

TeraPlast dividend policy

The dividend policy of TeraPlast SA (the Company) lays down the guiding principles based on which the Board of Directors makes proposals for the distribution of dividends to the company's shareholders.

A. TeraPlast's dividend policy is based on the following general principles:

- The policy complies with the legislative and regulatory framework enforceable on the Romanian capital market and is complementary to the provisions of the Memorandum of Association and the Corporate Governance Statute of TeraPlast SA.
- The policy does not entail the obligation of the Board of Directors to recommend dividends if this decision is not in favour of the development of the company and its subsidiaries or if there are legal restrictions of a supervisory authority with competence on the Romanian capital market.
- The policy does not exclude the capitalization of undistributed earnings by increasing the share capital, respectively the distribution of free shares.
- Considering that TeraPlast SA is a growth-oriented company, the priority of the Board of Directors and the management team will be to direct the net profit first to investment projects (capex), and secondly to analyse the dividend opportunity according to the financial position and the prospects of the company.

B. Basis of the Board of Director's analysis prior to a potential dividend distribution proposal:

- The economic and financial performance of the company and the degree of indebtedness;
- The Company's investment needs and opportunities, which may include both extensions of available production capacities and the development of new products in the portfolio or M&A activity;
- The macroeconomic context that has the potential to influence in one way or another the activity, and/or the company's performance;
- The market context that can influence to some extent the company's operational activity;
- Legislative environment regarding potential provisions and/or restrictions that may affect either the ability to distribute dividends or the company's operational activity;

- The dividend yield compared to the market average, and the degree to which it complies with the expectations and desires of the company's shareholders at that time;
- Possible one-off events that may generate an exceptional net profit or may determine the decision to direct the profit towards supporting the company's development business.

C. The proposal / Recommendation for the distribution of dividends is made by the Board of Directors and submitted for the approval of the General Meeting of Shareholders, based on the agenda of the GMS convening notice, together with:

- The report containing the audited financial statements for the period related to the recording of the net profit proposed for distribution (annual or interim);
- The amount of the gross dividend to be distributed to shareholders;
- Ex-date and Date of registration based on which the shareholders entitled to receive dividends are identified;
- The date of payment of the dividends, which shall not exceed 6 months from the date of approval of their distribution.

The dividend distribution proposal, as well as other related documents, if required, are published on the company's website dedicated to investors, within the General Meeting of Shareholders section.

Dividends shall only be distributed to shareholders after being approved by the General Meeting of Shareholders, proportional to their share in the share capital. Each share held gives shareholders the equal right to receive the established dividend per share. The company shall publish the dividend payment procedure and shall ensure its publication on the platform of the Bucharest Stock Exchange (TRP symbol) and on its own website to provide the shareholders' unitary access to information.

The company's financial year begins on January 1st and ends on December 31st.

Alexandru Stanean

CEO TeraPlast