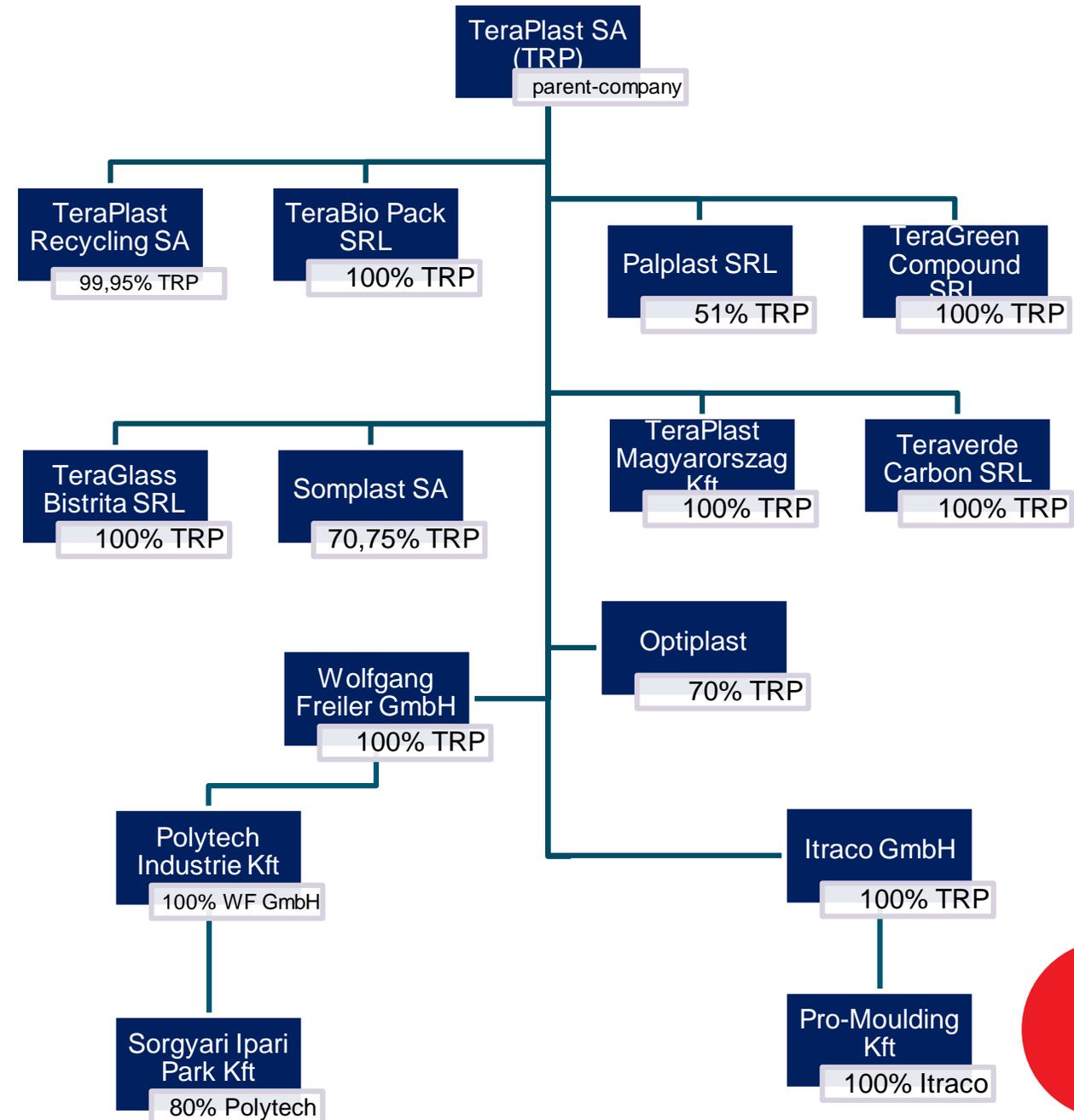
TeraPlast Group is the largest polymer processor in South-Eastern Europe, with a total production capacity of over 200 thousand tons.

TeraPlast SA, the parent company of the Group, has been listed on the Bucharest Stock Exchange since July 2, 2008, under the symbol TRP. In 2024, the Group structure included the following companies: TeraPlast SA, TeraPlast Recycling SA, TeraGlass Bistrița SRL, TeraBio Pack SRL, Somplast SA, the Wolfgang Freiler Group companies, Optiplast, Palplast, TeraPlast Magyarország Kft, TeraGreen Compound SRL and TeraVerde Carbon SRL. The Group structure and related holdings are graphically represented alongside.

During 2024, the main changes in the structure of the TeraPlast Group were:

- Closing of the acquisition of Palplast from the Republic of Moldova – a manufacturer of polyethylene pipes.
- Acquisition of the Wolfgang Freiler Group from the Uhl family from Austria.
- Acquisition of Optiplast – a manufacturer of flexible packaging from Croatia.

Information about these acquisitions is available in section 1.4. Important events in 2024.



Geographic footprint of the TeraPlast Group at the end of 2024





Our production activity is carried out in:

- 3 locations in Romania, located in Bistrița-Năsăud County: Sărățel, Bistrița and Năsăud. The TeraPlast Group headquarters are located in the Sărățel industrial park, which concentrates most of our factories.
- 2 locations in Hungary: Nagykanizsa and Fertőszentmiklós.
- 1 location in the Republic of Moldova: Călărași.

To these the following have been added since the end of 2024:

- a production location in Croatia, following the acquisition of the flexible packaging manufacturer Optiplast.
- the location in Zsámbék, following the acquisition by Polytech Industrie from Wavin Hungary of the assets for the production of PVC and PE systems.

The Group's own distribution activity includes 6 warehouses in Romania and 1 warehouse in Hungary, as follows:

- Romania: Oradea, Deva, Brașov, Piatra Neamț, Chiajna and Galați
- Hungary through the subsidiary TeraPlast Magyarország Kft: Berettyóújfalu

The warehouses are used by TeraPlast SA for the distribution of Installation products.

Part of the Wolfgang Freiler Group is the Austrian company Wolfgang Freiler GmbH, which carries out distribution activities for Polytech products.

Within TeraPlast Group there are 15 factories, as follows:

#	Factory name
1	PE pipes factory, Sărățel (TeraPlast)
2	PVC pipes and granules factory - Pipes, Sărățel (TeraPlast)
3	PVC pipes and granules factory - Granules, Sărățel (TeraPlast)
4	PP pipes, fittings, underfloor heating pipes, microducts factory, Sărățel (TeraPlast)
5	Stretch film factory, Sărățel (TeraPlast Recycling)
6	PVC recycling factory - Micronized, Năsăud (TeraPlast Recycling)
7	PVC recycling factory - Granules, Năsăud (TeraPlast Recycling)
8	PVC windows and doors factory, Bistrița (TeraGlass)
9	Biodegradable packaging factory, Sărățel (TeraBio Pack)
10	Polyethylene packaging factory, Năsăud (TeraBio Pack)
11	Injected products factory, Nagykanizsa, Hungary (Pro-Moulding)
12	PE pipes factory, Fertőszentmiklós, Hungary (Polytech Industrie)
13	PE pipes factory, Călărași, Republic of Moldova (Palplast)
14	Flexible packaging factory, Odra Sisačka, Croatia (Optiplast)
15	PVC and PE systems factory, Zsámbék, Hungary (Polytech Industrie)



1.2. Product portfolio and addressed markets

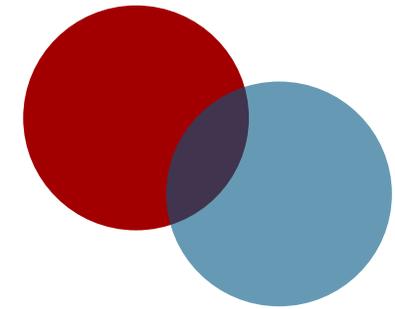
Within the TeraPlast Group, we primarily address the construction market through the installation and windows and doors segments, the manufacturing industry through the granules segment, the PVC processors market through rigid PVC recycling, and the flexible packaging market through our portfolio of polyethylene and biodegradable films.

The clients of the Installations and Windows and Doors business lines include contractors, distributors, and DIY stores. For the Granules business, the clients are manufacturers whose raw material is PVC granules, specifically PVC processors through extrusion and injection processes, as well as for the Rigid PVC Recycling business. For the Flexible Packaging segment, the client base consists of large retail chains, distributors, and industrial companies that use films and sheets for packaging goods. Additionally, specialized manufacturers from various market sectors (e.g., components for agricultural machinery) use custom-injected products manufactured by Pro-Moulding.

The commercial activity of our Group's segments follows a B2B (business-to-business) business model.

The client base of each company within the group, as well as the supplier base, is governed by the principle of diversification, so that dependency on a single client or supplier is reduced. Within the TeraPlast Group, there is no significant exposure that would create substantial dependencies on our businesses on a single client or a group of clients whose loss would negatively impact our revenues.

TeraPlast is the leader in the granules and installations market in Romania, TeraPlast Recycling is the largest producer of micronized recycled PVC in Europe, and TeraBio Pack has reached the top 5 producers in the Romanian market.



Installation business line – TeraPlast SA

The portfolio of complete PVC, PP, and PE systems for installations, along with a variety of accessories and fittings, offers our clients diversity, durability, and quality at the highest standards. The installations portfolio includes systems for:

- ✓ **Interior sewerage** – solutions for the evacuation and transport of domestic and rainwater from buildings and for the drainage of water at buildings. These include PP pipes and fittings, sound-absorbing PP pipes and fittings, PVC pipes for interior sewerage, as well as siphons and accessories.
- ✓ **Exterior sewerage** – solutions for the transport of wastewater and rainwater, solutions for the inspection and visitation of sewer networks. These include PVC pipes and fittings, corrugated PP and PE pipes and fittings, PE pipes and fittings for sewerage, sewerage accessories, manholes, inspection chambers, monobloc or modular visitation chambers, and manhole covers. The system also includes PVC pipes with recycled material in three versions under the Gri(n) brand, with recycled content of 50%, 55%, and 100%.
- ✓ **Water and natural gas transport and distribution** – solutions for infrastructure networks. These include PE pipes and fittings for water and gas networks along with an extensive and varied range of fittings, pressure PVC pipes and fittings for water, water network fittings, PVC pipes for drilling, water meter chambers, PE100-RC pipes with an additive PP layer for a lifespan of up to 100 years.
- ✓ **Rainwater management** – solutions for the evacuation of rainwater from road or pedestrian surfaces, solutions for the drainage of underground water, surface and deep drainage, underpasses, and drainage for roads and railways. These include compact wall or corrugated wall PVC pipes, double-walled corrugated PE pipes, and street drainage inlets (geigers).
- ✓ **Cable protection** – solutions for the mechanical protection of electrical, telecommunications, or fiber optic cables. These include buried corrugated PE pipes for electrical cable protection, PE pipes for telecommunications and fiber optic cable protection, and rigid, compact wall PVC pipes for electrical cable protection.
- ✓ **Microducts for telecommunications infrastructure** – [TeraDuct](#), following the 2021 investment, production started strongly in Q1 2022, offering solutions for the protection of optical cables, in the form of individual microducts – TeraDuct One, linear bundle microducts ideal for MicroTrenching applications – TeraDuct Line, and polygonal bundle microducts for various configurations – TeraDuct Mix. The system also includes accessories such as connectors, chambers, various tools, and consumables.
- ✓ **Underfloor heating** – [NeoTer](#), a state-of-the-art system with a high degree of energy efficiency and a reduced environmental impact. We offer solutions for heating homes and offices, with the main component of the system being NeoPE-XA pipes made of peroxide cross-linked polyethylene and NeoPE-RT type II pipes made of "raised temperature" polyethylene, as well as a wide and varied range of accessories. Whether it is an extension, a new construction, or renovation works, NeoTer is the ideal solution.



Wolfgang Freiler Group and Palplast Moldova

The **Wolfgang Freiler Group** consists of 5 companies (for details, see section 1.1. Presentation of the Group), two of which carry out production activities in Hungary, as follows:

- ✓ **Polytech** - The company was founded in 1991, and the factory is located in NW Hungary, in the town of Fertőszentmiklós, Győr-Moson-Sopron County. The main activity is the production of polyethylene pipes for water management and HDPE cable protection pipes.
- ✓ **Pro-Moulding** - The company was founded in 2006, and the factory is located in Nagykanizsa, SW Hungary, near the borders with Croatia and Slovenia. The company specializes in the production of large-volume injected plastic parts for various industries, such as the automotive, medical, toy, and household appliance industries.



- ✓ **Palplast Moldova** is a producer of polyethylene pipes for water and gas supply networks, with the factory located in the center of the Republic of Moldova, in the municipality of Călărași, just 50 kilometers from the capital, Chișinău.

Granules business line – TeraPlast SA

TeraPlast is the largest producer of PVC granules in Romania, and our granules portfolio includes the following types of products:

- ✓ **Plasticized PVC granules** – electro-use granules that comply with the RoHS Directive and can be manufactured from plasticizers not listed as potentially hazardous by REACH (DINP, DOTP, DIDP), used for various protective sheaths for electrical cables, flexible cords, insulation for audio cables and automotive cables, coloured or transparent granules for shoe soles, and transparent granules for hose production.
- ✓ **Rigid PVC granules** – used for the extrusion of protective tubes for electrical cables, gutters for electrical installations, injection of fittings, injection of accessories for windows and doors from PVC joinery profiles, extrusion of interior and exterior cladding, and any other extrusion and injection applications.
- ✓ **HFFR granules** – halogen-free and flame-retardant, very useful in applications such as electrical cable protection.



Rigid PVC recycling business line – TeraPlast Recycling SA

TeraPlast Recycling collects and recycles rigid post-industrial and post-consumer PVC from Romania and other European Union countries. In Romania, we are the largest recycler of rigid PVC, and in Europe, we rank among the top 5 rigid PVC recyclers, with a processing capacity of up to 31,000 tons per year. We ensure the mechanical recycling of post-industrial and post-consumer PVC waste, sourced from a variety of materials such as window profiles, pipes, fittings, blinds, wall panels, windowsills, and cable ducts. TeraPlast Recycling's product portfolio includes:

- ✓ **Micronized PVC (500 and 1000 microns)** – sourced from pipes, window profiles, or construction-grade PVC profiles. It is obtained by sorting and shredding PVC waste into 8–12 mm pieces, separating metals and other contaminants, and pulverizing the material into micron-sized particles
- ✓ **Recycled granules** – regranulated PVC derived from recycling PVC window profiles, created by mixing micronized PVC waste with additives and fillers to obtain a material with characteristics close to virgin raw materials.

Through periodic testing at authorized laboratories, we ensure that our products comply with the latest European regulations on lead and its compounds in PVC. Both the micronized PVC and the recycled granules can be used in a wide range of finished products, from profiles and strips for various indoor and outdoor building applications, to platforms and terraces, multilayer pipes, and accessories for the transport of rainwater and wastewater.



„Opal” Stretch film business line – TeraPlast Recycling SA

The Opal factory, part of the TeraPlast Group, specializes in the production of stretch film in Romania, and is equipped with modern machinery that supports an efficient and sustainable production flow. OPAL is the only manufacturer of 9-layer stretch films in the country. The company stands out for its flexibility in product customization, offering solutions tailored to various industrial requirements. Opal's stretch films are adaptable, 100% recyclable, and designed to reduce packaging costs while maximizing the safety of goods.

The product range includes **Opal Plus**, **Opal Strong**, and **Opal Ultra**, each with specific features for strength and packaging efficiency, optimized to protect and stabilize products during transportation.

Windows & Doors business line – TeraGlass Bistrița SRL

TeraGlass has 20 years of experience (initially as part of TeraPlast SA, later as a subsidiary) in the production of windows and doors and successfully operates both in the Romanian market and in other European markets. The TeraGlass product portfolio includes the following types of products:

- ✓ **PVC doors and windows systems**, with 4 to 7 chambers, long service life, modern design, and excellent thermal and sound insulation, as well as high airtightness against dust and moisture. TeraGlass doors and windows offer a wide range of classic colors that mimic wood texture – white, mahogany, wenge, anthracite, oak, walnut – and also the option to paint the profiles in any RAL color.
- ✓ **Aluminum doors and windows systems**, with anti-burglary features ensured by the high resistance of the profiles, long service life, easy maintenance, and outstanding resistance even under large temperature variations. We offer systems with or without thermal barrier, casement or tilt-and-turn, for both small and large applications, with classic colors or natural element imitations, an almost unlimited range of RAL colors and anti-corrosion protection.
- ✓ **Multiple glazing solutions** – designed to reduce energy consumption by offering excellent insulation, year-round comfort, and acoustic performance, while also enhancing safety. Solutions include laminated anti-burglary glass packages, 4Season solar control glass, LowE energy-saving glass, clear Float glass, and ornamental glass for privacy.
- ✓ Residential and industrial **garage doors** made of sandwich panels with high-density polyurethane foam, including “Drive me home” residential doors and “Drive in” industrial doors.
- ✓ **Curtain walls and folding terraces** – with or without thermal barrier, intended for high energy efficiency buildings, shading systems, sliding PVC and aluminum systems, and folding door systems.
- ✓ **Accessories and hardware for various applications** – traditional aluminum or high-performance Warm Edge spacers, hardware fittings systems that ensure airtight closure of the joinery, preventing cold air from entering during winter and heat during summer, safety locks with two, six, or ten locking points, handles with and without keys, space-saving handles, anti-panic hardware, door closers, shutters, blinds, insect screens, sills and ledges, fresh air ventilation systems, and more.

TeraGlass provides professional installation services carefully planned across three sealing layers between exterior doors or windows and masonry: the outer layer for weatherproofing, the middle layer for thermal and sound insulation, and the inner layer as a vapor barrier.



Flexible Packaging business line – TeraBio Pack SRL

The flexible packaging product portfolio targets the packaging market in Romania and the European Union, in countries such as Austria, Germany, France, Belgium, Poland, and others. In 2022, at TeraBio Pack, we implemented and certified the FSSC 22000 food safety management system, through the “Food Packaging” certification scheme consisting of ISO 22000 and ISO/TS 22002-4, as well as the additional FSSC 22000 requirements.

The product portfolio is structured into two divisions:

- ✓ **TeraBio** – in Sărățel, where we produce biodegradable and compostable flexible packaging: T-shirt carrier bags, bags with perforated handle, roll bags or block-notes bags, biodegradable doggy bags, mulch films, and waste bags. The bags are certified OK Compost Home and OK Compost Industrial according to EN 13432, and the mulch film is certified OK Biodegradable Soil, both certifications issued by TÜV AUSTRIA Cert GmbH.
- ✓ **TeraPack** – in Năsăud, we took over the production capacities of Somplast SA – a company with over 40 years of tradition in plastic manufacturing – and the polyethylene film production line from Brikston Construction Solutions SA. Here, we produce flexible polyethylene packaging: films and foils for industrial use, films for construction, heat-shrinkable films, and polyethylene bags.



In the consolidated financial statements, in the business segment reporting, the previously detailed activities are reflected as follows:

Installations	Granules	Packaging	Windows
TeraPlast installations	TeraPlast granules	TeraBio Pack flexible packaging	TeraGlass Bistrița windows and doors
TeraPlast Recycling micronized recycled PVC	TeraPlast Recycling regranulated recycled PVC	TeraPlast Recycling stretch film	
Wolfgang Freiler Group		<i>The company Optiplast from Croatia was consolidated for one month in the segment results, following the closing of the transaction.</i>	
Palplast Moldova			

For 2025, TeraPlast Group does not plan to manufacture any new products that would require a significant allocation of assets and/or capital.

TeraPlast and Palplast have their own accredited testing laboratories, where they conduct tests both on their own products and on products from other companies within the TeraPlast Group. For any additional tests, they rely on other accredited third-party laboratories. The expenses incurred in 2024 by the two laboratories amounted to 1,514,480 lei, and for 2025, they estimate expenses of over 1.5 million lei. These include potential research and development projects.



1.3. Employees of the Group

As of December 31, 2024, TeraPlast Group had 1,214 employees (head-count). Of these, 965 are based in Romania, 131 in Hungary and Austria, 29 in Moldova, and 89 in Croatia. Employees in Romania are fully covered by the collective labor agreement and are represented by a union. For the Group's companies outside Romania, the presence of a union is not mandatory under local regulations due to company size. Therefore, no employee representative committee or union has been established so far.

In our vision, continuous professional training contributes both to the development of our employees and to the company's performance. Therefore, we acknowledge the training needs at company level within the Group and develop customized training programs.

Furthermore, we support and promote professional relationships based on solid principles of ethics and integrity. In this regard, the Code of Conduct consolidates and clearly outlines our expectations regarding these topics. In accordance with the whistleblower policy, both external individuals and our employees can safely report situations that violate the applicable legal provisions, principles of ethics and integrity, human or labor rights, discrimination, or harassment.

Detailed information about our employees is available in the section dedicated to the social pillar of the sustainability statement, which is an integral part of this report.





1.4. Key events 2024

2024 marked the completion, for the time being, of the accelerated expansion phase of TeraPlast Group carried out in recent years, achieved both through mergers and acquisitions and through investments in new production capacities.

Below, we highlight the most important events of 2024.

Finalization of the acquisition transaction of Palplast from the Republic of Moldova

In January 2024, the closing was signed for the acquisition of Palplast Moldova, following the fulfillment of all preconditions. Thus, TeraPlast SA acquired the majority stake in Palplast, holding 51% of the share capital, while the existing shareholder, Fribourg Capital, retained a 49% stake. The total value of the transaction amounted to 1.8 million euros, of which 1 million euros was TeraPlast SA's contribution to Palplast's capital, and 800 thousand euros were paid to the minority shareholder.

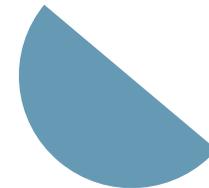
The complete published information is available [here](#) and [here](#).

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

At the beginning of February, we announced the signing of the agreement to acquire the shares held by the Uhl family in the Wolfgang Freiler Group (full announcement [here](#)). TeraPlast shareholders approved the acquisition, valued at a total of 16.53 million euros, during the Extraordinary General Meeting on March 11, 2024. The transaction was closed on March 28, 2024, marking the moment when TeraPlast SA took control of the Wolfgang Freiler Group (full press release [here](#)).

Acquisition of 70% of Optiplast – the third-largest flexible packaging producer in Croatia

In October 2024, TeraPlast SA signed the agreement to acquire 70% of the share capital of Optiplast, the third-largest flexible packaging producer in Croatia. Optiplast is a company similar to TeraBio Pack in terms of product range and technology, with 35 years of experience in the flexible packaging market. The transaction was approved within the TeraPlast General Meeting of Shareholders on November 14, 2024. The total value of the transaction was 10.1 million euros, and it was finalized on November 20, 2024. Full details [here](#).



The acquisition of Wavin Hungary's assets for PVC and PE systems production

We concluded 2024 with the announcement of the acquisition by Polytech Kft, a subsidiary of the Wolfgang Freiler Group, of the assets for PVC and PE systems production, from Wavin Hungary, the latter being part of the Orbia Group. The transaction value amounted to 7.04 million euros and includes both equipment and nearly 12,000 sqm of buildings, as well as over 40,000 sqm of industrial land located in Zsámbék, 30 km west of Budapest. The full announcement can be consulted [here](#).

Inauguration of the Opal stretch film factory

The Opal stretch film factory is the result of an investment worth 18.5 million euros, of which 5.3 million euros is state aid. After starting production in December 2023, in 2024 we presented the production unit to the partners of the Opal business during an event attended also by representatives of the central public administration. The Opal factory addresses a market of approximately 30,000 tons annually, estimated at a value of 34 million euros, of which 51% represents imports.



1.5. Events after the reported period

Following the completion of the 2024 financial year, we highlight below the relevant events concerning the activity of our Group.

Increase in the number of Board of Directors members from 5 to 7

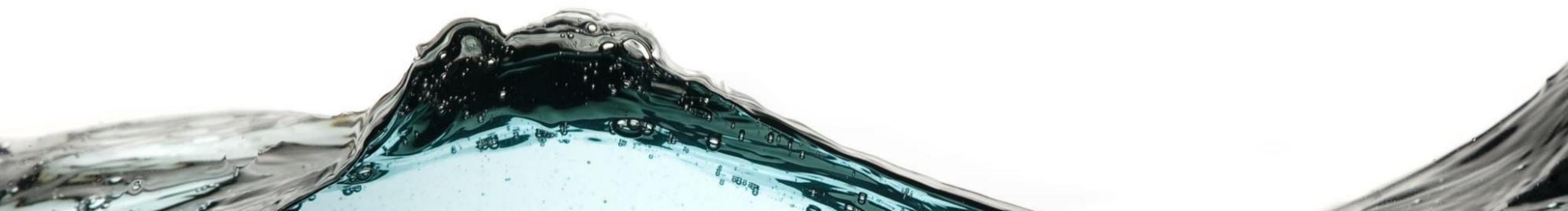
In line with TeraPlast Group's ongoing regional development and the need for a greater diversity of expertise in strategic decision-making, we submitted to the approval of the General Meeting of the Shareholders an increase in the number of board members from 5 to 7 members. The term of office of the new board members started on December 27, 2024, and will end on September 14, 2027, the date when the current terms of the board members expire. The full GMS resolution can be consulted [here](#).

Establishment of the Risk & ESG Committee

In January 2025, the Board of Directors decided to establish the Risk & ESG Committee. This decision comes in the context of the development of legislative provisions regarding sustainability reporting, as well as the increasing complexity of our Group's structure and businesses, including in terms of geographic footprint. Thus, we strengthened the governance structure to ensure effective oversight of the Group's risk management process, as well as the integration of sustainability principles into our strategy. The full announcement is available [here](#).

Strengthening the leadership position in water management solutions through the acquisition of Aquatica Experience Group

In February 2025, TeraPlast signed an agreement to acquire a majority stake of 51% in Aquatica Experience Group (AEG), an integrated engineering player that provides solutions for water treatment, purification, and management, including digital components. With this strategic move, we are expanding our portfolio and taking an important step in transitioning from a manufacturer of solutions for transporting clean water and wastewater to a full-service provider of integrated water management solutions. The transfer will become effective upon fulfilment of the precedent conditions and obtaining the necessary approvals. The full announcement is available [here](#).



1.6. Key figures for 2024 and 2025 Budget

Key figures for 2024

For the full year 2024, on a consolidated basis, we recorded a turnover of 897.9 million lei, 34% higher than in 2023, when the consolidated turnover was 672.3 million lei. This evolution was supported by the increase in volumes sold, the launch of the Opal stretch film factory, and the consolidation of results from companies acquired in 2024.

EBITDA slightly decreased compared to 2023, down to 49.6 million lei. This reflects both the strategy to increase market share, as well as the impact of price pressures and contraction in certain European markets. Thus, in the context of the disproportionate evolution of turnover and profitability, the EBITDA margin for the entire year 2024 stands at 5.5%, compared to 7.6% in 2023.

At the same time, for 2024 we recorded a net loss of -19.5 million lei, primarily due to the increase in interest expenses and due to depreciation costs resulting from starting up the investments in new factories. The negative result was mainly driven by the loss incurred from the launch of the Opal stretch film business, which is in an accelerated ramp-up process and market share gain. An additional contribution came from the loss recorded by TeraBio Pack, along with non-recurring expenses throughout 2024 related to geographical expansion.

Gross margin increased by 31%, rising from 247.4 million lei in 2023 to 323 million lei in 2024. This reflects the impact of acquisitions made in 2024, but was eroded by the rise in salary, energy, and transportation costs.

Sales outside Romania increased by 122%, reaching 233.6 million lei in 2024, compared to 105.4 million lei in 2023. Their share in the consolidated turnover reached 26% in 2024, compared to 15.7% in the previous year.

Quantitatively, we recorded a 46% increase compared to 2023 at Group level. In 2024, we sold 109,985 tons compared to 75,346 tons in 2023. This growth is mainly due to the increase in quantities of the Installations, Granules, and Flexible Packaging segments, while 6% of the total volumes in 2024 were generated by M&A.



<i>Amounts lei, thousands</i>	2024	2023	Variation '24 vs '23
Turnover, of which	897,896	672,331	34%
Installations*	641,545	501,000	28%
Granules*	91,790	76,074	21%
Packaging*	112,849	46,410	143%
Windows*	51,712	48,846	6%
Gross margin	323,150	247,389	31%
EBITDA, of which	49,628	51,372	-3%
<i>Group EBITDA margin</i>	5.5%	7.6%	
Installations	51,721	52,449	-1%
<i>EBITDA margin</i>	8.1%	10.5%	
Granules	9,532	6,014	58%
<i>EBITDA margin</i>	10.4%	7.9%	
Packaging	-13,740	-7,511	-83%
<i>EBITDA margin</i>	-12.2%	-16.2%	
Windows	2,115	419	405%
<i>EBITDA margin</i>	4.1%	0.9%	
Net result	-19,479	1,138	n/a

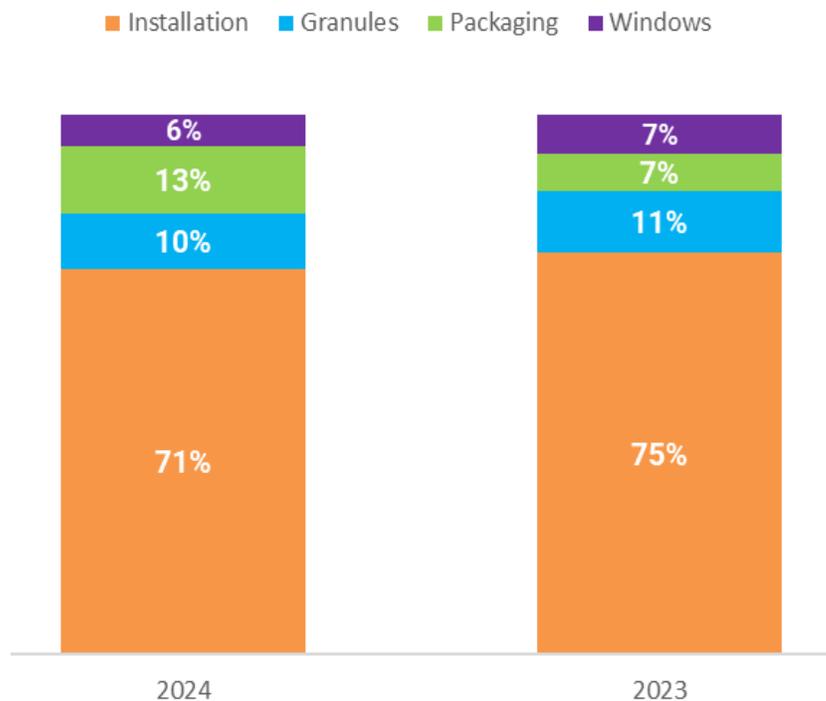
*The Installations Segment includes complete installation systems of TeraPlast, the Wolfgang Freiler Group, Palplast Moldova, and the micronized recycled PVC of TeraPlast Recycling.

The Granules Segment includes PVC granules from TeraPlast and recycled granules from TeraPlast Recycling.

The Packaging Segment includes flexible packaging of TeraBio Pack and stretch film from Opal.

The Windows Segment includes windows and doors of TeraGlass.

Share of business segments in the consolidated turnover



Profit and Loss Statement

LEI ` 000	31-12-23	31-12-24	Var %
Net Sales	672,331	897,896	34%
Other operating income	1,835	2,331	27%
Total Operating Income	674,165	900,227	34%
Raw materials, consumables & merchandise	(424,942)	(574,746)	35%
Salaries and employee benefits	(95,056)	(129,967)	37%
Utilities	(32,593)	(41,358)	27%
Amortization, impairments, provisions	(33,002)	(48,724)	48%
Other operating expenses	(70,203)	(104,528)	49%
Total Operating Costs	(655,796)	(899,323)	37%
EBIT	18,369	904	-95%
EBITDA	51,372	49,628	-3%
% EBITDA	7.64%	5.53%	
Financial result, net	(13,167)	(15,737)	20%
Profit before tax	(4,064)	(4,645)	14%
Net result	1,138	(19,478)	-1,812%
% Net result	0.17%	-2.17%	

For the complete structure of the profit and loss statement, please refer to the relevant section in the financial statements.

Balance Sheet

LEI ` 000	TRP Group	
	2023	2024
Intangibles	3,961	46,628
Tangible assets	421,430	555,098
Investment Property	5,737	21,800
Other non-current assets	1,583	2,802
Non-current assets	432,712	626,328
Inventories	138,564	185,652
Trade receivables	154,411	210,150
Trade payables	(103,329)	(181,522)
Trade working capital	189,647	214,280
Other payables	(46)	(849)
Other receivables	10,259	13,593
Other working capital	10,213	12,744
Net working capital	199,860	227,024
Cash and cash equivalents	18,879	32,416
Bank loans and leases	(242,143)	(308,127)
Net debts	(223,264)	(275,712)
Right of use leasing obligations	(10,397)	(15,759)
Other non-current liabilities	(9,144)	(25,427)
Provisions	(525)	(517)
Subsidies	(76,561)	(99,054)
Net assets	312,681	436,883
Share capital & premiums	217,900	317,890
Reserves	54,259	68,112
Retained earnings	37,856	16,760
Non-controlling interest	2,665	34,121
Equity	312,681	436,883

For the complete structure of the balance sheet, please refer to the relevant section in the financial statements.

Cash Flow

Summary of the Cash Flow Statement, LEI ` 000	2023	2024
Net profit/ Net result before tax	5,202	(14,833)
Net profit adjustments	54,606	74,129
(+) Operating profit before changes in working capital	59,808	59,295
Net impact working capital	4,230	(640)
Income tax paid	(4,052)	(4,420)
Interest paid	(13,129)	(17,544)
Income from subsidies	(7,938)	(6,867)
(-) Subtotal changes in working capital and other	(20,888)	(29,470)
=> Cash from operating activities	38,919	29,825
Payments for fixed assets acquisitions	(104,019)	(63,832)
Receipts from sales of fixed assets	872	832
M&A purchase payments, net of purchased cash	-	(118,057)
Receipts from subsidies	23,933	24,367
(+) Net cash used for investments	(79,215)	(156,691)
Net repayments of loans and leasing	48,383	40,380
Dividends received	69	67
Share capital increase	-	99,990
Share repurchased	9	(34)
(-) Net cash from finance activities	48,462	140,403
Net variance	8,166	13,536
Cash & Equivalents from finance activities at Jan 1, 2023/ 2024	10,713	18,879
Cash & Equivalents from finance activities at Dec 31, 2023/ 2024	18,879	32,416

For the complete structure of the cash flow, please refer to the relevant section in the financial statements.



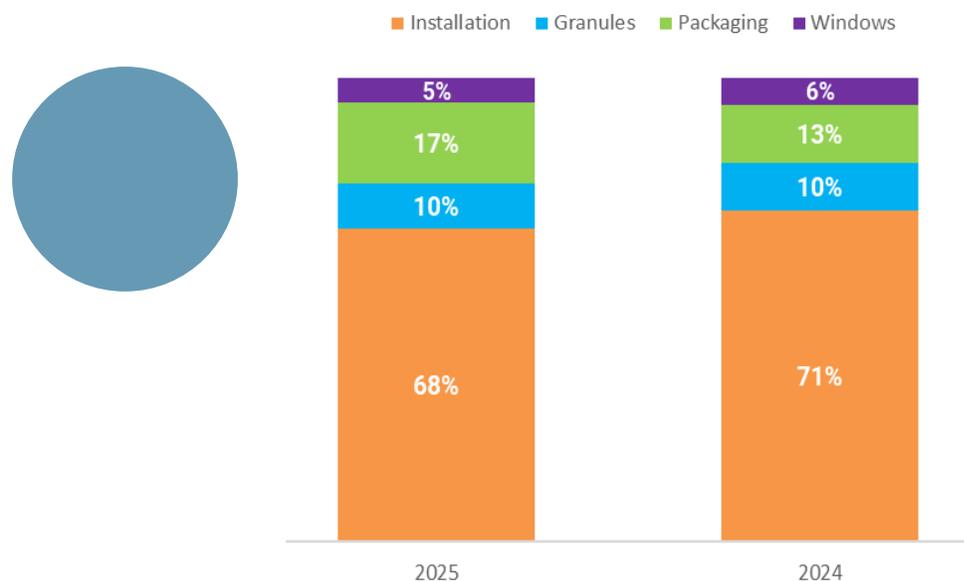
2025 Budget

2025 will be the consolidation year. After a phase of accelerated development, in 2025 we will focus on improving profitability, consolidating businesses, and expanding in existing markets.

Thus, for 2025 we aim for a turnover of 1 billion lei, an increase of 12% compared to 2024, and a quantitative growth of 9%, reaching almost 120 thousand tons. The growth in 2025 will be mainly driven by improved performance in the Packaging segment, through increased profitability and operational efficiency, and the consolidation of Optiplast Croatia. For the traditional segments, we budgeted moderate turnover growth ranging between 3% and 6%.

We also aim for a significant improvement in EBITDA, reaching 88 million lei (+77% compared to 2024), driven by operational optimization and synergies resulting from the integration of acquisitions. A notable contribution to the improvement of EBITDA is expected from the Packaging and Installations segments.

Share of business segments in the consolidated turnover



Amounts lei, thousands	2025	2024	Variation '25 vs '24
Turnover, of which	1,005,892	897,896	12%
Installations*	680,911	641,545	6%
Granules*	97,283	91,790	6%
Packaging*	174,358	112,849	55%
Windows*	53,339	51,712	3%
Gross margin	385,217	323,150	19%
EBITDA, of which	88,057	49,628	77%
Group EBITDA margin	8.8%	5.5%	
Installations	62,995	51,721	22%
<i>EBITDA margin</i>	9.3%	8.1%	
Granules	8,699	9,532	-9%
<i>EBITDA margin</i>	8.9%	10.4%	
Packaging	12,751	-13,740	193%
<i>EBITDA margin</i>	7.3%	-12.2%	
Windows	3,612	2,115	71%
<i>EBITDA margin</i>	6.8%	4.1%	
Net result	5,269	-19,479	127%

*The Installations Segment includes complete installation systems of TeraPlast, the Wolfgang Freiler Group, Palplast Moldova, and the micronized recycled PVC of TeraPlast Recycling. The Granules Segment includes PVC granules of TeraPlast and recycled granules of TeraPlast Recycling. The Packaging Segment includes flexible packaging of TeraBio Pack and Opal stretch film. The Windows Segment includes windows and doors of TeraGlass.

2. TeraPlast on the Capital Market

2.1. Board of Directors and Executive Management

TeraPlast SA, the parent company of the Group, has been listed on the Bucharest Stock Exchange since 2008 under the TRP symbol. Currently, TRP shares are also included in the FTSE Russell Small Cap and Global All Cap indices and the MSCI Frontier IMI indices.

Our company is managed in a unified system by a Board of Directors consisting of 7 members elected by the Ordinary General Meeting of Shareholders. The mandate of the Board members is valid until September 14, 2027.

The Chairman of the Board of Directors of TeraPlast is Mr. Dorel Goia, elected by the Board for the duration of his term as director. Currently, 4 out of 7 board members are independent.

The executive management of the TeraPlast Group is ensured by Mr. Alexandru Stănean – CEO, with a 4-year mandate started July 2, 2024, and Mr. Crăciunaș Bogdan-Lucian – CFO, whose mandate is valid until July 29, 2028.

A brief overview of the members of the Board of Directors is presented below, and additional information about their professional experience and about advisory committees can be found on the dedicated page of the investor website, here. Comprehensive details about the Board of Directors and executive management are also available in the section containing general information, and respectively governance, of the sustainability statement which is an integral part of this report. Information regarding individuals and entities affiliated with TeraPlast is provided in note 19 of the financial statements. Neither the members of the Board of Directors nor the executive management team have been involved in any litigation or administrative procedures in the past 5 years related to their activity within TeraPlast or their ability to perform their duties within the company.

Structure of the Board of Directors at the end of 2024

Name	Birth year	Position	Date of appointment	Shareholding in TRP as of 31.12.2024
Dorel Goia	1954	Chairman of the Board of Directors	June 2008	46,83%
Lucian Claudiu Anghel	1972	Independent Non-Executive Director	January 2021	0,03%
Vlad Nicolae Neacșu	1981	Independent Non-Executive Director	September 2020	0,03%
Vasile Pușcaș	1952	Independent Non-Executive Director	September 2023	0,005%
George Toma Mucibabici (elected during the General Meeting of Shareholders held on December 27, 2024)	1959	Independent Non-Executive Director	December 2024	0%
Iulia-Daniela Mihăilă-Moldovan (elected during the General Meeting of Shareholders held on December 27, 2024)	1989	Non-Executive Director	December 2024	0%
Alexandru Stănean	1982	Executive Director (and CEO of TeraPlast)	July 2018	0,09%

2.2. TeraPlast's activity on the Capital Market

On the Bucharest Stock Exchange, TeraPlast shares are traded on the main market under the TRP symbol. Our company is part of the BET main index. Internationally, the TRP stock is also included in the FTSE Russell Global All Cap indices and in the MSCI Frontier IMI indices.

We uphold best practices in corporate governance to ensure transparency in TeraPlast's activities, so that all shareholders and potential investors have equal access to information about the company. We have a dedicated investor relations team whose contact details are publicly available, and the investor-dedicated website includes all relevant information regarding our activity as a listed company.

The main topics of interest for shareholders and investors are detailed in the dedicated policies, available on our website at <https://investors.teraplast.ro/> under the Corporate Governance documents section. These include:

- **The Dividend Policy** sets out the guiding principles based on which the Board of Directors makes dividend distribution proposals to the company's shareholders, which are then subject to approval by the General Meeting of Shareholders.
- **The Investor Communication Policy** outlines the objectives, principles, and practices we apply in our investor relations activities. The policy aims to ensure transparency and equal, simultaneous, and timely access to relevant, accurate, and complete information about TeraPlast Group.
- **The Forecast Policy** establishes the formal framework of guiding principles for the preparation and publication of the Group's annual budget, as well as our approach to presenting the underlying assumptions.

- **The Remuneration Policy** details the set of principles and criteria applicable in determining the remuneration of the TeraPlast Group's administrators and executive directors.

In February 2024, our company initiated the **share buyback program** under the conditions approved by the Resolution of the Extraordinary General Meeting of Shareholders (EGMS) No. 1 of April 28, 2023. As a result, a total of 2,764,610 own shares were repurchased. These shares were granted free of charge to employees, management of the Group's companies, as well as to TeraPlast's directors and executives, in line with the Stock Option Plan included in the remuneration scheme.

In 2024, we did not distribute dividends. However, during the General Meeting of Shareholders held on June 27, 2024, TRP shareholders approved a **share capital increase through cash contributions** of up to 22,220,000 lei, by issuing a maximum of 222,200,000 new shares with a nominal value of 0.1 lei per share. As a result, TeraPlast's share capital increased from 217,900,035.80 lei to 240,120,035.80 lei. The capital increase process included a subscription phase through the exercise of pre-emptive rights by existing shareholders, followed by a private placement targeting institutional investors. The final subscription price was set at 0.45 lei per share, reflecting strong investor interest. The capital increase was fully subscribed, and the total amount raised through both phases exceeded 20 million EUR, thereby strengthening the financial resources required for our development plans.

Detailed information on the results of this process are available [here](#).

3. Sustainability statement

3.1. General disclosures (ESRS 2)

3.1.1. General Information

We take pride in our tradition of over 125 years during which we have learned to adapt to any changes, consistently developing and improving our activities and products. TeraPlast is the parent-company of TeraPlast Group, a leading producer of polymer-based solutions for the construction, infrastructure, packaging and industrial sectors, being the largest polymer processor in Southeast Europe. Our factories are located in Romania, Hungary, Croatia and Republic of Moldova, so we reach the European market efficiently, offering high-quality products in a timely manner. Over the years we have expanded our market reach through strategic investments in recycling technologies, alternative material solutions, and sustainable manufacturing practices. Our production facilities are equipped with state-of-the-art technology, enabling high efficiency and optimized resource consumption.

Core Business Segments and Product Portfolio in 2024

TeraPlast Group is structured into several key business divisions, each contributing to value creation and sustainable development commitments, under a B2B (business to business) model. The customer base of each company in the group, as well as that of suppliers, is based on the principle of diversification to reduce dependency on any single customer or supplier.

Within our financial statement, we report on our business lines under four main segments, as follows:

Installation	Granules	Packaging	Windows
TeraPlast installations	TeraPlast granules	TeraBio Pack Flexible Packaging	TeraGlass windows and doors
Recycled micronized PVC of TeraPlast Recycling	Recycled PVC granules of TeraPlast Recycling	Opal stretch film from TeraPlast Recycling	
Companies of Wolfgang Freiler Group		<i>Includes the Flexible Packaging portfolio of Optiplast Croatia starting December 2024.</i>	
Palplast Moldova			

Brief information on our business lines is available below and additional details on our portfolio are available [at this link](#).

- **Installations** business line offer complete solutions for: interior and exterior sewage, water and gas transport and distribution, rainwater management, cable protection, microtubes for telecommunication, underfloor heating system. Part of our pipe portfolio includes products with recycled content. Moreover, for the PVC pipes for wastewater management, named Gri(n) Pipe, we have an international patent for the recipe which can integrate up to 100% recycled PVC.
- **Granules** business line offer plasticized and rigid PVC granules used for various industrial applications, such as electrical cables, extruded and injected products. Additionally, we produce halogen-free, fire-resistant (HFFR) granules. Through this business line, we are the leader of the granules market in Romania.
- The **recycling** business line is a leading rigid PVC recycler in Europe, through which we contribute to eliminating PVC waste from the environment and to the transition towards a circular economy by offering in the market qualitative recycled material. The waste we process is of both post-industrial and post-consumer origin from Romania and other EU member states. The finished products can be used in a wide range of products, from window profiles and strips for various applications both outside and inside buildings, to platforms and terraces, multilayered pipes and accessories for transporting rainwater and wastewater.
- The **flexible packaging** business line includes biodegradable and compostable packaging, aligning with circular economy principles and offering sustainable alternatives to traditional plastic packaging, as well as polyethylene flexible packaging which also integrates recycled material. This business line is complemented by the Opal stretch film, for which we are the only manufacturer of 9-layered stretch film in Romania. Opal's stretch films are adaptable, 100% recyclable, and designed to reduce packaging costs while maximizing product protection.
- The **windows and doors** business line comprises of complete solutions which contribute to meeting high energy efficiency standards and enhance thermal insulation and durability.



3.1.2. Basis for preparation

At TeraPlast Group, sustainability is an integral part of our business strategy, guiding how we assess and report on our environmental, social, and governance (ESG) impacts. This Sustainability Statement for 2024 has been prepared in accordance with the European Sustainability Reporting Standards (ESRS) under the Corporate Sustainability Reporting Directive (CSRD). Through this report, we provide a transparent, accurate, and comprehensive representation of our material sustainability-related impacts, risks, and opportunities identified through a double materiality assessment.

Scope of consolidation and included companies

The scope of this report aligns with our financial consolidation framework, covering all subsidiaries under **TeraPlast S.A.** within our analysis to ensure that the group's sustainability performance is comprehensively represented. The result of the scoping analysis for this report regarding TeraPlast Group structure is represented below. As part of our scoping process, we have also reviewed all entities within the group to determine whether any subsidiaries are exempt from individual sustainability reporting obligations. As part of this process, we also revised all the entities within the Group to determine if any subsidiary is exempt from the individual sustainability reporting obligations. In accordance with Article 29a(3) of the Corporate Sustainability Reporting Directive (CSRD), our subsidiaries are not required to prepare individual sustainability statements, as they are covered by this consolidated sustainability report. This report comprehensively discloses the Group's material impacts, risks, and opportunities, ensuring compliance with the directive's reporting obligations at the consolidated level.

Company	TeraPlast stake	Other TeraPlast subsidiary's stake	Country	Information included in the report	Additional information
TeraPlast SA	n/a	n/a	Romania	YES	Production
TeraPlast Recycling SA	99.95%	0.05% TeraBio Pack SRL	Romania	YES	Production
TeraBio Pack SRL	100%	n/a	Romania	YES	Production
TeraGlass Bistrița SRL	100%	n/a	Romania	YES	Production
Somplast SA	70.75%	n/a	Romania	YES	no operational activity; real-estate management
Palplast SRL	51%	n/a	Republic of Moldova	YES	Production
TeraGreen Compound SRL	100%	n/a	Romania	YES	no operational activity; real-estate management
TeraPlast Magyarország Kft	100%	n/a	Hungary	YES	Distribution
TERAVERDE CARBON S.R.L.	100%	n/a	Romania	NO	no operational activity
OPTIPLAST d.o.o.	70%	n/a	Croatia	NO	Production; part of the Group since December 2024.
Itraco GmbH	100%	n/a	Austria	YES	Holding company
Pro-Moulding Kft	n/a	100% Itraco GmbH	Hungary	YES	Production
Wolfgang Freiler GmbH	100%	n/a	Austria	YES	Distribution
Polytech Industrie Kft	n/a	100% Wolfgang Freiler GmbH	Hungary	YES	Production
Sörgyári Ipari Park Kft	n/a	80% Polytech Industrie Kft	Hungary	YES	no operational activity; real-estate management

For 2024, two subsidiaries have been excluded from the consolidated sustainability reporting scope. TeraVerde Carbon represents our initiative for contributing to reforestation, but did not carry out any operational activity in 2024. Optiplast is the company we acquired at the end of 2024; thus, it is consolidated within the financial statements for 1 month of last year. Regarding sustainability topics, as per our internal criteria, a subsidiary must be consolidated within the Group for at least one quarter, for it to be considered material for the scope of this reporting and for the data to be considered representative for the Group’s approach to governance and strategy. Thus, Optiplast information will be included in the 2025 sustainability statement. For four other subsidiaries, namely Somplast, TeraGreen Compound, Itraco and Sörgyári Ipari Park, only partial data will be included in the present statement, based on the fact that neither carries out operational activities, thus only information on Scope 1&2 emissions and employees are available and relevant. This approach ensures full transparency and consistency in the disclosure of sustainability performance across the TeraPlast Group, while ensuring clarity and ease of use of sustainability-related information, reinforcing at the same time our commitment to ESG compliance and sustainability leadership.

Value chain coverage

Our value chain is considered in full within this report, encompassing both upstream and downstream activities. This includes an assessment of raw material sourcing, energy and resource consumption in production, product use impacts, and post-consumer waste management. Where data limitations exist, we apply industry benchmarks and estimations to provide the best possible representation of these impacts.

Omissions

No disclosures have been omitted due to pending negotiations or regulatory approvals, nor due to intellectual property or innovation confidentiality.

Time horizons

Our sustainability reporting adheres to clear time horizons, which are the same as it is described in ESRS, defined below:

Time horizon
Short-Term (0-2 years)
Medium-Term (2-5 years)
Long-Term (5-10+ years)
Short to Medium-Term (0-5 years)
Medium to Long-Term (5-10 years)

These align with our corporate planning cycles and ensure consistency between sustainability targets and business strategies. In cases where sustainability-related metrics rely on indirectly estimated value chain data, we adopt a structured approach, using a combination of industry benchmarks, lifecycle assessment methodologies where available, and supplier data where available. Although some estimations introduce a degree of uncertainty, we apply conservative assumptions and continue to refine our data collection processes. Moreover, to ensure clarity and transparency, we state the assumptions used for all estimates included in reported data.

Calculation methodologies and estimates

To enhance accuracy, we are actively improving our sustainability data collection and tracking systems and strengthening stakeholder engagement for primary data collection. These initiatives will allow us to progressively reduce reliance on estimated data and enhance the precision of our sustainability disclosures over time. Where measurement uncertainty exists, it is typically linked to supplier-reported variations, Scope 3 emissions calculations, and end-of-life product treatment. We acknowledge these uncertainties and apply consistent methodologies to ensure comparability across reporting periods.

In calculating our total resources inflows and outflows, certain estimations were necessary due to limitations in the directly available data. This information is included in the Environment chapter which includes reporting on ESRS E5.

For inflows, we estimated the weights of certain materials procured from smaller suppliers by referencing similar materials from our main suppliers. Where possible, we estimated the weights of certain goods based on their chemical and physical properties, such as chemical composition, density, or dimensions. For 12.3% of procured goods where quantitative data was unavailable – primarily due to the diversity of items and to non-weight-based procurement – we estimated a total weight between 2,500 and 10,000 tons. These estimations were based on average weights of specific procured goods in the parent company of the Group and were further scaled across the Group using procurement value proportions.

For outflows, only the Windows & Doors segment required estimation, where we used the weight of a standard window, and a standard door based on information from the production department.

To ensure consistency and reliability in our estimations, we applied a structured methodology across the Group, aligning our calculations with available procurement data. These estimations allow us to maintain transparency and accuracy in reporting, while working towards improving data collection processes.

Changes in reporting

Compared to the previous reporting cycle, no significant methodological changes have been introduced in our sustainability disclosures, other than the changes brought by the ESRS standards compared to previous reporting frameworks (e.g., GRI). This report for 2024 is the first report TeraPlast Group prepared in line with CSRD and ESRS provisions. However, we continue to refine data collection processes and estimation models, with any minor adjustments noted within the respective sections of this report. No material errors from previous reporting periods have been identified, and therefore, no restatements or corrections were necessary for information reported according to the CSRD.

In the reporting regarding the EU Taxonomy, the calculation of CapEx included the entries related to the right of use and the increases from real estate investments for 2023, totaling 14.8 million lei, which is reflected in the 2023 information presented in the CapEx table.

Other applicable reporting frameworks

In addition to compliance with ESRS requirements, this report also aligns with the EU Taxonomy. These frameworks provide contextual alignment and enhance the comparability of our sustainability performance with industry peers. All references to applicable reporting standards are embedded within relevant sections of this document.

3.1.3. Governance

Governance structure and sustainability oversight

TeraPlast operates under a unitary management system, with the General Meeting of Shareholders (GMS) as the highest decision-making body. The Board of Directors is responsible for overseeing the company's strategic direction and management, appointing the executive team, and ensuring the implementation of corporate governance principles.

As of the end of 2024, following the GMS decision on December 27, the Board of Directors consists of 7 members, an increase from the previous 5-member structure. This expansion aligns with TeraPlast's continued regional development and the need for a broader range of expertise in strategic decision-making.

Before the GMS decision on December 27, 2024, the Board of Directors consisted of 5 members, of which 1 executive and 4 non-executive members. At that time, 3 out of the 5 members were independent (60%), while 4 out of 5 were non-executive, including the Chairman.

In the present structure, the Board includes 1 executive member, the CEO, and 6 non-executive members, including the Chairman, who does not hold an executive role. The Board also maintains a high level of independence, with 4 out of 7 members being independent (57%). The updated composition enhances the Board's ability to provide diverse perspectives and informed decision-making in line with TeraPlast's regional expansion and business diversification strategy.

In terms of diversity, the Board consisted exclusively of male members throughout most of 2024. However, following the structural updates at the end of the year, the current composition includes 1 woman and 6 men. This results in an average ratio of female to male board members of approximately 0.167. This ratio reflects the company's efforts to enhance gender diversity, transitioning from an all-male board throughout most of 2024 to now include one female member. There are no employee representatives on the Board, with employee-related matters being managed directly by the CEO in ongoing negotiations with the Union, acting as the liaison between employees and the Board.



Composition of the TeraPlast Board of Directors as of the end of 2024

Name	Board Position	About
Dorel Goia	Chairman of the Board	A graduate of UBB Cluj's Faculty of History and Philosophy, former history teacher and businessman as of 1990, Mr. Dorel Goia is TeraPlast's majority shareholder and has occupied the position of Chairman of the Board of Directors since 2008.
Lucian Claudiu Anghel	Non-executive Independent Director	Mr. Lucian Anghel holds a PhD in economics and a bachelor's degree in cybernetics and economics, graduating a postgraduate course at Washington Georgetown University. He has 25 years of experience in the financial-banking field, occupying various management positions over time such as chief economist, coordinator of the structuring plan for privatization, deputy treasurer, director of strategy, CEO of institutions such as banks or a pension fund. He was also a member of the Board of Directors of some asset managers – mutual funds and worked as an external expert of the World Bank. Mr. Anghel was the Chairman of the Bucharest Stock Exchange Board for 8 years.
Vlad Nicolae Neacșu	Non-executive Independent Director	Mr. Vlad Neacșu is a graduate of the Executive MBA within Asebuss Bucharest and of the Faculty of Management within ASE Bucharest. He is currently a member of the Primcom SA Bucharest Board of Directors as well as the sole administrator of Sens Unic Imobiliare SRL. Previously, Mr. Neacșu held the General Manager position at Alcom SA Timisoara and Primcom SA Bucharest and was a member of the Board of Directors of the following companies: Transgaz SA Medias, Impact Developer & Contractor SA Bucharest and Comsig SA Sighisoara. He successfully worked in the Romanian financial field within AllianzTiriac Pensii Private Bucharest and within Raiffeisen Capital & Investment.
Vasile Pușcaș	Non-executive Independent Director	Prof. Vasile Pușcaș, PhD, is a Professor at Babeș-Bolyai University in Cluj-Napoca, diplomat and consultant. He has over 40 years of activity in Romania, Italy and the United States of America. He negotiated Romania's Most Favored Nation Clause (1993), which streamlined the post-1989 Romanian-American Trade Agreement. Romania's Chief Negotiator with the European Union, he played an essential role in Romania's accession to the European Union.
George Toma Mucibabici (appointed through the GMS on December 27, 2024)	Non-executive Independent Director	Mr. George Mucibabici is a leader with extensive experience in top management and finance. Until the end of 2024, he served as Chairman of Deloitte Romania and Moldova. Throughout his career, Mr. George Mucibabici has held senior positions at Unicredit Țiriac Bank, the National Bank of Romania and the International Monetary Fund in Washington DC. Mr. Mucibabici holds a degree in Economics, Bucharest Academy of Economic Studies, Faculty of Finance and Accounting, a Postgraduate Certificate for Non-Executive Directors from Henley School of Business – University of Readings (2021) and is a founding member of Envisia Business School.
Iulia-Daniela Mihăilă-Moldovan (appointed through the GMS on December 27, 2024)	Non-executive Director	A graduate of the Faculty of Business Administration at Webster University, Vienna, Ms. Mihăilă-Moldovan has held various positions in the areas of marketing and promotion, commercial or development within Emerson and TeraPlast Group. Thus, Ms. Mihăilă-Moldovan gained valuable leadership and project management experience in developing customized programs for B2B customers, regional expansion, developing strategies to increase customer and product portfolio or marketing strategies for a whole group of companies.
Alexandru Stănean	Executive Director	Alexandru Stănean joined the TeraPlast Team in 2007, occupying, over time, different positions within the TeraPlast Group, such as Deputy General Manager, Director of Operations, in charge of external development. In 2008, he was part of the team responsible for TeraPlast's IPO. Currently, Mr. Stănean is Chief Executive Officer of TeraPlast, in his third term.

The Board composition and the members' professional experience provide solid grounds of expertise for informed strategic decision making in the context of the TeraPlast Group's strategy of regional business expansion and business diversity. This includes knowledge in regulatory compliance, environmental aspects, and industry best practices. Where necessary, we leverage external expertise.

In regard to competencies on Sustainability topics, there is one Non-executive Independent Director, Mr. Lucian Claudiu Anghel, who is certified by the European Federation of Financial Analysts Societies as a Certified Environmental, Social and Governance Analyst – CESGA, since 2024. Thus, the Board structure includes people with expertise on specific sustainability topics.

Additionally, Mr. Lucian Claudiu Anghel and Mr. Alexandru Stănean, the latter being the Executive Director, are in the process of completing a Master of Arts program on Board Practice and Directorship, by Henley Business School. Thus, they strengthen their competencies and knowledge on corporate governance and strategic oversight across different sectors and settings. Complete information on members of the Board of Directors are available on our website [at this link](#).

The Board's activities have been supported in 2024 by the three committees: the Audit Committee, the Nomination and Remuneration Committee, and the International Development Committee. Starting 2025, a new committee was established: the Risk & ESG Committee, to improve the oversight of the Board on risk & ESG matters, including the impacts, risks and opportunities.

Composition of Committees – 2024 & 2025

		Audit Committee	Nomination and Remuneration Committee	International Development Committee				
		Audit Committee	Nomination and Remuneration Committee	International Development Committee	Risk & ESG Committee			
2024	Dorel Goia	•	•	•	•	•	•	•
	Lucian Claudiu Anghel	•	◇	•	•	•	•	◇
	Vlad Nicolae Neacșu	◇	•	•	•	•	•	•
	Vasile Pușcaș	•	•	◇	•	•	•	•
	George Toma Mucibabici (appointed through the GMS on December 27, 2024)	n/a	n/a	n/a	n/a	n/a	n/a	n/a
	Iulia-Daniela Mihăilă-Moldovan (appointed through the GMS on December 27, 2024)	n/a	n/a	n/a	n/a	n/a	n/a	n/a
	Andreea Elena Manta	•	n/a	n/a	n/a	n/a	n/a	n/a
2025		•	•	•	•	•	•	•
		•	•	•	•	•	•	◇
		◇	•	•	•	•	•	•
		•	•	◇	•	•	•	•
		•	◇	•	•	•	•	•
		•	•	•	•	•	•	•
		•	n/a	n/a	n/a	n/a	n/a	n/a

◇ - Chairman of the Committee
• - Member of the Committee

The composition of the Committees during the reporting year 2024 can be seen above and more information on each committee's responsibilities are available on the dedicated page on our website [at this link](#).

We actively integrate sustainability oversight within our governance framework. Our executive management team, alongside the board, plays a crucial role in monitoring sustainability-related risks and opportunities. Reporting lines between the management team and the board are well-defined, ensuring that sustainability considerations are embedded in corporate decision-making. The board regularly receives updates on sustainability topics, and the effectiveness of our related strategies. These updates help shape our sustainability policies and align them with long-term business goals.

Integration of sustainability aspects into incentive and remuneration systems

At TeraPlast, we integrate sustainability-related targets into our incentive structures, ensuring that ESG commitments are reflected in executive performance evaluations.

Sustainability-related KPIs are included in the Remuneration Policy as well, under the variable remuneration in both STIP (short-term incentives) and LTIP (long-term incentives). The KPIs related to circular economy practices are integrated into our incentive schemes in the variable short-term component. More precisely, the relative consumption of recycled and biodegradable material in total production is part of the third KPI related to sustainability, which weighs 30% of the total STIP. Initiatives and measures that contribute to the transition towards a circular economy can also fall under the LTIP component of the remuneration, respectively the evolution of carbon emissions intensity objective, since using recycled materials can contribute to reducing waste and the carbon footprint.

Within the long-term incentives, there are three criteria for assessing performance, one of them being the evolution of the carbon emissions' intensity. All three criteria have the same weight in the calculation of LTIP performance assessment. As part of the LTIP remuneration, the performance is awarded through the stock option plan program, which implies an analysis of the performance for the last three years. The number of shares awarded is established as a percentage of the fixed remuneration. Given there are no specific long-term targets set for carbon emissions' intensity, this

criterion is monitored as a year-on-year evolution. The Nomination and Remuneration Committee is responsible for the details on awarding conditions. In 2024, no LTIP variable remuneration was awarded.

The provisions of the remuneration policy are applicable to the members of the Board of Directors and the Executive Directors. Executive Directors are responsible for overseeing the proper management and delegation of actions needed to achieve the objectives of the remuneration policy.

The Remuneration policy is updated whenever needed, approved by the CEO, then submitted to the Board's approval before being subject to the approval of the General Meeting of the Shareholders. Complete information on remuneration are available in the Remuneration Policy publicly available on our website [at this link](#). The Remuneration Report is as well available on our website [at this link](#).



Risk and opportunity management, control systems

Identification, assessment and proper management of risks and opportunities within the TeraPlast Group is essential to ensure business continuity and sustainable development of the Group in the short-, medium-, and long-term, and allows us to have an overall view of the existing risks and impacts in all the fields of activity of the Group, as well as an overall view of the identified opportunities.

Within the TeraPlast Group, we manage several types of risks, and upon their assessment, we draft plans of action to address those risks that can have the greatest impact on our employees, the environment, the processes, as well as on the business itself, but we also define actions to address the various opportunities.



The performance of procedures and policies of the integrated quality – environment – health and safety at work management systems are assessed by internal audits, which also include a risk management component. The executive management is responsible for overseeing the proper implementation of risk management measures. Results of these monitoring activities are reported to the executive management and, as the case might be, these results are discussed with the Board of Directors too. Moreover, they actively participate in overseeing the management and integration of material sustainability impacts, risks, and opportunities based on materiality analysis, within our operational framework. They also ensure that sustainability considerations are taken into account into strategic decision-making processes, supporting long-term value creation and corporate responsibility.

Our risk management framework integrates sustainability risk assessments into overall corporate governance. We conduct periodic evaluations of risks, ensuring that any challenges and opportunities are identified early and addressed through strategic planning and operational adjustments. This process is part of the annual management analysis. The Executive Director, Mr. Alexandru Stănean, who also serves as Chief Executive Officer (CEO) of TeraPlast, directly oversees the Investor Relations & Sustainability Department and is actively involved in the annual management review process. This process covers critical areas such as risk management, environmental performance, workforce strategy, and research and development activities.

The Integrated Management System Department is responsible for risk management, conducting internal audits that assess compliance with risk mitigation measures and ensuring that all relevant risks and opportunities are considered in the analysis. Periodic ISO recertification audits further validate the effectiveness of these processes.

Additionally, members of the Sustainability Department hold International Sustainable Business Advisor (ISB Advisor) certifications from IASE, reinforcing their expertise in sustainable business practices. The department ensures compliance with regulatory sustainability reporting requirements, implementing internal data verification processes to maintain reporting accuracy and alignment with applicable standards.

At group level, we have formal policies governing key ESG topics, including environmental protection, occupational health and safety, ethics and integrity, and recruitment practices. These policies outline our commitments and expectations for employees and partners, as detailed in the Company Code of Conduct and Supplier Code of Conduct (available [here](#)).

Additionally, we operate under an Integrated Quality – Environment – Health and Safety at Work Management System, compliant with the ISO 9001, 14001, 45001 and 50001 standards for the companies that operate in Romania (ISO 50001 for TeraPlast SA only). Through this, we ensure relevant and comprehensive information is included in our operational framework.

As stated above, we conduct a management analysis on an annual basis, where we assess the achievement of objectives set from the perspective of both financial and non-financial indicators, as well as the management of existing and potential risks. Within the internal audit, we evaluate the performance of company procedures and policies. These activities also encompass performance indicators related to issues that are material from the perspective of sustainable development.

Regarding sustainability reporting, we have established robust mechanisms to ensure the accuracy and reliability of this process. We report our sustainability-related data annually, adhering to internationally recognized frameworks. This commitment ensures that our reporting remains consistent, transparent, and aligned with global standards.

The data collection process is managed by a dedicated team that collaborates with individuals responsible for specific areas within the group. Each department manager is accountable for the accuracy and completeness of the data they provide. To ensure the integrity of our data, the sustainability reporting team verifies it using various sources, such as SAP, production reports, and regular reports submitted to authorities, as the case may be. Additionally, we compare the data with previous reporting years to maintain consistency.

Once verified, the data is centralized and integrated into the sustainability report, which is then acknowledged and approved by the executive management before being sent to the board of directors for their information. Starting in 2025, we have established a Risk & ESG Committee to better manage risk and sustainability reporting in the context of our new group structure. This committee is responsible for overseeing the implementation of risk management strategies and ensuring the integrity of our sustainability reporting.

For the year 2024, we have reconciled our sustainability data with financial statements whenever possible and carried out an external assurance process. This additional layer of verification enhances the credibility of our sustainability reporting. More detailed information on the governance of impacts, risks and opportunities are available within the chapters dedicated to the environment and people in this report.

Main elements of the due diligence process

Core elements of due diligence	Paragraphs in the sustainability statement
<p>a) Embedding due diligence in governance, strategy and business model</p>	<p>Chapter 3.1. General disclosures (ESRS 2) Section 3.1.3. Governance - Integration of sustainability aspects into incentive and remuneration systems (GOV-3) - Risk and opportunity management, control systems (GOV-2) Section 3.1.5. Impacts, risks and opportunities management - Presentation of the materiality assessment process (SBM-3)</p>
<p>b) Engaging with affected stakeholders in all key steps of the due diligence</p>	<p>Chapter 3.1. General disclosures (ESRS 2) Section 3.1.4. Strategy - Value chain - Stakeholder engagement (SBM-2) Section 3.1.5. Impacts, risks and opportunities management - Presentation of the materiality assessment process (SBM-2, IRO-1) - Identification of climate risks - Minimum disclosure requirement on policies and actions Chapter 3.2. Environment (E1, E5) (thematic ESRS) Section 3.2.3. Resources use and Circular Economy (E5) - Processes for identifying and assessing significant impacts, risks, and opportunities related to resource use and the circular economy (IRO-1) - Policies related to resource use and the circular economy (MDR-P) Chapter 3.3. Social (S1, S4) (thematic ESRS) Section 3.3.1. Own workforce (S1) - The interaction of impacts, risks, and opportunities with strategy - Consultation with the workforce, social dialogue, and the collective labor agreement - Collective Labor Agreement and Code of Conduct Section 3.3.2. Consumers and End Users (S4) - The interaction of material topics with strategy - Stakeholder engagement and remediation of negative impacts - Actions related to material topics - Targets related to material topics Chapter 3.4. Business Conduct (G1) - Impact, risk and opportunity management - Business conduct policies and corporate culture - Political influence and lobbying activities</p>

Main elements of the due diligence process

Core elements of due diligence	Paragraphs in the sustainability statement
<p>c) Identifying and assessing adverse impacts</p>	<p>Chapter 3.1. General disclosures (ESRS 2) Section 3.1.5. Impacts, risks and opportunities management - Presentation of the materiality assessment process (SBM-3, IRO-1) Chapter 3.2. Environment (E1, E5) Section 3.2.3. Resources use and Circular Economy (E5) - Processes for identifying and assessing significant impacts, risks, and opportunities related to resource use and the circular economy (IRO-1)</p>
<p>d) Taking actions to address those adverse impacts</p>	<p>Chapter 3.1. General disclosures (ESRS 2) Section 3.1.4. Strategy (MDR-A) Section 3.1.5. Impacts, risks and opportunities management - Presentation of the materiality assessment process Chapter 3.2. Environment (E1, E5) (thematic ESRS) Section 3.2.2. Climate change (E1) - Actions and resources related to climate change policies (MDR-A) Chapter 3.3. Social (S1, S4) (thematic ESRS) Section 3.3.1. Own workforce (S1) - Remediation of negative impacts and whistleblowing mechanisms</p>
<p>e) Tracking the effectiveness of these efforts and communicating</p>	<p>Chapter 3.2. Environment (E1, E5) (thematic ESRS) Section 3.2.2. Climate change (E1) - Targets related to climate change mitigation and adaptation (MDR-T) Section 3.2.3. Resources use and Circular Economy (E5) - Resource inflows, including resource use (MDR-M, MDR-T)</p>

3.1.4. Strategy

Our Group is the largest polymer processor in south-eastern Europe.

At TeraPlast Group we serve a wide range of markets, including construction, manufacturing, retail, and industrial sectors. Our customer base comprises companies in construction, resellers, DIY stores, contractors, manufacturers using PVC granules, processors of PVC through extrusion and injection, large retail networks, and industrial companies using films and foils for packaging. Additionally, specialized producers in various market sectors, such as agricultural machinery components, utilize customized injected products manufactured by Pro-Moulding. We operate on a B2B (business-to-business) model, ensuring a diversified customer and supplier base to reduce dependency on any single client or supplier. This approach minimizes significant exposure and potential negative impacts on revenues due to the loss of any single client or group of clients.

The installations segment offers complete systems from PVC, PP, and PE for various applications, including interior and exterior sewerage, water and gas distribution, rainwater management, cable protection, and underfloor heating. The granules segment produces PVC granules for diverse uses, such as cable protection and extrusion applications. The PVC recycling segment focuses on collecting and recycling rigid PVC post-industrial and post-consumer waste, producing micronized PVC and recycled granules. The flexible packaging segment includes biodegradable and compostable packaging, polyethylene films for industrial use, and stretch films. The windows and doors segment provides PVC and aluminum windows and doors, offering high durability, modern design, and excellent thermal and acoustic insulation.

At the end of 2024, our group comprised of a total of 1,125 people, with 965 employees in Romania, 131 in Hungary and Austria, and 29 in the Republic of Moldova. We foster an inclusive and safe workplace, offering career development opportunities while ensuring compliance with labor rights and workplace well-being initiatives.

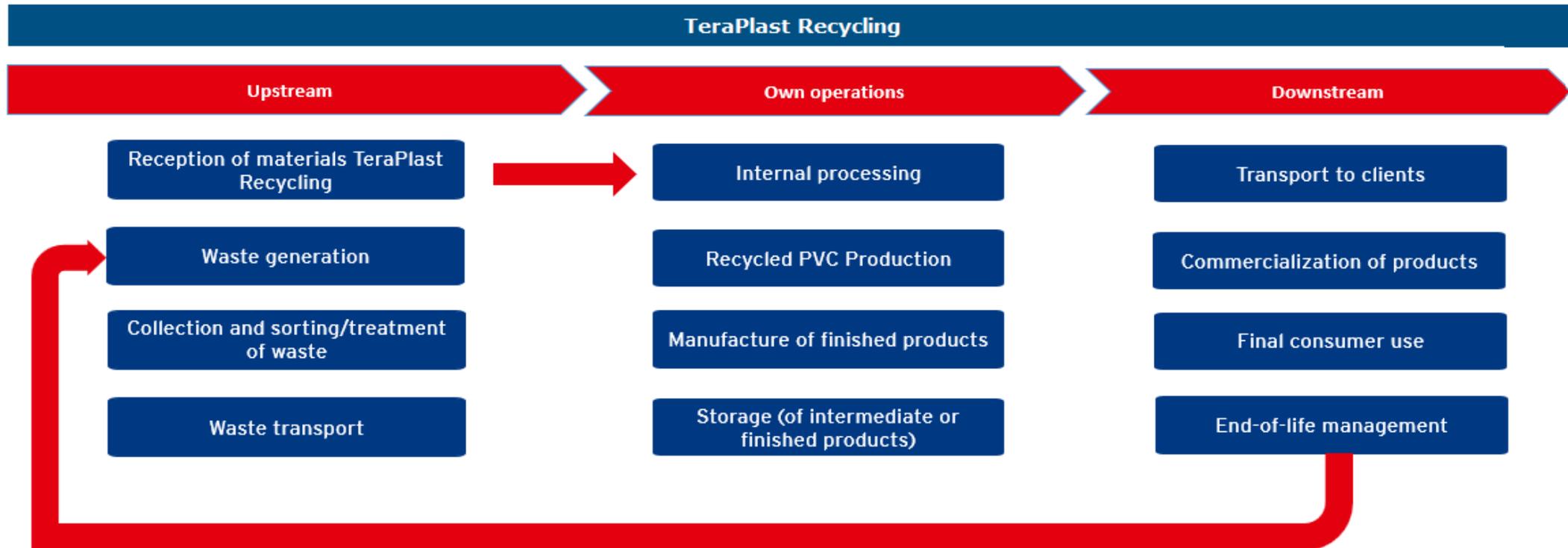
Value chain

Our business model is designed to generate value while promoting sustainable development and circular economy principles. The upstream value chain includes the procurement of raw materials from both international and domestic suppliers, ensuring a stable supply while incorporating recycled materials where feasible. Manufacturing operations are optimized for efficiency, focusing on reducing resource consumption and minimizing waste.

A more detailed Value Chain overview is available below. To reflect the Group's diverse activities, two distinct value chains are relevant:

1. TeraPlast Recycling Value Chain: Focused on the collection, processing, and reintegration of recycled PVC and other materials into production. This value chain emphasizes the company's role in promoting a circular economy through material recovery and reuse.
2. Group Companies Value Chain: Covering the broader operations of the Group's businesses, including the production of construction materials, flexible packaging, and windows and doors. This value chain highlights the sustainability challenges and opportunities inherent in sourcing raw materials, manufacturing, and distribution.

By utilizing these Value Chain frameworks, we are able to account for the unique characteristics of our recycling operations and the broader Group activities. This dual approach ensures that sustainability efforts are targeted and effective, addressing the specific challenges and opportunities within each area of the business.



Detailed value chain mapping for TeraPlast Recycling

	Upstream activities	Own operations	Downstream
Description of operations / activities	<p>Waste Generation – Waste generation occurs as a result of consumer or industrial usage of PVC products, leading to post-consumer or post-industrial waste.</p> <p>Collection and Sorting/Treatment of Waste – PVC waste is collected and sorted or pre-treated to remove contaminants. This step includes sourcing materials from Romania and EU countries.</p> <p>Waste Transport – Collected waste is transported to TeraPlast Recycling facilities using specialized logistics to maintain efficiency and material integrity.</p> <p>Reception of materials at TeraPlast Recycling – The waste is received and logged at the recycling plant. Initial checks ensure compliance with quality and compatibility standards.</p>	<p>Internal Processing – The waste undergoes internal processing, including washing, shredding, and advanced separation techniques to remove contaminants and prepare materials for recycling.</p> <p>Recycled PVC Production – High-tech processes, such as pulverization and granulation, transform the treated waste into recycled PVC with properties similar to virgin material.</p> <p>Storage (of intermediate or finished products) – The recycled PVC is stored temporarily before shipment or further use in production.</p>	<p>Sale and Transport to Clients – The recycled PVC is transported to customers or other TeraPlast Group facilities for integration into final products.</p> <p>Final Consumer Use – Final consumers use the products created with recycled PVC in construction, manufacturing, or other industries.</p> <p>End-of-Life Management – At the end of the lifecycle, PVC products re-enter the waste stream, enabling further recycling.</p>
Business actors	<p>Suppliers: Provide waste materials (PVC waste from post-consumer or post-industrial sources).</p> <p>Communities: Generate waste and support collection and sorting processes.</p> <p>Employees: Involved in logistics, collection, sorting, and waste transport.</p>	<p>Employees: Perform internal processing for recycled PVC production.</p>	<p>Clients: Purchase and use recycled PVC in their finished products manufacturing.</p> <p>Consumers: Use the products that integrate recycled PVC.</p> <p>Communities: Benefit from eco-friendly products and the circular economy.</p> <p>Employees: Handle transport, commercialization, and client servicing.</p>
Affected stakeholders	<p>Employees: Involved in logistics, waste collection, sorting, and transport activities. They directly contribute to managing and processing waste.</p> <p>Suppliers: Provide the raw materials (waste PVC), contributing to the initial step in the value chain.</p> <p>Public Institutions: Regulate waste collection, recycling processes, and environmental standards that affect upstream activities.</p> <p>Financiers: They might be involved in funding logistics, waste management infrastructure, or the setup of recycling plants.</p>	<p>Employees: Central to the recycling process, from pre-processing and granulation to the production of recycled PVC products. They ensure the quality and efficiency of operations.</p> <p>Top Management / Executive Management: Oversee the operational processes, ensuring that TeraPlast Recycling meets its production goals, compliance standards, and sustainability targets.</p> <p>Public Institutions: Might set regulations regarding the standards for internal operations, such as quality and safety requirements in recycling plants.</p>	<p>Employees: Handle distribution, commercialization, and after-sales services. They are involved in ensuring the product reaches the client and is utilized effectively.</p> <p>Clients: Receive and utilize the recycled PVC in their own operations.</p> <p>Public Institutions: May create incentives for the use of recycled products, set policies around environmental product standards, and regulate the end-of-life processes.</p> <p>Investors interested in TeraPlast shares: Interested in the business' sustainability efforts and the profitability of the recycled products sector.</p> <p>Press: Influences public and consumer awareness about the sustainability of TeraPlast products.</p> <p>Financiers: Could be involved in providing funding for marketing or expanding capacities.</p>

Other companies in Group

Upstream

Own operations

Downstream

Raw materials acquisition

Transportation of raw materials

Temporary storage of raw materials

Reception of materials
TeraPlast/TeraGlass/TeraBio Pack/
Wolfgang Freiler Group/ Palplast

Internal processing (production activities)

Storage (of intermediate or finished goods)

Quality control upon material reception

Transport to customers

Commercialization of products

Final consumer use

Application/installation of products

End-of-life management

Collection and treatment of waste after the product lifecycle

Detailed value chain mapping for the other companies in the Group

	Upstream activities	Own operations	Downstream
Description of operations / activities	<p>Raw Materials Acquisition: The process of sourcing raw materials required for production. This includes purchasing virgin or recycled materials from external suppliers to meet the production needs of our companies.</p> <p>Transportation of Raw Materials: Involves the movement of raw materials from suppliers to the company's facilities. This activity ensures that the necessary materials are delivered on time and in optimal condition for processing.</p> <p>Temporary Storage of Raw Materials: The raw materials are temporarily stored at the company's facilities before being used in production. This storage helps to ensure that there is an adequate supply of materials available for uninterrupted production.</p>	<p>Reception of Materials: The incoming raw materials are received at the production facilities, where they are inspected for quality and quantity, logged into the system, and prepared for processing.</p> <p>Internal Processing (Production Activities): This includes all production processes within the company, such as manufacturing, moulding, extrusion, or any other processes that turn raw materials into finished products.</p> <p>Quality Control: Quality checks to ensure constant quality of the products manufactured and their compliance with applicable product standards.</p> <p>Storage of Intermediate or Finished Goods: After production, goods are stored temporarily before being shipped to customers or used in further production. This helps manage inventory levels and ensures smooth operations.</p>	<p>Commercial activity: This step involves marketing and selling the products to customers, including establishing contracts, pricing, and negotiations to ensure market penetration and customer satisfaction.</p> <p>Transport to Customers: The final products are transported to customers or other business units within the group, ensuring timely and efficient delivery to various destinations.</p> <p>Installation of Products: Where applicable, products are installed in the final consumer's environment, such as in construction projects or other industrial applications. This can also involve training and support services for the correct usage of the product.</p> <p>Final Consumer Use: The stage where end consumers use the products in their respective applications (construction, retail, etc.), benefiting from the quality and functionality of the finished goods.</p> <p>End-of-Life Management: This activity involves the management of the product's lifecycle after consumer use, including recycling, repurposing, or disposing of the product in an environmentally responsible way, contributing to circular economy.</p>
Business actors	<p>Employees/Non-Employees: Sales, marketing, logistics, and customer service teams involved in distribution and customer satisfaction.</p> <p>Suppliers: Companies providing raw materials, transportation and distribution services for the final product delivery.</p>	<p>Employees/Non-Employees: Employees engaged in production, storage, quality control, and material reception.</p>	<p>Clients: Businesses and their employees who purchase our products.</p> <p>Consumers: People using the products during the products' lifespan.</p> <p>Financiers: Entities offering financial support for procurement and logistics and/or new investment.</p> <p>Communities: Communities impacted by the sourcing of raw materials, particularly in terms of environmental or social effects.</p>
Affected stakeholders	<p>Suppliers: Provide raw materials, transportation and distribution services.</p> <p>Employees: Sales, logistics, and customer service teams responsible for ensuring customer satisfaction.</p>	<p>Employees: Involved in internal processing, production activities, and quality control, ensuring product quality.</p> <p>Top Management: Ensures operations align with the company's strategic goals and operational targets.</p> <p>Board of Directors: Oversees operational efficiency and ensures alignment with long-term business goals.</p>	<p>Clients: Businesses or individuals who purchase and use the finished products.</p> <p>Financiers: Offer capital and financial resources.</p> <p>Shareholders: Interested in the cost-effectiveness and sustainability of sourcing practices.</p> <p>Executive Management: Makes decisions related to procurement and supplier relationships.</p> <p>Investors interested in TeraPlast shares: Monitor sourcing efficiency and its impact on profitability.</p>

Business segments' structure and revenue

During the reporting period, new businesses were added to our structure through investments and M&A operations. The new Opal stretch film factory has been active since December 2023 following an EUR 18.5 million investment. Its portfolio is included in the Flexible packaging segment.

The acquisition of the Wolfgang Freiler Group has added valuable assets to our portfolio, including production facilities in Hungary and a dynamic distribution division across Central and Western European markets. The Wolfgang Freiler Group's companies also include Polytech, which manufactures polyethylene pipes that complement our Installations portfolio, and Pro-Moulding, which specializes in plastic injection. This acquisition has facilitated access to new, high-potential markets in Europe, enhancing our product mix and exchange of expertise.

Furthermore, the acquisition of Palplast Moldova has expanded our capabilities in producing polyethylene pipes for water and gas networks in that specific geographical area. The factory in Călărași, Republic of Moldova, is strategically located to serve both local and regional markets, contributing to the group's overall growth and market diversification. By the acquisition of Optiplast, the third largest flexible packaging producer in Croatia, we have established our presence in the region and strengthened the Flexible Packaging segment's portfolio. No significant product removals or market exits took place in 2024.

Our businesses are organized into four main segments in financial reporting, respectively:

- The **Installations** segment (“Installations & Recycling” in the financial statements) includes complete installation systems from TeraPlast, the Wolfgang Freiler Group, Palplast Moldova, and the micronized recycled PVC from TeraPlast Recycling.

- The **Granules** segment (“Granules, including recycled” in the financial statements) comprises TeraPlast's PVC granules and the recycled granules from TeraPlast Recycling.
- The **Packaging** segment (“Flexible packaging” in the financial statements) consists of flexible packaging from TeraBio Pack and the Opal stretch film, and one month of Optiplast Croatia.
- The **Windows** segment (“Windows & Doors” in the financial statements) includes TeraGlass windows and doors.

Considering the structure above and the consolidated results for 2024, the Installations business has the largest share in revenues, respectively 71%, followed by Packaging with 13%, Granules with 10% and Windows with 6%. Our revenues do not originate from fossil fuel extraction, controversial weapons, chemicals or tobacco production. Our activities fall under chemical processing for plastic and polymer-based manufacturing.

TeraPlast Group: 2024 results by segment

<i>amounts in lei, thousands</i>	2024	2023	Variation '24 vs '23
Revenue, of which	897,896	672,331	34%
Installations*	641,545	501,000	28%
Granules*	91,790	76,074	21%
Packaging*	112,849	46,410	143%
Windows*	51,712	48,846	6%
Gross margin	323,150	247,389	31%
EBITDA, of which	49,628	51,372	-3%
Group EBITDA margin	5.5%	7.6%	
Installations	51,721	52,449	-1%
<i>EBITDA Margin</i>	8.1%	10.5%	
Granules	9,532	6,014	58%
<i>EBITDA Margin</i>	10.4%	7.9%	
Packaging	-13,740	-7,511	-83%
<i>EBITDA Margin</i>	-12.2%	-16.2%	
Windows	2,115	419	405%
<i>EBITDA Margin</i>	4.1%	0.9%	
Net result	-19,479	1,138	n/a

The information above is consistent with the financial report drawn up based on IFRS standards.

Applicable significant ESRS Sector for revenues*

Chemicals and polymers sector; Water and Waste Services sector (C22.22; C22.26; E38.22)

Chemicals and polymers sector; Water and Waste Services sector (C22.22; E38.22)

Chemicals and polymers sector (C22.21)

Chemicals and polymers sector (C22.23)

* For indicating relevant ESRS Sectors for each segment's revenue, the EFRAG draft papers on ESRS Sectors based on NACE codes were used, considering that until the moment of issuing this report, no official ESRS Sectors delegated regulation was published. This classification does not include granular breakdown of each segment's exact revenue per each NACE code since this breakdown has not been reported so far based on the consolidated revenue. No additional ESRS Sectors were considered to be significant to our activities.



Our sustainable development approach

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

In our vision, plastics ensure the comfort of modern life as we know it, and the efficient management of their potential impact on the environment and society means responsible consumption and responsible management of plastic products at the end of their life cycle.

It is our responsibility to provide solutions, contributing to the substitution of plastics in general, and in particular of those with a short life cycle, with sustainable alternatives wherever possible. Additionally, we contribute to the responsible management of plastic waste and the responsible consumption of resources, with equity and integrity being fundamental elements in our vision for sustainable development.

Given this approach, at the level of the TeraPlast Group, 4 major directions of action are highlighted:



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

Our products largely address water management. The Installations division provides fresh water (drinking water supply, irrigation water from both underground and above-ground sources), wastewater and rainwater management solutions. By adhering to the highest quality standards, ensuring durability and technical properties, our products contribute to the transportation and distribution of clean, uncontaminated water, to the safe transportation of wastewater and to the durability of the infrastructure for healthy cities and modern agriculture.



We contribute to the circular economy and efficient waste management through the activity 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 do not have our own recycling capabilities. We have ecological alternatives in our portfolio where possible, such as biodegradable and compostable packaging which are OK Compost certified according to EN 13432 standard.

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 built 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 electricity purchased, and they cover 100% of the energy purchased by TeraPlast SA.

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 through involvement in local projects and initiatives.

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 framework, which formalizes and addresses topics such as risk management, ethics and integrity and transparency. During 2025-2026 we will work on developing a sustainability strategy. The information above will be part of the starting elements based on which we will begin the analysis and set the objectives of the sustainability strategy.

Stakeholder engagement

We believe that being aware of stakeholders' concerns and having their views in mind in our strategic planning is paramount for our businesses' healthy development.

Within TeraPlast Group, stakeholder engagement has two dimensions:

- **Structured engagement on an annual basis** – within assessments for sustainability reporting, value chain assessment, client satisfaction surveys, clients' dedicated event. These assessments are centralized by each department responsible (e.g., sales for client satisfaction, purchasing for suppliers) and included in the annual management review which reaches the executive management.
- **Ad-hoc engagement throughout the year** – whenever the occasion arises, we engage to our stakeholders to provide updates on our businesses and/or discuss specific matters. (e.g., supplier/client visit, significant shareholder meeting). These interactions are usually carried out by our top management who, as the case may be, furtherly inform executive management and even the Board.

TeraPlast Group's main stakeholder groups include employees, Board of Directors, shareholders and investors in the capital market, clients, suppliers, public institutions, financiers (e.g., banks), press, NGOs and local community.

These stakeholder groups were identified starting from our value chain and previous stakeholder identification processes for previous reports, to ensure no critical stakeholders were excluded.

Within our materiality assessment we have assessed these stakeholder categories to identify the key groups based on two variables: interest in the organization and influence on the organization. Moreover, we have mapped our stakeholders using two additional criteria, namely whether they are users of the sustainability statements or represent affected stakeholders. To have a granular view in further engagement, we even split some of the categories by other relevant sub-groups. Thus, we differentiate employees from top management and executive management, and shareholders from investors in the market that can be interested in our shares.

A brief representation of the outcome can be consulted below. For all the stakeholder groups below, engagement was carried out within the double materiality assessment through structured consultations of internal and external experts, relevant for the identified stakeholder categories.

Stakeholder Group	Stakeholder Category	Value Chain Impact
Employees	Affected stakeholder	Core
Top management	Both	Core
Executive Management	Both	Core
Board of Directors	Both	Core
Clients	Both	Downstream
Shareholders	Both	All
Investors interested in TeraPlast shares	Users of sustainability statements	All
Financiers	Both	Core
Suppliers	Both	Upstream
Public institutions	Users of sustainability statements	Other
Local community	Both	Core

In evaluating the impacts, risks, and opportunities derived from our business model, we obtained relevant feedback from these stakeholders. Their views are closely linked to our business strategy, and we take their feedback into account during our due diligence and materiality assessment processes. This approach ensures that our understanding of the interests and views of our key stakeholders is integrated into our strategy and business model.

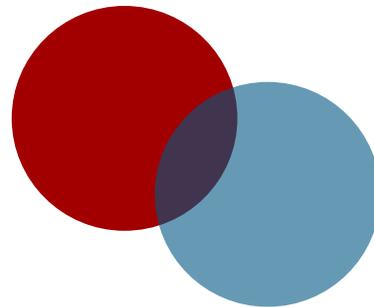


Own workforce

At TeraPlast Group, we actively incorporate the interests and views of our own workforce and workers' representatives into our strategy and business model. This is achieved mainly through regular consultations, feedback sessions, and formal and informal engagements with trade unions. We ensure that employee perspectives are integrated into decision-making processes, particularly concerning employee satisfaction, safe working environments, job security, and job satisfaction. The CEO and Human Resource Director oversee these engagement processes, ensuring compliance with consultation requirements and integrating employee feedback into strategies. At the same time, specific KPIs are monitored yearly within the management analysis, such as employee turnover rate, wages, work accidents and effectiveness of health and safety provisions.

Consumers and end users

Our mission is to offer efficient solutions for people and the environment. This reflects most in our actions in relation to customers and end-users. We acknowledge the importance of taking into account and integrating whenever possible the views and interests of our customers into our business strategy. Most of our activity regarding the product portfolio and customers' requests are regulated by product and industry standards. In addition to product standards and certifications, we also pay attention to aspects of our relationship with customers beyond these standards. For example, quality. We have various tools, from dedicated complaint channels to customer satisfaction surveys for the parent company, and even a whistleblower system for related issues concerning our relationship with them (e.g., corruption, discrimination, harassment, conflicts of interest, human rights, private data, legal violations, etc.). Our aim is to have healthy and fair relationships with our customers and offer seamless experience in using our products for the end users. In line with our B2B business model we collect feedback from our customers, which can also include information on our products' performance and ease of use. The information obtained informs our sales department and our management in establishing the strategy and identifying improvement areas.



3.1.5. Impacts, risks and opportunities management

Presentation of the materiality assessment process

At TeraPlast, we have developed a structured approach to identifying, assessing, prioritizing, and monitoring risks and opportunities, ensuring a thorough and objective evaluation process. Our methodology integrates qualitative and quantitative analyses, incorporating stakeholder insights gathered from structured workshops and consultations. This approach ensures that sustainability matters most material to our business operations and stakeholders are comprehensively addressed.

From a financial perspective, sustainability-related risks and opportunities influence cost structures, revenue streams, and long-term business resilience. The company continuously evaluates these impacts, ensuring its business model remains adaptable to regulatory changes, technological advancements, and evolving market demands. A dedicated detailed analysis of present and anticipated financial effects and business model resilience in relation to each material topic has not been carried out. However, we do not anticipate significant risk of financial impact originating from the material risks and opportunities at the moment and intend to take the first steps in increasing the granularity of resilience and risk management evaluations we currently have in place.

Our Double Materiality Assessment (DMA) was conducted in accordance with the Corporate Sustainability Reporting Directive (CSRD) and European Sustainability Reporting Standards (ESRS). The methodology followed EFRAG's IG 1 Materiality Assessment framework and was structured into four key phases:

- **Identification of IROs (impacts, risks, and opportunities)** – We performed a context analysis across the entire value chain, benchmarking against

industry standards and regulatory expectations, as well as an internal assessment of IROs. These looked into both impact materiality and financial materiality.

- **Refinement of IROs list to be assessed** – based on previous experience in both IROs assessment and stakeholder engagement, put into balance with business model and size, we refined the list to assess within stakeholder engagement.
- **Stakeholder Consultation; Assessment and Scoring** – Materiality was evaluated based on impact severity, likelihood, and financial implications. Materiality thresholds were established, and stakeholder input was collected and incorporated from internal experts, affected stakeholders, and external specialists to refine our assessment.
- **Validation and Finalization** – The materiality of each impact, risk, and opportunity was finalized based on internal consensus and objective criteria.



After the DMA assessment we concluded that the ESRS Topics are material for TeraPlast Group are E1 – Climate change, E5 – Resource use and circular economy, S1 – Own workforce, S4 – Consumers and end-users and G1 – Business conduct. Detailed information on each ESRS topic, by impacts and risks & opportunities are detailed below within this section. When determining the data to address the information requested within reporting, we considered the significance of the information to stakeholders and its relevance to our business model and strategy. Where certain sustainability data points are not yet available, we explicitly state the reasons and provide timeframes for future disclosure.

Our assessment considers business relationships, specific activities, and geographies that pose heightened exposure. The process ensures that both direct and indirect impacts are accounted for, capturing the full spectrum of financial, social, and environmental implications. By engaging external experts and affected stakeholders, we gain a deeper understanding of the broader implications of sustainability-related risks and opportunities.

Our prioritization model ranks negative and positive impacts based on their severity, scope, likelihood, and irremediability. This structured evaluation enables us to determine the most pressing sustainability matters requiring proactive management.

The impact materiality was conducted using scientific studies, industry benchmarks, and internal expertise. Each impact was mapped based on its effect across the value chain:

- **Core Operations** (own operations)
- **Upstream** (supply chain)
- **Downstream** (customers, end-users)
- **Multiple Areas** (cross-value chain impacts)

A time horizon assessment was conducted to determine when specific impacts are applicable. The materiality of each impact was evaluated through stakeholder consultation, which assessed severity and likelihood based on three key dimensions:

- **Scale** – The gravity of the impact (negative or positive)
- **Scope** – How widespread the impact is across stakeholders
- **Irremediability** – The extent to which the negative impact can be reversed
- **Likelihood** – The probability of the impact to occur

We assessed both actual and potential impacts, ensuring that sustainability-related risks are considered alongside broader business risks. This integration with TeraPlast’s corporate risk management framework ensures that sustainability considerations are embedded into strategic planning and investment decisions.

Material impacts resulted from the double materiality assessment (DMA)

Topic	Touchpoints in value chain	Touchpoints in value chain			Identified impact	Category	Time horizon	
		Upstream	Core	Downstream				
E1 – Climate Change	Climate change mitigation	No	Yes	No	Constant Decarbonization Efforts	Reduce GHG emissions released in the environment, through continuous improvement in energy efficiency across operations and investments in renewable energy production.	Actual positive impact	Short and medium-term
E1 – Climate Change	Climate change mitigation	Yes	Yes	Yes	Developing sustainable products	Through R&D, the company can develop new products made of recycled material or environmentally-friendly materials (i.e., biodegradable & compostable packaging) that contribute to reducing the carbon footprint of the Group, as well as contributing to the transition to a circular economy.	Actual positive impact	Short and medium-term
E1 – Climate Change	Energy	No	Yes	No	Usage of renewable energy sources	Increasing the share of renewable energy sources in production processes, reducing the stress on the environment.	Actual positive impact	Short and medium-term
E5 - Resource use & circular economy	Resource inflows, including resource use	Yes	Yes	Yes	Developing sustainable products	Through R&D, environmental-friendly products can be developed, be it from recycled materials or eco-friendly materials, such as biodegradable & compostable packaging. This stimulates the demand for this kind of raw materials as well as the demand for this kind of products on the market.	Actual positive impact	Short and medium-term
E5 - Resource use & circular economy	Resource inflows, including resource use	No	Yes	No	Internal recycling on the production sites	Corruption along the value chain may lead to various damaging effects for the business as a whole, translating into sanctions and reputational damage, disruptions in collaborations both upstream and downstream, reduced financial performance.	Actual positive impact	All time horizons
E5 - Resource use & circular economy	Resource inflows, including resource use	Yes	Yes	Yes	Use of fossil-based raw materials	Lack of regulatory support or slow regulatory process in terms of mandating the use of products containing recycled materials or the use of biodegradable products, which could support the demand, while restrictions are coming into force much more easily, determining us to produce predominantly from virgin materials to supply the demand.	Actual negative impact	Short and medium-term

Topic	Touchpoints in value chain			Identified impact	Category	Time horizon		
	Upstream	Core	Downstream					
S1 - Own workforce	Working conditions	n/a	Yes	n/a	Strict provisions on arrangement and maintenance of working spaces	Having strict provisions on how the working spaces are being organized and managed/tended (be it production, offices or even concern on the company's vehicles state for the sales agents, i.e.) has a direct influence on the working conditions of the employees, contributing to preserving their health, productivity and satisfaction.	Actual positive impact	Short and medium-term
S1 - Own workforce Sub-Topic: Working conditions	Secure employment	n/a	Yes	n/a	Offering Job Security	Offering stable employment where possible, rather than relying excessively on temporary or seasonal contracts, can provide workers with greater job security, reducing stress and uncertainty.	Actual positive impact	Medium and long-term
S1 - Own workforce Sub-Topic: Working conditions	Working time	n/a	Yes	n/a	Increasing job satisfaction	Reasonable working hours and clear provisions for overtime conditions together with a strong benefits package can lead to increased productivity and job satisfaction among employees.	Actual positive impact	Short and medium-term
S1 - Own workforce Sub-Topic: Working conditions	Health and safety	n/a	Yes	n/a	Ensuring a safe working environment	Providing proper protective equipment, training on handling machinery and chemicals, and protocols for emergency situations is essential for ensuring a safe working environment.	Actual positive impact	Short and medium-term
S1 - Own workforce Sub-Topic: Equal treatment	Training and skills development	n/a	Yes	n/a	Increasing workforce skills and prosperity	By training and skills development, employees increase their professional self-esteem by strengthening their skills and gaining new ones, which can also lead to having a higher wage level that contributes to their prosperity.	Actual positive impact	Medium and long-term
S4 - Consumers & end users	Information-related impacts for consumers and/or end-users	Yes	No	Yes	Enhanced Transparency	By providing detailed information about the products (i.e., recyclability, content of some substances, etc.), production processes, and sustainability practices, customers can make informed purchasing decisions. A certain level of transparency can build trust and support sustainable consumer behaviours. Requesting relevant information on the supply chain contributes to the awareness of the importance of the information provided.	Actual positive impact	Short-term

Topic		Touchpoints in value chain			Identified impact		Category	Time horizon
		Upstream	Core	Downstream				
S4 - Consumers & end users; Sub-Topic: Information-related impacts for consumers and/or end-users	Freedom of expression	No	Yes	Yes	Encouraging dialogue	By allowing reviews and feedback, consumers feel empowered and involved. Through our Integrity Warnings Policy and publicly available whistleblower system (on the company website), we encourage dialogue with consumers and end-users pertaining to any matters related to the activity of the companies of the TeraPlast Group. We have a dedicated team for complaints that is reachable for the consumers for issues regarding the company's products and services.	Actual positive impact	All time horizons
S4 - Consumers & end users; Sub-Topic: Information-related impacts for consumers and/or end-users	Access to (quality) information	No	Yes	Yes	Providing accurate information and labelling	Apart from standard information provided together with our products at the moment of delivery in terms of quality, safety, labelling, our websites offer additional information about product certifications, technical sheets, and even videos providing easy-to-understand information. This helps consumers make informed decisions and trust the company.	Actual positive impact	Short-term
S4 - Consumers & end users	Personal safety of consumers and/or end-users	Yes	No	Yes	Assurance of Product Quality and Safety	The products of the Group have a stable chemical structure and do not adversely affect human health. Providing detailed technical instructions for handling and use can help prevent accidents, especially in the phase of putting products into operation (where applicable). Using safe and high-quality raw materials contributes to this impact.	Actual positive impact	Short-term
S4 - Consumers & end users; Sub-Topic: Personal safety of consumers and/or end-users	Health and safety	Yes	Yes	Yes	Ensuring product safety and quality	Information about product quality and safety is available at product delivery in comprehensive quality certificates and instructions of handling and use helps consumers to be properly informed about any health and safety risks, if the case may be.	Actual positive impact	All time horizons
S4 - Consumers & end users; Sub-Topic: Social inclusion	Access to products and services	No	No	Yes	Availability of the products	Having a well-developed distribution network increases users' access to our products.	Actual positive impact	All time horizons

Topic		Touchpoints in value chain			Identified impact	Category	Time horizon	
		Upstream	Core	Downstream				
S4 - Consumers & end users; Sub-Topic: Social inclusion	Responsible marketing practices	No	Yes	Yes	Avoiding greenwashing and misinformation in promoting products characteristics & benefits	Following responsible marketing practices, with emphasis on providing complete and transparent information on each product regarding the materials, benefits and technical characteristics, decreases the chances of misleading the market and improves the company's reputation. Regarding sustainable products, clear delimitation from "classical" products and offering realistic information on the products' impact increases the trust of users, the company's reputation in the market and promotes fair competition practices.	Actual positive impact	Short and medium-term
G1 - Business Conduct	Corporate Culture	Yes	Yes	Yes	Ethical Corporate Culture	An ethical and fair corporate culture based on fair practices and respect will have positive effects along the value chain from all ESG perspectives and will place the company in long-standing business relationships	Actual positive impact	All time horizons
G1 - Business Conduct	Corporate Culture	Yes	Yes	Yes	Employee oriented corporate culture	This type of culture will provide a good work environment to work and will have effects also on business performance.	Actual positive impact	All time horizons
G1 - Business Conduct	Protection of whistle-blowers	Yes	Yes	Yes	Strong Whistle-blowers system	Facilitating good structures and policies for whistle-blowers will ensure a safe channel for identifying ways to improve, for addressing incidents in an effective manner and ensure non-retaliation.	Actual positive impact	All time horizons
G1 - Business Conduct	Political engagement	Yes	Yes	Yes	Lobbying activities	Participating in public consultations with the authorities for relevant debates on policies and being part of professional associations that represent industries' interests in relation to public authorities helps the process of regulations and policies development, ensuring that relevant opinions from the private sector are heard and taken into account.	Actual positive impact	All time horizons
G1 - Business Conduct	Management of relationships with suppliers including payment practices	Yes	Yes	No	Fair and ethical suppliers' management	Treating the suppliers fair and paying them on time will ensure a long-standing business relationship and responsibility will be present in both ways - business will be strong and performant, governed by strong principles and dialogue. It also has the potential to improve the company's predictability and performance.	Actual positive impact	All time horizons

Topic	Touchpoints in value chain			Identified impact	Category	Time horizon		
	Upstream	Core	Downstream					
G1 - Business Conduct Sub-Topic: Corruption and bribery	Management of relationships with suppliers including payment practices	Yes	No	No	Suppliers mix	Ensuring low dependency on suppliers by diversifying the supplier base on all materials provides predictability and a competitive environment that fosters healthy business practices and fair prices.	Actual positive impact	All time horizons
G1 - Business Conduct Sub-Topic: Corruption and bribery	Prevention and detection including training	Yes	Yes	Yes	Solid anti-corruption and bribery system	The implementation of a very strong system in order to prevent, detect and investigate possible incidents in this regard and efficient communication of its availability to increase awareness along the value chain, contributes to discouraging actions that could favour the occurrence of such incidents and a proper understanding of the expected behaviour.	Actual positive impact	All time horizons
G1 - Business Conduct Sub-Topic: Corruption and bribery	Incidents	Yes	Yes	Yes	Transparency in approach and reporting of any type of incidents regarding corruption and bribery	A fair approach and transparent structures will increase the trust along the value chain and build a good organizational image, so that internally and externally the company demonstrates accuracy in statements regarding the existence of incidents.	Potential positive impact	All time horizons

We identify risks and opportunities based on both direct sustainability impacts and business dependencies. Sustainability risks are assessed in relation to:

- Operational exposure to climate risks and regulatory changes
- Market risks associated with shifting sustainability preferences
- Reputational risks and evolving consumer expectations
- Supply chain vulnerabilities due to resource dependencies

Financial materiality is determined through:

- **Magnitude** – The size of the financial effect triggered by a risk or opportunity.
- **Probability** – The likelihood of the risk/opportunity materializing.

Sustainability-related risks are integrated into our broader corporate risk management framework, ensuring alignment between financial, operational, and strategic decision-making. Recent refinements to our risk assessment methodology reflect an increased emphasis on scenario analysis, stress testing, and regulatory alignment.

Material Risks and Opportunities resulted from the double materiality assessment (DMA)

Topic		Type (risk/opportunity)	Description		Time horizon	Touchpoints in value chain
E1	Climate Change	Opportunity	Usage of renewable energy source	At the initial investment it results in higher CapEx costs and in time it adds to OpEx spendings, but it also increases the company’s efficiency in managing energy costs and protecting itself from periods of high volatility in energy markets	Short-term	Core
E1	Climate Change	Opportunity	Using recycled raw materials (secondary raw materials) instead of virgin raw materials	Decreased waste management costs due to a reduction of waste sent to landfills/incineration	Long-term	Core and Downstream
E5	Resource use & circular economy	Risk	Limited market penetration of biodegradable products or products with recycled material content	Reduced sales	Medium-term	Downstream
S1	Working conditions	Opportunity	Conserving employee satisfaction through constant consultation with the union	Costs with employee benefits	Medium-term	Core
S1	Equal treatment & opportunities	Opportunity	Free access to training and skills development programs for all employees	Influence on revenue and profit	Medium-term	Core

Identification of climate risks

In identifying climate-related impacts, risks and opportunities, besides the materiality assessment where we consulted key stakeholders, we informed our IROs using the internal risk management instruments within the Integrated Management System and the evaluation conducted in 2023, guided by the TCFD (Task Force on Climate-Related Financial Disclosures) recommendations, ensuring that our approach aligns with internationally recognized best practices.

Even though the assessment targeted the structure of TeraPlast Group in 2022, we consider it relevant to mention within this report as well. The structure of the Group in 2022 did not include the operations in Republic of Moldova (Palplast company), Hungary and Austria (Wolfgang Freiler Group), Croatia (Optiplast company) and the distribution center in Hungary (TeraPlast Magyarország company), since these companies were acquired, or founded in the case of the distribution center in Hungary, in the following 3 years. In terms of other production facilities, the assessment did not include the new polyethylene factory and the stretch film factory, as these were commissioned after the assessment was carried out. Within the integration process for these new subsidiaries, climate-related risks and opportunities will be included in the broader risk management process and within the future assessment guided by TCFD, the current structure of the Group will be analyzed.

The assessment guided by TCFD recommendations in 2023 identified two major categories of climate-related risks: physical risks and transition risks. Considering the specifics of the business model, physical risks are not relevant in our upstream and downstream value chain, which was solely assessed for transitional risks.

In evaluating these risks and opportunities, we employed climate scenario modeling to forecast potential business impacts under different climate pathways, including Net Zero (1.5°C), Nationally Determined Contributions (2.6°C), and Current Policies (>3°C). By informing our strategic decisions with these projections, we ensure that our business remains adaptable and future-ready in a rapidly changing climate and regulatory landscape.

Physical risks include acute and chronic climate impacts that could affect our operations and supply chain. Rising temperatures may lead to increased cooling costs and reduced employee productivity, while more frequent and intense heatwaves pose a significant challenge in the medium term. Additionally, the potential for strong winds and extreme weather events could disrupt logistics, damage infrastructure, and affect material storage, but resulted as a medium risk on the long term. Other physical risks, such as flooding, for example, represent low risks on all time horizons, but remain a consideration in our long-term planning to ensure we keep ourselves well informed.

Transition risks stem from the evolving regulatory, market, and societal landscape. As EU policies on carbon emissions and sustainable materials, including in packaging, become more stringent, TeraPlast Group anticipates increased costs associated with compliance, procurement, and sustainable product certification. The evolution of the regulations on restrictions on virgin raw materials on one hand, and restrictions on secondary raw materials chemical structure on the other hand, present both a challenge and an opportunity for our business transformation, but depending on their evolution, they might have a material impact on our businesses on the medium and long term.

These risks were included in the materiality assessment conducted for this report, but none of them came out as material for our businesses in 2024. For example, increasing temperatures and heatwaves present a minor financial impact, as the operations are mainly indoors. However, future investments in cooling solutions may be required to ensure employee safety and minimize disruptions. Regarding the evolution of regulations, although they might pose medium financial impact due to potential costs for compliance, material changes, and disposal of existing packaging, the current monitoring efforts mitigate immediate risks. The only material risk for the reporting period represents the limited market penetration of sustainable products.



Presentation of the list of information requirements included in the report

TeraPlast follows Appendix A of the ESRS and Appendix E of EFRAG's guidance to ensure that material sustainability matters are fully mapped to their respective topical ESRS disclosures. A detailed index of disclosure requirements and their locations in the sustainability statement is provided in Annex I. Additionally, Annex II contains a reference table mapping data points derived from EU legislation.

Among the phased-in disclosure requirements, according to Appendix C, we have chosen to report only information from ESRS S1, specifically those related to S1-7 "Characteristics of non-employee workers in the undertaking's own workforce", S1-11 "Social protection," and S1-13 "Training and skills development".

Minimum disclosure requirement on policies and actions

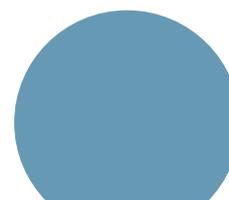
Policies

At TeraPlast Group, we are committed to ensuring that each material sustainability matter is managed through clear and structured policies that guide our decision-making. For every material topic, we will disclose our policies, explaining their objectives, how they help us address sustainability-related risks and opportunities, and how they fit into our broader business strategy. We will define which parts of our operations, value chain, and geographic areas these policies apply to and any exclusions that may exist.

Responsibility for policy implementation and oversight will also be disclosed, ensuring transparency on who within TeraPlast Group is accountable for their execution. Where relevant, we will explain how our policies align with international sustainability standards, industry best practices, and regulatory frameworks, reinforcing our commitment to continuous improvement.

Additionally, we recognize that stakeholder engagement is essential in shaping our approach, and we will describe how their feedback and expectations are considered in policy development and execution. Furthermore, we want to ensure that our policies are accessible to those they impact, so we will outline how they are communicated and shared with employees, suppliers, investors, and other relevant stakeholders.

If we do not yet have a policy in place for a specific material sustainability matter, we will disclose this, along with our plans and timelines for developing it, where available, ensuring that all stakeholders understand how we are working toward strengthening our governance framework.





Actions

We take a proactive approach to addressing sustainability risks and opportunities. For each material topic, we will provide a detailed overview of the actions we have taken, as well as our plans for future initiatives that align with our long-term sustainability strategy.

Every action we disclose will be linked to the relevant material impact, risk, or opportunity, ensuring a clear connection between our sustainability efforts and business priorities. For each action where information is available, we will outline expected outcomes and objectives, demonstrating how it contributes to improving environmental performance, social responsibility, or governance practices. Where applicable, we will also include remediation actions taken to address negative impacts and any corrective measures implemented.

To provide transparency on how we allocate resources, we will disclose the financial investments made toward sustainability initiatives, covering both capital expenditures (CapEx) and operational expenditures (OpEx) in line with the EU Taxonomy.

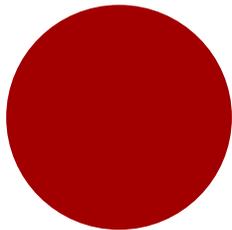
For material sustainability matters where actions have not yet been implemented, we will acknowledge this and disclose our plans, expected timeframes, and the next steps for integrating these initiatives into our strategy. Our goal is to provide a clear roadmap for stakeholders, ensuring accountability for future progress.

Metrics and Targets

To track our progress effectively, we will disclose the metrics we use to measure the progress and/or success of our sustainability actions. These metrics will be aligned with industry standards and regulatory requirements, ensuring that our performance is evaluated consistently and transparently. Where necessary, we will also provide insights into our methodologies and data sources, ensuring credibility in our reporting.

For material topics where specific targets are available, we will present them to state our level of ambition and our expected impact over time. If we have not yet set targets for certain sustainability matters, we will explain the reasons why, as well as whether and when we plan to define them. In cases where target-setting is not applicable, we will provide a clear rationale for this decision.

Beyond setting targets, we will also describe our process for tracking progress, ensuring that we regularly assess and refine our approach based on performance data. This includes internal monitoring systems, external reporting mechanisms, and periodic reviews to ensure continuous improvement in sustainability performance. If a material topic currently lacks defined metrics or targets, we will disclose this transparently and outline our plans, timeframes, and strategies for implementing them in the future, ensuring that stakeholders are informed of our ongoing commitment to sustainability.



3.2. Environment (E1, E5)

3.2.1. Information on the EU Taxonomy

Regulation 2020/852 on the EU Taxonomy establishes a common classification system for determining activities that are environmentally sustainable by defining six environmental objectives that reflect the main challenges and priorities of the European Union regarding sustainability and combating climate change:

- Climate change mitigation (CCM)
- Climate change adaptation (CCA)
- Sustainable use and protection of water and marine resources (WTR)
- Transition to a circular economy (CE)
- Pollution prevention and control (PPC)
- Protection and restoration of biodiversity and ecosystems (BIO)

The European Union has issued delegated regulations to define the technical criteria and detailed requirements that must be met for an activity to be considered environmentally sustainable. Thus, through Delegated Regulation 2021/2139, as amended by Delegated Regulation 2023/1214 and Delegated Regulation 2024/2485, the criteria for the first two environmental objectives mentioned above are established, while Delegated Regulation 2024/2486 establishes the criteria for the other four environmental objectives.

Delegated Regulation 2021/2178, as amended by Delegated Regulation 2023/1214 and Delegated Regulation 2024/2486, establishes the method for presenting information regarding environmentally sustainable activities and the methodology for complying with the reporting obligation for this information.

According to Delegated Regulation 2021/2178, in the context of the EU Taxonomy, three types of activities can be distinguished:

- Taxonomy-aligned activities – if the activity substantially contributes to one of the environmental objectives mentioned above, does not significantly harm any of these objectives, and meets the technical criteria established by the delegated regulations
- Taxonomy-eligible activities – if the activity is described in the delegated regulations, regardless of whether the economic activity meets all the technical criteria set out in these regulations
- Non-eligible activities – if the description of the activity is not found in the delegated regulations that contain the technical criteria

The TeraPlast Group reports consolidated non-financial information in accordance with Article 29a of Directive 2013/34, providing details on the proportions of its activities that are eligible and non-eligible, as well as aligned and non-aligned, in accordance with the requirements of the EU Taxonomy and the aforementioned delegated regulations.

Compared to the previous report, new activities have been added to our Group's structure as a result of merger and acquisition (M&A) operations. The contribution of these activities to eligible activities is mentioned where applicable.

For the year 2024, no activities are reported as aligned, as no actions have been taken to align certain activities with the EU Taxonomy. Given that we will begin developing a transition plan, we will include potential alignment objectives in the broader sustainability strategy and the transition plan.

In accordance with the EU Taxonomy provisions, we have taken measures to avoid double-counting amounts related to reported activities by eliminating amounts related to transactions between the Group's companies. Additionally, we have carefully ensured that the reported activities contribute to only one environmental objective, without overlapping, meaning that no activity is reported as contributing to multiple environmental objectives.



Turnover

For the calculation of turnover, the denominator includes the consolidated turnover of the TeraPlast Group from the financial statements published for the year 2024. The denominator for the turnover indicator is based on the net turnover recognized in the Financial Statements prepared in accordance with MFP Order no. 2844/2016 for the financial year ending on December 31st, 2024, based on the accounting policies presented in Note 2. "Accounting Policies – Revenue Recognition." The total turnover of 897,895,698 lei is reconciled with the Financial Statements prepared in accordance with MFP Order no. 2844/2016 for the financial year ending December 31st, 2024, Note 4 "Revenues and Operations".

The numerator includes the consolidated turnover for 2024 corresponding to each activity within the TeraPlast Group identified as eligible under the EU Taxonomy:

- **Manufacture of plastics in primary form (CCM 3.17)** – turnover includes sales of finished products from the Granules business line within TeraPlast.
- **Manufacture of energy efficiency equipment for buildings (CCM 3.5)** – turnover includes sales of finished products from TeraGlass Bistrița, specifically thermally insulated PVC and aluminum joinery.
- **Material recovery from non-hazardous waste (CCM 5.9)** – turnover includes sales of finished products (secondary raw materials) from TeraPlast Recycling, obtained through the recycling of rigid PVC.
- **Freight transport services by road (CCM 6.6)** – TeraPlast, the parent company of the Group, is the only entity within the Group providing freight transport services to customers using its own means of transport. These services are not invoiced separately to customers but are included in the sale price of finished products. To calculate the turnover for this activity, the distance traveled (in km) by each transport vehicle to customers and the annual average cost per km (market price) for transport with the same type of vehicle charged by third parties to TeraPlast were used. Thus, for each transport vehicle, the theoretical turnover that TeraPlast would have made if it had separately invoiced these services to customers at the market price was obtained.
- **Manufacture of plastic packaging goods (CE 1.1)** – turnover includes sales from the flexible packaging line within TeraBio Pack, the Stretch Film business line within TeraPlast Recycling, and the flexible packaging business line within Optiplast.
- **Manufacture, installation and associated services for leakage control technologies enabling leakage reduction and prevention in water supply systems (WTR 1.1)** – turnover includes sales of meter pits from the Installations business line within TeraPlast.

Non-eligible activities – turnover related to all other activities of the Group, excluding those mentioned above.

In 2024, the total consolidated turnover increased by 34% compared to 2023, from 672.3 million lei in 2023 to 897.9 million lei in 2024. The share of eligible turnover in the total turnover increased by 2.8 percentage points in 2024 compared to 2023, from 27% to 29%, respectively from 182.7 million lei in 2023 to 268.8 million lei in 2024.

The increase in eligible turnover is mainly due to the growth in turnover from the CE 1.1 activity within TeraPlast Recycling, through the Opal stretch film plant, which had a full year of operation in 2024. A growth in eligible turnover was also recorded due to the increase in turnover from the CCM 3.17 activity within TeraPlast. Another increase was noted in the WTR 1.1 activity within TeraPlast. Additionally, the inclusion of Optiplast in the financial statements as of December 2024 contributed to the growth of eligible turnover under the EU Taxonomy.

Turnover decreases were mainly recorded in the CCM 5.9 activity within TeraPlast Recycling, where market penetration for secondary raw materials obtained through waste recycling is limited. Slight decreases in turnover were also noted for the CE 1.1 activity within TeraBio Pack, the CCM 6.6 activity within TeraPlast, and the CCM 3.5 activity within TeraGlass.

For more information regarding TeraPlast Group's turnover, please refer to the financial statements.

CapEx

For the calculation of capital expenditures, the denominator includes the total increase in the tangible and intangible assets of the TeraPlast Group, as reported in the consolidated financial statements for 2024. Additions have been recognized in the financial statements prepared in accordance with MFP Order no. 2844/2016 for the financial year ended December 31, 2024, based on the accounting policies presented in note 2, “Accounting Policies: Tangible Assets, Investment Property, and Intangible Assets”. The numerator includes the increase in tangible assets related to each activity identified as eligible within the TeraPlast Group.

Associated investments (CapEx type A)

- **Manufacture of plastics in primary form (CCM 3.17)** – The CapEx for this activity includes increases in tangible assets related to the Granule business line within TeraPlast. Increases in tangible assets not related to the productive activities of the companies (e.g., vehicles, laptops for employees, mobile phones, etc.) have been excluded. Additionally, increases related to tangible assets used in common across multiple business lines have been excluded, as these are considered non-eligible.
- **Manufacture of energy efficiency equipment for buildings (CCM 3.5)** – The CapEx calculation includes increases in tangible assets of TeraGlass Bistrița, excluding those unrelated to the company’s production activities (e.g., vehicles, laptops for employees, mobile phones, etc.).
- **Material recovery from non-hazardous waste (CCM 5.9)** – The CapEx includes investments in the recycling activity within TeraPlast Recycling.
- **Transport by motorbikes, passenger cars and light commercial vehicles (CCM 6.5)** – The CapEx includes amounts for the addition of cars and light vehicles within the Group’s companies.
- **Manufacture of plastic packaging goods (CE 1.1)** – The increase in tangible assets mainly includes investments in equipment for the stretch film factory of TeraPlast Recycling, investments in productive equipment for TeraBio Pack, as well as the acquisition of Optiplast. These values also include amounts related to buildings/structures where these activities take place.

Other investments relevant to the Taxonomy (CapEx type C)

- **Installation, maintenance and repair of renewable energy technologies (CCM 7.6)** – The CapEx includes investments in the new photovoltaic plant of TeraPlast, as well as investments in photovoltaic plants within the subsidiaries Pro-Moulding and Optiplast.

Non-eligible Activities – The CapEx for non-eligible activities includes increases recorded in the tangible assets of the Group, excluding those mentioned above, along with increases in intangible assets, which are entirely non-eligible.

In 2024, total capital expenditures (CapEx) increased by 171% compared to CapEx in 2023, from 120.7 million lei in 2023 to 327.5 million lei in 2024. However, the proportion of eligible CapEx decreased in 2024 compared to 2023 by 34.5 percentage points, from 70.9% in 2023 to 36.4% in 2024. The increase in eligible capital expenditures was mainly driven by the acquisition of Optiplast in the CE 1.1 activity, and eligible CapEx for the CCM 7.6 activity. A significant increase in CCM 7.6 activity compared to the previous reporting period was recorded due to investments in TeraPlast's new photovoltaic plant, where construction began in 2024, leading to an increase in CapEx. Another increase in eligible CapEx was driven by the acquisition of the Freiler Group, also within the CCM 7.6 activity. After the investments made in 2023, especially in the flexible packaging business line, where these accounted for over 70% of the total eligible CapEx in 2023, in 2024, a decrease of over 90% was recorded in the CE 1.1 activity within both TeraPlast Recycling and TeraBio Pack, due to the completion of the investment plan. This was also accompanied by the CCM 6.5 activity with 7.8 million lei in 2024.

In 2024, decreases were recorded in all other eligible activities compared to the previous reporting period, especially for activities CCM 3.17, CCM 6.6, CCM 5.9, and CCM 7.6 within TeraPlast Recycling.

Of the total CapEx in 2024, 63.6% was non-eligible CapEx according to the EU Taxonomy, mainly due to the acquisitions of the Freiler Group and Palplast, which accounted for over 80% of the total non-eligible CapEx.

For more information, please refer to the financial statements.

OpEx

For the calculation of operational expenses, the denominator includes the repair and maintenance costs of the TeraPlast Group, both those performed by third parties and those carried out by internal personnel, according to internal reports from the accounting records for 2024.

Operational expenses related to the OPEX indicator, analyzed for taxonomy purposes, are included in the amounts presented in the trial balance, under the following accounts: 6021 "Auxiliary materials expenses", 6024 "Spare parts expenses", 6028 "Other consumable materials expenses", 603 "Expenses related to materials in the form of small inventory", 611 "Repair expenses for buildings, equipment, machinery, and others", 612 "Rental expenses", 628 "Other expenses for services provided by third parties", as well as in the maintenance order databases.

The expenses related to the current maintenance of tangible assets include periodic inspections, replacement of worn-out parts, cleaning and disinfection materials, and maintenance services that are necessary to ensure the efficient operation of equipment and the maintenance of buildings.

The numerator includes the repair and maintenance expenses related to the production sector of the TeraPlast Group, according to the internal reports from 2024, broken down for each activity:

Associated operation expenses (OpEx type A)

- **Manufacture of plastics in primary form (CCM 3.17)** – OpEx is determined by the repair and maintenance expenses for the production equipment in the Granule business line of TeraPlast. Expenses related to productive assets used jointly by multiple business lines have been excluded, as they are considered ineligible.
- **Manufacture of energy efficiency equipment for buildings (CCM 3.5)** – OpEx includes the repair and maintenance expenses of TeraGlass Bistrița.
- **Material recovery from non-hazardous waste (CCM 5.9)** – OpEx includes the maintenance expenses for the production activity within TeraPlast Recycling.
- **Freight transport services by road (CCM 6.6)** – The repair and maintenance expenses for this activity are related to the transport vehicles of TeraPlast, used for delivering products to customers.
- **Manufacture of plastic packaging goods (CE 1.1)** – OpEx includes the repair and maintenance expenses for the production equipment at TeraBio Pack and TeraPlast Recycling.

Other operational expenses relevant for the Taxonomy (OpEx type C)

- **Installation, maintenance and repair of renewable energy technologies (CCM 7.6)** – Expenses include the costs related to the maintenance services of the existing photovoltaic park of TeraPlast.

Non-eligible activities – OpEx for all other activities, except those mentioned above.

The breakdown of values for each activity, including turnover, CapEx, and OpEx, is presented below.

Total operating expenses in 2024 increased by 38.8% compared to 2023, from 11.8 million lei in 2023 to 16.3 million lei in 2024, while the share of eligible OpEx in total OpEx decreased by 4.9 percentage points, from 51.1% in 2023 to 46.1% in 2024.

The decrease in the share of eligible OpEx in total OpEx in 2024 is mainly due to the acquisition of the Freiler Group and Palplast, which led to an increase in non-eligible OpEx by over 50% compared to the previous reporting. Although there were increases in operating costs for certain eligible activities, such as CCM 3.17, CCM 5.9, and CE 1.1, there were also decreases in operating costs for activities CCM 6.6, CCM 7.6, and CCM 3.5.

For more information, please refer to the financial statements.

Turnover		2024		Substantial contribution criteria						DNSH criteria („Do No Significant Harm“)									
Economic activities	Code	Turnover	Proportion of turnover, year 2024	CCM ¹	CCA ²	WTR ³	PPC ⁴	CE ⁵	BIO ⁶	CCM	CCA	WTR	PPC	CE	BIO	Minimum safeguards	Proportion of taxonomy-aligned (A.1.) or –eligible (A.2.) turnover, year 2023	Category enabling activity	Category transitional activity
		LEI	%	Y;N; N/EL ⁷	Y;N; N/EL	Y;N; N/EL	Y;N; N/EL	Y;N; N/EL	Y;N; N/EL	Y/N	Y/N	Y/N	Y/N	Y/N	Y/N	Y/N	%	E	T
A. TAXONOMY-ELIGIBLE ACTIVITIES																			
A.1. Environmentally sustainable activities (Taxonomy-aligned)																			
Turnover of environmentally sustainable activities (Taxonomy-aligned) (A.1)		0	n/a																
Of which enabling		0	n/a							N	N	N	N	N	N	n/a	n/a	n/a	n/a
Of which transitional		0	n/a							N	N	N	N	N	N	n/a	n/a	n/a	n/a
A.2. Taxonomy-eligible but not environmentally sustainable activities (not Taxonomy-aligned activities)																			
Manufacture of plastics in primary form		CCM 3.17	91,462,122	10.2%	EL	N/EL	N/EL	N/EL	N/EL	N/EL							11.0%		
Manufacture of plastic packaging goods		CE 1.1	115,110,466	12.8%	N/EL	N/EL	N/EL	N/EL	EL	N/EL							6.8%		
Manufacture of energy efficiency equipment for buildings		CCM 3.5	45,195,975	5.0%	EL	N/EL	N/EL	N/EL	N/EL	N/EL							6.7%		
Manufacture, installation and associated services for leakage control technologies enabling leakage reduction and prevention in water supply systems		WTR 1.1	11,237,671	1.3%	N/EL	N/EL	EL	N/EL	N/EL	N/EL							1.4%		
Material recovery from non-hazardous waste		CCM 5.9	3,700,266	0.4%	EL	N/EL	N/EL	N/EL	N/EL	N/EL							0.9%		
Freight transport services by road		CCM 6.6	2,057,115	0.2%	EL	N/EL	N/EL	N/EL	N/EL	N/EL							0.3%		
Turnover of Taxonomy-eligible but not environmentally sustainable activities (not Taxonomy-aligned activities) (A.2)		268,763,615	29.9%	15.8%			1.3%		12.8%								27.2%		
A. Turnover of Taxonomy-eligible activities (A.1+A.2)		268,763,615	29.9%	15.8%			1.3%		12.8%								27.2%		
B. TAXONOMY-NON-ELIGIBLE ACTIVITIES																			
Turnover of Taxonomy-non-eligible activities		629,132,083	70.1%																
TOTAL		897,895,698	100.0%																

¹CCM = Climate Change Mitigation

⁴PPC = Pollution Prevention and Control

⁷D = Yes, Taxonomy-eligible and Taxonomy-aligned activity with the relevant environmental objective

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⁵CE = Circular Economy

N = No, Taxonomy-eligible but not Taxonomy-aligned activity with the relevant environmental objective

³WTR = Water and Marine Resources

⁶BIO = Biodiversity and ecosystems

EL = Eligible, Taxonomy-eligible activity for the relevant environmental objective

N/EL = Not eligible, Taxonomy-non-eligible activity for the relevant environmental objective

CapEx		2024		Substantial contribution criteria							DNSH criteria („Do No Significant Harm“)												
Economic activities	Code	CapEx	Proportion of CapEx, year 2024	CCM ¹	CCA ²	WTR ³	PPC ⁴	CE ⁵	BIO ⁶	CCM	CCA	WTR	PPC	CE	BIO	Minimum safeguards	Proportion of taxonomy-aligned (A.1.) or -eligible (A.2.) CapEx, year 2023	Category enabling activity	Category transitional activity				
		LEI	%	Y;N;N/EL ⁷	Y;N;N/EL	Y;N;N/EL	Y;N;N/EL	Y;N;N/EL	Y;N;N/EL	Y/N	Y/N	Y/N	Y/N	Y/N	Y/N	Y/N	%	E	T				
A. TAXONOMY-ELIGIBLE ACTIVITIES																							
A.1. Environmentally sustainable activities (Taxonomy-aligned)																							
CapEx of environmentally sustainable activities (Taxonomy-aligned) (A.1)		0	n/a																				
Of which enabling		0	n/a											N	N	N	N	N	N	n/a	n/a	n/a	n/a
Of which transitional		0	n/a											N	N	N	N	N	N	n/a	n/a	n/a	n/a
A.2. Taxonomy-eligible but not environmentally sustainable activities (not Taxonomy-aligned activities)																							
Manufacture of plastic packaging goods		CE 1.1	96,696,792	29.5%	N/EL	N/EL	N/EL	N/EL	EL	N/EL											65.7%		
Manufacture of plastics in primary form		CCM 3.17	371,444	0.1%	EL	N/EL	N/EL	N/EL	N/EL	N/EL											1.5%		
Installation, maintenance and repair of renewable energy technologies		CCM 7.6	14,314,581	4.4%	EL	N/EL	N/EL	N/EL	N/EL	N/EL											1.8%		
Material recovery from non-hazardous waste		CCM 5.9	31,315	0.0%	EL	N/EL	N/EL	N/EL	N/EL	N/EL											0.9%		
Freight transport services by road		CCM 6.6	0	0.0%	EL	N/EL	N/EL	N/EL	N/EL	N/EL											0.8%		
Close to market research, development and innovation		CCM 9.1	0	0.0%	EL	N/EL	N/EL	N/EL	N/EL	N/EL											0.1%		
Transport by motorbikes, passenger cars and light commercial vehicles		CCM 6.5	7,766,615	2.4%	EL	N/EL	N/EL	N/EL	N/EL	N/EL											0.0%		
Manufacture of energy efficiency equipment for buildings		CCM 3.5	134,333	0.0%	EL	N/EL	N/EL	N/EL	N/EL	N/EL											0.0%		
CapEx of Taxonomy-eligible but not environmentally sustainable activities (not Taxonomy-aligned activities) (A.2)		119,315,080	36.4%	6.9%					29.5%											70.9%			
A. CapEx of Taxonomy-eligible activities (A.1+A.2)		119,315,080	36.4%	6.9%					29.5%											70.9%			
B. TAXONOMY-NON-ELIGIBLE ACTIVITIES																							
CapEx of Taxonomy-non-eligible activities		208,211,898	63.6%																				
TOTAL		327,526,979	100.0%																				

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EL = Eligible, Taxonomy-eligible activity for the relevant environmental objective

N/EL = Not eligible, Taxonomy-non-eligible activity for the relevant environmental objective

OpEx	2024		Substantial contribution criteria							DNSH criteria („Do No Significant Harm”)							Minimum safeguards	Proportion of taxonomy-aligned (A.1.) or -eligible (A.2.) OpEx, year 2023	Category enabling activity	Category transitional activity
	Economic activities	Code	OpEx	Proportion of OpEx, year 2024	CCM ¹	CCA ²	WTR ³	PPC ⁴	CE ⁵	BIO ⁶	CCM	CCA	WTR	PPC	CE	BIO				
		LEI	%	Y;N; N/EL ⁷	Y;N; N/EL	Y;N; N/EL	Y;N; N/EL	Y;N; N/EL	Y;N; N/EL	Y/N	Y/N	Y/N	Y/N	Y/N	Y/N	Y/N	Y/N	%	E	T
A. TAXONOMY-ELIGIBLE ACTIVITIES																				
A.1. Environmentally sustainable activities (Taxonomy-aligned)																				
OpEx of environmentally sustainable activities (Taxonomy-aligned) (A.1)		0	n/a																	
Of which enabling		0	n/a							N	N	N	N	N	N	N	n/a	n/a	n/a	n/a
Of which transitional		0	n/a							N	N	N	N	N	N	n/a	n/a	n/a	n/a	
A.2. Taxonomy-eligible but not environmentally sustainable activities (not Taxonomy-aligned activities)																				
Manufacture of plastics in primary form		CCM 3.17	318,535	1.9%	EL	N/EL	N/EL	N/EL	N/EL	N/EL								2.3%		
Material recovery from non-hazardous waste		CCM 5.9	6,078,059	37.2%	EL	N/EL	N/EL	N/EL	N/EL	N/EL								41.1%		
Manufacture of energy efficiency equipment for buildings		CCM 3.5	344,817	2.1%	EL	N/EL	N/EL	N/EL	N/EL	N/EL								3.3%		
Manufacture of plastic packaging goods		CE 1.1	591,146	3.6%	N/EL	N/EL	N/EL	N/EL	EL	N/EL								2.3%		
Freight transport services by road		CCM 6.6	201,724	1.2%	EL	N/EL	N/EL	N/EL	N/EL	N/EL								1.7%		
Installation, maintenance and repair of renewable energy technologies		CCM 7.6	4,567	0.0%	EL	N/EL	N/EL	N/EL	N/EL	N/EL								0.3%		
OpEx of Taxonomy-eligible but not environmentally sustainable activities (not Taxonomy-aligned activities) (A.2)		7,538,846	46.1%	42.5%					3.6%									51.1%		
A. OpEx of Taxonomy-eligible activities (A.1+A.2)		7,538,846	46.1%	42.5%					3.6%									51.1%		
B. TAXONOMY-NON-ELIGIBLE ACTIVITIES																				
OpEx of Taxonomy-non-eligible activities		8,807,354	53.9%																	
TOTAL		16,346,201	100.0%																	

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3.2.2. Climate change (E1)

Climate Change Mitigation

Usage of renewable energy source – OPPORTUNITY

Policy	Actions	KPI for measuring progress	Targets
<p>Environment policy of TeraPlast Group.</p> <p>Scope</p> <p>TeraPlast Group's Environmental Policy emphasizes our commitment to increasing the use of renewable energy sources. Through a structured Energy Management System (ISO 50001:2018) for TeraPlast SA, we actively monitor and optimize energy consumption, ensuring sustainability is embedded in our daily activities.</p> <p>Description</p> <p>The policy highlights efforts to improve energy efficiency and reduce the environmental carbon footprint of operations by integrating sustainable energy solutions. The policy aligns with the company's broader strategy of resource efficiency. The policy also highlights adherence to the ISO 14001 standard for environmental management systems, ensuring compliance with legal and regulatory requirements.</p> <p>Through ISO 50001:2018 we ensure compliance with regulatory requirements, strengthen resilience against energy-related risks, and support our transition towards a lower carbon footprint. Our efforts contribute to cost reduction, sustainable resource use, and long-term environmental responsibility.</p> <p>The CEO is responsible for monitoring policies' implementation and evaluating the energy-related information within the annual management analysis.</p>	<p>Increasing the share of renewable energy in total consumption through photovoltaic plants.</p> <p>Description</p> <p>We have an existing 1.7 MWp photovoltaic plant and in 2024 we invested in a new plant, of 4.7 MWp, in our most energy-intensive location in Sărățel, Romania.</p> <p>Within our Group, Pro-Moulding from Hungary also has a photovoltaic plant of 0.5 MWp.</p>	<p>Share of renewable energy from photovoltaic plants in total energy consumption within a year.</p>	<p>There are no targets set on the share of renewable energy in total consumption.</p> <p>Description</p> <p>A target on renewable energy will be set as part of the transition plan.</p>

Detailed information on policies, actions and performance on Climate Change Mitigation topics is provided below within this chapter.

Climate Change Mitigation

Using recycled raw materials (secondary raw materials) instead of virgin raw materials – OPPORTUNITY

Policy	Actions	KPI for measuring progress	Targets
<p>Environment policy of TeraPlast Group; no dedicated policy.</p> <p>Scope</p> <p>TeraPlast Group's Environmental Policy emphasizes the integration of recycled raw materials into production processes to reduce environmental impact, support resource efficiency, and promote a circular economy. We are committed to minimizing waste generation and increasing the share of recycled content in our products as part of our sustainability strategy.</p> <p>Description</p> <p>The policy highlights waste reduction and material recovery as key priorities, encouraging the use of recycled polymers and other sustainable alternatives in manufacturing. By optimizing production processes and reducing dependence on virgin materials, we actively contribute to lowering carbon emissions and reducing industrial waste, aligning with EU sustainability regulations for greener products. The policy is approved by the CEO who also has oversight into its implementation.</p>	<p>Recycling rigid PVC waste in the recycling factory.</p> <p>Integrating recycled PVC in patented recipes for wastewater pipes.</p> <p>Integrating recycled polymers into products (part of PE and PP products).</p> <p>Internal recycling equipment for production waste.</p> <p>Scope</p> <p>By monitoring the recycled content in our products, we assess the extent of recycled materials' applicability and the annual evolution.</p>	<p>Share of recycled materials used in production compared to total production.</p>	<p>There are no targets on the share of recycled raw materials in production. This indicator depends on market demand and products' specificity.</p>

Climate Change Mitigation

Constant Decarbonization Efforts – Actual positive IMPACT

Policy	Actions	KPI for measuring progress	Targets
<p>Environment policy of TeraPlast Group; no dedicated policy.</p> <p>Scope</p> <p>Our environmental policy outlines our commitment to constant decarbonization efforts by reducing greenhouse gas (GHG) emissions, improving energy efficiency, and increasing the use of renewable energy.</p> <p>Description</p> <p>The policy integrates energy efficiency measures, such as optimizing production processes and reducing specific energy consumption, alongside increased reliance on renewable energy sources. Additionally, we have invested in low-carbon technologies and sustainable practices, supporting the EU’s carbon neutrality objectives.</p>	<p>Annual GHG emissions assessment and identification of key improvement areas.</p> <p>Producing biodegradable and compostable packaging to offer sustainable alternatives in the market.</p> <p>Using renewable energy.</p> <p>Recycling and integrating recycled materials in production.</p> <p>Scope</p> <p>By annually assessing our GHG emissions we can identify the most carbon-intensive areas of operations and develop plans to reduce our impacts, in line with the provisions of our policy. Biodegradable and compostable packaging aligns with European regulation which aims to reduce environmental impact by encouraging the use of materials that can break down naturally, thus minimizing pollution and waste.</p> <p>Description</p> <p>On renewable energy and products that integrate recycled materials, details are available above in this table, for the opportunity “Using recycled raw materials (secondary raw materials) instead of virgin raw materials”.</p>	<p>GHG emissions on Scope 1, 2 and 3 measured as carbon intensity year/year.</p> <p>GHG emissions saved by producing biodegradable and compostable packaging, as tons of CO2eq compared to the same weight of products if they were made of traditional materials (HDPE or LDPE).</p>	<p>There are no targets set on GHG emissions reduction. This kind of targets will be set within the transition plan.</p>

Detailed information on policies, actions and performance on Climate Change Mitigation topics is provided below within this chapter.

Climate Change Mitigation

Developing sustainable products – Actual positive IMPACT

Policy	Actions	KPI for measuring progress	Targets
<p>Environmental Policy; no dedicated policy.</p> <p>Scope Within our environmental policy we have provisions regarding our vision to produce environmentally friendly products.</p> <p>Description As the policy states, we actively participate in the recovery of plastic waste generated in production by recycling and re-introducing it into the manufacturing flow to obtain new products.</p>	<p>During 2024 we have not implemented specific actions on developing sustainable products. Currently, our strategy is to manufacture the sustainable products we already have in our portfolio, namely biodegradable and compostable packaging, polyethylene packaging that includes recycled material and pipes that integrate recycled PVC. This comes as we face challenges from the limited penetration of the sustainable products in the market – a risk detailed within this chapter as well.</p> <p>Description On this topic, our efforts aim at contributing to awareness by promoting the benefits of biodegradable & compostable packaging in the market, compared to packaging made of virgin raw materials (HDPE and LDPE), and promoting pipes and packaging made with recycled material. We consider this approach more suitable in the current market context, as we currently do not have alternative solutions that can be used at scale and the resulting products would have the same limitations as the existing ones.</p>	<p>No KPIs for monitoring progress since no specific actions on product development have been carried out.</p>	<p>There are no targets set on this topic. We will not set a target since looking at the products in our portfolio and the technical solutions in the market (including raw materials) there is no indication there is a viable opportunity to implement at scale a new sustainable product.</p>

Energy

Usage of renewable energy sources – Actual positive IMPACT

Policy	Actions	KPI for measuring progress	Targets
<p>Environment policy of TeraPlast Group. ISO 50001:2018 (only for TeraPlast SA).</p> <p>Scope</p> <p>The policy underscores the commitment to continuous improvement through investments in advanced equipment, automation, and digitization to further reduce the carbon footprint. Overall, it reflects TeraPlast's dedication to sustainable energy management in its operations.</p> <p>ISO 50001:2018 provides a structured framework for establishing and maintaining an effective energy management system, enabling us to systematically track and optimize our energy use.</p>	<p>Setting annual indicators to improve energy efficiency and enhance the performance of the energy management system for TeraPlast SA.</p> <p>Annual monitoring of energy efficiency and reporting it to management.</p> <p>Requesting guarantees of origin from our electricity supplier.</p> <p>Investing in state-of-the-art equipment, automation, and digitization to increase energy efficiency.</p> <p>Scope</p> <p>Using renewable energy helps align to the provisions of our policies and within the annual management analysis we monitor our progress.</p> <p>Description</p> <p>Our electricity supplier for the location which concentrates most of our operational activity grants us guarantees of origin, which confirm that our energy comes from renewable sources. This encourages investment in clean technologies and fosters transparency in energy consumption.</p>	<p>Energy efficiency performance measured annually within production and/or compared to total electricity used.</p> <p>Renewable energy share in total electricity consumption.</p>	<p>Even though it is an important part of our recent strategy, there are no specific targets set on using renewable energy.</p>

Detailed information on policies, actions and performance on Energy topics is provided below within this chapter.

Existence of a transition plan

At present, TeraPlast Group does not have a formal transition plan for climate change mitigation. The main reason for this is the group's strategy for regional and business expansion in the last 2 years. During this period, new business lines were created within the group and new companies were added to the group structure. This implies an integration process and also changes the group size, thus the management considered that a transition strategy would not be accurate and viable for the new structure of the group if it were drawn up before completing the accelerated expansion strategy. In example, a GHG emissions target set before the expansion of the Group structure would not have the same impact and would not imply the same efforts in reaching it when the aggregated data includes new companies compared to the initial structure of the Group. Considering the recent expansion strategy is completed, we will start drawing up a transition plan during 2025 and we intend for this transition plan to be finalized in 2026.

Even so, over the years we have developed various projects and initiatives that contribute to climate change mitigation, such as:

- The recycling factory of TeraPlast Recycling
- The existing photovoltaic plant, commissioned in 2022, and the new photovoltaic plant which is in the process of being commissioned in 2025
- Requesting guarantees of origin from the electricity supplier
- The biodegradable and compostable packaging factory of TeraBio Pack
- The integration of recycled PVC in our production of pipes for which we also have an international patent
- The integration of recycled materials in products of the pipes (polypropylene) and packaging (polyethylene) portfolios
- The acquisition of energy efficient equipment in our factories





Policies related to climate change mitigation and adaptation

At TeraPlast Group we recognize that energy consumption is a key driver of greenhouse gas (GHG) emissions, and we have a continuous improvement approach on energy matters. We integrate energy performance monitoring into our corporate governance structure, with annual reporting on key energy indicators and carbon footprint assessments. This allows for continuous improvement and proactive adaptation to climate risks.

We have firmly embedded energy efficiency and management into our core operational principles, reflecting a deep commitment to environmental stewardship and sustainable development. This dedication is articulated through our Environmental Policy that guides the Group's actions in minimizing environmental impact and promoting responsible resource utilization.

The Group's **Environmental Policy** underscores a proactive approach to environmental protection, emphasizing the importance of energy efficiency in our operations. This policy outlines our commitment to continuous improvement in environmental performance, adherence to legal and regulatory requirements, and the prevention of pollution. A key aspect of this policy is the focus on optimizing energy consumption, which not only reduces environmental impact but also enhances operational efficiency.

Complementing this, the **Integrated Management System (IMS)** Policy integrates quality, environmental, and occupational health and safety management systems. Within this framework, energy management is a critical component, with the policy advocating for the efficient use of resources and the implementation of energy-saving measures. The IMS Policy promotes a culture of continuous improvement, encouraging the identification and implementation of opportunities to enhance energy performance across all levels of the organization. Furthermore, in 2024, TeraPlast SA – the parent company of the Group and the largest entity within the Group – achieved ISO 50001 certification for its Energy Management System (EnMS), marking a significant milestone in our sustainability journey. This certification not only underscores our commitment to efficient energy practices but also enhances our ability to identify and implement energy-saving measures, leading to significant cost reductions and improved operational performance. By adopting a standardized approach to energy management, TeraPlast SA demonstrates leadership in fostering a culture of continuous improvement and accountability, while reinforcing our dedication to environmental responsibility and compliance with global sustainability standards.



Actions and resources related to climate change policies

Moving forward, TeraPlast Group remains committed to integrating climate risk management into strategic planning.

To translate these policies into measurable progress, we have undertaken a series of strategic actions designed to enhance energy efficiency and increase the use of renewable energy sources.

We have made substantial progress in transitioning to green energy sources, significantly reducing our dependence on conventional electricity. In 2024, 4% of the total electricity consumed across the Group was sourced from renewable energy. Furthermore, in 2024 we completed building a 4.7 MWp photovoltaic system in the industrial park in Sărățel, Romania, expected to generate clean energy directly on-site, additionally to the existing one, commissioned in 2022, which has a capacity of 1.7 MWp. Among our locations outside Romania, Pro-Moulding is our only subsidiary that also uses renewable energy, through a photovoltaic plant of 0.5 MWp capacity. This helps our decarbonization efforts, reduces the dependence on external energy suppliers, and increases our resilience against potential future energy price volatility or energy-related regulations and tariffs.

Considering the renewable energy produced and consumed by our Group in 2024, if this quantity would have been purchased, our GHG emissions on purchased electricity would have been higher by 425 tonnes of CO₂eq. For estimating this we used the emissions factors used for calculating the Scope 1 and Scope 2 emissions of our Group.

Regarding the new photovoltaic plant, of 4.7 MW, considering an estimated 5,408 GW of energy produced annually by the plant, it has the potential to save 3,340 tonnes of CO₂eq/year.

Energy consumption in our locations is monitored and reported periodically by the energy manager and we calculate yearly the energy intensity as MW/ ton of product for electricity, respectively cubic meter/ ton of product for natural gas. By doing so, we ensure we have comparable data about our energy efficiency, given that our

businesses evolve constantly, new production lines and new factories are added to our portfolio, but also to ensure we have accurate assessments in the context of yearly production volumes.

Our state-of-the-art factory for producing biodegradable and compostable packaging also contributes to our decarbonization initiatives. The products are certified OK Compost by TÜV Austria and the positive impact on GHG emissions is demonstrated by a LCA (life cycle assessment) study conducted in 2022 in collaboration with Tractebel. Within this study, we determined that the GHG emissions of the biodegradable and compostable packaging are more than 95% smaller than the ones of the same packaging products made of traditional materials, such as HDPE and LDPE. By the total quantity of biodegradable and compostable packaging produced in 2024, this means we saved more than 1,400 tonnes of GHG emissions compared to HDPE packaging, respectively more than 6,500 tonnes compared to LDPE packaging. The impact the production of biodegradable and compostable packaging will have each year can be assessed on a yearly basis, depending on the volumes produced.

Actions and initiatives that contribute to climate change mitigation or adaptation have also been analyzed in the context of the EU Taxonomy Regulations and the delegated acts. From the eligibility perspective, 29.9% of the total turnover, 38.1% of the total CapEx and 46.1% of the total OpEx in 2024 are related to eligible activities. Complete details on this topic are available in the dedicated section of this report. There are no objectives set so far for alignment to the provisions of the EU Taxonomy Regulations, nor dedicated targets of developing a CapEx plan based on Taxonomy eligible/aligned activities.

Action	Description	Status	Time horizon	Expected outcome
New photovoltaic plant in Sărățel	We have an existing photovoltaic plant of 1.7 MWp and are in the process of completing a new photovoltaic plant of 4.7 MWp capacity in our location in Sărățel, where most of our production is located. This helps reduce the impact on the environment by reducing GHG emissions.	in progress	2025	A new photovoltaic plant which helps increase the production of renewable energy, thus increasing the share of renewable energy consumed at our location in Sărățel in the total electricity consumption.
Manufacture of products with recycled content	Integrating recycled content in our products helps reduce the impact on climate by contributing to eliminating waste from the environment and even reducing the GHG emissions of products. Currently, our Installations and Polyethylene packaging portfolios include products with recycled material.	implemented	continuous	Having environmentally friendly products which can help our partners reduce their impact on the environment too.
Manufacture of products from biodegradable material	Biodegradable and compostable packaging in our portfolio does more than help compliance with European regulations. Their carbon footprint is more than 97% lower than products made of HDPE and/or LDPE (according to a study carried out by Tractebel in 2022).	implemented	continuous	Avoiding GHG emissions through the production of biodegradable and compostable packaging.
Requesting guarantees of origin from the Romanian electricity providers	As part of our view of conducting our business responsibly, we care about the energy mix of our purchased electricity as well. Our electricity provider for TeraPlast SA grants us with guarantees of origin for all purchased electricity. Moreover, demonstrating demand for certified renewable energy supports the growth of the renewable energy sector, encouraging further investments and innovation in sustainable technologies.	implemented	continuous	By benefiting of guarantees of origin, we increase the share of renewable electricity used, and contribute to the reduction of greenhouse gas emissions, helping to mitigate climate change.

There are no nature-based solutions included in TeraPlast Group's actions that contribute to decarbonization, and the actions have not been mapped by decarbonization levers.



Targets related to climate change mitigation and adaptation

Currently, no specific, time-bound GHG emissions targets are set for TeraPlast Group, the main reason being the expansion of our businesses in the last years, which increased the size of both our production capacities and geographical footprint. Following our expansion strategy, a new factory was added in 2024 in Sărățel, Romania, and three more factories in three different locations were added by the M&A operations carried out. As we draw up a formal transition plan, GHG emissions reduction targets will be included too.

Energy consumption and mix

Energy consumption and mix	2023	2024	Calculation method
(1) Fuel consumption from coal and coal products (MWh)	0	0	The TeraPlast Group does not consume fuel from coal and coal-based products.
(2) Fuel consumption from crude oil and petroleum products (MWh)	5,147.38	6,438.34	The consumption of fossil fuels (diesel and gasoline) was considered and converted into MWh, using conversion factors from liters to MWh.
(3) Fuel consumption from natural gas (MWh)	5,905.75	7,964.43	The consumption of natural gas was converted from cubic meters to MWh using conversion factors.
(4) Fuel consumption from other fossil sources (MWh)	0	0	The TeraPlast Group does not consume fuel from other fossil sources.
(5) Consumption of purchased or acquired electricity, heat, steam, and cooling from fossil sources (MWh)	10,764.67	17,935.70	The electricity consumption billed to the TeraPlast Group by electricity suppliers was quantified and converted from kWh to MWh.
(6) Total fossil energy consumption (MWh) (calculated as the sum of lines 1 to 5)	21,817.80	32,338.47	The items presented above (1-5) were summed.
Share of fossil sources in total energy consumption (%)	46.66	47.14	The percentage of total energy consumption from fossil sources was calculated relative to the total energy consumption of the TeraPlast Group.
(7) Consumption from nuclear sources (MWh)	14,032.83	15,590.29	The consumption from nuclear sources was calculated using the percentage of electricity produced from nuclear sources from each electricity supplier's energy label.
Share of consumption from nuclear sources in total energy consumption(%)	n/a	22.72	The percentage of consumption from nuclear sources was calculated in relation to the total energy consumption of the TeraPlast Group.
(8) Fuel consumption for renewable sources, including biomass (also comprising industrial and municipal waste of biologic origin, biogas, renewable hydrogen, etc.) (MWh)	0	0	The TeraPlast Group does not consume fuel from renewable sources, including biomass (including industrial and municipal waste of biological origin, biogas, renewable hydrogen, etc.).
(9) Consumption of purchased or acquired electricity, heat, steam, and cooling from renewable sources (MWh)	10,912.98	18,406.15	The consumption of electricity from renewable sources was calculated using the percentage of electricity produced from renewable sources from the energy labels of electricity suppliers.
(10) The consumption of self-generated non-fuel renewable energy (MWh)	1,509.96	2,261.29	The consumption represents the self-generated and consumed renewable energy.
(11) Total renewable energy consumption (MWh) (calculated as the sum of lines 8 to 10)	12,422.94	20,667.44	The items presented above (8-10) were summed.
Share of renewable sources in total energy consumption (%)	25.73	30.13	The percentage of total energy consumption from renewable sources was calculated relative to the total energy consumption of the TeraPlast Group.
Total energy consumption (MWh) (calculated as the sum of lines 6, 7 and 11)	48,273.57	68,596.20	The items 6, 7, and 11 were summed.

Details on renewable energy

	Unit	2023	2024
Non-renewable energy production	MWh	0	0
Renewable energy production	MWh	1,509.96	2,161.29

Energy intensity based on net revenue

Energy intensity per net revenue	2023	2024	% 2024 / 2023
Total energy consumption from activities in high climate impact sectors per net revenue from activities in high climate impact sectors (MWh/LEI)	0.00006955449	0.00007387819	6%

Connectivity of energy intensity based on net revenue with financial reporting information

Energy intensity per net revenue	2023	2024
Net revenue from activities in high climate impact sectors used to calculate energy intensity	672,330,589 lei	897,895,699 lei
Net revenue (other)	0 lei	0 lei
Total net revenue (Financial statements)	672,330,589 lei	897,895,699 lei



The amounts used for calculating energy intensity represent the net revenue from the consolidated financial statements.

To determine that all our revenue should fall under the high climate impact sectors category, we considered our NACE codes and their classification in Annex I to Regulation (EC) 2006/1893 of the European Parliament and of the Council.

Gross GHG emissions from Scope 1, 2, 3, and total GHG emissions

	Comparative 2023	Reporting year 2024	% 2024 / 2023
Scope 1 GHG emissions			
Gross Scope 1 GHG emissions (tCO ₂ eq)	2,541	3,109	22%
Percentage of Scope 1 GHG emissions from regulated emission trading schemes (%)	0%	0%	
Scope 2 GHG emissions			
Gross location-based Scope 2 GHG emissions (tCO ₂ eq)	7,986	9,191	15%
Gross market-based Scope 2 GHG emissions (tCO ₂ eq)	1,898	5,126	170%
Significant scope 3 GHG emissions			
Total Gross indirect (Scope 3) GHG emissions (tCO ₂ eq)	215,303	333,486	55%
1 Purchased goods and services	162,789	257,661	58%
2 Capital goods	9,359	6,918	-26%
3 Fuel and energy-related Activities (not included in Scope1 or Scope 2)	1,717	1,583	-8%
4 Upstream transportation and distribution	17,723	43,347	145%
5 Waste generated in operations	2,395	1,985	-17%
6 Business traveling	69	155	124%
7 Employee commuting	666	1,128	69%
8 Upstream leased assets	n/a	n/a	
9 Downstream transportations	809	941	16%
10 Processing of sold products	9,623	7,958	-17%
11 Use of sold products	n/a	n/a	
12 End-of-life treatment of sold products	2,871	11,810	311%
13 Downstream leased assets	n/a	n/a	
14 Franchises	n/a	n/a	
15 Investments	n/a	n/a	
Total GHG emissions			
Total GHG emissions (location- based) (tCO ₂ eq)	225,830	345,786	53%
Total GHG emissions (market based) (tCO ₂ eq)	219,742	341,721	56%

In presenting the Group GHG emissions we did not include a base year, since we consider it irrelevant in comparison to the reporting year 2024. This comes from the background of multiple expansion projects, through both investment and M&A, that were implemented during the last years, which impacted the structure of the Group, therefore the GHG emissions over the years. Looking at the information above, impacts of new acquisitions can be identified resulting in significant increases in some emissions categories.

GHG Emissions Calculation Methodologies

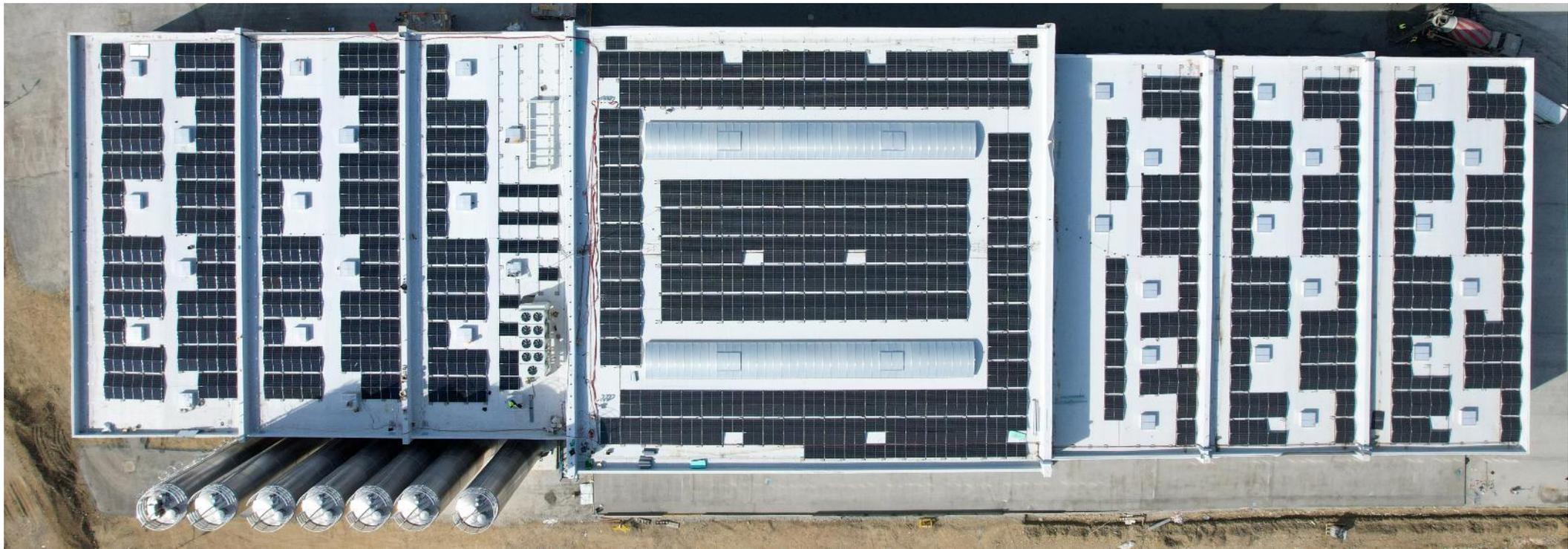
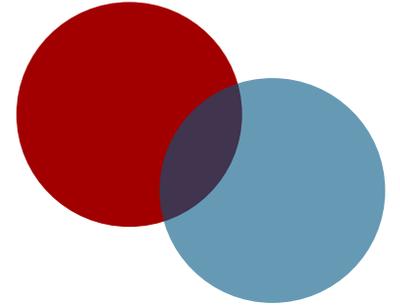
We calculated direct emissions from our own activities (Scope 1), indirect emissions from electricity consumption related to our activities (Scope 2), as well as indirect emissions from assets not owned or controlled by us, from the upstream and downstream value chain (Scope 3), in accordance with the requirements of the GHG Protocol – A Corporate Accounting and Reporting Standard.

Scope 3 emissions category	Methodology description / reason for category exclusion
1 Purchased goods and services	Expenses for goods and services purchased by TeraPlast were quantified in monetary terms, and GHG emissions were calculated using spend-based emission factors from the Exiobase database, for each type of expense and converting from lei to euros, using the average EURO-LEI exchange rate from 2024. For the raw materials purchased by TeraPlast, the activity-based approach was used, meaning that actual quantities (kg, liters, pieces) were collected, and the emissions were calculated using emission factors from the Ecoinvent database.
2 Capital goods	Expenditures for capital goods purchased by TeraPlast were quantified in monetary terms, and GHG emissions were calculated using spend-based emission factors from the Exiobase database, for each type of expense and converting from lei to euros, using the average EURO-LEI exchange rate from 2024.
3 Fuel and energy-related Activities (not included in Scope 1 or Scope 2)	The upstream emissions related to the fuel consumption (diesel and LPG) used by TeraPlast were quantified. For this, the fuel consumption reported in the calculation of emissions in scope 1 was taken into account, for which an emission factor related to the production and transport of the fuel to the place of consumption was used. The upstream emissions were also calculated, related to losses in the transport and distribution of electricity used by TeraPlast, using the same amount of electricity reported in the calculation of GHG emissions in scope 2, but applying an emission factor related to losses in the transport and distribution of electricity. The database used is DEFRA.
4 Upstream transportation and distribution	For this category, data has been collected in terms of kilometers and quantity transported and on the type of vehicle (EURO 4/5/6) and the type of transportation (3.5-7.5t, 7.5-16t, 16-32t, >32t) as well as the type of fuel used. The emission factors are collected from the Ecoinvent database, choosing the factor closest to the country of origin.
5 Waste generated in operations	The total quantities of waste generated are collected, broken down by waste types and recovery methods; emission factors from Ecoinvent were used.
6 Business travelling	For the calculation of GHG emissions associated with this category, emission factors from the Exiobase monetary database were used. The conversion from LEI to EURO was done using the average exchange rate published by BNR for the year 2024, up to the time of the calculation. The emission factors for land and air transportation were taken into account.
7 Employee commuting	For this category, data has been collected on the number of employees, distance travelled and the number of days in the facility and type of transportation (car or bus). The emission factors are collected from the Ecoinvent database.
8 Upstream leased assets	TeraPlast does not lease any assets upstream.
9 Downstream transportation	For this category, data was collected in kilometers and transported quantity, based on the type of vehicle (EURO 4/5/6) and vehicle capacity (3.5-7.5t, 7.5-16t, 16-32t, >32t), as well as the type of fuel used. Emission factors were collected from the Ecoinvent database, selecting the factor closest to the country of origin.
10 Processing of sold products	For this category, in order to allocate an emission factor to the sold PVC, PP, PE waste and or granules, an emission factor was calculated using the Scope 1 and 2 total TeraPlast Sărățel emissions and divided to the total PVC inputs and an emissions factor of kgCO ₂ eq/kg of PVC granules was obtained. This emission factor was used to assess the emissions of the sold PVC/PP/PE waste/granules that are sold to different companies that are using the same production process as TeraPlast.
11 Use of sold products	Sold products do not use any energy during their lifetime.
12 End-of-life treatment of sold products	For the end-of-life treatment of the products sold, different emission factors were used considering the type of waste considered to be generated and the end of life. (i.e., landfill for foil used for plastic bags, treatment of PVC waste, etc.)
13 Downstream leased assets	TeraPlast does not rent any downstream assets.
14 Franchises	TeraPlast does not operate in franchises business model.
15 Investments	The category is not material for TeraPlast since TeraPlast does not invest in other companies under financial control. The emissions of the companies in TeraPlast group are assessed on operational control and already included in the Scope 1, 2 and 3 categories.

Anticipated financial effects of significant physical and transition risks and potential climate-related opportunities

In 2023, we have conducted an assessment of climate-related risks and opportunities, in line with the recommendations of the Task Force on Climate-Related Financial Disclosure (TCFD). However, this assessment only included the companies of the Group in the 2022 structure. Along the following years, besides the accelerated expansion strategy through M&A, our operational landscape changed as well, through investments in new production facilities and even new capacities for renewable energy production. We consider the assessment outdated since it does not cover a significant part of the current structure of the Group and in terms of locations it is limited to the locations in Romania, while in 2024 the Group's locations include Hungary, Austria, Republic of Moldova and, more recently, Croatia.

We plan to repeat this assessment to cover the 2024-2025 structure of our Group, in the next 2 years. Future disclosures will reflect our progress in this area.



3.2.3. Resources use and Circular Economy (E5)

Resource inflows, including resource use

Internal recycling on the production sites – Actual positive IMPACT

Policy	Actions	KPI for measuring progress	Targets
<p>We have no formal policy dedicated to internal recycling. This topic is mentioned within our Environmental Policy.</p> <p>Scope</p> <p>Within the environmental policy, we state our commitment to the recovery of plastic waste generated during production processes by recycling it and reintroducing it into the manufacturing flow to create new products.</p> <p>Description</p> <p>Wherever possible, production scrap is recovered, processed and reinserted in production. This way, we minimize waste generated from production and use the materials which have the same technical characteristics.</p>	<p>Internal recycling equipment to recycle production scrap.</p>	<p>Production scrap and its recycling rate.</p>	<p>Production scrap and its recycling rate (specific KPIs are set for each production department).</p>

Resource inflows, including resource use

Use of fossil-based raw materials – Actual negative IMPACT

Policy	Actions	KPI for measuring progress	Targets
<p>There is no formal policy on the use of fossil-based raw materials. Efficient use of all raw materials is part of the operational efficiency measures we have ongoing.</p> <p>Scope</p> <p>Monitoring and improving efficiency of resource use helps minimize the impact this topic might have on the environment.</p> <p>Description</p> <p>Considering that viable alternatives to the current fossil-based raw materials do not exist at scale at the moment, managing this impact implies ensuring their use is optimal.</p>	<p>We constantly analyze our performance in raw materials use by looking at production and assessing productivity, quality and scrap.</p> <p>Where possible, we replace fossil-based raw materials (virgin raw materials) with more environmentally friendly options, such as biodegradable materials and recycled materials.</p>	<p>Raw materials used compared to total production, split by virgin raw materials and secondary raw materials.</p> <p>Production of biodegradable & compostable packaging.</p>	<p>We have no targets set for reducing the use of fossil-based raw materials. Replacing products made of virgin raw materials with recycled raw materials or sustainable raw materials (e.g., biodegradable) is part of our larger vision of sustainable development.</p>

Resource inflows, including resource use

Developing sustainable products – Actual positive IMPACT

Policy	Actions	KPI for measuring progress	Targets
We have no formal policy on developing sustainable products. Our vision of producing environmentally friendly products is stated within our Environmental Policy.	<p>Implementing biodegradable and recycled materials in our products.</p> <p>Promoting in the market our products that integrate or are made fully of recycled material or biodegradable material.</p>	No KPIs for monitoring progress since no specific actions on product development have been carried out, nor specific targets have been set.	There are no targets set on this topic. We will not set a target since looking at the products in our portfolio and the technical solutions in the market (including raw materials) there is no indication there is a viable opportunity to implement at scale a new sustainable product

Detailed information on policies, actions and performance on Resource inflows topics is provided below within this chapter.

Resource outflows related to products and services

Limited market penetration of biodegradable products or products with recycled material content – RISK

Policy	Actions	KPI for measuring progress	Targets
There is no formal policy on this risk since the risk originates from the market and its drivers are not in our control.	Promoting the products in marketing materials and within trade fairs with the objective of making them more attractive to potential customers.	No KPIs for monitoring progress have been set since no targets have been set on this matter.	No specific targets have been set on this risk; we consider the factors that impact the limited penetration of sustainable products in the market are not in our control.

Detailed information on policies, actions and performance on Resource outflows topics is provided below within this chapter.

Processes for identifying and assessing significant impacts, risks, and opportunities related to resource use and the circular economy

We are dedicated to integrating circular economy principles into our operational framework, recognizing the need to minimize resource consumption and environmental impact while maximizing value creation.

Thus, we permanently monitor our inventory and production costs to track the efficient use of materials throughout our production processes. This includes monitoring the types and quantities of raw materials, packaging, and other inputs, including recycled materials. Moreover, we monitor the proportion of recycled materials used in the overall production.

We actively engage with stakeholders, including suppliers, customers, and industry partners – to gather insights into resource use and circular economy practices. By being part of industry associations, we inform our strategy and ensure we are constantly updated on regulations and innovation. All of these allow us to understand the broader impact of our operations and identify areas for improvement. It also gives us a better understanding of market trends and evolution of the demand for the products in our portfolio.

We use a structured risk assessment framework to identify potential risks which include aspects that fall within resource use and circular practices. These include, for example, evaluating supply chain risks related to the availability of critical raw materials, environmental regulations, and market fluctuations that may affect material sourcing. When significant risks are identified, we draft action plans to mitigate the risks and improve our performance on specific matters, which ensures the resilience of our businesses. Our performance and progress are reviewed annually within the management analysis, where key departments assess their evolution against improvement measures planned and targets set.

We are also committed to transparently reporting all relevant topics, providing clear disclosures in accordance with relevant standards and frameworks, such as this report or other assessments such as EcoVadis.



Even though we have a solid understanding of circular economy and apply its principles, we face the limited market penetration of biodegradable products or products with recycled material content. This originates in a series of factors that are linked with each other. A significant challenge is the general lack of consumer awareness and education regarding the benefits of these sustainable products, which can lead to hesitance in purchasing decisions. Additionally, the price sensitivity of consumers plays a critical role, as biodegradable and recycled products often have higher production costs compared to conventional alternatives, deterring potential buyers who may prioritize cost over sustainability.

Moreover, there is a prevalent skepticism regarding the performance and quality of biodegradable materials, with many consumers and businesses uncertain whether these products can meet their performance needs. This perception is compounded by the limited infrastructure for effective recycling and the dominance of established conventional products that overshadow newer, eco-friendly options. As a result, these interrelated factors create significant barriers to the widespread adoption of biodegradable and recycled material products, ultimately hindering TeraPlast's efforts to penetrate the market and fulfill our sustainable development objectives.

While we have conducted a double materiality assessment as part of our sustainability reporting process, we have not yet performed a formal screening of our assets using specific tools or methodologies to identify impacts, risks, and opportunities (IROs) related to resource use and the circular economy.

However, in identifying and assessing IROs for this topic, we considered all Group facilities, leveraging available assumptions regarding asset composition and operational realities. Our approach has been based on internal expertise, industry knowledge, and regulatory expectations rather than a structured asset screening tool.

As we refine our sustainability strategy, we recognize the value of implementing a more systematic assessment of asset-related risks and opportunities in this area.

Policies related to resource use and the circular economy

The Group's Environmental Policy emphasizes the importance of waste management and the reintegration of materials into new products. This approach aligns with circular economy principles, aiming to reduce environmental impact through efficient resource use and recycling initiatives.

The IMS (Integrated Management System) Policy integrates quality, environmental, and occupational health and safety management systems. Within this framework, the Group commits to efficient resource utilization and the implementation of measures that support the circular economy. This includes continuous improvement of processes to enhance environmental performance and promote sustainability.

However, a total transition from the traditional resources used (virgin raw materials) is not feasible, since there are certain products and applications that do not have a viable biodegradable/ renewable solution yet. At the same time, there are specific uses of products that require virgin raw materials by product standards (e.g., water transport and distribution PE pipes).

Regarding our procurement procedure for selecting and evaluating our suppliers, we have strict provisions in terms of suppliers' certifications, quality assurance and product characteristics documents, as well as a supplier code of conduct we require them to uphold. In addition, we run quality tests in our own laboratory. Thus, we make sure that we acquire safe and qualitative resources from responsible managed sources and, furthermore, we offer the best solutions to our customers.

Actions and resources related to resource use and the circular economy

Using recycled raw materials, developing biodegradable packaging solutions, and optimizing production processes to reduce emissions and waste and to also contribute to the larger objective of responsible plastic management have been in our focus in recent years and have had a pivotal role in our investments. These initiatives are not only essential for compliance but also position TeraPlast as one of the European leaders in sustainable industrial solutions.

We operate a dedicated recycling division, TeraPlast Recycling, which plays a key role in the circular economy framework. The facility processes rigid PVC waste from various sources, transforming waste into high-quality recycled materials. The Group's recycling efforts contribute to decreasing the reliance on virgin materials and thus reducing the environmental footprint associated with raw material extraction and processing. At the same time, TeraPlast Recycling is one of the largest rigid PVC recyclers in Europe.

We also employ advanced technologies and processes to minimize waste during production. By having internal recycling equipment, we ensure that any by-products from manufacturing are converted into secondary raw materials and reintegrated into the production process. If this is not possible, disposal procedures are in place in line with our waste management provisions. This approach not only reduces resource consumption but also lowers operational costs. More precisely, we integrate recycled materials into PVC pipes, Polypropylene multilayered pipes, corrugated pipes for drainage and cable protection and in part of the flexible polyethylene packaging solutions.

We also focus on offering sustainable products. The Gri(n) Pipe is a prime example of how TeraPlast integrates circular economy principles into its product offerings. By promoting the use of recycled materials and reducing waste, TeraPlast's Gri(n) Pipe plays a crucial role in encouraging a shift towards sustainable practices in the industry. This product integrates up to 100% recycled PVC, and for its recipe we hold an international patent.

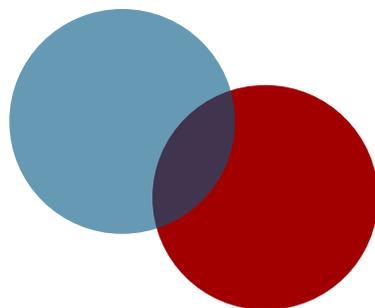
The biodegradable and compostable packaging, which is certified OK Compost by TÜV Austria, is another example of products aimed to contribute to the transition towards a circular economy. The biodegradable packaging portfolio is managed by TeraBio Pack, a subsidiary of TeraPlast.

Regarding virgin raw materials, our recipes follow the optimal structure to comply with all international product standards and we use state-of-the-art equipment for maximum productivity, to ensure we obtain high quality products with optimal resource consumption. This also implies the procurement of high-quality raw materials.

Periodic tests are carried out in our own laboratory, which is certified by RENAR – the national body of accreditation in this field. These tests aim both at quality checks and characteristics of the products, and at testing the characteristics and quality of the raw materials we procure. Before entering a collaboration with a new supplier, we evaluate test-batches in our laboratory.

In terms of waste management, we selectively collect packaging and other recyclable waste generated by us across our activity sectors, ensuring it is picked up by authorized collectors. Non-recyclable waste is collected separately and handed over only to authorized collectors for safe transportation to licensed disposal facilities or storage sites. When picked up by collectors, both recyclable and non-recyclable waste is weighed, and the quantities are recorded on transport documents and registered in a centralized database by the personnel of the environmental department. Packaging waste quantities are monitored weekly to ensure compliance with the recycling percentages stipulated by specific legal requirements in the field of packaging waste.

Action	Description	Status	Time horizon	Expected outcome
Internal recycling of production scrap.	By having internal equipment to recycle scrap, we reduce production waste, thus the impact it can have on the environment. Moreover, we reinsert the materials in production, maximizing productivity.	implemented	continuous	Reuse of production scrap by reinserting it into production.
Integrating recycled materials in products.	By integrating recycled raw materials into products, we contribute to eliminating plastic waste from the environment and we offer to the market products that are environmentally friendly. These include pipes and flexible packaging. For pipes that integrate recycled PVC we also have a patent.	implemented	continuous	Having environmentally friendly products within our portfolio as an alternative to traditional ones.
Replacement of fossil based raw materials, where possible, with environmentally friendly ones.	Our biodegradable and compostable packaging portfolio offers a sustainable alternative to products made of traditional materials (HDPE, LDPE), contributing to reducing the impact on the environment and compliance with European regulation on packaging.	implemented	continuous	Our portfolio includes certified biodegradable and compostable pack-aging as an alternative to HPDE and LDPE packaging, offering means to comply with European regulation on packaging.



Targets related to resource use and the circular economy

We have not established specific targets related to resource use and the circular economy. However, we recognize the importance of such targets in driving progress and will continue to assess our approach as we refine our sustainability strategy and, as we develop a transition plan, we expect targets related to this topic to materialize as well.

Key figures regarding resource inflows and outflows

Resource inflows 2024 - TeraPlast Group

Category	Material	Unit	Quantity	Share in total, %	Details
Virgin raw materials	PVC	T	21,293	18%	all virgin PVC procured by the Group; complete quantitative data available
	Polyethylene	T	39,112	34%	all virgin PE procured by the Group; complete quantitative data available
	Polypropylene	T	2,138	2%	all virgin PP procured by the Group; complete quantitative data available
	Other polymers and additives	T	18,439	16%	all other virgin polymers and additives procured by the Group; Calcium carbonate, Pigments & Dyes, Lubricants, Modifiers (e.g., flow, impact, etc.), Plasticizers, Stabilizers (Ca-Zn), Inks & Solvents, miscellaneous additives (e.g., flame retardants, foaming agents, etc.)
Biodegradable raw materials	Biodegradable	T	960	1%	all biodegradable raw materials procured by the Group; complete quantitative data available
Unprocessed raw materials (waste)	PVC (rigid PVC waste)	T	8,504	7%	rigid PVC waste as raw material for TeraPlast Recycling; complete quantitative data available
	Polyethylene (PE waste)	T	38	0.03%	all PE waste as raw material procured by the Group; complete quantitative data available
Secondary raw materials (recycled)	PVC (recycled PVC)	T	11,323	10%	all recycled PVC procured by the Group; complete quantitative data available
	Polyethylene (recycled PE)	T	6,165	5%	all recycled PE procured by the Group; complete quantitative data available
	Polypropylene (recycled PP)	T	813	1%	all recycled PP procured by the Group; complete quantitative data available
Windows & doors materials	Glass for windows and doors	T	1,328	1%	all glass procured for TeraGlass. The weight is estimated using the conversion formula: 1 sqm of glass with a thickness of 4 mm = 10 kg, based on information from our main supplier
	PVC and Aluminum profiles	T	1,564	1%	all PVC and Aluminum profiles procured for TeraGlass. The weight of the PVC and Aluminum profiles is known for approximately 99% of the purchased products, thus the weight was estimated based on the available information for the remaining 1% of the purchased products in this category
	Reinforcements	T	239	0.2%	all Reinforcements procured for TeraGlass. Considering these products are purchased in linear meters; to estimate weight we used the conversion formula: 1 m of reinforcements = 0.42 kg, based on information from the production department (weight considered for a standard unit / assembly / fabrication)
Procured packaging	Cardboard, plastics, wood, metal, etc., or mixed material packaging (i.e., metal & plastic containers, wood & metal containers, etc.).	T	3,092	3%	Packaging procured for packing finished goods of the Group, where weight is available. This quantity represents approximately 80% of the total spend on packaging purchased by the companies of the TeraPlast Group, namely 13.3 million lei out of a total 16.6 million lei
Other procured goods	Various goods procured in units of mass (kg)	T	587	1%	all the other goods purchased in kg that are not included in the categories above, or for which the quantity in kg was calculated (e.g., lids, gaskets, oils & emulsions, technical gases, metals, etc.)
TOTAL resource inflows		T	115,596		

Regarding the data compiled, to avoid double-counting in our inflows, we ensured that the quantities were accounted for only once by distinguishing between direct purchases from third-party suppliers and intercompany transfers. We aligned our methodology with accounting records and ensured that each purchase of goods was recorded in the appropriate category and in the correct company, without duplication, so that the quantities reported are accurate and reliable.

The total quantity in the Resource inflows 2024 table (115,596 T) is for approximately 87.7% of the total goods procured by the Group (percentage calculated based on procurement value), where weight data are available. For the remaining 12.3%, weight data is not available due to the diversity of the procured goods, therefore we estimated a quantity between 2,500 and 10,000 tons.

Resource outflows 2024 - TeraPlast Group					
Category	Unit	Quantity	Share in total, %	Recyclability	Details
PVC products	T	37,632	39%	100%	includes all products of the Group's Installation & Compounds businesses made of virgin PVC (pipes, fittings, compounds, etc.), EXCEPT products with recycled content
PE products	T	20,548	22%	100%	includes all products of the Group's Installation business made of virgin PE, EXCEPT products with recycled content
PP products	T	919	0.96%	100%	includes all products of the Group's Installation business made of virgin PP, EXCEPT products with recycled content
Recycled PVC	T	957	1.0%	100%	includes the recycled PVC sold to third parties only (EXCLUDES intra-group transactions)
Products with recycled content	T	18,854	20%	100%	includes all products of the Group's businesses that integrate recycled material
Biodegradable packaging	T	936	1.0%	100%	includes all products of the Group's Packaging business made of biodegradable material
PE packaging	T	11,952	13%	100%	includes all products of the Group's Packaging business made of PE, EXCEPT products with recycled content
Products made from other plastic materials (ABS, PA, PC, etc.)	T	345	0.36%	100%	includes all products of the Group's businesses made of plastic materials EXCEPT the ones above
PVC and Aluminum windows & doors	T	3,390	3.5%	> 98%	includes all products of the Group's Windows and doors business. The quantity was calculated using a standard weight of 30 kg per window and 50 kg per door
Other products, manufactured by TeraPlast Group, but not made of plastic materials	T	3	0.003%	100%	includes products of the Group's businesses that are not made of plastic materials
TOTAL resource outflows	T	95,537			



In our resource outflows we included all the finished products sold by the companies within the Group, except for intercompany sales, as those quantities of products were included in the inflows in the respective purchasing companies to avoid double-counting. Products with recycled content were calculated based on available information from both the production and sales departments. The quantities were compiled using data on sales reconciled with the financial statements.

Additional information to support and offer more clarity for the “Details” column in the Outflows table (page 94):

- Installations offer complete solutions for: interior and exterior sewage, water and gas transport and distribution, rainwater management, cable protection, microtubes for telecommunication, underfloor heating system. Part of our pipe portfolio includes products with recycled content. Moreover, for the PVC pipes for wastewater management, named Gri(n) Pipe, we have an international patent for the recipe which can integrate up to 100% recycled PVC.
- Granules offer plasticized and rigid PVC granules used for various industrial applications, such as electrical cables, extruded and injected products. Additionally, we produce halogen-free, fire-resistant (HFFR) granules.
- The recycling business is a leading rigid PVC recycler in Europe, through which we contribute to eliminating PVC waste from the environment and to the transition towards a circular economy by offering in the market qualitative recycled material. The waste we process is of both post-industrial and post-consumer origin from Romania and other EU member states. The finished products can be used in a wide range of products, from window profiles and strips for various applications both outside and inside buildings, to platforms and terraces, multilayer pipes, and accessories for transporting rainwater and wastewater.
- The flexible packaging business includes biodegradable and compostable packaging, aligning with circular economy principles and offering sustainable alternatives to traditional plastic packaging, as well as polyethylene flexible packaging which also integrates recycled material. This business line is complemented by the Opal stretch film, for which we are the only manufacturer of 9-layered stretch film in Romania. Opal's stretch films are adaptable, 100% recyclable, and designed to reduce packaging costs while maximizing product protection.
- The windows and doors segment comprises of complete solutions which contribute to meeting high energy efficiency standards and enhance thermal insulation and durability.

Waste 2024 - TeraPlast Group

	Quantity	Unit
TOTAL GENERATED WASTE (1 + 2 + 3):	3,494	T
Total hazardous waste generated (1.A + 2.A + 3.A):	26	T
Total unrecycled waste (1 + 2 + 3 -1.A.ii -1.B.ii):	1,392	T
Total unrecycled waste – share in total waste generated	40%	%
1. Total waste diverted from disposal (1.A + 1.B):	2,119	T
A. HAZARDOUS (i + ii + iii)	18	T
i. preparation for reuse	0	T
ii. recycling	0.7	T
iii. other recovery operations	17	T
B. NON-HAZARDOUS (i + ii + iii)	2,101	T
i. preparation for reuse	0	T
ii. recycling	2,101	T
iii. other recovery operations	0	T
2. Waste directed to disposal (2.A + 2.B):	1,355	T
A. HAZARDOUS (i + ii + iii)	9	T
i. incineration	9	T
ii. landfill	0.01	T
iii. other disposal operations	0	T
B. NON-HAZARDOUS (i + ii + iii)	1,347	T
i. incineration	806	T
ii. landfill	541	T
iii. other disposal operations	0	T
3. Waste inventory (3.A + 3.B)	20	T
A. HAZARDOUS	0	T
B. NON-HAZARDOUS	20	T

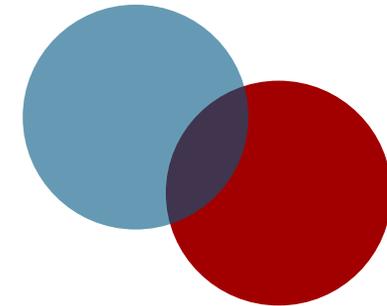
Waste generated by the companies within the Group was accounted for based on detailed information from our environmental professionals, transfer notes from waste collectors and, where available, data from accounting records. The compiled data includes waste from purchased goods as well as waste from sold products, primarily consisting of recyclable packaging materials. These are either recycled internally where possible or collected by third parties for recycling or other recovery processes. Additionally, waste generated from production processes was, for the most part (approximately 98%), recycled internally. When internal recycling was not feasible, the waste was collected by authorized third parties for appropriate disposal or treatment.

At present, we have not conducted formal assessments on the durability of our products. However, industry research, technical studies, and analyses from large manufacturers and professional associations indicate general durability expectations for similar products.

While we acknowledge the importance of durability in the context of resource efficiency and circular economy principles, we currently rely on existing market data rather than proprietary studies. As part of our commitment to sustainability, we continuously monitor industry developments and regulatory requirements, which may inform future initiatives related to durability assessments.

Anticipated financial effects of impacts, risks, and opportunities related to resource use and the circular economy

TeraPlast Group has not conducted a detailed financial impact assessment of risks and opportunities related to resource use and circular economy. At this point, the only financial effect we can name is related to sales below potential for sustainable products, that comes from the limited penetration of these products into the market, caused by either consumer reluctance, insufficient enforcement of regulation and/or limits that come from product standards' requirements. We have not quantified this financial effect. As we advance our sustainability strategy, we aim to integrate financial impact assessments into our planning processes, enabling us to have a structured quantification of the expected costs and benefits of transitioning to circular economy practices. We are committed to increasing the use of recycled raw materials and optimizing resource consumption, which we expect to bring long-term financial and environmental benefits. Future reports will include updates on these efforts.



3.3. Social (S1, S4)

3.3.1. Own workforce (S1)

Social dialogue

Conserving employee satisfaction through constant consultation with the union – OPPORTUNITY

Policy	Actions	KPI for measuring progress	Targets
<p>No formal policy, but union subject to national provisions in Romania. From these consultations, policies can derive to support and formalize the topics agreed on.</p> <p>Scope Consultations with the union are applicable for companies in Romania (TeraPlast, TeraPlast Recycling, TeraGlass, TeraBio Pack).</p> <p>Description Constant consultations with the union are key to demonstrating awareness and interest towards employee needs and working conditions. When their needs are met and, where applicable, implemented within formal documents such as the collective bargaining agreement, it supports employee satisfaction.</p>	<p>Constant consultations with the union.</p>	<p>No specific KPIs set to specifically link employee satisfaction to consultations with the union. Insight and assessment is based on union representatives' feedback and negotiations.</p> <p>Employee turnover rate.</p>	<p>No targets set on this specific topic.</p>

Training & skills development

Free access to training and skills development programs for all employees – OPPORTUNITY

Policy	Actions	KPI for measuring progress	Targets
<p>No formal dedicated policy on training, but provisions on continuous development of workforce within other formalized policies such as the code of conduct and internal rules.</p> <p>For skills development there is a procedure available dedicated to increasing the skills of workers who need qualification or periodical training by the nature of their job.</p> <p>Description</p> <p>All training and skills development courses are granted by the company free of charge for the topics that aim at the individual's specific job.</p>	<p>At the beginning of each year, all managers are called to propose various courses that could be relevant and topical for the employees under their subordination. After centralizing all data, a training plan is drawn up for the respective year.</p>	<p>Number of hours of training per employee.</p> <p>Number of total hours of training.</p> <p>Number of employees who participated in training and skills development programs as a share in total employees.</p>	<p>No targets set on this specific topic.</p>

Working conditions

Strict provisions on arrangement and maintenance of working spaces – Actual positive IMPACT

Policy	Actions	KPI for measuring progress	Targets
<p>Derived from the Health and Safety policy, specific procedures and work instructions are available.</p> <p>Scope</p> <p>For each production facility of TeraPlast Group we have developed work instructions that indicate the proper ways to carry out the activity and necessary steps to ensure a safe, clean and professional workplace.</p> <p>Description</p> <p>Strict provisions on workspace arrangement and maintenance improve safety by reducing accidents, enhance productivity through better organization, and boost employee well-being by creating a comfortable environment.</p>	<p>Conducting risk assessments for every workplace which result in specific measures to eliminate risks at source, reduce risks where mitigation is not possible, or keep risks under control.</p> <p>There are internal safety instructions establishing safe working conditions for each activity carried out by the employees, including measures for the proper organization and layout of the workspace.</p> <p>Safety instructions are displayed in the workplaces in a simplified form, detailing specific hazards, preventive actions to mitigate risks, required PPE, first-aid instructions, actions to be taken in case of improper equipment operation or in case of defects.</p> <p>Incremental improvements on working conditions to better address employees' needs.</p>	<p>Number of work-related accidents and their severity.</p> <p>Compliance with applicable legislation.</p>	<p>No targets set in line with ESRS requirements.</p>

Secure employment

Offering job security – Actual positive IMPACT

Policy	Actions	KPI for measuring progress	Targets
No dedicated policy on job security; this topic is covered by the provisions of the collective bargaining agreement and national legislation on labor.	<p>Collective bargaining agreement with provisions to ensure stable employment for workers, such as clear terms for employment contracts, protection against unjust dismissal, health & safety and provisions for compensation and wages.</p> <p>Employees are guaranteed fair treatment and protection from arbitrary termination.</p> <p>Alignment of compensation and benefits strategy to all companies in Romania to ensure equal benefits for all employees.</p>	Employee turnover rate.	No targets set on this specific topic.

Working time

Increasing job satisfaction – Actual positive IMPACT

Policy	Actions	KPI for measuring progress	Targets
<p>In the internal regulations and the Collective agreement, both working and rest time are clearly stipulated. Through the timesheets made monthly, compliance with the legal provisions in the field is controlled.</p>	<p>Monthly control of timesheets by the HR department and correction of any discrepancies.</p> <p>Closely monitoring the completion of the due vacation days.</p> <p>In exceptional situations when overtime work is necessary, we have clear provisions regarding its compensation.</p> <p>For our colleagues in production, clear provisions of pay conditions for shifts and weekends are applied, in line with the collective agreement.</p>	<p>Tracking the number of overtime hours and the remaining days of vacation by monthly reports.</p>	<p>No targets set on this specific topic.</p>

Health and safety

Ensuring a safe working environment – Actual positive IMPACT

Policy	Actions	KPI for measuring progress	Targets
<p>Health and Safety Policy. Guide for non-harassment and anti-discrimination at work.</p> <p>Scope This policy applies to all activities within the TeraPlast Group, ensuring health and safety standards are met across all workplaces.</p> <p>Description The policy outlines the commitment to providing safe working conditions, managing health and safety risks according to ISO 45001 standards, and conducting regular inspections and training to prevent workplace accidents and illnesses.</p> <p>The Guide on non-harassment and anti-discrimination at work contains the principles of promoting equal opportunities and states our zero-tolerance policy towards any harassment and/or discrimination.</p>	<p>Dedicated health & safety employees to ensure compliance with local legislation and ISO 45001 in Romania.</p> <p>Third-party specialists ensure compliance with local legislation for companies outside Romania.</p> <p>Risk Assessments conducted by position and workplace, revised as needed for constant control.</p> <p>Annual exams tailored to job duties to ensure optimal workforce health condition.</p> <p>Introductory and periodic training on risks and best practices to have a future-ready workforce.</p> <p>Provision of PPE (personal protective equipment) based on workplace risks, periodically updated, to reduce the risks of accidents.</p> <p>Visual Management is an essential instrument for reinforcing safety protocols and hazard awareness.</p> <p>Acquisition of new protective equipment, twice per year, after consultation with personnel.</p>	<p>Progress towards the H&S training plan.</p> <p>Degree of compliance with the provisions regarding the wearing of protective work equipment and the provisions regarding the safe conduct of work, in line with work instructions - verified through internal periodic inspections.</p> <p>Number of work-related accidents and their severity.</p>	<p>No targets set in line with ESRS requirements.</p>

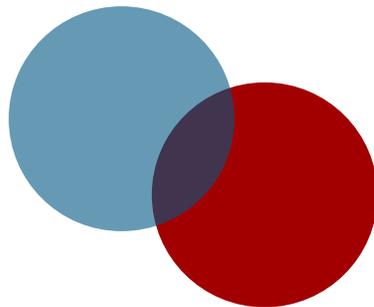
Detailed information on policies, actions and performance on Health and safety topics is provided below within this chapter.

The interaction of impacts, risks, and opportunities with strategy

We identify and manage material impacts, risks, and opportunities related to our workforce to refine our initiatives and manage efficiently the expectations and needs of our employees, fostering a supportive and responsive work environment. Within the DMA, we gathered insight on this topic from key stakeholders, as detailed in the “General disclosures” chapter, which helped inform our approach and identify the material IROs relevant to this reporting.

Key opportunities include conserving employee satisfaction through constant consultation with the union and providing free access to training and skills development programs for all employees. Positive impacts include strict provisions on the arrangement and maintenance of working spaces, offering job security, increasing job satisfaction, and ensuring a safe working environment. These elements are crucial in shaping the company's strategic direction and operational decisions. All employees across TeraPlast Group are affected by these topics.

Currently, we do not have operations at significant risk of forced labor and/or child labor, these practices being forbidden by national and international European law. Moreover, we state our zero-tolerance approach to this kind of practices in our business conduct provisions and expect our value chain to uphold the same principles.



Policies related to own workforce

The TeraPlast Group adheres to the national Romanian legal requirements that support the existence of unions and collective bargaining agreements, as well as respecting labor rights. According to the Romanian Labor Code, employees have the right to form and join trade unions to protect their interests. We respect these legal provisions and actively engage with the union representing our workforce in Romania. The collective bargaining agreement in place ensures that employees' rights and interests are protected and promoted. The other companies in the Group, in Hungary, Austria and Republic of Moldova, do not fall under national regulations on unions and collective bargaining agreements, but we ensure their rights and interests are respected as a base principle in relation to our colleagues.

Every year, we conduct consultations with the union in Romania to review benefits and working conditions. These consultations aim to align the company's practices and approach with employees' expectations and interests, ensuring that they remain updated and relevant, and even influence our policies. The outcomes of these consultations include adjustments to compensation packages, improvements in working conditions, and enhancements to employee benefits.

The TeraPlast Group Code of Conduct applies to all our employees, and emphasizes ethical business conduct, respect for human rights, and the promotion of a safe and inclusive work environment that fosters equal opportunities and competence-based performance. The Code outlines the company's commitment to integrity, professionalism, non-discrimination and respecting the interests of any vulnerable group in our workforce. It also includes policies on anti-corruption, ensuring that employees act ethically and responsibly in all business dealings. The Code is complemented by the anti-harassment and discrimination guide which strengthens our commitment to provide a working environment free of such treatments and defines concepts for clear understanding. Thus, we condemn discrimination based on racial and ethnic origin, color, sex, sexual orientation, gender identity, disability, age, religion, political opinion, national extraction or social origin, or other forms of discrimination as stated by Union regulation and national laws. Within this

framework we also forbid practices that imply forced labor, child labor or human trafficking. In drawing up all these provisions we consider being in line with all the main international initiatives on these topics.

TeraPlast Group's Health and Safety Policy serves as the foundation for developing specific instruments on workforce health and safety, in line with the ISO 45001 management system for the companies in Romania. The policy includes the elimination of hazards and reduction of risks, with the company committed to identifying and mitigating workplace hazards to ensure a safe working environment. TeraPlast Group provides safe and healthy working conditions to prevent work-related injuries and illnesses. This includes regular safety drills, risk assessments, and the provision of appropriate protective equipment. The company continuously improves its health and safety performance through regular audits, employee training, and feedback mechanisms. Employees are actively involved in health and safety initiatives, ensuring that their perspectives and concerns are considered in decision-making processes.

The whistleblower policy at TeraPlast Group sets the grounds for secure and objective instruments for reporting incidents, in line with applicable regulations. This policy is applicable to anyone who, in a professional context, interacts with the Group and encounters situations that violate the company's rules, national and international regulations, or harm the environment, including to our workforce. The whistleblower policy operates on principles of trust, objectivity, good faith, safety, and confidentiality. Reporting should be specific, factual, and submitted in good faith; whistleblowers are protected from retaliation. Confidentiality of the whistleblower's identity and other sensitive information is ensured unless otherwise consented. The policy explicitly prohibits retaliatory actions against whistleblowers, including disciplinary actions, discriminatory treatment, or threats. Detailed information on the whistleblower policy is available within the "General disclosures" chapter.



Consultation with the workforce, social dialogue, and the collective labor agreement

Our Group actively involves employees and their representatives in discussions related to topics that are of interest to them, or which have the potential to impact them, aiming to maximize positive impact. Such topics include employee satisfaction, ensuring a safe working environment, upholding strict provisions on arrangement and maintenance of working spaces, offering job security and job satisfaction. We facilitate regular consultations, feedback sessions, and formal and informal engagements with trade unions.

At TeraPlast Group we are also committed to respecting and promoting fundamental human rights, citizens' rights and the free movement of people in each company and in all the business relationships we carry out. The Group complies with international directives, norms and standards on respect for human rights:

- The Universal Declaration of Human Rights - UN
- EU Charter of Fundamental Rights
- European Convention on Human Rights

Thus, we furtherly respect the rights of employees, promoting a fair remuneration program, without discrimination, based on performance and skills or by protecting safe and healthy working conditions, in accordance with local and international legislation and regulations.

By collaborating with the labor union, we ensure that we incorporate employee perspectives into decision-making and that we are aware of any specific concerns of particular employee groups. The CEO and Human Resource Director hold the primary responsibility for ensuring that these engagement processes are effectively implemented. This includes overseeing meetings, ensuring compliance with consultation requirements, and integrating employee feedback into our strategies. The frequency of the meetings is both in response to legal requirements and stakeholders request for process changes or process improvement.

These engagement processes apply specifically to our companies in Romania, where structured rules of engagement with the union are in place and 100% of workers here are covered by the collective bargaining agreement, respectively are represented by the existing union. They represent 86% of the total TeraPlast Group employees. The remaining companies within TeraPlast Group, namely the ones in the Republic of Moldova, Austria and Hungary follow local legal requirements regarding employee engagement and sustainability compliance. Although by their internal rules they respect the freedom of association, from the perspective of national regulations, these companies do not have a legal obligation to have a union or appoint employee representatives and no such issue arose until now originating from own workforce. Following their integration within TeraPlast Group, this topic will be addressed independently.

Collective Labor Agreement and Code of Conduct

For our operations in Romania, we have a Collective Labor Agreement as well as a Code of Conduct in place, that actively foster fair relationships with our employees and state each party’s rights and obligations, including respecting human rights, and prevention of harassment and discriminatory behaviors in the workplace. The code of conduct clearly outlines policies and reporting mechanisms to ensure a respectful and inclusive work environment for all employees.

Moreover, a well-structured social dialogue leads to improved employee morale, reduced workplace conflicts, and a stronger alignment between organizational goals and workforce needs.

	Collective Bargaining Coverage		Social Dialogue
Coverage Rate	Employees – EEA (for companies with >50 employees Representing >10% of total employees)	Employees – non-EEA (for regions with >50 employees representing >10% of total employees)	Workplace representation (EEA only) (for companies with >50 employees Representing >10% of total employees)
0-19%	HUNGARY		HUNGARY
20-39%			
40-59%			
60-79%			
80-100%	ROMANIA		ROMANIA

Actions taken during 2024, following discussions with the union, to strengthen our alignment between employee input and the Group’s strategy:

- Aligning the Compensation & Benefits strategy for all Romanian companies – Equal benefits for all employees within the group, increase in the bonus fund for holiday periods
- Incremental improvements in working conditions to better address employees’ actual needs
- Purchase of new protective equipment after consultation with personnel, twice per year

By permanently being aware of our workforce’s needs, we ensure that employees participate in our continuous improvement initiatives, leading to informed decision-making, enhanced corporate responsibility, and alignment with broader Environmental, Social, and Governance objectives. Additionally, by proactively addressing workforce-related opportunities and impacts, we aim to foster a resilient and future-ready workforce. Through continuous collaboration with employees, unions, and stakeholders, we ensure that our sustainability initiatives align with both employee well-being and long-term business growth.



Remediation of negative impacts and whistleblowing mechanisms

Our organization has established clear procedures for addressing negative impacts and ensuring employees have accessible channels to raise concerns about sustainability-related matters.

Complaint and Reporting Mechanisms:

- Anonymous reporting system for workplace issues and sustainability-related concerns in line with international provisions of initiatives such as the UN Guiding Principles on Business and Human Rights
- Dedicated HR and Compliance officers to handle grievances and remediation efforts
- Regular audits to ensure compliance with labor rights and other employee-related commitments. (e.g., in 2024 there was a recertification process for the companies with ISO 45001; following this audit we renewed our certification)
- Whistleblower protection measures to safeguard employees who report unethical or unsustainable practices besides the employee complaints provisions in the internal rules.

Remediation and Prevention Actions:

- Prompt investigation of reported concerns and development of corrective measures
- Employee support programs, including mediation and conflict resolution services. In case there are conflicts between employees and this is reported, there is a committee for receiving and resolving the cases with the aim of resolving them and preventing them in the future
- Continuous improvement plans based on feedback and concerns raised by employees

- Clear and solid provisions on workforce rights and freedoms, and compensation measures included in the collective agreement

These mechanisms foster trust within the workforce, ensuring that all employees feel heard and protected while contributing to a healthy and ethical workplace.

In line with applicable regulation on the protection of whistleblowers, our system and procedure comprise strict provisions on managing, investigating and providing remedies for people raising concerns, meaning that employee complaints remain confidential and are protected from retaliation. More specifically, it is prohibited to impose any disciplinary sanction, discriminatory treatment, or other adverse actions against them, such as dismissal, transfer, reduction or withdrawal of benefits, denial of promotion or access to training, termination of collaboration, threats, harassment, or other such actions against them or their family. If the personal safety of a whistleblower or his family members is put at risk, they must necessarily have the right to protective measures. A formal evaluation of the employee satisfaction on these grievance channels has not been carried out, but it will be considered for future assessment instruments dedicated to employee satisfaction.



Incidents, complaints and severe human rights impacts

During the reporting year, no incidents and complaints were reported on severe human rights impacts; no fines, sanctions or compensations were imposed on discrimination, harassment or ethics incidents.

Actions targeted at material topics related to the workforce

Action	Description	Status	Time horizon	Expected outcome
Regular consultation with the union to increase job satisfaction and safeguard employee rights.	Employee needs and benefits can be managed better through a union that represents them and promotes employee rights. Within the consultation with the union, we negotiate the employee benefits packages and become aware of their needs.	continuous	2025	Benefits package in line with employee expectations and needs.
Continuous training of employees to maintain a high rate of skilled labor and increase non-productive employees' expertise.	Increase qualification by upskilling in specific positions like plastic operators or forklift operators. Increase technical skills For Non-Productive employees: Excel courses, Power BI or business English.	planned	2025	Increased number of course hours, up to 20,000 compared to 2024 (16,171 hours).
Review of provisions regarding the organization and management of working spaces.	Considering the expansion of our Group, we plan to review for each operational location all the provisions and procedures regarding the arrangement and maintenance of working spaces, especially for production, to ensure that uniform standards are applied everywhere. This also improves employee safety.	planned	2025-2026	Uniform standards of working spaces arrangement and maintenance are implemented across all locations of the Group.
Annual safety and emergency situations drills.	Having annual drills on safety and emergency situations we stimulate the assimilation of all applicable procedures, workflows and information regularly presented to our employees within trainings.	continuous	annual	Well prepared employees to intervene in case of emergency situations.
Annual training plan.	Proposals from managers, at the beginning of each year, on training relevant and/or needed for their teams.	continuous	annual	Training plans tailored to employees' needs of knowledge and skills development.
Workplace risk assessments and tailored safety instructions.	Identification of workplace specific risks to mitigate or prevent, followed by safety instructions review, if needed.	continuous	annual	Safe workplaces and well-equipped employees to mitigate exposure to potential workplace risks.

Within TeraPlast Group we focus on offering stable employment and fair remuneration for the work performed and skills of our colleagues. We permanently seek instruments for increasing job security and satisfaction among workers, reducing stress and uncertainty. For this, we have formal frameworks, such as pay scales and specific criteria for awarding additional benefits.

In our view, ensuring employee safety and health is non-negotiable. We maintain strict health and safety standards, conduct periodic safety drills and risk assessments, and provide personnel with protective equipment adapted to their work specificity. Workplace ergonomics are improved to prevent injuries, and employees receive training on safety procedures and healthy work practices. We also have emergency response plans and on-site medical resources for immediate support. All these are supported by our health and safety policy at Group level. Additionally, we carry out our activity in this area within the Occupational Health and Safety Management System according to ISO 45001 standard.

Having strict provisions on how the working spaces are organized and managed/tended (be it production, offices or even concern on the company's vehicles state for the sales agents) has a direct influence on the working conditions of the employees, contributing to preserving their health, productivity and satisfaction. Dedicated provisions are specifically addressed through work instructions and periodic training sessions tailored to the characteristics of each workplace. Compliance with these provisions is verified through regular internal inspections, and where necessary, we provide additional training.

Moreover, reasonable working hours and clear provisions for overtime conditions together with a strong benefits package can lead to increased productivity and job satisfaction among employees. Our businesses encourage freedom of association and the effective recognition of the right to collective bargaining, the elimination of all forms of forced labor, the effective abolition of child labor and the elimination of discrimination in employment and relationships at work. To reduce stress and burnout, we monitor workloads and encourage a healthy work-life balance, including reasonable working hours and overtime management.

Continuous dialogue with the union on working conditions, benefits and on negotiation of the Collective Labor Agreement also contributes to us having a complete and accurate oversight into employee needs, feedback and satisfaction on the working conditions. We will continue organizing meetings on the safety of the working environment and protective equipment and starting 2025 we plan for them to take place quarterly.

Additionally, the principles we follow to prevent discrimination and harassment, to ensure ethical and righteous business conduct as well as to address potential incidents on these topics, are comprised within our internal rules, code of conduct and the dedicated guide against discrimination and harassment.



We do not tolerate behaviors that contravene TeraPlast Group's internal regulations and policies, human rights, or current legal provisions. We have zero tolerance for any discrimination and/or unethical behavior. Any such situation can be reported through the integrity whistleblower system available publicly on the websites of the companies of the Group.

We offer extensive professional development programs, including workshops, online courses, and tuition reimbursement for external education to further contribute to increasing our workforce and implicitly our Group's performance. Employees receive ongoing training to upgrade their skills, and we encourage them to pursue certifications or further qualifications relevant to their roles. By promoting continuous learning, we not only support individual career growth but also strengthen the company's overall skill base.

We monitor performance indicators like employee turnover rate, training hours per employee, accident/incident rates, and employee satisfaction scores. We also track diversity statistics (e.g. gender and minority representation) and have seen steady improvements, reflecting the impact of our inclusion initiatives.

We have a continuous improvement approach, thus the results of these metrics and ongoing feedback inform our action plans. For instance, if the number of overtimes increase or we highlight workload stress in certain departments, we respond by hiring additional staff or adjusting project timelines. We treat this monitoring as a feedback loop to continually refine our programs and policies.

By taking these actions on material workforce issues, managing risks proactively, and seizing opportunities to invest in our people, our company not only mitigates potential negatives but also fosters a positive, supportive work environment. This integrated approach to workforce sustainability contributes to overall business resilience and success.



Key information about the workforce

In 2024, TeraPlast Group's team comprised of 1,125 employees. Their structure can be consulted below. Out of total, 93% of the group's employees are permanent employees, reflecting our commitment to stable employment. Regarding working time, 95% of total employees are full-time employees. Country-wise, 85.8% of the employees work in Romania, 10.9% in Hungary, 2.6% in the Republic of Moldova, respectively 0.7% in Austria. Each number of employees per country represents the sum of head-count employees in each company operating in the respective country. No estimations have been made regarding the number of employees.

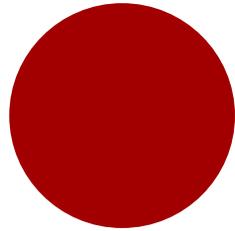
Thus, the countries in the adjacent table are connected to our Group structure as follows:

- Romania includes the employees of the following companies: TeraPlast, TeraPlast Recycling, TeraGlass, TeraBio Pack and Somplast. The other companies in Romania did not have dedicated employees in 2024.
- Hungary includes the employees of the following companies: Polytech, Pro-Moulding, TeraPlast Magyarország and Sörgyári Ipari Park. Itraco did not have employees in 2024.
- Austria includes the employees of Wolfgang Freiler company.
- Republic of Moldova includes the employees of Palplast company.
- Polytech, our subsidiary in Hungary is the only one within the Group which has had non-employees in 2024, respectively 13 people.

2024 Data	Romania	Hungary	Austria	Republic of Moldova	Total
Number of employees	965	123	8	29	1,125
Women	199	40	n/a	n/a	239
Men	766	83	n/a	n/a	849
Permanent employees	942	74	7	26	1,049
Women	194	23	1	3	221
Men	748	51	6	23	828
Temporary employees	23	13	1	-	37
Women	5	0	0	-	5
Men	18	13	1	-	32
Full time employees	911	119	8	26	1,064
Women	171	36	1	3	211
Men	740	83	7	23	853
Part-time employees	54	4	-	5	63
Women	28	4	-	1	33
Men	26	0	-	4	30

All numbers represent head-count at the end of the reporting period. The category "other" regarding gender is not applicable.

Regarding the employee turnover rate, the Group-level turnover rate was 19.32% in 2024, in line with industry-averages. The data was calculated using the total number of employees leaving the company voluntarily, by dismissal and retirement, in the reporting year, compared to the average number of employees. The turnover rate at Group level was calculated using the total number of employees who have left the company, compared to the total number of Group employees, to ensure a representative value.



Social protection

All employees in all our locations are covered by social protection in line with national law for access to health care and income support in cases of challenging life events.

In addition to national regulation, the collective bargaining agreement which covers the employees in Romania includes additional provisions on social protection, respectively different money allowances, compensation or extra-vacation days for:

- Sickness
- Unemployment in case of involuntary leave (restructuring positions)
- Injury at work and acquired disabilities
- Birth and parental leave
- Retirement
- Family events (marriage, funeral)
- Birthday, Easter, and Christmas bonuses

Additionally, the employees covered by the collective agreement have other extra benefits as well, such as health insurance, vacation vouchers, and other bonuses.



Training and skills development

We invest in continuous learning and development initiatives to enhance employee competencies and career growth. This contributes to increasing employee engagement, higher retention rates and improved overall productivity, which positively impacts on long-term business performance.

Our training programs cover both technical and soft skills, ensuring that employees remain adaptable to evolving industry trends. This fosters growth within our operations and helps us adapt and perform under various circumstances.

Information on training is available within the table below for our countries of operation. In Hungary the data regarding trainings is not documented in the form required by ESRS, thus we marked the data to be unavailable. For the rest of the data, we considered the total number of hours of training versus the total number of employees, respectively the total number of training hours by gender versus the total number of employees by the respective category.

The structure of the companies included in the data table below is:

- Romania – we consider relevant the data for the companies that carry out operational activity and concentrate most of our employees, respectively TeraPlast, TeraPlast Recycling, TeraGlass, TeraBio Pack. For Somplast we did not include training data as it is not available, and we considered no training was needed in 2024 given the company's activity (real estate management for one of the Group's locations)
- Hungary – we accounted for companies with operational activity, respectively Polytech and Pro-Moulding. The other companies in Hungary either have one or no employees
- Austria – Wolfgang Freiler company
- Republic of Moldova – Palplast company

2024 data	Romania	Hungary	Austria	Republic of Moldova
Percentage of employees who participated in performance and career development reviews	45.05%	47%	0%	0%
Women	15.08%	44%	0%	0%
Men	84.92%	50%	0%	0%
Average number of training hours per employee	16.98	n/a	0	0.69
Women	7.17		0	6.67
Men	19.49		0	0

Information on occupational health and safety

The effectiveness of our health and safety system and rules can be seen by looking at the health and safety metrics below. In calculating the rate of recordable work-related accidents, we followed the guidance of ESRS, namely we divided the number of accidents by number of total hours worked by our workforce and multiplied by 1,000,000. Regarding the accidents, all employees involved returned to work after completing their days of work incapacity.

2024 data	Romania	Hungary	Austria	Republic of Moldova
Percentage of workforce covered by the Health & Safety management system (ISO 45001)	100%	0%	0%	0%
Number of fatalities as a result of work-related injuries & work-related ill health	0	0	0	0
Number of fatalities as a result of work-related injuries & work-related ill health – value chain workers on Group’s sites	0	0	0	0
Number of recordable work-related accidents	8	9	0	0
Rate of recordable work-related accidents	4.6	46.5	0.0	0.0
Number of cases of recordable work-related ill health	0	0	0	0
Number of days lost to work-related injuries and fatalities from work-related accidents, work-related ill health and fatalities from ill health	261	109	0	0



Targets related to material topics

Regarding the targets requested by the ESRS on own workforce material topics, we currently do not have targets that are fully compliant with the ESRS requirements on targets' characteristics and details. However, we have established and plan to further develop internal objectives and KPIs aimed at enhancing our workforce management. These include increasing the number of training hours for our employees to foster continuous development and skill enhancement, as outlined in the relevant chapter. Additionally, we have set objectives to formalize quarterly meetings with the union to ensure effective communication and collaboration on workforce-related matters. We also have various other objectives focused on improving employee well-being, engagement, and satisfaction. We are dedicated to aligning our practices with the ESRS requirements and will continue to work towards achieving full compliance in the future.

3.3.2. Consumers and End Users (S4)

Freedom of expression

Encouraging dialogue – Actual positive IMPACT

Policy	Actions	KPI for measuring progress	Targets
No dedicated formal policy, but provisions in the code of conduct and available reporting instruments support the topic.	Conducting customer satisfaction studies to facilitate the collection of feedback on multiple dimensions.	Net promoter score. Customer satisfaction results on the quality of the relationship with our team.	No targets set.

Detailed information on policies, actions and performance on Freedom of expression is provided below within this chapter.

Personal safety of consumers and/or end-users

Ensuring product quality and safety – Actual positive IMPACT

Policy	Actions	KPI for measuring progress	Targets
<p>Quality policy within the ISO 9001 management system.</p> <p>No dedicated formal policy directed to safety of consumers, but the provisions of the existing Health and safety policy extend to this.</p> <p>Scope</p> <p>All companies of the Group with production activity: TeraPlast, TeraPlast Recycling, TeraBio Pack, TeraGlass, Palplast, Polytech, Pro-Moulding.</p>	<p>Carrying out periodical trials for our products within the certified laboratory to test product characteristics.</p> <p>Keeping product instructions and safety documentation up to date and providing it for each order.</p> <p>Offering conformity certificates and warranties regarding products' quality.</p> <p>Maintaining the quality management system certification and carrying out the annual management review which includes quality topics.</p>	<p>Number of complaints on quality.</p> <p>Share of non-compliant products identified by the quality control department in total.</p>	No targets set.

Detailed information on policies, actions and performance on Personal safety of consumers and/or end-users and Health and safety is provided below within this chapter.

Access to (quality) information

Providing accurate information and labelling – Actual positive IMPACT

Policy	Actions	KPI for measuring progress	Targets
No dedicated formal policy - this comes from the industry and product standards we have to comply with.	Having a solid set of documentation to provide to the customers regarding the products' characteristics and other relevant information.	Customer satisfaction results on availability of information.	No targets set.

Access to (quality) information

Enhanced transparency – Actual positive IMPACT

Policy	Actions	KPI for measuring progress	Targets
No formal policy on transparency in relation to consumers.	Sharing publicly information on production processes and other key characteristics of the products (e.g., recyclability). Including all relevant information on products within the product sheets and catalogues.	Customer satisfaction results on availability of information and ease of access.	No targets set.

Detailed information on policies, actions and performance on Access to information is provided below within this chapter.

Access to products and services

Availability of products – Actual positive IMPACT

Policy	Actions	KPI for measuring progress	Targets
No formal policy on availability of products.	<p>Facilitating access to product documentation, including technical sheets, catalogues and certifications on our website.</p> <p>We also provide video content on product instalment and production steps for further information.</p>	No specific KPIs for availability of products.	No targets set.

Detailed information on policies, actions and performance on Access to products and services is provided below within this chapter.

Responsible marketing practices

Avoiding greenwashing and misinformation in promoting products characteristics and benefits – Actual positive IMPACT

Policy	Actions	KPI for measuring progress	Targets
No formal policy on marketing practices dedicated to avoiding greenwashing and misinformation.	<p>Providing comprehensive product catalogues where product characteristics are completely and correctly stated.</p> <p>Supporting sustainability related information with information sources (e.g., biodegradable footprint study).</p> <p>Generating video content to promote product characteristics, benefits and best practices.</p> <p>Creating separate product pages for products with sustainability-related characteristics.</p>	No specific KPIs for monitoring greenwashing and misinformation.	No targets set.

Detailed information on policies, actions and performance on Responsible marketing practices is provided below within this chapter.



The interaction of material topics with strategy

For 2024, our DMA identified a series of positive impacts that are material for our reporting, including enhanced transparency, encouraging dialogue, providing accurate information and labelling, assurance of product quality and safety, ensuring product safety and quality, availability of products, and avoiding greenwashing and misinformation in promoting product characteristics and benefits. For more information on the sources of information and criteria used for evaluating IROs, please refer to the double materiality assessment detailed in chapter ESRS 2 “General Information”. We prioritize transparency in all communications, including in relation to consumers and end-users, ensuring they have access to clear and accurate information about our products and services. This commitment is an important part of our business model, which enhances trust and strengthens our market position. At the same time, we foster an open dialogue with our stakeholders, encouraging feedback and engagement. This approach supports our processes and helps us address stakeholder concerns effectively.

Accurate information and labelling are critical to our product offerings. We ensure that all information about our products specificities is clear and informative, helping consumers make informed decisions and reinforcing our reputation for quality. Ensuring the safety and quality of our products is a top priority. We implement rigorous quality control measures and safety standards to protect our consumers and end-users, thereby enhancing customer satisfaction and loyalty.

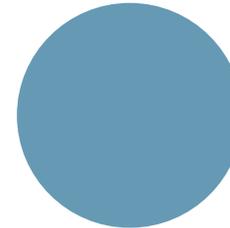
Our commitment to health and safety extends beyond compliance. We continuously improve our processes to ensure that our products meet the highest safety standards, contributing to the well-being of our customers and the communities we serve.

We strive to ensure the availability of our products to meet market demand. This involves optimizing our supply chain and distribution networks to provide reliable access to our products and services.

We are committed to responsible marketing practices, avoiding greenwashing and misinformation. Our marketing strategies are based on honesty and integrity, ensuring that our product claims are accurate and verifiable.

Our main customers categories, that are also included in the scope of this reporting, are:

- Manufacturers who use our products in their production processes
- DIY stores with construction materials
- Resellers of our products
- Contractors / construction companies
- Various types of producers who need our products in their product assembly process
- Various types of companies that use our products to pack their products



We do not expose our customers or the end users to any significant harm in manipulating and/or using them. Our products are not harmful to health and do not increase the risk of chronic diseases; in our relationship with our customers, we comply with all regulations regarding data protection and privacy, products are accompanied by accurate and accessible information for safe use, and do not negatively impact vulnerable consumers, such as children or financially vulnerable individuals. We provide documentation with instructions regarding the manipulation, storage and use of the products. Through our business model and the principles, we follow in business conduct, we ensure no customer category is exposed to high risks.

During 2024, we had no product recalls, nor incidents related to the security of products or any situations that might pose harm to our customers' safety or that of their consumers.

Our products have multiple positive impacts:

- **Infrastructure Systems:** Our installation systems contribute to safe and sustainable infrastructure for water, sewage, heating, natural gas, and telecommunications, benefiting the comfort of users' lives and the healthy development of communities. This segment also offers pipes that integrate recycled material, promoting environmental sustainability.
- **High-Quality Manufacturing:** Our products used by manufacturers contribute to the market availability of items made from the highest quality materials, enhancing efficient production processes.
- **Sustainable Packaging:** High-quality flexible packaging ensures responsible use of these products, and our portfolio of biodegradable packaging offers a sustainable alternative to traditional polyethylene packaging.
- **Efficient Logistics:** High-quality stretch film helps our customers optimize the use of this material and ensures their products are transported safely to their destinations, contributing to logistical efficiency.

- **Recycled PVC:** The availability of recycled PVC in the market encourages its use in new PVC products, supporting the transition to a circular economy.

Given the specific nature of our products and their applications, it is not feasible to develop products targeting specific groups of disadvantaged users. However, the positive impacts of our products are felt broadly across various sectors, contributing to the overall well-being and sustainability of communities in the regions we serve.



Policies regarding consumers and end users

For all companies operating within the ISO 9001 quality management system there is a formal framework which includes a quality management policy.

Through this policy we state our commitment to delivering high-quality products and services that meet customer expectations and comply with all relevant regulations. We continuously strive to improve our processes and align our quality objectives with our strategic goals. By fostering a culture of quality and ensuring clear communication, we aim to achieve excellence and customer satisfaction.

The principles of this policy and management system extend to our practices regarding the information we provide to our customers and all aspects of our relationship with them. All these are complemented by the provisions of the code of conduct where topics such as conflicts of interest, anti-corruption and bribery or discrimination are detailed, together with commitment to respect all legal provisions applicable.

Regarding human rights, the provisions of the code of conduct clearly state that we respect human rights and no actions are allowed that could cause or contribute to any violation. This applies both to our workforce and to all individuals our team comes in contact with professionally. Our whistleblower policy indicates the right and channels to report any violation of human rights. Our approach is aligned with the International Labour Organization Declaration on Fundamental Principles and Rights at Work and the guidelines of the UN. During the reporting period we did not register any case of non-respect of the international provisions on human rights.

Stakeholder engagement and remediation of negative impacts

At TeraPlast Group, we are committed to ensuring transparency, product safety, and consumer trust by providing accurate and complete information regarding our products and their use to our customers. Our engagement with consumers and end-users is structured through multiple channels, including:

- **Technical Documentation:** Our websites provide extensive technical information, including product specifications, datasheets, and catalogues detailing product characteristics, handling, storage, and transportation guidelines.
- **Product Labelling:** Where applicable, our products include labels specifying key technical characteristics, batch numbers, production dates, and standards of compliance.
- **Stakeholder Engagement:** We are open to consulting stakeholders, including customers and regulatory bodies, to refine our approach to product safety, compliance, and environmental responsibility. This engagement occurs through dedicated events, trade fairs, and customer satisfaction surveys.
- **Customer Satisfaction Studies:** We regularly conduct customer satisfaction studies for TeraPlast and Pro-Moulding to monitor and improve our performance and address consumer needs effectively.



Even though for the reporting year we have identified actual positive impacts, we have established frameworks to identify, manage and receive any reports on potential negative impacts. At any time, consumers and end-users can submit complaints or report issues through our dedicated channels for consumer feedback and complaints, as well as our publicly available whistleblowing system for ethics and integrity, regulations or environment topics. These systems enable any stakeholder to report ethical violations or product concerns confidentially. Detailed information on the whistleblowing system available, management of reports, confidentiality and the non-retaliation provisions is available within the “Business conduct” section. We also have a hotline available for reaching out to specific departments within our company for TeraPlast and all companies have dedicated email addresses for submitting complaints. Even though no formal dedicated evaluation of customers’ awareness and satisfaction with existing instruments was conducted, the results of our customer satisfaction studies show good satisfaction regarding the interaction with our team, and the approach and resolution of complaints.

Currently, we do not have additional specific processes in place for engaging consumers and end-users about the impacts of our products beyond the aforementioned channels. However, we remain committed to maintaining open lines of communication and continuously improving our products and services for early detection of potential conflicts or negative impacts we might have.

Actions related to material topics

We operate under an integrated management system for quality, environment, health, and operational safety for companies in Romania, in accordance with ISO 14001, ISO 45001, ISO 9001, and ISO 50001 (the latter only for TeraPlast). We conduct periodic recertification audits to externally validate the effectiveness of our measures. In the area of products and our relationship with customers, these

extend to quality, environmental impact, and occupational health and safety standards, ensuring responsible production. Palplast from the Republic of Moldova and Wolfgang Freiler Group companies with operational activities function under the ISO 9001 management system. Thus, we have formal frameworks for quality management across all our manufacturing activities – a key aspect in our relationship with customers where it is important to offer high-quality products.

As part of our Integrated Management System, we conduct annual reviews to assess the performance of our safety, quality, and compliance initiatives. Additionally, we carry out periodic internal audits to evaluate adherence to product safety protocols and the performance of our consumer protection measures.

In Romania, we have our own testing laboratory for products in our portfolio, accredited by RENAR. In the Republic of Moldova, Palplast has the only accredited testing laboratory in the country.

The principles we follow in our relationship with customers are in line with the provisions of the code of conduct, including respect for human rights, in accordance with applicable international provisions. All information on this topic is detailed within the “Business conduct” chapter of this report. In our offers, we follow clear and transparent principles to strengthen customer trust in us and our products. We have dedicated systems for product complaints, where our customers are encouraged to report any issues they encounter.

Our dedicated quality control teams ensure that our production processes maintain consistent quality, in line with the product standards we must adhere to. These teams provide quality assurance both in the use of products and in the safety of actors in our value chain.

As mentioned earlier, we monitor customer satisfaction performance for TeraPlast and for Pro-Moulding through customer satisfaction studies.

The overall satisfaction scores for TeraPlast's products have remained consistently high over the years. For example, in 2024, the average satisfaction score was over 9 on a scale of 1 to 10. The NPS (net promoter score) for TeraPlast has shown strong loyalty among customers. In 2024, the NPS for Granules was 94%, and for Installations, it was 91%. Key performance indicators such as the attitude of the sales team, technical competence, response time to information requests, and accuracy of commercial documents have consistently received high scores, often above 9.5 out of 10. Customers have provided positive feedback on various aspects, including product quality, ease of order placement, technical support efficiency, and the variety of products and services offered. The incidence of complaints has been relatively low. In 2024, only 7% of respondents reported having any complaints. Most complaints were resolved satisfactorily, with high satisfaction scores for the resolution process. Customers have suggested improvements in areas such as expanding the product range, ensuring consistent stock availability, and enhancing the order processing system.

Similarly, the overall satisfaction scores for Pro-Moulding's activities in the previous year are high, with an average score of 4.4 out of 5. The quality of Pro-Moulding's products is rated positively, with an average score of 4.3 out of 5. The company is seen as customer-oriented, with an average score of 4.6. The handling time of complaints is generally quick, and the corrective measures for complaints are considered adequate. Reliability and product quality are rated positively as well.

We have dedicated channels for consumer feedback and complaints, along with a publicly available whistleblowing system that enables any stakeholder to report ethical violations or product concerns. Comprehensive information on our whistleblower system which can be used by our entire value chain can be consulted in the “Business conduct” chapter of this report. During 2024, we registered no reports from our customers related to human rights violations.

Deliveries are accompanied by Declarations of Conformity/Performance, verifying compliance with applicable industry standards and test results. Our technical datasheets, warranty certificates, and product packaging guidelines provide comprehensive instructions for safe product handling and storage, protecting both workers and end users.



To ensure that all this system in relation to our customers works seamlessly, we have dedicated teams responsible for each topic. Starting with the laboratory and technical department or quality control, to our back-office team, integrity commission, sales force and additional colleagues (e.g., in internal audit), we are well equipped with the necessary skills and knowledge to address challenges and capitalize opportunities.

We strongly believe in transparency and integrity in promoting our products' characteristics and benefits, thereby we commit to avoid greenwashing and misinformation. We ensure that our product catalogues are comprehensive, with all characteristics accurately and completely stated. To support our sustainability claims, we provide detailed information sources, such as lifecycle studies for our biodegradable packaging portfolio, ensuring our customers can trust the environmental benefits of our products. Additionally, we generate informative written and video content to highlight product characteristics, benefits, and best practices. For products with sustainability-related features, we create dedicated product pages to offer clear and accessible information. Through these actions, we uphold our commitment to honest communication and sustainable practices.



Targets related to material topics

While we have not defined specific targets related to the material topics and in relation to our relationships with customers, we have several instruments of monitoring our progress in this area:

- **Quality Management Systems:** The integrated management system for quality, along with periodic recertification audits, demonstrates targets for maintaining high standards and managing risks. To this, annual management review is also relevant to ensure efficiency of our measures.
- **Customer Satisfaction Monitoring:** Regular customer satisfaction surveys for TeraPlast and Pro-Moulding, with consistently high scores and key points evaluated play an important role in maintaining and improving customer satisfaction and loyalty.
- **Product Quality and Reliability:** High scores in product quality, reliability, and handling of complaints indicate our focus on ensuring product excellence and customer trust.

As our Group expands and in line with our excellence and continuous improvement-oriented philosophy, we will develop specific targets related to the material topics covered within this section of the report during the next 2 years to cover all our operations.

We remain committed to providing high-quality, safe, and compliant products while fostering transparent and responsible engagement with consumers and end-users. Through our integrated management system, accredited laboratories, and robust complaint-handling mechanisms, we ensure ongoing improvements in product quality and consumer protection. Our monitoring, stakeholder engagement, and risk assessment processes allow us to adapt proactively to evolving market needs and regulatory requirements

3.4. Business Conduct (G1)

Corporate culture

Ethical Corporate Culture – Actual positive IMPACT
Employee-oriented corporate culture – Actual positive IMPACT

Policy	Actions	KPI for measuring progress	Targets
<p>Code of Conduct.</p> <p>Whistleblower policy.</p> <p>Scope</p> <p>The TeraPlast Group code of conduct outlines the conduct principles and rules for carrying out our core activities in relation to our value chain. The code is applicable to all Group’s employees in all locations of operation and, indirectly, to our value chain as well.</p> <p>The whistleblower policy sets the grounds for secure and objective instruments of reporting incidents, in line with applicable regulation. This policy is applicable to anyone who, in a professional context, interacts with our Group and encounter situations of violating the company’s rules, national and international regulations or harming the environment.</p> <p>Description</p> <p>Our code of conduct states the principles our corporate culture is based on and includes key provisions on topics like fair competition in the market, corruption, integrity, human rights, diversity and inclusion, health and safety and environmental responsibility. It also includes instruments of reporting actions that violate the provisions of the code.</p> <p>Our whistleblower policy operates on principles of trust, objectivity, good faith, safety, and confidentiality. Reporting should be specific, factual, and submitted in good faith; whistleblowers are protected from retaliation. Confidentiality of the whistleblower's identity and other sensitive information is ensured unless otherwise consented. It also states the ways to manage, investigate and remediate reports. The policy explicitly prohibits retaliation against whistleblowers, including disciplinary actions, discriminatory treatment, or threats.</p> <p>The responsibility to enforce the code of conduct belongs to the human resources department. Dedicated commissions exist for the whistleblowing policy and anti-harassment guide, while the responsibility to communicate and implement the provisions is delegated by the CEO to the human resources department.</p> <p>Our policies are in line with applicable European and national regulation on integrity warnings and business integrity.</p>	<p>Whistleblower system.</p> <p>Guide for anti-harassment prevention and combat.</p> <p>Scope</p> <p>The whistleblower system is available to all individuals who collaborate with our Group, irrespective of the business lines, type of collaboration or position. A dedicated form is available on our website where incidents can be safely reported, without fear of retaliation. The system has been active within TeraPlast Group since 2021 and provides a formal mechanism to detect incidents, monitored annually.</p> <p>The anti-harassment guide covers all employees and those interacting with them in a professional capacity. This guide further strengthens our commitment to zero tolerance for any form of harassment, and by it we establish a safe and respectful work environment free from discrimination and harassment of any kind and provide detailed definitions and examples. The guide also emphasizes non-discrimination based on various factors. The guide also includes provisions on reporting and investigation, as well as on sanctions, and commitment to annual monitoring and evaluation.</p>	<p>Number of incidents recorded within one year on harassment and/or topics covered by the whistleblowing system, received either directly, or through the whistleblower instruments.</p> <p>Scope</p> <p>Monitoring reported incidents helps evaluate the effectiveness of policies, including their assimilation by targeted stakeholders, and identify the weaknesses in policies implementation.</p>	<p>No incidents of harassment or received through the whistleblower system left unresolved.</p> <p>No incidents of confidentiality and/or protection against retaliation in the process of reported incident remediation.</p> <p>Scope</p> <p>Besides complying with all provisions of our policies and internal rules, as well as with applicable regulations, leaving no incidents unresolved, we ensure proper management and remediation for everyone. This also increases stakeholders’ trust in the company, improves reputation and performance in ethical corporate culture.</p>

Detailed information on policies, actions and performance on Corporate culture topics is provided below within this chapter.

Protection of whistleblowers

Strong whistleblowers system – Actual positive IMPACT

Policy	Actions	KPI for measuring progress	Targets
<p>Whistleblower policy.</p> <p>Scope</p> <p>The whistleblower policy has specific provisions on prohibiting retaliatory action against whistleblowers and our approach is in line with Law no. 361/2022 regarding the protection of whistleblowers.</p> <p>Description</p> <p>The policy lists examples of prohibited retaliatory actions, such as dismissal, transfer, demotion, reduction or withdrawal of benefits, refusal of promotion or training, termination of cooperation, threats, or prosecution against the whistleblower or their family. It also notes that if the personal safety of a whistleblower or their family is endangered, they are entitled to protective measures.</p>	<p>Whistleblower system.</p> <p>Guide for anti-harassment prevention and combat.</p> <p>Scope</p> <p>Through available reporting channels, individuals can safely report, with possibility of anonymity, conflicts of interest, corruption, human rights abuses, labor rights violations, data protection breaches, serious policy violations, threats to employee safety, and environmental damage.</p> <p>Description</p> <p>The provisions regarding managing, investigating and remedy of incidents reported through the Integrity Commission ensure objectivity and effectiveness in approach as well as the protection of the whistleblower.</p>	<p>Incidents on retaliation and harassment following reporting incidents related to whistleblower, code of conduct and law topics.</p> <p>Scope</p> <p>By monitoring this, we ensure effectiveness of implementation of the policy provisions and evaluate compliance.</p> <p>Description</p> <p>If situations occur where whistleblowers are subject to retaliatory actions or harassment, it is a sign of inefficiency of implemented measures and non-compliance with applicable law.</p>	<p>Our aim is to have no incidents of retaliation and harassment following a report sent by an individual for each year. In the event this happens, we aim to implement proper measures to prevent such situations from appearing in the future.</p>

Management of relationships with suppliers, including payment practices

Fair and ethical supplier management – Actual positive IMPACT
Suppliers mix – Actual positive IMPACT

Policy	Actions	KPI for measuring progress	Targets
<p>Supplier code of conduct.</p> <p>Procedure for selecting and evaluating suppliers.</p> <p>Scope</p> <p>The supplier code of conduct outlines our expectations for our suppliers to conduct business ethically, sustainably, and responsibly, emphasizing transparency and accountability throughout our supply chain. The code is applicable to the entire supply chain of the Group (all companies).</p> <p>Description</p> <p>The code applies to all suppliers providing products and services to our Group. The overarching objectives are to ensure ethical and responsible business practices, promote sustainability, and foster strong, mutually beneficial partnerships with suppliers. This includes upholding ethical business practices, ensuring information security and confidentiality, sourcing responsibly, establishing whistleblowing systems, adhering to labor and human rights standards, prioritizing health and safety, and protecting the environment. The code aligns with the UN Global Compact's Ten Principles on business and human rights.</p> <p>The responsibility for communicating and enforcing this code among suppliers belongs to the Procurement Director of the Group.</p>	<p>Annual supplier evaluation.</p> <p>Methodology in selecting new suppliers.</p> <p>Requesting suppliers to uphold provisions of the code of conduct.</p> <p>Monitoring suppliers mix.</p> <p>Scope</p> <p>Having a solid set of instruments to foster, monitor and evaluate the relationship with our suppliers facilitates evaluating the effectiveness of our supplier-related policies and the performance regarding our and our supply chain's impact on people and environment.</p> <p>Description</p> <p>We have specific methodology to select new suppliers by objective criteria, including evaluating test-batches in our own laboratory, besides other criteria regarding delivery, payment practices and certifications.</p> <p>These criteria also apply in evaluating our suppliers annually. This evaluation also includes a self-assessment questionnaire where we integrate criteria regarding ESG topics and enquire about their impact.</p> <p>Suppliers mix is monitored annually to ensure we have reduced exposure to one supplier so that we mitigate risks like availability or quality which can impact our entire value chain.</p>	<p>Technical and quality criteria, price, delivery.</p> <p>Scores obtained within self-assessments and the occurrence of incidents.</p> <p>Description</p> <p>Quantitative metrics are set for each company of the Group, considering the supplier and materials mix and business size.</p>	<p>No unresolved incidents / complaints from the supply chain on topics regarding the provisions of the supplier code of conduct.</p> <p>Multiple suppliers per each main raw material category.</p> <p>Description</p> <p>Considering the supplier self-assessment process was started in 2024 and was implemented only for a part of our businesses as a pilot, no specific targets have been set in this regard yet.</p> <p>Targets will be set in 2025 after expanding the project to all companies in the Group.</p>

Corruption and bribery: Prevention and detection, including training

Solid anti-corruption and bribery system – Actual positive IMPACT

Policy	Actions	KPI for measuring progress	Targets
<p>Anti-corruption and bribery provisions are included in the Code of Conduct and internal rules.</p> <p>Scope The scope, objectives and applicability of the code of conduct are available in this table above, in the Corporate Culture section.</p> <p>Description The internal rules represent a set of guidelines and principles that our companies operate, which include provisions on how to identify, approach and manage situations that might raise the risk of corruption and bribery. Our employees are expected to adhere to internal rules in all their professional relations and activities where they represent TeraPlast Group. Corruption and bribery have zero tolerance within our Group.</p>	<p>Uniform anti-corruption and bribery provisions and mechanisms across the Group.</p> <p>Strong provisions and workflows that prevent such practices, with several control levels to ensure the fast identification of risks.</p> <p>Scope Aligning new subsidiaries to Group’s existing anti-corruption and bribery provisions and mechanisms.</p> <p>Ensuring workflows mitigate chances of corruption and bribery cases to arise.</p> <p>Description In the case of newly acquired subsidiaries in TeraPlast Group, an alignment process is needed to have a uniform approach, monitoring and reporting system (e.g., whistleblowing policy, code of conduct provisions).</p> <p>By having workflows that involve multiple offers and a specific selection process in contracting new collaborators, we ensure objective selection. Through our controlling instruments we check the compliance of our daily activity with the internal procedures and policies. A multi-layered system of approval and validation reduces the chances of corruption and bribery incidents to appear.</p>	<p>The percentage of subsidiaries aligned to Group’s existing anti-corruption and bribery provisions and mechanisms.</p> <p>Incidents of corruption and bribery and effectiveness of their remediation.</p>	<p>100% of subsidiaries aligned by the end of 2025.</p> <p>No corruption and/or bribery incident left without remediation.</p>

Political engagement and lobbying activities

Lobbying activities – Actual positive IMPACT

Policy	Actions	KPI for measuring progress	Targets
<p>No formal policy on political engagement and lobbying activities.</p> <p>Description</p> <p>We consider the existing general approach and all provisions on conflicts of interest were sufficient so far and we do not see a future need for a formalized policy on this topic.</p>			<p>Maintaining political neutrality.</p>
<p><i>Detailed information on policies, actions and performance on Political engagement and lobbying activities topics is provided below within this chapter.</i></p>			

Incidents

Transparency in approach and reporting of any type of incident regarding corruption and bribery – Actual positive IMPACT

Policy	Actions	KPI for measuring progress	Targets
<p>Provisions on reporting incidents are included in the Code of Conduct and internal rules, as well as in the whistleblower policy.</p> <p>No formal provisions dedicated to commitment to report potential incidents.</p> <p>Description</p> <p>Considering our existing instruments and business model, except for the annual report and sustainability report which require such information to be reported, we did not identify the need to formalize a separate policy on transparency in reporting.</p>		<p>Whistleblower public form.</p>	<p>Corruption and bribery incidents identified and/or reported through specific channels.</p> <p>No corruption and bribery incidents omitted in annual reporting.</p>

Detailed information on policies, actions and performance on Incidents topics is provided below within this chapter.



The role of the administrative, supervisory and management bodies

As a listed company (BSE symbol: TRP) and the parent-company of TeraPlast Group, upholding strict business conduct principles is even more important. We are subject to additional ethics and integrity regulations and guidelines that concern public companies, and we follow the provisions of the Bucharest Stock Exchange Corporate Governance Code.

The responsibility for overseeing and managing any incidents or violations of the business conduct principles of the Group is delegated to the Integrity Commission. This commission includes specialists in the legal field, labor law, human resources, and integrated management systems. Thus, depending on the reports received, the integrity officer discusses the subject of the report with the commission members. The case is analyzed and, based on the commission's conclusions, an action plan is drafted and communicated to the executive management. Depending on the severity of the reported situation and the risks it poses, the information may also be transmitted to the Board of Directors for analysis and consultation.

Impact, risk and opportunity management

We recognize that maintaining strong business conduct is crucial for long-term fair and ethical development. Within the materiality assessment we identified and prioritized the IROs related to our business operations and stakeholder expectations. For 2024, our assessment identified a series of positive impacts that are material for our reporting on business conduct, regarding ethical and employee-oriented corporate culture, whistleblower system, transparent and solid anti-corruption and bribery approach, lobbying activities and suppliers mix and relationships. For more information on the sources of information and criteria used for evaluating IROs please refer to the double materiality assessment detailed in chapter ESRS 2 “General Information”.

To efficiently manage these, we employ a robust set of instruments that contribute to our performance and keep risks at a low level. Through the code of conduct and

supplier due diligence processes we continuously monitor and review our business conduct strategies and have found that implementing these strategies also creates positive impacts, such as enhanced stakeholder trust and improved reputation. Further, we are developing proactive strategies to leverage our ethical conduct as a competitive advantage.

Business conduct and corporate culture policies

The TeraPlast Group is committed to maintaining the highest ethical standards and fostering a strong corporate culture of integrity and transparency. Our corporate culture is built on our mission of developing efficient solutions for people and the environment. We actively promote open communication and constructive feedback, and our Code of Conduct offers guidance on both internal and external interactions. Our robust whistleblower system enables the anonymous reporting of any unethical behavior, ensuring that concerns are addressed promptly and confidentially. Investigations into any potential breaches are conducted independently of implicated management, and outcomes are reported transparently to relevant authorities, when necessary. Currently, we do not have a formal system to trace and evaluate our corporate culture. Considering the recent expansion of the Group, we acknowledge the need for such instruments considering the size of our workforce and its geographical distribution. Thus, we plan to develop instruments that help us better establish, develop, promote and evaluate our corporate culture at Group level.



All business conduct principles followed by TeraPlast Group are included in the code of conduct and internal rules; thus, all employees, managers, executives and Directors are expected to adhere to them. Moreover, the Integrated Management System team, together with all department managers, are responsible for ensuring that all processes, procedures and workflows within the Group do not violate any of the code of conduct's provisions. Additionally, business conduct topics are also included in the suppliers' code of conduct and the integrity warnings policy.

All relevant documents, such as the code of conduct, suppliers' code of conduct and whistleblowing policy and system are publicly available on our website and are communicated to relevant stakeholders whenever possible. In the care of the supplier code of conduct, we ask our partners to acknowledge and sign it. All employees are informed about the code of conduct when starting their activity within our companies, and its provisions are frequently included in the internal means of communication.

The Code of Conduct is based on internal rules and brings together an important set of principles that cover our requirements in terms of business conduct for both internal and external contexts. In brief, our code of conduct comprises:

- The competition policy, which strictly prohibits any actions that could result in abusive use of dominant position held in the market, or any other unfair practices such as agreements, associations between the competitors or concentrated practices that might have as consequence the prevention, the narrowing or the distortion of competition on the internal market, or any agreements regarding price, investments or additional benefits that harm the integrity of commercial relations.
- The anti-corruption policy, which states that the Group does not tolerate any action or behavior which might be considered likely of active or passive corruption, preferential treatment or favoritism. It also offers guidelines and provisions regarding issues that might arise from situations such as taking and giving bribes, embezzlement, theft, fraud, nepotism and clientelism, as

well as regarding donations and sponsorship. Part of this policy are also aspects regarding conflicts of interest and affiliate transactions.

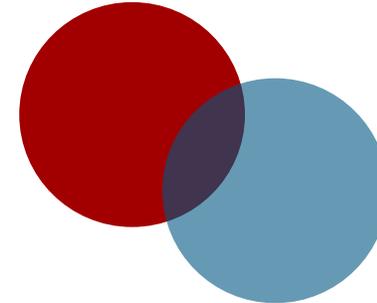
- The integrity policy, which is defined as a conscious attitude oriented towards dignity, justice, honesty and lawfulness. This policy is adjacent to the Integrity Warnings policy and includes provisions regarding non-discrimination, equal opportunities and the removal of any human dignity infringement, personal data protection, confidentiality and privileged information. The latter is a consequence of regulations we abide by as a public company.
- The human rights policy, which states our Group complies with the international directives, norms and standards with regard to observance of human rights, respectively The Universal Declaration of Human Rights - UN; The EU Charter of Fundamental Rights and The European Convention on Human Rights.
- The diversity and inclusion policy and freedom of association policy, by which we undertake to promote diversity and inclusion in our businesses and to develop processes and actions aimed at integrating and developing a varied labor force. We are also committed to respect the freedom of collective association and the right of the employees to establish or to adhere to a trade union, according to the Labor Code and other regulations in force.
- Brief provisions related to environmental topics and health & safety topics, which are set out in broader detail within the dedicated Environmental policy, respectively the Health and Safety policy.

Our Code of Conduct can be publicly consulted [at this link](#).

We encourage individuals who have, in a professional context, objective information related to violations of laws or integrity rules by the company, its employees or collaborators, to report these irregularities through reporting channel publicly available – **TeraPlast Whistleblower** [on our website](#). Thus, reports can be submitted by both internal and external individuals in relation to our Group. This system is compliant with all national and European regulations regarding integrity warning, namely whistleblowers.

The incidents and violations that can be reported through our integrity warnings system include:

- Conflicts of interest
- Corruption or potentially fraudulent actions
- Bribery
- Violation of human rights (e.g. discrimination, racism, harassment)
- Violation of labor law (e.g. forced labor, child labor)
- Failure to respect privacy and personal data protection
- Serious violation of company policies, procedures and regulations
- Acts that may constitute violations of the company's Code of Ethics and Conduct
- Acts that endanger the safety and security of one or more employees
- Actions harmful to the environment



The reports received are handled by the Integrity Officer and analyzed within the Integrity Committee if the reports fall under one of the categories within the scope of the system. According to the whistleblowing policy, we ensure the confidentiality of those who report irregularities and their protection against possible retaliation, as well as active measures for addressing and preventing reported circumstances, according to European provisions transposed in national Law no. 361/2022.

Besides the public form on the website, any individual who intends to submit a concern may also choose to submit it by using:

- Post offices towards “The integrity commission” at the address TeraPlast Industrial Park – 1 TeraPlast Way, Sărățel village, Șieu-Măgheruș commune, 427301 Bistrița-Năsăud County, Romania
- E-mail: whistleblowing@teraplast.ro, avertizareintegritate@teraplast.ro, or nediscriminare@teraplast.ro regarding discrimination and harassment complaints.
- Phone: +40 752 101 550
- Complaints boxes within the Group premises.

All the above-mentioned channels are available 24/7, except the phone line, which is active for calls during working days, Monday to Friday between 8 AM and 5 PM, in the rest of the time only the voice messages being available.

The available instruments within the group regarding integrity, corruption and bribery will be further developed to include and structure training and risk mapping in a more detailed manner. The employees targeted for bi-annual training on these topics are part of the following departments: financial, legal, sales, human resources. These trainings also aim the top management. Also, in line with our continuous development approach, for 2025 we plan on mapping the functions that are most at risk in respect of corruption and bribery, since until present we have not conducted such a process on this topic. During 2024, no individual training was carried out on corruption and bribery.

Management of relationships with suppliers

At TeraPlast Group, we prioritize fostering long-term partnerships with our suppliers as a foundational element of our sustainable business development strategy. Our commitment to collaboration is reflected in our comprehensive annual review process for our accepted supplier list, which is rigorously based on the QCDDM framework – Quality, Cost, Delivery, Development/Technical characteristics, and Management. This structured approach ensures that we maintain high standards and align our supplier partnerships with our strategic goals.

To facilitate continuous improvement in our supplier relationships, we conduct regular performance reviews with our top suppliers, closely monitoring the evolution of QCDDM metrics. This not only helps us gauge supplier performance but also strengthens collaboration by enabling us to address challenges and capitalize on opportunities together. Furthermore, TeraPlast actively engages multiple suppliers for the same product categories. This strategy guarantees the availability of materials that align with our production forecasts and budgets, while also securing optimal economic conditions, including favorable pricing and payment terms. We source materials from both EU and non-EU suppliers, broadening our supply chain resilience and reinforcing our commitment to responsible procurement practices.

In addition to maintaining existing relationships, we are dedicated to the proactive identification of new suppliers and alternative materials to enhance our product offerings. Our self-evaluation process, conducted through an online platform, enhances compliance with the Code of Conduct and ensures that suppliers reflect our values and ethical standards. We engage in dialogues on Environmental, Social, and Governance (ESG) criteria, sustainability, and circularity, which foster collaboration on these crucial issues. Through these initiatives, TeraPlast Group not only cultivates robust supplier relationships but

also reinforces its commitment to sustainable development and operational excellence.

Recognizing the shared responsibility for ethical and sustainable supply chains, we require our suppliers to conduct self-assessments of their ESG and integrity performance. Within this process, we enquire about their certifications, incidents, ratings, policies and metrics for each area, respectively business conduct, environment and social. The self-assessment extended process was implemented in 2024, and in 2025 we aim to refine the instruments used, and extend applicability to customers.



Actions regarding material topics

Action	Description	Status	Time horizon	Expected outcome
Aligning new subsidiaries to Group's existing anti-corruption and bribery provisions and mechanisms.	In the case of newly acquired subsidiaries in TeraPlast Group, an alignment process is needed to have a uniform approach, monitoring and reporting system (e.g., whistleblowing policy, code of conduct provisions)	Started, the assessment process is underway. After the identification of necessary adjustments / actions, the implementation process will begin.	2024-2025	Uniformity in anti-corruption and bribery instruments within all companies of TeraPlast Group.
Implementing a robust whistleblower system across the Group for promoting integrity, transparency and ethical business conduct.	The whistleblower policy and system have been available across the Group since 2021 and offers a safe instrument to report conflicts of interest, corruption, human rights abuses, labor rights violations, data protection breaches, serious policy violations, threats to employee safety, and environmental damage.	ongoing	2025	The whistleblower system is available for all companies of TeraPlast Group.
Requesting suppliers to uphold the provisions of the Code of Conduct, including corruption and bribery.	The Supplier Code of Conduct includes provisions on corruption and bribery which we expect them to uphold.	Code of conduct in place, implemented on a limited group of suppliers, following to be extended group-wide	2025	Code of conduct communicated to the suppliers of the Group and confirmation on their part of committing to its provisions.
Transparency in reporting any type of incident regarding corruption and bribery.	The Group's approach is to transparently communicate the occurrence and remediation of any incident regarding corruption and bribery. This reporting is made annually within the annual report.	ongoing	2025	No incidents of corruption and/or bribery omitted in annual reporting.
Training in corruption and bribery.	Through dedicated training we ensure proper understanding of our rules and expectations on this topic by our employees.	planned	2025	Increased number of employees who participate in training on corruption and bribery.

Incidents of corruption or bribery

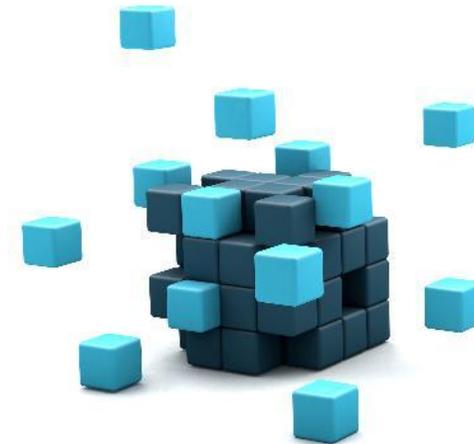
During the reporting period, no incidents of corruption or bribery were identified or reported, and we have not faced any fines or legal challenges related to these issues. Our objective is to have zero incidents, claims or legal cases on corruption and bribery, in line with our principles, throughout the Group each year.

Political influence and lobbying activities

TeraPlast Group recognizes the importance of transparency and ethical conduct in all aspects of its operations, including political activities. As a company, we maintain a position of political neutrality and have not engaged in any political participation, contributions, or lobbying activities during the reporting period. We do not exert political influence or participate in political lobbying, thereby ensuring that our business decisions remain focused on our core objectives and values rather than external political considerations. We do not have a dedicated, formal policy on political involvement, since we consider the provisions in place, on matters such as conflicts of interest, ethics and integrity and fair competition, are sufficient to outline our approach and expectations on this topic. At the same time, we did not identify any need of our companies being registered in the EU Transparency Register, since we have no engagement in these activities, do not plan to in the foreseeable future.

Through our freedom of association principles, we do not forbid our employees from being members of political parties or express their political affinity, as long as their political involvement and opinions do not interfere with their professional activities or violate other employees' preferences. There are no members of the administrative, management and supervisory bodies who have held comparable positions in public administration to the ones they hold within our group in the last two years.

Our commitment to neutrality allows us to prioritize our efforts toward sustainable business practices, stakeholder engagement, and compliance with relevant regulations, without the complexities or potential conflicts that can arise from political involvement. TeraPlast Group remains dedicated to fostering a business environment that encourages responsible practices and supports sustainable development, aligning our operations with the interests of our stakeholders and the communities in which we operate.





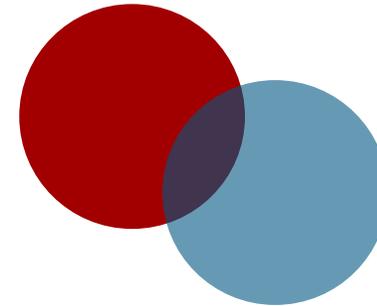
Payment practices

At TeraPlast Group, we maintain a transparent and consistent approach to payment practices, ensuring that our suppliers are treated fairly and equitably regardless of their size. In 2024, the average payment period across the Group was 56 days, calculated based on the average monthly closing balance of suppliers for our most significant business components. Notably, this payment period demonstrated a fluctuation, ranging between 55 and 60 days depending on the specific components analyzed.

Our suppliers primarily consist of materials suppliers and service providers. For 2024, the average payment period for materials suppliers was 66 days, while service suppliers enjoyed a shorter average payment period of 21 days. The average payment periods were derived from the four largest entities within TeraPlast Group – TeraPlast, TeraPlast Recycling, TeraBio Pack, and Teraglass – which collectively account for over 86% of the Group's total revenues as reflected in our Consolidated Financial Statements for the 2024 financial year. Importantly, we have no outstanding legal proceedings related to late payments, further underscoring our commitment to meeting our financial obligations.

At TeraPlast, we do not classify suppliers by size; thus, while we do not track the presence of small and medium-sized enterprises (SMEs) in our supplier mix, our payment practices and terms apply uniformly to all our suppliers. It is important to note that the average payment periods may vary based on individual negotiations with each supplier, but our overarching goal remains to ensure timely and fair payments. Through these practices, we reinforce our dedication to maintaining strong supplier relationships and promoting a reliable and sustainable supply chain.

Since each collaboration with our suppliers is negotiated individually, we do not have specific targets in place regarding payment periods. Nevertheless, we are committed to respecting all agreements with our suppliers, including the agreed payment terms, to foster healthy and fair relationships across the entire supply chain.



Annex I – Disclosure requirements and their location in the sustainability statement

Disclosure requirement	Section within the statement	Paragraph / page number
ESRS 2 General disclosures		
Disclosure Requirement BP-1 – General basis for preparation of sustainability statements	3.1. General disclosures (ESRS 2)	3.1.2. Basis for preparation / 31
Disclosure Requirement BP-2 – Disclosures in relation to specific circumstances	3.1. General disclosures (ESRS 2)	3.1.2. Basis for preparation / 32, 33
Disclosure Requirement GOV-1 – The role of the administrative, management and supervisory bodies	3.1. General disclosures (ESRS 2) 3.4. Business conduct (G1)	3.1.3. Governance structure and sustainability oversight / 34 The role of the administrative, supervisory and management bodies / 130
Disclosure Requirement GOV-2 – Information provided to and sustainability matters addressed by the undertaking’s administrative, management and supervisory bodies	3.1. General disclosures (ESRS 2)	3.1.3. Governance structure and sustainability oversight / 34
Disclosure Requirement GOV-3 – Integration of sustainability-related performance in incentive schemes	3.1. General disclosures (ESRS 2)	3.1.3. Governance (Integration of sustainability aspects into incentive and remuneration systems) / 37
Disclosure Requirement GOV-4 – Statement on due diligence	3.1. General disclosures (ESRS 2)	3.1.3. Governance (Main elements of the due diligence process) / 41
Disclosure Requirement GOV-5 – Risk management and internal controls over sustainability reporting	3.1. General disclosures (ESRS 2)	3.1.3. Governance (Risk and opportunity management, control systems) / 38
Disclosure Requirement SBM-1 – Strategy, business model and value chain	3.1. General disclosures (ESRS 2)	3.1.4. Strategy / 42
Disclosure Requirement SBM-2 – Interests and views of stakeholders	3.1. General disclosures (ESRS 2)	3.1.4. Strategy (Stakeholder engagement) / 50
Disclosure Requirement SBM-3 – Material impacts, risks and opportunities and their interaction with strategy and business model	3.1. General disclosures (ESRS 2)	3.1.5. Impacts, risks and opportunities management (Presentation of the materiality assessment process) / 53
Disclosure Requirement IRO-1 – Description of the process to identify and assess material impacts, risks and opportunities	3.1. General disclosures (ESRS 2)	3.1.5. Impacts, risks and opportunities management (Presentation of the materiality assessment process) / 53
Disclosure Requirement IRO-2 – Disclosure requirements in ESRS covered by the undertaking’s sustainability statement	Annex I	Annex I / 137

Disclosure requirement	Section within the statement	Paragraph / page number
E1 Climate change		
Disclosure requirement related to ESRS 2 GOV-3 Integration of sustainability-related performance in incentive schemes	3.1. General disclosures (ESRS 2)	3.1.3. Governance (Integration of sustainability aspects into incentive and remuneration systems) / 37
Disclosure Requirement E1-1 – Transition plan for climate change mitigation	3.2. Environment (E1, E5)	3.2.2. Climate change (E1) (Existence of a transition plan) / 77
Disclosure Requirement related to ESRS 2 SBM-3 – Material impacts, risks and opportunities and their interaction with strategy and business model	3.1. General disclosures (ESRS 2)	3.1.5. Impacts, risks and opportunities management (Presentation of the materiality assessment process) / 53
Disclosure Requirement E1-2 – Policies related to climate change mitigation and adaptation (in accordance with MDR-P Policies adopted to manage material sustainability matters)	3.2. Environment (E1, E5)	3.2.2. Climate change (E1) (Policies related to climate change mitigation and adaptation) / 78
Disclosure Requirement E1-3 – Actions and resources in relation to climate change policies (in accordance with MDR-A Actions and resources in relation to material sustainability matters)	3.2. Environment (E1, E5)	3.2.2. Climate change (E1) (Actions and resources related to climate change policies) / 79
Disclosure Requirement E1-4 – Targets related to climate change mitigation and adaptation (in accordance and in addition to MDR-T Tracking effectiveness of policies and actions through targets)	3.2. Environment (E1, E5)	3.2.2. Climate change (E1) (Targets related to climate change mitigation and adaptation) / 80
Disclosure Requirement E1-5 – Energy consumption and mix	3.2. Environment (E1, E5)	3.2.2. Climate change (E1) (Targets related to climate change mitigation and adaptation) / 80
Disclosure Requirement E1-6 – Gross Scopes 1, 2, 3 and Total GHG emissions	3.2. Environment (E1, E5)	3.2.2. Climate change (E1) (Gross GHG emissions from Scope 1, 2, 3, and total GHG emissions) / 83 GHG Emissions Calculation Methodologies / 83
E5 Resource use and circular economy		
Disclosure Requirement related to ESRS 2 IRO-1 – Description of the processes to identify and assess material resource use and circular economy-related impacts, risks and opportunities	3.2. Environment (E1, E5)	3.2.3. Resource use and Circular Economy (E5) (Processes for identifying and assessing significant impacts, risks, and opportunities related to resource use and the circular economy) / 89
Disclosure Requirement E5-1 – Policies related to resource use and circular economy	3.2. Environment (E1, E5)	3.2.3. Resource use and Circular Economy (E5) (Policies related to resource use and the circular economy) / 90
Disclosure Requirement E5-2 – Actions and resources related to resource use and circular economy	3.2. Environment (E1, E5)	3.2.3 Resource use and Circular Economy (E5) (Actions and resources related to resource use and the circular economy) / 91

Disclosure requirement	Section within the statement	Paragraph / page number
Disclosure Requirement E5-3 – Targets related to resource use and circular economy	3.2. Environment (E1, E5)	3.2.3. Resource use and Circular Economy (E5) (Targets related to resource use and the circular economy) / 92
Disclosure Requirement E5-4 – Resource inflows	3.2. Environment (E1, E5)	3.2.3. Resource use and Circular Economy (E5) (Key figures regarding resource inflows and outflows) / 93
Disclosure Requirement E5-5 – Resource outflows	3.2. Environment (E1, E5)	3.2.3. Resource use and Circular Economy (E5) (Key figures regarding resource inflows and outflows) / 93
S1 Own workforce		
Disclosure Requirement related to ESRS 2 SBM-2 – Interests and views of stakeholders	3.1. General disclosures (ESRS 2)	3.1.4. Strategy (Stakeholder engagement) / 50
Disclosure Requirement related to ESRS 2 SBM-3 – Material impacts, risks and opportunities and their interaction with strategy and business model	3.1. General disclosures (ESRS 2)	3.1.4. Strategy (Own workforce) / 52
Disclosure Requirement S1-1 – Policies related to own workforce	3.3. Social (S1, S4)	3.3.1. Own workforce (Policies related to own workforce) / 105
Disclosure Requirement S1-2 – Processes for engaging with own workforce and workers’ representatives about impacts	3.3. Social (S1, S4)	3.3.1. Own workforce (Consultation with the workforce, social dialogue, and the collective labor agreement) / 106
Disclosure Requirement S1-3 – Processes to remediate negative impacts and channels for own workforce to raise concerns	3.3. Social (S1, S4)	3.3.1. Own workforce (Remediation of negative impacts and whistleblowing mechanisms) / 108
Disclosure Requirement S1-4 – Taking action on material impacts on own workforce, and approaches to managing material risks and pursuing material opportunities related to own workforce, and effectiveness of those actions	3.3. Social (S1, S4)	3.3.1. Own workforce (Actions targeted at material topics related to the workforce) / 109
Disclosure Requirement S1-5 – Targets related to managing material negative impacts, advancing positive impacts, and managing material risks and opportunities	3.3. Social (S1, S4)	3.3.1. Own workforce (Targets related to material topics) / 115
Disclosure Requirement S1-6 – Characteristics of the undertaking’s employees	3.3. Social (S1, S4)	3.3.1. Own workforce (Key information about the workforce) / 112
Disclosure Requirement S1-7 – Characteristics of non-employees in the undertaking’s own workforce	3.3. Social (S1, S4)	3.3.1. Own workforce (Key information about the workforce) / 112

Disclosure requirement	Section within the statement	Paragraph / page number
Disclosure Requirement S1-8 – Collective bargaining coverage and social dialogue	3.3. Social (S1, S4)	3.3.1. Own workforce (Collective Labor Agreement and Code of Conduct) / 107
Disclosure Requirement S1-9 – Diversity metrics	Not material	Not material
Disclosure Requirement S1-10 – Adequate wages	Not material	Not material
Disclosure Requirement S1-11 – Social protection	3.3. Social (S1, S4)	3.3.1. Own workforce (Social protection) / 113
Disclosure Requirement S1-12 – Persons with disabilities	Not material	Not material
Disclosure Requirement S1-13 – Training and skills development metrics	3.3. Social (S1, S4)	3.3.1. Own workforce (Training and skills development) / 114
Disclosure Requirement S1-14 – Health and safety metrics	3.3. Social (S1, S4)	3.3.1. Own workforce (Information on occupational health and safety) / 115
Disclosure Requirement S1-15 – Work-life balance metrics	Not material	Not material
Disclosure Requirement S1-16 – Remuneration metrics (pay gap and total remuneration)	Not material	Not material
Disclosure Requirement S1-17 – Incidents, complaints and severe human rights impacts	3.3. Social (S1, S4)	3.3.1. Own workforce (Incidents, complaints and severe human rights impacts) / 109
S4 Consumers and end-users		
Disclosure Requirement related to ESRS 2 SBM-2 – Interests and views of stakeholders	3.1. General disclosures (ESRS 2)	3.1.4. Strategy (Stakeholder engagement) / 50
Disclosure Requirement related to ESRS 2 SBM-3 – Material impacts, risks and opportunities and their interaction with strategy and business model	3.1. General disclosures (ESRS 2)	3.1.4. Strategy (Consumers and end users) / 52
Disclosure Requirement S4-1 – Policies related to consumers and end-users	3.3. Social (S1, S4)	3.3.2. Consumers and End Users (Policies regarding consumers and end users) / 121

Disclosure requirement	Section within the statement	Paragraph / page number
Disclosure Requirement S4-2 – Processes for engaging with consumers and end-users about impacts	3.3. Social (S1, S4)	3.3.2. Consumers and End Users (Stakeholder engagement and remediation of negative impacts) / 121
Disclosure Requirement S4-3 – Processes to remediate negative impacts and channels for consumers and end-users to raise concerns	3.3. Social (S1, S4)	3.3.2. Consumers and End Users (Stakeholder engagement and remediation of negative impacts) / 121
Disclosure Requirement S4-4 – Taking action on material impacts on consumers and end-users, and approaches to managing material risks and pursuing material opportunities related to consumers and end-users, and effectiveness of those actions	3.3. Social (S1, S4)	3.3.2. Consumers and End Users (Actions related to material topics) / 122
Disclosure Requirement S4-5 – Targets related to managing material negative impacts, advancing positive impacts, and managing material risks and opportunities	3.3. Social (S1, S4)	3.3.2. Consumers and End Users (Targets related to material topics) / 124
G1 Business conduct		
Disclosure Requirement related to ESRS 2 GOV-1 – The role of the administrative, supervisory and management bodies	3.4. Business conduct (G1)	The role of the administrative, supervisory and management bodies / 130
Disclosure Requirement related to ESRS 2 IRO-1 – Description of the processes to identify and assess material impacts, risks and opportunities	3.1. General disclosures (ESRS 2)	3.1.5. Impacts, risks and opportunities management (Presentation of the materiality assessment process) / 53
Disclosure Requirement G1-1 – Business conduct policies and corporate culture	3.4. Business conduct (G1)	Business conduct and corporate culture policies / 130
Disclosure Requirement G1-2 – Management of relationships with suppliers	3.4. Business conduct (G1)	Management of relationships with suppliers / 133
Disclosure Requirement G1-3 – Prevention and detection of corruption and bribery	3.4. Business conduct (G1)	Business conduct and corporate culture policies / 130
Disclosure Requirement G1-4 – Incidents of corruption or bribery	3.4. Business conduct (G1)	Incidents of corruption or bribery / 135
Disclosure Requirement G1-5 – Political influence and lobbying activities	3.4. Business conduct (G1)	Political influence and lobbying activities / 135
Disclosure Requirement G1-6 – Payment practices	3.4. Business conduct (G1)	Payment practices / 136

Annex II – Disclosure requirements and corresponding data points from EU legislation

Disclosure Requirement and related datapoint	SFDR ^[1]	Pillar 3 ^[2]	Benchmark Regulation reference ^[3]	EU Climate Law reference ^[4]	Reference to the page/section in the report
ESRS 2 GOV-1 Board's gender diversity, paragraph 21 (d)	x		x		34 / 3.1. General disclosures
ESRS 2 GOV-1 Percentage of board members who are independent, paragraph 21 (e)			x		34 / 3.1. General disclosures
ESRS 2 GOV-4 Statement on due diligence, paragraph 30	x				40 / 3.1. General disclosures
ESRS 2 SBM-1 Involvement in activities related to fossil fuel activities, paragraph 40 (d) i	x	x	x		47 / 3.1. General disclosures
ESRS 2 SBM-1 Involvement in activities related to chemical production, paragraph 40 (d) ii	x		x		47 / 3.1. General disclosures
ESRS 2 SBM-1 Involvement in activities related to controversial weapons, paragraph 40 (d) iii	x		x		47 / 3.1. General disclosures
ESRS 2 SBM-1 Involvement in activities related to cultivation and production of tobacco, paragraph 40 (d) iv			x		47 / 3.1. General disclosures
ESRS E1-1 Transition plan to reach climate neutrality by 2050, paragraph 14				x	77 / 3.2. Environment (E1, E5)
ESRS E1-1 Undertakings excluded from Paris-aligned Benchmarks, paragraph 16 (g)		x	x		n/a (the undertaking reported the absence of a transition plan)
ESRS E1-4 GHG emission reduction targets, paragraph 34	x	x	x		80 / 3.2. Environment (E1, E5)
ESRS E1-5 Energy consumption from fossil sources disaggregated by sources (only high climate impact sectors), paragraph 38	x				81 / 3.2. Environment (E1, E5)
ESRS E1-5 Energy consumption and mix, paragraph 37	x				81 / 3.2. Environment (E1, E5)
ESRS E1-5 Energy intensity associated with activities in high climate impact sectors, paragraphs 40 to 43	x				81 / 3.2. Environment (E1, E5)

Disclosure Requirement and related datapoint	SFDR ^[1]	Pillar 3 ^[2]	Benchmark Regulation reference ^[3]	EU Climate Law reference ^[4]	Reference to the page/section in the report
ESRS E1-6 Gross Scope 1, 2, 3 and Total GHG emissions, paragraph 44	x	x	x		83 / 3.2. Environment (E1, E5)
ESRS E1-6 Gross GHG emissions intensity, paragraphs 53 to 55	x	x	x		82 / 3.2. Environment (E1, E5)
ESRS E1-7 GHG removals and carbon credits, paragraph 56				x	Not material
ESRS E1-9 Exposure of the benchmark portfolio to climate-related physical risks, paragraph 66			x		Not material
ESRS E1-9 Disaggregation of monetary amounts by acute and chronic physical risk, paragraph 66 (a)		x			Phased-in
ESRS E1-9 Location of significant assets at material physical risk, paragraph 66 (c)					Phased-in
ESRS E1-9 Breakdown of the carrying value of its real estate assets by energy-efficiency classes, paragraph 67 (c)		x			Phased-in
ESRS E1-9 Degree of exposure of the portfolio to climate-related opportunities, paragraph 69			x		Phased-in
ESRS E2-4 Amount of each pollutant listed in Annex II of the E-PRTR Regulation (European Pollutant Release and Transfer Register) emitted to air, water and soil, paragraph 28	x				Not material
ESRS E3-1 Water and marine resources, paragraph 9	x				Not material
ESRS E3-1 Dedicated policy, paragraph 13	x				Not material
ESRS E3-1 Sustainable oceans and seas, paragraph 14	x				Not material
ESRS E3-4 Total water recycled and reused, paragraph 28 (c)	x				Not material
ESRS E3-4 Total water consumption in m ³ per net revenue on own operations, paragraph 29	x				Not material

Disclosure Requirement and related datapoint	SFDR ^[1]	Pillar 3 ^[2]	Benchmark Regulation reference ^[3]	EU Climate Law reference ^[4]	Reference to the page/section in the report
ESRS 2-IRO 1-E4, paragraph 16 (a) i	x				Not material
ESRS 2-IRO 1-E4, paragraph 16 (b)	x				Not material
ESRS 2-IRO 1-E4, paragraph 16 (c)	x				Not material
ESRS E4-2 Sustainable land / agriculture practices or policies, paragraph 24 (b)	x				Not material
ESRS E4-2 Sustainable oceans / seas practices or policies, paragraph 24 (c)	x				Not material
ESRS E4-2 Policies to address deforestation, paragraph 24 (d)	x				Not material
ESRS E5-5 Non-recycled waste, paragraph 37 (d)	x				96 / 3.2. Environment (E1, E5)
ESRS E5-5 Hazardous waste and radioactive waste, paragraph 39	x				96 / 3.2. Environment (E1, E5)
ESRS 2- SBM3 - S1 Risk of incidents of forced labor, paragraph 14 (f)	x				105 / 3.3. Social (S1, S4)
ESRS 2- SBM3 - S1 Risk of incidents of child labor, paragraph 14 (g)	x				105 / 3.3. Social (S1, S4)
ESRS S1-1 Human rights policy commitments, paragraph 20	x				105 / 3.3. Social (S1, S4)
ESRS S1-1 Due diligence policies on issues addressed by the fundamental International Labour Organization Conventions 1 to 8, paragraph 21			x		105 / 3.3. Social (S1, S4)
ESRS S1-1 Processes and measures for preventing trafficking in human beings, paragraph 22	x				105 / 3.3. Social (S1, S4)
ESRS S1-1 Workplace accident prevention policy or management system, paragraph 23	x				105 / 3.3. Social (S1, S4)

Disclosure Requirement and related datapoint	SFDR ^[1]	Pillar 3 ^[2]	Benchmark Regulation reference ^[3]	EU Climate Law reference ^[4]	Reference to the page/section in the report
ESRS S1-3 Grievance/complaints handling mechanisms, paragraph 32 (c)	x				105 / 3.3. Social (S1, S4)
ESRS S1-14 Number of fatalities and number and rate of work-related accidents, paragraph 88 (b) and (c)	x		x		115 / 3.3. Social (S1, S4)
ESRS S1-14 Number of days lost to injuries, accidents, fatalities or illness, paragraph 88 (e)	x				115 / 3.3. Social (S1, S4)
ESRS S1-16 Unadjusted gender pay gap, paragraph 97 (a)	x		x		Not material
ESRS S1-16 Excessive CEO pay ratio, paragraph 97 (b)	x				Not material
ESRS S1-17 Incidents of discrimination, paragraph 103 (a)	x				109 / 3.3. Social (S1, S4)
ESRS S1-17 Non-respect of UNGPs on Business and Human Rights and OECD Guidelines, paragraph 104 (a)	x		x		109 / 3.3. Social (S1, S4)
ESRS 2- SBM3 – S2 Significant risk of child labor or forced labor in the value chain, paragraph 11 (b)	x				Not material
ESRS S2-1 Human rights policy commitments, paragraph 17	x				Not material
ESRS S2-1 Policies related to value chain workers, paragraph 18	x				Not material
ESRS S2-1 Non-respect of UNGPs on Business and Human Rights principles and OECD guidelines, paragraph 19	x		x		Not material
ESRS S2-1 Due diligence policies on issues addressed by the fundamental International Labour Organisation Conventions 1 to 8, paragraph 19			x		Not material
ESRS S2-4 Human rights issues and incidents connected to its upstream and downstream value chain, paragraph 36	x				Not material
ESRS S3-1 Human rights policy commitments, paragraph 16	x				Not material

Disclosure Requirement and related datapoint	SFDR ^[1]	Pillar 3 ^[2]	Benchmark Regulation reference ^[3]	EU Climate Law reference ^[4]	Reference to the page/section in the report
ESRS S3-1 Non-respect of UNGPs on Business and Human Rights, ILO principles or OECD guidelines, paragraph 17	x		x		Not material
ESRS S3-4 Human rights issues and incidents, paragraph 36	x				Not material
ESRS S4-1 Policies related to consumers and end-users, paragraph 16	x				121 / 3.3. Social (S1, S4)
ESRS S4-1 Non-respect of UNGPs on Business and Human Rights and OECD guidelines, paragraph 17	x		x		121 / 3.3. Social (S1, S4)
ESRS S4-4 Human rights issues and incidents, paragraph 35	x				121 / 3.3. Social (S1, S4)
ESRS G1-1 United Nations Convention against Corruption, paragraph 10 (b)	x				131 / 3.4. Business Conduct (G1)
ESRS G1-1 Protection of whistle-blowers, paragraph 10 (d)	x				105 / 3.3. Social (S1, S4)
ESRS G1-4 Fines for violation of anti-corruption and anti-bribery laws, paragraph 24 (a)	x		x		135 / 3.4. Business Conduct (G1)
ESRS G1-4 Standards of anti-corruption and anti-bribery, paragraph 24 (b)	x				131 / 3.4. Business Conduct (G1)

^[1] Regulation (EU) 2019/2088 of the European Parliament and of the Council of 27 November 2019 on sustainability-related disclosures in the financial services sector (Sustainable Finance Disclosures Regulation) (OJ L 317, 9.12.2019, p. 1).

^[2] Regulation (EU) No 575/2013 of the European Parliament and of the Council of 26 June 2013 on prudential requirements for credit institutions and investment firms and amending Regulation (EU) No 648/2012 (Capital Requirements Regulation ‘CRR’) (OJ L 176, 27.6.2013, p. 1).

^[3] Regulation (EU) 2016/1011 of the European Parliament and of the Council of 8 June 2016 on indices used as benchmarks in financial instruments and financial contracts or to measure the performance of investment funds and amending Directives 2008/48/EC and 2014/17/EU and Regulation (EU) No 596/2014 (OJ L 171, 29.6.2016, p. 1).

^[4] Regulation (EU) 2021/1119 of the European Parliament and of the Council of 30 June 2021 establishing the framework for achieving climate neutrality and amending Regulations (EC) No 401/2009 and (EU) 2018/1999 (‘European Climate Law’) (OJ L 243, 9.7.2021, p. 1).

INDEPENDENT AUDITOR'S LIMITED ASSURANCE REPORT ON THE CONSOLIDATED SUSTAINABILITY STATEMENT FOR THE FINANCIAL YEAR 2024

To the Shareholders of TERAPLAST S.A.

Limited Assurance Conclusion

We have conducted a limited assurance engagement on the Consolidated Sustainability Statement included in section Consolidated Sustainability Statement of the Consolidated Administrators' Report of TERAPLAST S.A. and its subsidiaries (hereafter the "Group") as at 31 December 2024 and for the period from 1 January 2024 to 31 December 2024 (the "Consolidated Sustainability Statement"), prepared by the Group ("the Entity"), with social premises of the parent company registered in Romania, Sărățel village, Șieu-Măgheruș Commune, Calea Teraplast Street No.1, Bistrița-Năsăud County, Fiscal Identification Number RO3094980, Trade Register number J06/735/1992.

Based on the procedures we have performed and the evidence we have obtained, nothing has come to our attention that causes us to believe that the Consolidated Sustainability Statement of TERAPLAST Group is not prepared, in all material respects, in accordance with the Ministry of Finance Order No. 2844/2016, as revised, Chapter 7, section 7.3 implementing the article 29(a) of the EU Directive 2013/34/EU, including:

- compliance with the European Sustainability Reporting Standards (ESRS), including that the process carried out by the Group to identify the information reported in the Consolidated Sustainability Statement (the "Process") is in accordance with the description set out in section 3.1.5. Impacts, risks and opportunities management; and
- compliance of the taxonomy disclosures detailed in the Chapter 3.2. Environment (E1, E5) of the Consolidated Sustainability Statement, section 3.2.1. Information on the EU Taxonomy, with the applicable reporting requirements of Article 8 of EU Regulation 2020/852 (the "Taxonomy Regulation").

Basis for Conclusion

We conducted our limited assurance engagement in accordance with International Standard on Assurance Engagements (ISAE) 3000 (Revised), *Assurance Engagements other than Audits or Reviews of Historical Financial Information*.

Our responsibilities under this standard are further described in the *Auditor's Responsibilities* section of our report.

We believe that the evidence we have obtained is sufficient and appropriate to provide a basis for our conclusion.

Other Matters – Comparative Information

Our assurance engagement does not extend to comparative information in respect of earlier periods. Our conclusion is not modified in respect of this matter.

Identification of Applicable Criteria

The Consolidated Sustainability Statement was prepared by the Administrators of the Group in order to comply with requirements of the Ministry of Finance Order No. 2844/2016, as revised, Chapter 7, section 7.3 implementing the article 29(a) of the EU Directive 2013/34/EU, including:

- compliance with the European Sustainability Reporting Standards (ESRS), including that the process carried out by the Group to identify the information reported in the Consolidated Sustainability Statement is in accordance with the description set out in section 3.1.5. Impacts, risks and opportunities management; and
- compliance of the taxonomy disclosures detailed in the Chapter 3.2. Environment (E1, E5) of the Consolidated Sustainability Statement, section 3.2.1. Information on the EU Taxonomy with the applicable reporting requirements of Article 8 of EU Regulation 2020/852 (the “Taxonomy Regulation”).

Inherent Limitations in Preparing the Sustainability Statement

The criteria, nature of the Consolidated Sustainability Statement, and absence of long-standing established authoritative guidance, standard applications and reporting practices allow for different, but acceptable, measurement methodologies to be adopted which may result in variances between entities. The adopted measurement methodologies may also impact the comparability of sustainability matters reported by different organizations and from year to year within an organization as methodologies evolve.

In reporting forward looking information in accordance with European Sustainability Reporting Standards, the Administrators of the Group are required to prepare the forward-looking information on the basis of disclosed assumptions about events that may occur in the future and possible future actions by the Group. Actual outcome is likely to be different since anticipated events frequently do not occur as expected.

In determining the disclosures in the Consolidated Sustainability Statement, the Administrators of the Group interpret undefined legal and other terms. Undefined legal and other terms may be interpreted differently, including the legal conformity of their interpretation and, accordingly, are subject to uncertainties.

We draw your attention to the following specific limitations:

- Environmental reporting as applied by all companies includes information based on climate-related scenarios that are subject to inherent uncertainty because of incomplete scientific and economic knowledge about the likelihood, timing, or effect of possible future physical and transitional climate-related impacts. For the avoidance of doubt, the scope of our engagement and our responsibilities will not include performing work necessary for any assurance on the reliability, proper compilation, or accuracy of the prospective information.
- Any supply chain emissions metrics listed in the Sustainability Statement may include information provided by suppliers and third-party sources. Our procedures will not include obtaining assurance over the information provided by suppliers or third parties.
- The Consolidated Sustainability Statement may include metrics that are derived from reported events relating to employees and subcontractors. As such, our testing may not identify misstatements relating to completeness, for example in instances where events may have occurred but have not been reported.

Responsibility of the Administrators of the Group

Administrators of the Group are responsible for designing, implementing, and maintaining a process to identify the information reported in the Consolidated Sustainability Statement in accordance with the ESRS and for disclosing this process in section 3.1.5. Impacts, risks and opportunities management of the Consolidated Sustainability Statement.

This responsibility includes:

- understanding the context in which the Group's activities and business relationships take place and developing an understanding of its affected stakeholders;
- the identification of the actual and potential impacts (both negative and positive) related to sustainability matters, as well as risks and opportunities that affect, or could reasonably be expected to affect, the entity's financial position, financial performance, cash flows, access to finance or cost of capital over the short-, medium-, or long-term;
- the assessment of the materiality of the identified impacts, risks and opportunities related to sustainability matters by selecting and applying appropriate thresholds; and
- developing methodologies and making assumptions that are reasonable in the circumstances.

Administrators of the Group are further responsible for the preparation of the Consolidated Sustainability Statement, in accordance with the Ministry of Finance Order No. 2844/2016, as revised, Chapter 7, section 7.3 implementing the article 29(a) of the EU Directive 2013/34/EU, including:

- compliance with the European Sustainability Reporting Standards ("ESRS");
- preparing the taxonomy disclosures in the Chapter 3.2. Environment (E1, E5) of the Consolidated Sustainability Statement, section 3.2.1. Information on the EU Taxonomy in compliance with Article 8 of EU Regulation 2020/852 (the "Taxonomy Regulation");
- designing, implementing and maintaining such internal controls that management determines are necessary to enable the preparation of the Consolidated Sustainability Statement that is free from material misstatement, whether due to fraud or error; and
- the selection and application of appropriate sustainability reporting methods and making assumptions and estimates about individual sustainability disclosures that are reasonable in the circumstances.

Those charged with governance are responsible for overseeing the TERAPLAST Group's sustainability reporting process.

Auditor's Responsibility

Our objectives are to plan and perform the assurance engagement to obtain limited assurance about whether the Consolidated Sustainability Statement is free from material misstatement, whether due to fraud or error, and to issue a limited assurance report that includes our conclusion.

Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence decisions of users taken on the basis of the Consolidated Sustainability Statement as a whole. As part of a limited assurance engagement in accordance with ISAE 3000 (Revised) we exercise professional judgement and maintain professional scepticism throughout the engagement.

The procedures performed in a limited assurance engagement vary in nature and timing from, and are less in extent than for, a reasonable assurance engagement. Consequently, the level of assurance obtained in a limited assurance engagement is substantially lower than the assurance that would have been obtained had a reasonable assurance engagement been performed.

Our responsibilities in respect of the Sustainability Statement, in relation to the Process, include:

- Obtaining an understanding of the Process but not for the purpose of providing a conclusion on the effectiveness of the Process, including the outcome of the Process;
- Designing and performing procedures to evaluate whether the Process is consistent with the Group's description of its Process, as disclosed in section 3.1.5. Impacts, risks and opportunities management.

Our other responsibilities in respect of the Consolidated Sustainability Statement include:

- Obtaining an understanding of the entity’s control environment, processes and information systems relevant to the preparation of the Consolidated Sustainability Statement but not evaluating the design of particular control activities, obtaining evidence about their implementation or testing their operating effectiveness;
- Identifying disclosures where material misstatements are likely to arise, whether due to fraud or error.
- Designing and performing procedures responsive to disclosures in the Consolidated Sustainability Statement where material misstatements are likely to arise. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.

Our Independence and Quality Management

We complied with the applicable independence and other ethical requirements of the International Code of Ethics for Professional Accountants (including International Independence Standards) issued by the International Ethics Standards Board for Accountants (the “Code”), together with the ethical requirements that are relevant to our assurance engagement of the Consolidated Sustainability Statement in Romania, including Law 162/2017 with subsequent amendments, and we have fulfilled our other ethical responsibilities in accordance with these requirements and the IESBA Code. The Code is founded on fundamental principles of integrity, objectivity, professional competence and due care, confidentiality and professional behaviour.

We applied International Standard on Quality Management (ISQM) 1, Quality Management for Firms that Perform Audits or Reviews of Financial Statements, or Other Assurance or Related Services Engagements, and accordingly maintain a comprehensive system of quality control including documented policies and procedures regarding compliance with ethical requirements, professional standards and applicable legal and regulatory requirements.

Summary of Work Performed

A limited assurance engagement involves performing procedures to obtain evidence about the Consolidated Sustainability Statement.

The nature, timing and extent of procedures selected depend on professional judgement, including the identification of disclosures where material misstatements are likely to arise, whether due to fraud or error, in the Consolidated Sustainability Statement.

In conducting our limited assurance engagement, with respect to the Process, we:

- Obtained an understanding of the Process by:
 - performing inquiries to understand the sources of the information used by management (e.g., stakeholder engagement, business plans and strategy documents); and]
 - reviewing the Group’s internal documentation of its Process; and
- Evaluated whether the evidence obtained from our procedures about the Process implemented by the Group was consistent with the description of the Process set out in section 3.1.5. Impacts, risks and opportunities management.

In conducting our limited assurance engagement, with respect to the Consolidated Sustainability Statement, we:

- Obtained an understanding of the Group’s reporting processes relevant to the preparation of its Consolidated Sustainability Statement by:
 - performing inquiries to understand the Group’s control environment, processes and information systems relevant to the preparation of the consolidated sustainability statement;

- Evaluated whether material information identified by the Process to identify the information reported in the Consolidated Sustainability Statement is included in the Consolidated Sustainability Statement;
- Evaluated whether the structure and the presentation of the Consolidated Sustainability Statement is in accordance with the ESRS;
- Performed inquires of relevant personnel and analytical procedures on selected disclosures in the Consolidated Sustainability Statement;
- Performed substantive assurance procedures based on a sample basis on selected disclosures in the Consolidated Sustainability Statement;
- Obtained evidence on the methods for developing material estimates and forward-looking information and on how these methods were applied;
- Obtained an understanding of the process to identify taxonomy-eligible and the corresponding disclosures in the Consolidated Sustainability Statement;

We believe that the evidence we have obtained is sufficient and appropriate to provide a basis for our conclusion.

Ioana Alina Mirea, Audit Partner

*For signature, please refer to the original
Romanian version.*

*Registered in the Electronic Public Register of Financial
Auditors and Audit Firms under number AF 1504*

On behalf of:

DELOITTE AUDIT SRL

*Registered in the Electronic Public Register of Financial
Auditors and Audit Firms under number FA 25*

The Mark Building, 84-98 and 100-102 Calea Griviței, 9th Floor, District 1
Bucharest, Romania
28 March 2025

TERAPLAST SA

CONSOLIDATED FINANCIAL STATEMENTS

**Prepared in accordance with
Minister of Public Finance Order no. 2844/2016 approving the accounting regulations
compliant with the International Financial Reporting Standards**

**AS AT AND FOR THE FINANCIAL YEAR ENDED
31 DECEMBER 2024**

TERAPLAST SA
Consolidated Financial Statements
Prepared in accordance with the
International Financial Reporting Standards
31 December 2024

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INDEPENDENT AUDITOR'S REPORT

To the Shareholders of,
Teraplast SA

Report on the Audit of the Consolidated Financial Statements

Opinion

1. We have audited the consolidated financial statements of Teraplast SA and its subsidiaries ("the Group"), with registered office in Sărățel village, Șieu-Măgheruș commune, DN 15A, km 45+500, Bistrița-Năsăud county, identified by unique tax registration code 3094980, which comprise the consolidated statement of financial position as at December 31, 2024, the consolidated statement of comprehensive income, the consolidated statement of changes in equity and consolidated statement of cash flows for the year then ended, and notes to the consolidated financial statements, including material accounting policy information.
2. The consolidated financial statements as at December 31, 2024 are identified as follows:
 - Net assets/Total equity: RON 436,882,755
 - Net profit for the financial year: RON 19,478,500
3. In our opinion, the accompanying consolidated financial statements present fairly, in all material respects, the consolidated financial position of the Group as at December 31, 2024, its consolidated financial performance and its consolidated cash flows for the year then ended in accordance with Ministry of Public Finance Order no. 2844/2016 for the approval of accounting regulations conforming with International Financial Reporting Standards, with subsequent amendments.

Basis for Opinion

4. We conducted our audit in accordance with International Standards on Auditing (ISAs), Regulation (EU) No. 537/2014 of the European Parliament and the Council (herein after referred to as "the Regulation") and Law 162/2017 on the statutory audit of annual financial statements and annual consolidated financial statements and on amending other pronouncements (herein after referred to as "Law 162/2017"). Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are independent of the Group in accordance with the International Ethics Standards Board for Accountants' International Code of Ethics for Professional Accountants (including International Independence Standards) (IESBA Code), in accordance with ethical requirements relevant for the audit of the financial statements in Romania including the Regulation and the Law 162/2017 and we have fulfilled our other ethical responsibilities in accordance with these requirements and the IESBA Code. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Key Audit Matters

5. Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the consolidated financial statements of the current period. These matters were addressed in the context of our audit of the consolidated financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

KEY AUDIT MATTER	How our audit addressed the key audit matter
<p>Acquisition of Freiler Group (Austria and Hungary), PalPlast (Moldova) and OptiPlast (Croatia)</p>	
<p>Teraplast SA acquired the majority stake of Freiler Group, PalPlast and Optiplast (hereinafter referred to as subsidiaries).</p> <p>As presented in Note 1 and Note 3 to the consolidated financial statements, the Group consolidates Palplast as of 1 January 2024, Freiler Group as of 1 April 2024 and Optiplast as of 1 December 2024.</p> <p>Teraplast SA acquired 100% of the shares in Freiler, 70% of the shares in Optiplast and 51% of the shares in Palplast.</p> <p>The Group contracted an external specialist to prepare a purchase price allocation report in relation to the subsidiaries.</p> <p>Determining and allocating the fair value of the subsidiaries' identifiable assets are significant for our audit, given that the valuation process is complex.</p> <p>Given the significance of such transaction, we identified this matter of the consolidated financial statements as a key audit matter.</p>	<p>To address such key audit matter, we have conducted several procedures, such as:</p> <ul style="list-style-type: none"> • We checked the acquisition of the majority package of shares of the subsidiaries by checking the related contracts, the price allocation reports and the associated payments; • We obtained the purchase price allocation report prepared by an external appraiser; • We involved our in-house specialists to check the above-mentioned report and offer us support in analyzing the method used by the appraiser contracted by the Group, as well as the data used in such report; • We checked the accuracy of the information disclosed by the Company in the separate financial statements regarding the investment in the subsidiaries.

Other Information

6. The administrators are responsible for the preparation and presentation of the other information. The other information comprises the Administrators' Consolidated report and the Remuneration Report, but does not include the consolidated financial statements and our auditor's report thereon.

Our opinion on the consolidated financial statements does not cover the other information and, unless otherwise explicitly mentioned in our report, we do not express any form of assurance conclusion thereon.

In connection with our audit of the consolidated financial statements for the year ended December 31, 2024, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the consolidated financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated.

Other reporting responsibilities with respect to other information – Administrators' consolidated report

With respect to the Administrators' consolidated report, we read it and report if this has been prepared, in all material respects, in accordance with the provisions of Ministry of Public Finance Order no. 2844/2016 for the approval of accounting regulations conforming with International Financial Reporting Standards, with subsequent amendments.

On the sole basis of the procedures performed within the audit of the consolidated financial statements, in our opinion:

- a) the information included in the Administrators' consolidated report and the Remuneration report for the financial year for which the consolidated financial statements have been prepared is consistent, in all material respects, with these consolidated financial statements;
- b) the Administrators' consolidated report has been prepared, in all material respects, in accordance with the provisions of Ministry of Public Finance Order no. 2844/2016 for the approval of accounting regulations conforming with International Financial Reporting Standards, with subsequent amendments.

Moreover, based on our knowledge and understanding concerning the Company and its environment gained during the audit on the consolidated financial statements prepared as at December 31, 2024, we are required to report if we have identified a material misstatement of this Administrators' consolidated report. We have nothing to report in this regard.

Other reporting responsibilities with respect to other information – Remuneration report

With respect to the Remuneration report, we read it to determine if it presents, in all material respects, the information required by article 107, paragraphs (1) and (2) of Law 24/2017 regarding the issuers of financial instruments and market operations, republished. We have nothing to report in this regard.

Responsibilities of Management and Those Charged with Governance for the Consolidated Financial Statements

7. Management is responsible for the preparation and fair presentation of the financial statements in accordance with Ministry of Public Finance Order no. 2844/2016 for the approval of accounting regulations conforming with International Financial Reporting Standards, with subsequent amendments, and for such internal control as management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.
8. In preparing the consolidated financial statements, management is responsible for assessing the Group's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Group or to cease operations, or has no realistic alternative but to do so.
9. Those charged with governance are responsible for overseeing the Group's financial reporting process.

Auditor's Responsibilities for the Audit of the Consolidated Financial Statements

10. Our objectives are to obtain reasonable assurance about whether the consolidated financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these consolidated financial statements.
11. As part of an audit in accordance with ISAs, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:
 - Identify and assess the risks of material misstatement of the consolidated financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
 - Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Group's internal control.
 - Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
 - Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the consolidated financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Group to cease to continue as a going concern.
 - Evaluate the overall presentation, structure and content of the consolidated financial statements, including the disclosures, and whether the consolidated financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
 - Plan and perform the group audit to obtain sufficient appropriate audit evidence regarding the financial information of the entities or business units within the Group as a basis for forming an opinion on the group financial statements. We are responsible for the direction, supervision and review of the audit work performed for purposes of the group audit. We remain solely responsible for our audit opinion.

12. We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.
13. We also provide those charged with governance with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.
14. From the matters communicated with those charged with governance, we determine those matters that were of most significance in the audit of the consolidated financial statements of the current period and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

Report on Other Legal and Regulatory Requirements

15. We have been appointed by the General Assembly of Shareholders on 18 April 2023 to audit the financial statements of Teraplast SA for the financial year ended December 31, 2023. The uninterrupted total duration of our commitment is 6 years, covering the financial years ended December 31, 2019 until December 31, 2024.

We confirm that:

- Our audit opinion is consistent with the additional report submitted to the Audit Committee of the Company that we issued the same date we issued and this report. Also, in conducting our audit, we have retained our independence from the audited entity.
- No non-audit services referred to in Article 5 (1) of EU Regulation No.537 / 2014 were provided.

Report on compliance with the Law 162/2017 on the statutory audit of annual financial statements and annual consolidated financial statements and on amending other pronouncements ("Law 162/2017"), and Commission Delegated Regulation (EU) 2018/815 on the European Single Electronic Format Regulatory Technical Standard ("ESEF")

16. We have undertaken a reasonable assurance engagement on the compliance with Law 162/2017, and Commission Delegated Regulation (EU) 2018/815 applicable to the consolidated financial statements included in the annual financial report of TERPLAST SA as presented in the digital files which contain the unique LEI code 254900CX9UNGB7VMOR35 ("**the Digital Files**")

(I) Responsibilities of management and those charged with governance for the Digital Files prepared in compliance with the ESEF

Management is responsible for preparing Digital Files that comply with the ESEF. This responsibility includes:

- the design, implementation and maintenance of internal control relevant to the application of the ESEF;
- the selection and application of appropriate iXBRL mark-ups;
- ensuring consistency between the Digital Files and the consolidated financial statements to be submitted in accordance with Ministry of Public Finance Order no. 2844/2016 for the approval of accounting regulations conforming with International Financial Reporting Standards, with subsequent amendments.

Those charged with governance are responsible for overseeing the preparation of the Digital Files that comply with ESEF.

(II) Auditor's Responsibilities for Audit of the Digital Files

Our responsibility is to express a conclusion on whether the consolidated financial statements included in the annual financial report complies in all material respects with the requirements of ESEF based on the evidence we have obtained. We conducted our reasonable assurance engagement in accordance with International Standard on Assurance Engagements 3000 (Revised), Assurance Engagements Other than Audits or Reviews of Historical Financial Information (ISAE 3000) issued by the International Auditing and Assurance Standards Board.

Our firm applies International Standard on Quality Management 1 (“ISQM1”), and accordingly maintains a comprehensive system of quality control including documented policies and procedures regarding compliance with ethical requirements, professional standards and applicable legal and regulatory requirements.

A reasonable assurance engagement in accordance with ISAE 3000 involves performing procedures to obtain evidence about compliance with ESEF. The nature, timing and extend of procedures selected depend on the auditor’s judgment, including the assessment of the risks of material departures from the requirements set out in ESEF, whether due to fraud or error. A reasonable assurance engagement includes:

- obtaining an understanding of the Company’s process for preparation of the Digital Files in accordance with ESEF, including relevant internal controls;
- reconciling the Digital Files including the marked-up data with the audited consolidated financial statements of the Company to be submitted in accordance with Ministry of Public Finance Order no. 2844/2016 for the approval of accounting regulations conforming with International Financial Reporting Standards, with subsequent amendments;
- evaluating if all financial statements contained in the consolidated annual report have been prepared in a valid XHTML format;
- evaluating if the iXBRL mark-ups, including the voluntary mark-ups, comply with the requirements of ESEF.

We believe that the evidence we have obtained is sufficient and appropriate to provide a basis for our conclusion.

In our opinion, the consolidated financial statements for the year ended December 31, 2024 included in the annual financial report in the Digital Files comply in all materials respects with the requirements of ESEF.

In this section, we do not express an audit opinion, review conclusion or any other assurance conclusion on the consolidated financial statements. Our audit opinion relating to the consolidated financial statements of the Company for the year ended December 31, 2024 is set out in the “*Report on the audit of the consolidated financial statements*” section above.

Report on the Information Regarding Income Tax

17. For the financial year preceding the financial year for which the financial statements were prepared, the Group was not required under Ministry of Public Finance Order no. 2844/2016 approving the accounting regulations compliant with International Financial Reporting Standards, with subsequent amendments, articles 60² - 60⁶, to publish a report on income tax information.

The engagement partner on the audit resulting in this independent auditor’s report is Alina-Ioana Mirea.

Alina-Ioana Mirea, Audit Partner

*For signature, please refer to the original
Romanian version.*

*Registered in the Electronic Public Register of Financial
Auditors and Audit Firms under no. AF 1504*

On behalf of:

DELOITTE AUDIT S.R.L.

*Registered in the Electronic Public Register of Financial
Auditors and Audit Firms under no. FA 25*

The Mark Building, 84-98 and 100-102 Calea Grivitei, 9th Floor, District 1
Bucharest, Romania
March 28, 2025

TERAPLAST SA
CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME
for the financial year ended 31 December 2024
(all amounts are expressed in Romanian Lei ("RON"), unless otherwise stated)

	Note	Financial year ended	
		31 December 2024	31 December 2023
Total revenue from customer contracts, <i>out of which:</i>	4	897,895,699	672,330,589
- Revenue from sale of finished products		788,506,699	609,374,308
- Revenue from the sale of merchandise		100,657,913	59,387,621
- Revenue from services		8,731,087	3,568,660
Other operating income	5	2,330,904	1,834,513
Income from investment subsidies		9,260,614	7,965,901
Changes in inventory of finished goods and work in progress		8,430,073	2,197,474
Works and services in progress		389,562	198,561
Raw materials, consumables used and merchandise	6	(583,565,610)	(427,337,871)
Employee benefit expenses	9	(129,967,275)	(95,055,913)
Travel expenses		(40,433,770)	(30,280,844)
Expenses with utilities		(41,357,714)	(32,593,039)
Amortization and the adjustments for impairment of non-current assets, net	8	(56,956,687)	(41,865,198)
Impairment of current assets, net	8	1,396,843	(961,707)
Provisions, net	8	59,913	427,515
Gains/(Loss) from the disposal of tangible and intangible assets	7	(1,216,438)	30,706
Gains/(Loss) from the disposal/fair value measurement of investment properties		128,792	439,021
Other expenses	10	(63,957,272)	(37,802,111)
Sponsorships		(1,533,624)	(1,158,141)
Operating result		904,010	18,369,456
FX differences, net	5	(378,895)	(977,700)
Interest expense, net	5	(17,543,503)	(13,128,570)
Other financial income	5	2,118,178	869,694
Income from dividends	5	66,830	69,300
Financial result, net		(15,737,390)	(13,167,276)
Profit before tax		(14,833,380)	5,202,180
Income tax expense	11	(4,645,120)	(4,064,176)
Profit for the year		(19,478,500)	1,138,004
Other comprehensive income: <i>OCI that will not be reclassified subsequently to profit or loss</i>			
Revaluation of fixed assets, net		12,342,644	-
Deferred tax, net	11	(1,974,823)	-
Other comprehensive income		10,367,821	-

The accompanying notes are an integral part of these consolidated financial statements.

TERAPLAST SA
CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME
for the financial year ended 31 December 2024
(all amounts are expressed in Romanian Lei ("RON"), unless otherwise stated)

	Financial year ended	
	31 December 2024	31 December 2023
Note		
Attributable to:		
Parent entity equity holders	(8,590,754)	1,735,058
Non-controlling interests	(519,925)	(597,054)
Profit or loss for the year	(9,110,679)	1,138,004
Basic and diluted earnings per share	(0.004)	0.001

Approved:

28 March 2025
Board of Administration

ALEXANDRU STANEAN
CEO

BOGDAN CRACIUNAS
CFO

TERAPLAST SA
CONSOLIDATED STATEMENT OF FINANCIAL POSITION
for the financial year ended 31 December 2024
(all amounts are expressed in Romanian Lei ("RON"), unless otherwise stated)

	Note	31 December 2024	31 December 2023
ASSETS			
Non-current assets			
Property, plant and equipment	12	530,367,909	401,412,034
Investment property	18	21,799,930	5,737,239
Right of use of the leased assets	14	24,730,382	20,017,741
Intangible assets	13	46,627,563	3,961,459
Goodwill	13	1,140,066	-
Long-term receivable	17	1,640,818	1,567,558
Deferred tax assets		2,873	-
Other long-term equity investments	15	18,198	15,500
Total non-current assets		626,327,739	432,711,531
Current assets			
Inventories	16	185,651,914	138,564,464
Work and services in progress	16	588,123	198,560
Trade receivables	17	210,149,917	154,410,883
Prepayments granted to suppliers of non-current assets		10,941,322	7,942,919
Prepayments		1,296,063	1,136,301
Income tax recoverable	11	767,600	981,002
Cash	27	32,415,724	18,879,289
Total current assets		441,810,663	322,113,418
Total assets		1,068,138,402	754,824,949
EQUITY AND LIABILITIES			
Equity			
Share capital	19	240,120,036	217,900,036
Treasury shares		-	-
Equity premiums		77,770,000	-
Revaluation reserves	20	30,190,904	17,404,244
Legal reserve	20	37,920,735	36,854,658
Retained earnings		16,861,240	37,856,389
FX differences upon consolidation		(101,468)	-
Capital attributable to controlling interests		402,761,447	310,015,327
Non-controlling interests		34,121,308	2,665,367
Total equity		436,882,755	312,680,694

The accompanying notes are an integral part of these consolidated financial statements.

TERAPLAST SA
CONSOLIDATED STATEMENT OF FINANCIAL POSITION
for the financial year ended 31 December 2024
(all amounts are expressed in Romanian Lei ("RON"), unless otherwise stated)

	Note	31 December 2024	31 December 2023
Non-current liabilities			
Bank loans	22	142,035,446	84,186,427
Lease liabilities	23	2,026,392	1,826,726
Right-of-use lease liabilities	23	11,554,111	7,668,827
Non-current liabilities for non-current assets	21	8,383,518	6,907,640
Employee benefit liabilities	20	2,058,752	1,956,847
Investment subsidies – long-term portion	27	89,566,432	68,959,443
Deferred tax liabilities		14,984,474	279,620
Total non-current liabilities		270,609,125	171,785,530
Current liabilities			
Trade and other payables	22	181,522,145	103,328,789
Dividends payable		-	45,550
Bank loans	23	163,280,672	155,393,060
Lease liabilities	24	784,814	736,727
Right-of-use lease liabilities	14	4,205,323	2,728,302
Income tax payable		849,055	-
Investment subsidies - current portion	28	9,487,813	7,601,172
Provisions for risks and charges	21	516,700	525,125
Total current liabilities		360,646,522	270,358,725
Total liabilities		631,255,647	442,144,255
Total equity and liabilities		1,068,138,402	754,824,949

Approved:

28 March 2025
Board of Administration

ALEXANDRU STANEAN
CEO

BOGDAN CRACIUNAS
CFO

TERAPLAST SA
CONSOLIDATED STATEMENT OF CHANGES IN SHAREHOLDERS' EQUITY
for the financial year ended 31 December 2024

(all amounts are expressed in Romanian Lei ("RON"), unless otherwise stated)

	Share capital	Legal reserves	Revaluation reserve	Treasury shares	Cumulated retained earnings	Capital attributable to parent's equity holders	Non-controlling interests	Total equity
Balance at 1 January 2024	217,900,036	36,854,658	17,404,244	-	37,856,389	310,015,327	2,665,367	312,680,694
Result for the year	-	-	-	-	(18,958,575)	(18,958,575)	(519,925)	(19,478,500)
Other comprehensive income	-	-	-	-	10,367,821	10,367,821	-	10,367,821
Total comprehensive income	-	-	-	-	(8,590,754)	(8,590,754)	(519,925)	(9,110,679)
Set up of legal reserves	-	1,252,498	-	-	(1,252,498)	-	-	-
Reserves representing revaluation surplus	-	-	12,342,644	-	-	12,342,644	-	12,342,644
Gains/(Losses) on the sale of own shares	-	-	-	-	(34,386)	(34,386)	-	(34,386)
Buy-back of own shares	-	-	-	-	-	-	-	-
M&A acquisitions in 2024	-	-	-	-	-	-	31,975,866	31,975,866
Share capital increase by public subscription	22,220,000	-	-	77,770,000	-	99,990,000	-	99,990,000
FX differences upon consolidation	-	-	-	-	-	(101,468)	-	(101,468)
Other increases/(decreases) of equity items	-	(186,421)	444,016	-	(11,117,511)	(10,859,916)	-	(10,859,916)
Balance at 31 December 2024	240,120,036	37,920,735	30,190,904	77,770,000	16,861,240	402,761,447	34,121,308	436,882,755

For details on the amounts regarding the share capital increase, see Note 19, and for details on the amounts regarding the revaluation reserves, see Note 20.

Approved:

28 March 2025
Board of Administration

ALEXANDRU STANEAN
CEO

BOGDAN CRACIUNAS
CFO

The accompanying notes are an integral part of these consolidated financial statements.

TERAPLAST SA
CONSOLIDATED STATEMENT OF CHANGES IN SHAREHOLDERS' EQUITY
for the financial year ended 31 December 2024

(all amounts are expressed in Romanian Lei ("RON"), unless otherwise stated)

	Share capital	Legal reserves	Revaluation reserve	Treasury shares	Cumulated retained earnings	Capital attributable to parent's equity holders	Non-controlling interests	Total equity
Balance at 1 January 2023	217,900,036	35,211,724	17,304,558	(495,209)	36,295,643	306,216,752	3,262,421	309,479,173
Result for the year	-	-	-	-	1,735,058	1,735,058	(597,054)	1,138,004
Other comprehensive income	-	-	-	-	-	-	-	-
Total comprehensive income	-	-	-	-	1,735,058	1,735,058	(597,054)	1,138,004
Set up of legal reserves	-	1,642,934	-	-	(1,642,934)	-	-	-
Reserves representing revaluation surplus	-	-	99,686	-	1,459,326	1,559,012	-	1,559,012
Benefits granted to employees in the form of financial instruments	-	-	-	1,546,354	-	1,546,354	-	1,546,354
Gains/(Losses) on the sale of treasury shares	-	-	-	-	9,296	9,296	-	9,296
Buy-back of own shares	-	-	-	(1,051,145)	-	(1,051,145)	-	(1,051,145)
Dividends paid and share capital increase (2021)	-	-	-	-	-	-	-	-
Other increases/(decreases) of equity items	-	-	-	-	-	-	-	-
Balance at 31 December 2023	217,900,036	36,854,658	17,404,244	-	37,856,389	310,015,327	2,665,367	312,680,694

Approved:

28 March 2025
Board of Administration

ALEXANDRU STANEAN
 CEO

BOGDAN CRACIUNAS
 CFO

The accompanying notes are an integral part of these consolidated financial statements.

TERAPLAST SA
CONSOLIDATED STATEMENT OF CASH FLOWS
for the financial year ended 31 December 2024
(all amounts are expressed in Romanian Lei ("RON"), unless otherwise stated)

INDIRECT METHOD	Year ended 31 December 2024	Year ended 31 December 2023
<i>Cash flows from operating activities:</i>		
Profit before tax	(14,833,380)	5,202,180
(Profit)/Loss from disposal of fixed assets	1,216,438	(30,706)
Impairment and amortization of non-current assets	56,956,687	41,865,198
Provisions for risks and charges, net	(59,913)	(427,515)
Allowance for doubtful debts	(3,204,997)	437,631
Inventory impairment, net	1,872,414	524,078
Income from dividends	(66,830)	(69,300)
(Gains)/Loss from the revaluation of investment property	(128,792)	(822,284)
Interest expense	17,543,503	13,128,570
Operating profit before changes in working capital	59,295,130	59,807,852
Decrease/(Increase) in gross trade receivables	(16,524,235)	(8,295,198)
(Increase)/Decrease in inventories	(17,687,028)	(10,166,611)
(Decrease)/Increase in trade and other payables	33,570,901	22,692,085
Income tax paid	(4,419,539)	(4,051,785)
Interest paid, net	(17,543,503)	(13,128,570)
Income from subsidies	(6,867,018)	(7,938,402)
Cash from operating activities	29,824,708	38,919,371
<i>Cash flows used for investment:</i>		
Payments for acquisition of non-current assets	(63,832,037)	(104,019,186)
Payments for M&A acquisitions of Group Freiler, Optiplast, Palplast, net of cash acquired	(118,057,488)	-
Receipts under State aid	24,366,686	23,932,728
Receipts from the sale of tangible assets	831,833	871,570
Net cash from investing activities	(156,691,006)	(79,214,888)
<i>Cash inflows from financing activities:</i>		
Repayment of lease liabilities	(757,437)	(569,016)
Capital increase by public subscription	99,990,000	-
Dividends received	66,830	69,300
Net drawdowns of loans	41,137,724	48,952,017
Own share redemption net of exercising the options	(34,384)	9,296
Net cash from financing activities	140,402,733	48,461,597
Increase in cash	13,536,435	8,166,080
Cash at the beginning of the financial year	18,879,289	10,713,209
Cash at the end of the financial year	32,415,724	18,879,289

Approved:

28 March 2025
Board of Administration

ALEXANDRU STANEAN
CEO

BOGDAN CRACIUNAS
CFO

1. GENERAL INFORMATION

These are the consolidated financial statements of the Teraplast SA Group (the "Group"). The head office of Teraplast SA is in Teraplast Industrial Park, Bistrița-Năsăud county, Romania.

With a tradition of 125 years, TeraPlast SA is the parent company of the TeraPlast Group, one of the most important producers of construction materials and PVC compounds.

Structure of TeraPlast group

Teraplast SA (or the "Company") is a joint-stock company established in 1992. The Company's head office is in the Teraplast Industrial Park, Bistrita- Nasaud County, Romania.

Starting 2 July 2008, the Company Teraplast is listed at the Bucharest Stock Exchange under the symbol TRP.

TeraPlast produces systems for sewage, water and natural gas transport and distribution, rainwater management systems and for cable protection and PVC plasticised and rigid compounds.

The Teraplast Group includes Teraplast and its subsidiaries:

- Teraglass Bistrita SRL – manufacturer of PVC windows and doors
- TeraPlast Recycling SA – PVC recycler
- TeraBio Pack SRL – manufacturer of biodegradable polyethylene packaging
- Teraplast Magyarország – distributor of TeraPlast's products in Hungary
- Somplast SA – the Company holds production halls that it leases to TeraBioPack and TeraPlast Recycling
- TeraGreen Compound and Teraverde Carbon – dormant companies
- Palplast SRL – pipe manufacturer and distributor of TeraPlast products in the Republic of Moldova
- Wolfgang Freiler GmbH – holding company and retailer of polyethylene products
- Itraco GmbH – holding company
- Pro-Moulding Kft – manufacturer of injected products from various raw materials
- Polytech Industrie Kft – manufacturer of polyethylene pipes
- Sorgyari Ipari Park Kft – real estate management
- Optiplast d.o.o. – manufacturer of polyethylene packaging

2. SIGNIFICANT ACCOUNTING POLICIES

Statement of compliance

The consolidated financial statements of the Group have been prepared in accordance with the provisions of Order no. 2844/2016 approving the accounting regulations compliant with the International Financial Reporting Standards applicable to trading companies whose securities are admitted to trading on a regulated market, as subsequently amended and clarified ("**MoPFO 2844/2016**"). These provisions are compliant with the provisions of the International Financial Reporting Standards adopted by the European Union ("**EU IFRS**").

Basis of accounting

The financial statements have been prepared on a going concern basis, according to the historical cost convention, as modified below:

- adjusted to the effects of hyperinflation until 31 December 2003 for fixed assets, share capital and reserves,
- measurement at fair value of certain items of fixed assets and investment property, as presented in the Notes.

The accounting policies set out below have been applied consistently to all years presented in these financial statements, unless otherwise stated.

Going concern

These financial statements have been prepared under the going concern basis, which implies that the Company will continue its activity also in the foreseeable future. In order to assess the applicability of this assumption, management analyses the forecasts concerning future cash inflows.

At 31 December 2024, the Group's current assets exceed the current liabilities by RON 81,164,139 (31 December 2023: RON 51,754,694). In 2024, the Group registered net loss in amount of RON 19,478,500 (2023: profit of RON 1,138,004). The Group depends on bank financing.

The budget prepared by the Group management and approved by the Board of Administration for 2025 indicates positive cash flows from operating activities, an increase in sales and profitability which contributes directly to improving liquidity and allows the Group to fulfil its contractual clauses with the financing banks. Group management believes that the support from banks is sufficient for the Group to continue its activity in the ordinary course of business, as a going concern.

Management believes that the Company will be able to continue its activity in the foreseeable future and, consequently, the application of the going concern principle in the preparation of the financial statements is justified.

Basis for consolidation

The financial statements comprise the financial statement of the parent and of its subsidiaries as at 31 December 2024. Control is achieved when the Group is exposed, or has rights, to variable returns from its involvement with the investee and has the ability to affect those returns through its power over the investee. Specifically, the Group controls an investee if, and only if, the Group has:

- power over the investee (i.e., existing rights that give it the current ability to direct the relevant activities of the investee);
- exposure, or rights, to variable returns from its involvement with the investee;
- the ability to use its power over the investee to affect its returns.

2. SIGNIFICANT ACCOUNTING POLICIES (continued)

Basis of consolidation (continued)

Generally, there is a presumption that a majority of voting rights result in control. To support this presumption and when the Group has less than a majority of the voting or similar rights of an investee, the Group considers all relevant facts and circumstances in assessing whether it has power over an investee, including:

- the contractual arrangement with the other vote holders of the investee;
- rights arising from other contractual arrangements;
- the Group's voting rights and potential voting rights.

The Group re-assesses whether or not it controls an investee if facts and circumstances indicate that there are changes to one or more of the three elements of control. Consolidation of a subsidiary begins when the Group obtains control over the subsidiary and ceases when the Group loses control of the subsidiary. Assets, liabilities, income and expenses of a subsidiary acquired or disposed of during the financial year are included in the consolidated financial statements from the date the Group gains control until the date the Group ceases to control the subsidiary.

Profit or loss and each component of other comprehensive income are attributed to the equity holders of the parent and to the non-controlling interests, even if this results in the non-controlling interests having a deficit balance. When necessary, adjustments are made to the financial statements of subsidiaries to bring their accounting policies into line with the Group's accounting policies. All intra-group assets and liabilities, equity, income, expenses and cash flows relating to transactions between members of the Group are eliminated in full on consolidation.

A change in the ownership interest of a subsidiary, without a loss of control, is accounted for as an equity transaction.

If the Group loses control over a subsidiary, it derecognizes the related assets (including goodwill), liabilities, non-controlling interest and other components of equity while any resultant gain or loss is recognized in profit or loss. Any investment retained is recognized at fair value.

Business combinations

The purchases of businesses are accounted for by using the acquisition method. The consideration transferred in a business combination is measured at fair value, which is computed as the sum of the fair values at the purchase date of the assets transferred by the Company, the liabilities registered by the Company towards the former owners of the acquire and the investments in the equities issued by the Company in exchange for the control over the obtained entity. The costs related to the purchase are, in general, recognized in profit or loss when incurred.

As of the purchase date, the purchased identifiable assets and the undertaken liabilities are recognized at their fair value at the purchase date, except for assets held for sale, in accordance with IFRS 5, which are recognised according to the standard.

Goodwill is measured as the positive difference between the transferred consideration, the value of any non-controlling interests in the obtained entity, the fair value at the date of purchasing the investment in the equities previously held by the acquirer in the acquired entity (if any), and the net values at the date of purchasing the identifiable assets purchased and the liabilities undertaken. If the difference mentioned above is negative, it is recognized in profit or loss as gains from a bargain purchase.

Non-controlling interests which represent investments in equity and entitle the holders to a proportional share of the entity's net assets in case of liquidation can be measured either according to the fair value or according to the proportional share of the non-controlling interests of the recognized values of the net assets of the obtained entity. The measurement basis is chosen depending on the transaction. Other types of non-controlling interests are measured at fair value or, when applicable, according to the basis specified in other IFRS standards.

2. SIGNIFICANT ACCOUNTING POLICIES (continued)

Business combinations (continued)

When the consideration transferred by the Group in a business combination includes assets or liabilities resulted from a commitment with a contingent consideration, the contingent consideration is measured at the fair value at the date of purchase and it is included as a part of the consideration transferred in a business combination. The amendments to the fair value of the contingent consideration which are qualified as adjustments of the measurement period are adjusted retroactively against goodwill. The adjustments of the measurement period are adjustments that arise from additional information during the "measurement period" (which cannot exceed a year from the purchase date) concerning the facts and circumstances existing at the date of purchase.

The subsequent accounting of the changes in fair value of the contingent consideration which is not included in the adjustments for the assessment period depends on the manner in which it is classified. The contingent consideration classified as equity is not revalued at subsequent reporting dates. The contingent consideration classified as asset or liability is revalued at subsequent reporting dates in accordance with IFRS 9, the corresponding gain or loss being recognized in profit or loss.

When a business combination is performed in stages, the investment into the equities held previously by the Company in the obtained entity is remeasured at fair value at purchase date (i.e. the Group obtains control) and the resulted gains or losses, if any, is recognized in profit and loss. The values resulting from interests in the entity obtained prior to the date of purchase which were previously recognized in other comprehensive income are reclassified in profit and loss on the same basis that would be required if the acquirer had directly disposed of the previously held investment in equities.

If the initial accounting of a business combination is incomplete at the end of the reporting period when the combination takes place, the Company reports temporary values for the items for which the accounting is incomplete. These temporary values are adjusted during the measurement period (see above), or additional assets or liabilities are recognized, to reflect the new information obtained concerning the facts and circumstances existing at the date of purchase which, if recognized, would have influenced the values recognized at the respective date.

Goodwill

The goodwill generated by a business combination is accounted for at cost as determined at the purchase date minus the cumulated impairment losses, if any. For the purpose of the impairment test, the goodwill is allocated to each cash generating unit of the group (or to the groups of cash generating units) which are expected to benefit from the combination's synergies. A cash generating unit that was allocated goodwill is tested annually for impairment or more often when there is an indication that the unit may be impaired. If the recoverable value of the cash generating unit is lower than its book value, the impairment is allocated, first of all, to decrease the book value of any goodwill allocated to the unit and then to the other unit assets, proportionally to the book value of each asset in the unit. Any goodwill impairment is recognized directly in profit and loss. The impairment recognized for goodwill cannot be reversed in the following periods.

At the sale date of the relevant cash generating unit, the attributable value of goodwill is included in determining the gains or losses from the sale.

Intangible assets purchased in a business combination

Intangible assets purchased as part of a business combination and recognized separately from the goodwill are recognized initially at their fair value at the purchase date (which is considered as their cost), less assets, liabilities and the result, classified as held for sale as per the requirements of IFRS 5, recognised according to the standard regulations. Subsequent to initial recognition, intangible assets purchased as part of a business combination are presented at cost minus the accumulated amortization and the cumulated impairment loss on the same basis as intangible assets that are purchased separately.

Derecognition of intangible assets

An intangible asset is derecognized upon disposal or when no other future economic benefits are expected to be obtained from its use or disposal. Gains or losses resulted from the derecognition of an intangible asset, measured as difference between the net receipts from the sale and the book value of the asset, are recognized in statement of comprehensive income.

2. SIGNIFICANT ACCOUNTING POLICIES (continued)

Non-current assets held for sale and discontinued operations

Long-term assets held for sale are recognized at the lower of carrying amount and fair value less costs to sell and depreciation of those assets.

The Group classifies a non-current asset (or a group of assets) as held for sale if its carrying amount will be hedged, primarily as a result of a sale transaction, rather than as a result of continued use. To this end, the asset (or group of assets) must be available for immediate sale in its current state, exclusively under normal and current conditions of sale existing for such assets (or groups of assets), and the sale of the asset must present a high degree of certainty.

In order for the sale of the asset to have a high probability, the appropriate management level must have drawn up a plan for the sale of the asset (or group of assets), and an effective buyer identification program must have been initiated, as well as finalization of the sales plan. Moreover, the asset (or group of assets) must be able to be sold in an active market at a price that is reasonably related to the current fair value. In addition, the sale is expected to qualify for recognition as a "closed, completed sale" within 1 year from the date of classification, and the actions required to complete the sale plan reflect the fact that it is unlikely that significant changes to the plan will occur, or the plan will be withdrawn.

When the Group implements a sale plan that involves the loss of control over a subsidiary, all its assets and liabilities are classified as held for sale, regardless of whether the Group will continue to hold minority interests in the subsidiary after the sale.

Standards, amendments and new interpretations of standards

In the current year, the Group applied a number of amendments to IFRS Accounting Standards issued by the International Accounting Standards Board (IASB) that are mandatorily effective for reporting period that begins on or after 1 January 2024:

- Amendments to IAS 1 "Classification of Liabilities as Current or Non-Current and Non-current Liabilities with Covenants",
- Amendments to IAS 7 "Statement of Cash Flows" and IFRS 7 "Financial Instruments: Disclosures" - Supplier Finance Arrangements (effective for annual periods beginning on or after 1 January 2024),
- Amendments to IFRS 16 "Lease Liability in a Sale and Leaseback",

The adoption of these amendments to the existing standards has not led to any material changes in the financial statements of Teraplast Group.

New standards and amendments to the existing standards issued by IASB but not yet adopted by the EU

At present, IFRS as adopted by the EU do not significantly differ from regulations adopted by the International Accounting Standards Board (IASB) except for the following new standards and amendments to the existing standards, which were not endorsed for use in EU as at the date of publication of these financial statements (the effective dates stated below is for IFRS as issued by IASB):

- Amendments to IFRS 9 and IFRS 7: Amendments to the Classification and Measurement of Financial Instruments (effective date set by IASB: 1 January 2026)
- Amendments to IFRS 9 and IFRS 7 Contracts Referencing Nature-dependent Electricity (effective date set by IASB: 1 January 2026)
- Amendments to IFRS 1, IFRS 7, IFRS 9, IFRS 10 and IAS 7: Annual Improvements to IFRS Accounting Standards - Volume 11 (effective date set by IASB: 1 January 2026)
- IFRS 18: Presentation and Disclosures in Financial Statements (effective date set by IASB: 1 January 2027)
- IFRS 19: Subsidiaries without Public Accountability: Disclosures (effective date set by IASB: 1 January 2027)
- Amendments to IFRS 10 and IAS 28: Sale or Contribution of Assets between an Investor and its Associate or Joint Venture and further amendments (the effective date was deferred indefinitely by the IASB, but early enforcement is permitted)

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

2.4. Standards, amendments and new interpretations of standards (continued)

New and revised IFRS accounting standards adopted by the EU but not yet effective

At the date of authorization of these financial statements, the Group did not apply the following revised IFRS Accounting Standards issued but not yet effective: Amendments to IAS 21: Lack of convertibility.

The Teraplast Group anticipates that the adoption of these new standards and amendments to the existing standards will have no material impact on the financial statements of the Group in the period of initial application.

Hedge accounting for a portfolio of financial assets and liabilities whose principles have not been adopted by the EU remains unregulated.

According to the Group's estimates, the application of hedge accounting to a portfolio of financial assets or liabilities pursuant to **IAS 39: "Financial Instruments: Recognition and Measurement"** would not significantly impact the financial statements, if applied as at the balance sheet date.

Cash and cash equivalents

Cash and cash equivalents include liquid assets and other equivalent values, comprising cash at bank, petty cash.

Revenue recognition

Revenues from contracts with customers

The TeraPlast Group is the largest polymer processor in the EEC.

The TeraPlast Group is one of the largest Romanian business groups, with more than 125 years of tradition and vast expertise in the processing of polymers. The Group has a solid history of growth and innovation.

Revenue is measured based on the consideration to which the Group is entitled in contracts with customers. The point of recognition arises when the Group satisfies a performance obligation by transferring control of a promised good or service that is distinct to the customer, which is at a point in time for finished goods and merchandise and over time for services provided.

Revenues from the sale of **goods and merchandise** are recognized at a certain point in time, when the products are delivered to the customers or readily available for the buyer. The payment terms are – in general – between 30 and 120 days from the date of issuing the invoice and delivering the goods. The contracts with the customers for sales of finished goods and merchandise imply one obligation: to deliver the goods at the agreed location (under the agreed INCOTERMS). In rare cases, when the Group's distributors request, the Group enters into bill-and-hold arrangement, for which revenue is recognized when the goods are invoiced and the specific instructions from the clients to store the goods on their behalf for a certain period are received.

If the consideration promised in a contract includes a variable component, the Group estimates the value of the consideration it would be entitled to, in exchange for the transfer of the goods or services promised to a customer. The value of a consideration may vary as a result of discounts.

The Group grants volume discounts to certain customers, depending on the objectives set through the contract, which decrease the amount owed by the customer. The Group applies consistently a single method during the contract, when it estimates the effect of an uncertainty over a value of the variable consideration, using the method of the most likely value – the single most likely value in a range of possible values of the consideration (namely, the single most likely result of the contract). This is an adequate estimate of the value of the variable consideration if the contract has two possible results (such as, a customer either obtains a volume / turnover rebate or not).

As a practical solution, if the Group receives short-term advances from customers, it does not adjust the received amounts for the effects of a significant financing components, because – at the beginning of the contract – it foresees that the period between the transfer of the assets and their receipt will be below 1 year.

2. SIGNIFICANT ACCOUNTING POLICIES (continued)

Revenues from contracts with customers (continued)

For certain products, the Group offers the warranties which are required by the law to protect the customers from the risk of acquiring malfunctioning products. The Group assessed that these do not represent a separate performance obligation and are accounted in accordance with IAS 37 (warranty provisions). Furthermore, a law that requires an entity to pay a compensation if its products cause damage or injuries does not represent a performance obligation for the Group either.

Assets and liabilities related to the contract

When the Group carries out its obligations by transferring goods or services to a client, prior to it paying a consideration or prior to the maturity of the payment, the Group recognises the contract as an asset related to the contract, excluding any amounts presented as receivables.

Upon receiving an advance payment from a customer, the Group recognizes a liability related to the contract at the value of the advance payment for its obligation to execute, transfer or be ready to transfer goods or services in the future. Subsequently, that liability related to the contract (corroborated with the recognition of revenues) is derecognized when the respective goods or services are transferred and, consequently, the Group fulfils its execution obligation.

Dividend and interest income

Income from dividends related to investments are recognized when the shareholders' right to receive them is determined.

The interest income presented on the face of the Consolidated Statement of Comprehensive Income is similar to interest income and is included in finance income in the statement of profit or loss.

Leases

The Group as lessee

The Group assesses whether a contract is or contains a lease, at inception of the contract. The Group recognises a right-of-use asset and a corresponding lease liability with respect to all lease arrangements in which it is the lessee, except for short-term leases (defined as leases with a lease term of 12 months or less) and leases of low value assets. For these leases, the Group recognises the lease payments as an operating expense on a straight-line basis over the term. The Group leases warehouses and property that is used for show rooms and vehicles.

The lease liability is initially measured at the present value of the lease payments that are not paid at the commencement date, discounted by using the rate implicit in the lease. If this rate cannot be readily determined, the Group uses its incremental borrowing rate.

Lease payments included in the measurement of the lease liability comprise the fixed lease payments and the exercise price of purchase options, if the lessee is reasonably certain to exercise the options, in case of vehicles.

The lease liability is presented under the line "Lease liabilities" in the consolidated statement of financial position. The lease liability is subsequently measured by increasing the carrying amount to reflect interest on the lease liability (using the effective interest method) and by reducing the carrying amount to reflect the lease payments made.

2. SIGNIFICANT ACCOUNTING POLICIES (continued)

The Group as lessee (continued)

The Group remeasures the lease liability (and makes a corresponding adjustment to the related right-of-use asset) whenever:

- the lease term has changed or there is a significant event or change in circumstances resulting in a change in the assessment of exercise of a purchase option, in which case the lease liability is remeasured by discounting the revised lease payments using a revised discount rate.
- the lease payments change due to changes in an index or rate or a change in expected payment under a guaranteed residual value, in which cases the lease liability is remeasured by discounting the revised lease payments using an unchanged discount rate (unless the lease payments change is due to a change in a floating interest rate, in which case a revised discount rate is used).
- a lease contract is modified and the lease modification is not accounted for as a separate lease, in which case the lease liability is remeasured based on the lease term of the modified lease by discounting the revised lease payments using a revised discount rate at the effective date of the modification.
- the Group did not make any such adjustments during the periods presented.

The right-of-use assets comprise the initial measurement of the corresponding lease liability, lease payments made at or before the commencement day, less any lease incentives received and plus any initial direct costs. They are subsequently measured at cost less accumulated depreciation and impairment losses.

Whenever the Group incurs an obligation for costs to dismantle and remove a leased asset, restore the site on which it is located or restore the underlying asset to the condition required by the terms and conditions of the lease, a provision is recognised and measured under IAS 37. To the extent that the costs relate to a right-of-use asset, the costs are included in the related right-of-use asset, unless those costs are incurred to produce inventories. Right-of-use assets are depreciated over the shorter period of lease term and useful life of the underlying asset. If a lease transfers ownership of the underlying asset or the cost of the right-of-use asset reflects that the Group expects to exercise a purchase option, the related right-of-use asset is depreciated over the useful life of the underlying asset. The depreciation starts at the commencement date of the lease. The right-of-use assets are presented as a separate line in the consolidated statement of financial position. The Group applies IAS 36 to determine whether a right-of-use asset is impaired and accounts for any identified impairment loss as described in the 'Property, Plant and Equipment' policy.

The Group does not act as lessor.

Foreign currency transactions

For the preparation of the Group's financial statements, transactions in other currencies (foreign currencies) than the functional one are registered at the exchange rate in force at the date of transaction. Each month, and at each balance sheet date, monetary items denominated in foreign currency are translated at the exchange rate in force at those dates.

Monetary assets and liabilities expressed in foreign currency at the end of the year are translated into RON at the exchange rate valid at the end of the year. Unrealized foreign exchange gains and losses are presented in the statement of comprehensive income.

The RON exchange rate for 1 unit of the foreign currency:

	31 December 2024	31 December 2023
EUR 1	4.9741	4.9746
USD 1	4.7768	4.4958
CHF 1	5.2806	5.3666

Non-monetary items which are measured at historic cost in a foreign currency are not translated back.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Costs related to long-term borrowings

Borrowing costs directly attributable to the acquisition, construction or production of an asset that necessarily takes a substantial period of time to get ready for its intended use or sale are capitalized as part of the cost of the asset until they are ready for its intended use or for sale.

All other borrowing costs are expensed in the period in which they occur.

The amortized cost for the financial assets and liabilities is calculated using the effective interest rate. The amortized cost is calculated by taking into account any discount or premium on acquisition and fees or costs that are an integral part of the effective interest rate.

Government grants

Government grants are not recognized until there is reasonable assurance that the grant will be received and all attached conditions will be complied with by the Group.

The Government grants the main condition of which is that the Group acquire, build or obtain otherwise long-term assets are recognized as deferred income in the statement of financial position and presented as 'investment subsidies'. The deferred income is amortized in the statement of comprehensive income systematically and reasonably over the useful life of the related assets or at the time the assets acquired from the subsidy are retired or disposed of.

Costs related to retirement rights and other long-term employee benefits

Based on the collective labour contract, the Group is under the obligation to pay retirement benefits to its employees depending on their seniority within the Group, amounting to 2 - 3.5 salaries. The Group also grants jubilee bonuses as a fixed amount on work anniversaries.

The Group uses an external actuary to compute the value of the retirement benefits and jubilees related liability and reviews the value of this liability each year depending on the employees' seniority within the Group. The value of the retirement benefits and jubilees is recognized as a provision in the statement of financial position.

Remeasurements comprising actuarial gains and losses are recognised immediately in the statement of financial position with a charge or credit to other comprehensive income in the period in which they occur. Remeasurements recognised in other comprehensive income are not reclassified. Past service cost is recognised in the statement of comprehensive income when the plan amendment or curtailment occurs, or when the Group recognises related restructuring costs or termination benefits, if earlier. Gains or losses on settlement of a defined benefit plan are recognised when the settlement occurs. Net interest is calculated by applying a discount rate to the net defined benefit liability or asset. Defined benefit costs are split into three categories:

- service costs, which includes current service cost, past service cost and gains and losses on curtailments and settlements;
- net interest expense or income; and
- remeasurements.

The retirement benefit obligation recognised in the consolidated statement of financial position represents the deficit or surplus in the Group's defined benefit plans. Any surplus resulting from this calculation is limited to the present value of any economic benefits available in the form of refunds from the plans or reductions in future contributions to the plans.

The adjustments resulting from the annually review of the jubilee provisions are recognized in the statement of comprehensive income.

The retirement benefits provision is reversed in the statement of comprehensive income when the Group settles the obligation.

2. SIGNIFICANT ACCOUNTING POLICIES (continued)

Short-term employee benefits

A liability is recognised for benefits accruing to employees in respect of wages and salaries, annual leave and sick leave in the period the related service is rendered at the undiscounted amount of the benefits expected to be paid in exchange for that service. Liabilities recognised in respect of short-term employee benefits are measured at the undiscounted amount of the benefits expected to be paid in exchange for the related service.

Taxation

Income tax expense is the sum of the current tax and deferred tax.

Current tax

Current tax is based on the taxable profit for the year. Taxable profit is different than the profit reported in statement of comprehensive income, because it excludes the revenue and expense items which are taxable or deductible in other years and it also excludes the items which are never taxable or deductible. The Group's current tax liability is computed using the taxation rates in force or substantially in force at the balance sheet date.

Deferred tax

Deferred tax is recognized over the difference between the carrying amount of assets and liabilities in the financial statements and the corresponding fiscal bases used in the computation of taxable income and it is determined by using the balance sheet liability method. Deferred tax liabilities are generally recognized for all taxable temporary differences, while deferred tax assets are recognized for deductible temporary differences as well as tax losses and credits carried forward in the extent in which it is likely to have taxable income over which to use those temporary deductible differences. Such assets and liabilities are not recognized if the temporary difference arises from initial recognition (other than from a business combination) of other assets and liabilities in a transaction that affects neither the taxable income, nor the accounting income (and this is assumed as applicable for example in case of initial recognition of a lease contract by a lessee). In addition, a deferred tax liability is not recognised if the temporary difference arises from the initial recognition of goodwill.

Deferred tax liabilities are recognized for temporary taxable differences associated with investments in subsidiaries and in joint ventures, except for the cases in which the Group is able to control the reversal of the temporary difference and it is likely for the temporary difference not to be reversed in the foreseeable future. The deferred tax assets resulted from deductible temporary differences associated with such investments and interests are recognized only in the extent in which it is likely for sufficient taxable income to exist on which to use the benefits related to temporary differences and it is estimated that they will be reversed in the foreseeable future.

The carrying amount of deferred tax assets is reviewed at each balance sheet date and it is decreased to the extent in which it is not likely for sufficient taxable income to exist to allow the full or partial recovery of the asset.

Deferred tax assets and liabilities are measured at the taxation rates estimated to be applied during the period when the liability is settled or the asset realized, based on the taxation rates (and tax laws) in force or entering into force substantially until the balance sheet date. The measurement of deferred tax assets and liabilities reflects the tax consequences of the manner in which the Group estimates, as of the balance sheet date, that it will recover or settle the carrying amount of its assets and liabilities.

Deferred tax assets and deferred tax liabilities are offset if a legally enforceable right exists to set off current tax assets against current tax liabilities and the deferred taxes relate to the same taxable entity and the same taxation authority and the Group intends to offset its deferred tax assets with its deferred tax liabilities on a net basis.

Current tax and deferred tax is recognized as income or expense in the statement of comprehensive income, except for the cases which refer to items credited or debited directly in other comprehensive income, case in which the tax is also recognized directly in other comprehensive income or except for the cases in which they arise from the initial accounting of a business combination.

2. SIGNIFICANT ACCOUNTING POLICIES (continued)

Property, plant and equipment

Tangible assets, except for land and buildings, are stated at cost, net of accumulated depreciation and / or accumulated impairment losses, if any.

Such cost includes the cost of replacing part of the plant and equipment and borrowing costs for long-term construction projects if the recognition criteria are met. When significant parts of plant and equipment are required to be replaced at intervals, the Group depreciates them separately based on their specific useful lives. Likewise, when a major repair is performed, its cost is recognized in the carrying amount of the plant and equipment as a replacement if the recognition criteria are satisfied. All other repair and maintenance costs are recognized in the statement of comprehensive income as incurred.

The present value of the expected cost for the decommissioning of an asset after its use is included in the cost of the respective asset if the recognition criteria for a provision are met.

Land and buildings are measured at fair value less accumulated depreciation on buildings and impairment losses recognized at the date of revaluation. Valuations are performed with sufficient frequency to ensure that the carrying amount of a revalued asset does not differ materially from its fair value. Accumulated depreciation as of the revaluation date is eliminated from the gross carrying amount of the asset and the net amount is restated at the revaluated value of the asset.

A revaluation surplus is recorded in other comprehensive income and credited to the asset revaluation surplus in equity. However, to the extent that it reverses a revaluation deficit of the same asset previously recognized in the statement of comprehensive income, the increase is recognized in the statement of comprehensive income. A revaluation deficit is recognized in the statement of comprehensive income of the period, except to the extent that it offsets an existing surplus on the same asset recognized in the asset revaluation reserve.

Upon disposal, any revaluation reserve relating to the concerned asset being sold is transferred to retained earnings.

A tangible asset item and any significant part recognized initially are derecognized upon disposal or when no economic benefits are expected from their use or disposal. Any gain or earning resulting from the derecognition of an asset (calculated as the difference between net disposal proceeds and the carrying amount of the asset) is included in the statement of comprehensive income when the asset is derecognized.

The residual value, the useful life and the methods of depreciation are reviewed at the end of each financial year and adjusted retrospectively, if appropriate.

Constructions in progress for production or administrative purposes is registered at historical cost, less impairment. The depreciation of these assets starts when the assets are ready to be used.

Plant and machinery is registered in the financial position statement at their historic value adjusted to the effect of hyperinflation until 31 December 2003, according to IAS 29 *Financial Reporting in Hyperinflationary Economies* decreased by the subsequently accumulated depreciation and other impairment losses, if any.

Depreciation is registered so as to decrease the cost or revalued amount of the asset to its residual value other than the land and investments in progress, along their estimated useful life, using the straight-line basis. The estimated useful lives, the residual values and the depreciation method are reviewed at the end of each year, having as effect changes in future accounting estimates.

Assets held in finance lease are depreciated over the useful life, similarly to assets held or, if the lease period is shorter, during the respective lease contract.

Maintenance and repairs of tangible assets are included as expenses when they occur and significant improvements to tangible assets which increase their value or useful life or which significantly increase their capacity to generate economic benefits, are capitalized.

The following useful lives are used for the computation of depreciation.

	Years
Buildings	20 – 50
Plant and equipment	3 – 15
Vehicles under finance lease	5 – 6
Installations and furniture	3 – 10

2. SIGNIFICANT ACCOUNTING POLICIES (continued)

Investment properties

Investment properties are measured initially at cost, including transaction costs. Subsequent to initial recognition, investment properties are stated at fair value, which reflects market conditions at the reporting date. Gains or losses arising from changes in the fair values of investment properties are included in the statement of comprehensive income in the period in which they arise, including the corresponding tax effect. Fair values are determined based on an annual evaluation performed by an accredited external independent valuator applying a valuation model recommended by the International Valuation Standards Committee.

Investment properties are derecognized either when they have been disposed of or when they are permanently withdrawn from use and no future economic benefit is expected from their disposal.

Transfers are made to or from investment property only when there is a change in use. For a transfer from investment property to owner-occupied property, the deemed cost for subsequent accounting is the fair value at the date of change in use. If owner-occupied property becomes an investment property, the Group accounts for such property in accordance with the policy stated under property, plant and equipment up to the date of change in use.

Intangible assets

Intangible assets purchased separately are reported at cost minus accumulated amortization/impairment losses. Intangible assets acquired as part of a business combination are capitalized at fair value as at the date of acquisition.

Following initial recognition, intangible assets, which have finite useful lives, are carried at cost or initial fair value less accumulated amortisation and accumulated impairment losses.

Amortization is computed through the straight-line basis over the useful life. The estimated useful lives, the residual values and the amortization method are reviewed at the end of each year, and adjusted as necessary, having as effect changes in future accounting estimates.

The following useful lives are used for the computation of amortization:

	<u>Years</u>
Licenses	1 – 5
Brand	20
Client lists	20

Impairment of tangible and intangible assets

The Group assesses at each reporting date, whether there is an indication that an asset may be impaired. If there is such an indication, the recoverable amount of the asset is estimated to determine the size of the impairment loss. When it is impossible to assess the recoverable amount of an individual asset, the Group assesses the recoverable amount of the cash generating unit which the asset belongs to. Where a consistent distribution basis can be identified, the Group assets are also allocated to other separate cash generating units or to the smallest group of cash generating units for which a consistent allocation basis can be identified.

Intangible assets having indefinite useful lives and intangible assets which are not yet available to be used are tested for impairment annually and whenever there is an indication that it is possible for the asset to be impaired.

An asset's recoverable amount is the higher of an asset's or cash-generating unit's (CGU) fair value less costs of disposal and its value in use. When measuring the value in use, the future estimated cash flows are settled at the current value using a discount rate prior to taxation which reflects current market assessments of the time value of money and the specific risks of the asset, for which future cash flows have not been adjusted.

If the recoverable value of an asset (or of a cash generating unit) is estimated as being lower than its carrying amount, the carrying amount of the asset (of the cash generating unit) is reduced to the recoverable amount. An impairment loss is recognized immediately in the statement of comprehensive income, except for revalued assets for which there is a revaluation that can be decreased with the impairment loss.

2. SIGNIFICANT ACCOUNTING POLICIES (continued)

Impairment of tangible and intangible assets (continued)

If an impairment loss is subsequently reversed, the carrying amount of the asset (of the cash generating unit) is increased to the reviewed estimation of its recoverable value, but so as the reviewed carrying amount does not exceed the carrying amount which would have been determined had any impairment loss not been recognized for the respective asset (cash generating unit) in prior years. A reversal of an impairment loss is recognized immediately in the statement of comprehensive income.

A revaluation surplus is recognized as an item of comprehensive income and credited to the asset's revaluation reserves, except for the cases in which a decrease in value was previously recognized in profit and loss for a revalued asset, case in which the surplus can be recognized in profit and loss within the limit of this prior decrease.

Goodwill is tested for impairment at the same level as the goodwill is monitored by management for internal reporting purposes, which is at the individual cash generating unit level. In case of a cash generating unit with allocated goodwill, any impairment loss first adjusts the goodwill.

Goodwill is subject to impairment testing on an annual basis and at any time during the year if an indicator of impairment is considered to exist. Impairment is determined by assessing the recoverable amount of the cash-generating unit to which the goodwill relates. Where the recoverable amount of the cash-generating unit is less than the carrying amount, an impairment loss is recognized in the profit or loss. Impairment losses arising in respect of goodwill are not reversed following recognition.

Inventories

The inventories are registered at the lowest value between cost and the net realizable value. The net realizable value is the selling price estimated for the inventories minus all estimated costs for completion and the costs related to the sale. Costs, including a portion related to fixed and variable indirect costs are allocated to inventories held through the method most appropriate for the respective class of inventories.

Raw materials are valued at the purchase price including transport, handling costs and net of trade discounts.

Work in progress, semi-finished goods and finished goods are carried at actual cost consisting of direct materials, direct labour and directly attributable production overheads and other costs incurred in bringing them to their existing location and condition using the standard cost method. Standard costs take into account normal levels of consumption of materials and supplies, labour, efficiency and capacity utilisation. They are regularly reviewed and, if necessary, revised in the light of current conditions.

For the following classes of inventories, the average weighted cost method is used: the raw material for pipes / piping, merchandise, inventory items / small tools, packaging materials, consumables.

A provision is made, where necessary, in all inventory categories for slow moving, used or non-compliant items.

Share capital

Common shares are classified in equity.

At the redemption of the Group shares the paid amount will decrease equity belonging to the holders of the company's equity, through retained earnings, until they are cancelled or reissued. When these shares are subsequently reissued, the received amount (net of transaction costs and of income tax effects) is recognized in equity belonging to the holders of the Group's equity.

Dividends

Dividends related to ordinary shares are recognized as liability to the shareholders in the consolidated financial statements in the period in which they are approved by the Group shareholders. Interim dividends on ordinary shares are recognized when they are paid.

2. SIGNIFICANT ACCOUNTING POLICIES (continued)

Provisions

Provisions are recognized when the Group has a present obligation (legal or constructive) as a result of a past event, it is probable that an outflow of resources embodying economic benefits will be required from the Group to settle the obligation and a reliable estimate can be made of the amount of the respective obligation.

The amount recognized as a provision is the best estimate of the amount necessary to settle the current obligation as of the balance sheet date, considering the risks and uncertainties related to the obligation. If a provision is measured using the estimated cash flows necessary for settling the present obligation, the carrying amount is the present value of the respective cash flows.

Segment reporting

The Group's accounting policy for identifying segments is based on internal management reporting information that is routinely reviewed by the Board of Administration and management. The measurement policies used for the segment reporting under IFRS 8 are the same as those used in the consolidated financial statements. Segment results that are reported to the directors and management include items directly attributable to a segment as well as those that can be allocated on a reasonable basis. The Group has determined that it has four operating segments: Installations (systems for sewage, water and gas), recycled micronized PVC produced by TeraPlast Recycling, which is raw material for the PVC pipes), Compounds and PVC windows and doors and Flexible packaging.

Each segment includes similar products, with similar production processes, with similar distribution and supply channels.

Installations for infrastructure projects are sold to contractors and installations for residential buildings are sold through a distribution network.

PVC windows and doors are produced and sold by TeraGlass, mostly in European DIY chains.

Financial instruments

A financial instrument is any contract that gives rise to a financial asset of one entity and a financial liability or equity instrument of another entity.

(a) Financial assets

Initial recognition and measurement

The Group's financial assets include cash and cash equivalents, trade receivables and long-term investments.

A financial asset is classified as measured at amortized cost or fair value with any movement being reflected through other comprehensive income or the statement of comprehensive income.

The classification of financial assets at initial recognition depends on the financial asset's contractual cash flow characteristics and the Group's business model for managing them. With the exception of trade receivables that do not contain a significant financing component or for which the Group has applied the practical expedient, the Group initially measures a financial asset at its fair value plus, in the case of a financial asset not at fair value through the statement of comprehensive income, transaction costs. Trade receivables that do not contain a significant financing component or for which the Group has applied the practical expedient are measured at the transaction price determined under IFRS 15. Refer to the accounting policies in section 2.5.2 Revenues from contracts with customers.

2. SIGNIFICANT ACCOUNTING POLICIES (continued)

Initial recognition and measurement (continued)

The Group's business model for managing financial assets refers to how it manages its financial assets in order to generate cash flows. The business model determines whether cash flows will result from collecting contractual cash flows, selling the financial assets, or both.

Purchases or sales of financial assets that require delivery of assets within a time frame established by regulation or convention in the market place (regular way trades) are recognized on the trade date, i.e., the date that the Group commits to purchase or sell the asset.

On initial recognition of an equity investment that is not held for trading, the Group may irrevocably elect to present subsequent changes in the investment's fair value in other comprehensive income. This election is made on an investment by-investment basis.

Subsequent measurement

For purposes of subsequent measurement, the Group's financial assets are classified in three categories:

- financial assets at amortized cost (debt instruments). The Group's financial assets at amortized cost includes trade receivables and long term receivable.
- financial assets at fair value through OCI with recycling of cumulative gains and losses (debt instruments)
- financial assets at fair value through the statement of comprehensive income

Financial assets designated at fair value through OCI with no recycling of cumulative gains and losses upon derecognition (equity instruments).

The classification of the investments depends on their nature and purpose and it is determined as of the initial recognition. Financial liabilities include finance lease liabilities, interest bearing bank loans, overdrafts and trade and other payables.

Two measurement categories continue to exist, fair value through the statement of comprehensive income and amortized cost. Financial liabilities held for trading are measured at fair value through the statement of comprehensive income, and all other financial liabilities are measured at amortized cost unless the fair value option is applied.

Financial instruments are classified as liabilities or equity according to the nature of the contractual arrangement. Interest, dividends, gains and losses related to a financial instrument classified as liability are reported as expense. Distributions to the holders of financial instruments classified as equity are registered directly in equity. Financial instruments are offset when the Group has a legal applicable right to offset them and it intends to offset them either on a net basis or to realize the asset and settle the liability at the same time.

Impairment of financial assets

The Group recognises a loss allowance for expected credit losses on trade receivables. The amount of expected credit losses is updated at each reporting date to reflect changes in credit risk since initial recognition of the respective financial instrument.

For trade receivables, a simplified approach is adopted in which impairment losses are recognized based on lifetime expected credit losses at each reporting date. If there are loan insurances or guarantees for the outstanding balances, the computation of expected losses from receivables is based on the probability of default related to the insurer / guarantor for the insured / guaranteed portion of the outstanding balance, while the amount remaining not covered will have the counterparty's probability of default. The Group has established a provision matrix that is based on its historical credit loss experience, adjusted for forward-looking factors specific to the debtors and the economic environment.

2. SIGNIFICANT ACCOUNTING POLICIES (continued)

Credit risk

Clients' credit risk is updated constantly. In assessing the IFRS 9 allowance, the Group uses the risk of a default occurring on the financial instrument at the reporting date.

In making the credit risk assessment, the Group considers both quantitative and qualitative information that is reasonable and supportable, including historical experience and forward-looking information that is available without undue cost or effort.

In particular, the following information is taken into account when assessing the credit risk deterioration of debtors:

- an actual or expected significant deterioration in the financial instrument's external (KeysFin and Coface) or internal credit rating;
- existing or forecast adverse changes in business, financial or economic conditions that are expected to cause a significant decrease in the debtor's ability to meet its debt obligations;
- an actual or expected significant deterioration in the operating results of the debtor;
- an evaluation of the main projects and clients of the debtor and the sources of financing those projects.

For trade receivables the Company is using the simplified model allowed by IFRS 9 which does not differentiate between Stage 1 and Stage 2. Credit losses are measured based on provision matrix.

A financial instrument is determined to have low credit risk if:

1. the financial instrument has a low risk of default;
2. the debtor has a strong capacity to meet its contractual cash flow obligations in the near term; and
3. adverse changes in economic and business conditions in the longer term may, but will not necessarily, reduce the ability of the borrower to fulfil its contractual cash flow obligations.

The Group considers a financial asset to have low credit risk when the asset has external credit rating of 'investment grade' in accordance with the globally understood definition or if an external rating is not available, the asset has an internal rating of 'performing'. Performing means that the counterparty has a strong financial position and there is no past due amounts.

The Group regularly monitors the effectiveness of the criteria used to identify whether there has been a significant increase in credit risk and revises them as appropriate to ensure that the criteria are capable of identifying significant increase in credit risk before the amount becomes past due.

Definition of default

The Group considers the following as constituting an event of default for internal credit risk management purposes as historical experience indicates that financial assets that meet either of the following criteria are generally not recoverable:

- when there is a payment incident reported; or
- information developed internally or obtained from external sources indicates that the debtor is unlikely to pay its creditors, including the Group, in full (without taking into account any collateral held by the Group).

Irrespective of the above analysis, the Group considers that default has occurred when a financial asset is more than 60 days past due unless the Group has reasonable and supportable information to demonstrate that a more lagging default criterion is more appropriate.

Any recoveries made to doubtful receivables are recognised in the statement of comprehensive income, together with the reversal of the allowance.

2. SIGNIFICANT ACCOUNTING POLICIES (continued)

Write-off policy

The Group writes off a financial asset when bankruptcy was finalized, as at this point the VAT on these receivables can be recovered. Financial assets written off may no longer be subject to enforcement activities.

Measurement and recognition of expected credit losses

The measurement of expected credit losses is a function of the probability of default, loss given default (i.e. the magnitude of the loss if there is a default) and the exposure at default. The assessment of the probability of default is based on the risk rating of each client obtained from independent parties, adjusted, if the case with forward-looking information as described above.

As for the exposure at default, for financial assets, this is represented by the assets' gross carrying amount at the reporting date.

The Group recognises an impairment gain or loss in the statement of comprehensive income for all financial instruments with a corresponding adjustment to their carrying amount through a loss allowance accounts.

Derecognition of assets and liabilities

The Group derecognizes financial assets only when the contractual rights over the cash flows related to the assets expire or it transfers to another entity the financial asset and, substantially, all risks and benefits related to the asset.

The Group derecognizes financial liabilities only if the Group's liabilities have been significantly modified, paid, cancelled or they have expired.

The difference between the carrying amount of the financial liability derecognised and the consideration paid and payable is recognised in the statement of comprehensive income. Similarly, the Group accounts for substantial modification of terms of an existing liability or part of it as an extinguishment of the original financial liability and the recognition of a new liability.

It is assumed that the terms are substantially different if the discounted present value of the cash flows under the new terms, including any fees paid net of any fees received and discounted using the original effective rate is at least 10 per cent different from the discounted present value of the remaining cash flows of the original financial liability. If the modification is not substantial, the difference between: (1) the carrying amount of the liability before the modification; and (2) the present value of the cash flows after modification is recognised in the statement of comprehensive income as the modification gain or loss within other gains and losses.

Fair value measurement

An entity measures financial instruments and non-financial assets, such as investment property, at fair value at each balance sheet date. Also, the fair values of financial instruments measured at amortized cost are presented in Note 24 j).

The fair value of the freehold land was determined based on the market comparable approach that reflects recent transaction prices for similar properties.

The fair value of the buildings was determined using the cost approach that reflects the cost to a market participant to construct assets of comparable utility and age, adjusted for obsolescence.

The fair value of the investment property was determined based on the market comparable approach that reflects recent transaction prices for similar properties.

There has been no change to the valuation technique during the year for none of the above-mentioned classes of assets. There were no transfers between Level 1, Level 2 or Level 3 during the year.

For all of the above, the level in which fair value measurement is categorised is Level 2.

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. The fair value measurement is based on the presumption that the transaction to sell the asset or transfer the liability takes place either:

- In the principal market for the asset or liability; or
- In the absence of a principal market, in the most advantageous market for the asset or liability.

2. SIGNIFICANT ACCOUNTING POLICIES (continued)

Fair value measurement (continued)

The fair value of an asset or a liability is measured using the assumptions that market participants would use when pricing the asset or liability, assuming that market participants act in their economic best interest.

A fair value measurement of a non-financial asset takes into account a market participant's ability to generate economic benefits by using the asset in its highest and best use or by selling it to another market participant that would use the asset in its highest and best use.

An entity uses valuation techniques that are appropriate in the circumstances and for which sufficient data are available to measure fair value, maximizing the use of relevant observable inputs and minimizing the use of unobservable inputs.

All assets and liabilities for which fair value is measured or disclosed in the financial statements are categorized within the fair value hierarchy, described as follows, based on the lowest level input that is significant to the fair value measurement as a whole:

- Level 1 — Quoted (unadjusted) market prices in active markets for identical assets or liabilities;
- Level 2 — Valuation techniques for which the lowest level input that is significant to the fair value measurement is directly or indirectly observable;
- Level 3 — Valuation techniques for which the lowest level input that is significant to the fair value measurement is unobservable.

For assets and liabilities that are recognized in the financial statements on a recurring basis, the Company determines whether transfers have occurred between levels in the hierarchy by re-assessing categorization (based on the lowest level input that is significant to the fair value measurement as a whole) at the end of each reporting period.

External valuers are involved for valuation of significant assets, such as investment property and available for sale financial assets. Involvement of external valuers is decided upon annually by the management. Selection criteria include market knowledge, reputation, independence and professional standards, if they are specified.

At each reporting date, Group's management analyses the movements in the values of assets and liabilities which are required to be re-measured or re-assessed as per the Group's accounting policies.

Group's management, in conjunction with the entity's external valuers, also compares the change in the fair value of each asset and liability with relevant external sources to determine whether the change is reasonable.

For the purpose of the notes and fair value disclosures, the Group has determined classes of assets and liabilities on the basis of the nature, characteristics and risks of the asset or liability and the level of the fair value hierarchy as explained above.

Use of estimates

The preparation of the consolidated financial statements requires the performance of estimates and judgments by the management, which affects the reported amounts of assets and liabilities and the presentation of potential assets and liabilities at the balance sheet date, as well as the reported amounts of revenues and expenses during the reporting period.

Actual results may be different from these estimates. The estimates and judgments on which these are based are reviewed permanently. The reviews of the accounting estimates are recognized during the period in which the estimate is reviewed, if this review affects only the respective period or during the review period and during future periods, if the review affects both the current period and the future periods.

3. SIGNIFICANT ACCOUNTING JUDGMENTS, ESTIMATES AND ASSUMPTIONS

Judgments

In the process of applying the Group accounting policies, management has made the following judgments, which have the most significant effect on the amounts recognized in the consolidated financial statements:

Impairment of intangible and tangible assets

To determine whether the impairment related to an intangible or tangible asset must be recognized, significant judgment is needed. To take this decision, for each cash generating unit (CGU), the Group compares the carrying amount of these intangible or tangible assets, to the higher of the CGU fair value less costs to sell and its value in use, which will be generated by the intangible and tangible assets of the cash generating units over the remaining useful life. The recoverable amount used by the Group for each cash generating unit for impairment measuring purposes was represented by its value in use.

The Group analysed the internal and external sources of information and reached the conclusion that there are no indications concerning the impairment of assets, except for goodwill related to the roof tiles business. When reviewing for indicators of impairment, the Group considers, among other factors:

- The relationship between its market capitalization and its book value
- The operating performance, for which the Group used EBITDA as KPI, was RON 50 million, 3.3% less compared to 2023. The results reflect the difficult economic conditions, with declining demand in some of the markets we operate in, which for us meant directing effort towards maintaining volumes and margins. We had to navigate a different environment than we had forecast at the start of 2025, driven mainly by slower progress in infrastructure work and residential refurbishments and lower demand for compounds. For the current year, the TeraPlast Group proposes a budget that foresees prudent organic growth. The slightly conservative approach was given by last years' experience in which some of the assumptions from the beginning of the year partially materialized during the execution of the budget. The macroeconomic context requires such an approach, and the expectation is that some sectors of the economy will show contractions at various levels, while for infrastructure works, fueled by public and European funds, a positive evolution is expected. The share of the main expenses in the budgeted turnover for 2025 is similar to 2024. They included process optimizations and the reduction of fixed expenses for entities and segments that recorded operational losses in the previous year. At the same time, at the consolidated level, a maintenance of the shares of business lines in revenues is forecast. As a whole, the budget foresees substantial increases in turnover and EBITDA, especially due to the consolidation of the newly-acquired entities in 2024.
- Utilization of production capacity was similar to the previous year on all CGUs.

As a result, the Group decided not to carry an impairment analysis for the recoverable amount of tangible assets, under IAS 36. Therefore, an allowance for asset impairment proved not to be necessary.

Estimates and assumptions

The main assumptions regarding future sources and other key sources of uncertainty in the estimates at the reporting date, which present a significant risk of causing a significant adjustment to the carrying amounts of assets and liabilities in the next financial year, are described below. The Group based its assumptions and estimates on the parameters available in preparing the separate financial statements. However, existing circumstances and assumptions about future developments may change due to market changes or circumstances beyond the Group's control. Such changes are reflected in the assumptions when they occur.

Revaluation of property, plant and equipment and investment property

The Group measures investment property at fair value, with changes in fair value being recognised in the statement of comprehensive income.

The Group measures land and buildings at revalued amounts with changes in fair value being recognized in other comprehensive income.

The land and buildings were revalued for financial reporting purposes at December 31, 2024 and investment property were revalued at December 31, 2024.

3. SIGNIFICANT ACCOUNTING JUDGMENTS, ESTIMATES AND ASSUMPTIONS (continued)

Acquisition of Palplast

In 2024, TeraPlast SA completed the purchase the majority stake of Palplast Călărași, in the Republic of Moldova.

The turnover of Palplast in 2024 was EUR 3.7 million. The company holds two production units for high-density polyethylene pipes for water and gas supply. The parties set a transaction value of EUR 1.8 million consisting of EUR 1.290 million paid to Fribourg Capital in 2024 and EUR 510 thousand as TeraPlast SA contribution to the capital of Palplast Moldova.

Thus, the shareholding consists of TeraPlast with a 51% stake and Fribourg Capital with a 49% stake.

The fair value of the assets and liabilities of Palplast on the date of the first consolidation was:

	31 December 2023
Non-current assets	6,802,470
Inventories	1,560,162
Trade and other receivables	1,680,743
Financial assets and other current assets	46,227
Cash and cash equivalents	2,078,449
Total assets	12,168,051
Trade and other payables	476,322
Deferred tax payables	767,062
Provisions	-
Total liabilities	1,243,384
Total net assets at fair value	10,924,667
Fair value of 51% of the net assets acquired	5,571,580
Acquisition cost	6,414,267
Goodwill	842,687

Acquisition of Freiler Group

In February 2024, TeraPlast signed an agreement with the Uhl family (the "Seller") from Austria for the acquisition of the Wolfgang Freiler Group. The agreement involves the sale to TeraPlast of the shares held by the Seller in the entities that make up the Wolfgang Freiler Group. Polytech and Pro-Moulding, the two subsidiaries of the Wolfgang Freiler Group, carry out production activities on the territory of Hungary, while Freiler manages the distribution activity. Polytech manufactures high-end pipes for the protection of electrical cables and optical fiber. Pro-moulding specializes in plastic injection. Another entity of the Group owns an extensive industrial base spread on 5 hectares of land and warehouses in the south-west of Hungary. The products are sold on the markets of Hungary, the Czech Republic, Austria, Germany and France, where the companies hold strong market positions. Following the transaction, the 144 employees of the Freiler Group will join the TeraPlast Group team.

3. SIGNIFICANT ACCOUNTING JUDGMENTS, ESTIMATES AND ASSUMPTIONS (continued)

The fair value of the assets and liabilities of Group Freiler at the date of the first consolidation was:

	31 March 2024
Non-current assets	84,506,368
Inventories	24,088,584
Trade and other receivables	17,073,860
Financial assets and other current assets	1,612,572
Cash and cash equivalents	3,227,769
Total assets	130,509,153
Bank debts	9,829,446
Trade and other payables	27,489,704
Deferred tax payables	6,434,928
Provisions	-
Total liabilities	43,754,078
Total net assets at fair value	84,010,466
Fair value of 100% of the net assets acquired	84,010,466
Acquisition cost	82,170,630
Negative goodwill	(1,839,836)

Acquisition of Optiplast

In October 2024, Teraplast signed an agreement to acquire 70% of the share capital of Optiplast, the third largest producer of flexible packaging in Croatia. Optiplast is a company with similar products and technology to TeraBio Pack, with 35 years of experience in the field of flexible packaging.

Optiplast has an annual production capacity of approximately 5,000 tons and operates in a location of more than 17,000 sq m, with 81 employees. The company produces garbage bags, shopping bags and other packaging apparel and films. The client portfolio consists of both distributors and large international retail networks. The turnover of Optiplast in 2024 was EUR 11 million, with an EBITDA of EUR 2 million.

3. SIGNIFICANT ACCOUNTING JUDGMENTS, ESTIMATES AND ASSUMPTIONS (continued)

The Group consolidated Optiplast as of 30 November 2024. The fair value of the assets and liabilities of Optiplast at the date of the first consolidation was:

	30 November 2024
Non-current assets	66,693,078
Inventories	6,024,628
Trade and other receivables	12,609,114
Financial assets and other current assets	59,084
Cash and cash equivalents	13,168,162
Total assets	98,554,065
Bank debts	11,014,966
Trade and other payables	7,461,223
Deferred tax payables	8,292,491
Provisions	257,863
Total liabilities	27,026,543
Total net assets at fair value	
Fair value of 70% of the net assets acquired	50,069,265
Acquisition cost	50,366,645
Negative goodwill	297,380

4. REVENUE AND OPERATING SEGMENTS

An analysis of the Group revenues is detailed below:

	Year ended 31 December 2024	Year ended 31 December 2023
Sales of finished goods	797,909,371	619,770,668
Sale of merchandise	100,657,913	59,387,621
Revenues from other activities	8,731,087	3,568,660
Trade discounts granted	(9,402,672)	(10,396,360)
Total	897,895,699	672,330,589

The information on the operational policy as reported to the management from the perspective of resource allocation and segment performance analysis is classified according to the type of products delivered. The reporting segments of the Group have been determined according to:

- The nature of the products and services;
- The nature of the production processes;
- The type or category of clients for products and services;
- Methods used for distributing the products or providing the services.

The Group's distribution channels for its products are:

- Distributors and resellers (domestic and exports)
- Specialised networks (DIY stores – domestic and exports)
- Contractors and builders (infrastructure projects auctions)
- Producers (domestic and exports)

4. REVENUE AND OPERATING SEGMENTS (continued)

BUSINESS LINES

Installations

The complete systems for installations are made of PVC, PP (polypropylene) and PE (polyethylene) and are part of the portfolio of TeraPlast SA. They comprise systems for: indoor sewer system, outdoor sewer system, transport and distribution of water and natural gas, rain water management, cable protection and floor heating.

The products in the Installations portfolio are mainly intended for the infrastructure market, but also for the residential and non-residential building market. TeraPlast is the leader of the PVC outdoor sewer market and is ranked top 3 on the other segments of the Romanian installations market.

The company has a long history of market innovations:

- We were the first producer of approved polyethylene pipes in Romania
- We were the first producer of multi-layered PVC pipes for outdoor sewer
- We are the only Romanian producer that holds a patent for the production of multi-layered PVC pipes (with recycled core) for outdoor sewer

The development of the range of products also includes objectives related to their sustainability. Therefore, we have developed over the years solutions such as the multi-layered PVC pipes or the PE 100-RC pipe resistant to crack propagation and a useful life of almost 100 years according to PAS 1075.

The Recovery and Resilience Plan for Romania has a EUR 5 billion budget for investment projects, which directly influences the demand for TeraPlast products and offers growth opportunities for the Group's businesses.

Compounds

The PVC compounds business line is part of the portfolio of TeraPlast SA and comprises plasticized and rigid compounds. They are used in extrusion and injection processes in the processing industry. Further to an investment project co-funded under the State aid scheme, our company introduces an innovation on the Romanian compound market: fireproof halogen-free compounds (HFFR). They are waiting homologation with the clients.

Recycling

Through its recycling activity, TeraPlast Recycling is the largest rigid PVC recycler in Romania and one of the top 10 in Europe. The plant processes post-industrial and post-consumption rigid PVC waste. The finished product resulting from recycling, the regranulated PVC or micronized PVC, can be used by PVC processors in production without altering the technical or qualitative characteristics of the finished products.

The micronized PVC produced by TeraPlast Recycling is used by TeraPlast in the production of PVC pipes and by other European pipe manufacturers. Given the utilization of the product, the micronized PVC business is presented along with the Installations business.

The regranulated PVC replaces certain compounds made of virgin material. The compound business of TeraPlast Recycling is presented along with the compound business of TeraPlast.

Windows and doors

The windows and doors business line belongs to TeraGlass Bistrița SRL. The product range includes PVC and aluminium windows and doors, facades and terraces, garage doors. More than 70% of the annual production goes abroad in countries like Germany, Hungary, Slovakia or Austria. An important distribution channel for the TeraGlass products is represented by the home development outlets abroad.

TERAPLAST SA
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(all amounts are expressed in Romanian Lei ("RON"), unless otherwise stated)

4. REVENUE AND OPERATING SEGMENTS (continued)

Flexible packaging

In December 2021, TeraBio Pack began the production of biodegradable flexible films and packaging in the new plant located in TeraPlast Industrial Park.

As of September 2021, TeraBio Pack took over the polyethylene flexible packaging business from Somplast. The flexible packaging line includes polyethylene foils and films, polyethylene covers, sacks (thick, thin, household), and bags.

Polyethylene foils and films for agricultural use (solarium foil), in the construction industry (film, protection foil) and as semi-finished product in the packaging industry.

Financial year ended 31 December 2024	Installations and recycling	Compounds, including recycled	Joinery profiles	Flexible packaging	Total
Turnover	641,545,457	91,789,575	51,712,007	112,848,660	897,895,699
Other operating income	2,216,204	-	98,846	15,854	2,330,904
Operating income, total	643,761,661	91,789,575	51,810,853	112,864,514	900,226,603
Raw materials, consumables used and merchandise*	(390,643,110)	(65,609,364)	(25,404,257)	(93,089,247)	(574,745,975)
Employee benefits expenses	(92,316,878)	(7,740,213)	(13,380,366)	(16,529,818)	(129,967,275)
Travel expenses	(30,494,065)	(2,987,016)	(4,128,392)	(2,824,297)	(40,433,770)
Expenses with utilities	(30,623,443)	(2,207,778)	(779,789)	(7,746,705)	(41,357,714)
Amortization and adjustments for the impairment of assets and provisions**	(38,054,608)	(3,467,571)	(1,056,873)	(8,144,754)	(48,723,806)
Adjustments for the impairment of current assets	1,225,057	-	678,854	(507,068)	1,396,843
Sponsorships	(1,470,882)	-	(62,740)	-	(1,533,622)
Other expenses	(47,717,597)	(3,713,563)	(6,619,230)	(5,906,881)	(63,957,272)
Expenses related to indirect sales and administrative expenses	(628,095,527)	(85,725,505)	(50,752,793)	(134,748,769)	(899,322,592)
Operating result	15,666,134	6,064,070	1,058,060	(21,884,255)	904,010
EBITDA***	51,720,742	9,531,641	2,114,933	(13,739,501)	49,627,817
EBITDA %	8,1%	10,4%	4,1%	-12,2%	5,5%
Net result	3,693,340	3,040,017	(86,060)	(26,125,797)	(19,478,500)

*The line includes the changes in stocks of finished goods and semi-finished products "Changes in stocks of finished goods and work in progress"

**The line also includes the gains or losses from the sale or revaluation of non-current assets, including investment property

*** EBITDA = Operating result + amortization and the adjustments for the impairment of non-current assets and provisions – Income from subsidies

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4. REVENUE AND OPERATING SEGMENTS (continued)

31 December 2024	Installations and recycling	Compounds	Joinery profiles	Flexible packaging	Unallocated amount
Assets					
Total assets, out of which	746,294,614	62,239,360	44,259,089	194,502,940	21,799,931
Non-current assets	412,911,036	27,407,219	16,904,142	148,239,556	21,799,931
Current assets	333,383,578	34,832,141	27,354,947	46,263,384	-
Liabilities					
Total liabilities, out of which:	395,022,861	29,012,089	32,584,706	174,824,473	-
Non-current liabilities	143,621,396	5,938,696	3,517,383	117,714,111	-
Current liabilities	251,401,465	23,073,393	29,067,323	57,110,362	-
Additions of fixed assets	65,681,439	2,350,121	333,174	7,395,891	-
Additions of fixed assets through the acquisition of Palplast, Optiplast and Group Freiller	75,398,481	-	-	66,693,078	15,910,357

The amounts disclosed are net of the inter-segment transactions write-off.

Unallocated non-current assets represent property leased to the buyer of the Joinery Profiles business for a period of one year and investment property.

The additions of non-current assets through the acquisition of Palplast, Optiplast and Group Freiller represent the fair value of items such as tangible assets, intangible assets, investment property and right-of-use assets added to the consolidated financial statements further to the acquisition of these subsidiaries.

In 2023, we put into use the production plant for polyethylene films for industrial use, which represents a capacity of over 14,000 tons annually. The equipment is state-of-the-art, with a high degree of robotization and automation of the production flow. The major investments completed in the last two years aim to diversify the field of activity, the geographical footprint of the Group, to increase energy independence and to replace virgin raw materials with recycled material.

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4. REVENUE AND OPERATING SEGMENTS (continued)

Financial year ended 31 December 2023	Installations and recycling	Compounds, including recycled	Joinery profiles	Flexible packaging	Total	
Turnover	500,999,773	76,074,221	48,846,437	46,410,158	672,330,589	
Other operating income	1,310,890	-	13,912	509,711	1,834,513	
Operating income, total	502,310,663	76,074,221	48,860,349	46,919,869	674,165,102	
Raw materials, consumables used and merchandise*	(308,839,337)	(56,668,214)	(27,378,207)	(32,056,078)	(424,941,836)	
Employee benefits expenses	(63,516,389)	(6,470,313)	(11,492,017)	(13,577,194)	(95,055,913)	
Travel expenses	(22,582,408)	(1,956,316)	(4,398,404)	(1,343,716)	(30,280,844)	
Expenses with utilities	(25,208,589)	(2,262,082)	(877,883)	(4,244,484)	(32,593,039)	
Amortization and adjustments for the impairment of assets and provisions**	(23,210,026)	(2,981,708)	(1,167,859)	(5,642,462)	(33,002,055)	
Adjustments for the impairment of current assets	(110,502)	-	(1,147,381)	296,176	(961,707)	
Sponsorships	(1,015,629)	(121,600)	(20,912)	-	(1,158,141)	
Other expenses	(28,588,996)	(2,581,478)	(3,126,501)	(3,505,136)	(37,802,111)	
Expenses related to indirect sales and administrative expenses	(473,071,877)	(73,041,711)	(49,609,164)	(60,072,894)	(655,795,646)	
Operating result	29,238,786	3,032,510	(748,814)	(13,153,025)	18,369,456	
EBITDA***	52,448,812	6,014,218	419,045	(7,510,563)	51,371,511	
EBITDA %	10,5%	7,9%	0,9%	-16,2%	7,6%	
Financial result	(9,114,628)	(823,652)	(1,225,278)	(2,003,718)	(13,167,276)	
Corporate tax	(2,819,079)	(630,234)	-	(614,863)	(4,064,176)	
Net result	17,305,079	1,578,624	(1,974,092)	(15,771,606)	1,138,004	
31 December 2023	Installations and recycling	Compounds	Joinery profiles	Flexible packaging	Unallocated amount	Total
Assets						
Total assets, out of which	470,237,494	57,217,880	41,610,631	180,021,705	5,737,239	754,824,949
Non-current assets	231,472,024	26,560,578	17,735,777	151,205,913	5,737,239	432,711,531
Current assets	238,765,470	30,657,302	23,874,854	28,815,792	-	322,113,418
Liabilities						
Total liabilities, out of which:	239,715,113	29,018,944	29,115,267	144,294,929	-	442,144,254
Non-current liabilities	73,049,906	6,459,917	5,050,015	87,225,691	-	171,785,530
Current liabilities	166,665,207	22,559,027	24,065,252	57,069,238	-	270,358,725
Additions of fixed assets	11,685,681	2,398,395	215,650	90,399,125	-	104,698,852

5. SUNDRY INCOME AND EXPENSES

Financial income and costs

	Year ended 31 December 2024	Year ended 31 December 2023
Interest expense	(17,558,417)	(13,132,823)
Interest income	14,914	4,253
Loss from foreign exchange differences, net	(378,895)	(977,700)
Dividend income	66,830	69,300
Other financial income	2,204,021	869,694
Other financial assets	(85,843)	-
Net financial loss	(15,737,390)	(13,167,276)

The Group did not capitalize any borrowing cost in 2024 and 2023 because the investments financed through bank debt were assets with long implementation period (construction, installation and commissioning).

Interest expense is for loans from banks which are measured at amortized cost.

Dividend income includes the dividends received from CERTIND in amount of RON 66,830 (2023: RON 69,300).

Other operating income

	Year ended 31 December 2024	Year ended 31 December 2023
Compensations, fines and penalties	101,443	1,097,716
Other income	2,229,461	736,797
Total	2,330,904	1,834,513

6. RAW MATERIALS, CONSUMABLES USED AND MERCHANDISE

	Year ended 31 December 2024	Year ended 31 December 2023
Raw materials expenses	500,460,174	361,485,499
Consumables expenses	35,466,217	25,917,964
Merchandise expenses	45,476,972	37,546,438
Packaging expenses	2,162,246	2,387,970
Total	583,565,610	427,337,871

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7. GAINS AND LOSSES ON DISPOSAL OF TANGIBLE AND INTANGIBLE ASSETS

	Year ended 31 December 2024	Year ended 31 December 2023
Income from the disposal of the tangible and intangible assets and investment property	422,759	871,570
Expenses with the disposal of tangible and intangible assets and investment property	(1,643,706)	(840,864)
Income from the revaluation of tangible assets	155,762	-
Expenses with from the revaluation of tangible assets	(151,253)	-
Net loss from the disposal of tangible and intangible assets	(1,216,438)	30,706
Income from fair value measurement of investment property	128,792	439,021

8. EXPENSES WITH PROVISIONS, IMPAIRMENT ADJUSTMENTS AND AMORTIZATION

	Year ended 31 December 2024	Year ended 31 December 2023
Expenses with non-current assets impairment (IAS 36)	(5,934,734)	(5,091,967)
Income from reversal of non-current assets impairment (IAS 36)	1,273,962	401,942
Amortization and depreciation expenses (IAS 36)	(52,295,915)	(37,175,173)
Net adjustments for non-current assets impairment	(56,956,687)	(41,865,198)
Inventory impairment expenses (IAS 36)	(1,872,414)	(1,164,447)
Income from inventory impairment reversal (IAS 36)	-	640,369
Net adjustments for inventory impairment	(1,872,414)	(524,078)
Expenses with allowance for doubtful debts (IFRS 9)	(1,125,187)	(2,304,685)
Income from impairment reversal (IFRS 9)	4,894,507	3,511,040
Receivables charged to expenses (IFRS 9)	(500,063)	(1,643,984)
Net adjustments for doubtful debts	3,269,257	(437,629)
Provisions (IAS 36)	(57,604)	-
Revenues from provisions reversal / cancellation (IAS 36)	117,517	427,515
Net adjustments for provisions	59,913	427,515

8. EXPENSES WITH PROVISIONS, IMPAIRMENT ADJUSTMENTS AND AMORTIZATION (continued)

Impairment of non-current assets

The Group sets up impairment allowances for equipment that will no longer be used because it is damaged or obsolete. When this equipment is scrapped, recycled or sold, the impairment allowance is reversed.

Inventory impairment

Allowance are set up for inventory that was not used or sold during the last 12 months, finished goods for which the demand is decreasing, that are damaged or have quality issues. The cost of finished goods on stock as at quarter end is also compared to the expected selling price and an allowance is set up, if necessary, to adjust the cost to the lower net realizable value.

9. EMPLOYEE BENEFIT EXPENSES AND REMUNERATION OF THE BOARD OF ADMINISTRATION

	Year ended 31 December 2024	Year ended 31 December 2023
Wages	118,031,661	86,134,824
Contributions to the public social security fund	3,871,445	2,694,558
Meal tickets	8,064,169	6,226,531
Total, as presented on line "Employee benefit expenses"	129,967,275	95,055,913

In 2024, the average number of employees was 1,123 (2023: 945).

Remuneration of the Board of Administration

The Company is managed by a Board of Administration formed of 7 administrators elected by the Ordinary General Meeting of Shareholders. The mandate of the members of the Board of Administration is valid until 14 September 2027. The Chairman of the Board of Administration of TeraPlast is Mr. Dorel Goia, elected by the Board of Administration throughout the administrator mandate. Currently, 4 out of 7 administrators are independent.

The senior management of the TeraPlast Group consists of Mr. Alexandru Stănean, as Chief Executive Officer, with a 4-year mandate valid from 2 July 2024 and by Mr. Crăciunaș Bogdan-Lucian as Chief Financial Officer, whose mandate is valid until 29 July 2028.

The remuneration of the members of the Board of Administration and of the senior management is presented in the Remuneration Report.

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10. OTHER EXPENSES

	Year ended 31 December 2024	Year ended 31 December 2023
Expenses with third party services	27,560,235	16,027,150
Expenses with compensations, fines and penalties	1,410,756	122,293
Entertainment, promotion and advertising expenses	4,584,660	4,119,184
Other general expenses	10,593,292	2,718,799
Expenses with other taxes and duties	4,601,263	2,714,141
Repair expenses	7,351,910	5,890,535
Travelling expenses	1,809,068	1,172,513
Rent expenses	2,374,148	1,667,821
Mail and telecommunication expenses	577,996	551,159
Insurance premium expenses	3,093,945	2,818,516
Total	63,957,272	37,802,111

The value of the auditor's fee was RON 1,137,130 in 2024 (2023: RON 536,358).

11. INCOME TAX AND DEFERRED TAX

The total expenses for the year may be reconciled with the accounting profit as follows:

	Year ended 31 December 2024	Year ended 31 December 2023
Profit before tax	(14,833,380)	5,202,180
Income tax calculated	(2,373,341)	832,349
Elements similar to income	58,124	299,137
Deductions	(7,127,114)	(6,236,972)
Non-taxable income	(1,152,872)	(897,461)
Non-deductible expenses	8,684,801	8,007,933
Sponsorships, reinvested profit (tax credit)	(849,468)	(2,030,569)
Credit from tax loss used	(7,280,946)	(3,799,699)
Bonus as per GEO 153/2020	(509,681)	(423,086)
Total income tax at effective rate	(10,550,497)	4,248,368
Minimum turnover tax as per article 181 of the Tax Code	6,175,848	-
Minimum turnover tax as per article 181 of the Tax Code – payable	5,326,380	-
Current income tax recognised in the statement of comprehensive income – expense	5,472,370	3,423,151
Deferred income tax – expense/ (benefit)	(827,250)	641,024
Total income tax - expenses	4,645,120	4,064,176

The tax rate applied for the reconciliation above for 2024 and 2023 is 16% and is paid by Romanian legal entities.

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11. INCOME TAX (continued)

	Statement of financial position		Registered to profit or loss		Registered to other comprehensive income	
	31.12.2023	31.12.2024	2023	2024	2023	2024
Property, plant and equipment and investment property	(3,029,190)	(2,754,587)	(20,557)	755,888	(63,327)	481,285
Employees' benefits payables	252,934	252,934	-	-	-	-
Trade and other payables	684,800	756,162	(5,605)	71,362	-	-
Deferred income tax receivables related to tax losses	1,811,836	1,811,836	(614,863)	-	-	-
Additions from M&A acquisitions	-	(15,047,946)	-	-	-	-
Total	(279,620)	(14,984,474)	(641,025)	827,250	(63,327)	481,285

The Teraplast Group registered tax losses generated by some subsidiaries in amount of RON 73,563,376, for which, due to a prudent approach, the group registered at 31 December 2024 an asset in the form of a deferred tax in amount of RON 1,811,836 (31 December 2023: RON 1,811,836).

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12. PROPERTY, PLANT AND EQUIPMENT

	Land	Buildings	Equipment and vehicles	Installations and furniture	Property, plant and equipment in progress	Total
COST						
Balance at 1 January 2024	12,814,483	108,222,333	409,516,684	4,269,335	61,593,464	596,416,300
Increases:	998,570	1,798,874	3,712,371	1,038,933	67,277,731	74,826,478
Transfers to/ from non-current assets in progress	-	25,506,361	50,006,817	1,206,544	(76,719,722)	-
Transfers related to right-of-use	-	1,977	(917,359)	-	-	(915,382)
Accumulated depreciation of revalued tangible assets	-	(17,845,221)	-	-	-	(17,845,221)
Revaluation increases with impact on reserves	1,822,455	10,520,189	-	-	-	12,342,644
Revaluation increase/decrease with impact on profit or loss	155,762	(151,253)	-	-	-	4,509
Additions from acquisition of Palplast Moldova, Group Freiller, Optiplast	9,896,465	37,497,263	107,814,568	7,073,542	6,531,281	168,813,119
Increases/(Decreases) from value adjustments with impact on reserves	-	-	-	-	-	-
Disposals and other decreases	-	(5,240)	(13,012,795)	(586,189)	(1,259,903)	(14,864,128)
FX differences upon consolidation	-	-	-	-	-	103,662
Balance at 31 December 2024	25,687,734	165,545,282	557,120,286	13,002,165	57,422,851	818,881,981
Balance at 1 January 2023	11,993,270	98,249,929	363,685,304	4,126,037	19,661,330	497,715,871
Increases	1,382,040	2,997,411	4,039,276	40,970	96,239,156	104,698,852
Transfers to/ from non-current assets in progress	-	8,799,315	44,748,284	102,328	(54,033,191)	-
Transfers related to right-of-use	-	-	(961,872)	-	-	(961,872)
Disposals and other decreases	(560,826)	(1,824,322)	(1,994,308)	-	(273,831)	(4,653,288)
Balance at 31 December 2023	12,814,483	108,222,333	409,516,684	4,269,335	61,593,464	596,416,300

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12. PROPERTY, PLANT AND EQUIPMENT (continued)

	Land	Buildings	Equipment and vehicles	Installations and furniture	Property, plant and equipment in progress	Total
ACCUMULATED DEPRECIATION						
Balance at 1 January 2024	2,419	15,079,163	177,017,110	1,890,139	1,015,435	195,004,266
Depreciation during the year	122,373	9,070,880	40,119,693	1,139,909	-	50,452,856
Disposals and decreases	-	(5,241)	(11,966,740)	(568,431)	-	(12,540,412)
Impairment	-	(3,595)	(784,451)	(3,296)	165,271	(626,071)
Accumulated depreciation of revalued tangible assets	-	(17,845,221)	-	-	-	(17,845,221)
Additions from acquisition of Palplast Moldova, Group Freiller, Optiplast	30,677	8,183,107	63,961,218	3,296,679	-	75,471,681
Net transfers of right-of-use assets	-	-	(1,403,026)	-	-	(1,403,026)
Balance at 31 December 2024	155,469	14,479,093	266,943,804	5,755,000	1,180,706	288,514,072
Balance at 1 January 2023	2,073	7,202,609	149,912,702	1,213,503	1,255,176	159,586,063
Depreciation during the year	346	8,094,890	29,209,861	677,909	-	37,983,007
Disposals and decreases	-	(214,742)	(1,242,247)	-	-	(1,456,988)
Impairment	-	(3,595)	333,354	(1,273)	(239,741)	88,746
Net transfers of right-of-use assets	-	-	(1,196,562)	-	-	(1,196,562)
Balance at 31 December 2023	2,419	15,079,163	177,017,110	1,890,139	1,015,435	195,004,266
NET CARRYING AMOUNT						
Net carrying amount at 31 December 2024	25,532,265	151,066,189	290,176,482	7,247,165	56,242,145	530,367,909
Net carrying amount at 31 December 2023	12,812,064	93,143,171	232,499,574	2,379,196	60,578,029	401,412,034

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13. INTANGIBLE ASSETS

	<u>Goodwill</u>	<u>Licenses and other intangible assets</u>	<u>Intangible assets in progress</u>	<u>Total</u>
Cost				
Balance at 1 January 2024	-	12,110,411	568,878	12,679,290
Increases	-	639,547	648,037	1,287,584
Transfers into / from tangible assets in progress	-	682,921	(682,921)	-
Additions from acquisition of Palplast Moldova, Group Freiller, Optiplast	1,140,066	45,789,550	-	46,929,616
Disposals/decreases	-	(164,343)	(48,524)	(212,867)
FX differences upon consolidation	-	-	-	(110,874)
Balance at 31 December 2024	1,140,066	59,058,086	485,470	60,572,749
Balance at 1 January 2023	-	10,760,406	851,079	11,611,485
Increases	-	451,758	616,046	1,067,804
Transfers into / from tangible assets in progress	-	898,247	(898,247)	-
Disposals/decreases	-	-	-	-
Balance at 31 December 2023	-	12,110,411	568,878	12,679,290
Accumulated amortisation				
Balance at 1 January 2024	-	8,717,831	-	8,717,831
Amortization expense	-	2,258,172	-	2,258,172
Impairment	-	(38,887)	-	(38,887)
Additions from acquisition of Palplast Moldova, Group Freiller, Optiplast	-	2,032,347	-	2,032,347
Decreases	-	(164,343)	-	(164,343)
Balance at 31 December 2024	-	12,805,120	-	12,805,120
Balance at 1 January 2023	-	7,839,501	-	7,839,501
Amortization expense	-	917,381	-	917,381
Impairment	-	(39,501)	-	(39,501)
Decreases	-	-	-	-
Balance at 31 December 2023	-	8,717,831	-	8,717,831
Net carrying amount				
At 31 December 2024	1,140,066	46,252,966	485,470	47,767,629
At 31 December 2023	-	3,392,581	568,878	3,961,459

Additions from the acquisition of Palplast Moldova, Group Freiler and Optiplast, totaling RON 45,789,550 at 31 December 2024 (31 December 2023: RON 0) represent the registered trademarks and the trade relations, belonging to the acquired companies.

14. RIGHT-OF-USE ASSETS

The Group has right-of-use assets from rented buildings, warehouses and showrooms. The Group finances through lease agreements vehicles.

Cost	Buildings	Equipment from operating leases	Vehicles and equipment from previous finance leases	Total
Balance at 1 January 2024	10,953,785	2,589,454	12,997,659	26,540,898
Additions	9,567,008	2,395,716	1,156,900	13,119,624
Disposals	(9,362,688)	(716,909)	(367,310)	(10,446,908)
Additions from Freiler Group, Optiplast	3,563,978	1,651,267	467,266	5,682,511
Balance at 31 December 2024	14,722,083	5,919,528	14,254,514	34,896,125
Amortisation				
Balance at 1 January 2024	2,774,868	517,744	3,230,545	6,523,157
Amortisation expenses (Note 8)	2,857,595	920,260	1,770,335	5,548,190
Decreases	(3,186,575)	(86,551)	(367,310)	(3,640,436)
Additions from Freiler Group, Optiplast	897,609	731,723	105,500	1,734,832
Balance at 31 December 2024	3,343,497	2,083,176	4,739,070	10,165,743
Carrying amount at 1 January 2024	8,178,917	2,071,710	9,767,113	20,017,741
Carrying amount at 31 December 2024	11,378,586	3,836,352	9,515,444	24,730,382

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15. SUBSIDIARIES AND FINANCIAL INVESTMENTS

As at 31 December 2024 and 31 December 2023, the parent company has the following investments:

Subsidiary	Country	Shareholding	31 December		31 December	
			2024	Shareholding	2023	
		%	LEI	%	LEI	
TeraGlass Bistrița SRL	Romania	100	8,468,340	100	8,468,340	
TeraPlast Recycling SA	Romania	99	11,766,350	99	11,766,350	
Somplast SA	Romania	70.8	4,897,400	70,8	4,897,400	
TeraBio Pack SRL	Romania	100	38,000,000	100	23,000,000	
Teraplast Magyarorszag KFT	Hungary	100	36,492	100	36,492	
TeraGreen Compound SRL	Romania	100	98,832	100	98,832	
Palplast SRL	Republic of Moldova	51	8,950,140	-	-	
Optiplast d.o.o	Croatia	70	50,366,645	-	-	
Grup Freiler	Austria	100	82,262,592	-	-	
Teraverde Carbon SRL	Romania	100	10,000	100	10,000	
		-	204,856,791	-	48,277,414	

Other long-term equity investments

Details concerning other equity investments of Teraplast SA are the following:

Investment name	Country	Investment share	31 December		31 December	
			2024	Investment share	2023	
		%	RON	%	RON	
CERTIND SA	Romania	7.50	14,400	7.50	14,400	
Partnership for sustainable development	Romania	7.14	1,000	7.14	1,000	
ECOREP GROUP SA	Romania	-	-	-	100	
Group Freiler - Volksbank	Austria	-	2,798	-	-	
		-	18,198	-	15,500	

CERTIND is an independent certification body accredited by the Greek Accreditation Body – ESYD for the following certification services: certification of quality management systems according to ISO 9001, certification of environment management systems according to ISO 14001, certification of food safety management systems according to ISO 22000.

Teraplast SA did not undertake any obligations and did not make any payment on behalf of the entities in which it holds securities in the form of investments.

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16. INVENTORIES

	Balance at 31 December 2024	Balance at 31 December 2023
Finished goods	80,691,073	63,089,270
Raw materials	75,566,474	56,014,991
Commodities	16,608,241	11,845,653
Consumables	8,088,725	6,656,750
Inventory items	1,254,199	363,808
Semi-finished goods	5,699,104	3,511,262
Residual products	4,243,210	2,655,246
Goods to be purchased	169,629	12,424
Work in progress	588,121	198,560
Packaging	1,763,636	975,021
Inventories – gross value	194,672,414	145,322,985
Value adjustments for raw materials and consumables	(1,815,270)	(1,637,798)
Value adjustments for finished products	(5,185,944)	(3,883,413)
Value adjustments for merchandise	(1,431,161)	(1,038,751)
Total value adjustments	(8,432,375)	(6,559,961)
Total inventories – net value	186,240,037	138,763,024

The value adjustments are made for all categories of inventory (see above), using both general methods and specific methods according to their age and analyses on the chances to use them in the future. The categories of inventories with the age of one year or above which did not have any movements in the past year are depreciated in full.

The Group's inventories are pledged in favour of financing banks.

17. TRADE AND OTHER RECEIVABLES

	Balance at 31 December 2024	Balance at 31 December 2023
Short-term receivables		
Trade receivables	177,198,695	118,746,369
Trade notes not exigible	38,003,927	42,875,755
Advances paid to suppliers of non-current assets	10,941,322	7,942,919
Advances paid to suppliers of inventories and services	2,749,470	5,350,769
Advances paid to employees	-	-
Other receivables	8,110,692	4,314,935
Loss allowance	<u>(15,912,868)</u>	<u>(16,876,945)</u>
Balance at the end of the year	<u>221,091,239</u>	<u>162,353,802</u>

The total receivables at 31 December 2024 of RON 221,091,239 (2023: RON 162,353,802) includes the amount of RON 10,941,322 representing long-term receivables – advances to suppliers of non-current assets (2023: RON 7,942,919).

The changes in adjustment for impairment on doubtful receivables

	31 December 2024	31 December 2023
	RON	RON
Balance at the beginning of the year	<u>(16,876,945)</u>	<u>(18,083,288)</u>
Receivables written off during the year	-	1,643,984
Impairment adjustment charged to statement of comprehensive income for trade receivables	3,612,714	(437,640)
(Increase)/Decrease from discontinued operations/M&A acquisitions	<u>(2,648,637)</u>	-
Balance at the end of year	<u>(15,912,868)</u>	<u>(16,876,945)</u>

When determining the recoverability of a receivable, the Group takes into consideration any change in the crediting quality of the concerned receivable starting with the credit granting date until the reporting date. The concentration of the credit risk is limited taking into consideration that the client base is large and they are not related to each other.

An allowance for impairment is recorded for the full amount of trade receivables overdue for more than 60 days.

The measurement of expected credit losses is a function of the probability of default, loss given default (i.e. the magnitude of the loss if there is a default) and the exposure at default. The assessment of the probability of default is based on the risk rating of each client obtained from independent parties, adjusted, if the case with forward-looking information as described above.

As for the exposure at default, for financial assets, this is represented by the assets' gross carrying amount at the reporting date. The Group's receivables are pledged in full in favour of the financing banks.

18. INVESTMENT PROPERTY

At 31 December 2024 and 31 December 2023, TeraPlast holds 36 thousand sqm of land in Bistrița for value appreciation, classified as investment property. The production unit of TeraPlast used to be located on this land, before the Company moved to TeraPlast Industrial Park. The land has a fair value of RON 5,866 thousand (RON 5,737 thousand at 31 December 2023).

The Group carries its investment properties at fair value, with changes in fair value being recognized in the statement of profit or loss. Investment properties were revalued at 31 December 2024 by an external independent valuator. The valuation method used was the market comparison.

Further to the acquisition of Group Freiler, the investment property line in the Consolidated Statement of Financial Position grew by RON 15.9 million (RON 4.47 million). They represent land and buildings kept in the records of Sörgyári Ipari Park Kft.

	Balance at 31 December 2024	Balance at 31 December 2023
Opening balance	5,737,239	4,914,955
Increases/(Decreases)	23,542	383,264
Additions from the acquisition of Group Freiler	15,910,357	-
Net gains/ (loss) on the valuation of investment property at fair value	128,792	439,021
Closing balance	21,799,930	5,737,239

19. SHARE CAPITAL

	Balance at 31 December 2024	Balance at 31 December 2023
Common shares paid in full	240,120,036	217,900,036

As at 31 December 2024, the value of the share capital subscribed and paid up of the Company included 2,179,000,358 (2023: 2,401,200,358) authorized shares, issued and paid in full, at a value RON 0.1/share and having a total nominal value of RON 240,120,036 (2023: RON 217,900,036). Common shares bear a vote each and give the right to dividends.

In June 2024, the EGMS decided to increase the share capital of Teraplast SA by cash contribution with the maximum amount of RON 22,220,000. The increase was made by issuing 222,200,000 new ordinary shares, with a nominal value of RON 0.1/share. The purpose of the capital increase is to finance the Company's development plans and current needs.

The subscription process was two-staged: 'the preference period' rolled out during 12.08.2024 – 10.09.2024 and 'the private placement' that took place during 12.09.2024 – 17.09.2024.

The maximum subscription price was set at RON 0.45/share. Therefore, further to the cash contribution, the Company registered issuance premiums in amount of RON 77,770,000.

Shareholding

	Balance at 31 December 2024		Balance at 31 December 2023	
	No. of shares	% ownership	No. of shares	% ownership
Goia Dorel	1,124,486,255	46.83	1,020,429,614	46.83
FONDUL DE PENSII ADMINISTRAT PRIVAT NN/NN PENSII S.A.F.P.A.P. S.A.	288,531,897	12.02	261,832,007	12.02
FD DE PENS ADMIN PRIV AZT VIITORUL TAU/ALLIANZ PP	148,950,968	6.2	135,167,485	6.2
LCS IMOBILIAR SA	86,646,264	3.6	78,628,275	3.6
Other natural and legal persons	752,584,974	31.34	682,942,977	31.34
Total	2,401,200,358	100	2,179,000,358	100

20. RESERVES

The following describes the nature and type of each equity reserve:

Type of reserve	Description and purpose
Legal reserve	Constituted annually from the Company's profit at the rates and within the limits provided by law. In 2024, the limits are 5% applied to the accounting profit up to 20% of the paid-up subscribed capital. At the end of 2024, the Group's reserves had not reached the 20% share of the subscribed capital, which is why in 2024 reserves were set in amount of RON 37,920,735. (31 December 2023: RON 36,854,658).
Revaluation reserves	Revaluation reserves are constituted from differences resulting from the revaluation of tangible assets. The revaluation reserves are recorded for each type of asset and for each revaluation operation that took place.
Reserves for reinvested profit	At 31 December 2024, the Group registered the profit for which the reinvested corporate income tax exemption applied to Other reserves. Such reinvested profit represents the acquisition of group 2.1 and group 2.2.9 equipment, according to the Tax Code.
Other reserves	Representing other reserves not provided by law, which were set optionally from the net profit to cover the accounting losses or for other purposes, according to the resolution of the general meeting of shareholders, in compliance with the legal provisions.

The reserves above can only be distributed according to law.

The changes in reserves in the financial year ended 31 December 2024 are:

	Balance at 31 December 2023	Increases	Decreases	Balance at 31 December 2024
Legal reserves	36,854,658	1,252,498	186,421	37,920,735
Revaluation reserves	17,404,244	12,795,246	8,586	30,190,904
Reserves for reinvested profit	36,281,204	-	-	36,281,204
Other reserves	403,646	-	-	403,646
TOTAL	90,943,752	14,047,744	195,007	104,796,489

The changes in revaluation reserves throughout 2024 are presented as follows:

	2023	2024
Revaluation reserve at the beginning of the year	17,304,558	17,404,244
Increases during the financial year	-	12,351,230
Decreases during the financial year	-	(8,586)
Amounts/write-downs transferred from revaluation reserve during the financial year	99,686	444,016
Revaluation reserve at the end of the financial year	17,404,244	30,190,904

21. EMPLOYEE BENEFIT LIABILITIES AND PROVISIONS

The Group grants its employees retirement benefits according to the seniority within the Group when they turn the retirement age of 65 for men and of 61 for women.

The provision represents the present value of the retirement benefit as calculated on an actuarial basis.

	Short-term		Long-term	
	31 December 2024	31 December 2023	31 December 2024	31 December 2023
Additions from Group Freiler	-	-	101,905	-
Provisions for risks and charges	516,700	525,125	1,956,847	1,956,847
Total	516,700	525,125	2,058,752	1,956,847

	Financial year ended 31 December 2024
Long-term employee benefits	
Opening balance	1,956,847
Movements	101,905
Closing balance	2,058,752

Teraplast SA has set provisions for sundry expenses related to environmental protection and tax liabilities, being probable that certain obligations generated by prior events of the entity would determine an outflow of resources.

The Group has established a benefits plan through which employees are entitled to receive retirement benefits based on their seniority in the Group, upon reaching retirement age. There are no other post-retirement benefits for employees. The provision represents the current value of the retirement benefit liability calculated on an actuarial basis.

The latest actuarial valuations were performed on 31 December 2024 by Mr. Silviu Matei, a member of the Romanian Actuaries Institute. The Group's management considered that the values revealed by the report at 31 December 2024 are insignificantly different from the values at 31 December 2023 and decided not to change the already registered provision. Changes registered in 2024 represent additions from the acquisition of Group Freiler.

The current value of the defined benefit liabilities and the current and past cost of the related services were measured using the projected credit unit method.

22. TRADE AND OTHER PAYABLES

	Balance at 31 December 2024	Balance at 31 December 2023
Trade payables	155,232,720	82,624,841
Trade notes payable	1,575,540	1,772,216
Liabilities from the purchase of non-current assets	9,210,243	11,531,096
Other current payables	22,258,979	13,660,211
Advance payments from clients	1,628,181	693,614
Total	189,905,664	110,281,978

Contractual liabilities reflect the Company's obligation of transferring goods or services to a client from which it has received the counter value of the good/service or from which the amount due is outstanding.

Out of the total non-current liabilities, in amount of RON 8,383,515 at 31 December 2024 (31 December 2023: RON 6,907,640) RON 5,490,181 represents the debt to E.On for the solar cells.

22.1 OTHER CURRENT LIABILITIES

	Balance at 31 December 2024	Balance at 31 December 2023
Salary-related payables to employees and social security payables	14,440,152	12,436,237
VAT payable	3,336,439	143,402
Unclaimed employee rights	-	-
Other creditors	3,586,618	265,929
Commercial guarantees received	-	71,655
Other taxes payable	895,770	697,438
Dividends payable	-	45,550
Total	22,258,979	13,660,211

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23. LOANS FROM BANKS

The bank loans at 31 December 2024 and 31 December 2023 are as follows:

Teraplast SA

Financing bank	Type of financing	Origination date	Balance at 31 December 2023	Balance at 31 December 2024	Short term at 31 December 2024	Long term at 31 December 2024	Period
Banca Transilvania	Working capital	07.06.2022	45,450,373	48,596,789	48,596,789	-	12 MONTHS
BCR	Working capital	30.09.2023	35,578,578	31,467,366	31,467,366	-	12 MONTHS
Banca Transilvania	Investments	20.04.2017	1,058,890	-	-	-	84 MONTHS
Banca Transilvania	Investments	07.03.2019	1,225,240	-	-	-	60 MONTHS
Banca Transilvania	Investments	30.03.2020	1,842,183	-	-	-	60 MONTHS
Banca Transilvania	Investments	23.12.2020	8,665,573	4,814,207	4,814,207	-	60 MONTHS
Banca Transilvania	Investments	15.03.2021	11,691,492	7,014,896	4,676,598	2,338,298	60 MONTHS
Banca Transilvania	Investments	28.04.2023	2,857,806	1,905,204	952,602	952,602	60 MONTHS
Banca Transilvania	Investments	09.10.2023	5,159,204	4,127,362	1,031,841	3,095,521	60 MONTHS
Banca Transilvania	Investments	26.03.2024	-	62,046,924	8,882,100	53,164,824	84 MONTHS
Banca Transilvania	Investments	21.05.2024	-	6,039,949	1,064,994	4,974,955	60 MONTHS
Banca Transilvania	Investments	21.05.2024	-	463,735	81,768	381,967	60 MONTHS
TOTAL			113,529,339	166,476,432	101,568,265	64,908,167	

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23. LOANS FROM BANKS (continued)

Teraplast Recycling SA

Financing bank	Type of financing	Origination date	Balance at 31 December 2023	Balance at 31 December 2024	Short term at 31 December 2024	Long term at 31 December 2024	Period
Banca Transilvania	Investments	11.10.2021	2,098,717	1,390,478	729,832	660,646	60 MONTHS
Banca Transilvania	Investments	09.10.2023	49,179,502	55,902,787	-	55,902,787	60 MONTHS
Banca Transilvania	Investments, bridge loan	09.10.2023	23,825,220	(14,517)	(14,517)	-	12 MONTHS
Banca Transilvania	Working capital	08.07.2021	-	10,738,719	10,738,719	-	12 MONTHS
Banca Transilvania	Investments	21.05.2024	-	1,292,455	238,770	1,053,685	60 MONTHS
Banca Transilvania	Investments	20.08.2024	-	2,933,855	2,933,855	-	12 MONTHS
TOTAL			75,103,439	72,243,777	14,626,659	57,617,118	

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23. LOANS FROM BANKS (continued)

Teraglass Bistrita SRL

<u>Financing bank</u>	<u>Type of financing</u>	<u>Origination date</u>	<u>Balance at 31 December 2023</u>	<u>Balance at 31 December 2024</u>	<u>Short term at 31 December 2024</u>	<u>Long term at 31 December 2024</u>	<u>Period</u>
Exim	Investments	23.09.2019	1,981,160	1,219,054	771,540	447,514	60 MONTHS
Banca Transilvania	Working capital	08.07.2021	11,926,809	11,906,264	11,906,264	-	12 MONTHS
BCR Bank	Working capital	23.12.2020	3,918,040	6,474,762	6,474,762	-	12 MONTHS
TOTAL			17,826,009	19,600,080	19,152,565	447,514	

TeraBio Pack S.R.L.

<u>Financing bank</u>	<u>Type of financing</u>	<u>Origination date</u>	<u>Balance at 31 December 2023</u>	<u>Balance at 31 December 2024</u>	<u>Short term at 31 December 2024</u>	<u>Long term at 31 December 2024</u>	<u>Period</u>
BCR	Investments	29.04.2021	19,500,432	14,623,854	4,926,950	9,696,904	60 MONTHS
BCR	Working capital	29.11.2021	2,245,986	4,508,643	4,508,643	-	12 MONTHS
BCR	Working capital	29.11.2021	9,933,139	8,734,609	8,734,609	-	12 MONTHS
TOTAL			31,679,558	27,867,106	18,170,202	9,696,904	

Somplast S.A.

<u>Financing bank</u>	<u>Type of financing</u>	<u>Origination date</u>	<u>Balance at 31 December 2023</u>	<u>Balance at 31 December 2024</u>	<u>Short term at 31 December 2024</u>	<u>Long term at 31 December 2024</u>	<u>Period</u>
Banca Transilvania	Working capital	08.07.2021	1,441,143	1,389,786	1,389,786	-	12 MONTHS
TOTAL			1,441,143	1,389,786	1,389,786	-	

23. LOANS FROM BANKS (continued)

Wolfgang Freiler GmbH			Balance at	Balance at	Short term at	Long term at	
Financing bank	Type of financing	Origination date	31 December	31 December	31 December	31 December	Period
			2023	2024	2024	2024	
Oberbank	Working capital	06.12.2022	-	1,221,296	1,221,296	-	54 MONTHS
Oberbank	Working capital	02.09.2022	-	420,427	420,427	-	12 MONTHS
TOTAL			-	1,641,723	1,641,723	-	
Polytech Industrie KFT			Balance at	Balance at	Short term at	Long term at	
Financing bank	Type of financing	Origination date	31 December	31 December	31 December	31 December	Period
			2023	2024	2024	2024	
Oberbank	Investments	02.02.2016	-	1,243,525	621,763	621,762	96 MONTHS
Oberbank	Investments	30.10.2018	-	1,056,996	528,499	528,497	96 MONTHS
Oberbank	Investments	30.10.2019	-	2,201,040	554,612	1,646,428	96 MONTHS
Oberbank	Working capital	12.08.2022	-	871,760	871,760	-	12 MONTHS
TOTAL			-	5,373,321	2,576,634	2,796,687	
Optiplast D.o.o			Balance at	Balance at	Short term at	Long term at	
Financing bank	Type of financing	Origination date	31 December	31 December	31 December	31 December	Period
			2023	2024	2024	2024	
OTP Banka	Investments	12.10.2016	-	565,274	565,274	-	84 MONTHS
OTP Banka	Investments	01.09.2020	-	357,706	357,706	-	60 MONTHS
Hrvatska Banka	Working capital	31.05.2021	-	3,796,015	1,980,529	1,815,486	60 MONTHS
OTP Banka	Investments	02.02.2023	-	627,436	278,861	348,575	48 MONTHS
OTP Banka	Investments	24.08.2023	-	1,100,286	400,104	700,182	48 MONTHS
OTP Banka	Investments	12.12.2023	-	4,277,177	572,365	3,704,812	60 MONTHS
TOTAL			-	10,723,892	4,154,836	6,569,056	
GRAND TOTAL			239,579,487	305,316,117	163,280,671	142,035,446	

24. LEASE LIABILITIES

Lease contracts as recognised under IFRS 16 for the financial year ended:

	Minimum lease payments	
	31 December 2024	31 December 2023
Present value of minimum lease payments		
Amounts payable in one year	2,026,392	3,465,029
More than one year but less than five years	784,814	9,495,553
Total lease liabilities	2,811,206	12,960,582
Of which, liabilities with right-of-use assets		
Amounts payable in one year	3,697,632	2,728,302
More than one year but less than five years	7,617,696	7,668,827
More than 5 years	649,918	-
Total liabilities with right-of-use assets	11,965,246	10,397,129

25. FINANCIAL INSTRUMENTS

In the normal course of business, the Group has exposure to a variety of financial risks, including foreign currency risk, interest rate risk, liquidity risk and credit risk, market risk, geographic risk, but also operating risks and legal risks. The Group's focus is to understand these risks and to put in place policies that minimize the economic impact of an adverse event on the Group's performance. Meetings are held on a regular basis to review the result of the risk assessment, approve recommended risk management strategies and monitor the effectiveness of such policies.

The main objectives of the financial risk management activity are to determine the risk limits and then to ensure that the exposure to risks is maintained between these limits. The management of operating and legal risks is aimed at guaranteeing the good functioning of the internal policies and procedures for minimizing operating and legal risks.

The Group measures trade receivable and other financial assets at amortized cost.

25. FINANCIAL INSTRUMENTS (continued)

Financial assets	Amortised cost 31 December 2024	Amortised cost 31 December 2023
Non-current		
Long term receivable	1,640,818	1,567,558
Other financial instruments measured at amortized cost	18,198	15,500
Current		
Trade receivable	221,091,239	162,353,802
Cash	32,415,724	18,879,289
Prepayment	1,296,063	1,136,301

(a) Capital risks management

The Group manages its capital to ensure that the entities within the Group will be able to continue their activity and, at the same time, maximize revenues for the shareholders, by optimizing the balance of liabilities and equity.

The structure of the Group capital consists in debts, which include the loans detailed in Note 21, the cash and cash equivalents and the equity attributable to equity holders of the parent Group. Equity includes the share capital, reserves and retained earnings.

Managing the Group's risks also includes a regular analysis of the capital structure. As part of the same analysis, management considers the cost of capital and the risks associated to each class of capital. Based on the management recommendations, the Group may balance its general capital structure through the payment of dividends, by issuing new shares and repurchasing shares, as well as by contracting new liabilities and settling the existing ones.

Just as other industry representatives, the Group monitors the capital based on the gearing ratio. This ratio is calculated as net debt divided by total capital. The net debt is represented by the total loans (including long-term and short-term loans as detailed on the balance sheet) less the cash and cash equivalents. Total capital represents "equity", as detailed on the balance sheet plus the net debt.

The gearing ratio as at 31 December 2024 and 2023 was as follows:

	2024	2023
Bank loans and finance lease payables	323,886,759	252,540,069
Less cash and cash equivalents	(32,415,724)	(18,879,289)
Net debt	291,471,035	233,660,780
Total equity	436,882,755	312,680,694
Total equity and net debt	728,353,790	546,341,474
Gearing ratio	40%	43%

25. FINANCIAL INSTRUMENTS (continued)

(b) Summary of significant accounting policies

The details on the main accounting policies and methods adopted, including the recognition criteria, measurement basis and revenue and expenses recognition basis, concerning each class of financial assets, financial liabilities and capital instruments are presented in Note 2 to the financial statements.

(c) Objectives of the financial risk management

The treasury department of the Company provides services needed for the activity, coordinates the access to the national financial market, monitors and manages the financial risks related to the Group operations by way of reports on the internal risks, which analyse the exposure to and extent of the risks.

These risks include the market risk (including the foreign currency risk, fair value interest rate risk and the price risk), credit risk, liquidity risk and cash flow interest rate risk.

(d) Market risk

The Group's activities expose it primarily to the financial risks related to the fluctuation of the exchange rates (see (d) below) and of the interest rate (see [f] below).

The Group management continuously monitors its exposure to risks. However, the use of this approach does not protect the Group from the occurrence of potential losses beyond the foreseeable limits in case of significant fluctuations on the market. There was no change from the prior year in relation to the Group's exposure to the market risks or to how the Group manages and measures its risks.

(e) Foreign currency risk management

There are two types of foreign currency risk to which the Company is exposed, namely transaction risk and translation risk. The objective of the Company's foreign currency risk management strategy is to manage and control market risk exposures within acceptable parameters.

	TOTAL	
Profit or (loss)	(6,847,192)	6,847,192

Transaction risk

This arises because operating units have input costs or sales in currencies other than their functional currencies. In addition, where operating entities carry monetary assets and liabilities at year end denominated other than in their functional currency, their translation at the year-end rates of exchange into their functional currency will give rise to foreign currency gains and losses. The exposures to the exchange rate are managed according to the approved policies.

More than 74% of the Group's sales are in Romania, in RON. Foreign sales are mainly with payment upon delivery. Thus, the Group's exposure to foreign exchange risk from transactions with foreign customers is immaterial.

25. FINANCIAL INSTRUMENTS (continued)

(e) Foreign currency risk management (continued)

Conversion risk

This is due to the fact that the Group is engaged in operations that do not use the functional currency, i.e. RON, which is the Group's presentation currency. Exchange rate changes between the reporting currencies of these operations and the RON have an impact on the Group's consolidated reported result.

(f) Interest rate risk management

The interest-bearing assets of the Group, the revenues, and the cash flows from operating activities are exposed to the fluctuations of market interest rates. The Group's interest rate risk relates to its bank loans. The loans with variable interest rate, expose the Group to the cash flow interest rate risk due to fluctuation of ROBOR for the other loans with variable interest rate.

The Group continuously monitors its exposure to the interest rate risk. These include simulating various scenarios, including the refinancing, discounting current positions, financing alternatives. Based on these scenarios, the Group estimates the potential impact of determined fluctuations in the interest rate on the profit and loss account. For each simulation, the same interest rate fluctuation is used for all models. These scenarios are only prepared for the debts representing the main interest-bearing positions.

The Group is exposed to the interest rate risk taking into account that the Company entities borrow funds both at fixed, and at floating interest rates. The risk is managed by the Group by maintaining a optimal balance between fixed rate and floating rate interest loans.

(g) Other price risks

The Group is not exposed to the equity price risks arising from equity investments. The financial investments are held for strategic purposes rather than commercial ones and are not significant. The Group does not actively trade these investments.

(h) Credit risk management

The Group has adopted a policy of performing transactions with trustworthy parties, parties that have been assessed in respect of the credit quality, taking into account its financial position, past experience and other factors, and additionally, obtaining guarantees or advance payments, if applicable, as a means of decreasing the financial losses caused by breaches of contracts. The Group exposure and the credit ratings of third parties to contracts are monitored by the management.

The Group's maximum exposure to credit risk is represented by the carrying value of each financial asset.
The credit risk relates to the risk that a counterparty will not meet its obligations causing financial losses to the Company.

Trade receivables are from a high number of clients from different industries and geographical areas. The permanent credit assessment is performed in relation to the clients' financial condition and, when appropriate, a credit insurance is concluded.

The Group has policies limiting the value of the exposure for any financial institution.

The carrying amount of receivables, net of the provision for receivables, plus the cash and cash equivalents, are the maximum amount exposed to the credit risk. Although the receivable collection could be influenced by economic factors, the management considers there is no significant loss risk for the Group, beyond the provisions already recorded.

The Group considers the exposure to the credit risk in relation to a counterparty or a group of similar counterparties by analysing the receivables individually and making impairment adjustments. The Company had more than four thousand clients in 2024, with the highest exposure on one client being 5% (2023: 5%).

25. FINANCIAL INSTRUMENTS (continued)

(i) Liquidity risk management

The Group manages the liquidity risks by maintaining appropriate reserves, bank facilities and reserve loan facilities, by continuously monitoring actual cash flows and by correlating the maturity profiles of financial assets and liabilities. Each Group company prepares annual and short-term cash flows (weekly, monthly and quarterly). Financing needs for working capital are determined and contracted based on the budgeted cash flows. Investments projects are approved only with a concrete financing plan.

(j) Fair value of financial instruments

The financial instruments disclosed on the statement of financial position include trade and other receivables, cash and cash equivalents, short and long-term loans and other debts. The carrying amounts represent the maximum exposure of the Company to the credit risk related to the existing receivables.

Financial liabilities are at their carrying amount which is an approximation to their fair value, due to the fact that the liabilities are at variable interest rates and there are no material initial fees and charges amortized over time.

	Balance at December 31, 2024	Balance at December 31, 2023
Analysis of trade receivables and bills of exchange		
Non-payable	106,118,763	136,486,968
Overdue, but not impaired	117,909,357	27,434,392
Impaired and fully provisioned	15,912,867	16,876,945
Total	239,940,987	180,798,306
Overdue, but not impaired		
Up to 3 months	102,891,327	21,481,018
From 3 to 6 months	11,467,874	817,297
From 6 to 9 months	134,040	1,711,481
More than 9 months	3,416,116	3,424,596
Total	117,909,357	27,434,392
Impaired and fully provisioned		
Up to 6 months	1,393,586	1,455,933
From 6 to 12 months	1,495,254	4,270,880
More than 12 months	13,024,027	11,150,133
Total	15,912,868	16,876,945

TERAPLAST SA

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

for the financial year ended 31 December 2024

(all amounts are expressed in Romanian Lei ("RON"), unless otherwise stated)

25. FINANCIAL INSTRUMENTS (continued)

Tables on liquidity and interest rate risks

The tables below detail the dates remaining until the maturity of the Group's financial liabilities.

The tables were prepared based on the undiscounted cash flows of the financial liabilities at the nearest date when is possible for the Group to be requested to pay. The table includes both the interest and the cash flows related to the capital.

2024	less than 1 month	1-3 months	3 months - 1 year	1-3 years	3 - 5 years	more than 5 years	Total
Non-interest bearing							
Trade receivables and other liabilities	(151,600,252)	(18,931,090)	(10,990,804)	(5,245,085)	(2,349,792)	(788,638)	(189,905,661)
Interest-bearing instruments							
Short and long-term loans	(129,894,433)	(7,905,170)	(30,471,207)	(75,354,355)	(48,060,878)	(32,200,715)	(323,886,759)
Future interest on loans	(50,523)	(2,038,078)	(5,887,542)	(10,698,262)	(5,391,769)	(1,314,777)	(25,380,952)
Non-interest bearing							
Cash and cash equivalents	32,415,724	-	-	-	-	-	-
Receivables	178,398,565	54,041,359	5,860,245	1,039,102	533,407	68,310	239,940,987
2023	less than 1 month	1-3 months	3 months - 1 year	1-3 years	3 - 5 years	more than 5 years	Total
Non-interest bearing							
Trade receivables and other liabilities	(57,614,578)	(37,890,784)	(7,062,487)	(3,355,254)	(2,349,792)	(1,963,534)	(110,236,428)
Interest-bearing instruments							
Short and long-term loans	(1,835,050)	(6,807,832)	(150,110,950)	(41,804,437)	(26,240,802)	(25,740,998)	(252,540,069)
Future interest on loans	(285,767)	(1,415,496)	(3,548,831)	(6,653,821)	(3,615,718)	(1,839,230)	(17,358,863)
Non-interest bearing							
Cash and cash equivalents	18,879,289	-	-	-	-	-	18,879,289
Receivables	86,845,050	73,975,425	1,533,327	999,360	363,270	204,929	163,921,360

26. RELATED PARTY TRANSACTIONS

The related and affiliated entities of the Company are as follows:

31 December 2024

Subsidiaries

- Teraglass Bistrita SRL
- TeraPlast Recycling SA
- TeraBio Pack Srl
- Somplast SA
- Teraplast Magyarország KFT
- Teraverde Carbon SRL
- Palplast SRL
- Optiplast D.o.o.
- WF Kunststoff Handels GmbH
- Wolfgang Freiler GmbH & Co KG
- Itraco GmbH
- Polytech Industrie Kft
- Sörgyári Ipari Park Kft
- Pro-Moulding Kft

Related parties (common shareholding/decision-makers)

- ACI Cluj SA
- Hermes SA
- Info Sport SRL
- Ischia Activholding SRL
- Ischia Invest SRL
- La Casa Ristorante Pizzeria Pane Dolce SRL
- New Croco Pizzeria SRL
- Parc SA
- Primcom SA
- Sens Unic Imobiliare SRL
- Alpha Quest Tech SRL
- Banca Romaneasca SA – member of Eximbank SA group
- Grupul Bittnet Systems SA
- Compa SA
- Magazin Universal Maramures SA
- LCS Imobiliar SA
- Libra Internet Bank

The transactions between the parent and its subsidiaries, Group affiliates were eliminated from the consolidation.

27. CASH AND CASH EQUIVALENTS

Cash

For cash flow statement purposes, cash includes cash on hand and in current bank accounts. The carrying amount of these assets is approximately equal to their fair value.

Cash and cash equivalents at financial year end, as disclosed on the cash flow statement, may be reconciled with the items related to the accounting balance sheet, as follows:

	31 December 2024	31 December 2023
Cash in bank accounts	32,303,295	18,631,285
Cash on hand	28,528	62,479
Cash equivalents	83,901	185,525
Total	32,415,724	18,879,289

The Group's available cash is pledged in full in favour of financing banks.

28. INVESTMENT SUBSIDIES

Subsidies for investments refer to non-reimbursable funds for investments made by TeraPlast SA, TeraGlass Bistrita SRL, and TeraBio Pack SRL, Teraplast Recycling SA. The additions from M&A acquisitions refer to Group Freiler and Optiplast.

There are no unfulfilled conditions or other contingencies associated with such subsidies.

	2024	2023
At 1 January	76,560,615	60,566,288
Additions of subsidies	24,366,686	23,932,728
Transferred to statement of comprehensive income	(9,260,614)	(7,938,401)
Additions from M&A acquisitions	7,387,558	
At 31 December	99,054,245	76,560,615
Current	9,487,813	7,601,172
Non-current	89,566,432	68,959,443

The value of outstanding subsidies is recognised as deferred income in the balance sheet and transferred to the statement of comprehensive income on a systematic basis, throughout the lifetime of the related assets.

29. COMMITMENTS AND CONTINGENT LIABILITIES

TeraPlast SA

Unused credit facilities

At 31 December 2024, the Company registers unused credit facilities in amount of RON 30,206,098 (31 December 2023: RON 23,380,080) and the value of unused investment loans was RON 24,673,675 (31 December 2023: no unused investment loans).

Guarantees for bank loans

At 31 December 2024, tangible assets and investment properties with a net book value of RON 122,597,264 (31 December 2023: RON 106,034,674) constitute collateral for loans and credit lines. For loans from banks, the Company guaranteed all present and future cash, all present and future stocks of goods and products and assigned present and future receivables, as well as their accessories, from current and future contracts with customers, which act as assigned debtors. Also, the Company assigned the rights resulting from the issued insurance policies having as object the properties and the movable goods brought as collateral.

Investments in the manufacturing of fireproof compounds and indoor sewage – project value RON 30,381,878

The project of TeraPlast SA created a new product in the field of compounds and led to the equipment of a line that extends the production capacity of polypropylene systems. The investment was entirely put into operation in December 2019. The State aid for this investment, in amount of RON 14,427,981, was fully cashed in 2019 – 2020. The monitoring period, at the end of which TeraPlast must return to the State budget the value of the State aid in the form of taxes from the investment, ends in 2025.

Increase of production capacity for PVC pipes and fittings – project value: RON 42,479,590

TeraPlast SA extended the production capacity within the existing site for certain categories of products in the current manufacturing of the company, namely fittings (PP and PVC), PE pipes and PVC pipes, by making investments in the construction of new buildings and purchase of equipment. The investment was entirely put into operation in November 2022.

At December 31, 2022 the Company received the State aid in amount of RON 15,675,695. In December 2022, the Company filed the first application for reimbursement in amount of RON 3,301,044, which was disbursed in March 2023. The monitoring period, at the end of which TeraPlast must return to the State budget the value of the State aid in the form of taxes from the investment, ends in 2027.

Polyethylene installations plant – project value: RON 56,213,412

TeraPlast SA invested in a new production unit for the manufacture of plastic products on the product segments representing PE pipes and rotationally moulded products (PE), by making investments in new buildings and equipment.

The investment was entirely put into operation in December 2022.

At December 31, 2022 the Company received the State aid in amount of RON 11,583,440.

The last application for reimbursement in amount of RON 12,385,006 was filed and disbursed in September 2023. The monitoring period, at the end of which TeraPlast must return to the State budget the value of the State aid in the form of taxes from the investment, ends in 2027.

Set-up of new solar-sourced electricity production unit, with integrated storage equipment, for the consumption of TeraPlast SA – project value: RON 19,261,720

On 18.03.2023 TeraPlast SA signed the contract with the Ministry of Energy for the project entitled „Set-up of new solar-sourced electricity production unit, with integrated storage equipment, for the consumption of TeraPlast SA”. In this sense, the company will receive a State aid in amount of RON 5,452,801. At 31 December 2024 there were not payment applications submitted, therefore, the company did not collect any amounts under this project.

29. COMMITMENTS AND CONTINGENT LIABILITIES (continued)

Teraglass Bistrita SRL

Unused credit facilities

At 31 December 2024, the Company registers unused credit facilities in amount of RON 657,032 (31 December 2023: RON 571,415).

Guarantees for bank loans

At 31 December 2024, tangible assets and investment properties with a net book value of RON 7,384,421 (31 December 2023: RON 8,928,774) constitute collateral for loans and credit lines. For loans from banks, the Company guaranteed all present and future cash, all present and future stocks of goods and products and assigned present and future receivables, as well as their accessories, from current and future contracts with customers, which act as assigned debtors. Also, the Company assigned the rights resulting from the issued insurance policies having as object the properties and the movable goods brought as collateral.

Increase of production capacity – project value: RON 15,356,373

Teraglass Bistrita SRL implemented in 2018 – 2019 the investment in a new flow, completely automated, for the production of PVC windows and doors.

The State aid for this investment, in amount of lei 7,663,660, was collected entirely in 2019 – 2020. The monitoring period, at the end of which Teraglass must return to the State budget the value of the State aid in the form of taxes from the investment, ends in 2026.

Teraplast Recycling SA

Unused credit facilities

At 31 December 2024, the Company registers unused credit facilities in amount of RON 1,335,793 (31 December 2023: RON 12,000,000).

Guarantees for bank loans

At 31 December 2024, tangible assets and investment properties with a net book value of RON 61,146,586 (31 December 2022: RON 60,997,357) constitute collateral for loans and credit lines. For loans from banks, the Company guaranteed all present and future cash, all present and future stocks of goods and products and assigned present and future receivables, as well as their accessories, from current and future contracts with customers, which act as assigned debtors. Also, the Company assigned the rights resulting from the issued insurance policies having as object the properties and the movable goods brought as collateral.

Industrial use polyethylene film plant – project value: RON 52,620,566

In May 2022, the company signed a financing agreement for an investment project worth RON 52,620,566, under the State aid scheme for the incentivising of investments with major impact in the economy, 50% of the project is financed with State aid. On 9 October 2023, the Company contracted a loan worth EUR 11,232,000 and a bridge loan worth EUR 4,785,000.

The investment project involved both the purchase of two state-of-the-art production lines, with a capacity of more than 14,000 tons annually, and the construction of new buildings.

In 2024, the company received RON 24,951,122 under the State aid scheme, out of the total State aid approved amount of RON 26,310,283, which amount covered the entire loan and settled the bridge loan of EUR 4,785,000.

In 2025, the last equipment will be commissioned, and the monitoring period, at the end of which TeraPlast Recycling SA must return the State aid amount to the State budget as investment-generated tax, ends in 2030.

29. COMMITMENTS AND CONTINGENT LIABILITIES (continued)

TeraBioPack SRL

Unused credit facilities

At 31 December 2024, the Company registers unused credit facilities in amount of RON 1,846,873 (31 December 2023: RON 2,820,874).

Guarantees for bank loans

At 31 December 2024, tangible assets and investment properties with a net book value of RON 40,283,453 (31 December 2023: RON 44,606,704) constitute collateral for loans and credit lines. For loans from banks, the Company guaranteed all present and future cash, all present and future stocks of goods and products and assigned present and future receivables, as well as their accessories, from current and future contracts with customers, which act as assigned debtors. Also, the Company assigned the rights resulting from the issued insurance policies having as object the properties and the movable goods brought as collateral.

Investment in the biodegradable flexible packaging – project value: RON 67,446,557

The investment project involves both the purchase of state-of-the-art equipment, and the execution of new constructions. The investment was put into operation in December 2021.

The biodegradable sacks and bags manufactured by TeraBio Pack are 90% biodegradable and "OK Compost" certified according to SR EN 13432. The development of this production unit for biodegradable materials implies responsible and sustainable operations, and Law 181 of 19 August 2020 regarding the management of compostable non-hazardous waste, which came into force as of 20 February 2021, provides that biodegradable sacks shall also be used by households.

At 31 December 2024, the Company received the full amount of the State aid, and the last application for reimbursement, for amount of RON 8,246,681 was disbursed in early 2023.

The monitoring period, at the end of which TeraBio Pack SA must return to the State budget the value of the State aid in the form of taxes from the investment, ends in 2027.

Somplast SA

The company has a credit line of RON 1,500,000 contracted from BT of which the amount of RON 110,214 is not used at 31 December 2024 (31 December 2023: RON 3,558,857 out of RON 5,000,000).

30. SUBSEQUENT EVENTS

TeraPlast SA announces the acquisition of the 51% majority stake in Aquatica Experience Group (AEG), an integrated engineering player, which offers water treatment, cleaning and management including by using digital components. With this strategy, TeraPlast extends its portfolio and takes an important step in moving from being a producer of clean and used water transport solutions to being an end-to-end supplier of integrated water management solutions.

The transfer will become effective after fulfilling the conditions precedent and obtaining the necessary permits. At the time of the transfer, TeraPlast will pay EUR 2 million to the sellers. In addition, TeraPlast will support the growth of the business of new subsidiary AEG through an EUR 1.5 million loan. The final amount of the acquisition will be determined based on the financial statements of AEG at 31 December 2025, using the agreed 5 x EBITDA formula, with the necessary adjustments (cash, working capital, liabilities).

30. SUBSEQUENT EVENTS (continued)

Declaration of management

We confirm to the best of our knowledge that the preliminary and unaudited financial statements give a true and fair view of the assets, liabilities, financial position, and profit or loss of the Group as required by the applicable accounting standards and that the consolidated financial statements of the Group give a true and fair view of the development and performance of the business and the position of the Group together with a description of the principal risks and uncertainties that the Group faces.

Approved:

28 March 2025
Board of Administration

ALEXANDRU STANEAN
CEO

BOGDAN CRACIUNAS
CFO

TERAPLAST SA

SEPARATE FINANCIAL STATEMENTS

**Prepared in accordance with
Minister of Public Finance Order no. 2844/2016 approving the accounting regulations compliant
with the International Financial Reporting Standards,**

AS AT AND FOR THE FINANCIAL YEAR ENDED

31 DECEMBER 2024

TERAPLAST SA
Separate Financial Statements
Prepared in accordance with the
International Financial Reporting Standards
31 December 2024

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INDEPENDENT AUDITOR'S REPORT

To the Shareholders of,
Teraplast SA

Report on the Audit of the Separate Financial Statements

Opinion

1. We have audited the financial statements of Teraplast SA ("the Company"), with registered office in Sărățel village, Șieu-Măgheruș commune, DN 15A, km 45+500, Bistrița-Năsăud county, identified by unique tax registration code 3094980, which comprise the statement of financial position as at December 31, 2024, the statement of comprehensive income, the statement of changes in equity and statement of cash flows for the year then ended, and notes to the financial statements, including material accounting policy information.
2. The financial statements as at December 31, 2024 are identified as follows:
 - Net assets/Total equity: RON 467,979,930
 - Net profit for the financial year: RON 19,723,589
3. In our opinion, the accompanying financial statements present fairly, in all material respects, the financial position of the Company as at December 31, 2024, its financial performance and its cash flows for the year then ended in accordance with Ministry of Public Finance Order no. 2844/2016 for the approval of accounting regulations conforming with International Financial Reporting Standards, with subsequent amendments.

Basis for Opinion

4. We conducted our audit in accordance with International Standards on Auditing (ISAs), Regulation (EU) No. 537/2014 of the European Parliament and the Council (herein after referred to as "the Regulation") and Law 162/2017 on the statutory audit of annual financial statements and annual consolidated financial statements and on amending other pronouncements (herein after referred to as "Law 162/2017"). Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are independent of the Company in accordance with the International Ethics Standards Board for Accountants' International Code of Ethics for Professional Accountants (including International Independence Standards) (IESBA Code), in accordance with ethical requirements relevant for the audit of the financial statements in Romania including the Regulation and the Law 162/2017 and we have fulfilled our other ethical responsibilities in accordance with these requirements and the IESBA Code. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Key Audit Matters

5. Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the separate financial statements of the current period. These matters were addressed in the context of our audit of the separate financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

KEY AUDIT MATTER	How our audit addressed the key audit matter
<p>Financial assets: acquisition of majority stake in Freiler Group (Austria and Hungary), Palplast (Moldova) and Optiplast (Croatia)</p>	
<p>The Company acquired the majority stake of Wolfgang Freiler GmbH & Co KG, Polytech Industries Kft, Sörgyari Ipari Park Kft, ITRACO GmbH and Pro Moulding (hereinafter referred to as “Freiler Group”), Palplast SRL (hereinafter referred to as “PalPlast”) and Optiplast d.o.o. (hereinafter referred to as “Optiplast”) (collectively hereinafter referred to as “the subsidiaries”). The Company exercises control over the subsidiaries and consolidates their financial statements as of 1 January 2024 for Palplast, 1 April 2024 for Freiler Group and 1 December 2024 for Optiplast.</p> <p>The cost of the investment in such subsidiaries at 31 December 2024 is RON 141.6 million.</p> <p>As mentioned in Note 2 to the separate financial statements, the Company presented investments in subsidiaries at cost. Given such treatment, the Company assesses the need for any adjustments for loss of value of the financial assets in subsidiaries.</p> <p>The investment in subsidiaries is presented in Note 14 to the Company’s separate financial statements.</p> <p>Given the high degree of professional judgment needed to make an analysis regarding any loss of value of the financial assets in subsidiaries, we have acknowledged such element of the separate financial statements as a key audit matter.</p>	<p>To address such key audit matter, we have conducted several procedures, such as:</p> <ul style="list-style-type: none"> • We checked the acquisition of the majority package of shares of the subsidiaries by checking the related contracts, the price allocation reports and the associated payments; • We checked the accuracy of the information disclosed by the Company in the separate financial statements regarding the investment in the subsidiaries.

Other Information

6. The administrators are responsible for the preparation and presentation of the other information. The other information comprises the Administrators’ report and the Remuneration report, but does not include the financial statements and our auditor’s report thereon.

Our opinion on the financial statements does not cover the other information and, unless otherwise explicitly mentioned in our report, we do not express any form of assurance conclusion thereon.

In connection with our audit of the financial statements for the year ended December 31, 2024, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated.

Other reporting responsibilities with respect to other information – Administrators’ report

With respect to the Administrators’ report, we read it and report if this has been prepared, in all material respects, in accordance with the provisions of Ministry of Public Finance Order no. 2844/2016 for the approval of accounting regulations conforming with International Financial Reporting Standards, with subsequent amendments.

On the sole basis of the procedures performed within the audit of the separate financial statements, in our opinion:

- a) the information included in the Administrators’ report and the Remuneration report for the financial year for which the financial statements have been prepared is consistent, in all material respects, with these separate financial statements;
- b) the Administrators’ report has been prepared, in all material respects, in accordance with the provisions of Ministry of Public Finance Order no. 2844/2016 for the approval of accounting regulations conforming with International Financial Reporting Standards, with subsequent amendments.

Moreover, based on our knowledge and understanding concerning the Company and its environment gained during the audit on the financial statements prepared as at December 31, 2024, we are required to report if we have identified a material misstatement of this Administrators’ report and the Remuneration report. We have nothing to report in this regard.

Other reporting responsibilities with respect to other information – Remuneration report

With respect to the Remuneration report, we read it to determine if it presents, in all material respects, the information required by article 107, paragraphs (1) and (2) of Law 24/2017 regarding the issuers of financial instruments and market operations, republished. We have nothing to report in this regard.

Responsibilities of Management and Those Charged with Governance for the Financial Statements

7. Management is responsible for the preparation and fair presentation of the financial statements in accordance with Ministry of Public Finance Order no. 2844/2016 for the approval of accounting regulations conforming with International Financial Reporting Standards, with subsequent amendments, and for such internal control as management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.
8. In preparing the financial statements, management is responsible for assessing the Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Company or to cease operations, or has no realistic alternative but to do so.
9. Those charged with governance are responsible for overseeing the Company's financial reporting process.

Auditor's Responsibilities for the Audit of the Financial Statements

10. Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.
11. As part of an audit in accordance with ISAs, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:
 - Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
 - Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control.
 - Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
 - Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the separate financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Company to cease to continue as a going concern.
 - Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
12. We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.
13. We also provide those charged with governance with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

14. From the matters communicated with those charged with governance, we determine those matters that were of most significance in the audit of the separate financial statements of the current period and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

Report on Other Legal and Regulatory Requirements

15. We have been appointed by the General Assembly of Shareholders on 18 April 2023 to audit the financial statements of Teraplast SA for the financial year ended December 31, 2024. The uninterrupted total duration of our commitment is 6 years, covering the financial years ended December 31, 2019 until December 31, 2024.

We confirm that:

- Our audit opinion is consistent with the additional report submitted to the Audit Committee of the Company that we issued the same date we issued and this report. Also, in conducting our audit, we have retained our independence from the audited entity.
- No non-audit services referred to in Article 5 (1) of EU Regulation No. 537 / 2014 were provided.

Report on compliance with Law no. 162/2017 on the statutory audit of annual financial statements and annual consolidated financial statements and on amending other pronouncements ("Law 162/2017"), and Commission Delegated Regulation (EU) 2018/815 on the European Single Electronic Format Regulatory Technical Standard ("ESEF")

16. We have undertaken a reasonable assurance engagement on the compliance with Commission Delegated Regulation (EU) 2019/815 applicable to the separate financial statements included in the annual financial report of Teraplast SA as presented in the digital file which contains the unique LEI code 254900CX9UNGB7VM0R35 ("**the Digital File**").
 - (i) *Responsibilities of management and those charged with governance for the Digital Files prepared in compliance with the ESEF*

Management is responsible for preparing Digital Files that comply with the ESEF. This responsibility includes:

- the design, implementation and maintenance of internal control relevant to the application of the ESEF;
- ensuring consistency between the Digital Files and the separate financial statements to be submitted in accordance with Ministry of Public Finance Order no. 2844/2016 for the approval of accounting regulations conforming with International Financial Reporting Standards, with subsequent amendments.

Those charged with governance are responsible for overseeing the preparation of the Digital Files that comply with ESEF.

(ii) Auditor's Responsibilities for the Audit of the Digital Files

Our responsibility is to express a conclusion on whether the separate financial statements included in the annual financial report complies in all material respects with the requirements of ESEF based on the evidence we have obtained. We conducted our reasonable assurance engagement in accordance with International Standard on Assurance Engagements 3000 (Revised), Assurance Engagements Other than Audits or Reviews of Historical Financial Information (ISAE 3000) issued by the International Auditing and Assurance Standards Board.

Our firm applies International Standard on Quality Management 1 ("ISQM1"), and accordingly maintains a comprehensive system of quality control including documented policies and procedures regarding compliance with ethical requirements, professional standards and applicable legal and regulatory requirements.

A reasonable assurance engagement in accordance with ISAE 3000 involves performing procedures to obtain evidence about compliance with ESEF. The nature, timing and extent of procedures selected depend on the auditor's judgment, including the assessment of the risks of material departures from the requirements set out in ESEF, whether due to fraud or error. A reasonable assurance engagement includes:

- obtaining an understanding of the Company's process for preparation of the digital files in accordance with ESEF, including relevant internal controls;

- reconciling the digital files with the audited separate financial statements of the Company to be submitted in accordance with Ministry of Public Finance Order no. 2844/2016 for the approval of accounting regulations conforming with International Financial Reporting Standards, with subsequent amendments;
- evaluating if the separate financial statements contained in the annual report have been prepared in a valid XHTML format.

We believe that the evidence we have obtained is sufficient and appropriate to provide a basis for our conclusion.

In our opinion, the separate financial statements for the year ended December 31, 2024 included in the annual financial report in the Digital Files comply in all materials respects with the requirements of ESEF.

Report on the Information Regarding Income Tax

17. For the financial year preceding the financial year for which the financial statements were prepared, the Company was not required under Ministry of Public Finance Order no. 2844/2016 approving the accounting regulations compliant with International Financial Reporting Standards, with subsequent amendments, articles 60² - 60⁶, to publish a report on income tax information.

The engagement partner on the audit resulting in this independent auditor's report is Alina-Ioana Mirea.

Alina-Ioana Mirea, Audit Partner

*For signature, please refer to the original
Romanian version.*

*Registered in the Electronic Public Register of Financial
Auditors and Audit Firms under no. AF 1504*

On behalf of:

DELOITTE AUDIT S.R.L.

*Registered in the Electronic Public Register of Financial
Auditors and Audit Firms under no. FA 25*

The Mark Building, 84-98 and 100-102 Calea Grivitei, 9th Floor, District 1
Bucharest, Romania
March 28, 2025

TERAPLAST SA
SEPARATE STATEMENT OF COMPREHENSIVE INCOME
31 December 2024

(all amounts are expressed in Romanian Lei ("RON"), unless otherwise stated)

Caption	Note	Financial year:	
		31 December 2024	31 December 2023
Total revenues – of which:	4	641,316,143	570,726,340
- Revenue from sale of finished products		582,470,424	519,428,783
- Revenue from the sale of merchandise		56,396,262	50,057,034
- Revenue from services		2,449,457	1,240,523
Other operating income (including rent)	5	2,607,127	2,617,662
Income from investment subsidies	30	4,662,490	4,962,381
Changes in inventory of finished goods and work in progress		2,780,773	1,089,552
Raw materials, consumables used and merchandise	6	(425,919,745)	(372,912,296)
Employee benefit expenses	9	(76,513,019)	(64,003,598)
Transport expenses		(29,032,224)	(23,591,940)
Utilities expenses		(25,325,763)	(24,490,169)
Amortization and the adjustments for impairment of non-current assets, net	8	(29,103,020)	(27,604,508)
Impairment of current assets, net	8	1,587,303	(4,070,297)
Net provisions	23,24	-	398,311
Gains from the disposal of tangible and intangible assets	7	(742,303)	18,401
Gains from fair value measurement of investment properties	16	952,694	740,010
Sponsorships, donations		(1,454,516)	(1,122,229)
Other operating expenses	11	(31,158,159)	(26,379,396)
Operating result		34,657,781	36,378,225
Interest expense, net	10	(9,659,874)	(7,725,342)
FX differences expenses, net	10	(376,685)	(649,380)
Other financial income, net	10	-	840,180
Dividends received	10	66,830	69,300
Financial result		(9,969,729)	(7,465,242)
Profit before tax		24,688,052	28,912,983
Income tax expense	12	(4,964,463)	(3,449,313)
Profit for the year		19,723,589	25,463,670
Other comprehensive income			
Revaluation of fixed assets		5,460,441	-
Impact of deferred tax		(873,671)	-
Other comprehensive income, net, which is not classified to profit or loss in subsequent periods		4,586,770	-
TOTAL COMPREHENSIVE INCOME		24,310,359	25,463,670
Average number of shares		2,401,200,356	2,179,000,358
Basic and diluted earnings per share		0.0101	0.0117

Signed and approved:

28 March 2025
Board of Administration

ALEXANDRU STANEAN
CEO

BOGDAN CRACIUNAS
CFO

The accompanying notes are an integral part of these separate financial statements.

TERAPLAST SA
SEPARATE STATEMENT OF FINANCIAL POSITION

31 December 2024

(all amounts are expressed in Romanian Lei ("RON"), unless otherwise stated)

	<u>Note</u>	<u>31 December 2024</u>	<u>31 December 2023</u>
ASSETS			
Non-current assets			
Property, plant and equipment	13	222,580,024	209,359,293
Investment property	16	20,325,986	19,349,750
Intangible assets	14	2,415,796	2,383,281
Right of use of the leased assets	15	20,930,678	20,015,022
Investments in subsidiaries	17	204,788,036	48,181,075
Other equity investments	17	15,400	15,400
Long-term receivables	19	44,379,456	29,846,773
Total non-current assets		515,435,376	329,150,594
Current assets			
Inventories	18	112,749,901	106,924,152
Trade and other receivables	19	169,767,916	173,198,701
Prepayments		694,474	707,664
Cash and cash equivalents	29	5,380,082	1,077,764
Total current assets		288,592,373	281,908,280
Total assets		804,027,749	611,058,875
EQUITY AND LIABILITIES			
Equity			
Share capital	20	240,120,036	217,900,036
Share premiums		77,770,000	-
Revaluation reserves		18,684,746	12,780,290
Legal reserve	21	33,706,782	32,640,705
Retained earnings	21	97,698,366	80,000,262
Total equity		467,979,930	343,321,292
Non-current liabilities			
Bank loans	22	64,908,169	17,861,669
Lease liabilities	23	10,291,094	9,495,552
Other non-current liabilities	26	7,959,375	6,907,640
Employee benefit liabilities	24	1,580,838	1,580,838
Investment subsidies – long-term portion	31	38,799,069	42,556,574
Deferred tax liabilities	12	1,903,011	1,783,644
Total non-current liabilities		125,441,556	80,185,917

The accompanying notes are an integral part of these separate financial statements.

TERAPLAST SA
SEPARATE STATEMENT OF FINANCIAL POSITION

31 December 2024

(all amounts are expressed in Romanian Lei ("RON"), unless otherwise stated)

	Note	31 December 2024	31 December 2023
Current liabilities			
Trade and other payables	26	98,037,814	83,293,559
Bank loans	22	101,568,264	95,667,669
Lease liabilities	23	4,485,356	3,430,264
Investment subsidies - current portion	31	4,729,950	4,643,473
Provisions	25	516,700	516,700
Income tax payable	12	1,268,179	-
Total current liabilities		210,606,263	187,551,665
Total liabilities		336,047,819	267,737,583
Total equity and liabilities		804,027,749	611,058,875

Signed and approved:

28 March 2025

Board of Administration

ALEXANDRU STANEAN
CEO

BOGDAN CRACIUNAS
CFO

TERAPLAST SA
SEPARATE STATEMENT OF CHANGES IN EQUITY
for the financial year ended 31 December 2024

(all amounts are expressed in Romanian Lei ("RON"), unless otherwise stated)

	Share capital	Share premiums	Revaluation reserves	Legal reserves	Retained earnings	Total
Balance at 1 January 2024	217,900,036	-	12,780,289	32,640,705	80,000,262	343,321,291
Net result for the year	-	-	-	-	19,723,589	19,723,589
Legal reserve setting	-	-	-	1,066,077	(1,066,077)	-
Share capital increase by public subscription	22,220,000	77,770,000	-	-	-	99,990,000
Losses/(Gains) on sale of own shares bought back	-	-	-	-	(34,386)	(34,386)
Reserves representing revaluation surplus	-	-	5,460,441	-	-	5,460,441
Other increases/(decreases)	-	-	444,016	-	(925,022)	(481,007)
Balance as at 31 December 2024	240,120,036	77,770,000	18,684,746	33,706,782	97,698,366	467,979,930

In June 2024, the EGMS decided to increase the share capital of Teraplast SA by cash contribution with the maximum amount of RON 22,220,000. The increase was made by issuing 222,200,000 new ordinary shares, with a nominal value of RON 0.1/share.

The purpose of the capital increase is to finance the Company's development plans and current needs.

The subscription process was two-staged: 'the preference period' rolled out during 12.08.2024 – 10.09.2024 and 'the private placement' that took place during 12.09.2024 – 17.09.2024.

The maximum subscription price was set at RON 0.45/share. Therefore, further to the cash contribution, the Company registered issuance premiums in amount of RON 77,770,000.

Signed and approved:

28 March 2025
Board of Administration

ALEXANDRU STANEAN
 CEO

BOGDAN CRACIUNAS
 CFO

The accompanying notes are an integral part of these separate financial statements.

TERAPLAST SA
SEPARATE STATEMENT OF CHANGES IN EQUITY
for the financial year ended 31 December 2024

(all amounts are expressed in Romanian Lei ("RON"), unless otherwise stated)

	Share capital	Share premiums	Revaluation reserves	Legal reserves	Retained earnings	Total
Balance as at 1 January 2023	217,900,036	(495,209)	12,716,963	30,997,771	56,166,628	317,286,189
Net result for the year	-	-	-	-	25,463,670	25,463,670
Legal reserve setting	-	-	-	1,642,934	(1,642,934)	-
Dividends paid and share capital increase	-	-	-	-	-	-
Gains/(Losses) on sale of treasury shares bought back	-	-	-	-	12,897	12,897
Own shares bought back	-	(1,051,145)	-	-	-	(1,051,145)
Options exercised	-	1,546,354	-	-	-	1,546,354
Reserves representing revaluation surplus	-	-	63,327	-	-	63,327
Balance as at 31 December 2023	217,900,036	-	12,780,289	32,640,705	80,000,262	343,321,291

Signed and approved:

28 March 2025
Board of Administration

ALEXANDRU STANEAN
CEO

BOGDAN CRACIUNAS
CFO

The accompanying notes are an integral part of these separate financial statements.

TERAPLAST SA
SEPARATE STATEMENT OF CASH FLOWS
for the financial year ended 31 December 2024

(all amounts are expressed in Romanian Lei ("RON"), unless otherwise stated)

Indirect method	2024	2023
<i>Cash flows from operating activities:</i>		
Profit before tax	24,688,052	28,912,983
Interest expense, net	9,659,874	7,725,342
Gains from sale or disposal of fixed assets	742,303	(18,401)
Impairment of trade receivables	(2,158,814)	3,359,491
Inventory impairment	571,511	710,805
Impairment and amortization of non-current assets, net	29,103,020	27,604,508
Provisions, net	-	(398,311)
Gains from the revaluation of investment property	(952,694)	(740,010)
Income from dividends	(66,830)	(69,300)
Operating profit before changes in working capital	61,586,422	67,087,107
<i>Changes in working capital:</i>		
Decrease/ (Increase) in trade and other receivables	(8,929,896)	(39,864,325)
(Increase)/Decrease in inventories	(6,397,260)	(8,309,825)
Decrease/(Increase) in trade and other payables	16,589,134	23,641,413
Interest paid	(9,659,874)	(7,725,342)
Income tax paid	(3,506,266)	(5,050,934)
Income from subsidies	(4,661,029)	(4,962,381)
Cash (used in)/generated by operating activities	45,021,233	24,815,714
<i>Net cash flows used for investment:</i>		
Dividends received	66,830	69,300
Payments for acquisition of tangible and intangible assets	(39,160,880)	(19,843,248)
Receipts under State aid	990,000	15,686,048
Receipts from the sale of tangible assets	1,055,002	943,872
Increase of subsidiaries' share capital	(15,000,000)	(17,911,923)
M&A purchases	(141,606,961)	-
Net cash generated by/(used in) investing activities	(193,656,009)	(21,055,951)
<i>Cash flows from financing activities:</i>		
Draw-downs/(Repayment) of loans, net	54,377,796	(3,082,540)
Lease payments	(1,430,702)	(1,126,470)
Share capital increase by public subscription	99,990,000	-
Buy-back of shares	-	(1,051,145)
Net cash generated by /(used in) financing activities	152,937,094	(5,260,156)
Net changes in cash and cash equivalents	4,302,318	(1,500,394)
Cash and cash equivalents at the beginning of the financial year	28 1,077,764	2,578,158
Cash and cash equivalents at the end of the financial year	28 5,380,082	1,077,764

Signed and approved:

28 March 2025
Board of Administration

ALEXANDRU STANEAN
CEO

BOGDAN CRACIUNAS
CFO

TERAPLAST SA
NOTES TO THE SEPARATE FINANCIAL STATEMENTS
for the financial year ended 31 December 2024

(all amounts are expressed in Romanian Lei ("RON"), unless otherwise stated)

1. GENERAL INFORMATION

Teraplast SA (or the "Company") is a joint stock company established in 1992. The Company's head office is in the "Teraplast Industrial Park", DN 15A (Reghin-Bistrita), km 45+500, Bistrita- Nasaud County, Romania.

TeraPlast produces systems for sewage, water and natural gas transport and distribution, rainwater management systems and for cable protection and PVC plasticised and rigid compounds.

Starting 2 July 2008, Teraplast is listed at the Bucharest Stock Exchange under the symbol TRP.

At 31 December 2023, TeraPlast SA has the following subsidiaries:

- Teraglass Bistrita SRL - manufacturer of PVC windows and doors,
- TeraPlast Recycling SA – PVC recycler,
- TeraBio Pack SRL – manufacturer of biodegradable polyethylene packaging,
- Teraplast Magyarország – distributor of TeraPlast's products in Hungary,
- Somplast SA – the Company holds production halls that it leases to TeraBioPack and TeraPlast Recycling,
- TeraGreen Compound and TeraVerde Carbon – inactive companies,
- Palplast SRL – pipe manufacturer and retailer of TeraPlast products in the Republic of Moldova,
- Wolfgang Freiler GmbH – holding company and retailer of polyethylene products,
- Itraco GmbH – holding company,
- Pro-Moulding Kft – manufacturer of injected items from various raw materials
- Polytech Industrie Kft – manufacturer of polyethylene pipes
- Sorgyari Ipari Park Kft – real estate management
- Optiplast d.o.o. – manufacturer of polyethylene packaging.

Teraplast SA has been preparing consolidated financial statements since 2007. These financial statements are available on the Company website.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

2.1. Statement of compliance

The consolidated financial statements of the Company have been prepared in accordance with the provisions of Order no. 2844/2016 approving the Accounting regulations compliant with the International Financial Reporting Standards applicable to trading companies whose securities are admitted to trading on a regulated market, as subsequently amended and clarified ("**OMFP 2844/2016**"). These provisions are compliant with the provisions of the International Financial Reporting Standards adopted by the European Union ("**EU IFRS**").

2.2. Basis of accounting

The financial statements have been prepared on a going concern basis, according to the historical cost convention, as modified below:

- adjusted to the effects of hyperinflation until 31 December 2003 for fixed assets, share capital and reserves,
- measurement at fair value of certain items of fixed assets and investment property, as presented in the Notes.

The accounting policies set out below have been applied consistently to all years presented in these financial statements, unless otherwise stated.

2.3. Going concern

These financial statements have been prepared under the going concern basis, which implies that the Company will continue its activity also in the foreseeable future. In order to assess the applicability of this assumption, management analyses the forecasts concerning future cash inflows.

At 31 December 2024, the Company's current assets exceed the current liabilities by RON 77,986,110 (31 December 2023: RON 94,356,615). In 2024, registered profit of RON 19,723,589 (2023: RON 25,463,670) and cash flows from operating activities (before changes to working capital) of RON 61,586,422 (2022: RON 67,087,107). The Company's dependency on the financing of banks is small.

The budget prepared by the Company management and approved by the Board of Administration for 2025 indicates positive cash flows from operating activities, an increase in sales and profitability which contributes directly to improving liquidity and allows the Company to fulfil its contractual clauses with the financing banks. Company management believes that the support from banks is sufficient for the Company to continue its activity in the ordinary course of business, as a going concern.

Management believes that the Company will be able to continue its activity in the foreseeable future and, consequently, the application of the going concern principle in the preparation of the financial statements is justified.

2.4. Standards, amendments and new interpretations of the standards

Initial application of new amendments to the existing standards effective for the current reporting period

In the current year, the Group applied a number of amendments to IFRS Accounting Standards issued by the International Accounting Standards Board (IASB) that are mandatorily effective for reporting period that begins on or after 1 January 2024:

- Amendments to IAS 1 "Classification of Liabilities as Current or Non-Current and Non-current Liabilities with Covenants",
- Amendments to IAS 7 "Statement of Cash Flows" and IFRS 7 "Financial Instruments: Disclosures" - Supplier Finance Arrangements (effective for annual periods beginning on or after 1 January 2024),
- Amendments to IFRS 16 "Lease Liability in a Sale and Leaseback",

The adoption of these amendments to the existing standards has not led to any material changes in the financial statements of Teraplast Group.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

2.4. Standards, amendments and new interpretations of the standards (continued)

New standards and amendments to the existing standards issued by IASB but not yet adopted by the EU

At present, IFRS as adopted by the EU do not significantly differ from regulations adopted by the International Accounting Standards Board (IASB) except for the following new standards and amendments to the existing standards, which were not endorsed for use in EU as at the date of publication of these financial statements (the effective dates stated below is for IFRS as issued by IASB):

- Amendments to IFRS 9 and IFRS 7: Amendments to the Classification and Measurement of Financial Instruments (effective date set by IASB: 1 January 2026)
- Amendments to IFRS 9 and IFRS 7 Contracts Referencing Nature-dependent Electricity (effective date set by IASB: 1 January 2026)
- Amendments to IFRS 1, IFRS 7, IFRS 9, IFRS 10 and IAS 7: Annual Improvements to IFRS Accounting Standards - Volume 11 (effective date set by IASB: 1 January 2026)
- IFRS 18: Presentation and Disclosures in Financial Statements (effective date set by IASB: 1 January 2027)
- IFRS 19: Subsidiaries without Public Accountability: Disclosures (effective date set by IASB: 1 January 2027)
- Amendments to IFRS 10 and IAS 28: Sale or Contribution of Assets between an Investor and its Associate or Joint Venture and further amendments (the effective date was deferred indefinitely by the IASB, but early enforcement is permitted)

New and revised IFRS accounting standards adopted by the EU but not yet effective

At the date of authorisation of these financial statements, the Group did not apply the following revised IFRS Accounting Standards issued but not yet effective: Amendments to IAS 21: Lack of convertibility.

Teraplast anticipates that the adoption of these new standards and amendments to the existing standards will have no material impact on the financial statements of the Company in the period of initial application.

Hedge accounting for a portfolio of financial assets and liabilities whose principles have not been adopted by the EU remains unregulated.

According to the Company's estimates, the application of hedge accounting to a portfolio of financial assets or liabilities pursuant to **IAS 39: "Financial Instruments: Recognition and Measurement"** would not significantly impact the financial statements, if applied as at the balance sheet date.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Cash and cash equivalents

Cash and cash equivalents include liquid assets and other equivalent values, comprising cash at bank, petty cash.

Revenue recognition

Revenues from contracts with customers

Teraplast SA produces and sells PVC pipes and compounds, polypropylene and polyethylene pipes. The Company also sells related products for the water, sewer and gas systems, which it does not produce internally.

Revenue is measured based on the consideration to which the Company is entitled in contracts with customers. The point of recognition arises when the Group satisfies a performance obligation by transferring control of a promised good or service that is distinct to the customer, which is at a point in time for finished goods and merchandise and over time for services provided.

Revenues from the sale of **goods and merchandise** are recognized at a certain point in time, when the products are delivered to the customers or readily available for the buyer. The payment terms are – in general – between 30 and 90 days from the date of issuing the invoice and delivering the goods. The contracts with the customers for sales of finished goods and merchandise imply one obligation: to deliver the goods at the agreed location (under the agreed incoterms). In rare cases, when the Company's distributors request, the Company enters into bill-and-hold arrangement, for which revenue is recognized when the goods are invoiced and the specific instructions from the clients to store the goods on their behalf for a certain period are received.

If the consideration promised in a contract includes a variable component, the Company estimates the value of the consideration it would be entitled to, in exchange for the transfer of the goods or services promised to a customer. The value of a consideration may vary as a result of discounts.

The Company grants volume discounts to certain customers, depending on the objectives set through the contract, which decrease the amount owed by the customer. The Company applies consistently a single method during the contract, when it estimates the effect of an uncertainty over a value of the variable consideration, using the method of the most likely value – the single most likely value in a range of possible values of the consideration (namely, the single most likely result of the contract). This is an adequate estimate of the value of the variable consideration if the contract has two possible results (such as, a customer either obtains a volume / turnover rebate or not).

As a practical expedient, if the Company receives short-term advances from customers, it does not adjust the received amounts for the effects of a significant financing components, because – at the beginning of the contract – it foresees that the period between the transfer of the assets and their receipt will be below 1 year.

For certain products, the Company offers the warranties which are required by the law to protect the customers from the risk of acquiring malfunctioning products. The Group assessed that these do not represent a separate performance obligation and are accounted in accordance with IAS 37 (warranty provisions). Furthermore, a law that requires an entity to pay a compensation if its products cause damage or injuries does not represent a performance obligation for the Company either.

Assets and liabilities related to the contract

When the Company carries out its obligations by transferring goods or services to a client, prior to it paying a consideration or prior to the maturity of the payment, the Company recognizes the contract as an asset related to the contract, excluding any amounts presented as receivables.

Upon receiving an advance payment from a customer, the Company recognizes a liability related to the contract at the value of the advance payment for its obligation to execute, transfer or be ready to transfer goods or services in the future. Subsequently, that liability related to the contract (corroborated with the recognition of revenues) is derecognized when the respective goods or services are transferred and, consequently, the Company fulfils its execution obligation.

Dividend and interest income

Income from dividends related to investments are recognized when the shareholders' right to receive them is determined.

The interest income presented on the face of the separate statement of comprehensive income is similar to interest income and is included in finance income in the statement of profit or loss.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Leases

The Company as lessee

The Company assesses whether a contract is or contains a lease, at inception of the contract. The Company recognises a right-of-use asset and a corresponding lease liability with respect to all lease arrangements in which it is the lessee, except for short-term leases (defined as leases with a lease term of 12 months or less) and leases of low value assets. For these leases, the Company recognises the lease payments as an operating expense on a straight-line basis over the term. The Company leases warehouses and property that is used for show rooms and vehicles.

The lease liability is initially measured at the present value of the lease payments that are not paid at the commencement date, discounted by using the rate implicit in the lease. If this rate cannot be readily determined, the Company uses its incremental borrowing rate.

Lease payments included in the measurement of the lease liability comprise the fixed lease payments and the exercise price of purchase options, if the lessee is reasonably certain to exercise the options, in case of vehicles.

The lease liability is presented under the line "Lease liabilities" in the separate statement of financial position. The lease liability is subsequently measured by increasing the carrying amount to reflect interest on the lease liability (using the effective interest method) and by reducing the carrying amount to reflect the lease payments made.

The Company remeasures the lease liability (and makes a corresponding adjustment to the related right-of-use asset) whenever:

- The lease term has changed or there is a significant event or change in circumstances resulting in a change in the assessment of exercise of a purchase option, in which case the lease liability is remeasured by discounting the revised lease payments using a revised discount rate.
- The lease payments change due to changes in an index or rate or a change in expected payment under a guaranteed residual value, in which cases the lease liability is remeasured by discounting the revised lease payments using an unchanged discount rate (unless the lease payments change is due to a change in a floating interest rate, in which case a revised discount rate is used).
- A lease contract is modified and the lease modification is not accounted for as a separate lease, in which case the lease liability is remeasured based on the lease term of the modified lease by discounting the revised lease payments using a revised discount rate at the effective date of the modification.
- The Company did not make any such adjustments during the periods presented.

The right-of-use assets comprise the initial measurement of the corresponding lease liability, lease payments made at or before the commencement day, less any lease incentives received and plus any initial direct costs. They are subsequently measured at cost less accumulated depreciation and impairment losses.

Whenever the Company incurs an obligation for costs to dismantle and remove a leased asset, restore the site on which it is located or restore the underlying asset to the condition required by the terms and conditions of the lease, a provision is recognised and measured under IAS 37. To the extent that the costs relate to a right-of-use asset, the costs are included in the related right-of-use asset, unless those costs are incurred to produce inventories. Right-of-use assets are depreciated over the shorter period of lease term and useful life of the underlying asset. If a lease transfers ownership of the underlying asset or the cost of the right-of-use asset reflects that the Company expects to exercise a purchase option, the related right-of-use asset is depreciated over the useful life of the underlying asset. The depreciation starts at the commencement date of the lease. The right-of-use assets are presented as a separate line in the consolidated statement of financial position. The Group applies IAS 36 to determine whether a right-of-use asset is impaired and accounts for any identified impairment loss as described in the "Property, Plant and Equipment" policy.

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2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

The Company as lessor

The Company enters into lease agreements as a lessor with respect to some of its investment properties.

Leases for which the Company is a lessor are classified as finance or operating leases. Whenever the terms of the lease transfer substantially all the risks and rewards of ownership to the lessee, the contract is classified as a finance lease. All other leases are classified as operating leases. As of December 31, 2019, the Company analysed the terms of the leases where the Company is a lessor and concluded that all are operating leases, as the lease terms do not transfer substantially all the risks and rewards of ownership to the lessee.

When the Company is an intermediate lessor, it accounts for the head lease and the sublease as two separate contracts. The sublease is classified as a finance or operating lease by reference to the right-of-use asset arising from the head lease. There was no such case for the year ended 31 December 2021 or 31 December 2020.

Rental income from operating leases is recognised on a straight-line basis over the term of the relevant lease. Initial direct costs incurred in negotiating and arranging an operating lease are added to the carrying amount of the leased asset and recognised on a straight-line basis over the lease term.

Amounts due from lessees under finance leases are recognised as receivables at the amount of the Company's net investment in the leases. Finance lease income is allocated to accounting periods so as to reflect a constant periodic rate of return on the Company's net investment outstanding in respect of the leases.

When a contract includes lease and non-lease components, the Company applies IFRS 15 to allocate the consideration under the contract to each component.

The Company rents some of its property to the subsidiary, TeraGlass Bistrita SRL under operating lease. Rent is of a fixed amount, at market price, as determined by an independent valuator.

Foreign currency transactions

The Company operates in Romania, and the functional currency is the Romanian leu (RON).

For the preparation of the Group's financial statements, transactions in other currencies (foreign currencies) than the functional one are registered at the exchange rate in force at the date of transaction. Each month, and at each balance sheet date, monetary items denominated in foreign currency are translated at the exchange rate in force at those dates.

Monetary assets and liabilities expressed in foreign currency at the end of the year are translated into RON at the exchange rate valid at the end of the year. Unrealized foreign exchange gains and losses are presented in the statement of comprehensive income.

The RON exchange rate for 1 unit of the foreign currency:

	31 December	31 December
	2024	2023
EUR 1	4.9741	4.9746
USD 1	4.7768	4.4958
CHF 1	5.2806	5.3666

Non-monetary items which are measured at historic cost in a foreign currency are not translated back.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Costs related to long-term borrowings

Borrowing costs directly attributable to the acquisition, construction or production of an asset that necessarily takes a substantial period of time to get ready for its intended use or sale are capitalized as part of the cost of the asset until they are ready for its intended use or for sale.

All other borrowing costs are expensed in the period in which they occur.

The amortized cost for the financial assets and liabilities is calculated using the effective interest rate. The amortized cost is calculated by taking into account any discount or premium on acquisition and fees or costs that are an integral part of the effective interest rate.

Government grants

Government grants are not recognized until there is reasonable assurance that the grant will be received and all attached conditions will be complied with by the Company.

The Government grants the main condition of which is that the Group acquire, build or obtain otherwise long-term assets are recognized as deferred income in the separate statement of financial position and presented as 'investment subsidies'. The deferred income is amortized in the profit and loss statement systematically and reasonably over the useful life of the related assets or at the time the assets acquired from the subsidy are retired or disposed of.

Costs related to retirement rights and other long-term employee benefits

Based on the collective labour contract, the Group is under the obligation to pay retirement benefits to its employees depending on their seniority within the Company, amounting to 2 - 3.5 salaries. The Company also grants jubilee bonuses as a fixed amount on work anniversaries.

The Company uses an external actuary to compute the value of the retirement benefits and jubilees related liability and reviews the value of this liability each year depending on the employees' seniority within the Company. The value of the retirement benefits and jubilees is recognized as a provision in the statement of financial position.

For defined benefit retirement benefit plans, the cost of providing benefits is determined as mentioned above, with actuarial valuations being carried out at the end of each annual reporting period.

Remeasurements comprising actuarial gains and losses, and the return on plan assets (excluding interest) are recognised immediately in the statement of financial position with a charge or credit to other comprehensive income in the period in which they occur. Remeasurements recognised in other comprehensive income are not reclassified. Past service cost is recognised in the separate statement of comprehensive income when the plan amendment or curtailment occurs, or when the Company recognises related restructuring costs or termination benefits, if earlier. Gains or losses on settlement of a defined benefit plan are recognised when the settlement occurs. Net interest is calculated by applying a discount rate to the net defined benefit liability or asset. Defined benefit costs are split into three categories:

- service costs, which includes current service cost, past service cost and gains and losses on curtailments and settlements;
- net interest expense or income; and
- remeasurements.

The retirement benefit obligation recognised in the separate statement of financial position represents the deficit or surplus in the Company's defined benefit plans. Any surplus resulting from this calculation is limited to the present value of any economic benefits available in the form of refunds from the plans or reductions in future contributions to the plans.

The adjustments resulting from the annually review of the jubilee provisions are recognized in the separate statement of comprehensive income.

The retirement benefits provision is reversed in the separate statement of comprehensive income when the Company settles the obligation.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Short-term employee benefits

A liability is recognised for benefits accruing to employees in respect of wages and salaries, annual leave and sick leave in the period the related service is rendered at the undiscounted amount of the benefits expected to be paid in exchange for that service. Liabilities recognised in respect of short-term employee benefits are measured at the undiscounted amount of the benefits expected to be paid in exchange for the related service.

Taxation

Income tax expense is the sum of the current tax and deferred tax.

Current tax

Current tax is based on the taxable profit for the year. Taxable profit is different than the profit reported in statement of comprehensive income, because it excludes the revenue and expense items which are taxable or deductible in other years and it also excludes the items which are never taxable or deductible. The Company's current tax liability is computed using the taxation rates in force or substantially in force at the balance sheet date.

Deferred tax

Deferred tax is recognized over the difference between the carrying amount of assets and liabilities in the financial statements and the corresponding fiscal bases used in the computation of taxable income and it is determined by using the balance sheet liability method. Deferred tax liabilities are generally recognized for all taxable temporary differences, while deferred tax assets are recognized for deductible temporary differences as well as tax losses and credits carried forward in the extent in which it is likely to have taxable income over which to use those temporary deductible differences. Such assets and liabilities are not recognized if the temporary difference arises from initial recognition (other than from a business combination) of other assets and liabilities in a transaction that affects neither the taxable income, nor the accounting income (and this is assumed as applicable for example in case of initial recognition of a lease contract by a lessee). In addition, a deferred tax liability is not recognised if the temporary difference arises from the initial recognition of goodwill.

Deferred tax liabilities are recognized for temporary taxable differences associated with investments in subsidiaries, except for the cases in which the Company is able to control the reversal of the temporary difference and it is likely for the temporary difference not to be reversed in the foreseeable future. The deferred tax assets resulted from deductible temporary differences associated with such investments and interests are recognized only in the extent in which it is likely for sufficient taxable income to exist on which to use the benefits related to temporary differences and it is estimated that they will be reversed in the foreseeable future.

The carrying amount of deferred tax assets is reviewed at each balance sheet date and it is decreased to the extent in which it is not likely for sufficient taxable income to exist to allow the full or partial recovery of the asset.

Deferred tax assets and liabilities are measured at the taxation rates estimated to be applied during the period when the liability is settled or the asset realized, based on the taxation rates (and tax laws) in force or entering into force substantially until the balance sheet date. The measurement of deferred tax assets and liabilities reflects the tax consequences of the manner in which the Company estimates, as of the balance sheet date, that it will recover or settle the carrying amount of its assets and liabilities.

Deferred tax assets and deferred tax liabilities are offset if a legally enforceable right exists to set off current tax assets against current tax liabilities and the deferred taxes relate to the same taxable entity and the same taxation authority and the Company intends to offset its deferred tax assets with its deferred tax liabilities on a net basis.

Current tax and deferred tax is recognized as income or expense in the separate statement of comprehensive income, except for the cases which refer to items credited or debited directly in other comprehensive income, case in which the tax is also recognized directly in other comprehensive income or except for the cases in which they arise from the initial accounting of a business combination.

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2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Property, plant and equipment

Tangible assets, except for land and buildings, are stated at cost, net of accumulated depreciation and / or accumulated impairment losses, if any.

Such cost includes the cost of replacing part of the plant and equipment and borrowing costs for long-term construction projects if the recognition criteria are met. When significant parts of plant and equipment are required to be replaced at intervals, the Company depreciates them separately based on their specific useful lives. Likewise, when a major repair is performed, its cost is recognized in the carrying amount of the plant and equipment as a replacement if the recognition criteria are satisfied. All other repair and maintenance costs are recognized in the separate statement of comprehensive income as incurred.

The present value of the expected cost for the decommissioning of an asset after its use is included in the cost of the respective asset if the recognition criteria for a provision are met.

Land and buildings are measured at fair value less accumulated depreciation on buildings and impairment losses recognized at the date of revaluation. Valuations are performed with sufficient frequency to ensure that the carrying amount of a revalued asset does not differ materially from its fair value. Accumulated depreciation as of the revaluation date is eliminated from the gross carrying amount of the asset and the net amount is restated at the revaluated value of the asset.

A revaluation surplus is recorded in other comprehensive income and credited to the asset revaluation surplus in equity. However, to the extent that it reverses a revaluation deficit of the same asset previously recognized in the separate statement of comprehensive income, the increase is recognized in the separate statement of comprehensive income. A revaluation deficit is recognized in the separate statement of comprehensive income of the period, except to the extent that it offsets an existing surplus on the same asset recognized in the asset revaluation reserve.

Upon disposal, any revaluation reserve relating to the concerned asset being sold is transferred to retained earnings.

A tangible asset item and any significant part recognized initially are derecognized upon disposal or when no economic benefits are expected from their use or disposal. Any gain or earning resulting from the derecognition of an asset (calculated as the difference between net disposal proceeds and the carrying amount of the asset) is included in the separate statement of comprehensive income when the asset is derecognized.

The residual value, the useful life and the methods of depreciation are reviewed at the end of each financial year and adjusted retrospectively, if appropriate.

Constructions in progress for production or administrative purposes is registered at historical cost, less depreciation. The depreciation of these assets starts when the assets are ready to be used.

Plant and machinery is registered in the financial position statement at their historic value adjusted to the effect of hyperinflation until 31 December 2003, according to IAS 29 *Financial Reporting in Hyperinflationary Economies* decreased by the subsequently accumulated depreciation and other impairment losses, if any.

Depreciation is registered so as to decrease the cost or revalued amount of the asset to its residual value other than the land and investments in progress, along their estimated useful life, using the straight line basis. The estimated useful lives, the residual values and the depreciation method are reviewed at the end of each year, having as effect changes in future accounting estimates.

Maintenance and repairs of tangible assets are included as expenses when they occur and significant improvements to tangible assets which increase their value or useful life or which significantly increase their capacity to generate economic benefits, are capitalized.

The following useful lives are used for the computation of depreciation.

	<u>Years</u>
Buildings	20 – 50
Plant and equipment	3 – 15
Vehicles under finance lease	5 – 6
Installations and furniture	3 – 10

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2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Investment properties

Investment properties are measured initially at cost, including transaction costs. Subsequent to initial recognition, investment properties are stated at fair value, which reflects market conditions at the reporting date. Gains or losses arising from changes in the fair values of investment properties are included in the separate statement of comprehensive income in the period in which they arise, including the corresponding tax effect. Fair values are determined based on an annual evaluation performed by an accredited external independent valuator applying a valuation model recommended by the International Valuation Standards Committee.

Investment properties are derecognized either when they have been disposed of or when they are permanently withdrawn from use and no future economic benefit is expected from their disposal.

Transfers are made to or from investment property only when there is a change in use. For a transfer from investment property to owner-occupied property, the deemed cost for subsequent accounting is the fair value at the date of change in use. If owner-occupied property becomes an investment property, the Company accounts for such property in accordance with the policy stated under property, plant and equipment up to the date of change in use.

Intangible assets

Intangible assets purchased separately are reported at cost minus accumulated amortization/impairment losses. Intangible assets acquired as part of a business combination are capitalized at fair value as at the date of acquisition.

Following initial recognition, intangible assets, which have finite useful lives, are carried at cost or initial fair value less accumulated amortisation and accumulated impairment losses.

Amortization is computed through the straight line basis over the useful life. The estimated useful lives, the residual values and the amortization method are reviewed at the end of each year, and adjusted as necessary, having as effect changes in future accounting estimates.

The following useful lives are used for the computation of amortisation:

	<u>Years</u>
Licenses	1 – 5

Impairment of tangible and intangible assets

The Company assesses, at each reporting date, whether there is an indication that an asset may be impaired. If there is such an indication, the recoverable amount of the asset is estimated to determine the size of the impairment loss. When it is impossible to assess the recoverable amount of an individual asset, the Company assesses the recoverable amount of the cash generating unit which the asset belongs to. Where a consistent distribution basis can be identified, the Company assets are also allocated to other separate cash generating units or to the smallest group of cash generating units for which a consistent allocation basis can be identified.

Intangible assets having indefinite useful lives and intangible assets which are not yet available to be used are tested for impairment annually and whenever there is an indication that it is possible for the asset to be impaired.

An asset's recoverable amount is the higher of an asset's or cash-generating unit's (CGU) fair value less costs of disposal and its value in use. When measuring the value in use, the future estimated cash flows are settled at the current value using a discount rate prior to taxation which reflects current market assessments of the time value of money and the specific risks of the asset, for which future cash flows have not been adjusted.

If the recoverable value of an asset (or of a cash generating unit) is estimated as being lower than its carrying amount, the carrying amount of the asset (of the cash generating unit) is reduced to the recoverable amount.

An impairment loss is recognized immediately in the separate statement of comprehensive income, except for revalued assets for which there is a revaluation that can be decreased with the impairment loss.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Impairment of tangible and intangible assets (continued)

If an impairment loss is subsequently reversed, the carrying amount of the asset (of the cash generating unit) is increased to the reviewed estimation of its recoverable value, but so as the reviewed carrying amount does not exceed the carrying amount which would have been determined had any impairment loss not been recognized for the respective asset (cash generating unit) in prior years. A reversal of an impairment loss is recognized immediately in the statement of comprehensive income.

A revaluation surplus is recognized as an item of comprehensive income and credited to the asset's revaluation reserves, except for the cases in which a decrease in value was previously recognized in profit and loss for a revalued asset, case in which the surplus can be recognized in profit and loss within the limit of this prior decrease.

Non-current assets held for sale

Non-current assets (and disposal groups) classified as held for sale are measured at the lower of carrying amount and fair value less costs to sell.

Non-current assets and disposal groups are classified as held for sale if their carrying amount is recovered through a sale transaction, rather than through continued use. This condition is considered to be met only when the sale is highly probable and the asset (or disposal group) is available for immediate sale in its current state.

Management must engage in the sale, which should qualify for recognition as completed sale within one year of the date of classification.

When the Company commits to a sale plan that involves the loss of control of a subsidiary, all assets and liabilities of that subsidiary are classified as held for sale when the criteria described above are met, regardless of whether the Company will retain a controlling interest or not in its former subsidiary, after the sale.

Inventories

The inventories are registered at the lowest value between cost and the net realizable value. The net realizable value is the selling price estimated for the inventories minus all estimated costs for completion and the costs related to the sale. Costs, including a portion related to fixed and variable indirect costs are allocated to inventories held through the method most appropriate for the respective class of inventories.

Raw materials are valued at the purchase price including transport, handling costs and net of trade discounts.

Work in progress, semi-finished goods and finished goods are carried at actual cost consisting of direct materials, direct labour and directly attributable production overheads and other costs incurred in bringing them to their existing location and condition using the standard cost method. Standard costs take into account normal levels of consumption of materials and supplies, labour, efficiency and capacity utilisation. They are regularly reviewed and, if necessary, revised in the light of current conditions.

For the following classes of inventories, the average weighted cost method is used: the raw material for pipes, merchandise, inventory items, packaging materials, consumables.

An impairment allowance is made, where necessary, in all inventory categories for obsolete, slow moving and defective items.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Investments in subsidiaries

Investments in subsidiaries represent shares owned in these entities.

These investments are initially recognized as purchase price and subsequently at purchase cost less accumulated impairment losses. IFRS 9 allows for an exemption in case of those interests held in subsidiaries, which are accounted for in accordance with IFRS 10 Consolidated financial statements, IAS 27 Separate financial statements or IAS 28 Investments in associates and joint ventures. Teraplast applies this exemption and continues to assess the interests held in subsidiaries and associates at cost minus any impairment losses.

At each financial statements date, the Company assesses whether there are indications of impairment of the investments in subsidiaries.

These indications refer to important changes that occurred in the economic environment in which the respective entities operate or to important changes in the evolution of the financial position or, respectively, of the financial performance of the entities in which the Company holds interests.

If there are any indications of impairment, the Company carries out an impairment test and it computes the value of the impairment losses as difference between the recoverable value and the net book value.

Except for the assets the value of which will be recovered through a sale transaction rather than by use, for all the impairment tests carried out, the recoverable value was based on the value of use. Its measurement requires different estimates and hypothesis, depending on the nature of the activity, such as the discount rates, the increase rates, the gross margins.

The impairment loss resulted from the impairment tests represents an expense of the current year and it is recognized in profit and loss.

Acquisition of activities from controlled entities

When the Company acquires activities / lines of business from controlled entities, it records the assets and liabilities undertaken at the carrying amount in the Company consolidated financial statements, and the difference between the value of the net assets undertaken and the price agreed between the parties for the transfer is charged directly in Equity.

Share capital

Common shares are classified in equity.

At the redemption of the Company shares the paid amount will decrease equity belonging to the holders of the company's equity, through retained earnings, until they are cancelled or reissued. When these shares are subsequently reissued, the received amount (net of transaction costs and of income tax effects) is recognized in equity belonging to the holders of the Company's equity.

Dividends

Dividends related to ordinary shares are recognized as liability to the shareholders in the financial statements in the period in which they are approved by the Company's shareholders. Interim dividends on ordinary shares are recognized when they are paid.

Provisions

Provisions are recognized when the Company has a present obligation (legal or constructive) as a result of a past event, it is probable that an outflow of resources embodying economic benefits will be required from the Company to settle the obligation and a reliable estimate can be made of the amount of the respective obligation.

The amount recognized as a provision is the best estimate of the amount necessary to settle the current obligation as of the balance sheet date, considering the risks and uncertainties related to the obligation. If a provision is measured using the estimated cash flows necessary for settling the present obligation, the carrying amount is the present value of the respective cash flows.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Segment reporting

The Company's accounting policy for identifying segments is based on internal management reporting information that is routinely reviewed by the Board of Administration and management. The measurement policies used for the segment reporting under IFRS 8 are the same as those used in the consolidated financial statements. Segment results that are reported to the directors and management include items directly attributable to a segment as well as those that can be allocated on a reasonable basis. The Company has determined that it has two operating segments: Installations (systems for sewage, water and gas) and Compounds.

Each segment includes similar products, with similar production processes, with similar distribution and supply channels.

Installations for infrastructure projects are sold to contractors and installations for residential buildings are sold through a distribution network.

Financial instruments

A financial instrument is any contract that gives rise to a financial asset of one entity and a financial liability or equity instrument of another entity.

(a) Financial assets

Initial recognition and measurement

The Company's financial assets include cash and cash equivalents, trade receivables and long-term investments.

A financial asset is classified as measured at amortized cost or fair value with any movement being reflected through other comprehensive income or the statement of comprehensive income.

The classification of financial assets at initial recognition depends on the financial asset's contractual cash flow characteristics and the Group's business model for managing them. With the exception of trade receivables that do not contain a significant financing component or for which the Company has applied the practical expedient, the Company initially measures a financial asset at its fair value plus, in the case of a financial asset not at fair value through the separate statement of comprehensive income, transaction costs. Trade receivables that do not contain a significant financing component or for which the Company has applied the practical expedient are measured at the transaction price determined under IFRS 15. Refer to the accounting policies in Section 2 Recognition of revenues.

The Company's business model for managing financial assets refers to how it manages its financial assets in order to generate cash flows. The business model determines whether cash flows will result from collecting contractual cash flows, selling the financial assets, or both.

Purchases or sales of financial assets that require delivery of assets within a time frame established by regulation or convention in the market place (regular way trades) are recognized on the trade date, i.e., the date that the Company commits to purchase or sell the asset.

On initial recognition of an equity investment that is not held for trading, the Company may irrevocably elect to present subsequent changes in the investment's fair value in other comprehensive income. This election is made on an investment by-investment basis.

Subsequent measurement

For purposes of subsequent measurement, the Company's financial assets are classified in three categories:

- Financial assets at amortized cost (debt instruments). The Company's financial assets at amortized cost includes trade receivables and long term receivable.
- Financial assets at fair value through OCI with recycling of cumulative gains and losses (debt instruments)
- Financial assets at fair value through the separate statement of comprehensive income.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Subsequent measurement (continued)

Financial assets designated at fair value through OCI with no recycling of cumulative gains and losses upon derecognition (equity instruments).

The classification of the investments depends on their nature and purpose and it is determined as of the initial recognition. Financial liabilities include finance lease liabilities, interest bearing bank loans, overdrafts and trade and other payables.

Two measurement categories continue to exist, fair value through the separate statement of comprehensive income and amortized cost. Financial liabilities held for trading are measured at fair value through the separate statement of comprehensive income, and all other financial liabilities are measured at amortized cost unless the fair value option is applied.

Financial instruments are classified as liabilities or equity according to the nature of the contractual arrangement. Interest, dividends, gains and losses related to a financial instrument classified as liability are reported as expense. Distributions to the holders of financial instruments classified as equity are registered directly in equity. Financial instruments are offset when the Company has a legal applicable right to offset them and it intends to offset them either on a net basis or to realize the asset and settle the liability at the same time.

Impairment of financial assets

The Company recognises a loss allowance for expected credit losses on trade receivables. The amount of expected credit losses is updated at each reporting date to reflect changes in credit risk since initial recognition of the respective financial instrument.

For trade receivables, a simplified approach is adopted in which impairment losses are recognized based on lifetime expected credit losses at each reporting date. If there are loan insurances or guarantees for the outstanding balances, the computation of expected losses from receivables is based on the probability of default related to the insurer / guarantor for the insured / guaranteed portion of the outstanding balance, while the amount remaining not covered will have the counterparty's probability of default. The Company has established a provision matrix that is based on its historical credit loss experience, adjusted for forward-looking factors specific to the debtors and the economic environment.

Significant increase in credit risk

Clients' credit risk is updated constantly. In assessing the IFRS 9 allowance, the Company uses the risk of a default occurring on the financial instrument at the reporting date.

In making the credit risk assessment, the Company considers both quantitative and qualitative information that is reasonable and supportable, including historical experience and forward-looking information that is available without undue cost or effort.

In particular, the following information is taken into account when assessing the credit risk deterioration of debtors:

- an actual or expected significant deterioration in the financial instrument's external (KeysFin and Coface) or internal credit rating;
- existing or forecast adverse changes in business, financial or economic conditions that are expected to cause a significant decrease in the debtor's ability to meet its debt obligations;
- an actual or expected significant deterioration in the operating results of the debtor;
- an evaluation of the main projects and clients of the debtor and the sources of financing those projects.

For trade receivables the Company is using the simplified model allowed by IFRS 9 which does not differentiate between Stage 1 and Stage 2. Credit losses are measured based on provision matrix.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Significant increase in credit risk (continued)

A financial instrument is determined to have low credit risk if:

1. the financial instrument has a low risk of default;
2. the debtor has a strong capacity to meet its contractual cash flow obligations in the near term; and
3. adverse changes in economic and business conditions in the longer term may, but will not necessarily, reduce the ability of the borrower to fulfil its contractual cash flow obligations.

The Company considers a financial asset to have low credit risk when the asset has external credit rating of 'investment grade' in accordance with the globally understood definition or if an external rating is not available, the asset has an internal rating of 'performing'. Performing means that the counterparty has a strong financial position and there is no past due amounts.

The Company regularly monitors the effectiveness of the criteria used to identify whether there has been a significant increase in credit risk and revises them as appropriate to ensure that the criteria are capable of identifying significant increase in credit risk before the amount becomes past due.

Definition of default

The Company considers the following as constituting an event of default for internal credit risk management purposes as historical experience indicates that financial assets that meet either of the following criteria are generally not recoverable:

- when there is a payment incident reported; or
- information developed internally or obtained from external sources indicates that the debtor is unlikely to pay its creditors, including the Group, in full (without taking into account any collateral held by the Company).

Irrespective of the above analysis, the Group considers that default has occurred when a financial asset is more than 90 days past due unless the Company has reasonable and supportable information to demonstrate that a more lagging default criterion is more appropriate.

Any recoveries made to doubtful receivables are recognised in the separate statement of comprehensive income, together with the reversal of the allowance.

Write-off policy

The Company writes off a financial asset when bankruptcy was finalized, as at this point the VAT on these receivables can be recovered. Financial assets written off may no longer be subject to enforcement activities.

Measurement and recognition of expected credit losses

The measurement of expected credit losses is a function of the probability of default, loss given default (i.e. the magnitude of the loss if there is a default) and the exposure at default. The assessment of the probability of default is based on the risk rating of each client obtained from independent parties, adjusted, if the case with forward-looking information as described above.

As for the exposure at default, for financial assets, this is represented by the assets' gross carrying amount at the reporting date.

The Company recognises an impairment gain or loss in the separate statement of comprehensive income for all financial instruments with a corresponding adjustment to their carrying amount through a loss allowance accounts.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Derecognition of assets and liabilities

The Company derecognizes financial assets only when the contractual rights over the cash flows related to the assets expire or it transfers to another entity the financial asset and, substantially, all risks and benefits related to the asset.

The Company derecognizes financial liabilities only if the Company's liabilities have been significantly modified, paid, cancelled or they have expired.

The difference between the carrying amount of the financial liability derecognised and the consideration paid and payable is recognised in the separate statement of comprehensive income. Similarly, the Company accounts for substantial modification of terms of an existing liability or part of it as an extinguishment of the original financial liability and the recognition of a new liability.

It is assumed that the terms are substantially different if the discounted present value of the cash flows under the new terms, including any fees paid net of any fees received and discounted using the original effective rate is at least 10 per cent different from the discounted present value of the remaining cash flows of the original financial liability. If the modification is not substantial, the difference between: (1) the carrying amount of the liability before the modification; and (2) the present value of the cash flows after modification is recognised in the separate statement of comprehensive income as the modification gain or loss within other gains and losses.

Fair value measurement

An entity measures financial instruments and non-financial assets, such as investment property, at fair value at each balance sheet date. Also, the fair values of financial instruments measured at amortized cost are presented in Note 26 j).

The fair value of the freehold land was determined based on the market comparable approach that reflects recent transaction prices for similar properties.

The fair value of the buildings was determined using the cost approach that reflects the cost to a market participant to construct assets of comparable utility and age, adjusted for obsolescence.

The fair value of the investment property was determined based on the market comparable approach that reflects recent transaction prices for similar properties.

There has been no change to the valuation technique during the year for none of the above mentioned classes of assets. There were no transfers between Level 1, Level 2 or Level 3 during the year.

For all of the above, the level in which fair value measurement is categorised is Level 2.

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. The fair value measurement is based on the presumption that the transaction to sell the asset or transfer the liability takes place either:

- In the principal market for the asset or liability; or
- In the absence of a principal market, in the most advantageous market for the asset or liability.

The fair value of an asset or a liability is measured using the assumptions that market participants would use when pricing the asset or liability, assuming that market participants act in their economic best interest.

A fair value measurement of a non-financial asset takes into account a market participant's ability to generate economic benefits by using the asset in its highest and best use or by selling it to another market participant that would use the asset in its highest and best use.

An entity uses valuation techniques that are appropriate in the circumstances and for which sufficient data are available to measure fair value, maximizing the use of relevant observable inputs and minimizing the use of unobservable inputs.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Fair value measurement (continued)

All assets and liabilities for which fair value is measured or disclosed in the financial statements are categorized within the fair value hierarchy, described as follows, based on the lowest level input that is significant to the fair value measurement as a whole:

- Level 1 — Quoted (unadjusted) market prices in active markets for identical assets or liabilities;
- Level 2 — Valuation techniques for which the lowest level input that is significant to the fair value measurement is directly or indirectly observable;
- Level 3 — Valuation techniques for which the lowest level input that is significant to the fair value measurement is unobservable.

For assets and liabilities that are recognized in the financial statements on a recurring basis, the Company determines whether transfers have occurred between levels in the hierarchy by re-assessing categorization (based on the lowest level input that is significant to the fair value measurement as a whole) at the end of each reporting period.

External valuers are involved for valuation of significant assets, such as investment property and available for sale financial assets. Involvement of external valuers is decided upon annually by the management. Selection criteria include market knowledge, reputation, independence and professional standards, if they are specified.

At each reporting date, Company's management analyses the movements in the values of assets and liabilities which are required to be re-measured or re-assessed as per the Company's accounting policies.

Group's management, in conjunction with the entity's external valuers, also compares the change in the fair value of each asset and liability with relevant external sources to determine whether the change is reasonable.

For the purpose of the notes and fair value disclosures, the Company has determined classes of assets and liabilities on the basis of the nature, characteristics and risks of the asset or liability and the level of the fair value hierarchy as explained above.

Use of estimates

The preparation of the financial statements requires the performance of estimates and judgments by the management, which affects the reported amounts of assets and liabilities and the presentation of potential assets and liabilities at the balance sheet date, as well as the reported amounts of revenues and expenses during the reporting period.

Actual results may be different from these estimates. The estimates and judgments on which these are based are reviewed permanently. The reviews of the accounting estimates are recognized during the period in which the estimate is reviewed, if this review affects only the respective period or during the review period and during future periods, if the review affects both the current period and the future periods.

3. SIGNIFICANT ACCOUNTING JUDGMENTS, ESTIMATES AND ASSUMPTIONS

Judgments

In the process of applying the Company's accounting policies, management has made the following judgments, which have the most significant effect on the amounts recognized in the consolidated financial statements:

Impairment of intangible and tangible assets

To determine whether the impairment related to an intangible or tangible asset must be recognized, significant judgment is needed. To take this decision, for each cash generating unit (CGU), the Company compares the carrying amount of these intangible or tangible assets, to the higher of the CGU fair value less costs to sell and its value in use, which will be generated by the intangible and tangible assets of the cash generating units over the remaining useful life. The recoverable amount used by the Group for each cash generating unit for impairment measuring purposes was represented by its value in use.

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3. SIGNIFICANT ACCOUNTING JUDGMENTS, ESTIMATES AND ASSUMPTIONS (continued)

Impairment of intangible and tangible assets (continued)

The Company analysed the internal and external sources of information and reached the conclusion that there are no indications concerning the impairment of assets, except for goodwill related to the roof tiles business. When reviewing for indicators of impairment, the Company considers, among other factors:

- the relationship between its market capitalization and its book value
- the operating performance, for which the group used EBITDA as KPI, remained at 14%, the same compared to the prior year, while revenue increased on all business lines, through organic growth
- utilization of production capacity increased on all CGUs

As a result, the Company decided not to carry an impairment analysis for the recoverable amount of tangible assets, under IAS 36. Therefore, an allowance for asset impairment proved not to be necessary.

Estimates and assumptions

The main assumptions regarding future sources and other key sources of uncertainty in the estimates at the reporting date, which present a significant risk of causing a significant adjustment to the carrying amounts of assets and liabilities in the next financial year, are described below. The Company based its assumptions and estimates on the parameters available in preparing the separate financial statements. However, existing circumstances and assumptions about future developments may change due to market changes or circumstances beyond the Company's control. Such changes are reflected in the assumptions when they occur.

Revaluation of property, plant and equipment and investment property

The Company measures investment property at fair value, with changes in fair value being recognised in the statement of comprehensive income.

The Company measures land and buildings at revalued amounts with changes in fair value being recognized in other comprehensive income.

Investment property and land and buildings were valued by reference to market-based information, using comparable prices adjusted for specific market factors such as nature, location and condition of the property.

Property, plant and equipment (land and buildings) were revalued at 31 December 2021 by an external valuer, member of ANEVAR. The valuation methods used for such assets were the market comparison for land and the net replacement cost impacted by the results of the application of the income-based approach and the market comparison.

4. REVENUE AND OPERATING SEGMENTS

Geographical analysis

	Year ended 31 December 2024	Year ended 31 December 2023
Sales on the domestic market (Romania)	555,520,464	519,318,046
Sales on the foreign market	85,795,679	51,408,294
Total	641,316,143	570,726,340

4. REVENUE AND OPERATING SEGMENTS (continued)

The information to the people in charge of the operational policy from the perspective of resource allocation and segment performance analysis is classified according to the type of products delivered. The reporting segments of the Group have been determined according to:

- The nature of the products and services;
- The nature of the production processes;
- The type or category of clients for products and services;
- Methods used for distributing the products or providing the services.

The portfolio of products of Teraplast that continue their activity is structured on two business lines: **installations and compounds**.

The Company's distribution policy targets specialised clients in the constructions sector through the following channels:

- Distributors and resellers (domestic and exports)
- Specialised networks (DIY stores – domestic and exports)
- Contractors and builders (infrastructure projects auctions)
- Producers (domestic and exports)

BUSINESS LINES

Installations

The complete systems for installations are made of PVC, PP (polypropylene) and PE (polyethylene) and are part of the portfolio of TeraPlast SA. They comprise systems for: indoor sewer system, outdoor sewer system, transport and distribution of water and natural gas, rainwater management, cable protection and floor heating.

The products in the Installations portfolio are mainly intended for the infrastructure market, but also for the residential and non-residential building market. TeraPlast is the leader of the PVC outdoor sewer market and is ranked top 3 on the other segments of the Romanian installations market.

The company has a long history of market innovations:

- The Company was the first producer of approved polyethylene pipes in Romania
- The Company was the first producer of multi-layered PVC pipes for outdoor sewer
- The Company is the only Romanian producer that holds a patent for the production of multi-layered PVC pipes (with recycled core) for outdoor sewer

The development of the range of products also includes objectives related to their sustainability. Therefore, we have developed over the years solutions such as the multi-layered PVC pipes or the PE 100-RC pipe resistant to crack propagation and a useful life of almost 100 years according to PAS 1075.

The Recovery and Resilience Plan for Romania ("PNRR") has a EUR 5 billion budget for investment projects, which directly influences the demand for TeraPlast products and offers growth opportunities for the Group's businesses.

Compounds

The PVC compounds business line is part of the portfolio of TeraPlast SA and comprises plasticized and rigid compounds. They are used in extrusion and injection processes in the processing industry. Further to an investment project co-funded under the State aid scheme, our company introduces an innovation on the Romanian compound market: fireproof halogen-free compounds (HFFR). They are waiting homologation with the clients.

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4. REVENUE AND OPERATING SEGMENTS (continued)

The Company's reporting segments are aggregated by the main types of activities and are presented below:

Year ended 31 December 2024	<u>Installations</u>	<u>Compounds</u>	<u>Unallocated amounts</u>	<u>Total</u>
Total income	549,854,021	91,462,122	-	641,316,143
Expenses with indirect sales and administrative	(522,364,693)	(84,293,668)	-	(606,658,361)
Operating result	27,489,328	7,168,453	-	34,657,781
Financial result	(8,014,860)	(954,334)	(1,000,535)	(9,969,729)
Profit before tax	19,474,468	6,214,119	(1,000,535)	24,688,052
Operating assets	475,908,321	58,625,951	269,493,478	804,027,749
Non-current assets	222,171,576	23,770,322	269,493,478	515,435,376
Current assets	253,736,744	34,855,629	-	288,592,373
Operating liabilities	307,061,426	28,986,393	-	336,047,819
Non-current liabilities	119,503,345	5,938,210	-	125,441,556
Current liabilities	187,558,080	23,048,183	-	210,606,263

Unallocated non-current assets represent investment property, buildings leased to the buyer of the Joinery profiles business, investments in subsidiaries, and other financial assets including the loan granted by TeraPlast to TeraBio Pack.

Year ended 31 December 2023	<u>Installations</u>	<u>Compounds</u>	<u>Unallocated amounts</u>	<u>Total</u>
Total income	496,570,957	74,155,383	-	570,726,340
Expenses with indirect sales and administrative	(465,529,613)	(68,818,502)	-	(534,348,115)
Operating result	31,041,344	5,336,881	-	36,378,225
Financial result	(9,383,867)	(823,652)	2,742,277	(7,465,242)
Profit before tax	21,657,477	4,513,229	2,742,277	28,912,983
Operating assets	511,705,997	50,141,232	49,211,923	611,059,152
Non-current assets	257,962,688	21,975,983	49,211,923	329,150,594
Current assets	253,743,309	28,165,249	-	281,908,557
Operating liabilities	238,870,964	28,866,618	-	267,737,583
Non-current liabilities	73,729,100	6,456,818	-	80,185,917
Current liabilities	165,141,865	22,409,801	-	187,551,665

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5. OTHER OPERATING REVENUES

The Company as a lessor

Disclosure required by IFRS 16

Operating leases, in which the Company is the lessor, relate to investment property owned by the Company with lease terms of between 1 to 7 years, with one year extension option. All operating lease contracts contain market review clauses in the event that the lessee exercises its option to renew. The lessee does not have an option to purchase the property at the expiry of the lease period.

The unguaranteed residual values do not represent a significant risk for the Company, as they relate to property which is located in a location with a constant value over the last years. The Company did not identify any indications that this situation will change.

Income from the lease of properties obtained in 2024 were in amount of RON 943,468 (2023: RON 938,588). Such annual income will be maintained in the following years, assuming that no changes will be made to the lease contract between TeraPlast and TeraGlass, the subsidiary that leases from TeraPlast the production warehouse where it runs its activity.

TeraGlass, which uses the production warehouse leased from TeraPlast is a firm lessee for the following 5 years. The operating lease contains clauses to update the price at market price if the lessee uses its renewal option. The lessee does not have the option to buy the property upon expiry of the lease.

6. RAW MATERIALS, CONSUMABLES USED AND MERCHANDISE

	Year ended 31 December 2024	Year ended 31 December 2023
Raw material expenses	(360,158,309)	(314,429,960)
Consumable expenses	(21,787,873)	(19,712,385)
Commodity expenses	(42,170,723)	(36,822,368)
Consumed packaging	(1,802,840)	(1,947,584)
Total	(425,919,745)	(372,912,296)

7. GAINS/(LOSSES) ON THE DISPOSAL OF TANGIBLE AND INTANGIBLE ASSETS

	Year ended 31 December 2024	Year ended 31 December 2023
Income from the sale of tangible and intangible assets	1,055,002	943,872
Expenses with the disposal of tangible and intangible assets	(1,865,111)	(925,471)
Expenses with fair value measurement of non-current assets	(87,956)	-
Income from the fair value measurement of non-current assets	155,762	-
Total	(742,303)	18,401

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8. EXPENSES WITH PROVISIONS, IMPAIRMENT ADJUSTMENTS AND AMORTIZATION

	Year ended 31 December 2024	Year ended 31 December 2023
Expenses with allowance for doubtful debts (IFRS 9)	-	969,532
Income from impairment reversal (IFRS 9)	113,316	4,742,909
Receivables charged to expenses (IFRS 9)	(2,272,130)	(2,352,949)
Net adjustments for doubtful debts	(2,158,814)	3,359,491
Increase carried to the separate statement of comprehensive income	571,511	710,805
(Decrease) carried to the separate statement of comprehensive income	-	-
Inventory impairment	571,511	710,805
Total impairment of current assets	(1,587,303)	4,070,297
Expenses with non-current assets impairment (IAS 36)	589,283	300,467
Amortization and depreciation expenses (IAS 36)	(29,692,303)	(27,904,975)
Net adjustments for non-current assets impairment	(29,103,020)	(27,604,508)
Expenses with amortization and depreciation with application of IFRS 16	(5,397,489)	(4,595,630)

Impairment of non-current assets

The Company sets up impairment allowances for equipment that will no longer be used because it is damaged or obsolete. When this equipment is scrapped, recycled or sold, the impairment allowance is reversed.

Inventory impairment

Allowances are set up for inventory that was not used or sold during the last 12 months, finished goods for which the demand is decreasing, that are damaged or have quality issues. The cost of finished goods on stock as at year-end is also compared to the expected selling price and an allowance is set up, if necessary, to adjust the cost to the lower net realizable value.

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9. EMPLOYEE BENEFIT EXPENSES AND REMUNERATION OF THE BOARD OF ADMINISTRATION

	Year ended 31 December 2024	Year ended 31 December 2023
Wages	(69,377,752)	(58,578,066)
Contributions to the public social security fund	(1,532,595)	(1,300,669)
Social aid within the limit of 5% of the salary fund	(465,842)	(421,994)
Meal tickets	(5,136,830)	(3,702,870)
Total, as presented on line "Employee benefit expenses"	(76,513,019)	(64,003,598)

Remuneration of the Board of Administration

For additional details, please see the Remuneration Report.

10. FINANCIAL COSTS AND INCOME

	Year ended 31 December 2024	Year ended 31 December 2023
Financial costs		
Interest expense, of which	(11,017,649)	(9,617,530)
- interest expense calculated as per IFRS 16	(537,672)	(451,211)
Expenses with exchange rate differences	(1,379,335)	(2,104,333)
Other financial expenses	(85,844)	-
Total	(12,482,828)	(11,721,863)

	Year ended 31 December 2024	Year ended 31 December 2023
Financial income		
Interest income, of which	1,357,775	1,892,188
- interest as per loan agreements with subsidiaries	1,347,163	1,891,962
Income from exchange rate differences	1,088,494	1,454,953
Dividend income	66,830	69,300
Other	-	840,180
Total	2,513,099	4,256,621
Financial result	(9,969,729)	(7,465,242)

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11. OTHER OPERATING EXPENSES

	Year ended 31 December 2024	Year ended 31 December 2023
Expenses with third party services	(13,825,931)	(11,344,043)
Expenses with compensations, fines and penalties	(26,433)	(43,126)
Entertainment, promotion and advertising expenses	(4,068,788)	(3,844,788)
Expenses with other taxes and duties	(1,925,892)	(1,635,095)
Repair expenses	(3,154,160)	(2,770,966)
Travelling expenses	(1,431,045)	(927,596)
Rent expenses	(944,827)	(928,784)
Mail and telecommunication expenses	(413,393)	(406,058)
Insurance premium expenses	(2,264,020)	(2,363,902)
Other general expenses	(3,103,670)	(2,115,036)
Total	(31,158,159)	(26,379,396)

The value of the auditor's fee was RON 895,348 in 2024 (2023: RON 536,358).

12. INCOME TAX

The total expense for the year is reconciled with the accounting profit as follows:

	Year ended 31 December 2024	Year ended 31 December 2023
Profit before tax	24,688,052	28,912,983
Income tax calculated (16%)	3,950,088	4,626,077
Deduction for dividends income not taxable	(10,693)	(11,088)
Non-deductible expenses	250,036	1,261,429
Profit from transfer of ownership interest	-	-
Credit from tax loss used	(849,468)	(2,030,492)
Total income tax	3,339,964	3,845,926
Discount as per GEO 153/2020 on incentivising equity increase	(509,681)	(423,052)
Minimum turnover tax as per article 181 of the Tax Code	6,175,848	-
Minimum turnover tax as per article 181 of the Tax Code – payable (excluding sponsorships)	5,326,381	-
Deferred income tax – expense/ (benefit)	(361,918)	26,439
Total tax	4,964,463	3,449,313

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12. INCOME TAX (continued)

The components of the net deferred tax liabilities

2024	Opening balance	Registered in the	Registered in	Closing balance
		separate statement of comprehensive income	other comprehensive income	
Tangible and intangible assets and investment properties	(2,721,378)	290,556	(481,285)	(2,912,106)
Deferred tax liabilities recognized	(2,721,378)	290,556	(481,285)	(2,912,106)
Employee benefit liabilities	252,934	-	-	252,934
Trade and similar payables	684,800	71,362	-	756,162
Deferred tax assets recognized	937,734	71,362	-	1,009,096
Net liabilities with deferred tax recognized	(1,783,644)	361,918	(481,285)	(1,903,010)

2023	Opening balance	Registered in the	Registered in	Closing balance
		separate statement of comprehensive income	other comprehensive income	
Tangible and intangible assets and investment properties	(2,764,149)	(20,556)	63,327	(2,721,378)
Deferred tax liabilities recognized	(2,764,149)	(20,556)	63,327	(2,721,378)
Employee benefit liabilities	252,934	-	-	252,934
Trade and similar payables	690,406	(5,606)	-	684,800
Deferred tax assets recognized	943,340	(5,606)	-	937,734
Net liabilities with deferred tax recognized	(1,820,809)	(26,162)	63,327	(1,783,644)

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13. PROPERTY, PLANT AND EQUIPMENT

	Land	Buildings	Tools and equipment	Installations and furniture	Tangible assets in progress	Total
COST						
Balance as at 1 January 2024	8,029,214	66,562,434	269,959,215	3,739,254	11,088,498	359,378,615
Increases	527,271	107,219	1,889,401	4,994	31,160,880	33,689,764
Transfers to/from non-current assets in progress	-	1,210,942	20,209,576	872,854	(22,293,372)	-
Accumulated depreciation of revalued property, plant and equipment	-	(10,657,767)	-	-	-	(10,657,767)
Revaluation increase/(decrease) with impact on reserves	773,575	4,686,867	-	-	-	5,460,442
Revaluation increase/(decrease) with impact in profit or loss	155,763	(87,957)	-	-	-	67,806
Transfers IFRS 16 right of use	-	-	(789,590)	-	-	(789,590)
Transfers to non-current assets held for sale	-	-	-	-	-	-
Disposals and other decreases	-	-	(11,017,389)	(426,733)	(1,259,903)	(12,704,025)
Balance as at 31 December 2024	9,485,823	61,821,738	280,251,213	4,190,369	18,696,102	374,445,245
ACCUMULATED DEPRECIATION						
Balance as at 1 January 2024	2,419	7,057,711	140,092,556	1,851,202	1,015,435	150,019,322
Depreciation recorded during the year	100,514	3,605,429	20,959,151	655,887	-	25,320,982
Transfers IFRS 16 right of use	-	-	(1,403,026)	-	-	(1,403,026)
Disposals and other decreases	-	-	(10,439,715)	(424,180)	-	(10,863,895)
Impairment, net	-	(3,595)	(708,776)	(3,295)	165,271	(550,395)
Accumulated depreciation of revalued property, plant and equipment	-	(10,657,767)	-	-	-	(10,657,767)
Transfers from items of inventory	-	-	-	-	-	-
Balance as at 31 December 2024	102,933	1,778	148,500,190	2,079,614	1,180,706	151,865,221
Net carrying amount as at 1 January 2024	8,026,796	59,504,723	129,866,659	1,888,052	10,073,063	209,359,293
Net carrying amount as at 31 December 2024	9,382,890	61,819,959	131,751,023	2,110,756	17,515,397	222,580,024

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13. PROPERTY, PLANT AND EQUIPMENT (continued)

As at 31 December 2024, the Company pledged in favour of financial institutions non-current assets and investment properties with a net carrying amount of RON 122,597,264 (31 December 2023: RON 106,034,674).

The land and buildings were revalued as at 31 December 2024 for financial reporting purposes and investment property at 31 December 2024. The Group management decided they represented a single class of assets for fair value revaluation purposes under IFRS 13. This analysis took into consideration the characteristics and risks associated to the revalued properties.

Presentation of the historical cost values that would have been recorded in connection with these assets, in the event that they would have been recognized had the assets been carried under the cost model, is not possible due to technical limitations of the accounting system. The company considers that the costs that would be incurred with obtaining this information exceed the expected benefits to users of the financial statements. Thus, the presentation of the historical cost values is not presented.

14. INTANGIBLE ASSETS

	<u>Licenses</u>	<u>Intangible assets in progress</u>	<u>Total</u>
Cost			
Balance at 1 January 2024	8,771,225	565,335	9,336,560
Increases	234,947	551,366	786,313
Transfers from/to non-current assets in progress	639,272	(639,272)	-
Disposals and other decreases	(159,296)	(48,524)	(207,820)
Balance at 31 December 2024	9,486,148	428,905	9,915,053
Accumulated amortization			
Balance at 1 January 2024	6,953,279	-	6,953,279
Amortisation	744,161	-	744,161
Expenses with/(Reversal of) impairment	(38,887)	-	(38,887)
Disposals and other decreases	(159,296)	-	(159,296)
Balance at 31 December 2024	7,499,256	-	7,499,256
Net carrying amount as at 1 January 2024	1,817,947	565,335	2,383,282
Net carrying amount as at 31 December 2024	1,986,892	428,905	2,415,796

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15. RIGHT-OF-USE ASSETS

The Company has right of use assets from rented buildings, warehouses, showrooms and transportation vehicles. The Company finances some of the cars and forklifts through lease agreements.

Cost	<u>Buildings</u>	<u>Vehicles from previous finance leases</u>	<u>Total</u>
Balance at 1 January 2024	21,567,925	4,750,904	26,318,829
Additions	11,962,723	1,156,898	13,119,621
Transfer to equipment on exercise of the purchase option	(10,079,597)	(367,310)	(10,446,908)
Balance at 31 December 2024	23,451,051	5,540,492	28,991,542
Accumulated depreciation			
Balance at 1 January 2024	3,628,029	2,675,777	6,303,807
Depreciation	3,627,159	1,770,335	5,397,494
Depreciation of equipment transferred to PPE	(3,273,126)	(367,310)	(3,640,436)
Balance at 31 December 2024	3,982,062	4,078,802	8,060,864
Carrying amount at 1 January 2024	17,939,895	2,075,126	20,015,022
Carrying amount at 31 December 2024	19,468,989	1,461,689	20,930,678

The amount recognized to the separate statement of comprehensive income in respect of the right of use assets were:

	<u>Buildings</u>	<u>Equipment</u>	<u>Total</u>
Depreciation expense	2,920,331	1,675,299	4,595,630
Interest expense on lease liabilities	451,211	-	451,211

The Company expensed the lease for low value assets and short-term contracts:

	<u>2024</u>	<u>2023</u>
Rent expenses	944,827	928,783
short term	809,001	662,618
low value	135,826	266,166

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16. INVESTMENT PROPERTIES

Investment properties

The Company holds assets which were classified to investment property, as follows:

- The Company owns 36 thousand sqm of land in Bistrița for appreciation, classified as investment property. The production facility of TeraPlast was on this land, before the company relocated in the TeraPlast Industrial Park.
- As of March 31, 2015, buildings and lands located in Bistrița, which are leased to Teraglass Bistrița SRL, are classified as investment property.

The Company carries its investment properties at fair value, with changes in fair value being recognized in the statement of profit or loss. Investment properties and land and buildings were valued as at 31 December 2024 by reference to market information, using comparable prices adjusted to market-specific factors such as the nature, location and condition of the property.

	31 December 2024	31 December 2023
Opening balance at 1 January	19,349,749	18,226,476
Additions	23,543	383,264
Net loss from valuation of investment properties at fair value	952,694	740,010
Closing balance at 31 December	20,325,986	19,349,750

17. SUBSIDIARIES AND OTHER FINANCIAL INVESTMENTS

At 31 December 2024 and 31 December 2023, the Company holds the following investments:

Subsidiary	Country	Shareholding	31 December 2024	Shareholding	31 December 2023
			LEI		LEI
		%		%	
Teraglass Bistrița SRL	Romania	100	8,468,340	100	8,468,340
TeraPlast Recycling SA	Romania	99.95	11,766,350	99.95	11,766,350
Tera BioPack	Romania	100	38,000,000	100	23,000,000
Somplast SA	Romania	70.75	4,897,400	70.75	4,897,400
PALPLAST SRL	Republic of Moldova	51	8,950,140	-	-
Grup Freiler	Austria	100	82,262,592	-	-
OPTIPLAST d.o.o.	Croatia	70	50,366,645	-	-
TeraVerde Carbon SRL	Romania	100	10,000	100	10,000
TERAPLAST MAGYARORSZÁG KFT	Hungary	100	36,492	100	36,492
<i>Differences in ownership revaluation</i>		-	<i>30,078</i>	-	<i>2,493</i>
			204,788,036		48,181,075

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17. SUBSIDIARIES AND OTHER FINANCIAL INVESTMENTS (continued)

Other long-term equity investments

Details concerning other equity investments of the Company are the following:

Investment name	Country	Investment share	31 December 2024	Investment share	31 December 2023
		%	LEI	%	LEI
CERTIND SA	Romania	7.50%	14,400	7.50%	14,400
Partnership for sustainable development	Romania	7.14%	1,000	7.14%	1,000
		-	15,400	-	15,400

CERTIND is an independent certification body accredited by the Greek Accreditation Body – ESYD for the following certification services: certification of quality management systems according to ISO 9001, certification of environment management systems according to ISO 14001, certification of food safety management systems according to ISO 22000.

The Company did not undertake any obligations and did not make any payment on behalf of the entities in which it holds securities in the form of investments.

18. INVENTORIES

	31 December 2024	31 December 2023
Finished goods	53,665,977	52,700,534
Raw materials	41,561,502	39,520,320
Commodities	11,853,923	10,977,045
Consumables	4,185,337	3,973,537
Inventory items	106,040	132,616
Semi-finished goods	1,805,233	1,090,780
Residual products	3,673,107	2,529,588
Goods to be purchased	160,648	12,424
Packaging	1,141,066	818,730
Inventories – gross value	118,152,833	111,755,573
	31 December 2024	31 December 2023
Value adjustments for raw materials and consumables	(624,447)	(611,780)
Value adjustments for finished products	(3,666,900)	(3,341,724)
Value adjustments for merchandise	(1,111,585)	(877,917)
Total value adjustments	112,749,901	106,924,152

The value adjustments are made for all categories of inventory (see above), using both general methods and specific methods according to their age and analyses on the chances to use them in the future. The inventories which did not have any movements in the past year are depreciated in full.

The Company's inventories are pledged in favour of financing banks.

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19. TRADE AND OTHER RECEIVABLES

	31 December 2024	Payable	
		less than 1 year	more than 1 year
Trade receivables	169,436,502	169,436,502	-
Long-term receivables	48,305,007	-	48,305,007
Advances paid to suppliers of non-current assets	3,817,198	3,817,198	-
Advances paid to suppliers of inventories and services	2,215,865	2,215,865	-
Other receivables	2,872,327	2,872,327	-
Adjustments for trade and other receivables impairment	(12,499,527)	(8,573,976)	(3,925,551)
Total	214,147,372	169,767,916	44,379,456

	31 December 2023	Payable	
		less than 1 year	more than 1 year
Trade receivables	152,290,679	152,290,679	-
Long-term receivables	26,846,773	-	26,846,773
Advances paid to suppliers of non-current assets	3,292,553	3,292,553	-
Advances paid to suppliers of inventories and services	28,690,945	28,690,945	-
Other receivables	3,582,865	3,582,865	-
Adjustments for trade and other receivables impairment	(14,658,341)	(14,658,341)	-
Total	203,045,474	173,198,701	26,846,773

When determining the recoverability of a receivable, the Group takes into consideration any change in the crediting quality of the concerned receivable starting with the credit granting date until the reporting date. The concentration of the credit risk is limited taking into consideration that the client base is large and they are not related to each other.

An allowance for impairment is recorded for the full amount of trade receivables overdue for more than 60 days.

The measurement of expected credit losses is a function of the probability of default, loss given default (i.e. the magnitude of the loss if there is a default) and the exposure at default. The assessment of the probability of default is based on the risk rating of each client obtained from independent parties, adjusted, if the case with forward-looking information as described above.

As for the exposure at default, for financial assets, this is represented by the assets' gross carrying amount at the reporting date.

The Company's receivables are pledged in full in favour of the financing banks.

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20. SHARE CAPITAL AND RESERVES

	31 December 2024	31 December 2023
Share capital subscribed and paid in full	240,120,036	217,900,036

In June 2024, the EGMS decided to increase the share capital of Teraplast SA by in-kind contrivution by a maximum of RON 22,220,000. The increase was made by issuing 222,200,000 new ordinary shares with a nominal value of RON 0.1/share.

The purpose of the capital increase is to finance the Company's development plans and current needs.

The subscription process consisted of two stages: "The preference period" which took place between 12.08.2024 and 10.09.2024 and "The private placement" which took place between 12.09.2024 and 17.09.2024.

The maximum subscription price was set at RON 0.45/share. Thus, further to the in-kind contribution, the Company registered share premiums of RON 77,770,000.

Shareholding

	31 December 2024		31 December 2023	
	Number of shares	% ownership	Number of shares	% ownership
Goia Dorel	1,124,486,255	46.83	1,020,429,614	46.83
FONDUL DE PENSII ADMINISTRAT PRIVAT NN/NN				
PENSII S.A.F.P.A.P. S.A.	288,531,897	12.02	261,832,007	12.02
FD DE PENS ADMIN PRIV AZT VIITORUL				
TAU/ALLIANZ PP	148,950,968	6.2	135,167,485	6.2
LCS IMOBILIAR SA	86,646,264	3.6	78,628,275	3.6
Other natural and legal persons	752,584,974	31.34	682,942,977	31.34
Total	2,401,200,358	100	2,179,000,358	100

21. RESERVES

The following describes the nature and type of each equity reserve:

Type of reserve	Description and purpose
Legal reserve	Constituted annually from the Company's profit at the rates and within the limits provided by law. In 2024, the limits are 5% applied to the accounting profit up to 20% of the paid-up subscribed capital. At the end of 2024, the Company's reserves had not reached the 20% share of the subscribed capital, which is why in 2024 reserves were set in amount of RON 1,066,077.
Revaluation reserves	Revaluation reserves are constituted from differences resulting from the revaluation of tangible assets. The revaluation reserves are recorded for each type of asset and for each revaluation operation that took place.

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21. RESERVES (continued)

The reserves above can only be distributed according to law.

	Balance at 31 December 2023	Increases	Decreases	Balance at 31 December 2024
Legal reserves	32,640,705	1,066,077	-	33,706,782
Revaluation reserves	12,780,289	5,908,488	4,031	18,684,746
TOTAL	45,420,994	6,974,565	4,031	52,391,528

The changes in reserves in the financial year ended 31 December 2024 are:

	2023	2024
Revaluation reserve at the beginning of the year	12,716,963	12,780,289
Increases during the financial year	-	5,464,472
Decreases during the financial year	-	4,031
Amounts/write-downs transferred from revaluation reserve during the financial year	63,326	444,016
Revaluation reserve at the end of the financial year	12,780,289	18,684,746

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22. LOANS FROM BANKS

The bank loans at 31 December 2024 and 31 December 2023 are as follows:

Financing bank	Type of financing	Origination date	Balance at 31 December 2023	Balance at 31 December 2024	Short term at 31 December 2024	Long term at 31 December 2024	Period
Banca Transilvania	Working capital	07.06.2022	45,450,373	48,596,789	48,596,789	-	12 MONTHS
BCR	Working capital	30.09.2023	35,578,578	31,467,366	31,467,366	-	12 MONTHS
Banca Transilvania	Investments	20.04.2017	1,058,890	-	-	-	84 MONTHS
Banca Transilvania	Investments	07.03.2019	1,225,240	-	-	-	60 MONTHS
Banca Transilvania	Investments	30.03.2020	1,842,183	-	-	-	60 MONTHS
Banca Transilvania	Investments	23.12.2020	8,665,573	4,814,207	4,814,207	-	60 MONTHS
Banca Transilvania	Investments	15.03.2021	11,691,492	7,014,896	4,676,598	2,338,298	60 MONTHS
Banca Transilvania	Investments	28.04.2023	2,857,806	1,905,204	952,602	952,602	60 MONTHS
Banca Transilvania	Investments	09.10.2023	5,159,204	4,127,362	1,031,841	3,095,521	60 MONTHS
Banca Transilvania	Investments	26.03.2024	-	62,046,924	8,882,100	53,164,824	84 MONTHS
Banca Transilvania	Investments	21.05.2024	-	6,039,949	1,064,994	4,974,955	60 MONTHS
Banca Transilvania	Investments	21.05.2024	-	463,736	81,767	381,969	60 MONTHS
TOTAL			113,529,339	166,476,432	101,568,264	64,908,169	

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23. LEASE LIABILITIES

Lease contracts – accounting treatment according to IAS 17

Finance leases

Finance leases relate to motor vehicles and equipment on lease periods of 5 - 6 years. The Company has the option of purchasing equipment for a nominal amount at the end of the contractual periods. The Company's obligations related to financial lease are guaranteed with the lessee's property right over the assets.

At 31 December 2024, the present value of financial lease liabilities was in amount of RON 3,210,281 (31 December 2022: RON 2,629,868). The finance lease liabilities are for vehicles and forklift trucks.

Operating leases

Total operating lease commitments as of 31 December 2024 were RON 11,965,245 (31 December 2023: RON 10,397,128).

Lease contracts – accounting treatment according to IFRS 16

Maturity analysis of lease liabilities at December 31, 2024:

Year 1	3,700,543
Year 2	2,881,392
Year 3	2,046,591
Year 4	1,882,246
Year 5	804,555
Following years	649,918
Total	11,965,245
Non-current	8,264,702
Current	3,700,543

Maturity analysis of lease liabilities at December 31, 2023:

Year 1	2,728,302
Year 2	2,708,785
Year 3	1,740,253
Year 4	1,286,879
Year 5	792,542
Following years	1,140,368
Total	10,397,128
Non-current	7,668,826
Current	2,728,302

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24. EMPLOYEE BENEFIT LIABILITIES

The Company has established a benefits plan through which employees are entitled to receive retirement benefits based on their seniority in the Company, upon reaching retirement age of 65 for men and 61 for women. There are no other post-retirement benefits for employees.

The latest actuarial valuations were performed on September 30, 2024 by Mr. Silviu Matei, a member of the Romanian Actuaries Institute.

The current value of the defined benefit liabilities and the current and past cost of the related services were measured using the projected credit unit method.

The Company's management considered that the values resulting from the report at 31 December 2024 are insignificantly different from the values at 31 December 2023 and decided not to change the already registered provision.

Employee benefits	31 December 2024	31 December 2023
Opening balance	1,580,838	1,580,838
(Decreases) / increases	-	-
Closing balance	1,580,838	1,580,838

The liability is included in the statement of financial position under "Employee benefit liabilities".

25. PROVISIONS

	1 January 2024	Changes		Provision in addition	31 December 2024
		Reversal of provision not used	Reversal of provision used		
Other provisions	516,700	-	-	-	516,700

	1 January 2023	Changes		Provision in addition	31 December 2023
		Reversal of provision not used	Reversal of provision used		
Other provisions	915,011	(398,311)	-	-	516,700

Teraplast SA has set provisions for sundry expenses related to environmental protection and for tax liabilities, being probable certain obligations generated by prior events of the entity.

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26. TRADE AND OTHER PAYABLES

	31 December 2024	31 December 2023
Trade payables	80,869,650	70,402,492
Trade notes payable	-	29,090
Liabilities from the purchase of non-current assets	8,474,383	8,945,831
Contractual payables	973,858	419,268
Other payables	<u>15,679,298</u>	<u>10,404,518</u>
Total	<u>105,997,189</u>	<u>90,201,199</u>

Contractual liabilities reflect the Company's obligation of transferring goods or services to a client from which it has received the counter value of the good/service or from which the amount due is outstanding.

Long-term payables for non-current assets of RON 5,488,222 at 31 December 2024 (31 December 2023: RON 6,907,640) represent the debt to E.On for the solar cells.

Other payables

	31 December 2024	31 December 2023
Salary-related payables to employees and social security payables	10,417,386	10,223,615
VAT payable	1,899,437	-
Sundry creditors	3,217,690	2,983
Dividends payable	-	45,550
Commercial guarantees received	-	71,655
Other taxes payable	<u>144,785</u>	<u>60,715</u>
Total	<u>15,679,298</u>	<u>10,404,518</u>

27. FINANCIAL INSTRUMENTS

In the normal course of business, the Company has exposure to a variety of financial risks, including foreign currency risk, interest rate risk, liquidity risk and credit risk, market risk, geographic risk, but also operating risks and legal risks. The Company's focus is to understand these risks and to put in place policies that minimize the economic impact of an adverse event on the Company's performance. Meetings are held on a regular basis to review the result of the risk assessment, approve recommended risk management strategies and monitor the effectiveness of such policies.

The main objectives of the financial risk management activity are to determine the risk limits and then to ensure that the exposure to risks is maintained between these limits. The management of operating and legal risks is aimed at guaranteeing the good functioning of the internal policies and procedures for minimizing operating and legal risks.

The Company measures trade receivable and other financial assets at amortized cost.

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27. FINANCIAL INSTRUMENTS (continued)

Financial assets	Amortised cost 31 December 2024	Amortised cost 31 December 2023
Non-current		
Long term receivable	44,379,456	29,846,773
Other financial instruments measured at amortized cost	15,400	15,400
Current		
Trade receivable	169,767,916	173,198,978
Cash	5,380,082	1,077,764
Prepayment	694,474	707,664

(a) Capital risks management

The Company manages its capital to ensure that the entities within the Company will be able to continue their activity and, at the same time, maximize revenues for the shareholders, by optimizing the balance of liabilities and equity.

The structure of the Company capital consists in debts, which include the loans detailed in Note 21, the cash and cash equivalents and the equity attributable to equity holders of the parent Group. Equity includes the share capital, reserves and retained earnings.

Managing the Company's risks also includes a regular analysis of the capital structure. As part of the same analysis, management considers the cost of capital and the risks associated to each class of capital. Based on the management recommendations, the Company may balance its general capital structure through the payment of dividends, by issuing new shares and repurchasing shares, as well as by contracting new liabilities and settling the existing ones.

Just as other industry representatives, the Company monitors the capital based on the gearing ratio. This ratio is calculated as net debt divided by total capital. The net debt is represented by the total loans (including long-term and short-term loans as detailed on the balance sheet) less the cash and cash equivalents. Total capital represents "equity", as detailed on the balance sheet plus the net debt.

The gearing ratio as at 31 December 2024 and 2023 was as follows:

	2024	2023
Total loans	166,476,433	113,529,338
Cash	(5,380,802)	(1,077,764)
Net debt	<u>161,096,351</u>	<u>112,451,574</u>
Total equity	<u>467,979,930</u>	<u>343,321,569</u>
Total equity and net debt	<u>629,076,281</u>	<u>455,773,143</u>
Gearing ratio	<u>25.61%</u>	<u>24.67%</u>

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27. FINANCIAL INSTRUMENTS (continued)

(b) Summary of significant accounting policies

The details on the main accounting policies and methods adopted, including the recognition criteria, measurement basis and revenue and expenses recognition basis, concerning each class of financial assets, financial liabilities and capital instruments are presented in Note 2 to the financial statements.

(c) Objectives of the financial risk management

The treasury department of the Company provides services needed for the activity, coordinates the access to the national financial market, monitors and manages the financial risks related to the Group operations by way of reports on the internal risks, which analyse the exposure to and extent of the risks. These risks include the market risk (including the foreign currency risk, fair value interest rate risk and the price risk), credit risk, liquidity risk and cash flow interest rate risk.

(d) Market risk

The Company's activities expose it primarily to the financial risks related to the fluctuation of the exchange rates (see (d) below) and of the interest rate (see [f] below).

The Company management continuously monitors its exposure to risks. However, the use of this approach does not protect the Company from the occurrence of potential losses beyond the foreseeable limits in case of significant fluctuations on the market. There was no change from the prior year in relation to the Company exposure to the market risks or to how the Company manages and measures its risks.

(e) Foreign currency risk management

There are two types of foreign currency risk to which the Company is exposed, namely transaction risk and translation risk. The objective of the Company's foreign currency risk management strategy is to manage and control market risk exposures within acceptable parameters.

Transaction risk

This arises because operating units have input costs or sales in currencies other than their functional currencies. In addition, where operating entities carry monetary assets and liabilities at year end denominated other than in their functional currency, their translation at the year-end rates of exchange into their functional currency will give rise to foreign currency gains and losses. The exposures to the exchange rate are managed according to the approved policies.

The table below details the Company sensitivity to a 10% increase and decrease of EUR against RON. 10% is the sensitivity rate used when the internal reporting on the foreign currency risk to the Company is done and it represents the management estimate on the reasonably possible changes in exchange rates. The sensitivity analysis only includes the remaining foreign currency expressed in monetary items and adjusts the conversion at the end of the period for a 10% change in exchange rates. In the table below, a negative value indicates a decrease in profit when the RON depreciates by 10% against the EUR. A 10% strengthening of the RON against the EUR will have an equal opposite impact on profit and other equity, and the balances below will be positive. The changes will be attributable to the exposure related to the loans, trade receivables and payables with foreign partners, and denominated in EUR at the end of the year.

Sensitivity analysis for primary currency risk

	31 December 2024		31 December 2023	
	RON	RON	RON	RON
Profit or (loss)	-5,681,063	5,681,063	-3,313,252	3,313,252

The Company obtains revenues in EUR based on the contracts signed with foreign clients.

27. FINANCIAL INSTRUMENTS (continued)

(f) Interest rate risk management

The interest-bearing assets of the Company, the revenues, and the cash flows from operating activities are exposed to the fluctuations of market interest rates. The Company's interest rate risk relates to its bank loans. The loans with variable interest rate, expose the Company to the cash flow interest rate risk due to fluctuation of ROBOR for the other loans with variable interest rate.

The Company continuously monitors its exposure to the interest rate risk. These include simulating various scenarios, including the refinancing, discounting current positions, financing alternatives. Based on these scenarios, the Company estimates the potential impact of determined fluctuations in the interest rate on the profit and loss account. For each simulation, the same interest rate fluctuation is used for all models. These scenarios are only prepared for the debts representing the main interest-bearing positions.

The Company is exposed to the interest rate risk taking into account that the Company entities borrow funds both at fixed, and at floating interest rates. The risk is managed by the Company by maintaining a optimal balance between fixed rate and floating rate interest loans.

(g) Other price risks

The Company is not exposed to the equity price risks arising from equity investments. The financial investments are held for strategic purposes rather than commercial ones and are not significant. The Company does not actively trade these investments.

(h) Credit risk management

The Company has adopted a policy of performing transactions with trustworthy parties, parties that have been assessed in respect of the credit quality, taking into account its financial position, past experience and other factors, and additionally, obtaining guarantees or advance payments, if applicable, as a means of decreasing the financial losses caused by breaches of contracts. The Company exposure and the credit ratings of third parties to contracts are monitored by the management.

The Company's maximum exposure to credit risk is represented by the carrying value of each financial asset. The credit risk relates to the risk that a counterparty will not meet its obligations causing financial losses to the Company.

Trade receivables are from a high number of clients from different industries and geographical areas. The permanent credit assessment is performed in relation to the clients' financial condition and, when appropriate, a credit insurance is concluded.

The Company has policies limiting the value of the exposure for any financial institution.

The carrying amount of receivables, net of the provision for receivables, plus the cash and cash equivalents, are the maximum amount exposed to the credit risk. Although the receivable collection could be influenced by economic factors, the management considers there is no significant loss risk for the Company, beyond the provisions already recorded.

The Company considers the exposure to the credit risk in relation to a counterparty or a group of similar counterparties by analysing the receivables individually and making impairment adjustments. The Company had more than four thousand clients in 2019, with the highest exposure on one client not exceeding 3%.

(i) Liquidity risk management

The Company manages the liquidity risks by maintaining appropriate reserves, bank facilities and reserve loan facilities, by continuously monitoring actual cash flows and by correlating the maturity profiles of financial assets and liabilities. Each Group company prepares annual and short term cash flows (weekly, monthly and quarterly). Financing needs for working capital are determined and contracted based on the budgeted cash flows. Investments projects are approved only with a concrete financing plan.

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27. FINANCIAL INSTRUMENTS (continued)

(j) Fair value of financial instruments

The financial instruments disclosed on the statement of financial position include trade and other receivables, cash and cash equivalents, short and long-term loans and other debts. The carrying amounts represent the maximum exposure of the Company to the credit risk related to the existing receivables.

Financial liabilities are at their carrying amount which is an approximation to their fair value, due to the fact that the liabilities are at variable interest rates and there are no material initial fees and charges amortized over time.

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27. FINANCIAL INSTRUMENTS (continued)

Tables on liquidity and interest rate risks

The tables below detail the dates remaining until the maturity of the Company's financial liabilities.

The tables were prepared based on the undiscounted cash flows of the financial liabilities at the nearest date when is possible for the Company to be requested to pay. The table includes both the interest and the cash flows related to the capital.

2024

	<u>less than 1 month</u>	<u>1-3 months</u>	<u>3 months - 1 year</u>	<u>1-3 years</u>	<u>3 - 5 years</u>	<u>more than 5 years</u>	<u>Total</u>
Non-interest bearing							
Trade receivables and other liabilities	(86,882,429)	(7,812,464)	(3,342,923)	(4,820,944)	(2,349,792)	(788,638)	(105,997,190)
Interest-bearing instruments							
Short and long-term loans	(80,372,003)	(4,671,671)	(21,009,946)	(35,149,580)	(26,742,830)	(13,306,854)	(181,252,884)
Future interest on loans	(43,853)	(1,326,238)	(3,626,739)	(5,981,795)	(2,712,591)	(452,942)	(14,144,158)
Non-interest bearing							
Cash and cash equivalents	5,380,082	-	-	-	-	-	5,380,082
Receivable	147,927,300	30,494,262	4,540,356	34,340,305	2,018,040	8,021,111	227,341,373

Within the net cash outflows presented for less than a month the Company has presented the credit lines, which are, by nature, short term. However, the credit lines are daily revolving and have been renewed from year to year. The Company is under no constrain regarding the repayment of the credit lines within a month, and is confident that they will be continued to be used. Thus, the Company is confident that it will remain solvent and to pay their liabilities on term.

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27. FINANCIAL INSTRUMENTS (continued)

2023

	<u>less than 1 month</u>	<u>1-3 months</u>	<u>3 months - 1 year</u>	<u>1-3 years</u>	<u>3 - 5 years</u>	<u>more than 5 years</u>	<u>Total</u>
Non-interest bearing							
Trade receivables and other liabilities	(45,010,154)	(32,214,215)	(5,375,046)	(3,355,254)	(2,349,792)	(1,963,534)	(90,267,995)
Interest-bearing instruments							
Short and long-term loans	(476,685)	(5,252,104)	(93,369,144)	(21,251,580)	(4,965,274)	(1,140,368)	(126,455,154)
Future interest on loans	(71,890)	(752,416)	(1,763,896)	(1,863,522)	(452,179)	(57,309)	(4,961,210)
Non-interest bearing							
Cash and cash equivalents	1,077,764	-	-	-	-	-	1,077,764
Receivable	119,452,711	65,123,294	3,281,405	1,193,044	24,352,708	4,301,023	217,704,184

TERAPLAST SA
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(all amounts are expressed in Romanian Lei ("RON"), unless otherwise stated)

28. REALTED PARTY TRANSACTIONS

The related and affiliated entities of the Company are as follows:

31 December 2024

Subsidiaries

- Teraglass Bistrita SRL
- TeraPlast Recycling SA
- TeraBio Pack Srl
- Somplast SA
- Teraplast Magyarország KFT
- Teraverde Carbon SRL
- Palplast SRL
- Optiplast D.o.o.
- WF Kunststoff Handels GmbH
- Wolfgang Freiler GmbH & Co KG
- Itraco GmbH
- Polytech Industrie Kft
- Sörgyári Ipari Park Kft
- Pro-Moulding Kft

Related parties (common shareholding/decision-makers)

- ACI Cluj SA
- Hermes SA
- Info Sport SRL
- Ischia Activholding SRL
- Ischia Invest SRL
- La Casa Ristorante Pizzeria Pane Dolce SRL
- New Croco Pizzeria SRL
- Parc SA
- Primcom SA
- Sens Unic Imobiliare SRL
- Alpha Quest Tech SRL
- Fort SA – member of group Bittnet Systems SA
- Bittnet Systems SA group
- Compa SA
- Magazin Universal Maramures SA
- LCS Imobiliar SA
- Libra Internet Bank

31 December 2023

Subsidiaries

- Teraglass Bistrita SRL
 - TeraPlast Recycling SA
 - TeraBio Pack SRL
 - Somplast SA
 - Teraplast Magyarország KFT
 - TeraGreen Compound SRL
 - Teraverde Carbon SRL
-

TERAPLAST SA
NOTES TO THE SEPARATE FINANCIAL STATEMENTS
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(all amounts are expressed in Romanian Lei ("RON"), unless otherwise stated)

28. REALTED PARTY TRANSACTIONS (continued)

Related parties (common shareholding/decision-makers)

- ACI Cluj SA
- Hermes SA
- Info Sport SRL
- Ischia Activholding SRL
- Ischia Invest SRL
- La Casa Ristorante Pizzeria Pane Dolce SRL
- New Croco Pizzerie SRL
- Parc SA
- Primcom SA
- Sens Unic Imobiliare SRL
- Alpha Quest Tech SRL
- Fort SA – member of group Bittnet Systems SA
- Bittnet Systems SA group
- Compa SA
- Libra Internet Bank

	Financial year ended 31 December 2024	Financial year ended 31 December 2023
Transactions and balances with other related parties		
Sales of goods and services	25,071	66,677
Purchases of goods and services	25,322	71,938
Debit balances	6,721	6,090
Credit balances	-	7,559

	Financial year ended 31 December 2024	Financial year ended 31 December 2023
Transactions and balances with subsidiaries		
Sales of goods and services	37,916,608	9,629,003
Re-invoice	11,987,703	7,957,990
Purchases of goods and services	37,163,998	27,393,978
Purchases of fixed assets	21,246	113,831
Debit balances current activity	27,179,804	41,903,611
Credit balances current activity	1,914,493	27,293
Affiliates borrowing balance	43,231,174	29,648,782

During 2024 and 2023, the Company did not have transactions with key management personnel or shareholders.

At 31 December 2024, the RON 43,231,174 (2023: RON 29,648,782) includes the loans granted and the interest calculated to TeraBio Pack SRL (RON 19,969,471), Teraglass Bistrita SRL (RON 2,800,000), TERAPLAST MAGYARORSZÁG KFT (RON 533,746), Teragreen Compound SRL (RON 5,883,087) and Teraverde Carbon SRL (RON 246,153), Somplast SA (RON 1,484,633), Teraplast Recycling SA (RON 10,259,371) and Itraco GmbH (RON 2,054,714).

TERAPLAST SA
NOTES TO THE SEPARATE FINANCIAL STATEMENTS
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(all amounts are expressed in Romanian Lei ("RON"), unless otherwise stated)

29. CASH AND CASH EQUIVALENTS

Cash

For cash flow statement purposes, the cash include cash on hand and in current bank accounts. The carrying amount of these assets is approximately equal to their fair value.

Cash and cash equivalents at financial year end, as disclosed on the cash flow statement, may be reconciled with the items related to the accounting balance sheet, as follows:

	31 December 2024	31 December 2023
Cash at banks	5,313,260	1,362,991
Cash on hand	2,659	35,102
Cash equivalents	64,163	(320,329)
Total cash and cash equivalents	5,380,802	1,077,764

The Company's cash and cash equivalents are pledged in favour of financing banks.

30. COMMITMENTS AND CONTINGENT LIABILITIES

Unused credit facilities

At 31 December 2024, the Company registers unused credit facilities in amount of RON 30,206,098 (31 December 2023: RON 23,380,080) and the value of investment loans unused was RON 24,673,675 (at 31 December 2023 it did not register unused investment loans).

Guarantees for bank loans

At 31 December 2024, tangible assets and investment properties with a net book value of RON 122,597,264 (31 December 2023: RON 106,034,674) constitute collateral for loans and credit lines. For loans from banks, the Company guaranteed all present and future cash, all present and future stocks of goods and products and assigned present and future receivables, as well as their accessories, from current and future contracts with customers, which act as assigned debtors. Also, the Company assigned the rights resulting from the issued insurance policies having as object the properties and the movable goods brought as collateral.

Investments in the manufacturing of fireproof compounds and indoor sewage – project value RON 30,381,878

The project of TeraPlast SA created a new product in the field of compounds and led to the equipment of a line that extends the production capacity of polypropylene systems. The investment was entirely put into operation in December 2019. The State aid for this investment, in amount of RON 14,427,981, was fully cashed in 2019 – 2020. The monitoring period, at the end of which TeraPlast must return to the State budget the value of the State aid in the form of taxes from the investment, ends in 2025.

Increase of production capacity for PVC pipes and fittings – project value: RON 42,479,590

TeraPlast SA extended the production capacity within the existing site for certain categories of products in the current manufacturing of the company, namely fittings (PP and PVC), PE pipes and PVC pipes, by making investments in the construction of new buildings and purchase of equipment. The investment was entirely put into operation in November 2022.

At December 31, 2022 the Company received the State aid in amount of RON 15,675,695. In December 2022, the Company filed the first application for reimbursement in amount of RON 3,301,044, which was disbursed in March 2023. The monitoring period, at the end of which TeraPlast must return to the State budget the value of the State aid in the form of taxes from the investment, ends in 2027.

30. COMMITMENTS AND CONTINGENT LIABILITIES (continued)

Polyethylene installations plant – project value: RON 56,213,412

TeraPlast SA invested in a new production unit for the manufacture of plastic products on the product segments representing PE pipes and rotationally molded products (PE), by making investments in new buildings and equipment.

The investment was entirely put into operation in December 2022. At December 31, 2022 the Company received State aid in amount of RON 11,583,440. The last application for reimbursement in amount of RON 12,385,006 was filed and disbursed in September 2023. The monitoring period, at the end of which TeraPlast must return to the State budget the value of the State aid in the form of taxes from the investment, ends in 2027.

Set-up of new solar-sourced electricity production unit, with integrated storage equipment, for the consumption of TeraPlast SA – project value: RON 19,261,720

On 18.03.2023 TeraPlast SA signed the contract with the Ministry of Energy for the project entitled „Set-up of new solar-sourced electricity production unit, with integrated storage equipment, for the consumption of TeraPlast SA”. In this sense, the company will receive a State aid in amount of RON 5,452,801. At 31 December 2024 there were not payment applications submitted, therefore, the company did not collect any amounts under this project.

Potential tax liabilities

In Romania, there are several agencies authorized to perform controls (audits). These controls are similar in nature to the tax inspections performed by the tax authorities in many countries, but they may cover not only tax matters, but also legal and regulatory matters, the concerned agency may be interested in. The Company is likely to be occasionally subject to such controls for breaches or alleged breaches of the new and existing laws and regulations. Although the Company may challenge the alleged breaches and related penalties when the management considers they are entitled to take such action, the adoption or implementation of laws and regulations in Romania could have a significant impact on the Company. The Romanian tax system is under continuous development, being subject to constant interpretations and changes, sometimes retrospectively applied. The statute of limitation for tax periods is 5 years. The Company’s administrators are of the view that the tax liabilities of the Company have been calculated and recorded according to the legal provisions.

Environmental matters

The main activity of the group companies have inherent effects on the environment. The environmental effects of the Company’s activities are monitored by the local authorities and by the management. As a result, no provisions were set for any kind of potential obligations currently unquantifiable in relation to environmental matters or actions for their remedy.

Transfer pricing

The Romanian fiscal legislation includes the “arm’s length” principle, according to which inter-company transactions should be performed at market value. Local taxpayers that perform inter-company transactions should prepare and submit the transfer pricing file with the Romanian tax authorities, upon written request of the latter. Failure to submit the transfer pricing documentation file or submission of an incomplete file may lead to penalties for non-compliance; in addition to the contents of the transfer pricing documentation file, the tax authorities may interpret the transactions and circumstances in a manner different than that of the company and, as a result, they may determine additional fiscal obligations resulting from transfer pricing adjustments. The Company management considers they will not record losses in the case of a fiscal review of transfer pricing. However, the impact of a different interpretation from the tax authorities cannot be reliably measured. It could be significant for the Company’s financial position and / or operations.

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31. SUBSIDIES FOR INVESTMENTS

	<u>2024</u>	<u>2023</u>
At 1 January	47,200,047	36,448,882
Additions of subsidies during the reporting period	990,000	15,686,048
Transferred to separate statement of comprehensive income	(4,661,028)	(4,934,882)
At 31 December	43,529,019	47,200,047
Current	38,799,069	42,556,574
Non-current	4,729,950	4,643,473

Subsidies for investments refer to non-reimbursable funds for investments made by the Company for production equipment and personal protective equipment. There are no unfulfilled conditions or other contingencies associated with such subsidies.

At 31 December 2024, the total value of outstanding subsidies is RON 43,529,019 (2023: RON 47,200,047) recognised as deferred income in the balance sheet and transferred to the statement of comprehensive income on a systematic and rational basis, throughout the lifetime of the related assets.

32. SUBSEQUENT EVENTS

By BoA Decision no. 1 of 13 January 2025, the company decided to grant a loan of EUR 7,564,869 to subsidiary Polytech Industrie Kft, in order to pay the assets acquired from Wavin Hungary. The interest is calculate at 1.3% + Euribor, and the loan is due on 31 December 2029, with a 6-month grace period until 30 June 2025.

TeraPlast SA announces the acquisition of the 51% majority stake in Aquatica Experience Group (AEG), an integrated engineering player, which offers water treatment, cleaning and management including by using digital components. With this strategy, TeraPlast extends its portfolio and takes an important step in moving from being a producer of clean and used water transport solutions to being an end-to-end supplier of integrated water management solutions.

The transfer will become effective after fulfilling the conditions precedent and obtaining the necessary permits. At the time of the transfer, TeraPlast will pay EUR 2 million to the sellers. In addition, TeraPlast will support the growth of the business of new subsidiary AEG through an EUR 1.5 million loan. The final amount of the acquisition will be determined based on the financial statements of AEG at 31 December 2025, using the agreed 5 x EBITDA formula, with the necessary adjustments (cash, working capital, liabilities).

Declaration of management

We confirm to the best of our knowledge that the preliminary and unaudited financial statements give a true and fair view of the assets, liabilities, financial position, and profit or loss of the Company as required by the applicable accounting standards and that the financial statements of the TeraPlast give a true and fair view of the development and performance of the business and the position of the Company together with a description of the principal risks and uncertainties that the Company faces.

Signed and approved:

28 March 2025
Board of Administration

ALEXANDRU STANEAN
 CEO

BOGDAN CRACIUNAS
 CFO

Corporate Governance Statement

Principle	Provision	Compliant / Non-compliant	Comment
A1	All companies should have internal regulation of the Board which includes terms of reference/responsibilities for Board and key management functions of the company, applying, among others, the General Principles of Section A.	Compliant	
A2	Provisions for the management of conflict of interest should be included in Board regulation. In any event, members of the Board should notify the Board of any conflicts of interest which have arisen or may arise, and should refrain from taking part in the discussion (including by not being present where this does not render the meeting non-quorate) and from voting on the adoption of a resolution on the issue which gives rise to such conflict of interest.	Compliant	
A3	The Board of Directors or the Supervisory Board should have at least five members.	Compliant	
A4	Most Board members shall not have an executive function. In the case of companies in the Premium Category, no less than two non-executive members of the Board shall be independent. Each independent Board member shall issue a statement at the time of nomination thereof for election or re-election, and whenever any change arises in the status thereof, indicating the elements on the basis of which the same is to be deemed independent in terms of character and judgment.	Compliant	
A5	Any other relatively permanent professional commitments and obligations of a member of the Board, including executive and non-executive positions in the Board of companies and non-profit institutions, shall be disclosed to the shareholders and prospective investors prior to nomination and during the term of office thereof.	Compliant	
A6	Any member of the Board shall present the Board with information on any relation with a shareholder holding, either directly or indirectly, shares representing more than 5% of all voting rights.	Compliant	
A7	The Company shall appoint a Secretary of the Board to be in charge of supporting the activity of the Board.	Compliant	
A8	The Corporate Governance Statement shall stipulate whether a Board assessment has taken place under the direction of either the Chairperson or the Nomination Committee and, if so, shall summarize the key measures and the resulting changes. The Company shall have a policy/guide regarding Board assessment, including the purpose, criteria and frequency of the assessment process.	Compliant	
A9	The Corporate Governance Statement shall contain information on the number of Board and Committee meetings over the past year, the participation of the directors (in person and in default) and a Report by the Board and Committees on their activities.	Compliant	The TeraPlast Board of Directors meets at least once every three months in accordance with the Articles of Incorporation. In 2024, the Board met physically 11 times (with full attendance), held 6 meetings of the Audit Committee (with full attendance), 5 meetings

Principle	Provision	Compliant / Non-compliant	Comment
			of the Nomination and Remuneration Committee (with full attendance), and 6 meetings of the International Development Committee (with full attendance). In addition to physical meetings, the TeraPlast Board of Directors also convenes online whenever necessary.
A10	The Corporate Governance Statement shall include information on the exact number of independent members of the Board.	Compliant	
A11	The Board of companies in the Premium Category shall set up a Nomination Committee, consisting of non-executive members, to direct the nomination of any new Board members and to submit recommendations to the Board. Most members of the Nomination Committee shall be independent.	Compliant	TRP is Standard Category, but has a Nomination and Remuneration Committee.
B1	The Board shall set up an Audit Committee, in which at least one member shall be independent and non-executive. Most members, including the Chair, shall have proven appropriate qualification relevant to the functions and responsibilities of the Committee. At least one member of the Audit Committee shall have proven adequate experience in auditing or accounting. In the case of companies in the Premium Category, the Audit Committee shall consist of at least three members and most members of the Audit Committee shall be independent.	Compliant	
B2	The Chair of the Audit Committee shall be an independent non-executive member.	Compliant	
B3	As part of its responsibilities, the Audit Committee shall carry out an annual assessment of the internal control system	Compliant	
B4	The assessment shall take into account the effectiveness and scope of the internal audit function, the adequacy of the risk management and internal control reports submitted to the Board Audit Committee, the promptness and effectiveness with which the executive management addresses any deficiencies or weaknesses identified as a result of the internal control and the submission of relevant reports to the Board.	Compliant	
B5	The Audit Committee shall assess any conflicts of interest in connection with the transactions of the Company and its subsidiaries with related parties.	Compliant	
B6	The Audit Committee shall assess the effectiveness of the internal control and risk management systems.	Compliant	
B7	The Audit Committee shall monitor the application of the legal standards and generally accepted internal audit standards. The Audit Committee shall receive and assess the reports of the internal audit team.	Compliant	

Principle	Provision	Compliant / Non-compliant	Comment
B8	Whenever the Code mentions reports or analyses initiated by the Audit Committee, these shall be followed by regular reports (at least annual reports) or ad hoc reports to be subsequently submitted to the Board.	Compliant	
B9	No shareholder may be granted preferential treatment over other shareholders in connection with transactions and agreements entered into by the Company with the shareholders and affiliates thereof.	Compliant	
B10	The Board shall adopt a policy to ensure that any transaction of the Company with any of the companies with which it has close ties, whose value is equal to or greater than 5% of the Company net assets (according to the latest financial report), is approved by the Board following a binding opinion of the Board Audit Committee and is properly disclosed to the shareholders and prospective investors to the extent that such transactions fall within the category of events subject to reporting requirements.	Compliant	
B11	Internal audits shall be performed by a structurally separate division (the Internal Audit Department) within the Company or by hiring an independent third party.	Compliant	
B12	In order to ensure the fulfilment of the primary functions of the Internal Audit Department, functionally speaking, it shall report to the Board by means of the Audit Committee. For administrative purposes and as part of the responsibilities of the management to monitor and reduce risks, it shall report directly to the Chief Executive Officer.	Compliant	
C1	The Company shall publish the Remuneration Policy on its website and shall include a statement on the implementation of the Remuneration Policy in the Annual Report during the annual period under review. Any key change in the Remuneration Policy shall be published on the Company website in a timely manner.	Compliant	The Sustainability statement in the Board of Directors' Report includes references and details on the remuneration policy and remuneration report, both public on the company website.
D1	The Company shall organize an Investor Relations Service - indicating to the general public the officer(s) in charge or the relevant organizational unit. In addition to the information required by law, the Company shall include on its website a section dedicated to Investor Relations, in both Romanian and English, with all the relevant information of interest to investors, including: The main corporate regulations: Articles of Association, the procedures regarding the General Shareholders' Meeting (GMS); The professional CVs for the members of the Company management bodies, other professional commitments of the Board members, including executive and nonexecutive positions in the Boards of Directors of companies or non-profit institutions; Current and regular reports (quarterly, half-yearly and annual); Information on the GMS; Information on the corporate events; The name and contact details of a person who can provide relevant information, on request; Company presentations (e.g., investor presentations, quarterly result presentations, etc.), financial statements (quarterly, half-yearly, annual), Audit Reports, and Annual Reports.	Compliant	

Principle	Provision	Compliant / Non-compliant	Comment
D2	The Company shall have a policy on the annual distribution of dividends or other benefits to the shareholders. The principles of the policy of annual distribution to the shareholders shall be published on the Company website.	Compliant	
D3	The Company shall adopt a policy regarding forecasts, whether they are made public or not. Forecasts mean quantified conclusions of various studies aimed at determining the overall impact of a number of factors for a future period (the so-called assumptions): by its nature, a forecast has a high level of uncertainty, and the actual results can vary significantly from the original forecasts. The Forecast Policy shall determine the frequency, period considered and content of the forecasts. If published, the forecasts may only be included in the annual, half-yearly or quarterly reports. The Forecast Policy shall be published on the Company website.	Compliant	
D4	The rules of the GMS not limit the participation of shareholders in the general meetings or the exercise of their rights. Any amendments to these rules take effect, at the earliest, starting with the next GMS.	Compliant	
D5	Independent financial auditors shall be present at the GMS when their reports are presented at these meetings.	Compliant	
D6	The Board should present to the annual general meeting of shareholders a brief assessment of the internal controls and significant risk management system, as well as opinions on issues subject to resolution at the general meeting.	Compliant	
D7	Any specialist, consultant, expert, or financial analyst may take part in Shareholders' Meetings on the basis of a prior invitation from the Chairperson of the Board. Accredited journalists may also attend GMS, unless otherwise decided by the Chairperson of the Board.	Compliant	
D8	The quarterly and half-yearly financial reports shall include information in both Romanian and English on the key factors that influence change in terms of sales levels, operating profit, net profit and other relevant financial indicators, from one quarter to the next, and from one year to the next.	Compliant	
D9	A Company shall hold at least two meetings/teleconferences with analysts and investors each year. The information presented on these occasions shall be published in the Investor Relations section of the Company website at the time of the meetings/teleconferences.	Compliant	
D10	If a Company supports various forms of artistic and cultural expression, sporting, educational or scientific activities and deems their impact on the Company innovation and competitiveness to be part of its mission and development strategy, it will publish its policy on its activity in this field.	Non-compliant	Policy currently being drawn up.