



*Translation for information purposes only*

## **VRANCART S.A. PRELIMINARY CONSOLIDATED FINANCIAL RESULTS**

For the financial year ended on  
December 31<sup>st</sup>, 2023

Note:

The preliminary financial results presented in this document are consolidated results and are reported in accordance with the Order of the Minister of Public Finance No. 2844/2016 as amended, which is in accordance with the International Financial Reporting Standards (IFRS) as adopted by the European Union.

The preliminary consolidated financial results are unaudited as this process is ongoing. As a result, the final and audited financial statements for 2023 may differ from these.

The functional and presentation currency is the Romanian Leu (RON).

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Vrancart S.A.

## Consolidated statement of financial position

as at December 31<sup>st</sup>, 2023

(all amounts in RON, unless otherwise stated)

|  | December 31 <sup>st</sup> ,<br>2023 | December 31 <sup>st</sup> ,<br>2022 |
|--|-------------------------------------|-------------------------------------|
| <b>ASSETS</b>                                  |                                     |                                     |
| Tangible assets                                | 574.832.430                         | 462.255.996                         |
| Intangible assets                              | 3.785.076                           | 5.114.021                           |
| Financial assets                               | 32.403                              | 33.718                              |
| Goodwill                                       | 8.526.391                           | 8.526.391                           |
| <b>Total non-current assets</b>                | <b>587.176.300</b>                  | <b>475.930.126</b>                  |
| Inventories                                    | 76.630.055                          | 81.370.713                          |
| Assets held for sale                           | 19.725.761                          | -                                   |
| Trade receivables                              | 75.600.420                          | 106.140.798                         |
| Prepaid expenses                               | 941.542                             | 4.483.704                           |
| Other receivables                              | 10.526.706                          | 15.627.368                          |
| Restricted cash                                | 113.275                             | 1.881.991                           |
| Cash and cash equivalents                      | 2.823.520                           | 3.563.830                           |
| <b>Total current assets</b>                    | <b>186.361.279</b>                  | <b>213.068.404</b>                  |
| <b>TOTAL ASSETS</b>                            | <b>773.537.579</b>                  | <b>688.998.530</b>                  |
| <b>EQUITY</b>                                  |                                     |                                     |
| Share capital                                  | 169.121.665                         | 120.338.551                         |
| Reserves                                       | 174.363.622                         | 176.252.881                         |
| Retained earnings                              | 14.028.879                          | 18.783.273                          |
| <b>Total equity – Parent-company</b>           | <b>357.514.166</b>                  | <b>315.374.705</b>                  |
| Non-controlling interests                      | (3.757)                             | (3.114)                             |
| <b>Total equity</b>                            | <b>357.510.409</b>                  | <b>315.371.591</b>                  |
| <b>LIABILITIES</b>                             |                                     |                                     |
| Long-term loans                                | 140.056.372                         | 125.981.209                         |
| Long-term liabilities under leasing agreements | 21.333.018                          | 16.346.044                          |
| Long-term loans from bond issues               | -                                   | 38.164.800                          |
| Deferred income                                | 13.137.193                          | 11.735.050                          |
| Long-term debts to employees                   | 444.379                             | 440.169                             |
| Debts related to deferred profit tax           | 13.610.669                          | 14.766.201                          |
| Other long-term liabilities                    | 492.830                             | 188.422                             |
| <b>Total long-term liabilities</b>             | <b>189.074.461</b>                  | <b>207.621.895</b>                  |
| Short-term trade liabilities                   | 57.577.273                          | 70.804.082                          |
| Short-term loans                               | 105.311.662                         | 68.541.291                          |
| Short-term loans under leasing agreements      | 9.320.959                           | 7.718.425                           |
| Short-term loans from bond issues              | 38.250.000                          | -                                   |
| Deferred income                                | 1.361.714                           | 1.826.984                           |
| Debts to employees                             | 6.560.036                           | 7.646.369                           |
| Debts related to current profit tax            | 92.996                              | 680.223                             |
| Other liabilities                              | 8.478.069                           | 8.787.670                           |
| <b>Total current liabilities</b>               | <b>226.952.709</b>                  | <b>166.005.044</b>                  |
| <b>TOTAL LIABILITIES</b>                       | <b>416.027.170</b>                  | <b>373.626.939</b>                  |
| <b>TOTAL EQUITY AND LIABILITIES</b>            | <b>773.537.579</b>                  | <b>688.998.530</b>                  |

DUMITRESCU Nicolae-Paul  
General Manager

ARSENE Vasilica-Monica  
Financial Manager

Vrancart S.A.

## Consolidated statement of comprehensive income

as at December 31<sup>st</sup>, 2023

(all amounts in RON, unless otherwise stated)

|   | 2023              | 2022              |
|---|-------------------|-------------------|
| Income from turnover  | 508.518.589       | 614.157.315       |
| Other income  | 22.020.083        | 16.774.552        |
| Variation in finished product inventories and production in progress              | 3.733.454         | 6.787.240         |
| Expenses related to raw materials and consumables                                 | (225.478.150)     | (331.925.706)     |
| Expenses related to commodities   | (54.073.764)      | (56.152.237)      |
| Third-party expenses  | (47.561.802)      | (53.262.802)      |
| Personnel-related expenses  | (119.078.949)     | (99.542.909)      |
| Expenses related to amortisation and impairment of assets                         | (42.988.971)      | (34.976.920)      |
| Other expenses  | (25.303.081)      | (24.178.213)      |
| <b>Operating result</b>   | <b>19.787.409</b> | <b>37.680.320</b> |
| Financial income  | 1.332.100         | 557.455           |
| Financial expenses  | (13.566.693)      | (12.561.518)      |
| <b>Profit / (Loss) before taxation</b>  | <b>7.552.816</b>  | <b>25.676.257</b> |
| Profit tax income/(expense)   | (1.707.505)       | (2.729.364)       |
| <b>Profit / (Loss) for the year</b>   | <b>5.845.311</b>  | <b>22.946.893</b> |
| - of the Parent-company   | 5.845.954         | 22.948.967        |
| - of non-controlling interests  | (643)             | (2.074)           |
| <b>Other comprehensive income items</b>   |                   |                   |
| Increases in the reserve from revaluation of tangible assets, net of deferred tax | -                 | 56.954.484        |
| <b>TOTAL COMPREHENSIVE INCOME FOR THE YEAR</b>                                    | <b>5.845.311</b>  | <b>79.901.377</b> |
| - of the Parent-company   | 5.845.954         | 79.903.451        |
| - of non-controlling interests  | (643)             | (2.074)           |

DUMITRESCU Nicolae-Paul  
General Manager

ARSENE Vasilica-Monica  
Financial Manager

Vrancart S.A.

## Consolidated statement of changes in equity

as at December 31<sup>st</sup>, 2023

(all amounts in RON, unless otherwise stated)

|  | Share capital      | Reserves from the revaluation of tangible assets | Other reserves    | Retained earnings | Non-controlling interests | Total equity       |
|--|--------------------|--|-------------------|-------------------|---------------------------|--------------------|
| <b>Balance as at January 1<sup>st</sup>, 2023</b>  | <b>120.338.552</b> | <b>103.350.319</b>                               | <b>72.902.561</b> | <b>18.783.272</b> | <b>(3.114)</b>            | <b>315.371.590</b> |
| <b>Comprehensive income for the period</b>   |                    |  |                   |                   |                           |                    |
| Net profit/loss for the period   | -                  | -  | -                 | 5.845.954         | (643)                     | 5.845.311          |
| Transfer of the revaluation reserve to retained earnings following the sale/cassation of tangible assets | -                  | (2.381.182)                                      | 380.989           | 2.000.193         | -                         | -                  |
| <b>Total comprehensive income for the period</b>   | <b>-</b>           | <b>(2.381.182)</b>                               | <b>380.989</b>    | <b>7.846.147</b>  | <b>(643)</b>              | <b>5.845.311</b>   |
| Distribution of reserves   | -                  | -  | 110.933           | (677.618)         | -                         | (566.685)          |
| Distribution of dividends  | -                  | -  | -                 | (12.033.855)      | -                         | (12.033.855)       |
| Share capital increase   | 48.783.114         | -  | -                 | 110.933           | -                         | 48.894.047         |
| <b>Balance as at December 31<sup>st</sup>, 2023</b>  | <b>169.121.665</b> | <b>100.969.137</b>                               | <b>73.394.483</b> | <b>14.028.879</b> | <b>(3.757)</b>            | <b>357.510.409</b> |

**DUMITRESCU Nicolae-Paul**  
General Manager

**ARSENE Vasilica-Monica**  
Financial Manager

**Consolidated statement of cash flows**as at December 31<sup>st</sup>, 2023

(all amounts in RON, unless otherwise stated)

|  | <b>2023</b>          | <b>2022</b>         |
|--|----------------------|---------------------|
| <b>Cash flows from operating activities</b>                  |                      |                     |
| Amounts collected from customers                             | 621.471.733          | 709.841.715         |
| Payments to suppliers  | (377.369.206)        | (521.495.607)       |
| Payments to employees  | (81.920.854)         | (68.137.816)        |
| Payments to the state budget                                 | (77.381.844)         | (73.360.237)        |
| Profit tax paid  | (2.898.685)          | (2.559.452)         |
| <b>Net cash flows from operating activities</b>              | <b>81.901.144</b>    | <b>44.288.603</b>   |
| <b>Cash flows from investment activities</b>                 |                      |                     |
| Payments for the purchase of tangible assets                 | (121.401.281)        | (87.942.311)        |
| Payments for the purchase of financial assets                | (17.021.000)         | -                   |
| Letters of credit for the purchase of assets                 | (113.275)            | (1.881.991)         |
| Amounts collected from the sale of tangible assets           | 3.993.119            | 1.354.572           |
| Interests collected  | 439.223              | 3.257               |
| <b>Net cash flows from investment activities</b>             | <b>(134.103.214)</b> | <b>(88.466.473)</b> |
| <b>Cash flows from financing activities</b>                  |                      |                     |
| Amounts collected from loans                                 | 32.567.478           | 162.731.364         |
| Share capital increase                                       | 48.894.047           | 476.774             |
| Cash contribution to share capital                           | 17.021.000           | -                   |
| Payments for leasing   | (11.252.030)         | (7.951.788)         |
| Interests paid and loans reimbursed                          | (23.957.084)         | (104.931.190)       |
| Dividends paid   | (11.811.653)         | (4.952.235)         |
| <b>Net cash flows from financing activities</b>              | <b>51.461.758</b>    | <b>45.372.925</b>   |
|  | <b>(740.312)</b>     | <b>1.195.055</b>    |
| <b>Net increase/(reduction) of cash and cash equivalents</b> |                      |                     |
| Cash and cash equivalents as at the financial year beginning | 3.563.830            | 2.368.775           |
| Cash and cash equivalents as at the financial year end       | 2.823.518            | 3.563.830           |

**DUMITRESCU Nicolae-Paul**  
General Manager

**ARSENE Vasilica-Monica**  
Financial Manager

**Notes to the preliminary consolidated financial statements***as at December 31<sup>st</sup>, 2023*

Vrancart Group ("the Group") includes the company Vrancart S.A., having its registered office in Adjud, 17 Ecaterina Teodoroiu Street, Vrancea county and its branches Rom Paper SRL ("Branch 1"), having its registered office in Brasov, Soseaua Cristianului, no. 30, Brasov County, Vrancart Recycling S.R.L. ("Branch 2"), having its registered office in Adjud, 17 Ecaterina Teodoroiu Street, Vrancea County and Ecorep Group S.A. ("Branch 3"), having its registered office in Adjud, 17 Ecaterina Teodoroiu Street, Vrancea County.

The Group's preliminary consolidated financial statements for the financial year ended on December 31<sup>st</sup>, 2023 consist of the preliminary financial statements of Vrancart S.A. and of its branches, which together form the Group.

| Branch                    | Field of activity                                     | Shareholding as at                  | Shareholding as at                  |
|---------------------------|---|-------------------------------------|-------------------------------------|
|                           |   | December 31 <sup>st</sup> ,<br>2023 | December 31 <sup>st</sup> ,<br>2022 |
| Rom Paper S.R.L.          | Production of paper napkins and tissue paper products | 100%                                | 100%                                |
| Vrancart Recycling S.R.L. | Treatment and removal of non-hazardous waste          | 100%                                | 100%                                |
| Ecorep Group S.A.         | Business support activities n.e.c.                    | 99,6%                               | 99,6%                               |

Vrancart Group operates in the field of non-hazardous waste collection and recycling, in the corrugated cardboard, paperboards and corrugated cardboard packaging, as well as in the tissue paper production industry.

**VRANCART S.A.**

Vrancart S.A. ("the Company") is a joint-stock trade company operating in Romania in accordance with the provisions of Law no. 31/1990 on trade companies. The company has its registered office in Adjud, 17 Ecaterina Teodoroiu Street, Vrancea county. The company has work points opened in the following localities: Bucharest, Călimănești, Sântana de Mureș, Iași, Focșani, Ploiești, Botoșani, Sibiu, Constanța, Arad, Brașov, Pitești, Timișoara, Bacău, Cluj, Craiova, Baia Mare, Târgu Mureș and Brăila.

The Company's main object of activity is represented by the production and sale of the following products:

## Notes to the preliminary consolidated financial statements

as at December 31<sup>st</sup>, 2023

- 
- single-wall, double-wall and double-double wall corrugated cardboard, corrugated cardboard with micro-flutes;
  - corrugated cardboard packaging;
  - paperboards;
  - tissue papers in various assortments.

The company's shares are listed on the Bucharest Stock Exchange, Standard category, with the indicative VNC, starting from July 15<sup>th</sup>, 2005. The Group posts its consolidated financial statements on the website [www.vrancart.ro](http://www.vrancart.ro). As at December 31<sup>st</sup>, 2023, the Company is owned 76,05% by Lion Capital S.A., 17,29% by Paval Holding S.R.L. and 6,66% by other shareholders. The records of shares and shareholders is kept according to law by S.C. Depozitarul Central S.A. Bucharest.

### **ROM PAPER S.R.L.**

**Rom Paper S.R.L. ("Branch 1")** was founded in 2002 and it is a Romanian privately-owned company, active in the field of production of tissue paper products from wastepaper and cellulose, such as: napkins, folded towels, toilet paper, professional rolls, cosmetic towels and facial tissues. The products made are sold both in Romania and in 6 other countries, through chain stores (hypermarkets, supermarkets, cash and carry) and also through distributors, being present on store shelves under its own brands "Mototol" and "Papely", as well as under various private labels of its customers.

Rom Paper S.R.L. is the result of the inorganic growth strategy of Vrancart business, which on January 20<sup>th</sup>, 2017 acquired the majority stake (70%) from the former owners. As at December 31<sup>st</sup>, 2023, the Group holds 100% of the company's shares, following the acquisition in June 2017 of 15%, and in June 2018 of the last 15% tranche of the shares of Rom Paper S.R.L.

### **VRANCART RECYCLING S.R.L**

Vrancart Recycling S.R.L. ("Branch 2") was founded in August 2020 and it is a Romanian privately-owned company with a sole shareholder. The main activity of this branch is represented by the treatment and disposal of non-hazardous waste. This company was established with the aim of developing the Group through a greenfield investment, worth more than EUR 25 million, in areas adjacent to recycling and thermal and electrical energy production, covering a wide diversity of recoverable resources that it will sell or use internally as a result of the newly created synergies.

### **ECOREP GROUP S.A.**

Ecorep Group S.A. ("Branch 3") was established in November 2020 and it is a Romanian privately-owned company. The main activity of this branch is represented by the provision of services related to the implementation of the obligations related to the producer's extended liability in reference to environmental targets in relation to packaging placed on the Romanian market.



## Notes to the preliminary consolidated financial statements

as at December 31<sup>st</sup>, 2023

The Group carries out a laborious and complex activity in areas such as the collection and recycling of non-hazardous waste, the paper and corrugated cardboard industry, respectively in the industry of corrugated cardboard packaging, the production of tissue paper products, as well as that of equipment for recycling wastepaper and cardboard. The overwhelming share of paper used in the various production processes is obtained by recycling paper and cardboard waste; thus, the Group makes an essential contribution to the Romanian circular economy.

In 2023, the Group's performance was influenced by the decreasing demand for packaging, generated by a decrease in consumption at a macroeconomic level, due to the still high rate of annual inflation, as well as to the record high interest rates. Labour costs were also a stress factor to the Group's profitability. The pressure on sales prices caused by the lower demand was a particular challenge in maintaining the Group's profitability.

Although the financial situation has been negatively impacted, the Group's results as at the end of 2023 confirm its ability to generate profit and its resilience to adverse market changes.

The economic and financial indicators at Group level, as at December 31<sup>st</sup>, 2023 are as follows:

| Indicator's name              | Calculation modality                                | M.U.  | Result |
|-------------------------------|---|-------|--------|
| Current liquidity indicator   | Current assets/Current liabilities                  | ratio | 0,82   |
| Indebtedness degree indicator | Borrowed capital/Equity <sup>x100</sup>             | %     | 88*    |
|                               | Borrowed capital/Employed capital <sup>x100</sup>   | %     | 47*    |
| Debts-customers turnover      | Average customers balance/Turnover <sup>x 360</sup> | days  | 54     |
| Non-current assets turnover   | Turnover/Non-current assets                         | ratio | 0,87   |

\* Borrowed capital includes credit lines, short- and long-term bank loans, debts from short- and long-term leasing agreements and loans from bond issues.

**DUMITRESCU Nicolae-Paul**  
General Manager

**ARSENE Vasilica-Monica**  
Financial Manager