

*Translation for information purposes only*

**Quarterly report for the 1<sup>st</sup> quarter of 2023  
according to the Financial Supervisory Authority Regulation no. 5/2018**

Report date	May 15 <sup>th</sup> , 2023
Name of the issuing entity	VRANCART SA
Registered office	Adjud, 17 Ecaterina Teodoroiu Street, Vrancea county
Telephone/fax no.:	0237-640.800; 0237-641.720
Tax Identification Number	1454846
Trade Registry registration no.	J39/239/1991
Subscribed and paid-in share capital	RON 120.338.551
The regulated market onto which the securities issued are traded	the Bucharest Stock Exchange

### 1. The economic and financial situation of VRANCART SA

During the first quarter of 2023, the performance of Vrancart SA ("the Company") was influenced by the effects of price increases for raw materials, materials and commodities and the tariffs for services and utilities, as well as by the supply chain disruptions that occurred during the previous year.

The results of VRANCART SA in the first three months of 2023 are in line with the budgeted expectations, confirming the Company's ability to generate profit and value to the shareholders, as well as its financial strength. The commercial policy was constantly adapted to the new market conditions, which have been particularly volatile over the past 24 months.

Compared to the same period of the previous year, the net profit recorded was RON 3.54 million (vs. RON 4.24 million), the current liquidity recorded a slight decrease to 1.02 (vs. 1.07) and the Company's indebtedness remained at a relatively constant level.



The (simplified, unaudited) interim individual financial statements as at March 31<sup>st</sup>, 2023, in accordance with the Order of the Minister of Public Finance No. 2844/2016 for the approval of the Accounting Regulations compliant to the International Financial Reporting Standards, applicable to trade companies whose securities are admitted to trading on a regulated market are attached to this report.

The interim individual financial statements for the first 3 months of 2023 have not been reviewed by an independent external auditor, as this is not a legal or statutory requirement.

### 1.1. Balance sheet items

<i>(all items in RON, unless otherwise stated)</i>	<b>March 31<sup>st</sup>, 2023</b>	<b>December 31<sup>st</sup>, 2022</b>
Non-current assets	427.645.053	427.806.735
Current assets, out of which:	192.740.558	176.710.451
- Trade receivables	99.425.343	95.613.017
<b>Total assets</b>	<b>620.385.611</b>	<b>604.517.186</b>
<b>Total liabilities, out of which:</b>	<b>296.177.480</b>	<b>283.859.685</b>
Current liabilities	188.361.113	129.092.869
<b>Equity, out of which:</b>	<b>324.208.131</b>	<b>320.657.501</b>
- Reserves	175.504.116	175.564.482
- Retained earnings	28.365.464	24.754.468

As at March 31<sup>st</sup>, 2023 and during the period January 1<sup>st</sup> – March 31<sup>st</sup>, 2023, the evolution of the main financial indicators was as follows:

- The Company's non-current assets remained at a relatively constant level from the beginning of 2023.
- The Company's current assets increased by 9% as at March 31<sup>st</sup>, 2023 compared to the beginning of the year, mainly due to the inventory increase by 10%.
- The trade receivables increased during the first three months of 2023 compared to the beginning of the year by RON 3.812.326, due to a higher sales volume and also due to some price increases, in the context of reduction of the average number of collection.
- The total liabilities recorded as at March 31<sup>st</sup>, 2023 amount to RON 296.177.480, down by 4% from the amount recorded as at January 1<sup>st</sup>, 2023, mainly due to the financing of the additional working capital, through the use of short-term credit lines.
- The amount of equity as at March 31<sup>st</sup>, 2023 is RON 324.208.131, the additional capitalisation being 1% compared to the beginning of the year, following the incorporation of the profit achieved during the 1<sup>st</sup> quarter. The Company's reserves remained at a relatively constant level from the beginning of the year.



## 1.2. Profit and loss account

<i>(all items in RON, unless otherwise stated)</i>	<b>March 31<sup>st</sup>, 2023</b>	<b>March 31<sup>st</sup>, 2022</b>
Operating income, out of which:	117.868.559	139.347.867
<i>Income from turnover</i>	114.816.932	140.755.593
Operating expenses	(111.354.982)	(133.342.173)
<b>Operating profit</b>	<b>6.513.577</b>	<b>6.005.694</b>
Financial income	243.615	89
Financial expenses	(2.690.022)	(1.417.492)
<b>Total income</b>	<b>118.112.174</b>	<b>139.347.956</b>
<b>Total expenses</b>	<b>(114.045.004)</b>	<b>(134.759.665)</b>
<b>Gross profit</b>	<b>4.067.170</b>	<b>4.588.291</b>
<b>Net profit</b>	<b>3.539.131</b>	<b>4.244.508</b>

The Company's performance in the first three months of 2023 was influenced by a decrease of demand, due to a reduction in consumption and increasing inventories at beneficiaries, which required an adjustment of sales prices. The constant increase in raw material prices and utility tariffs recorded during the previous year, generated by trends in the international market and also reflected in the local market, contributed to an increase in inventories. At the same time, wage costs and costs for services provided by third parties increased, naturally leading to a cost-saving policy adopted by companies.

The results achieved during this period, which are reflected in a profitability level in accordance with the expectations and good financial indicators, confirm the business sustainability, as well as the Company's resilience to adverse market changes.

During the first three months of 2023 compared to the same period of the previous year, the main indicators of the Profit and loss account are as follows:

- The total income during the analysed period amounted to RON 118.112.174, down by 15.2% from the same period of the previous year, due to a reduction in the production volume achieved and of the sales of finished and semi-finished products.
- The total expenses for the period amounted to RON 114.045.004, down by 15.4% from the same period of the previous year, following the decreasing trend of the production volume.
- The Company's operating profit recorded an increase by 8.5% as a result of the abovementioned effects. The net profit, in spite of the reduction by 17% compared to the same reporting period of the previous year, is still at the level expected according to the market evolution.



### 1.3. Cash flows

<i>(all items in RON, unless otherwise stated)</i>	March 31 <sup>st</sup> , 2023	March 31 <sup>st</sup> , 2022
<i>Cash flows from operating activities</i>		
Amounts collected from operating activities	129.424.047	140.796.194
Payments made from operating activities	(124.584.650)	(147.805.649)
<b>Net cash flows from operating activities</b>	<b>4.839.397</b>	<b>(7.009.455)</b>
<i>Cash flows from investment activities</i>		
Amounts collected from investment activities	90.632	87.770
Payments made from investment activities	(5.370.491)	(11.026.352)
<b>Net cash flows from investment activities</b>	<b>(5.279.859)</b>	<b>(10.938.582)</b>
<i>Cash flows from financing activities</i>		
Amounts collected from financing activities (including bonds)	22.113.183	30.880.240
Payments made from financing activities	(18.708.523)	(9.766.760)
<b>Net cash flows from financing activities</b>	<b>3.404.660</b>	<b>21.113.480</b>
<b>Balance as at the beginning of the period</b>	<b>1.288.888</b>	<b>1.536.938</b>
<b>Balance as at the end of the period</b>	<b>4.253.086</b>	<b>4.702.381</b>

The balance of cash and cash equivalents recorded as at March 31<sup>st</sup>, 2023 is positive, namely RON 4.253.086. During this period, the Company was able to manage its cash flows effectively and paid all the amounts owed entirely and on time.

### 2. Economic and financial indicators as at March 31<sup>st</sup>, 2023, according to Appendix no. 13/the Financial Supervisory Authority Regulation no. 5/2018

Indicator's name	Calculation modality	M.U.	Result
<b>Current liquidity indicator</b>	Current assets/Current liabilities	ratio	1,02
<b>Indebtedness degree indicator</b>	Borrowed capital/Equity <sup>x</sup> 100	%	64*
	Borrowed capital/Employed capital <sup>x</sup> 100	%	39*
<b>Debts-clients turnover</b>	Average customers balance/Turnover <sup>x</sup> 90	days	79
<b>Non-current assets turnover</b>	Turnover/Non-current assets	ratio	0,3

\* Borrowed capital includes credit lines, short-term and long-term bank loans, short-term and long-term lease liabilities and loans from bond issues.

**CIUCIOI Ionel-Marian**

Chairman of the Board of Directors

**ARSENE Vasilica-Monica**

Financial Manager

*Translation for information purposes only*

**VRANCART S.A.**

**Interim individual financial statements  
(simplified, not audited)  
as at March 31<sup>st</sup>, 2023**

drawn up in accordance with  
the Order of the Public Finance Ministry no. 2844/2016 for the approval of  
the Accounting regulations compliant with the International Financial  
Reporting Standards, applicable to trade companies whose securities are  
admitted to trading on a regulated market

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Vrancart S.A.

## Individual statement of financial position

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

(all amounts in RON, unless otherwise stated)

	March 31 <sup>st</sup> , 2023	December 31 <sup>st</sup> , 2022
<b>ASSETS</b>		
Tangible assets	377.799.431	377.906.267
Intangible assets	898.483	953.329
Goodwill	3.380.811	3.380.811
Financial assets	45.566.328	45.566.328
<b>Total non-current assets</b>	<b>427.645.053</b>	<b>427.806.735</b>
Inventories	67.694.903	61.279.453
Trade receivables	99.425.343	95.613.017
Prepaid expenses	2.245.046	1.666.742
Other receivables	19.122.180	14.980.360
Restricted cash	-	1.881.991
Cash and cash equivalents	4.253.086	1.288.888
<b>Total current assets</b>	<b>192.740.558</b>	<b>176.710.451</b>
<b>TOTAL ASSETS</b>	<b>620.385.611</b>	<b>604.517.186</b>
<b>EQUITY</b>		
Share capital	120.338.551	120.338.551
Reserves	175.504.116	175.564.482
Retained earnings	28.365.464	24.754.468
<b>Total equity</b>	<b>324.208.131</b>	<b>320.657.501</b>
<b>LIABILITIES</b>		
Long-term loans	70.409.839	79.531.749
Long-term loans for bond issues	-	38.164.800
Long-term liabilities under leasing agreements	15.692.778	15.701.298
Deferred income	7.700.998	7.207.890
Long-term debts to employees	440.169	440.169
Debts related to deferred profit tax	13.549.761	13.612.888
Other long-term liabilities	22.822	108.022
<b>Total long-term liabilities</b>	<b>107.816.367</b>	<b>154.766.816</b>
Short-term trade liabilities	50.454.040	46.344.171
Short-term loans	75.376.808	56.912.405
Short-term loans from bond issues	38.250.000	-
Short-term liabilities under leasing agreements	7.718.425	7.718.425
Deferred income	1.251.621	1.826.984
Debts to employees	6.874.878	6.885.073
Debts related to current profit tax	1.250.456	670.788
Other liabilities	7.184.646	8.735.023
<b>Total current liabilities</b>	<b>188.361.113</b>	<b>129.092.869</b>
<b>TOTAL LIABILITIES</b>	<b>296.177.480</b>	<b>283.859.685</b>
<b>TOTAL EQUITY AND LIABILITIES</b>	<b>620.385.611</b>	<b>604.517.186</b>

CIUCIOI Ionel-Marian  
General Manager

ARSENE Vasilica-Monica  
Financial Manager

Vrancart S.A.

## Individual statement of comprehensive income

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

(all amounts in RON, unless otherwise stated)

	March 31 <sup>st</sup> , 2023	March 31 <sup>st</sup> , 2022
Income from turnover, out of which:	114.816.932	140.755.593
Income from the sale of goods	5.259.995	9.426.460
Other income	1.497.430	1.702.357
Variation of finished product inventories and production in progress	1.554.197	(3.110.083)
Expenses related to raw materials and consumables	(63.605.669)	(78.931.928)
Expenses related to commodities	(2.754.100)	(5.528.798)
Third-party expenses	(9.005.976)	(16.653.886)
Personnel-related expenses	(23.679.243)	(19.273.157)
Expenses related to amortisation and from re-evaluation	(7.420.365)	(6.865.390)
Other expenses	(4.889.629)	(6.089.014)
<b>Operating result</b>	<b>6.513.577</b>	<b>6.005.694</b>
Financial income	243.615	89
Financial expenses	(2.690.022)	(1.417.492)
<b>Profit / (Loss) before taxation</b>	<b>4.067.170</b>	<b>4.588.291</b>
Profit tax income / (expense)	(528.039)	(343.783)
<b>Profit / (Loss) for the year</b>	<b>3.539.131</b>	<b>4.244.508</b>
<b>Other comprehensive income items</b>		
Increases in the reserve from the revaluation of tangible assets, net of deferred tax	-	-
<b>TOTAL COMPREHENSIVE INCOME FOR THE YEAR</b>	<b>3.539.131</b>	<b>4.244.508</b>

CIUCIOI Ionel-Marian  
General Manager

ARSENE Vasilica-Monica  
Financial Manager



Vrancart S.A.

## Individual statement of changes in equity

as at March 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	Total equity
<b>Balance as at January 1<sup>st</sup>, 2023</b>	<b>120.338.551</b>	<b>105.690.961</b>	<b>69.873.521</b>	<b>24.754.468</b>	<b>320.657.501</b>
<b>Comprehensive income for the period</b>					
Net profit for the period	-	-	-	3.539.131	3.539.131
Changes in the reserve from the revaluation of tangible assets, net of deferred tax	-	-	-	-	-
<b>Total comprehensive income</b>		<b>105.690.961</b>	<b>69.873.521</b>	<b>28.293.599</b>	<b>324.196.632</b>
Distribution from retained earnings	-	-	-	-	-
Share premiums	-	-	-	-	-
Other changes	-	-	-	-	-
Transfer of the revaluation reserve to retained earnings following the sale/cassation of tangible assets	-	(60.366)	-	71.865	11.499
<b>Balance as at March 31<sup>st</sup>, 2023</b>	<b>120.338.551</b>	<b>105.630.595</b>	<b>69.873.521</b>	<b>28.365.464</b>	<b>324.208.131</b>

**CIUCIOI Ionel-Marian**  
General Manager

**ARSENE Vasilica-Monica**  
Financial Manager

Vrancart S.A.

## Individual statement of cash flows

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

(all amounts in RON, unless otherwise stated)

	March 31 <sup>st</sup> , 2023	March 31 <sup>st</sup> , 2022
<b>Cash flows from operating activities</b>		
Amounts collected from customers	129.424.047	140.796.194
Payments to suppliers	(91.401.440)	(121.133.602)
Payments to employees	(16.690.313)	(12.308.730)
Payments to the state budget	(16.492.897)	(14.363.317)
<b>Net cash flows from operating activities</b>	<b>4.839.397</b>	<b>(7.009.455)</b>
<b>Cash flows from investment activities</b>		
Payments for the purchase of assets	(5.370.491)	(11.026.352)
Amounts collected from the sale of tangible assets	89.875	87.681
Interests collected	757	89
<b>Net cash flows from investment activities</b>	<b>(5.279.859)</b>	<b>(10.938.582)</b>
<b>Cash flows from financing activities</b>		
Amounts collected from loans	22.113.183	30.403.466
Share capital increase	-	476.774
Interests paid and loans reimbursed	(16.158.163)	(7.418.843)
Payments for leasing	(2.550.360)	(2.347.917)
Loans granted to affiliates		
<b>Net cash flows from financing activities</b>	<b>3.404.660</b>	<b>21.113.480</b>
<b>Net increase/ (reduction) of cash and cash equivalents</b>	<b>2.964.198</b>	<b>3.165.443</b>
<b>Cash and cash equivalents as at the financial year beginning</b>	<b>1.288.888</b>	<b>1.536.938</b>
<b>Cash and cash equivalents as at the financial year end</b>	<b>4.253.086</b>	<b>4.702.381</b>

**CIUCIOI Ionel-Marian**  
General Manager

**ARSENE Vasilica-Monica**  
Financial Manager

## Notes to the interim individual financial statements

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

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### The reporting entity

Vrancart SA (“the Company”) is a joint-stock trade company operating in Romania under the provisions of Law no. 31/1990 on trade companies.

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

The company has work points opened in the following localities: Bucharest, Călimănești, Ungheni, Iași, Focșani, Ploiești, Botoșani, Sibiu, Constanța, Arad, Brașov, Pitești, Timișoara, Bacău, Cluj, Craiova, Baia Mare, Târgu Mureș, Brșila and Piatra Neamț.

The Company’s main object of activity is represented by the manufacture and trading of the following products:

- 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.

As at March 31<sup>st</sup>, 2023, the Company is owned 75% by SIF Banat – Crișana S.A., 17% by Paval Holding S.R.L. and 8% by other shareholders.

The records of shares and shareholders are kept according to law by S.C. Depozitarul Central S.A. Bucharest.

### Accounting principles, policies and methods

The simplified interim individual financial statements for the three months ended on March 31<sup>st</sup>, 2023 have been prepared in accordance with IAS 34 Interim Financial Statements.

The simplified interim financial statements do not include all the information and items disclosed in the annual report and should be read with the Company's annual financial statements drawn up as at December 31<sup>st</sup>, 2022.

The accounting policies and valuation methods used in the preparation of the simplified interim financial statements are consistent with those used in the preparation of the Company's annual financial statements for the year ended on December 31<sup>st</sup>, 2022.

The interim individual financial statements for the first three months of 2023 have not been reviewed by an external financial auditor, as this is not a legal requirement.

### Transactions in foreign currency

The operations expressed in foreign currencies are recorded in RON at the official exchange rate on the date of discounting of the transactions. The monetary assets and liabilities denominated in

**Note la situațiile financiare individuale interimare***la 31 martie 2023*

foreign currencies as at the date of preparation of the accounting balance are converted into the functional currency at the exchange rate of that day.

The gains or losses from their discounting and from the conversion using the exchange rate as at the end of the period for reporting of monetary assets and liabilities denominated in foreign currencies are recognised in the statement of comprehensive income.

The exchange rates of the main foreign currencies were:

Currency	March 31 <sup>st</sup> , 2023	December 31 <sup>st</sup> , 2022	Variation
Euro (EUR)	4.9491	4.9474	+0,03%
American dollars (USD)	4.5463	4.6346	- 1,91%

**Other notes**

The company recorded a positive cash balance of RON 4.253.086 as at March 31<sup>st</sup>, 2023 and has no outstanding debts to the public budgets or to its private partners.

The Company's management considers that the Company will be able to continue its activity in the foreseeable future and therefore the application of the going concern principle in the preparation of the financial statements is justified.

**Subsequent events**

On **April 27<sup>th</sup>, 2023**, the Ordinary General Meeting of the Shareholders approved the individual and consolidated financial statements as at December 31<sup>st</sup>, 2022 and the Revenues and Expenses Budget of VRANCART SA for the financial year 2023, along with the Investment Plan for 2023.

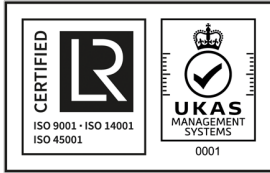
Through the Decision no. 4/27.04.2023, the Ordinary General Meeting of the Shareholders approved the distribution from the net profit of the financial year 2022 of the amount of RON 12.033.855 for **dividends** (namely dividends with a gross amount of RON 0,01/share), the payment date being set for October 3<sup>rd</sup>, 2023.

**The management's statement**

According to our best information available, we confirm that the simplified interim individual financial statements as at March 31<sup>st</sup>, 2023 for the period then ended, drawn up in accordance with the International Financial Reporting Standards, provide a fair and accurate view of the Company's position and financial performances, as provided by the applicable accounting standards, and that the information presented herein provides a fair and accurate view of the main events that took place during the first three months of the financial year and of their impact onto the simplified interim financial statements.

**CIUCIOI Ionel-Marian**  
General Manager

**ARSENE Vasilica-Monica**  
Financial Manager



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**Consolidated quarterly report for the 1<sup>st</sup> quarter of 2023  
according to the Financial Supervisory Authority Regulation no. 5/2018**

Report date	May 15 <sup>th</sup> , 2023
Name of the issuing entity	VRANCART SA
Registered office	Adjud, 17 Ecaterina Teodoroiu Street, Vrancea county
Telephone/fax no.:	0237-640.800; 0237-641.720
Tax Identification Number	1454846
Trade Registry registration no.	J39/239/1991
Subscribed and paid-in share capital	RON 120.338.551
The regulated market onto which the securities issued are traded	the Bucharest Stock Exchange

### 1. The economic and financial situation of VRANCART Group

During the first quarter of 2023, the performance of Vrancart Group ("the Group") was influenced by the effects of price increases for raw materials, materials and commodities and the tariffs for services and utilities, as well as by the supply chain disruptions that occurred during the previous year.

The Group's results in the first three months of 2023 are in line with the budgeted expectations, confirming its ability to generate profit and value to the shareholders, as well as its financial strength. The commercial policy was constantly adapted to the new market conditions, which have been particularly volatile over the past 24 months.

Compared to the same period of the previous year, the net profit recorded was RON 2.97 million (vs. RON 4.04 million) and the turnover decreased from RON 157 million to RON 139 million.



The (simplified, unaudited) interim consolidated financial statements as at March 31<sup>st</sup>, 2023, in accordance with the Order of the Minister of Public Finance No. 2844/2016 for the approval of the Accounting Regulations compliant to the International Financial Reporting Standards, applicable to trade companies whose securities are admitted to trading on a regulated market are attached to this report.

The interim consolidated financial statements for the first 3 months of 2023 have not been reviewed by an independent external auditor, as this is not a legal or statutory requirement.

## 1.1. Balance sheet items

<i>(all items in RON, unless otherwise stated)</i>	<b>March 31<sup>st</sup>, 2023</b>	<b>December 31<sup>st</sup>, 2022</b>
Non-current assets	487.871.431	475.930.126
Current assets, out of which:	238.664.546	213.068.404
- Trade receivables	104.784.485	106.140.798
<b>Total assets</b>	<b>726.535.977</b>	<b>688.998.530</b>
<b>Total liabilities, out of which:</b>	<b>408.674.773</b>	<b>373.626.939</b>
Current liabilities	217.206.352	166.005.044
<b>Equity, out of which:</b>	<b>317.861.204</b>	<b>315.371.591</b>
- Reserves	176.192.515	176.252.881
- Retained earnings	21.329.202	18.783.273

As at March 31<sup>st</sup>, 2023 and during the period January 1<sup>st</sup> – March 31<sup>st</sup>, 2022, the evolution of the main financial indicators was as follows:

- The Group's non-current assets increased by 2.5% following the commissioning of some investment projects finalised during the first quarter of 2023.
- The Group's current assets increased by 12% as at March 31<sup>st</sup>, 2023 compared to the beginning of the year mainly due to the increase in cash equivalents. The subsidiary Vrancart Recycling has opened letters of credit with banks in favour of investment providers for a total amount of RON 22.233.337.
- Trade receivables decreased in the first three months of 2023 compared to the beginning of the year by RON 1.356.313, as a result of a decreased volume of sales, due to lower demand in the market.
- The total liabilities as at March 31<sup>st</sup>, 2023 amount to RON 408.674.773, up by 9% compared to the amount as at January 1<sup>st</sup>, 2023, mainly due to the financing of additional working capital by using short-term credit lines.
- The amount of equity as at March 31<sup>st</sup>, 2023 is RON 317.861.204, the additional capitalisation being 1% compared to the beginning of the year, following the incorporation of the profit achieved during the 1<sup>st</sup> quarter. The Group's reserves remained at a relatively constant level from the beginning of the year.



## 1.2. Profit and loss account

<i>(all amounts in RON, unless otherwise stated)</i>	<b>March 31<sup>st</sup>, 2023</b>	<b>March 31<sup>st</sup>, 2022</b>
Operating income, out of which:	142.302.485	156.294.670
Income from turnover	139.241.152	157.052.076
Operating expenses	(135.224.036)	(150.275.343)
<b>Operating profit</b>	<b>7.078.449</b>	<b>6.019.327</b>
Financial income	243.754	110
Financial expenses	(3.132.299)	(1.730.647)
<b>Total expenses</b>	<b>142.546.239</b>	<b>156.294.780</b>
<b>Total income</b>	<b>(138.356.335)</b>	<b>(152.005.990)</b>
<b>Gros profit</b>	<b>4.189.904</b>	<b>4.288.790</b>
<b>Net profit</b>	<b>3.670.983</b>	<b>4.037.729</b>

The Group's performance in the first three months of 2023 was influenced by a decrease of demand, due to a reduction in consumption and increasing inventories at beneficiaries, which required an adjustment of sales prices. The constant increase in raw material prices and utility tariffs recorded during the previous year, generated by trends in the international market and also reflected in the local market, contributed to an increase in inventories. At the same time, wage costs and costs for services provided by third parties increased, naturally leading to a cost-saving policy adopted by companies.

The results achieved during this period, which are reflected in a profitability level in accordance with the expectations and good financial indicators, confirm the business sustainability, as well as the Group's resilience to adverse market changes.

During the first three months of 2023 compared to the same period of the previous year, the main indicators of the Profit and loss account are as follows:

- The total income during the analysed period amounted to RON 142.546.239, down by 9% from the same period of the previous year, due to a reduction in the production volume achieved and of the sales of finished and semi-finished products.
- The total expenses for the period amounted to RON 139.051.558, down by 8.5% from the same period of the previous year.
- The Group's operating profit recorded an increase by 9% as a result of the abovementioned effects. The net profit, in spite of the reduction by 26% compared to the same reporting period of the previous year, is still at the level expected in the Sales and revenues budget.



### 1.3. Cash flows

<i>(all items in RON, unless otherwise stated)</i>	<b>March 31<sup>st</sup>, 2023</b>	<b>March 31<sup>st</sup>, 2022</b>
<i>Cash flows from operating activities</i>		
Amounts collected from operating activities	157.434.240	168.096.131
Payments made from operating activities	(156.659.380)	(167.336.683)
<b>Net cash flows from operating activities</b>	<b>774.860</b>	<b>759.448</b>
<i>Cash flows from investment activities</i>		
Amounts collected from investment activities	90.632	354.964
Payments made from investment activities	(16.445.183)	(12.566.466)
<b>Net cash flows from investment activities</b>	<b>(16.354.551)</b>	<b>(12.211.502)</b>
<i>Cash flows from financing activities</i>		
Amounts collected from financing activities (including bonds)	28.149.880	29.780.240
Payments made from financing activities	(8.937.683)	(15.400.416)
<b>Net cash flows from financing activities</b>	<b>19.212.197</b>	<b>14.379.824</b>
<b>Balance as at the beginning of the period</b>	<b>3.563.830</b>	<b>2.368.774</b>
<b>Balance as at the end of the period</b>	<b>7.196.336</b>	<b>5.296.544</b>

The balance of cash and cash equivalents recorded as at March 31<sup>st</sup>, 2023 is positive, namely RON 7.196.336. During this period, the Group was able to manage its cash flows effectively and paid all the amounts owed entirely and on time.

### 2. Economic and financial indicators as at March 31<sup>st</sup>, 2023, according to Appendix no. 13/the Financial Supervisory Authority Regulation no. 5/2018

Indicator's name	Calculation modality	M.U.	Result
<b>Current liquidity indicator</b>	Current assets/Current liabilities	ratio	1,10
<b>Indebtedness degree indicator</b>	Borrowed capital/Equity × 100	%	95*
	Borrowed capital/Employed capital × 100	%	49*
<b>Debts-clients turnover</b>	Average customers balance/Turnover × 90	days	68
<b>Non-current assets turnover</b>	Turnover/Non-current assets	ratio	0,3

\* Borrowed capital includes credit lines, short-term and long-term bank loans, short-term and long-term lease liabilities and loans from bond issues.

**CIUCIOI Ionel-Marian**  
Chairman of the Board of Directors

**ARSENE Vasilica-Monica**  
Financial Manager



*Translation for information purposes only*

**VRANCART S.A.**

**Interim consolidated financial statements  
(simplified, not audited)  
as at March 31<sup>st</sup>, 2023**

drawn up in accordance with  
the Order of the Public Finance Ministry no. 2844/2016 for the approval of  
the Accounting regulations compliant with the International Financial  
Reporting Standards, applicable to trade companies whose securities are  
admitted to trading on a regulated market

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**Consolidated statement of financial position**as at March 31<sup>st</sup>, 2023

(all amounts in RON, unless otherwise stated)

	March 31 <sup>st</sup> , 2023	December 31 <sup>st</sup> , 2022
<b>ASSETS</b>		
Tangible assets	474.561.824	462.255.996
Intangible assets	4.747.104	5.114.021
Financial assets	36.112	33.718
Goodwill	8.526.391	8.526.391
<b>Total non-current assets</b>	<b>487.871.431</b>	<b>475.930.126</b>
Inventories	80.244.536	81.370.713
Trade receivables	104.784.485	106.140.798
Prepaid expenses	3.498.650	4.483.704
Other receivables	20.707.202	15.627.368
Restricted cash	22.233.337	1.881.991
Cash and cash equivalents	7.196.336	3.563.830
<b>Total accurrent assets</b>	<b>238.664.546</b>	<b>213.068.404</b>
<b>TOTAL ASSETS</b>	<b>726.535.977</b>	<b>688.998.530</b>
<b>EQUITY</b>		
Share capital	120.338.551	120.338.551
Reserves	176.192.515	176.252.881
Retained earnings	21.329.202	18.783.273
<b>Total equity – Parent-company</b>	<b>317.860.268</b>	<b>315.374.705</b>
Non-controlling interests	936	(3.114)
<b>Total equity</b>	<b>317.861.204</b>	<b>315.371.591</b>
<b>LIABILITIES</b>		
Long-term loans	148.564.828	125.981.209
Long-term liabilities under leasing agreements	15.692.778	16.346.044
Long-term loans from bond issues	-	38.164.800
Deferred income	12.045.406	11.735.050
Long-term debts to employees	440.169	440.169
Debts related to deferred profit tax	14.622.018	14.766.201
Other long-term liabilities	103.222	188.422
<b>Total long-term liabilities</b>	<b>191.468.421</b>	<b>207.621.895</b>
Short-term trade liabilities	59.336.229	70.804.082
Short-term loans	92.853.683	68.541.291
Short-term liabilities under leasing agreements	7.718.665	7.718.425
Short-term loans for bond issues	38.250.000	-
Deferred income	1.396.546	1.826.984
Debts to employees	7.939.265	7.646.369
Debts related to current profit tax	1.406.433	680.223
Other liabilities	8.305.531	8.787.670
<b>Total current liabilities</b>	<b>217.206.352</b>	<b>166.005.044</b>
<b>TOTAL LIABILITIES</b>	<b>408.674.773</b>	<b>373.626.939</b>
<b>TOTAL EQUITY AND LIABILITIES</b>	<b>726.535.977</b>	<b>688.998.530</b>

**CIUCIOI Ionel-Marian**  
General Manager

**ARSENE Vasilica-Monica**  
Financial Manager

Vrancart S.A.

## Consolidated statement of comprehensive income

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

(all amounts in RON, unless otherwise stated)

	March 31 <sup>st</sup> , 2023	March 31 <sup>st</sup> , 2022
Income from turnover	139.241.152	157.052.076
Other income	1.653.272	2.055.540
Variation of finished product inventories and production in progress	1.408.061	(2.812.946)
Expenses related to raw materials and consumables	(67.683.577)	(84.604.794)
Expenses related to commodities	(13.634.506)	(8.182.819)
Third-party expenses	(10.519.595)	(18.310.512)
Personnel-related expenses	(27.856.317)	(22.816.608)
Expenses related to amortisation and impairment of assets	(8.417.838)	(7.555.004)
Other expenses	(7.616.326)	(8.805.606)
<b>Operating result</b>	<b>6.574.326</b>	<b>6.019.327</b>
Financial income	243.754	110
Financial expenses	(3.323.399)	(1.730.647)
<b>Profit before taxation</b>	<b>3.494.681</b>	<b>4.288.790</b>
Profit tax income (expense)	(518.921)	(251.061)
<b>Profit for the year</b>	<b>2.975.760</b>	<b>4.037.729</b>
- of the Parent-company	2.975.105	4.038.663
- of non-controlling interests	655	(934)
<b>Other comprehensive income items</b>		
Increases in the reserve from the revaluation of tangible assets, net of deferred tax	-	-
<b>TOTAL COMPREHENSIVE INCOME</b>	<b>2.975.760</b>	<b>4.037.729</b>

**CIUCIOI Ionel-Marian**  
General Manager

**ARSENE Vasilica-Monica**  
Financial Manager

Vrancart S.A.

## Consolidated statement of changes in equity

as at March 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>120.338.551</b>	<b>103.350.319</b>	<b>72.902.562</b>	<b>18.783.273</b>	<b>(3.114)</b>	<b>315.371.591</b>
<b>Comprehensive income for the period</b>						
Net profit for the period	-	-	-	3.670.328	655	3.670.983
Changes in the reserve from the revaluation of tangible assets, net of deferred tax	-	-	-	-	-	-
Transfer of the revaluation reserve to retained earnings, following the sale/cassation of tangible assets	-	(60.366)	-	60.366	-	-
<b>Total comprehensive income for the period</b>	<b>-</b>	<b>(60.366)</b>	<b>-</b>	<b>3.730.694</b>	<b>655</b>	<b>3.670.983</b>
Distribution from retained earnings	-	-	-	(1.184.765)	3.395	(1.181.370)
Distribution of dividends	-	-	-	-	-	-
Other changes	-	-	-	-	-	-
<b>Balance as at March 31<sup>st</sup>, 2023</b>	<b>120.338.551</b>	<b>103.289.953</b>	<b>72.902.562</b>	<b>21.329.202</b>	<b>936</b>	<b>317.861.204</b>

CIUCIOI Ionel-Marian  
General Manager

ARSENE Vasilica-Monica  
Financial Manager

Vrancart S.A.

## Consolidated statement of cash flows

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

(all amounts in RON, unless otherwise stated)

	March 31 <sup>st</sup> , 2023	March 31 <sup>st</sup> , 2022
<b>Cash flows from operating activities</b>		
Amounts collected from customers	157.434.240	168.096.131
Payments to suppliers	(117.949.077)	(137.248.658)
Payments to employees	(18.755.906)	(13.919.855)
Payments to the state budget	(19.954.397)	(16.168.170)
<b>Net cash flows from operating activities</b>	<b>774.860</b>	<b>759.448</b>
<b>Cash flows from investment activities</b>		
Payments for the purchase of tangible assets	(16.445.183)	(12.566.466)
Amounts collected from the sale of tangible assets	89.875	354.875
Interests collected	757	89
<b>Net cash flows from investment activities</b>	<b>(16.354.551)</b>	<b>(12.211.502)</b>
<b>Cash flows from financing activities</b>		
Amounts collected from loans	28.149.880	29.303.466
Share capital increase	-	476.774
Interests paid and loans reimbursed	(6.387.323)	(13.052.499)
Payments for leasing	(2.550.360)	(2.347.917)
<b>Net cash flows from financing activities</b>	<b>19.212.197</b>	<b>14.379.824</b>
	<b>3.632.506</b>	<b>2.927.770</b>
<b>Net increase/ (reduction) of cash and cash equivalents</b>		
	<b>3.563.830</b>	<b>2.368.774</b>
<b>Cash and cash equivalents as at the financial year beginning</b>		
	<b>7.196.336</b>	<b>5.296.544</b>

CIUCIOI Ionel-Marian  
General Manager

ARSENE Vasilica-Monica  
Financial Manager

**Notes to the interim consolidated financial statements**as at March 31<sup>st</sup>, 2023**The reporting entity**

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 S.R.L. (“Branch 1”), based in Brasov locality, Soseaua Cristianului, no. 30, Brasov county, Vrancart Recycling S.R.L. (“Branch 2”), based in Adjud locality, 17 Ecaterina Teodoroiu Street, Vrancea county and Ecorep Group S.A. (“Branch 3”), based in Adjud locality, 17 Ecaterina Teodoroiu Street, Vrancea county.

The Group’s interim consolidated financial statements for the first three months of 2023 are formed of the interim financial statements of Vrancart S.A. and of its branches, which form together the Group.

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

The Group performs its activity in the field of collection and recycling of non-hazardous waste, in the industry of paperboards and corrugated cardboard, corrugated cardboard packaging, as well as in the tissue paper industry.

**VRANCART SA**

Vrancart SA (“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 its registered office in Adjud and work points opened in the following localities: Bucharest, Calimanesti, Ungheni, Iași, Focșani, Ploiești, Botoșani, Sibiu, Constanța, Arad, Brașov, Pitești, Timișoara, Bacău, Cluj, Craiova, Baia Mare, Târgu Mures, Braila and Piatra Neamt.

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

## Notes to the interim consolidated financial statements

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

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- 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 March 31<sup>st</sup>, 2023, the Company is held in a percentage of 75% by SIF Banat - Crişana S.A., 17% by Paval Holding S.R.L. and 8% by other shareholders.

### **ROM PAPER SRL**

**Rom Paper SRL ("Branch 1")** was established in 2002 and it is a Romanian privately-owned company which manufactures tissue paper products from recycled paper and from cellulose, such as: napkins, folded towels, tissue paper, professional rolls, towels for cosmetic use and facial tissues. The products manufactured are traded in Romania and in 6 other countries, by means of store chains (hypermarkets, supermarkets, cash and carry), and also by means of distributors.

Rom Paper SRL is the result of the strategy of inorganic development of Vrancart business, which acquired the main stake (70% of the shares) from its former owners on January 20<sup>th</sup>, 2017.

As at March 31<sup>st</sup>, 2023, the Group holds 100% of the company's shares, following the acquisition in June 2017 of 15%, respectively in June 2018 of the last tranche of 15% of the shares of Rom Paper SRL.

### **VRANCART RECYCLING SRL**

**Vrancart Recycling SRL ("Branch 2")** was founded in August 2020 and it is a Romanian privately-owned company, having a sole shareholder. The main activity of this branch is represented by the treatment and removal of non-hazardous waste. This company was founded with the aim to develop the Group through a greenfield investment amounting to over Euro 20 million, in field adjacent to recycling which cover a large diversity of recyclable resources that it will sell or use internally as a result of the newly created synergies.

### **ECOREP GROUP SA**

**Ecorep Group SA ("Branch 3")** was founded in November 2020 and it is a Romanian privately-owned company. The main activity of this branch is represented by the provision of services regarding the implementation of the obligations related to the producers' extended liability for environmental targets in relation to packaging placed on the Romanian market.



## Notes to the interim consolidated financial statements

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

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The Group performs a wide range of laborious and complex activities in fields such as non-hazardous waste collection and recycling, the paper and corrugated board industry, corrugated board packaging, the production of tissue paper products and equipment for paper and cardboard waste recycling. The overwhelming proportion of paper used in the various production processes is obtained from the recycling of paper and cardboard waste, the Group making an essential contribution to the Romanian circular economy.

### Accounting principles, policies and methods

The simplified interim consolidated financial statements for the first three months ended on March 31<sup>st</sup>, 2023 were drawn up in accordance with IAS 34 Interim Financial Statements.

The simplified interim consolidated financial statements do not include all the information and elements included in the annual report and must be read with the Company's annual financial statements, drawn up as at December 31<sup>st</sup>, 2022.

The accounting policies and the evaluation methods used for the preparation of the simplified interim consolidated financial statements are consistent with those used for the preparation of the Company's annual financial statements for the year ended on December 31<sup>st</sup>, 2022.

Combinations of entities are accounted through the acquisition method on the date when the Group obtains control over the acquired entity. Control requires exposure or rights onto the variable results of the entity invested in, as well as the ability to influence those results by exerting authority over the entity in question.

Branches are entities controlled by the Group. The financial statements of the branches are included in the consolidated financial statements from the date when control starts being exerted until the date of its cessation.

The interim consolidated financial statements for the first three months of 2023 have not been reviewed by an external financial auditor, as this is not a legal requirement.

### Transactions in foreign currencies

The operations expressed in foreign currencies are recorded in RON at the official exchange rate on the date of discounting of the transactions. The monetary assets and liabilities recorded in foreign currencies on the date of preparation of the accounting statements are converted into the functional currency at the exchange rate on that day.

The losses or gains from their discounting and from the conversion using the exchange rate at the end of the period for reporting of monetary assets and liabilities denominated in foreign currencies are recognised in the statement of comprehensive income.

The exchange rates of the main foreign currencies were as follows:

Currency	March 31 <sup>st</sup> , 2023	December 31 <sup>st</sup> , 2022	Variation
Euro (EUR)	4.9491	4.9474	+0,03%
American dollars (USD)	4.5463	4.6346	- 1,91%

## Notes to the interim consolidated financial statements

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

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### Other notes

The Group's management has established its medium and long-term strategy and the estimates provide sales increases and cost reductions following the effective use of resources, leading to an increase of the operating profit.

As at March 31<sup>st</sup>, 2023, the Group recorded a positive cash balance of RON 7.196.336 and it does not have any outstanding debts to the public budgets or to its private partners.

The Group pays particular attention to profitability indicators, by streamlining its operational processes, and to liquidity indicators, through the effective use of resources.

Based on these analyses, the management considers that the Group will be able to continue its activity in the foreseeable future, but not limited to the following 12 months, therefore, the application of the going concern principle in drafting the consolidated financial statements is justified.

### Subsequent events

On **April 27<sup>th</sup>, 2023**, the Ordinary General Meeting of the Shareholders approved the individual and consolidated financial statements as at December 31<sup>st</sup>, 2022 and the Revenues and Expenses Budget of VRANCART SA for the financial year 2023, along with the Investment Plan for 2023.

Through the Decision no. 4/27.04.2023, the Ordinary General Meeting of the Shareholders approved the distribution from the net profit of the financial year 2022 of the amount of RON 12.033.855 for **dividends** (namely dividends with a gross amount of RON 0,01/share), the payment date being set for October 3<sup>rd</sup>, 2023.

### The management's statement

According to our best information available, we confirm that the simplified interim consolidated financial statements as at March 31<sup>st</sup>, 2023 for the period then ended, drawn up in accordance with the International Financial Reporting Standards, provide a fair and accurate view of the Group's position and financial performances, as provided by the applicable accounting standards, and that the information presented herein provides a fair and accurate view of the main events that took place during the first three months of the financial year and of their impact onto the simplified interim consolidated financial statements.

**CIUCIOI Ionel-Marian**  
General Manager

**ARSENE Vasilica-Monica**  
Financial Manager