



Translation for information purposes only

## Quarterly report for the 3<sup>rd</sup> quarter of 2023 according to the Financial Supervisory Authority Regulation no. 5/2018

Date of report	November 15 <sup>th</sup> , 2023
Name of the issuing entity	VRANCART S.A.
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 169.121.665
The regulated market onto which the securities issued are traded	The Bucharest Stock Exchange

### 1. The economic and financial situation of VRANCART S.A.

During the first 9 months of 2023, the evolution of Vrancart S.A. (hereinafter referred to as "the Company") was influenced by the decreasing demand for packaging generated by the reduction of consumption at macroeconomic level, especially during the past 4 months, due to the still high level of annual inflation (9.2%), as well as by the record values of interest rates in the past 10 years. Labour costs have also been a stress factor to the company's profitability. The pressure on sales prices caused by the reduction in demand has been a particular challenge in terms of maintaining the company's profitability within the normal standards.

Although, the financial situation was negatively impacted, the results of VRANCART SA in the first 9 months of 2023 confirm the Company's ability to continue to generate profit, but also its financial strength. Thanks to an agile commercial and pricing policy, it has managed to get constantly adapted to market conditions, even if unfavourable.

During this period, the net profit recorded by the company was RON 8.884.117, only 2% lower than in the same period of the previous year.

The Interim Individual Financial Statements (simplified, unaudited) as at September 30<sup>th</sup>, 2023, in accordance with the Order of the Minister of Public Finance no. 2844/2016 for the approval of the Accounting Regulations in accordance with International Financial Reporting Standards, applicable to companies whose securities are admitted to trading on a regulated market, are enclosed hereto.



The interim individual financial statements for the first nine months of 2022 have not been revised 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>September 30<sup>th</sup>, 2023</b>	<b>December 31<sup>st</sup>, 2022</b>
Non-current assets	429.845.127	427.806.735
Current assets, out of which:	169.274.291	176.710.451
- Trade receivables	77.726.211	95.613.017
<b>Total assets</b>	<b>599.119.418</b>	<b>604.517.186</b>
<b>Total liabilities, out of which:</b>	<b>232.689.186</b>	<b>283.859.685</b>
Current liabilities	153.986.462	129.092.869
<b>Equity, out of which:</b>	<b>366.430.232</b>	<b>320.657.501</b>
- Reserves	175.526.206	175.564.482
- Retained earnings	21.782.361	24.754.468

As at September 30<sup>th</sup>, 2023 and during the period January 1<sup>st</sup> – September 30<sup>th</sup>, 2023, the evolution of the main financial indicators was as follows:

- The Company's non-current assets remained relatively constant compared to the beginning of 2023.
- The value of the Company's current assets decreased by 4% as at September 30<sup>th</sup>, 2023 compared to the beginning of the year mainly due to a 19% reduction in receivables.
- Trade receivables decreased during the first 9 months of 2023 compared to the beginning of the year by RON 17.886.806, as a result of a reduced sales volume, but also as a result of decreasing prices, in the context of the decrease in packaging consumption. The average collection period for receivables remained at the same level as last year, i.e. 70 days.
- The total liabilities recorded as at September 30<sup>th</sup>, 2023 amount to RON 232.689.186, down by 18% compared to the amount recorded as at January 1<sup>st</sup>, 2023, as a result of the repayment of outstanding loans.
- The value of equity as of September 30<sup>th</sup>, 2023 is RON 366.430.232, the additional capitalization being 14% compared to the beginning of the year, as a result of the shareholders' decision to increase the company's share capital by RON 48.783.114. The Company's reserves remained at a relatively constant level compared to the beginning of the year.



## 1.2. Profit and loss account

<i>(all items in RON, unless otherwise stated)</i>	<b>September 30<sup>th</sup>, 2023</b>	<b>September 30<sup>th</sup>, 2022</b>
Operating income, out of which:	341.700.851	410.100.505
<i>Income from turnover</i>	321.642.912	399.554.823
Operating expenses	(324.367.188)	(393.736.352)
<b>Operating profit</b>	<b>17.333.663</b>	<b>16.364.153</b>
Financial income	838.938	44.320
Financial expenses	(8.563.484)	(5.936.208)
<b>Total income</b>	<b>342.539.789</b>	<b>410.144.825</b>
<b>Total expenses</b>	<b>(332.930.672)</b>	<b>(399.672.560)</b>
<b>Gross profit</b>	<b>9.609.117</b>	<b>10.472.265</b>
<b>Net profit</b>	<b>8.884.117</b>	<b>9.080.959</b>

The Company's evolution in the first 9 months of 2023 was influenced by the unfavourable situation of the macroeconomic environment, particularly in the past 4 months of the period, due to the still high level of inflation and interest rates, the announcement of adverse fiscal measures, which contributed to the reduction of the packaging demand on the Romanian market. The evolution of labour costs had an impact onto the increase in wage costs, as well as onto the costs of services provided by third parties, naturally leading to a cost saving policy adopted by companies.

However, the positive results achieved during this period, which are reflected in a profitability position and good financial indicators, confirm the business sustainability, as well as the Company's resilience to adverse market changes.

During the first 9 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 period under review amounted to RON 342.539.789, down by 16% compared to the same period of the previous year, due to the decrease in sales prices, correlated with the production volumes obtained and the lower sales volumes of finished and semi-finished products due to the market constriction.
- The total expenses for the period amounted to RON 322.930.672, down by 17% compared to the same period of the previous year, overcoming the trend of decreasing revenues, with a positive impact onto the operating result (+ RON 1 million compared to the amount recorded as at September 30<sup>th</sup>, 2022).
- The Company's operating profit increased by 6% as a result of the effects listed above. The net profit, impacted by financing costs (+30% compared to the amount recorded as at September 30<sup>th</sup>, 2022), recorded a percentage decrease of only 2% compared to the same reporting period of the previous year, being at an acceptable level, given the general market and macroeconomic context.



### 1.3. Cash flows

(all items in RON, unless otherwise stated)

	September 30 <sup>th</sup> , 2023	September 30 <sup>th</sup> , 2022
<i>Cash flows from operating activities</i>		
Amounts collected from operating activities	394.098.760	458.532.612
Payments from operating activities	(328.475.740)	(447.366.074)
<b>Net cash flows from operating activities</b>	<b>65.623.020</b>	<b>11.166.538</b>
<i>Cash flows from investment activities</i>		
Amounts collected from investment activities	1.645.532	1.552.575
Payments made from investment activities	(26.753.511)	(31.853.274)
<b>Net cash flows from investment activities</b>	<b>(25.107.979)</b>	<b>(30.300.699)</b>
<i>Cash flows from financing activities</i>		
Amounts collected from financing activities (including bonds)	48.894.047	55.528.192
Payments made from financing activities	(74.288.667)	(36.331.522)
<b>Net cash flows from financing activities</b>	<b>(25.394.620)</b>	<b>19.196.670</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>16.409.309</b>	<b>1.599.447</b>

Cash flows from operating activities reached an excellent level, being more than 5 times higher than in the previous year, which allowed both the financing of new investments and the repayment of debts. The financing cash flows were also positively impacted by the share capital increase in the amount of RON 48.783.114.

The balance of cash and cash equivalents recorded as at September 30<sup>th</sup>, 2023 is positive, i.e. RON 16.409.309.

During this period, the Company has managed its cash flows efficiently and met all its outstanding payment obligations on time and in full.

### 2. Economic and financial indicators as at September 30<sup>th</sup>, 2023, according to Appendix no. 13 of 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	<b>1,10</b>
<b>Indebtedness degree indicator</b>	Borrowed capital/Equity <sup>x100</sup>	%	<b>39%</b>
	Borrowed capital/Employed capital <sup>x100</sup>	%	<b>28%</b>
<b>Debts-customers turnover</b>	Average customers balance/Turnover <sup>x 270</sup>	days	<b>78</b>
<b>Non-current assets turnover</b>	Turnover/Non-current assets	ratio	<b>0,7</b>

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

**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, unaudited)  
as at September 30<sup>th</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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**Individual statement of financial position**as at September 30<sup>th</sup>, 2023*(all amounts in RON, unless otherwise stated)*

	September 30 <sup>th</sup> , 2023	December 31 <sup>st</sup> , 2022
<b>ACTIVE</b>		
Tangible assets	380.070.680	377.906.267
Intangible assets	827.308	953.329
Goodwill	3.380.811	3.380.811
Financial assets	45.566.328	45.566.328
<b>Total non-current assets</b>	<b>429.845.127</b>	<b>427.806.735</b>
Inventories	64.779.021	61.279.453
Trade receivables	77.726.211	95.613.017
Prepaid expenses	1.320.273	1.666.742
Other receivables	9.039.477	14.980.360
Restricted cash	-	1.881.991
Cash and cash equivalents	16.409.309	1.288.888
<b>Total current assets</b>	<b>169.274.291</b>	<b>176.710.451</b>
<b>TOTAL ASSETS</b>	<b>599.119.418</b>	<b>604.517.186</b>
<b>EQUITY</b>		
Share capital	169.121.665	120.338.551
Reserves	175.526.206	175.564.482
Retained earnings	21.782.361	24.754.468
<b>Total equity</b>	<b>366.430.232</b>	<b>320.657.501</b>
<b>LIABILITIES</b>		
Long-term loans	42.555.015	79.531.749
Long-term loans from bond issues	-	38.164.800
Long-term liabilities under leasing agreements	15.710.091	15.701.298
Deferred income	7.106.946	7.207.890
Long-term debts to employees	440.169	440.169
Debts related to deferred profit tax	12.867.681	13.612.888
Other long-term liabilities	22.822	108.022
<b>Total long-term liabilities</b>	<b>78.702.724</b>	<b>154.766.816</b>
Short-term trade liabilities	40.515.813	46.344.171
Short-term loans	38.141.784	56.912.405
Short-term loans from bond issues	38.250.000	-
Short-term liabilities under leasing agreements	7.684.791	7.718.425
Deferred income	1.230.472	1.826.984
Debts to employees	7.961.234	6.885.073
Debts related to current profit tax	-	670.788
Other liabilities	20.202.368	8.735.023
<b>Total current liabilities</b>	<b>153.986.462</b>	<b>129.092.869</b>
<b>TOTAL LIABILITIES</b>	<b>232.689.186</b>	<b>283.859.685</b>
<b>TOTAL EQUITY AND LIABILITIES</b>	<b>599.119.418</b>	<b>604.517.186</b>

**DUMITRESCU Nicolae-Paul**  
General Manager

**ARSENE Vasilica-Monica**  
Financial Manager

Vrancart S.A.

## Individual statement of comprehensive income

as at September 30<sup>th</sup>, 2023

(all amounts in RON, unless otherwise stated)

	September 30 <sup>th</sup> , 2023	September 30 <sup>th</sup> , 2022
Income from turnover, out of which:	321.642.912	399.554.823
<i>Income from the sale of goods</i>	20.863.093	33.075.192
Other income	17.290.145	6.680.095
Variation of finished product inventories and production in progress	2.767.794	3.865.587
Expenses related to raw materials and consumables	(167.758.543)	(238.140.766)
Expenses related to commodities	(12.039.899)	(21.862.686)
Third-party expenses	(29.224.724)	(35.103.587)
Personnel-related expenses	(76.109.536)	(62.057.019)
Expenses related to amortisation and from revaluation	(22.456.901)	(20.779.424)
Other expenses	(16.777.585)	(15.792.870)
<b>Operating result</b>	<b>17.333.663</b>	<b>16.364.153</b>
Financial income	838.938	44.320
Financial expenses	(8.563.484)	(5.936.208)
<b>Profit / (Loss) before taxation</b>	<b>9.609.117</b>	<b>10.472.265</b>
Profit tax income/(expense)	(725.000)	(1.391.306)
<b>Profit / (Loss) for the year</b>	<b>8.884.117</b>	<b>9.080.959</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>8.884.117</b>	<b>9.080.959</b>

DUMITRESCU Nicolae-Paul  
General Manager

ARSENE Vasilica-Monica  
Financial Manager



Vrancart S.A.

## Individual statement of changes in equity

as at September 30<sup>th</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/loss for the year	-	-	-	8.884.117	8.884.117
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>33.638.585</b>	<b>329.541.618</b>
Distribution from retained earnings	-	-	-	(12.005.434)	(12.005.434)
Share capital increase	48.783.114	-	-	-	48.783.114
Share premiums	-	-	110.933	-	110.933
Other changes	-	-	-	-	-
Transfer of the revaluation reserve to retained earnings following the cassation of tangible assets	-	(149.210)	-	149.210	-
<b>Balance as at September 30<sup>th</sup>, 2023</b>	<b>169.121.665</b>	<b>105.541.751</b>	<b>69.984.454</b>	<b>21.782.361</b>	<b>366.430.232</b>

**DUMITRESCU Nicolae-Paul**  
General Manager

**ARSENE Vasilica-Monica**  
Financial Manager

Vrancart S.A.

## Individual statement of cash flows

as at September 30<sup>th</sup>, 2023

(all amounts in RON, unless otherwise stated)

	September 30 <sup>th</sup> , 2023	September 30 <sup>th</sup> , 2022
<b>Cash flows from operating activities</b>		
Amounts collected from customers	394.098.760	458.532.612
Payments to suppliers	(223.347.014)	(359.830.395)
Payments to employees	(52.239.623)	(41.463.300)
Payments to the state budget	(50.776.530)	(43.512.927)
Profit tax paid	(2.112.573)	(2.559.452)
<b>Cash flows from operating activities</b>	<b>65.623.020</b>	<b>11.166.538</b>
<b>Cash flows from investment activities</b>		
Payments for the purchase of tangible assets	(26.753.511)	(31.853.274)
Amounts collected from the sale of tangible assets	1.643.382	1.550.519
Interests collected	2.150	2.056
<b>Net cash flows from investment activities</b>	<b>(25.107.979)</b>	<b>(30.300.699)</b>
<b>Cash flows from financing activities</b>		
Amounts collected from loans	-	55.051.418
Share capital increase	48.894.047	476.774
Dividends paid	-	(4.979.661)
Interests paid and loans reimbursed	(47.567.737)	(24.888.062)
Payments under leasing agreements	(8.020.930)	(6.463.799)
Loans granted to affiliates	(18.700.000)	-
<b>Net cash flows from financing activities</b>	<b>(25.394.620)</b>	<b>19.196.670</b>
	<b>15.120.421</b>	<b>62.509</b>
<b>Net increase/(reduction) of cash and cash equivalents</b>		
	<b>1.288.888</b>	<b>1.536.938</b>
<b>Cash and cash equivalents as at the financial year beginning</b>		
	<b>16.409.309</b>	<b>1.599.447</b>

DUMITRESCU Nicolae-Paul  
General Manager

ARSENE Vasilica-Monica  
Financial Manager

## Notes to the interim individual financial statements

as at September 30<sup>th</sup>, 2023

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### The reporting entity

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

Vrancart S.A. operates in the field of non-hazardous waste collection and recycling, in the production of paperboards, corrugated cardboard and cardboard packaging, as well as in the production of 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, Brăila 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 at the Bucharest Stock Exchange, Standard category, with the indicative VNC, starting from July 15<sup>th</sup>, 2005.

As at September 30<sup>th</sup>, 2023, the Company is owned 76,05% by Lion Capital S.A., 17,29% by Paval Holding SRL 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.

### Accounting principles, policies and methods

The simplified interim individual financial statements for the first nine months ended on September 30<sup>th</sup>, 2023 were drawn up in accordance with IAS 34 Interim Financial Statements.

The simplified interim financial statements do not include all the information and items presented in the annual report and shall be read together 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 financial statements are in accordance with those used for 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 nine months of 2023 have not been revised 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

## Notes to the interim individual financial statements

as at September 30<sup>th</sup>, 2023

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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 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 as follows:

Currency	September 30 <sup>th</sup> , 2023	December 31 <sup>st</sup> , 2022	Variation
Euro (EUR)	4.9746	4.9474	+0,55%
American dollars (USD)	4.6864	4.6346	+ 1,12%

### Other notes

The Company recorded as at September 30<sup>th</sup>, 2023 a positive cash balance of RON 16.409.309, and does not have any outstanding liabilities to the public budgets or to its private partners.

The Company's management considers that the Company will be able to continue its business in the foreseeable future, therefore the application of the business continuity 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 S.A. 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 of the amount of RON 12.033.855 from the net profit of the financial year 2022 for **dividends** (namely a gross amount of a dividend of RON 0,01/share), the payment date being set for October 3<sup>rd</sup>, 2023.

### Management's statement

According to our best information available, we confirm that the simplified interim individual financial statements as at September 30<sup>th</sup>, 2023 and 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 in this report provides a fair and accurate view of the main events that took place during the first nine months of the financial year and of their impact onto the simplified interim financial statements.

**DUMITRESCU Nicolae-Paul**  
General Manager

**ARSENE Vasilica-Monica**  
Financial Manager



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## Consolidated quarterly report for the 3<sup>rd</sup> quarter of 2023 according to the Financial Supervisory Authority Regulation no. 5/2018

Date of report	November 15 <sup>th</sup> , 2023
Name of the issuing entity	VRANCART S.A.
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 169.121.665
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 9 months of 2023, the evolution of Vrancart Group (hereinafter referred to as "the Group") was influenced by the decreasing demand for packaging, generated by the reduction of consumption at macroeconomic level, especially during the past 4 months, due to the still high level of annual inflation (9.2%), as well as by the record values of interest rates in the past 10 years. Labour costs have also been a stress factor to the Group's profitability. The pressure on sales prices caused by the reduction in demand has been a particular challenge in terms of maintaining the Group's profitability within the normal standards.

Although, the financial situation was negatively impacted, the results of VRANCART Group in the first 9 months of 2023 confirm its ability to continue to generate profit, but also its financial strength. Thanks to an agile commercial and pricing policy, it has managed to get constantly adapted to market conditions, even if unfavourable.

The Group's results for the first 9 months of 2023 are +5% above those recorded 1 year ago, confirming its ability to generate profit and shareholder value. The commercial policy was constantly adapted to the new market conditions, particularly volatile over the past 24 months.



Compared to the same period of the previous year, the net profit recorded was RON 10.1 million (vs. RON 9.6 million), and the turnover decreased from RON 462 million to RON 395 million.

The interim consolidated financial statements (simplified, unaudited) as of September 30<sup>th</sup>, 2023, according to Order of the Minister of Public Finance no. 2844/2016 for the approval of accounting regulations in accordance with the International Financial Reporting Standards, applicable to commercial companies whose securities are admitted to trading on a regulated market are enclosed hereto.

The interim consolidated financial statements for the first 9 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>September 30<sup>th</sup>, 2023</b>	<b>December 31<sup>st</sup>, 2022</b>
Non-current assets	538.936.804	475.930.126
Current assets, out of which:	208.919.645	213.068.404
- Trade receivables	86.720.955	106.140.798
<b>Total assets</b>	<b>747.856.449</b>	<b>688.998.530</b>
<b>Total liabilities, out of which:</b>	<b>386.694.250</b>	<b>373.626.939</b>
Current liabilities	217.813.666	166.005.044
<b>Equity, out of which:</b>	<b>361.162.199</b>	<b>315.371.591</b>
- Reserves	176.214.604	176.252.881
- Retained earnings	15.824.279	18.783.273

As at September 30<sup>th</sup>, 2023 and during the period January 1<sup>st</sup> – September 30<sup>th</sup>, 2023, the evolution of the main financial indicators was as follows:

- The Group's non-current assets increased by 13% as a result of the progress of ongoing investment projects and the commissioning of those already completed in the first 9 months of 2023.
- The amount of the Group's current assets decreased by 2% as at September 30<sup>th</sup>, 2023 compared to the beginning of the year, mainly due to the decrease in inventories and trade receivables. The branch Vrancart Recycling opened letters of credit in favour of investment suppliers, the balance of which as at September 30<sup>th</sup>, 2023 was RON 16.760.920.
- Trade receivables decreased in the first 9 months of 2023 compared to the beginning of the year by RON 19.419.843, as a result of a reduced volume of sales, but also of decreasing prices, in the context of the reduced packaging consumption. The average collection period for receivables improved from 60 days a year ago to 56 days.
- The total liabilities recorded as at September 30<sup>th</sup>, 2023 amount to RON 386.694.250, up by 3% compared to the amount recorded as at January 1<sup>st</sup>, 2023, mainly as a result of financing additional working capital by using short-term credit lines and the recording by the parent-company of debts related to dividends payable.



- The amount of equity as of September 30<sup>th</sup>, 2023 is RON 361.162.199, the additional capitalization being 15% compared to the beginning of the year, as a result of the shareholders' decision to increase the parent-company's share capital by RON 48.783.114. The Group's reserves remained at a relatively constant level compared to the beginning of the year.

## 1.2. Profit and loss account

<i>(all items in RON, unless otherwise stated)</i>	<b>September 30<sup>th</sup>, 2023</b>	<b>September 30<sup>th</sup>, 2022</b>
Operating income, out of which:	413.912.072	474.598.934
<i>Income from turnover</i>	394.914.085	461.816.161
Operating expenses	(394.082.646)	(456.605.491)
<b>Operating profit</b>	<b>19.829.426</b>	<b>17.993.443</b>
Financial income	123.156	44.485
Financial expenses	(8.736.364)	(7.488.470)
<b>Total income</b>	<b>414.035.228</b>	<b>474.643.419</b>
<b>Total expenses</b>	<b>(402.819.010)</b>	<b>(464.093.961)</b>
<b>Gross profit</b>	<b>11.216.218</b>	<b>10.549.458</b>
<b>Net profit</b>	<b>10.098.462</b>	<b>9.607.272</b>

The Group's financial evolution in the first 9 months of 2023 was influenced by the unfavourable situation of the macroeconomic environment, particularly in the past 4 months of the period, due to the still high level of inflation and interest rates, the announcement of adverse fiscal measures, which contributed to the reduction of the packaging demand on the Romanian market. The evolution of labour costs had an impact onto the increase in wage costs, as well as onto the costs of services provided by third parties, naturally leading to a cost saving policy adopted by companies.

However, the positive results achieved during this period, which are reflected in a profitability position and good financial indicators, confirm the business sustainability, as well as the Group's resilience to adverse market changes.

During the first 9 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 period under review amounted to RON 414.035.228, down by 12,8% compared to the same period of the previous year, due to the decrease in sales prices, correlated with the production volumes obtained and the lower sales volumes of finished and semi-finished products due to the market constriction.
- The total expenses for the period amounted to RON 402.819.010, down by 13,2% compared to the same period of the previous year, overcoming the trend of decreasing revenues, with a



positive impact onto the operating result (+RON 1,9 million compared to the amount recorded as at September 30<sup>th</sup>, 2022).

- The Group's operating profit increased by 10,2% compared to the amount recorded as at September 30<sup>th</sup>, 2022. The net profit, which increased by 5,11% compared to the same reporting period of the previous year, was at an acceptable level, given the general market and macroeconomic context.

### 1.3. Cash flows

<i>(all items on RON, unless otherwise stated)</i>	<b>September 30<sup>th</sup>, 2023</b>	<b>September 30<sup>th</sup>, 2022</b>
<i>Cash flows from operating activities</i>		
Amounts collected from operating activities	474.781.178	532.685.816
Payments made from operating activities	(405.780.274)	(511.529.620)
<b>Net cash flows from operating activities</b>	<b>69.000.904</b>	<b>21.156.196</b>
<i>Cash flows from investment activities</i>		
Amounts collected from investment activities	1.704.238	1.552.575
Payments made from investment activities	(65.359.555)	(73.159.715)
<b>Net cash flows from investment activities</b>	<b>(63.655.317)</b>	<b>(71.607.140)</b>
<i>Cash flows from financing activities</i>		
Amounts collected from financing activities (including bonds)	70.828.583	137.454.784
Payments made from financing activities	(60.198.094)	(85.563.094)
<b>Net cash flows from financing activities</b>	<b>10.630.489</b>	<b>51.891.690</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>19.539.906</b>	<b>3.809.520</b>

Cash flows from operating activities reached an excellent level, being more than 3 times higher than in the previous year, which allowed both the financing of new investments and the repayment of debts. The financing cash flows were also positively impacted by the share capital increase in the amount of RON 48.783.114.

The balance of cash and cash equivalents recorded as at September 30<sup>th</sup>, 2023 is positive, i.e. RON 19.539.906.

During this period, the Group has managed its cash flows efficiently and met all its outstanding payment obligations on time and in full.





**2. Economic and financial indicators as at September 30<sup>th</sup>, 2023, according to Appendix no. 13 of 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	<b>0,96</b>
<b>Indebtedness degree indicator</b>	Borrowed capital/Equity*100	%	<b>72%</b>
	Borrowed capital/Employed capital *100	%	<b>42%</b>
<b>Debts-customers turnover</b>	Average customers balance/Turnover * 270	days	<b>59</b>
<b>Non-current assets turnover</b>	Turnover/Non-current assets	ratio	<b>0,7</b>

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

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

**ARSENE Vasilica-Monica**  
Financial Manager

*Translation for information purposes only*

**VRANCART S.A.**

**Consolidated interim financial statements  
(simplified, unaudited)  
as at September 30<sup>th</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.

## Consolidated statement of financial position

as at September 30<sup>th</sup>, 2023

(all amounts in RON, unless otherwise stated)

	September 30 <sup>th</sup> , 2023	December 31 <sup>st</sup> , 2022
<b>ASSETS</b>		
Tangible assets	526.214.426	462.255.996
Intangible assets	4.163.484	5.114.021
Financial assets	32.503	33.718
Goodwill	8.526.391	8.526.391
<b>Total non-current assets</b>	<b>538.936.804</b>	<b>475.930.126</b>
Inventories	73.289.885	81.370.713
Trade receivables	86.720.955	106.140.798
Prepaid expenses	2.669.152	4.483.704
Other receivables	9.938.827	15.627.368
Restricted cash	16.760.920	1.881.991
Cash and cash equivalents	19.539.906	3.563.830
<b>Total current assets</b>	<b>208.919.645</b>	<b>213.068.404</b>
<b>TOTAL ASSETS</b>	<b>747.856.449</b>	<b>688.998.530</b>
<b>EQUITY</b>		
Share capital	169.121.665	120.338.551
Reserves	176.214.604	176.252.881
Retained earnings	15.824.279	18.783.273
<b>Total equity – Parent-company</b>	<b>361.160.548</b>	<b>315.374.705</b>
Non-controlling interests	1.651	(3.114)
<b>Total equity</b>	<b>361.162.199</b>	<b>315.371.591</b>
<b>LIABILITIES</b>		
Long-term loans	127.354.638	125.981.209
Long-term loans under leasing agreements	15.710.091	16.346.044
Long-term loans under leasing agreements	-	38.164.800
Deferred income	11.369.317	11.735.050
Long-term debts to employees	440.169	440.169
Debts related to deferred profit tax	13.711.678	14.766.201
Other long-term liabilities	294.691	188.422
<b>Total long-term liabilities</b>	<b>168.880.584</b>	<b>207.621.895</b>
Short-term trade liabilities	68.337.142	70.804.082
Short-term loans	72.165.470	68.541.291
Short-term liabilities under leasing agreements	7.684.791	7.718.425
Short-term loans from bond issues	38.250.000	-
Deferred income	1.381.781	1.826.984
Debts to employees	9.019.328	7.646.369
Debts related to current profit tax	357.295	680.223
Other liabilities	20.617.859	8.787.670
<b>Total current liabilities</b>	<b>217.813.666</b>	<b>166.005.044</b>
<b>TOTAL LIABILITIES</b>	<b>386.694.250</b>	<b>373.626.939</b>
<b>TOTAL EQUITY AND LIABILITIES</b>	<b>747.856.449</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 September 30<sup>th</sup>, 2023

(all amounts in RON, unless otherwise stated)

	September 30 <sup>th</sup> , 2023	September 30 <sup>th</sup> , 2022
Income from turnover	394.914.085	461.816.161
Other income	17.519.355	7.568.766
Variation in finished product inventories and production in progress	1.478.632	5.214.007
Expenses related to raw materials and consumables	(175.807.385)	(254.153.251)
Expenses related to commodities	(43.069.813)	(44.238.363)
Third-party expenses	(35.871.779)	(41.073.423)
Personnel-related expenses	(88.340.082)	(71.123.462)
Expenses related to amortisation and impairment of assets	(25.047.491)	(23.230.146)
Other expenses	(25.946.096)	(22.786.846)
<b>Operating result</b>	<b>19.829.426</b>	<b>17.993.443</b>
Financial income	123.156	44.485
Financial expenses	(8.736.364)	(7.488.470)
<b>Profit before taxation</b>	<b>11.216.218</b>	<b>10.549.458</b>
Profit tax income/(expense)	(1.117.756)	(942.186)
<b>Profit for the year</b>	<b>10.098.462</b>	<b>9.607.272</b>
- of the Parent-company	10.097.092	9.607.594
- of non-controlling-interests	1.370	(322)
<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>10.098.462</b>	<b>9.607.272</b>

**DUMITRESCU Nicolae-Paul**  
General Manager

**ARSENE Vasilica-Monica**  
Financial Manager

Vrancart S.A.

## Consolidated statement of changes in equity

as at September 30<sup>th</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/loss for the period	-	-	-	10.097.092	1.370	10.098.462
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	-	(149.210)	-	149.210	-	-
<b>Total comprehensive income for the period</b>	<b>-</b>	<b>(149.210)</b>	<b>-</b>	<b>10.246.302</b>	<b>1.370</b>	<b>10.098.462</b>
Distribution from retained earnings	-	-	-	(13.205.296)	3.395	(13.201.901)
Share premiums	-	-	110.933	-	-	110.933
Share capital increase	48.783.114	-	-	-	-	48.783.114
<b>Balance as at September 30<sup>th</sup>, 2023</b>	<b>169.121.665</b>	<b>103.201.109</b>	<b>73.013.495</b>	<b>15.824.279</b>	<b>1.651</b>	<b>361.162.199</b>

**DUMITRESCU Nicolae-Paul**  
General Manager

**ARSENE Vasilica-Monica**  
Financial Manager

Vrancart S.A.

## Consolidated statement of cash flow

as at September 30<sup>th</sup>, 2023

(all amounts in RON, unless otherwise stated)

	September 30 <sup>th</sup> , 2023	September 30 <sup>th</sup> , 2022
<b>Cash flows from operating activities</b>		
Amounts collected from customers	474.781.178	532.685.816
Payments to suppliers	(281.761.913)	(406.878.340)
Payments to employees	(59.284.070)	(49.016.053)
Payments to the state budget	(62.192.901)	(53.075.775)
Profit tax paid	(2.541.390)	(2.559.452)
<b>Net cash flows from operating activities</b>	<b>69.000.904</b>	<b>21.156.196</b>
<b>Cash flows from investment activities</b>		
Payments for the purchase of tangible assets	(65.359.555)	(73.159.715)
Amounts collected from the sale of tangible assets	1.643.382	1.550.519
Interests collected	60.856	2.056
<b>Net cash flows from investment activities</b>	<b>(63.655.317)</b>	<b>(71.607.140)</b>
<b>Cash flows from financing activities</b>		
Amounts collected from loans	21.934.536	136.978.010
Share capital increase	48.894.047	476.774
Interests paid and loans reimbursed	(52.177.164)	(74.119.634)
Payments under leasing agreements	(8.020.930)	(6.463.799)
Dividends paid	-	(4.979.661)
<b>Net cash flows from financing activities</b>	<b>10.630.489</b>	<b>51.891.690</b>
	<b>15.976.076</b>	<b>1.440.746</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>19.539.906</b>	<b>3.809.520</b>

DUMITRESCU Nicolae-Paul  
General Manager

ARSENE Vasilica-Monica  
Financial Manager

**Notes to the interim consolidated financial statements**as at September 30<sup>th</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 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 interim consolidated financial statements for the first 9 months of 2023 consist of the interim financial statements of Vrancart S.A. and of its branches, which together form the Group.

Branch	Field of activity	Shareholding as at September 30 <sup>th</sup> , 2023	Shareholding as at December 31 <sup>st</sup> , 2022
<b>Rom Paper S.R.L.</b>	Production of paper napkins and tissue paper products	<b>100%</b>	<b>100%</b>
<b>Vrancart Recycling S.R.L.</b>	Treatment and removal of non-hazardous waste	<b>100%</b>	<b>100%</b>
<b>Ecorep Group S.A.</b>	Business support activities n.e.c.	<b>99,6%</b>	<b>99,6%</b>

The 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 its registered office in Adjud and 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 Mures, Brăila and Piatra Neamț.

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 September 30<sup>th</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 September 30<sup>th</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.

### **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.

Rom Paper S.R.L. is the result of the inorganic growth strategy of the Vrancart business, which on January 20<sup>th</sup>, 2017 acquired the majority stake (70%) from the former owners.

As at September 30<sup>th</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 adjacent recycling areas 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 relation to environmental targets in relation to packaging placed on the Romanian market.

## Notes to the interim consolidated financial statements

as at September 30<sup>th</sup>, 2023

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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 waste paper 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.

### Accounting principles, policies and methods

The simplified interim consolidated financial statements for the first 9 months ended on September 30<sup>th</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 presented in the annual report and shall be read together 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 in accordance 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 in which investments were made, 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 9 months of 2023 have not been revised 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 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 as follows:

Currency	September 30 <sup>th</sup> , 2023	December 31 <sup>st</sup> , 2022	Variation
Euro (EUR)	4.9746	4.9474	+0,55%
American dollars (USD)	4.6864	4.6346	+ 1,12%

## Notes to the interim consolidated financial statements

as at September 30<sup>th</sup>, 2023

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### Other notes

The Group's management has established its medium and long-term strategy, and the estimates provide increases of sales and optimisations of costs due to the effective use of the resources, that will lead to an increase of the operating profit.

The Group recorded as at September 30<sup>th</sup>, 2023 a positive cash balance of RON 19,539.906 and does not have any outstanding liabilities to the public budgets or to its private partners.

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

Based on these analyses, the management considers that the Group will be able to continue its business in the foreseeable future, but not limited to the following 12 months and therefore, the application of the business continuity 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 S.A. 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 of the amount of RON 12.033.855 from the net profit of the financial year 2022 for **dividends** (namely a gross amount of a dividend of RON 0,01/share), the payment date being set for October 3<sup>rd</sup>, 2023.

### Management's statement

According to our best information available, we confirm that the simplified interim consolidated financial statements as at September 30<sup>th</sup>, 2023 and 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 in this report provides a fair and accurate view of the main events that took place during the first 9 months of the financial year and of their impact onto the simplified interim consolidated financial statements.

**DUMITRESCU Nicolae-Paul**  
General Manager

**ARSENE Vasilica-Monica**  
Financial Manager