



Quarterly report for the 1st quarter of 2024
according to the Financial Supervisory Authority Regulation no. 5/2018

| | |
|--|--|
| Report date | May 15 th , 2024 |
| 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 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 SA

During the first quarter of 2024, the performance of Vrancart SA ("the Company") was impacted by the lower volumes of sales, as well as by the lower prices in the corrugated cardboard and corrugated cardboard packaging market, which led to lower revenues in 2023, but which are expected to be recovered by the end of this year.

Packaging demand started to increase slightly from the second half of the quarter and the management expects improved results starting from the following quarter. The increase in the minimum wage as of October 1st, 2023 continued to impact personnel-related costs. Financing costs, although down by 8% compared to the same period of the previous year, still remain at high levels.

EBITDA was RON 8,2 million (vs. RON 13,5 million budgeted) in absolute value, and the relative value recorded a level of 9% (vs. 12% budgeted). The Company's management has set the target of recovering the gap recorded in the quarter under review by the end of the year.



Compared to the same period of the previous year, the net result recorded was RON -4,99 mil. (vs. RON +3,53 mil.). The current liquidity decreased to 0,82 (vs. 1,02), being influenced by the reimbursement by the deadline (March 15th, 2024) of the loan from bond issues.

In June, the company expects to collect the share capital increase in the amount of RON 32,5 mil. Approved through the Resolution of the Extraordinary General Meeting of the Shareholders no. 1/January 25th, 2024, that will bring an additional cash contribution, thus improving the company's liquidity.

The (simplified, unaudited) interim individual financial statements as at March 31st, 2024, 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 2024 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> | March 31st, 2024 | December 31st, 2023 |
|--|------------------------------------|---------------------------------------|
| Non-current assets | 509.334.675 | 464.830.509 |
| Current assets, out of which: | 178.731.343 | 168.699.328 |
| - Trade receivables | 72.909.146 | 67.913.133 |
| Total assets | 688.066.018 | 633.529.837 |
| Total liabilities, out of which: | 329.528.120 | 270.002.131 |
| Current liabilities | 216.723.708 | 158.463.201 |
| Equity, out of which: | 358.537.898 | 363.527.706 |
| - Reserves | 179.295.075 | 179.304.246 |
| - Retained earnings | 10.121.158 | 15.101.795 |

As at March 31st, 2024 and during the period January 1st – March 31st, 2024, the evolution of the main financial indicators was as follows:

- The Company's non-current assets increased by 9,5% compared to the beginning of 2024.
- The Company's current assets increased by 6% as at March 31st, 2024 compared to the beginning of the year, mainly due to the increase in trade receivables by 7%.
- The trade receivables increased by RON 4.996.013 in the first three months of 2024, following the increase in the sales volume of products with higher added value, that also have a longer term of collection of receivables.
- The total liabilities recorded as at March 31st, 2024 amount to RON 329.528.120, up by 22% compared to the amount recorded as at January 1st, 2024, mainly due to the financing of the additional working capital, by using short-term credit lines.
- The amount of equity as at March 31st, 2024 is RON 358.537.898, down by 1% compared to



the beginning of the year, as a result of the loss recorded in the 1st quarter. The Company's reserves remained at a constant level from the beginning of the year.

1.2. The profit and loss account

| <i>(all items in RON, unless otherwise stated)</i> | March 31st, 2024 | March 31st, 2023 |
|--|------------------------------------|------------------------------------|
| Operating income, out of which: | 92.391.830 | 117.868.559 |
| Income from agreements concluded with customers | 92.044.471 | 114.676.607 |
| Operating expenses | (94.996.407) | (111.354.982) |
| Operating result | (2.604.577) | 6.513.577 |
| Financial income | 302.179 | 243.615 |
| Financial expenses | (2.412.314) | (2.690.022) |
| Total income | 92.694.009 | 118.144.105 |
| Total expenses | (97.408.721) | (114.076.935) |
| Gross profit/loss | (4.714.712) | 4.067.170 |
| Net profit/loss | (4.991.553) | 3.539.131 |

The Company's performance in the first three months of 2024 was influenced by the volumes of products manufactured and services provided in the first part of the quarter, but also by the decreasing sales prices, as costs did not follow this trend. At the same time, salary expenses and third-party expenses recorded increases.

The Company's management is considering a series of measures to improve profitability in order to bring the Company's financial indicators back on an ascending trend, to confirm the business sustainability, as well as the Company's resilience to adverse market changes, which it has faced in the past 2 years.

In the first three months of 2024 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 92.694.009, down by 22% compared to the same period of the previous year, mainly due to the decrease in prices on the paper and cardboard market and to the decrease in sales of recyclable waste (waste paper).
- The total expenses of the period amounted to RON 97.408.721, down by 15% compared to the same period of the previous year.
- The Company's operating result is RON -2.604.577 as a result of the previously listed effects.



1.3. Cash flows

(all items in RON, unless otherwise stated)

| | March 31 st , 2024 | March 31 st , 2023 |
|---|-------------------------------|-------------------------------|
| <i>Cash flows from operating activities</i> | | |
| Amounts collected from operating activities | 101.490.962 | 129.424.047 |
| Payments made from operating activities | (84.880.119) | (124.584.650) |
| Net cash flows from operating activities | 16.610.843 | 4.839.397 |
| <i>Cash flows from investment activities</i> | | |
| Amounts collected from investment activities | 719.524 | 90.632 |
| Payments made from investment activities | (40.886.465) | (5.370.491) |
| Net cash flows from investment activities | (40.166.941) | (5.279.859) |
| <i>Cash flows from financing activities</i> | | |
| Amounts collected from financing activities | 82.172.700 | 22.113.183 |
| Payments made from financing activities (including bonds) | (57.845.236) | (18.708.523) |
| Net cash flows from financing activities | 24.327.464 | 3.404.660 |
| Cash flows as at the beginning of the period | 2.088.021 | 1.288.888 |
| Cash flows as at the end of the period | 2.859.387 | 4.253.086 |

The balance of cash and cash equivalents recorded as at March 31st, 2024 is positive, namely RON 2.859.387. 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 31st, 2024, according to Appendix no. 13/ the Financial Supervisory Authority Regulation no. 5/2018

| Indicator's name | Calculation modality | M.U. | Result |
|--------------------------------------|---|-------|--------|
| Current liquidity indicator | Current assets/Current liabilities | ratio | 0,82 |
| Indebtedness degree indicator | Borrowed capital/Equity × 100 | % | 64* |
| | Borrowed capital/Employed capital × 100 | % | 39* |
| Debts-clients turnover | Average customers balance/Turnover × 90 | days | 71 |
| Non-current assets turnover | Turnover/Non-current assets | ratio | 0,2 |

* Borrowed capital includes credit lines, short-term and long-term bank loans, as well as short-term and long-term lease liabilities.

CIUCIOI Ionel-Marian
Chairman of the Board of Directors

ARSENE Vasilica-Monica
Financial Manager

VRANCART SA

**INTERIM INDIVIDUAL FINANCIAL STATEMENTS
(SIMPLIFIED, UNAUDITED)**

AS AT MARCH 31st, 2024

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 SA
Individual statement of financial position
as at March 31st, 2024
(all amounts in RON, unless otherwise stated)

| | March 31st, 2024 | December 31st, 2023 |
|--|--|---|
| ASSETS | | |
| Tangible assets | 406.909.779 | 364.630.582 |
| Downpayments for tangible assets | 16.211.870 | 19.706.483 |
| Intangible assets | 744.056 | 775.019 |
| Goodwill | 3.380.811 | 3.380.811 |
| Financial assets | 62.587.328 | 62.587.328 |
| Other non-current assets | 19.500.831 | 13.750.286 |
| Total non-current assets | 509.334.675 | 464.830.509 |
| Inventories | 64.620.155 | 66.810.661 |
| Trade receivables | 72.909.146 | 67.913.133 |
| Prepaid expenses | 885.455 | 972.024 |
| Receivables related to current profit tax | 408.211 | 835.908 |
| Other receivables | 17.323.228 | 10.353.820 |
| Cash and cash equivalents | 2.859.387 | 2.088.021 |
| | 159.005.582 | 148.973.567 |
| Assets held for sale | 19.725.761 | 19.725.761 |
| Total current assets | 178.731.343 | 168.699.328 |
| TOTAL ASSETS | 688.066.018 | 633.529.837 |
| EQUITY | | |
| Share capital | 169.121.665 | 169.121.665 |
| Premiums related to capital | 775.497 | 775.497 |
| Revaluation reserves | 104.384.170 | 104.393.341 |
| Legal reserves | 13.345.280 | 13.345.280 |
| Other reserves | 60.790.128 | 60.790.128 |
| Retained earnings | 10.121.158 | 15.101.795 |
| Total equity | 358.537.898 | 363.527.706 |
| LIABILITIES | | |
| Long-term loans | 69.593.802 | 67.826.778 |
| Long-term liabilities under leasing agreements | 21.324.506 | 21.333.018 |
| Subsidies | 8.420.914 | 8.761.341 |
| Long-term debts to employees | 444.379 | 444.379 |
| Liabilities related to deferred profit tax | 13.007.850 | 13.160.453 |
| Provisions | 12.961 | 12.961 |
| Total long-term liabilities | 112.804.412 | 111.538.930 |

Vrancart SA
Individual statement of financial position
as at March 31st, 2024
(all amounts in RON, unless otherwise stated)

| | March 31st, 2024 | December 31st, 2023 |
|-------------------------------------|--|---|
| Short-term trade liabilities | 62.732.641 | 32.527.381 |
| Short-term loans | 129.473.736 | 62.541.116 |
| Short-term loans from bond issues | - | 38.250.000 |
| Short-term lease liabilities | 9.292.590 | 9.300.908 |
| Subsidies | 1.361.714 | 1.361.714 |
| Debts to employees | 6.277.609 | 5.979.709 |
| Other liabilities | 7.585.418 | 8.502.373 |
| Total current liabilities | 216.723.708 | 158.463.201 |
| TOTAL LIABILITIES | 329.528.120 | 270.002.131 |
| TOTAL EQUITY AND LIABILITIES | 688.066.018 | 633.529.837 |

The interim financial statements were approved by the Board of Directors.

General Manager
Nicu Ciprian Fedor

Financial Manager
Monica Vasilica Arsene

Vrancart SA
Individual statement of comprehensive income
as at March 31st, 2024
(all amounts in RON, unless otherwise stated)

| | March 31st, 2024 | March 31st, 2023 |
|---|--|--|
| Income from agreements concluded with customers | 92.044.471 | 114.676.607 |
| Income from operating subsidies | 1.759.149 | 500.941 |
| Other income | 618.491 | 1.168.745 |
| Variation in finished product inventories and production in progress | (2.030.281) | 1.554.197 |
| Raw materials and consumables | (46.719.333) | (63.605.669) |
| <i>out of which, utility expenses</i> | <i>(16.264.593)</i> | <i>(26.292.923)</i> |
| Expenses related to commodities | (2.819.032) | (2.754.100) |
| Third-party expenses | (6.953.598) | (9.005.976) |
| Personnel-related expenses | (25.018.950) | (23.679.243) |
| Other expenses | (2.725.358) | (2.421.560) |
| EBITDA | 8.155.559 | 16.433.942 |
| Expenses related to amortisation and depreciation of assets | (10.760.136) | (9.920.365) |
| Operating result | (2.604.577) | 6.513.577 |
| Financial income | 302.179 | 243.615 |
| Financial expenses | (2.412.314) | (2.690.022) |
| Profit before taxation | (4.714.712) | 4.067.170 |
| Profit tax expense | (276.841) | (528.039) |
| Profit for the year | (4.991.553) | 3.539.131 |
| Other comprehensive income items | | |
| Changes in the reserve from revaluation of tangible assets, net of deferred tax | - | - |
| TOTAL COMPREHENSIVE INCOME FOR THE YEAR | (4.991.553) | 3.539.131 |

The interim financial statements were approved by the Board of Directors.

General Manager
Nicu Ciprian Fedor

Financial Manager
Monica Vasilica Arsene

Vrancart SA
Statement of changes in equity
as at March 31st, 2024

(all amounts in RON, unless otherwise stated)

| | Share capital | Revaluation reserves | Premiums | Legal reserves | Other reserves | Retained earnings | Total equity |
|--|--------------------|----------------------|----------------|-------------------|-------------------|--------------------|--------------------|
| Balance as at January 1st, 2023 | 120.338.551 | 106.393.534 | 664.564 | 13.037.107 | 55.469.278 | 24.754.468 | 320.657.501 |
| Comprehensive income for the period | | | | | | | |
| Net profit/loss for the period | - | - | - | - | - | 5.629.023 | 5.629.023 |
| Changes in the reserve from revaluation of tangible assets, net of deferred tax | - | - | - | - | - | - | - |
| Total comprehensive income | - | - | - | - | - | 5.629.023 | 5.629.023 |
| Share capital increase | 48.783.114 | - | - | - | - | - | 48.783.114 |
| Dividends | - | - | - | - | - | (12.033.855) | (12.033.855) |
| Distribution of legal reserves and other reserves | - | - | 110.933 | 308.173 | 5.320.850 | (5.248.034) | 491.923 |
| Transfer of the revaluation reserve to retained earnings following the sale/cassation of tangible assets | - | (2.000.193) | - | - | - | 2.000.193 | - |
| Balance as at December 31st, 2023 | 169.121.665 | 104.393.341 | 775.497 | 13.345.280 | 60.790.128 | 15.101.795 | 363.527.706 |
| Balance as at January 1st, 2024 | 169.121.665 | 104.393.341 | 775.497 | 13.345.280 | 60.790.128 | 15.101.795 | 363.527.706 |
| Comprehensive income for the period | | | | | | | |
| Net profit/loss for the period | - | - | - | - | - | (4.991.553) | (4.991.553) |
| Changes in the reserve from revaluation of tangible assets, net of deferred tax | - | - | - | - | - | - | - |
| Total comprehensive income | - | - | - | - | - | (4.991.553) | (4.991.553) |
| Share capital increase | - | - | - | - | - | - | - |
| Dividends | - | - | - | - | - | - | - |
| Distribution of legal reserves and other reserves | - | - | - | - | - | - | - |
| Transfer of the revaluation reserve to retained earnings following the sale/cassation of tangible assets | - | (9.170) | - | - | - | 10.917 | 1.747 |
| Balance as at March 31st, 2024 | 169.121.665 | 104.384.171 | 775.497 | 13.345.280 | 60.790.128 | 10.121.158 | 358.537.898 |

Vrancart SA
Individual statement of cash flows
as at March 31st, 2024
(all amounts in RON, unless otherwise stated)

DIRECT METHOD

| | March 31st, 2024 | March 31st, 2023 |
|---|--|--|
| Cash flows from operating activities | | |
| Amounts collected from customers | 101.490.962 | 129.424.047 |
| Payments to suppliers | (56.317.759) | (91.401.440) |
| Payments to employees | (16.977.790) | (16.690.313) |
| Payments to the state budget | (11.584.570) | (16.492.897) |
| Net cash flows from operating activities | 16.610.843 | 4.839.397 |
| Cash flows from investment activities | | |
| Payments for the purchase of tangible and intangible assets | (35.136.465) | (5.370.491) |
| Loans granted to affiliates | (5.750.000) | - |
| Amounts collected from the sale of tangible assets | 719.524 | 89.875 |
| Interests collected | - | 757 |
| Cash flows from investment activities | (40.166.941) | (5.279.859) |
| Cash flows from financing activities | | |
| Amounts collected from loans | 82.172.700 | 22.113.183 |
| Loans reimbursed | (13.474.159) | (13.849.084) |
| Bonds reimbursed | (38.250.000) | - |
| Payments for leasing | (3.572.930) | (2.550.360) |
| Interests paid | (2.548.147) | (2.309.079) |
| Net cash flows from financing activities | 24.327.464 | 3.404.660 |
| Net increase/(reduction) of cash and cash equivalents | 771.366 | 2.964.198 |
| Cash and cash equivalents as at the financial year beginning | 2.088.021 | 1.288.888 |
| Cash and cash equivalents as at the financial year end | 2.859.387 | 4.253.086 |

General Manager
Nicu Ciprian Fedor

Financial Manager
Monica Vasilica Arsene

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.

The Company is based in Adjud, 17 Ecaterina Teodoroiu Street, Vrancea County.

The Company has working 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 on the Bucharest Stock Exchange, Standard category, with the indicative VNC, starting from July 15th, 2005 and the Company posts its individual financial statements on its website **www.vrancart.ro**.

As at March 31st, 2024, the Company is owned 76% by LION Capital SA (formerly called SIF Banat – Crișana SA), 17% by Paval Holding SRL and 7% 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 three months ended on March 31st, 2024 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 31st, 2023.

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 31st, 2023.

The interim individual financial statements for the first three months of 2024 have not been reviewed by an external financial auditor, as this is not a legal requirement.

The functional and presentation currency

The Company’s management considers that the functional currency, as defined by IAS 21 “The effects of exchange rate variation” is the Romanian leu (lei/RON). The individual financial statements are presented in lei, rounded to the closest amount in lei.

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 foreign

Vrancart SA
Notes to the interim individual financial statements
as at March 31st, 2024

(all amounts in RON, unless otherwise stated)

currencies on 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 financial year 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 31st, 2024 | December 31st, 2023 | Variation |
|------------------------|------------------------------------|---------------------------------------|------------------|
| Euro (EUR) | 4.9695 | 4.9746 | -0,10% |
| American dollars (USD) | 4.6078 | 4.4958 | +2,49% |

Other notes

The company recorded a positive cash balance of RON 2.859.387 as at March 31st, 2024 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 January 25th, 2024, the Extraordinary General Meeting of the Shareholders approved the increase of the company's share capital by RON 32,5 million (the Resolution of the Extraordinary General Meeting of the Shareholders no. 1/25.01.2024) through additional cash contribution.

On **April 29th, 2024**, the Ordinary General Meeting of the Shareholders approved the individual and consolidated financial statements as at December 31st, 2023 and the Revenues and Expenses Budget of VRANCART SA for the financial year 2024, along with the Investment Plan for 2024.

Management's statement

According to our best information available, we confirm that the simplified interim individual financial statements as at March 31st, 2024 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 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.

General Manager
Nicu Ciprian Fedor

Financial Manager
Monica Vasilica Arsene



Consolidated quarterly report for the 1st quarter of 2024 according to the Financial Supervisory Authority Regulation no. 5/2018

| | |
|--|--|
| Report date | May 15 th , 2024 |
| 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 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 quarter of 2024, the performance of Vrancart Group (hereinafter referred to as "the Group") was influenced by the decrease in sales volumes and sales prices in the markets on which it operates, which led to lower revenues than in 2023, in particular for Vrancart SA. The demand for cardboard packaging, however, started to increase slightly from the second half of the quarter and the company's management expects improved results from the following quarter onwards.

In the case of Rom Paper SRL, we can see that the sales volumes were maintained at the same level as in the first quarter of the previous year, but the prices on this market decreased. But the decrease of prices was offset by a higher productivity, which led to higher profitability.

Vrancart Recycling continues to implement its investment project that will be completed this year, while Ecorep Group continues to grow its business by attracting new customers and additional volumes.



The increase in the minimum wage as of October 1st, 2023 continued to impact personnel-related costs of all the group companies. Financing costs, although down by 8% compared to the same period of the previous year, still remain at high levels.

EBITDA was RON 10.5 million (vs. RON 15.5 million budgeted) in absolute value, and the relative value recorded a level of 9% (vs. 10% budgeted), with a negative impact onto Vrancart SA, while Rom Paper SRL generated a positive impact of RON +2 mil. compared to the budgeted expectations.

The Company's management has set the target of recovering the gap recorded by Vrancart SA in the quarter under review by the end of the year and to maintain the positive trend of Rom Paper SRL and Ecorep Group SA.

Compared to the same period of the previous year, the net result recorded was RON -4,3 mil. (vs. RON +3,7 mil.). The current liquidity decreased to 0,72 (vs. 1,10), being influenced by the reimbursement by Vrancart SA until the deadline (March 15th, 2024) of the loan from bond issues. In June, the Group expects to collect the share capital increase in the amount of RON 32,5 mil. approved through the Resolution of the Extraordinary General Meeting of the Shareholders no. 1/January 25th, 2024, that will bring an additional cash contribution, thus improving the Group's liquidity.

With the completion of the investment projects underway this year, the Group will benefit from significant synergies in terms of production cost optimization and productivity improvements that will lead, starting from the 4th quarter of 2024, to a profitability level higher than usual, to an expanded product portfolio and a massive positive impact onto the environment.

The (simplified, unaudited) interim consolidated financial statements as at March 31st, 2024, 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 2024 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> | March 31st, 2024 | December 31st, 2023 |
|--|------------------------------------|---------------------------------------|
| Non-current assets | 636.118.639 | 589.006.547 |
| Current assets, out of which: | 201.403.137 | 186.005.400 |
| - Trade receivables | 82.080.244 | 74.408.633 |
| Total assets | 837.521.776 | 775.011.947 |
| Total liabilities, out of which: | 484.515.261 | 417.468.712 |
| Current liabilities | 278.946.876 | 226.566.109 |



| | | |
|------------------------------|--------------------|--------------------|
| Equity, out of which: | 353.006.515 | 357.543.235 |
| - Reserves | 179.979.373 | 179.988.889 |
| - Retained earnings | 3.905.477 | 8.432.683 |

As at March 31st, 2024 and during the period January 1st – March 31st, 2024, the evolution of the main financial indicators was as follows:

- The Group's non-current assets increased by 8% following the commissioning of some investment projects completed in the first quarter of 2024.
- The amount of the Group's current assets increased by 8% as at March 31st, 2024 compared to the year beginning, mainly due to the increase in trade receivables.
- Trade receivables increased by RON 7.671.611 in the first three months of 2024 compared to the beginning of the year, following the increase in the sales volume of products with higher added value, that also have a longer term of collection of receivables.
- The total liabilities recorded as at March 31st, 2024 amounted to RON 484.515.261, up by 16% compared to the amount recorded as at January 1st, 2024. Mainly due to the financing of additional working capital, by using short-term credit lines.
- The amount of equity as at March 31st, 2024 is RON 353.006.515, down by 1% compared to the beginning of the year, following the incorporation of the profit recorded in the first quarter. The Group's reserves remained at a relatively constant level compared to the beginning of the year.

1.2. The profit and loss account

| <i>(all items in RON, unless otherwise stated)</i> | March 31st, 2024 | March 31st, 2023 |
|--|------------------------------------|------------------------------------|
| Operating income, out of which: | 120.321.317 | 142.302.485 |
| Income from turnover | 119.192.464 | 139.241.152 |
| Operating expenses | (121.798.115) | (135.224.036) |
| Operating profit | (1.476.798) | 7.078.449 |
| Financial income | 394.514 | 243.754 |
| Financial expenses | (2.856.581) | (3.132.299) |
| Total income | 120.715.831 | 142.546.239 |
| Total expenses | (124.654.696) | (138.356.335) |
| Gross profit | (3.938.865) | 4.189.904 |
| Net profit | (4.290.142) | 3.670.983 |

The Group's performance in the first three months of 2024 was influenced by the volumes of products manufactured and sold in the first part of the quarter, but also by the decreasing sales prices, as costs did not follow this trend. At the same time, salary expenses and third-party expenses recorded increases, thus reducing the profitability of the period under review.



The Group's management is considering a series of measures to improve profitability in order to bring the Group's financial indicators back on an ascending trend, to confirm the business sustainability, as well as the Group's resilience to adverse market changes, which it has faced in the past 2 years.

In the first three months of 2024 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 120.715.831, down by 15% compared to the same period of the previous year, mainly due to the decrease in the volumes of production achieved and in the volumes of finished products sold.
- The total expenses of the period amounted to RON 124.654.696, down by 10% compared to the same period of the previous year.
- The Company's operating result is RON -1.476.798 as a result of the previously listed effects. The net profit, although lower than in the same period of the previous year, is at the level expected according to the market evolution.

1.3. Cash flows

| <i>(all items in RON, unless otherwise stated)</i> | March 31st, 2024 | March 31, 2023 |
|---|--|---------------------------|
| <i>Cash flows from operating activities</i> | | |
| Amounts collected from operating activities | 126.090.359 | 157.434.240 |
| Payments made from operating activities | (111.539.360) | (156.659.380) |
| Net cash flows from operating activities | 14.550.999 | 774.860 |
| <i>Cash flows from investment activities</i> | | |
| Amounts collected from investment activities | 719.577 | 90.632 |
| Payments made from investment activities | (41.812.313) | (16.445.183) |
| Net cash flows from investment activities | (41.092.736) | (16.354.551) |
| <i>Cash flows from financing activities</i> | | |
| Amounts collected from financing activities (including bonds) | 97.020.868 | 28.149.880 |
| Payments made from financing activities | (69.587.830) | (8.937.683) |
| Net cash flows from financing activities | 27.433.038 | 19.212.197 |
| Balance as at the beginning of the period | 2.823.520 | 3.563.830 |
| Balance as at the end of the period | 3.714.821 | 7.196.336 |

The balance of cash and cash equivalents recorded as at March 31st, 2024 is positive, namely RON 3.714.821. 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 31st, 2024, according to Appendix no. 13/ the Financial Supervisory Authority Regulation no. 5/2018

| Indicator's name | Calculation modality | M.U. | Result |
|--------------------------------------|--|-------|--------|
| Current liquidity indicator | Current assets/Current liabilities | ratio | 0,72 |
| Indebtedness degree indicator | Borrowed capital/Equity ^x 100 | % | 98* |
| | Borrowed capital/Employed capital ^x 100 | % | 50* |
| Debts-clients turnover | Average customers balance/Turnover ^x 90 | days | 62 |
| Non-current assets turnover | Turnover/Non-current assets | ratio | 0,2 |

* Borrowed capital includes credit lines, short-term and long-term bank loans, as well as short-term and long-term lease liabilities.

CIUCIOI Ionel-Marian
Chairman of the Board of Directors

ARSENE Vasilica-Monica
Financial Manager

VRANCART SA

**CONSOLIDATED FINANCIAL STATEMENTS
(SIMPLIFIED, UNAUDITED)**

AS AT MARCH 31st, 2024

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 SA
Consolidated statement of financial position
as at March 31st, 2024
(all amounts in RON, unless otherwise stated)

| | March 31st, 2024 | December 31st, 2023 |
|--|------------------------------------|---------------------------------------|
| ASSETS | | |
| Tangible assets | 604.651.602 | 552.107.867 |
| Downpayments for tangible assets | 18.717.207 | 23.363.024 |
| Intangible assets | 3.441.685 | 3.785.076 |
| Other non-current assets | 781.754 | 1.224.189 |
| Goodwill | 8.526.391 | 8.526.391 |
| Total non-current assets | 636.118.639 | 589.006.547 |
| Inventories | 76.411.632 | 76.630.055 |
| Trade receivables | 82.080.244 | 74.408.633 |
| Prepaid expenses | 1.208.246 | 1.054.817 |
| Receivables related to current profit tax | 408.211 | 835.908 |
| Other receivables | 17.854.222 | 10.526.706 |
| Cash and cash equivalents | 3.714.821 | 2.823.520 |
| | 181.677.375 | 166.279.639 |
| Assets held for sale | 19.725.761 | 19.725.761 |
| Total current assets | 201.403.137 | 186.005.400 |
| TOTAL ASSETS | 837.521.776 | 775.011.947 |
| EQUITY | | |
| Share capital | 169.121.665 | 169.121.665 |
| Premiums related to capital | 775.497 | 775.497 |
| Revaluation reserves | 100.959.967 | 100.969.137 |
| Legal reserves | 13.646.880 | 13.646.880 |
| Other reserves | 64.601.130 | 64.601.130 |
| Retained earnings | 3.905.477 | 8.432.683 |
| Total equity – Parent-company | 353.010.616 | 357.546.992 |
| Non-controlling interests | (4.101) | (3.757) |
| Total equity | 353.006.515 | 357.543.235 |
| LIABILITIES | | |
| Long-term loans | 149.035.226 | 140.955.586 |
| Long-term lease liabilities | 21.969.253 | 21.977.764 |
| Subsidies | 20.209.319 | 13.137.193 |
| Long-term debts to employees | 444.379 | 444.379 |
| Liabilities related to deferred profit tax | 13.678.378 | 13.894.851 |
| Provisions | 231.830 | 492.830 |
| Total long-term liabilities | 205.568.385 | 190.902.603 |

Vrancart SA
Consolidated statement of financial position
as at March 31st, 2024
(all amounts in RON, unless otherwise stated)

| | March 31st, 2024 | December 31st, 2023 |
|---|------------------------------------|---------------------------------------|
| Short-term trade liabilities | 85.677.302 | 57.577.273 |
| Short-term loans | 166.382.550 | 104.412.448 |
| Short-term lease liabilities | 9.312.641 | 9.320.959 |
| Short-term loans from bond issues | - | 38.250.000 |
| Subsidies | 2.050.468 | 1.361.714 |
| Debts to employees | 7.770.867 | 7.072.857 |
| Liabilities related to current profit tax | 479.627 | 92.996 |
| Other liabilities | 7.273.421 | 8.477.862 |
| Total current liabilities | 278.946.876 | 226.566.109 |
| TOTAL LIABILITIES | 484.515.261 | 417.468.712 |
| TOTAL EQUITY AND LIABILITIES | 837.521.776 | 775.011.947 |

The financial statements were approved by the Board of Directors.

General Manager
Nicu-Ciprian Fedor

Financial Manager
Monica Vasilica Arsene

Vrancart SA
Consolidated statement of comprehensive income
as at March 31st, 2024
(all amounts in RON, unless otherwise stated)

| | March 31st, 2024 | March 31st, 2023 |
|---|--|--|
| Income from agreements concluded with customers | 119.192.464 | 139.241.152 |
| Income from operating subsidiaries | 1.759.149 | 500.941 |
| Other income | 805.122 | 1.152.331 |
| Variation in finished product inventories and production in progress | (1.435.418) | 1.408.061 |
| Raw materials and consumables | (54.939.734) | (67.564.943) |
| <i>out of which, utility expenses</i> | <i>16.608.807</i> | <i>26.520.376</i> |
| Expenses related to commodities | (9.602.230) | (13.634.506) |
| Third-party expenses | (10.425.575) | (10.518.065) |
| Personnel-related expenses | (29.647.408) | (27.474.980) |
| Other expenses | (5.193.661) | (7.613.704) |
| EBITDA | 9.512.709 | 15.496.287 |
| Expenses related to amortisation and depreciation of assets | (11.989.507) | (8.417.838) |
| Operating result | (1.476.798) | 7.078.449 |
| Financial income | 394.514 | 243.754 |
| Financial expenses | (2.856.581) | (3.132.299) |
| Profit before taxation | (3.938.865) | 4.189.904 |
| Profit tax expense | (351.277) | (518.921) |
| Profit for the year | (4.290.142) | 3.670.983 |
| - of the Parent-company | (4.289.798) | 3.670.328 |
| - of non-controlling interests | (344) | 655 |
| Other comprehensive income items | | |
| Changes in the reserve from the revaluation of tangible assets, net of deferred tax | - | - |
| TOTAL COMPREHENSIVE INCOME FOR THE YEAR | (4.290.142) | 3.670.983 |
| - of the Parent-company's shareholders | (4.289.798) | 3.670.328 |
| - of non-controlling interests | (344) | 655 |

The financial statements were approved by the Board of Directors.

General Manager
Nicu-Ciprian Fedor

Financial Manager
Monica Vasilica Arsene

Vrancart SA
Consolidated statement of changes in equity
as at March 31st, 2024
(all amounts in RON, unless otherwise stated)

| | Attributable to the Parent-company's shareholders | | | | | | Non-controlling interests | Total equity |
|--|---|----------------------|-----------------------------|-------------------|-------------------|--------------------|---------------------------|--------------------|
| | Share capital | Revaluation reserves | Premiums related to capital | Legal reserves | Other reserves | Retained earnings | | |
| Balance as at January 1st, 2024 | 169.121.665 | 100.969.137 | 775.497 | 13.646.880 | 64.601.130 | 8.432.683 | (3.757) | 357.543.235 |
| Comprehensive income for the period | | | | | | | | |
| Net profit/loss for the period | - | - | - | - | - | (4.289.798) | (344) | (4.290.142) |
| Other comprehensive income items | | | | | | | | |
| Changes in the reserve from revaluation of tangible assets, net of deferred tax | - | 1.747 | - | - | - | - | - | 1.747 |
| Total comprehensive income for the period | - | 1.747 | - | - | - | (4.289.798) | (344) | (4.288.395) |
| Distribution of reserves | - | - | - | - | - | (248.325) | - | (248.325) |
| Transfer of the revaluation reserve to retained earnings following the sale/cassation of tangible assets, net of tax | - | (10.917) | - | - | - | 10.917 | - | - |
| Transactions with the shareholders | | | | | | | | |
| Dividends | - | - | - | - | - | - | - | - |
| Share capital increase | - | - | - | - | - | - | - | - |
| Total transactions with the shareholders | - | - | - | - | - | - | - | - |
| Balance as at March 31st, 2024 | 169.121.665 | 100.959.967 | 775.497 | 13.646.880 | 64.601.130 | 3.905.477 | (4.101) | 353.006.515 |

General Manager
Nicu-Ciprian Fedor

Financial Manager
Monica Vasilica Arsene

Vrancart SA
Consolidated statement of cash flows
as at March 31st, 2024
(all amounts in RON, unless otherwise stated)

DIRECT METHOD

| | March 31st, 2024 | March 31st, 2023 |
|---|--|--|
| Cash flows from operating activities | | |
| Amounts collected from customers | 126.090.359 | 157.434.240 |
| Payments to suppliers | (77.721.661) | (117.949.077) |
| Payments to employees | (19.575.057) | (18.755.906) |
| Payments to the state budget | (14.242.642) | (19.954.397) |
| Net cash flows from operating activities | 14.550.999 | 774.860 |
| Cash flows from investment activities | | |
| Payments for the purchase of tangible and intangible assets | (41.812.313) | (16.445.183) |
| Amounts collected from the sale of tangible assets | 719.524 | 89.875 |
| Interests collected | 53 | 757 |
| Net cash flows used in investment activities | (41.092.736) | (16.354.551) |
| Cash flows from financing activities | | |
| Amounts collected from loans | 97.020.868 | 28.149.880 |
| Bonds reimbursed | (38.250.000) | - |
| Payments for leasing | (3.572.930) | (2.550.360) |
| Loans reimbursed | (25.216.753) | (4.078.244) |
| Interests paid | (2.548.147) | (2.309.079) |
| Net cash flows from financing activities | 27.433.038 | 19.212.197 |
| | 891.301 | 3.632.506 |
| Net increase/(reduction) of cash and cash equivalents | | |
| Cash and cash flows as at the financial year beginning | 2.823.520 | 3.563.830 |
| Cash and cash flows as at the financial year end | 3.714.821 | 7.196.336 |

General Manager
Nicolae-Paul Dumitrescu

Financial Manager
Monica Vasilica Arsene

Vrancart SA
Notes to the consolidated financial statements
as at March 31st, 2024
(all amounts in RON, unless otherwise stated)

The reporting entity

Vrancart Group (“the Group”) includes the company Vrancart SA, having its registered office in Adjud, 17 Ecaterina Teodoroiu Street, Vrancea county and its branches Rom Paper SRL (“Branch 1”), based in Braşov locality, 30 Cristianului Road, Braşov county, Vrancart Recycling SRL (“Branch 2”), based in Adjud, 17 Ecaterina Teodoroiu Street, Vrancea county and Ecorep Group SA (“Branch 3”), based in Adjud, 17 Ecaterina Teodoroiu Street, Vrancea county.

The consolidated financial statements of the Group for the reporting period ended on March 31st, 2024 are formed of the financial statements of Vrancart SA and of its branches, that form together the Group.

| Branch | Field of activity | Shareholding as at March 31st, 2024 | Shareholding as at December 31st, 2023 |
|------------------------|---|---|--|
| Rom Paper SRL | Production of napkins and tissue paper products | 100% | 100% |
| Vrancart Recycling SRL | Treatment and removal of non-hazardous waste | 100% | 100% |
| Ecorep Group SA | Business support services n.e.c. | 99,6% | 99,6% |

The Group operates in the field of non-hazardous waste collection and recycling, in the paper, corrugated cardboard and tissue paper industry.

The end beneficiary of the Group is LION Capital SA (formerly called SIF Banat-Crisana).

VRANCART SA

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

The company is based in Adjud, 17 Ecaterina Teodoroiu Street, Vrancea County.

The company has working points opened in the following localities: Bucharest, Călimăneşti, Ungheni, Iaşi, Focşani, Ploieşti, Botoşani, Sibiu, Constanţa, Arad, Braşov, Piteşti, Timişoara, Bacău, Cluj, Craiova, Baia Mare, Târgu Mureş, Brăila and Piatra Neamţ.

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 15th, 2005. The Group posts its consolidated financial statements on its website www.vrancart.ro. The record of shares and shareholders is kept according to law by Depozitarul Central SA Bucharest.

As at March 31st, 2024, the company is owned 76% by LION Capital SA (formerly called SIF Banat – Crişana SA), 17% by Paval Holding SRL and 7% by other shareholders.

ROM PAPER SRL

Rom Paper SRL (“Branch 1”) was established in 2002 and it is a Romanian privately-owned company, which produces tissue paper products made of recycled paper and cellulose, such as: napkins, folded paper towels, tissue paper, professional rolls, tissues for cosmetic use and facial tissues. Its products are traded on the territory of Romania and abroad in 6 other countries, by means of store chains (hypermarkets, supermarkets, cash and carry) and also by means of distributors.

On January 20th, 2017, the Company completed the acquisition of the majority stake (70%) in Rom Paper SRL.

As at March 31st, 2024, the Group held 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 in Rom Paper SRL.

VRANCART RECYCLING SRL

Vrancart Recycling SRL (“Branch 2”) was established in August 2020 and it is a Romanian privately-owned company, having a sole shareholder. The main activity of this branch consists of the treatment and disposal of non-hazardous waste. This company was founded with the purpose to develop the Group through a greenfield investment, amounting to over Euro 27 million, in recycling adjacent fields to cover a great diversity of recyclable resources that it will sell or use internally following the newly-created synergies.

ECOREP GROUP SA

Ecorep Group SA (“Branch 3”) was established in November 2020 and it is a Romanian privately-owned company. The main activity of this branch consists of the provision of services regarding the implementation of the obligations related to the producer’s extended liability for environmental targets. The company obtained the authorisation from the Ministry of Environment in 2021.

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 cardboard industry, corrugated cardboard 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.

Main investments in progress at Group level

At Vrancart S.A. we are building a 20 MW photovoltaic park worth RON 77 million, financed by investment loans, the Company’s own contribution and a grant received under the National Recovery and Resilience Plan, worth RON 29 million. The project is being built on a land plot of 39 ha, that was made viable and greened by the company in order to give it back to the economic circuit. Another major project is the implementation of a new state-of-the-art ERP system worth EUR 514 thousand financed by a bank loan and by the Company’s own contribution.

At Vrancart Recycling S.R.L. we are developing an integrated waste recycling project, representing a greenfield investment worth EUR 27 million, financed by investment loans, the Company's own contribution and a state aid of EUR 8,3 million, with the main purpose of developing new recycling capacities for waste paper, plastic and wood, as well as a cogeneration plant for the production of thermal energy (16,2 to/h) and electricity (1,2 MW/h) using waste and residues from the technological processes.

Accounting principles, policies and methods

The simplified interim consolidated financial statements for the first three months ended on March 31st, 2024 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 31st, 2023.

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 31st, 2023.

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 2024 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 31st, 2024 | December 31st, 2023 | Variation |
|------------------------|------------------------------------|---------------------------------------|------------------|
| Euro (EUR) | 4.9695 | 4.9746 | -0,10% |
| American dollars (USD) | 4.6078 | 4.4958 | +2,49% |

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 31st, 2024, the Group recorded a positive cash balance of RON 3.714.821 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 January 25th, 2024, the Extraordinary General Meeting of the Shareholders approved the increase of the company's share capital by RON 32,5 million (the Resolution of the Extraordinary General Meeting of the Shareholders no. 1/25.01.2024) through additional cash contribution.

On **April 29th, 2024**, the Ordinary General Meeting of the Shareholders approved the individual and consolidated financial statements as at December 31st, 2023 and the Revenues and Expenses Budget of VRANCART SA for the financial year 2024, along with the Investment Plan for 2024.

Management's statement

According to our best information available, we confirm that the simplified interim consolidated financial statements as at March 31st, 2024 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 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.

General Manager
Nicu-Ciprian Fedor

Financial Manager
Monica Vasilica Arsene